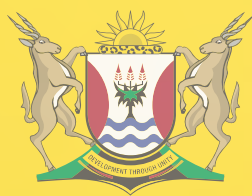


Province of the
EASTERN CAPE
TRANSPORT

ANNUAL REPORT

2022 / 23





Province of the
EASTERN CAPE
TRANSPORT

Vote 10

ANNUAL REPORT
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A General Information

1 DEPARTMENTAL GENERAL INFORMATION

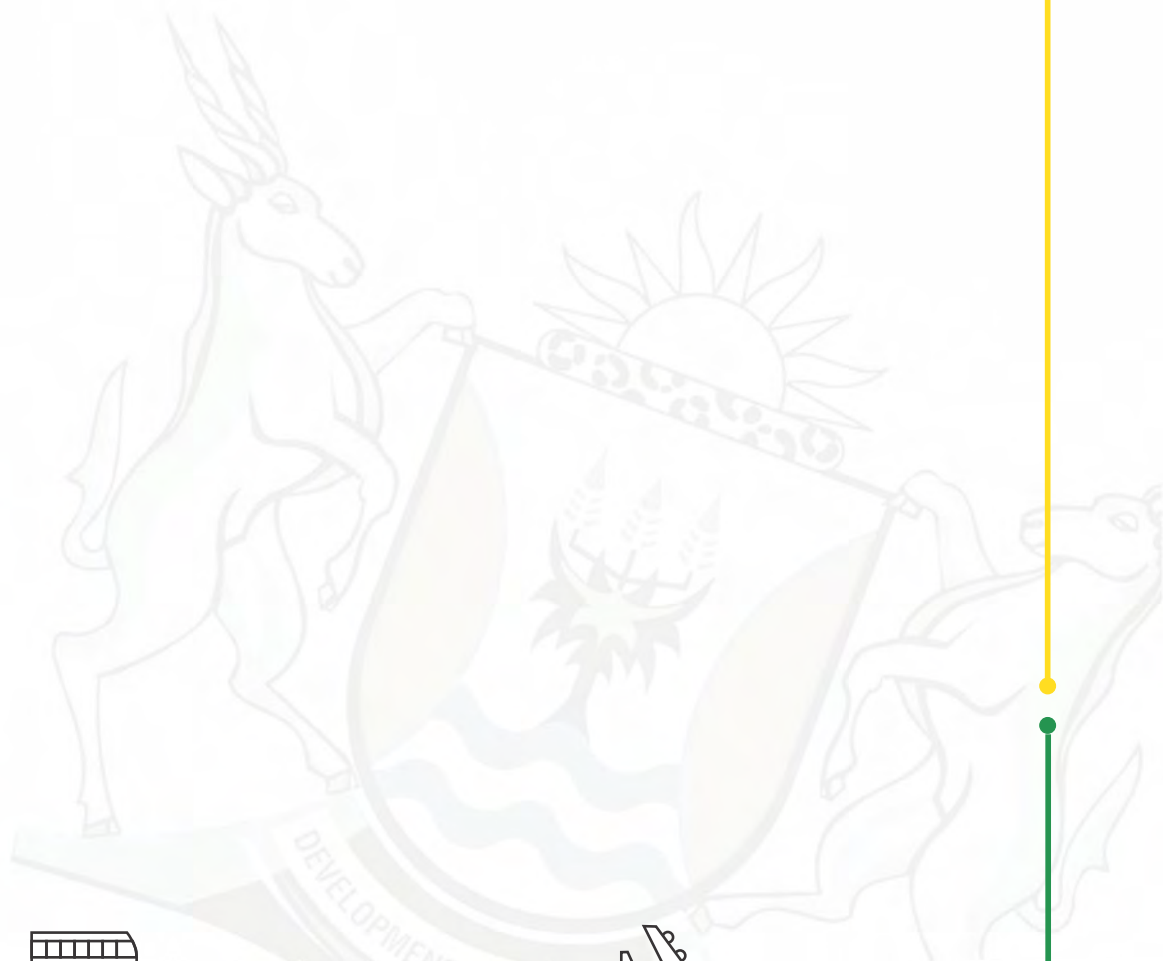
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2 LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation	Description
AARTO	Administrative Adjudication of Road Infringement Offences
AB350	Africa's Best 350 Ltd
ABC	Algoa Bus Company
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
CAA	Civil Aviation Authority
CASA	Chartered Accountant South Africa
COTO	Committee of Transport Officials
CBP	Community Based Program
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
CSIR	Council For Scientific and Industrial Research
DDG	Deputy Director General
DLTC	Driver's License Testing Centre
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
ECPT	Eastern Cape Provincial Treasury
ECSBOC	Eastern Cape Small Bus Operators Council
EDMS	Electronic Document Management System
EPWP	Expanded Public Works Programme
ERMC	Ethic and Risk Management Committee
EXCO	Executive Council
FTE's	Full Time Equivalents
GEMS	Government Employees Medical Scheme
GFMS	Government Fleet Management Services
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
IRPTN	Integrated Rapid Public Transport Network
IESBA	International Ethics Standard Board for Accountants
IOD	Injury on Duty
ICT	Information and Communication Technology
ITP	Integrated Transport Plan
KSD	King Sabata Dalindyebo
LDV	Light Delivery Vehicle
LOC	Local Organising Committee
LED	Local Economic Development
MCS	Modified Cash Standard
MEC	Member of the Executive Council
MIS	Management Information System
MPSA	Minister for Public Service and Administration
MPSS	Minimum Physical Security Standards
MTC	Mayibuye Transport Corporation



Abbreviation	Description
MTEF	Medium Term Expenditure Framework
NaTIS	National Traffic Information System
NICD	National Institute for Communicable Diseases
NDOT	National Department of Transport
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NTRA	National Roads Traffic Act
OEM's	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OL	Operating License
OP	Operational Plan
OTP	Office of the Premier
PCC	Provincial Coordinating Committee
PCMT	Provincial Coordinating Monitoring Team
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
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
RTMC	Road Traffic Management Corporation
SACAA	South African Civil Aviation Act
SANRAL	South African National Roads Agency
SANTACO	South African National Taxi Council
SARS	South African Revenue Services
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SCMU	Supply Chain Management Unit
SETA	Skills Education Training Authority
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
VTS	Vehicle Testing Station



3 FOREWORD BY THE MEC



MR XE NQATHA
MEC TRANSPORT & COMMUNITY
SAFETY

This Annual Report of the Eastern Cape Department of Transport is being presented during a critical period of the democratic dispensation, as the government and the country at large gears up to mark exactly 30 years of democracy. As the country marks 30 years since the masses of our people finally got a chance exercise a right that had, for many years been denied to them, the right to vote into power the government of their choice.

However, closer to us, this Annual Report comes at the time when the spotlight is firmly on us, as the 6th Administration, as our term of office is fast approaching. And with only a couple of months left between now and the time the 7th administration takes over, we must reflect on the path we've transversed over the year under review, notwithstanding the five-year term of government that is rapidly coming to a close - and the footprint we have left.

In looking for ways to address the challenges that we still face, let us not be blinded on the work that is being done in our province. Through SANRAL, the province has benefited from billions of rands that have been invested in various road infrastructure projects across the province. These catalyst projects evidently turned our

province into a construction site. We hope that these projects will help push back the frontiers of poverty in our province. One of the most critical developmental projects currently underway is the N2 Wild Coast Development, with a specific focus on the construction of two mega bridges Mtentu and Msikaba. The two projects have created massive jobs for our people and opened business opportunities for local entrepreneurs.

The National Road Safety Strategy (2016–2030) envisions a 50% reduction in fatal crashes by 2030, an incremental target that is intended to be achieved progressively on a year-to-year basis taking 2019 as the baseline figure. The province has been doing well but has seen a rise in the past Festive and Easter seasons. **Notable is that a major cause is human behaviour of course with some strong elements of vehicle conditions.** This has called on an increase in the visibility of our traffic law enforcement officers, which remain at the forefront of this fight for reduction of fatal crashes, through conducting Law Enforcement Operations. Specific focus during the period under review has been on speed and pedestrian operations.

In the year under review, we have also lost some staff members who served our department with humility, diligence and loyalty including our dedicated traffic officers who were killed whilst on the line of duty. On behalf of the provincial government, I would like to convey our heartfelt condolences to all the bereaved families. The department has since taken a decision to take a burial policy for all our traffic officers as part of paying homage to the fallen officers.

Our province is prone to disasters, and most of our people have been severely affected by these disasters. The damage caused by the January and February 2023 floods is estimated at 3.4 billion rand. A total of 19 bridges have been identified through the Welisizwe Bridge Programme to be implemented built. The state of the 42 000 KM provincial-proclaimed roads is a cause for concern. These provincial roads are carrying significantly high numbers of traffic owing to the rise in vehicle ownership and the movements into new settlement areas. Over 1300 km carry significantly high traffic volumes while serving strategic functions and should be prioritised for capital upgrade in the medium to long term. Approximately 310 km from these roads are immediate candidates for upgrades. These roads require approximately R30.5 billion in capital investment into the Department's portfolio.

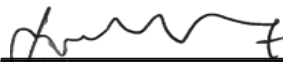
The Department has overall reported **125,423 learners** which is the maximum number of learners that have been ferried throughout the financial year. It is worth noting that the department has been doing more with less when it comes to Scholar Transport, something that the department has never received any credit for. When Scholar Transport function was transferred to the department of Transport in 2015/2016 financial year, the actual expenditure that was incurred was R462 066m, against 68-thousand 519 learners that were being ferried at the time. Comparing the 2015/2016 Financial Year figures to currently financial year, where we are



allocated a budget of only R694,5m, yet the number of learners benefiting has almost doubled. It must also be noted that the Department of Education has a need for almost 154 000 learners for this service. The department is constantly working very hard to find strategies to respond with agility to the funding challenges facing the Scholar Transport programme. The implementation of a new model for scholar transport provisioning is sacrosanct. We must work tirelessly to ensure that we alleviate all sorts of challenges confronting this programme, including cleansing it from corruption.

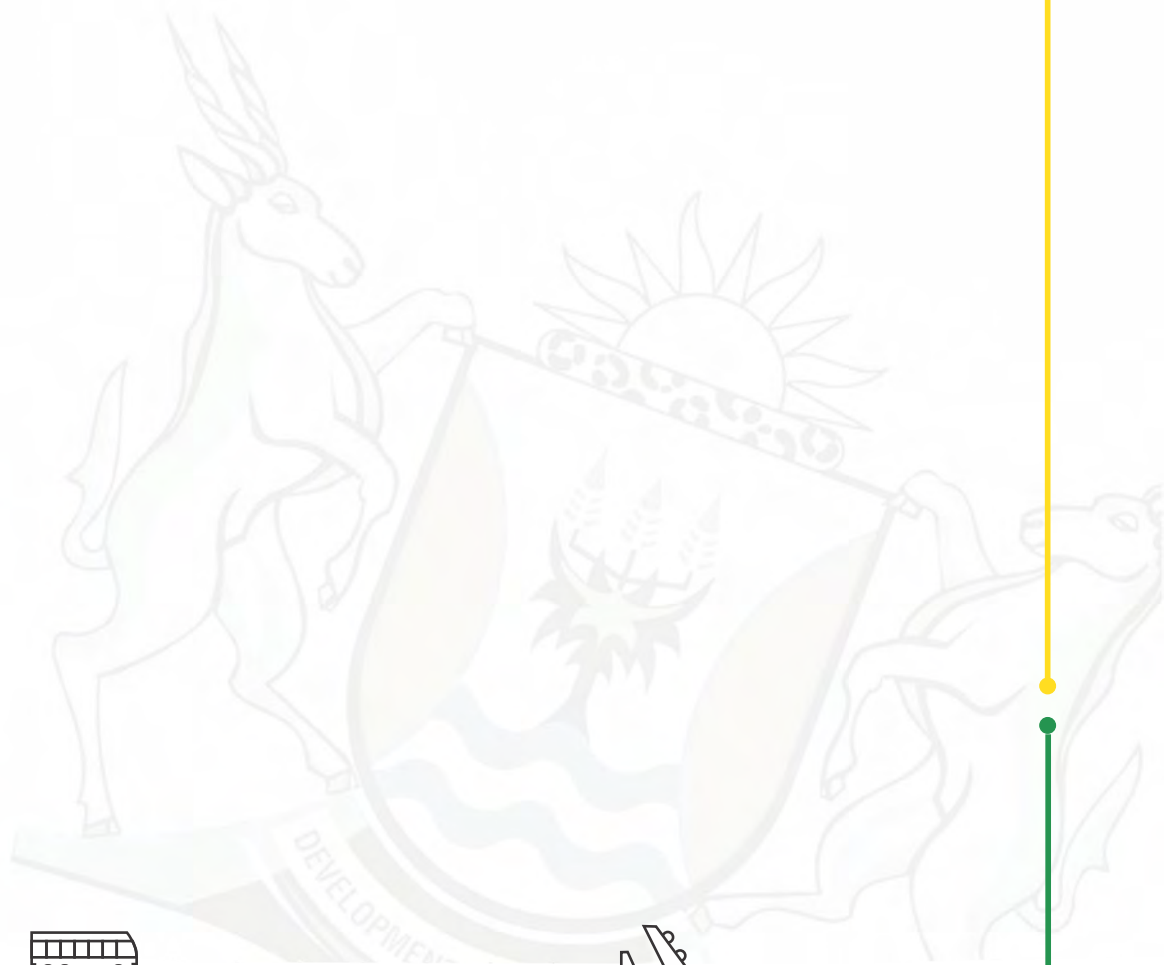
The Department remains resolute and deliberate in our intent of changing the audit outcomes of the department. We regard the current period as a transition towards the implementation of a new model for scholar transport provisioning and ensuring that no stone is left unturned in addressing the Auditor General concerns for the internal control weaknesses that have led to the undesired audit outcomes.

As the department is working tirelessly to further improve its performance, I would like to encourage the management and entire staff not to despair but work hard to take the performance of the department to higher pedestals, and as you walk the journey, I urge you to be guided by the words of a Chinese Philosopher, Lao Tzu, who said, "A journey of thousand miles begins with a single step."
I thank you.



MEC XOLILE E NQATHA (MPL)

Department of Transport & Community
Safety 31 August 2023



4 REPORT OF THE ACCOUNTING OFFICER



MR MC MAFANI
DEPARTMENT OF TRANSPORT
ACCOUNTING OFFICER

Overview of the operations of the Department

In the year under review, the Department has further continued with its journey towards the attainment of a 'A Safe and Reliable Transport System', a journey in which the Department strives to put the Citizens of the Eastern Cape at the centre of reaching their potential. As the Department completes the third year of strategy implementation of the 6th Administration, it also ushers into the penultimate year of implementation of the five-year strategy which affords the Department an opportunity to reflect on what has been achieved to date, reprioritize and assess what is to be deferred for implementation to the 7th Administration. Albeit the various challenges experienced in the financial year, the Department has reported certain areas of exceptional performance with some areas living room for improvement in the coming financial year.

The Provincial Development Plan proclaims that the Eastern Cape will be a place 'where all people reach their potential' by 2030. Key to the delivery of the vision is taking intentional and targeted actions and services at district level to improve life outcomes. The Department during the year under review has taken great strides to initiate the process of the implementation of the approved service delivery model. The review and alignment process of the organogram to the service delivery model was completed and approved and is in the process of implementation. The Department has ensured that through this process we are able to repurpose and capacitate districts to ensure efficient and effective service delivery.

The Department adopted a Digital Transformation strategy as previously 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 investment in the development of the Learner Transport System and the Performance Monitoring and Evaluation System. These systems have been prioritized as a means of positively contributing to the overall digitization agenda and improvement of internal control deficiencies in the monitoring of services. Though the development of these systems has not been concluded in the year under review, notable progress has been made and finalization alignment engagements will commence in the new financial year which will enable the roll out of the systems.

The Department continues to invest in economic and social infrastructure as a direct contribution to Provincial Development Goal 2: Economic Transformation & Job Creations and Provincial Development Goal 5: Spatial Development, Human Settlements & Local Government. The Department has seen the completion of Phase 2 of the Willowvale to Dwesa Nature Reserve Project. A total stretch of 15km of gravel road has been upgraded to a quality surfaced standard, also covering two new river bridge structures on the route. The completion of this road further contributing to the route leading to the Dwesa Nature Reserve will spark initiatives towards the revitalization of the tourist destination. A total of 12.5km of gravel roads has been upgraded to surfaced standard through the Departmental inhouse teams, covering the following projects: 4km of the R72 Hamburg, 2km of Qumbu to Tsilitwa Clinic, 3km of Cofimvaba to Askeaton, 2km of Canzibe Hospital Road and 1.5km of the Coffee Bay to Zithulele Project. This is testament to the bold stance that the Department took to augment inhouse capacity, thus responding to capacitation of the State.

The Department is taking forward its shortcoming of being unable to protect its existing core infrastructure assets and recognizing the critical role that a well maintained and strategically leveraged infrastructure plays in addressing the spatial transformation imperative of our society. Heeding to the call of conducting preventative maintenance, the Department successfully completed the reseal of 53.46km of surfaced road between the towns of Port Alfred and Makanda.

The Department welcomes the investment made by the National Department of Transport towards the implementation of the Welisizwe Bridge Programme as also pronounced by the Premier. This Programme seeks



to respond to the erratic weather experienced in the country due to the effects of climate change. The aim of the Programme is to provide access to social amenities eg. Schools, clinics, hospitals, courts, police stations and other identified social amenities in rural areas. The Department is committed to support this Programme,

Progress was made in 2022/23 towards creating linkages between places through the provision of affordable public transport services through the services provided by subsidized bus services. Though, these services remain challenged and characterised by route blockages and intimidation from the taxi industry, largely directed at AB350 buses in the Butterworth, Centane, Dutywa and Matatiele areas since July and Algoa Bus Company in the Sarah Baartman area. To improve this, the Department continues to engage with all the role players in the public transport sector including the taxi council, SANTACO in a bid to ease the tensions and end the acts of intimidation and attacks. The Department with the support of Premier Mabuyane has participated in resolving conflict through the participation in the Taxi Mediation Panel, which was appointed to curb taxi killings and attacks in the Province. This innovative empowerment and transformation initiative is well accepted by stakeholders.

The Department is a significant contributor to the creation of work opportunities through the construction and maintenance of infrastructure.

External environmental factors also impact on the functioning and performance of the Department. The negative knock-on effect of the COVID19 pandemic has had serious strain on the financial viability and capacity of a number of service providers and contractors. The Department is faced with a growing number of contractors that have been unable to perform on awarded contracts which has had an adverse effect on departmental performance. The inclement weather conditions due to climate change has immensely contributed to the pothole riddled provincial road network. The implementation of the national initiative of 'Operation Valazonke' which is a programme to fix potholes aimed at improving the overall condition index roads at local and provincial authorities is greatly assisting in overall performance in the maintenance of the surfaced network. The Department strives to respond to these and similar crises through innovative solutions.

The regulatory audit results for the 2022/23 financial year have remained at a Qualified Audit Opinion with findings on predetermined objectives and compliance. This result has however come with areas of improvement especially in the Scholar Transport Programme. The Department has noted the findings in the performance of the Transport Infrastructure and Operations Programme that has resulted in the increased irregular, fruitless and wasteful expenditure. The Department is working tirelessly to improve and to yield positive results in the 2023/24 audit.

Significant Events

A few Departmental events took place in the year under review. Most events that usually occur annually, such as the Transport Summit during the October Transport Month and the Traffic Long Service Recognition Awards for traffic officials who have rendered 10-, 20-, 30- and 40-years continuous service did not take place. This staff will be honoured in the 2023/24 financial year. The table below describes key departmental significant events during the 2022/23 financial year.



Significant events

No	Date	Event	Description
1	23 August 2022	Inspection visit with the Premier at SANRAL Projects on the N2 Road eQonce	Department conducted an inspection visit with the Premier on projects implemented by SANRAL. 1. Nonkcampa to eQonce 2. Breidbach and Belstone Interchange
2	11 October 2022	Official Opening of the Bhisho Transport Service Centre	The Service Centre which is at the heart of public service (Bhisho) will afford the community to pay provincial and AARTO fines, apply and renew operator licenses and renew vehicle and driving licenses. Truly bringing services to the people,
3	29 October 2022	Oversight Committee Visit to N2 Wild Coast: Mtentu and Msikaba mega Bridge Project	Two day engagement with stakeholders in providing clarity on the delays of the project and
4	20 November 2022	World Day of Remembrance for Road Traffic Victims	The initiative which is endorsed by United Nations and supported by the World Health Organisation to acknowledge victims of road crashes and their families.
5	29 November 2022	Launch of the Festive Season Arrive Alive Campaign	The MEC and HOD launched the 2022 Festive Season Arrive Alive Campaign in Maletswai (Aliwal North), with the intention of creating awareness and reducing road fatalities over this period.
6	14 December 2022	Handover of new contractor for the Butterworth to Centane Reseal Project	Introduction of a new contractor to complete the works of a contractor that abandoned site due to poor performance. Project will register performance against surfaced roads resealed in the Province



Overview of the financial results of the Department:

Departmental receipts

Departmental receipts	2022/23			2021/22		
	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	-	-	-	-	-	-
Motor vehicles license	716 247	662 214	54 033	686 059	623 082	62 977
2 Sale of goods and services other than capital assets	24 824	19 004	5 820	23 778	16 189	7 589
3 Transfer received	-	-	-	0	0	0
4 Fines, penalties	15 931	7 321	8 610	15 260	4 505	10 755
5 Interest, dividends and rent on land	-	-	-	0	0	0
6 Sale of capital assets	-	-	-	0	13 473	(13 473)
7 Financial transactions in assets and liabilities	5 412	1 305	4 107	5 184	2 071	3 113
TOTAL	762 414	689 844	72 570	730 281	659 320	70 961

A target of R762 414 million was set for 2022/23 Financial Year for the collection of its own revenue. The main source of revenue is the collection of revenue from motor vehicle license fees. In the year under review the Department collected 91 percent of the estimated revenue and has under collected by 72.570 million. The under collection was mainly driven by the Registering Authorities not paying over what is due to ECDOT.

Guided by the Provincial Revenue Research and the Departmental 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 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's for 2022/23 financial year since 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 Magistrate Offices in all the Districts. Traffic fines are dependent on the magistrate court's ruling as the traffic ticket issued by traffic officers can be varied by the magistrate.

Fees accruing from the issued road transport permits.

These are permits issued 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.

Free Services

There were no free services rendered during the year under review. The Department however hosted the Royal family from the United Arab Emirates (UAE) and the Family upgraded the airport to ensure that all safety standards were met under Civil Aviation regulations. The cost that the UAE spent at the airport was R 5 173 million and this included a new standby generator for the airport due to load shedding. The landing fees had not been determined at year end and were estimated at R837 thousand.

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. South African Post Office is a major contributor of the under collection as it owes the department **R 102 065 million as at 31 March 2023**. Tax receipts which constitute 94% of the revenue target under collected by R54 033 million equivalent to 8% of the total estimated of the motor vehicle licenses.

Sale of goods and services other than capital assets under collected by (R5 820 million) is primarily due to the decrease in Abnormal loads.

Fines, Forfeits and Penalties.

There was a significant under-recovery of revenue from this category, The Department under collected (R8.61 million). Fewer roadblock operations is a direct result of the under collection. The Department recovers much of its revenue from traffic fines when it conducts the law enforcement operations.

Write offs 2022/23

There was an amount of R 527 thousand 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 years owed by both Municipalities and the South African Post Office.



Programme Expenditure

Programme Name	2022/23			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	548,188	548,079	109	483,078	483,042	36
Transport Infrastructure	2,438,465	2,435,246	3,219	2,122,979	2,122,951	28
Transport Operations	1,737,050	1,737,050	0	1,749,268	1,749,224	44
Transport Regulations	318,964	318,539	425	299,266	299,222	44
Community Based Programme	553,479	537,586	15,893	585,000	584,973	27
Total	5,596,146	5,576,500	19,646	5,239,591	5,239,412	179

Reasons for deviation

During the 2022/23 financial year the Department recorded 99.65% spending.

Virements/roll overs

Programme	Adjustment Appropriation	Virements	Final Appropriation
Administration	563,831	(15,643)	548,188
Transport Infrastructure	2,440,622	(2,157)	2,438,465
Transport Operations	1,650,722	86,328	1,737,050
Transport Regulations	339,363	(20,399)	318,964
Community Based Programme	601,608	(48,129)	553,479
Total	5,596,146	0	5,596,146

Virements

In accordance with the provisions outlined in Section 43 of the Public Finance Management Act (PFMA), the Department executed virements across various programmes within the fiscal year under assessment. The rationale behind these virements is elaborated upon below for each individual programme

The Department effected a virement from Programme 1, prompted by savings in compensation of employees resulting from delays in post fulfillment and the alignment of the new organogram with the existing structure. Additionally, savings were recognized in data warehouse solution initiatives attributable to insufficient specialized skills necessary for project advancement. Savings were also achieved in the machinery and equipment domain, attributed to the adoption of a new, cost-efficient RT contract for telephony services

Programme 2 achieved cost savings resulting from delays in staffing and the alignment of the new organogram with the existing structure. For goods and services, the programme realized savings by reducing reliance on external consultants in favor of increased utilization of in-house resources, a strategic approach undertaken to mitigate expenditures and allocate funds to address cost pressures related to student transportation and fleet services. Additionally, the programme exceeded fuel consumption projections due to adverse weather conditions, leading to lower fuel usage than initially estimated.

Moreover, the programme demonstrated fiscal prudence in the realm of transfers and subsidies, as savings were realized due to the suspension of disbursements from the earmarked funds for the Fikile Gwadana project. This suspension stemmed from a legal injunction, which compelled the contractor to halt on-site operations



Programme 3 realised cost savings in employee compensation attributed to vacant positions that remain unfilled due to the strategic approach of aligning these positions with the approved organogram prior to recruitment. The department is actively engaged in the process of staff placement to ensure alignment with the newly established organogram. Additionally, there was underspending observed in the category of buildings and fixed structures. This was predominantly due to delays in the appointment of a Consultant by the Department of Public Works, which was prompted by the necessity for airport re-zoning procedures. The originally projected project commencement date of July 2022 was postponed to January 2023, however, commencement was further delayed as a result of incorrect banking details submitted by the contractor, necessitating a temporary hold on contractor activities

Programme 4 has realised savings in the compensation of employees, stemming from vacancies that remain unfilled as a strategic measure to align these positions with the officially approved organogram. The ongoing process within the department involves the meticulous placement of personnel to ensure conformance with the new organogram

The programme has realised savings in the goods and services domain, attributable to delays in concluding the Supply Chain Management processes for the procurement of essential resources such as traffic officers' uniforms, summons books, and the two-way radio system. Additionally, there were savings in property-related payments due to the postponement in finalizing the gardening services contract. Notably, savings were also realized in travel and related expenses, a result of the implementation of austerity measures within the programme.

Programme 5 realised savings within the compensation of employees, resulting from the strategic approach to maintain vacant positions, aligning them with the officially approved organogram. The department remains actively engaged in the intricate process of staff placement, ensuring alignment with the newly established organogram

In addition the programme has realized savings in goods and services, specifically pertaining to training and development, as well as travel and subsistence expenses. These savings were realized through the identification and implementation of innovative methodologies to deliver training programs for the National Youth Service (NYS) and Expanded Public Works Programme (EPWP) initiatives.

Moreover, the programme has recognized savings derived from contractor expenses, attributed to delays in the recruitment of replacements for participants who have exited the program. This delay has led to an inherent reduction in contractual engagement, contributing to the overall savings achieved by the programme.

Rollovers

The Department did not apply for a rollover in 2022/23 financial year since the department managed to spent 99,65% of the budget.

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 requested an additional budget from Provincial Treasury amounting to R304 million and did not receive the additional funding but was granted an overdraft facility amounting to R120 million for the payment of Operators for the Ferring of Learners from the month of January to March. The Department is over under goods and services by R135,635 million for the year primarily because of the cost pressure on transportation of scholars within the Transport Operation programme. The reported cost pressure is due to the payment of accruals for previous financial year and the ferrying of the 125 331 learners instead of 103 000 learners. This overspending was primarily funded from the bank overdraft facility approved by Provincial Treasury up to R120 million availed in the letter dated 26th of January 2023 on the Department's Paymaster General Account (PMG) and there was also a reprioritization within the department from the programme and other programmes to address current pressures for the payment of Scholar Transport operators hence there is an amount of R 131,633 million for unauthorized that was incurred by department.



Future plans of the Department

The Department has finalized the organizational structure and is in a process of implementation which is anticipated to be completed during the 2023/24 financial year.

Public Private Partnerships

The Department has no PPPs in place, however the Department is in talks with National and Provincial Treasury on possibly entering into such agreements in fulfilment of one of the Department Outcomes: Improved Private Public Partnerships. At the current moment there is no project/agreement that meets the definition of PPP.

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 2022/23 financial year.

The SCM Policy incorporating the Preferential Procurement regulations 2022 and delegations are in place. The committee structure for competitive bidding is in place.

Challenges experienced in SCM and how they were resolved

1. Lack of adequate human capital to manage contracts to avoid irregular expenditure on contractual issues. Mitigating Strategy: All funded posts within contract management have been filled; two Assistant Directors and a Deputy Director.
2. Lack of adequate human capital to manage and conduct supply chain compliance review pre and post award of tenders to avoid irregular expenditure. Mitigating Strategy: The Department has appointed both the Assistant Director and the Deputy Director for Supply Chain Compliance and Performance to review the pre and post award of tenders and quotations.

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.

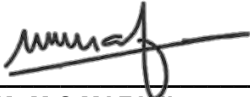


Acknowledgement/s or Appreciation

The Department continues to appreciate the leadership provided by the Executive Authority, Portfolio Committee on Transport, Standing Committee on Public Accounts (SCOPA), the Office of the Premier and Provincial Treasury in performing their oversight functions and guiding the Department on areas of performance improvement.

Approval and sign off

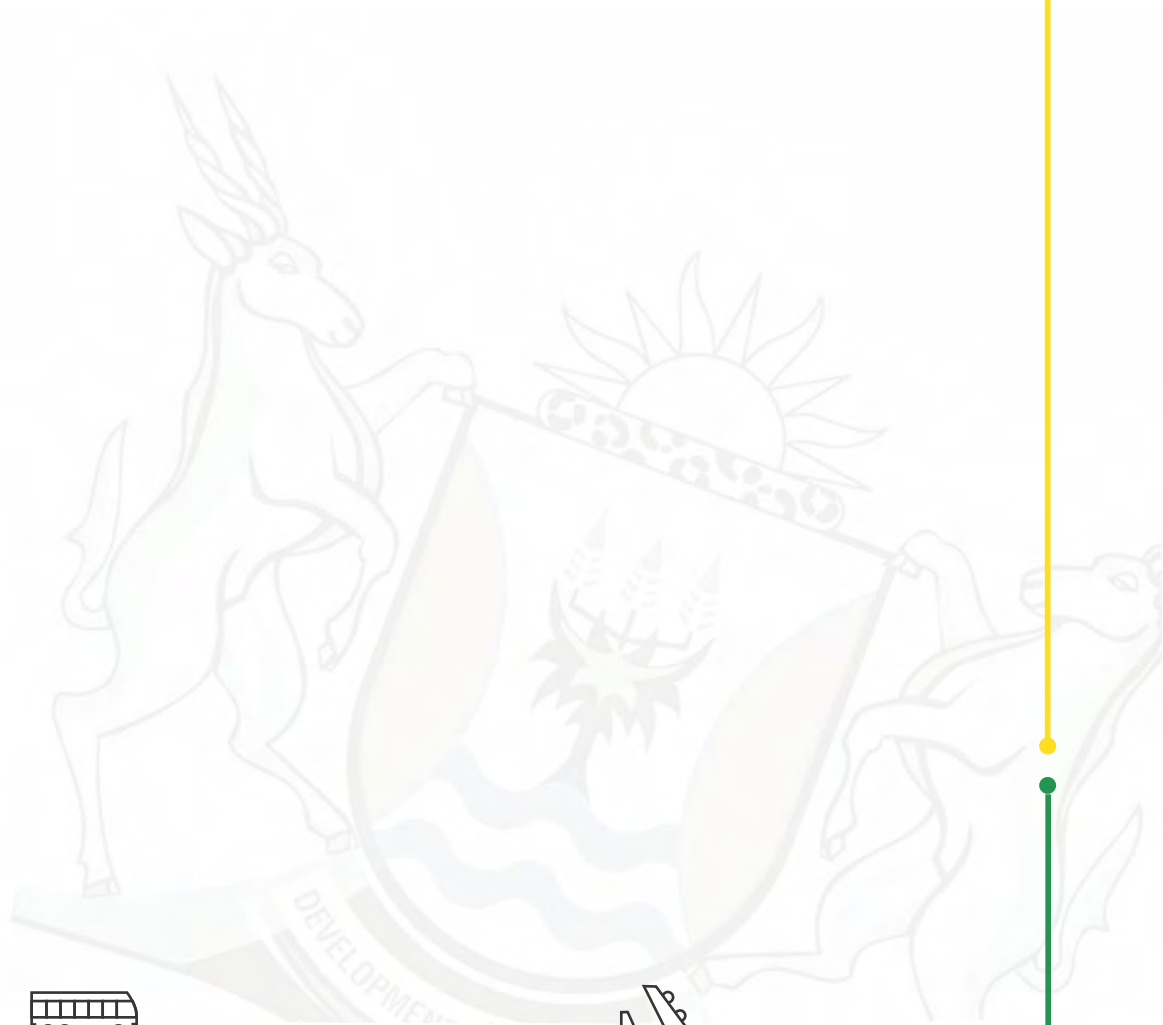
The attached annual financial statement set out on from pages 208 as well as performance information set out from pages 39 have been approved by the Accounting Officer.



Mr M.C MAFANI

Accounting Officer

31 August 2023



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 F) have been prepared in accordance with modified cash standards 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.

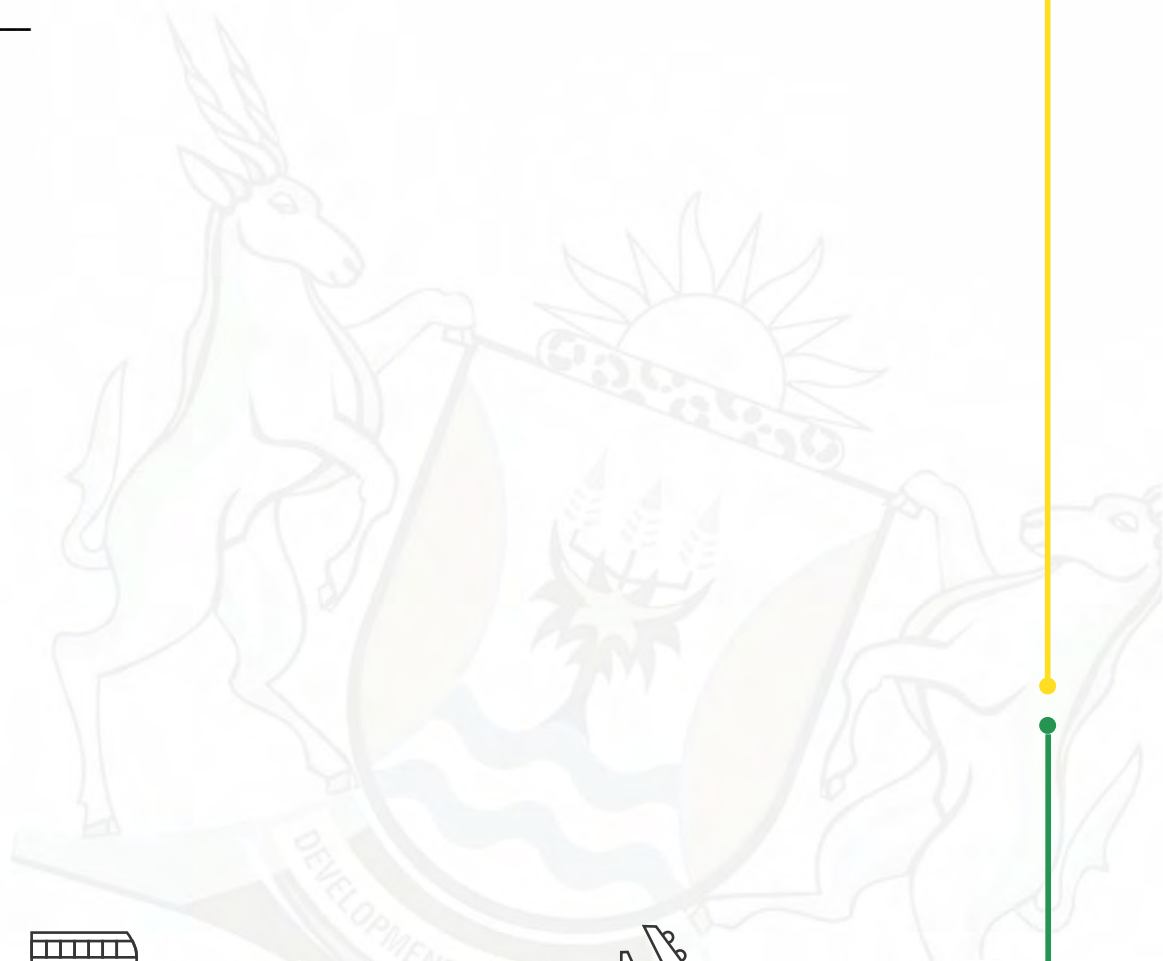
The external auditors are engaged to express an independent opinion on the annual financial statements.

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 2023.

Yours faithfully



Mr MC MAFAM
Accounting Officer
31 August 2023



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



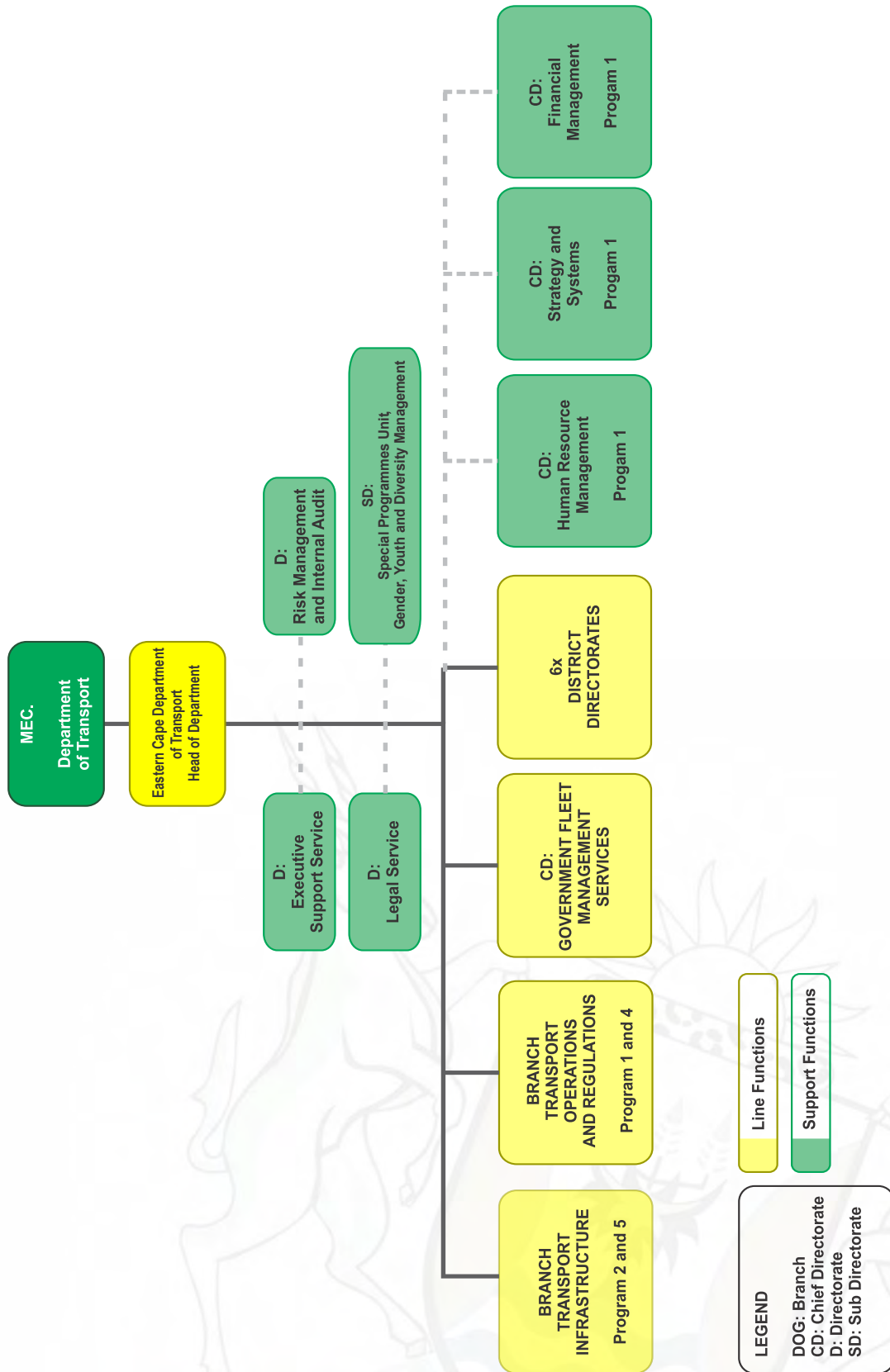
7 LEGISLATIVE AND OTHER MANDATES

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.	• 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	• 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





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 - 299 of the Report of the Auditor General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

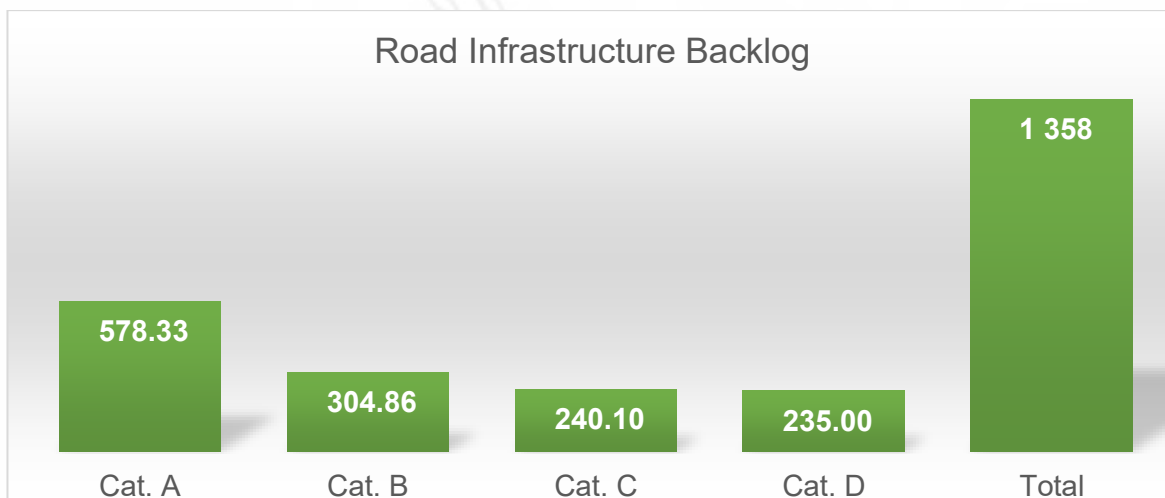
Transport Infrastructure

The provision of quality transportation infrastructure is still constrained by the backlog that can be attributed to the apartheid homeland legacy and inadequate funding. Only 9% of provincial roads are surfaced compared to the average of 25% for the entire country. This amounts to a backlog of over 1358 km of provincial surfaced roads to bring the Eastern Cape into alignment with the average of the other Provinces.

The backlog is mainly attributed to the funding constraints that the Department is faced with. A PRMG requirement or condition is that for every rand given; the Provincial Treasury through the equitable share ought to give the same amount (to a respective Transport Department) however, in the Eastern Cape this arrangement is not honoured. The Department is mainly funding Infrastructure related works through the PRMG.

The circumstance for the backlog of surfaced roads can be further substantiated when consideration is given to the high traffic volumes on gravel roads. Paved roads replacement is valued at R48 billion, this steady decline needs to be detained to preserve the paved road assets, to be achieved through a comprehensive reseal or patch rehabilitation programme.

The Unpaved roads replacement value is estimated at R17.2 billion as most of the unpaved network requires gravelling, as the primary intervention. Due to funding constraints, priority will be placed on paved roads due to the critical stage of their relatively high asset value that can still be preserved.

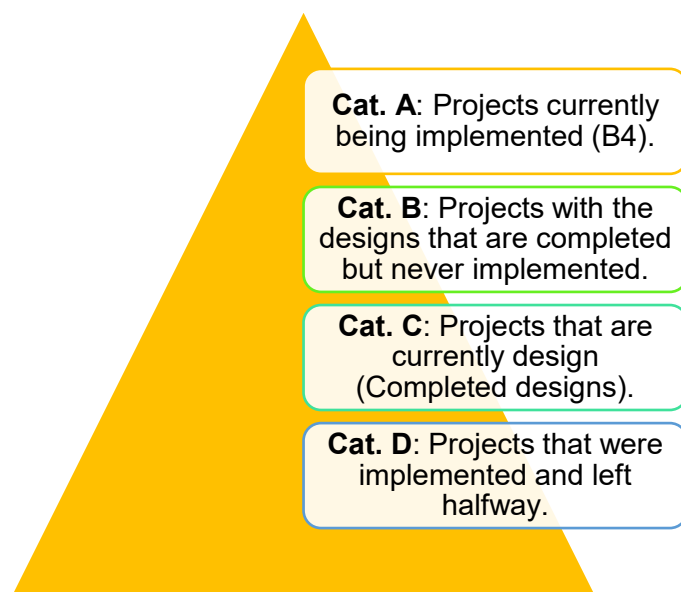


In responding to the 1 358 km backlog of several hundred major culverts and bridges, the Department has made a commitment to upgrade 1 732 km from gravel to surfaced standard since 2007 and has upgraded only 22% i.e. 373 km to date. From the data collected, the Department has designed 589 km, ready to be constructed and 799 km needs to be designed. The Department at a provincial level has partnered with SANRAL Several hundred major culverts and bridges



The Prioritisation of the Backlog

Upon review of the shrinking fiscus and inability to fully fund the backlog of road infrastructure, the Department has proposed a strategy not to undertake new capital projects (upgrades from gravel to surfaced network) due to overcommitment. However, the department shall focus on maintenance (preservation of the already existing network) and limit capital projects by researching alternative technologies for road building to fulfil the commitments made to communities. It was recommended that the prioritization of the commitments should be implemented in the following manner;



Currently the Department has an annual average allocation of R750 Million for the upgrades, which continues to decrease per financial year. This manages to afford the Department only 42 km per annum if an average cost per kilometre of R18 million is applied. From the application of a limit rate of R18 million per kilometre, the current commitments will only be realized in a 25-year period if a base year of 2020 is utilized. This essentially means realization of commitments will be in 2044, in the 9th administration of Government. The total budget required for the backlog of 1 358 km is R24,44 billion for the pronounced projects in the next 25 years. From the projection of R750 Million with annual increase of 2%, it may only be in 2044 wherein the Department may start with new capital works.

The following road infrastructure projects are continuing and were implemented during the period under review;

1. R72 to Hamburg
2. Coffee Bay to Zithulele Hospital
3. Cofimvaba to Askeaton
4. Canzibe Hospital Road
5. Qumbu – Tsilitwa Access Road (Paving)
6. Upgrading of DR08606: Sterkspruit to Mlamli Hospital
7. Upgrading DR080: Hluleka Nature Reserve Phase 2
8. SLA EC_DoT Enoch Mgijima LM - Phase 5
9. SLA EC Dot Enoch Mgijima LM – Upgrading Fikile Gwadana Drive
10. Upgrading DR18045 from Centane Kei Mouth Qholorha Ph_4

According to the Eastern Cape Infrastructure Plan (ECIP) 2030 (2016), as aligned to National Infrastructure Plan (NIP) 2050 the focus is on roads that connect the Province to national centers, cities, towns and villages to public facilities that may unlock economic opportunities. In realising the above, during the period under review the Department committed itself to the completion of the Willovale to Dwesa Nature Reserve Project. 15km of gravel has been upgraded to surfaced standard. A key strategic project of the Department contributing to the Wild Coast Meander is proceeding well. 10km of the Centane to Qholorha Project Phase 2A is close to completion with

In strengthening collaboration, the Department has successfully transferred 5 Strategic roads namely, **R61 from Mtombo to Mzamba; DR08038 from R61 to Cala; DR08012 from Maluti Qachas Nek at Lesotho Boarder;**



DR08131 from Viedgesville to Coffee Bay; MR00710 from R61 to R56 Satans Nek to SANRAL to become National Assets.

The Department in the year under review is still currently implementing some projects in collaboration with Municipalities through Service Level Agreements (SLAs). One project is also implemented in partnership with SANRAL, these are pertaining to the following projects;

- SLA between Enoch Mgijima local municipality and Department of Transport in implementing; Queenindustria: Fikile Gwadana Drive Project which is experiencing work stoppage due to a court interdict. Secondly the road leading to Tsolwana Nature Reserve. 12.8km of Phase 4 of the road has been completed. The Department is continuing with the final phase (Phase 5) of the Memorandum of Agreement, which due to funding constraints has been curtailed to upgrading 5km of the remainder of the project.
- SLA between Raymond Mhlaba and Department of Transport in implementing; road leading to Ngumbela Oval and paving of Hillcrest township streets. A section of the project is a reseal and the remaining 6km is paving. Construction is still underway.
- SLA between Emalahleni: Paving of 6km between Lady Frere and Macubeni is still underway.
- Memorandum of Agreement between SANRAL: Construction of the Belstone and Breidbach Interchange.

The development of the Provincial Transport Master Plan which seeks to provide direction on how to address the backlog and also define a more systematic approach in infrastructure investment is in the finalization stages of completion. 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. In terms of the Road Asset Management System (RAMS) the tender for the managing consultant was awarded and conditions assessments are underway. This will provide the Department with an upgraded set of data that will assist in prioritization and decision making on infrastructure related services.

The Department continues to create work opportunities and income support to the less advantaged and unemployed citizens through infrastructure provision. This contributes to economic development, transformation and job creation in the province, mostly targeted at the vulnerable groups. Work opportunities for 24 925 women, 5 945 youth and 388 people with disabilities were created in the financial year under review. Innovation and empowerment is tasked mainly creating empowerment opportunities that contribute directly to public private sector; contractor development, participation in the National Youth Service (NYS), training of youth participants in various technical and administrative skills required by the Sector.

I. Transport Operations

According to mid-year population predictions for 2023 and community surveys from 2016, the Eastern Cape has a population of 6 676 691 people. The Eastern Cape Department of Transport contributes to SDG 11 by linking people to local businesses and public services, as well as by ensuring safe, affordable, accessible, and sustainable transportation systems for all. Non-motorized transport (NMT) investment is viewed as critical for tackling some of the challenges associated with traffic congestion, transportation costs, human health hazards, and access to public services, according to Stats SA 2020. The departments have collaborated with SANRAL in reducing traffic congestion, the Belstone interchange is of many projects that the department has undertaken to address the issues above. Additionally, both infrastructure development and improved governance are required to create programs and interventions that will mitigate and limit fatalities to reduce negative social attitudes against the use of NMT and raise safety standards (AUC 2017). The time expenditures associated with NMT are undeniably substantial, as are the experiences of social crime such as street robbery and rape, as well as the high numbers of pedestrian deaths. The following are the some of the categories that the department has various interventions on:

- The percentage of learners who walked all the way for between 31 and 60 minutes to get to their educational institution in the Eastern Cape is 25, 5%. In this category of learners who walked between 31–60 minutes to their educational institution, Eastern Cape is the second leading province with 28,8% in the country.
- The second category is the percentage of learners who walked all the way for more than 60 minutes to get to their educational institution in the Eastern Cape that is 7, 8%. In the country, within the category



of learners who walked more than 60 minutes to their educational institutions Eastern Cape has the second highest ratio of 7,8 %.

- The percentage of workers who walked all the way for between 31 and 60 minutes to their workplace in the Eastern Cape is 18,7%.
- The percentage of workers who used non-motorised transport and walked all the way for more than 60 minutes to their workplace is 7,2%. These are the workers coming from the informal sector that are more likely to walk for 60 minutes and more.

Source: Stats South Africa; Transport Series Volume III: Profile of non-motorised transport users (In-depth analysis of the National Household Travel Survey data), 2020

For many students in the Eastern Cape, the lack of reliable transportation is a serious barrier to education. In accordance with Article 29(1)(a) of the Constitution, which states that "everyone has the right to basic education, and to further education, which the state, through reasonable measures must make, progressively available and accessible," the Department has taken reasonable measures and made provision for such access.

MODES MOST USED	HOW THEY OPERATE	CHALLENGES
Formal bus services	• Managed by an operating company • Scheduled • Designated routes and stops	• Public transport services not integrated • Each node provides a services independently • Formal public transport not provided to a number of rural areas due to remoteness and poor roads • Busses and minibus taxi's do not serve all rural villages • Mobility of rural communities dependent on informal public transport services (LDV taxi's) • LDV unsafe, illegal
Formal rail services		
Informal minibus taxi services		
Informal taxi services operated by light delivery vehicles (LDVs)		

In the Eastern Cape, there are around 160 000 inter-town and long-distance public transport passenger journeys every day. This number does not include local public transportation services. 75% of road-based public transportation passenger journeys are conducted by minibus taxis and 25% by bus services. In the two metropolitan municipalities of Nelson Mandela Bay and Buffalo City, there are a significant number of minibus cab rides. These urban lines are categorized as local commuter services.

In the Eastern Cape, around 25% of inter-town and long-distance public transport trips are performed by bus. Three bus companies get operating subsidies: Algoa Bus Company (in the NMBM region), Mayibuye Transport Corporation, and AB350. In addition to these subsidized services, numerous national bus companies provide intercity bus service. Mayibuye Transport Corporation (MTC) is a parastatal of the Eastern Cape Provincial Government, with the provincial government as its sole stakeholder. MTC transports around 9 000 passengers every day, which accounts for approximately 5.5% of all inter-town public transport journeys in the Eastern Cape.

AB350 (Pty) Ltd ferries roughly 22,000 passengers each day, which accounts for approximately 13.5 percent of all inter-settlement public transport journeys conducted daily in the Eastern Cape. The AB350 contract will conclude at the end of March 2021.

To minimize interruption of services, the department is contemplating extending the contract by three years beginning in November 2020. Under contract with the Provincial Department of Transport, Algoa Bus Company (ABC) transports over 900,000 people every month.

The NMB Municipality has proposed a new Integrated Public Transport System (IPTS) with contracts negotiated with taxi co-ops and ABC. Less than 1% of daily public transport passenger movements in the Eastern Cape include passenger rail.



The Scholar Transport Programme continues to provide transport to the less privileged learners who are traveling above 5 kilometres to and from school every day. The Department in the period under review has ferried a total of 125 423 learners against a target of 103 000. The current demand for learner transportation is 137 272. This has resulted in the Department overspending its allocated budget, while the learner transport management system referred to earlier is expected to assist circumventing this in 2023/24 financial year.

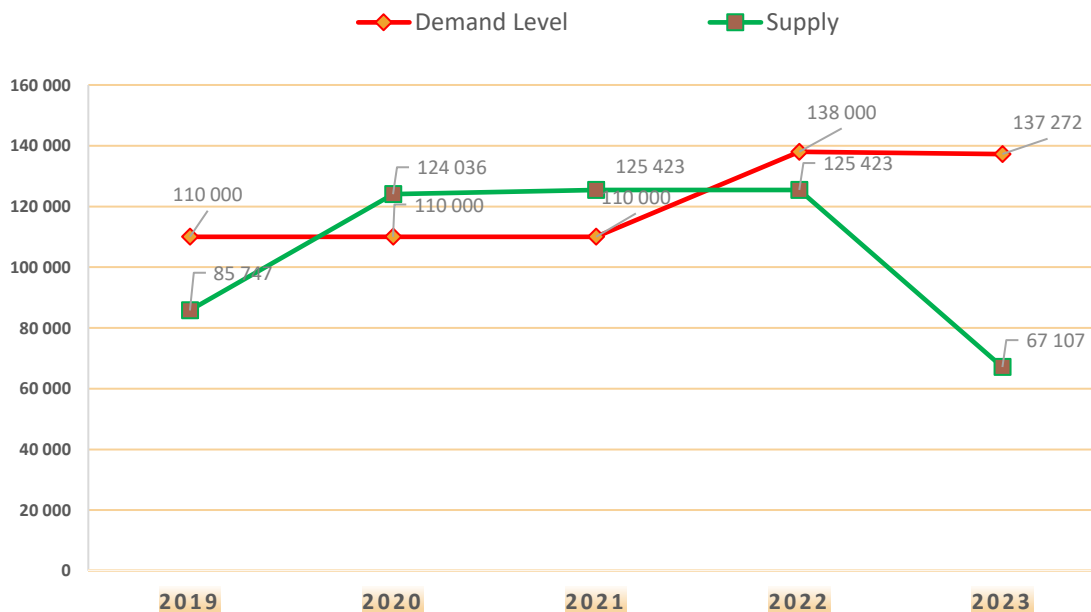


Figure 4: Learner Transport Demand and Supply

II. Transport Regulation

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.

There is a lack of Response Communication Systems, such as Radio Control Rooms and "Call Centre Services," which means that law enforcement is now carried out using antiquated or outdated tools, a lack of modern technology, insufficient infrastructure, and a lack of available call centres. It has been recognized that the lack of a Call Centre System connecting reaction to Incidents, accidents for deployment, and traffic fines enquiries presents a problem, thus a "Push - to - Talk" Communication Base Centre [Control Room] has been established to handle these tasks. That process has already begun with the acquiring a building to be converted into Response Communication Systems Unit.

The DLTCs and RAs are inundated with residents seeking to renew their Driving and Motor Vehicle Licenses. The lack of these necessary amenities cannot be overstated. This has led to communities using motor cars without permits and without legal driver's licenses. The agency is considering performing a feasibility assessment on expanding licensing services to Mall. Long lines for the renewal of driver's licenses and motor vehicle registrations must be addressed in order to enhance transportation networks. To reach licensing facilities or services, communities must travel great distances. Unlicensed drivers on the roads and automobiles that are not roadworthy. 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.

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 96% available vehicles to the provincial government 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.

Key Service Delivery Achievements

Transport Infrastructure Provision

Although the Department is enthusiastic about quality and progress towards the implementation of capital projects, climate change and contractor performance remain 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 kilometres of gravel roads upgraded to surfaced standard', 'number of m² resealed', 'number of m² rehabilitated.'

Key towards achievement of the long-term plan for the Department is the Eastern Cape Provincial Transport Masterplan. The Programme has taken great strides for the compilation of this document and is currently preparing the final chapters of the reviewed Masterplan. The Department has continued to facilitate integrated road network planning through integrated planning engagements. The Department maintained ongoing liaison with key stakeholders such as SANRAL, PRASA, TRASNET and local municipalities.

Projects initiated to promote economic growth and access to various social amenities in the Eastern Cape are at various stages of completeness. During the year under review, the construction sub-programme also obtained partial achievement against its set targets due to poor contractor performance in the SLA Emalaheni: Lady Frere to Macubeni Project (10km). In the main, poor contractor performance which have caused major delays and inadequate project management from the Municipality has contributed to the non-performance.

Great progress has been made in the Centane to Qholorha Project which has completed the surfacing of the 10km road well before the anticipated contractual end date. Outstanding for practical completion is the completion of ancillary works relating to road markings, road furniture and bus bays. The road has however been open to traffic in February 2023. Most of the Programmes budget has been utilized towards this project. The phased approach in the construction of the Middelburg Integrated Traffic Control Centre has commenced, which will address key challenges as identified in the Road Freight Strategy.

Preliminary Designs for the following projects continued;

- Design for Upgrading of DR08017 – Phase 3
- Design for the Upgrading of DR08017 – Phase 4
- Design for the Upgrading of MR0070
- Design for the Upgrading of Butterworth Bypass

The Design for the Upgrading of DR08047 was completed.

With respect to maintenance, the appointment of plant hire contractors and framework contracts in the Programme has created efficiency gains for the routine maintenance of rural gravel roads. The programme has once again 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



Programme accomplished major successes in respect to job creation in alignment to the Department's strategic alignment to 'creating work opportunities resulting in sustainable livelihoods and employment for our communities.'

The construction sub-programme managed to upgrade 27.5km from gravel to surfaced standard. The following roads projects were completed:

- The Willowvale to Dwesa Nature Reserve Project Phase 2 _15km
- R72 to Hamburg _4km
- Qumbu to Tsilitwa Clinic _2km
- Cofimvaba to Askeaton _3km
- Coffee Bay to Zithulele Hospital _1.5km
- Canzibe Hospital Road _2km

Manage and monitor public transport services

The Department in the year under review has provided subsidized public transport to commuters through the contracted bus services which are Mayibuye Transport Corporation, Africa Best 350 and Algoa Bus Company covering 2 364 routes, 19 046 091 kilometers and 481 600 trips. A Draft Policy for Repeal of the Ciskeian Act was drafted and approved by the MEC during the period under review. Thereafter, the White Paper was drafted and is in the process of circulation for public comment.

The Bicycle Distribution Programme supported the National Department of Transport Shova Kalula Programme by distributing 1 750 bicycles to the deserving learners across the Province. Shova Kalula supports NDOT's National Learner Transport Policy and Rural Transport Strategy priorities, as well as the promotion of NMT projects to provide access to basic services and opportunities. In a delegation led by the MEC for Transport, in March 2023 in the Joe Gqabi District 40 bicycles from the remaining 1 750 of the Province was distributed to deserving learners.

Participation in the National Bus Sub-committee meetings continued though a majority of the engagements were held virtually. The provision of transportation services to public events remained one the key activities rendered by public transport services. Transportation was rendered for the funeral for Enyobeni Tavern disaster in Scenery Park, East London, the Presidential Imbizo in Debe Nek in October 2022 and the Themba Vuso Memorial lecture in Stutterheim December 2022.

One of the pain point in the public transport space is violence and killings that have mured the tax industry space. This remains one the most critical service delivery challenges that the Department is facing. A Taxi Mediation Panel was appointed during the period under review to curb taxi killings and attacks in the Eastern Cape. This has been welcomed by stakeholders and the Department is looking forward to yielding the positive fruits from this initiative.

Infrastructure Operations

The regular assessment conducted by the Department in both the Bhisho and Mthatha Airports (ATNS, Security, Safety and Fire) have ensured compliance in terms of the South Africa Civil Aviation Authority (SACAA). The contracted service provider to conducted a feasibility study on the Bhisho Airport for utilization of the facility as a cargo facility completed the study and a number of recommendations emanated from the study. One of the recommendations was the signing of a Memorandum of Understanding with the SANDF for occupation of the airport. Works in the Mthatha Fire Station have commenced and the Contractor has completed establishing the site.

The Department has entered into a Memorandum of Understanding with the Department of Education on Maritime Awareness Campaigns. 31 schools were reached in the Alfred Nzo District (East and West).

Implementation of the road safety strategy

The Programme conducted awareness programmes for road safety education and outreach programmes. Road Safety Education was conducted in all six Districts focusing on the Hazardous Locations through an Integrated Approach with various stakeholders focusing on Pedestrian Safety, which is the most vulnerable road user group. The Programme hosted the Kwa-Zulu Natal Province for benchmarking on the Walking Bus Project. The Eastern



Cape Parks and Tourism Agency conducted roadblocks with road safety messages and provided space for Department officials through interviews in the media space.

The Department is proud to report one of its flagship projects aimed at ensuring alignment whilst conforming to the district service delivery model as follows;

The Bhisho Transport Service Center:

- Successfully launched the opening of the Bhishi Transport Centre during the 2nd quarter.
- Operationalization of the much-needed front office services varying from the provisioning of the accident data information management to the licensing services.
- In an endeavor to bring services closer to the people and expand on licensing facilities in the Province. The Department has also managed to collect revenue to the value of over R1m through the Registering Authority [RA] of this office alone, since its inception in October 2022.
- The Department has further collaborated the services of the Road Traffic infringement Agency [RTIA] with a view to circumvent and assist motorists who have been blocked from the NaTIS system due to the non-payment of AARTO fines by motorist often visiting the Gauteng Province.
- The Bhisho Transport Service Centre is further following up on outstanding traffic fines on habitual offenders, through Automatic Number Plate Recognition System [ANPR] technology installed in six [6] busses, and an amount of over R2m was recorded on revenue collected.
- The Department further acquired and secured the Old TBN facility or building as an extension to the Bhisho Transport Service Center. This Department is currently in engagements with the Department of Public Works and Infrastructure for the upgrading of the facility as a Warehouse Registry to house Traffic Management information and an integrated Customer Care, Call Center, and Provincial Radio Control Room.

Awareness campaigns for License fees and registrations were conducted to educate motorist in paying their license fees. The Programme also successfully hosted a number manufacturing indaba during the third quarter.

Law Enforcement is still piloting the 24/2 flexi shift system in preparation for the implementation of the 24/7 shift system. Towards the end of the fourth Quarter, this Sub Programme focused on visibility on the Provincial roads in preparation for an influx of motorists over the Easter period.

Create jobs and economic empowerment through safety and infrastructure provision

In the 2022_23 financial year, the Department was able to create and report 35 976 job opportunities with 15 496 full-time equivalents, through the implementation of Expanded Public Works Programme (EPWP). These overachievements were due to replacement of exited participants from Community Development, labour intensive projects, National Youth Service (NYS) and Transport Infrastructure projects.

In terms of designated groups, the Department employed 5 902 youths, 24 771 women, and 385 individuals with disabilities across all its projects established to reduce road fatalities. 867 participants of the EPWP were trained and developed through SETA accredited providers on such storm water drainage and gabions. This contributed towards the programme aimed at empowerment of EPWP beneficiaries.

Using labour intensive methods of construction ensuring more jobs were created wherein small to medium enterprises got opportunities. In this venture, the Department collaborated with Ntabankulu Local Municipality in upgrading the Ntabankulu Business Ring Road and Sakhisizwe Local Municipality in the construction of Sakhisizwe Local Municipality Animal Pounds. These interventions will ensure that road fatalities are reduced on a sustainable basis.

Despite the various initiatives undertaken by the Department, the implementation of the targets for the youth and persons with disabilities continue to be a challenge. The Department has conducted stakeholder engagements focusing mainly on the designated groups in order to address this issue. The Department further revived transport forums where various stakeholders make inputs on best practices that could be implemented so as to forge partnerships with the vulnerable groups particularly youth and persons living with disability.



Key Service Delivery Challenges

During the year under review, several challenges had an impact on the Department's performance:

- 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, has a negative bearing on an already constrained budget.
- Community unrests at construction sites continues to slow down the delivery of infrastructure. The allocation of work packages to local SMME's and the employment of local labourers continues to be a challenge that results in community unrests and work stoppages.
- 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. this could have been further exacerbated by the COVID19 pandemic. The delays experienced in these capital projects due to this poor performance has had an impact on the cost and timeous completion of infrastructure projects.
- Non-availability of material from local borrow pits have also slowed down progress on infrastructure projects. This has also had a negative bearing on the quality and 'durability' of the maintained road.
- Reports of an escalating number of extortion incidents continues to be a major challenge and of great concern. Infrastructure contractors appointed by the Department are faced with cases of local gangs extorting money for "protection" or demanding a percentage of the contract value and local leaders demanding a say in who may or may not work on projects in their areas. These criminal activities have a negative impact on the cost and timeous completion of infrastructure projects. This has also had a negative bearing on the safety of Departmental employees.
- 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 and also other bus companies (particularly InterCape).
- The continued pressure on the national fiscus is also having an impact on funding for roads maintenance. The Provincial Roads Maintenance Grant, on which the maintenance of roads infrastructure relies, is continuously decreasing and had come under pressure. The initial allocation was cut during the year under review, though Disaster Funding was allocated towards the end of the financial year.

2.2. Service Delivery Improvement Plan

During the period under review, the Department commenced with the process of coordinating the formation of a task team to commence with the collation of building block documentation with the information required in the Service Delivery Improvement Plan. Due to the technicalities of the revised framework on the development of the SDIP, DPSA extended the submission date to the 1st May 2023.

The Department was unable to meet the submission date that is 1 May 2023 as the collation and consolidation took longer than anticipated. Currently there is a draft SDIP document that has been presented to Office of the Premier and DPSA. The final document would be signed off before the end of 2023/24 financial cycle.

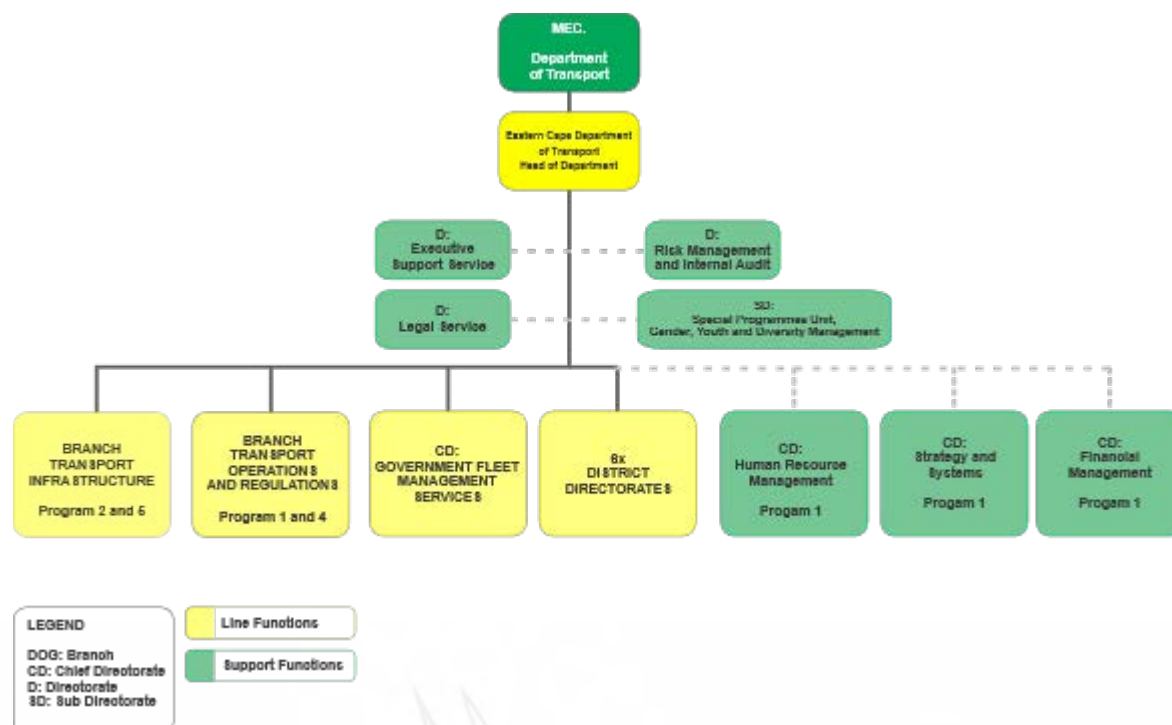
Organisational Environment

The department is currently operating with organisational structure that 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. The Strategic Plan (2019-2025) and Service Delivery Model were approved by the Executing Authority in April 2021, which triggered the design of a new organisational structure that is stated above. However, the department has a new organisational structure (organogram) that was approved in this financial year 2022/23 and awaiting implementation in 2023/24. The department has developed an organisational structure implementation plan which aims at optimal functioning of the department.



This decision triggered the development and approval of an appropriate strategic plan and service delivery model. The proposed organisational structure received budget concurrence from Provincial Treasury in March 2021. Due to our working environment, the division has planned for a variety of incontrovertible realities, including but not limited to: A skills gap develops when the supply of persons with the required skills is insufficient relative to the demand produced by the economy. State structure and the need for reform in the provision of public services.

Below is the proposed macro structure



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 have been offered.

The Department through its sourcing strategy will set procurement targets to ensure that procurement within R1m threshold is geared towards SMMEs (Qualifying Small Enterprises & Exempted Micro Enterprises) based in the Eastern Cape. Whilst specific sectors targets will be aimed towards Women, Youth and People living with disabilities utilizing preference points below and above R1m threshold.

The revamp of the ailing ICT infrastructure to carry the envisaged technology solution in a bid to modernize our processes was achieved. However, critical to these initiatives was the approval 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 implemented and rolled-out automated systems such as e-Leave management, e-recruitment and enterprise document management solutions.

The Department has completed implementing the integrated Microsoft Solution which will assist in automating, managing and monitoring the end to end process within the Scholar Transport Programme; the Learner Transport Management System. The system configuration and development has been concluded. The developers have moved the system to the EC DoT environment and awaiting for data that is coming from the

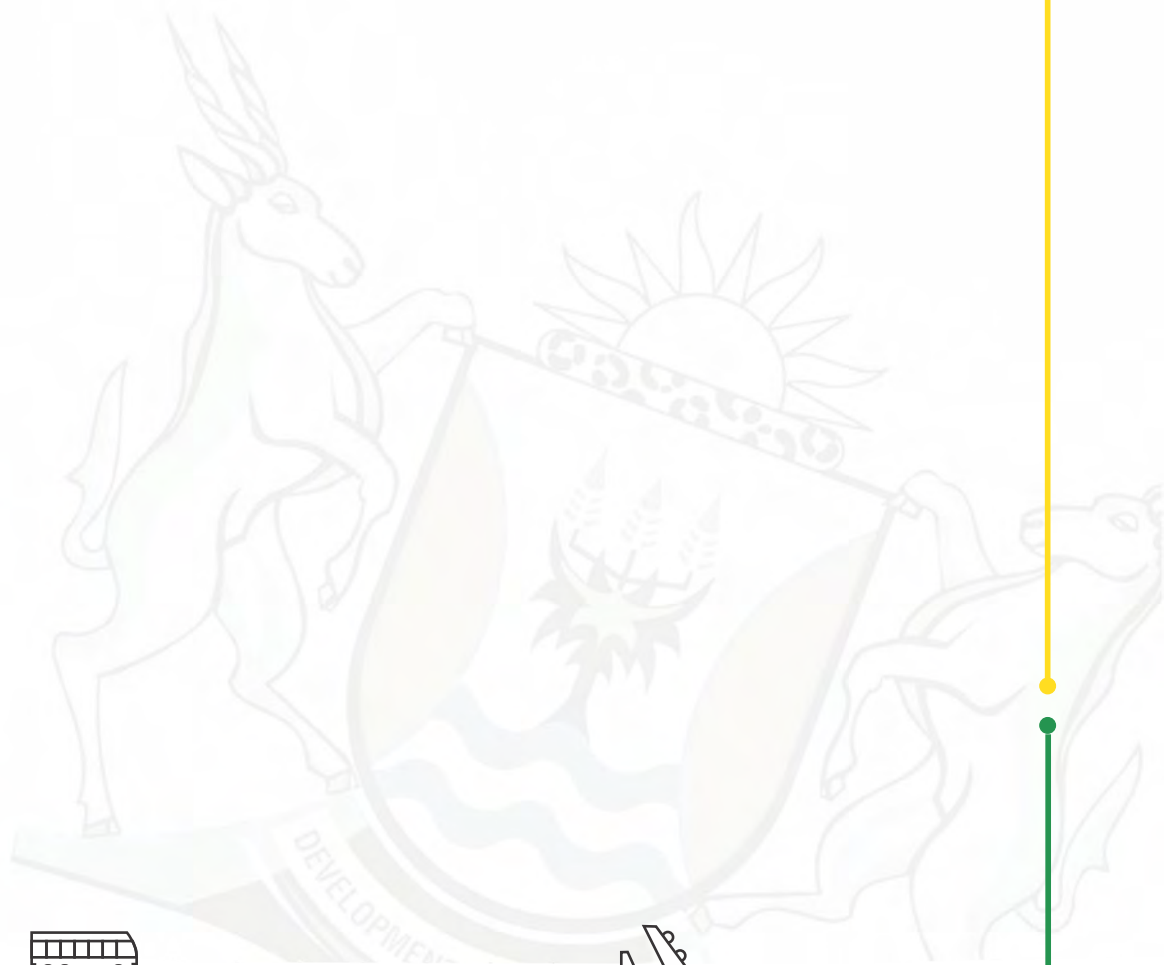


tender process in terms of transport operators, vehicles and drivers. The development of the Performance Monitoring & Evaluation System is also under way with the aim of improving performance information management.

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.

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.

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 44% and the Department is at 44.4% 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 18% of the total staff population (2 417) in the Department.



Gender	African	Coloured	Indian	White	Grand Total
Female	999	43	4	21	1 067
Male	1 228	90	2	30	1 350
Grand Total	2 227	133	6	51	2 417

Departmental Race & Gender Overview

Occupational Level Description	Female			Male				Grand Total
	African	Indian	Total	African	Coloured	White	Total	
Top Management	0	0	0	3	0	0	3	3
Senior Management	19	1	20	18	1	3	22	42
Grand Total	19	1	20	21	1	3	25	45

Top and Senior Management

Disability	African	White	Grand Total
Female	8	1	9
Male	13	1	14
Grand Total	21	2	23

Disability Status

Race	Female	Male	Grand Total
African	198	211	409
Coloured	6	16	22
Indian	1	0	1
White	2	0	2
Grand Total	207	227	434

Youth Statistics

2.3. Key Policy Developments And Legislative Changes

The Department has commenced with the process of developing new legislation (White paper) that will talk to transportation for the Mayibuye Transport Corporation. The Bill has been gazetted for public comments. 30 days has lapsed therefore stakeholder engagement as part of consultation will be conducted. The draft document will be developed post presentation to the Cluster and EXCO.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The year under review marks the third year of implementation of the 6th administration strategy (2020-2025). The progress that is reflected will therefore be reflective of the 2020/21, 2021/22 and 2022/23 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	2022/23 Achievement
Improved transport system	No. of subsidised routes	2 020	2 236	2 187	2 201	2 364
Improved transport infrastructure	No. of km of gravel roads upgraded to surfaced standard	163	260	8	39	27.5
	No. of kilometres of gravel roads maintained ¹	40 600	40 600	16 931.08	18 137.85	21 707.8
Reduced road fatalities ²	Number of road fatalities reported	242	200	361	153	225
Improved public sector private sector participation	Number of jobs created	50 900	22 000	47 593	47 536	36 241
An effective and effective public administration	Department obtains a clean audit outcome	Qualified audit opinion	Clean Audit Outcome	Qualified	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.

¹ *kilometres is making reference to performance on re-graveling and blading

² *Fatalities refer only to festive season and Easter Break



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.

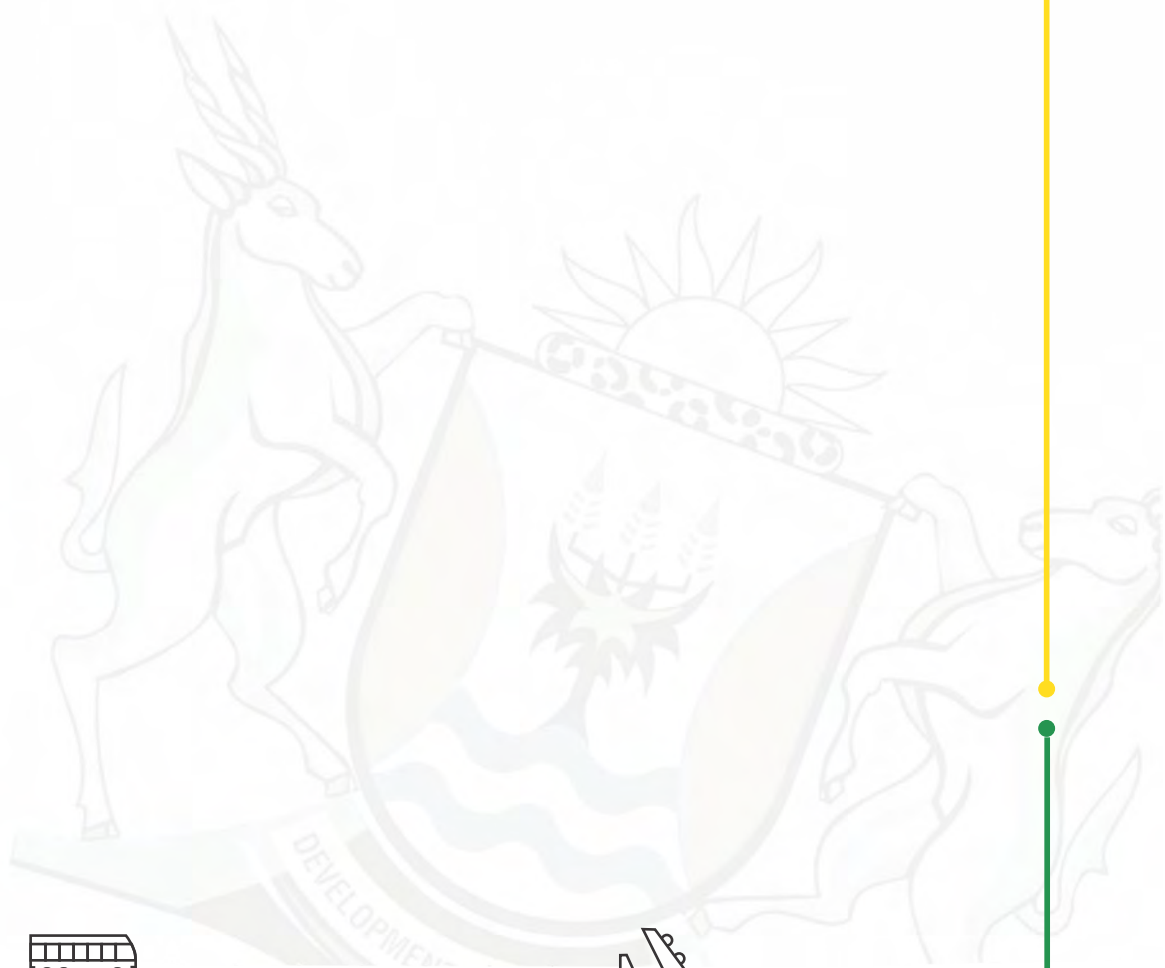
Programme 2	Transport Infrastructure
Purpose of the programme	The main purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally 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) The Transport Infrastructure Planning Unit is custodian of the development and implementation of the Provincial Transport Masterplan. Effective infrastructure delivery through exploration of alternative means of delivery Through integration with Innovation and Empowerment Transport Infrastructure continues to seek out explorative means for infrastructure delivery.

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

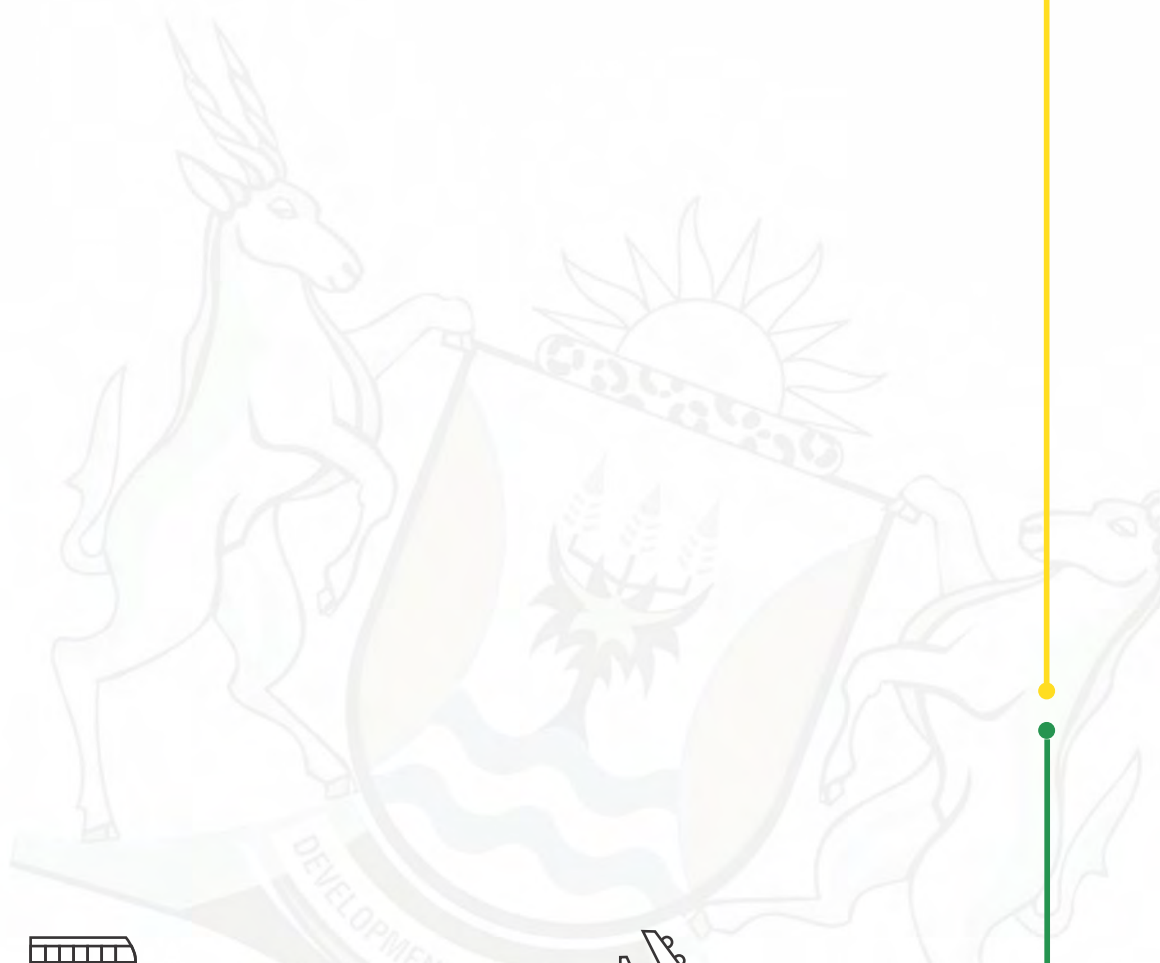


Programme 3	Transport Operations
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	Implementation of the Road Safety Strategy The Department continues to promote and implement programmes aligned to the Decade of Action to promote and improve safety. Revitalisation of provincially 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	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	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: Administration

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 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
An efficient and effective public administration	1.1 Office of the MEC							
	Key oversight functions implemented in line with legislative framework and policy directives	P1: Key oversight functions implemented in line with legislative framework and policy directives	-	-	57	57	-	n/a
	1.2 Management Services							
	Clean governance initiatives monitored	P2: Number of monitored initiatives for clean governance	-	-	20	20	-	n/a
	Administrative policy initiatives monitored	P3: Number of initiatives monitored towards achieving administrative compliance	-	-	32	32	-	n/a
	Policy monitoring initiatives implemented	P4: Number of policy monitoring initiatives implemented	-	-	36	38	(2)	The overachievement is attributed to two policy monitoring initiatives that were attended as engagements to mediate on the unplanned ongoing labour unrest in the Alfred Nzo District.
	Service delivery monitoring initiatives implemented	P5: Number of service delivery monitoring	-	-	96	91	5	The underachievement is attributed to five initiatives pertaining to monitoring of district performance. These



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
		initiatives implemented						initiatives were not achieved due to the prioritisation of the planning towards the first budget submission. The first budget submission for the 2023_24 financial year was moved up the planning calendar by Provincial Treasury, therefore requiring district planning and budget input earlier than anticipated.
	Reports on the implementation of the risk register monitored	P6: Number of departmental risk management action plans monitored	-	4	4	4	-	n/a
	Security management initiatives implemented	P7: Number of security management initiatives implemented	-	-	4	8	(4)	The overachievement is pertaining to four additional security management initiatives that were conducted as a means of creating a more secure environment for the Department. The inspections were conducted at the following departmental premises: Stutterheim Roads Camp, Struanway Complex, GFMS and Sarah Baartman District office.



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
	Reduction of litigations against the Department	P8: Percentage reduction of litigations against the Department	-	-	10%	20%	(10%)	The overachievement is attributed to the review of the contingent liability register that was conducted with the State Attorneys which necessitated for some of the cases to be closed as they were deemed to be dormant (inactive for a certain period).
	Internal Audit reports completed	P9: Number of internal audit reports completed	-	10	8	14	(6)	The overachievement is attributed to the following additional reports completed in the financial year under review: 1. Two (2) audits, namely the Internal Quality Assurance Review (21/22) and the Integrated AIP audit (21/22) were deferred from the previous financial year due to the unit being reassigned to audit scholar transport by the directive of the Premier. These were concluded in the year under review.



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
	Audit Committee meetings facilitated	P10: Number of Audit Committee meetings facilitated	-	-	6	13	(7)	2. The special audit on scholar transport was subsequently finalized in April 2022. 3. The audit of moveable asset verification was performed on behalf of the AGSA, which is a significant milestone towards achieving combined assurance. 4. The ICT audit was finalised in January 2023 and the Integrated AIP (22/23) was finalised in March 2023 and not deferred to the new financial year as anticipated.
								The overachievement is attributed to various additional special meetings held with Audit Committee (AC) for finalisation of Annual Financial Statement reviews: Quarter 1



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
								1. Presentation of the Audit Strategy Document by the AGSA to the AC. 2. A second review was performed over the AFS by the AC. 3. The AC debriefed the HOD on their review of the AFS. 4. A special meeting was convened to confirm resubmission of the AFS to the AGSA on 3 June 2022. Quarter 2 1. A special meeting was held in which the AGSA presented the Management Report to the AC. Quarter 3 1. A special meeting was held in which the AGSA debriefed the AC on the external audit that was recently concluded. Quarter 4



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
								1. A special meeting was held between the Chairperson of the AC and the HOD to discuss various matters.
	Realised opportunities for vulnerable groups	P11: Number of realised opportunities for vulnerable groups	-	-	5	4	1	The underachievement is attributed to the distribution of wheelchairs (Disability Campaign). This initiative is part of the MEC's Outreach Programmes and due to the MEC prioritising stabilising the conflicts in the public transport programme in the fourth quarter, the distribution was deferred for implementation in the first quarter of 2023_24 financial year.
	Departmental communication initiatives implemented	P12: Number of departmental communication initiatives communicated	-	-	20	18	2	The underachievement is attributed to two departmental communication initiatives and these are pertaining to; 1. The Digital Screen Advertisement – was targeted for implementation on a quarterly basis. Procurement for this initiative commenced



Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations	
								prior the beginning of the financial year, however Circular 15 of 2021_22 (Validity of the Preferential Procurement Regulation of 2017) caused procurement delays for the implementation of the initiative. However, after the uplifting of the moratorium in May 2022 the Digital Screens were successfully procured and achieved for the remainder of the financial year. 2. The Launch of the Easter Arrive Alive Campaign was planned for implementation in March 2023, however it was deferred to the first week of April 2023 due to a change in the implementation in the approach initiated by	



Programme 1: Administration							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
							the MEC which necessitated the involvement of external stakeholders (South African Police Services, Department of Health and Community Safety etc).
1.3 Corporate Support							
Effective and efficient skilled, capable, and professional workforce		P13: Number of Human Resource policy initiatives monitored for compliance	-	-	10	10	n/a
		P14: Average number of days to fill a vacant funded post after advertisement	-	90 days	90 days	128 days	38 days
							As at the end of the financial year, the number of days to fill vacant funded positions was at 128 days. The underachievement of 38 days is due to the following reasons: 1. Shortlisting of candidates was halted after the closing of 21 October 2022, and only resumed in the first week of December. 2. A number of panel members during this



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
								period were not available due to the festive break, therefore shortlisting effectively resumed on the 2 nd week of January 2023.
								Out of the 56 advertised positions, 44 were filled. From the remaining 12 positions, 7 were in the recruitment process and 5 are in the process of being re-advertised.
		P15: Number of days to pay employees terminated services	-	-	30 days	30 days	-	n/a
		P16: Percentage accuracy of PERSAL data updated	-	-	100%	100%	-	n/a
		P17: Number of implemented integrated Employee, Health and Wellness reports	-	-	4	4	-	n/a
		P18: Number of Human Resource	-	4	5	5	-	n/a



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
		Development interventions implemented						
		P19: Number of organisational development initiatives implemented	-	1	3	2	1	The underachievement is attributed to the initiative: Assessment of the implementation of new organogram. This was not implemented due to the non-official implementation of the new organogram in the Department.
	ICT initiatives implemented	P20: Number of ICT initiatives implemented	-	4	7	3	4	The underachievement is attributed to the following ICT Initiatives: 1. The Learner Transport System. The Project has been put on hold (28 Feb 2022) as to not incur extra cost due to the delays in the tender process. The development and configuration is complete awaiting data from the tender process and the system will be commissioned

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
								2. The Performance Monitoring & Evaluation System. The development and configuration are partially completed as during testing there were critical features that were missing. User Acceptance Testing has started. Training of the trainers is under way. 3. Development of Employee Monitoring Tool was prioritised for implementation at the time the country was faced with COVID 19 and employees were working from home. Upon lifting of Alert Level 1, this tool was no longer deemed a priority in the Department and the budget has been prioritised to fund the



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
	Audit Outcomes	P21: Unqualified Audit Opinion	-	-	Unqualified Audit Opinion	Qualified Audit Opinion with findings on predetermined objectives and compliance for 2022/23 financial year	Unqualified Audit Opinion with emphasis of matters	cost pressures at Scholar Transport. 4. Datawarehouse Solution. The planning and requirements gathering for the solution commenced late in financial year and through a departmental reprioritisation process, funds allocated for this solution were surrendered to fund the cost pressures at Scholar Transport
								The Department did not obtain the Unqualified Audit Opinion due to the following issues: 1. Legacy issues in the Scholar Transport programme relating to poor records management. From the full population of invoices that were sampled by AG, seven invoices could



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations
	Payment of creditors in average days	P22: Average number of days for payment of creditors	-	27.4 days	30 days	26.7 days	(3.3 days)	not be found. Therefore, the auditors concluded that the prior year's misstatement remains. 2. The kilometres verified by AG in the Scholar Transport Programme were different to what the department had paid for.
								Though on average per month the payment of creditors is within 30 days, there are however invoices that were paid beyond 30 days and the bulk of those are pertaining to Scholar Transport. This is mainly due to the depletion of funds for the payment of transportation of learners in the previous financial year. The delayed submission of invoices and identified irregularities with the submitted invoices has also affected the payment cycle.



Programme 1: Administration							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
	Budget allocated spent	P23: Actual % spent on budget allocated	-	100%	100%	99.6%	(0.4%)
							The Department has underspent from Community Based Programmes due to the delays in the payment of invoices for labour-intensive projects as a result of errors that were picked on the invoices and were returned to municipalities for corrections.
	Revenue collection	P24: Actual % of revenue collected on budget amount	-	90%	100%	91%	9%
							Primarily, the under collection of revenue in the Department is attributable to Registering Authorities not paying over what is due to the Department. Challenges have been experienced throughout the financial year from the following authorities; 1. South African Post Office (SAPO). 2. The 11 defaulting Municipalities – which are experiencing financial constraints and have not been able to honour



Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviations	
An efficient and effective public administration	Procurement of goods and services from B-BBEE compliant businesses and SMMEs	P25: Percentage procurement of goods and services from B-BBEE compliant businesses and SMMEs	-	-	100%	100%	-	n/a	payments to the Department.
	SCM compliance and monitoring reports submitted	P26: Number of SCM compliance and monitoring reports submitted	-	-	27	27	-	n/a	
	1.4 Departmental Strategy								
	Strategic support	P27: Number of strategic support services rendered	-	-	5	5	-	n/a	
	Key service delivery projects monitored	P28: Number of key service delivery projects monitored	-	2	5	5	-	n/a	
	Statutory documents developed	P29: Number of statutory documents developed	-	-	4	4	-	n/a	
	Departmental Performance reports produced	P30: Number of departmental performance reports produced	-	-	6	6	-	n/a	



Programme 1: Administration							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audit Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
	Status reports to departmental policies	P31: Number of status reports to departmental policies	-	-	11	11	-
							n/a

Summary of Programme Performance and key achievements

Of the planned 31 indicators to be implemented by the Programme in 2022_23 financial year, the Programme has managed to fully achieve 21 indicators, taking Programme performance to (68%) in terms of full achievement. This is an improvement from the performance from the previous financial year, wherein performance was at 51%.

10 out of the 31 planned indicators have been partially achieved (32%). 6 indicators have variance that is within a 30% threshold from full achievement and 4 indicator with a variance that is above the 30% threshold from full achievement.

The Programme has taken great strides in exploring technological innovations to diversify our service model: geared towards a Digital Transformation Approach the following systems were envisaged to be completed during the period under review but are however in the final stages of completion and commissioning to use.

- Performance Monitoring & Evaluation Solution with the aim of improving departmental performance information management.
 - Learner Transport Management Solution which is the automation of key business processes to enhance the learner transport services to support learners.
- The Programme has also taken some notable steps towards realizing the objectives of the approved Service Delivery Model and started the 2023_24 planning utilizing the Bottom Up Approach, successful engaging and starting planning at the service delivery points in the Districts. This has yielded great results as plans forward looking will be informed by District needs were the actual implementation and service points are residing. This has led to the formal development of District Operational Plans which have disaggregated performance amongst the six districts, thus informing the overall plans of the Department.

Skills transfer has been successfully implemented through accredited training and on-site training. Additionally, Training Service Providers were appointed to provide different types of training ranging from entrepreneurial, engineering to Health and Safety in order to capacitate local SMMEs and labourers working on various departmental projects. The development of Senior Management in the Department has been implemented through the enrollment of 10 members of the Senior in the Executive Development Programme (EDP) through the Nelson Mandela University Business School. The Programme is aimed at the development of public sector senior management in leadership and good governance. The Department awarded 100 internal bursaries and 45 external bursaries for the 2022 academic year. Moreover, the Department has entered into agreements for a period of 3 years ex-bursary holders who have completed their Civil Engineering qualification.

The Head of Department hosted a Women's Seminar with the female Senior Management during the Public Service Women Management Week. Top of the discussions during the Seminar was the reflection on progress made on the 8 Principle Action Plan for Promoting Women's Empowerment and Gender Equality in the public service workplace.

In recognition of International Fraud and Anti-Corruption Day and as part of a drive to create awareness in good governance, the Risk, Ethics and Anti-corruption Directorate developed a Pledge for members of Top Management as a stance against fraud and corruption.

Whereas the delays in the implementation of the new organisational structure has affected the capacitation of the Department and its ability to achieve employment equity targets for women, youth in SMS and people with disabilities; it also implies that DOT will be ready to further capacitate itself in the 2023_24 financial year and also have an opportunity to prioritise the designated groups.

Strategies to overcome areas of underperformance:

P5: The Department has discontinued the indicator in the 2023/24 financial year. However, the District Directors are still reporting on the district monitoring activities through the district operational plans. Calendars with dates for these meetings have been developed to avoid the clashing departmental priorities.

P11: The distribution of Wheelchairs has been deferred for implementation to the 2nd quarter of the 2023_24 financial year.

P12: The Launch of the Easter Arrive Alive Campaign planned for March 2023 was deferred for implementation to the first week of April 2023_24. The Campaign has been implemented.

P14: The Department has developed a special project plan that will be presented to the PCMT upon presentation of the Annual Recruitment Plan. This plan is aimed at curbing recruitment lead times. The Programme has already started with the internal processes prior advertisement ie. Appointment of panel members etc. which usually delay the recruitment process.

P19: The implementation of the Assessment of the Implementation of the new structure is dependent on the implementation of the new organogram. This assessment has been deferred for implementation once the process is at a certain stage of implementation.

P20: The finalization of the Learner Transport System is dependent on the finalization of the tender process for the appointment of new Scholar Transport Operators. Special alignment meetings have been arranged and are sitting towards the finalization of the Performance Monitoring & Evaluation System. This is targeted to be finalized and completed before the end of the 1st quarter of the 2023_24 financial year.

P21: An interdisciplinary intervention that was meant to address key inherent issues in the Scholar Transport Programme was initiated. The intervention encompasses work looking at the following administrative functions:

- SCM Contracting (this stream was responsible for identifying whether the process of contracting was followed within the confines of the delegated authorities as was appointed by the HOD).
- Logis Implementation (this stream was responsible for migrating operators from the manual payment system to logis, the benefits will be improved controls in the payment process available on the transversal system).
- Finance (this stream is responsible for the correction of prior year errors as well as the verification of kilometres travelled by operators when billing).
- Organisational Development (this stream focuses on business process mapping as well as streamlining the Scholar Transport Programme to be decentralized into the districts in line with the Departments approved Service Delivery Model).
- Automation of Scholar Transport (the Department will be implementing a new Scholar Transport Management System concurrently with the new contract).



P23: The Department through the Monitoring & Evaluation Unit has developed a monitoring tool of all labour-intensive projects implemented under the Community Based Programme. This will close monitoring of the projects and alignment between non-financial and financial performance.

P24: The Department has resumed with engagements with SAPO National Management to develop a credible payment plan between the Department and SAPO. The Department is also closely monitoring the 11 defaulting Municipalities as they were issued with second letters of demand parallel to continuous engagements.

Changes to planned targets

None

Linking Performance with budget

The performance of 71% has been achieved utilizing 100% of the budget. This is mainly attributable to the ICT Initiatives that commenced and were however not completed and considered to be partially achieved. It is also important to note that other targets that were not met and contributed to the 71% achievement was the Department receiving a Qualified Audit Opinion vs the planned Unqualified Audit Opinion. Though the Department did not reach the planned revenue target, the Department managed to collect 91% on budget amount.

Sub-Programme	2022/23			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1 Office of the MEC	12,257	12,257	-	7 567	7 567	-
2 Management of the Department	46,019	45,979	40	34 149	34 149	-
3 Corporate Services	469,682	469,613	69	424 341	424 332	9
4 Departmental Strategy	20,230	20,230	-	17 021	16 994	27
TOTAL	548,188	548,079	109	483 078	483 042	36

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 (6) 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
- 2.6. **Mechanical** to provide an efficient plant fleet service in support of in-house construction and maintenance units.



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Improved Transport System	Performance support interventions	P32: Number of performance support interventions conducted	-	-	32	32	-	n/a
	Infrastructure plans developed	P33: Number of Consolidated Infrastructure Plans Developed	-	-	1 RAMP	1 RAMP	-	n/a
Improved provincial Transport infrastructure	Surfaced road visually assessed	P34: Number of kilometres of surfaced road visually assessed as per the applicable TMH Manual	0	0	3 959	-	3 959	The target of 3 959km of surfaced roads visually assessed could not be reached due to the delayed appointment of a suitable Professional Service Provider (PSP) to conduct the assessments. The recommendation on the award was referred to IBAC for review, therefore the process took longer than anticipated. The award was only concluded in February 2023 and the Service Provider is in its internal processes of data collection.
	Gravel road visually assessed	P35: Number of kilometres of gravel road visually assessed as per the applicable TMH Manual	0	0	36 642	-	36 642	The target of 36 642km of gravel roads visually assessed could not be reached due to the delayed appointment of a suitable Professional Service Provider (PSP) to conduct the assessments. The recommendation on the award was



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Improved provincial Transport infrastructure								referred to IBAC for review, therefore the process took longer than anticipated. The award was only concluded in February 2023 and the Service Provider is in its internal processes of data collection.
	Transport Plans Developed	P36: Number of Transport Plans Developed	0	2 drafts (Transport Masterplan & PLTF)	2 Draft PTIP NMTIP	2 Draft PTIP Draft NMTIP	-	n/a
	Road Safety Audits Conducted	P37: Number of Road Safety Audits Conducted	3	4	4	4	-	n/a
2.3 Infrastructure Design								
	Designs for transport infrastructure	P38: Number of designs for transport infrastructure	1	3	1	1	-	n/a
2.4 Construction								



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Improved provincial Transport infrastructure	Gravel roads upgraded to surfaced roads	P39: Number of kilometres of gravel roads upgraded to surfaced roads	8	39	39	27.5	11.5	The target of 39km is made up of 7 projects, where 5 projects reached the planned targets for completion for the period under review. The remaining 2 projects achieved partial completion: 1. SLA Emalaheni LM: Upgrading of DR08563 from Lady Frere to Macubeni - Poor contractor performance and inadequate project management from the Municipality as the Implementing Agent for the Department have contributed to the regressing progress on the project. Non-compliance to occupational health and safety standards have necessitated work stoppages, thus further delaying completion of the project. Adverse weather conditions on already poor workmanship have contributed to overall poor quality of the project. 2. Coffee Bay to Zithulele Hospital - The project in the financial year has managed



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Public transport facilities constructed	P40: Number of public transport facilities constructed	0	0	0	0	n/a	
	Law enforcement facilities constructed	P41: Number of law enforcement facilities constructed	0	0	1	0	1	to complete 1.5km of the targeted 3km. Performance on the project has delayed due a work stoppage caused by prolonged community disputes over the formation of a Project Steering Committee (PSC) & Labor recruitment.
								The delayed finalisation of the procurement process due to Circular 15 of 2021/22 (Validity of the Preferential Procurement Regulations of 2017) for the appointment of a suitable/qualified service provider attributed to the delay. The service provider was awarded in November 2022 and works on the project only commenced mid-January 2023.



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Surfaced roads rehabilitated	P42: Number of square metres rehabilitated	0	127 449	87 220	0	87 220	The planned target of 87 220m² of m² rehabilitated are from the Butterworth to Centane and Matatiele to Maluti Projects. 1. Butterworth to Centane Project – there was no progress in the project since the beginning of the year under review. This led to the termination of the contract of the Contractor on the grounds of poor performance and subsequent site abscondment. A replacement contractor was appointed in December 2022. The progress planned for achievement in the year under review has been deferred to the 2023/24 financial year. As at March 2023, the contractor was in the process of establishing site. 2. Matatiele to Maluti – the contract of the Contractor was terminated in July 2022 due to poor performance. The road was

2.5 Maintenance

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Surfaced roads resealed	P43: Number of square meters resealed	13 720	15 213	486 000	372 172.90	113 827.1	then transferred to SANRAL as published on gazette (No. 47200) on 5 August 2022. The planned target of 486 000m² of m² resealed are from the Port Alfred to Makanda and Magusheni to Flagstaff Projects: 1. The Port Alfred to Makanda - project is proceeding very well with an output of 372 172.90 m². 2. The Magusheni to Flagstaff - project is not proceeding well. The Contractor on this project was suspended twice due to OHS non-compliance. The Department before the end of the financial year was in the process of terminating the contract due to the non-compliance, however the Contractor met all the requirements that would have led to the termination. The Contractor is back on site and penalties will be applied from April 2023 due to the time lapse on the project.



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Gravel roads re-gravelled	P44: Number of kilometres of gravel roads re-gravelled	1 174.17	1 149.6	625	1 054.33km	(429.33km)	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 re-gravelling were then increased, resulting in over-performance. The additional budget that was received through the Disaster Funding also contributed to the overachievement.
	Surfaced roads blacktop patched	P45: Number of square meters of blacktop patching	60 948.40	105 814.54	65 732	122 114.82	(56 382.82)	The overachievement in the blacktop patching indicator is attributed to the implementation of the Operation Valazonke Campaign which is a National Initiative aimed at reducing potholes. The Department has been implementing the Programme since the beginning of the financial year under review. . The additional budget that was received through the Disaster Funding also contributed to the overachievement.
	Gravel roads bladed	P46: Number of kilometres of gravel roads bladed	15 756.91	16 988.25	30 486	20 653.46	9 832.54	The underachievement is attributed to the floods that the province has been experiencing since late 2021 which have severely damaged roads. Efforts in the Department have had to be redirected to re-gravelling and blacktop patching to bring damaged roads to a more



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Creation of capacity through the Transport Infrastructure Value Chain								trafficable state. Thus, causing an underperformance in this indicator.
	Creation of capacity through the Transport Infrastructure Value Chain	P47: Number of contractors participating in the National Contractor Development Programme (NCDP) (Roads Infrastructure)	-	2	5	1	4	Due to the nature of the plant hire contracts utilised in the Department, the Construction Industry Development Board (CIDB) does not recognize them as civil engineering works. The timeframe to upgrade is also a factor in under-performance as some contractors take 2-3 years to upgrade whilst this target is required annually.
	Law enforcement facilities maintained	P48: Number of law enforcement facilities maintained	3	-	2	0	2	The two law enforcement facilities (Sterkspruit and Bizana) could not be maintained as the procurement processes for the appointment of a suitable service provider took longer than anticipated and thus not finalised. The bids were cancelled due to expiry of the bid validity period.
	Management of Yellow Fleet	P49: Average % of uptime on fleet availability	71%	71%	70%	74%	(4%)	The overachievement is attributed to disposing plant items that were old and susceptible to breakdowns. Although this has decreased the plant complement, it has increased the overall average uptime on fleet availability.



Summary of Programme Performance and key achievements

Of the planned 17 indicators to be implemented by the Programme for the financial year, the Programme has managed to fully achieve 8 indicators, taking Programme performance to (47%) in terms of full achievement. This is an improvement from the performance from the previous financial year, wherein performance was at 44%.

4 out of the 17 planned indicators have been partially achieved (18%). 2 out of the 4 indicators has a variance that is within the 30% threshold from full achievement and the remaining 2 have a variance that is above the 30% threshold from full achievement.

5 out of the 17 planned indicators have recorded 0 achievement (35%) against the planned target. The following are the indicators:

- Number of kilometres of surfaced road visually assessed as per the applicable TMH Manual]
- Number of kilometres of gravel road visually assessed as per the applicable TMH Manual
- Number of law enforcement facilities constructed
- Number of square meters rehabilitated
- Number of law enforcement facilities maintained

The performance has been achieved utilizing 99.8% of the budget.

Due to the reporting guide on infrastructure projects, projects are only reported on completion in the APP. There are a number of other infrastructure projects that are implemented in the Department and were not targeted in the APP for completion, but wherein works of a substantial amount have been implemented throughout the financial year. A majority of the budget for roads projects is utilized during the construction of earth and layerworks.

Although the Department is enthusiastic about quality and progress towards the implementation of 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 kilometres of gravel roads upgraded to surfaced standard', 'number of m² resealed', 'number of m² rehabilitated'. Key towards achievement of the long term plan for the Department is the Eastern Cape Provincial Transport Masterplan. The Programme has taken great strides for the compilation of this document and is currently preparing the final chapters of the reviewed Masterplan.

The construction sub-programme also obtained partial achievement against its target due to poor contractor performance in the SLA Emalahleni: Lady Frere to Macubeni Project (10km) which has not been completed. In the main, poor contractor performance and inadequate project management from the Municipality has contributed to the non-performance.

Great progress has been made in the Centane to Qholorha Project which has completed the surfacing of the 10km road well before the anticipated contractual end date. Outstanding for practical completion is the completion of ancillary works relating to road markings, road furniture and bus bays. The road has however been open to traffic in February 2023. A majority of the Programmes budget has been utilized towards this project.

With respect to maintenance, the appointment of plant hire contractors and framework contracts in the Programme has created efficiency gains for the routine maintenance of rural gravel roads. The programme has once again 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 Programme accomplished major successes in respect to job creation in alignment to the Department's strategic alignment to 'creating work opportunities resulting in sustainable livelihoods and employment for our communities.'



Strategies to overcome areas of underperformance:

P34 and P35: The Department has appointed a service provider to conduct the assessments and as per the project plan, the visual assessments should be completed before the end of the 2023_24 financial year.

P39, P42 and P43: The Department is working towards the full capacitation of the Project Management Office (PMO) and the Construction and Maintenance sub programmes. 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. The PMO Office will also be closely monitoring projected project progress against actual project progress and intervene at an early stage to ensure projects with issues are detected at an early stage.

P41: The service provider is on site and the project is being closely monitored by the Project Manager to ensure that completion does not exceed the prescribed completion date.

P46: Due to budgetary constraints the Department has focused on regravelling and blacktop as a more sustainable means of routine maintenance. This is also attributable to the diminished material levels on provincial gravel for blading. However in areas where blading is necessary, the Programme endeavors to refine Inhouse maintenance operations to perform this indicator by utilizing inhouse teams.

P47: The Programme is working well with the Innovation and Empowerment Unit from the Community Based Programme towards achieving this target through the approved contractor development policy.

P48: The status of bids will be a standing agenda item in the Programme Management Meetings. This will assist in flagging projects that are delaying in the procurement processes.

Changes to planned targets

n/a

Linking Performance with budget

The performance of 47% has been achieved utilizing 99.9% of the budget. The variance between these two figures is attributed to the budget utilized for the construction projects that are still in the infrastructure pipeline. The reporting for infrastructure projects is such that they are reported at completion, which is what the Department has targeted for in the annual performance plan, whilst the majority of the budget for these projects is utilized at the inception of the project. Another contributing factor is the underperformance that has been reported in rehabilitation and resal projects. The poor performance of contractors thus leading to the termination of already planned for projects has greatly impacted the overall performance.

Sub-Programme	2022/23			2021/22		
	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	4,107	4,106	1	6 719	6 719	-
2 Infrastructure Planning	12,711	11,781	930	20 023	20 022	1
3 Infrastructure Design	23,113	23,113	-	28 252	28 251	1
4 Construction	921,613	920,761	852	887 361	887 361	-
5 Maintenance	1,335,136	1,333,706	1,430	1 051 418	1 051 418	1
6 Mechanical	141,785	141,779	6	129 206	129 180	26
Total	2,438,465	2,434,625	3,219	2 122 979	2 122 951	28



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 and local authorities, as well as the private sector in order to enhance the mobility of all communities, particularly those 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 3km to access schools in line with the National Draft Scholar Transport Policy



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviation
3.1 Programme Support Transport Operations								
Improved Transport system	Strategic interventions coordinated	P50: Number of programme strategic interventions coordinated to develop and monitor programme plans	-	-	6	6	-	n/a
3.2 Public Transport Services								
Improved Transport system	Public transport routes subsidised	P51: Number of routes subsidised	2 187	2 201	2 275	2 364	(89)	The overachievement in this indicator is attributed to routes subsidised for Algoa Bus Company. The routes have subsequently been revised to take into consideration the Christmas and School-free periods, which were omitted in the initial plan (Table 4.1). A consolidated schedule has been developed which then has attributed to the overperformance.



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reasons for deviation
Improved Transport system	Kilometres subsidised	P52: Number of kilometers subsidised	14 452 741.94	16 269 809.57	18 600 000	19 046 091.43	(446 091.43)	The overachievement is attributed to the following reasons: 1. Increased improvement in the bus operations rendered by AB350. 2. The consolidation of plans, which were operated by Algoa Bus Company in the Nelson Mandela Bay Municipality and surroundings, namely, a) Normal Plan; b) Christmas Plan and c) School free Plan into an approved Table 4.1 (timetable).
	Trips subsidised	P53: Number of trips Subsidised	424 297	467 772	540 490	481 600	58 890	The underachievement is primarily caused by routes that were not performed due to



Programme 3: Transport Operations							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
							Reasons for deviation
							blockages by Taxi operators and inaccessible roads due to bad road conditions operated by both Mayibuye Transport Cooperation (MTC) and AB350. Furthermore, underachievement is attributed to trips not conducted due to the non-availability of MTC buses due to the deteriorating condition of the buses.
3.3 Transport Safety and Compliance							
Road safety awareness programmes	P54: Number of Road Safety Awareness Programmes Conducted.		2	2	8	8	n/a
Public transport empowerment initiatives conducted	P55: Number of public transport empowerment initiatives conducted		-	-	24	24	n/a
3.4 Infrastructure Operations							
Assessment conducted in Bhisho Airport	P56: Number of assessments conducted in Bhisho		10	16	16	16	n/a



Programme 3: Transport Operations							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
	Airport to ensure compliance with SACAA requirements	Airport to ensure compliance with SACAA requirements					
	Assessment conducted in Mthatha Airport	P57: Number of assessments conducted in Mthatha Airport to ensure compliance with SACAA requirements.	10	16	16	16	-
	Eastern Cape rail committee meetings facilitated	P58: Number of Eastern Cape rail committee meetings facilitated	-	-	6	6	-
	Maritime initiatives	P59: Number of maritime initiatives	0	2	2	2	-
3.5 Scholar Transport Services							
Learners transported	P60: Number of learners transported.		124 036	125 423	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



Programme 3: Transport Operations							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
	Scholar transport services monitored	P61: Average % of results-based monitoring of learner transport services	-	-	20%	60%	(40%)
							to reduce the number back to the 103 000 as targeted in the reporting period. There was a need for thorough engagement with the Department of Education in order to avoid disruptions to the school calendar and cause inconvenience to learners. The overachievement is attributed to improved reporting for monitoring, subsequent to the induction workshops that were conducted for Scholar Transport Monitors.

Summary of Programme Performance and key achievements

Of the planned 12 indicators to be implemented by the Programme this financial year, the Programme has managed to fully achieve 11 out of the 12 planned indicators, taking Programme performance to (92%) in terms of full achievement. This is an improvement from the performance from the previous financial year, wherein performance was at 50%.

1 out of the 12 planned indicators have been partially achieved (8%) and has a deviation that is within the 30% threshold.

The performance has been achieved utilizing 100% of the budget, this is largely attributable to the expenditure that was incurred for the payment of Scholar Transport operators.

The Programme 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 2 364 routes, kilometers and trips. The Programme drafted a policy document for the repeal of Mayibuye old Ciskei Act. The Draft Policy for Repeal of the Ciskei Act was approved by the MEC. Thereafter, the White Paper was drafted and is in the process of circulation for public comment.

The Programme submitted a Deviation and Condonation request to National Treasury regarding Algoa Bus Contract. A re-submission was made to Provincial Treasury and the Programme is awaiting a response.

The distribution of 1750 bicycles to the deserving learners across the Province was successfully implemented. In March 2023, the Joe Gqabi District led by the MEC for Transport, Safety and Liaison distributed the remaining 40 bicycles from its original allocation of 145 in Burgersdorp.

The Programme had supported SANTACO and ECSBOC financially. Sixty (60) drivers have been trained on First Aid and Customer Care in Amatole and Chris Hani Districts.

The Programme attended and participated in the National Bus Sub-committee meetings which were held virtually and the last physical meeting which was held in Pretoria in December 2022. Furthermore, it organized and facilitated the provision of transportation services to public events, namely, a mass funeral for Enyobeni tavern disaster in Scenery Park, East London and the Presidential Imbizo in Debe Neck in October 2022 and Themba Vuso Memorial lecture in Stutterheim December 2022.

The Programme participated in resolving conflict of public transport operators. The Programme supported the Taxi Mediation Panel, which was appointed to curb taxi killings and attack in the Eastern Cape.

The Programme conducted awareness programmes for road safety education and outreach programmes. Road Safety Education was conducted in all six Districts focusing on the Hazardous Locations through an Integrated Approach with various stakeholders focusing on Pedestrian Safety, which is the most vulnerable road user group. The Programme hosted the Kwa-Zulu Natal Province for benchmarking on the Walking Bus Project. The Eastern Cape Parks and Tourism Agency conducted roadblocks with road safety messages and provided space for Department officials through interviews in the media space.

The Programme conducted compliance assessments for both Bhisho and Mthatha Airports. GTAC completed the feasibility Study at Bhisho Airport and the Report was submitted to the Department. The Department has signed the Memorandum of Understanding with the SANDF for occupation of the Bhisho Airport. The Contractor has commenced work for the Construction of the New Fire Station at Mthatha Airport.

The Programme facilitated the signing of the Memorandum of Understanding between Department of Transport and Department of Education on Maritime Awareness. The Programme conducted maritime awareness campaign to 31 schools in the Alfred Nzo District (East and West).

The Programme established Provincial Rail Committee to lobby for the revival of rail lines in the Province and Cookhouse to Blamey line was launched and East London to Mthatha rail has been awarded to Sibhekuza Consumption.

The Programme under Scholar transport ferried 125 423 learners to and from the public schools.



Strategies to overcome areas of underperformance:

P53: The Programme has decided to permanently terminate the routes that have been constantly blocked by the taxi operators, thus affecting the trips operated. Furthermore, the Programme has communicated with AB350 for the purposes of rationalizing and mainstreaming routes that are performing below the acceptable threshold. Efforts towards recapitalization of the MTC Buses have yielded good results and the Corporation will be purchasing new buses in the 2023_24 financial year.

P60: The Department has requested the Department of Education to reprioritize their need to 103 000 to accommodate the current budget allocated. The Programme will reduce the number of learners transported from 125 423 to 103 000 as targeted to overcome the over performance.

Changes to planned targets

None

Linking Performance with budget

The performance of 92% has been achieved utilizing 100% of the budget.

Sub-Programme		2022/23			2021/22		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1	Programme Support	2,145	2,145	-	2 107	2 104	3
2	Public Transport Services	659,047	659,047	-	645 088	645 066	22
3	Transport Safety and Compliance	62,121	62,121	-	54 443	54 439	4
4	Infrastructure Operations	33,788	33,788	-	39 407	39 402	5
5	Scholar Transport	979,949	979,949	-	1 008 223	1 008 212	11
TOTAL		1,737,050	1,737,050	-	1 749 268	1 749 224	44

4.4. Programme 4: Transport Regulation



Mr X Jakuja
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 licenses 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 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
4.1 Programme Support Transport Regulations								
	Transport regulation support services coordinated	P62: Number of transport regulation support services	-	-	7	7	-	
	Performance improvement initiatives	P63: Number of performance improvement initiatives	-	-	1	0	1	Through a departmental reprioritisation process, conducting of the Long Service Recognition Medal Ceremony was put on a halt and the funds were surrendered to Scholar Transport.
	Transport Regulation Systems managed	P64: Number of Transport Regulation Systems managed	-	-	6	3	3	The funds for the implementation of the remaining three systems were reprioritised to fund other critical cost pressures within the Programme.
						[National Crash Data Management System (NCDMS), Contravention Management System (CMS), Automatic Number Plate Recognition (ANPR)]	[Average Speed over Distance (ASOD), Radio Control Room, Customer Care Telephone System.]	



Programme 4: Transport Regulations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Compliance inspections	P65: Number of Compliance Inspections conducted	-	-	241	248	(7)	The overachievement for the compliance inspections conducted is attributed to a verification exercise to determine if listed Vehicle Testing Stations (VTSs) on the system were operational in order to update the system.
	Licensing Authorities connected to e-NATIS	P66: Number of Licensing Authorities connected to e-NATIS	-	-	4	0	4	The underachievement is attributed to connections that were planned in the Mbizana and Humansdorp registering authorities and driving license centres. The infrastructure maintenance work had not yet commenced and therefore connection of Natis could not be done.



Programme 4: Transport Regulations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
4.3 Operator License and permits								
	Provincial Regulating Entity (PRE) hearings conducted	P67: Number of Provincial Regulating Entity (PRE) hearings conducted	-	-	20	26	(6)	The number of PRE hearings conducted is dependent on the number of applications received for adjudication.
	Transport operations regulated	P68: Number of transport operators regulated	4 182	6 268	4 200	6 728	(2 528)	The number of Transport Operators regulated is dependent on the number of operator license applications and abnormal loads permit applications received. The Department has received more applications than what was anticipated.
4.4 Law Enforcement								
Reduced Road Fatalities	Speed operations	P69: Number of speed operations conducted	-	-	2 496	2 809	(313)	The overachievement for this operation is attributed to the change of strategy - focusing more on speed operations, as it is one of the main contributory factors



Programme 4: Transport Regulations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Vehicles weighed	P70: Number of vehicles weighed	-	-	17 200	19 142	(1 942)	for accidents in the Province. The overachievement for vehicles weighed may be attributed to the influx of freight vehicles in the province, particularly in the Sarah Baartman District traveling to the Port.
	Drunken Driving Operations	P71: Number of Drunken Driving Operations Conducted	-	-	936	766	170	The National challenge of the shortage of bloodkits has contributed to the underachievement of drunken driving operations. The bloodkits are mandatory for conducting drunken driving operations.
	Vehicles stopped and checked	P72: Number of vehicles stopped and checked	-	-	1 634 160	1 268 440	365 720	The underachievement may be attributed to the redirection of efforts to more critical law enforcement operations such as Speed, pedestrian



Programme 4: Transport Regulations							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
							and selective law enforcement operations which includes public transport and stray animal operations.
	Pedestrian operations	P73: Number of pedestrian operations conducted	-	-	312	360	(48)
							During the period under review more pedestrians relative to other financial years were involved in accidents. This has led to pedestrian operations being a focus for implementation.
	Selective Law Enforcement Operations Conducted	P74: Number of Selective Law Enforcement Operations Conducted	-	-	7 270	11 556	(4 286)
							With public transport and stray animals still being one of the main contributory factors to accidents in the province, more emphasis was put on these operations in an effort to reduce road accidents.

Summary of Programme Performance and key achievements

Of the planned 13 indicators to be implemented by the Programme this financial year, the Programme has managed to fully achieve 8 out of the 13 planned indicators, taking Programme performance to (62%) in terms of full achievement. The Programme has regressed from the previous financial year, wherein performance was at 80%.



3 out of the 13 planned indicators have been partially achieved (23%). 2 of the 3 indicators have a variance that is within the 30% threshold and 1 indicator has a variance that is above the 30% threshold.

2 out of the 13 planned indicators have recorded zero achievement (15%), these are the following:

- Number of performance improvement initiatives (Traffic Long Service Recognition Award)
 - Number of Licensing Authorities connected to e-NATIS (Humansdorp and Mbizana)
- The performance has been achieved utilizing 99.9% of the budget.

The Programme is proud to report one of its flagship projects which is aimed at ensuring alignment whilst conforming to the district service delivery model as follows:

The Bhisho Transport Service Center:

- The Programme successfully launched the opening of the Bhisho Transport Service Center during the second quarter.
- The Programme has operationalized the much-needed front office services varying from the provisioning of the accident data information management to the licensing services.
- In our endeavor to bring services closer to the people and expand on licensing facilities in the Province, The Programme has also managed to collect revenue to the value of over R1m through the Registering Authority [RA] of this office alone, since its inception in October 2022.
- It has further collaborated the services of the Road Traffic Infringement Agency [RTIA] with a view to circumvent and assist motorists who have been blocked from the NaTIS system due to the non-payment of AARTO fines by motorist often visiting the Gauteng Province.
- The Bhisho Transport Service Centre is further following up on outstanding traffic fines on habitual offenders, through Automatic Number Plate Recognition System [ANPR] technology installed in six [6] busses, and an amount of over R2m was recorded on revenue collected.
- The Department further acquired and secured the Old TBN facility or building as an extension to the Bhisho Transport Service Center. This Department is currently in engagements with the Department of Public Works and Infrastructure for the upgrading of the facility as a Warehouse Registry to house Traffic Management information and an integrated Customer Care, Call Center, and Provincial Radio Control Room.

Awareness campaigns for License fees and registrations were conducted to educate motorist in paying their license fees. The Programme also successfully hosted a number manufacturing indaba during the third quarter.

The Sub Programme Law Enforcement is still piloting the 24/2 flexi shift system in preparation for the implementation of the 24/7 shift system. Towards the end of the fourth Quarter, this Sub Programme focused on visibility on the Provincial roads in preparation for an influx of motorists over the Easter period.

Strategies to overcome areas of underperformance:

P63: Number of performance improvement initiatives - Traffic Long service Recognition awards will be held in the next financial year.

P64: Number of Transport Regulation Systems managed – 3 of the 6 Systems (Average Speed over Distance (ASOD), Radio Control Room, Customer Care Telephone System) will be rolled out in the 2023_24 financial year.

P66: The Indicator has been put on hold. The Programme will be conducting a feasibility study on the need for licensing authorities to be connected to e-Natis. This is mainly due to the closure of a number of Post Offices across the Province.

P71: Number of Drunken Driving Operations Conducted - The Programme to procure Blood kits in time as it is a National Challenge.

P72: Number of vehicles stopped and checked - The target for the next financial year to be reviewed and reduced

Changes to planned targets

None

Linking Performance with budget

The performance of 62% has been achieved utilizing 99.9% of the budget. The declined performance is mainly attributed to the reprioritization of funds to fund other cost pressures in the Department. The underachievement in the number of transport regulation systems managed is due to a reprioritization of funds within the Programme, to fund the accommodation of trainee traffic officers.

Sub-Programme	2022/23			2021/22		
	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	9,239	8,966	273	2 834	2 832	2
2 Transport Admin and Licensing	14,635	14,586	49	11 866	11 864	2
3 Operator License and Permit	10,322	10,322	1	6 583	6 581	2
4 Law Enforcement	284,768	284,665	103	277 983	277 945	38
TOTAL	318,964	318,539	425	299 266	299 222	44

4.5. Programme 5: Community Based Programmes



Ms Q Xalisa
Acting Chief Director

The objective of the Programme is to ensure delivery of accessible services through integrated, socially just, developmental and empowering processes in order to improve the quality of life of communities within the province by way of community development programmes.

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

- 5.1. Programme Support** facilitates the governance of the programme and the attainment of the programme objectives.
- 5.2. Community Development** facilitates implementation of community supported transportation service delivery projects through identification and creation of work opportunities
- 5.3. Innovation and Empowerment** It provides for SMME development and facilitate entry of SMMEs into the mainstream economy over the MTSF period.
- 5.4. Sector Co-ordination and Monitoring** reports and assesses impact of all EPWP Projects implemented by the Department.



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
5.1 Programme Support Community Based								
	Strategic interventions coordinated to develop and monitor programme performance	P75: Number of strategic interventions coordinated to develop and monitor programme performance	-	-	21	17	4	The underachievement is attributed to four site visits planned for the third and fourth quarter. The site monitoring visits could not be conducted due to a moratorium issued by the Department on cost containment measures.
5.2 Community Development								
Reduced Road Fatalities	Interventions to reduce fatalities	P76: Number of interventions to reduce road fatalities	9	2 629	2 268	2 659	(391)	The target was incorrectly captured, as it is targeting participants, not interventions as per the indicator. Only 9 interventions were planned to be implemented, however from those 9 interventions 2 268 participants were planned to be employed. From the 9 interventions that were implemented in the financial year, 4 interventions to reduce road fatalities contributed to the overachievement of the indicator; the overachievement of 391 is due to replacement of



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
	Work opportunities created through EPWP projects	P77: Number of work opportunities created through EPWP projects	45 215	44 152	33 965	33 085	880	participants who had exited from those 4 interventions.
								The underachievement is attributed to the termination of contracts for EPWP participants that exited the Programme due to age, resignations and abscondments and not replaced; inactive participants and also non-implementation of the planned Upscaling and Youth Brigades Projects in some Districts due to reprioritization of funds earmarked for those projects.
5.3 Innovation and Empowerment								
	Empowerment of EPWP participants	P78: Number of beneficiary empowerment interventions	3	3	6	2	4	Two out of the six interventions were achieved (Contracting of NYS and Artisan Learners).
								The four interventions not achieved are the following: 1. Development of M ME's: Delays in SCM's assessment of the draft Expression of Interest document for



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
								the Contractor Development Programme (CDP) and the directive to advertise it led to non-performance. The bid document will be advertised in the month of April 2023. The Micro, Small & Medium Enterprises (MSME) policy which includes CDP) is not yet approved which led to development of MSME not being achieved Coordination of the processes and training of 2500 EPWP Beneficiaries: The training for EPWP beneficiaries could not be implemented due to delays experienced resulting in cancelled bids, and Treasury Circular No. 17 of 2022/23A which directed SCM to amend its policy ceasing all procurement



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
								for goods and services to be halted until the approval of the policy.
								3. Coordination of the processes of Contractor Development: Delays in SCM's assessment of the draft Expression of Interest document for the CDP and the directive to advertise it led to non-performance
								4. Coordination of the processes and implementation of Labour-Intensive Projects: a) The non-performance of Raymond Mhlaba Local Municipality led to funds being redirected to other departmental priorities. b) Contractor poor performance has also resulted in the non-completion of some of the projects.



Programme 5: Community Based Programmes							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
	Initiatives to enhance partnerships	P79: Number of initiatives to enhance partnerships	3	4	4	2	2
							Partnerships with the Sakhisizwe and Ntabankulu LMA's were completed. The two partnerships that were earmarked and not achieved are with the IKhala TVET College and SANRAL. Consultations for potential collaborations with these two institutions took longer than anticipated and will be concluded in the first quarter of the 2023_24 financial year.
5.4 EPWP Coordination and Monitoring							
	Work opportunities created	P80: Number of work opportunities created	47 593	47 536	35 017	36 241	(1 224)
							The overachievement is due to the replacement of exited participants from the implemented departmental projects in Transport Infrastructure and EPWP Projects.
	Youth employed	P81: Number of youths employed (18-35)	7 829	7 198	19 259	5 945	13 314
							Underachievement for Youth employed is because Youth are less responsive to EPWP Projects.
	Women employed	P82: Number of women employed	32 731	32 767	21 010	24 925	(3 915)
							The overachievement in this sector is due to the fact that women are always responsive to EPWP Projects



Programme 5: Community Based Programmes							
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023
							and that most of households are led by women
	Persons with disabilities employed	P83: Number of persons with disabilities employed	28	319	700	388	312
	Full-time equivalents (FTEs) created	P84: Number of full-time equivalents (FTE's) created	14 872	19 045	15 225	15 551.9	(326.9)
Improved Transport system	Establishment of coordination of forums	P85: Number of forums coordinated	3	2	3	2	1
An efficient and effective public administration	Studies conducted on EPWP	P86: Number of studies conducted on EPWP	-	1	-	-	-
							The planned meeting for the 4 th quarter could not sit due to competing Departmental priorities
							n/a

Summary of Programme Performance and key achievements

Of the planned 11 indicators to be implemented by the Programme for the financial year, the Programme has managed to fully achieve 4 indicators, taking Programme performance to (36%) in terms of full achievement. The Programme has regressed from the previous financial year, wherein performance was at 45%.

7 out of the 11 planned indicators have been partially achieved (64%). 2 out of the 7 partially achieved indicators have variance that is within the 30% threshold from full achievement, and 5 indicators have a variance that is above the 30% threshold.

The performance has been achieved utilizing 97% of the budget.

In the 2022_23 financial year, the Department was able to create and report 35 976 job opportunities with 15 496 full-time equivalents, through the implementation of Expanded Public Works Programme (EPWP). These overachievements were due to replacement of exited participants from Community Development, labour intensive projects, National Youth Service (NYS) and Transport Infrastructure projects.

In terms of designated groups, the Department employed 5 902 youths, 24 771 women, and 385 individuals with disabilities across all its projects established to reduce road fatalities. 867 participants of the EPWP were trained and developed through SETA accredited providers on such storm water drainage and gabions. This contributed towards the programme aimed at empowerment of EPWP beneficiaries

Using labour intensive methods of construction ensuring more jobs were created wherein small to medium enterprises got opportunities. In this venture, the Department collaborated with Ntabankulu Local Municipality in upgrading the Ntabankulu Business Ring Road and Sakhisizwe Local Municipality in the construction of Sakhisizwe Local Municipality Animal Pounds. These interventions will ensure that road fatalities are reduced on a sustainable basis.

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. The Department conducted stakeholder engagement focusing mainly on the designated groups in order to address this issue. The Department further revived transport forums where various stakeholders make inputs on best practices that could be implemented so as to forge partnerships with the vulnerable groups particularly youth and persons living with disability.

Strategies to overcome areas of underperformance

P75: During the planning process for 2023_24, the reduced budget allocation for monitoring was considered and planning for site visits have been planned for accordingly.

P77: Sufficient budget has been allocated for the implementation of the Upscaling and Youth Brigades Programme for the 2023_24 financial year. The projected participants from these two Programmes have been included in the 2023_24 plan.

P78:

- Development of MSMEs (Micro, Small & Medium Enterprises): The approved Contractor Development Policy and the Draft SMME Policy will be combined into an overarching MSME Policy, which will guide the empowerment of emerging contractors and small businesses in a clear manner. Partnerships are being explored with SANRAL and other entities. An Expression of Interest for MSMEs to participate in the Department's development programmes will be advertised during the 1st quarter of 2023/24.
- Training of 2 500 EPWP Beneficiaries: The bid document for the procurement of a Panel of Accredited Training Service Providers has been revised and submitted to Supply Chain Management for advertisement, together with specifications for the training of other EPWP Beneficiaries and appointment of trade test centres for Artisan Recognition of Prior Learning Assessments.
- Labour-Intensive Projects: The LJ projects in Sakhisizwe Local Municipality and Ntabankulu Local Municipality have already started and will be completed in 2023/24 in terms of their revised project plans. Further negotiations with Raymond Mhlaba Municipality will be concluded by the end of June 2023.

P79: Initiatives to enhance Partnerships: Ongoing consultations with Ikhalala TVET College, SANRAL, OTP and Merseta, DPW&I and SANRAL for collaborations took place in March 2023. Onsite visits for Ikhalala TVET College and SANRAL are planned for conclusion of agreements in the second quarter of 2023_24.

P81: The Department at the beginning of the financial year created a youth orientated programmes ie. Youth Brigades Programme which was designed to bridge the gap and attract the youth into the EPWP Projects. The Programme was however not implemented in the majority of the districts due to budgetary constraints. The Department in the 2023_24 financial year has allocated funds towards this initiative.

P83: 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.

P85: Transport forum will be used as platform that will assist to form collaboration with vulnerable groups and work closely with project implementers to ensure that the planned projects are in line with set targets.

Changes to planned targets

P78: Number of beneficiary empowerment interventions. The correct target should reflect 9 interventions, not 2 268 participants.

Linking Performance with budget

The performance of 36% has been achieved utilizing 97% of the budget. The underspending is due to the delays in the implementation of labour-intensive projects as a result of errors that were picked on the invoices and were returned to municipalities for corrections.

Sub-Programme		2022/23			2021/22		
		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	Programme Support	3,013	2,925	88	2 182	2 181	1
2	Community Development	501,661	489,737	11,924	530 469	530 451	18
3	Innovation and Empowerment	40,490	36,777	3,713	44 657	44 656	1
4	EPWP Coordination and Monitoring	8,315	8,147	168	7 692	7 685	7
TOTAL		553,479	537,586	15,893	585 000	584 973	27

Summary of Overall Departmental Performance

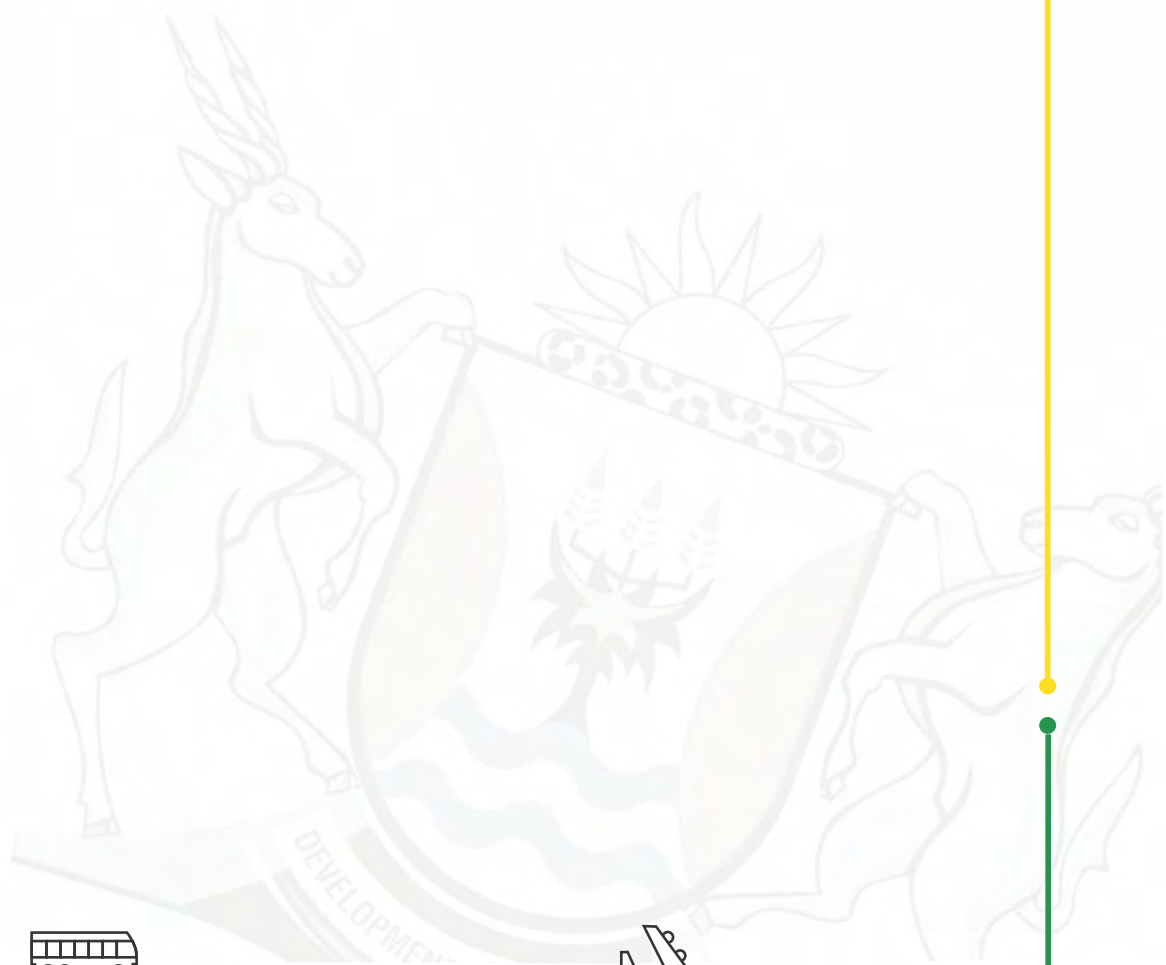
Of the 84 indicators planned by the Department in the annual performance plan, the Department has managed to fully achieve out of the 52 planned indicators, taking Departmental performance to (62%) in terms of full achievement.

25 out of the 84 planned indicators in the annual performance plan have been partially achieved (30%), wherein 13 indicators have a variance that is within a 30% threshold and 12 indicators with a variance that is above the 30% threshold from full achievement.

7 out of the 84 planned indicators have recorded 0 achievement (8%) against the planned target.

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

- Number of kilometres of surfaced road visually assessed as per the applicable TMH Manual]
- Number of kilometres of gravel road visually assessed as per the applicable TMH Manual
- Number of law enforcement facilities constructed
- Number of square meters rehabilitated
- Number of law enforcement facilities maintained
- Number of performance improvement initiatives (Traffic Long Service Recognition Award)
- Number of Licensing Authorities connected to e-NATIS (Humansdorp and Mbizana)



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:

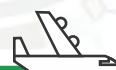
- Fleet Development and Provisioning
- SMME and Fleet Maintenance
- Fleet Risk and Logistics Management
- Client Relations Management
- Corporate Support
- Financial Management
- Institutional Compliance and Assurance



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery	Clean Governance through compliance and accountability	P87: Unqualified audit opinion with no emphasis of matters	-	-	Unqualified audit opinion	Unqualified audit opinion	-	n/a
	Leased Vehicles for Service delivery	P88: Percentage of leased vehicles that are compliant	69% (2 174/ 3152)	71% (2 301/ 3 227)	80%	78% (2 498/3 183)	2%	Slow delivery of vehicles as a result of: 1. Shortage of vehicles due to the backlog created in the Covid 19 period. 2. Shortage of semi-conductor chips used in the production of vehicles. 3. The outbreak of the Russia-Ukraine war February 2022 negatively affected vehicle production in Europe. 4. Toyota's production of vehicles was affected by floods which occurred in KwaZulu-Natal in April 2022.
	Demand Assessment	P89: Number of needs analysis conducted within the province	0	0	1	-	-	Tender was non-responsive resulting in GFMS having to explore the option of utilizing tertiary or research



Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual achievement 2022/2023	Reason for deviation
Good Governance	Client satisfaction survey	P90: Percentage of customer satisfaction score achieved	-	-	60%	-	-	institutions to deliver on the service. The request for an independent service provider was not approved by Provincial Treasury in terms of Provincial instruction note 4 of 2017/18. The customer satisfaction survey conducted internally was determined to be inconclusive due to poor response rate for user departments.



Summary of Programme Performance and key achievements

Of the planned four (4) indicators to be implemented by GFMS, managed to fully achieve one (1) out of the planned indicators, taking GFMS performance to 25% in terms of full achievement.

One (1) of the four (4) planned indicators have been partially achieved (25%).

Two (2) of the indicators have recorded no achievement (50%) against the planned targets.

Strategies to overcome areas of underperformance:

P60: Continuous follow ups with Original Equipment Manufacturers on delivery of vehicles.

P61: Finalise proposal for needs analysis early within the new financial year.

P62: Conduct a customer satisfaction survey within the 2nd Quarter (2023/24) to determine client satisfaction and improve on inefficiencies.

Changes to planned targets

None

Performance in relation to standardized 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.

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	143,266	143,266	- 832 781.5 kilometres subsidized - Average of 67 routes subsidized - 7 827 trips subsidized

Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023

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	282,593	282,593	-
Africa Best AB350			Yes	215,918	215,918	-
ECSBOC Bus Operators			Yes	1 848	1 848	-
Provincial DA Taxi Council (SANTACO)	Body that represent the Taxi industry in the Province	Professionalization of Taxi Industry	Yes	3 708	3 708	-

The table below reflects the transfer payments made for the period 1 April 2022 to 31 March 2023

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

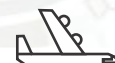
Conditional grants and earmarked funds paid

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 towards an efficient, safe ,reliable and affordable Public Transport System
Expected outputs of the grant	- 2 275 routes subsidized - 18 600 000 kilometres subsidized - 540 490 trips subsidised
Actual outputs achieved	- 2 364 routes subsidized - 19 046 091.43 kilometers subsidized - 481 600 trips subsidised
Amount per amended DORA	-
Amount received (R'000)	282,593
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	282,593
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	• 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	- 35 017 of jobs reported - 15 225 full time equivalent created - 19 259 youth employed - 21 010 women employed - 700 persons with disabilities
Actual outputs achieved	- 36 241 jobs reported - 15 551.9 full time equivalent created - 5 945 youth employed - 24 925 women employed - 388 persons with disabilities
Amount per amended DORA	-
Amount received (R'000)	73,305
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	71,354
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	- 87 220 square metres rehabilitated - 486 000 square meters resealed - 625 kilometres of gravel roads re-gravelled - 30 486 kilometres of gravel roads bladed - 65 732 square metres of blacktop patching
Actual outputs achieved	- 0 square metres rehabilitated - 372 172.90 square meters resealed - 1 054.33 kilometres of gravel roads re-gravelled - 20 653.46 kilometres of gravel roads bladed - 122 114.82 square metres of blacktop patching
Amount per amended DORA	n/a
Amount received (R'000)	2 057 540
Reasons if amount as per DORA not received	All funds transferred

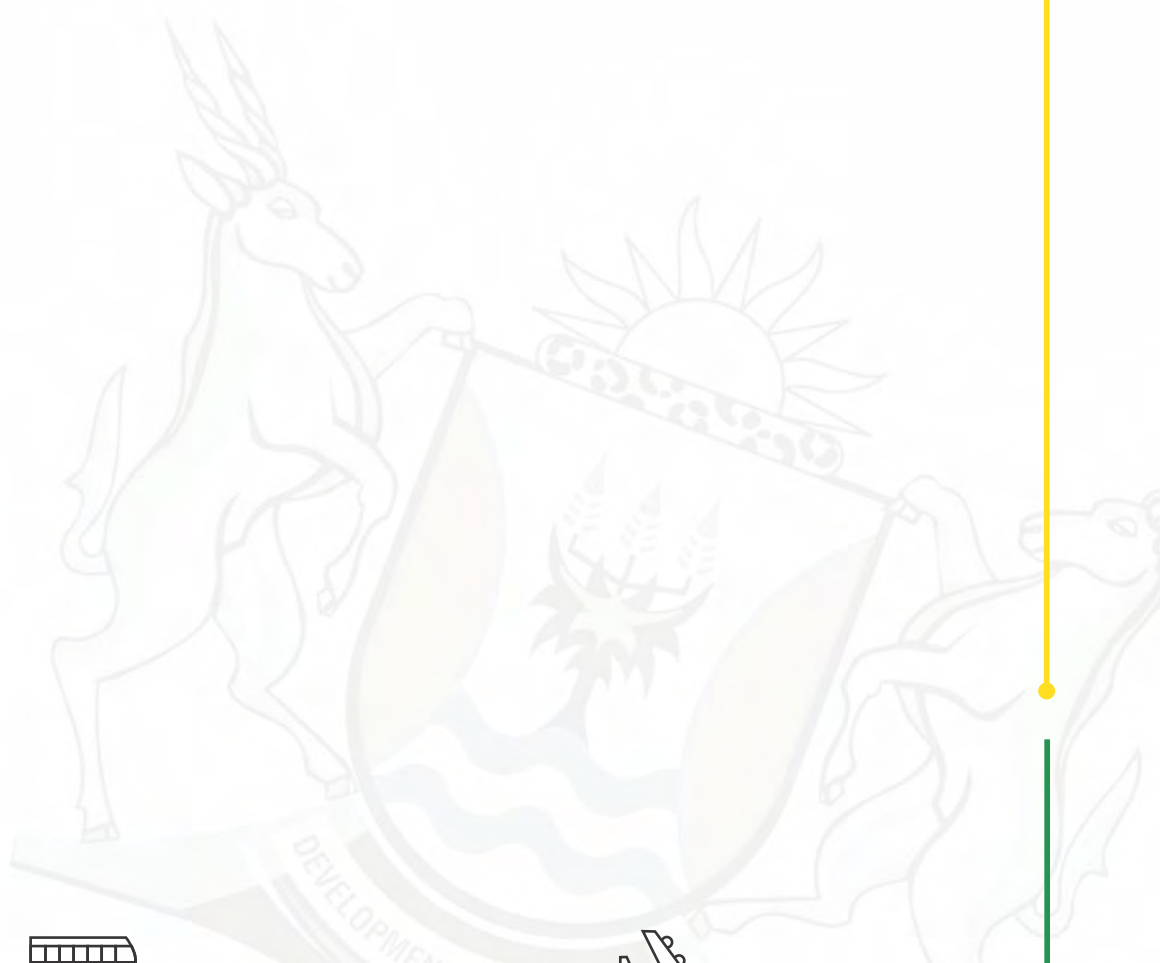


Amount spent by the Department	2 055 330
Reasons for deviation on performance	Efforts have had to be redirected to a more sustainable means of routine maintenance (regravelling and blacktop patching) to ensure roads are in a more trafficable due to the floodings in the Province. The Programme redirected 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

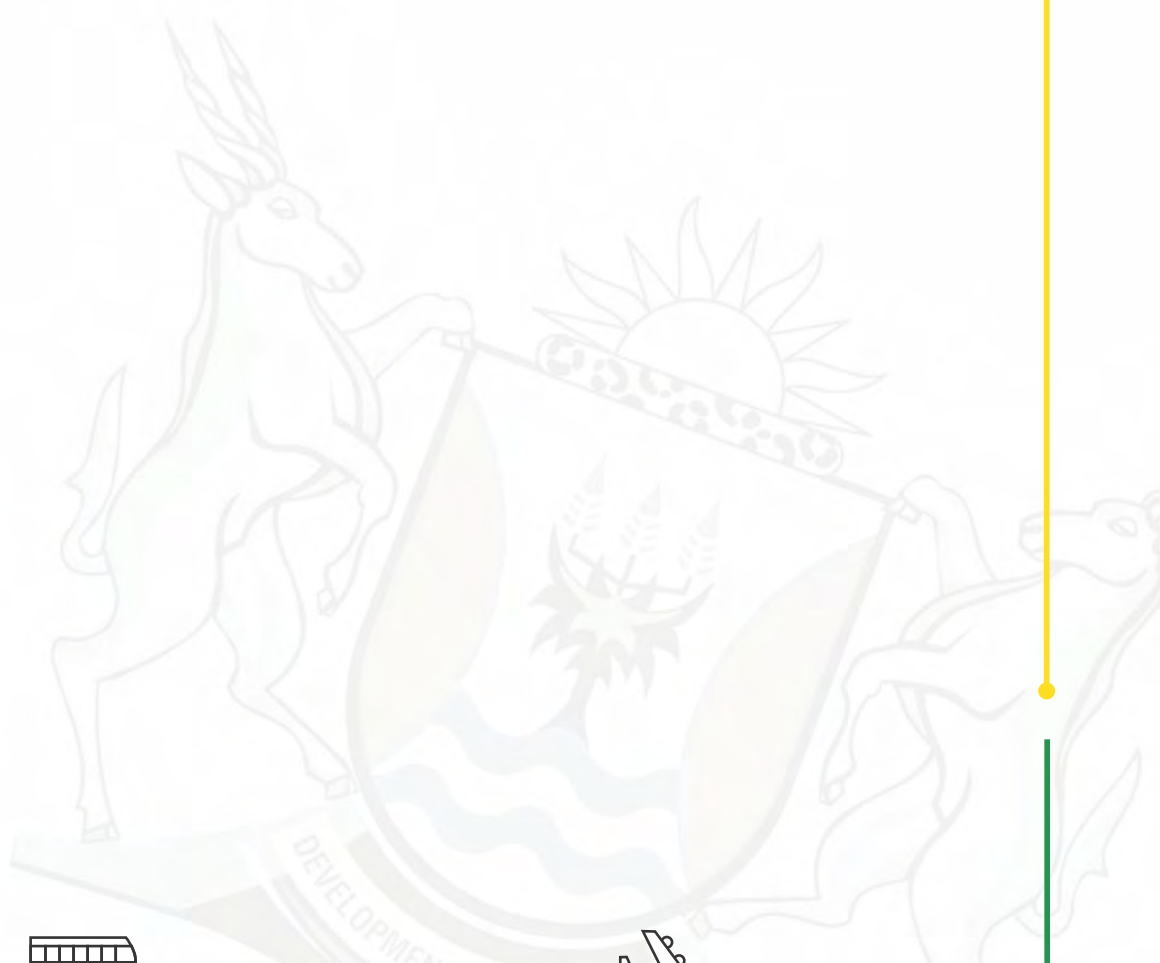
Full amount of the funding	741m roll over 20/21
Period of the commitment	-
Purpose of the funding	Training and Development
Expected outputs	Training
Actual outputs achieved	Training and Development of Traffic Officers
Amount received (R'000)	n/a
Amount spent by the department (R'000)	450
Reasons for funds unspent	The service has been rendered towards the Department has not received the invoice, the payment will be affected 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	2022/2023			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
New and replacement assets	4,555	4,555	0	4,212	4,212	
Existing infrastructure assets	2,427,041	2,414,932	12,109	1,722,223	1,722,223	
- Upgrades and additions	868,583	867,556	1,027	860,755	860,755	
- Rehabilitation, renovations and refurbishments				971	971	
- Maintenance and repairs	1,558,458	1,547,376	11,082	860,497	860,497	
Infrastructure transfer	13,637	11,426	2,217	-	--	-
- Current	8,073	8,073		1,310,391	1,310,391	
- Capital	5,570	3,353	2,217	865,662	865,662	
Total	2,445,233	2,430,913	14,320	2,176,053	2,176,053	





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 is identified 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 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.

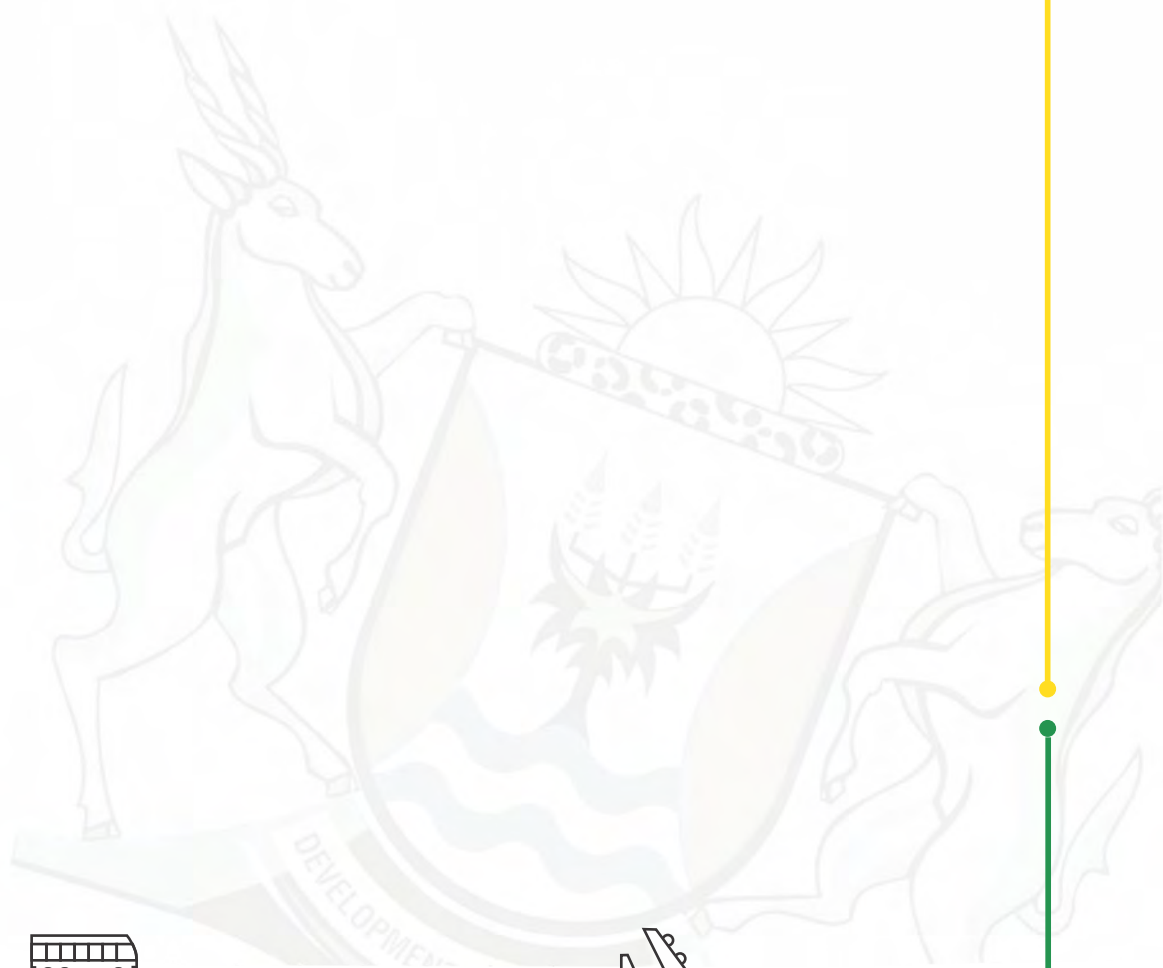
7. PORTFOLIO COMMITTEE

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

Provide commentary on the following:

- Matters raised by the Portfolio Committee and how has the department addressed these matters
- The dates of the meetings

DATE	ACTIVITY CONSIDERED
05 April 2022 and 14 th April 2022	1. Budget Vote 10 Discussion
10 th November 2022	2. 2021/22 Annual Report
18 th November 2022 24 th November 2022	3. 2022/23 Financial Oversight Report



1. Budget Vote 10 Discussions

FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 1 : ADMINISTRATION a. The Department's Goods and Services budget is decreasing every financial year despite the dire need of services such as scholar transport, contractors and community development projects.	a. The Department must provide the Committee with a plan on how it will ensure that the services such as scholar transport, contractors, community development projects are not adversely affected by the budget decrease.	a. The decrease under goods and services is mainly due to the reprioritization of funds that was done for the transportation of scholars in 2021/22 financial year, within the department and the additional funding received from the province during the second budget adjustment. For 2021/22 financial year, the budget for scholar transport was R977 million while the current budget is R694 million. The budget reprioritization in 2021/22 was due to the shortfall due to the increase in number of learners transported from 103 thousand to 125 thousand and the Department is still transporting the same number. The department will reprioritize funds within and request for additional funding from Provincial Treasury. The Department will align the vehicle capacity with the learners to reduce the cost pressure of scholar transport.
b. The Department has allocated R111 068 on signing of orders, approval of memos, payment stub by Finance whilst key programmes have insufficient budget.	b. The Committee must be furnished with reasons of allocating R111 068 for signing of documents.	b. The allocation is attributed to the costs that will be incurred for the procurement of soft office related items such as Stationery and Print Cartridges to assist in the day-to-day operations of the Programme wherein signed orders and payment stubs would serve as a means of verification for the actual expenditure. Additionally, Venues and Facilities and Travel and Subsistence are also included in this allocation for the convening of meetings and to ensure the provision of effective and efficient monitoring and support by the Programme to the core of the Department where approval memoranda for the actual activity would be regarded as a means of verification.
c. The Department has not provided the Committee with the amount incurred in 2021/22 on irregular and wasteful expenditure and the plan to avoid the same going forward.	c. The Department must provide the Committee with a detailed report on irregular expenditure incurred for 2021/22 financial year. The Department must further provide a report on the action that has been taken against officials who are alleged to have flouted supply chain management laws and regulations.	c. The Department has started the process of identifying transgressions towards the irregular expenditure hence the implementation of Consequence Management thereof.



FINDING	RECOMMENDATIONS	RESPONSES
d. About 80% of the irregular expenditure incurred by the Department comes from scholar transport due to noncompliance with laws and regulations by supply chain management.	d. The Department must provide the Committee with a report on the steps taken by the Department to investigate the irregular expenditure and the disciplinary steps if any, taken against the officials responsible for the incurrance of irregular expenditure. Further, the Department must ensure that integration of scholar transport SCM Unit and strict monitoring thereof.	d. Irregular Expenditure incurred as at 31 March 2022 amounts to R3,048 billion and irregular expenditure incurred by the Department from the Scholar Transport contract amounted to R73251million which is 2% of the disclosed balance. Forensic consultants have been appointed with the assistance of Provincial Treasury and are still busy with the investigations. Hence, the disciplinary steps have not yet been taken. The significant portion of the irregular expenditure emanates from the Algoa Bus contract amounting to R2.632 billion not Scholar Transport. The Irregular Expenditure relating to Scholar Transport amounts to R73.251 million of the recorded R3.048 billion. In relation to SCM, the department does not have a separate SCM unit for Scholar Transport, supply chain functions are performed at the Head Office. However, the contracting function was delegated to Scholar Transport during the period. Furthermore, the department has appointed a Deputy Director Contracts Management for monitoring of all Departmental contracts including Scholar Transport and in a process of further capacitating the unit within Programme 1 in collaboration with the PMO Unit in Programme 2.
e. There is continuous non-achievement of the planned target of paying creditors/suppliers within 30 days especially the scholar transport invoices which causes the Department to regress.	e. The Department must pay the creditors/suppliers as per the stipulated timeframes which is 30 days of receiving the invoice and in the event of failure to pay within 30 days, take disciplinary steps against any official who has failed to pay within the stipulated timeframe as the Department is one of the top defaulters according to Auditor General's report.	e. The non-payment of invoices within 30 days in the previous year were mainly driven by Scholar Transport as result of invoices that couldn't be paid due to queries on invoices, availability of budget and noncompliance to contractual requirements by operators. Decentralization of payment function of Scholar transport function to the districts will assist in resolving invoice challenges quicker as the function is currently centralized. Decentralization is projected to start from 01/09/2022.
PROGRAMME 2 : TRANSPORT INFRASTRUCTURE		
a. The Non-Motorized Transport is planned to be implemented at a cost of R220 400, however there is no mention of the type of non-motorized transport and its required infrastructure.	a. The Department must list the type of non-motorized transport and its required infrastructure planned to be implemented at a cost of R220 400.	a. This refers to the budget for the review of a Nonmotorized Transport (NMT) Implementation Plan. This is a plan that seeks to address limited (to nonexistent) non-motorized infrastructure elements along our roads network, which is a basic need for communities with no vehicles or need to access short distances between settlements with ease. This attempt is towards realization of the Department's draft Non-Motorized Transport Policy (2015)



FINDING	RECOMMENDATIONS	RESPONSES
b. The Department designs to upgrade gravel road to surfaced standard at a cost of R12 295m but the geographical location and timeframe to start the project are not indicated.	b. The geographical location and timeframe to start the project of upgrading gravel road to surfaced standard at a cost of R12 295m must be provided to the Committee for monitoring purposes.	imperatives. The R220 400 that was envisaged for the project was redirected to other Departmental priorities. The review is being conducted in-house by the Infrastructure Planning unit. b. The R12 295 000.00 is a budget allocated to all infrastructure projects that are currently under design in the Infrastructure Design section. The amount mentioned is not for one project alone and includes: • DR08017 Mvenyane Ph_4 Matatiel LM (Alfred Nzo) • DR08017 Mvenyane Ph_3 Matatiel LM (Alfred Nzo) • MR700 Stutterheim to Keiskammahoek Amahlathi LM (Amathole) • DR08047 Ibika to Mazeppa Bay Tafalofefe Mquma LM (Amathole) • Buttreworth Inner Bypass Paving Mquma LM (Amathole) • Goods & Services as well as Software & Other INT AS: OPERATING SYSTEM SOFTWARES
c. There is no visible approach displayed by the Department that discourages roads vandalism by service delivery protestors as it is not enough to conduct awareness campaigns.	c. The Department must consider interlock paving in order to minimize costs and form partnership with private companies other than SANRAL.	c. In the last financial years, the Department investigated the use of Polymer stabilized road as an alternative to gravel roads in Sakhisizwe LM. Department of Transport has initiated this research project to investigate the performance of polymer stabilized roads compared to gravel wearing course roads. These Polymer stabilizing agents were marketed as being able to last up to 12 years with minimal dust. Four (4) products were tested, and preliminary results were not as envisaged. Engagements were held with Kouga LM together with the Service Provider on the Plastic Road Alternative only to be told that it was found to be more expensive than the conventional Asphalt roads hence it could not be rolled over. There are other methods being explored with the Private Sector. Currently three projects are in progress where the Department is making use of interlocking block paving for a portion of road that is being upgraded. These roads are • SLA EC_DoT Raymond Mhlaba LM: Upgrading of Healdtown Access road [6 kilometers of the 9 kilometers will be blockpaving]; • SLA EC_DoT Emalaheni LM: Upgrading of DR08563 from Cacadu to Machubeni [Full 6 kilometers will be blockpaving] • SLA EC_DoT Enoch Mjijima LM: Upgrading of Fikile Gwadana Drive [2.4 kilometers of the total 6.9 kilometers is block paving]; • The results of the partnership have borne fruits between the Department of Transport and SANRAL, this has been realized in the upgrading of Breidbach Intersection to an interchange and upgrading the Belstone interchange together with the widening and dualing of MR00688 that links



FINDING	RECOMMENDATIONS	RESPONSES
		Bhisho from the Zweitsha side where the Department almost paid half of what could have been paid if project was done by the Department alone. There is also another block paving project implemented by Departmental In-House Construction team at Qumbu. Project details are: Upgrading of Road DR08131 via Tsilitwa Village – Qumbu Project under In-House Construction Unitblock paving for a length of 6 kilometres
d. There is no visible approach displayed by the Department that discourages roads vandalism by service delivery protestors as it is not enough to conduct awareness campaigns.	d. The Department must intensify its awareness campaigns on damaging of roads infrastructure by communities and work with all relevant stakeholders such as SAPS and other law enforcement agencies to prevent further damage/vandalism.	d. Departments appreciates the role that is being played by the Municipalities and SAPS during the violent protests together with the Departmental Social Facilitators. In cases where the protest result in the vandalism, cases have been opened however the pace of the prosecution leaves much to be desired.
e. The Department is engaging PRASA, Transnet and other relevant stakeholders on the resuscitation of railway lines of the province.	e. The Department must continue to engage National and all the relevant stakeholders on the resuscitation of railway until long lasting solution is achieved for the benefit of the Province and the Committee must be updated on the progress made.	e. Department notes recommendations of the Committee; we will continue to engage parties who can play a role in resuscitation of rail in the province. A Committee on Rail which involves PRASA, Transnet and DoT are sitting on quarterly basis to integrate programmes
f. An amount of R1m was paid to a contractor which did not render any service instead of paying a service provider that constructed the R61 route to Hluleka.	f. The Department must provide the Committee with a comprehensive report on circumstances that led to the payment of R1m to a Contractor that did not render any service, plan to recover same within 14 days after the adoption of the report.	f. The payment mentioned above was made to Rumdel Construction [Pty] Ltd on the Hlulekha Nature Reserve Phase 1 project. It was done for the outstanding money still owed to the same Contractor for work performed on another departmental contract [R61 Magusheni to Mzamba Ph_1]. This issue has been identified by the AGSA as irregular and is currently serving before the Departmental Advisory Committee for the assessment of irregular, fruitless and wasteful expenditure.
g. The Committee noted with great concern the delay in providing workers with descent camp sites by the Department and Public Works.	g. The Department and Public Works must give the matter the urgency it deserves as it is long overdue.	g. The Department has noted the recommendations of the Committee with respect to improving living conditions of employees at the camps. The Department has since set aside an amount of R12 million towards refurbishment of camps. Priority will be given to Amathole, OR Tambo and Chris Hani. Department of Public Works has been requested to assist with economical ways of refurbishing/ constructing accommodation for road workers. Department is currently sourcing quotations for establishment of prefabricated structures.



FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 3 : TRANSPORT OPERATIONS		
a. The Department could not recover R4m paid to procure Mthatha airport fire engine bought from a company that was undergoing liquidation.	a. The Department must provide the Committee with a report on the steps taken by the Department to recover the R4 million. In future companies must undergo vetting processes before doing business with the Department in order to avoid fruitless and wasteful expenditures.	a. The department had approached the liquidated Fire Rader Company with the aim of recovering the R4m that was paid to them. It has since become clear that the new owners of the company cannot be handle accountable as there was a business rescue process that was followed. This was done through State Law Advise. The companies are vetted through the tendering process before the award can take place.
b. From 2018 millions of rands have been set aside every financial year to construct new fire station for Mthatha Airport but till to date, the project has not yet started, and no timelines are set for its completion.	b. The Department must provide the Committee with a report indicating why construction of the Mthatha fire station has to date not commenced, where those funds have been redirected to and the plan of the Department for the construction of Mthatha fire station going forward.	b. A contractor was appointed by the department of Public Works and Infrastructure as implementing agent for the department. The site hand over was done on the 28 June 2022. The contract has not started yet because it has transpired that the Airport need to re-zone. The department of Public Works and Infrastructure is busy sourcing a consultant to do rezoning of the Airport.
c. The Department has reduced the numbers of learners deserving to be transported to 103 000 due to the budget shrinkage.	c. The Department must ensure that scholar transport funding is spent adhering to laws and prescripts to avoid irregular or fruitless expenditures. The Portfolio Committee will support the Department to mobilize funds from Provincial Treasury for scholar transport since there are many learners without transport. The Department must submit to the Committee a plan to implement effective and efficient scholar transport Programme that responds to SCM laws and prescripts.	c. The department has planned to reduce the learner numbers to 103 000 and align the number to full capacity vehicles using bigger capacity from 01/04/2022. Unfortunately, this plan has not been implemented as yet due contractual disputes that arose with the Public Transport Industry. The department is busy drafting new terms of reference as the current contract is ending in 2023. For the current financial the department will a shortfall of R540m.
d. Some learners who do not qualify for scholar transport are provided with bicycles while they walk distances to schools that are under the policy threshold.	d. The Department must develop a policy which governs the use of the bicycles and ensure that the users and the parents are aware of the policy provisions relating to the use of the bicycles. Furthermore, the Department must ensure that the distributed bicycles are of good quality and helmets and backpacks are provided to learners for safety.	d. There is National Policy for usage of Bicycles and the department subscribe to it. The department receive the allocation of Bicycles from National Department of Transport as a donation on a yearly basis based on the schools that had submitted the request to NDOT. The province arranges for training of learners through our Transport Safety Directorate. The Helmets and back packs come with bicycles. The principals are inducted on the Policy during the handover of the Bicycles.



FINDING	RECOMMENDATIONS	RESPONSES
e. The Committee welcomed the upscaling of the number of bridges to be constructed from 14 to 18 bridges in the Province through Welisizwe Rural Bridges Programme.	e. The Department must prioritize areas that have no bridges leading to key points destinations such as schools and hospitals.	e. 18 bridges that have been submitted to DPWI's Welisizwe Programme these are ready for implementation; they have been assessed and found to be suitable for Bailey-type bridges. There is other 100 plus bridges that have been submitted to DPWI for consideration. Submission was sourced from DOT and local municipalities. Implementation will be subject to suitability and funding.
PROGRAMME 4 : TRANSPORT REGULATION		
a. Revenue collection has declined due to municipalities that do not pay their dues to the Department.	a. The Department must implement effective strategies that will ensure payment by municipalities.	a. The Department has established Quarterly meetings through ECCOGTA, SALGA and ECPT to mitigate on debt arrears. The department has also arranged sessions with individual Municipalities whose debt is above R 1 million and historic. 9 municipalities were identified. The following municipalities have already been met: Amahlathi LM and Dr Beyers Naude LM. They have made upfront payments. The Department is currently visiting Municipalities in order to assist with reconciliation of historic debt and our plan is to meet both Enoch Mgijima LM and KSD LM The Department is engaging with SAPO.
b. The Department implemented the 24/7 shifts in some parts of the province, and this has positive impact on the reduction of the road's accidents.	b. The Department must continue to engage Provincial Treasury to provide funding in order the to implement a fully-fledged 24/7 shift across the province.	b. The recommendation of the Committee is noted.
PROGRAMME 5 : COMMUNITY BASED PROGRAMME		
a.. Payments to Hlumisa beneficiaries have not yet been finalized. The audit firm came up with excuses for not being able to conclude the verification process at the agreed period and requested to be granted an extended period to finalize the payments.	a. The Department must ensure that the service provider finalizes the verification process within a period of three (3) months from date of adoption of the report.	a. The department notes the recommendation. The process of payment of all active Hlumisa beneficiaries has been completed. The department is currently coordinating the process for payment of inactive beneficiaries – those who exited the Programme years back and those who have died. Challenges are still being experienced with those who have since relocated who are not interested to come back to sign for anything. Some families of those who died are not agreeing with each other on one person to be nominated and therefore delaying the process. The department is seeking support from the local municipalities and also a getting legal advice on how to move forward with the cases where these challenges are experienced. All other portfolio of evidence is being collected for submission to the external auditor in order to receive a go ahead for payment. Given the disputes in the families, the recommended period may not be realizable.



FINDING	RECOMMENDATIONS	RESPONSES
GOVERNMENT FLEET MANAGEMENT SERVICES		
a. The Departments of Education and Health are still failing to settle the long overdue debt owed to the Entity as a result its operation is adversely affected.	a. The Department must consider adding interest to user Departments that have long overdue debts.	a. The Trading Entity charges interest on all outstanding invoices over 30 days in-line with the Service Level Agreement.
b. The Committee noted that the Government Fleet Management Services is moving at a slow pace in terms of the transformation agenda of the government in so far as black empowerment is concerned. Transport system is supposed to be central in driving the economy of the province, but it is only benefitting a certain group of people.	b. The Department must provide the Committee with a plan of how it intends to transform the fleet management entity to ensure equal opportunities for all. Furthermore, the Department must convene a workshop for the Portfolio Committee members to have a better understanding on the operations of the Entity.	b. GFMS is in the process of procuring services of an Automotive supplier development service provider to provide assistance in developing HDI Automotive aftersales merchants. The project will be in three phases which will be as follows: Phase 1 • Development of a diagnostic tool to assess SMME capabilities Phase 2 • SMME diagnostic and Site visits Phase 3 SMME Capacity building and Retail Motor Industry (RMI) accreditation GFMS will coordinate the workshop dates with the Secretariat of the Portfolio Committee
c. The Entity had submitted a proposal to Provincial Treasury to be converted from being a Trading Entity to a Public Entity.	c. The Department must continue to engage with Provincial Treasury on the proposed conversion of the Trading Entity into a Public Entity.	c. Recommendation is noted and will be implemented accordingly.
MAYIBUYE TRANSPORT CORPORATION		
a. The term of office of the board members came to an end and the new interim board members have been elected to act, however, the Executive did not extend an invitation to the labor union representatives.	a. The Office of the MEC must ensure that the new board is elected for the smooth running of the Entity. The Entity must always invite labor union representatives to Portfolio Committee meetings because the exclusion of the unions can pose challenges to the Entity.	a. The recommendation of the Committee is noted. A new Board has been appointed at MTC, effective as from 01 August 2022.
b. Due to a decreased budget allocated to the Entity, it is currently undergoing restructuring for the improvement of efficiencies.	b. The Entity must furnish the Committee with its restructuring plan in order to give advice where it is necessary.	b. Macro-Organizational Structure consultation to staff was done. A Micro-Organizational Structure consultation was initiated with Organized Labor and is in progress.
c. It is observed that there is no intention of the Entity to form partnerships with other transport entities that are operating within the province sharing the same markets as it is not even	c. The Entity must consider forming relations and partnership with other entities operating in the province in order to eliminate unnecessary costs and exploit advantages out of the relations.	c. A CEO's Stakeholder Breakfast Session was held on 28 June 2022, which was attended by AB350. Algoa Bus Company tendered an apology for the event. Furthermore, collaboration sessions have been planned with AB350 and Algoa Bus Company.



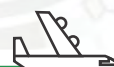
FINDING	RECOMMENDATIONS	RESPONSES
mentioned in the mission and vision statement of the entity. d. The Committee is disappointed that the entity is still using an old Ciskeian Corporation Act of 1981.	d)The Department must fasttrack the repeal process of the Ciskeian Corporation Act of 1981 and must give progress report in this regard.	d.A Committee was appointed by the Accounting Officer to repeal the old Ciskeian Corporation Act of 1981. MTC had also established their own committee, but the two committees were combined. The Committee was tasked to develop a Policy Document as prerequisite to draft a Bill. The Committee was inducted by State Law Advisers. The first draft was produced and presented to State Law Advisors. Changes were suggested to the Committee. The Committee has since corrected the changes and resubmitted to the legal Team. The committee is awaiting the response and if the draft is competent to draft a Bill, it will be handed over to legal team to draft the Bill

2. 2021/22 Annual Report Discussion

PROGRAMME 1 FINDING	RECOMMENDATIONS	RESPONSES
a. The Department during the year under review, has once again received qualified audit report which is the same opinion the Auditor General gave in the past four financial years.	a. The Committee must be provided with a strategic plan that will be put in place to ensure that the Department strengthens its internal controls so as to improve audit outcome.	a. Records Management Systems – the Department adopted a Performance Information Management Policy. The policy is the foundation on which the Organizational Performance Management Framework is designed. The framework will be a critical building block for ensuring that a proper records management system is kept across the organization The Scholar Transport function including the finance function is being decentralized to the district. The HOD and MEC have deliberated on ensuring they secure business continuity and managing the risk of abruptly moving the services into the districts. The deliberation has concluded that the proposed organogram effective date of the 01st October 2022, the Scholar Transport Programme should be exempted to allow for a seamless transition for the decentralization to allow a focus on the change management processes and allow district management to take up the function To strengthen control to prevent irregular expenditure the department established Pre-Audit at the Head Office which has been fully operational since May 2022. In addition, the Manager Compliance and Manager Contracts Management positions that are crucial to the SCM unit have both been filled. The compliance unit and pre-audit functions are responsible for



PROGRAMME 1 FINDING	RECOMMENDATIONS	RESPONSES
		enforcing adherence to rules and regulations; however, these functions are not yet operational in districts, and the department is working to introduce them there to prevent irregularities. The CFO office, Asset Management unit, and Supply Chain Management unit conducted an awareness and information-sharing session with districts, on issues that affect the audit outcome and measures to strengthen internal control weaknesses. The department also has an audit intervention plan that is monitored every month and presented to the Audit Committee quarterly.
b. It is a deep concern that the government has not invested enough in the public transport system as it is mostly controlled by taxi industry which is privately owned and not bound by government laws.	b. The Department must provide the Committee with its plan on how it intends to improve public transport system.	b. The department had convened Provincial Lekgotla in 2020 directed by National Department of Transport to improve public transport system in all the provinces by transforming Taxi Industry so that they can be Legal Entities. The department is also participating in the two Task Team formed by National Department of Transport to develop a funding model for the extension of subsidy to Taxi Industry. National Department of Transport is also busy drafting new subsidy policy which will also help to improve public transport system in all the provinces, and this will also take care of standard and norms that will accommodate people living with disabilities. National Department of Transport together with Provinces are also looking at consolidation of public transport grants in order to cover areas which were not covered by the current subsidy funding. The department had established Provincial Rail Committee to encourage both Transnet and Prasa to invest in the Rail Lines and this will contribute to the improvement of public transport system in the province because if the passenger rail initiatives can be achieved this will also improve public transport. All the above-mentioned initiatives form part of the Provincial Plan to improve public transport system in the province. The department had also issued a Notice to Taxi Industry for intention to implement National Land Transport Act of 2009 and National Road Traffic Act of 1996 regarding them (taxi industry) imitating Traffic Officers, stopping vehicles unlawfully and issuing unlawful fines to our road users and the Gazette is being prepared to address that problem.
c. The Department did not disclose the fruitless and wasteful expenditure in accordance with Modified Cash Standards (MCS) Chapter 3, financial statement presentation as prescribed by National Treasury.	c. The Committee must be furnished with reasons for not disclosing the fruitless and wasteful expenditure in accordance with Modified Cash Standards (MCS) Chapter 3 as prescribed by National Treasury	c. The fruitless and wasteful expenditure was a result of the following findings that were raised when AG performed the verification procedures: • The operator that is contracted for 2 trips on the day that AG performed verification only 1 trip was undertaken. • The operator was not available onsite during the



PROGRAMME 1 FINDING	RECOMMENDATIONS	RESPONSES
		verification process. • Some operators did not reach the contracted destination, and as a result, the kilometers verified were lesser than what is being claimed by the operators. • The kilometers verified by AG were different from what the department is paying. All these incidents mentioned above were projected and resulted in a material Fruitless and Wasteful expenditure. The department has embarked on the verification of kilometers to determine the extent of over and underpayments and raise debtors where necessary.
d. The consignment consists of electric four plates stoves, deep freezers and 500 plastic chairs that was discovered by the Portfolio Committee in Mthatha airport during oversight visit conducted in September 2022 does not appear in all the annual programme reports that were presented to the Portfolio Committee, even though these assets were bought in 2018.	d. The Department must provide the Committee with a detailed report on the relevance/ usefulness of the discovered assets kept in road camps. The Department must also explain the budget used to purchase these assets, why were they kept from 2018 until September 2022.	d. The Department was utilizing Hangers at Mthatha Airport for Departmental Events such as the Annual Air show, Meetings with Stake Holders, Departmental Workshops and other events. As a result of this plastic chairs were procured to cater for such events and were utilized from the time of procurement. In March 2020 the Department could not use the plastic chairs in the Hangers due to COVID-19 restrictions on events and also due to the fact that the Hangers were converted into Isolation Cubicles for COVID-19 Patients.
e. The Department has not yet provided the Committee with the progress report on the steps taken regarding the irregular appointments that were reported to the Committee by Public Service Commission in 2019.	e. The Department must furnish the Committee with progress report on the steps taken regarding the irregular appointments that were reported to the Committee by Public Service Commission in 2019.	e. The PSC case involving employees irregularly appointed was heard and finalised on the 19th January 2023 in the Makhanda High Court. The application by some of the affected employees to review and set the PSC Report aside was dismissed with costs. The MEC is taking legal advice on how to proceed with the implementation of the said report. Once legal advice is received, the MEC will advise the committee on the next appropriate course of action.



PROGRAMME 1 FINDING	RECOMMENDATIONS	RESPONSES
f. The Committee appreciated the collaboration of Education and Transport Departments on the establishment of examinations centres for learners who have difficulties in crossing low bridges during rainy seasons.	f. Collaborative approach must continue in order to address complex social challenges and find effective lasting solutions.	f. ECDOT and National Department of Public Works have collaborated in an effort of improving access to rural areas of the Eastern Cape. The two Departments entered into a memorandum of agreement (MOA) for implementation of rural bridges in the Province. From 2018 to date, nine bridges have been constructed and there are 19 more bridges scheduled to be implemented in the current financial year. It is the intention of the Department to have this programme running for years to come, subject to funding availability.

PROGRAMME 2 FINDING	RECOMMENDATIONS	RESPONSE
a. It is a concern that huge amount of money is spent on three (3) roads designed at a cost of R14.9m which are not even mentioned whilst Eastern Cape roads are hazardous, not drivable due to multiple potholes and drains that are not maintained.	a. The Department must prioritize the maintenance of roads in bad conditions to an adequate standard to carry traffic rather than designing many roads simultaneously using inhouse services to minimize costs.	a. Roads that were designed in year under review were • Clark bury phase 2 – 20km, • Katberg – 13km and • Nqadu great place – 35km. • Clarkbury phase 1 is on tender for construction, while funding for other roads is not yet secured. Recommendations of the House are noted, and the Department will certainly prioritize roads that are not drivable nor accessible. Road data such as traffic counts and other elements were dependent on the RAMS contract which was on procurement. The Programme will also consider designing only roads that are implementable in two to three years' time, instead of having designs shelved for more than four-year years.
b. The Department has been reporting that the stolen construction grader was recovered out of the country in July 2019 and the internal disciplinary processes commenced in November 2019, but the internal disciplinary hearing is still not finalized till to date.	b. The Department must urgently finalize the internal disciplinary processes of the official/s responsible for the loss of the grader and provide the Committee with a progress report.	b. Departmental disciplinary processes are almost concluded, the outcome from the presiding officer is not yet out due to outstanding closing remarks from the employer representative. Department will follow up with the presiding officer.



PROGRAMME 3		PROGRAMME 4																						
FINDING	RECOMMENDATIONS	RESPONSE																						
a. The scholar transport seemed to be the main cause of bad audit outcomes due to non-compliance to supply chain management processes and irregular expenditure of seven (7) invoices that could not be found for submission to Auditor General.	a. The Department must provide the Committee with a full report on the steps that have been taken against the responsible officials that could not submit seven (7) invoices to the Auditor General and how to avoid future occurrence of irregular expenditure.	a. The department has embarked on records management project starting from 2018/19 invoices and the 7 invoices that were missing were found. As a corrective measure, after each run a reconciliation of paid invoices will be made and will be scanned on Electronic Document Management System (EDMS).																						
b. The Committee noted that the National Minister of Transport, PRASA and other national stakeholders seemed to be overlooking Eastern Cape Province when the planning for other provinces is being made on the modernization and rehabilitation of the cargo and passenger rail.	b. The Department must strengthen engagements with the Minister of Transport, PRASA, Transnet and other national stakeholders to also prioritize Eastern Cape with the provision of modernized passenger and cargo trains to boost the economy and reduce unemployment in the province.	b. The Department has established the provincial Rail Committee which include the National Department of Transport, Transnet Freight Rail, PRASA, provincial Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), provincial Department of Rural Development and Agrarian Reform (DRDAR), Metropolitan Municipalities in the province, Eastern Cape District Municipalities, Development Agencies, Eastern Cape Development Corporation (ECDC) and Eastern Cape Socio Economic Consultative Council (ECSECC). The Rail Committee is having sittings where projects from Transnet Freight Rail and PRASA were received which they indicated they are going to implement in the province. These projects were submitted to the Infrastructure Working Group, Economic Development Cluster, Cabinet Committee and EXCO.	<table><tr><th>DISTRICT</th><th>SCHOOLS</th><th>MONITORS</th></tr><tr><td>Sarah Baartman</td><td>119</td><td>119</td></tr><tr><td>OR Tambo</td><td>148</td><td>122</td></tr><tr><td>Joe Gqabi</td><td>109</td><td>125</td></tr><tr><td>Chris Hani</td><td>193</td><td>135</td></tr><tr><td>Amathole</td><td>324</td><td>137</td></tr><tr><td>Alfred Nzo</td><td>128</td><td>139</td></tr></table>	DISTRICT	SCHOOLS	MONITORS	Sarah Baartman	119	119	OR Tambo	148	122	Joe Gqabi	109	125	Chris Hani	193	135	Amathole	324	137	Alfred Nzo	128	139
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c. The Department has distributed 1750 bicycles received from the National Department however school names and districts received were not mentioned.	c. The Committee must be provided with names of schools and districts benefited from the Programme of 1 750 bicycles and the name of schools and districts with monitors.																							
d. The Committee was not provided with a total number of schools that were allocated monitors to verify trips travelled by taxi operators to check their impact in those schools.																								
e. There is a serious shortage of buses in the municipalities of the Eastern Cape since the function to procure their own buses was taken from them.	e. Political intervention with the National Department of Transport is needed for the Local Government be able to provide services for its citizens.	e. The department notes the recommendation of the Portfolio Committee; however, the legislation need to amend as local municipalities are not regarded as operators by National Land Transport Act of 2009.																						

PROGRAMME 4

FINDING	RECOMMENDATIONS	RESPONSE
a. There are many defaulting municipalities such as Dr Beyers Naude, Mahlathi, KSD to mention few that are identified by the Department for non-payment of revenue collection which negatively affected the achievements of the Programme.	a. The Department must take some appropriate actions against defaulting municipalities that were identified by the Department for not paying over revenue collected.	a. The Department of Transport has on many occasions consulted with the defaulting municipalities where the Department of COGTA was part of the consultation to convince the Municipalities to pay over the collected revenue (81%) to the Department. Letters of demand were also written to those municipalities. Commitments were done by the affected municipalities. It was further indicated that the municipalities that does not honor their commitment, the face-value documents would be withheld against the said municipalities.

PROGRAMME 5		
FINDING	RECOMMENDATIONS	RESPONSE
a. Noting that the Expanded Public Works Programme offers relief to poverty-stricken families, but it also exploits workers which are employed as a permanent casual for a very long time with no benefits provided when one exits the system.	a. The Department must consider providing training and improving skills of individuals so that they become assets of the Department and be permanently employed.	a. The recommendation of the House has been noted and well received. The department has already integrated training to be part of EPWP empowerment. To date, a tender for a panel of service providers has been advertised and closed. It is at the evaluation stage of procurement. This will result in the department having a more reliable provision, and a quicker response to training needs to capacitate EPWP.
b. There are still an outstanding 432 Hlumisa Development Fund beneficiaries who have not yet received their monies.	b. The Department must Fastrack the tracing of the outstanding Hlumisa beneficiaries who have not received their payments in order to reach finality on this long outstanding matter.	b. 432 Hlumisa beneficiaries referred to was the last batch of the remaining 'active' beneficiaries. They have since been paid.

GOVERNMENT FLEET MANAGEMENT SERVICES		
FINDING	RECOMMENDATIONS	RESPONSE
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.	a. The Entity obtained a clean audit for the 2021/2022 financial year. The Entity continues to enforce adherence to internal controls and compliance with applicable regulations so as to be able to ensure that it retains the clean audit for the 2022/2023 financial year. - An Audit Improvement Plan is kept so as to ensure improvement from findings received from previous financial year. - A compliance checklist is also prepared quarterly to monitor adherence to applicable regulations. Monthly reconciliation of all accounts is prepared and reviewed to ensure accuracy of financial information.

GOVERNMENT FLEET MANAGEMENT SERVICES		RECOMMENDATIONS	RESPONSE
FINDING			
b. The entity has been spending a lot of money to private sector on the maintenance, servicing and repairing of the fleet for far too long without any benefits. Furthermore, the current RT46 contractor is unable to deliver as per the contractual obligations.		b. The state must capacitate itself and manage its own fleet to create job opportunities and reduce outsourcing. However, in the meantime the entity must conduct a feasibility study on exiting RT46 contract which will end in March 2026.	b. The Entity will start the Feasibility Study to exit the RT46 contract for the 2026 contract in the coming financial year of 2023/24.
c. The purpose of creating Government Fleet Management Services was to procure vehicles on behalf of the departments for proper management thereof, however some departments procure their own vehicles which are serviced at the expense of the entity.		c. The Department must engage all the user departments and impress on them to utilize government fleet management services for the procurement of all their vehicles.	c. Recommendation of the House is noted and will be implemented.
d. There are only three (3) government garages in the province responsible for service and maintenance of the state-owned vehicles whereas user departments are found in all parts of the province. This negatively affects the daily operations of the user departments due to turnaround time taken to return vehicles.		d. The Department must consider resuscitating more Government garages in the province to service, repair and maintain government fleet to accelerate service delivery.	d. The recommendation of the House is noted and will be explored to assess the best model to address the outcomes desired by the committee.

MAYIBUYE TRANSPORT CORPORATION		RECOMMENDATIONS	RESPONSE
FINDING			
a. The entity received Unqualified Audit Opinion during the year under review due to internal controls deficiencies.		a. The Entity must ensure that it implements all the recommendations made by Auditor General in order to obtain a clean audit.	a. The Corporation has implemented its Audit Intervention Plan, where all internal control findings as raised in the Final Management report are listed with actions to mitigate the weaknesses identified. On a monthly and quarterly basis these action plans are monitored. As at Quarter 3 the Corporation is sitting at 90% achievement on implementation of the mitigating factors.
b. The entity is struggling to achieve revenue collection target due to shortage of bus fleet. The current operational buses are ageing and consuming high maintenance costs. Therefore, the		b. The Department must engage with Provincial Treasury for the provision of more funding for the improvement of bus service to	b. Engagements with the Department are continuing, so that the Corporation can be assisted going forward. The Corporation is also busy with Technical Operational Capability improvement plans to address our current situation going forward.



MAYIBUYE TRANSPORT CORPORATION		
FINDING	RECOMMENDATIONS	RESPONSE
entity is unable to acquire new more buses as its own generated revenue cannot cover the operating expenditure	provide mobility and access to services for the rural population.	
c. The service provider that was contracted to produce electronic bus ticket did not deliver as per the agreement as a result the management terminated the contract, and a dispute was declared by the service provider.	c. The management and board members must submit to the Committee a detailed report on the matter of the service provider that failed to deliver the required services.	c. The Corporation has provided the Extreme Tec Report to the House. At this stage it is awaiting the Pre-Arbitration Hearing set for 1 February 2023.
d. The good progress of the entity is much appreciated by the Committee, however there is a concern regarding its low revenue base. Therefore, there is a need for the entity to explore other sources to increase its revenue	d. It is advisable that the Department must consider piloting scholar transport services to learners so that government funds circulate within the department rather than tendering system.	d. The Corporation depends on the resolution by Department in order to undertake the piloting as recommended.



3. 2022/23 FINANCIAL OVERSIGHT REPORT DISCUSSION

FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 1: ADMINISTRATION a. The Department has not reported any progress on the implementation of the audit turn-around plan to improve audit outcome.	a. The Department must submit to the Committee their audit improvement implementation plan and the progress so far in improving the recurring negative audit outcome.	a. Records Management Systems – the Department adopted a Performance Information Management Policy. The policy is the foundation on which the Organizational Performance Management Framework is designed. The framework will be a critical building block for ensuring that a proper records management system is kept across the organization. The Department has through the deployment of the Electronic Document Management System institutionalizing the uploading of information and documents for security and accessibility. The department further embarked on a document management project to verify and archive invoices from 2018/19 to 2022/23 financial years. Automation of Performance Monitoring and Evaluation (PME). The department during the year under review is looking to modernize the performance monitoring and evaluation process. The system currently under development amongst other things is looking to improve the performance audit. The department has embarked on a document management project for Scholar Transport. A team has been established to review all the transactions and verify if invoices are available to support the payments processed. Decentralisation process The Scholar Transport function including the finance function is being decentralized to the district in line with the approved organisational structure. The implementation of the structure will be fully implemented from April 2023. Automation of Scholar Transport During the year under review the department has embarked on the digitalization of Scholar Transport function in a bid to professionalize Learner Transport Management Services. The development of the new system including the performance and functional testing of the system has been concluded (November 2022). Major data of learners from SASAMS has been loaded (13 Jan 2023) to the new system. The system is awaiting the transport operator



FINDING	RECOMMENDATIONS	RESPONSES
		data which will come from the conclusion of the tender process so the system can Go-Live. The project is currently busy with training the trainer process in preparation of the Go-Live Improvements in Internal Controls • To strengthen control to prevent irregular expenditure the department established Pre-Audit at the Head Office which has been fully operational since May 2022. • In addition, the Manager Compliance and Manager Contracts Management positions that are crucial to the SCM unit have both been filled. The incumbents of the posts assumed duties subsequent to the year end. • The compliance unit and pre-audit functions are responsible for enforcing adherence to rules and regulations; however, these functions are not yet operational in districts and the implementation will be effective in the second quarter of 2023. • Awareness workshops are held to educate officials on preventing Fruitless and Wasteful expenditure and safeguarding departmental assets • Review of policies and procedures • The audit intervention plan is monitored every month and presented to the Audit Committee quarterly.
b. There is a projected over-expenditure of R51m caused by other programmes (scholar transport) that are in dire need of additional funding	b. The Department must work with the Department of Education in order to have a credible database of qualifying learners and thereafter engage with Provincial Treasury with a credible business case to enable funding of qualifying learners.	b. For 2023 academic year, the department will be receiving scholar transport data through (South African Schools Authority and Management System) SASAAMS. Department of Transport will be introducing a Learner Transport Management System in 2023/24 and both systems will be integrated to get a reliable and credible database.
c. The Department still spends huge amounts of monies on lawyers for cases referred to courts even though they have planned to reduce these costs.	c. The Department need to reach amicable solution with employees instead of involving lawyers and courts. This will lead to reduction in litigation.	c. The Department will explore and utilize Alternative Dispute Resolution (ADR) mechanisms to deal with misconduct cases in an effort to settle less serious cases out of formal legal tribunals.
d. South African Post Office (SAPO) has breached Service Level Agreement by taking more than 19% commission fee which negatively affected the revenue collection of the Department.	d. The Department must ensure that SAPO refunds the money with interest in order for them to adhere to the agreement going forward.	d. The ECDOT has written to the SAPO and is awaiting their response and payment plan. Follow ups were made and a promise to send the abovementioned is expected to reach the ECDOT by Friday 2023-01-27. The current Service Level Agreement (SLA) is silent on the charging of interest.



FINDING	RECOMMENDATIONS	RESPONSES
e. The Department attributed the underspending of the budget in some programs on the community disruptions and protests.	e. Stakeholders must be consulted to ensure fair processes in job allocation in any project to avoid protests and disruptions.	e. The recommendation is noted.

PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATION	RESPONSE
a. It is disappointing that the Programme spent only 40% on road maintenance at this time of the year given the state of the roads in the province.	a. The Department must improve on implementation of its road maintenances operations and spending patterns to avoid over and under expenditure.	a. Certainly, expenditure started slowing with maintenance, but it picked up in the following quarter. Maintenance was sitting at 44% and Programme at 47% by the end of second quarter. By the time it reached the 3rd quarter of the financial year, expenditure was sitting at 73% for Maintenance and 75% for the Programme, which is on par with Treasury's linear projections. It should also be mentioned that Programmes budget has been adjusted by an additional R607 million which is meant for flood damaged roads and Welisizwe bridge Programme. Although time is much limited, the Programme will ensure full utilization of the budget by end of financial year and in line services rendered.
b. The Department has not commenced with the assessment of 3 959km of surfaced roads due to delays in the procurement processes. It must be noted that last financial year this target could not be achieved.	b. The Department must provide the committee with a progress made in the assessment of these roads and a plan on how it will ensure that this target is achieved.	b. The Department is pleased to report that the much protracted tender (RAMS) is finally on the verge of being awarded, awaiting concurrence from Provincial Treasury's IBAC, which is sitting on 2nd February 2023. Departmental BAC sat and made recommendations on the 7th of November 2022; the department then forwarded its recommendations to IBAC. Response came back from IBAC and sat again on the 19th of December 2022 to consider IBAC recommendations and inputs. The intention is to immediately commence with visual assessments within the last two months of this financial year.

PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATION	RESPONSE
a. The scholar transport is at 92 % of expenditure as at 30 September 2022 and projects an over-expenditure of R240,4m at the end of the financial year.	a. The Department must submit to the Committee a plan on how it will prevent the over-expenditure taking into consideration the recurring negative audit findings related to scholar transport.	a. Scholar Transport had planned to implement learner reduction in terms of Department of Education 2022 database but was unable to implement it due to contract challenges. Only in the new contract where the department will be able to allocate routes in line with Department of Education need that changes annually.
b. Education and Transport Departments have not yet concluded learner verification exercise at schools for automation purposes.	b. Learner verification exercise must be expedited so that the Department can have reliable data in order to eliminate manipulation of data and corruption in the scholar transport program.	b. Department of Education database used to come with learner numbers. In 2023, the database the department received has learner names and ID numbers and is integrated with SASAAMS.

PROGRAMME 4 : TRANSPORT REGULATIONS		
FINDING	RECOMMENDATIONS	RESPONSE
a. None of the Programme has reached the half-year expenditure 50% yet law enforcement and visibility on the road is critical.	a. The Department must submit to the Committee the reasons for not achieving 50% half year expenditure of the Programme.	a. 85% of the Total Budget for the Programme is for the COE which includes the payment of overtime for Traffic Officers. There is a high vacancy rate and slow replacement of officials that depart coupled with process flow challenges in regard to the processing of overtime claims which is being streamlined. The underspending under Goods and Services was mainly under Government Printing where face values and invoices for gazetted were not received for payment on time. Outstanding invoices has since being submitted.
b. The Department does not give maximum support in some Post Offices to ensure that transport facilities such as printers, printing papers etc. operate optimally in the municipalities for communities.	b. The Department must ensure that transport facilities in Post Offices are maintained and operational at all times.	b. The Department of Transport always give maximum support to the Municipalities and SAPO. The Department is also ensuring that all the equipment including Printers are maintained. There are processes that have to be followed should the office experience the defect in terms of the equipment where the call will be logged with NaTIS Helpdesk. The reference number will be issued for RTMC to make a follow-up for repair or replacement which normally would be within 24 hours. In regard to the printing paper, the Municipalities and SAPO would procure such and the Department of Transport would supply the face-value documents for printing of licenses.



PROGRAMME 5: COMMUNITY BASED TRANSPORTATION		
FINDING	RECOMMENDATION	RESPONSE
a. The Programme is projecting to under spend by R51 307m meanwhile the province is faced with high rate of unemployment.	a. The Department must improve on its spending patterns to avoid over and under expenditure, especially in the Community Programmes designed to create job opportunities. It must be noted that any under-expenditure will result in less EPWP grant next financial year.	a. During this period, the Programme was experiencing delays in the procurement of training and development services however the delays in the delivery of protective clothing has been addressed.
b. The committee has noted that the number targeted to benefit youth in EPWP projects has been not achieved due to less interest from youth. 18 423 planned but 5 938 achieved, only 32 % achievement	b. The Programme must conduct youth education Programme to attract the youth and to ensure that the allocated grant does not decrease as years progress.	b. The department has decided to: 1) only target youth (and persons with disabilities) in all recruitment going forward. 2) establishing projects that only target youth bracket going forward. 3) It has also planned for the youth education and awareness for quarter 4 processes towards recruitment and renewals for 2023/24.

GOVERNMENT FLEET MANAGEMENT SERVICES TRADING ENTITIES		
FINDING	RECOMMENDATION	RESPONSE
a. The Entity is still experiencing a challenge of being forced to surrender to the Provincial Treasury any funds it generates as a result it is difficult to fulfil its financial obligations.	a. The Department must engage with Provincial Treasury on the surrender of funds and provide the committee with a report on the outcomes of those engagements.	a. Recommendation of the House is noted and will be implemented.



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 4 years. This is as a result of weak internal controls for scholar transport that did not detect overpayments to contractors, and inadequate implementation of preventative measures with non-compliance to laws. There is an urgent need for intervention when it comes to scholar transport as there are collusions, also threats to the livelihood of officials of the department by criminal elements who want to continue benefitting illegal funds from scholar transport	i. The Department must accelerate the automation of scholar transport so as to detect and prevent challenges of scholar transport. ii. Audit Intervention Plan of the Department must address the gaps and risks in the processes that are put in place to strengthen internal controls. iii. The Accounting Officer must ensure recoupment of all losses due to overpayments from people who are found to be liable whether its officials or service providers and implement severe consequence management to those who colluded and intentionally failed to comply with laws and regulations. iv. Furthermore, fraud and flouting of regulations intentionally is a crime, South African Police and the relevant law enforcement agencies must be notified where there is a criminal element. v. The Committee must be provided with a tabulated action plan of engagements between Department of Transport and Department of Education. vi. The Department must seek to find the correct information from education and correct what was done incorrectly to avoid blame shift between the two departments. vii. It is acknowledged that the Office of the Premier has been notified by the Department of the	i. The development of the Learner Transport Management system is complete, and the system is ready for rollout. The rollout of the system will run concurrent to the new scholar transport contract expected to take effect from the second quarter of 2023/24 financial year. ii. The recommendation from the committee is noted, and the assurance risks identified through audit are being addressed in the Audit Improvement Plans. iii. The recommendation is duly noted. The Accounting Officer has instituted preliminary investigations in order to ascertain the severity of the failed governance measures in scholar transport. To date, the investigation reports have been presented to the Accounting Officer, and further investigations to ascertain the extent of the findings in the reports are underway. Additionally, the Department has resolved to perform reconciliations on operator accounts where a process to raise debts on overpayments detected is implemented. Consequence management processes have started and are ongoing. The department will, however, continue with detailed investigations built from the investigation reports. iv. The Accounting Officer is facilitating a process of referring the matters to the Directorate for Priority Crime Investigations in i. Refer to below table;	No



No.	Subject	Details	Response by the department			Resolved (Yes/No)
			Activity	Planned Due Date	Actual Achievement/ Comment	
		challenges within scholar transport for an urgent intervention, and the Committee must be provided with progress report on interventions implemented, investigations by the Department and forensic investigation done by Treasury on a quarterly basis.	Identification of Learner Transport needs and submission of the learner database to the Department of Transport	January 2023	Completed in February 2023	
			Daily Monitoring of learner transport services by the Department of Transport	Term 1 to Term 4	Ongoing	
			Contracting of 2023 to 2025 Tender	30 June 2023	In progress	
			Implementation of Learner Transport system which will assist in monitoring and enforcement of road safety regulation and compliance by learner transport operators	From 01 July 2023	Development complete, awaiting contract commencement	
			Capacity building / Training of School officials responsible for transportation of learners and operators on the	30 June 2023	Not started	



No.	Subject	Details	Response by the department	Resolved (Yes/No)
			Learner Transport System Provincial and District Learner Transport Committees - The Department of Transport will establish both - . The provincial Structure to meet quarterly and the district structure will meet monthly Continuous engagements between the two departments have been and are still happening regarding the learner data Ad-Hoc coordinated by HOD Transport On-going	
			vi. The Department has come closer to the processes in the Department of Education. There are 2 inherent processes that are affecting the effectiveness in the provisioning of the Scholar Transport Programme a. Learner identification and database submission – the Department of Education is responsible for learner identification as indicated above, and in line with the MOU with the DOT. In this process, the Department received input from their schools with respect to the learner demand. Our request to the DoE as DOT has been to ensure that the numbers do not exceed 103 000 learners as this	



No.	Subject	Details	Response by the department	Resolved (Yes/No)
2	a) 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 and the Department did not disclose the full extent of the fruitless and wasteful expenditure and it also could not be quantified by the auditors. The majority of the fruitless and wasteful expenditure was caused by interest on late payments. In addition, this was due to	i. 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 officials found to be liable. - The Accounting Officer must ensure the maintenance of effective, efficient, and transparent systems of	is in line with the budget from the Department. The process was previously manual from DoE, but this is now streamlined on SASAMS. b. Secondly, the DoT has picked up that there are discrepancies that have been rectified in learner identification, where previously, deceased learners, learners with no identification documentation, etc. were submitted with no due diligence on the data. The internal control to remedy this from the DoT is to cleanse the data received and send feedback on anomalies to DoE on any policy deviations. The analysis of the database received by the department indicates that there are 5,117 learners without ID's and 3,638 learners travelling less than 5 kilometers. vii. Budget still remains a challenge within scholar transport, and as such the department has to decrease the number of beneficiaries due to funding constraints. The Department received an excess facility of R120m . The final forensic report issued on 16 February from PT is submitted. The recommendations are currently being transposed into implementable plans with short term gains, and those with financial implications in the new financial year due to the department's financial position	No



No.	Subject	Details	Response by the department	Resolved (Yes/No)
	overpayment made to service providers for services not rendered.	risk management and internal control. Officials in the Department must take financial management responsibilities and take all reasonable steps to implement internal controls diligently, and that resources are used effectively, efficiently and economically. Consequence management must be implemented for those who have been found to be liable and evidence to that effect must be submitted to the Committee	Furthermore, the department is dealing with the capacity issues in governance and assurance roles to ensure that there is adequate management and leadership in these areas. The Internal Control and the Chief Risk Officer vacancies will be appointed at Senior Management to champion and take custody of the legitimacy of the department's operations. Areas of financial misconduct are being dealt with following the Labour Relations framework of the Department	
3	Effective steps were not taken to prevent irregular expenditure amounting to R388, 5 million, required by section 38 (1) (c) (ii) of the PFMA and treasury regulations 9.1.1. The majority of the irregular expenditure was caused by not complying with Provincial Treasury circular 12 of 2015/16 and National Land Transport Act 5 of 2009.	The Department must take appropriate steps to prevent irregular expenditure as required by section 38 (1) (a) of the PFMA, the accounting officer must ensure there is monitoring done by management of the department as they are also responsible for financial management within their areas of operation as required by section 45 of the PFMA and implement effective and appropriate measures to curb irregular expenditure. Evidence of consequence management must be provided to the Committee.	The department has established a pre-audit unit as a preventative measure for the incurrence of irregular expenditure and also continuous awareness workshops are conducted and also awareness through a departmental newsletter on how to prevent irregular expenditure is performed. The pre-audit is currently functional in Head Office and the approved organizational structure makes provision for the establishment of the unit in districts. The effective date for the structure will be 2023/24. Training of SCM practitioners and Bid Committees is prioritized.	No
4	There are delays in the implementation of service delivery with regard to the infrastructure of the Department, which is caused by lack of adequate oversight by the Department over performed work and poor project management by Department's agents.	Accounting Officer must ensure that there is adequate oversight over the Department agent's to ensure that there is an improvement on project management.	In an effort to strengthen the service delivery implementation, the department has established a Project Management Office with warm bodies. There are monthly site meetings to discuss issues pertaining to the projects Catch-up Construction programs are demanded by the Project Managers and failure to comply results in the issuance of termination notices as well as the implementation of penalties beyond the due completion dates	No



No.	Subject	Details	Response by the department	Resolved (Yes/No)
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 incurrence 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
7	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
	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 the 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.	No



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.
The department calculated amounts paid to transporters based on inaccurate records	31 March 2022	The department performed a verification of all the routes that are utilised to ferry the learners and the results were submitted to the service provider to perform the calculation of over and under payments

10. INTERNAL CONTROL UNIT

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

- The Pre Audit unit was established as a line of defense to prevent non-compliance that could result in irregular expenditure and fruitless & wasteful expenditure.
- Maintained Irregular, Fruitless, and Wasteful Expenditure registers and reported to the Accounting Officer and Provincial Treasury monthly.
- The internal control unit, assisted by the advisory committee established to assess Irregular, Fruitless and Wasteful Expenditure facilitated the process of clearing the books and made recommendations to the Accounting Officer.
- Developed and monitored the Audit Intervention Plan and submitted it to Provincial Treasury monthly.
- Investigated lost Departmental assets and forwarded recommendations to the Accounting Officer for consideration.
- Requests to condone investigated cases were submitted to the condoning authority for consideration.



11. INTERNAL AUDIT AND AUDIT COMMITTEE

We present our report for the financial year ended 31 March 2023.

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.

Key Activities

The Internal Audit Activity (IAA) completed the following assignments during the year as per the approved 2022/23 Internal Audit Plan. These assignments include both assurance reviews and consulting reviews:

- Draft Annual Financial Statements
- Evaluation of the Draft Annual Report
- Scholar Transport: Ad-hoc review of the amount paid to the transport operators
- Internal Quality Assurance Review for the year ended 31 March 2022 (deferred from the previous financial year)
- Integrated Audit Intervention Plan (AIP) review and follow up for the year ended 31 March 2022 (deferred from the previous financial year)
- Transfer Payments
- Scholar Transport
- Traffic Infringement Management Services audit
- Verification of moveable property, plant and equipment (PPE)
- Interim financial statements
- Performance Information for Quarters 1 and 2
- ICT review
- Supply Chain Management and Contract Management
- Risk Management Process
- Integrated Audit Intervention Plan (AIP) review and follow up for the year ended 31 March 2023
- Internal Quality Assurance Review for the year ended 31 March 2023

The AGSA has used the IAA's work for a second consecutive year to assist with the audit of the completeness and existence of moveable assets in the respective district offices of the department. The IAA is extremely proud of this accomplishment and is looking forward to solidifying this relationship with the AGSA in the spirit of combined assurance.

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 2022/23 financial year fourteen (14) 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
Mrs. F Mushohwe	• Masters in Business Administration. • Bachelor of Commerce • CTA • CA(SA) • CIMA	External (Chairperson)	26 May 2021	25 May 2024	3	10
Mr. G Rich	• Masters in Business Administration • B. Tech in Business Administration • National Diploma Public Relations	External (member)	26 May 2021	25 May 2024	4	7
Mr. Ngqwala	• BCompt. Hons • Bachelor of Commerce Intergovernmental Fiscal Relationship Course • Management Skills Course	External (member)	26 May 2021	25 May 2024	3	6
Mr. S Nyenyiso	• Master of Philosophy in Internal Auditing • B. Tech Internal Auditing • Certified Internal Auditor • Certified Fraud Examiner • Certified in Risk and Information Systems Controls • Certificate in Control Self-Assessment • Certified Internal Quality Assessor	External (member)	26 May 2021	25 May 2024	3	7



12. Audit Committee Report

We present our report for the financial year ended 31 March 2023.

Audit Committee purpose

The purpose of the Audit Committee (the 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 Committee is established in terms of Section 77 of the Public Finance Management Act read with Treasury Regulation 3.1, as an independent Committee, which is accountable to the Executive Authority. The Audit Committee operates in terms of the approved Audit Committee Charter, which sets out the Committee mandate, authority and responsibilities. has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Composition and meeting attendance

The Committee consists of four (4) independent, non-executive members who collectively possess skills in internal auditing, external auditing, internal controls, financial and performance management, governance, and risk management. Senior management of the Department, the Office of the Auditor-General South Africa (AGSA), the Chief Audit Executive (CAE) and the Chairperson of the Risk Management Committee attend the Committee meetings as standing invitees.

Roles and Responsibilities

The responsibilities of the Committee as set out in section 5 of the Audit Committee Charter includes oversight in respect of the internal audit; external audit process; accounting and financial reporting; pre-determined objectives; risk management; internal controls; ethics and fraud investigations; and ICT governance. In executing its oversight responsibilities, the Committee had unrestricted access to records and information and received the required support from management and independent assurance providers.

The Committee believes that it has effectively executed its mandate and diligently discharged its responsibilities independently and objectively, as follows:

Evaluation of Internal Controls

The Committee reviewed the reports by management and the assurance providers on the design and effectiveness of internal controls as well as the implementation of the audit action plans. Through the reports of the assurance providers, the Committee can report on the adequacy and effectiveness of the internal control systems. In the execution of its duties, the Committee has inter alia, reviewed the following:

- The effectiveness of the internal control systems.
- The risks 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 the quality of the interim financial reports and performance reports prepared and issued by the Department during the year under review
- The activities of the IAA, 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.

Overall, a system of internal controls was not maintained to the level of satisfaction of the committee. Areas of improvement were reported by the internal and external auditors and plans to improve these were developed by management, albeit not implemented and some only partially implemented. Accordingly, the committee can report that the system of internal control was not entirely effective for the year under review. In particular, the Committee was concerned about the slow progress in resolving the deficiencies in internal controls as identified by the external and the internal auditors. This has resulted in repeat findings in areas of scholar transport, Supply Chain Management, and contract management, among others. The audit committee has also noted with concern the slow pace in dealing with issues that require consequence management. The committee is concerned with the Scholar Transport System which is still a manual system. The Department committed to automate the system



during the year under review which did not take place. The committee is also concerned with the financial sustainability of the Department as the Department had to request an overdraft facility from the Provincial Treasury.

The Audit Committee, working together with the IAA, is committed to assisting the department to improve their internal controls. The Committee will continue to monitor the implementation of audit action plans through the tracking mechanism that are presented quarterly to the Committee.

Evaluation of Financial Statements and Annual Performance Report

The committee was not allowed sufficient time to review the draft annual financial statements before submission to the Auditor General. Despite this, the Audit Committee managed to some limited extent:

- Review and discuss the unaudited annual financial statements to be included in the annual report with management.
- Review and discuss the unaudited information on pre-determined objectives to be included in the annual report with management.
- Review for changes in accounting policies and practices.
- Review the Department's compliance with legal and regulatory provisions.
- Review explanations for significant fluctuations compared to previous year.
- Review explanations for variances between the financial statements and budgeted amounts.
- Review 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 due to the timing issue as these had to be submitted to the office of the Auditor General by the 31st of May 2023.

Risk Management

The risk management process of the Department is guided by the risk management policy. The Risk Management Committee (RMC) was established in terms of the policy and is chaired by the independent, non-executive chairperson. The RMC comprising of senior management is mandated to monitor the institutional risks. The Committee is concerned that the Chief Risk Officer's (CRO) position has been vacant since 2022, however, an official was seconded to the Department of Transport from Provincial Treasury for 3 months (May 2022 to July 2022) to assist the department. The Committee is concerned with the challenges experienced by the unit which impact negatively on the Department, such as, the non-setting of the risk appetite and the risk tolerance levels by the Department. Whilst the Committee appreciates the efforts made by the Department to fill in key vacancies in this unit, these processes needs to be concluded as soon as possible to ensure that the unit functions as intended by filling in approved and funded vacancies.

Internal Audit

The IAA is established in terms of the Internal Audit (IA) Charter as an independent assurance and advisory function of the Department. The IA Charter, which outlines the mandate, authority and responsibilities of the IAA was reviewed and approved by the Committee. In addition, the IA strategy, risk-based IA plan and IA methodology were reviewed and approved by the Committee. The internal audit department is led by the CAE who reported quarterly to the Committee against the approved IA plan. The IAA completed the approved IA Plan for the 2022/23 financial year and address the identified risks appropriately.

The Committee acknowledges and appreciates the efforts being made by the Department to capacitate the internal audit unit to obtain the scarce skills required to audit roads. The process is on-going and should conclude as soon as approval is obtained from the relevant structures.

Overall, the Committee is satisfied that the IAA has operated independently and effectively in delivering on the IA strategies and plans. The Committee appreciates that AGSA took reliance on the work performed by Internal Audit on moveable assets verification.



ICT Governance

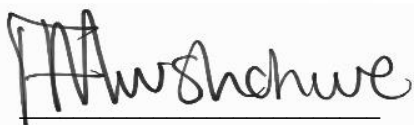
The Information and Communication Technology (ICT) Units responsible for the development and implementation of the Department's information technology (IT) strategies. The ICT governance report was presented to the Committee quarterly, which included ICT risks. The Committee also tracked the implementation of the audit actions to address the gaps identified by internal and external assurance providers in the ICT environment. The Committee is satisfied that management has addressed or initiated processes to address the identified weaknesses. However, more management's effort is still required to improve the IT security. Through the assistance of the Provincial Treasury, some internal audit work was conducted on the ICT of the Department. The committee noted and accepted the report which had no significant findings.

Auditor-General South Africa

The Committee met with the AGSA on 12 May 2022 to discuss the Audit Strategy, and in July 2022 to consider the draft and the final management report and audit report. The Committee concurs with and accepts 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 raised by AGSA and is concerned with the consistent qualified opinion with findings from AGSA together with some Material Irregularities (MIs) identified. The Committee believes that a significant opportunity exists to enhance the systems of financial management and internal controls towards a more positive audit opinion. As in the previous years, the Committee will ensure that the Internal Audit addresses these issues and will monitor the implementation of the recommendation of the Auditor-General's report.

Appreciation

The Committee expresses its sincere appreciation to the Honourable MEC for the opportunity provided to serve the Department. Special thanks to the Accounting Officer, Management team and National Treasury for their support and cooperation. Lastly, the Committee would like to acknowledge the important role played by the assurance providers (IAA and AGSA) as well as their professional support in the execution of the Committee's mandate during the current financial year.

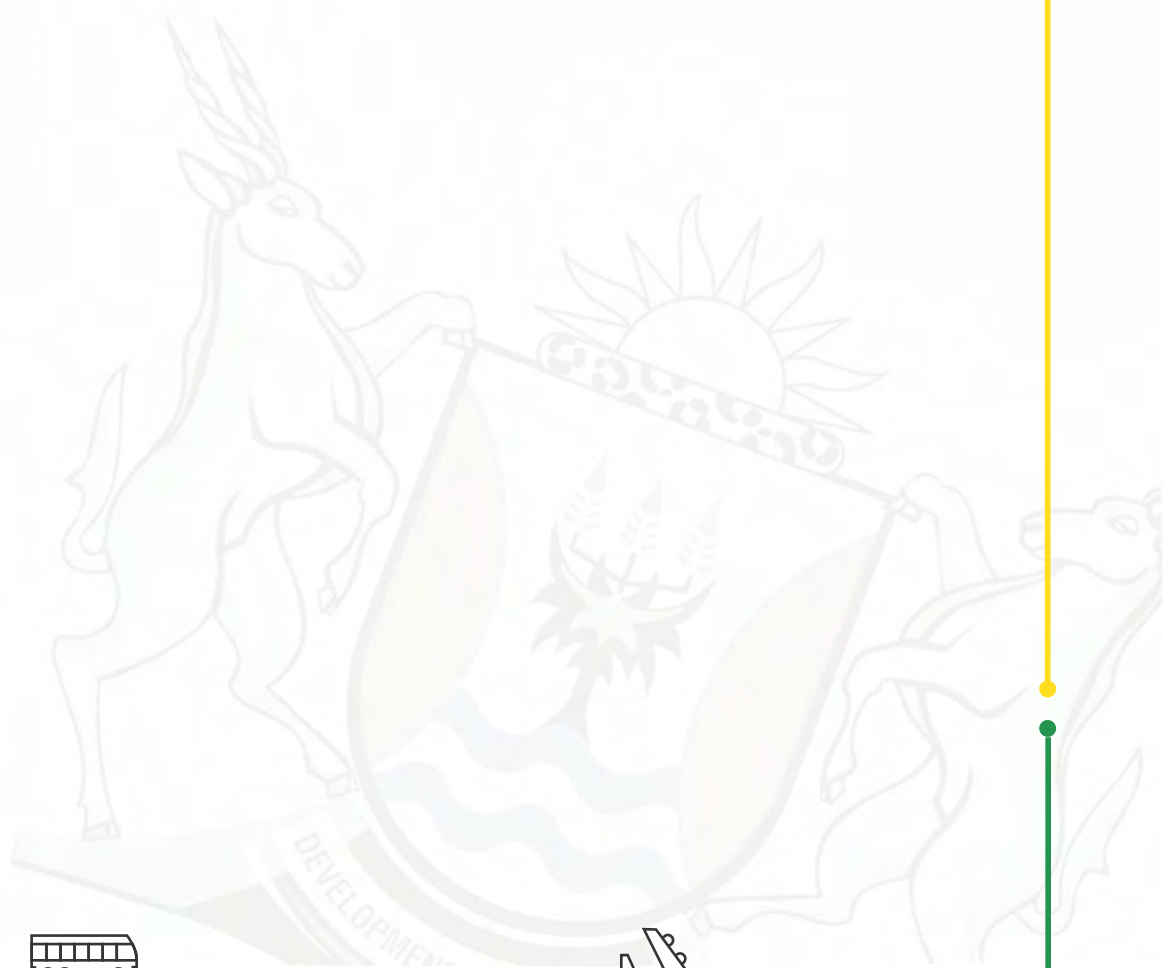


Ms F Mushohwe
Chairperson of the Audit Committee
Date: 31 August 2022



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





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 were reviewed and 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 2023 were 2417 and the vacancy rate is 15.92%. The department has 18% 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 1% and woman in Senior Management Positions are at 45.4%.

The status of human resources in the department

In line with HR value chain there are processes that are currently underway including the grading of personnel and following the implementation of the occupational specific dispensation (OSD) the department has identified employees that are legible to be graded in accordance with the provision of their relevant OSD. The department has started with the process of paying the OSD employees who qualify and in the process of finalizing the payments that are outstanding.

The new MEC and his staff was appointed following the transfer of the former MEC to another entity. The Employee Relations unit has been strengthened to deal with issues of harmony and bringing stability in the department by promoting Labour peace, misconduct cases are currently being captured on PERSAL as per the DPSA guidelines. SHERQ Pillar Health and Safety inspections and fire drills were conducted in all Districts share buildings. Health and Safety Committee meetings sat as they are scheduled to sit once a quarter in all Districts. COIDA awareness was conducted. Wellness organization, Youth Day, Women's Day, and Heritage Day were celebrated in all Districts. Trauma debriefing sessions were conducted where loss of life took place in the Department.

Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

The department has improved turnaround time which is 90 days in finalizing staff grievances. The Chief Director: Human Resource Administration has been appointed during the reporting time and this appointed has made a huge impact in the Chief Directorate and has eased the pressure of the Director: HRM. The new organogram has been approved on 27 July 2022. The process of implementing the new organizational structure has commenced. Timeous filling of post has not fully achieved due to the restructuring of the department.



3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by Programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	843	523	38	171
Transport Infrastructure	1 008	910	9.70	327
Transport Operations	268	219	18.30	15
Transport Regulations	726	602	17.10	0
Community Based Programmes	88	84	4.50	38
Total	2 933	2 338	20.27	551

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	97	62	36.10	8
Skilled(3-5)	882	825	6.50	257
Highly skilled production (6-8)	1 316	890	15.80	81
Highly skilled supervision (9-12)	403	338	16.13	30
Highly skilled supervision (9-12) temporary	1	1	0	0
Senior management (13-16)	53	41	3.77	2
Contract (levels 1-2)	1	1	0	0
11 Contract (Levels 3-5), Permanent	3	3	0	2
12 Contract (Levels 6-8), Permanent	168	168	0	166
13 Contract (Levels 9-12), Permanent	6	6	0	5
14 Contract (Levels 13-16), Permanent	3	3	0	0
Total	2 933	2 338	20.27	551

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	277	231	16.60	32
Air Traffic Controllers, Permanent	3	3	0	0
Aircraft Pilots & Related Associate Professionals, Permanent	3	3	0	0
All Artisans In The Building Metal Machinery Etc., Permanent	69	56	18.80	11
Appraiser-valuers and related prof	1	1	0	1
Architects Town And Traffic Planners, Permanent	1	1	0	0

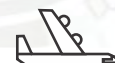


Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

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	263 590	79.60	1 277	0.40	10 171	3.10	17 889	5.40
Transport Infrastructure	51 367	83.70	11	0	1 146	1.90	2 530	4.10
Transport Operation	261 201	73.70	179	0.10	15 773	4.40	22 321	6.30
Transport Regulation	87 093	78.20	2 226	2.00	3 307	3	6 024	5.40
Community Based Programme	201 172	69.40	27 133	9.40	10 342	3.60	21 324	7.40
Total	864 424	75.30	30 825	2.70	40 738	3.50	70 088	6.10

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

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)	9 019	68.50	17	0.10	1 094	8.30	1 748	13.30
Skilled (level 3-5)	170 690	70.10	1 466	0.60	14 661	6.00	20 647	8.50
Highly skilled production (levels 6-8)	376 880	72.60	27 163	5.20	19 247	3.70	37 994	7.30
Highly skilled supervision (levels 9-12)	220 266	80.40	2 084	0.80	4 899	1.80	9 156	3.30
Senior management (level 13-16)	46 211	84.30	17	0	819	1.50	491	0.90
10 Contract (Levels 1-2)	122	84.10	0	0	0	0	0	0
11 Contract (Levels 3-5)	685	92.30	0	0	0	0	0	0
12 Contract (Levels 6-8)	16 203	98.40	78	0.50	11	0.10	51	0.30
13 Contract (Levels 9-12)	7 204	86.80	0	0	7	0.10	0	0
14 Contract (Levels 13-16)	3 142	84.90	0	0	0	0	0	0
20 Abnormal Appointment	14 002	98.90	0	0	0	0	0	0
Total	864 424	75.30	30 825	2.70	40 738	3.50	70 088	6.10



3.2. Employment and Vacancies

Table 3.2.1 Employment and vacancies by Programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	843	741	12.10	171
Transport Infrastructure	1 008	910	9.70	327
Transport Operations	268	219	18.30	15
Transport Regulations	726	602	17.10	0
Community Based Programmes	88	84	4.50	38
Total	2 933	2 556	12.90	551

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	97	62	36.10	8
Skilled(3-5)	882	825	6.50	257
Highly skilled production (6-8)	1 316	1 108	15.80	81
Highly skilled supervision (9-12)	403	338	16.10	30
Highly skilled supervision (9-12) temporary	1	1	0	0
Senior management (13-16)	53	41	22.60	2
Contract (levels 1-2)	1	1	0	0
11 Contract (Levels 3-5), Permanent	3	3	0	2
12 Contract (Levels 6-8), Permanent	168	168	0	166
13 Contract (Levels 9-12), Permanent	6	6	0	5
14 Contract (Levels 13-16), Permanent	3	3	0	0
Total	2 933	2 556	12.90	551

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	277	231	16.60	32
Air Traffic Controllers, Permanent	3	3	0	0
Aircraft Pilots & Related Associate Professionals, Permanent	3	3	0	0
All Artisans In The Building Metal Machinery Etc., Permanent	69	56	18.80	11
Appraiser-valuers and related prof	1	1	0	1
Architects Town And Traffic Planners, Permanent	1	1	0	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Artisan project and related superintendent, permanent	4	4	0	0
Auxillary	11	10	9.10	7
Boiler and related operators	2	2	0	0
Bus And Heavy Vehicle Drivers, Permanent	106	105	0.90	23
Cartographic surveying	9	9	0	6
Cleaners In Offices Workshops Hospitals Etc., Permanent	75	69	8.10	9
Client Inform Clerks (Switchb Recept Inform Clerks), Permanent	14	13	7.10	0
Community development workers	2	1	50	1
Computer Programmers., Permanent	2	2	0	0
Computer systems designers	1	1	0	0
Earth moving and related plant operators	19	19	0	1
Engineering Sciences Related, Permanent	64	59	7.80	10
Engineers And Related Professionals, Permanent	59	39	33.90	27
Finance And Economics Related, Permanent	21	18	14.30	0
Financial And Related Professionals, Permanent	15	14	6.70	0
Financial Clerks And Credit Controllers, Permanent	137	110	19.70	4
Fire Fighting And Related Workers, Permanent	23	21	8.70	0
Food service aid	2	2	0	0
Head Of Department/Chief Executive Officer, Permanent	1	1	0	0
Human Resources & Organisational Development & Relate Prof, Permanent	18	16	11.10	2
Human Resources Clerks, Permanent	102	84	17.60	5
Human Resources Related, Permanent	40	34	15	9
Information Technology Related, Permanent	2	2	0	0
Language Practitioners Interpreters & Other Commun, Permanent	1	1	0	0
Legal Related, Permanent	1	1	0	0
Library Mail And Related Clerks, Permanent	55	47	14.50	6
Light Vehicle Drivers, Permanent	34	32	5.90	8
LOGISTICAL SUPPORT PERSONNEL, Permanent	10	10	0	3
Material-Recording And Transport Clerks, Permanent	154	134	13.00	22
Messengers Porters And Deliverers, Permanent	1	1	0	0
Motor Vehicle Drivers, Permanent	7	7	0	1
Other Administrat & Related Clerks And Organisers, Permanent	334	299	10.50	155
Other Administrat & Related Clerks And Organisers, Temporary	1	1	0	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Other Administrative Policy And Related Officers, Permanent	15	15	0	3
Other Information Technology Personnel., Permanent	22	21	4.50	0
Other Occupations, Permanent	3	2	33.30	0
Production advisers	29	29	0	4
Regulatory Inspectors, Permanent	566	479	15.40	1
Risk Management And Security Services, Permanent	4	4	0	1
Road superintendents	14	14	0	4
Road Workers, Permanent	416	372	10.60	172
Secretaries & Other Keyboard Operating Clerks, Permanent	104	94	9.60	11
Security guards	1	1	0	1
Security Officers, Permanent	1	1	0	0
Senior Managers, Permanent	43	32	25.60	2
Trade Labourers, Permanent	30	28	6.70	9
Total	2 933	2 338	20.27	551

3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2023

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	4	50%	4	50%
Salary Level 13	40	32	80%	8	20%
Total	52	39	75%	13	25%

Table 3.3.2 SMS post information as on 30 September 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	100%	0	0%
Salary Level 15	3	2	90%	1	10%
Salary Level 14	8	4	50%	4	50%
Salary Level 13	39	32	81%	7	21%
Total	51	39	76%	12	24%



Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

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	0	1
Salary Level 13	4	0	4
Total	6	0	6

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 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
Posts were advertised within six months.

Reasons for vacancies not filled within six months
Funded Posts were advertised within 6 months of becoming vacant, however, recruitment was put on hold due to implementation of new structure. Currently posts are roll over and 1 post re-advertised.

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 2022 and 31 March 2023

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

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of posts on approved 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)	100	100	100%	0	0%	0	0%
Skilled (Levels 3-5)	1321	1321	100%	0	0%	0	0%
Highly skilled production (Levels 6-8)	1241	1008	81.2%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	281	214	76.1%	0	0%	0	0%



Salary band	Number of posts on approved 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 A	38	38	100%	0	0%	0	0%
Senior Management Service Band B	8	8	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%
Other (OSD)	240	0	0%	0	0%	0	0%
10 Contract (levels 1-2)	0	0	0	0	0	0	0
11 Contract (Levels 3-5)	0	0	0	0	0	0	0
12 Contract (Levels 6-8)	0	0	0	0	0	0	0
13 Contract (Levels 9-12)	0	0	0	0	0	0	0
14 Contract Band A	0	0	0	0	0	0	0
17 Contract Band D	0	0	0	0	0	0	0
Total	3232	2692	83.2%	0	0%	0	0%

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

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 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
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 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	65	0	3	4.60
Skilled (Levels3-5)	895	5	64	7.20
Highly skilled production (Levels 6-8)	1 159	11	64	5.50
Highly skilled supervision (Levels 9-12) Permanent	340	19	21	6.20
Highly skilled supervision (Levels 9-12) Temporary	1	0	0	0
Senior Management Service Bands A	33	0	1	3
Senior Management Service Bands B	6	1	1	16.70
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Other permanent	4	0	0	0
Contract (Levels 1-2) Permanent	1	1	1	100
Contract (Levels 3-5) Permanent	3	5	5	166.70
Contract (Levels 6-8) Permanent	2	176	10	500
Contract (Levels 9-12) Permanent	9	6	10	111.10
Contract Band A Permanent	0	2	0	0
Contract Band D Permanent	1	0	0	0
Total	2 521	226	180	7.10

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 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	230	17	17	7.40
Air Traffic Controllers Permanent	3	0	0	0
Aircraft Pilots & Related Associate Professionals Permanent				
All Artisans In The Building Metal Machinery Etc. Permanent	65	0	8	12.30
Appraisers-valuers	1	0	0	0
Architects Town And Traffic Planners Permanent	1	0	0	0
Artisan project	4	0	0	0
Auxillary and related	11	0	1	9.10
Boiler and related	2	0	0	0



Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Bus And Heavy Vehicle Drivers Permanent	111	0	5	4.50
Cartographic surveying and related technicians	9	1	1	11.10
Cleaners In Offices Workshops Hospitals Etc. Permanent	75	0	5	6.80
Client Inform Clerks(Switchb Recept Inform Clerks) Permanent	12	2	1	8.30
Community Development Workers Permanent	1	0	0	0
Computer Programmers. Permanent	2	0	0	0
Computer System Designers And Analysts. Permanent	1	0	0	0
Earth Moving And Related Plant Operators Permanent	20	0	1	5
Engineering Sciences Related Permanent	60	2	1	1.70
Engineers And Related Professionals Permanent	15	30	3	20
Finance And Economics Related Permanent	18	2	1	5.60
Financial And Related Professionals Permanent	12	0	0	0
Financial Clerks And Credit Controllers Permanent	121	1	9	7.40
Fire Fighting And Related Workers Permanent	23	0	2	8.70
Food service aids and waiters	2	1	1	50
Human Resources & Organisat Developm & Relate Prof Permanent	17	1	1	5.90
Human Resources Clerks Permanent	93	0	7	7.50
Human Resources Related Permanent	29	5	0	0
Information technology	2	0	0	0
Language Practitioners Interpreters & Other Commun Permanent	1	0	0	0
Legal Related Permanent	2	0	1	50
Library Mail And Related Clerks Permanent	49	0	2	4.10
Light Vehicle Drivers Permanent	34	2	4	11.80
Logistical Support Personnel Permanent	11	0	1	9.10
Material-Recording And Transport Clerks Permanent	135	3	5	3.70
Messengers Porters And Deliverers Permanent	2	0	1	50
Motor Vehicle Drivers Permanent	6	2	1	16.70



Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other Administrat & Related Clerks And Organisers Permanent	175	147	23	13.10
Other admn & related clerks and organisers temporary	1	0	0	0
Other Administrative Policy And Related Officers Permanent	23	0	8	34.80
Other Information Technology Personnel. Permanent	21	1	1	4.80
Other Occupations Permanent	2	0	0	0
Production advisers	31	0	4	12.90
Regulatory Inspectors Permanent	1	0	1	100
Risk Management And Security Services Permanent	494	3	17	3.40
Road superintendents , permanent	15	0	0	0
Road Workers Permanent	405	0	34	8.40
Secretaries & Other Keyboard Operating Clerks Permanent	98	2	4	4.10
Security guards	3	0	1	33.30
Security officers	2	0	1	50
Senior Managers Permanent	32	1	2	6.30
Social Work And Related Professionals Permanent	1	0	0	0
Trade Labourers Permanent	30	0	3	10
Water plant and related	1	0	0	0
Total	2 521	226	180	7.10

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 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death, Permanent	21	12.28
Resignation, Permanent	35	21
Expiry of contract, Permanent	16	10
Expiry contract, Temporary	63	37
Dismissal-misconduct, Permanent	11	6.43
Retirement, Permanent	107	63
Ill Health	1	0.58
Total	254	150.29
Total number of employees who left as a % of total employment		10.50%



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

Occupation	Employees 1 April 2022	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	230	3	1.30	102	44.30
Air Traffic Controllers	3	0	0	0	0
All Artisans In The Building Metal Machinery Etc.	65	0	0	35	53.80
Appraisers-valuers	1	0	0	0	0
Architects Town And Traffic Planners	1	0	0	1	100
Artisan project	4	0	0	2	50
Auxiliary and related	11	0	0	6	54.50
Boiler and related	2	0	0	0	0
Bus And Heavy Vehicle Drivers	111	0	0	40	36
Catographic surveying	9	0	0	5	55.60
Cleaners In Offices Workshops Hospitals Etc.	74	0	0	40	54.10
Client Inform Clerks(Switchb Recept Inform Clerks)	12	0	0	6	50
Community development	1	0	0	0	0
Computer programmes	2	0	0	1	50
Computer systems designers	1	0	0	0	0
Earth moving and related	20	0	0	14	70
Engineering Sciences Related	60	1	1.70	21	35
Engineers And Related Professionals	15	0	0	1	6.70
Finance And Economics Related	18	0	0	6	33.30
Financial And Related Professionals	12	0	0	4	33.30
Financial Clerks And Credit Controllers	121	0	0	59	48.80
Fire Fighting And Related Workers	23	0	0	16	69.60
Food service aid	2	0	0	1	50
Human Resources & Organisat Developm & Relate Prof	17	0	0	9	52.90
Human Resources Clerks	93	0	0	46	49.50
Human Resources Related	29	1	3.40	12	41.40
Language Practitioners Interpreters & Other Commun	1	0	0	0	0
Legal Related	2	0	0	0	0



Occupation	Employees 1 April 2022	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
Library Mail And Related Clerks	49	0	0	26	53.10
Light Vehicle Drivers	34	0	0	9	26.50
Logistical Support Personnel	11	0	0	4	36.40
Material-Recording And Transport Clerks	135	1	0.70	61	45.20
Messengers Porters And Deliverers	2	0	0	0	0
Motor Vehicle Drivers	6	0	0	2	33.30
Other Administrat & Related Clerks And Organisers	176	2	1.10	75	42.60
Other Administrative Policy And Related Officers	23	0	0	5	21.70
Other Information Technology Personnel.	21	0	0	10	47.60
Other Occupations	2	0	0	0	0
Production advisers	31	0	0	16	51.60
Regulatory Inspectors	494	25	5.10	258	52.20
Risk Management And Security Services	4	0	0	3	75
Road superintendents	15	0	0	9	60
Road Workers	405	0	0	232	57.30
Secretaries & Other Keyboard Operating Clerks	98	0	0	37	37.80
Security guards	3	0	0	1	33.30
Security officers	2	0	0	1	50
Senior Managers	32	1	3.10	0	0
Social Work And Related Professionals	1	0	0	0	0
Trade Labourers	31	0	0	16	53.30
Total	2 521	34	1.30	1 194	47.40



Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	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)	65	0	0	31	47.70
Skilled (Levels3-5)	895	0	0	451	50.40
Highly skilled production (Levels 6-8)	1 159	28	2.40	561	48.40
Highly skilled supervision (Levels 9-12)	340	5	1.50	150	44.10
Highly skilled supervision (Levels 9-12) temporary	1	0	0	0	0
Senior Management (Level 13-16)	41	1	2.40	1	2.40
Other, permanent	4	0	0	0	0
10 Contract (Levels 1-2), Permanent	1	0	0	0	0
11 Contract (Levels 3-5), Permanent	3	0	0	0	0
12 Contract (Levels 6-8), Permanent	2	0	0	0	0
13 Contract (Levels 9-12), Permanent	9	0	0	0	0
14 Contract (Levels 13-16), Permanent	1	0	0	0	0
Total	2 521	34.	1.30	1 194.	47.40

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 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	17	1	0	2	13	0	1	0	34
professionals	99	6	0	5	102	0	0	1	213
Technicians and associate prof	111	6	0	1.	150	6	0	3	277
Clerks	224	8	2	5	508	17	2	16	782
Service And Sales Workers	263	60	0	9	158	18	1	1	510
Craft And Related Trades Workers	86	4	0	7	6	0	0	0	103
Plant And Machine	157	2	0	0	5	1	0	0	165



Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Operators And Assemblers									
Labourers and related	321	4	0	1	144	2	0	0	472
Total	1 278	91	2	30	1 086	44	4	21	2 556
Employees with disabilities	14	0	0	0	8	0	0	1	23

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	17	1	0	3	17	0	1	0	39
Professionally qualified and experienced specialists and mid-management	156	8	0	9	155	7	0	3	338
Profesionally qualified and experienced specialists and mid-management, Temporary	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	463	71	2	17	505	30	3	17	1 108
Semi-skilled and discretionary decision making	550	10	0	1	259	4	0	1	825
Unskilled and defined decision making	15	0	0	0	45	2	0	0	62
08 Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
09 Contract (Senior Management), Permanent	1	0	0	0	1	0	0	0	2
10 Contract (Professionally Qualified), Permanent	4	0	0	0	2	0	0	0	6
11 Contract (Skilled)	66	1	0	0	100	1	0	0	168



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Technical), Permanent									
12 Contract (Semi-Skilled), Permanent	2	0	0	0	1	0	0	0	3
Contract unskilled	0	0	0	0	1	0	0	0	1
Total	1 278	91	2	30	1 086	44	4	21	2 556

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	8	0	0	1	10	0	0	0	19
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	0	0	0	4	0	0	0	11
Semi-skilled and discretionary decision making	3	0	0	0	2	0	0	0	5
Unskilled and defined decision making	1	0	0	0	1	0	0	0	2
Contract (senior management)	4	0	0	0	2	0	0	0	6
Contract (professionally qualified)	68	1	0	0	106	1	0	0	176
Contract (skilled technical)	3	0	0	0	2	0	0	0	5
Contract (semi skilled)	0	0	0	0	1	0	0	0	1
Total	94	1	0	1	129	1	0	0	226
Employees with disabilities	0	0	0	0	0	0	0	0	0



Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	1	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	68	1	0	4	75	6	0	1	155
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	243	52	1	13	246	21	2	11	589
Semi-skilled and discretionary decision making	287	7	0	1	152	3	0	1	451
Unskilled and defined decision making	6	0	0	0	25	0	0	0	31
Total	604	60	1	19	499	30	2	13	1 228
Employees with disabilities	4	0	0	0	6	0	0	0	10

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
02 Senior Management, Permanent	1	0	0	0	1	0	0	0	2
03 Professionally qualified and experienced specialists and mid-management, Permanent	16	0	0	1	4	0	0	0	21
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	34	1	0	3	24	1	0	1	64
05 Semi-skilled and	55	1	0	0	8	0	0	0	64



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
discretionary decision making, Permanent									
06 Unskilled and defined decision making, Permanent	2	0	0	0	1	0	0	0	3
10 Contract (Professionally qualified), Permanent	7	1	0	0	1	1	0	0	10
11 Contract (Skilled Technical), Permanent	3	0	0	0	7	0	0	0	10
12 Contract (Semi-skilled), Permanent	3	0	0	0	2	0	0	0	5
12 Contract (Skilled), Permanent	0	0	0	0	1	0	0	0	1
Total	140	9	0	5	75	1	0	2	232
Employees with Disabilities	0	0	0	1	0	0	0	0	01

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final Written Warning	05	02	0	0	02	0	0	0	09
No Outcome	05	02	0	0	02	0	0	0	09
Suspended Without Payment	04	0	0	0	0	0	0	0	04
Total	14	04	0	0	04	0	0	0	22

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

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



Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
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 2022

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	6	5	2	40%
Salary Level 13	36	33	19	58%
Total	50	41	23	56%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2023

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 2023

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 2022 to 31 March 2023

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	5437.72	22 944

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

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	
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 2022 to 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiarie s	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	20 074.00
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
Head Of Department/Chief Executive Officer	0	1	0	0	0



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
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 2022 to 31 March 2023

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 2022 and 31 March 2023

Salary band	01 April 2020		31 March 2021		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)	0	0	0	0	0	0
Senior management (levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 and 31 March 2022

Major occupation	01 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and Managers	0	0	0	0	0	0
Total	0	0	0	0	0	0



3.10. Leave utilisation

Table 3.10.1 Sick leave for the period January 2022 to 31 December 2022

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 C s (R'000)
Contract (Levels 1-2)	8	75	1	0.10	8	4
Contract (Levels 13-16)	1	100	1	0.10	1	4
Contract (Levels 3-5)	5	60	1	0.10	5	5
Contract (Levels 6-8)	103	38.80	28	2.20	4	29
Contract (Levels 9-12)	12	41.70	3	0.20	4	30
Highly skilled production (Levels 6-8)	5 928.50	79.90	737	56.90	8	8 587
Highly skilled supervision (Levels 9-12)	1 444	84.60	177	13.70	8	3 830
Lower skilled (Levels 1-2)	375	84.30	39	3	10	223
Senior management (Levels 13-16)	68	85.30	9	0.70	8	305
Skilled (Levels 3-5)	2 555	84.80	300	23.10	9	2 277
Total	10 499.50	81.50	1 296	100	8	15 294

Table 3.10.2 Disability leave (temporary and permanent) for the period January 2022 to 31 December 2022

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)	679	100	5	71.40	136	981
Highly skilled supervision (Levels 9-12)	28	100	1	14.30	28	56
Skilled (Levels 3-5)	142	100	1	14.30	142	107
TOTAL	849	100	7	100	121	1 144

Table 3.10.3 Annual Leave for the period January 2022 to December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	19	1	19
Contract (Levels 3-5)	15	3	5
Contract (Levels 6-8)	419	61	7
Contract (Levels 9-12)	50	7	7



Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Highly skilled production (Levels 6-8)	20 656.25	1 025	20
Highly skilled supervision (Levels 9-12)	6 077	309	20
Lower skilled (Levels 1-2)	1 321	59	22
Senior management (Levels 13-16)	371	27	14
Skilled (Levels 3-5)	13 162	763	17
TOTAL	42 090.25	2 255	19

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

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 2022
Contract (Levels 1-2)	0	0	0	0
Contract (Levels 13-16)	0	0	0	0
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	0	0	0	0
Contract (Levels 9-12)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	104
Highly skilled supervision (Levels 9-12)	167	33	5	123
Lower skilled (Levels 1-2)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	77
Skilled (Levels 3-5)	0	0	0	89
TOTAL	167	33	5	100

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)	974	27	36 074
ANNUAL - DISCOUNTING: CONTRACT EXPIRY (WORK DAYS)	150	7	21 429
ANNUAL - DISCOUNTING: UNUSED VACATION CREDITS (WORK DAYS)	249	3	83 000
TOTAL	18 173	246	140503



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. Distribute first AID KIT to traffic officers for prevention purposes during COVID 19 and beyond. Conduct send-off festive season prayer and HIV/AIDS virtually as part of commemoration of Institutionalized days for behaviour change communication sessions

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 involved in this task and the annual budget that is available for this purpose.	X		Deputy Director: EHW 1. Ms. S.R. Magwebu (Head Office) 2. Assistant Director: SHERQ Mr. N. Ndlovu (Head Office) 3. Assistant Director: Wellness Man Pillar: Ms. L. Fana (Head Office) 4. MS. L. Mntambo: AD: EHW (Amatole) 5. Ms. N. Matyobeni: EHW Coordinator (Amatole) 6. Ms. N. Msipa: AD: EHW (Chris Hani) 7. Ms. S. Mzinyathi: AD: EHW (Alfred Nzo) 8. Ms. S. Ngxisho (O.R. Tambo) 9. Ms. N. Ntseleman (O.R. Tambo) 10. Ms. S. Mnduzulwana: EHW Coordinator (Sarah Baartman) 11. Ms. P. N. Mqoboli (Graaf Reinette) 12. Mr. K. Siqoko (Grahams town)
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		EAP @ Wellness Management Pillar: Individual wellness- physical. Individual wellness – psycho – social. Organizational wellness and



Question	Yes	No	Details, if yes
			Work life balance. Health & Productivity Management: 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		OHS Committee members: Chairperson: Mr. L.M Sisilana Acting DDG; Transport Infrastructure: Mr. H Ngovela Chief Financial Officer: Ms C Matross HRM Senior Manager: Ms Z Mdluli Acting CD Corporate Services: Mr. LK Mahlangabeza Director: OD: Mr. T Cweba Director: Logistics: Ms K Conjwa Director SCM: Mr. P Hani Acting Director: Legal Service: Mr. T Rataza Security Services: Mr. S Tshaka Internal Audit: Ms L Padayachy Acting CD :Management Services: Mr. X. Jakuja District Manager: Amatole; Ms B. Sogoni District Manager: Chris Hani: Ms B Bungu. District Manager: Joe Gqabi: Ms K. Mxekezo. District Manager: Alfred Nzo' Ms N. Thafeni District Manager: Sarah Baartman: Ms B Nciph-Wali District Manager: O.R Tambo-Dr Pafa Acting CD: Transport Operations: Mr. B Makambi Acting CD: Scholar Transport Ms N Somdyala Acting CD: Transport Regulations; Mr. Masike Chief Director: EPWP: Mr. A Best Chief Director Maintenance: Mr. M Manga Senior Manager: Departmental Strategy: Ms N.E Ntozakhe DD: EHW: Ms. S. Magwebu AD: SHERQ Pillar: Mr. N. Ndlovu AD: Wellness Man. Pillar Ms. L. Fana PSA: Mr. N. Nogabe NEHAWU: Mr. N. Malinga POPCRU: Mr. Machakela SPU: Mr. M. Vuso



Question	Yes	No	Details, if yes
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		HIV/AIDS and TB 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 3. Human Rights and access to Justice awareness.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Results 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.

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	09	0,09
Suspended without pay	04	0,04
No outcome	09	0,09
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	22	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 01 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
Absent from work without reason of permission	03	03
Steals bribes or commit fraud	0	0
Misuse of state vehicle	0	0
Flouting of SCM policies and procedures	01	0,01
Participate in unlawful industrial action	0	0
Dishonesty	01	0,01
Insubordination	03	13%
Flouting of HR processes	0	0
Total	08	100%



Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	03	0,03
Number of grievances not resolved	02	0,02
Total number of grievances lodged	05	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	12	100%
Number of disputes dismissed	0	0
Total number of disputes lodged	12	100%

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

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 2022 and 31 March 2023

Number of people suspended	00
Number of people whose suspension exceeded 30 days	00
Average number of days suspended	120
Cost of suspension(R'000)	R 0.00

3.13. Skills Development

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2020	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	13	0	47	10	57
	Male	20	0	45	05	50
Professionals	Female	78	0	56	0	56
	Male	94	0	78	0	78
Technicians and associate professionals	Female	144	0	76	0	76
	Male	126	0	110	0	110
Clerks	Female	529	0	20	0	20
	Male	233	0	35	0	35
Service and sales workers	Female	168	0	77	0	77
	Male	360	0	56	0	105
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	113	0	0	0	0
Plant and machine operators and assemblers	Female	7	0	0	0	0
	Male	165	0	407	0	407
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		2050	0	1056	15	1071



Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2020	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	13	0	49	0	49
	Male	20	0	50	0	50
Professionals	Female	78	0	30	0	30
	Male	94	0	36	0	36
Technicians and associate professionals	Female	114	0	19	0	19
	Male	126	0	22	0	22
Clerks	Female	529	0	42	0	42
	Male	233	0	22	0	22
Service and sales workers	Female	168	0	0	0	0
	Male	360	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	0	0	0	0	0
	Male	113	0	0	0	0
Plant and machine operators and assemblers	Female	7	0	0	0	0
	Male	165	0	50	0	50
Elementary occupations	Female	0	0	6	0	6
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		205	0	346	0	346

3.14. Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	16	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	16	100



3.15. Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Professional Services for the review and update of Natmap2050	ASEDA CONSULTING ENGINEERS (PTY) LTD		287 500,00
External Auditing	Auditor General		20 110 382,60
Upgrading Of Parts Dr08303, Dr08029, Dr08308, Dr08309 Hluleka Rd	Aurecon Sa		9 070 991,75
Professional Services for the update and compilation of the Provincial Land Transport Framework 2020-2025	BM INFRASTRUCTURE		715 000,00
Departmental Technical Support For Construction Health And Safety	Bk Safety Specialists		2 192 218,29
Proff Engineering Technical Support To The Roads Programme	Bmk Engineering Consultants		5 736 276,38
Technical support to roads programme for the inhouse support unit	BVI CONSULTING ENGINEERS		2 179 372,44
Professional Services for the update and compilation of the Provincial Land Transport Framework 2020-2025	Experts on the go		262 273,00
Professional Services for the establishment of the Project Management Office (PMO) and provisioning of technical support	GIBB Engineering & Architecture (Pty) Ltd		12 921 225,61
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)	H H O Consulting Engineers		8 570 840,83
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		1 173 985,26
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		498 740,49
CENTANE/KEI MOUTH&QHOLORHA 1 CAP	Makhetha		5 150 051,56
PROFF ENGINEERING SERVICES FOR DESIGN AND SUPERVISION:UPGRADING TO A	Masilakhe Consulting Engineers		184 945,53



Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
SURFACE STANDARD PORTION OF ROAD DR08606 +/-12KM			
PROJECT: PROVISION OF CONSTRUCTION SUPERVISION PERSONNEL FOR THE WORKS CONTRACT PERTAINING THE UPGRADING OF PROVINCIAL ROAD DR08606 STERKSPRUIT TO MLAMLI HOSPITAL 12KM	Masilakhe Consulting Engineers		12 871 207,75
Proff Engineering Technical Support To The Roads Programme	Mataya Specialist Engineers		131 248,79
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		999 926,76
Volume Licensing	Microsoft (S A)		26 808 580,04
Procurement for professional service providers (psps) on upgrade to surfaced standards of a DR08047 from N2 at Bika to Mazzeppa Bay Via Tafalofefe hospital(56,1 km)	KUMA Consulting		5 152 777,01
Mou	Post Office SA		361 357 735,07
Roll-out of Hlumisa Development Fund in the EC	PRICEWATERHOUSECOOPERS INC		115 000,00
Wcm:Coffee Bay/Zithulele Ph2 Cap	Royal Haskoning Dhv		6 737 947,48
Departmental Technical Support For Construction Health And Safety Services For A Contract Period Of Thirty Six (36) Months	Sa H And S Agent And Trading		364 561,50
TOTAL	23		483 592 788,14

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
23	23	Average 120 days	R352 064 911,74



Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

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	80.00	100% black male and woman	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	100	100% black male	1 black males
BK Safety Specialists	100	100% black female	1 black female
BMK Engineering Consultants	100	100% black male and woman	1 black males and 1 black female
BVI CONSULTING ENGINEERS	-	-	-
Experts on the go	100	100% black female	1 person black female
GIBB Engineering & Architecture (Pty) Ltd	66,94	66,94 of black people	Not indicated on CSD
H H O Consulting Engineers	51.04	White 43% and black 57%	2 black males and 1 white
Leko Engineering Consultants	100	100	3 black males and 1 black female
Lumko Makonza Consulting Engineer	90	100% black male	1 person black male
Makhetha	100	100% black owned	Not indicated on CSD
Masilakhe Consulting	100	100% black male	3 black males
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
Microsoft (SA)	0	100% black male	-
Kuma	100	100% black owned	Not indicated on CSD
Post Office SA	State Owned	-	-
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
PRICEWATERHOUSECOOPERS INC	-	-	-

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Accommodation for training of traffic officers	Mgidi Noble Travel	15 days	TETA – R256 895,60
Accommodation for training of traffic officers	Ukhanyo Travel	28 days	TETA – R258 689,00
Accommodation for training of traffic officers	Harvey	31 days	TETA – R450 779,56

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
3	3	Average 30 days	R1 166 361,16

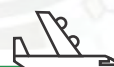


Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Accommodation for training of traffic officers	Mgidi Noble Travel	100%	1 person black male
Accommodation for training of traffic officers	Ukhanyo Travel	100%	1 person black male
Accommodation for training of traffic officers	Harvey	100%	1 person black female

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2022 and 31 March 2023

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				





E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

3.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	3 048 391	2 814 935
Prior Period Error / Adjustments	0,00	279 334
Restated amount	3 048,391	3 094 271
Add: Irregular expenditure confirmed	535 080	109 168
Less: Irregular expenditure condoned	0,00	(35)
Less: Irregular expenditure not condoned and removed	(4 966)	(155 011)
Less: Irregular expenditure recoverable	0,00	0,00
Less: Irregular expenditure not recovered and written off	0,00	0,00
Closing balance	3 578 505	3 048,391

Reconciling notes

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure that was under assessment in 2021/22	0,00	0,00
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0,00	0,00
Irregular expenditure for the current year	535 080	109 168
Total	535 080	109 168

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure under assessment	59 173	166 199
Irregular expenditure under determination	3 3 578 505	3 048,393
Irregular expenditure under investigation	0,00	0,00
Total	3 637 678	3 214 592

Irregular expenditure under assessment that was disclosed in the prior year amounted to R162 119, through further analysis an amount of R4 080 million should have also been disclosed in the 2021/22 financial year. The bulk of IE that is still under determination relates to Algoa Bus Services which emanated from previous years and about 70% of this expenditure has been submitted to PT for condonation. In relation to investigated cases, there have not been any such cases as there are no fraud indicators identified yet.



c) Details of current and previous year irregular expenditure condoned

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure condoned	0,00	(35)
Total	0,00	(35)

There has been no condonation for the current year, we still await the Provincial Treasury to respond to the department's requests to condone that were submitted during the 2022/23 financial year.

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure NOT condoned and removed	4 966	155 011
Total	4 966	155 011

The case was derecognized on the basis that during the determination test, it was discovered that the Tax clearances attached in the files were valid, not invalid as identified by Internal Audit in relation to R 3 329 108,02

In relation to R1 112 134,96, Irregular Expenditure was derecognised on the basis that AG used an outdated Instruction note.

For R449 190,00, Irregular Expenditure was derecognized due to the deviation memorandum that confirms that approval to procure was granted.

For R 75 768,80, Irregular Expenditure was derecognized because manual orders were issued for the transactions. Therefore, the services were not rendered prior to the issue of an order.

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure recovered	0,00	0,00
Total		

Include discussion here where deemed relevant.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure written off	0,00	0,00
Total		

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
Total

Include discussion here where deemed relevant.



h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

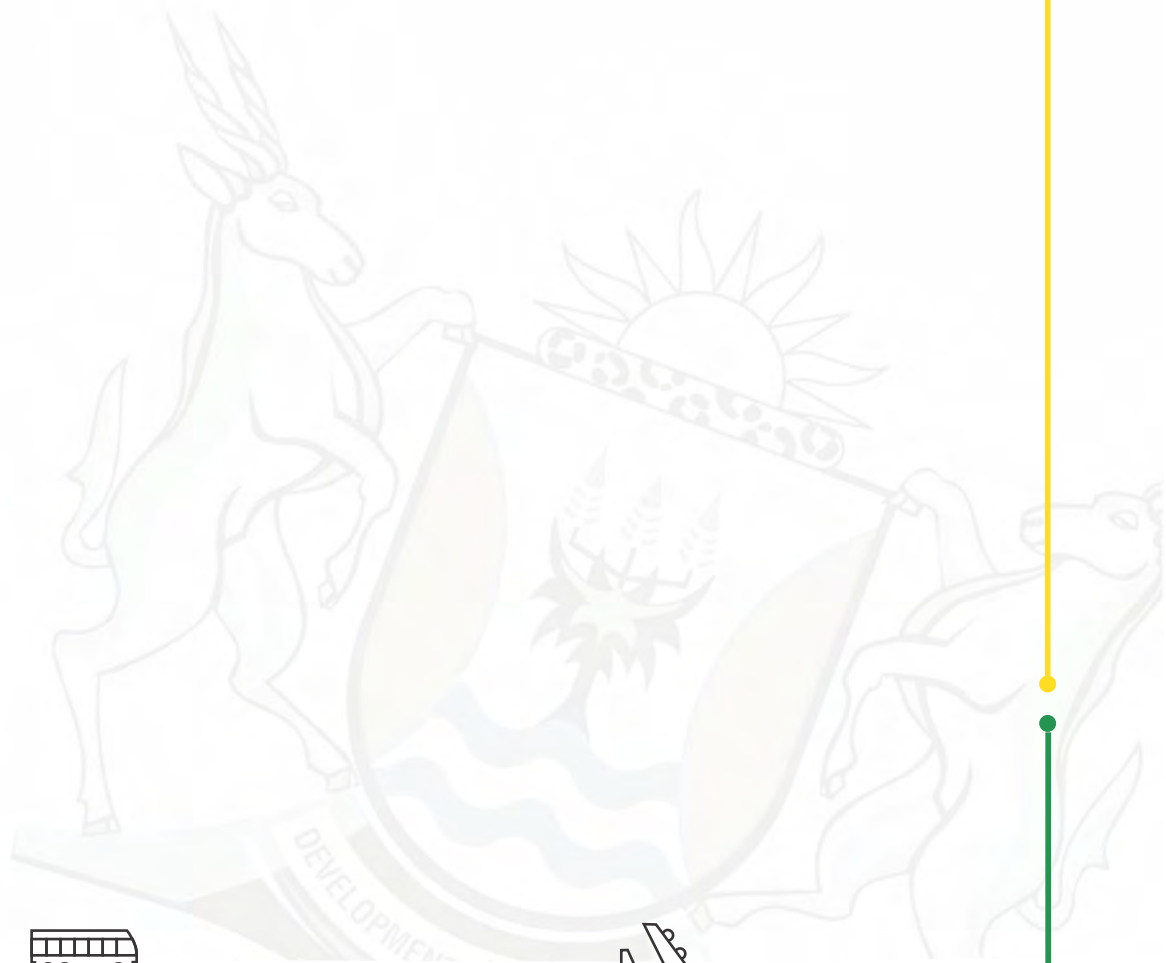
Description	2022/2023	2021/2022
	R'000	R'000
Total		

Include discussion here where deemed relevant.

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

Include discussion here where deemed relevant.



3.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	140 489	60 016
Add: Fruitless and wasteful expenditure confirmed	201	88 399
Less: Fruitless and wasteful expenditure written off	(3 069)	(7 926)
Less: Fruitless and wasteful expenditure recoverable	0,00	0,00
Closing balance	137 621	140 489

An adjustment has been made to the opening balance due to fruitless and wasteful expenditure that was not disclosed in the previous reporting period.

Reconciling notes

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	0,00	0,00
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	18	2 741
Fruitless and wasteful expenditure for the current year	183	85 658
Total	201	88 399

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure under assessment	0,00	0,00
Fruitless and wasteful expenditure under determination	0,00	0,00
Fruitless and wasteful expenditure under investigation	137 620	140 489
Total	137 620	140 489

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure recovered	0,00	0,00
Total		



d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

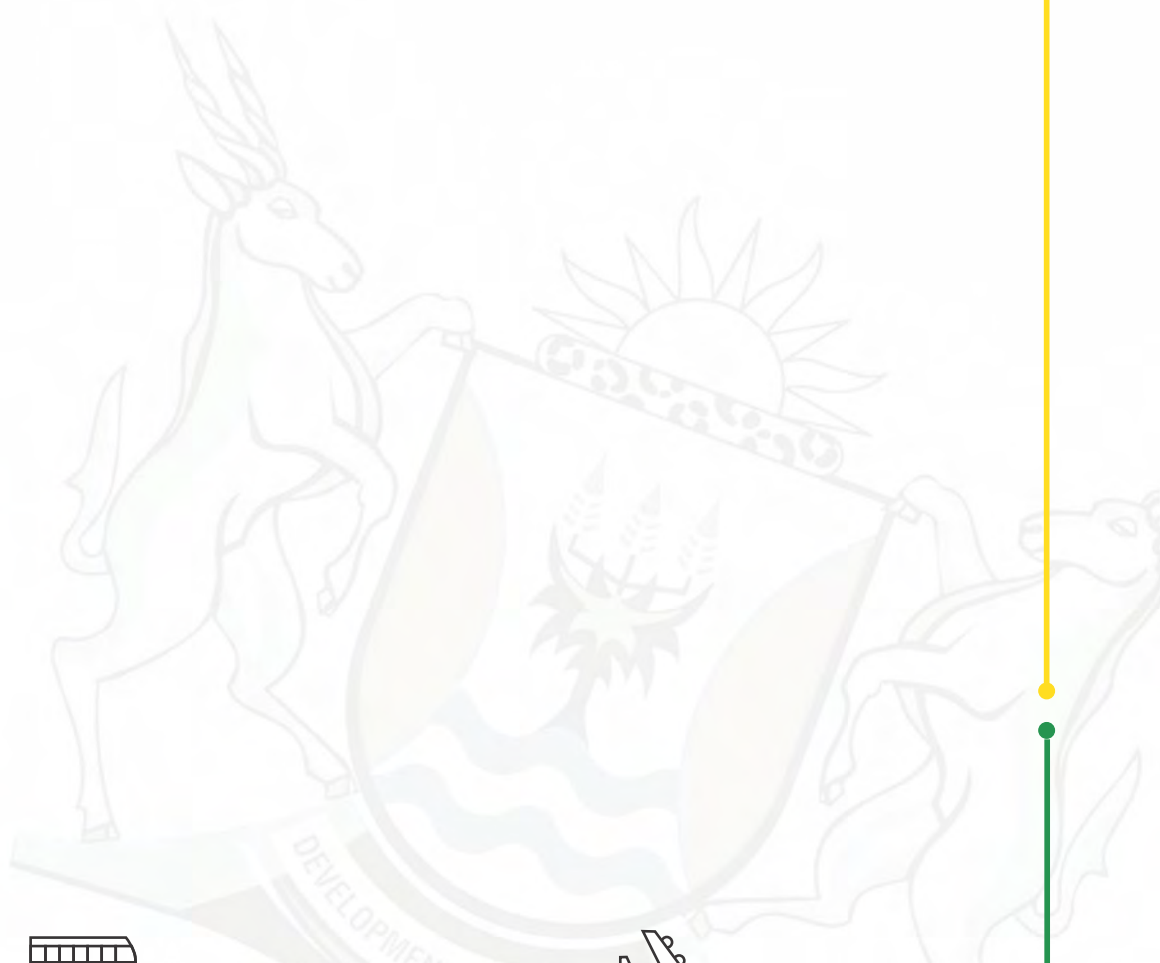
Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	3 069	7 926
Total	3 069	7 926

Fruitless and Wasteful Expenditure relating to SARS cases were written off due to employees who left the department due to early retirement, death, etc.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	
The following cases have been submitted to Labour Relations for consequence management:	
Payment for services not rendered	1 623
Interest paid to due to late payment	238
Total	1 861

Cases have been referred to Labour Relations for consequence management



3.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance		
Add: unauthorised expenditure confirmed	131 632	0,00
Less: unauthorised expenditure approved with funding	0,00	0,00
Less: unauthorised expenditure approved without funding	0,00	0,00
Less: unauthorised expenditure recoverable	0,00	0,00
Less: unauthorised not recovered and written off ³	0,00	0,00
Closing balance	131 632	0,00

During the year under review, the department experienced financial cost pressures emanating from the increase in the number of scholar transport learners. The effect of the increase of learners from 103,000 planned to 125 107 learners resulted in the department's inability to meet its financial obligation timeously. This is coupled with the internal controls and governance weaknesses in the system, which the department together with the stakeholders, will endeavor to improve.

As a result of the assertions above, the department incurred unauthorized expenditure of R131,632 million due to payment for transportation of scholars. The overspending was funded by a bank overdraft facility approved by the Provincial Treasury up to R120 million.

Reconciling notes

Description	2022/2023 R'000	2021/2022 R'000
Unauthorised expenditure that was under assessment in 2021/22	0,00	0,00
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	0,00	0,00
Unauthorised expenditure for the current year	131 632	0,00
Total	131 632	0,00

b) Details of current and previous year unauthorised expenditure (under assessment, determination, and investigation)

Description ⁴	2022/2023 R'000	2021/2022 R'000
Unauthorised expenditure under assessment	0,00	0,00
Unauthorised expenditure under determination	131 632	0,00
Unauthorised expenditure under investigation	0,00	0,00
Total	131 632	0,00

³ This amount may only be written off against available savings

⁴ Group similar items



3.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023 R'000	2021/2022 R'000
Theft		
Other material losses		
Less: Recovered		
Less: Not recovered and written off		
Total		

Include discussion here where deemed relevant.

b) Details of other material losses

Nature of other material losses	2022/2023 R'000	2021/2022 R'000
(Group major categories, but list material items)		
Total		

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.

c) Other material losses recovered

Nature of losses	2022/2023 R'000	2021/2022 R'000
(Group major categories, but list material items)		
Total		

Include discussion here where deemed relevant.

d) Other material losses written off

Nature of losses	2022/2023 R'000	2021/2022 R'000
(Group major categories, but list material items)		
Total		

Include discussion here where deemed relevant.



2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	49 239	4 681 385
Invoices paid within 30 days or agreed period	32 376	4 127 790
Invoices paid after 30 days or agreed period	16 863	553 596
Invoices older than 30 days or agreed period (unpaid and without dispute)		
Invoices older than 30 days or agreed period (unpaid and in dispute)		

The reason for those invoices that exceeded the prescribed 30-day payment period is due to fund constraints for Scholar Transport in the last quarter of the 2021/22 financial year and were paid in the first quarter of the year under review. Furthermore, some of the invoices could not be paid timeously due to delays in the submission of information required for the late Estates.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Appointment of service provider for investigating Taxi violence	Boland trading	Urgent	SCM DEV 02/2022-23	510
Request for approval of deviation to procure the services of a company to remove a snake at Head Office.	Neville's snake & reptile rescue	Emergency	SCM DEV 03/2022-23	1
Request for authorisation of procurement services from Truvelo Africa Electronics for the calibration of speed machines.	Truvelo africa electronics	Sole supplier	SCM DEV 04/2022-23	317
Repair of broken window at the Gqeberha Government Garage	Likhaya Supply Services Primary Co-operative Limited	Emergency	SCM DEV 05/2022-23	1
Procurement of maintenance and residual value database	Transunion Auto Information solutions	Sole supplier	SCM DEV 06/2022-23	69
Repair of water leakage from sewer pipes at the OR Government garage	Rovenesky holdings	Emergency	SCM DEV 07/2022-23	5
Provision Actuarial Valuation Services	True South Actuaries and Consultants (Pty) Ltd	Urgent	SCM DEV 08/2022-23	633



Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Renewal of Software (Pastel Evolution) License	Sage pastel sa	Sole supplier	SCM DEV 09/2022-23	262
Provision of SAMTRAC training for Ms. Mditshane for Occupational Health and Safety from 15-19 May and 29 May - 9 June 2023.	Nosa (pty) ltd	Sole Supplier	SCM DEV 10/2022-23	30
CaseWare MCS template Software	Adapt it holdings pty ltd	Sole supplier	SCM DEV 11/2022-23	143
Repairing of water leakage at the O.R Tambo Government Garage	Lgee trading enterprise	Emergency	SCM DEV 12/2022-23	6
Membership renewal fees	Institute of management accounti	Sole supplier	SCM DEV 13/2022-23	6
Membership renewal fees	Institute of internal auditors	Sole supplier	SCM DEV 14/2022-23	29
Membership renewal fees	Institute of Internal Auditors	Sole supplier	SCM DEV 15/2022-23	8
Total				2 020

Provision of passenger services	AB 350	Single	SCM DEV 01/2022-23	Rate Based



3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Upgrading of road from R61 ST Barnabas Hospital to Hluleka Nature Reserve Part DR08329 DR08308 DR083309 16km Phase 1 (V03)	Rumdel Construction Cape	Extension of time with costs (Variation 3)	SCMU10-19/20-0001	205 246	8 049	805
Scmu10-19/20-0016 For Request Of Extension Of Additional Time With Costs Due To Workstage Claim 2 For Eight (8) Working Days - Reseal Of Dr08048 (Butterworth To Centane) In The Amathole District For A Period Of Fifteen (15) Months.	Mamlambo Construction	Extension Of Additional Time With Costs Due To Workstage Claim 2 For Eight (8) Working Day (Variation1)	SCMU10-19/20-00016	136 209	-	1 118
Upgrading to surfaced standard of a portion of road DR08046, a portion of wild coast meander, from Willowvale to Msengeni Junction (+ - 15km)	WBHO Construction	Escalation of costs and Claims (Variation 3)	SCMU10-19/20-0003	280 490	54 222	6 502
Professional Engineering Technical Support to Roads Programme	Ugqoloma JV	Extension of time without costs (Variation 2)	SCMU5-17/18-0192 PART C	6 855	891	110
Re-gravelling and Construction of new concrete bridge DR08313 in Nyandeni LMA in O.R Tambo District for a period of (10) months	Sharon Diversified (PTY) LTD	Extension of time with costs (Variation 1)	SCMU10-20/21-0030	17 157	-	787
Management of the rollout of the Hlumisa development Fund	PWC	Extension of time with costs (Variation 3)	SCMU5-15/16-0123	6 942	1 041	R0
Supply and delivery of Road Crushed Aggregate Materials for the upgrading of MR00522 from R72 Hamburg	Lolo & Lolo Development Services	Extension of time for 4 months from 30th June 2022 until 30th October	SCMU10-20/21-0007	63 967	-	-



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
		2022 (Variation 1)				
Re-gravelling and Construction of new concrete bridge on DR 03230 in Tiffendel at Senqu Local Municipality in Joe Gqabi (12) months	Alomna Construction & Plant Hire	Extension of time from 8th July 2022 until 22 August 2022 (Variation 1)	SCMU10-20/21-0031	13 247	-	-
Professional Services for Construction of Health and Safety	SA H&S Agent	Extension of time without costs (Variation 1)	SCMU10-18/19-0038	8 040	-	-
Professional Services for Construction of Health and Safety	Imvusa Trading 1832 CC T/A BK Safety Specialist	Extension of time without costs (VO2)	SCMU10-18/19-0038	7 361	-	1 472
Re-gravelling and Construction of new concrete bridge on DR08232 from R61 to Engcobo at Engcobo Local Municipality in Chris Hani District (12 months)	VZ Constructors	Extension of time without costs (Variation 2)	SCMU10-20/21-0029	36 269	-	-
Reseal and Special maintenance of TR04601 (Grahamstown to Port Alfred) in the Sarah Baartman District	Tau Pele	Extension of time with costs-excessive rain resulting in delays (38 days) (Variation 2)	SCMU10-20/21-0029	167 000	31 035	1 555
Provision of Security Services at Lubhacweni Roads Camp (KwaBhaca)	Vilo Security Services	Extension of time with costs (Variation 2)	DOT-ANZ-21/22-0011	479	159	120
Professional Engineering Services for reseal on selected provincial roads TR04601 (Grahamstown to Port Alfred) in the Sarah Baartman District	Gilgal Development Consulting Engineers and Project Managers	Extension of time with costs (Variation 4)	SCMU5-16/17-0046 (CIV D)	10 529	4 436	460
Provision of Security Services at Amathole District Offices	Liliso Security Guards	Expansion of scope of work with costs (Expansion 1)	DOT-AMA-22/23-0016	638	-	96



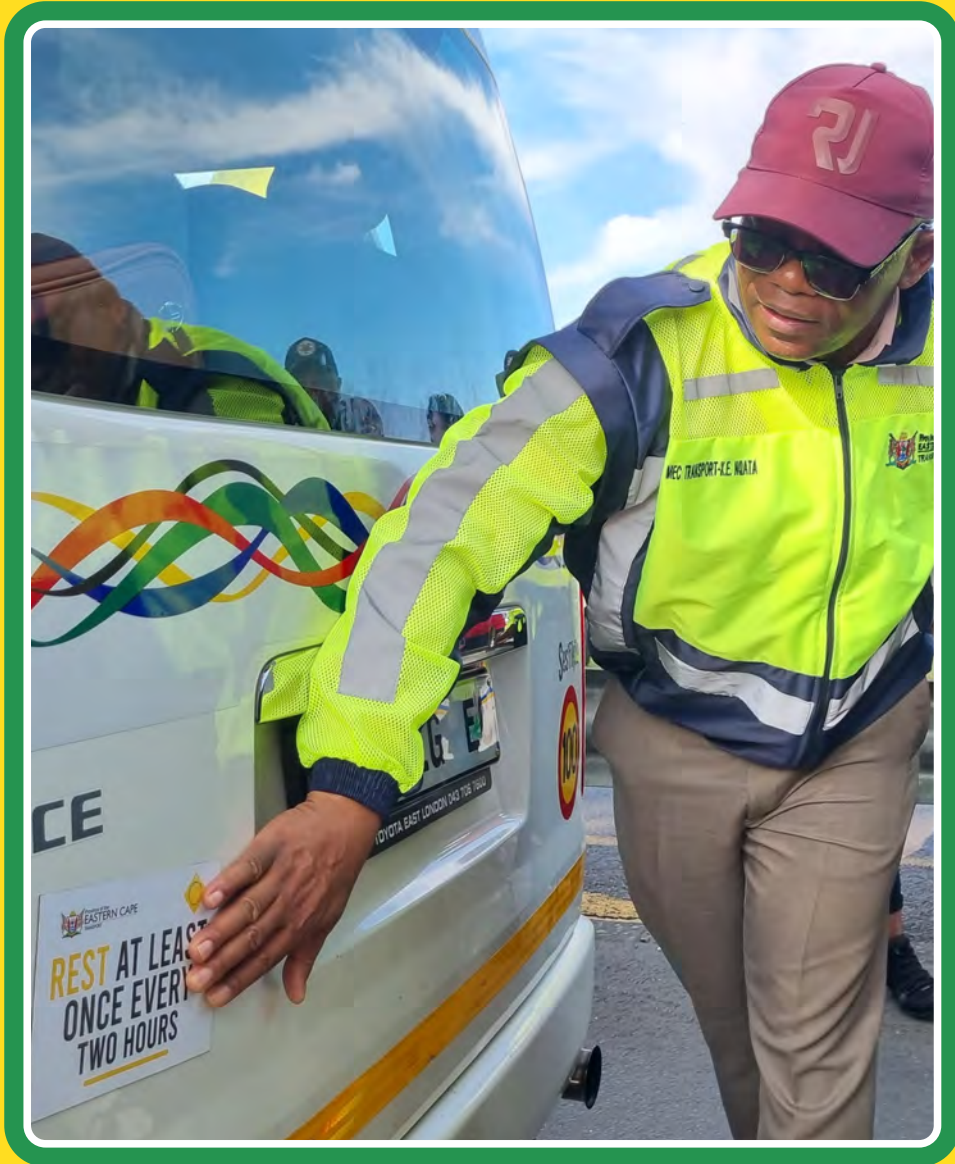
Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Provision of media communications and public relations	Keith Ngesi Media (Pty)	Extension of time to allow for finalisation of services (Variation 1)	SCMU10-21/22-0011	2 260	-	-
Professional Consulting Engineering Services for Reseal on selected Provincial Roads MR00659 (Queenstown to Dordrecht) in the CH District	Masilakhe Consulting	Extension of time without costs (Variation 1)	SCMU05-16/17-0046 (CIV E)	8 245	-	-
Professional Consulting Engineering Services for Reseal on selected Provincial Roads MR00664 (N6-Molteno) and DR08571/2 (N6-Ilinge) in the CH District	Uggoloma JV	Extension of time without costs (Variation 1)	SCMU05-16/17-0046 (CIV F)	10 570	-	-
Professional Consulting Engineering Services for Reseal on selected Provincial Roads MR00838/DR08605 (Lady Grey to Sterkspruit) in the Joe Gqabi District	Masilakhe Consulting	Extension of time without costs (Variation 1)	SCMU05-16/17-0046 (CIV G)	4 928	-	-
Professional Consulting Engineering Services for Reseal on selected Provincial Roads MR00391 (Humansdorp to Hankey) in the Sarah Baartman District	HHO Consulting	Extension of time without costs (Variation 1)	SCMU05-16/17-0046 (CIV J)	5 925	-	-
Provision of Security Services at Port Elizabeth Government Garage	Golden Security Services	Extension of time with costs (Variation 1)	SCMU10-GFMS-19/20-0005 (Variation 1)	4 553	-	336
Provision of Security Services at the East London GFMS Facilities	Whispers Security Cleaning and Training Solutions	Extension of time with costs	SCMU10-GFMS-19/20-0009	5 548	-	159



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Supply, Delivery and Assemble office furniture for GFMS offices	Insight Office Furniture	Variation in scope of work- office desk changed from Chief Director to Deputy Director (Variation 1)	SCMU10-GFMS-22/23-0005	617	-	-
Professional Services as the Technical Advisor for the proposed integrated Traffic Control Centre at Middleburg	Leko Engineering Consultants	Extension of time without costs (Variation 1)	SCMU10-18/19-0040	7 280	-	-
Provision of Security Services at Sterkspruit Road Depot	Masuli Security & Cleaning	Extension of time with costs (Variation 1)	DOT-JG-22/23-0006	420	-	138
Surfacing for various roads Construction Inhouse Units Hamburg	Makali Plant & Construction	Extension of costs (Variation 1)	SCMU10-20/21-0006	27 498	-	2 000
Total				1 038	99 833	15 658

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Provision of auctioneering services for a period of 24 months in East London, Mthatha and Port Elizabeth Government Garages	Liquidity Services	Extension of time with costs, to allow for finalisation of tender process (Variation 1)	SCMU10 GFMS-19/20-0012	Rate based	-	Rate based





F

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 208 to 283, which comprise the appropriation statement, statement of financial position as at 31 March 2023, 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 matter 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 2023, 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. 5 of 2022 (Dora).

Basis for qualified opinion

Fruitless and wasteful expenditure

3. The department did not disclose fruitless and wasteful expenditure in accordance with MCS Chapter 3, *Financial Statement Presentation*.
4. This was due to overpayments made to service providers and contractors for goods and services rendered. I was unable to determine the full extent of the understatement of fruitless and wasteful expenditure, stated at R 0,183 million (2022: R85,7 million) in note 27 to the financial statements, as it was impracticable to do so.

Context for opinion

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
6. 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.



7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Material impairments – impairment of investment

9. As disclosed in note 13.1 to the financial statements, there was a material impairment of an investment amounting to R169,4 million.

Restatement of corresponding figures

10. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2023 were restated because of errors in the financial statements of the department at, and for the year ended 31 March 2022.

Other matter

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

Other Matter: National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

12. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 27 to the financial statements of the department. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary information

13. The supplementary information set out on pages 284 to 299 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

14. 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.
15. 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.

Responsibilities of the auditor-general for the audit of the financial statements

16. 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.
17. 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

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
19. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the department's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Transport infrastructure	61 - 72	The function of the programme is to ensure that transport policy and planning occur within a single comprehensive and integrated programme with mutual support between all disciplines of transport and land use.



20. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

22. The material findings on the performance information of the selected programme are as follows:

Programme 2: Transport

P46- Number of kilometres of gravel roads bladed.

23. An achievement of 20 653.46km was reported against a target of 30 486 km. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.



26. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme: Transport infrastructure <i>Targets achieved: 41.1%</i> <i>Budget spent: 99.87%</i>		
P34: Number of kilometres of surfaced road visually assessed as per the applicable TMH Manual	3 959	0
P35: Number of kilometres of gravel road visually assessed as per the applicable TMH Manual	36 642	0
P39: Number of kilometres of gravel roads upgraded to surfaced roads	39	27.5
P41: Number of law enforcement facilities constructed	1	0
P42: Number of square metres rehabilitated	87 220	0
P43: Number of square meters resealed	486 000	372 172.90
P46: Number of kilometres of gravel roads bladed	30 486 km	20 653,46 km
P48: Number of law enforcement facilities maintained	2	0

27. Reasons for the underachievement of targets are included in the annual performance report on pages 62 - 72

Material misstatements

28. 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. Management did not correct the misstatements and I reported a material finding in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear



to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

33. The financial statements submitted for auditing were not 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. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified opinion.

Strategic planning and performance management

34. Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery, as required by public service regulation 25(1)(e)(i) and (iii).

Expenditure management

35. Effective internal controls were not in place for approval and processing of payments, as required by treasury regulation 8.1.1.
36. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
37. Effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R131,6 million as disclosed in note 27 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The unauthorised expenditure was caused by overspending on scholar transport.
38. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by procedural non-compliance in the SCM processes.
39. 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 value as disclosed in note 27 to the financial statements does not reflect the full extent of the fruitless and wasteful expenditure incurred.

Asset management

40. I was unable to obtain sufficient appropriate audit evidence that proper control systems were in place at the department to ensure the safeguarding / maintenance of assets, as required by treasury regulation 10.1.1(a).



41. I was unable to obtain sufficient appropriate audit evidence that preventative mechanisms were in place at the department to eliminate the theft / loss / wastage / misuse of assets, as required by treasury regulation 10.1.1(a).

Other information in the annual report

42. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
43. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
44. My responsibility is to read this other information and, in doing so, consider whether it 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.
45. The other information I obtained prior to the date of this auditor's report includes part B – programme information and opening balance of UIFW, and the accounting officer's and MEC's reports are expected to be made available to us after 31 July 2023.
46. I have concluded as follows regarding other information I have received: The annual report contains a material misstatement due to the material finding on opening balance of fruitless and wasteful expenditure.
47. When I do receive and read the other information I have not received, 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

48. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
49. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
50. The department did not have sufficient monitoring controls in place over financial and performance reporting as well as over compliance with laws and regulations. The deficiency led to a qualification on the annual financial statements and reportable findings on performance report and compliance with laws and regulations.



51. The department did not adequately implement its action plans to address shortcomings in compliance and internal control deficiencies that were identified in previous financial years, which resulted in material misstatements and findings on performance report and compliance with legislation
52. The department did not have adequate project and contract management and oversight controls on significant key maintenance and capital projects resulting in overspending.
53. 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 and performance reporting.
54. 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

55. In accordance with the PAA and the Material Irregularity (MI) Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

56. The material irregularities identified are as follows:

Overpayment made on scholar transport operators

57. The department did not ensure that internal procedures and internal control measures are in place for payment approval and processing, as required by treasury regulation 8.1.1. This led to the department paying for excessive kilometres travelled to the scholar transport operators. The non-compliance has resulted in a material financial loss. The payments were made by the department up to the period ending 31 March 2022 and was disclosed as fruitless and wasteful expenditure in note 7 of the 2021-22 annual financial statements.
58. I notified the accounting officer of the MI on 1 February 2023 and invited him to make a written submission on the actions taken. The accounting officer instituted an investigation through the office of Provincial Treasury into the matter. An investigation was instituted into the matter on 16 February 2023. The accounting officer plans to take action against the officials found responsible based on the outcome of the investigation.
59. I will follow up on the outcomes of the investigation and the implementation of the planned actions during my next audit.

Overpayment of contractor

60. The department did not ensure that internal procedures and internal control measures are in place for payment approval and processing, as required by treasury regulation 8.1.1. This led in



department paying for work that was not performed by the contractor. The non-compliance has resulted in a material financial loss of R13.1million. The payments were made by the department up to the period ending 31 March 2022 and was disclosed as fruitless and wasteful expenditure in note 7 of the 2021-22 annual financial statements.

61. I notified the accounting officer of the MI on 15 October 2021 and invited him to make a written submission on the actions taken.
62. The accounting officer cancelled the contract on 21 March 2021 citing breach of contract. In addition, the department withheld two payment certificates in the amount of R7.9 million that was due to the contractor. The contractor lodged a legal claim against the department to recover outstanding funds due to it based on another contract it was performing on behalf of the department. In response, the department instituted a counter claim on 12 May 2022 against the contractor and the matter must still be served before the courts.
63. At reporting date, the accounting officer has not yet commenced a disciplinary investigation into the overpayment of the contractor.

Status of previously reported material irregularities

Theft of construction grader (Grader: GWG 919EC)

64. 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.
65. I notified the accounting officer of the MI 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.
66. An investigation into the matter by the departmental investigation committee was initiated during the 2019-20 financial year and concluded on 4 August 2020. The accounting officer further instituted disciplinary hearings on the matter on 24 February 2021; on 31 January 2023 one of the two implicated employees was dismissed, and the other employee was sanctioned with a deduction of two months' salary.
67. The theft was reported to the South African Police Service (SAPS) on 5 July 2019 and, based on status of the investigation, the grader is located outside of South Africa and the SAPS is in the process of recovering it. During the current year audit, the accounting officer stated they are awaiting outcome from the SAPS to finalise the action relating to the MI.
68. The actions instituted by the accounting officer is satisfactory and the materiality has now been resolved.



Other report

69. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. 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.

- The Provincial Treasury is conducting a forensic investigation into scholar transport payments.

Auditor - General

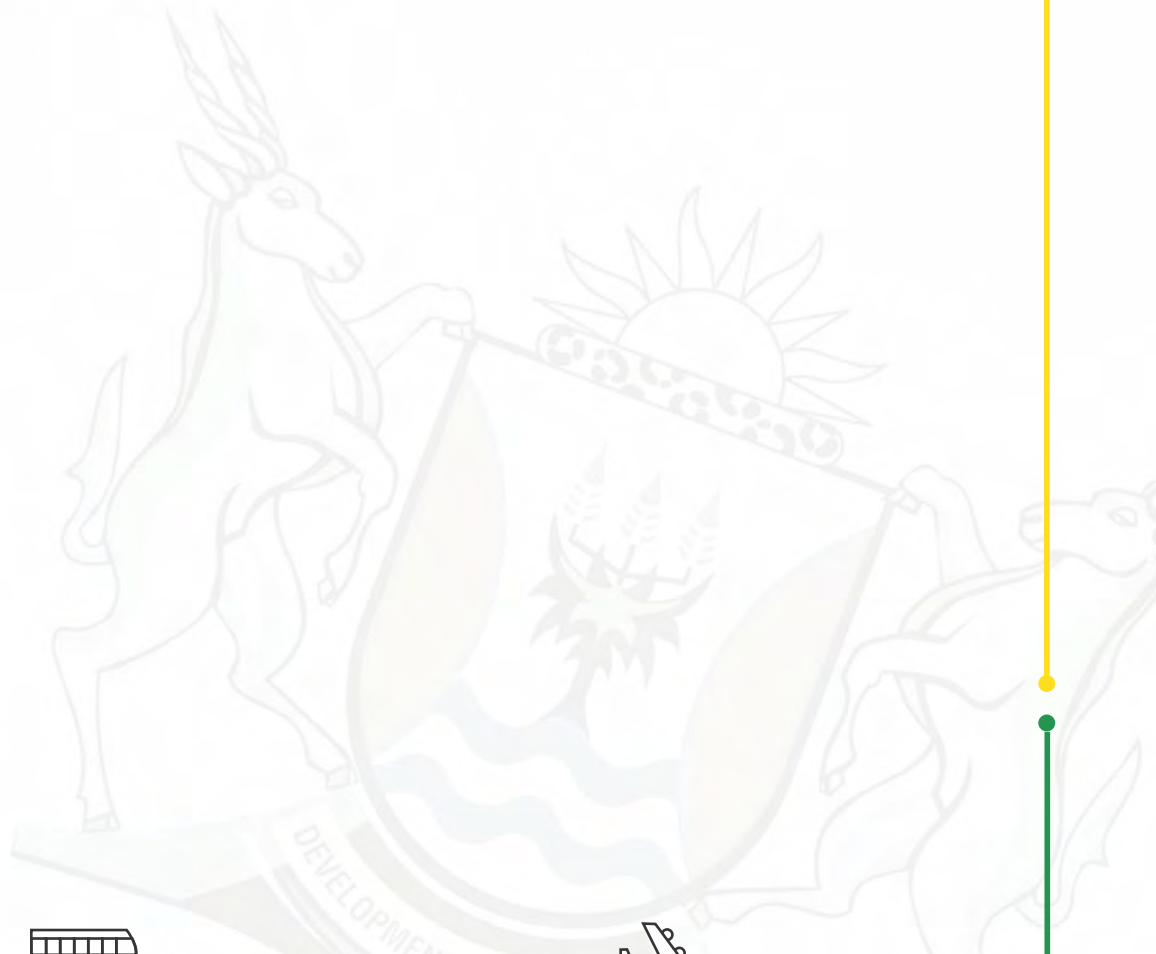
East London

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

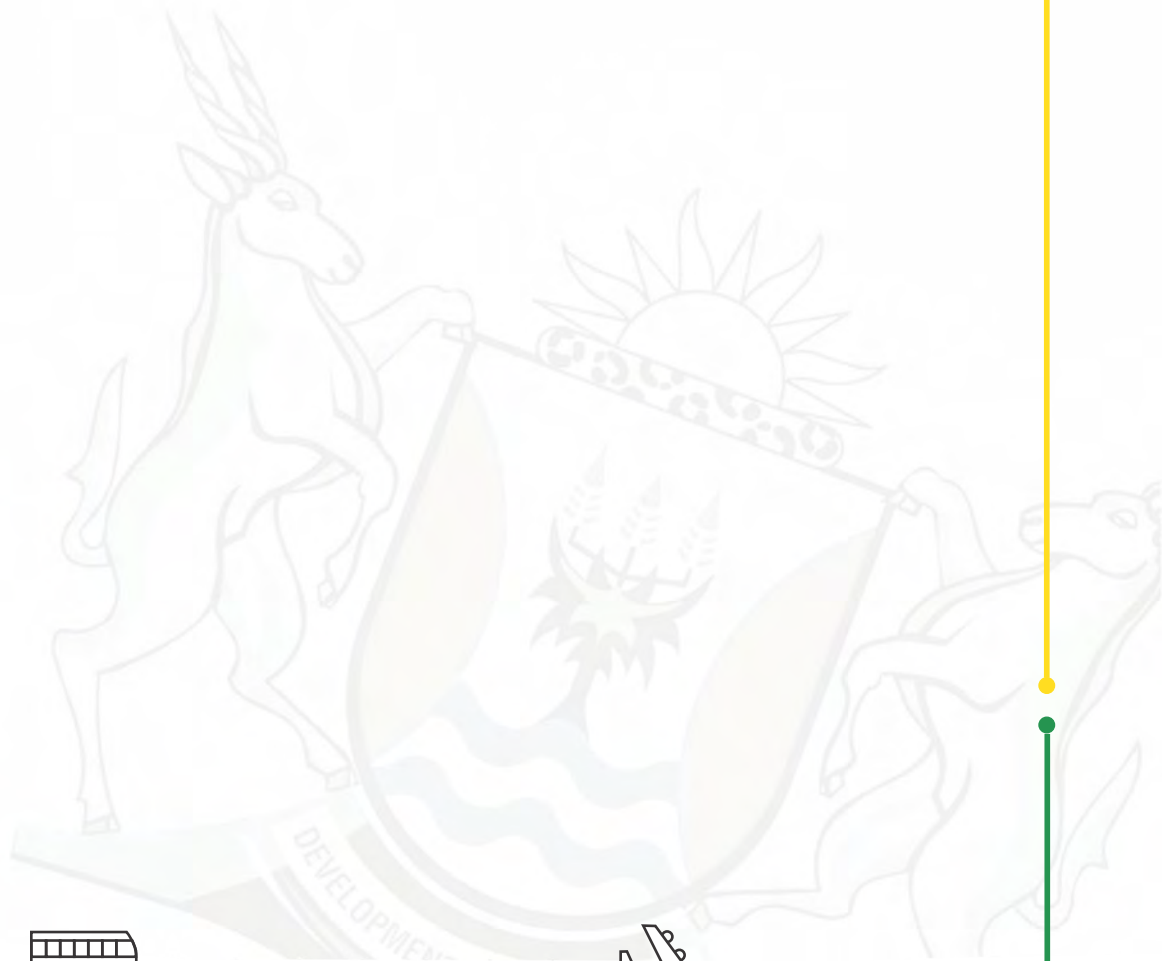
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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
- conclude on the appropriateness of the 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 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

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.

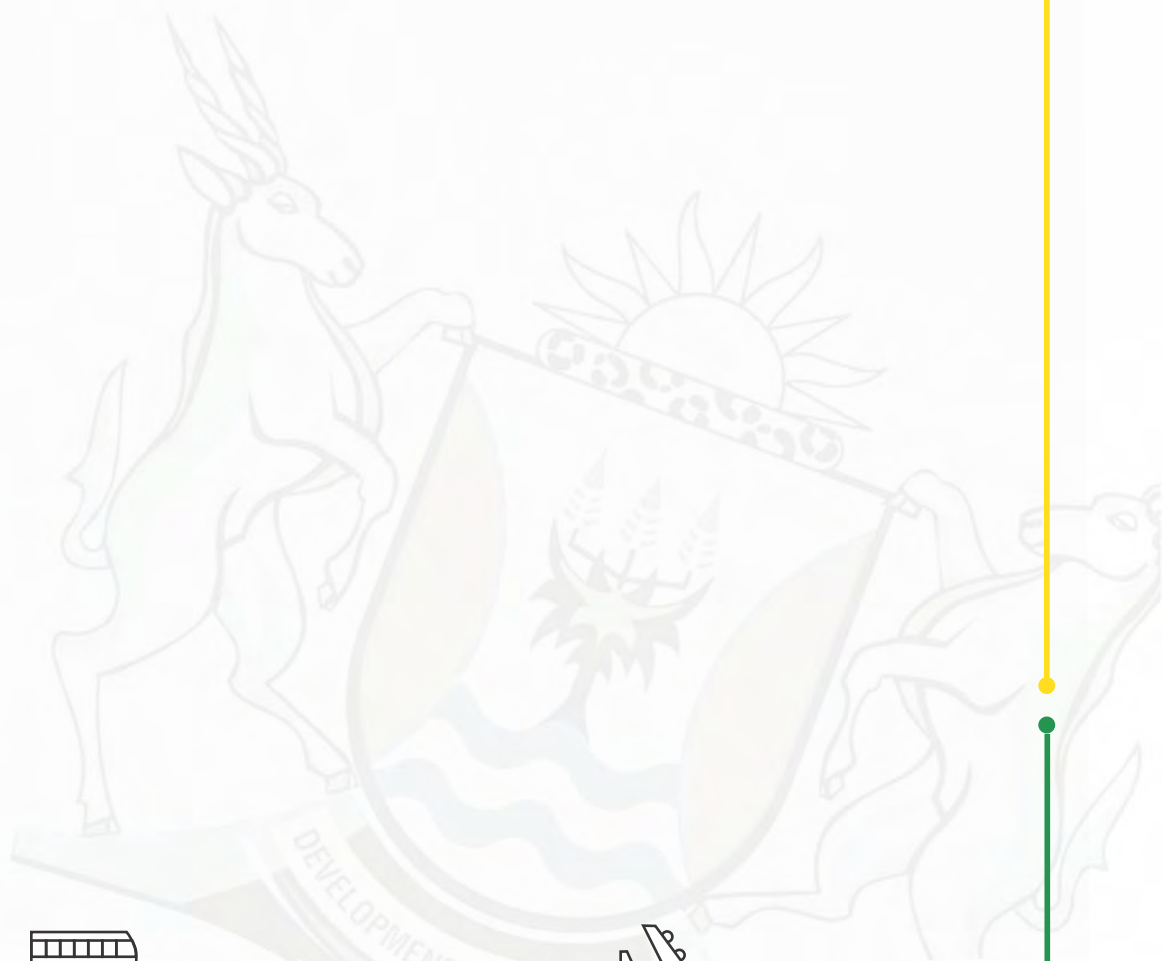
I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Division of revenue act	Section 11 Section 12 Section 16
Public Finance Management Act 1 of 1999 (PFMA)	Section 1 Section 38 Section 49 Section 45
Preferential Procurement Regulations of 2022 (PPR)	Regulation 2 Regulation 4 Regulation 5 Regulation 6 Regulation 7 Regulation 8 Regulation 9 Regulation 10



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Appropriation Statement

Figures in Rand thousand

2022/2023										2021/2022		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure			
Appropriation per programme												
Programme												
1 Administration	563,831	-	(15,643)	548,188	548,079	109	99.98 %	483,078	483,042			
2 Transport Infrastructure	2,440,622	-	(2,157)	2,438,465	2,435,246	3,219	99.87 %	2,122,979	2,122,951			
3 Transport Operations	1,650,722	-	86,328	1,737,050	1,737,050	-	100.00 %	1,749,268	1,749,224			
4 Transport Regulations	339,363	-	(20,399)	318,964	318,539	425	99.87 %	299,266	299,222			
5 Community Based Programme	601,608	-	(48,129)	553,479	537,586	15,893	97.13 %	585,000	584,973			
Programme subtotal	5,596,146	-	-	5,596,146	5,576,500	19,646	99.65 %	5,239,591	5,239,412			
Programme sub total	5,596,146	-	-	5,596,146	5,576,500	19,646	99.65 %	5,239,591	5,239,412			
Total	5,596,146	-	-	5,596,146	5,576,500	19,646	99.65 %	5,239,591	5,239,412			
Reconciliation with statement of financial performance												
Add:												
Departmental revenue				689,844				659,320				
Actual amounts per statement of financial performance (total revenue)				6,285,990				5,898,911				
Actual expenditure					5,576,500				5,239,412			
Add:												
Aid assistance					288				451			
Actual amounts per statement of financial performance (total expenditure)					5,576,788				5,239,863			

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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
Appropriation per economic classification										
Economic classification										
Current payments										
Compensation of employees	1,081,096	(10,992)	(8,198)	1,061,906	1,058,879	3,027	99.71 %	985,014	998,053	
Goods and services	2,856,192	32,177	(26,761)	2,861,608	2,845,362	16,246	99.43 %	2,621,084	2,612,270	
Interest and rent on land	-	-	-	-	97	(97)	- %	-	-	5
Compensation of employees	1,081,096	(10,992)	(8,198)	1,061,906	1,058,879	3,027	99.71 %	985,014	998,053	
Goods and services	2,856,192	32,177	(26,761)	2,861,608	2,845,362	16,246	99.43 %	2,621,084	2,612,270	
Interest and rent on land	-	-	-	-	97	(97)	- %	-	-	5
Total current payments	3,937,288	21,185	(34,959)	3,923,514	3,904,338	19,176	99.51 %	3,606,098	3,610,328	
Transfers and subsidies										
Provinces and municipalities	23,789	(13,736)	-	10,053	7,836	2,217	77.95 %	5,723	5,722	
Departmental agencies and accounts	23,863	(6,734)	-	17,129	17,129	-	100.00 %	16,234	16,234	
Public corporations and private enterprises	637,196	4,541	-	641,737	641,737	-	100.00 %	616,164	616,164	
Households	41,862	(5,663)	-	36,199	36,166	33	99.91 %	38,403	38,396	
Provinces and municipalities	23,789	(13,736)	-	10,053	7,836	2,217	77.95 %	5,723	5,722	
Departmental agencies and accounts	23,863	(6,734)	-	17,129	17,129	-	100.00 %	16,234	16,234	
Public corporations and private enterprises	637,196	4,541	-	641,737	641,737	-	100.00 %	616,164	616,164	
Households	41,862	(5,663)	-	36,199	36,166	33	99.91 %	38,403	38,396	
Total transfers and subsidies	726,710	(21,592)	-	705,118	702,868	2,250	99.68 %	676,524	676,516	
Payments for capital assets										
Buildings and other fixed structures	855,920	(13,003)	43,709	886,626	885,462	1,164	99.87 %	874,654	874,654	
Machinery and equipment	70,866	(9,850)	(8,750)	52,266	52,211	55	99.89 %	66,884	66,883	
Software and other intangible assets	5,362	23,260	-	28,622	31,621	(2,999)	110.48 %	14,968	10,568	



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	Adjusted Appropriation	Shifting of Funds	Virement	2022/2023			2021/2022		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per economic classification (continued)									
Buildings and other fixed structures	855,920	(13,003)	43,709	886,626	885,462	1,164	99.87 %	874,654	874,654
Machinery and equipment	70,866	(9,850)	(8,750)	52,266	52,211	55	99.89 %	66,884	66,883
Intangible assets	5,362	23,260	-	28,622	31,621	(2,999)	110.48 %	14,968	10,568
Total payments for capital assets	932,148	407	34,959	967,514	969,294	(1,780)	100.18 %	956,506	952,105
Payments for financial assets									
Total current payments	3,937,288	21,185	(34,959)	3,923,514	3,904,338	19,176	99.51 %	3,606,098	3,610,328
Total transfers and subsidies	726,710	(21,592)	-	705,118	702,868	2,250	99.68 %	676,524	676,516
Total payments for capital assets	932,148	407	34,959	967,514	969,294	(1,780)	100.18 %	956,506	952,105
Total payments for financial assets	-	-	-	-	-	-	- %	463	463
Total	5,596,146	-	-	5,596,146	5,576,500	19,646	99.65 %	5,239,591	5,239,412



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	2022/2023					2021/2022		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Payments for financial assets	-	-	-	-	-	-	- %	463
Total current payments	450,397	(9,247)	(6,893)	434,257	431,150	3,107	99.28 %	385,127
Total transfers and subsidies	37,521	(4,330)	-	33,191	33,191	-	100.00 %	16,184
Total payments for capital assets	75,913	13,577	(8,750)	80,740	83,738	(2,998)	103.71 %	81,304
Total payments for financial assets	-	-	-	-	-	-	- %	463
Total	563,831	-	(15,643)	548,188	548,079	109	99.98 %	483,078
								483,042



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Figures in Rand thousand									
	2022/2023					2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	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	8,803	(192)	-	8,611	8,611	-	100.00 %	5,608	5,608
Goods and services	4,260	(614)	-	3,646	3,646	-	100.00 %	1,959	1,959
Compensation of employees	8,803	(192)	-	8,611	8,611	-	100.00 %	5,608	5,608
Goods and services	4,260	(614)	-	3,646	3,646	-	100.00 %	1,959	1,959
Total current payments	13,063	(806)	-	12,257	12,257	-	100.00 %	7,567	7,567
Total current payments	13,063	(806)	-	12,257	12,257	-	100.00 %	7,567	7,567
Total	13,063	(806)	-	12,257	12,257	-	100.00 %	7,567	7,567



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Figures in Rand thousand									
2022/2023									
2021/2022									
	Adjusted Appropriation	Shifting of Funds	Virement	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	230,711	(5,299)	(2,000)	223,412	223,411	1	100.00 %	221,473	225,872
Goods and services	147,378	(9,770)	(4,893)	132,715	129,648	3,067	97.69 %	105,393	105,386
Compensation of employees	230,711	(5,299)	(2,000)	223,412	223,411	1	100.00 %	221,473	225,872
Goods and services	147,378	(9,770)	(4,893)	132,715	129,648	3,067	97.69 %	105,393	105,386
Total current payments	378,089	(15,069)	(6,893)	356,127	353,059	3,068	99.14 %	326,866	331,258
Transfers and subsidies									
Provinces and municipalities	-	1,809	-	1,809	1,809	-	100.00 %	519	518
Households	37,521	(6,139)	-	31,382	31,382	-	100.00 %	15,595	15,595
Provinces and municipalities	-	1,809	-	1,809	1,809	-	100.00 %	519	518
Households	37,521	(6,139)	-	31,382	31,382	-	100.00 %	15,595	15,595
Total transfers and subsidies	37,521	(4,330)	-	33,191	33,191	-	100.00 %	16,114	16,113
Payments for capital assets									
Machinery and equipment	70,497	(10,005)	(8,750)	51,742	51,742	-	100.00 %	65,930	65,930
Software and other intangible assets	5,077	23,545	-	28,622	31,621	(2,999)	110.48 %	14,968	10,568
Machinery and equipment	70,497	(10,005)	(8,750)	51,742	51,742	-	100.00 %	65,930	65,930
Intangible assets	5,077	23,545	-	28,622	31,621	(2,999)	110.48 %	14,968	10,568
Total payments for capital assets	75,574	13,540	(8,750)	80,364	83,363	(2,999)	103.73 %	80,898	76,498
Payments for financial assets									
Total current payments	378,089	(15,069)	(6,893)	356,127	353,059	3,068	99.14 %	326,866	331,258
Total transfers and subsidies	37,521	(4,330)	-	33,191	33,191	-	100.00 %	16,114	16,113
Total payments for capital assets	75,574	13,540	(8,750)	80,364	83,363	(2,999)	103.73 %	80,898	76,498
Total payments for financial assets	-	-	-	-	-	-	- %	463	463
Total	491,184	(5,859)	(15,643)	469,682	469,613	69	99.99 %	424,341	424,332

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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
1.4 Department Strategy								
Economic classification								
Current payments								
Compensation of employees	13,317	(2,063)	-	11,254	11,254	-	100.00 %	6,346
Goods and services	7,296	1,680	-	8,976	8,976	-	100.00 %	10,648
Compensation of employees	13,317	(2,063)	-	11,254	11,254	-	100.00 %	6,346
Goods and services	7,296	1,680	-	8,976	8,976	-	100.00 %	10,648
Total current payments	20,613	(383)	-	20,230	20,230	-	100.00 %	17,021
Total current payments	20,613	(383)	-	20,230	20,230	-	100.00 %	16,994
Total	20,613	(383)	-	20,230	20,230	-	100.00 %	16,994



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Figures in Rand thousand				2022/2023		2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2. Transport Infrastructure									
Sub programme									
2.1	8 862	(4,755)	-	4,107	4,106	1	99.98 %	6,719	6,719
2.2	35,869	(23,158)	-	12,711	11,781	930	92.68 %	20,023	20,022
2.3	15,767	7,346	-	23,113	23,113	-	100.00 %	28,252	28,251
2.4	883,458	(5,554)	43,709	921,613	920,761	852	99.91 %	887,361	887,361
2.5	1,373,715	(38,579)	-	1,335,136	1,333,706	1,430	99.89 %	1,051,418	1,051,418
2.6	122,951	64,700	(45,866)	141,785	141,779	6	100.00 %	129,206	129,180
Subtotal	2,440,622	-	(2,157)	2,438,465	2,435,246	3,219	99.87 %	2,122,979	2,122,951
Economic classification									
Current payments									
Compensation of employees	336,439	(6,861)	-	329,578	328,227	1,351	99.59 %	307,364	315,947
Goods and services	1,232,549	29,102	(45,866)	1,215,785	1,214,842	943	99.92 %	934,183	925,572
Interest and rent on land	-	-	-	-	23	(23)	- %	-	-
Compensation of employees	336,439	(6,861)	-	329,578	328,227	1,351	99.59 %	307,364	315,947
Goods and services	1,232,549	29,102	(45,866)	1,215,785	1,214,842	943	99.92 %	934,183	925,572
Interest and rent on land	-	-	-	-	23	(23)	- %	-	-
Total current payments	1,568,988	22,241	(45,866)	1,545,363	1,543,092	2,271	99.85 %	1,241,547	1,241,519
Transfers and subsidies									
Provinces and municipalities	13,750	(11,076)	-	2,674	2,674	-	100.00 %	5,204	5,204
Households	3,682	304	-	3,986	3,986	-	100.00 %	14,994	14,994
Provinces and municipalities	13,750	(11,076)	-	2,674	2,674	-	100.00 %	5,204	5,204
Households	3,682	304	-	3,986	3,986	-	100.00 %	14,994	14,994
Total transfers and subsidies	17,432	(10,772)	-	6,660	6,660	-	100.00 %	20,198	20,198

Payments for capital assets



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Figures in Rand thousand	2022/2023					2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Buildings and other fixed structures	853,887	(11,240)	43,709	886,356	885,462	894	99.90 %	861,093	861,093
Machinery and equipment	30	56	-	86	32	54	37.21 %	141	141
Software and other intangible assets	285	(285)	-	-	-	-	- %	-	-
Buildings and other fixed structures	853,887	(11,240)	43,709	886,356	885,462	894	99.90 %	861,093	861,093
Machinery and equipment	30	56	-	86	32	54	37.21 %	141	141
Intangible assets	285	(285)	-	-	-	-	- %	-	-
Total payments for capital assets	854,202	(11,469)	43,709	886,442	885,494	948	99.89 %	861,234	861,234
Total current payments	1,568,988	22,241	(45,866)	1,545,363	1,543,092	2,271	99.85 %	1,241,547	1,241,519
Total transfers and subsidies	17,432	(10,772)	-	6,660	6,660	-	100.00 %	20,198	20,198
Total payments for capital assets	854,202	(11,469)	43,709	886,442	885,494	948	99.89 %	861,234	861,234
Total	2,440,622	-	(2,157)	2,438,465	2,435,246	3,219	99.87 %	2,122,979	2,122,951



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	2,164	(2,164)	-	-	-	-	- %	-	-
Goods and services	3,412	(2,896)	-	516	515	1	99.81 %	388	388
Compensation of employees	2,164	(2,164)	-	-	-	-	- %	-	-
Goods and services	3,412	(2,896)	-	516	515	1	99.81 %	388	388
Total current payments	5,576	(5,060)	-	516	515	1	99.81 %	388	388
Transfers and subsidies									
Households	3,286	305	-	3,591	3,591	-	100.00 %	6,331	6,331
Households	3,286	305	-	3,591	3,591	-	100.00 %	6,331	6,331
Total current payments	5,576	(5,060)	-	516	515	1	99.81 %	388	388
Total transfers and subsidies	3,286	305	-	3,591	3,591	-	100.00 %	6,331	6,331
Total	8,862	(4,755)	-	4,107	4,106	1	99.98 %	6,719	6,719

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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.2 Infrastructure Planning									
Economic classification									
Current payments									
Compensation of employees	6,297	254	-	6,551	5,621	930	85.80 %	5,534	5,533
Goods and services	20,800	(19,590)	-	1,210	1,199	11	99.09 %	8,386	8,386
Interest and rent on land	-	-	-	-	11	(11)	- %	-	-
Compensation of employees	6,297	254	-	6,551	5,621	930	85.80 %	5,534	5,533
Goods and services	20,800	(19,590)	-	1,210	1,199	11	99.09 %	8,386	8,386
Interest and rent on land	-	-	-	-	11	(11)	- %	-	-
Total current payments	27,097	(19,336)	-	7,761	6,831	930	88.02 %	13,920	13,919
Transfers and subsidies									
Households	396	(1)	-	395	395	-	100.00 %	1,437	1,437
Households	396	(1)	-	395	395	-	100.00 %	1,437	1,437
Payments for capital assets									
Buildings and other fixed structures	8,376	(3,821)	-	4,555	4,555	-	100.00 %	4,666	4,666
Buildings and other fixed structures	8,376	(3,821)	-	4,555	4,555	-	100.00 %	4,666	4,666
Total current payments	27,097	(19,336)	-	7,761	6,831	930	88.02 %	13,920	13,919
Total transfers and subsidies	396	(1)	-	395	395	-	100.00 %	1,437	1,437
Total payments for capital assets	8,376	(3,821)	-	4,555	4,555	-	100.00 %	4,666	4,666
Total	35,869	(23,158)	-	12,711	11,781	930	92.68 %	20,023	20,022

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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.3 Infrastructure Design									
Economic classification									
Current payments									
Compensation of employees	3,473	6,393	-	9,866	9,866	-	100.00 %	2,813	2,813
Goods and services	2,793	1,302	-	4,095	4,095	-	100.00 %	2,762	2,761
Compensation of employees	3,473	6,393	-	9,866	9,866	-	100.00 %	2,813	2,813
Goods and services	2,793	1,302	-	4,095	4,095	-	100.00 %	2,762	2,761
Total current payments	6,266	7,695	-	13,961	13,961	-	100.00 %	5,575	5,574
Payments for capital assets									
Buildings and other fixed structures	9,216	(64)	-	9,152	9,152	-	100.00 %	22,677	22,677
Software and other intangible assets	285	(285)	-	-	-	-	- %	-	-
Buildings and other fixed structures	9,216	(64)	-	9,152	9,152	-	100.00 %	22,677	22,677
Intangible assets	285	(285)	-	-	-	-	- %	-	-
Total payments for capital assets	9,501	(349)	-	9,152	9,152	-	100.00 %	22,677	22,677
Total current payments	6,266	7,695	-	13,961	13,961	-	100.00 %	5,575	5,574
Total payments for capital assets	9,501	(349)	-	9,152	9,152	-	100.00 %	22,677	22,677
Total	15,767	7,346	-	23,113	23,113	-	100.00 %	28,252	28,251



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Figures in Rand thousand										2022/2023			2021/2022					
										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										58,860	(4,996)	-	53,864	53,456	408	99.24 %	50,741	50,741
Goods and services										11,412	(1,377)	-	10,035	10,035	-	100.00 %	11,131	11,131
Interest and rent on land										-	-	-	-	12	(12)	- %	-	-
Compensation of employees										58,860	(4,996)	-	53,864	53,456	408	99.24 %	50,741	50,741
Goods and services										11,412	(1,377)	-	10,035	10,035	-	100.00 %	11,131	11,131
Interest and rent on land										-	-	-	-	12	(12)	- %	-	-
Total current payments										70,272	(6,373)	-	63,899	63,503	396	99.38 %	61,872	61,872
Transfers and subsidies																		
Households										-	-	-	-	-	-	- %	334	334
Households										-	-	-	-	-	-	- %	334	334
Payments for capital assets																		
Buildings and other fixed structures										813,156	819	43,709	857,684	857,258	426	99.95 %	825,155	825,155
Machinery and equipment										30	-	-	30	-	30	- %	-	-
Buildings and other fixed structures										813,156	819	43,709	857,684	857,258	426	99.95 %	825,155	825,155
Machinery and equipment										30	-	-	30	-	30	- %	-	-
Total payments for capital assets										813,186	819	43,709	857,714	857,258	456	99.95 %	825,155	825,155
Total current payments										70,272	(6,373)	-	63,899	63,503	396	99.38 %	61,872	61,872
Total transfers and subsidies										-	-	-	-	-	-	- %	334	334
Total payments for capital assets										813,186	819	43,709	857,714	857,258	456	99.95 %	825,155	825,155
Total										883,458	(5,554)	43,709	921,613	920,761	852	99.91 %	887,361	887,361



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2021/2022									
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2.5 Maintenance									
Economic classification									
Current payments									
Compensation of employees	245,289	(26,682)	-	218,607	218,600	7	100.00 %	209,916	218,511
Goods and services	1,095,287	6,221	-	1,101,508	1,100,577	931	99.92 %	825,939	817,344
Compensation of employees	245,289	(26,682)	-	218,607	218,600	7	100.00 %	209,916	218,511
Goods and services	1,095,287	6,221	-	1,101,508	1,100,577	931	99.92 %	825,939	817,344
Total current payments	1,340,576	(20,461)	-	1,320,115	1,319,177	938	99.93 %	1,035,855	1,035,855
Transfers and subsidies									
Provinces and municipalities	10,000	(10,000)	-	-	-	-	- %	-	-
Households	-	-	-	-	-	-	- %	6,827	6,827
Provinces and municipalities	10,000	(10,000)	-	-	-	-	- %	-	-
Households	-	-	-	-	-	-	- %	6,827	6,827
Total transfers and subsidies	10,000	(10,000)	-	-	-	-	- %	6,827	6,827
Payments for capital assets									
Buildings and other fixed structures	23,139	(8,174)	-	14,965	14,497	468	96.87 %	8,595	8,595
Machinery and equipment	-	56	-	56	32	24	57.14 %	141	141
Buildings and other fixed structures	23,139	(8,174)	-	14,965	14,497	468	96.87 %	8,595	8,595
Machinery and equipment	-	56	-	56	32	24	57.14 %	141	141
Total payments for capital assets	23,139	(8,118)	-	15,021	14,529	492	96.72 %	8,736	8,736
Total current payments	1,340,576	(20,461)	-	1,320,115	1,319,177	938	99.93 %	1,035,855	1,035,855
Total transfers and subsidies	10,000	(10,000)	-	-	-	-	- %	6,827	6,827
Total payments for capital assets	23,139	(8,118)	-	15,021	14,529	492	96.72 %	8,736	8,736
Total	1,373,715	(38,579)	-	1,335,136	1,333,706	1,430	99.89 %	1,051,418	1,051,418



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2.2.6 Mechanical									
Economic classification									
Current payments									
Compensation of employees	20,356	20,334	-	40,690	40,684	6	99.99 %	38,360	38,349
Goods and services	98,845	45,442	(45,866)	98,421	98,421	-	100.00 %	85,577	85,562
Compensation of employees	20,356	20,334	-	40,690	40,684	6	99.99 %	38,360	38,349
Goods and services	98,845	45,442	(45,866)	98,421	98,421	-	100.00 %	85,577	85,562
Total current payments	119,201	65,776	(45,866)	139,111	139,105	6	100.00 %	123,937	123,911
Transfers and subsidies									
Provinces and municipalities	3,750	(1,076)	-	2,674	2,674	-	100.00 %	5,204	5,204
Households	-	-	-	-	-	-	- %	65	65
Provinces and municipalities	3,750	(1,076)	-	2,674	2,674	-	100.00 %	5,204	5,204
Households	-	-	-	-	-	-	- %	65	65
Total transfers and subsidies	3,750	(1,076)	-	2,674	2,674	-	100.00 %	5,269	5,269
Total current payments	119,201	65,776	(45,866)	139,111	139,105	6	100.00 %	123,937	123,911
Total transfers and subsidies	3,750	(1,076)	-	2,674	2,674	-	100.00 %	5,269	5,269
Total	122,951	64,700	(45,866)	141,785	141,779	6	100.00 %	129,206	129,180



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
Payments for capital assets										
Buildings and other fixed structures	1,763	(1,763)	-	-	-	-	- %	1,349	1,349	
Machinery and equipment	-	12	-	12	12	-	100.00 %	406	406	
Buildings and other fixed structures	1,763	(1,763)	-	-	-	-	- %	1,349	1,349	
Machinery and equipment	-	12	-	12	12	-	100.00 %	406	406	
Total payments for capital assets	1,763	(1,751)	-	12	12	-	100.00 %	1,755	1,755	
Total current payments	1,001,736	(2,183)	86,328	1,085,881	1,085,914	(33)	100.00 %	1,121,224	1,121,181	
Total transfers and subsidies	647,223	3,934	-	651,157	651,124	33	99.99 %	626,289	626,288	
Total payments for capital assets	1,763	(1,751)	-	12	12	-	100.00 %	1,755	1,755	
Total	1,650,722	-	86,328	1,737,050	1,737,050	-	100.00 %	1,749,268	1,749,224	

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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
3.1 Programme Support								
Economic classification								
Current payments								
Compensation of employees	4,023	(2,043)	-	1,980	1,980	-	100.00 %	1,425
Goods and services	144	21	-	165	165	-	100.00 %	682
Compensation of employees	4,023	(2,043)	-	1,980	1,980	-	100.00 %	1,425
Goods and services	144	21	-	165	165	-	100.00 %	682
Total current payments	4,167	(2,022)	-	2,145	2,145	-	100.00 %	2,107
Total current payments	4,167	(2,022)	-	2,145	2,145	-	100.00 %	2,104
Total	4,167	(2,022)	-	2,145	2,145	-	100.00 %	2,104



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3.2 Public Transport Services									
Economic classification									
Current payments									
Compensation of employees	10,723	793	-	11,516	11,516	-	100.00 %	10,620	10,609
Goods and services	2,807	(513)	-	2,294	2,294	-	100.00 %	15,304	15,293
Compensation of employees	10,723	793	-	11,516	11,516	-	100.00 %	10,620	10,609
Goods and services	2,807	(513)	-	2,294	2,294	-	100.00 %	15,304	15,293
Total current payments	13,530	280	-	13,810	13,810	-	100.00 %	25,924	25,902
Transfers and subsidies									
Departmental agencies and accounts	3,500	-	-	3,500	3,500	-	100.00 %	3,000	3,000
Public corporations and private enterprises	637,196	4,541	-	641,737	641,737	-	100.00 %	616,164	616,164
Departmental agencies and accounts	3,500	-	-	3,500	3,500	-	100.00 %	3,000	3,000
Public corporations and private enterprises	637,196	4,541	-	641,737	641,737	-	100.00 %	616,164	616,164
Total transfers and subsidies	640,696	4,541	-	645,237	645,237	-	100.00 %	619,164	619,164
Total current payments	13,530	280	-	13,810	13,810	-	100.00 %	25,924	25,902
Total transfers and subsidies	640,696	4,541	-	645,237	645,237	-	100.00 %	619,164	619,164
Total	654,226	4,821	-	659,047	659,047	-	100.00 %	645,088	645,066



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3.3 Transport Safety and Compliance								
Economic classification								
Current payments								
Compensation of employees	52,131	1,489	-	53,620	53,619	1	100.00 %	47,245
Goods and services	3,658	(725)	-	2,933	2,931	2	99.93 %	1,830
Interest and rent on land	-	-	-	-	3	(3)	- %	-
Compensation of employees	52,131	1,489	-	53,620	53,619	1	100.00 %	47,245
Goods and services	3,658	(725)	-	2,933	2,931	2	99.93 %	1,830
Interest and rent on land	-	-	-	-	3	(3)	- %	-
Total current payments	55,789	764	-	56,553	56,553	-	100.00 %	49,075
Transfers and subsidies								
Departmental agencies and accounts	6,326	(770)	-	5,556	5,556	-	100.00 %	5,322
Households	-	-	-	-	-	-	- %	46
Departmental agencies and accounts	6,326	(770)	-	5,556	5,556	-	100.00 %	5,322
Households	-	-	-	-	-	-	- %	46
Total transfers and subsidies	6,326	(770)	-	5,556	5,556	-	100.00 %	5,368
Payments for capital assets								
Machinery and equipment	-	12	-	12	12	-	100.00 %	-
Machinery and equipment	-	12	-	12	12	-	100.00 %	-
Total current payments	55,789	764	-	56,553	56,553	-	100.00 %	49,075
Total transfers and subsidies	6,326	(770)	-	5,556	5,556	-	100.00 %	5,368
Total payments for capital assets	-	12	-	12	12	-	100.00 %	-
Total	62,115	6	-	62,121	62,121	-	100.00 %	54,439



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3.5 Scholar Transport									
Economic classification									
Current payments									
Compensation of employees	21,935	1,934	-	23,869	23,869	-	100.00 %	23,287	23,285
Goods and services	859,589	9,799	86,328	955,716	955,716	-	100.00 %	983,179	983,171
Interest and rent on land	-	-	-	-	33	(33)	- %	-	-
Compensation of employees	21,935	1,934	-	23,869	23,869	-	100.00 %	23,287	23,285
Goods and services	859,589	9,799	86,328	955,716	955,716	-	100.00 %	983,179	983,171
Interest and rent on land	-	-	-	-	33	(33)	- %	-	-
Total current payments	881,524	11,733	86,328	979,585	979,618	(33)	100.00 %	1,006,466	1,006,456
Transfers and subsidies									
Households									
Households	201	163	-	364	331	33	90.93 %	1,757	1,756
	201	163	-	364	331	33	90.93 %	1,757	1,756
Total current payments	881,524	11,733	86,328	979,585	979,618	(33)	100.00 %	1,006,466	1,006,456
Total transfers and subsidies	201	163	-	364	331	33	90.93 %	1,757	1,756
Total	881,725	11,896	86,328	979,949	979,949	-	100.00 %	1,008,223	1,008,212

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4. Transport Regulations										
Sub programme										
Programme Support	4.1	13,602	1,902	(6,265)	9,239	8,966	273	97.05 %	2,834	2,832
TRP Admin and Licencing	4.2	16,620	(945)	(1,040)	14,635	14,586	49	99.67 %	11,866	11,864
Operator Licence and Permits	4.3	10,976	(284)	(370)	10,322	10,322	-	100.00 %	6,583	6,581
Law Enforcement	4.4	298,165	(673)	(12,724)	284,768	284,665	103	99.96 %	277,983	277,945
Subtotal		339,363	-	(20,399)	318,964	318,539	425	99.87 %	299,266	299,222
Economic classification										
Current payments										
Compensation of employees		289,202	(833)	(6,198)	282,171	282,069	102	99.96 %	266,388	266,354
Goods and services		49,683	622	(14,201)	36,104	36,026	78	99.78 %	26,972	26,964
Interest and rent on land		-	-	-	-	25	(25)	- %	-	5
Compensation of employees		289,202	(833)	(6,198)	282,171	282,069	102	99.96 %	266,388	266,354
Goods and services		49,683	622	(14,201)	36,104	36,026	78	99.78 %	26,972	26,964
Interest and rent on land		-	-	-	-	25	(25)	- %	-	5
Total current payments		338,885	(211)	(20,399)	318,275	318,120	155	99.95 %	293,360	293,323
Transfers and subsidies										
Households		208	211	-	419	419	-	100.00 %	5,608	5,602
Households		208	211	-	419	419	-	100.00 %	5,608	5,602
Payments for capital assets										
Buildings and other fixed structures		270	-	-	270	-	270	- %	297	297
Machinery and equipment		-	-	-	-	-	-	- %	1	-
Buildings and other fixed structures		270	-	-	270	-	270	- %	297	297
Machinery and equipment		-	-	-	-	-	-	- %	1	-
Total payments for capital assets		270	-	-	270	-	270	- %	298	297



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Total current payments	338,885	(211)	(20,399)	318,275	318,120	155	99.95 %	293,360	293,323
Total transfers and subsidies	208	211	-	419	419	-	100.00 %	5,608	5,602
Total payments for capital assets	270	-	-	270	-	270	- %	298	297
Total	339,363	-	(20,399)	318,964	318,539	425	99.87 %	299,266	299,222



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	4,917	6	(2,891)	2,032	2,032	-	100.00 %	2,142	2,141
Goods and services	8,415	1,704	(3,374)	6,745	6,742	3	99.96 %	650	650
Compensation of employees	4,917	6	(2,891)	2,032	2,032	-	100.00 %	2,142	2,141
Goods and services	8,415	1,704	(3,374)	6,745	6,742	3	99.96 %	650	650
Total current payments	13,332	1,710	(6,265)	8,777	8,774	3	99.97 %	2,792	2,791
Transfers and subsidies									
Households	-	192	-	192	192	-	100.00 %	42	41
Households	-	192	-	192	192	-	100.00 %	42	41
Payments for capital assets									
Buildings and other fixed structures									
Buildings and other fixed structures	270	-	-	270	-	270	- %	-	-
Buildings and other fixed structures	270	-	-	270	-	270	- %	-	-
Total current payments	13,332	1,710	(6,265)	8,777	8,774	3	99.97 %	2,792	2,791
Total transfers and subsidies	-	192	-	192	192	-	100.00 %	42	41
Total payments for capital assets	270	-	-	270	-	270	- %	-	-
Total	13,602	1,902	(6,265)	9,239	8,966	273	97.05 %	2,834	2,832

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				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	14,190	-	(1,004)	13,186	13,186	-	100.00 %	11,180	11,181
Goods and services	2,430	(945)	(36)	1,449	1,400	49	96.62 %	675	672
Compensation of employees	14,190	-	(1,004)	13,186	13,186	-	100.00 %	11,180	11,181
Goods and services	2,430	(945)	(36)	1,449	1,400	49	96.62 %	675	672
Total current payments	16,620	(945)	(1,040)	14,635	14,586	49	99.67 %	11,855	11,853
Transfers and subsidies									
Households	-	-	-	-	-	-	- %	11	11
Households	-	-	-	-	-	-	- %	11	11
Total current payments	16,620	(945)	(1,040)	14,635	14,586	49	99.67 %	11,855	11,853
Total transfers and subsidies	-	-	-	-	-	-	- %	11	11
Total	16,620	(945)	(1,040)	14,635	14,586	49	99.67 %	11,866	11,864



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4.3 Operator Licence and Permits									
Economic classification									
Current payments									
Compensation of employees	7,773	(4)	(370)	7,399	7,399	-	100.00 %	5,024	5,023
Goods and services	3,203	(280)	-	2,923	2,923	-	100.00 %	1,558	1,558
Compensation of employees	7,773	(4)	(370)	7,399	7,399	-	100.00 %	5,024	5,023
Goods and services	3,203	(280)	-	2,923	2,923	-	100.00 %	1,558	1,558
Total current payments	10,976	(284)	(370)	10,322	10,322	-	100.00 %	6,582	6,581
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	- %	1	-
Machinery and equipment	-	-	-	-	-	-	- %	1	-
Total current payments	10,976	(284)	(370)	10,322	10,322	-	100.00 %	6,582	6,581
Total payments for capital assets	-	-	-	-	-	-	- %	1	-
Total	10,976	(284)	(370)	10,322	10,322	-	100.00 %	6,583	6,581



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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4.4 Law Enforcement									
Economic classification									
Current payments									
Compensation of employees	262,322	(835)	(1,933)	259,554	259,452	102	99.96 %	248,042	248,009
Goods and services	35,635	143	(10,791)	24,987	24,961	26	99.90 %	24,089	24,084
Interest and rent on land	-	-	-	-	25	(25)	- %	-	5
Compensation of employees	262,322	(835)	(1,933)	259,554	259,452	102	99.96 %	248,042	248,009
Goods and services	35,635	143	(10,791)	24,987	24,961	26	99.90 %	24,089	24,084
Interest and rent on land	-	-	-	-	25	(25)	- %	-	5
Total current payments	297,957	(692)	(12,724)	284,541	284,438	103	99.96 %	272,131	272,098
Transfers and subsidies									
Households	208	19	-	227	227	-	100.00 %	5,555	5,550
Households	208	19	-	227	227	-	100.00 %	5,555	5,550
Payments for capital assets									
Buildings and other fixed structures									
Buildings and other fixed structures	-	-	-	-	-	-	- %	297	297
Buildings and other fixed structures	-	-	-	-	-	-	- %	297	297
Total current payments	297,957	(692)	(12,724)	284,541	284,438	103	99.96 %	272,131	272,098
Total transfers and subsidies	208	19	-	227	227	-	100.00 %	5,555	5,550
Total payments for capital assets	-	-	-	-	-	-	- %	297	297
Total	298,165	(673)	(12,724)	284,768	284,665	103	99.96 %	277,983	277,945

Eastern Cape Department of Transport

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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2022/2023			2021/2022			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme										
Sub programme										
	5.1	2,715	298	-	3,013	2,925	88	97.08 %	2,182	2,181
	5.2	514,293	31,077	(43,709)	501,661	489,737	11,924	97.62 %	530,469	530,451
	5.3	77,313	(32,403)	(4,420)	40,490	36,777	3,713	90.83 %	44,657	44,656
	5.4	7,287	1,028	-	8,315	8,147	168	97.98 %	7,692	7,685
Monitoring										
Subtotal		601,608	-	(48,129)	553,479	537,586	15,893	97.13 %	585,000	584,973
Economic classification										
Current payments										
Compensation of employees		61,159	(252)	-	60,907	59,335	1,572	97.42 %	50,849	50,837
Goods and services		516,123	10,837	(48,129)	478,831	466,714	12,117	97.47 %	513,991	513,976
Interest and rent on land		-	-	-	-	13	(13)	- %	-	-
Compensation of employees		61,159	(252)	-	60,907	59,335	1,572	97.42 %	50,849	50,837
Goods and services		516,123	10,837	(48,129)	478,831	466,714	12,117	97.47 %	513,991	513,976
Interest and rent on land		-	-	-	-	13	(13)	- %	-	-
Total current payments		577,282	10,585	(48,129)	539,738	526,062	13,676	97.47 %	564,840	564,813
Transfers and subsidies										
Provinces and municipalities		10,039	(4,469)	-	5,570	3,353	2,217	60.20 %	-	-
Departmental agencies and accounts		14,037	(5,964)	-	8,073	8,073	-	100.00 %	7,912	7,912
Households		250	(202)	-	48	48	-	100.00 %	333	333
Provinces and municipalities		10,039	(4,469)	-	5,570	3,353	2,217	60.20 %	-	-
Departmental agencies and accounts		14,037	(5,964)	-	8,073	8,073	-	100.00 %	7,912	7,912
Households		250	(202)	-	48	48	-	100.00 %	333	333
Total transfers and subsidies		24,326	(10,635)	-	13,691	11,474	2,217	83.81 %	8,245	8,245



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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2022/2023				2021/2022			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	2,325	298	-	2,623	2,623	-	100.00 %	1,917	1,917
Goods and services	390	-	-	390	302	88	77.44 %	265	264
Compensation of employees	2,325	298	-	2,623	2,623	-	100.00 %	1,917	1,917
Goods and services	390	-	-	390	302	88	77.44 %	265	264
Total current payments	2,715	298	-	3,013	2,925	88	97.08 %	2,182	2,181
Total current payments	2,715	298	-	3,013	2,925	88	97.08 %	2,182	2,181
Total	2,715	298	-	3,013	2,925	88	97.08 %	2,182	2,181



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Appropriation Statement

Figures in Rand thousand

	2022/2023					2021/2022		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
5. Community Based Programme (continued)								
5.2 Community Development								
Economic classification								
Current payments								
Compensation of employees	26,464	(933)	-	25,531	23,961	1,570	93.85 %	23,043
Goods and services	473,686	37,982	(43,709)	467,959	457,592	10,367	97.78 %	499,181
Interest and rent on land	-	-	-	-	13	(13)	- %	-
Compensation of employees	26,464	(933)	-	25,531	23,961	1,570	93.85 %	23,043
Goods and services	473,686	37,982	(43,709)	467,959	457,592	10,367	97.78 %	499,181
Interest and rent on land	-	-	-	-	13	(13)	- %	-
Total current payments	500,150	37,049	(43,709)	493,490	481,566	11,924	97.58 %	522,224
Transfers and subsidies								
Departmental agencies and accounts	13,893	(5,820)	-	8,073	8,073	-	100.00 %	7,912
Households	250	(202)	-	48	48	-	100.00 %	333
Departmental agencies and accounts	13,893	(5,820)	-	8,073	8,073	-	100.00 %	7,912
Households	250	(202)	-	48	48	-	100.00 %	333
Total transfers and subsidies	14,143	(6,022)	-	8,121	8,121	-	100.00 %	8,245
Payments for capital assets								
Machinery and equipment	-	50	-	50	50	-	100.00 %	-
Machinery and equipment	-	50	-	50	50	-	100.00 %	-
Total current payments	500,150	37,049	(43,709)	493,490	481,566	11,924	97.58 %	522,224
Total transfers and subsidies	14,143	(6,022)	-	8,121	8,121	-	100.00 %	8,245
Total payments for capital assets	-	50	-	50	50	-	100.00 %	-
Total	514,293	31,077	(43,709)	501,661	489,737	11,924	97.62 %	530,469
Total								530,451



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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand										2022/2023			2021/2022					
										Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)																		
5.3 Innovation and Empowerment																		
Economic classification																		
Current payments																		
Compensation of employees										26,987	(689)	-	26,298	26,298	-	100.00 %	20,847	20,847
Goods and services										40,143	(27,101)	(4,420)	8,622	7,126	1,496	82.65 %	11,895	11,894
Compensation of employees										26,987	(689)	-	26,298	26,298	-	100.00 %	20,847	20,847
Goods and services										40,143	(27,101)	(4,420)	8,622	7,126	1,496	82.65 %	11,895	11,894
Total current payments										67,130	(27,790)	(4,420)	34,920	33,424	1,496	95.72 %	32,742	32,741
Transfers and subsidies																		
Provinces and municipalities										10,039	(4,469)	-	5,570	3,353	2,217	60.20 %	-	-
Departmental agencies and accounts										144	(144)	-	-	-	-	- %	-	-
Provinces and municipalities										10,039	(4,469)	-	5,570	3,353	2,217	60.20 %	-	-
Departmental agencies and accounts										144	(144)	-	-	-	-	- %	-	-
Total transfers and subsidies										10,183	(4,613)	-	5,570	3,353	2,217	60.20 %	-	-
Payments for capital assets																		
Buildings and other fixed structures										-	-	-	-	-	-	- %	11,915	11,915
Buildings and other fixed structures										-	-	-	-	-	-	- %	11,915	11,915
Total current payments										67,130	(27,790)	(4,420)	34,920	33,424	1,496	95.72 %	32,742	32,741
Total transfers and subsidies										10,183	(4,613)	-	5,570	3,353	2,217	60.20 %	-	-
Total payments for capital assets										-	-	-	-	-	-	- %	11,915	11,915
Total										77,313	(32,403)	(4,420)	40,490	36,777	3,713	90.83 %	44,657	44,656

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Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									
2022/2023									
2021/2022									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.4 EPWP Coordination and Monitoring									
Economic classification									
Current payments									
Compensation of employees	5,383	1,072	-	6,455	6,453	2	99.97 %	5,042	5,042
Goods and services	1,904	(44)	-	1,860	1,694	166	91.08 %	2,650	2,643
Compensation of employees	5,383	1,072	-	6,455	6,453	2	99.97 %	5,042	5,042
Goods and services	1,904	(44)	-	1,860	1,694	166	91.08 %	2,650	2,643
Total current payments	7,287	1,028	-	8,315	8,147	168	97.98 %	7,692	7,685
Total current payments	7,287	1,028	-	8,315	8,147	168	97.98 %	7,692	7,685
Total	7,287	1,028	-	8,315	8,147	168	97.98 %	7,692	7,685

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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 annual 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 annual 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 annual 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	Variance as a % of Final Appropriation
Administration	548,188	548,079	109	- %
Transport Infrastructure	2,438,465	2,435,246	3,219	0.1 %
Transport Operations	1,737,050	1,737,050	-	- %
Transport Regulations	318,964	318,539	425	0.1 %
Community Based Programme	553,479	537,586	15,893	2.9 %

Community Based Programme - The programme is underspending due to delays in the recruitment of the exited participants and delays in the implementation of the intensive project due to errors that were picked up on the invoices and those invoices were returned to municipalities for corrections.

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	1,061,906	1,058,879	3,027	- %
Goods and services	2,861,608	2,845,362	16,246	1 %
Interest and rent on land	-	97	(97)	- %
Transfers and subsidies				
Provinces and municipalities	10,053	7,836	2,217	22 %
Departmental agencies and accounts	17,129	17,129	-	- %
Public corporations and private enterprises	641,737	641,737	-	- %
Households	36,199	36,166	33	- %
Payments for capital assets				
Buildings and other fixed structures	886,626	885,462	1,164	- %
Machinery and equipment	52,266	52,211	55	- %
Intangible assets	28,622	31,621	(2,999)	(10)%



Eastern Cape Department of Transport

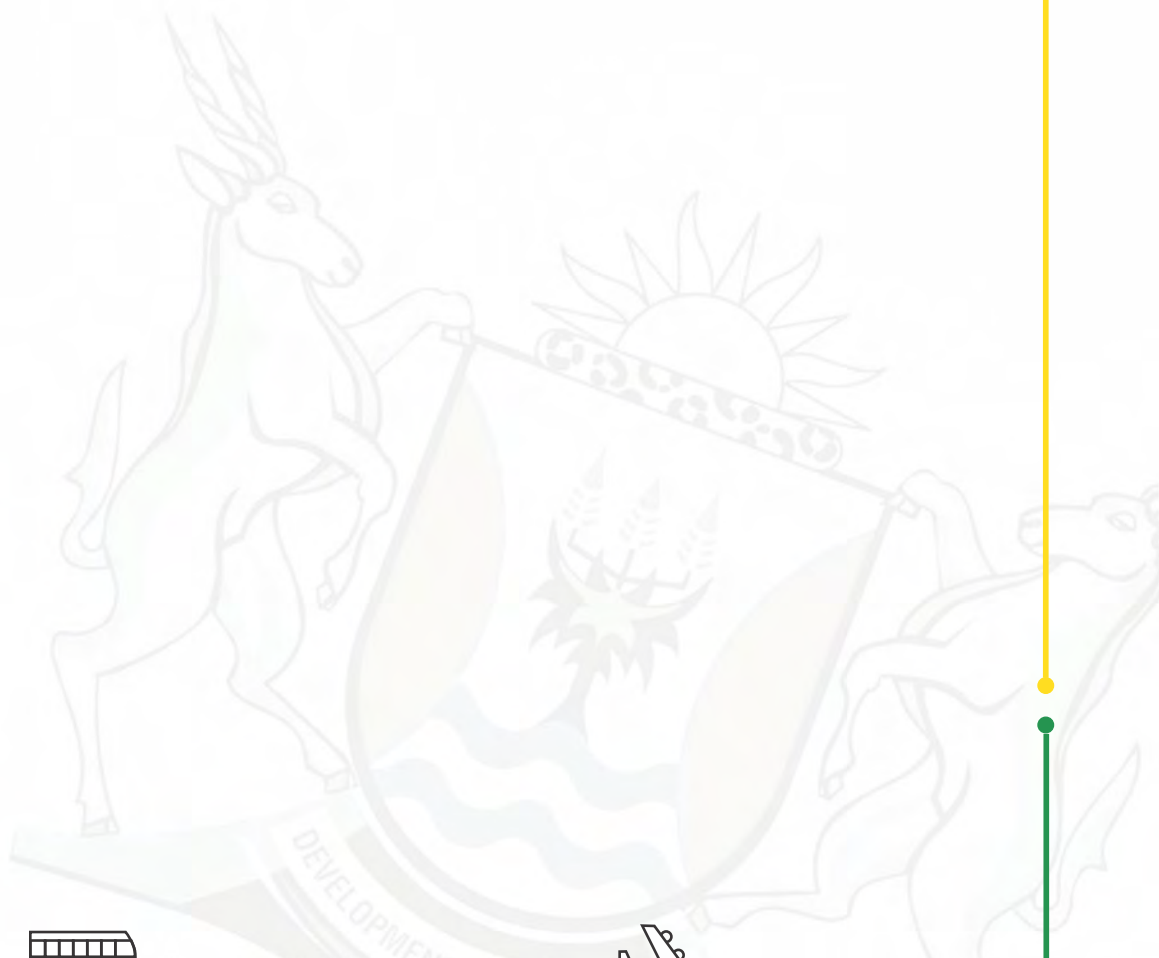
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Annual Financial Statements for the year ended 31 March 2023

Notes to the Appropriation Statement

4.3 Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Figures in Rand thousand				
Public Transport Operations grant	282,593	282,593	-	- %
Expanded Public Works Programme	73,305	71,354	1,951	3 %
Provincial Roads Maintenance grant	2,057,540	2,055,330	2,210	- %



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Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Revenue			
Annual appropriation	1	5,596,146	5,239,591
Expenditure			
Current expenditure			
Compensation of employees	4	1,058,879	998,053
Goods and services	5	2,845,362	2,612,270
Interest and rent on land	6	97	5
Aid assistance	3	288	451
Total current expenditure		3,904,626	3,610,779
Transfers and subsidies			
Transfers and subsidies	8	702,868	676,516
Expenditure for capital assets			
Tangible assets	9	937,673	941,536
Intangible assets	9	31,621	10,569
Total expenditure for capital assets		969,294	952,105
Payments for financial assets	7	-	463
Total expenditure		5,576,788	5,239,863
Profit (loss) for the year		19,358	(272)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		15,485	179
Conditional grants		4,161	-
		19,646	179
Aid assistance	3	(288)	(451)
Profit (loss) for the year		19,358	(272)



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Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
Assets			
Current Assets			
Cash and cash equivalents	10	-	19,607
Prepayments and advances	11	-	2,911
Receivables	12	1,900	1,330
		1,900	23,848
Non-Current Assets			
Investments	13	618,358	618,358
Receivables	12	43,741	43,488
		662,099	661,846
Total Assets		663,999	685,694
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	14	19,646	179
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	41,342	13,386
Bank overdraft	16	64,451	-
Payables	17	7,612	10,349
Aid assistance repayable	3	2	290
		133,053	24,204
Non-Current Liabilities			
Payables	18	42,859	42,726
Total Liabilities		175,912	66,930
		488,087	618,764
Represented by:			
Capitalisation reserve		618,358	618,358
Recoverable revenue		1,361	406
Unauthorised expenditure		(131,632)	-
Total		488,087	618,764



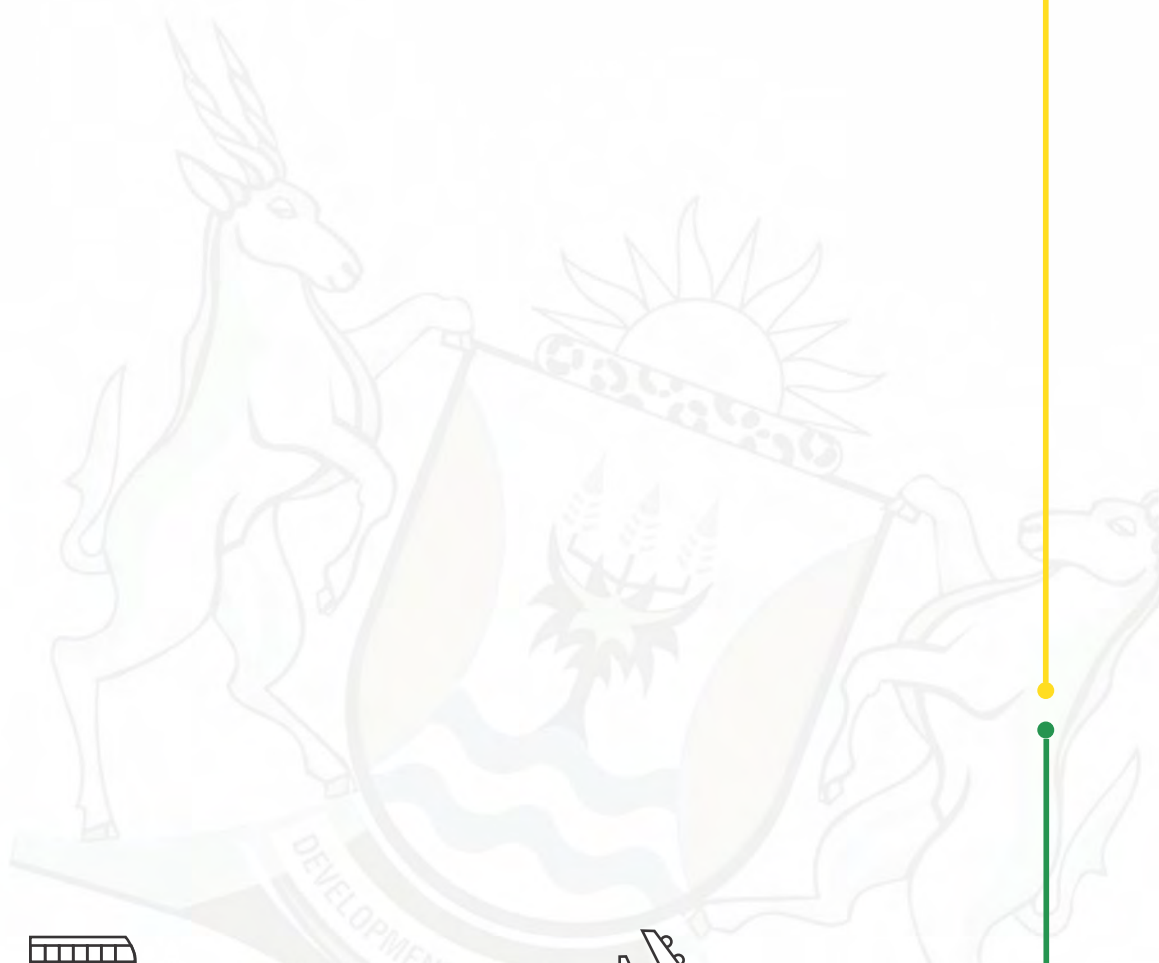
Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand thousand	Note	2022/2023	2021/2022
Capitalisation reserves			
Opening balance		618,358	610,358
Transfers:			
Movement in Equity		-	8,000
Closing balance		618,358	618,358
Recoverable revenue			
Opening balance		406	940
Transfers:			
Debts recovered (incl in dept receipts)		(711)	(1,223)
Debts raised		1,666	689
Closing balance		1,361	406
Unauthorised expenditure			
Unauthorised expenditure - current year			
Relating to overspending of the vote or main division within the vote		(131,632)	-
Total		488,087	618,764



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand thousand

	Note(s)	2022/2023	2021/2022
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	5,596,146	5,239,591
Departmental revenue received	2	689,844	645,847
		6,285,990	5,885,438
Net (increase)/ decrease in working capital		(396)	(3,946)
Surrendered to Revenue Fund		(662,067)	(773,185)
Current payments		(3,904,529)	(3,610,774)
Interest paid	6	(97)	(5)
Payments for financial assets		-	(463)
Transfers and subsidies paid		(702,868)	(676,516)
Net cash flow available from operating activities	19	1,016,033	820,549
Cash flows from investing activities			
Payments for capital assets	9	(969,294)	(952,105)
Proceeds from sale of capital assets	2.3	-	13,473
(Increase)/ decrease in investments		-	(8,000)
(Increase)/ decrease in non-current receivables	12	(253)	6,027
Net cash flows from investing activities		(969,547)	(940,605)
Cash flows from financing activities			
Increase/ (decrease) in net assets		(130,677)	7,466
Increase/ (decrease) in non-current payables		133	(5,833)
Net cash flows from financing activities		(130,544)	1,633
Net increase/ (decrease) in cash and cash equivalents		(84,058)	(118,423)
Cash and cash equivalents at beginning of year		19,607	138,030
Cash and cash equivalents at the end of the year	20	(64,451)	19,607



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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Summary of significant accounting policies

The annual 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 annual 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 annual 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 annual 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 annual financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The annual 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 annual financial statements. Where necessary figures included in the prior period annual 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 annual 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.



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

7. Revenue

7.1 Appropriated funds

Appropriated funds comprise 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.

Appropriated funds are measured at the amounts receivable.

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.

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.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the annual financial statements on the date of receipt and are measured at fair value.

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 annual 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.



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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

8. Expenditure (continued)

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.

Donations made in kind are recorded in the notes to the annual financial statements on the date of transfer and are measured at cost or fair value.

8.3 Accruals and payables not recognised

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

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period 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 annual 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 annual 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 annual 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.



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Accounting Policies

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.

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 annual 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 annual 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 annual financial statements.



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16. Capital assets (continued)

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the annual 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.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the annual 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 annual 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.

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 annual 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 annual 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.



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17. Provisions and contingents (continued)

17.3 Contingent assets

Contingent assets are recorded in the notes to the annual 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 measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the 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 recorded in the notes to the annual financial statements comprise of:

- unauthorised expenditure that was under assessment in the previous financial year;
- unauthorised expenditure relating to previous financial year and identified in the current year; and
- unauthorised expenditure incurred in the current year.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

20. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the annual financial statements when and at amounts confirmed and includes

For the current financial year:

- Amounts incurred and confirmed in that financial year;
Payment made as it relates to multi - year contracts (if not condoned yet)

For the previous financial year:

Amounts confirmed in that financial year;
Amounts that were under assessment in that financial year and confirmed in the current financial year;
Amount that were not identified in the previous year and are identified and confirmed in the current financial year.



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Accounting Policies

21. Changes in 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 annual 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 annual 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 annual financial statements where appropriate.

24. Departures from the MCS requirements

Management has concluded that the financial statement 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 annual financial statements when the transaction is not at arm's length.

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

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).



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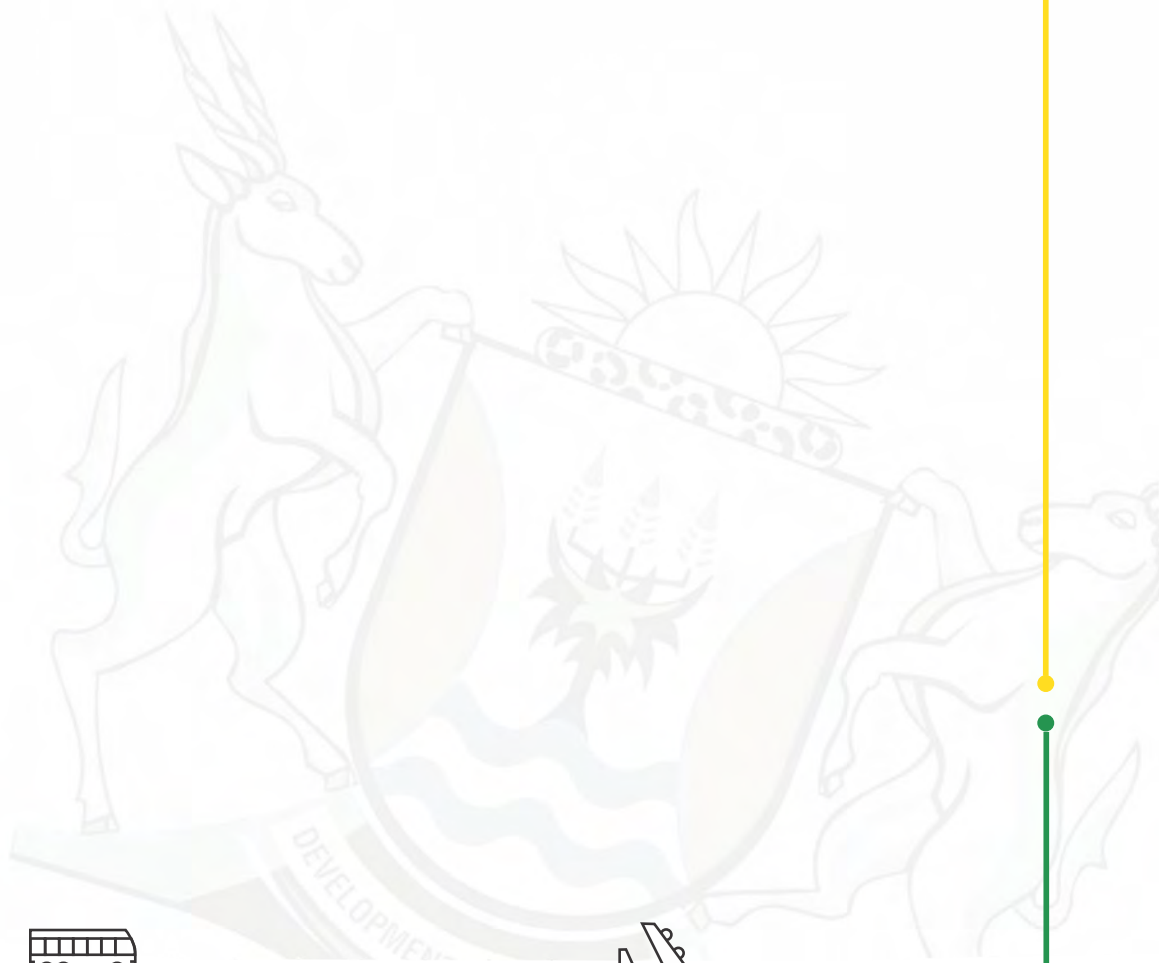
Accounting Policies

29. Employee benefits

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

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.



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Notes to the Annual Financial Statements

Figures in Rand thousand

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	2022/2023		2021/2022	
	Final budget	Actual funds received	Final budget	Appropriation received
Programmes				
Administration	548,188	548,188	494,056	494,056
Transport Infrastructure	2,438,465	2,438,465	2,110,534	2,110,534
Transport Operations	1,737,050	1,737,050	1,750,978	1,750,978
Transport Regulations	318,964	318,964	305,116	305,116
Community Based Programme	553,479	553,479	578,907	578,907
Total	5,596,146	5,596,146	5,239,591	5,239,591

1.2 Conditional grants

Total grants received	36	2,413,438	2,035,180
Provincial grants included in total grants received		2,413,438	2,035,180

2. Departmental revenue

Tax revenue		662,214	623,082
Sales of goods and services other than capital assets	2.1	19,004	16,189
Fines, penalties and forfeits	2.2	7,321	4,505
Sales of capital assets	2.3	-	13,473
Transactions in financial assets and liabilities	2.4	1,305	2,071
Total revenue collected		689,844	659,320
Less: Own revenue included in appropriation	15	689,844	659,320
Departmental revenue collected		-	-

2.1 Sales of goods and services other than capital assets

Sales by market establishment	1,655	959
Administrative fees	17,349	15,230
Sales of goods and services produced by the department	19,004	16,189

2.2 Fines, penalties and forfeits

Fines	7,321	4,505

2.3 Sales of capital assets

Tangible assets

Machinery and equipment	-	13,473



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
2. Departmental revenue (continued)			
2.4 Transactions in financial assets and liabilities			
Receivables		1,305	2,071
3. Aid assistance			
Opening balance		290	741
Transferred from statement of financial performance		(288)	(451)
Closing balance		2	290
3.1 Analysis of balance by source			
Aid assistance from other sources		2	290
3.2 Analysis of balance			
Aid assistance repayable		2	290
3.3 Aid assistance expenditure per economic classification			
Current		288	451
3.4 Donations received in kind (not included in the main note)			
Water tanks		-	92
Repairs and Maintenance to Bhisho Airport		5,173	-
Total		5,173	92



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		688,078	646,593
Performance award		840	5,698
Service based		1,010	2,093
Compensative/circumstantial		51,327	42,040
Other non-pensionable allowances		159,979	151,430
Total		901,234	847,854
4.2 Social contributions			
Employer contributions			
Pension		87,532	85,399
Medical		68,995	63,625
UIF		139	82
Bargaining council		270	259
Insurance		709	834
Total		157,645	150,199
Total compensation of employees		1,058,879	998,053
Average number of employees		2,339	2,451
5. Goods and services			
Administrative fees		759	248
Advertising		3,699	4,851
Minor assets	5.1	385	911
Bursaries (employees)		1,674	2,409
Catering		3,244	3,090
Communication		6,493	6,825
Computer services	5.2	29,394	21,729
Consultants: Business and advisory services		2,639	15,038
Infrastructure and planning services		42,050	26,388
Legal services		7,227	9,588
Contractors		1,096,789	826,562
Agency and support / outsourced services		-	6
Entertainment		85	95
Audit cost - external	5.3	20,111	15,407
Fleet services		142,243	115,720
Inventory	5.4	2,933	6,009
Consumables	5.5	37,395	34,889
Operating leases		9,028	8,285
Property payments	5.6	25,911	28,594
Rental and hiring		387,836	432,442
Transport provided as part of the departmental activities		955,066	977,379
Travel and subsistence	5.7	59,036	59,730
Venues and facilities		2,582	2,277
Training and development		5,710	6,561
Other operating expenditure	5.8	3,073	7,237
Total		2,845,362	2,612,270



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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
5. Goods and services (continued)			
5.1 Minor assets			
Tangible assets			
Machinery and equipment		385	911
5.2 Computer services			
SITA computer services		29,394	21,729
5.3 Audit cost - external			
Regularity audits		20,111	15,407
5.4 Inventory			
Materials and supplies		2,933	6,009
5.5 Consumables			
Uniform and clothing		19,053	8,145
Household supplies		1,000	2,510
Building material and supplies		5,253	5,099
IT consumables		212	106
Other consumables		1,335	15,307
Consumable supplies		26,853	31,167
Stationery, printing and office supplies		10,542	3,722
Total	5	37,395	34,889
5.6 Property payments			
Municipal services		4,363	4,246
Other		21,548	24,348
Total	5	25,911	28,594
5.7 Travel and subsistence			
Local		59,036	59,730
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees		50	102
Resettlement costs		2,857	7,133
Other		166	2
Total	5	3,073	7,237
6. Interest and rent on land			
Interest paid		97	5
7. Payments for financial assets			
Other material losses	7.1	-	463



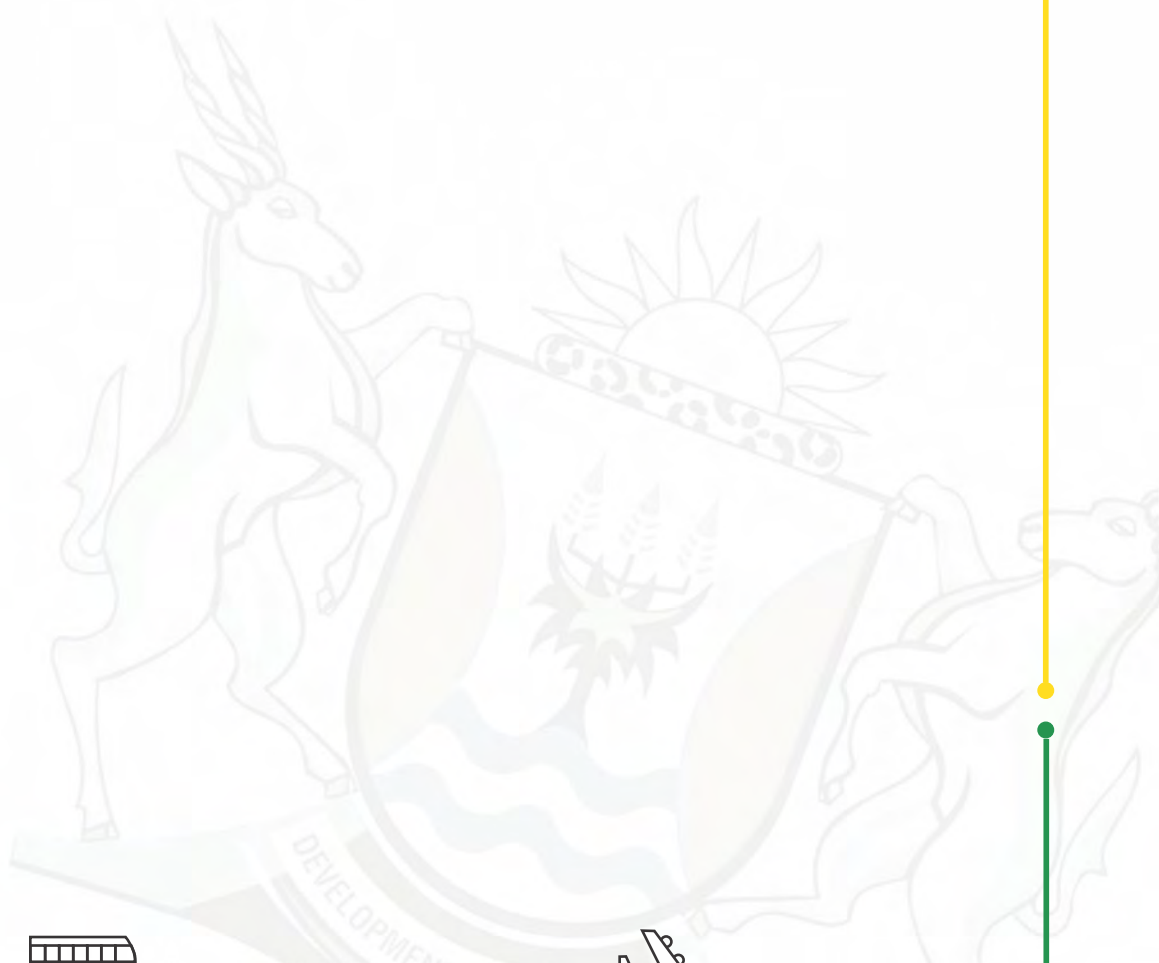
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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
7. Payments for financial assets (continued)			
7.1 Other material losses			
Nature of other material losses			
Losses written off		-	463
8. Transfers and subsidies			
Provinces and municipalities		7,836	5,722
Departmental agencies and accounts	Annexure 1B	17,129	16,234
Public corporations and private enterprises	Annexure 1D	641,737	616,164
Households	Annexure 1G	36,166	38,396
Total		702,868	676,516



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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
9. Expenditure for capital assets			
Tangible assets			
Buildings and other fixed structures	33	885,462	874,653
Machinery and equipment	31	52,211	66,883
		937,673	941,536
Intangible assets			
Software	32	31,621	10,569
Total		969,294	952,105

9.1 Analysis of funds utilised to acquire capital assets - 2022/2023

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Buildings and other fixed structures	885,462	885,462
Machinery and equipment	52,211	52,211
	937,673	937,673
Intangible assets		
Software	31,621	31,621
Total	969,294	969,294

9.2 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

9.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets		
Machinery and equipment	40,079	40,974

10. Cash and cash equivalents

Consolidated paymaster general account	-	19,607



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Notes to the Annual Financial Statements

Figures in Rand thousand

11. Prepayments and advances

	Note(s)	2022/2023	2021/2022
Prepayments (Not expensed)	11.1	-	2,911

Analysis of total prepayments and advances

Current prepayments and advances	-	2,911

11.1 Prepayments (Not expensed)

Figures in Rand thousand

Note	Balance as at 01 April 2022	Add or Less: Other

Listed by economic classification

Capital assets		2,911	(2,911)

Total	11	2,911	(2,911)

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

Total	11	-	2,911	2,911

11.2 Advances paid (Expensed)

Figures in Rand thousand

Note	Balance as at 01 April 2022	Less: Amount expensed in current year	Add or Less: Other	Add: Current year advances	Balance as at 31 March 2023

Other institutions	92,633	(68,690)	18,283	327,671	369,897

Figures in Rand thousand

Note	Balance as at 01 April 2021	Less: Amount expensed in current year	Add or Less: Other	Balance as at 31 March 2022

Other institutions	95,262	(54,434)	51,805	92,633

12. Receivables

Figures in Rand thousand

2022/2023

2021/2022

	Note	Current	Non-current	Total	Current	Non-current	Total
Claims recoverable	12.1	4	-	4	332	-	332
Staff debt	12.2	1,895	882	2,777	808	762	1,570
Other receivables	12.3	1	42,859	42,860	190	42,726	42,916
Total		1,900	43,741	45,641	1,330	43,488	44,818



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Notes to the Annual Financial Statements

Figures in Rand thousand

	Note(s)	2022/2023	2021/2022
12. Receivables (continued)			
12.1 Claims recoverable			
National departments		4	-
Provincial departments		-	332
Total	12	4	332

12.2 Staff debt

Staff debt		2,777	1,570

12.3 Other receivables

Salary clearing accounts		1	190
Hlumisa Savings Account - Clark Laing		23,254	23,121
Hlumisa Savings Account - IDT		19,605	19,605
Total	12	42,860	42,916

The Hlumisa fund was 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 were 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 Impairment of receivables

Estimate of impairment of receivables		20,285	429

Included in the impairment of receivables of R20,285 million is the amount for staff debts and IDT for the Hlumisa Savings Account (2021/22: R429 thousand).

The department assesses its receivables for impairment individually at the end of each reporting year end. The impairment is measured based on the aging of the receivables and the recoverability of the debt based on the assessment.



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Notes to the Annual Financial Statements

Figures in Rand thousand

	Note(s)	2022/2023	2021/2022
13. Investments			
Non-current			
Shares and other equity			
Mayibuye Transport Corporation		256,356	256,356
Government Fleet Management Services (GFMS)		362,002	362,002
Total		618,358	618,358

Analysis of non-current investments

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

13.1 Impairment of investment

Estimate of impairment of investment	169,374	156,721

The impairment of R169,374 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. The impairment is calculated using the net asset value of the investment.

14. Voted funds to be surrendered to the Revenue Fund

Opening balance	179	101,545
Transferred from statement of financial performance (as restated)	19,646	179
Paid during the year	(179)	(101,545)
Closing balance	19,646	179

14.1 Reconciliation of unspent conditional grants

Total conditional grants received	1.2	2,413,438	-
Total conditional grants spent		(2,409,277)	-
Unspent conditional grants to be surrendered		4,161	-

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

Opening balance		13,386	25,706
Own revenue included in appropriation	2	689,844	659,320
Paid during the year		(661,888)	(671,640)
Closing balance		41,342	13,386

16. Bank overdraft

Consolidated paymaster general account	64,451	-

During the year, the department experienced financial costs pressures emanating from the increase in the number of scholar transport learners. As a result, the department incurred unauthorised expenditure due to payment for transportation of scholars. The overspending was funded by a bank overdraft facility approved by Provincial Treasury up to R120 million.



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Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2022/2023	2021/2022
17. Payables - current			
Clearing accounts	17.1	1,457	1,624
Other payables	17.2	6,155	8,725
Total		7,612	10,349

17.1 Clearing accounts

Salary clearing accounts	1,457	1,624

17.2 Other payables

Enatis transaction fees (RTMC)	6,143	8,725
Road Traffic Infringement Agency (RTIA)	12	-
Total	17	8,725

18. Payables - non-current

Figures in Rand thousand	Note	More than three years	2022/2023	2021/2022
			Total	Total
Other payables	18.1	42,859	42,859	42,726

18.1 Other payables

Hlumisa Savings Account beneficiaries	42,859	42,726

The Hlumisa fund was 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 were 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.



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Notes to the Annual Financial Statements

Figures in Rand thousand

19. Net cash flow available from operating activities

Net profit (loss) as per Statement of Financial Performance	19,358	(272)
Add back non cash/ cash movements not deemed operating activities		
(Increase)/ decrease in receivables	(570)	(180)
(Increase)/ decrease in prepayments and advances	2,911	(2,911)
Increase/ (decrease) in payables – current	(2,737)	(855)
Proceeds from sale of capital assets	-	(13,473)
Expenditure on capital assets	969,294	952,105
Surrenders to Revenue Fund	(662,067)	(773,185)
Own revenue included in appropriation	689,844	659,320
Net cash flow generated by operating activities	1,016,033	820,549

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

Consolidated paymaster general account	(64,451)	19,607

21. Contingent liabilities and contingent assets

21.1 Contingent liabilities

Liable to	Nature			
Claims against the department		Annexure 3B	116,392	124,723
Other		Annexure 3B	564	564
Total			116,956	125,287

Contingent liabilities consist of:

1. Claims against the department - These are 3rd party claims against the department and are handled at the legal services of the department. The outcome of the claims is dependant on the legal process and detailed investigations.
2. Other (Camping allowances) - 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.

21.2 Contingent assets

Nature of contingent asset		
HROPT	4,420	4,420
Supplier under business rescue	5,184	5,184
Supplier placed in liquidation	100,397	-
Total	110,001	9,604

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.
3. Supplier under liquidation - The department is pursuing the recovery of the debt through legal processes.

22. Capital commitments

Buildings and other fixed structures	1,771,838	1,547,231

Total commitments exceeding one year amounts to R1,771,838 billion relates to Transport Infrastructure



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Figures in Rand thousand

23. Accruals and payables not recognised

23.1 Accruals

Figures in Rand thousand		2022/2023		2021/2022
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	140,871	43,082	183,953	135,941
Transfers and subsidies	23,108	-	23,108	44,139
Capital assets	2,778	2,235	5,013	-
Total	166,757	45,317	212,074	180,080

Listed by programme level

Programme 1 - Administration	26,680	7,661
Programme 2 - Transport Infrastructure	15,358	41,927
Programme 3 - Transport Operations	157,087	129,247
Programme 4 - Transport Regulations	2,348	809
Programme 5 - Community Based Programme	10,601	436
Total	212,074	180,080

Included in the R212,074 million is accruals for Scholar Transport amounting to R132,701 million approximately

23.2 Payables not recognised

Figures in Rand thousand		2022/2023		2021/2022
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	86,657	23,902	110,559	124,079
Transfers and subsidies	76,560	-	76,560	529
Capital assets	2,084	9,432	11,516	3,904
Total	165,301	33,334	198,635	128,512

Listed by programme level

Programme 1 - Administration	5,775	8,296
Programme 2 - Transport Infrastructure	12,326	10,851
Programme 3 - Transport Operations	172,564	102,261
Programme 4 - Transport Regulations	964	2,108
Programme 5 - Community Based Programme	7,006	4,996
Total	198,635	128,512

Included in the R198,635 million is payables for Scholar Transport amounting to R94,994 million approximately

24. Employee benefits

Leave entitlement	83,235	82,932
Service bonus	28,628	27,947
Capped leave commitments	54,518	68,479
Other	6,587	6,526
Total	172,968	185,884



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Note(s) 2022/2023 2021/2022

24. Employee benefits (continued)

Included in the leave entitlement amount of R83,235 million is negative leave days amounting to R128 thousand affecting 33 employees. The figures have not been adjusted for cut off leave as the impact of such is immaterial. The value of negative capped leave commitment was R181 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 previous financial year as this is the most reliable estimate that is available to the department as at year end. The estimates are based on the DPSA Circular 04 of 2020. The 2023/24 encashment is not yet available.

25. Lease commitments

25.1 Operating leases

2022/2023

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	10	10

2021/2022

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	144	144

The lease agreements have expired and the process of renewing the lease has not yet started. The department has decided to continue occupying the buildings on a month-to-month basis. The potential lease is calculated based on past practice.

25.2 Finance leases

2022/2023

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	35,477	35,477
Later than 1 year and not later than 5 years	49,999	49,999
Total lease commitments	85,476	85,476

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

The R85,476 million in the current year relates to the leasing of cell phone lines, photocopiers and motor vehicles. GFMS undertakes to maintain the vehicles in accordance with the manufacturer's specifications.



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
26. Accrued departmental revenue			
Tax revenue		156,015	126,477
Sales of goods and services other than capital assets		2,381	2,293
Fines, penalties and forfeits		7,482	7,189
Total		165,878	135,959

The department has an principal agent arrangement with the municipalities and South African Post Office (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 Road Traffic Management Corporation (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 licencing of motor vehicles in terms of the National Traffic Act (NRTA) and regulations.

RTMC is entitled to an 8% for all motor vehicle licencing and penalties collected on behalf of the province.

Traffic fines is calculated using a reliable estimate of the receivables that the department is likely to recover. The estimate is based on the analysis of the past 5 years audited financial statements of traffic fines received.

Included in the accrued departmental revenue is tax revenue not received at year end from the agents of R156,015 million (2021/22: R126,477 million)

26.1 Analysis of accrued departmental revenue

Opening balance	135,959	78,732
Less: Amounts received	(671,177)	(624,036)
Add: Amounts recognised	701,096	681,263
Total	165,878	135,959

26.2 Impairment of accrued departmental revenue

Estimate of impairment of accrued departmental revenue	87,567	39,589

Included in the impairment of accrued revenue is the amount for defaulting registering authorities totaling to R87,567 million (2021/22: R39,589 million).

27. Unauthorised, Irregular and Fruitless and wasteful expenditure

Unauthorised expenditure	131,632	-
Irregular expenditure	535,080	388,502
Fruitless and wasteful expenditure	183	85,658
Total	666,895	474,160

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

The irregular and fruitless and wasteful expenditure for the prior year has been adjusted as per the updated PFMA Compliance and Reporting Framework.



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Figures in Rand thousand

28. Related party transactions

Revenue received

Sales of goods and services other than capital assets	43,525	42,539

Payments made

Compensation of employees	42,946	42,395
Goods and services	60	76
Transfers	519	68
Total	43,525	42,539

In kind goods and services provided/received

List in kind goods and services between the department and the related party

Rental	32,171	28,059
Municipal services	3,067	2,662
Total	35,238	30,721

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 MEC 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

Political office bearers (provide detail below)	2,096	1,978
Level 15 to 16	3,908	3,796
Level 14 (incl. CFO if at a lower level)	7,299	6,645
Acting Chief Directorates and District Managers	10,772	10,448
Family members of key management personnel	762	717
Total	24,837	23,584

30. Provisions

Retentions	41,243	44,373
Provision for other payables	24,799	24,933
Total	66,042	69,306



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Figures in Rand thousand

Note(s) 2022/2023 2021/2022

30. Provisions (continued)

30.1 Reconciliation of movement in provisions - 2022/2023

Figures in Rand thousand

	Retentions	Other payables	Total provisions
Opening balance	44,373	24,933	69,306
Settlement of provision	(2,324)	-	(2,324)
Change in provision due to change in estimation of inputs	(806)	(134)	(940)
Closing balance	41,243	24,799	66,042

30.2 Reconciliation of movement in provisions - 2021/2022

Figures in Rand thousand

	Retentions	Other payables	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

1. Retentions are amounts withheld for work done and not paid until satisfaction of conditions in the awarded contracts. Once all conditions satisfied 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 assets.

2. Provision for other payables relates to the following:

(a) The Hlumisa fund beneficiaries: R24,799 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 requesting and motivating for funding from the Provincial Treasury. The period between the request and actual settlement of the provision cannot be determined reliably.



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Figures in Rand thousand

Note(s)

2022/2023

2021/2022

31. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	233,369	1,637	-	235,006
Computer equipment	58,188	7,700	164	65,724
Furniture and office equipment	20,945	342	-	21,287
Other machinery and equipment	643,319	596	42	643,873
	955,821	10,275	206	965,890

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	26	4,689

31.1 Movement for 2021/2022

Movement in movable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Prior period error	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	(82)	1,326	-	20,945
Other machinery and equipment	642,378	(5)	9,253	8,307	643,319
	940,064	(87)	38,381	22,537	955,821

31.1.1 Prior period error

Figures in Rand thousand	Note	2021/2022
Nature of prior period error		
Relating to 2020/2021 (affecting the opening balance)		
Furniture and office equipment		(85)
Other machinery and equipment		(2)
		(87)

31.2 Minor assets

Movement in minor capital assets per the asset register for the year ended as at 31 March 2023

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	23,879	23,879
Additions	386	386
Disposals	95	95
Total minor capital assets	24,170	24,170



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Figures in Rand thousand

Note(s) 2022/2023 2021/2022

31. Movable tangible capital assets (continued)

Figures in Rand thousand	Machinery and equipment	Total
Number of R1 minor assets	14,949	14,949
Number of minor assets at cost	13,602	13,602
Total number of minor assets	28,551	28,551

Minor capital assets under investigation

Figures in Rand thousand	Number	Value
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	11	42

Movement in minor capital assets per the asset register for the year ended as at 31 March 2022

Figures in Rand thousand	Other machinery and equipment	Total
Opening balance	23,008	23,008
Additions	1,002	1,002
Disposals	131	131
Total minor capital assets	23,879	23,879

Figures in Rand thousand	Other 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

31.3 Movable tangible capital assets written off

Movable capital 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



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Figures in Rand thousand

Note(s)

2022/2023

2021/2022

32. Intangible capital assets

Movement in intangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Closing balance
Software	1,869	1,869

32.1 Movement for 2021/2022

Movement in intangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Additions	Closing balance
Software	723	1,146	1,869

32.2 Intangible capital assets: Capital work-in-progress

Capital work-in-process for the year ended as at 31 March 2023

Figures in Rand thousand	Note	Opening balance 01 April 2022	Current year capital WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
Intangible assets		15,436	31,621	-	47,057

Capital work-in-process for the year ended as at 31 March 2022

Figures in Rand thousand	Note	Opening balance 01 April 2021	Prior period errors	Current year capital WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
Intangible assets		6,013	-	9,423	-	15,436

33. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2023

Figures in Rand thousand	Opening balance	Additions	Closing balance
Buildings and other fixed structures			
Non-residential buildings	16,832	803	17,635
Other fixed structures	1,294,271	707,427	2,001,698
	1,311,103	708,230	2,019,333

The department is in the process of transferring all projects with fulfilled contractual obligations to the custodian.



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Figures in Rand thousand

Note(s)

2022/2023

2021/2022

33.1 Movement for 2021/2022

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Prior period error	Additions	Closing balance
Buildings and other fixed structures				
Non-residential buildings	7,780	7,197	1,855	16,832
Other fixed structures	938,677	24,514	331,080	1,294,271
	946,457	31,711	332,935	1,311,103

33.1.1 Prior period error

Figures in Rand thousand

Note

2021/2022

Nature of prior period error

Relating to 2020/2021 (affecting the opening balance)

Buildings and other fixed structures 31,711

33.2 Capital Work-in-progress

Capital Work-in-progress as at 31 March 2023

Figures in Rand thousand	Note	Opening balance 01 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated (708,230)	Closing balance 31 March 2023
Buildings and other fixed structures		2,398,959	624,927	(708,230)	2,315,656

Payables not recognised relating to Capital WIP

Received but not yet paid 10,001 -

Capital Work-in-progress as at 31 March 2022

Figures in Rand thousand	Note	Opening balance 01 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated (332,935)	Closing balance 31 March 2022
Buildings and other fixed structures		1,913,508	(49,833)	868,219	(332,935)	2,398,959



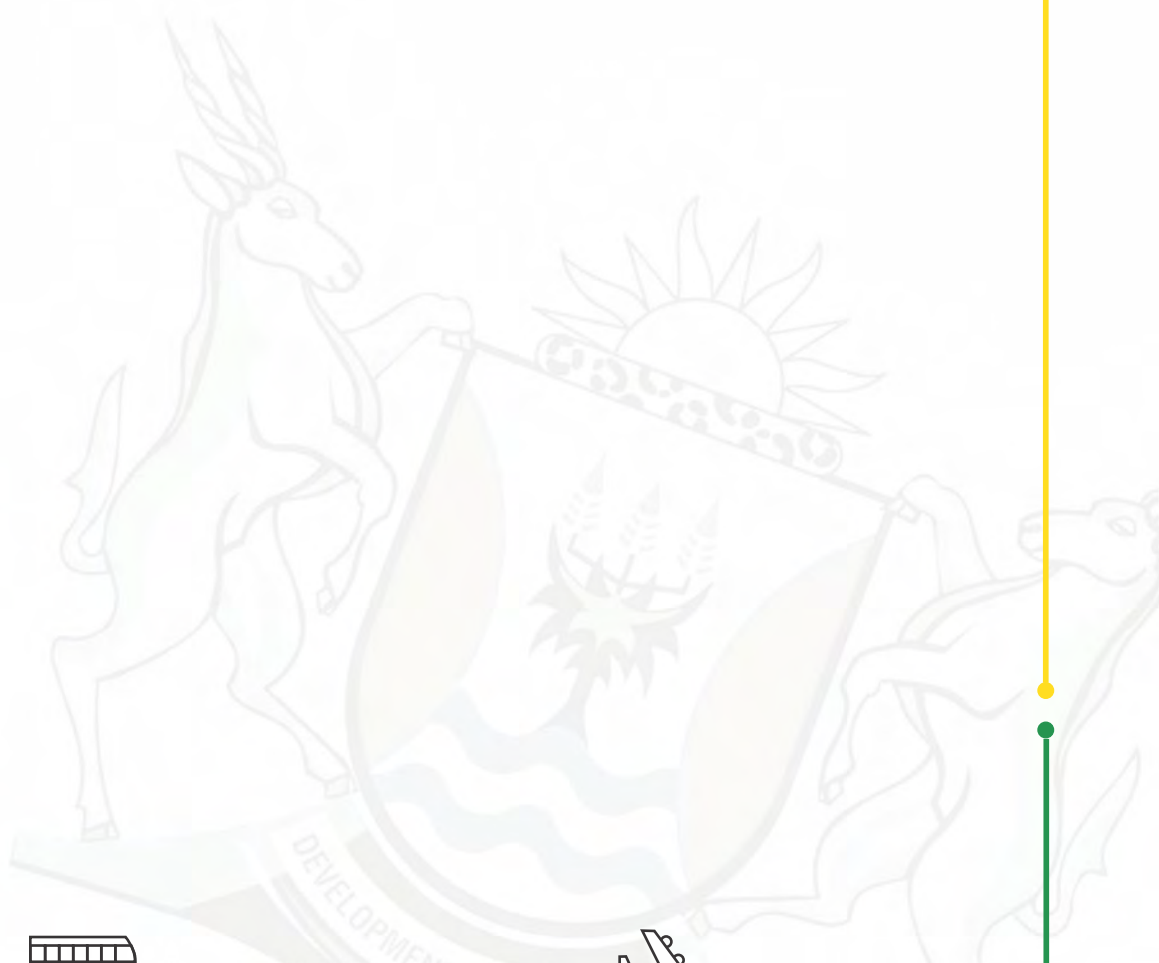
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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
34. Principal-agent arrangements			
34.1 Department acting as the principal			
Municipalities and RTMC		79,733	75,043
South African Post Office		73,368	84,131
Hlumisa Development Fund - PWC / Clark Laing		115	170
Municipalities relating to construction		1,614	5,648
South African Post Office - EPWP		14,635	19,470
Total		169,465	184,462



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022

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 obligations 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 transaction. 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 included the administration of savings of the EPWP beneficiaries.

The benefit associated with the relationship is the verification and accurate distribution to beneficiaries.

The contract with PWC ended 30 June 2022.

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 the 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 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 R23,255 million and R19,605 million (2021/22: R23,121 million and R19,605 million) respectively as the amounts are due to the department from the implementing agents, however there is also a payable balance of R23,255 million and R19,605 million (2021/22: R23,121 million and R19,605 million) as the department is liable to the contract workers for the same amounts. This is reflected in 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 2023 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 disks, online registration of a motor vehicle by the title holder, online notification of change by 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.



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Figures in Rand thousand

Note(s) 2022/2023 2021/2022

34. Principal-agent arrangements (continued)

The department is responsible for the testing, registration and licencing of motor vehicles in terms of the National Road Traffic Act (NRTA) and regulations. Section 4 of the NRTA provides that the registration and licencing 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 license is renewed.

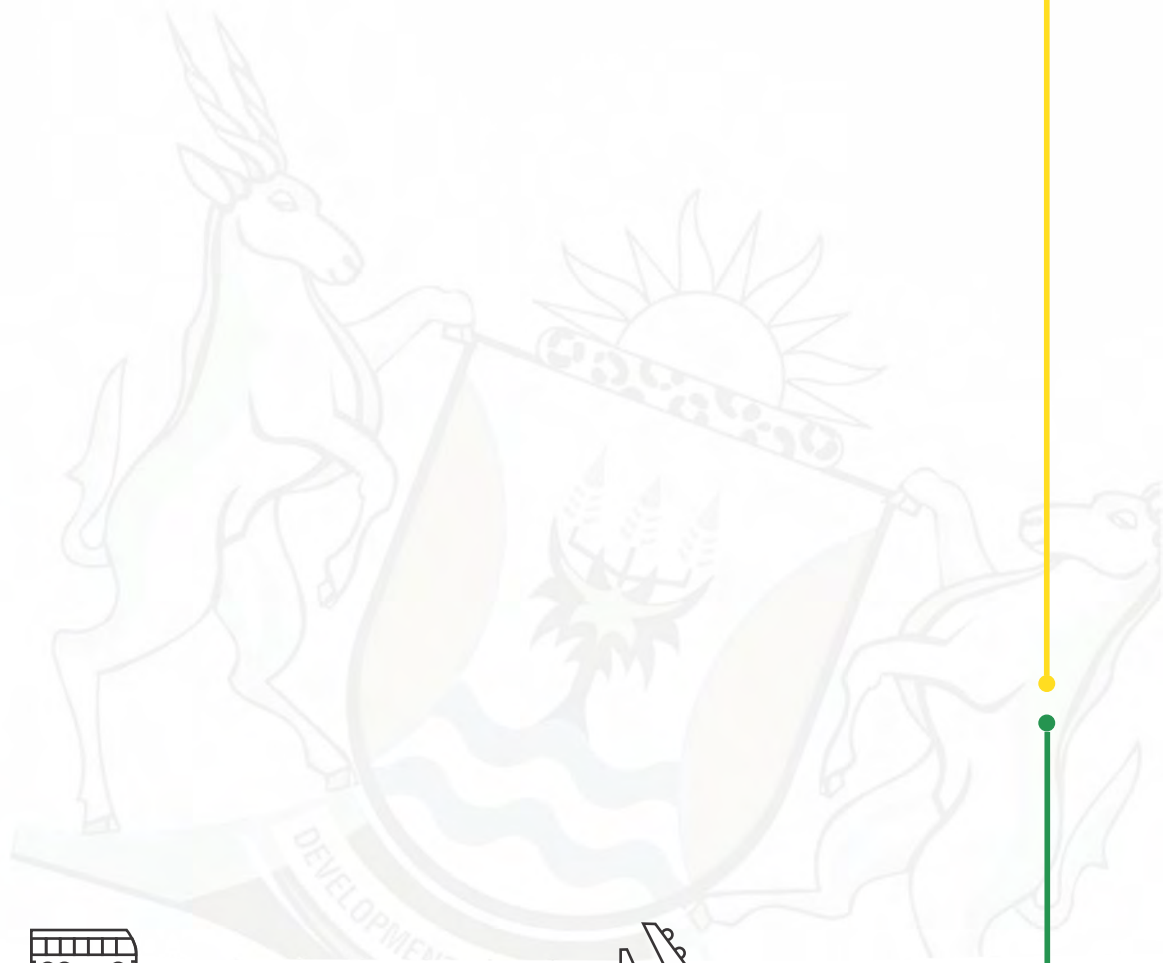
The online service was an advantage during the declaration of lockdown (COVID outbreak) as there was minimal movement allowed, simultaneously it promoted E-commerce platforms.

RTMC is entitled to an 8% for all motor vehicle licencing and penalties collected on behalf of the province.

Road Traffic Infringement Agency (RTIA) -RTIA's duties is to issue courtesy letters and enforcement orders to all infringers who have failed to comply with the infringement notice.

The department's duties as a collecting agency, is to accept all payments or part thereof, made by the infringer in respect of settlement of an infringement notice issued in terms of section 17 of the AARTO Act. Transfer monies received in terms of this agreement to the dedicated AARTO bank account on or before the 21st business day of every month.

The department will retain 3% of the total amount collected which is VAT exempt.



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Figures in Rand thousand	Note(s)	2022/2023	2021/2022
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)		56,192	59,120
Road Traffic Infringement Agency (RTIA)	12	-	-
Total		56,204	59,120

34.2.2 Reconciliation of carrying amount of receivables and payables - 2022/2023

Receivables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2022	Less: Write-offs/ settlements/ waivers	Closing balance 31 March 2023
Hlumisa Development Fund - PWC / Clark Laing	23,121	134	23,255

Payables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2022	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2023
Road Traffic Management Corporation (RTMC)	8,725	56,192	58,775	6,142
Road Traffic Infringement Agency (RTIA)	-	12	-	12
Total	8,725	56,204	58,775	6,154

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



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Notes to the Annual Financial Statements

Figures in Rand thousand

35. Prior period errors

35.1 Correction of prior period errors

Figures in Rand thousand

	Note	Amount before error correction	2021/2022 Prior period error	Restated amount
Expenditure:				
Advances not expensed		959	91,674	92,633
Prepaid not expensed		91,674	(91,674)	-
Remuneration of a commission or committee		617	(617)	-
Net effect		93,250	(617)	92,633

1. In the prior year, the department erroneously disclosed amounts paid in advance to municipalities under prepayments instead of advances as they were paid to government entities.

In the prior year, the department disclosed remuneration paid to risk committee and audit committee members under sub note , "Remuneration of members of a commission or committee of inquiry". Their remuneration should not be included in the sub note and that is supported by the definition of committee in Treasury Regulation 20.2.4.

The necessary adjustments have been made.

Figures in Rand thousand

	Note	Amount before error correction	2021/2022 Prior period error	Restated amount
Assets:				
Moveable tangible capital assets		955,908	(87)	955,821
Accrued departmental revenue		146,214	(10,255)	135,959
Net effect		1,102,122	(10,342)	1,091,780

In the prior year, the department included in the asset register assets that were disposed. The verification of all the assets has been conducted to correct the misstatement.

The accrued revenue relating to South African Post Office (SAPO) and Government Fleet Management Services (GFMS) was overstated. The prior period error also includes accrued traffic fines that were not disclosed.

The necessary adjustments have been made.

Figures in Rand thousand

	Note	Amount before error correction	2021/2022 Prior period error	Restated amount
Other:				
Fruitless and wasteful expenditure		6,716	85,308	92,024



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Figures in Rand thousand

36. Statement of conditional grants received

Figures in Rand thousand	Grant allocation			Spent		2021/2022	
	Division of Revenue Act/ Provincial Grants	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Amount spent by department
Name of grant							
Public Transport	282,593	282,593	282,593	282,593	-	- %	283,803
Expanded Public Works Program	73,305	73,305	73,305	71,354	1,951	97 %	73,580
Provincial Roads Maintenance	2,057,540	2,057,540	2,057,540	2,055,330	2,210	100 %	1,677,797
	2,413,438	2,413,438	2,413,438	2,409,277	4,161		2,035,180

All transfers in terms of this Act were deposited into the primary bank account 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	470	16,976

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Annexures to the Annual Financial Statements

Annexure 1B

Statement of transfers to Departmental Agencies and Accounts

Figures in Rand thousand	Transfer allocation			Transfer		2021/2022	
	Adjusted budget	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer	
Departmental Agency/ Account							
Parks and Tourism Agency	3,500	3,500	3,500	100 %	3,000	3,000	
Provincial Department Agency - Taxi Council (SANTACO)	5,556	5,556	5,556	100 %	5,322	5,322	
Unemployment Insurance Fund	9,717	9,717	8,073	83 %	7,912	7,912	
Total	18,773	18,773	17,129		16,234	16,234	



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Annexures to the Annual Financial Statements

Annexure 1D

Statement of transfers/ subsidies to public corporations and private enterprises

Name of public corporations/ private enterprise	Transfer allocation			Expenditure		2021/2022	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Current	Final budget Actual transfer
Public corporations							
Transfers							
Mayibuye Transport Corporation	143,226	-	143,226	143,226	100.0 %	143,226	145,190
Private enterprises							
Transfers							
Algoa Bus Company	282,593	-	282,593	282,593	100.0 %	282,593	269,613
Africa Best 350 Ltd	211,377	5,500	216,877	215,918	99.6 %	215,918	201,361
Total	493,970	5,500	499,470	498,511		498,511	470,974
	637,196	5,500	642,696	641,737		641,737	616,164



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 1G

Statement of transfers to households

Figures in Rand thousand	Transfer allocation		Expenditure		2021/2022	
	Adjusted budget	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Households						
Transfers						
Social Benefits	35,137	35,137	29,800	85 %	32,923	32,923
Other	6,725	6,725	6,366	95 %	5,479	5,473
	41,862	41,862	36,166		38,402	38,396



Eastern Cape Department of Transport

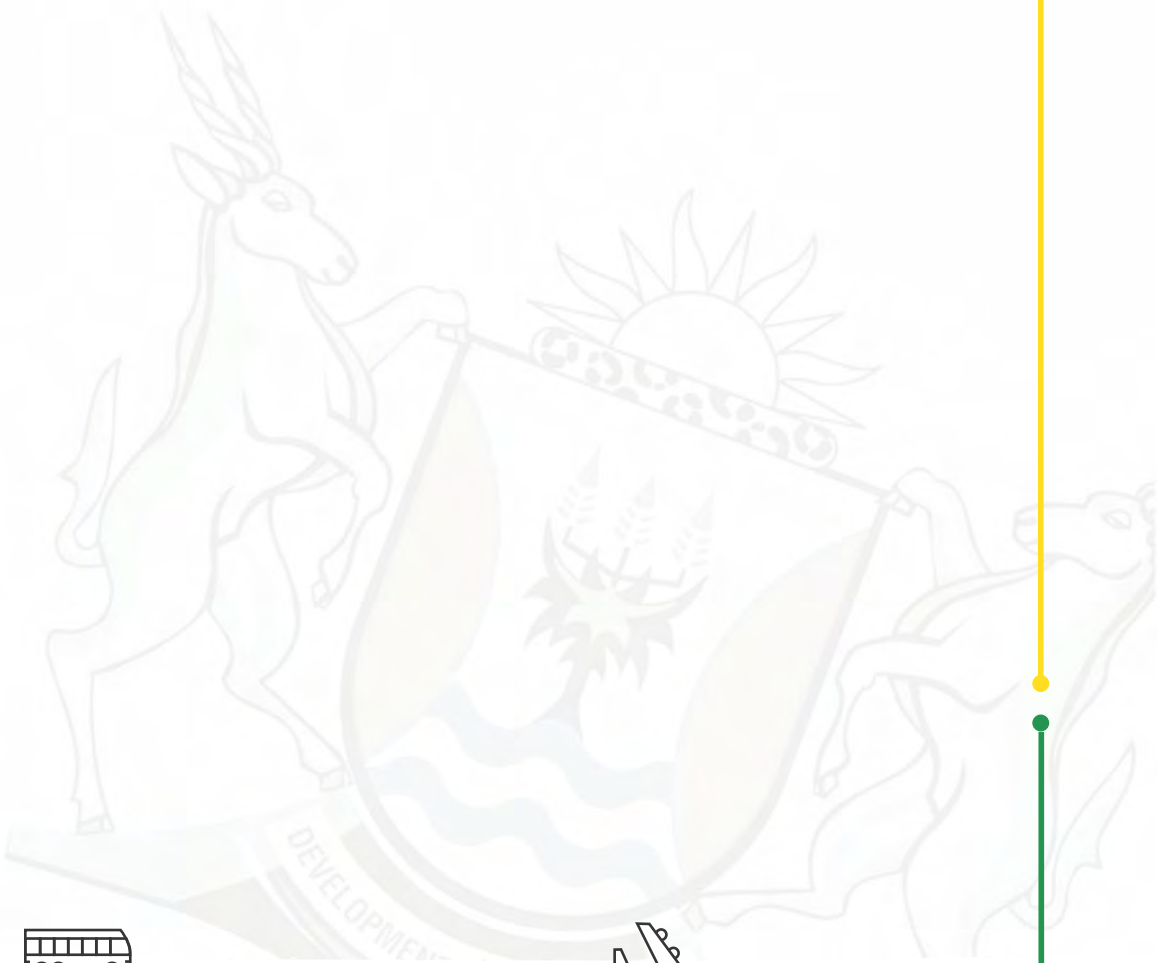
(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 1H

Statement of gifts, donations and sponsorships received

Figures in Rand thousand		2022/2023	2021/2022
Name of organisation	Nature of gifts, donations and sponsorships		
Received in kind			
Old Mutual		-	92



Eastern Cape Department of Transport
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Annexure 1I
Statement of aid assistance received

Figures in Rand thousand				
Name of donor	Purpose	Opening balance	Expenditure	Closing balance
Received in cash				
Road Traffic Management Corporation		290	288	2

Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant type Figures in Rand thousand	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
Algoa Bus	-	19,718	25,431	27,038	23,809	26,151	26,033
EPWP	2	18,292	6,059	6,057	6,444	1,750	10,161
PRMG	7,528	123,628	91,613	133,896	111,786	117,689	105,463
Total	7,530	161,638	123,103	166,991	142,039	145,590	141,657



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant type Figures in Rand thousand	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Algoa Bus	24,646	26,362	19,211	23,516	40,677	282,592
EPWP	1,203	6	12,923	(3,130)	11,587	71,354
PRMG	129,917	158,008	80,058	120,629	875,115	2,055,330
Total	155,766	184,376	112,192	141,015	927,379	2,409,276



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 2A

Statement of investments in and amounts owing by/to national/ provincial public entities

Name of public entity Figures in Rand thousand	State entity's PFMA schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment		Net asset value of investment		Losses guaranteed
		2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
National/ Provincial public entity										
Mayibuye Transport Corporation	Schedule 3D	100 %	100 %	256,356	256,356	256,356	256,356	-	-	-
Government Fleet Management Services	Treasury Regulations 19	- %	- %	-	-	362,002	362,002	1,822,813	1,485,681	-
Subtotal				256,356	256,356	618,358	618,358	1,822,813	1,485,681	



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 2B

Statement of investments in and amounts owing by/to entities (continued)

Name of public entity Figures in Rand thousand	Nature of business	Cost of investment		Net asset value of investment	
		2022/2023	2021/2022	2022/2023	2021/2022
Controlled entities					
Mayibuye Transport Corporation	Public Bus Transport Services	256,356	256,356	-	-
Government Fleet Management Services	Provincial Government Fleet	362,002	362,002	1,822,813	1,485,681
Subtotal		618,358	618,358	1,822,813	1,485,681



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 3B

Statement of contingent liabilities as at 31 March 2023

Figures in Rand thousand

	Opening balance 01 April 2022	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31 March 2023
Nature of liabilities				
Claims against the department				
Claims against the state	124,723	24,492	32,823	116,392
Other				
Camping allowance	564	-	-	564
Total	125,287	24,492	32,823	116,956



Eastern Cape Department of Transport

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Annexures to the Annual Financial Statements

Annexure 4

Claims recoverable

Government entity	Unconfirmed balance outstanding		Total	
	2022/2023	2021/2022	2022/2023	2021/2022
Figures in Rand thousand				
Department				
Office of the Premier	-	332	-	332
Department of Higher Education	4	-	4	-
Subtotal	4	332	4	332



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

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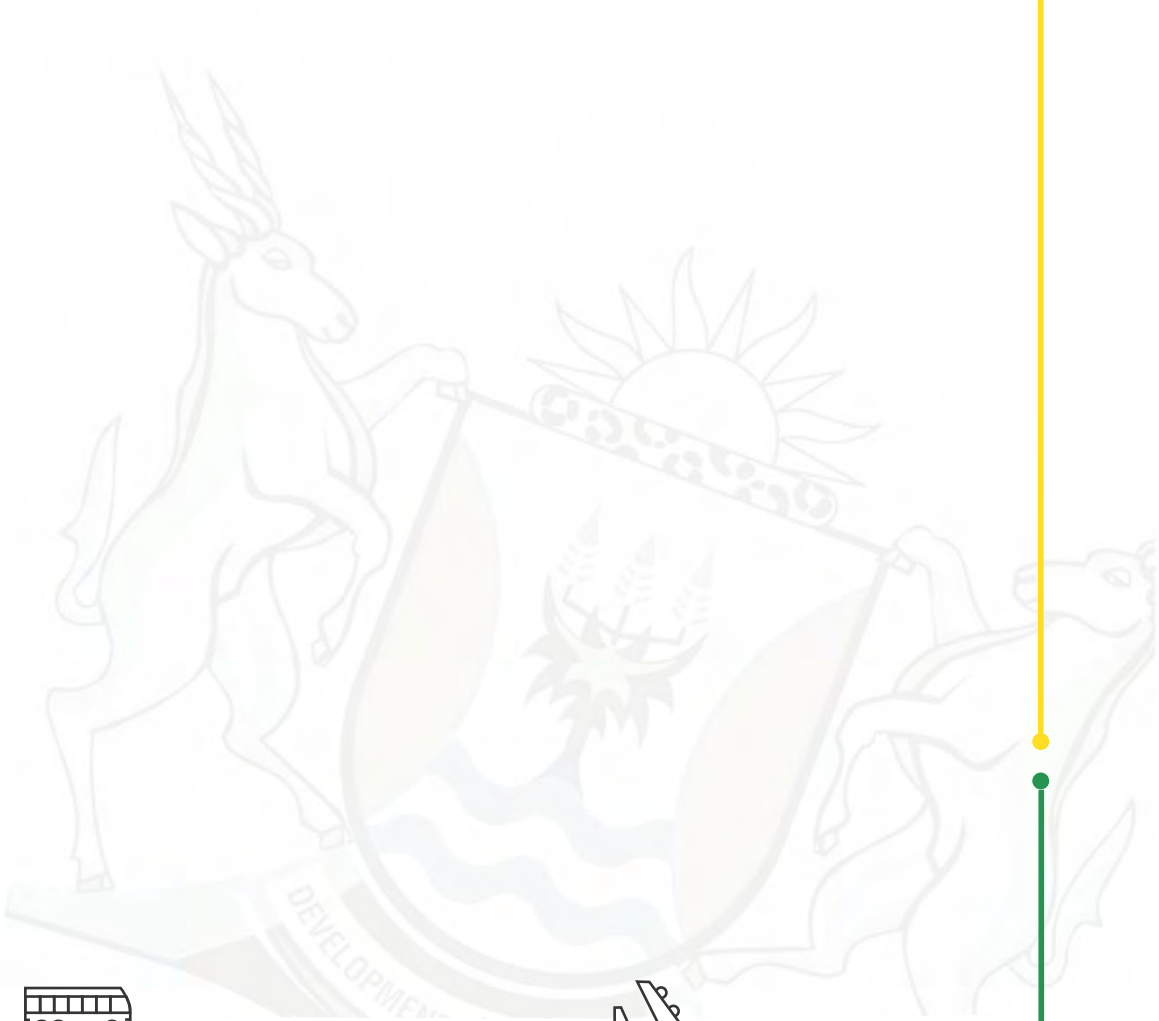
Annexure 6

Inventories

Inventory for the year ended 31 March 2023

Figures in Rand thousand

	Note	Material supplies	Total
Add: Additions/Purchases - Cash		2,933	2,933
(Less): Disposals		(2,933)	(2,933)
Closing balance		-	-



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

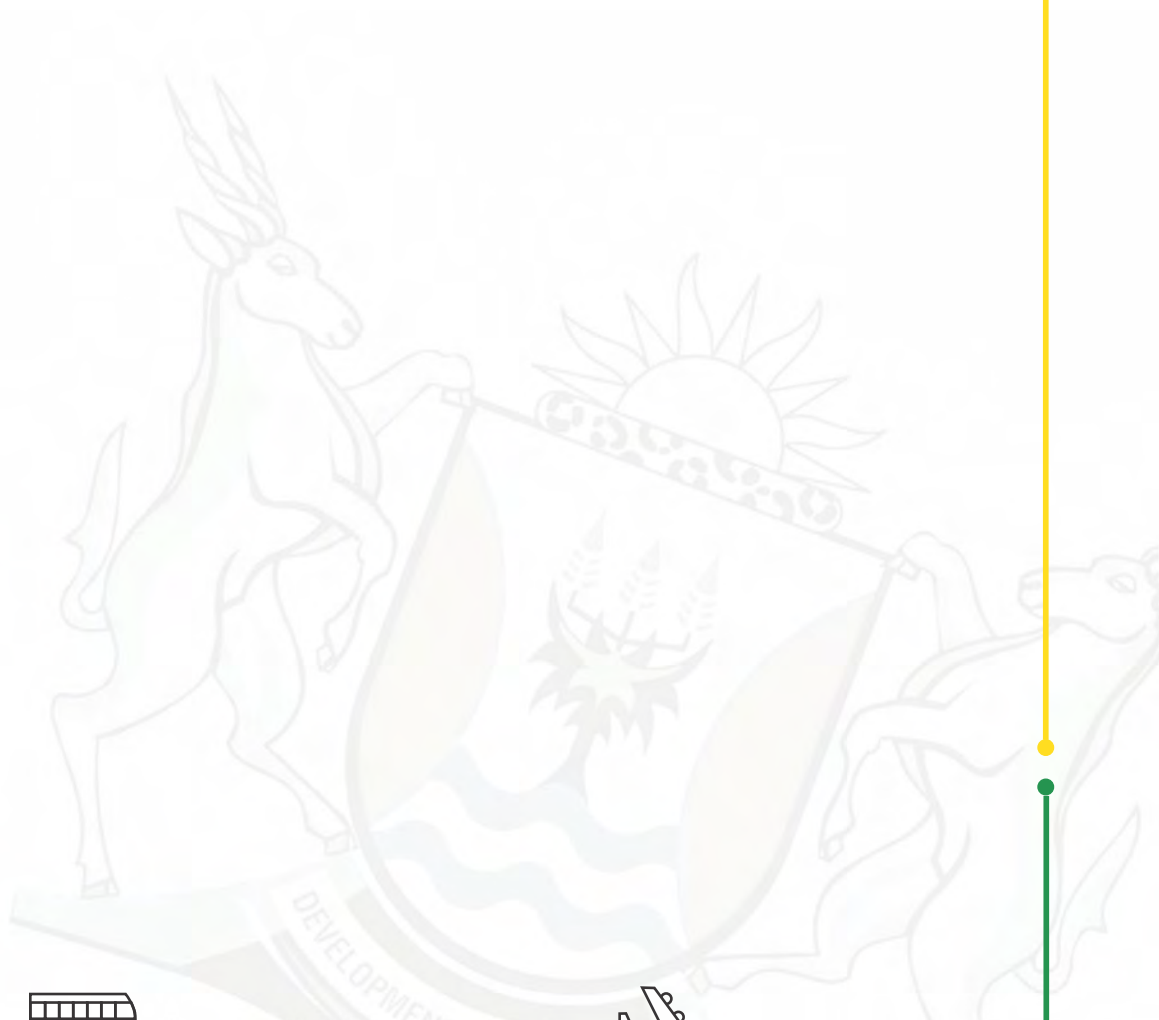
Annexure 6 (continued)

Inventories (continued)

Inventory for the year ended 31 March 2022

Figures in Rand thousand

	Note	Material supplies	Total
Add: Additions/Purchases - Cash		6,009	6,009
(Less): Disposals		(6,009)	(6,009)
Closing balance		-	-



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

Annexure 7

Movement in capital work-in-progress

Movement in capital-work-in progress for the year ended 31 March 2023

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	7,766	6,343	803	13,306
Other fixed structures	2,391,193	618,584	707,427	2,302,350
	2,398,959	624,927	708,230	2,315,656
Computer software				
Computer Software	15,436	31,621	-	47,057
Total	2,414,395	656,548	708,230	2,362,713



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

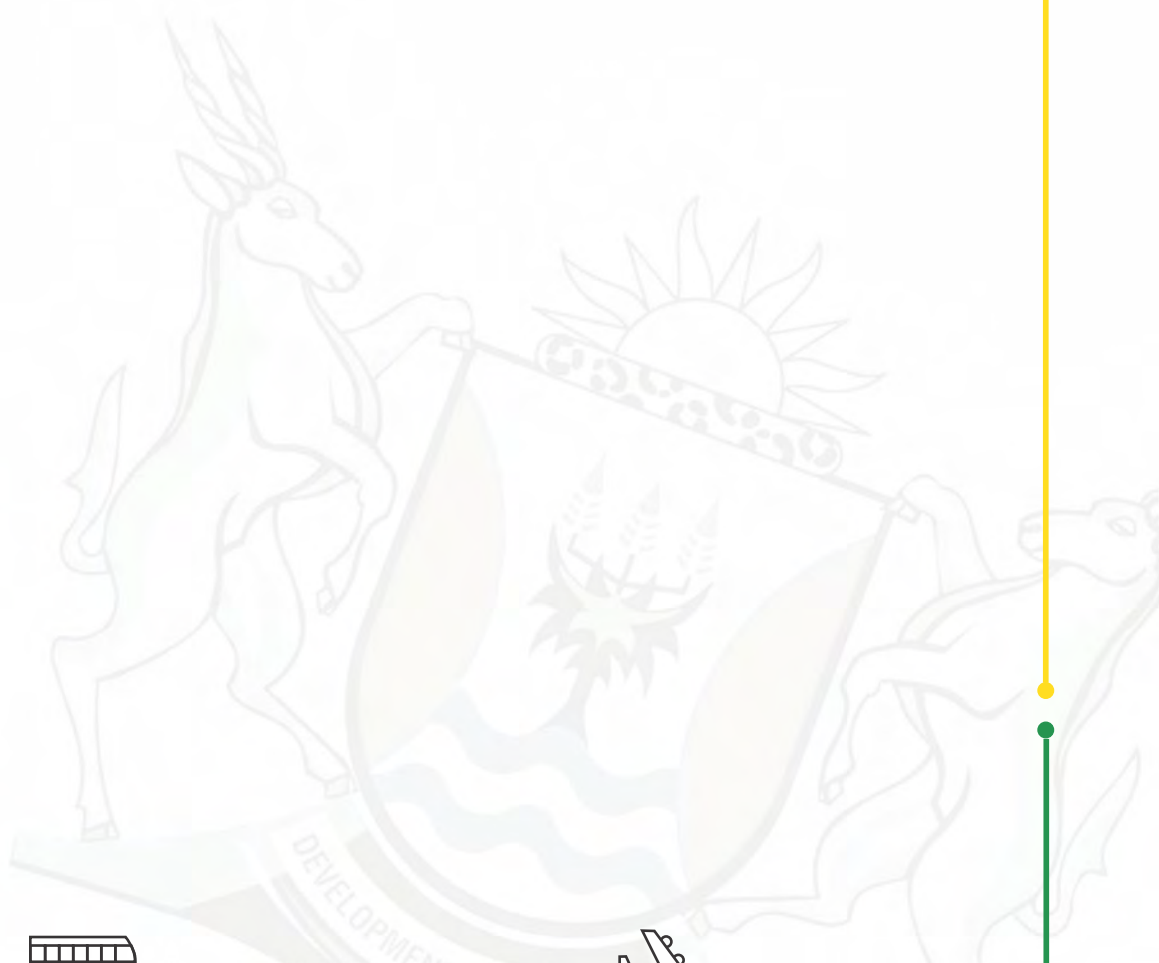
Annexures to the Annual Financial Statements

Annexure 7 (continued)

Movement in capital work-in-progress (continued)

Movement in capital work-in-progress for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Prior period errors	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures					
Non-residential buildings	9,392	(7,197)	7,426	1,855	7,766
Other fixed structures	1,904,116	(42,636)	860,793	331,080	2,391,193
	1,913,508	(49,833)	868,219	332,935	2,398,959
Computer software					
Computer Software	6,013	-	9,423	-	15,436
Total	1,919,521	(49,833)	877,642	332,935	2,414,395



Eastern Cape Department of Transport

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Annual Financial Statements for the year ended 31 March 2023

Annexures to the Annual Financial Statements

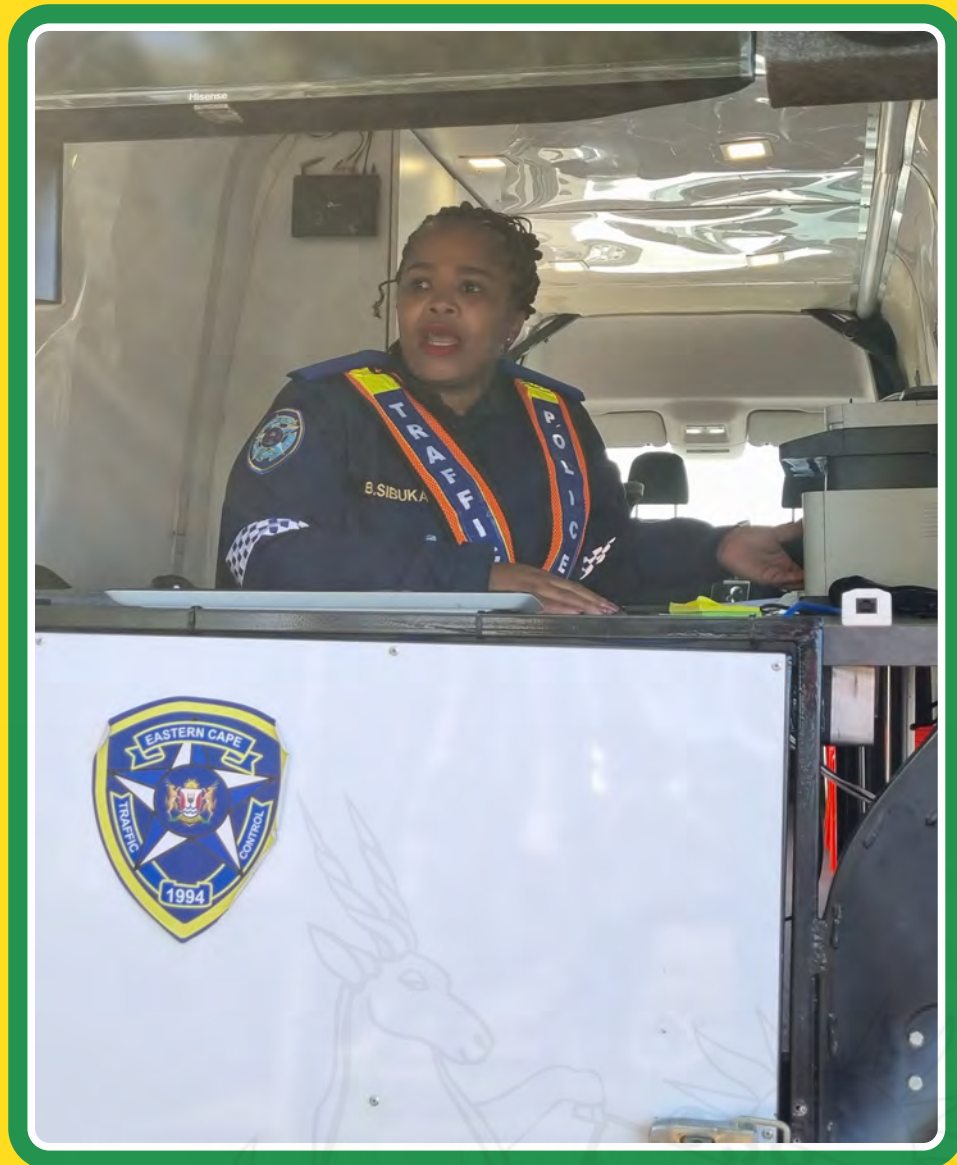
Annexure 11

COVID 19 response expenditure

Per quarter and in total

Figures in Rand thousand	2022/2023						2021/2022
Expenditure per economic classification	Aug	Sep	Subtotal Q2	Oct	Subtotal Q3	Total	Total
Goods services							
Consumable supplies	163	29	192	-	-	192	16,157
Travel and subsistence	-	22	22	6	6	28	182
Property payments	250	-	250	-	-	250	465
Venue and facilities	-	-	-	-	-	-	172
	413	51	464	6	6	470	16,976





G

PFMA COMPLIANCE REPORT FOR GFMS



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

FRUITLESS AND WASTEFUL EXPENDITURE

Total amount of fruitless and wasteful expenditure		Total Amount							
Total amount of fruitless and wasteful expenditure		R 157 715							
Total losses recovered.		-							
Total losses written off		-							
Report number and date e.g., 4th report of 2022/202	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of fruitless and wasteful expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due to criminal conduct	Steps taken to prevent fruitless and wasteful expenditure
2016/17-01	17 July 2017	17 July 2017	30 July 2017	R 157 715	Refer to UIFWE committee for any recommendation	-	-	-	Refer to UIFWE committee for any recommendation



IRREGULAR EXPENDITURE REGISTER

Total amount of Irregular Expenditure		Total amount
Total amount of Irregular Expenditure		R4 501 155.76
Total irregular expenditure condoned		0
Total irregular expenditure removed		0
Total losses recovered		0
Total losses written off		0

no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/authority	Steps taken to prevent irregular expenditure
1.	February August, September and 2018	02-Oct-18	02-Oct-18	R3 900 287.15	finalised	None	None	None	There were no losses suffered as the Entity received the service rendered, if the investigation were concluded while the employee was still working for the Entity Disciple process could followed.. During 2018/19 the Entity was operating on interim structure in addition there no Human Delegation, requirement process were	None	None	1.The contract management of the Entity is now centralized at Finance under the supervision of newly appointed Manager: SCM, all contracts are monitored and reported on a regular basis. 2.The Entity was unsuccessful with their tender process for competitive due to complexity of the contract and opted to participate in the RT15 – Vodacom Live-track Empower Service (transversal contract) for a period of 36 months. The contract has been used to fit vehicles with a new tracking system.



no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/authority	Steps taken to prevent irregular expenditure
									taking long including investigations.			3. Unauthorised Irregular Fruitless and Wasteful (UIFW) expenditure advisory committee was appointed by the Head of Department to all include GFMS cases and part the committee's responsibilities is to analyse the register of irregular, fruitless and wasteful expenditure to determine completeness., conduct investigations and prepare recommendations of remedial action to be imposed for the approval of the Head of Department.
2.	10 April 2017	10-Apr-17	10-Apr-17	R876.98	Submitted to UIFW expenditure	None	None	None	Submitted to UIFW expenditure for any recommendation	None	None	Submitted to UIFW expenditure for any recommendation
3.	30/09/2020	01-Oct-20	30-Oct-20	R3 817.64	Submitted to UIFW expenditure	None	None	None	Submitted to UIFW expenditure for any recommendation	None	None	Submitted to UIFW expenditure for any recommendation
4.	26/Jul/2021	27/Sep/2021	27/Sep/2021	R498900.00	Reported by Auditor general for financial year 2020/2021 financial year	None	None	None	Submitted to UIFW expenditure for any recommendation	None	None	Submitted to UIFW expenditure for any recommendation



no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/authority	Steps taken to prevent irregular expenditure
5.	26/Jul/2021	27/Sep/2021	27/Sep/2021	R97 273.99	Reported by Auditor general for financial year 2020/2021 financial year	None	None	None	Submitted to UIFW expenditure for any recommendation	None	None	Submitted to UIFW expenditure for any recommendation





H

PFMA COMPLIANCE REPORT FOR GFMS



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

Report of the auditor-general to 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 the Eastern Cape Government Fleet Management Services (ECGFMS), which comprise the statement of financial position as at 31 March 2023, 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, financial statements present fairly, in all material respects, the financial position of the ECGFMS as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the 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 responsibilities of the auditor-general 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.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. On 23 December 2022 National Treasury issued *Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23* in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 28 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial



statements of ECGFMS. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of ECGFMS. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practise (GRAP) and the requirements of the; 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.
9. 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.

Responsibilities of the auditor-general for the audit of the financial statements

10. 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 the financial statements.
11. 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the trading entity's performance on its primary mandated functions and that is of significant national, community or public interest.



Programme	Page numbers	Purpose
Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery	100	The programme relates to the mandate of entity of providing an efficient, safe, sustainable, affordable, and accessible transport system to the Eastern Cape provincial departments.

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the trading entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives.
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

17. I did not identify any material findings on the reported performance information of a client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery.



Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

22. The accounting officer is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report. The other information referred to 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 on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it 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.
25. 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

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

27. I did not identify any significant deficiencies in internal control.

Auditor General

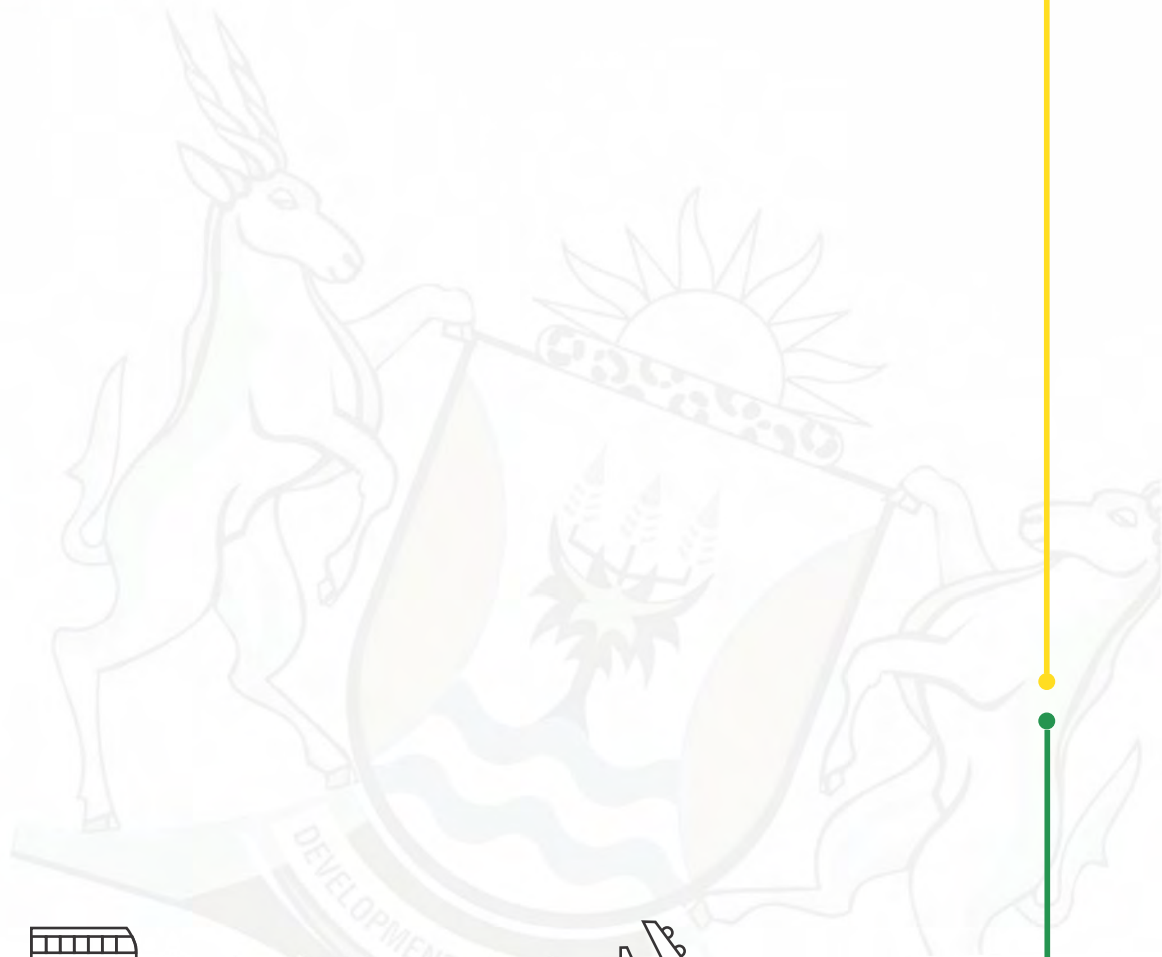
East London

27 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

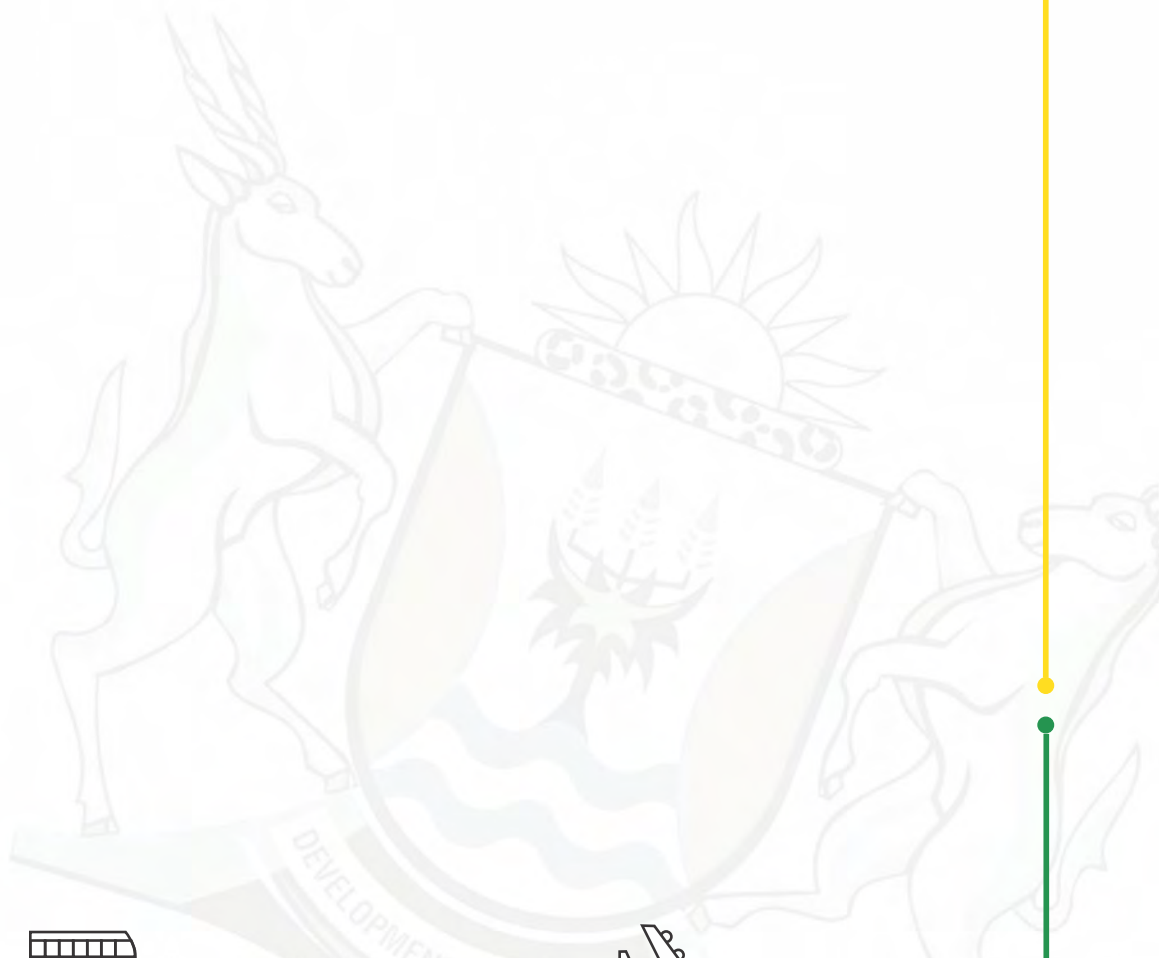
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 entity 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 an 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

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.

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.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2) ; 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c') Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) & (e); 16A 6.3(a) & (d); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A8.2 (1) and (2); 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1(c); 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) & (iii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.6.1 Treasury Regulation 19.8.4
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1) & section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5



Legislation	Sections or regulations
	Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4 (a) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

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 Officer 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 2024 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 4 to 47, which have been prepared on the going concern basis, were approved by the Accounting Officer on 19 July 2023 and were signed by:



Mr M Mafani
Accounting Officer



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 31 March 2023.

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 2023.

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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	4	123 956 194	85 812 736
Finance lease receivables	3	179 600 274	188 071 652
Receivables from exchange transactions	5	381 690 734	413 843 194
Cash and cash equivalents	6	437 545 047	209 164 937
		1 122 792 249	896 892 519
Non-Current Assets			
Property, plant and equipment	7	153 985 473	148 394 179
Intangible assets	8	602 129	602 129
Finance lease receivables	3	682 322 579	551 945 419
		836 910 181	700 941 727
Total Assets		1 959 702 430	1 597 834 246
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	107 731 791	82 940 865
Provisions	10	29 157 140	29 211 656
		136 888 931	112 152 521
Total Liabilities		136 888 931	112 152 521
Net Assets		1 822 813 499	1 485 681 725
Reserves			
Capital contribution		362 001 648	362 001 648
Accumulated surplus		1 460 811 851	1 123 680 077
Total Net Assets		1 822 813 499	1 485 681 725



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	11	516 692 246	472 462 490
Interest earned	12	104 908 765	79 820 316
Debt impairment reversal	16	18 712 782	5 080 610
Other income		15 038 193	11 919 560
Gain on disposal of inventory held for sale		9 492 147	2 983 639
Derecognition of assets		218 171 897	31 774 435
Total revenue from exchange transactions		883 016 030	604 041 050
Expenditure			
Personnel costs	13	(43 894 770)	(42 581 954)
Fleet running costs	14	(447 941 103)	(358 671 771)
Depreciation on property, plant and equipment		(25 071 887)	(30 224 970)
Inventory write down	15	(2 906 520)	(5 610 080)
Movements in provisions		54 516	(3 058 198)
Administration costs	17	(26 124 492)	(27 341 178)
Total expenditure		(545 884 256)	(467 488 151)
Surplus for the year		337 131 774	136 552 899



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand	Capitalisation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	362 001 648	985 375 275	1 347 376 923
Adjustments			
Prior year adjustments - refer to note 25	-	1 751 903	1 751 903
Balance at 01 April 2021 as restated*	362 001 648	987 127 178	1 349 128 826
Changes in net assets			
Restated surplus for the year	-	136 552 899	136 552 899
Total changes	-	136 552 899	136 552 899
Opening balance as previously reported	362 001 648	1 124 144 018	1 486 145 666
Adjustments			
Prior year adjustments - refer to note 25	-	(463 941)	(463 941)
Restated* Balance at 01 April 2022 as restated*	362 001 648	1 123 680 077	1 485 681 725
Changes in net assets			
Surplus for the current year	-	337 131 774	337 131 774
Total changes	-	337 131 774	337 131 774
Balance at 31 March 2023	362 001 648	1 460 811 851	1 822 813 499



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		567 557 488	481 525 002
Interest income		104 908 765	79 820 316
Other receipts		22 310 286	15 229 611
		<u>694 776 539</u>	<u>576 574 929</u>
Payments			
Employee costs		(43 894 770)	(42 581 954)
Suppliers		(597 093 916)	(562 777 772)
		<u>(640 988 686)</u>	<u>(605 359 726)</u>
Net cash flows from operating activities	19	<u>53 787 853</u>	<u>(28 784 797)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	<u>(6 449 103)</u>	<u>(1 735 321)</u>
Cash flows from financing activities			
Finance lease receipts		<u>181 041 360</u>	<u>180 944 865</u>
Net increase/(decrease) in cash and cash equivalents		<u>228 380 110</u>	<u>150 424 747</u>
Cash and cash equivalents at the beginning of the year		<u>209 164 937</u>	<u>58 740 190</u>
Cash and cash equivalents at the end of the year	6	<u>437 545 047</u>	<u>209 164 937</u>



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

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

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rendering of services	765 959 196	-	765 959 196	604 110 655	(161 848 541)	29
Interest received	4 647 500	-	4 647 500	28 430 221	23 782 721	29
Debt impairment recoveries	-	-	-	18 712 782	18 712 782	29
Other income	78 292 194	-	78 292 194	13 590 475	(64 701 719)	29
Total revenue from exchange transactions	848 898 890	-	848 898 890	664 844 133	(184 054 757)	

Expenditure

Personnel costs	(51 674 805)	7 146 553	(44 528 252)	(43 894 770)	633 482	29
Fleet running costs	(448 585 775)	(11 952 770)	(460 538 545)	(447 941 103)	12 597 442	29
Depreciation and amortisation	-	-	-	(25 071 887)	(25 071 887)	29
Inventory write down	-	-	-	(2 906 520)	(2 906 520)	29
Movements in provisions	-	-	-	54 516	54 516	29
Administration costs	(50 552 564)	24 415 563	(26 137 001)	(26 124 492)	12 509	29
Total expenditure	(550 813 144)	19 609 346	(531 203 798)	(545 884 256)	(14 680 458)	
Operating surplus	298 085 746	19 609 346	317 695 092	118 959 877	(198 735 215)	
Derecognition of assets	-	-	-	218 171 897	218 171 897	29
Surplus for the year	298 085 746	19 609 346	317 695 092	337 131 774	19 436 682	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	298 085 746	19 609 346	317 695 092	337 131 774	19 436 682	



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022

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 entity 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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

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, its 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.

Assets with a value of R1000 and below are considered immaterial and are not recognised as per the entity's policy on asset management.

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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

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



Eastern Cape Government Fleet Management Services

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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
Receivable 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



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2023

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.



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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.



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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.



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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.



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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.



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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 Revenue from non-exchange transactions

Services in-kind

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owner.

The entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

The entity does not have a lease agreement in place for the Government Garages and therefore cannot reliably measure the value of the services in-kind. Services in-kind are not recognised as revenue or assets as they do not meet the minimum recognition criteria, but the nature and type of major classes of services in-kind are disclosed in note 27.

1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 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.



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Accounting Policies

1.17 Accounting by principals and agents (continued)

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.

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.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 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).

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful 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).

1.21 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



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Accounting Policies

1.21 Irregular expenditure (continued)

(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.

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.

1.22 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 2022/04/01 to 2023/03/31.

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.

1.23 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.



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1.23 Related parties (continued)

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.

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.

1.24 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.

1.25 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.

1.26 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.



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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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2009	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	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	241 815 256	259 810 367
- in second to fifth year inclusive	759 037 189	586 869 314
	1 000 852 445	846 679 681
less: Unearned finance revenue	(138 929 592)	(106 662 610)
	861 922 853	740 017 071

Present value of minimum lease payments due

- within one year	179 600 274	188 071 656
- in second to fifth year inclusive	682 322 579	551 945 415
	861 922 853	740 017 071

Non-current assets	682 322 579	551 945 419
Current assets	179 600 274	188 071 652
	861 922 853	740 017 071

The entity entered into material vehicle finance leasing arrangements with Eastern Cape 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.



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Figures in Rand	2023	2022
4. Inventories		
New motor vehicles	109 536 206	63 210 238
Vehicles held for sale	14 419 988	22 602 498
	123 956 194	85 812 736

Reconciliation of new motor vehicles inventory - 31 March 2023

Opening balance	63 210 238	154 520 840
Additions	202 860 454	168 441 111
Transfer to finance lease receivable	(151 907 738)	(258 443 663)
Transfer from inventory to Managed Maintenance	-	(3 624 602)
Transfer from Managed Maintenance to inventory	-	2 542 477
Transfer to own vehicles	(392 397)	(225 925)
Transfer to relief vehicles	(4 234 351)	-
	109 536 206	63 210 238

The inventory balance for the year relates to 202 (PY:73) 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 2023.

Reconciliation of vehicles held for sale - 31 March 2023

Opening Balance	22 602 498	20 200 256
Transfer from leases	35 646 322	80 164 217
Less: Disposals/Write offs	(40 265 998)	(71 857 232)
Transfers to Property, Plant and Equipment	(338 743)	(255 152)
Transfers to leases	(317 571)	(39 511)
Inventory write down	(2 906 520)	(5 610 080)
	14 419 988	22 602 498

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 departments and the Entity, and have been returned to the entity for disposal.

5. Receivables from exchange transactions

Trade Receivables	399 120 725	448 955 148
Kugqityiwe Trading & Project (Pty)Ltd	87 462	87 462
Mayibuye Transport Corporation	2 672 573	2 672 573
South African Reserve Bank	5 573	-
Prepaid expenses	-	20 976
Go Industry Dovebld SA	-	653 174
Volkswagen of South Africa	14 479	-
Department of Transport	740 535	708 177
Staff Debtors	14 737	32 755
Office of the Premier	42 566	-
Department of Education	-	428 640
Department of Home Affairs	12 547	12 547
Lease rental asset	96 745	-
Third Party Claims Receivables	50 525	52 784
Vodacom South Africa	-	100 000
Nelson Mandela Municipality	527	-
Provision for Impairment of Trade Receivables	(21 168 260)	(39 881 042)
	381 690 734	413 843 194

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 terms.



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Figures in Rand	2023	2022

5. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, -R159 940 145 (2022: -R145 177 190) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	89 084 054	98 040 502
2 months past due	22 157 106	23 014 621
3 months past due	48 698 985	24 122 067

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of -R196 163 820 (2022: -R270 299 212) were impaired and provided for.

The amount of the provision was R (21 168 260) as of 31 March 2023 (2022: -R39 881 042).

The ageing of these trade debtors are as follows:

3 to 6 months	196 163 820	270 299 212

Reconciliation of provision for impairment of trade and other receivables

Opening balance	39 881 042	44 969 717
Unused amounts reversed	(18 712 782)	(5 088 675)
	21 168 260	39 881 042



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Figures in Rand	2023	2022

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Current Account - ABSA Bank	28 176 952	58 221 490
Call Account-Reserve Bank	409 368 095	150 943 447
	437 545 047	209 164 937



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Figures in Rand

7. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Furniture and fixtures	3 050 033	(2 055 951)	994 082	(1 858 849)
Motor vehicles	3 980 259	(1 895 293)	2 084 966	(1 611 828)
Office equipment	483 734	(359 341)	124 393	(324 204)
Computer equipment	3 077 728	(2 106 108)	971 620	(4 244 655)
Relief vehicles	36 043 870	(17 131 886)	18 911 984	(14 848 600)
Leased Motor Vehicles- Operating Leases	168 744 897	(37 846 469)	130 898 428	(32 328 099)
Fleet Tracker	-	-	13 044 223	(7 621 699)
Total	215 380 521	(61 395 048)	153 985 473	(62 837 934)
			211 232 113	148 394 179

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2023

	Opening balance	Additions	Write offs/Disposals	Transfers In	Transfers out	Depreciation	Total
Furniture and fixtures	624 045	617 199	(7 506)	-	-	(239 656)	994 082
Motor vehicles	1 734 920	618 141	(52 060)	-	-	(216 035)	2 084 966
Office equipment	167 246	19 106	(23 746)	-	-	(38 213)	124 393
Computer Equipment	2 592 379	847 307	(1 271 256)	-	-	(1 196 810)	971 620
Relief vehicles	17 019 071	4 347 351	(79 326)	-	-	(2 375 112)	18 911 984
Leased Motor Vehicles - Operating Leases	120 833 994	-	(2 952 057)	67 132 493	(35 646 322)	(18 469 680)	130 898 428
Fleet Tracker	5 422 524	-	(2 886 142)	-	-	(2 536 382)	-
	148 394 179	6 449 104	(7 272 093)	67 132 493	(35 646 322)	(25 071 888)	153 985 473

Eastern Cape Government Fleet Management Services

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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	1 853 880	632 304	-	-	-	(751 264)	1 734 920
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	-	(1 131 612)	-	-	(4 209 833)	17 019 071
Leased Motor Vehicles - Operating Leases	107 528 360	-	(2 178 104)	114 583 713	(80 164 218)	(18 935 757)	120 833 994
Fleet Tracker	9 419 448	339 458	-	-	-	(4 336 382)	5 422 524
	145 774 384	1 735 321	(3 310 051)	114 583 713	(80 164 218)	(30 224 970)	148 394 179

Operating Leases

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.

Fleet tracker

In November 2019, GFMS entered into a contract with Vodacom and acquired tracker units and cab monitors. These units were to track and monitor fleet vehicles. On 31 October 2022 the contract came to an end. Even though GFMS had acquired the units from vodacom, they were not compatible with the new suppliers tracking system and are therefore no longer in use. These units have therefore been written off as they no longer meet the definition of an asset, as no economic benefits are flowing to the entity. Cab monitors were previously classified as computer equipment.

Eastern Cape Government Fleet Management Services

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8. Intangible assets

2023		2022	
Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
602 129	-	602 129	-

Computer software, other

Reconciliation of intangible assets - March 2023

Opening balance	Total
602 129	602 129

Computer software, other

Reconciliation of intangible assets - March 2022

Opening balance	Total
602 129	602 129

Computer software, other

Impairment of Intangible assets

Intangible assets have been assessed for impairment and are considered not impaired.

Eastern Cape Government Fleet Management Services

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9. Payables from exchange transactions

	2023	2022
Trade payables	39 189 628	1 436 760
Auction Proceeds Payable to User Departments	9 769 441	19 082 641
Other payables	152 078	209 264
Accrued leave pay	1 539 796	1 723 630
Bonus Accrual	994 859	967 105
Accrued expense	56 085 989	59 521 465
	107 731 791	82 940 865

Trade Payables comprise of the following:

First National Bank	39 110 353	-
Volkswagen of South Africa	-	1 019 773
Other Trade Payables	79 275	416 987
	39 189 628	1 436 760

Leave pay accrual- Relates to the liability which would arise when the employee exits the employment of the Trading Entity relating to accumulated leave days. The accrual is based on the monthly basic 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 2023

Other Payables

Go Industries Dovebid SA	123 505	123 505
Operating Lease Liability	-	85 759
Department of Public Works	28 573	-
	152 078	209 264

Accrued Expense

Vodacom South Africa	-	14 855 563
First National Bank	42 380 931	41 376 206
Isuzu General Motors	1 808 987	-
Department of Transport	961 185	1 118 426
Nissan South Africa	4 585 671	-
Volkswagen SA	4 872 879	-
Other Accruals	1 476 336	2 171 270
	56 085 989	59 521 465



Eastern Cape Government Fleet Management Services

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Figures in Rand	2023	2022

10. Provisions

Reconciliation of provisions - March 2023

	Opening Balance	Increase or decrease in provision	Utilised during the year	Total
Provision of insurance claim	14 472 185	(2 217 001)	-	12 255 184
Provision for maintenance of vehicles	13 605 333	2 769 904	-	16 375 237
Provision for capped leave	1 134 138	-	(607 419)	526 719
	29 211 656	552 903	(607 419)	29 157 140

Reconciliation of provisions - March 2022

	Opening Balance	Increase or decrease in provision	Utilised during the year	Reversed during the year	Total
Provision of insurance claim	10 106 393	4 365 792	-	-	14 472 185
Provision for performance bonus	160 716	-	-	(160 716)	-
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
	26 314 174	3 068 326	(10 128)	(160 716)	29 211 656

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 - 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 2023 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 and a cash benefit on completion of 20,30 and 40 years.

No provision was raised as at 31 March 2023 as no employees will qualify for this benefit.

11. Revenue

Rendering of services	516 692 246	472 462 490



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11. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	516 692 246	472 462 490
Revenue from rendering		
Full maintenance lease charge-fixed charge	154 346 231	161 767 771
Full Maintenance lease charge - utilization charge	362 346 015	310 694 719
	516 692 246	472 462 490

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 R1 059.62 per vehicle is charged to Provincial Departments as per approved rate card.

12. Interest earned

Interest on outstanding debtors	12 458 148	11 786 073
Interest portion on finance lease receivables	64 020 396	62 427 282
Interest earned on call account	28 430 221	5 606 961
	104 908 765	79 820 316

13. Personnel costs

Basic salaries	31 030 794	30 251 960
Service bonus	2 117 677	1 817 340
Medical aid - company contributions	1 510 778	1 246 226
Bargaining Council levies	8 837	8 562
Leave pay	(183 834)	240 548
Performance bonus	-	(160 716)
Pension contributions	3 585 365	2 976 934
Fuel claim and subsistence & travel allowances	65 693	44 018
Overtime payments	4 478	91 629
Car allowance	272 124	281 276
Housing benefits and allowances	1 046 151	883 881
Non pensionable cash allowance	3 553 523	4 635 949
Resettlement allowance	293 754	144 200
Leave gratuity	589 430	120 147
	43 894 770	42 581 954

14. Fleet running costs

Fleet running costs comprises of the following:

Motor vehicles-fuel and oil	272 637 848	200 012 090
Motor vehicles-repairs and maintenance	122 659 366	100 914 601
Motor vehicles-other vehicle expenses	52 643 889	57 745 080
	447 941 103	358 671 771

15. Inventory write down

Inventory held for sale	2 906 520	5 610 080

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 each financial year.



Eastern Cape Government Fleet Management Services

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16. Debt impairment reversed		
Debt impairment	18 712 782	5 088 674
Bad debts written off	-	(8 064)
	18 712 782	5 080 610
17. Administration costs		
Advertising	289 710	615 685
Auditors fees	3 090 805	3 440 697
Bank charges	-	3 265
Cleaning services	1 081 362	1 511 555
Commission paid	2 095 704	3 397 308
Consulting and professional fees	996 572	1 241 834
Consumables	50 942	147 593
Entertainment	9 532	8 745
Licencing fees	83 646	50 824
Rental of office equipment and building	3 053 877	2 935 857
Hiring of venues and equipment	58 366	-
Third party claims - accidents FML	670 847	1 709 307
Fleet	3 562 212	1 465 947
Fuel and oil	1 620 023	695 832
Employee wellness	294 026	199 015
Postage and courier	832	509
Printing and stationery	257 049	124 224
Repairs and maintenance	159 897	1 826 670
Security services	4 484 900	4 221 588
Subscriptions and membership fees	412 319	585 810
Telephone and fax	855 635	849 343
Training and development	268 875	226 435
Electricity and water	1 191 723	1 311 692
Audit Committee Fees	480 774	230 888
Catering	56 107	23 719
Accommodation and travel	973 442	516 836
General repairs - Office furniture	25 315	-
	26 124 492	27 341 178
18. Auditors' fees		
Fees	3 090 805	3 440 697
19. Cash generated from (used in) operations		
Surplus	337 131 774	136 552 899
Adjustments for:		
Depreciation and amortisation	25 071 887	30 224 970
Gain/Loss on disposal of assets	(9 492 147)	(2 983 639)
Derecognition of assets	(218 171 897)	(31 774 435)
Inventory write down	2 906 520	5 610 080
Debt impairment and bad debt written off	(18 712 782)	(5 080 610)
Movements in provisions	(54 516)	3 058 198
Write offs	7 272 093	3 310 053
Changes in working capital:		
Inventories	(147 819 245)	(91 672 021)
Receivables from exchange transactions	50 865 242	7 607 789
Payables from exchange transactions	24 790 924	(83 638 081)
	53 787 853	(28 784 797)



Eastern Cape Government Fleet Management Services

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20. Financial instruments disclosure

Categories of financial instruments

March 2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	381 690 734	381 690 734
Cash and cash equivalents	437 545 047	437 545 047
Finance lease receivable	861 922 852	861 922 852
	1 681 158 633	1 681 158 633

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	39 189 628	39 189 628
Accrued expense	56 085 989	56 085 989
Other payables	152 078	152 078
Auction proceeds payable to user department	9 769 441	9 769 441
	105 197 136	105 197 136

March 2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	413 843 194	413 843 194
Cash and cash equivalents	209 164 937	209 164 937
Finance lease receivables	740 017 071	740 017 071
	1 363 025 202	1 363 025 202

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 436 760	1 436 760
Accrued expense	59 521 465	59 521 465
Other payables	209 264	209 264
Auction Proceeds payable to user departments	19 082 641	19 082 641
	80 250 130	80 250 130



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21. Commitments

Authorised capital expenditure

Already contracted for but not yet commenced

• Motor vehicles 192 298 344 189 940 392

Contracted for but not yet completed

Motor vehicles 23 031 151 4 079 163
Tracker - 7 197 946
23 031 151 11 277 109

Not yet contracted for

• Motor Vehicles 456 127 309 523 689 303

Total capital commitments

Already contracted for but not yet commenced 192 298 344 189 940 392
Not yet contracted for 456 127 309 523 689 303
Contracted for but not yet complete 23 031 151 54 821 674
671 456 804 768 451 369

Authorised operational expenditure

Already contracted for but not yet commenced

• Goods and services 1 307 403 988 388

Already contracted for and not yet complete

• Goods and services 5 258 614 36 832 233

Total operational commitments

Already contracted for and not yet commenced 1 307 403 988 388
Already contracted for and not yet complete 5 258 614 36 832 233
6 566 017 37 820 621

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year 2 984 993 2 789 713
- in second to fifth year inclusive 1 285 806 4 270 800
4 270 799 7 060 513

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 on 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 ERF 18933, East London 25 Castellano Building, Woodbrook.

Rental expenses relating to operating leases

Minimum lease payments 2 789 713 2 436 643

Operating leases as lessee -Photocopy machines



Eastern Cape Government Fleet Management Services

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21. Commitments (continued)		
Minimum lease payments due		
- within one year	285 651	301 688
- in second to fifth year inclusive	346 644	139 468
	632 295	441 156
Rental expenses relating to operating leases		
	446 669	499 213

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 R5 530 225.

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.

Issue 3

In November 2019, GFMS entered into a contract with Vodacom and acquired for tracking devices. On 31 October 2022 the contract came to an end. There is a pending dispute with the service provider as they are claiming that the entity still owes a installation and subscription fees for November 2022 to March 2023. The matter is still pending and is handled by entity's legal office. The amount of the claim amount to R9 630 057.94.

Contingent assets

Issue 1

These are claims against third parties submitted to the office of the State Attorney. When a state vehicle is involved in an accident with a private vehicle, the driver of the private vehicle may be found to have been negligent and be required to reimburse the state for the damages incurred. The entity therefore recognises a contingent asset. The outcome of these cases is still pending. These claims amounts to R11 722 121.48.

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.



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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. F. Narkadien (Senior Manager: Fleet Maintenance & SMME Development)
Mr. M. Mboya (Head Institutional Compliance) - Resigned 30 September 2022
Ms. N. Mafumbu (Senior Manager: Finance)
Mr. B. Chirimuta (Senior Manager: Fleet Development & Provisioning)
Ms. N. Nyalela (Senior Manager: Internal Audit) - Appointed 01 December 2022

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 Trade receivable regarding related parties

Eastern Cape Department of Transport	13 066 026	8 784 942
Mayibuye Transport Corporation	2 672 572	2 672 572

Amounts included in Trade payable regarding related parties

Eastern Cape Department of Transport - Accrued expense	961 185	1 118 426
Auction Proceeds payable to Department of Transport	163 816	265 576

Related party transactions

Salaries paid to employees by related parties on behalf of the trading entity

Eastern Cape Department of Transport	43 507 348	42 851 739

Revenue received from related party in terms of lease agreement

Eastern Cape Department of Transport	32 148 904	27 941 860

Remuneration of management



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23. Related parties (continued)

Management class: Executive management

2023

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K.Gazi	971 832	-	455 550	1 427 382
M. Mboya	484 569	87 399	180 385	752 353
F. Narkadien	736 090	61 341	451 934	1 249 365
N. Mafumbu	773 768	64 481	298 991	1 137 240
B. Chirimuta	773 768	42 752	290 430	1 106 950
N.Nyalela	286 257	-	105 639	391 896
	4 026 284	255 973	1 782 929	6 065 186

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

24. Change in estimate

Effect of annual review of rate card

On the 1st April 2022, after an approved by Provincial Treasury a new rate card came into effect, having a direct impact on the carrying amount of Finance Lease receivable. The newly approved rate card increased the rental income and the estimated economic lives for certain vehicle categories. As a result, the present value of future minimum lease payments increased as we anticipate receiving more revenue from finance leases going forward. This change also resulted in higher gain on the recognition of finance leases.

The impact on the Finance lease receivable is R180 181 964. Gain on recognition of asset increased by the same amount.

25. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position



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25. Prior-year adjustments (continued)

March 2022

	Note	As previously reported	Correction of error	Restated
Inventories		85 750 722	62 015	85 812 737
Receivables from exchange transaction		415 297 915	(1 454 721)	413 843 194
Property, plant and equipment		146 179 720	2 214 459	148 394 179
Finance lease receivables		740 448 196	(431 125)	740 017 071
Trade and other payables		(81 478 911)	(1 461 955)	(82 940 866)
Provisions		(29 819 042)	607 386	(29 211 656)
		1 276 378 600	(463 941)	1 275 914 659



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25. Prior-year adjustments (continued)

Statement of financial performance

March 2022

	Note	As previously reported	Correction of error	Restated
Rendering of services		474 206 097	(1 743 607)	472 462 490
Interest earned		79 879 146	(58 830)	79 820 316
Derecognition of assets		30 562 955	1 211 480	31 774 435
Gain on disposal of inventory held for sale		3 499 153	(515 514)	2 983 639
Personnel costs		(42 851 739)	269 785	(42 581 954)
Fleet running costs		(357 208 402)	(1 463 369)	(358 671 771)
Depreciation		(29 932 803)	(292 167)	(30 224 970)
Administration costs		(27 717 556)	376 378	(27 341 178)
Surplus for the year		130 436 851	(2 215 844)	128 221 007

Prior year adjustment summary

	Note	Correction of error	Restated
Impact on the Income Statement		2 215 844	2 215 844
Impact on the Balance Sheet		(463 941)	(463 941)
Total changes in Retained Earnings		1 751 903	1 751 903

Cash flow statement

March 2022

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		483 211 517	(1 686 515)	481 525 002
Other income		79 879 146	(58 830)	79 820 316
Other receipt		15 085 438	144 173	15 229 611
Suppliers		(564 859 449)	2 081 677	(562 777 772)
Employee cost		(42 851 739)	269 785	(42 581 954)
		(29 535 087)	750 290	(28 784 797)
Cash flow from investing activities				
Purchase of property, plant & equipment		(1 510 368)	(224 953)	(1 735 321)
Cash flow from financing activities				
Finance lease receipts		181 470 202	(525 337)	180 944 865

Prior period adjustment



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25. Prior-year adjustments (continued)

The following prior period errors adjustments occurred:

Inventory held for sale

The error is a correction of carrying values as a result of adjustments to deemed cost that were incorrectly calculated for vehicles transferred from operating leases to inventory held for sale.

Receivables from exchange transactions

Trade receivables

Adjustments were made to certain trade receivable accounts to correct misstatements made in previous financial years due to the following

- monies that were paid by the Departments but allocated to incorrect invoices .
- Vehicles that were written off but never removed from the bill.
- Vehicles billed on an incorrect categories.

The above adjustment also had an impact on revenue from rendering of services and interest charged.

Sundry debtor - Go Industry

An adjustment as a result of vehicle proceeds previously recognised as a payable to the auctioneer.

Property, plant and equipment

The adjustment resulted from the following:

- Depreciation for Motor Vehicles which was calculated beyond residual value.
- Deemed cost for operating leases that was incorrectly calculated.

The above adjustment also affected the derecognition of assets and depreciation charge.

- Vehicle that was a incorrectly classified as a finance lease.

Trade and other payables

The adjustment resulted from fleet running costs and subscription fees that were were not accrued in the prior year.

Finance lease receivables

An adjustment resulted from a pool vehicle that was incorrectly classified as a finance lease and also an adjustment of vehicles that were written off in prior period. The adjustment has impacted own vehicles and depreciation. An additional adjustment because of change in vehicle categories, the adjustment has an impact on gain or loss on derecognition of finance lease, rental, interest, and capital.

Administration costs

Adjustment made to commission for Non Fleet vehicles sold previously recognised as an expense, the adjustment has an impact on profit and loss on sale of vehicles. Also an adjustment was made for subscription fees that were were not accrued in the prior year.



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26. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity 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 authority provide 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.

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	179 600 274	188 071 652
Inventories	123 956 194	85 812 736
Receivables from exchange	381 690 734	413 843 194
Cash and cash equivalents	437 545 047	209 164 937
	1 122 792 249	896 892 519

Current Liabilities

Payables from exchange transaction	107 731 791	82 940 865

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 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.

27. Services in-kind

The Entity received services in-kind relating to government garages it occupies in Buffalo City Municipality, KSD Municipality and Nelson Mandela Metropolitan Municipality. The entity occupies the buildings free of charge. The estimated value of the properties occupied amounts to R39 801 000. The amount of the benefit cannot be reliably measured and has not been recognised.



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28. Irregular Expenditure and Fruitless and wasteful expenditure

Add: Irregular expenditure incurred	-	3 818

Comment:

No irregular, fruitless and wasteful expenditure incurred in the current year.

29. Budget differences

Material differences between budget and actual amounts

1.Revenue

1.1 Rendering of services

Variance in revenue is mainly due to:

The entity has been negatively affected throughout the year by delays in deliveries of vehicle orders. Vehicles that were projected to be leased through the Main rate card are in the Residual rate card, affecting lease revenue generated. In addition, 127 vehicles that were written off have not yet been replaced.

1.2 Interest received

The slow delivery of ordered vehicles has resulted in more funds invested at the Reserve bank and earn more interest , hence the higher generation of interest.

1.3 Other income

The variance in other income is attributed to the proceeds from vehicle auctions. The actual auction proceeds were less than the projections due to slow delivery of vehicles, this results to less vehicles being de-fleeted.

2.Compensation of employees

Variance is mainly due to posts that were vacant during the financial year. Most of these have been subsequently filled.

3. Goods and services

The adjustment in the budget for goods and services represents funds moved to capital expenditure during the financial year to cater for the replacement of motor vehicles.

4. Other items

The following items have not been budgeted for:

Depreciation
Inventory write down
Debt impairment
Derecognition of Assets
Movements in provision

30. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).



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30. Accounting by principals and agents (continued)

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 R1 059.62 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.

Government Fleet Management Services therefore, is an agent in the arrangement and the Provincial Departments are the principals.



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30. 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 -R10 651 725 (2022: -R9 590 622) 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	Additional details
Fleet running costs	This relates to fleet running costs expenditure paid by GFMS to a service provider (FNB) on behalf of the principal Departments

Amount of expenses paid on behalf of the principal during the reporting period

Fleet running costs	56 462 507	52 908 521

Amount of expenses accrued on behalf of the principal during the reporting period

Fleet running costs	11 470 438	4 711 637

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Amounts included in Trade receivables relating to the arrangement

Trade and other receivables	20 463 620	47 890 966
Movements during the year	5 217 499	(27 427 346)
	25 681 119	20 463 620

Reconciliation of the carrying amount of payables

Amounts included in Trade payables relating to the arrangement

Opening balance	4 711 637	9 267 022
Movements during the year	6 758 801	(4 555 385)
	11 470 438	4 711 637



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