



Province of the  
**EASTERN CAPE**  
TRANSPORT

# *Annual* **REPORT** **2023 - 2024**



<b>PART A: GENERAL INFORMATION</b>	<b>4</b>
1 DEPARTMENTAL GENERAL INFORMATION	5
2 LIST OF ABBREVIATIONS/ACRONYMS	6
3 FOREWORD BY THE MEC	9
4 REPORT OF THE ACCOUNTING OFFICER	11
5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	21
6 STRATEGIC OVERVIEW	22
6.1 VISION	22
6.2 MISSION	22
6.3 VALUES	22
7 LEGISLATIVE AND OTHER MANDATES	23
8 ORGANISATIONAL STRUCTURE	25
9 ENTITIES REPORTING TO THE MEC	26
<b>PART B: PERFORMANCE INFORMATION</b>	<b>27</b>
1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	28
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	28
3. ACHIEVEMENT OF INSTITUTIONAL IMPACT AND OUTCOMES	33
4. INSTITUTIONAL PERFORMANCE INFORMATION BY PROGRAMMES	41
4.1. PROGRAMME 1: ADMINISTRATION	44
4.2. PROGRAMME 2: TRANSPORT INFRASTRUCTURE	51
4.3. PROGRAMME 3: TRANSPORT OPERATIONS	60
4.4. PROGRAMME 4: TRANSPORT REGULATION	67
4.5. PROGRAMME 5: COMMUNITY BASED PROGRAMMES	73
4.6. GOVERNMENT FLEET MANAGEMENT SERVICE	79
5. TRANSFER PAYMENTS	82
6. CONDITIONAL GRANTS	83
7. DONOR FUNDS	85
8. CAPITAL INVESTMENT	85
<b>PART C: GOVERNANCE</b>	<b>86</b>
1. INTRODUCTION	87
2. RISK MANAGEMENT	87
3. FRAUD AND CORRUPTION	88
4. MINIMISING CONFLICT OF INTEREST	88
5. CODE OF CONDUCT	89
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	89
7. PORTFOLIO COMMITTEE	89
8. MATTERS ARISING FROM BUDGET VOTE DISCUSSIONS	90
9. PRIOR MODIFICATION TO AUDIT REPORTS	122
10. INTERNAL CONTROL UNIT	122
11. INTERNAL AUDIT AND AUDIT COMMITTEE	123
12. AUDIT COMMITTEE REPORT	125
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	127
<b>PART D: HUMAN RESOURCE OVERSIGHT</b>	<b>128</b>
1. INTRODUCTION	129
2. HUMAN RESOURCES OVERSIGHT STATISTICS	130
1.1 PERSONNEL RELATED EXPENDITURE	130
1.2 EMPLOYMENT AND VACANCIES	132
1.3 FILLING OF SMS POSTS	134
1.4 JOB EVALUATION	135
1.5 EMPLOYMENT CHANGES	136
1.6 EMPLOYMENT EQUITY	141
1.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS	146
1.8 PERFORMANCE REWARDS	147
1.9 FOREIGN WORKERS	149
1.10 LEAVE UTILISATION	150
1.11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES	152
1.12 LABOUR RELATIONS	154
1.13 SKILLS DEVELOPMENT	155
1.14 INJURY ON DUTY	156
1.15 UTILISATION OF CONSULTANTS	156



1.16 SEVERANCE PACKAGES .....	160
<b>PART E: PFMA COMPLIANCE REPORT .....</b>	<b>161</b>
1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES .	162
1.1. IRREGULAR EXPENDITURE .....	162
1.2. FRUITLESS AND WASTEFUL EXPENDITURE.....	163
1.3. UNAUTHORISED EXPENDITURE.....	165
2. LATE AND/OR NON-PAYMENT OF SUPPLIERS .....	166
3. SUPPLY CHAIN MANAGEMENT .....	166
3.1. PROCUREMENT BY OTHER MEANS.....	166
3.2. CONTRACT VARIATIONS AND EXPANSIONS .....	168
<b>PART F: FINANCIAL INFORMATION .....</b>	<b>172</b>
1. REPORT OF THE AUDITOR GENERAL .....	173
2. ANNUAL FINANCIAL STATEMENT.....	190
<b>PART G: PFMA COMPLIANCE REPORT FOR GFMS .....</b>	<b>279</b>
<b>PART H: GOVERNMENT FLEET MANAGEMENT SERVICE .....</b>	<b>281</b>
1. REPORT OF THE AUDITOR GENERAL .....	282
2. ANNUAL FINANCIAL STATEMENT.....	291



# PART A



## GENERAL INFORMATION

## 1 DEPARTMENTAL GENERAL INFORMATION

### DEPARTMENT OF TRANSPORT

**PHYSICAL ADDRESS** : 32 Cowan Close  
Stellenbosch Park  
Schornville  
eQONCE  
5601

**POSTAL ADDRESS** : Department of Transport  
Private Bag x0023  
BHISHO  
5605

**SWITCHBOARD** : 043 604 7400

**FAX NUMBER** : 086 646 6602

**WEBSITE ADDRESS** : [www.ectransport.gov.za](http://www.ectransport.gov.za)



## 2 LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation	Description
AARTO	Administrative Adjudication of Road Infringement Offences
AB350	Africa's Best 350 Ltd
ABC	Algoa Bus Company
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
ANPR	Automatic Number Plate Recognition System
AO	Accounting Officer
APP	Annual Performance Plan
ASOD	Average Speed Over Distance
ATNS	Air Traffic Navigation System
BAS	Basic Accounting System
B-BBEE	Broad Based Black Economic Empowerment
BFI	Budget Facility for Infrastructure
CAA	Civil Aviation Authority
CASA	Chartered Accountant South Africa
CBP	Community Based Programme
CD	Chief Director
CESA	Consulting Engineers South Africa
CETA	Construction Education and Training Authority
COTO	Committee of Transport Officials
COE	Compensation of Employees
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
CSIR	Council For Scientific and Industrial Research
CSD	Central Supplier Database
DDG	Deputy Director General
DEDEAT	Department of Economic Development, Economics & Tourism
DLTC	Driver's License Testing Centre
DORA	Division of Revenue Act
DME	Distance Measuring Equipment
DPWI	Department of Public Works & Infrastructure
DPSA	Department of Public Service Administration
DRE	District Roads Engineer
ECDC	Eastern Cape Development Corporation
ECPT	Eastern Cape Provincial Treasury
ECSA	Engineering Council of South Africa
ECSBOC	Eastern Cape Small Bus Operators Council
EDMS	Electronic Document Management System
EHW	Employee Health & Wellness
EE	Employment Equity
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ERMC	Ethic and Risk Management Committee
EXCO	Executive Council
FTE's	Full Time Equivalents
FMPPI	Framework for Managing Programme Performance Information
GEMS	Government Employees Medical Scheme
GFMS	Government Fleet Management Services
GIS	Geographical Information System
HAZLOCS	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
IDMS	Infrastructure Development Management System
IDP	Integrated Development Plan
ISA	Information Systems Audit
ITP	Integrated Transport Plan
IRM	Infrastructure Reporting Model



Abbreviation	Description
IYM	In-Year Monitoring
KSD	King Sabata Dalindyebo
LDV	Light Delivery Vehicle
LOC	Local Organising Committee
LOGIS	Logistical Information System
LED	Local Economic Development
LRA	Labour Relations Act, 1995
M&E	Monitoring & Evaluation
MCS	Modified Cash Standard
MEC	Member of the Executive Council
MERSETA	Manufacturing, Engineering and Related Services Sector Education & Training Authority
MIS	Management Information System
MPSA	Minister for Public Service and Administration
MPSS	Minimum Physical Security Standards
MTC	Mayibuye Transport Corporation
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NaTIS	National Traffic Information System
NCDP	National Contractor Development Programme
NICD	National Institute for Communicable Diseases
NDoT	National Department of Transport
NDP	National Development Plan
NLTA	National Land Transport Act, 2009
NMT	Non-motorised Transport
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NQF	National Qualifications Framework
NRTA	National Roads Traffic Act, 1996
NT	National Youth Services
NYS	National Treasury
OEM's	Original Equipment Manufacturers
OHS	Occupational Health and Safety
OL	Operating License
OPS	Operational Plan
OSD	Occupational Specific Dispensation
OTP	Office of the Premier
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PCC	Provincial Coordinating Committee
PCMT	Provincial Coordinating Monitoring Team
PDP	Personal Development Plan
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act, 1999
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
PTNG	Public Transport Network Grant
PTOG	Provincial Transport Operations Grant
PSETA	Public Sector Education and Training Authority
PSR	Public Service Regulations
PT	Provincial Treasury
PVA	Public Viewing Area
RAMP	Road Asset Management Plan
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
SANS	South African National Standards
SANRAL	South African National Roads Agency
SANTACO	South African National Taxi Council
SARS	South African Revenue Services
SCM	Supply Chain Management



Abbreviation	Description
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SETA	Skills Education Training Authority
SG	Superintendent-General
SIU	Special Investigating Unit
SITA	State Information Technology Agency
SHERQ	Safety Health Environment Risk and Quality
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprise
SMS	Senior Management Service
SOP	Standard Operation Procedure
SP	Strategic Plan
TB	Tuberculosis
TETA	Transport Education and Training Authority
TLE	Traffic Law Enforcement
TIMS	Traffic Infringement Management Services
TMH	Technical Methods for Highways
TOR	Terms of Reference
TRAFMAN	Traffic Management System
TRH	Technical Recommendations for Highways
TT	Task Team
TTC	Transport Technical Committee
TVET	Technical and Vocational Education and Training
VTS	Vehicle Testing Station



### 3 FOREWORD BY THE MEC

The Eastern Cape Department of Transport is presenting the end of this financial year report with mixed feelings due to several positive achievements and challenges. However, we are proud of the contribution we have made in the sixth administration which came to an end in May 2024. Undoubtedly the sixth administration has laid a solid foundation for the seventh administration which has been given a fresh mandate by the electorates following Provincial and National General elections which took place in May 2024.

The department has attained an Unqualified Audit opinion with findings on performance information and compliance after 5 consecutive years of a negative audit outcome. The improvement demonstrates that departmental officials are committed to take this department to greater heights of achieving clean audit outcome.

The achievement has been faced with challenges such as budget shortfall around Scholar Transport Programme to address the demand that exceeds the need. As a result, the Department has embarked on the process to transform the programme, the core processes of the Scholar Transport function are being undertaken in the district, excluding the payment function. A process led by the Organizational Development function in Human Resources has ensured a proper change management plan for the full decentralization of scholar transport is implemented and monitored throughout the year.

Despite several interventions made by the department, we continue to experience the alarming rate of deaths on our roads. Most of these accidents are attributed to driver behaviour. However, during the 2023/2024 Festive Arrive Alive Campaign we managed to reduce road fatalities by 21,5 percent surpassing the 18 percent National Department of Transport target. We attribute this success to our traffic officers and other stakeholders. We would also like to attribute this to the two late traffic officers, Ms. Sonica Smith and Ms. Sisanda Hadi who died while executing their duties. May their beautiful souls continue to rest in eternal peace. As part of reducing road fatalities and economic rejuvenation, plans to construct a state-of-the-art multi-modal Centre at Middelburg in Inxuba Yethemba Local Municipality though delaying has commenced.

We are also exploring a partnership with SANRAL on the rollout of the Average Speed Over Distance system between Fish River and Gqebera as a pilot project. In this regard fruitful engagements were convened between SANRAL and the department. The Department is awaiting the draft SLA/MOU from SANRAL for Inputs. However, the project is at the procurement stage from the SANRAL side.

Plans to establish Traffic College to drive institutional development towards professionalization of the institution are progressing smoothly. Moderators and Assessors have been trained and the Department intends to train additional resources. The Department is also in the process of training Traffic Field Officers. These initiatives are part of the build-up towards launching a virtual College. Departmental Traffic Officials were trained as facilitators to assist in the new Traffic College in-take.

It is a fact that the provincial government has turned the province of the Eastern Cape into a construction site. We are working tirelessly to change the face of the province as the department is currently involved in several construction projects in the province. Our people particularly women, youth and vulnerable groups have benefited immensely from our projects. I can highlight the following projects:

- Completion of the 10km upgrade of the Centane to Qholorha Phase 2B
- Completion of the 5km upgrade of the SLA Tsolwana Nature Reserve Phase 5
- Progress towards the construction of the following inhouse construction projects
- DR08313 to Nyandeni Canzibe Hospital Road
- DR08321 in KSD from Coffee Bay to Zithulele Hospital Road
- DR08041 in Chris Hani District Municipality from Cofimvaba to Askeaton Road
- MR0522 in Amathole from R72 to Hamburg Road
- DR08131 in Mhlontlo from Qumbu to Tsilitwa Road



**MR XE NQATHA**  
**MEC TRANSPORT & COMMUNITY**  
**SAFETY**



Our province is one of the provinces prone to disasters and in the past two years, we experienced heavy rainfalls and floods that swept away bridges and caused immense damage to our road infrastructure. Scientists believe that climate change is responsible for the droughts and floods along the eastern coastline. The abnormal weather conditions have caused more than a 3.0-billion-rand infrastructure backlog. 90 per cent of our roads are gravel roads that require frequent maintenance due to abnormal weather conditions. To mitigate this anomaly, an amount of R90 million has been earmarked for the procurement of plant machinery. To date, more than 30 Grader items have been delivered. The remaining items were delivered before the end of March 2024.

We also coordinated and facilitated through the Provincial Rail Committee the revitalization of the rail infrastructure in the province. The revitalization of the following rail infrastructure was conducted:

- Amabele Branch line to Mthatha
- Blaney Branch line to Cookhouse
- Addo Branch line to Kirkwood

We worked tirelessly to transform Bhisho and Mthatha airports into catalysts for economic rejuvenation in the province. The government in partnership with stakeholders has been able to bring the much-needed facelift and upgrading of Bhisho Airport. The Department embarked on a process of considering a three-year Maintenance Contract for the overall maintenance of the Mthatha airport inclusive of the airport grounds. The contracting of the service provider will be in place before the end of the 1st quarter of the 2024/25 financial year.

In an effort to silence guns in the taxi industry, the Executive Authority brokered a peace deal with all the leaders of the taxi industry which was subsequently signed by all the leaders of the taxi associations in the province. The Peace Accord is binding and clearly defines what must be done when signatories have failed to adhere to the agreement. We hope that the agreement will bring much-needed stability to the taxi industry.

We also hosted the first-ever colloquium with non-subsidized operators such as taxi owners and small bus operators at ICC in East London. The colloquium is the brainchild of the provincial department and is aimed at finding lasting solutions to challenges confronting non-subsidized operators in the province. The executive Authority delivered a keynote address at the colloquium. A detailed document on the proposed comprehensive financial inclusion of non-subsidized operators was presented in the meeting and subsequently, discussed. Subsequently, we convened the TransMEC summit at ICC in East London. TransMEC is a political structure, which aims to improve coordination and lines of communication which was developed by the department and approved by the Executive Council (ExCO) of the Provincial Government of the Eastern Cape in June 2006. This political structure was launched in 2007. TransMEC also ensures the devolution and delegation of transport functions to the local level and accelerates service delivery. The mandate of TransMEC derives from the following legislation:

- National Land Transport Act, No 5 of 2009 (NLTA)
- Provincial White Paper on Transport of 2001
- Provincial Land Transport Framework (PLTF)

In conclusion, I want to express my heartfelt gratitude to every employee of the department for their invaluable contributions. I would also like to extend my sincere appreciation to all stakeholders for their guidance in steering the Department in the right direction.

I thank you,

  
**MEC XOLILE E NQATHA (MPL)**  
 Department of Transport & Community Safety  
 31 August 2024



## 4 REPORT OF THE ACCOUNTING OFFICER

### 4.1 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 fourth year of strategy implementation of the 6<sup>th</sup> Administration, it also ushers into the final 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 7<sup>th</sup> Administration. Albeit the various challenges experienced in the financial year, the Department has reported certain areas of performance with some areas living room for improvement in the coming financial year and into the new administration.

During the year, the Department continued with the review and update of the 2010 – 2011 approved Eastern Cape NATMAP 2050. This review process was informed by the latest developments and trends internationally, regionally (Africa) and within South Africa. The product of the review process is an updated NATMAP2050: Eastern Cape long-term transport plan, henceforth to be known as the Eastern Cape Transport Master Plan (ECTMP) 2050. These final stages of the review process come at the critical period in the administration of government, a period wherein we are planning towards the 7<sup>th</sup> Administration. The Departments is currently in the final stages of consultation for further approval by Cabinet Committees. The Provincial Development Plan proclaims that the Eastern Cape will be a place 'where all people reach their potential' by 2030, and this plan seeks to providing an enabling environment through the transport sector.

The period under review also enabled the Department to conduct a successful recruitment process that involved advertising 401 job positions and filling 312 of the 401. This recruitment process focused on capacitated the districts to ensure optimal service delivery at implementation level.

Despite these positive developments, the poor condition of roads in the province remains a primary concern. The lack of funding and unfunded backlog are significant challenges that impede efforts to improve road conditions. For the first time in six years, the Department conducted visual conditions assessment as a means of providing an analysis on the state of the roads infrastructure and which interventions to be employed to bring the provincial network to an acceptable level of service taking into consideration the shrinking fiscus and climate change. This conditional assessment should form the basis for strategic prioritisation for implementation.

The Centane to Qholorha Phase 2B Project, covering 10km has been completed. The entire stretch of the road is currently open to traffic, effectively linking the community to the beach of Qholorha. This marks the completion of a total of 36km of road that has been upgraded by the Department over the years, leading to a host of tourist attractions and social amenities.

In an effort towards the implementation of the preventative maintenance strategy, it is worth noting that the Department has handed over the R67 road to the Makana and Ndlambe communities during the period under review. The project, covering rehabilitation for a distance of 46.12km, connects Grahamstown and Port Alfred and is a crucial route for farming communities around Makana and Ndlambe municipality. This road also links two national routes, N2 and R72. The rehabilitation of a 32km stretch between Butterworth and Centane is currently ongoing. Although the project experienced some delays initially, the contractor has since picked up the pace and expected completion is in the second quarter of the upcoming financial year.

Towards fostering partnerships both at a national and local level, the Department has entered into a Memorandum of Understanding (MOU) with SANRAL and a number of local municipalities. The construction of the Briedbach Belstone Interchange is a testament to these collaborations. This project involves both SANRAL and ECDOT roads and is progressing well. The project is expected to be completed in the upcoming financial year. At a local level, the SLA Enoch Mgijima: Tsolwana Nature Project has progressed well and seen the completion of the planned 5km. Due to the labour-intensive nature of the project, the project initially delayed completion, however yielding a maximum of 288 local employ opportunities with close to 50 percent targeted towards the Youth.



DEPARTMENT OF TRANSPORT  
ACCOUNTING OFFICER



The Welisizwe Bridge Programme is another initiative by the Department aimed at improving and providing access to rural communities. The involvement of multiple role-players has resulted in some implementation delays and issues which are being monitored and managed at a Provincial level as well. Two of the 19 bridges reached practical completion, yet to be resolved. However, all parties are working around the clock to refine the issues. The Department plans to implement an additional 17 bridges on completion of the 19 bridges before the end of this financial year, with four already underway.

In acknowledging the inadequacy of funding allocated to the Department, we are also leveraging our resources to undertake various upgrade projects. These initiatives are being carried out in a phased manner and include the following:

- DR08031 – Qumbu to Tsilitwa
- Canzibe Hospital Road
- DR08041 – Cofimvaba to Askeaton
- R72 to Hamburg
- Coffee Bay to Zithulele

Despite the challenges currently experienced by the ECDOT, we remain committed to exploring ways of enhancing our operations in ensuring we provide a safe and reliable infrastructure network.

The public transport sector in the province continued to face significant challenges, including route blockages and intimidation. These issues have been exacerbated by the inaccessibility of specific routes, particularly due to bad road conditions caused by climate change. Consequently, the operations of subsidised service routes have been adversely affected. Operational integrations are necessitated with transport infrastructure in response to this situation. The Department also implemented the recapitalisation strategy for Mayibuye Transport Corporation, which is aimed at improving its operations and enhancing efficiency. Additionally, the launch of new buses - rationalisation and recapitalisation initiatives will further improve the public transport sector.

The Department remains a contributor towards ensuring safe and cohesive communities. The Department has continued with road safety and law enforcement initiatives on our roads aiming at contributing to the outcomes of reduced road fatalities. These initiatives included the implementation of road safety programmes for scholars, youth and adults, Easter, and Festive Arrive Campaigns in collaboration with other role players such as Department of Community Safety, SAPS and NDOT. This year saw a notably decline in road fatalities over the Easter and Festive Seasons.

While the current economic and social climate presents significant challenges in employment and skills development, the Department is committed to providing work and skills development opportunities for the unemployed, focusing on the youth. The Youth Brigade Programme was successfully launched. The Department has also created short-term work opportunities through EPWP Initiatives and Household Contractors, skills training (NYS) and artisan development.

The regulatory audit results for the 2023/24 financial year have significantly improved, wherein the Department moved from a Qualified Audit Opinion to Unqualified with findings on performance information and compliance matters of emphasis. This result has been a great achievement for the Department and reflects the hard work and intentional efforts that have been instituted by the Department as a whole. It is proven that with continued strides taken in good governance and ethical leadership, the Department can move with agility and achieve good results. This outcome comes at a time where the Department is faced with a myriad of challenges – structural and systematic. This further requires the Department to work as a team, employ and be deliberate about performance improvement interventions to maintain and yield even more positive results in the 2024/25 audit.

The Department remains committed to improving its operations and strategies and remains resilient to deliver on its mandate.



## 4.2 Significant Events

Table 1 describes key departmental significant events during the 2023/24 financial year.

**Table 1: Significant events**

No.	Date	Event	Description
1.	4 <sup>th</sup> April 2023	2023 Easter Arrive Alive Campaign	MEC Nqatha and MEC Meth (MEC for the Department of Health) jointly launched the 2023 Easter Arrive Alive Campaign with a K78 Road Block on the N2 Road, Mthatha towards Qumbu (Emakhaphetshwini) on a quest to reduce road fatalities over the Easter period.
2.	20 <sup>th</sup> April 2023	UAE Royal Family land at the Bhisho/Bulembu Airport	The Bhisho/Bulembu Airport which is a provincially owned airport was utilized as a port of entry by the UAE Royal Family. The Royal Family visited the province for a couple of weeks on a vacation trip.
3.	13 <sup>th</sup> June 2023	Eastern Cape Youth in Transport Indaba 2023	MEC Nqatha in partnership with National Youth Development Agency hosted a Youth Indaba opening dialogues to explore youth opportunities in the Transport Sector.
4.	30 <sup>th</sup> June 2023	Launch of the Youth Brigade Project	MEC Nqatha as a means of creating opportunities for youth in the transport sector, a road maintenance Youth Brigade Project in Amahlathi Local Municipality was launched.
5.	29 <sup>th</sup> July 2023	Graduation Ceremony of 47 new Traffic Officers	Class 2 of 2022 Graduation Ceremony of 47 Traffic Officers in Nelson Mandela Bay Traffic College. The traffic officers will be dispatched throughout the province to beef up traffic law enforcement.
6.	4 <sup>th</sup> August 2023	SOD Turning of the Middelburg Integrated Traffic Control Centre towards the implementation of Freight Strategy	MEC Nqatha and Inxuba Yethemba LM Mayor met with stakeholders for SOD turning of the long-awaited Middelburg Integrated Traffic Control Centre.
7.	9 <sup>th</sup> August 2023	Women's Day Special Joint Operation in Middelburg.	MEC Nqatha, ECDOT women law enforcement officers, SAPS and Officials from Department of Labour & Home Affairs led a joint operation in honour of Women in Transport for Womens Month
8.	1 <sup>st</sup> September 2023	Launch of Expanded Public Works Programme	MEC Nqatha launched the Expanded Public Works Programme in Mbashe Local Municipality – highlighting economic development opportunities created through EPWP.
9.	14 <sup>th</sup> September 2023	Farewell Session – 2022/23 Retirees Session Programme	The Department hosted and honoured the retirees of the 2022/23 financial year.
10.	9 <sup>th</sup> – 10 <sup>th</sup> October 2023	Shova Kalula Bicycle Project Handover	Deputy Minister for Transport – Hon. Mangcu & MEC Nqatha handover to two schools in Kirkwood, Sundays River bicycles to learners that are not beneficiaries of Scholar transport.
11.	20 <sup>th</sup> November 2023	Handover of the Willowvale to Dwesa Nature Reserve Road – Phase 2.	The road upgrade project between Willowvale and Dwesa Nature Reserve Phase 2 – 15km has been completed and handed over to the community.
12.	1 <sup>st</sup> December 2023	Launch of the Festive Season Arrive Alive Campaign	MEC Nqatha launched the 2023 Festive Arrive Alive Campaign with a K78 Road



No.	Date	Event	Description
			Block in collaboration with SAPS and EMS in various hotspots across the province.
13.	8 <sup>th</sup> December 2023	Airshow in celebration of International Civil Aviation Day (ICAD)	The Department hosted at the Bhisho/Bulembu Airport an airshow in celebration of International Civil Aviation Day – in an effort of advancing innovation for global aviation development.
14.	29 <sup>th</sup> December 2023	Traffic Law Enforcement Activations	The Minister of Transport Ms. Sindiswa Chikunga and MEC Nqatha led law enforcement activations in the Mthatha area and delivered the decline in fatalities during the festive period.
15.	30 <sup>th</sup> January 2024	Back to School Campaign in Gqeberha	MEC Nqatha accompanied by officials from the office of the Premier, Department of Transport, Community Safety and Education visited Summerwood Primary school in Gqeberha as part of the back-to-school campaign.
16.	15 <sup>th</sup> February 2024	Contractor handover – N2 to Sipethu Hospital Road Phase 4	Introduction of the Contractor to commence with the upgrade of the N2 to Sipethu Hospital Road Phase 4
17.	27 <sup>th</sup> March 2024	2024 Easter Arrive Alive Campaign Launch	MEC Nqatha launched the 2024 Easter Arrive Alive campaign in Kei Bridge, Amathole District.

#### 4.3 Overview of the financial results of the Department

##### Departmental receipts

Table 2 provides information on departmental receipts.

**Table 2: Departmental Receipts**

Departmental receipts		2023/24			2022/23		
		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 (MVL)	748 478	705 440	43 038	716 247	600 515	115 732
2	Sale of goods and services other than capital assets	25 941	25 040	901	24 824	19 004	5 820
3	Transfer received				0	0	0
4	Fines, penalties	16 648	36 455	(19 807)	15 931	69 020	(53 089)
5	Interest, dividends and rent on land				-	-	-
6	Sale of capital assets		1 136	(1 136)			
7	Financial transactions in assets and liabilities	5 655	2 718	2 937	5 412	1 305	4 107
<b>TOTAL</b>		<b>796 722</b>	<b>770 789</b>	<b>25 933</b>	<b>762 414</b>	<b>689 844</b>	<b>72 570</b>

A target of R796 722 million was set for 2023/24 Financial Year for the collection of own revenue. The departments main source of revenue is from motor vehicle license fees (MVL). During the year under review the Department collected 97 percent of the revenue target, an improvement from 91 percent from the 2022/23 financial year. Though the Department improved on the total revenue collected, the 97 percent under collection is equivalent to R25 933 million. The under collection was mainly driven by a few Registering Authorities that did not pay over what is due to the Department.

Guided by the Provincial Revenue Research Study and the Departmental Revenue Strategy, the department generates revenue from the following different major sources:

- Motor Vehicle License Fees



- b) Vehicle Licence Number Plates
- c) Road Traffic Fines
- d) Fees accruing from issued road transportation permits
- e) Airport Landing Fees

The Department 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 2023/24 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 the 2011/12 financial year through provincial gazette dated 14 January 2011. The non-increase is because National Department of Transport determines the tariffs increase for all provinces and has remained constant since.

### 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.

### Reasons for under-collection in some sources of Revenue

The primary reason for the under-collection of tax receipts is due to delays experienced by some Registering Authorities (RAs) in paying over collections before year-end. The RTMC owed R20.3 million for February and March 2024 collections and only made the payment on April 2024 after the closure of the 2023/24 Financial Year, as well as the other Registering Authorities inclusive of the South African Post Office that pays in arrears.

### Sale of goods and services

The Department under-collected the sale of goods and services by (R901 thousand) equivalent to 3 percent under collection. This is an improvement from the 24 percent under-collection in the previous year. In the 23/24 financial year, the department expanded the services provided by its own RA/DLTCs in Komani, Wilsonia, Elliotdale, Bhisho, and Straundale. The expanded services include the renewal of driver's licenses, vehicle registration, and issuing of duplicate documents however the department also experienced a decline in the collection of landing fees.

### Debt Write offs in the 2023/24 financial year

There was an amount of R267 thousands 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 with departmental receipts

The Department is prioritising the recovery of arrear debts from the previous financial years owed by both the South African Post Office and Municipalities.

Letters of demand were issued to owing Municipalities and the department also lodged a claim to the SAPO Business Rescue Practitioner (BRP's) as per the BRP processes. At year-end, the matter had not been concluded.

### Programme Expenditure

Table 3 provide more detail on Programme expenditure.

**Table 3: Expenditure per Programme**

Programme Name	2023/24			2022/2023		
	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	537,784	530,815	6,969	548,188	548,079	109
Transport Infrastructure	2,318,966	2,146,820	172,146	2,438,465	2,435,246	3,219
Transport Operations	1,798,311	1,796,586	1,725	1,747,372	1,747,372	0
Transport Regulations	336,386	332,840	3,546	308,642	308,217	425
Community Based Programme	620,047	604,975	15,072	553,479	537,586	15,893
<b>Total</b>	<b>5 611 494</b>	<b>5,412,036</b>	<b>199,458</b>	<b>5,596,146</b>	<b>5,576,500</b>	<b>19,646</b>

### Reasons for deviation

The department's performance was significantly impacted by an interim court interdict, which temporarily halted the project's implementation. This legal barrier, combined with threats and cases of extortion, prevented the project from commencing as scheduled. Additionally, the slow progress can be attributed to the underperformance by contractors, which further hampered the project's advancement. In addition, some of the EPWP beneficiaries under Community Based Programme exited the programme due to death or resignation, and there were no replacements. This has resulted in the department spending less than the budgeted amount.

### 4.4 Virements and rollovers

#### Virements

Table 4 provides details on virements effected in the year under review.

**Table 4: Virements for 2023/24**

Programme	Adjustment Appropriation	Virements	Final Appropriation
Administration	526,478	11,306	537,784
Transport Infrastructure	2,320,691	(1,725)	2,318,966
Transport Operations	1,790,887	7,424	1,798,311
Transport Regulations	352,391	(16,005)	336,386
Community Based Programme	621,047	(1,000)	620,047
<b>Total</b>	<b>5,611,494</b>	<b>0</b>	<b>5,611,494</b>

#### 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.

**Programme 1** - The Department implemented the virement to defray excess expenditure on households to assist with the payment of tuition fees of law enforcement students. The programme was allocated additional funds to defray excess expenditure. In addition, funds were allocated to cater for the adjusting journals under capital assets.

**Programme 2** – The virement from the programme was effected due to savings realized on Compensation of Employees as a result of delays in the filling of vacant positions as the department undertook a process of aligning the organizational structure as well as adhering to Circular 49 from the Department of Public Service and Administration.



**Programme 3** - The virement was affected to address the shortfall in the transportation of learners and for the subsidy of public transport (Africa's Best 350) because of the payment of previous years accruals.

**Programme 4** – The Programme has realised savings due to delays in the completion of the technical specification for planned procurement. Additionally, funds originally allocated for consumable supplies were reallocated to Administration for payment of tuition fees for law enforcement students.

**Programme 5** – The Programme realized savings from goods and services under the Innovation and Empowerment sub-programme due to the challenges experienced in sourcing accredited service providers to train NYS and EPWP participants.

## Rollovers

Table 5 provides details on rollovers applied for from 2023/24 to 2024/25.

**Table 5: Rollovers applied for from Provincial Treasury**

Programme	Project	Reason
Transport Infrastructure	DR08034 N2 to R61 via Clarkbury	The project could not commence as anticipated due to a court interdict.
	DR08125 Phase 4A N2 to Sipethu Hospital	The project could not commence due to threats and cases of extortion.
	Middleburg Integrated Traffic Control Centre	The underspending is due to the slow progress on site.
	Welisizwe Bridge Program	The underspending is due to delays in the implementation of the Welisizwe Bridge Program. The Department will improve collaborative efforts to expedite the implementation of the project.
	Roads Maintenance projects	The underspending is due to routine road maintenance projects that were committed but not paid due delays in the completion of works

The Department is awaiting the outcomes of the roll over from Provincial Treasury.

## 4.5 Unauthorised, irregular and fruitless and wasteful expenditure

The reasons for an unauthorized, irregular and fruitless and wasteful expenditure identified in the 2023/24 financial year, amounts involved, and steps taken to address and prevent a recurrence are set out below.

### Unauthorised expenditure

The Department requested an additional budget from the Provincial Treasury for the payment of Operators for ferrying learners, but it was not approved. However, the Department was given an overdraft facility of R270 million for paying the operators for January to March 2024 and the previous month's accruals. The Department exceeded its budget for goods and services by R172,825 million for the year, mainly due to increased costs for ferrying learners within the Transport Operation Programme. This overspending was primarily covered by the bank overdraft facility. The Department also reorganized its programs to address the financial pressures of paying Scholar Transport operators. The overspending cited above thus resulted in an unauthorized expenditure of R172,825 million as the department spent more than the appropriated budget.

### Irregular expenditure

The department previously submitted a request for the condonation of irregular expenditure amounting to R2,915,275 billion as of 31 March 2023 and any subsequent payments related to such expenditure. This request was primarily related to the Algoa Bus Company's contract, which was originally subject to compliance with Sections 41 and 42(1) of the National Land Transport Act (NLTA) of 2009. The Provincial Treasury granted condonation only up to 31 March 2023, though the contract itself was set to expire on 30 September 2023 therefore the department incurred R125 921 million expenditure relating to the latter period also an amount of R318 424 million relating to cases that were deemed irregular in the prior year.

### Fruitless and wasteful

During the reporting period, an amount of R12.851 million was identified as a fruitless and wasteful expenditure. This was primarily due to payments made to deceased beneficiaries under the Expanded Public Works Programme (EPWP) and significant over-measurement of quantities, leading to overpayments to a construction-related service provider.



### Steps taken to address and prevent recurrence

The department is committed to upholding the highest standards of integrity and accountability. To ensure compliance with laws and regulations, the department has taken the following steps:

- Actively fostering an environment where adherence to regulations is a priority. This includes regular awareness sessions, clear communication of policies, and providing the necessary resources and support for compliance.
- The organization recognizes the importance of taking prompt disciplinary steps against officials who fail to comply with laws and regulations. Fraud Prevention policy has been developed to ensure that any transgressions are addressed swiftly and effectively, maintaining the integrity of the organization.
- The internal controls and risk management strategies are continuously reviewed and enhanced to safeguard against fraudulent activities.

These measures collectively reinforce the commitment to maintaining a transparent, accountable, and compliant operational environment.

### 4.6 Strategic focus over the short- and medium-term period

The following policy work and key issues are to be considered in the finalization of the planning for 7<sup>th</sup> administration.

- The finalization of the review and update of the Eastern Cape Transport Masterplan to inform medium to long term planning for the Department.
- Development of a Provincial Road Safety Strategy which will be the guiding document for the reduction of road fatalities.
- Intentional and continued discussions with National Department of Transport for the realization of moving goods from road to rail using the Freight Strategy. This will hopefully lead to the resuscitation of some branch lines for purposes of economic development.
- finding its niche and purpose in transforming the maritime sector in collaboration with DEDEAT, aiming to leverage opportunities for provincial benefit.
- Further clarification of the exact role in Oceans Economy will be initiated between the Department (ECDOT), DEDEAT and national DOT.
- Completion of the Middelburg Integrated Traffic Control Centre to ensure that trucks carrying manganese at Inxuba Yethemba are paying fees.
- Establishment of the Driving Schools Registrar as part of regulating and fighting corruption within Driving Schools.

### 4.7 Public Private Partnerships (PPPs)

Public-private partnerships (PPPs) provide a mechanism for the public and private sectors to work together to design, construct, maintain and fund infrastructure. PPPs are governed by Treasury Regulation 16 and the PFMA. The Department has no PPPs in place. At the current moment there is no project/agreement that meets the definition of PPP.

### 4.8 Discontinued key activities/activities to be discontinued

No activities to report.

### 4.9 New or proposed key activities

No activities to report.

### 4.10 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

- Under capacitated contracts management, acquisition and demand sections for the execution of the Departmental procurement needs,
- Adherence to committee sittings and,
- Adherence to procurement plan implementation.

#### Mitigating Strategy.

- Annual Recruitment Plan incorporates vacant posts under the SCM Directorate.
- Monitoring and reporting on committee sittings and establishment of ad-hoc committee members to perform the functions of bid committees when necessary necessary.
- Monitoring of Specification submission and procurement process stage monitoring is implemented monthly for monitoring and reporting purposes.

#### 4.11 Gifts and donations received in kind from non-related parties

None

#### 4.12 Exemptions and deviations received from the National Treasury

None

#### 4.13 Events after the reporting date

Nothing to report on.

#### 4.14 Other

There are no other matters to report on.

#### 4.15 Acknowledgement/s or Appreciation

The Departments Traffic Long Service Awards are an opportunity to acknowledge and celebrate the phenomenal contributions made by our long-serving and dedicated traffic law enforcement officers. The Long Service Awards ceremony did not take place during the period under review due to departmental competing events. The department however plans for this event to take in the 2024/25 financial year. Recognizing long service of 10, 20, 30 and 40 years. These awards aim to honour and thank the Officers in strengthening safety and law enforcement in our provincial roads during their many years of dedicated service.

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.

#### 4.16 Conclusion

I would like to thank every employee who contributed to the successes of the Department during the year under review. I would like to further implore all employees to continue working hard to contribute to the betterment of the citizens of the Eastern Cape.



#### 4.17 Approval and sign off

The attached Annual Financial Statements (AFS) set out on from pages 190 - 278 as well as performance information set out from pages 28 - 85 are hereby approved.

  
**Mr A Fani**  
 Accounting Officer  
 Department for Transport  
 31 August 2024



## 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 2024.

Yours faithfully,

  
**Mr A Fani**  
 Accounting Officer  
 Department for Transport  
 31 August 2024



## 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 Departments mandate was derived from the Constitution of the Republic of South Africa, 1996 (hereafter referred to as the Constitution). Certain mandates were concurrent responsibilities, while others were exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from the functional legislation and policies, are outlined below.

- 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 (no.5 of 2009)
- Division of Revenue Act (1998)
- Learner Transport Policy (2017)
- Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998)
- Road Safety Act, 1972 (no. 9 of 1972)
- Road Traffic Management Corporation Act, 1999 (no. 20 of 1999)
- Expropriation Act, 1075 (no. 63 of 1975)
- Government Immoveable Asset Management Act, 2007 (no.19 of 2007)
- Basic Conditions of Employment Act, 1997 (no.75 of 1997)
- Broad-Based Black Economic Empowerment Act, 2003 (no.53 of 2003)
- Construction Industry Development Board Act, 2000 (no. 38 of 2000)
- Disaster Management Act, 2002 (no.57 of 2002)
- Division of Revenue Act (Annual)
- Employment Equity Act, 1998 (no.55 of 1998)
- Labour Relations Act, 1995 (no.66 of 1995)
- National Environmental Management Act, 1998 (no. 107 of 1998)
- Occupational Health and Safety Act, 1993 (no.85 of 1993)
- Preferential Procurement policy Framework Act, 2000 (no. 5 of 2000)
- Promotion of Access to Information Act, 2000 (no.2 of 2000)
- Promotion of Administrative Justice Act, 2000 (no.3 of 2000)
- Protection of Personal Information Act, 2013
- Public Audit Act, 2004 (no.5 of 2004)
- Public Finance Management Act, 1999 (no.1 of 1999)
- Public Service Act, 1994



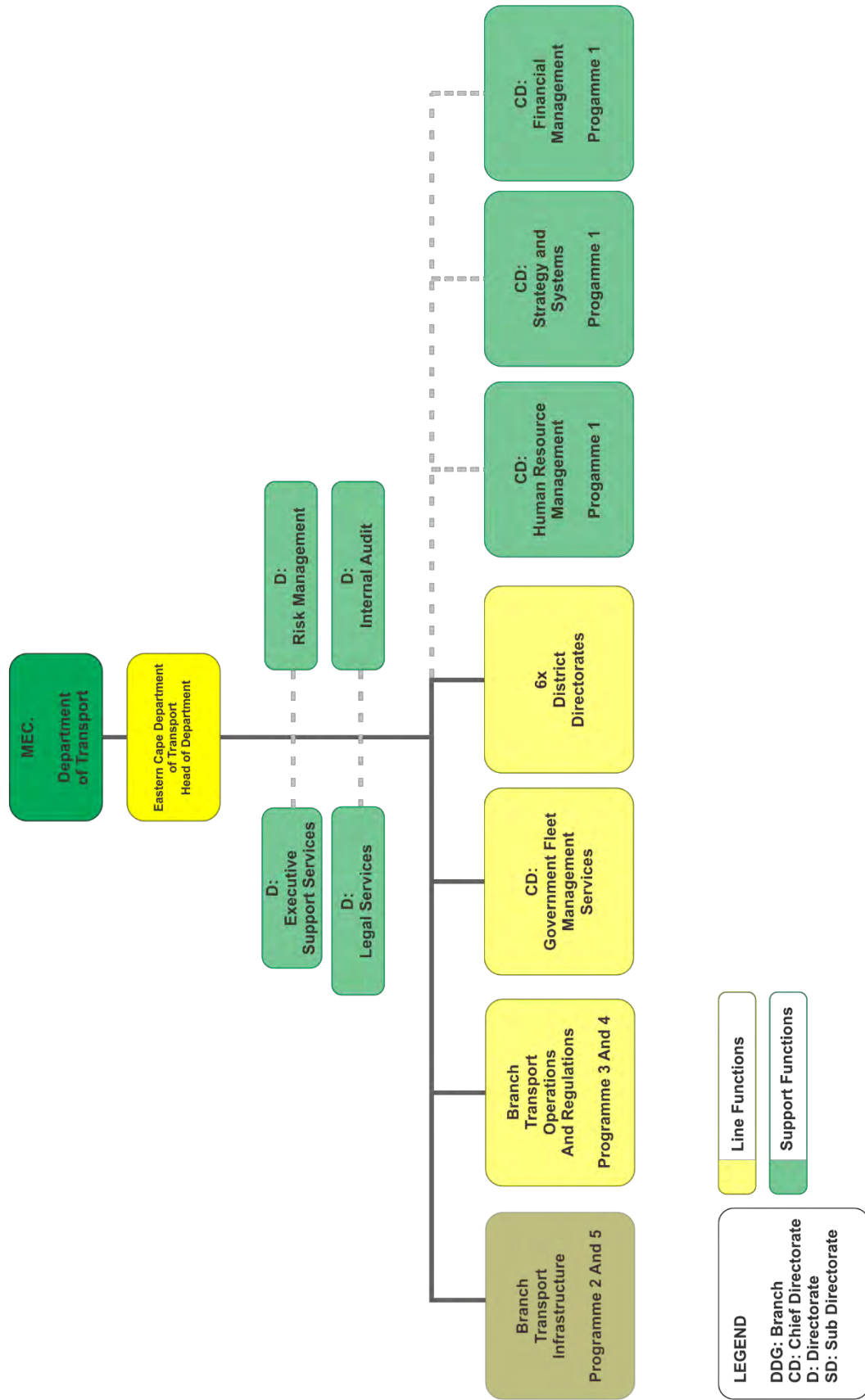
The following national and provincial policies and strategies described below guided the Department of Transport.

- National Public Transport Strategy, 2007
- National Rural Transport Strategy, 2007
- National Road Safety Strategy, 2016 – 2030
- White Paper on National Transport Policy, 1996
- Road Infrastructure Strategic Framework for South Africa (RISFA)
- National Development Plan 2030
- Revised Framework for Strategic and Annual Performance Plans
- Budget Prioritisation Framework
- Framework for Managing Programme Performance Information, 2007



## 8 ORGANISATIONAL STRUCTURE

The Departments macro-organisational structure as at 31st March 2024;



## 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
<b>Mayibuye Transport Corporation</b>	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
<b>Government Fleet Management Trading Entity</b>	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





PART  
**B**

# PERFORMANCE INFORMATION

## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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, with any material findings being reported under Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 173 - 189 of the Report of the Auditor General, published as Part F: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The main services of the Department were the following:

Main Service	Key functions
Administrative/Support Services	Provide strategic, policy and operational support within the Department. • Provide financial management and supply chain services within the Department. • Facilitate the development of provincial, departmental strategies, policies, and plans. • Manage the Professional Development Programme (PDP) to develop scarce skills in the transport and engineering fields. • Provide bursaries for individuals undertaking tertiary studies in the transport and engineering fields. Assist municipalities to develop integrated transport plans (ITPs) – through District Management.
Transport Infrastructure Services	Construct, rehabilitate and maintain the provincial road network. • Offer learnerships and graduate training through the CTD • Provide technical support services. • Create job opportunities and economic empowerment through infrastructure provision. Assist municipalities to develop integrated transport plans (ITPs).
Transport Operations Services	Manage and monitor subsidised and specialised public transport services. • Coordinate and facilitate land transport safety and compliance programmes. • Assess land transport mobility in municipalities and assist and capacitate municipalities to improve mobility in their areas of jurisdiction. • Support the implementation of non-motorised transport (NMT). Provide licensing services to public transport operators. • Register minibus taxi operators and associations. • Implement and coordinate road safety programmes. • Provide dispute resolution services in the public transport domain. Provide road safety programmes at schools
Transport Regulatory Services	Provide motor vehicle registration and licensing services through municipalities. • Provide motor vehicle roadworthy testing services through municipalities • Issue driving licences and professional driving permits to competent drivers through municipalities and registering authorities. • Issue permits for abnormal load vehicles and events on provincial roads. • Provide overloading control services on provincial roads. • Provide law enforcement on provincial public roads. • Provide traffic training and development to the traffic profession within our province. • Provide law enforcement interventions.
Community Based Programmes	Coordination of creation of work opportunities through community development and EPWP programmes. • Facilitate programmes to develop emerging contractors and SMME's • Offer construction-related skills development opportunities, including training and artisan skills training.

#### Key Service Delivery Achievements

This section will deal with achievements on some service areas. Programme achievements are further extensively documented under each Programme Performance.

#### Service: Provide bursaries for deserving students

The Departmental Bursary Programme aims to address the shortage of critical skills and facilitate transformation by awarding internal and external bursaries to promising students and colleagues. The awarding of internal and external bursaries in the Department continues to be capacitated in the value chain and operations of the Department. The Human Resource Development unit continued to utilize this mechanism in further capacitating young people who are interested in joining the transport sector. The Department has prioritised the awarding of bursaries to applicants who are pursuing transport related studies, prioritising the following fields – Transport Economics, Maritime Studies, Civil



Engineering, Mechanical and Aviation Studies. For internal applicants: Project management and Public Administration have been prioritised. The Department awarded 64 new bursaries to young applicants in the 2023 academic year, and 50 bursaries to internal candidates.

#### *Service: Transport infrastructure provision*

The Department's strategic spending was focused both on routine maintenance and capital works. The Department continued to strive for provision of road infrastructure to be at an acceptable level of service as an important component of a safe and effective transport system, and an enabler of economic and social development in the Eastern Cape. Projects identified to promote economic growth and socio-economic activity continued in the year under review. The detailed design for the upgrading of the DR08017 Cedarville to Mvenyane Phase 4 project was completed during the period under review, which has been identified as the most efficient link between Mount Frere to Cedarville via Matatiele. The Department is further continuing with designing for upgrading the Butterworth Inner Bypass, MR0700 Stutterheim to Tsomo and DR08017 Cedarville to Mvenyane Phase 3 as a means of providing a safe and reliable transport system.

The Department has continued with its strategic partnership with SANRAL through the MOU for the construction of the new Breidbach/Belstone and R72 to Kidds Beach Interchanges respectively. These intersections are set to improve road safety for both motorists and pedestrians alike, especially community members and it will also give easier and a safer access to the Eastern Cape Legislature in Bhisho and onto R72 from Kidds Beach respectively. Both projects are progressing steadily, and the Breidbach/Belstone Interchange is planned for completion in the 2nd quarter of the 2024/25 financial year. The project is at 90% overall completion. The Department will continue working with SANRAL to expedite roads infrastructure development across the province. Where deemed a necessity, the Department will in the 2024/25 financial year, consider the transfer (temporary and permanent) of some strategic roads to this entity.

The Department has continued with the Implementation of the Welisizwe Bridge Programme. Two bridges (Sunrise and Ntlenga) which are both situated in the Port St Johns Area in the OR Tambo District Municipality have reached practical completion. The implementation of the Programme was met with a number of challenges, however the construction of the remaining 17 out of the 19 bridges is proceeding with progress that is reported all to be over the 60% completion benchmark. The benefitting district municipalities are the following - OR Tambo, Amathole and Alfred Nzo. The Department has also commenced with the implementation plan for the next phased implementation of 17 bridges, envisioned to be implemented in the following Districts - OR Tambo, Alfred Nzo, Amathole, Joe Gqabi and Chris Hani.

Other transport related infrastructure under construction is the Middelburg Integrated Traffic Control Centre, Phakade Traffic Station and the Mthatha Traffic Station.

#### *Service: Manage and monitor subsidised public transport services*

The Department continued with the managing and monitoring contracts for scheduled passenger bus services with Africa Best 350 (AB350), Algoa Bus Company and Mayibuye Transport Corporation. A maximum of 2 364 routes have been subsidized during the period under review. Number of kilometres subsidized: Maximum of 19 046 091 km per annum. Number of trips subsidized: Maximum of 481 600 trips per annum. Though the public transport services have been encountered with a number of challenges including the continued pressure on the PTOG for Algoa Bus Company, the Department has continued to provide an operating subsidy to these three bus services. ABC transports about 900 000 passengers per month. MTC transports approximately 9 000 passengers a day and AB350 transport approximately 22 000 passengers a day.

#### *Service: Issue permits for abnormal load vehicles and events on public roads*

The Department continued to process and issue abnormal load vehicle permits during 2023/24 utilising the abnormal load system for streamlining the classification and registration of abnormal load vehicles and automating the issuing of permits. At the time of writing, the Department is exploring the upgraded system with CSIR to ensure improved turnaround times and finalisation of applications.

#### *Service: Road Safety*

The Department's road safety education and awareness programme regained momentum during the period under review. Counterparts such as Community Safety, SAPS and Departmental Traffic Law Enforcement contributed to reducing the risk of road fatalities in the Eastern Cape. The target groups included school children, youth, and vulnerable road users such as persons with disabilities and older persons.



### *Service: Traffic Training & Development*

The responsibility to serve and ensure the safety of people living in the Eastern Cape necessitated an annual increase in the number of trained traffic officers. 142 traffic officers have been awarded bursaries towards basic traffic training. The students are currently in the Gqeberha Traffic College. An additional 24 traffic officer interns have been contracted deployed in the various traffic stations.

### *Service: Traffic Law Enforcement*

The Eastern Cape experienced an overall decrease in fatalities over the 2023/24 Easter and Festive season. The active presence of Traffic Law Enforcement Officers at hazardous locations on the road network contributed to the overall decline in road fatalities.

### *Escorting of abnormal loads*

The Department was responsible for the administration, approval, and implementation of escorting abnormal loads in the Eastern Cape. The wind energy projects associated with the Renewable Energy Independent Power Producer Procurement Programme which necessitated abnormal load escorts in the Sarah Baartman areas. In support of the Eastern Cape Provincial Government drive for economic growth and renewable energy, Traffic Law Enforcement escorted abnormal loads while continuing to ensure that adequate resources were available to keep our roads as safe as possible. All loads were moved successfully and without incident.

## Key Service Delivery Challenges

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

Non-performing infrastructure contractors have resulted in major delays in the completion of several infrastructure projects. Operating in the post-COVID 19 environment saw ongoing volatility with ongoing contractors struggling to remain financially viable. 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.

Social unrests and community interference have remained a key challenge that has affected timeous completion of projects. Smaller contractors have been especially affected.

Service delivery protests (social unrest and community interference) 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.

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 were further exacerbated by the allocation of routes. A Taxi Mediation Task Team has been set up with external stakeholder for investigation of causes for violence and recommendations on curbing this.

The transport infrastructure project – DR08034 – N2 to R61 via Clarkebury could not commence due to the unresolved litigation - interdict on the appointment of a service provider for the construction of the project.

The following internal challenges have affected Departmental performance during the period under review.

The labour unrests and office accommodation challenges in the Alfred Nzo District have affected the performance of the district, therefore affecting the overall performance of the Department.

Cost pressures in the Scholar Transport Programme has resulted in the reprioritization of funds, therefore affecting achievement of planned performance.

Funding constraints towards recapitalization and repairs of plant items. This has affected achievement of the blading activity fleet availability to support inhouse operations.

Aged plant complement. This has a direct effect on the ability of the Department to effectively utilize its plant items to support inhouse operations of the Department.

Redesigning projects that will be beneficial to Youth and Persons Living with Disabilities.

## 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 of 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 and reporting will commence in the 2024/25 financial year.

## 2.3 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. A committee has been established to deal with implementation of the approved organizational structure. An implementation plan was developed and approved for implementation. Consultations have commenced with Departmental Unions and an agreement has been reached on the process of the placement and person to post matching. The implementation will commence in the 2024/25 financial year.



Below is the proposed macro structure.

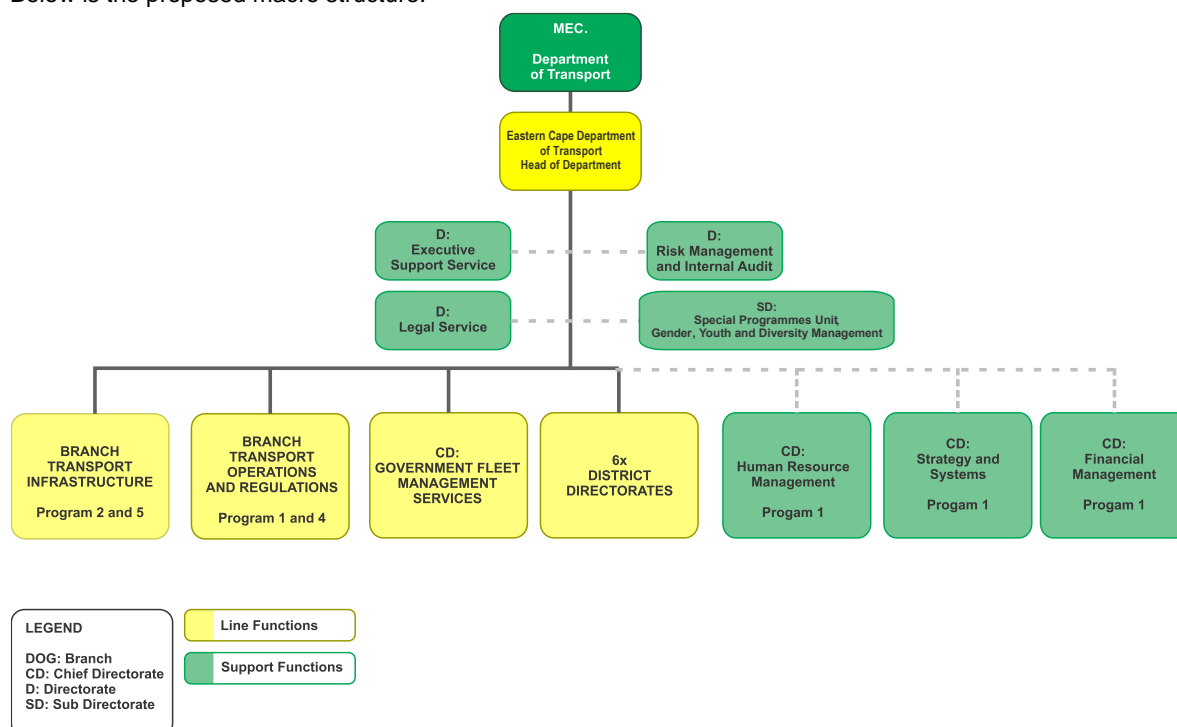


Figure: Proposed Organizational Structure to be implemented

#### Achievement of employment equity targets

The Department continued to strive towards excellence through the employ of qualified human resources. Strides towards achieving provincial priorities pertaining to employment equity have been taken, and though the Department continues to strive towards excellence in this regard, it has not been able to realize the required 2% of persons living with disabilities in its employment. The Department is sitting at 1% on persons with disability. Women (Gender Equity) is sitting at 41% of women at SMS level, though it is targeting 50%. The overall balancing of scale between male and female in the Department is tilted towards male (55%) and whilst females are at 45%. Youth is sitting 19% of the total staff population (2 425) in the Department.

The numerical employment equity targets achieved at the end of the reporting period are reflected in the tables below.

Gender	African	Coloured	Indian	White	Grand Total
Female	1 036	47	3	21	1 107
Male	1 201	87	1	29	1 318
Grand Total	2 237	134	4	50	2 425

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	18	1	19	19	2	3	24	43
Grand Total	18	1	19	22	2	3	27	46

Top and Senior Management

Disability	African	White	Grand Total
Female	8	1	9
Male	13	0	13
Grand Total	21	1	22

Disability Status

Race	Female	Male	Grand Total
African	218	211	429
Coloured	9	11	20
Indian	0	0	0
White	2	0	2
Grand Total	229	222	451

Youth Statistics

## 2.4 Key Policy Developments and Legislative Changes

For the financial year ending 31st March 2024, there were no major policy shifts that would greatly impact on how the Department delivers its mandate. However, there is concerted efforts to continue with the review of old transport sector pieces of legislation that may no longer be relevant in the 21st Century. This is an ongoing process, focusing on Public Transport, Law Enforcement and Infrastructure delivery arms in the Department.

## 3. ACHIEVEMENT OF INSTITUTIONAL IMPACT AND OUTCOMES

The year under review marks the fourth year of implementation of the 6th administration strategy (2020-2025). This section seeks to provide progress against the five-year targets in relation to the outcome indicators and Departmental priorities. According to the Revised Medium-Term Strategic Framework (MTSF) (2019 – 2024) and the Departments Strategic Plan (2020 – 2025), the Department has a responsibility of contributing towards all the priorities of the MTSF and required to draw focus to the following MTSF priorities in this five year period: Priority 1: A Capable, Ethical and Developmental State, Priority 2: Economic Transformation and Job Creation, Priority 5: Spatial integration, human settlements and Local Government & Priority 6: Social Cohesion and Community Safety.

The Department has in the five years committed to working towards the impact: 'Safe and Reliable Transport System'. This is testament to the commitment to deliver on the mandate through our core function of providing transport infrastructure, regulating transport operations as well as ensuring the provision of an integrated transport system. Achievement towards the Impact Statement is hinged on the achievement of the following five Outcomes of the Department. As each Priority is stated, a synopsis of the situational analysis of each statement is provided.

### 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.

Links to National and Provincial Priorities: This outcome responds to MTSF 5: Spatial integration, human settlements and local government and PDP Goal 1: Innovative & inclusive growing economy. This outcome further contributes to the National Transport Sector Priority 2: Public Transport that Enables Social Emancipation and an Economy that actually works.

### 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.

Links to National and Provincial Priorities: This outcome responds to MTSF 2: Economic Transformation & Job Creation and PDP Goal 2: An enabling infrastructure Network. This outcome further contributes to the National Transport Sector Priority 2: Infrastructure build that stimulates economic growth & job creation.



### 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.

Links to National and Provincial Priorities: This outcome responds to MTSF 6: Social Cohesion & Safe Communities and PDP Goal 2: An enabling infrastructure Network. This outcome further contributes to the National Transport Sector Priority 2: Safety as an enabler of service delivery.

### 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.

Links to National and Provincial Priorities: This outcome responds to MTSF 2: Economic Transformation & Job Creation and PDP Goal 1: An Innovative & Inclusive growing economy. This outcome further contributes to the National Transport Sector Priority 5: Accelerating transformation towards greater economic transformation.

### 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.

Links to National and Provincial Priorities: This outcome responds to MTSF 1: A Capable, Ethical & Developmental State and PDP Goal 6: Capable Democratic Institutions.



## Progress towards the achievement of Departmental 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	2023/24 Achievement
Improved transport system	Number of subsidised routes	2 020	2 236	2 187	2 201	2 364	2 396
Improved transport infrastructure	Number of kilometres of gravel roads upgraded to surfaced standard	163	260	8	39	27.5	26.46
	Number of kilometres of gravel roads maintained <sup>1</sup>	40 600	40 600	16 931.08	18 137.85	21 707.8	19 554.21
Reduced road fatalities <sup>2</sup>	Number of road fatalities reported	242	200	361	153	225	210
Improved public sector private sector participation	Number of jobs created	50 900	22 000 <sup>3</sup>	47 593	47 536	36 241	33 171
An effective and effective public administration	Department obtains a clean audit outcome	Qualified audit opinion	Clean Audit Outcome	Qualified on 2019/20 Audit	Qualified on 2020/21 Audit	Qualified on 2021/22 Audit	Qualified on 2022/23 Audit

## Explanation of Outcomes Performance

### Outcome 1 – Improved Public Transport System

Through our partnerships with operating bus services, we have subsidized 2364 routes, exceeding the planned target. Providing affordable, safe and reliable public transport is the states constitutional obligation. 25% of road based public transport inter-town and long-distance trips are made by bus in the Eastern Cape. Therefore, improving the public transport system is a top priority for the Department. This includes empowering and transforming the industry to provide better access to schools and healthcare facilities. The Department also aims to enhance the quality of public transport services by providing scheduled services that are safe, affordable, and meet high-quality standards.

Though the public transport services have been encountered with a number of challenges including the continued pressure on the PTOG for Algoa Bus Company, the Department has continued to provide an operating subsidy to three bus services – Algoa Bus Company (ABC), Mayibuye Transport Corporation (MTC) and AB350 (Pty). The performance from these bus services has exceeded the term target for this outcome indicator, wherein a maximum number of 2 200 routes for Algoa Bus Corporation; 132 routes for AB350 and 64 routes for Mayibuye Transport Corporation were operated during the period under review.

ABC transports about 900 000 passengers per month. MTC transports approximately 9 000 passengers a day and AB350 transport approximately 22 000 passengers a day.

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

2 Fatalities refer only fatalities during the Festive Season and Easter Break

3 There is a major decrease in the target as at the time of planning, participants over the age of 60 years were to be exited from the Programme.



## Outcome 2 – Improved Transport Infrastructure

The Department holds responsibility for the upgrades and additions of gravel standard roads to paved standard. Provincial owned roads make up the largest portion of roads in the EC Province, the department must deliver on the gravel road upgrades and additions amidst the dilemma of an underfunded mandate. The Department pledged to deliver 260km of tarred roads in the Province. Over the term the Department has been able to upgrade a total of 100.96km, underperforming relative to the target of 260km. The following key strategic roads projects have been completed.

- Hluleka Hospital Road Phase 1	:16km
- SLA Tsolwana Nature Reserve Phase 4	:12km
- Willowvale to Dwesa Nature Reserve Phase 2	:15km
- Centane tp Qholorha Phase 2B	:10km
- Enoch Mgijima Nature Reserve Phase 5	: 5km
- Madwaleni Hospital Road	: 9,5km
- R72 to Hamburg	: 9,7km
- Coffee Bay to Zithulele	: 4km
- Canzibe Hospital Road	: 9,4km
- Cofimvaba to Askeaton	: 6,9km
- Qumbu to Tsilitwa Clinic	: 3.46km

The total capital pipeline for capital projects, which included Upgrades, Additions, Reseals and Rehabilitations, totals R3 620 billion. Of this amount, R393 million is still in procurement for new contractor. Multi-year contracts to the value of R712 million of these projects have reached practical completion this year, and R1.607 billion is in construction. Three (3) of the fifteen (15) contracts have been terminated due to contractor underperformance, and these have an award value of R908 million.

Routine maintenance has performed well as a means of continuously ensuring that provincial roads remain safe and accessible. The department has performed well during this term, well exceeding two out of three performance indicators. This may also be attributable to the utilization of the framework agreements and panel of contractors to curb procurement lead times.

## Outcome 3 – Reduced Road Fatalities

Over the course of the past four years, the province has experienced a notable decline in recorded fatalities. Specifically, the number of fatalities has decreased from 242 at the onset of the term to 210 in the 2023-2024 period. These figures are based on statistical data taken at both the Provincial and Municipal levels.

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 for the creation of visibility. The Department aims at responding to the increasing vehicle population versus the understaffed Traffic Fraternity by appointing 197 Traffic Officers over a period of 3 year on problematic routes for steady implementation of 24/7 Shift System and to create visibility in an ambit to create visibility on provincially owned roads. The following routes are earmarked.

- Aliwal North N6,
- Cradock R61/N10,
- Graaff Reinet R61,
- Humansdorp N2, Ngcobo R61
- Pakade N2,
- Mbizana R61

## Outcome 4 – Improved Public Private Sector Participation

At the time of setting the target for the 5-year term, the EPWP determination was to exit all beneficiaries that were over the age of 60 years. This was retracted at the time of implementation, and beneficiaries between the ages of 50 and above still remain in majority. Taking this into consideration, the Department has successfully achieved its objective of creating work opportunities through infrastructure development. Despite encountering challenges in attracting young beneficiaries, the programme continues to make a positive contribution to the socio-economic sector.

Overall, the Department generated a maximum of 47,593 job opportunities, comprising 20, 426 full-time equivalents, through the Expanded Public Works Programme (EPWP).



This impressive outcome can be attributed to identifying additional transport infrastructure projects during the year. The Department's projects aimed at reducing road fatalities, maintaining roads, and implementation of labour-intensive projects (taxi ranks, paving project, across various municipalities, employing a maximum of 7,829 youths, 32,767 women, and 388 individuals with disabilities, thereby promoting diversity and inclusivity.

### Outcome 5 – An Efficient and Effective Public Administration

To ensure a robust internal control environment, the Department must evaluate its cultural and structural aspects. This entails identifying and addressing any shortcomings in complying with the relevant policies and regulations. Such an assessment is crucial in identifying gaps and areas for improvement. This will enable the Department to take corrective action in a timely and effective manner. It is recommended that the Department conduct regular evaluations to ensure compliance and maintain a high standard of internal control.

### Challenges encountered in the implementation of Outcome Indicators;

Number of routes subsidized: Disputes in the taxi industry have led to a rise in violence that has significantly affected commuter safety and the efficient functioning of the public transport system. The violent conflicts between taxi operators, associations, and other bus companies, particularly Inter-Cape, have resulted in the loss of precious lives. Arson attack, route blockages and community have affected the implementation of these services.

Number of kilometres of gravel roads upgraded to surfaced standard: The Delayed completion and termination of construction projects due to non-performing contractors remains the biggest challenge for non-achievement of gravel road upgrades. The termination of key strategic projects such as Upgrade of Mlamli Hospital Road, N2 to Siphethu Hospital Road and Hluleka Nature Reserve Road due to contractor non-performance remains the greatest challenge. Operating in the post-COVID 19 environment saw ongoing volatility with ongoing contractors struggling to remain financially viable. The delays experienced in these capital projects due to this factor and delays has had an impact on the cost and timeous completion of infrastructure projects.

Furthermore, the Department is facing a significant challenge as reports continue to emerge of a growing number of extortion incidents. Infrastructure contractors appointed by the Department have reported that they are often confronted with cases of local gangs who demand money for "protection" or who request a percentage of the contract value. These criminal activities have had a detrimental effect on the cost and timely completion of these infrastructure projects, as well as on the safety of Departmental employees.

Reduced Road Fatalities – lack of an integrated approach in the implementation of the Road Safety Strategy. The lack of a coordinated approach towards implementing the 4E's to ensure achievability of this outcome is one of the greatest challenges affected the achievability of the outcome (E – Engineering; E – Education; E – Enforcement; E – Evaluation)

Attainment of clean audit outcome: Payment of scholar transport operators on incorrect records and overpayment on road construction project have remained the greatest challenges for the stagnation of the audit outcome. The department continues to implement the audit intervention plan towards remediating the audit outcome. The qualifying matters for scholar transport and infrastructure are being closely monitored. Risk Management and Internal Audit support the governance of the department towards this imperative

### Departmental 5-year Priorities

The Department has a role to play in each of the strategic national priorities and the goals of the province. To address this, the Department has developed its own priorities which will embrace the National Development Plan, the NDP Five-Year Implementation Plan, the Transport Sector Long Term Plans and Outcomes, Provincial Development Plan Goals and the Local Government Plans, the 2019 Ruling Party Manifesto. To focus the limited resources and capacity, the Department has uplifted the following priority areas in line with its mandate, for implementation over the five-year term;

- 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.



Priority: Development and implementation of a Provincial Transport Master Plan (inclusive of Roads)	
Project/Initiative	Progress to Date
Review and Update of the Provincial Transport Masterplan (Eastern Cape Transport Masterplan)	<p>The Service Provider was appointed for the review and update of the Masterplan led by Transport Infrastructure. A final draft of the report was received in March 2023 and a departmental review process was conducted which commenced in April 2023 to November wherein continuous improvement and consultations with industry experts were concluded.</p> <p>A roadmap projects that the Masterplan will be submitted to Cabinet for consideration and approval through the Cluster Systems.</p>
Priority: Effective infrastructure delivery through exploration of alternative means of delivery	
Project/Initiative	Progress to Date
<p>Implementation of infrastructure projects utilizing alternative methods. This takes into consideration paving (interlocking brick paving) and labour Intensive processes with an aim of creating work opportunities).</p> <p>Other innovative methods to ensure delivery of effective infrastructure (procurement strategies)</p>	<p>The following projects have/are being implemented as labour intensive projects:</p> <p>The following projects have been completed to date:</p> <ul style="list-style-type: none"> <li>- Jubilee Taxi Rank in the OR Tambo District</li> <li>- Rehabilitation of Cala and Khowa Taxi Ranks in Chris Hani District</li> <li>- Phase 1 – 5 Enoch Mgijima SLA (Tsolwana Nature Reserve) in Chris Hani District</li> <li>- Construction of Cala Animal Pound</li> <li>- Paving of Ntabankulu Ring Road</li> </ul> <p>The following projects are still under implementation:</p> <p>Paving of Hillcrest internal streets</p> <p>Paving of road leading to Machubeni (Project on hold, poor contractor performance)</p> <p>Paving of Qumbu to Tsilitwa Clinic (Of the 6km, 2km has been completed)</p> <p>Paving of 5km of road leading to the Ngumbela Cricket Stadium in Healdtown (Project on hold, poor contractor performance)</p> <p>The Department has also entered into MOUs with WSU and CSIR for exploration of alternative methods and processes for construction of Eastern Cape provincial roads. Results from this research will assist the Department in pursuing more cost effective alternatives for building safer roads.</p> <p>The Department during this term adopted implementation delivery through panels and framework agreements. This was to curb procurement lead times and also to ensure inclusion of emerging contractors. The Department has yielded efficiency gains in the process, and this is evident in the overachievement of routine maintenance indicators (re-graveling and blacktop patching).</p>
Priority: Implementation of the Road Safety Strategy	
Project/Initiative	Progress to Date
Roads Safety Awareness Programmes	Through the road safety education programme the Department is implementing the following initiatives:
Schools involved in road safety education programmes	<p>Road safety interventions: Learners and Youth &amp; Adults Programme</p> <p>Schools involved in road safety education Programme</p> <p>The Department was able to create awareness to over 25 000 learners per annum in various schools across the Province.</p> <p>Also a youth and adult programme was successfully implemented reaching an audience of over 85 000 per annum across the province.</p> <p>Over 379 schools were involved in road safety education programme.</p>
Roll out of AARTO	The implementation of AARTO in the Department has been stalled because of the litigation processes against AARTO. Implementation thereof is awaiting the Constitutional Court decision.
Law Enforcement Operations	<p>The following law enforcement operations are conducted in the Province to create safety and visibility on our roads:</p> <ul style="list-style-type: none"> <li>- Vehicles weighed</li> <li>- Stop &amp; Check</li> <li>- Drunken Driving</li> <li>- Speed operations</li> <li>- Pedestrian operations</li> </ul>



	<ul style="list-style-type: none"> <li>- Selective law enforcement operations (K98 roadblocks, stray animal, warrant operations)</li> </ul>
Erection of Average Speed Over Distance (ASOD) cameras	<p>The Department has held engagements with SANRAL to collaborate on this initiative.</p> <ul style="list-style-type: none"> <li>- SANRAL is in the process of drafting an MOU which will indicate the roll out plan for the project and roles and responsibilities between the two parties.</li> <li>- The System will be hosted by SANRAL as its linked to their system.</li> <li>- Further engagements with SANRAL on the engagement model are planned and will be concluded in 2024/25.</li> </ul>
Identification of hazardous locations (HazLocs) and implementation of road safety interventions from a law enforcement, traffic engineering and education perspective (4E's)	<p>The following areas have been identified:</p> <ul style="list-style-type: none"> <li>- N2 (Afred Nzo, Amathole, OR Tambo)</li> <li>- R56 (Mbizana Alfred Nzo)</li> <li>- R61 (Chris Han, OR Tambo)</li> <li>- R56 (Joe Gqabi)</li> </ul> <p>The ongoing HazLoc identification process is utilized also for the deployment of law enforcement operations and identification of areas that require infrastructure engineering interventions and road safety education.</p>
Establishment of Law Enforcement Facilities/expansion of registering authorities to bring services to the people.	<p>The following RA's and DLTCs were established to improve the access of communities to services, this is also aligned to the implementation of the Service Delivery Model - 'bringing services to the people'.</p> <ul style="list-style-type: none"> <li>- Komani RA</li> <li>- Bhisho Service Centre</li> <li>- Elliotdale</li> <li>- Humansdorp</li> </ul>
<b>Priority: Revitalisation of provincially owned airports</b>	
<b>Project/Initiative</b>	<b>Progress to Date</b>
Installation of Fire simulator at the Mthatha Airport	Completed
Attract more airlines to use the Mthatha Airport Facility	<p>The Department has received and explored the process of evaluating the proposal of a new airline, CEMAIR which was earmarked to operate from the Mthatha airport. This was anticipated to improve tourist access to the Eastern Region of the province. The proposal was deemed not to be feasible for the Department to continue with.</p> <p>Due to the economic climate of the Province, there have been no further airlines that have shown interest in utilization of the airport</p>
Construction of the new Fire station at the Mthatha Airport	<p>The Department is utilizing the DPWI as an implementing agent. A contractor was appointed to commence with the construction of the fire station, however due to contractual disputes, the contract has been terminated.</p> <p>The Department has requested Department of Public Works and Infrastructure to continue as the implementing agent and continue with the appointment of a service provider for the construction of the Fire Station at Mthatha Airport. The implementing agent is in the process of development of a specification for the contracting of a replacement contractor.</p>
Implementation of recommendation of a feasibility study on the utilization of Bulembu Airport as a cargo facility	<p>The following 2 options were recommended from the feasibility study:</p> <p>Establish Bhisho as an Aeronautical Hub comprising several uses but anchored by flights schools. This would require minimal investments and should in principle be able to generate sufficient income to cover airport operating costs. This could be done in a relatively short period of time.</p> <p>Consider the development of an agro-processing centre with air export requirements. Specifically, consideration would be for Halaal meat production which could draw on the significant existing livestock in the region and the large export potential. However, this will require very significant investment and has long lead times.</p>



	Both options were reconsidered by Provincial Management, and GTAC was requested to conduct a prefeasibility study. There are internal departmental discussion on the implementation of recommendation from the feasibility study.
<b>Priority: Improve operational efficiencies in the Scholar Transport Programme</b>	
<b>Project/Initiative</b>	<b>Progress to Date</b>
Scholar Transport Efficiency Improvement Programme (Workstreams)	The following interdisciplinary interventions (workstreams) were initiated to improve operations at Scholar Transport: <ul style="list-style-type: none"> <li>- SCM Contracting</li> <li>- Logis Implementation</li> <li>- Finance (verification and improved lead times for payments)</li> <li>- Organisational Development for decentralization of the function to Districts.</li> <li>- Automation of Scholar Transport (learner transport system)</li> </ul>
Learner Transport System	The development of the Learner Transport Management system is complete, and the system is ready for rollout. The recommendation to accelerate the implementation of the Scholar Transport Automated System is noted, the Department is currently having consistent engagements with the Stakeholders to ensure that all parties understand the expectations.
New Learner Transport Tender	Tender process concluded and the Department is in the finalization stages of the contracting process.
Decentralisation of the Scholar Transport function to Districts for management	The Department is implementing the decentralisation process in a phased approach due to capacity constraints. The Department is in the process of recruiting Scholar Transport officials in the districts to ensure full capacitation of the sub-programme. It must however be noted that the contracting of new operators is in conclusion stages and is being conducted in conjunction with district officials as a means to moving towards decentralisation of the function.
<b>Priority: Improve operational efficiencies of Departmental Entities (GFMS and Mayibuye Transport Corporation (MTC))</b>	
Amalgamation of Departmental Entities	Feasibility study was conducted by GTAC and the recommendations indicated negative on the amalgamation of the Departmental Entities. <p>MTC was then requested to develop a recapitalization strategy, which have been elaborated in the initiative below.</p>
Recapitalization strategy for MTC	In 2023/24 financial year, the Department reprioritized R5m and funded 2 new buses towards the recapitalization strategy for MTC. The Corporation further funded an additional 4 new buses, therefore recapitalizing the Corporation by 6 new buses. <p>Furthermore, for the upcoming financial year (2024/25), an additional R7m has been earmarked for procurement of another 2 additional buses.</p> <p>The Department assisted in the repeal process of the old Ciskeian Act of which a new Policy for MTC was developed and approved by MEC.</p> <p>The consultation process for the Development of the MTC White Paper Policy is still ongoing.</p>



## 4. INSTITUTIONAL PERFORMANCE INFORMATION BY PROGRAMMES

Of the 52 indicators planned by the Department in the annual performance plan, the Department has managed to fully achieve 34 indicators, taking Departmental performance to (65%) in terms of full achievement. The performance has slightly improved from the performance of the previous financial year, wherein performance was at (62%) achievement of APP targets.

The remaining 18 performance indicators, which is equivalent to (35%), did not reach their annual targets. Of the 18, 11 indicators have a variance within a 30% threshold from full achievement and 7 indicators have a variance that is above the 30% threshold from full achievement.

There is a notably disjuncture between the achievement of APP targets (non-financial performance) and budget utilization (financial performance). Achievement of APP targets is overall at 65% and overall budget utilization is at 96.2% This may be attributed to the following reasons.

- The differences in the frameworks guiding the formulation and reporting of non-financial performance and framework guiding the utilization of financial resources. These differences have affected reporting in the following manner.
- The budget framework permits, when necessary, the reprioritization of funds thus permitting shiftings/virements and mid-year adjustments. Whilst the Framework for Strategic and Annual performance plans does not permit the changing of targets mid-year (unless major policy shift), but rather report on changes in the annual report.
- Reporting of achievement is on 100% achievement of the annual target or not. Whilst budget could have still been utilized on indicators that did not reach the annual target. Therefore
- Application of the results-based framework for planning, selection of performance indicators by Programmes may have minimal financial implications, therefore performing some indicators may not require major budget utilization. (Cost drivers are rendered to be too operational).
- Sector reporting standards applicable to infrastructure projects. Reporting is at the completion of construction of a road. For multi-year projects, this may be after a 3-year period, whilst budget would have been utilized over this construction period.
- Some of the Departmental budget is attached to fixed costs such as compensation of employees, fleet services and contractual obligations.
- Reprioritisation of funds to Scholar Transport.

The budget programme structure of the Department is documented below, proceeded by programme performance.

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 OUTCOME 4: Improved public private participation
Strategic Alignment to Departmental priorities aligned to 5-year Strategy	Development of SMME's Effective infrastructure delivery through exploration of alternative means of delivery. Improve operational efficiencies in the Scholar Transport Programme



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
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 2: Improved provincial Transport infrastructure OUTCOME 4: Improved public private participation
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. Development of SMME's

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 Operator License & Permits 3.4 Transport Safety and Compliance 3.5 Transport Systems – n/a 3.5 Infrastructure Operations
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 3: Reduced Road Fatalities
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 Regulation
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 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 includes 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
Strategic Alignment to Departmental priorities aligned to 5-year Strategy	SMME Development 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**

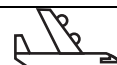
The Administration programme provides the Department with the overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective, and sustainable manner.

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

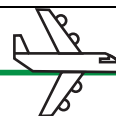
- Office of the Member of the Executive Council renders advisory, parliamentary, secretarial, administrative and office support services.
- Management of the Department implements overall management and support of the department.
- Corporate Support manages personnel, procurement, finance, administration and related support services.
- 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	Audit Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	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: Number of key oversight functions implemented in line with legislative framework and policy directives		57	57	70	(13)	The overperformance is attributed to additional activities that were proposed and implemented during the Taking Legislature to the People Programme and the intensified EXCO Back-to-School Programme.
	1.2 Management Services							
	Organisational performance reviews.	P2: Number of organisational performance reviews.		-	4	4	-	n/a
	District service delivery performance reviews.	P3: Number of district service delivery performance reviews.		-	72	72	-	n/a
	1.3 Corporate Support							
	Days taken to fill a vacant funded post after closing date.	P4: Average number of days to fill a vacant funded post after closing date.	90 days	128 days	90 days	95 days	5 days	The Department did not meet the planned number of days to fill a vacant funded post due to the directive that was issued (15/10/2023) by DPSA Circular 49 of 2023 on implementing control measures in the process of creating and filling of vacant post in the Department. This led the Department to embark on a reprioritization



Programme 1: Administration									
Outcome	Output	Output Indicator	Audit Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviations	
	Human resource development initiatives implemented.	P5: Number of human resource development initiatives implemented.	-	-	6	6	-	process and slowed down the process of filing positions in the Department.	n/a
	<p>Details of initiatives that are implemented in the Human Resource Development Directorate:</p> <ol style="list-style-type: none"> <li>Provision of training to employees, aligning with organisational objectives based on work skills plan.</li> <li>Professional registration of employees aligned to organisational objectives.</li> <li>Rollout of internal and external bursary Programme.</li> <li>Implementation of Maths and Science Programme.</li> <li>Career exhibitions at various platforms as per the operational plan.</li> <li>Rollout of the internship Programme and implementation of its rotation plan.</li> </ol>								
	Audit Outcomes	P6: Unqualified - Audit Opinion.	Qualified Opinion findings on pre-determined objectives and compliance for 22/23 financial year.	Qualified Audit with pre-determined findings on objectives and compliance for 2022/23 financial year.	Unqualified Audit Opinion	Qualified Outcome findings on predetermined objectives and compliance for 2022/23 financial year.	Unqualified Audit Opinion	The Department did not obtain an unqualified audit opinion due to the following reasons; Overpayments made to Scholar Transporters as a result of the discrepancy in the number of kilometers travelled and what the Department was paying. Auditors identified gross quantity overmeasurements for one of the construction projects, resulting in an estimated overpayment of R33 million to the Contractor.	
	Days taken to pay creditors.	P7: Average number of days for	27.4 days	26.7 days	30 days	27.1 days	(2.9 days)	The Department has managed to pay on average invoices	



Programme 1: Administration								
Outcome	Output	Output Indicator	Audit Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviations
		of payment creditors.						within the 30-days period. This is attributed to strengthened and improved internal control measures within the Department to all end-users to meet this priority. Though on average the Department has met the 30days period, it must be noted that there are ageing invoices pertaining to the payment of Scholar Transport operators. This is attributable to disputed invoices and the depletion of budget in the Programme.
	Procurement budget spent on SMMEs.	P8. Percentage of procurement budget spent on SMMEs	-	-	90%	85.2%	4.8%	The slow progress and underperformance on major capital projects has negatively affected the set subcontracting targets that were meant for the SMME's
1.4 Departmental Strategy								
	Policies reviews and developed	P9: Number of policies reviewed and developed	-	11	14	14	-	n/a

Of the planned 9 indicators to be implemented by the Programme in the 2023/24 financial year, the Programme has managed to fully achieve 6 indicators, taking Programme performance to (67%) in terms of full achievement. This is a slight regression from the performance from the previous financial year, wherein performance was at 68%.

Three (3) indicators that did not achieve their performance targets. Two of the three indicators have variances that are within a 30% threshold from full achievement. The remaining target that was not achieved was the qualified audit opinion.

### Strategies to overcome areas of underperformance:

**P4** – The Department presented its Annual Recruitment Plan on the 4th of March 2024 to the PCMT, wherein the 119 re-prioritized posts from the previous financial year were still in the recruitment process, due to the issuance of Circular 49 of 2023 (implementation of control measure in the creation and filing of posts). Approval was received from PCMT and circulated on 27th March 2024. As of 1st April 2024, the Department will continue and finalise the recruitment process. Out of the 401 positions that were advertised, 242 positions were appointed before issuance of Circular 49. The Department submitted the reprioritized positions to the PCMT on 4 March 2024. After the circulation of the approved PCMT, the Department has managed to appoint seventy-one (71) employees who assumed duties in April and May 2024, respectively. There are eleven (11) employees who will assume duties in June 2024.

**P6** – A verification of kilometres for all Scholar Transport route was performed and implemented. A process of performing the calculation of the over-payments to quantify the extent of the overpayments for the necessary adjustments to be made in the financial records to ensure accuracy of the AFS is in progress. In addition, the department has strengthened collaboration with DOE in relation to the responsibilities assigned to each department as outlined in the MOU. This is done in order to improve the quality of learner data, improvements in route planning as well as role clarification as it relates to funding.

**Transport Infrastructure:** To resolve the audit qualification comprehensively and ensure a high degree of accuracy, the department appointed an independent surveyor to measure the quantities of material excavated and fill material. The results of this measurement will be provided to the Auditor-General of South Africa (AGSA) for finalization. The Department is committed to resolving these issues and ensuring that its financial reporting aligns with the prescribed framework in the future, while also taking measures to prevent such discrepancies and misstatements from recurring. Overall management of audit issues and risk: The Department also has an Audit Intervention Plan developed to track all the findings from the 2022-23 audit with actions plans to mitigate the findings in the upcoming audits.

**P8** – The Department is to implement the emerging contractor's development plan which is aligned to the SMME Development Policy

### Summary of Programme Performance and key achievements

The Programme through the Departmental Outcomes continues to strive towards providing an efficient and effective public administration. An outcome measured through the Departmental regulatory audit outcomes, which during the period under review remained stagnated at a qualified audit opinion. The Scholar Transport Programme which was the greatest contributor to the adverse outcome in the previous financial year noted some significant improvements through remaining a qualifying matter, whilst the Transport Infrastructure regressed with emerging issues on contract management. The Programme over the financial year has been focused on addressing these issues through closely monitoring implementation of recommendations from AGSA and Internal Audit through the Integrated Audit Intervention Plan.

Though the Programme did not manage to recruit within the set target of 90 days from the date of closure of advertisements, the Department conducted a successful recruitment process during the period under review that involved advertising 401 job positions. Out of the 401 positions that were advertised, 242 positions were appointed before issuance of Circular 49 of 2023 (implementation of control measure in the creation and filing of posts). This work is commendable and is a great reflection on the implementation of the approved organizational structure. The Department has further been able to efficiently collect a total of R770 781 million in revenue, which represents 97% of the projected revenue collection amount. The Department has vigilantly monitored Registering Authorities with the support of institutions such as Road Traffic Management Corporation (RTMC) and Road Traffic Infringement Agency (RTIA). To improve on this performance, the Department is engaging the RTMC to act as an agent of the Department for motor-vehicle licensing (MVL) and related services, this was initially explored due to the ongoing closure of Post Office branches, however consideration has been for the Department to partner with RTMC on provincially owned Registering Authorities.

As a means of improving the regulatory audit outcome and Scholar transport operational inefficiencies, the Department continues to leverage technology. The year under review saw the completion of the development of the Learner Transport Management System and commenced with the training of Scholar Transport drivers in preparation for the deployment of the system. The system will assist the department in real-time monitoring of operator activities in tracking driver kilometres and learners that will benefit from the programme in terms of actuals and allow the Department to implement payment controls to strengthen financial governance.

Treasury regulations 8.2.3 under expenditure management stipulates: Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgement. The department in the year under review with their inhouse development team has developed an invoice tracking solution "Khawulez"ubhatale" The solution is touting to be a game changer in ensuring compliance to the regulation. These efforts are seeking to improve how the department does its business especially improving the small medium enterprises. The Department will launch 1 June 2024

Implementation of the Multifactor Authentication for all Mobile Users in the Department aims at significantly enhancing security by requiring users to provide multiple forms of verification before granting access.

The Department continues to prioritize investments towards human resource capacity through human resource development. Over the period under review, 206 internal and external bursaries in various field of studies including the Traffic Trainees were awarded. In realizing the investment towards human resource development, 24 Traffic trainees were placed on an internship programme and 16 of them where further absorbed in the Department on a permanent employ basis. 29 former bursary holders are serving bursary obligation under Transport Infrastructure as Candidate Technician - Civil Engineering, and one has been appointed permanently.

The Department during the period under review carried over 120 interns, which were placed in 2021 in various offices in the Department. 34 out of the 120, have been successful recruited as permanent employs of the Department.

Establishment of the Traffic College to drive institutional development remains a priority for the Department. Moderators and Assessors have been trained and the Department intends to train additional resources. The Department is also in the process of training Traffic Field Officers. These initiatives are part of the build up towards launching a virtual College. Departmental Traffic Officials were trained as facilitators to assist in the new Traffic College in-take.

To create awareness and visibility, the Programme developed and advertised various departmental activities on out-door digital marketing screens. Developed and advertised road safety messages through bus branding and billboards remains one of the activities which have contributed to the reduction in fatalities in our provincial roads.

The Special Programme Unit has managed to enroll 150 Trainee Traffic Officers and 21 Work Integrated Learners; facilitated female led district roadblocks during the August Month in all districts in commemoration of Women's Month; established a departmental Women Empowerment Forum; facilitated the renewal of 80 contracts under the Taxi Rank Cleaning Project in promotion of Women Empowerment Provided and provided 500 blankets to elderly people in Buffalo City Metropolitan Municipality. These initiatives have been endorsed by the Executive Authority and formed part of the Outreach Programmes in the Office.

To enhance research capacity in the Department, a Memorandum of Understanding with Institutions of Higher Learning (Walter Sisulu University) was signed. Legal Services further worked tirelessly on the reduction of litigations in the Department, this is evident in through the contingent liability register, which has seen a reduction by 18% exceeding the annual target of 10%

As the Department is wrapping up the sixth administration and appreciating the great work that has been done it is equally important that we reflect on the lows and the challenges that have affected the overall performance of the Programme. It's no secret that the limited availability of resources has been an ongoing challenge for our department. Despite the best efforts, the constraints imposed by the shrinking public purse have presented formidable obstacles in realizing some of the Programme initiatives. Despite our enthusiasm and dedication, the realities of resource scarcity forced us to prioritize and make difficult decisions. The Programme continues to realise its role as support services and aims to streamline its services to better support core business in the seventh administration.

### Changes to planned targets

There were no changes to planned targets.

### Linking Performance with budget

The performance of 67% has been achieved utilizing 99% of the budget. It must be noted that 53% of the budget for the Programme is a fixed cost pertaining to compensation of employees. The key cost drivers for the Programme (fleet services, machinery and equipment, computer services and legal services) are not measured at annual performance plan level. A majority of the performance indicators for the Programme have minimal financial implications. Furthermore, the performance indicator pertaining to the audit outcome of the Department, which was not achieved has one of the greatest cost drivers (audit fees), further exacerbating the disjuncture.

Sub-Programme	2023/24			2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1 Office of the MEC	15,924	15,924	-	12,257	12,257	-
2 Management of the Department	55,506	55,344	162	46,019	45,979	40
3 Corporate Services	443,311	436,504	6,807	469,682	469,613	69
4 Departmental Strategy	23,043	23,043	-	20,230	20,230	-
<b>TOTAL</b>	<b>537,784</b>	<b>530,815</b>	<b>6,969</b>	<b>548,188</b>	<b>548,079</b>	<b>109</b>

## 4.2. Programme 2: Transport Infrastructure



**Mr Z H Ngovela**  
**Acting Deputy Director-General**

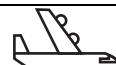
The main purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment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

**The Programme is divided into five (5) sub-Programmes as follows:**

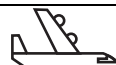
- **Programme Support** to provide overall management and support of the program.
- **Infrastructure Planning** provides planning for all modes of transport including the movement of goods and passenger to integrate transport and spatial planning.
  - Provides for the planning and coordination towards 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).
- **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.
- **Construction** to develop new, re-construct, upgrade and rehabilitate road and transport infrastructure.
- **Maintenance** to effectively maintain road and transport infrastructure inclusive of mechanical to provide an efficient plant fleet service in support of in-house construction and maintenance units.



Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
An efficient and effective public administration	2.1 Programme Support Transport Infrastructure							
	Strategic interventions coordinated.	P10: Number of programme strategic interventions coordinated to develop and monitor programme plans for transport infrastructure.	-	-	27	27	-	n/a
Road asset condition restored to required level of services.	2.2 Transport Planning							
	Infrastructure Plans developed	P11: Number of Consolidated Infrastructure Plans developed	-	1 RAMP	1 RAMP	1 RAMP	-	n/a
	Surfaced road visually assessed	P12: Number of kilometres of surfaced road visually assessed as per the applicable TMH* Manual	0	-	3 959km	3 660.85km	298.15km	The planned target was based on the extent of paved provincial network at the time of planning. The reduction in the number of kilometers assessed on provincial paved roads is due to the recent transfer of provincial roads to the South African National Roads Agency Limited (SANRAL). The transfer reduced the provincial network, subsequently reducing the assessments conducted.
Improved public	Gravel road visually assessed	P13: Number of kilometres of gravel roads visually assessed as per the applicable TMH* Manual	0	36 642	25 000km	36 610.24 km	(11 610km)	The over-performance is due to additional resources provided by the assessments service provider to expedite the assessment process at no cost. Thus, covering more than the anticipated network.

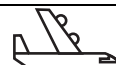


Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
transport systems.	<b>2.3 Infrastructure Design</b>							
	Designs for transport infrastructure	P14: Number of designs for transport infrastructure	1	1	1	1	-	n/a
Improved road surface condition.	<b>2.4 Construction</b>							
	Gravel roads upgraded to surfaced roads	P15: Number of kilometres of gravel roads upgraded to surfaced roads	27.5	25.5km	26.46km	(0.96)		The over performance is attributed to additional kilometres that were completed in the following projects; R72 to Hamburg completed 5.7km against the targeted 2km. This overperformance attributed to the implementation of a rolled over works programme that was projected for completion in the previous (22/23) financial year. The Cofimvaba to Askeaton Project completed 2.4km against the targeted 2km. Though the Department overall overperformed, the following projects did not reach their planned targets; The Coffee Bay to Zithulele Project completed 0.5km against the project 2km, due to the dispute among communities on the composition of the Project Steering Committee. The Qumbu to Tsilitwa Project completed 1.46km against the projected 2km, due to delays attributed to failed test trial sections which required re-working.

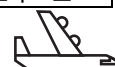


Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024.	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
								The Canzibe Hospital Road Project completed 1.4km against the targeted 2km due to late establishment of surfacing contractor delayed by extra work in Cofimvaba Askeaton.
	<b>2.5 Maintenance</b>							
	Surfaced roads rehabilitated	P16: Number of square metres of surfaced roads rehabilitated	127 449	0	173 400 m2	173 841 m2	(441 m2)	Butterworth to Centane: The overperformance is attributed to the implementation of an accelerated works Programme, which necessitated the contractor to work and close later into the December construction break. The project overall performance is at 76.31%
	Surfaced roads resealed	P17: Number of surfaced roads square meters resealed	15 213	372 172.90	156 000 m2	234 251.70 m2	(78 251.70 m2)	Budget from the terminated and delayed projects in the Department was made available to the Chris Hani and Sarah Baartman Districts to perform overlay works on provincial roads requiring preventative maintenance. This was a revised strategy to achieve the target.
	Gravel roads re-gravelled	P18: Number of kilometres of gravel roads re-gravelled	1 149.6	1 054.33km	556km	1 107.45km	(551.46km)	Due to the severely deteriorated condition of the provincial road network, conditions assessment has necessitated that the network requires importing of suitable gravel material. Re-gravelling quantities were subsequently increased resulting in the overperformance. Furthermore, the overperformance is attributed to responses to

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
Road asset condition restored to required level of service.	Surfaced roads	P19: Number of square meters of blacktop patching	105 814.54	122 114.82	86 404m2	117 326.88 m²	(30 922.88m²)	petitions requesting for re-gravelling of certain roads provincial roads.
	blacktop patched							The overperformance in the blacktop patching indicator is attributed to the implementation of the Operation Valazonke Campaign which is a National Initiative aimed at reducing potholes on provincial roads. The Department has been implementing the Programme as a drive towards achieving safety and reduced road fatalities in our provincial paved network.
	Gravel roads bladed	P20: Number of kilometres of gravel roads bladed	16 988.25	20 653.46	29 685km	18 446.76km	11 238.24km	Due to severely damaged roads in the province, efforts in the Department have had to be redirected to re-gravelling and blacktop patching to bring provincial roads to a more safe and trafficable state. Though inhouse resources were considered to augment performance for this indicator, the ageing plant items are leading to diminishing productivity for inhouse performance. These two critical factors which are key to drive inhouse production, have led to the underperformance for this indicator.
	Creation of capacity through the Transport Infrastructure Value Chain	P21: Number of contractors participating in the National Contractor Development	2	1	2	2	-	n/a



Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024.	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
		Programme (NCDP) (Roads Infrastructure)						
		<b>Mechanical under Maintenance</b>						
	Availability of fleet	P22: Average % of uptime on fleet availability	71%	74%	75%	73%	2%	The Department has not been able to maintain the 75% planned uptime fleet availability due to aged plant (yellow fleet) complement which renders the plant items susceptible to break downs. Furthermore, unexpected major plant breakdowns which have required more funding that was not planned.
Economic opportunities created for previously disadvantaged and vulnerable groups (women, youth and persons with disabilities)								
Improved Transport Infrastructure								



### \*TMH = Technical Methods for Highways

Of the planned 13 indicators to be implemented by the Programme for the financial year, the Programme has managed to fully achieve 10 indicators, taking Programme performance to (77%) in terms of full achievement. This is an improvement from the performance of the previous financial year, wherein performance was at 44%.

Three (3) indicators did not achieve their performance targets. 2 out of the 3 indicators have a variance that is within the 30% threshold from full achievement and the remaining 1 indicator has a variance that is above the 30% threshold from full achievement.

Due to the reporting guide on infrastructure projects, projects are only reported on completion in the Annual Performance Plan (on application of top layer slurry and issuance of practical completion). There are a few other infrastructure projects that are implemented in the Department, which were not targeted in the Annual Performance Plan for completion as stipulated in the reporting guide. These projects, have however had works of a substantial budget amount and a majority of the budget for roads projects is utilized during the construction of these initial stages and quantities (earthworks and layer works).

### Strategies to overcome areas of underperformance:

**P12** – The roads that were not assessed, were roads that were transferred to SANRAL, therefore not forming part of the Provincial paved roads network at the time of assessment. This has been considered when targeting for the 2024/25 annual performance plan.

**P20** – The Department has reviewed the planned indicator target in the 2024/25 financial to be in line with the available resources in the Department. Furthermore, the Department has revised the implementation strategy by implementing works contributing to this indicator through the existing maintenance framework agreement, whilst in the past works were predominately implemented utilizing inhouse teams.

**P22** - The Department has recapitalized with 36 new plants items to augment inhouse capacity. These items will be delivered in a phased approach. The first 11 items have been delivered. Furthermore, from a funding perspective, the Department is in engagements with Provincial Treasury to consider proceeds from disposals and auctions to be propelled towards recapitalization, especially Graders for the Department.

### Summary of Programme Performance and key achievements

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 challenges in terms of achieving its targets. This is notably with respect to infrastructure performance indicators, particularly in the indicators pertaining to the 'number of kilometers of gravel roads upgraded to surfaced standard', 'number of m<sup>2</sup> resealed', 'number of m<sup>2</sup> rehabilitated'.

Key towards achievement of the long-term plan for the Department is the Eastern Cape Provincial Transport Masterplan (NATMAP2050: EC). The Programme has taken great strides for the review and update of this document. The final draft report was received in March 2023 and internal review was conducted. An institutionalization road map has been compiled which seeks to engage both internal and external stakeholder to present the updated plan and ensure buy-in. The intention is that by June 2024, the Department would present the Masterplan to Cabinet for consideration and implementation.

Despite these positive developments, the poor condition of roads in the province remains a primary concern. The lack of funding and unfunded backlog are significant challenges that impeded efforts to improve road conditions. The Department conducted its first visual conditions assessment for the first time in five years to prioritize the implementation plan, but the results and climate change have both impacted the Departments performance. The Department is still appealing to Provincial Treasury to consider complying with the rand-to-rand clause funding in the Division of Revenue Act (DORA) to avoid relying on the Provincial Road Maintenance Grant (PRMG) as that will alleviate the serious maintenance backlog in the Provincial Road Network.

To improve public transport systems, one detailed design of approximately 24km of DR08017 (from Cedarville to Mount Frere) from gravel to surfaced standard has been completed. The Department has however commenced with the following designs anticipated for completion in the 2024/25 financial year: Phase 4 of Upgrading of DR08017, Upgrading of MR0700 – Stutterheim to Keiskammahoek and DR08047 Mazeppa Bay.

Though the indicator pertaining to gravel roads upgraded to surfaced standard has achieved its annual target, there are a number of key strategic projects of the Department that have been terminated due to poor contractor performance. This has had a major bearing on the financial performance of the Programme. The following project DR08606: Mlamli Hospital Road, N2 Siphethu Hospital DR08125 Phase 4, Upgrading DR08034 Clarkbury Road R61 to N6, Hluikha Nature Reserve Road Phase 2 and Willowvale Dwesa Phase 3, were projects that were to be completed in this 5-year strategic period, however due to The implementation of the infrastructure project pipeline has suffered severe underperformance by contractors. A diagnostic of this attributes these challenges to the period after COVID, as well as the escalating cost of goods. The only recourse available to the department is to follow stringent contract management measures to try and minimise any loss to the government on these projects.

### **The following key strategic programmes and projects are currently under implementation in the Department;**

**Construction of 19 Welisizwe Bridges:** The Department has entered into Memorandum of Agreement with National Department of Public Works and Infrastructure for the implementation of the Welisizwe Bridge Programme as declared in the Presidential SONA and SOPA of 2023. This Programme entails the construction of modular steel bridges (Bailey Bridge) in low lying areas that are prone to floods and disasters. The programme identified 19 bridges for implementation in the 2022/23 financial year. The Programme has experienced some delays which have necessitated the delayed implementation of the programme. During the period under review, the implementation phase of these 19 bridges is underway in 3 districts i.e. Amatole, Alfred Nzo, and OR Tambo. The Department has identified 17 bridges for the 2023/2024 financial year. Due to the delays of the initial 19 bridges, during the period under review the process of developing an implementation readiness plan for construction to commence in the 2024/25 financial year - May 2024. All of them are to be completed including the 15 bridges that are planned for 2024/25 Financial Year with 19 bridges at more than 50% complete at the end of the Financial Year.

**MoU SANRAL EC\_DoT Breidbach and Belstone Interchange:** The department entered into MOU with SANRAL to upgrade Belstone 8.2km and Breidbach Interchange of 9.8km at approximate duration of 33 months and with a contract value of R482 963 791. The Department's contribution to the MoU was approximately R45 million for the rehabilitation of provincial roads MR0688 and MR0690. The Project is currently at 85% completion. Estimated completion date is June 2024.

**R72 Kidds Beach Interchange/MR0501:** The Department has entered into a memorandum of agreement with SANRAL for the construction of the R72 Kidds Beach Interchange. The Departments portion is MR0501 with construction on that portion to only commence in June 2024. Works on other areas of the project have commenced.

**Implementation of preventative maintenance strategy,** has resulted in the award of the following rehabilitation and reseal projects: Humansdorp to Hankey, N2 to Ntabankulu and N6 to Molteno

In acknowledging the inadequacy of funding allocated to the Department, we have leveraged resources to undertake various upgrade projects. These initiatives are carried out in a phased manner and include the following: DR08031 – Qumbu to Tsilitwa; Canzibe Hospital Road; DR08041 – Cofimvaba to Askeaton; R72 to Hamburg and Coffee Bay to Zithulele all done inhouse.

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.'

In responding to the SOPA pronouncements by Premier Mabuyane, the Department procured 36 plant items. Delivery of the items is planned to be in a phased approach, 11 Komatsu graders were delivered under the period under review and officially received by the MEC in Komani on the 20th of February 2024. they have been distributed to the regions to aid with service delivery demands not only in the Provincial space but in the Municipal space as part of the DDM approach. The remaining items will be delivered in the 2024/25 financial year with the last batch being delivered in September 2024.

Major achievement on Center for Technical Development (CTD): 5 artisan mechanic went for trade test and qualified as artisan through the efforts of this CTD in the 2023/24 financial year. The center received funding to R1 940 000,00 over a period of two financial years from Bell Equipment commencing in the 2023/24 financial year. This funding contributed immensely to the success of the CTD in preparing and training the five candidates that qualified as artisans as well as the training of operators on various plant items.

The Programme has further made provision for placement of Civil and Mechanical Students and finalizing placement arrangements with Walter Sisulu University. Programme is waiting for larger capital projects to move to Construction Stage.

#### Changes to planned targets

There were no changes to planned targets.

#### Linking Performance with budget

The performance of 77% has been achieved utilizing 92.6% of the budget. Sector infrastructure reporting is on project completion. Budget is utilized however a project may only be reported on completion – though progress is provided. Some of the key cost drivers for the Programme (recapitalization of yellow) are not measured at annual performance plan level and travel & subsistence for project monitoring. A majority of the performance indicators for the Programme have minimal financial implications. Furthermore, the performance indicators pertaining to fleet availability and the blading activity were not achieved, has one of the greatest cost drivers (fleet services and rental and hiring, infrastructure planning – RAMS & Consultant for PLTF), further exacerbating the disjuncture.

Sub-Programme	2023/24			2022/23		
	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	4,087	4,087	-	4,107	4,106	1
2 Infrastructure Planning	25,987	25,692	295	12,711	11,781	930
3 Infrastructure Design	32,044	32,044	-	23,113	23,113	-
4 Construction	838,419	695,991	142,428	921,613	920,761	852
5 Maintenance	1,284,188	1,254,811	29,377	1,335,136	1,333,706	1,430
6 Mechanical	134,241	134,195	46	141,785	141,779	6
<b>Total</b>	<b>2 318 966</b>	<b>2 142 820</b>	<b>172 146</b>	<b>2 438 465</b>	<b>2 435 246</b>	<b>3 219</b>

### 4.3. Programme 3: Transport Operations



**Mr B Makambi**  
**Acting Chief Director**

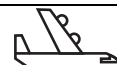
The main objective of this Programme is to plan, regulate and facilitate the provision of integrated land transport services through coordination and co-operation with national and local authorities, as well as the private sector to enhance the mobility of all communities, particularly those without or with limited access.

**The Programme is divided into five (5) sub-Programmes as follows:**

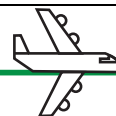
- **Programme Support** facilitates the overall management and support of the Programme.
- **Public Transport Services** facilitates the management of integrated land transport contracts to provide mobility to commuters.
- **Operator Licenses and Permits** manages, approval and control of registering of transport operators and the issuing of all licences and permits required in terms of legislation. The management and control of registering of transport operators and the issuing of all licenses and permits required in terms of legislation (setting of Provincial Regulatory Entity and support).
- **Transport Safety and Compliance** manages/co-ordinates and facilitates 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 the 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.
- **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.
- **Infrastructure Operations** to manage transport terminals such as inter modal terminals, air passenger and freight terminals.



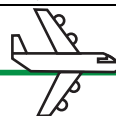
Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviation
<b>3.1 Programme Support Transport Operations</b>								
An efficient and effective public administration	Strategic interventions coordinated	P23: Number of programme strategic interventions coordinated to develop and monitor programme plans for transport operations	-	6	6	8	(2)	The overperformance is attributed to the TRANSMEC and Colloquium that were conducted in the month of December. This was a result of a commitment that was made by the MEC following the discussions on transport related matters from the October Transport Month.
<b>3.2 Public Transport Services</b>								
Improved public transport access and mobility	Public transport routes subsidised	P24: Number of routes subsidized	2 201	2 364	2 273	2 396	(123)	The overperformance is due to the performance of Algoa Bus Company and is attributed to the scheduled routes' restructuring based on demand for services.  The consolidation of disintegrated timetable plans into a single, unified and unique Table 4.1 (timetable) during the financial year, comprised of Normal, School-Free and Christmas Plans operated by Algoa Bus Company. All these consolidated routes have been approved and increased the quantum of the total routes to be operated, and therefore subsidised. These would, however, be operated accordingly in terms of variations in passengers' demand from month to month.



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviation
Improved public transport system	Learners transported	P25: Number of learners transported for scholar transport services.	125 423	125 423	67 107	126 249	(59 142)	The overperformance emanates from the Department not being able to reduce the number of learners transported due to contractual obligations and avoidance of disruptions to learners that had been receiving the service. The overperformance in learners transported initially emanated from savings realized in 2020/21 (COVID19 National Lockdown) financial year, wherein the Department ferried more learners than planned.
<b>3.3 Operator Licenses &amp; Permits</b>								
Safe and dignified environment for public transport users	Provincial Regulating Entity (PRE) hearings.	P26: Number of Provincial Regulating Entity (PRE) hearings conducted.	-	-	57	52	5	The underperformance is due to hearings that were not conducted in the Alfred Nzo District due to unavailability of working office space.
Improved public transport system	Transport operators regulated.	P27: Number of transport operators regulated	-	-	4 200	8 945	(4 745)	The overperformance in the main, is attributed to the influx of applications for abnormal load permits due to the transportation of wind turbines in the Sarah Baartman District. Furthermore, the issuance of operator licenses and abnormal load permits is dependent on the number of applications received.
<b>3.4 Transport Safety and Compliance</b>								
Reduced road traffic crashes and fatalities	Road safety awareness interventions	P28: Number of Road Safety Awareness	8	8	2	2	-	n/a



Programme 3: Transport Operations									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviation	
		interventions conducted.							
	Schools involved in road safety education.	P29: Number of schools involved in road safety education programme	-	-	398	378	20		The underperformance is attributed to schools that could not be visited due employees participating in the labour unrest due to unfavourable working conditions in the Alfred Nzo District. Capacity and resource constraints in the Joe Gqabi District (no road safety pool vehicles) attributed to less schools visited in the District.
	Public transport empowerment initiatives conducted	P30: Number of public transport empowerment initiatives conducted	-	24	6	5	1		The one public transport empowerment initiative that was not concluded is the development of a conflict management strategy. Non-finalization of recommendations from the Taxi Mediation Panel contributed to this delay.
3.5 Transport Systems – n/a*									
3.6 Infrastructure Operations									
Improved public transport system	Assessments conducted in Bhisho Airport	P31: Number of assessments conducted in Bhisho Airport to ensure compliance with SCAA requirements	16	16	16	16	-		n/a
	Assessment conducted in Mthatha Airport	P32: Number of assessments conducted in Mthatha	16	16	16	16	-		n/a



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reasons for deviation
		Airport to ensure compliance with SACAA requirements.						

***\*To be implemented in the following financial year***

Of the planned ten (10) indicators to be implemented by the Programme in the 2023/24 financial year, the Programme has managed to fully achieve seven (7) indicators, taking Programme performance to (70%) in terms of full achievement. This is a regression from the performance of the previous financial year, wherein performance was at 92%.

Three (3) indicators did not achieve their performance targets and have variance that is within a 30% threshold from full achievement.

**Strategies to overcome areas of underperformance:**

**P26:** The Department is treating with urgency the intervention in the unfavorable working conditions in the Alfred Nzo District and renovations are in progress to resolve the issue.

**P29:** The Department is treating with urgency the intervention in the unfavorable working conditions in the Alfred Nzo District and renovations are in progress to resolve the issue. Marked and permanently allocated suitable vehicles such as bakkies have been sourced within the Department to support Road Safety activities that require school visitations.

**P30:** The draft Conflict Resolution Strategy was developed, however according to the development process plan, the document must be consulted with stakeholder's prior finalization and implementation. The Executive Authority has approved the draft document. The Programme has devised a stakeholder consultation implementation plan to ensure that the Strategy is socialized and buy-in is sought in the 2024/25 financial year.

**Summary of Programme Performance and key achievements**

The Programme held the TRANSMEC and Public Transport Colloquium in the month of December 2023. This was a result of a commitment that was made by the MEC following the discussions on transport related matters from the October Transport Month. The Programme is the process of appointing a transactional advisor to implement the recommendations of both TRANSMEC and Public Transport Colloquium.

Though the Department has been able to reach the target for the number of routes subsidized, the public transport sector in the province continues to face significant challenges including route blockages and intimidation. These issues have further been exacerbated by the inaccessibility of specific routes, particularly due to damage routes attributed to climate change. Over this financial year, the Department in addressing this challenge has encouraged operational integrations where the service routes are prioritized working together with the Transport Infrastructure Branch. Performance for public transport, was 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 2 396 routes. 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 Gazetted, the draft Bill was also circulated for comments

and is to be presented to relevant Cluster and final to EXCO. The Programme also supported Mayibuye Transport Corporation with R5million to procure two buses and that was done as 6 buses were procured by Mayibuye Transport Corporation in December 2023.

In the 2023/24 financial year, the Department was allocated 1400 bicycles by the National Department of Transport in terms of the National Shova kaLula Bicycle Programme. The Programme targets deserving learners who walk more than 3 to 5 kilometres to and from school daily, to alleviate transport pressure on poor household and complements the Scholar Transport Programme in order to enhance access and mobility challenges. To date, National Department of Transport has delivered 949 of 1400 bicycles allocated to the province and was distributed as:

- 150 bicycles on 29 April 2024 in the Chis Hani District in terms of the Deputy Minister's Programme
- 200 bicycles on 23 October 2023 in the Joe Gqabi District
- 359 bicycles on 27&28 November 2023 in the Sarah Baartman by the Deputy Minister of Transport and Member of Executive Council (MEC) for Transport in the Province of the Eastern Cape and
- 240 bicycles on 10 April 2024 in the Amathole District

The remaining balance of 451 bicycles will be carried over, added into the 2024/25 financial year's allocation, and will be delivered accordingly to the province upon the conclusion of the procurement process thereof.

The Programme had supported SANTACO and ECSBOC financially. Four hundred and sixty-nine 469 drivers have been trained on Customer Care in all districts and First Aid skills in four districts. The Programme participated in resolving the conflict of public transport operators. The Programme supported the Taxi Mediation Panel, which was appointed to curb taxi killings and attacks in the Eastern Cape.

The Programme conducted Road Safety Education and Awareness Programmes in all six Districts focusing on the identified Hazardous Locations. The Integrated Approach used and supported by various stakeholders led to implementation of Pedestrian Safety, Learner Safety, Driver and Passenger Safety and Stock owners. The Programme heightened Road Safety Education and Awareness during the Peak Periods of Easter and Festive Seasons through partnerships with Departments of Health, Home Affairs (Immigration), SAPS and Local Municipalities on various campaigns and roadblocks. These efforts resulted in reduction of road accident fatalities during the Festive season. Road Safety Education in schools was stepped up at Sarah Baartman district by joint rollout of Road Safety Programme with Active Education Program. Learners benefitted in this holistic approach to education. The Programme held 52 PRE meetings throughout the Province, 8 945 abnormal load permits and operator licenses were issued.

The Programme conducted compliance assessments for both Bhisho and Mthatha Airports. GTAC completed the feasibility Study at Bhisho Airport, and the final Report recommended Flying schools and Cargo. The Department has signed the Memorandum of Understanding with the SANDF for occupation of the Bhisho Airport. The Department of Public Works and Infrastructure is in the process of appointing a contractor to continue with Fire Station Project at Mthatha Airport.

In June 2023 the Department hosted UAE presidential delegation at Bhisho Airport. The programme also facilitated the hosting of International Civil Aviation Day (ICAD) at Bhisho Airport which was attended by National Minister and the Department. Mthatha Airport was painted during the UAE Presidential visit in 2023. Pay parking project at Mthatha airport been awarded and is currently under construction. Bollards and speedhumps were erected at Mthatha airport to mitigate speeding vehicles.

The Programme under Scholar transport ferried 125 742 learners to and from the public schools.

### Changes to planned targets

There were no changes to planned targets.

### Linking Performance with budget

The performance of 70% has been achieved utilizing 99.9% of the budget. The performance has been achieved utilizing 99.9% of the budget, this is largely attributable to the expenditure that was incurred for the payment of Scholar Transport operators. One of the biggest cost drivers (Property payments), are not measured at Annual Performance Plan level.

Sub-Programme	2023/24			2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1 Programme Support	1,681	1,681	-	2,145	2,145	-
2 Public Transport Services	764,151	764,151	-	659,047	659,047	-
3 Operator License and Permits	70,192	70,192	-	62,121	62,121	-
4 Transport Safety and Compliance	41,869	40,144	1,725	33,788	33,788	-
5 Infrastructure Operations	910,080	910,080	-	979,949	979,949	-
6 Scholar Transport	10,338	10,338	-	10,322	10,322	-
<b>TOTAL</b>	<b>1,798,311</b>	<b>1,796,586</b>	<b>1,725</b>	<b>1,747,372</b>	<b>1,747,372</b>	<b>-</b>

#### 4.4. Programme 4: Transport Regulation



**Mr X Jakuja**  
**Chief Director**

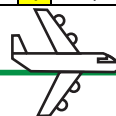
The objective of the programme is to ensure the provision of a safe transport environment through the regulation of traffic on public roads, law enforcement and as well as the registration and licensing of vehicles and drivers.

**The Programme is divided into three (3) sub-programmes as follows:**

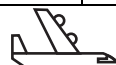
- **Programme Support** facilitates overall management and administrative support of the Programme.
- **Transport Administration and Licensing** monitors and controls the registration and licensing of all motor vehicles and drivers as well as render services regarding the administration of applications 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.
- **Law Enforcement** maintains law and order on public roads through the enforcing of traffic laws and regulations



Programme 4: Transport Regulations							
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024
<b>4.1 Programme Support Transport Regulations</b>							
An efficient and effective public administration	Transport regulation support services coordinated	P33: Number of transport regulation support services coordinated	7	7	7	7	n/a
Improved public transport system.	Regulation Systems managed	P34: Number of Transport Regulation Systems managed	3	6	3	3	The underperformance is attributed to the non-implementation of the following 3 systems. AARTO – Roll out of the System is dependent on National Department of Transport. The rollout was delayed because of the litigation processes against AARTO. Average Speed Over Distance (ASOD) - Technical delays by the Implementing Agent, SANRAL, on the roll out of the system have been experienced. The Telecommunication and Radio Control Room Systems delayed implementation due to no suitable bidder found for the execution of the project.
<b>4.2 Transport Administration &amp; Licensing</b>							
Reduced road traffic crashes and fatalities	Compliance inspections conducted	P35: Number of Compliance Inspections conducted	248	209	209	209	n/a
<b>4.3 Law Enforcement</b>							
Reduced Road Traffic crashes and Fatalities	Speed operations conducted	P36: Number of speed operations conducted	2 809	2 464	2 611	(147)	With speed being one of the contributory factors to fatal accidents in the Province, operations had to be intensified



Programme 4: Transport Regulations							
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024
							Reason for deviation
	Vehicles weighed	P37: Number of vehicles weighed	19 142	23 000	11 672	11 328	throughout the year due to influx of traffic on Provincial roads. The two provincial owned weighbridges have experienced the following operational inefficiencies; Mthatha Weighbridge - Loss of weighing time due to loadshedding. These electricity outages have also further caused operational defects with the weighing facility, rendering it un-operational in the first quarter. Kinkelbos Weighbridge – Loss of weighing time due to delays in the calibration of the weighing facility. This was attributed to matters related to the non-compliance of the calibration service provider.
	Drunken Driving Operations conducted.	P38: Number of Drunken Driving Operations Conducted	766	660	847	(187)	Drunken driving has been identified as one of the contributory factors to fatal accidents during weekends and high peak Seasons (Festive, Easter periods and Holidays). Operations were intensified to curb fatal accidents during these periods.
	Vehicles stopped and checked	P39: Number of vehicles stopped and checked	1 268 440	1 211 280	1 366 395	(155 115)	The overperformance is due to intensified law enforcement visibility on the roads to ensure driver and vehicle fitness.
	Pedestrian operations conducted	P40: Number of pedestrian operations conducted	360	348	307	41	The indicator is a sector indicator which is better performed in metropolitan areas by Municipalities where freeways exist. Underperformance by the Province is due to the impracticality to conduct these



Programme 4: Transport Regulations								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
								operations only on roads or routes where pedestrians are not necessarily prohibited.
	Selective Law Enforcement Operations Conducted	P41: Number of - Selective Law Enforcement Operations Conducted		11 556	7 751	9 213	(1 421)	The overperformance is due to the implementation of an integrated approach with other stakeholders such as South African Police Services, Community Safety and Road Safety in conducting K78 Roadblocks and Public transport operations.

Of the planned nine (9) indicators to be implemented by the Programme this financial year, the Programme has managed to fully achieve 6 indicators, taking Programme performance to (67%) in terms of full achievement. The Programmes performance has improved from the previous financial year, wherein performance was at (62%).

Three (3) indicators did not achieve their performance targets. One (1) indicator has a variance that is within a 30% threshold from full achievement and the remaining two (2) indicators have variances above a 30% threshold from full achievement.

### Strategies to overcome areas of underperformance:

**P34 – Strategies to overcome underperformance per system.**

**AARTO** – The rollout is awaiting a Presidential Proclamation on the issue. The National Department of Transport is currently finalising the AARTO Regulations with the appointment of the Appeals tribunal prior implementation. Furthermore, there are strides to improve planning and coordination within the Programme so as to limit impact of external factors on internal performance.

Average Speed Over Distance (ASOD) - There are continuing engagements with SANRAL (South African National Roads Agency Limited) on the implementation plan for the roll out of ASOD.

Telecommunications and Radio Control Room - The review process for the technical specifications of the tender for the system has commenced and is done in collaboration internally with Communications Unit. The tender is yet to be re-advertised by the Department as bidders were non-responsive in the initial attempt.

**P35** – In the planning for the 2024/25 financial year, an assessment of registering authorities was conducted to ensure exclusion of those facilities that have been affected by the

this indicator which include the following areas: follow – up inspections, 16 risk assessments with 17 training courses conducted to Registering Authorities (RA's) and Driving License Testing Centres (DLTCs), urgent emerging inspections, investigations and arrests in various authorities throughout the province. The Programme will investigate means of including some of these critical activities in its performance reporting in future.

#### **P37 – Strategies to overcome underperformance per weighbridge.**

Mthatha Weighbridge – The Department intends to procure a power back-up system or generator to ensure continuous operation of the weighbridge, whilst working on a long-term plan to improve the inefficiencies in the facility.

**Kinkelbos Weighbridge** – The Department is in advanced engagements with SANRAL to enter into Memorandum of Agreement (MOA) for upgrading of the weighbridge. These improvements will be taking into consideration all the latest technical upgrades and equipment to improvement performance.

#### **Summary of Programme Performance and key achievements**

It must also be noted that the Programme has had to be active in various activities that are outside the planned indicators yet emerging as part of critical considerations to reduce road fatalities.

To expand services to the people and reduce queues in Municipalities, the Programme successfully opened RAs in the Komani, Straundale and Elliotdale Traffic Stations. During the Period under review an amount of R6 297 659.50 was collected at Komani, R11 292 729.90 was collected at Straundale and R764 550.27 was collected at Elliotdale. The DLTC at Wilsonia in East London, continue to improve service delivery in the areas of Learners Licenses, Driving Card Renewals and Driving Licenses that it processes. An amount of R1 654 737.11 was collected in revenue during the period under review.

The Traffic Infringement Management Service (TIMS) Centre is also amongst these service centres that generate revenue for the province through renewal of licenses and payment of traffic fines. An amount of R1 364 725 was collected at the TIMS office in Bhisho for the period under review. A total of 9776 Accident Reports were captured at TIMS office on the National Crash Data Management System (NCD MS) during the period under review and 23 415 traffic fines were captured to the value of R19 563 715 from April to September 2023.

The Programme in collaboration with human resource development currently has 142 traffic trainees undergoing basic traffic training at the Traffic College in Nelson Mandela Bay which is an effort to replenish provincial forces while affording and improving prospects of unemployed young people to access employment.

With improved visibility of traffic officers on provincial roads as well as collaboration and integrated operations with external stakeholders across the province, there was a reduction of fatal crashes and fatalities on the road over the Festive and Easter periods.

#### **Changes to planned targets**

There were no changes to planned targets.

### Linking Performance with budget

The performance of 67% has been achieved utilizing 98.9% of the budget. 87% of the budget is going towards compensation of employees, which is further ballooned by overtime paid towards law enforcement officers towards the implementation of 24/2. Law enforcement operations have been overperformed, often requiring the deployment of Officers to various towns to conduct operations. This has further ballooned accommodation costs for the Programme, inclusive of the traffic law enforcement officers in the Traffic College in Gqeberha.

Sub-Programme		2023/24		2022/23		(Over)/Under Expenditure R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
		Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000			
1	Programme Regulation	5,484	5,484	-	9,239	8,966	273	
2	Transport Admin and Licensing	14,744	14,744	-	14,635	14,586	49	
3	Law Enforcement	316,158	312,612	3,546	284,768	284,665	103	
	<b>TOTAL</b>	<b>336,386</b>	<b>332,840</b>	<b>3,546</b>	<b>308,642</b>	<b>308,217</b>	<b>425</b>	

#### 4.5. Programme 5: Community Based Programmes



**Ms Q Xalisa**  
**Acting Chief Director**

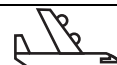
The objective of the Programme is to ensure delivery of accessible services through integrated, socially just, developmental and empowering processes in order to improve the quality of life of communities within the province by way of community development programmes.

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

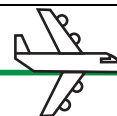
- **Programme Support** facilitates the governance of the programme and the attainment of the programme objectives.
- **Community Development** facilitates implementation of community supported transportation service delivery projects through identification and creation of work opportunities
- **Innovation and Empowerment** It provides for SMME development and facilitate entry of SMMEs into the mainstream economy over the MTSF period.
- **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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Reason for deviation
<b>5.1 Programme Support Community Based</b>							
Efficient and Strategic public interventions coordinated.		P42: Number of strategic interventions coordinated to develop and monitor programme performance for community-based programme	17	15	15	15	n/a
<b>5.2 Community Development</b>							
Reduced Road Fatalities	Participants benefitting from interventions to reduce road fatalities	P43: Number of participants benefitting from interventions to reduce road fatalities	2 629	2 659	2 617	2 793	Overperformance is attributed to the implementation of additional projects which commenced mid-year. Furthermore, the recruitment of additional participants in the following projects contributed to the overperformance; Community safety patrollers due to the implementation of an integrated approach with Community Safety to reduce the crime rate in the communities. Traffic fine processors to address the major backlog in the capturing of traffic fines in the Traffic Infringement Management Services within the Department.
	Work opportunities	P44: Number of work opportunities	44 152	33 085	30 526	31 092	The overperformance is attributed to the fast-tracked implementation of the Welisizwe Bridge Programme in the



Programme 5: Community Based Programmes							
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024
	created through EPWP projects	created through EPWP projects					
							OR Tambo, Amathole and Alfred Nzo Districts in responding to the National pronouncement for the implementation of the Programme in the Province.
<b>5.3 Innovation and Empowerment</b>							
Improved Transport Infrastructure	Empowerment of participants	P45: Number of beneficiary empowerment interventions	2		6	4	2
							The underperformance is attributed to the non-implementation of the following two (2) interventions within the indicator.
							Programme for the Development of SMMEs – The delayed approval of the SMME Development Policy (which was necessary to implementation) delayed the overall implementation strategy for the intervention. The Policy was subsequently approved in February 2024.
							Contractor Development Programme – implementation of this Programme was delayed as it was also dependent on the approval of the SMME Development Policy and finalization of the contract development implementation plan.
<b>5.4 EPWP Coordination and Monitoring</b>							
Improved private partnerships	public Work sector opportunities created	P46: Number of work opportunities created	47 536	36 241	35 795	33 171	2 624
							Underperformance is due to the exiting of over 60's in the Programme and non-replacement due to budgetary constraints.



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	Reason for deviation
	Youth employed	P47: Number of youths employed (18-35)	7 198	5 945	19 687	5 604	14 083	Underperformance is attributed to the EPWP Projects being less attractive to youth, thus proving a challenge to recruit and retain this age group.
	Women employed	P48: Number of women employed	32 767	24 925	21 477	22 656	(1 179)	Overperformance is due to the increasing number of women that show interest in the EPWP projects as and due to the fact that most households are women headed thus making them interested in opportunities that will enable to provide for their families.
	Persons with disabilities employed	P49: Number of persons with disabilities employed	319	388	716	235	481	The underperformance is attributed to the inability to attract persons living with disabilities due to the nature of the projects implemented in the Department that are not necessarily conducive for persons living with disabilities.

Of the planned eight (8) indicators implemented by the Programme for the financial year, the Programme has managed to fully achieve 4 indicators, taking Programme performance to (50%) in terms of non- achievement. The Programme has improved from the previous financial year, wherein performance was at (36%).

Four (4) indicators did not achieve their performance targets. One (1) indicator has a variance that is within a 30% threshold from full achievement and the remaining three (3) indicators have variances above a 30% threshold from full achievement.



### Strategies to overcome areas of underperformance

**P45** – Post the approval of the SMME Development Policy, the Department has developed an implementation plan combining contractor development and SMME development. The Department is implementing internal collaborations to streamline the implementation of SMME Development, to ensure attainment of this activity. This takes into consideration the development of implementation plans. During the first quarter of 2024/25, The Programme aims to establish a framework that will help create an environment that fosters implementation. This will involve defining clear procurement procedures for implementers. Additionally, the framework will address the special requirements of the SMME and contractor development projects that are aligned with the CIDB's (2008) Best Practice Guideline on Procurement Measures to Develop Registered Contractors. The main objective is to simplify tender documents and make them more accessible for training purposes that will cater to the developmental needs and grading designations of the participating contractors.

**P46** - Data quality and CBP forums will continue to be used as a platform to discuss and develop corrective measures to address underperformance that will include replacement of participant exiting the Programme and, resolving bottlenecks that impact on the implementation of Departmental key strategic project.

**P47** – The Department will make use of the data quality forum and CBP forum as a think tank for the development of innovative programmes directed at Youth and put emphasis to the project implementers about the importance of implementing the projects that will attract youth and clear targeting of those groups.

**P49** - The Department has commenced with engaging organisations for people living with disabilities to assist with targeting of potential participants and in achieving this indicator.

### Summary of Programme Performance and key achievements

In the 2023\_24 financial years, the Department was able to create and report 33 171 work opportunities through the implementation of Expanded Public Works Programme (EPWP). The underperformance was due to non-replacement of exited participants from Householder Contractor, Supervisors and SHE cleaners' projects. The strategy behind non-replacement was to effect budget reprioritization to ensure implementation of projects that will attract designated groups, such as Youth and Person living with disability. However, there is still a challenge in attracting designated groups due to the perception from person living with disability that disclosing their disability will result in them forfeiting their disability grant. The department is already engaging with Youth and Person living with disability formations to forge collaborations.

There was a recorded continued achievement under community development, P43 indicator. This was due to strengthening of partnership with Department of Community Safety and Liaison resulting in the establishment of Community Safety Patrols project. The aim of the project is to work closely with South African Police Services (SAPS) in combating crime in which community members take a leading role.

In terms of designated groups, the Department employed 5 604 youths, 22 656 women, and 235 individuals with disabilities across all its projects established to reduce road fatalities. A total of 2 196 EPWP participants were trained and developed through SETA accredited providers on storm water drainage and gabions. Furthermore, 60% of the trained participants received financial management training from Nedbank and Old Mutual. 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 Sakhizwe Local Municipality in the construction of Sakhizwe 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 made inputs on the best practices that could be implemented so as to forge partnerships with the vulnerable groups particularly youth and persons living with disability.

### Changes to planned targets

There were no changes to planned targets.

### Linking Performance with budget

The performance of 50% has been achieved utilizing 98% of the budget. The non-achievement of beneficiary empowerment initiative indicator which has one of the key cost drivers for the Programme has contributed to the disjuncture. The indicator remains unachieved due to the delayed finalization of the SMME Development policy. Four initiatives pertaining to the implementation of labour-intensive projects (transfers to municipalities) and training towards the artisan development programme and implementation of the NYS Programme remain implemented and budget utilized. The overachievement in the work opportunities created through the Community Development Programme, wherein the payment on beneficiaries is taking place remains the key cost drivers in the Programme. The non-achievement of Youth and Persons living with disabilities is offset by the overperformance of community development. It must also be noted that though some of the targeted work opportunities might not have been reached, the purchasing of PPE and payment of stipends remains is still utilized on the work opportunities that were still created.

Sub-Programme	2023/24				2022/23			
	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	1 701	1 701	1 701	-	3,013	2,925	89	
2 Community Development	559 585	544 515	15 070		501,661	489,737	11,924	
3 Innovation and Empowerment	45 064	45 062	2		40,490	36,777	3,713	
4 EPWP Coordination and Monitoring	13 697	13 697	-		8,315	8,147	168	
<b>TOTAL</b>	<b>620 047</b>	<b>609 975</b>	<b>15 702</b>		<b>553,479</b>	<b>537,584</b>	<b>15,894</b>	

#### 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 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual achievement 2023/2024	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	P50: Unqualified audit opinion	-	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	n/a
	Leased Vehicles for Service delivery	P51: Percentage of leased vehicles that are compliant	71% (2 301 / 3 227)	78% (2 498 / 3 183)	80%	75% (2 385 / 3 187)	5%	Due to the RT57 Transversal Contract only being available in August 2023, exacerbated by slow delivery from Original Equipment Manufacturers and approval of additional budget in December 2023 impacted on the procurement of vehicles.
	Demand Assessment	P52: Number of needs analysis conducted within the province	0	0	1	0	1	Unanticipated cancellations and postponement of interviews by Departments delayed by the collection of data.  Inadequate responses to the questionnaire by the Departments led to further delays of the project.

### Summary of Programme Performance and key achievements

Of the planned three (3) indicators to be implemented by GFMS, managed to fully achieve one (1) out of the planned indicators, taking GFMS performance to (33.3%) in terms of full achievement.

The two (2) remaining indicators have not been achieved. Of the two, 1 has a variance that is within the 30% threshold from full achievement and the remaining indicator has recorded no achievement against the planned target.

### Strategies to overcome areas of underperformance:

**P51:** The Entity has embarked on a process of commencing with the needs analysis at the beginning of the financial year, to allow for any contingency lapses in the process of data collection.

**P52:** Conduct a customer satisfaction survey within the first and second quarter in the 2024/25 financial year, to determine client satisfaction and improve on inefficiencies.

### Changes to planned targets

There were no changes to planned targets.

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

### Summary of Overall Departmental Performance

Of the 52 indicators planned by the Department in the annual performance plan, the Department has managed to fully achieve 34 planned indicators, taking Departmental performance to (65%) in terms of full achievement. The performance has slightly improved from the performance of the previous year, wherein performance was at (62%) achievement of APP targets.

18 performance indicators did not reach their annual targets, which is equivalent to (36%) of the total number of performance indicators.

Of the 18 performance indicators that were not achieved, 11 indicators have a variance that is within a 30% threshold and 7 indicators have a variance that is above the 30% threshold from full achievement.



## 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	154 528	154 528	64 routes subsidized

### Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024

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 receives financial support from the Department	Provision of public Transport services	Yes	295 048	295 048	-
Africa Best AB350			Yes	292 738	292 738	-
ECSBOC Bus Operators	Body that represents Small Bus operators		Yes	1 929	1 929	-
Provincial DA Taxi Council (SANTACO)	Body that represents the Taxi industry in the Province	Professionalization of Taxi Industry	Yes	4 871	4 871	-

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024

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	2 048 routes subsidized
Actual outputs achieved	2 200 routes subsidized
Amount per amended DORA	-
Amount received (R'000)	R 295 048
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	R 295 048
Reasons for the funds unspent by the Department	n/a
Reasons for deviation on performance	<p>The overperformance is due to the performance of Algoa Bus Company, and attributable to scheduled routes' restructuring based on demand for services.</p> <p>The consolidation of disintegrated timetable plans into a single, unified and unique Table 4.1 (timetable) during the financial year, comprised of Normal, School-Free and Christmas Plans operated by Algoa Bus Company. All these consolidated routes have been approved and increased the quantum of the total routes to be operated, and therefore subsidised. These would however, be operated accordingly in terms of variations in passengers' demand from month to month.</p>
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving Department	<p>Monthly meetings to verify claims for operations</p> <p>Submission of reports on monthly basis to National Department of Transport</p> <p>Department conduct sport checks on operations</p>



### Conditional Grant 2: EPWP

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To incentivize provincial departments to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines:
Expected outputs of the grant	<ul style="list-style-type: none"> <li>- 35 795 of work opportunities created</li> <li>- 19 687 youth employed</li> <li>- 21 477 women employed</li> <li>- 716 persons with disabilities</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>- 33 171 work opportunities created</li> <li>- 5 604 youth employed</li> <li>- 22 656 women employed</li> <li>- 235 persons with disabilities</li> </ul>
Amount per amended DORA	-
Amount received (R'000)	72 037
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	72 037
Reasons for deviation on performance	The Youth is less responsive in the Youth Programmes implemented by EPWP. EPWP projects are not conducive to persons living with disabilities
Measures taken to improve performance	A provincial youth brigade Programme has been introduced to attract more youth within the Programme. Conversations have already begun with organisations leading interests in people with disabilities to assist and collaborate in identifying projects and to also assist with the recruitment process.
Monitoring mechanism by the receiving department	Monthly and quarterly reports submitted to Provincial Treasury.

### Conditional Grant 3: PRMG

Department who transferred the grant	National Department of Transport
Purpose of the grant	To ensure efficient investment in provincial roads to implement the Road Infrastructure Strategic Framework For South Africa (RISFSA) in line with the S'hamba Sonke Road Programme and other related road infrastructure asset management programmes and Creation of job opportunities.
Expected outputs of the grant	<ul style="list-style-type: none"> <li>- 173 400 square metres rehabilitated</li> <li>- 156 000 square meters resealed</li> <li>- 556 kilometres of gravel roads re-gravelled</li> <li>- 29 985 kilometres of gravel roads bladed</li> <li>- 86 404 square metres of blacktop patching</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>- 173 841 square metres rehabilitated</li> <li>- 224 212.83 square meters resealed</li> <li>- 1 107.45 kilometres of gravel roads re-gravelled</li> <li>- 18 446.76 kilometres of gravel roads bladed</li> <li>- 117 276.84 square metres of blacktop patching</li> </ul>
Amount per amended DORA	n/a
Amount received (R'000)	R 2 021 998
Reasons if amount as per DORA not received	All funds transferred
Amount spent by the Department	R 1 834 900
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 MERSETA

Full amount of the funding	126
Period of the commitment	-
Purpose of the funding	Skills development and training
Expected outputs	Skilled artisans
Actual outputs achieved	Skills training and Development of Artisans
Amount received (R'000)	126
Amount spent by the department (R'000)	126
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	Reports submitted to MERSETA

## 8. CAPITAL INVESTMENT

### Capital investment, maintenance and asset management plan

Infrastructure projects	2023/2024			2022/2023		
	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	19 030	17 464	1 566	4 555	4 555	0
Existing infrastructure assets						
Upgrades and additions	783 705	644 329	139 376	880 998	880 104	894
Rehabilitation, renovations and refurbishments				0	0	
Maintenance and repairs	1 578 122	1 531 381	46 741	1 554 116	1 543 500	10 616
Infrastructure transfer						
Current	5 570	5 570	0			
Capital	7 028	7 028	0	5 570	3 353	2 217
<b>Total</b>	<b>2 393 455</b>	<b>2 205 772</b>	<b>187 683</b>	<b>2,445,233</b>	<b>2,430,913</b>	<b>14,320</b>





PART  
**C**

GOVERNANCE

## 1. INTRODUCTION

During the 2023/24 financial year, the Accounting Officer of the EC Department of Transport (EC-DOT) re-committed to a risk management, anti-corruption and integrity management processes that is aligned to the principles of good corporate governance as supported by legislation, values and principles enshrined in Chapter 10 of the Constitution. The commitment emphasised the need for focusing on service delivery related risks, whilst ensuring that public administration is accountable and governed by maintaining high standards of professional ethics. As such, this chapter serves provide an overview of the risk and ethical governance performance areas of the EC-DOT, focusing on core functional risk, anti-corruption, and integrity management areas.

## 2. RISK MANAGEMENT

The department reviewed and approved its risk management policy for 2023/24 that articulated the EC-DOT risk management philosophy. This was achieved by adopting a common language, process, and methodology, which warranted a systematic yearly review of risk management policy and strategy to ensure that the overall risk management approach is in line with current best practice. In institutionalizing risk management, the department continued its work in improving its risk maturity level through maintaining a standard approach to risk management that ensured that all risks that could affect organizational outcomes and performance were managed and reported on a regular basis. Furthermore, the established approach during 2023/24 financial year was broadened towards getting the basic right for implementation of the risk management attributes and competency drivers to ensure continuous improvement, risk management maturity in the Department. Since the risk management policy acts as the primary internal risk governance mechanism, it provided the direction for practicing of sound risk management in the department. Therefore, enabling the successful drafting of a risk management plan that has full spectrum of risks that included the identification and assessment of strategic and operational risks for head office and districts respectively.

During the year of assessment, various activities and processes in DOT were implemented at different levels, from ad hoc practices to formally defined steps as guided by the approved methodology. These activities included, amongst others, the review of the strategic risks during the strategic planning session in September 2023. This review included the identification of strategic risks in alignment to the Institute of Risk Management South Africa (IRMSA) Risk Report showing top 10 SA risks, the SONA as well as the SOPA speeches as well as business continuity related factors. In addition to the Departments Strategy to ensure effective risk assessment process, incorporation of emerging risks into departmental risks profile was also considered. Other milestone achievements included the development and assessment of operational risks for all districts and head office programmes and sub-programmes. This was deliberately made to improve risk maturity and ensure accountability of enterprise-wide management of risks by respective senior management of the DOT.

On a quarterly basis, monitoring of risk action plans was performed to analyse the effectiveness of the responses to risk, the impact of the responses and a conclusion on the status of the risk. The process then depicted improvements and regression in the overall management of risks and demonstrated a matured risk management capability to pursue opportunities that improved the delivery of services to its stakeholders. In summation, the Department also appointed a Chief Risk Officer and Deputy Director: Risk, Anti-Corruption, and Integrity Management. This appointment showed EC-DOT's determination and commitment towards improving the risk management culture and accountability. The Ethics and Risk Management Committee (ERMC) for 2023/234 as chaired by the independent chairperson was fully functional as all the oversight meetings were convened successfully. Where there were overdue action plans, the Chairperson of the ERMC advised the Head of Department ("HOD") and the Audit Committee on the effectiveness of risk management. The ERMC in 2023/24 successfully provided oversight on risk and ethics governance matters including the effective implementation of risk management plan. implemented timeously. Additionally, the ERMC Chairperson reported to the Audit Committee on a quarterly basis on challenges pertaining to the effectiveness of risk management as a standing agenda item. Lastly, Internal Audit Activity (IAA) performed an audit on the effectiveness of the Risk Management process for the 2023/24 financial year and that assisted the DOT greatly.



### 3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Policy that provided the stance on management of fraud and corruption in the DOT. In augmenting this, a draft Ethics & Anti-Corruption Strategy designed institutionalize the policy provision was developed. This strategy is aligned to a 5-year DOT strategy and focuses on training of officials on ethics and corruption matters, implementing stringent internal control measures prevent fraud from occurring. It also articulates detection mechanisms as deterrence to fraud, corruption, and unethical behaviour. These include, conducting proactive investigation arising from effective fraud risk management, reactive investigation arising from internal and external reporting mechanisms and harsh actions against officials and service providers involved in unethical conduct, fraud and corruption activities. During the 2023/24 financial year, the Department reviewed its fraud prevention policy to align it with the updated governance prescripts. Considerable efforts were made in preventing fraud and corruption, whilst inculcating the culture of ethics through activities such as anti-fraud and awareness campaigns, with particular focus at districts as a way of reviving officials about the risks of fraud and corruption.

Additionally, the EC-DOT was part of the global institutions to support the International Fraud Awareness week in November 12–18, 2023. This was commemorated by reminding Senior Management of their roles in preventing and deterring fraud and corruption in the department. During the week awareness workshops were held for all programmes within Head Office and communication was made through social media platforms as another strategy of raising awareness to fraud and corruption. This was a great achievement and contributing factor towards the improvement of ethics and fraud risk governance within the Department. Moreover, the Department was able to review its fraud risk profile, which was a challenge in the past financial years. This enabled the department to map out its fraud risk and put mitigations to reduce the fraud risks exposure to an acceptable level. Internally, the Department finalised 10 investigations for the period under review and decisive actions were taken against those found to have committed acts of corruption, maladministration, and unethical conduct. This significant feat is symbolic towards the Department fight on corruption and its commitment towards a clean and corrupt free public service.

Other mechanisms put in place by the department to detect fraud and corruption include but not limited to an approved Policy on reporting unethical conduct, corruption and non-compliance in the Public Service, that direct employees on how to report any allegations of corruption, maladministration and unethical conduct. Employees are advised to always remain anonymous to protect themselves against any possible occupational detriment.

### 4. MINIMISING CONFLICT OF INTEREST

Management of Conflict of Interest is an important programme in the public sector. This includes amongst others development of policies to manage the risk of conflict of interest amongst departmental processes. These policies included recruitment policy, gifts, donation and sponsorship policy, policy on reporting unethical conduct in the Department and Supply Chain Management policy. Below are the mechanisms put in place by the Department to minimising conflict of interest.

#### 4.1. Financial Disclosure of SMS and Other designated employees

During the 2023/24 financial year, the DOT achieved a 100% compliance on SMS Financial Disclosure, 95% & 93% on OSD (equivalent SL 11 and 12 categories) designated employees, and 100% & 86% on MMS 11 & 12 designated employees and 76% for Finance/SCM employees. Moreover, the analysis of financial disclosure performed revealed that no SMS members had direct conflict of interest and potential conflict of interest detected was disclosed and explained accordingly.

#### 4.2. Management of Other Remunerative Work

There were two (2) other remunerated work (ORW) applications received in the 2023/24 financial year and the Department approved both the approved applications included amongst others tutoring services and retail store (selling of beauty products). No approval was granted for any employee doing business with an organ of the state or any employee that conducts business that conflicts with the primary mode of services offered by the Department. During 2023/24 financial period, all approved applications for outside work were monitored.



### 4.3. Management of other Conflict of Interest process

The Department did not have an Ethics and Conflict of Interest Policy which outlines a stance on managing conflict of interest within DOT, however this policy has since been drafted it will be consulted and approved in 2024/205 financial year. The policy outlines provisions that direct the declaration process for non-designated employees. Other mechanisms include the proactive management of provincial Treasury conflict of interest search results. As a result, the Department had one (1) actual conflict of Interests cases identified and reported by Provincial Treasury. The official in question was appointed as an intern and had provided services to the State before her appointment with the DOT. All potential conflict of interest cases reported were dealt with by ensuring that employees who are directors of companies listed per the Centralised Supplier Database deactivate their supplier numbers, resign as directors and declare their potential conflict of interest in the prescribed form. This ensures that the Department contributed positively towards the nine (9) priorities of provincial government that include a commitment that there must be no officials who are doing business with organs of state. Furthermore, the approved Gifts, Donations and Sponsorship Policy enables employees to understand the departmental stance on gifts.

## 5. CODE OF CONDUCT

The implementation of a code of conduct in the Department is a critical component of making employees aware. This programme is conducted in a collaborative effort amongst DOT components such as Risk, Anti-Corruption, and Integrity Management (RAIM) together with Corporate Service – Labour Relations, where all employees are made aware of the rules of the code of conduct. The activities performed to advocate for the Code of Conduct included various awareness programmes from both the district and head office level within the Department. Approved Service Delivery Charter, Anti-Corruption pledge and Departmental Values that are placed in visible arears within the department, ensure that stakeholders and the public understand the DOT messages on its intent to adhere to the professional ethical values and principles of good governance as enshrined in Section 195(1) of the Constitution. All officials who breach the code of conduct are dealt with within the Departmental Disciplinary Code and Procedures. Any employee that contravened the code, was subjected to a fair disciplinary hearing and given an appropriate sanction based on the merits of the case.

## 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. The Department held the following meetings with the Portfolio Committee during the 2023/24 financial year.

- The dates of the meetings were as follows:

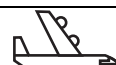
DATE	ACTIVITY CONSIDERED
2 <sup>nd</sup> , 4 <sup>th</sup> and 12 <sup>th</sup> May 2023	Discussion for Budget Vote 10 for 2023/24
2 <sup>nd</sup> , 9 <sup>th</sup> , 17 <sup>th</sup> , 23 <sup>rd</sup> November 2023 6 <sup>th</sup> December 2023	Annual Report for 2022/23 and Financial Oversight Report for 2023/24

The following matters were raised by the Portfolio Committee and responses were provided to the Committee as documented below.

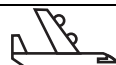


## 8. Matters arising from Budget Vote Discussions

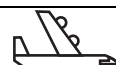
PROGRAMME 1: ADMINISTRATION		RECOMMENDATIONS	RESPONSES
1	<p>The Committee is concerned about the decentralization of scholar transport to Districts due to lack of proper systems to manage scholar transport, lack of manpower and possible corruption in the programme.</p>	<p>The Department must present a clear plan to the Committee on the decentralization of the scholar transport. The plan must include the system to be used in the management of scholar transport, the human resource plan, and the internal control systems to be put in place to prevent any possible irregularities.</p>	<p>Below we provide the current human capital for Scholar Transport in Districts:</p> <p><b>Sarah Baartman District (4)</b>  1x Deputy Director: Scholar Transport Co-ordinator  2x Admin Clerk  1x Driver</p> <p><b>Chris Hani District (5)</b>  2x Admin Officer  2x Admin Clerk  1x Driver</p> <p><b>OR Tambo District (3)</b>  1x Deputy Director: Scholar Transport Co-ordinator  2x Admin Officer</p> <p><b>Amathole District (3)</b>  1x Deputy Director: Scholar Transport Co-ordinator  1x Admin Clerk  1x Driver</p> <p><b>Alfred Nzo District (3)</b>  1x Admin Officer  1x Admin Clerk  1x Driver</p> <p><b>Joe Gqabi District (4)</b>  1x Deputy Director: Scholar Transport Co-ordinator  1x Admin Officer  1x Admin Clerk  1x Driver</p>



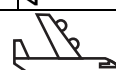
PROGRAMME 1: ADMINISTRATION		RECOMMENDATIONS	RESPONSES
FINDING			The positions below have been advertised for 2023/2024;
			<p><b>Chris Hani District (1)</b> 1x Assistant Director: Scholar Transport</p> <p><b>OR Tambo District (1)</b> 1x Assistant Director: Scholar Transport</p> <p><b>Amathole District (7)</b> 2x Assistant Director: Scholar Transport 4x Admin Officer (Monitoring) 1x Admin Clerk (Production)</p> <p><b>Alfred Nzo District (2)</b> 1x Assistant Director: Scholar Transport 1x Admin Clerk (Production)</p> <p><b>Joe Gqabi District (3)</b> 1x Admin Officer (Monitoring) 2x Admin Clerk (Production)</p>
2	The R5,6 m which is budgeted for arbitration cases seems to be too much considering the gross shortage of scholar transport budget.	The Department must try to resolve labour related matters amicably in order to minimize legal costs.	<p>The recommendation is noted and will be implemented accordingly.</p> <p>The Department will resolve its disciplinary cases through internal processes by appointing Presiding Officers who work for the government to minimise the use of attorneys, and subsequently reduce costs.</p> <p>Attorneys will be utilised only if there are cases which require legal representation from the Department.</p>
3	The audit outcomes of the Department have not improved despite numerous commitments made to the Committee that internal controls will be strengthened to improve audit outcomes.	The Department must provide the Committee with an audit turnaround plan, and the steps to be taken by the Department to ensure the implementation of the audit turnaround plan.	<p>The Department will implement the approved organisational structure and establish the Pre-Audit function in all the districts.</p> <p>Pre-Audit positions have been advertised and will be filled by the end of the third quarter. The advertised</p>



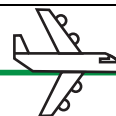
PROGRAMME 1: ADMINISTRATION	FINDING	RECOMMENDATIONS	RESPONSES
			<p>positions for Pre-Audit Services function are as follows:</p> <p><b>In-house (Graaf Reinet)</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>Sarah Baartman District</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>Amathole District</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>Chris Hani District</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>OR Tambo District</b> 1x Assistant Director: Pre-Audit Services 1x Internal Auditor: Pre-Audit Services</p> <p><b>Alfred Nzo District</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>Joe Gqabi District</b> 1x Assistant Director: Pre-Audit Services</p> <p><b>Head Office</b> 1x Internal Auditor: Pre-Audit Services</p> <p>Continuous training and workshops will be conducted to enhance compliance with laws, regulations, policies, and SOPs.</p> <p>The SCM Compliance Unit will be capacitated fully to monitor compliance within SCM.</p>



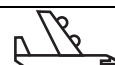
PROGRAMME 1: ADMINISTRATION		RECOMMENDATIONS		RESPONSES
FINDING				
				<p>Contracts Management – a Project Steering Committee will be appointed to review the performance of contractors and recommend remedial action.</p> <p>Payment of Service Providers – Programmes will appoint champions to monitor the payment of service providers.</p> <p>Improvement in Asset Management will be enhanced through:</p> <ul style="list-style-type: none"> <li>- Migrating the Asset Management Module to LOGIS to ensure proper and accurate reporting of movable assets on the Fixed Asset Register.</li> <li>- The first two Districts to be piloted are Chris Hani and OR Tambo by the end of September 2023. The Department is finalising its implementation plan together with the Provincial Treasury (PT). PT will train Asset Management officials on LOGIS in August 2023.</li> </ul> <p>A draft SOP for Asset Management has been developed. The SOP is currently being consulted on.</p>
4	There is slow progress with regard to employment of people with disabilities as the Department still accounts for below 2% of them in its employ.	The Department must forge relations with organizations representing people with disabilities in its effort to increase the rate of employment of people with disabilities.		<p>The Department has profiled the Disability Centers in two Districts (Alfred Nzo and OR Tambo) and two Metros (Buffalo City and Nelson Mandela).</p> <p>The Department will continuously profile the Disability Centers.</p> <p>The recently advertised positions were sent to all Disability Centers in the Province with an intention to attract suitably qualified people with disabilities into the Department's staff establishment.</p>



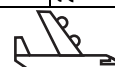
PROGRAMME 1: ADMINISTRATION		RESPONSES	
FINDING	RECOMMENDATIONS		
5	The Department still has a shortage of employees with technical skills, like road engineers, despite the fact that it has been spending millions over the years on capacity building through bursaries for external and internal beneficiaries.	The Department must submit a plan to the Committee on how it will improve its retention strategy.	<p>The Department will assist the Disability Sector with the e-recruitment process so that it becomes easy. The Department is implementing its recruitment plan in line with the Employment Equity (EE) Plan of the Department.</p> <p>The Department offers bursaries for critical skills like Engineering.</p> <p>After the candidate has completed his/her studies, he/she enters into a contractual obligation as they are required to serve the Department for a period of two (2) years or else pay back the money if they leave before the stipulated timeframe.</p> <p>The Department also offers bursaries to all interested employees to further their studies. This enables the Department to retain employees longer as they must serve years equivalent to their period of study.</p> <p>In terms of the attraction and retention policy, the Department implements Occupational Specific Dispensation (OSD) for Engineers; offers a higher a notch as per OSD directives; prioritises Engineers for upward mobility; and retains an employee after reaching sixty-five (65) years and offer him or her a contract of two (2) years.</p> <p>In addition, the Department has piloted mentorship programme for a few Candidate Engineer(s) / Technologists for eligibility of registering as Professional Engineer(s) / Technologists in their respective categories.</p>
			<p>The recommendation of the Committee is noted.</p> <p>The Department has reprioritised funding of R90 million for the procurement of the identified plant items.</p>
6	The Department has planned to purchase a yellow fleet, however there is no budget set aside for this purpose.	The Department must provide the Committee with a plan on how it will purchase the yellow fleet without the budget.	



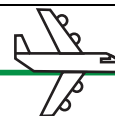
PROGRAMME 1: ADMINISTRATION		RESPONSES	
FINDING	RECOMMENDATIONS		
7	<p>Recruitment and filling of vacant budgeted posts is very slow due to PCMT processes that have to be followed.</p> <p>PCMT process must be reviewed as it defeats the purpose of job creation in order to improve service delivery.</p>	<p>In addition, the Department has consulted its Entity, GFMS, with a view to accelerating procurement of identified plant items.</p> <p>The Department is unable to review PCMT terms of reference as the establishment of the Committee resides with the Office of the Premier and Provincial Treasury.</p> <p>The Department develops a clear project plan for filling vacant funded posts that is communicated to all relevant stakeholders. The Department establishes a committee comprised of all Programme Managers chaired by DDG: Administration, whereby the HRM unit presents the status of recruitment every week.</p> <p>The Committee proposes solutions and tries to eliminate bottle necks that may delay the selection process.</p> <p>The PCMT granted approval to all Departments to fill in the replacement positions that were vacated with effect from 1 April 2023 without presenting these positions to the PCMT. This will assist the Department in expediting the filling of replacement positions within the stipulated 90-day period.</p> <p>To date, the PCMT has approved 401 positions, and the Department has advertised these positions with a closing date of 04 August 2023.</p> <p>The Department would appreciate it if the Committee could engage OTP in the presentation of vacant funded positions to the PCMT.</p>	



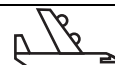
PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSES
1	<p>Whilst the Committee appreciates the work done by SANRAL in the Province, it is disappointing to learn that all the provincial roads surfaced by SANRAL cease to be provincial infrastructure assets and registered under national assets meaning that the number of provincial kilometers is reduced and will be left with gravel roads.</p>	<p>The decision to transfer certain provincial roads to Sanral emanates from continuous insufficient budget allocations towards transport infrastructure which results to ECDOT's inability to effectively maintain and upgrade strategic roads in the province.</p> <p>However, ECDOT and SANRAL work together as mutual partners on transport infrastructure matters.</p> <p>Transfer of network to SANRAL has resulted in the upgrade of roads worth more than R30billion since 2012 which has helped in decreasing upgrade backlogs which are forever increasing.</p> <p>Ideally the Department would not transfer, however the condition of SANRAL is to assist only through transfer. Roads transferred are only those that had no value due to having lived beyond their lifespan and maintenance neglect.</p> <p>Bulk roads earmarked for transfer are those that no longer have value or require urgent upgrade.</p> <p>The current funding of the roads network is not based on the size and reduction in size has no direct impact on budget but instead free funds for the reduction of the 1700km of upgrade and rehabilitation backlogs.</p> <p>Department endeavors to prioritize key or strategic roads in the province.</p> <p>However, resource limitation does not permit ECDOT to attend to all roads that require maintenance as it is dependent on the 25% cap on PRMG for rehabilitation with zero budget from equitable share budget.</p>
2	<p>The Department does not prioritize roads that are supposed to be economic drivers such from eQonce via Mount Coke, Buffalo Pass to King Phalo Airport, Ncora roads etc.</p>	<p>The Department as committed to the Committee must approach SANRAL to assist with the upgrading of roads that are economic drivers such as from eQonce via Mt Coke to King Phalo Airport, Buffalo Pass to King Phalo Airport, Ncora roads etc. Furthermore, the Department must submit to the Committee priority roads that lead to economic hubs of the province.</p>



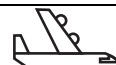
PROGRAMME 2: TRANSPORT INFRASTRUCTURE			RECOMMENDATIONS	RESPONSES
FINDING				
				<p>It is for this reason that the Department identified roads that are deemed to be strategic and requested that they be transferred to SANRAL.</p> <p>Roads listed from the Committee recommendations form part of list that has been sent to NDOT, endorsed by the EC Province Premier for SANRAL transfer consideration which unfortunately is still under consideration as that is the only option that is available to the Dept.</p>
3	There is no progress reported to the Committee with regard to the resolution taken in the bosberaad held at ICC in 2021 on developing Road Network Infrastructure Masterplan in the province.		<p>The Department committed that the workshop on the Integrated Network Masterplan will be conducted to update the Committee on the progress made. A report is required to ascertain working on Masterplan to achieve better road network. The workshop must be convened within 14 days after the adoption of the report.</p>	<p>The Department commissioned a professional service provider to review and update the 2010/2011 Eastern Cape Transport Master Plan (popularly known/referred to as the NATMAP2050:EC (this in harmonization with the national dictum).</p> <p>Since then, the final report was finalized in March 2023.</p> <p>Subsequently, the Transport Infrastructure office immediately started a technical assessment and review of the report.</p> <p>The assessment and review were completed, and comments were compiled for the Professional Service Provider (PSP) all in May 2023.</p> <p>Parallel to this, an institutionalization roadmap detailing steps to be taken going forward was developed in June 2023.</p> <p>Recommendation of the Committee is noted.</p> <p>The Department has commenced procuring a minimum of 36 items of plant as stated in the MEC Policy Speech and last delivery is expected not later than December 2023.</p>
4	In-house Road Construction Unit takes lengthy period to complete the road construction projects compared to private sector due to lack of resources.		<p>Procurement of additional yellow fleet must be expedited in order to pick up the pace of in-house road construction and maintenance.</p>	



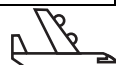
PROGRAMME 2: TRANSPORT INFRASTRUCTURE			RECOMMENDATIONS	RESPONSES
FINDING				
5	The deadly Khobongqaba bridge in Centane is still not in good condition as a result communities cannot access Thafalofefe Hospital and learners are unable go to school on rainy days.		The Department must provide the committee with its plans relating to the construction of the Khobongqaba bridge.	<p>The Department is exploring GFMS, with a view to accelerating procurement of additional plant items.</p> <p>Khobongqaba bridge structure is sound but there is a need for repairs on its rails.</p> <p>The Bridge structure that was demolished was Nxaxho, DR08049 and purpose for demolishing it was to improve the bridge.</p> <p>While our in-house team was working on it, we experienced an unexpected bedrock which was more than 1.6m deep, which was beyond in-house expertise.</p> <p>The delay in the construction has been caused by the geotechnical studies that had to be done and completion of designs are expected to be completed before the end of August 2023. A picture of Khobongqaba bridge is attached as annexure 3.</p>
6	No update report given to the Committee regarding roads and bridges that were damaged by floods in the province.		The Department must furnish the Committee with the list of all roads and bridges that were affected by floods and possibly give estimated costs to be incurred to fix them.	<p>ECDOT was affected by a series of floods which adversely impacted on our already deteriorated road network. This is the summary of recent floods which occurred during these periods:</p> <ul style="list-style-type: none"> <li>- February 2023 – R3,4 billion</li> <li>- April 2022 – R1,6 billion</li> <li>- December 2021 – R3,2 billion</li> </ul> <p>From these floods totaling R8.2 billion, the Dept has only received a total of R442 million for two years from the Disaster Funds. Attached is the Annexure 4 for the years in question.</p>



PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATIONS	RESPONSES
1	<p>Mthatha airport has huge unoccupied space that can generate income for the Department as there are volumes of passengers using the airport.</p>	<p>The department must consider renting out the unoccupied space to businesspeople to open outlets in order to generate revenue at the Mthatha Airport.</p> <ul style="list-style-type: none"> <li>- African Hand Made</li> <li>- Airport Shop</li> <li>- Coffee Jazz</li> <li>- A-Tech</li> <li>- Nobuntu Designing</li> </ul> <p>It also took into account the guideline ACSA regarding the expansion of the airport based on the increase of passengers.</p>
2	<p>The Department has been deviating from PFMA on effective monitoring of SANTACO and Algoa Bus Company despite millions of Rands being transferred to the entities yearly.</p>	<p>The department noted the recommendations of the committee:</p> <p>With regards to SANTACO:</p> <p>The department had signed MOU with SANTACO with clear deliverables that they must help the department to create stability within the public transport operators and they are mouthpiece of 94 associations and 3 Mother Bodies.</p> <p>They submit Business Plan to the department each year, they submit projection based on the allocated budget, they submit quarterly reports, and they also submit Audited financial statement to the department.</p> <p>ALGOA BUS COMPANY:</p> <p>Algoa Bus Company signed a contract for three years with the department with clear deliverables. The department verifies monthly claims submitted by Algoa Bus Company based on the operated routes that are allocated to them.</p> <p>They are audited by both Internal Audit of the department and Auditor General South Africa.</p>
3	<p>The scholar transport programme continues to be a challenge in the Department as some funds have already been spent on</p>	<p>The Department must continue to engage Provincial Treasury for the allocation of more funding.</p>

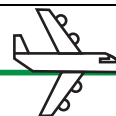


PROGRAMME 3: TRANSPORT OPERATIONS			RECOMMENDATIONS	RESPONSES
FINDING				
	the program in the last financial year through overdraft facility which landed the Department at a shortfall at the start of the financial year in April 2023. The Department reported that the scholar transport budget that is remaining can take up until August 2023.			
4	No progress report received by the Committee on consequence management on official who allegedly committed fraudulent activities on the scholar transport.		The Department must submit a detailed report to the Committee on the results of the investigations into officials/s who allegedly committed fraudulent activities on scholar transport that led to undesirable audit findings.	The department noted the recommendation, and the disciplinary processes had started, and the detailed report will be attached as annexure 5.
5	The Department cannot fully implement the scholar transport automated system due to delays by the Education Department to provide credible learner data and the data that correlates with what the DoT has in its system.		DoT and DoE MECs together with HODs of both Departments must meet and resolve the issue of learner data that is not credible for smooth scholar transport operation.	The two MECs had met and both HODs were present in the meeting and the issue of Learner data was discussed, which the department will receive through SASAMS System.
6	Scholar transport monitors seemingly are not well capacitated because fraudulent invoices and corrupt activities are committed in their presence in schools.		Monitors of scholar transport need to be well capacitated in order for them to be able to execute their mandate fully.	The credible data have ultimately been received by the end of June 2023.  The department noted the recommendation of the committee, annually, when there is a new in-take of Scholar Transport Monitors the department conducts workshops to capacitate the Transport Monitors.  When conducting their duties, they get threats from Operators and others from school principals.
7	Ntabankulu communities have not yet been provided with buses, they are solely dependent on taxis and vans (Stallion vehicles).		The Department must come up with a plan of providing Ntabankulu communities with alternative reliable public transport.	This is a matter that both Departments of Education and Transport are looking at to try to resolve the matter.  The department noted the recommendations of the committee, the department will explore possibilities of extending bus subsidy to Ntabankulu as some of the routes were approved but due to the fact that Phase 3 routes operated by AB350 were not fully implemented due to shortage of subsidy funds only 25 routes were implemented out of 55 routes.

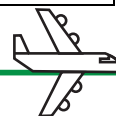


PROGRAMME 4: TRANSPORT REGULATION		
FINDING	RECOMMENDATIONS	RESPONSES
1	The Department is still faced with the challenge of municipalities that do not hand over to the Department the revenue collected. Furthermore, SA Post office that faces liquidation, still owes an amount of R119m.	The Department must provide a plan for how it will recover monies owed by the SA Post Office and municipalities.  The Department's Legal Services Unit will register its case through the Office of the State Attorney.
2	There is a long outstanding matter of non-payment of Mfundisi & others which has not yet been resolved.	The Committee appealed to the Department to look in all possible ways in resolving payment of Mfundisi & others as the matter is long outstanding.
3	No budget is set aside for law enforcement operations to be conducted during Festive Season and Easter weekend.	The Department must ensure that it sets aside the budget for the Festive season and Easter weekend.
4	SANRAL is upgrading Kinkelbos weighbridge, however it will operate normal working hours until the Department is able to employ more Traffic Officers to operate 24/7 to penalize overloading trucks along N2.	The Department has proposed the positions in the newly approved organogram for the Kinkelbos weighbridge as follows:  <ul style="list-style-type: none"> <li>- 20x Traffic Officers (filled)</li> <li>- 1x Admin Officer (vacant and advertised)</li> <li>- 1x Admin Clerk (vacant)</li> <li>- 1x Cleaner (vacant)</li> </ul>

PROGRAMME 5: COMMUNITY BASED PROGRAMMES		
FINDING	RECOMMENDATIONS	RESPONSES
1	Road Rangers are still not visible in some of their designated areas.	The Department is noting the recommendation of the Committee.  In an effort to ensure effective monitoring of the Road Rangers:  <ul style="list-style-type: none"> <li>i) The Department will provide pocketbooks to all Road Rangers for ease of monitoring by law enforcement officials as well.</li> <li>ii) The Department is in the process of procuring uniforms and clothing for all projects. Given the limited resources for this purpose, Road Rangers will be</li> </ul>



PROGRAMME 5: COMMUNITY BASED PROGRAMMES			RECOMMENDATIONS	RESPONSES
FINDING				
				<p>prioritized in the distribution of uniform to enhance their visibility, daily.</p> <p>iii) The Department will improve communication with Road Rangers and Supervisors by the public through sharing the contact details and specific locations of Road Rangers with DOT Customer Care Centre.</p> <p>iv) The Department will further explore the possibility of sharing these details on billboards along the roads in partnership with SANRAL.</p> <p>v) The Department will also recruit additional Road Rangers on newly identified points to ensure that there are more Road Rangers in areas prone to accidents.</p>
2	There are still some delays in finalizing payment to Hlumisa Development Fund beneficiaries. It was discovered that some payments were made to ghost beneficiaries.		The Department must ensure that it strengthens its systems and fast-track the finalisation of the distribution of Hlumisa Development Fund to their beneficiaries.	<p>The Department notes the recommendation of the Committee.</p> <p>The Department is in the final stages of contracting the external provider to assist in the finalisation of the Hlumisa Fund distribution.</p> <p>Verification will be strengthened internally and externally to ensure that claim documents submitted by beneficiaries are verified thoroughly and the remaining beneficiaries are paid before the end of the financial year.</p>



## TRADING ENTITIES

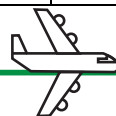
GOVERNMENT FLEET MANAGEMENT SERVICES			
	FINDING	RECOMMENDATIONS	RESPONSES
1	The GFMS reported 739 vehicles need replacement, however, only 319 will be replaced with the available budget, leaving a shortfall of 420 not replaced.	GFMS is advised to keep engaging Treasury to give them more funding to be able to operate efficiently and generate more revenue for the province and become self-sustainable.	GFMS will be engaging Provincial Treasury during the MTEF engagement processes.
2	GFMS is still experiencing delays with regard to payment of lease charges by user Departments, currently Department of Health owes R374m since October 2022.	Department must engage the affected non-paying Departments in trying to resolve the matter.	GFMS notes the recommendation, and engagements have been made with the Departments and presented to the Provincial Budget Committee (Sub Cluster Budget Committee) as well, for consideration by EXCO.

MAYIBUYE TRANSPORT CORPORATION			
	FINDING	RECOMMENDATIONS	RESPONSES
1	The entity does not comply with the recommendation of the Committee to invite labor component to board meetings as a stakeholder.	The Department must ensure inclusion of the union representative in the board meetings to minimize confrontation and tension with the union going forward.	This matter will be addressed through a discussion between the MTC Board and Shareholder.
2	The entity is struggling to properly service its commuters due to ageing fleet that require continuous high maintenance as a result 40 out of 84 buses will be disposed	The Department must come up with a plan on how it will assist MTC to replace the ageing fleet in order for the company to be able to fulfil its mandate.	The Business Plan was presented to DOT as a basis for its recapitalization of MTC.

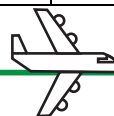
It must be noted that the Department only received formal questions on the Financial Oversight and Half Year Performance Reports in the 2024/25 financial year.

## Matters arising from Annual Report 2022/23 Discussions

PROGRAMME 1: ADMINISTRATION			RESPONSES
FINDING	RECOMMENDATIONS		
1	The audit outcome for the Department has remained stagnant at a qualified audit outcome for the past four (4) financial years. This is as a result of the failure by the Department to strictly monitor the implementation of its Audit Improvement Plan, and to put stringent measures to improve its internal control measures and ensure compliance with laws and regulations.	The Department must provide the Committee with a comprehensive plan detailing measures that it takes to turn around its audit outcomes and how these measures will be monitored to ensure full implementation.	The recommendation of the Committee is noted. Kindly refer to the attached Annexure for the plan, these commitments have also been shared with the Office of the Auditor General as an external oversight.
2	Although the Department has incurred fruitless and wasteful expenditure amounting to R33 million due to overpayments made to scholar transport service providers, the Department has not provided the Committee with a report with regard to the investigations conducted and consequence management taken against officials responsible for the incurrance of fruitless and wasteful expenditure.	The Department must provide the Committee with a report on the investigation relating to the R33m of fruitless and wasteful expenditure. The Department must further accelerate the implementation of the scholar transport automated systems to improve its management and to prevent the processing of over and under payments to service providers.	The recommendation to accelerate the implementation of the Scholar Transport Automated System is noted, the Department is currently having consistent engagements with the Stakeholders to ensure that all parties understand the expectations.
3	Service providers were not paid within the 30-day period as required by Treasury Regulation 8.2.3, and this delay has resulted in fruitless and wasteful expenditure.	The Department must provide the Committee with a report detailing the reasons for failure to pay service providers within the required 30 days, steps to be taken by the Department in future to ensure that service providers are paid within 30 days and action taken against the officials responsible for this failure to pay service providers within 30 days.	Attached is a report for the detailed reasons for non-compliance with Treasury Regulations 8.2.3 and the action plans developed to address the risk exposure.
4	The Committee observed that there is no due diligence done by the Department in responding to recommendations of the Auditor General with regards to audit findings.	The Department must provide the Committee with a plan that will be put in place to ensure accountability for audit outcomes.	Referring to the attached plan for the audit outcomes, this is also monitored through the Audit Committee meetings that are held on a quarterly basis to promote accountability.
5	The Administrative Programme lacks centralised coordination of other programmes to achieve corporate strategic goals that will develop the Department. The lack of inter-departmental coordination results in a weak performance of the Department.	The Department must ensure the alignment of all its programmes with its mandate and functions in order to ensure improved service delivery.	The newly revised Departmental organogram is responding to Service Delivery Model. The model in its nature is more of an integrated approach, it will ensure service delivery has improved.
6	There is no correlation between the Department's expenditure and its performance. The Department has not achieved most of its planned targets but there is high expenditure.	The Department must in future ensure that its budget is spent in line with the planned activities.	Recommendation by the committee is noted. During the planning stages, the department has put measures to ensure alignment of the budget with key strategic imperatives. However, Section 43 of

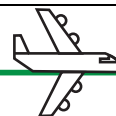


PROGRAMME 1: ADMINISTRATION			
	FINDING	RECOMMENDATIONS	RESPONSES
			the PFMA allows the shifting and virement of funds to address unforeseen circumstances and to avoid over and or under expenditure.
7	The Department has officials that have been acting in Senior Management positions for several years, yet the Department is claiming to be filling vacant funded posts within the required timeframe of 90 days.	The Department must in line with posts prioritization and costs containment measures put in place to ensure that vacant funded Senior Management Posts are filled by the end of the 1st Quarter of 2024/25 financial year.	The vacant funded positions for Senior Managers are set to be filled. The shortlisting of the vacant funded positions will commence on 14 May 2024. Three (3) positions will be re-advertised as no suitable candidates were found.
PROGRAMME 2: TRANSPORT INFRASTRUCTURE			
	FINDING	RECOMMENDATIONS	RESPONSES
1	It is noted that there is poor quality in workmanship in most of the roads that were recently repaired as more potholes are forming and the asphalt surface is peeling off within no time after the contractor had done the repairs, depriving community's safe access roads.	The Department must put measures in place to ensure that service providers appointed to maintain roads perform quality work and that there is value for money. Where there has been under performance or poor workmanship, necessary steps must be taken against those service providers.	The Department notes the Committee's recommendation. Henceforth, the Department will enhance its monitoring endeavours. Further, the Department can confirm that it has terminated a number of contracts where it was not satisfied with performance.
2	The work done by SANRAL is very much appreciated, however it is a concern to realise that when SANRAL has made some interventions in the provincial roads such as making major roads construction that road will be taken off from the provincial register and be incorporated into SANRAL's national network register meaning that the province will be unable to make any improvements like tolling those roads.	The Department must consider having its Road Agency to protect its road network so that the province can derive value from provincial roads soon.	Only roads deemed to be of strategic importance are considered for transfer to SANRAL. The department also understands that perpetual transfer of roads to SANRAL may result in unwarranted outcomes such having redundant roads authority. Therefore, other alternatives are being explored to ensure that ECDOT assets are in an acceptable condition.  The Department does, however, note the Committee's comments in this regard.
3	Proper measures are not put in place to safeguard the assets of the Department as campsites are without appointed security personnel and construction equipment is left on farms and in communities without adequate security measures.	The Department must provide the Committee with a plan on how it will ensure that the assets of the Department that are in campsites and in communities are safeguarded.	The Department notes the Committee's recommendation. The Department is also pleased to report that since this has been identified as a concern by the Portfolio Committee, the Department has been allocating about R10 million per financial year towards refurbishment of camps. Some establishments have been refurbished while prefabricated dwellings are also purchased where feasible.

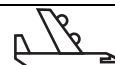


PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSES
4	There are no road traffic signs on the R61 between Lusikisiki and Port St Johns warning motorists of impending hazards on the road and this will cause serious accidents.	The Department notes the Committee's recommendation. SANRAL who manages R61, will be informed of the Committee's concern, so they can investigate and implement the necessary measures.
5	The Department has not yet provided the Committee with Road Master plan of the province that includes access roads to Municipalities despite numerous requests made by the Committee.	The Department notes the Committee's recommendation. The delay was due to other related activities that needed to be undertaken prior to actual development of Roads Master Plan.
6	The construction of the Welisizwe rural bridge programme is moving at a slow pace. The delays in the construction of the bridges are endangering the lives of surrounding rural communities, particularly the learners as they have to cross deadly rivers.	The Department notes the Committee's recommendation. The Department can confirm that it has since involved a number of stakeholders including the Office of the Premier. Since the involvement of the OTP, a significant improvement has been noticed in the programme and a further 17 bridges are also being finalised for commencement.

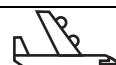
PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATIONS	RESPONSES
1	The Scholar transport programme still pulls down the performance of the Department which contributed negatively to the audit outcomes. The Auditor-General identified an estimated overpayment of R33 million to scholar transport operators, this is caused largely by the lack of adequate internal control systems to track payments to scholar transport operators.	The department noted the recommendations by the Portfolio Committee, the department is busy engaging the department of Education for a credible database which will help the department to contract the operators on a correct database and is also in the process of implementing the new Scholar Learner System which will improve the management and monitoring of Scholar Transport Operations including proper financial management.
2	The Department is faced with the challenge of inadequate budget allocation for scholar transport resulting in some funds for other programmes being redirected to scholar transport.	The department noted the recommendations of the Portfolio Committee. The department is currently working together with Provincial Treasury, department of Education and the Premier's Office in order to properly fund Scholar Transport to avoid re-directing funds from other programmes to Scholar Transport.



PROGRAMME 3: TRANSPORT OPERATIONS			RESPONSES
FINDING	RECOMMENDATIONS		
3	<p>Whilst the Committee appreciates the progress made by the Department to appoint a company led by women that will reconstruct railway line from East London to Mthatha, but it is disturbing to hear that the same company is still fundraising before it can start the work and the fact that there is no timeframe attached as to when the project will commence and be completed. In addition, the Department shows no zeal to pursue resuscitation of the rail as a mode of transport in the province as there is no structure dedicated to fast-tracking infrastructure development.</p>	<p>The Departmental must provide the Committee with a progress report with clear time frames on the anticipated completion date of the project for the resuscitation of the railway road between East London and Mthatha. Further, the Department must provide the Committee with a plan on the resuscitation of rail in the province.</p>	<p>The department noted the recommendations of the Portfolio Committee. The Department had engaged both Sibhekuzi consortium Company and Transnet and it was stated that both Transnet and the Company are busy with the revision of the funding model and that can take up to the end of this financial year.</p> <p>The department is also engaging PRASA and TRANSNET through the Provincial Rail Committee where the share projects that they are to implement in the province each financial year and the department is also receiving progress reports in each sitting of the Provincial Rail Committee and the following had been implemented:</p> <ul style="list-style-type: none"> <li>- Revival of the branch line between Cockhouse and Blarney</li> </ul> <p>The passenger line between East London CBD and Berlin.</p>
4	<p>The Department is moving at a slow pace in reviving Bhisho airport as if it does not have future plans to expand airport's infrastructure in order for it to ignite the economy and generate revenue for the province.</p>	<p>The Department must provide the Committee with a clear plan to rehabilitate Bhisho airport so that it can be a fully-fledged airport.</p>	<p>The department noted the recommendations of the Portfolio Committee. The department had conducted a Pre- Feasibility Study at Bhisho Airport, and the scope was to investigate options as to how Bhisho Airport can be utilized as Cargo Hub or any other viable opportunities that can bring economic activities at the Airport.</p> <p>The feasibility study had suggested two options as follows:</p> <ol style="list-style-type: none"> <li>1. The Airport can be utilized as Cargo Hub, but it will take a long term as the infrastructure had to be upgraded and currently there is no proper volumes that can be directed to Bhisho Airport,</li> <li>2. The second option was to allow Flying Schools to utilize the Airport for training of the Pilots and other activities.</li> </ol>



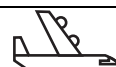
PROGRAMME 3: TRANSPORT OPERATIONS			
FINDING		RECOMMENDATIONS	RESPONSES
5	<p>Algoa Bus issue remains a sore point in that its management continues to be defiant by refusing to account to the Provincial Department for funding allocated by the government. A-G reported that Algoa Bus also contributed to the negative audit outcomes of the Department as R2.9 billion is not accounted for.</p>	<p>The Department must engage with the National Department of Transport on the issue of Algoa and accountability for funds. The Committee must be provided with a report on the engagements and a way forward taken to ensure the accountability of Algoa Bus Company.</p>	<p>The department is to appoint a Transactional Adviser to look further at the option of utilizing Bisho Airport as a Cargo Hub and the advert is being evaluated for appointment of the Adviser.</p> <p>The department noted the recommendations of the Portfolio Committee. The department is engaging Algoa Bus Company on a monthly basis when the Claims are verified on the routes that they are operating on.</p> <p>They also submit their financial statements on request by the department.</p> <p>The irregular expenditure that was reported of R2.9 billion was as the result of National Land Transport Act No 5 of 2009 which required that the subsidy contracts must be tendered not be extended.</p> <p>The department was not able to go out on tender as required by section 41 and 42 of NLTA because the province is not a contracting authority as that function was transferred to Municipalities.</p> <p>The Municipal Public Transport Plans are not compliant. That had forced the department to continue providing this service through section 11(1) of the Act which allows the province to perform the function while the municipalities are not ready yet.</p> <p>The department is busy engaging Provincial Treasury to condone that irregular expenditure.</p> <p>The department noted the recommendations of the Portfolio Committee.</p>
6	<p>The Committee welcomes the National Department of Transport's initiative to supply Eastern Cape learners with 1750 bicycles, however, it is not clear what criteria was</p>	<p>The bicycle programme is commended, and it needs to be profiled, taken to a higher level so that</p>	



PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATIONS	RESPONSES
used to allocate them in which areas and there is silence on the part of their maintenance given the poor state of the roads.	secondary industry run by SMMEs can be created to fix and maintain learners' bicycles	The department has placed the function in the Office of the MEC, and the gives the project a high profile that it deserves.  The department is looking at options of engaging SMMEs for the maintenance of Bicycles.

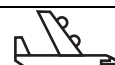
PROGRAMME 4: TRANSPORT REGULATION		
FINDING	RECOMMENDATIONS	RESPONSES
1 Fencing along public roads is not properly maintained resulting in animals straying onto the roads causing fatalities.	The programme for installing fencing along the road must be resuscitated in order to reduce fatal accidents caused by stray animals.	The recommendation is noted, and the Department commits to continue fencing roads that are being upgraded within available resources. However, there is no guarantee the fence would last since communities vandalise roads furniture including fencing in particular.
2 Budget for implementing critical regulation systems such as Radio Control room, Customer Care telephone systems, Average Speed over Distance etc. was diverted to other pressing priorities that were never explained.	The Department must ensure that funds which are specifically appropriated for a specific purpose are used for that purpose particularly in areas of technological advancement that seek to improve operational efficiency and outcomes.	The recommendation is noted, and the Department will adhere to this recommendation.

PROGRAMME 5: COMMUNITY BASED PROGRAMME		
FINDING	RECOMMENDATIONS	RESPONSES
1 The Programme has spent R537,586m against a final appropriation of R553,479m for the financial year ending 31st March 2023, resulting in an under expenditure of R15,893 million.	Community Programmes are designed to create job opportunities, it is unacceptable that the Programme is unable to utilise funds expropriated to reduce unemployment. Therefore, the Department must ensure that the planned targets are achieved to avoid under/over expenditure. It must also be noted that any under-expenditure will result in less grant in the next financial year.	The Department has noted the recommendation. At the end of March 2023, the Programme has utilised 98% of the allocated funds in the creation of work opportunities.
2 The Programme is unable to attract youth and people with disabilities into the employ of the Department as the sub programme managed to employ only 5 945 out of 19 259 youth targeted and only 312 employed out of 700 targeted people with disabilities.	The Department must change its advertising strategy to attract more youth and people with disabilities using platforms that are accessible to rural communities as they have inadequate access to ICT services. In addition, the Department should consider formalising the employment created in this programme by	The Department has noted the recommendation for implementation.



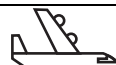
PROGRAMME 5: COMMUNITY BASED PROGRAMME	
FINDING	RESPONSES
	packaging all the sub programmes vacancies that is Road Rangers, Scholar Transport Monitors etc., re-brand and launch the programme in order to profile the Department and the Province.

GOVERNMENT FLEET MANAGEMENT SERVICES	
FINDING	RESPONSES
1 The Trading Entity received an Unqualified Audit Opinion with no material findings in the year under review.	Recommendation noted and the Entity will do all endeavours to ensure the planning is done correctly and its performance targets are met.
2 Non-payment by user Departments such as the Health Department which still owes R362 596 341 impacts on the ability of the entity to replace vehicles timeously.	Recommendation noted and will be actioned by the MEC of Department of Transport.
3 State owned vehicles are kept in garages for minor repairs and maintenance for quite a long time resulting in having a negative bearing on User Departments.	The problem with turnaround times is caused by challenges of: <ul style="list-style-type: none"> <li>- Processes within First Rand Bank who are service providers of the RT46 contract that provide maintenance services for the state.</li> <li>- The lack of enough merchant capacity to repair vehicles on time.</li> <li>- Pertaining to First Rand Bank weekly meetings with the contractor to speed up turnaround times on specialised vehicles such as Emergency Vehicles and other specialised vehicles.</li> </ul> Regarding the lack of merchant capacity, GFMS is engaging with Automotive Industrial Development Centre Eastern Cape (Pty) Ltd to assist GFMS with building merchant capacity to ensure quick turnaround times.
4 The entity failed to conduct needs analysis to be able to draw reliable Procurement Plan of vehicles.	The Council for Scientific and Industrial Research (CSIR) was appointed in September 2023 to carry out the needs analysis.



GOVERNMENT FLEET MANAGEMENT SERVICES		
FINDING	RECOMMENDATIONS	RESPONSES
5	<p>The entity is delaying migrating from manual system to information and communications technology (ITC) system.</p> <p>The Department must urgently migrate from the manual system that comes at a cost, to the ICT system for more efficiency in the service delivery.</p>	<p>The needs analysis project is now at an advanced stage and a final report is expected to be ready at the end of June 2024.</p> <p>GFMS, in line with the SITA Act, is procuring the system through SITA and the tender closed on the 11 March 2024 and is at the evaluation stage. Due to SITA procurement backlogs, SITA has not provided a realistic project plan that reflects the time frames and as such the likely date of appointment of the service provider will be determined in May after a proof of concept meeting that SITA is scheduling as of 22 April 2024.</p>

MAYIBUYE TRANSPORT CORPORATION		
FINDING	RECOMMENDATIONS	RESPONSES
1	<p>The annual report of Mayibuye Transport Corporation was not submitted and therefore the Committee could not consider it.</p> <p>The executive authority must submit a written explanation to the Legislature, setting out the reasons as to why the Annual report was not tabled.</p>	<p>The delay in finalising the Annual Report timeously was due to the delayed finalisation of the external audit of MTC.</p> <p>MTC had made representations to the AGSA regarding the findings of the AGSA Audit. MTC had provided all the necessary information as requested by AGSA in its attempt to make its case for a review of MTC's Annual Financial Statements and the AGSA findings relating thereto.</p> <p>MTC approached the AGSA to request the outcome of their representations, and MTC only received their final response from AGSA on 15 November 2023.</p> <p>After the Audit Report was released by AGSA, the MTC finalised its Annual Report, which included the audited Annual Financial Statements and AG Report.</p> <p>Same was submitted to the Shareholder on 8 April 2024.</p>



## GENERAL FINDINGS

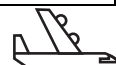
FINDING	RECOMMENDATIONS	RESPONSES
1 All the programmes spent more than 98% of the allocated budget, however, the planned targets were not achieved as performance was less than 60% except for Programme 3 that recorded 92%.	Stringent control measures must be taken to improve the financial management systems and spending patterns in the Department.	The recommendation of the Committee is noted. The department will ensure compliance with the recommendation.

## Matters arising from Financial Oversight Report 2023/24 Discussions

PROGRAMME 1: ADMINISTRATION		
FINDING	RECOMMENDATIONS	RESPONSES
1 The non-availability of Project Managers is a contributing factor in the poor performance of the Department in some of the programmes.	The Recruitment of Project Managers must be prioritized in order to properly coordinate and monitor specific projects so as to improve and accelerate the performance of the Department and not only rely on consultants.	<p>Three Project Managers posts were advertised as follows:</p> <ul style="list-style-type: none"> <li>- Posts for Director: Project Management and Professional Services were interviewed, and no suitable candidates were found.</li> <li>- Posts for Deputy Director: Project Management and Professional Services were interviewed, and not suitable candidates were found. The positions will be re-advertised.</li> <li>- Posts for Assistant Director: Project Management and Professional Services were interviewed, and it is waiting for an appointment letter to be issued.</li> </ul>

PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSES
1 The Department is projecting an underspending of R136,9m on the road maintenance conditional grant allocated to improve road infrastructure despite the fact that roads in the province are in bad state.	The Department must provide the Committee with a detailed plan on how it will spend the conditional grant to improve the quality of roads in the province and avoid returning the unspent funds.	<p>The department has spent R176 880 000, and this underspending is largely attributed to the poor performance of service providers which has led to terminations.</p> <p>Two key capital projects were terminated in the financial year, those are Mlamli and Hluleka ph.2 roads upgrades.</p>

PROGRAMME 2: TRANSPORT INFRASTRUCTURE			RESPONSES
FINDING	RECOMMENDATIONS		
			<p>A rollover to the value of R142 128 000 has been applied for.</p> <p>Furthermore, the Department has split the conditional grant into 3 programmes, those are Community Based Programme, Maintenance and Outsourced construction. The budget has been allocation to infrastructure related items, and this is in line with the conditions of the grant.</p> <p>The Department will be in a position to shift between these Programmes should there be a need.</p> <p>Enhanced risk mitigating strategies through the tender's bid specification.</p> <p>The inclusion of the clause states that the Department reserves the right to consider other projects performed by the contractor, other than those than form part of their proposal.</p> <p>This enables the Department to cast a wider net in determining the contractor's performance history beyond their tender proposal.</p> <p>c) The Department notes the Committee's recommendation. Henceforth, the Department will enhance its monitoring endeavours. Further, the Department can confirm that it has terminated a number of contracts where it was not satisfied with performance.</p> <p>The contract was terminated, and a replacement will be appointed in due course. Tender has already been advertised.</p> <p>The Department is in the process of recouping performance guarantees in order to recover monies that may be due to the Department.</p>
2	The appointment of incompetent contractors for road construction results in additional costs when the contract has been terminated or a contractor abandons the site.	The Department must provide the Committee with a plan on how it will improve its Supply Chain Management processes and ensure that competent and credible service providers are appointed for the construction of quality roads in the province.	
3	There is poor oversight and lack of quality control from the Department with regard to road construction.	The Department must monitor and evaluate the work undertaken to ensure value for money. Furthermore, the necessary consequence management must be taken against officials who fail to perform their duties in this regard.	
4	A company appointed to construct a road leading to mlamli Hospital is experiencing cash flow challenges which delays the finalisation of the project as it frequently abandons the site and comes back after it has been paid by the Department.	d) The Department must provide the Committee with a report clearly indicating steps that have been taken against the said contractor in terms of the contract.	



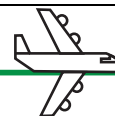
PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSES
5	The shortage of the requisite technical skilled personnel continues to negatively affect the service delivery.	<p>The Department notes the Committee's recommendation. To this end, the Department has established a Centre for Technical Development (CTD), with the sole aim of increasing the skills base for improved infrastructure delivery. Further, there are parallel processes with the Department towards improved and progressive recruitment.</p> <p>The Department must explore better mechanisms of recruiting personnel with technical skills in order to fast-track road construction projects.</p>

PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATIONS	RESPONSES
1	<p>The Department is faced with scholar transport programme crisis in that at the start of the new academic school year in 2024, learners will not be ferried as there are no funds to pay scholar transport operators, and currently the Department is operating on R180m excess facility.</p> <p>Whilst the Department is ensuring that the new learner database automated system is up and running in January 2024, the Department must continue to engage the Office of the Premier, Provincial Treasury and the Department of Education to find possible solutions to challenges confronting scholar transport in the Eastern Cape Province.</p>	<p>The department noted the recommendations of the Portfolio Committee. The department is currently working together with Provincial Treasury, Department of Education and the Premier's Office to find a solution to the challenges faced by Scholar Transport programme.</p> <p>The department together with department of Education, Provincial Treasury are reporting to the Crack Team established by Premier's Office about the progress made since the implementation of the new Scholar Transport Tender and there are several initiatives that are undertaken like introduction of Social Facilitation Project in Scholar Transport, training of drivers for the implementation of the new Scholar Transport Learner System, the decentralization of Scholar Transport to Districts and the capturing of invoices in LOGIS as the control measure.</p>

PROGRAMME 4: TRANSPORT REGULATION		
FINDING	RECOMMENDATIONS	RESPONSES
1	It is reported that law enforcement is unable to detect illegal foreign nationals who are in possession of drivers' license as they operate freely in the transport industry.	<p>The Department must present to the Committee its strategies employed to address the fraud and corruption of issuing drivers' licenses to illegal foreigners.</p> <p>It is worth mentioning that currently the Department conducts regular inspections in DLTCs working with anti-corruption.</p> <p>Foreign driving licenses require translation letters from relevant embassies while those from SADC are acceptable as they are.</p>

PROGRAMME 5: COMMUNITY BASED PROGRAMME		
FINDING	RECOMMENDATIONS	RESPONSES
1	The Community Development Programme is projecting to underspend by R55 306 million meanwhile the province is faced with a high rate of unemployment.	The Department must improve its spending patterns to avoid over and under expenditure on the Community Programmes which are designed to create job opportunities.
2	The Department is still grappling to finalise the payment of Hlumisa beneficiaries although it was long reported that the external service provider contract is extended so as to conclude the matter.	The recommendation is noted however the Department has not yet finalised the Hlumisa payments. Options are being explored to pay the beneficiaries after Provincial Treasury could not concur on the appointment of PwC.

GOVERNMENT FLEET MANAGEMENT SERVICES		
FINDING	RECOMMENDATIONS	RESPONSES
1	The entity failed to report about ten targets planned to be achieved at a cost of R187 631 986 that are dependent on RT57 Transversal Contract.	<p>The entity must report about everything that could not be achieved due to failure of the RT57 Transversal Contractor for intervention where necessary as all the departments are dependent on GFMS to perform.</p> <p>The delay in awarding the new RT57 Transversal Contract, which was finalised in August 2023, resulted in the new procurement only starting at the end of August 2023.</p> <p>This was also exacerbated by the unavailability of budget due to the uncertainty regarding the rollover</p>

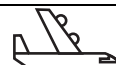


GOVERNMENT FLEET MANAGEMENT SERVICES		RESPONSES	
FINDING	RECOMMENDATIONS		
		<p>of the previous FY which was finalised in the 3rd quarter by Provincial Treasury.</p> <p>GFMS does not receive voted funds but is self-funding from revenue charged to departments and recovers money for the repurchase of vehicles over multiple years, but Provincial Treasury applies the same rules of determining surrender of funds as if it receives Voted funds annually.</p> <p>The amount relates to activities related to the procurement of vehicles and subsequent delivery to the departments and due to the reasons mentioned above the vehicles were not delivered to GFMS by the end of the financial year.</p>	
2	<p>About 122 vehicles are not fitted with tracking system due to user Departments that do not bring them for fitment despite numerous reminders from the entity.</p>	<p>The Department must engage with all user Departments and give them a deadline within which tracking devices must be installed.</p>	<p>A letter will be sent to the relevant departments advising them of the deadline of the 28 May for the installation of trackers on the outstanding vehicles, failing which GFMS will stop the ability of those specific vehicles to fuel. As of 14 May 2024, eighty-five (85) vehicles were still outstanding.</p>

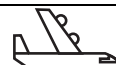


## SCOPA RESOLUTIONS

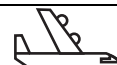
RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
1	a) The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of PFMA. 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.	The Accounting Officer must hold the management of the Department accountable for underperformance. Section 45 of the PFMA is clear on the responsibilities of departmental management. Clear guidelines, Standard operating procedures must be put in place then intensive monitoring must be done continuously to avoid wrongdoing and promote good governance. In addition, there must be maintenance of effective, efficient and transparent systems of risk management and internal controls.	The financial statements contained errors as a result of a delay in implementing the scholar transport verification process. This delay was due to the complexity of the process, which involved verifying a large number of routes. To aid the process, law enforcement officials were brought in. Additionally, there were difficulties in aligning the pick-up point names, as they had changed from the database used for payments. Lastly, performance auditors identified an overpayment due to a quantity measurement issue. The actual amount overpaid could not be determined, so the appointment of an independent surveyor was recommended and agreed upon. An independent surveyor was appointed, and the report has been submitted to the auditors and is still under assessment. If any officials are found to be responsible, consequence management will be performed	Yes
2	Effective internal controls were not in place for approval and processing of payments as required by Treasury Regulation 8.1.1. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3.	The Department must ensure that no manual system is used, an automated system must be put in place to avoid overpayments and an effective, efficient system on tracking of invoices for payment of services rendered must be put in place, to ensure payments are done within a stipulated or agreed period as required by Treasury Regulation 8.1.1 and 8.2.3.	Logis is up and running in Sarah Baartman and all operators are paid on Logis as of May 2024. Chris Hani and OR Tambo will be paying operator June invoices in the month of July 2024. Other districts will follow as the implementation is in phase approach.  The department has developed an end-to-end invoice tracking System that will track the invoice from the date of receipt up to its payment. This system will be piloted at head office from August 2024 and will be rolled to all districts by the end of the last quarter	No
3	Effective 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 9.1.1The unauthorised expenditure was caused by overspending on scholar transport	The Department must have consultative engagements with the Department of Education and Provincial Treasury regarding the number of learners to be transported and funding to be allocated to ensure they are properly budgeted for in avoiding recurrence of this finding	The Department of Transport is currently providing Scholar Transport services to 91 263 learners from the initially approved database of 90 917 learners.  The changes to the database emerged as a result of attempts to deal with hot spot, scholar transport related protests and challenges. There are around 44,000	No



RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
			<p>learners, over and above the expanded 103,000 learners, who qualify for learner transport, but are not currently accommodated because of budget pressures. In addressing these shortcomings, a collaborative approach has been instituted between the ECDOE and ECDOT structures at the provincial and district level. The approach is aimed at ensuring a swift response to challenges and for the purpose of promoting service excellence.</p> <p>The ECDOT, through its internal processes and assisted by the Crack Team, is determined to ensure that future allocations for Scholar Transport are utilized in a more effective and efficient manner and that a structure is designed to address the aforementioned challenges</p> <p>A social facilitation framework was developed, clearly defining the key stakeholders and role players and a consultation process is anticipated to be completed by the end of August.</p> <p>Submissions for additional funding were made to the Provincial Treasury and the Executive Council and no additional funding was granted, instead, an approval for Excess Facility of R270 million was granted posing a risk of unauthorized expenditure in the year 2024/25.</p>	
4	<p>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 full extent of the fruitless and wasteful expenditure could not be quantified by the auditors. The annual financial statements do not reflect the full extent of the fruitless and wasteful expenditure incurred.</p>	<p>The Department must accelerate the process of addressing old fruitless and wasteful expenditure, it 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. Enforce adequate internal controls to prevent the reoccurrence of fruitless and wasteful expenditure</p>	<p>The recommendations have been acknowledged, and a committee has been appointed to expedite the conclusion of the cases.</p>	No



RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
5	Effective steps were not taken to prevent irregular expenditure amounting to R388, 5 million, as required by section 38 (1) (c) (ii) of the PFMA and Treasury Regulations 9.1.1. Most of the irregular expenditure was caused by procedural non-compliance with SCM processes.	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 30 days after adoption of the report	To prevent irregular expenditure, the department has established a Pre-Audit at the Head Office and districts with the exception of Joe Gqabi district. The position for a pre-audit official is currently in the recruitment stage. Both the Manager Compliance and Manager Contracts Management positions, which are crucial to the Supply Chain Management unit, have been filled. The compliance unit and pre-audit functions are responsible for ensuring adherence to rules and regulations. Awareness workshops are consistently conducted, and the occurrence of irregular expenditure has been identified as a strategic risk. Action plans to address the root causes are being monitored by the risk management unit.	No
6	Appropriate evidence could not be obtained that proper control systems were in place to ensure safeguarding, and maintenance of assets as required by Treasury Regulation 10.1.1(a) In addition, there was no appropriate 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)	The Department must implement proper preventative measures and controls to ensure safeguarding assets of the Department as required by section 38 of the PFMA.	Security services are available at departmental locations, with cameras installed in high-risk areas to prevent theft and loss. The department uses limited entrances and access points for its buildings and locations, ensuring security checks for officials entering and leaving. To raise awareness, the department publishes Loss Control and Safeguarding newsletters and bulletins and has issued a circular on managing and safeguarding assets. The Asset Management Unit and Loss Control Unit conduct awareness sessions for departmental officials regarding the loss, theft, and misuse of assets. The department has established an Asset Management Policy and a Loss Control Policy to guide the effective management and responsibility of its assets	Yes



RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
7	Management did not respond to all recommendations by the audit committee and internal audit which impacted on the effectiveness of governance structures.	The Department must ensure implementation of recommendations from governance structures of the Department including recommendations from the Auditor General and Standing Committee on Public Accounts (SCOPA), in coming up with changes to be made to the control environment of the department.	The recommendations are noted, The Scopa recommendations are consistently monitored and are a standing agenda item in the Audit Committee meetings to ensure that the action plans are implemented by the department's oversight body.	Yes
8	The Department did not have adequate contract and management oversight controls on key maintenance and capital projects resulting in overspending	Accounting Officer must ensure that there is adequate oversight over the implementing agents of the Department so that there is an improvement on project management and capacitation of employees that are responsible for the monitoring of projects must be done. The Department must further ensure that when appointing employees, contractors and consultants for infrastructure and capital projects, only those with technical background, qualifications and experience are appointed to alleviate internal control deficiencies	The department acknowledges the recommendations of the Committee. Currently, efforts are underway to hire technical personnel with the required skills. However, these efforts are being hampered by recurring budget cuts. Additionally, the department has established a Project Management Office (PMO) with the main purpose of overseeing and facilitating the management of all infrastructure projects. This is in addition to existing measures, such as appointing consulting engineering firms for supervisory services also Risk analysis is conducted during evaluation stages to ensure the correct appointment of contractors or consultants.	No



RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
9	The Department has been lacking proper reviewing of information before it is reported in the financial statements, repeat 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 Department must fully implement and monitor internal controls in place to ensure accuracy, completeness and validity of information recorded to the financial statements of the Department, in line with the requirements of section 40(1) (a) and (b) of the PFMA. The Chief Financial Officer of the Department must ensure adequate review of information reported for financial statements, all managers and officials must ensure the system of financial management and internal control established is carried out within their area of responsibility	<p>The recommendations are noted</p> <p>The department has implemented robust internal controls and procedures to mitigate risks and ensure compliance with relevant laws, regulations, and policies. This includes the following:</p> <ul style="list-style-type: none"> <li>- Developing Financial Statements project plan</li> <li>- Ensure regular monitoring for adherence to the set timelines and reporting standards;</li> <li>- This entails follow up sessions with relevant key reporting units.</li> <li>- Validation sessions and updates on MSC standards</li> <li>- Development of Quarterly Performance Report (QPR) Plan which entails the following;</li> <li>- Conduct workshops of Programmes on reporting standards</li> <li>- Quarterly validation of Portfolio of Evidence that supports reported information.</li> </ul> <p>Timely submission of APR and AFS for proper review by the Internal Audit and Audit Committee</p>	No
10	There is still lack and slow implementation of consequence management	Criminal or disciplinary action must always be taken against officials who intentionally or willfully or negligently fail to comply with provisions of Laws and regulations. To show that consequence management has been implemented the committee must be provided with evidence within 30 days of the adoption of this report.	Action is always taken against transgressors. There is good progress in the implementation of consequence management by the Department. Progress reports are submitted quarterly to the Audit Committee and FOSAD	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 2022	The department performed a verification of all the routes that are utilised to ferry the learners, and the results were submitted to the consultant to perform the calculation of over and under payments
The department calculated amounts paid to transporters based on inaccurate records.  Overpayment on measurement of input materials for a construction project	31 March 2023	The projected amount was below the materiality threshold; however, a new issue was identified that had an impact on the fruitless and wasteful expenditure. The department agreed with the auditors to appoint an independent surveyor to measure the material. The surveyor has been appointed, and a report is expected before the submission of the Annual Financial Statements.
Unqualified opinion with findings on performance information and compliance	31 March 2024	Not Applicable

## 10. INTERNAL CONTROL UNIT

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

- Assist with preparation, coordination, and response to oversight and associated committees, such as the SCOPA, Portfolio and Audit Committee. This is a support function for the entire department.
- The unit is responsible for coordinating the external audit process between the department and the Office of the Auditor General of South Africa. This entails ensuring that all necessary supporting documentation required by the auditors is received in a timely manner. Furthermore, assistance is provided in establishing the post-audit action plan and consolidating the monthly monitoring of said plan, and also support is offered to various units in resolving any technical audit findings.
- The advisory committee for the assessment of irregular, fruitless, and wasteful expenditure assisted the internal control unit in facilitating the process of clearing the books of the department in respect of irregular expenditure. Investigations were conducted wherein recommendations were made to the accounting officer and requests to condone investigated cases were submitted to the condoning authority for consideration.
- Maintained Irregular, Fruitless, and Wasteful Expenditure registers and reported to the Accounting Officer and Provincial Treasury monthly.
- Investigated lost departmental assets and forwarded recommendations to the Accounting Officer.
- Advocacy sessions have been performed to improve / strengthen the operational internal controls and efficiency of the Department's operations.
- Pre-Audit unit continues to serve as a line of defence to prevent non-compliance that could result in irregular expenditure, and this includes assessing value for money



## 11. INTERNAL AUDIT AND AUDIT COMMITTEE

We present our draft report for the financial year ended 31 March 2024.

### 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 Internal Audit Operational Plan for the 2023/24 financial year. These assignments include both assurance reviews and consulting reviews:

- Review of the Draft Annual Financial Statements
- Review of the Draft Annual Report
- Review of Moveable Property, Plant and Equipment for the 2023/24 financial year
- Addendum to the Review of Moveable Property, Plant and Equipment for the 2023/24 financial year
- Addendum to the Final Internal Audit Report performed on the Integrated Audit Implementation Plan follow up on Internal Audit and Auditor-General South Africa (AGSA) findings for 2021/2022 and 2022/2023 financial years, respectively
- Review of Community Development for the 2023/24 financial year.
- Governance and Ethics Review
- Leave Management Review
- Review of Performance Information for the first and second quarters of the 2023/2024 financial year
- Scholar Transport Review
- Review of the Interim Financial Statements for the first and second quarters of the 2023/2024 financial year
- Information and Communication Technology Audit Review for the 2023/2024 financial year
- Review of Transfer Payments Processes for the first, second and third quarters of the 2023/24 financial year.
- Integrated Audit Implementation Plan follow up on Internal Audit and Auditor-General South Africa (AGSA) findings for 2023/2024 and 2022/2023 financial years, respectively.
- Review of the risk assessment processes for the 2024/2025 financial year.

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 2023/24 financial year twelve (12) 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	<ul style="list-style-type: none"> <li>- Master's in business administration</li> <li>- Bachelor of Commerce</li> <li>- CTA</li> <li>- CA(SA)</li> </ul>	External (Chairperson)	26 May 2021	25 May 2024	4	8
Mr. G Rich	<ul style="list-style-type: none"> <li>- Master's in business administration</li> <li>- B. Tech in Business Administration</li> <li>- National Diploma Public Relations</li> </ul>	External (member)	26 May 2021	25 May 2024	3	7
Mr. Ngqwala	<ul style="list-style-type: none"> <li>- BCompt. Hons</li> <li>- Bachelor of Commerce</li> <li>- Intergovernmental Fiscal Relationship Course</li> <li>- Management Skills Course</li> </ul>	External (member)	26 May 2021	25 May 2024	4	7
Mr. S Nyenyiso	<ul style="list-style-type: none"> <li>- Doctorate</li> <li>- Master of Philosophy in Internal Auditing</li> <li>- B. Tech Internal Auditing</li> <li>- Certified Internal Auditor</li> <li>- Certified Fraud Examiner</li> <li>- Certified in Risk and Information Systems Controls</li> <li>- Certificate in Control Self-Assessment</li> <li>- Certified Internal Quality Assessor</li> </ul>	External (member)	26 May 2021	25 May 2024	4	7



## 12. Audit Committee Report

We present our draft report for the financial year ended 31 March 2024.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee (Committee) also reports that it has adopted the Audit Committee Charter (the Charter) as its terms of reference, regulated its affairs in compliance with this Charter and has discharged 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. According to its charter, the committee is expected to meet with the MEC once a year and or write to the MEC. Despite several attempts, the committee was not able to meet with the MEC, however two letters were written to the MEC by the committee. This issue was however resolved after the end of the financial year, as the committee met with the MEC after the year end.

### The Effectiveness of Internal Control

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 system of internal control.
- The risks covered in the scope of internal and external audits.
- 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 Internal Audit Activity (IAA), including its annual work plan, coordination with external auditors, the reports of significant investigations and the response of management to specific recommendations; and
- 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. As in the previous financial year, areas of improvement were reported by both the internal and external auditors. Plans to improve these were developed by management, albeit not always fully and timeously implemented. Accordingly, the Committee reports that the system of internal controls 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, asset management, supply chain management, and contract management, among others. Of key concern to the Committee is the misalignment between the budget spent and the level of performance of the Department. Despite having spent almost its entire budget, some Departmental programs only achieved just more than half of their targets which indicates a regression from the previous financial year.

The 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 and is still contributing to fruitless and wasteful expenditure. Whilst the Department committed to automate the scholar transport process during the year under review, this was not achieved. Thus, there is still a need to adopt technology to minimize some of the risks associated with scholar transport. The committee is also concerned with the financial sustainability of the Department as it continues to incur unauthorized expenditure due to the misalignment between the demand for scholar



transport and the allocated budget. The Committee's concerns about the Departmental incurrence of irregular and fruitless and wasteful expenditure still remains.

The Committee, working together with the IAA, is committed to assist the Department to improve its system of internal controls. The Committee will continue to monitor the implementation of audit action plans through the tracking mechanism and the reports presented quarterly to the Committee.

### **In-Year Management and Monthly/Quarterly Report**

The department has reporting monthly and quarterly to the Treasury as is required by the PFMA.

### **Evaluation of Financial Statements**


- The Committee was not allowed sufficient time to review the final and complete draft annual financial statements before submission to the Auditor General. Despite this, the Committee managed to:
- 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 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; and
- Enquire from management as to the adequacy, reliability and completeness of supporting information as supporting these financial statements.

However, the unaudited annual financial statements and performance report were not completed with sufficient time to enable an adequate review by the IAA and the Committee. As a result, management was advised that the financial statements and performance report may not be free from material misstatements.

### **Auditor-General's Report**

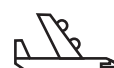
The Committee has reviewed the department's implementation plan to address the audit issues reported in the previous year and was not satisfied with the speed at which the matters have been adequately resolved.

The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General. The Committee is pleased with the improvement in the audit opinion of the Department. The Committee, however, would like to advise management to effectively and timeously any weaknesses identified in the system of internal controls, by both the internal and external auditors for continuous improvement of the overall control environment.



**Fungai Mushohwe**

Chairperson of the Audit Committee  
Eastern Cape Department of Transport  
15 August 2024



### 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 licenses, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	The overall BBBEE level is considered when applying sourcing strategies
Determining qualification criteria for the sale of state-owned enterprises?	No	The disposal of state assets will be done through public auction
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable





PART  
**D**

HUMAN RESOURCE  
OVERSIGHT

## 1. INTRODUCTION

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 has 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 2 425 and the vacancy rate is 7%. The department has 19% 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 women in Senior Management Positions are at 41%.

### The status of human resources in the department

The HRM has started with the process of reviewing the Human Resource Plan for the period 2024/2026. Out of 393 positions that were advertised, the department managed to fill 86 positions within the 90 days target for the recruitment process. The department has developed, approved, and submitted Workplace Skills Plan to stakeholders, i.e., OTP and PSETA. 160 employees were trained in the following short courses: Emerging Management and Development programme, women empowerment sessions, Procurement Law, Strategic Planning, Certified Information Security Manager, Certified Risk and Information System, International Cartographic Conference, EAPSA and ACFE conference. 60 Employees have been funded for 2023 Academic year. 52 External bursaries supported financially for 2023 academic year. Selected and appointed 135 interns 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. Four grievances received on the current reporting period have been finalised. 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. The Wellness unit in collaboration with Special Programs Unit and Human Resource Development held Women's Day celebration on the 24th of September 2023. The unit also collaborated with SPU for Youth Empowerment on 21 June 2023. Health Risk assessment through Abby machine and financial wellness was conducted. Presented wellness presentation to the Traffics and Labour Forum. Consulted the EHW strategy at Sarah Baartman district with HR Practitioners. Fire drills were conducted at GFMS. Health and Safety inspection and COIDA awareness were conducted at OR Tambo. A memo was approved to appoint and train Fire Marshalls. On the current reporting period, at least five (5) Business Processes Mapped has been approve. Human resource priorities for the year under review and the impact of these.

Change management framework is in place but there is no proper mainstreaming of the framework. Refresher course for Labour Relations Practitioners on disciplinary code and procedure will be conducted:

Ensure that quarterly meetings with Employment Equity committee are held to monitor the implementation of the Employment Equity Plan: The Department plans to have a diverse & representative workforce.

Training opportunities for External youth were created for more sustainable employment within the department and sector at large. 28 bursary holders are in a three-year employment contract as candidate technician serving their bursary obligations. 73 internal and 212 External bursary holders are supported financial by the department to pursue transport related and career advancement studies for 2023/24 academic year. Transport Economics, Road Safety and Municipal Police Diploma, Masters and Post Graduate Diplomas, Architectural Studies, Civil Engineering, Pilot studies and Maritime Studies are the field of studies that are currently supported by the department.

196 Graduate placed on an internship Program and 31 Student interns were placed on a Work Integrated Learning Program. The department is planning to place 128 Traffic Officers on an Internship programme for 2024/25 Financial Year.

The Department has a PMDS plan in place and there is an improvement in terms of submission for 2024/2025 performance agreements. For 2023/2024 the department is planning to conduct moderation committee sittings in August 2024.

The committees have been appointed and the department is planning to pay in October however we are having challenges of late and none- submission of PMDS documents. It is recommended that disciplinary actions be taken against employees for none- compliance to the policy. PMDS should form part of Senior Managers/Programme Managers performance agreement.



Wellness all Pillars of Health and Wellness programmes are fully implemented, the Department will have healthy, dedicated, responsive and productive employees. Employee Health and Wellness is planning to reduce the rate of new HIV/AIDS infections through educational and awareness sessions and encourage employees to know their status. To manage communicable and non-communicable diseases in the workplace. To manage health and safety in the workplace.

## 2. HUMAN RESOURCES OVERSIGHT STATISTICS

The information provided in this section is for Eastern Cape Department of Transport inclusive of its trading entity, Government Fleet Management Services.

### 1.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by Programme for the period 1 April 2023 and 31 March 2024

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	530 942	285 370	0	0	53.70	400
Transport Infrastructure	2 175 868	323 828	0	0	14.90	2 175 868
Transport Operation	1 969 417	118 525	0	0	6	1 969 417
Transport Regulation	332 524	294 625	0	0	88	332 524
Community Based Programme	609 837	60 473	0	0	9.90	609 837
<b>Total</b>	<b>5 618 589</b>	<b>1 082 821</b>	<b>0</b>	<b>0</b>	<b>19.30</b>	<b>5 618 589</b>

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	10 664.00	0.90	47.00	226 894.00
Skilled (level 3-5)	221 641.00	18.80	785.00	282 345.00
Highly skilled production (levels 6-8)	534 687.00	45.30	1 147.00	466 161.00
Highly skilled supervision (levels 9-12)	272 855.00	23.10	358.00	762 165.00
Senior and Top management (levels 13-16)	58 590.00	5.00	43.00	1 362 558.00
Contract (Levels 1-2)	147.00	0.00	1.00	147 000.00
Contract (Levels 3-5)	731.00	0.10	3.00	243 667.00
Contract (Levels 6-8)	23 621.00	2.00	142.00	166 345.00
Contract (Levels 9-12)	6 028.00	0.50	7.00	861 143.00
Contract (Levels 13-16)	4 761.00	0.40	3.00	1 587 000.00
Abnormal Appointment	405.00	0.00	3.00	135 000.00
<b>Total</b>	<b>15 652.00</b>	<b>1.30</b>	<b>529.87</b>	<b>29 539.00</b>



Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

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	272 524.00	79.10	749.00	0.20	10 981.00	3.20	18 535.00	5.40
Transport Infrastructure	255 402.00	73.40	89.00	0.00	15 870.00	4.60	23 320.00	6.70
Transport Operation	90 072.00	77.50	2 434.00	2.10	3 416.00	2.90	6 500.00	5.60
Transport Regulation	208 432.00	67.70	32 171.00	10.40	11 439.00	3.70	22 987.00	7.50
Community Based Programme	52 156.00	81.90	28.00	0.00	1 231.00	1.90	2 634.00	4.10
<b>Total</b>	<b>878 586</b>	<b>74.40</b>	<b>35 471</b>	<b>3.00</b>	<b>42 937</b>	<b>3.60</b>	<b>73 975</b>	<b>6.30</b>

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

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)	7 301.00	67.90	6.00	0.10	932.00	8.70	1 531.00	14.20
Skilled (level 3-5)	161 411.00	69.80	1 158.00	0.50	14 682.00	6.40	21 831.00	9.40
Highly skilled production (levels 6-8)	383 496.00	71.00	32 325.00	6.00	20 881.00	3.90	40 230.00	7.50
Highly skilled supervision (levels 9-12)	226 031.00	79.40	1 792.00	0.60	5 276.00	1.90	9 708.00	3.40
Senior management (level 13-16)	50 720.00	82.80	0.00	0.00	1 064.00	1.70	543.00	0.90
10 Contract (Levels 1-2)	130.00	88.40	0.00	0.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	685.00	93.70	0.00	0.00	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	23 258.00	97.40	160.00	0.70	20.00	0.10	90.00	0.40
13 Contract (Levels 9-12)	5 320.00	79.10	0.00	0.00	83.00	1.20	43.00	0.60
14 Contract (Levels 13-16)	4 353.00	83.30	0.00	0.00	0.00	0.00	0.00	0.00
20 Abnormal Appointment	375.00	90.80	30.00	7.30	0.00	0.00	0.00	0.00
<b>Total</b>	<b>15 506</b>	<b>98.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



## 1.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by Programme as on 31 March 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	874	607	9.30	27
Transport Infrastructure	1336	86	4.90	292
Transport Operations	214	876	15.60	11
Transport Regulations	940	222	4.20	0
Community Based Programmes	116	634	5.50	33
<b>Total</b>	<b>3480</b>	<b>2425</b>	<b>7.00</b>	<b>363</b>

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2024

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)	102	48	9.60	7
Skilled(3-5)	1363	783	4.40	222
Highly skilled production (6-8)	1 347	1182	7.10	68
Highly skilled supervision (9-12)	368	366	13.10	28
Senior management (13-16)	49	46	18.90	1
OSD	251	201	0.19	0
<b>Total</b>	<b>3480</b>	<b>2 425</b>	<b>7.00</b>	<b>363</b>

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2024

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
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



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
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
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
<b>Total</b>	<b>2 933</b>	<b>2 556</b>	<b>12.90</b>	<b>551</b>



### 1.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2024

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	2	1	90%	1	10%
Salary Level 14	9	8	90%	1	10%
Salary Level 13	37	34	80%	3	20%
<b>Total</b>	<b>49</b>	<b>44</b>		<b>5</b>	<b>40%</b>

Table 3.3.2 SMS post information as on 30 September 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	2	1	90%	1	10%
Salary Level 14	9	8	90%	1	10%
Salary Level 13	37	34	80%	3	20%
<b>Total</b>	<b>49</b>	<b>44</b>		<b>5</b>	<b>40%</b>

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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	3	0	3
<b>Total</b>	<b>5</b>	<b>0</b>	<b>5</b>

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 2023 and 31 March 2024

#### Reasons for vacancies not advertised within six months

The level 14 that was vacated was advertised within 6 months of being vacant, however, no appointment has been made due to circular 49 of 2023. Other level 13, the Department is currently busy implementing the new structure, no appointment done.

#### Reasons for vacancies not filled within six months

Funded Posts were advertised within 6 six months of becoming vacant, however, recruitment was put on hold due to circular 49 of 2023 and implementation of new structure.



**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 2023 and 31 March 2024**

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

## 1.4 Job Evaluation

**Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2023 and 31 March 2024**

Salary band	Number of posts approved on establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	102	102	100%	0	0%	0	0%
Skilled (Levels 3-5)	1363	1363	100%	0	0%	0	0%
Highly skilled production (Levels 6-8)	1347	1347	100%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	368	214	59.6%	0	0%	0	0%
Senior Management Service Band A	37	37	100%	0	0%	0	0%
Senior Management Service Band B	9	9	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)	251	0	100%	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
<b>Total</b>	<b>3480</b>	<b>2750</b>	<b>79.0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>



Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 2023 and 31 March 2024

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			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 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability	0	0	0	0	0
Total number of Employees whose salaries exceeded the grades determine by job evaluation	None				

## 1.5 Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Number of employees at beginning of period-1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	120	3	1	0.80
Skilled (Levels3-5)	1572	56	38	2.40
Highly skilled production (Levels 6-8)	2262	71	58	2.60
Highly skilled supervision (Levels 9-12) Permanent	676	17	21	3.10
Highly skilled supervision (Levels 9-12) Temporary	2	0	0	0
Senior Management Service Bands A	66	2	1	1.5
Senior Management Service Bands B	12	1	1	8.30
Senior Management Service Bands C	2	0	0	0
Senior Management Service Bands D	2	0	0	0



Salary band	Number of employees at beginning of period-1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other permanent	4	16	13	325
Contract (Levels 1-2) Permanent	2	0	0	0
Contract (Levels 3-5) Permanent	6	1	1	16.70
Contract (Levels 6-8) Permanent	334	12	37	11.10
Contract (Levels 9-12) Permanent	10	2	10	0
Contract Band A Permanent	4	0	0	0
Contract Band D Permanent	2	0	0	0
<b>Total</b>	<b>2 521</b>	<b>181</b>	<b>180</b>	<b>7.10</b>

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number employees at beginning of period-1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	454.00	18.00	11.00	2.40
Air Traffic Controllers Permanent	4.00	0.00	1.00	25.00
Aircraft Pilots & Related Associate Professionals Permanent	0	0	0	0
All Artisans In The Building Metal Machinery Etc. Permanent	130.00	2.00	3.00	2.30
Appraisers-valuers	1	0	0	0
Architects Town And Traffic Planners Permanent	1	0	0	0
Artisan project	4	0	0	0
Auxiliary and related	11	0	1	9.10
Boiler and related	2	0	0	0
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(Switchboard Receipt 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



Critical occupation	Number employees beginning of period- April 2023	of Appointments and at transfers into the department	Terminations and transfers out of the department	Turnover rate
Food service aids and waiters	2	1	1	50
Human Resources & Organisations Development & 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
Other Administration & Related Clerks and Organisers Permanent	175	147	23	13.10
Other admin & 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
<b>Total</b>	<b>2 521</b>	<b>181</b>	<b>180</b>	<b>7.10</b>



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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death, Permanent	20	11,70
Resignation, Permanent	73	42,70
Expiry of contract, Permanent	15	8,80
Expiry contract, Temporary	0	0
Dismissal-misconduct, Permanent	1	0,60
Retirement, Permanent	60	35,10
Ill Health	2	1,20
<b>Total</b>	<b>171</b>	<b>100</b>
Total number of employees who left as a % of total employment		6,70%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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
Cartographic surveying	9	0	0	5	55.60
Cleaners In Offices Workshops Hospitals Etc.	74	0	0	40	54.10
Client Inform Clerks (Switchb Receipt 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



Occupation	Employees 1 April 2023	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
Human Resources & Organisational Development & Related 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
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 Administration & 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	34	0	0	0	0
Social Work and Related Professionals	1	0	0	0	0
Trade Labourers	31	0	0	16	53.30
<b>Total</b>	<b>2 521</b>	<b>34</b>	<b>1.30</b>	<b>1 194</b>	<b>47.40</b>



Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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
<b>Total</b>	<b>2 521</b>	<b>34.</b>	<b>1.30</b>	<b>1 194.</b>	<b>47.40</b>

## 1.6 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 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	1	0	0	0	1	0	0	0	2
professionals	2	0	0	0	2	0	0	0	4
Technicians and associate prof	13	0	0	0.	22	0	0	1	36
Clerks	5	0	0	0	12	0	0	1	18
Service And Sales Workers	3	0	0	0	0	0	0	0	3
Craft And Related Trades Workers	78	3	0	6	8	0	0	0	95
Plant And Machine Operators and Assemblers	15	1	0	0	2	0	0	0	18
Labourers and related	279	4	0	1	89	1	0	0	374
<b>Total</b>	<b>396</b>	<b>8</b>	<b>0</b>	<b>7</b>	<b>136</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>550</b>
Employees with disabilities	13	0	0	1	8	0	0	0	22



Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

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	18	2	0	3	17	0	1	0	41
Professionally qualified and experienced specialists and mid-management, Temporary	103	7	0	5	77	3	0	3	198
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	541	69	1	21	622	37	2	18	1311
Semi-skilled and discretionary decision making	502	9	0	0	264	5	0	0	780
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	3	0	0	0	2	0	0	0	5
11 Contract (Skilled Technical), Permanent	19	0	0	0	14	0	0	0	33
12 Contract (Semi-Skilled), Permanent	1	0	0	0	2	0	0	0	3
Contract unskilled	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>1 201</b>	<b>87</b>	<b>1</b>	<b>29</b>	<b>1 036</b>	<b>47</b>	<b>3</b>	<b>21</b>	<b>2 425</b>



Table 3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	21	0	0	1	25	0	0	0	46
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	42	3	0	0	37	4	0	0	86
Semi-skilled and discretionary decision making	49	0	0	0	44	0	0	0	93
Unskilled and defined decision making	7	0	0	0	3	0	0	0	13
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
<b>Total</b>	<b>94</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>129</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>226</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0



Table 3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

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	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
<b>Total</b>	<b>604</b>	<b>60</b>	<b>1</b>	<b>19</b>	<b>499</b>	<b>30</b>	<b>2</b>	<b>13</b>	<b>1 228</b>
Employees with disabilities	4	0	0	0	6	0	0	0	10



Table 3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management and Senior Management, Permanent	1	0	0	0	2	0	0	0	03
Professionally qualified and experienced specialists and mid-management, Permanent	12	0	0	0	11	0	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	31	2	0	0	29	3	0	0	65
Semi-skilled and discretionary decision making, Permanent	14	4	0	0	16	8	0	0	42
Unskilled and defined decision making, Permanent	1	0	0	0	0	0	0	0	01
<b>Total</b>	<b>59</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>134</b>
Employees with Disabilities	0	0	0	0	0	0	0	0	00

Table 3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final Written Warning	04	0	0	0	01	0	0	0	05
No of Outcome	04	0	0	0	01	0	0	0	05
Suspended Without Payment	04	0	0	0	01	0	0	0	05
<b>Total</b>	<b>04</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>01</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>05</b>



Table 3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior and managers	5	0	0	0	3	0	0	0	8
Professionals	54	0	0	0	28	0	0	0	82
Technicians and associate professionals	33	0	0	0	59	0	0	0	93
Clerks	37	0	0	0	22	0	0	0	59
Service and sales workers	35	4	0	0	22	1	0	0	62
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
<b>Total</b>	<b>168</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>135</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>308</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

## 1.7 Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2023

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	1	1	1	50%
Salary Level 15	1	1	1	100%
Salary Level 14	6	5	2	40%
Salary Level 13	36	33	19	58%
<b>Total</b>	<b>44</b>	<b>40</b>	<b>23</b>	<b>56%</b>

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2024

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 2024

Reasons
No disciplinary action taken against them



## 1.8 Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2023 to 31 March 2024

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	1	1 231.00	0.10	85.34	85 336.00
Female	1	1 096.00	0.10	17.62	17 618.00
Asian					
Male	0.00	1.00	0.00	0.00	0.00
Female	0.00	3.00	0.00	0.00	0.00
Coloured					
Male	0.00	89.00	0.00	0.00	0.00
Female	0.00	48.00	0.00	0.00	0.00
White					
Male	0.00	89.00	0.00	0.00	0.00
Female	0.00	48.00	0.00	0.00	0.00
People with disabilities	0.00	89.00	0.00	0.00	0.00
<b>Total</b>	<b>2.00</b>	<b>2 539.00</b>	<b>0.10</b>	<b>102.95</b>	<b>51 477.00</b>

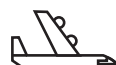
Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2024

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)	0.00	47.00	0.00	0.00	0.00	n/a
Skilled (level 3-5)	1.00	785.00	0.10	17.62	17 618.00	n/a
Highly skilled production (level 6-8)	0.00	1 147.00	0.00	0.00	0.00	n/a
Highly skilled supervision (level 9-12)	0.00	358.00	0.00	0.00	0.00	n/a
other	0.00	3.00	0.00	0.00	0.00	n/a
Contract (level 1-2)	0.00	1.00	0.00	0.00	0.00	n/a
Contract (level 3-5)	0.00	3.00	0.00	0.00	0.00	n/a
Contract (level 6-8)	0.00	142.00	0.00	0.00	0.00	n/a
Contract (level 9-12)	0.00	7.00	0.00	0.00	0.00	n/a
<b>Total</b>	<b>1.00</b>	<b>2 493.00</b>	<b>0.00</b>	<b>17.62</b>	<b>17 618.00</b>	<b>n/a</b>



Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 to 31 March 2024

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks And Credit Controllers	1.00	117.00	0.90	17.62	17 618.00
Air Traffic Controllers	0.00	1.00	0.00	0.00	0.00
Earth moving advisers	0.00	8.00	0.00	0.00	0.00
Production advisers	0.00	8.00	0.00	0.00	0.00
Human Resources Clerks	0.00	79.00	0.00	0.00	0.00
All Artisans In The Building Metal Machinery Etc.	0.00	62.00	0.00	0.00	0.00
Human Resources & Organisat Developm & Relate Prof	0.00	15.00	0.00	0.00	0.00
Messengers Porters And Deliverers	0.00	1.00	0.00	0.00	0.00
Risk Management And Security Services	0.00	4.00	0.00	0.00	0.00
Boiler and related	0.00	21.00	0.00	0.00	0.00
Finance And Economics Related	0.00	19.00	0.00	0.00	0.00
Logistical Support Personnel	0.00	19.00	0.00	0.00	0.00
Other Administrat & Related Clerks And Organisers	0.00	288.00	0.00	0.00	0.00
Auxiliary and related workers	0.00	15.00	0.00	0.00	0.00
Other Occupations	0.00	1.00	0.00	0.00	0.00
Financial And Related Professionals	0.00	17.00	0.00	0.00	0.00
Administrative Related	0.00	239.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	0.00	83.00	0.00	0.00	0.00
Library Mail And Related Clerks	0.00	48.00	0.00	0.00	0.00
Cleaners In Offices Workshops Hospitals Etc.	0.00	67.00	0.00	0.00	0.00
Human Resources Related	0.00	26.00	0.00	0.00	0.00
Head Of Department/Chief Executive Officer	0.00	1.00	0.00	0.00	0.00
Computer programmes	0.00	2.00	0.00	0.00	0.00
Trade Labourers	0.00	36.00	0.00	0.00	0.00
Road Workers	0.00	392.00	0.00	0.00	0.00
Material-Recording And Transport Clerks	0.00	144.00	0.00	0.00	0.00
Other Administrative - Policy And Related Officers	0.00	2.00	0.00	0.00	0.00
Artisans project and related superintendents	0.00	4.00	0.00	0.00	0.00
Fire Fighting And Related Workers	0.00	17.00	0.00	0.00	0.00
Bus And Heavy Vehicle Drivers	0.00	76.00	0.00	0.00	0.00
Senior Managers	1.00	36.00	2.80	85.34	85 336.00



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Client Inform Recept Clerks(Switchb Inform Clerks)	0.00	11.00	0.00	0.00	0.00
Computer systems designers	0.00	44.00	0.00	0.00	0.00
Engineers And Related Professionals	0.00	22.00	0.00	0.00	0.00
Other Information Technology Personnel.	0.00	11.00	0.00	0.00	0.00
Light Vehicle Drivers	0.00	27.00	0.00	0.00	0.00
Engineering Sciences Related	0.00	63.00	0.00	0.00	0.00
Mathematician and Related Professionals	0.00	1.00	0.00	0.00	0.00
Motor Vehicle Drivers	0.00	1.00	0.00	0.00	0.00
Food service aid and waiters	0.00	3.00	0.00	0.00	0.00
Quantity Surveyors and related Professionals	0.00	4.00	0.00	0.00	0.00
Information Technology Related	0.00	2.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>2.00</b>	<b>2 539.00</b>	<b>0.10</b>	<b>102.95</b>	<b>51 477.00</b>

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 to 31 March 2024

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	1.00	35.00	2.90	85.34	85 335.70	0.20
Band B	0.00	8.00	0.00	0.00	0.00	0.00
Band C	0.00	1.00	0.00	0.00	0.00	0.00
Band D	0.00	2.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1</b>	<b>46</b>	<b>2.20</b>	<b>85.34</b>	<b>85 335.70</b>	<b>0.10</b>

## 1.9 Foreign Workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2023 and 31 March 2024

Salary band	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production( levels 6-8)	1	0.04	1	0.04	0	0
Highly skilled supervision ( levels 9-12)	2	0.08	2	0.08	0	0
Senior management (levels 13-16)	1	0.04	1	0.4	0	0
<b>Total</b>	<b>4</b>	<b>0.16</b>	<b>4</b>	<b>0.16</b>	<b>0</b>	<b>0</b>



Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and Managers	2	0.08	2	0.08	0	0
<b>Total</b>	<b>2</b>	<b>0.08</b>	<b>2</b>	<b>0.08</b>	<b>0</b>	<b>0</b>

### 1.10 Leave utilisation

Table 3.10.1 Sick leave for the period January 2023 to 31 December 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	3,00	0,00	1,00	0,10	3,00	3,00
Contract (Levels 3-5)	356,00	46,10	66,00	5,00	5,00	133,00
Contract (Levels 6-8)	5,00	60,00	2,00	0,20	3,00	11,00
Contract (Levels 9-12)	5 478,00	77,10	738,00	56,20	7,00	8 565,00
Highly skilled production (Levels 6-8)	1 012,00	72,30	170,00	12,90	6,00	2 899,00
Highly skilled supervision (Levels 9-12)	307,00	75,90	34,00	2,60	9,00	205,00
Lower skilled (Levels 1-2)	69,00	84,10	13,00	1,00	5,00	322,00
Skilled (Levels 3-5)	2 187,00	81,10	289,00	22,00	8,00	2 121,00
<b>Total</b>	<b>9 417,00</b>	<b>76,30</b>	<b>1 313,00</b>	<b>100,00</b>	<b>7,00</b>	<b>14 260,00</b>

Table 3.10.2 Disability leave (temporary and permanent) for the period 01 January 2023 to 31 December

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)	1 015,00	100,00	16,00	59,30	63,00	1 710,00
Highly skilled supervision (Levels 9-12)	5,00	100,00	1,00	3,70	5,00	21,00
Lower skilled (Levels 1-2)	28,00	100,00	1,00	3,70	28,00	18,00
Skilled (Levels 3-5)	571,00	100,00	9,00	33,30	63,00	563,00
<b>TOTAL</b>	<b>1 619,00</b>	<b>100,00</b>	<b>27,00</b>	<b>100,00</b>	<b>60,00</b>	<b>2 311,00</b>



Table 3.10.3 Annual Leave for the period 01 January 2023 to December 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	6,00	3,00	2,00
Contract (Levels 3-5)	1 337,00	12,00	113,00
Contract (Levels 6-8)	36,00	7,00	5,00
Contract (Levels 9-12)	21 524,00	21,00	1 049,00
Highly skilled production (Levels 6-8)	5 858,00	19,00	311,00
Highly skilled supervision (Levels 9-12)	1 073,00	18,00	61,00
Lower skilled (Levels 1-2)	372,00	16,00	24,00
Senior management (Levels 13-16)	13 022,92	18,00	730,00
Skilled (Levels 3-5)	43 228,92	18,00	2 295,00
<b>TOTAL</b>	<b>129.691.84</b>	<b>132</b>	<b>2,00</b>

Table 3.10.4 Capped leave for the period 01 January 2023 to 31 December 2023

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 2023
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)	2,00	2,00	94,00	1,00
Highly skilled supervision (Levels 9-12)	0,00	0,00	115,00	0,00
Lower skilled (Levels 1-2)	0,00	0,00	0,00	0,00
Senior management (Levels 13-16)	0,00	0,00	57,00	0,00
Skilled (Levels 3-5)	3,00	3,00	95,00	1,00
<b>TOTAL</b>	<b>5,00</b>	<b>5</b>	<b>97,00</b>	<b>2,00</b>

Table 3.10.5 Leave payouts (estimated)

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - discounting with resignation (workdays)	978,00	26,00	37 615,00
Annual - discounting: contract expiry (workdays)	178,00	3,00	59 333,00
Annual - discounting: unused vacation credits (workdays)	231,00	1,00	231 000,00
Annual - gratuity: death/retirement/medical retirement (work)	3 608,00	86,00	41 953,00
Appended - gratuity: death/retirement/medical retirement(work)	11 674,00	75,00	155 653,00
<b>TOTAL</b>	<b>16 669,00</b>	<b>191,00</b>	<b>525,554.00</b>



## 1.11 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	Address TB as both at workplace and other diseases
Security	Address TB as both at workplace and other diseases that may affect them and their immediate families.
Drivers	Prevent Production losses and assist the movement of visitors so that the building can have minimal infections.
Road Rangers	Increased self-management through education that builds on basic knowledge to awareness on TB and HIV.
Inspectors - Road Safety	Control risk of new infections through HCT, HIV/AIDS education and screening and condom distribution.
Camp sites	Distribute first aid kit and condoms to traffic officers for prevention of any pricks they may encounter on the roads.
	Conduct send-off festive season prayer and HIV/AIDS virtually as part of commemoration of Institutionalized days for behavior 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
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		Acting Deputy Director: EHW 1. Ms. Nyaniso (Head Office) 2. Assistant Director: SHERQ Mr. N. Ndlovu (Head Office) 3. EHW: Ms. Ndabeni (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. Mr. A. Gade (O.R. Tambo) 9. Ms. N. Ntseleman (O.R. Tambo) 10 Mr. S. Ngxisho (OR 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		Wellness Management Pillar: Health & Productivity Management: Safety, Health, Risk and Quality Management HIV/AIDS, STI and HIV Management
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 Acting Director: Mr M Ngcobo



Question	Yes	No	Details, if yes
			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: MR Smith. District Manager: Joe Gqabi: Ms K. Mxekezo. District Manager: Alfred Nzo' Ms N. Thafeni District Manager: Sarah Baartman: Ms B Nciphawali 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 Acting DD: EHW: Ms. L. Nyaniso AD: SHERQ Pillar: Mr. N. Ndlovu AD: Wellness Man. Pillar Ms. L. Nyaniso PSA: Mr. N. Nogabe NEHAWU: Mr. N. Malinga POPCRU: Mr. Machakela SPU: Mr. M. Vuso
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		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 & DPISA reports.



## 1.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	05	0,05
Suspended without pay	05	0,05
No outcome	05	0,05
Fine	01	0,01
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	02	0,02
<b>Total</b>	<b>08</b>	<b>100%</b>

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 01 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
Absent from work without reason of permission	01	01
Steals bribes or commit fraud	01	0,01
Misuse of state vehicle	03	0,03
Flouting of SCM policies and procedures	04	0,04
Participate in unlawful industrial action	0	0
Dishonesty	0	0
Insubordination	0	0
Flouting of HR processes	0	0
<b>Total</b>	<b>09</b>	<b>100%</b>

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	23	0,23
Number of grievances not resolved	05	0,05
Total number of grievances lodged	28	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of Total
Number of disputes upheld	11	0,11
Number of disputes dismissed	0	0
Total number of disputes lodged	11	0,11

Table 3.12.6 Strike actions for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

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

### 1.13 Skills development

Table 3.13.1 Training needs identified for the period 1 April 2023 and 31 March 2024

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
<b>Total</b>		<b>2050</b>	<b>0</b>	<b>1056</b>	<b>15</b>	<b>1071</b>

Table 3.13.2 Training provided for the period 01 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	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
	Mal	126	0	22	0	22
Clerks	Female	529	0	42	0	42
	Male	233	0	22	0	22



Occupational category	Gender	Number of employees as at 1 April 2023	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
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
<b>Total</b>		<b>205</b>	<b>0</b>	<b>346</b>	<b>0</b>	<b>346</b>

#### 1.14 Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2023 and 31 March 2024

Nature of injury on duty	Number	% of total
Required basic medical attention only	07	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>07</b>	<b>100</b>

#### 1.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
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		1 987 459,21
Mou	Post Office SA		196 467 455,11
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		1 491 101,50
Development of EDMS & Scholar transport & Services	SITA		10 430 206,94
MIDDLEBURG TRAFFIC CONTROL	4RGA ELECTRICAL		3 053 364,3



Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
PROJECT: CONSTRUCTION OF MTHATHA TRAFFIC STATION FOR A PERIOD OF 12 MONTHS	WSM GROUP (PTY) LTD		
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 SURFACE STANDARD PORTION OF ROAD DR08606 +/-12KM	Masilakhe Consulting Engineers		184 945,53
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
Professional Services for the review and update of Natmap2050	ASEDA CONSULTING ENGINEERS (PTY) LTD		1 200 053,75
External Auditing	Auditor General		17 802 396,36
Upgrading Of Parts Dr08303, Dr08029, Dr08308, Dr08309 Hluleka Rd	Aurecon Sa		3 238 178,64
Professional Services for the update and compilation of the Provincial Land Transport Framework 2020-2025	BM INFRASTRUCTURE		1 210 000
Departmental Technical Support For Construction Health And Safety	Bk Safety Specialists		1 589 367,42
Professional Consulting Engineering Services for Maintenance on Provincial Paved and Gravel Roads in Eastern Cape for a Period of 30 Months Using Direct Targeted Contractors: Camdeboo (Sarah Baartman)	ENGINEERING ADVICE & SERVICES		2 048 088,43
Proff Engineering Technical Support To The Roads Programme	Bmk Engineering Consultants		5 798 664,02



Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
Professional Services for the update and compilation of the Provincial Land Transport Framework 2020-2025	Experts on the go		740 945,00
Professional Services for the establishment of the Project Management Office (PMO) and provisioning of technical support	GIBB Engineering & Architecture (Pty) Ltd		767 924,43
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		6 176 322,65
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		1 567 762,5
PROFF ENGINEERING SERVICES FOR DESIGN AND SUPERVISION:UPGRADING TO A SURFACE STANDARD PORTION OF ROAD DR08034-N2 TO R61 VIA CLARKBURY +/-220KM:PHASE 1	SMMMS Deedscon JV		208 797,25
CENTANE/KEI MOUTH&QHOLORHA 1 CAP	Makhetha		2 487 107,07
Professional consulting engineering services for reseals on selected provincial paved roads, reseals of MR00659 (Queenstown to Dordrecht) in Chris Hani District.	Masilakhe Consulting Engineers		10 377 398,72
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		11 409 077,00
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		4 681 376,79
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		1 987 459,21
Mou	Post Office SA		196 467 455,11
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		1 491 101,50
Development of EDMS & Scholar transport & Services	SITA		10 430 206,94



Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
MIDDLEBURG TRAFFIC CONTROL	4RGA ELECTRICAL		3 053 364,3
PROJECT: CONSTRUCTION OF MTHATHA TRAFFIC STATION FOR A PERIOD OF 12 MONTHS	WSM GROUP (PTY) LTD		2 564 440,00
<b>TOTAL</b>	<b>22</b>		<b>R287 297 489,09</b>

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
22	22	Average 120 days	R499 247 168,28

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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
ENGINEERING ADVICE & SERVICES	100	100% black owned	Not indicated on CSD
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
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
WSM Group (PTY) LTD	100	100% black male	1-person black male
MBSA Consulting	100	100% black male	2 black males
4RGA ELECTRICAL	0	100% black male	-
Kuma	100	100% black owned	Not indicated on CSD
Post Office SA	State Owned	-	-
SITA	State Owned	-	-
SA H And S Agent And Trading	100	100% black male	100% black male
SMMMS Deedscon JV	-	-	-



Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

Project title	Total Number of consultants that worked on project	Duration (Workdays)	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 Workdays	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 (HDI) for the period 1 April 2023 and 31 March 2024

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

### 1.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2023 and 31 March 2024

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)				
<b>Total</b>				





## PART E

# PFMA COMPLIANCE REPORT

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

### 1.1 Irregular expenditure

#### Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	3 624 081	3 048 394
Prior Period Error / Adjustments	0.00	45 572
Restated amount	3 624 081	3 093 966
Add: Irregular expenditure confirmed	444 355	535 080
Less: Irregular expenditure condoned	-2 928 683	0.00
Less: Irregular expenditure not condoned and removed	-145 351	(4 966)
Less: Irregular expenditure recoverable	0.00	0.00
Less: Irregular expenditure not recovered and written off	0.00	0.00
<b>Closing balance</b>	<b>994 402</b>	<b>3 624 081</b>

#### Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	0.00	0.00
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0.00	45 572
Irregular expenditure for the current year	444 355	535 081
<b>Total</b>	<b>444 355</b>	<b>580 653</b>

Details of current and previous year irregular expenditure (under assessment, determination, and investigation) Description <sup>4</sup>	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	0.00	0.00
Irregular expenditure under determination	994 402	3 624 081
Irregular expenditure under investigation	0.00	0.00
<b>Total <sup>5</sup></b>	<b>994 402</b>	<b>3 624 081</b>

Irregular expenditure that was under assessment in the prior year was confirmed and included as a prior year adjustment.

The bulk of the comparative figure was condoned by their relevant authorities. The department sought assistance from PT for 4 cases amounting to R130 901 million that involved the Accounting Officer. PT returned 8 cases totaling R6,494 million to be dealt with by the department. Additionally, 3 cases involving a total amount of R510 061 million are recommended for consequence management. Furthermore, one case totaling R309 thousand was referred to Labour Relations. Lastly, cases totaling R81,821 million relating to DPW IE are being investigated by DPW.

<sup>4</sup> Group similar items

<sup>5</sup> Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)



#### Details of current and previous year irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned		
Office Furniture	50	-
Protective Clothing	304	-
Overtime exceeding 30 %	2 942	-
Contravention of Practice Note 8 of 2007/2008	7 456	-
Paid operators that were not contracted and invalid tax clearances	2 325	-
Preferential points	331	-
Contravention of NLTA	2 915 275	-
<b>Total</b>	<b>2 928 683</b>	<b>-</b>

Cases listed above were condoned by their respective relevant authorities during 2023/24 financial year.

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	145 351	4 966
<b>Total</b>	<b>145 351</b>	<b>4 966</b>

Three cases were derecognised.

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

Disciplinary steps taken		
Consequence management was recommended for the following cases:		
Splitting of quotes – consequence management recommended	R1 375 million	
Contravention of the NLTA – consequence management recommended	R508 656 million	
Insufficient evidence for the transaction to qualify as a deviation	R 28 thousand	

## 1.2 Fruitless and wasteful expenditure

#### Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	158 095	140 488
Fruitless & wasteful expenditure - relating to the prior year	0,00	
Add: Fruitless and wasteful expenditure confirmed	12 851	20 658
Less: Fruitless and wasteful expenditure written off	-4	-3 069
Less: Fruitless and wasteful expenditure recoverable	-2	0,00
<b>Closing balance</b>	<b>170 940</b>	<b>158 095</b>

The department had three cases of FWE during the 2023/24 financial year. These include a payment of GEPP interest due to a shortfall payment of R5 thousand. Additionally, an amount of R700 thousand was paid for goods that were not delivered, R2 269 million was paid to EPWP beneficiaries who have passed on and R9 877 was an overpayment to the service provider



### Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	0,00	0,00
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	0,00	0,00
Fruitless and wasteful expenditure for the current year	12 851	20 658
<b>Total</b>	<b>12 851</b>	<b>20 658</b>

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

Description <sup>6</sup>	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	1 794	4 420
Fruitless and wasteful expenditure underdetermination	0,00	0,00
Fruitless and wasteful expenditure under investigation	170 940	158 095
<b>Total<sup>7</sup></b>	<b>172 734</b>	<b>162 512</b>

*The cases are under investigation*

### Details of current and previous year fruitless and wasteful expenditure recovered

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recovered	2	0,00
<b>Total</b>	<b>2</b>	<b>0,00</b>

*An amount of R2 thousand was recovered from officials who agreed to have been negligent in dealing with the related invoice.*

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	4	3 069
<b>Total</b>	<b>4</b>	<b>3 069</b>

*Fruitless and wasteful expenditure relating to the comparative figure was written off and the bulk of this figure relates to SARS.*

*Fruitless and Wasteful Expenditure (2023/24) relating to non-cancelation of booking cases were written off as the officials were found to have attended the event they were booked for and their reasons for not utilizing the accommodation that was booked for them were valid.*

<sup>6</sup> Group similar items

<sup>7</sup> Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)



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

Disciplinary steps taken (R'000)	
The following cases have been submitted to Labour Relations for consequence management:	1 623
Payment for services not rendered	
Interest paid to GFMS due to late payment	238
Sherif costs	92
<b>Total</b>	<b>1 953</b>

Cases in the amount of R1 953 million have been referred to Labour Relations for consequence management

### 1.3 Unauthorised expenditure

#### Reconciliation of unauthorised expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	131 632	
Add: unauthorised expenditure confirmed	172 826	131 632
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 <sup>8</sup>	0,00	0,00
<b>Closing balance</b>	<b>384 458</b>	<b>131 632</b>

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 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 R384 458 million due to payment for transportation of scholars. The overspending was funded by a bank overdraft facility approved by the Provincial Treasury up to R270 million.

#### Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure that was under assessment in 2023/24	0,00	0,00
Unauthorised expenditure that relates to 2022/23 and identified in 2023/24	0,00	0,00
Unauthorised expenditure for the current year	172 826	131 632
<b>Total</b>	<b>172 826</b>	<b>131 632</b>

<sup>8</sup> This amount may only be written off against available savings



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

Description <sup>9</sup>	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	0,00	0,00
Unauthorised expenditure under determination	172 826	131 632
Unauthorised expenditure under investigation	0,00	0,00
<b>Total<sup>10</sup></b>	<b>172 826</b>	<b>131 632</b>

## 2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	15 444	710 895 976
Invoices paid within 30 days or agreed period	14 941	675 105 621
Invoices paid after 30 days or agreed period	503	35 790 055
Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> )	427	17 102
Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )	0,00	0,00

*Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.*

## 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
Recalculation of over and underpayments	Earnest and Young	Single source	N/A	rate based
Software license to access vehicle market and trade values	Transunion	Sole source	N/A	69
CaseWare training	Adapt It- Caseware Africa	Sole source	N/A	45
Software license to access the vehicle database specification	Fleet Domain	Sole source	N/A	33
Software license to access vehicle market and trade values	Transunion	Sole source	N/A	35
Procurement and installation of teammate software and analytics	Wolters Kluwer Tax and Accounting Southern Africa	Sole source	N/A	597
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 source	N/A	30
Appointment of AIDC to develop SMME's in the aftermarket industry	Automotive Industry Development Centre	Sole source	N/A	12 000
Invitation to conduct provincial demand	Council For Scientific And Industrial Research	Sole source	N/A	1 000

<sup>9</sup> Group similar items

<sup>10</sup> Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)



Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
assessment and fleet utilization analysis for a period of six (6) months, for the department of transport Government Fleet Management Services trading entity				
Smart Procurement Indaba to be attended by Ms. Solwandle and Ms. Nciph	Commerce Edge	Sole source	N/A	27
Training for Ms. Kunene and Mr. Bota on aligning risk to strategy and performance	Institute Of Risk Management Sa	Sole source	N/A	12
Mr. Ngxabane to attend the State IT Agency annual Govtech conference in Durban	SITA - GOVTECH	Sole source	N/A	17
Conference attendance by ICT GITO	Torque Technical Computer	Sole source	N/A	70
Licence renewal	Civil designer	Sole source	N/A	294
International Cartographic Conference attendance by Infrastructure planning	Southern Cross Conferences	Sole source	N/A	24
Various public sector related trainings	National School of Government	Sole source	N/A	802
Attendance of EAPASA conference	Employee Assistance Professions of South Africa	Sole source	N/A	37
Attendance of ECFE conference	Association of certified fraud examiners	Sole source	N/A	37
Ms. Kunene and Mr. Bota to attend the IRMSA Annual Conference to be held on 10-12 October 2023 in Gauteng.	Institute Of Risk Management Sa	Sole source	N/A	23
Mr. Klaas, Ms. Madikane and Ms. Mkhushane attending the Border-Kei Conference on 28-29 September 2023.	The Institute Of Internal Auditors - Sa	Sole source	N/A	10
Membership renewal for Internal Auditors	The Institute Of Internal Auditors - Sa	Sole source	N/A	43
ITLMP conference 2023 for five officials	Institute of Traffic, Licencing & Metro Police officers of SA	Sole source	N/A	29
Seslaw conference for two officials	SA Soceity for Labour Law	Sole source	N/A	36
Plumbing repairs for water leak at Umthata airport	Ndindi and yongs	Emergency	N/A	18
Appointment of Service Provider to unblock drain sewage and water leakage at East London Government Garage	Sizakhele General Trading	Emergency	N/A	20
Appointment of Algoa bus company to provide subsidized commute bus services for a period of thirty-six months.	Algoa	Urgent	N/A	Rate based
SAMTRAC Training	NOSA	Sole source	N/A	316
Airshow event	Aeroclubs of SA events	Sole source	N/A	950
SAMTRAC Training	NOSA	Sole source	N/A	42
Renewal of ISACA membership for Mr Mahlangabeza Renewal of	Information System Audit Council (ISACA)	Sole source	N/A	4



Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
ISACA membership for Mr Mahlangabeza				
Licence renewal for Caseware system	Adapt IT	Sole source	N/A	157
Membership renewal	The South African Council of Project Construction Management Professionals (SACPCMP)	Sole source	N/A	4
Commercial forensic investigation course at Northwest University	Northwest University	Sole source	N/A	11
<b>Total</b>				<b>16 792</b>

### 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
Provision of Scholar Transport Services throughout the Province	Various Transport Operators	Variation	SCMU10-19/20-0015	Rate based	Rate based	Rate based
Supply of spares and General Repair to Plant and Vehicles	Various Service Providers (42)	Variation	SCMU10-19/20-0007	Rate based	Rate based	Rate based
Construction of ancillary works - concrete side drains and gabion and construction at DR0803031 Coffe Bay and Zithulele under O.R Tambo District and KSD LMA for a period of 12 months	Tainama - Civils (Pty) Ltd	Variation	SCMU10-21/22-0026	36 000	N/A	N/A
Upgrading to surfaced standard of a portion of road DR08606 Sterkpruit to Mlali (+/-12km)	Razz Civils /Gorogang Plant Hire JV	Variation	SCMU10-19/20-0024	226 000	N/A	N/A
Appointment of a professional security service provider to secure and ensure safety of the Department resources for Cofimvaba to Askeaton Construction Project for a period of Twenty for (24) Months.	Likunga Protection and Security Services	Variation	SCMU10-20/21-0046	10 000	N/A	1 000



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
Appointment of a professional security service provider to secure and ensure safety of the Department resources for Coffee Bay to Zithulele Construction Project for a period of Twenty for(24) Months.	Silver Solutions 1522	Variation	SCMU10-20/21-0045	11 000	N/A	1 000
Construction of Concrete Pavement of Coffee Bay to Zithulele Project under OR Tambo District and KSD LMA for a period of fourteen (14) Months .	Lakhaza Construction	Variation	SCMU10-21/22-0029	42 000	N/A	N/A
Professional Services for the establishment of the Project Management Office (PMO) and provisioning of technical support	GIBB Engineering & Architecture (Pty) Ltd	Variation	SCMU10-17/18-0005	1 500	N/A	N/A
Upgrade to surfaced standard of DR18045 Centane to Qholorha Phase 2B	Stefanutti Stocks Road Earthworks	Variation	SCMU10-19/20-0038	136 000	N/A	20 400
Provision of security services for Director Operator Licence and permit office	Eko Kobra Protection Services	Variation	DOT-HO-23/24-0017	426	N/A	142
Provision of media communications and public relations	Keith Ngesi Media (Pty)	Variation	SCMU10-21/22-0011	2 000	N/A	N/A
Upgrade to surfaced standard of a portion of divisional road DR08046, a portion of the wild coast meander, from Willowvale to Msengeni junction (+- 15km)	WBHO Construction (Pty) Ltd	Variation	SCMU10-19/20-0003	280 400	54 000	6 500
Appointment of Surfacing Contractors for In-House Construction Projects	Makali Plant and Construction (PTY) LTD	Variation	SCMU10-20/21-0006	29 600	N/A	2 000



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
for a Period of Thirty-Six (36) Months - Hamburg						
Provision of Security Services at Mthatha Airport for a Period of 36 months.	Tyekes Security Services	Variation	SCMU10-20/21-0023	14 900	1 900	2 500
Professional Services as the Technical Advisor for the proposed Integrated Traffic Control Centre at Middelburg	Leko Engineering Consultants	Variation	SCMU10-18/19-0040	7 000	N/A	N/A
Repairs to historic Single-Arch Bridge Structure at Km 25.3 and re-gravelling on DR02481 in the Blue Crane Local Municipal Area (08 months)	VZ Contractors	Variation	SCMU10-22/23-0005	18 700	N/A	N/A
Supply of Spares and General Repair to Plant and Vehicles	Various Service Providers	Variation	SCMU10-19/20-0007	Rate based	Rate based	Rate based
Professional consulting engineering services for Reseals on selected provincial paved roads reseal of DR08048(Butterworth to Centane) in the Amathole District	HHO Consulting Engineers	Variation	SCMU5-16/17-0046 CIV (C)	6 000	R11 900	R3 700
Regravelling and attending to stormwater structures for DR08015 from Qili R56 Matatiele LMA in the Alfred Ndzo District	LM Developments	Variation	SCMU 10-22/23-0004	40 000	N/A	N/A
Construction of ancillary works concrete side drains and gabions construction section along DR08031	Tainama Civil Pty Ltd	Variation	SCMU 10 21/22-0026	35 700	N/A	R6 000
Reseal of DR08048(Butterworth to Centane) in the	Mpumalanga Construction	Variation	DOT -HO- 22/23{SCMU1021/22-0002}-1	171 000	N/A	N/A



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
Amathoile District Extension of time without cost due to claim number 7						
Supply of spares and General Repair to Plant and Vehicles	Various contractors	Variation	SCMU 10 19/20-0007	Rate based	N/A	Rate based
Appointment of a panel of service providers to provide plant hire services for the maintenance and construction of roads for a contract period of 36 months (6 Districts)	Various contractors	Variation	SCMU10-20/21-0024A-F	Rate based	N/A	Rate based
<b>Total</b>				<b>1 068 226</b>	<b>67 800</b>	<b>43 242</b>





PART  
**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

#### Opinion

1. I have audited the financial statements of the department set out on pages 190 to 262 which comprise the appropriation statement, statement of financial position as at 31 March 2024, 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, the financial statements present fairly, in all material respects, the financial position of the department as at 31 March 2024 and its 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 2023 (Dora).

#### Basis for opinion

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

#### Emphasis of matters

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

#### Material impairments – impairment of investment

7. As disclosed in note 12.1 to the financial statements, there was a material impairment of an investment amounting to R163 million.



### Material impairments – accrued departmental revenue

8. As disclosed in note 25.2 to the financial statements, there was a material impairment of accrued departmental revenue amounting to R96.2 million.

### Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the department at, and for the year ended 31 March 2024.

### Other matter

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

### Unaudited supplementary information

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

### Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx of the annexure to the auditor's report, forms part of our auditor's report.



## Report on the audit of the annual performance report

16. 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 the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures the department's performance on its primary mandated functions and that are of significant national, community or public interest,

Programme	Page numbers	Purpose
Transport infrastructure	51 - 59	The main objective 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.
Transport operations	60 - 66	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 to enhance the mobility of all communities, particularly those without or with limited access.
Transport regulations	67 - 72	The main objective of this programme is to ensure the provision of a safe transport environment through the regulation of traffic on public roads, law enforcement and as well as the registration and licensing of vehicles and drivers.

18. I evaluated the reported performance information for the selected programmes 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.



19. 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
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

21. The material findings on the reported performance information for the selected programmes are as follows:

### Transport infrastructure

#### Various indicators

22. I could not determine if the reported achievements for the indicators below were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved

Indicator	Planned target	Reported achievement
P12: Number of kilometres of surfaced road visually assessed as per the applicable TMH* Manual	3 959km	3 660.85km
P13: Number of kilometres of gravel roads visually assessed as per the applicable TMH* Manual	25 000km	36 610.24km



### P18: Number of kilometres of gravel roads re-gravelled

23. An achievement of 556km was reported against a target of 1 107.45km. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

### Transport operations

24. I did not identify any material findings on the reported performance information for the selected programme.

### Transport regulations

#### P40: Number of pedestrian operations conducted

25. An achievement of 307 operations was reported against a target of 348 operations. The reason reported for the underachievement was that operations could only be performed in metropolitan areas and not at the other planned areas. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

### Various indicators

26. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
P36: Number of speed operations conducted	2 464	2 611
P38: Number of drunken driving operations conducted	660	847
P39: Number of vehicles stopped and checked	1 211 280	1 366 395
P40: Number of pedestrian operations conducted	348	307
P41: Number of selective law enforcement operations conducted	7 751	9 213



## Other matters

27. I draw attention to the matters below.

### Achievement of planned targets

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

29. The tables that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 51 to 72.

### Transport infrastructure

<i>Targets achieved: 76.92%%</i> <i>Budget spent: 92.58%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
P12: Number of kilometres of surfaced road visually assessed as per the applicable TMH* Manuel	3 959km	3 660.85km
P20: Number of kilometres of gravel roads bladed	29 685km	18 446.76km

### Transport operations

<i>Targets achieved: 70%</i> <i>Budget spent: 99.90%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
P26: Number of Provincial Regulating Entity (PRE) hearings conducted.	57	52
P29: Number of schools involved in road safety education programme	398	378



## Transport regulations

Targets achieved: 70%		
Budget spent: 98.95%		
Key service delivery indicator not achieved	Planned target	Reported achievement
P37: Number of vehicles weighed	23 000	11 672
P40: Number of pedestrian operations conducted	348	307

## Material misstatements

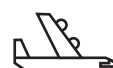
30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Transport infrastructure and Transport operation. Management did not correct all of the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

31. 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.
32. 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.
33. 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.
34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements and annual report

35. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.



### Expenditure management

36. Effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1.
37. Effective and appropriate steps were not taken to prevent unauthorised expenditure, as disclosed in note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulations 9.1.1. The unauthorised expenditure was caused by overspending on the transportation of scholars.
38. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
39. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 26 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

### Strategic planning and performance management

40. 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).

### Consequence management

41. I was unable to obtain sufficient appropriate audit evidence that disciplinary hearings were held for some confirmed cases of financial misconduct committed by officials, as required by treasury regulation 4.1.1.

### 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. 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

46. 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.
47. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
48. The accounting officer did not ensure adequate and robust systems and processes were in place to monitor compliance with applicable laws and regulations and to produce credible and accurate financial and performance reporting.
49. Management did not ensure that the department has sufficient monitoring controls in place over performance reporting as well as over compliance with laws and regulations. The deficiency led to reportable findings on the annual performance report and compliance with laws and regulations.
50. Senior management did not adequately implement the action plans to address shortcomings in compliance and internal control deficiencies that were identified in previous financial years, which resulted in recurring misstatements and findings on performance report and compliance with legislation.
51. Management did not ensure that the department has adequate project and contract management and oversight controls on significant key maintenance and capital projects resulting in fruitless and wasteful expenditure.
52. 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

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



## Material irregularities identified during the audit

54. The material irregularities identified are as follows:

### Overpayment of a contractor - DR08606

55. 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. The payments were made by the department up to the period ending 31 March 2024 and was disclosed as fruitless and wasteful expenditure in note 26 of the 2023-24 annual financial statements.
56. I notified the accounting officer of the material irregularity on 15 August 2023 and invited him to make a written submission on the actions taken.
57. The accounting officer appointed a surveyor on 1 February 2024 to confirm the correct measurements of excavations on the project. After the conclusion of the work of the surveyor, over measurements for excavations totalling R8.4 million still remain on the project.
58. The accounting officer has not instituted a formal steps to recover the financial loss and formal steps taken to identify the person(s) responsible for the material irregularity.
59. I will follow-up on the outcomes of these investigations and the implementation of the planned actions during my next audit.

## Material irregularities in progress

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

## Status of previously reported material irregularities

### Overpayment made on scholar transport operators

61. 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 26 of the 2021-22 annual financial statements.
62. I notified the accounting officer of the material irregularity 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 on 16 February 2023. In addition the department also launched various investigations between 22 August 2022 and 18 July 2023.



The accounting officer has taken disciplinary action against officials found responsible based on the outcome these investigations.

63. The department completed various investigations on scholar transport during the 2023 financial year and started the process of recovering the monies overpaid to operators in the 2023-24 financial year. The department reported the cases to the Provincial Head of Commercial Crimes (DPCI) in February 2024. For non-active operators the department has started with the process of locating these operators to hand them over to lawyers for debt collection.
64. I will follow-up on the outcomes of these investigations and the implementation of the planned actions during my next audit.

#### Overpayment of a contractor- DR08606

65. 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.
66. I notified the accounting officer of the material irregularity on 15 October 2021 and invited him to make a written submission on the actions taken.
67. 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 in the 2023-24 financial year.



68. At reporting date, the accounting officer has not instituted a formal steps to recover the financial loss and formal steps taken to identify the person(s) responsible for the material irregularity.

69. I will follow-up on the outcomes of these investigations and the implementation of the planned actions during my next audit.

*Auditor-General*

East London

31 July 2024



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 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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.



## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

	Selected legislation and regulations	Consolidated firm level requirements
1	Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); Section 38(1)(d); 38(1)(h)(iii); 38(1)(j); 39(1)(a); Section 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); Section 43(1); 43(4); 44(1); 44(2); 45(b)
2	Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.14; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; Regulation 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A 6.3(e); 16A6.4; Regulation 16A6.5; 16A6.6; 16A7.1; 16A7.3; Regulation 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); Regulation 16A8.3; ; 16A8.4; 16A9.1(b)(ii); Regulation ; 16A 9.1(d); 16A 9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; Regulation 19.8.4
3	Construction Industry Development Board Act 38 of 2000	Section 18(1)
4	Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
5	Division of Revenue Act 5 of 2023	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii)(bb)
6	Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
7	Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2



8	National Health Act 61 of 2003	Section 13
9	National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
10	National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
11	National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
12	National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
13	National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
14	National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
15	National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1;
16	Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
17	Practice Note 5 of 2009/10	Paragraph 3.3
18	Practice Note 7 of 2009/10	Paragraph 4.1.2
19	Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
20	Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4



21	Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2;
22	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
23	State Information Technology Agency Act 88 of 1998	Section 7(3)



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2023/2024				2022/2023				
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per programme										
Programme										
Administration	1	526,478	-	11,306	537,784	530,815	6,969	98.70 %	548,188	548,079
Transport Infrastructure	2	2,320,691	-	(1,725)	2,318,966	2,146,820	172,146	92.58 %	2,438,465	2,435,246
Transport Operations	3	1,790,887	-	7,424	1,798,311	1,796,586	1,725	99.90 %	1,747,372	1,747,372
Transport Regulations	4	352,391	-	(16,005)	336,386	332,840	3,546	98.95 %	308,642	308,217
Community Based Programme	5	621,047	-	(1,000)	620,047	604,975	15,072	97.57 %	553,479	537,586
Programme subtotal		5,611,494	-	-	5,611,494	5,412,036	199,458	96.45 %	5,596,146	5,576,500
Total		5,611,494	-	-	5,611,494	5,412,036	199,458	96.45 %	5,596,146	5,576,500

#### Reconciliation with statement of financial performance

<b>Add:</b>										
Aid assistance						126			-	
<b>Actual amounts per statement of financial performance (total revenue)</b>					<b>5,611,620</b>				<b>5,596,146</b>	
<b>Add:</b>										
Aid assistance						126				288
<b>Actual amounts per statement of financial performance (total expenditure)</b>						<b>5,412,162</b>			<b>5,576,788</b>	

## Eastern Cape Department of Transport

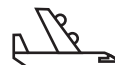
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2023/2024				2022/2023			
	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	1,095,945	(10,208)	(1,725)	1,084,012	1,082,727	1,285	99.88 %	1,061,906	1,058,879
Goods and services	2,851,634	8,654	(5,903)	2,854,385	2,808,001	46,384	98.37 %	2,861,608	2,845,362
Interest and rent on land	-	-	-	-	5	(5)	- %	-	97
Total current payments	3,947,579	(1,554)	(7,628)	3,938,397	3,890,733	47,664	98.79 %	3,923,514	3,904,338
Transfers and subsidies									
Provinces and municipalities	13,032	(497)	-	12,535	12,535	-	100.00 %	10,053	7,836
Departmental agencies and accounts	15,697	(4,327)	1,000	12,370	12,370	-	100.00 %	17,129	17,129
Public corporations and private enterprises	735,314	2,500	4,500	742,314	742,314	-	100.00 %	641,737	641,737
Households	34,693	1,498	2,107	38,298	38,298	-	100.00 %	36,199	36,166
Total transfers and subsidies	798,736	(826)	7,607	805,517	805,517	-	100.00 %	705,118	702,868
Payments for capital assets									
Buildings and other fixed structures	801,005	1,730	-	802,735	661,793	140,942	82.44 %	886,626	885,462
Machinery and equipment	62,979	1,316	(2,227)	62,068	51,216	10,852	82.52 %	52,266	52,211
Software and other intangible assets	667	(933)	2,248	1,982	1,982	-	100.00 %	28,622	31,621
Total payments for capital assets	864,651	2,113	21	866,785	714,991	151,794	82.49 %	967,514	969,294
Payments for financial assets	528	267	-	795	795	-	100.00 %	-	-
Total	5,611,494	-	-	5,611,494	5,412,036	199,458	96.45 %	5,596,146	5,576,500



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2023/2024				2022/2023				
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1. Administration										
Sub programme										
Office of the MEC	1.1	17,292	(1,368)	-	15,924	15,924	-	100.00 %	12,257	12,257
Management	1.2	54,178	1,328	-	55,506	55,344	162	99.71 %	46,019	45,979
Corporate support	1.3	434,263	(2,258)	11,306	443,311	436,504	6,807	98.46 %	469,682	469,613
Department Strategy	1.4	20,745	2,298	-	23,043	23,043	-	100.00 %	20,230	20,230
Subtotal		526,478	-	11,306	537,784	530,815	6,969	98.70 %	548,188	548,079
Economic classification										
Current payments										
Compensation of employees		288,561	(3,224)	-	285,337	285,337	-	100.00 %	281,120	281,119
Goods and services		150,701	1,455	6,951	159,107	159,097	10	99.99 %	153,137	150,031
Interest and rent on land		-	-	-	-	5	(5)	- %	-	-
Total current payments		439,262	(1,769)	6,951	444,444	444,439	5	100.00 %	434,257	431,150
Transfers and subsidies										
Provinces and municipalities		1,000	(84)	-	916	916	-	100.00 %	1,809	1,809
Households		29,760	1,587	2,107	33,454	33,454	-	100.00 %	31,382	31,382
Total transfers and subsidies		30,760	1,503	2,107	34,370	34,370	-	100.00 %	33,191	33,191
Payments for capital assets										
Machinery and equipment		55,559	634	-	56,193	49,229	6,964	87.61 %	52,118	52,117
Software and other intangible assets		369	(635)	2,248	1,982	1,982	-	100.00 %	28,622	31,621
Total payments for capital assets		55,928	(1)	2,248	58,175	51,211	6,964	88.03 %	80,740	83,738
Payments for financial assets		528	267	-	795	795	-	100.00 %	-	-
Total		526,478	-	11,306	537,784	530,815	6,969	98.70 %	548,188	548,079



## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>1.1 Office of the MEC</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	10,920	(75)	-	10,845	10,845	-	100.00 %	8,611	8,611
Goods and services	6,372	(1,293)	-	5,079	5,079	-	100.00 %	3,646	3,646
<b>Total current payments</b>	<b>17,292</b>	<b>(1,368)</b>	<b>-</b>	<b>15,924</b>	<b>15,924</b>	<b>-</b>	<b>100.00 %</b>	<b>12,257</b>	<b>12,257</b>
<b>Total</b>	<b>17,292</b>	<b>(1,368)</b>	<b>-</b>	<b>15,924</b>	<b>15,924</b>	<b>-</b>	<b>100.00 %</b>	<b>12,257</b>	<b>12,257</b>



## Eastern Cape Department of Transport

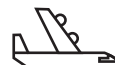
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>1.2 Management</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	42,122	2,604	-	44,726	44,726	-	100.00 %	37,843	37,843
Goods and services	11,631	(1,275)	-	10,356	10,346	10	99.90 %	7,800	7,761
<b>Total current payments</b>	<b>53,753</b>	<b>1,329</b>	<b>-</b>	<b>55,082</b>	<b>55,072</b>	<b>10</b>	<b>99.98 %</b>	<b>45,643</b>	<b>45,604</b>
<b>Payments for capital assets</b>									
Machinery and equipment	425	(1)	-	424	272	152	64.15 %	376	375
<b>Total</b>	<b>54,178</b>	<b>1,328</b>	<b>-</b>	<b>55,506</b>	<b>55,344</b>	<b>162</b>	<b>99.71 %</b>	<b>46,019</b>	<b>45,979</b>



## Eastern Cape Department of Transport

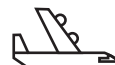
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024		Variance	Expenditure as % of final appropriation	2022/2023	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
<b>1.3 Corporate support</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	222,690	(4,291)	-	218,399	218,399	-	100.00 %	223,412	223,411
Goods and services	124,782	263	6,951	131,996	131,996	-	100.00 %	132,715	129,648
Interest and rent on land	-	-	-	-	5	(5)	- %	-	-
<b>Total current payments</b>	<b>347,472</b>	<b>(4,028)</b>	<b>6,951</b>	<b>350,395</b>	<b>350,400</b>	<b>(5)</b>	<b>100.00 %</b>	<b>356,127</b>	<b>353,059</b>
<b>Transfers and subsidies</b>									
Provinces and municipalities	1,000	(84)	-	916	916	-	100.00 %	1,809	1,809
Households	29,760	1,587	2,107	33,454	33,454	-	100.00 %	31,382	31,382
<b>Total transfers and subsidies</b>	<b>30,760</b>	<b>1,503</b>	<b>2,107</b>	<b>34,370</b>	<b>34,370</b>	<b>-</b>	<b>100.00 %</b>	<b>33,191</b>	<b>33,191</b>



## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand		2023/2024				2022/2023			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>1.3 Corporate support (continued)</b>									
<b>Payments for capital assets</b>									
<b>Machinery and equipment</b>	55,134	635	-	55,769	48,957	6,812	87.79 %	51,742	51,742
Software and other intangible assets	369	(635)	2,248	1,982	1,982	-	100.00 %	28,622	31,621
<b>Total payments for capital assets</b>	<b>55,503</b>	<b>-</b>	<b>2,248</b>	<b>57,751</b>	<b>50,939</b>	<b>6,812</b>	<b>88.20 %</b>	<b>80,364</b>	<b>83,363</b>
Payments for financial assets	528	267	-	795	795	-	100.00 %	-	-
<b>Total</b>	<b>434,263</b>	<b>(2,258)</b>	<b>11,306</b>	<b>443,311</b>	<b>436,504</b>	<b>6,807</b>	<b>98.46 %</b>	<b>469,682</b>	<b>469,613</b>

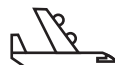


## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand		2023/2024				2022/2023			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>1.4 Department Strategy</b>									
<b>Economic classification</b>									
Current payments									
Compensation of employees	12,829	(1,462)	-	11,367	11,367	-	100.00 %	11,254	11,254
Goods and services	7,916	3,760	-	11,676	11,676	-	100.00 %	8,976	8,976
<b>Total current payments</b>	<b>20,745</b>	<b>2,298</b>	<b>-</b>	<b>23,043</b>	<b>23,043</b>	<b>-</b>	<b>100.00 %</b>	<b>20,230</b>	<b>20,230</b>
<b>Total</b>	<b>20,745</b>	<b>2,298</b>	<b>-</b>	<b>23,043</b>	<b>23,043</b>	<b>-</b>	<b>100.00 %</b>	<b>20,230</b>	<b>20,230</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									

## Eastern Cape Department of Transport

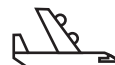
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>Payments for capital assets</b>									
<b>Buildings and other fixed structures</b>	799,005	1,730	-	-	661,064	139,671	82.56 %	886,356	885,462
<b>Machinery and equipment</b>	910	31	-	-	915	26	97.24 %	86	32
<b>Software and other intangible assets</b>	298	(298)	-	-	-	-	- %	-	-
<b>Total payments for capital assets</b>	<b>800,213</b>	<b>1,463</b>	<b>-</b>	<b>-</b>	<b>661,979</b>	<b>139,697</b>	<b>82.57 %</b>	<b>886,442</b>	<b>885,494</b>
<b>Total</b>	<b>2,320,691</b>	<b>-</b>	<b>(1,725)</b>	<b>2,318,966</b>	<b>2,146,820</b>	<b>172,146</b>	<b>92.58 %</b>	<b>2,438,465</b>	<b>2,435,246</b>



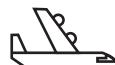
## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand		2023/2024				2022/2023			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>2.1 Programme Support</b>									
<b>Economic classification</b>									
Current payments									
Compensation of employees	524	(524)	-	-	-	-	- %	-	-
Goods and services	725	(59)	-	666	666	-	100.00 %	516	515
<b>Total current payments</b>	<b>1,249</b>	<b>(583)</b>	<b>-</b>	<b>666</b>	<b>666</b>	<b>-</b>	<b>100.00 %</b>	<b>516</b>	<b>515</b>
<b>Transfers and subsidies</b>									
Households	3,096	325	-	3,421	3,421	-	100.00 %	3,591	3,591
<b>Total</b>	<b>4,345</b>	<b>(258)</b>	<b>-</b>	<b>4,087</b>	<b>4,087</b>	<b>-</b>	<b>100.00 %</b>	<b>4,107</b>	<b>4,106</b>



## Eastern Cape Department of Transport

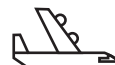
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>2.2 Infrastructure Planning</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	3,334	1,531	-	4,865	4,865	-	100.00 %	6,551	5,621
Goods and services	8,600	(2,650)	-	5,950	5,950	-	100.00 %	1,210	1,199
Interest and rent on land	-	-	-	-	-	-	- %	-	11
<b>Total current payments</b>	<b>11,934</b>	<b>(1,119)</b>	<b>-</b>	<b>10,815</b>	<b>10,815</b>	<b>-</b>	<b>100.00 %</b>	<b>7,761</b>	<b>6,831</b>
<b>Transfers and subsidies</b>									
Households	683	(37)	-	646	646	-	100.00 %	395	395
<b>Payments for capital assets</b>									
Buildings and other fixed structures	61,323	(46,797)	-	14,526	14,231	295	97.97 %	4,555	4,555
<b>Total</b>	<b>73,940</b>	<b>(47,953)</b>	<b>-</b>	<b>25,987</b>	<b>25,692</b>	<b>295</b>	<b>98.86 %</b>	<b>12,711</b>	<b>11,781</b>



## Eastern Cape Department of Transport

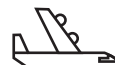
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024		Variance	Expenditure as % of final appropriation	2022/2023	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
<b>2.3 Infrastructure Design</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	13,286	537	-	13,823	13,823	-	100.00 %	9,866	9,866
Goods and services	5,883	(2,059)	-	3,824	3,824	-	100.00 %	4,095	4,095
<b>Total current payments</b>	<b>19,169</b>	<b>(1,522)</b>	<b>-</b>	<b>17,647</b>	<b>17,647</b>	<b>-</b>	<b>100.00 %</b>	<b>13,961</b>	<b>13,961</b>
<b>Payments for capital assets</b>									
<b>Buildings and other fixed structures</b>	13,877	520	-	14,397	14,397	-	100.00 %	9,152	9,152
Software and other intangible assets	298	(298)	-	-	-	-	- %	-	-
<b>Total payments for capital assets</b>	<b>14,175</b>	<b>222</b>	<b>-</b>	<b>14,397</b>	<b>14,397</b>	<b>-</b>	<b>100.00 %</b>	<b>9,152</b>	<b>9,152</b>
<b>Total</b>	<b>33,344</b>	<b>(1,300)</b>	<b>-</b>	<b>32,044</b>	<b>32,044</b>	<b>-</b>	<b>100.00 %</b>	<b>23,113</b>	<b>23,113</b>



## Eastern Cape Department of Transport

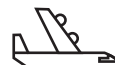
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			Variance	Expenditure as % of final appropriation	2022/2023		
				Final Appropriation	Actual Expenditure	Final Appropriation			Final Appropriation	Actual Expenditure	Final Expenditure
<b>2.4 Construction</b>											
<b>Economic classification</b>											
<b>Current payments</b>											
Compensation of employees	51,732	2,046	-	53,778	53,728	53,864	50	99.91 %	53,864	53,456	53,456
Goods and services	15,273	702	-	15,975	12,999	10,035	2,976	81.37 %	10,035	10,035	10,035
Interest and rent on land	-	-	-	-	-	-	-	- %	-	-	12
<b>Total current payments</b>	<b>67,005</b>	<b>2,748</b>	<b>-</b>	<b>69,753</b>	<b>66,727</b>	<b>63,899</b>	<b>3,026</b>	<b>95.66 %</b>	<b>63,899</b>	<b>63,503</b>	<b>63,503</b>
<b>Payments for capital assets</b>											
Buildings and other fixed structures	712,817	55,778	-	768,595	629,219	857,684	139,376	81.87 %	857,684	857,258	857,258
Machinery and equipment	710	(639)	-	71	45	30	26	63.38 %	30	-	-
<b>Total payments for capital assets</b>	<b>713,527</b>	<b>55,139</b>	<b>-</b>	<b>768,666</b>	<b>629,264</b>	<b>857,714</b>	<b>139,402</b>	<b>81.86 %</b>	<b>857,714</b>	<b>857,258</b>	<b>857,258</b>
<b>Total</b>	<b>780,532</b>	<b>57,887</b>	<b>-</b>	<b>838,419</b>	<b>695,991</b>	<b>921,613</b>	<b>142,428</b>	<b>83.01 %</b>	<b>921,613</b>	<b>920,761</b>	<b>920,761</b>



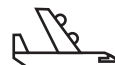
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>2.5 Maintenance</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	221,149	(6,704)	(1,725)	212,720	211,494	1,226	99.42 %	218,607	218,600
Goods and services	1,065,443	2,058	-	1,067,501	1,039,350	28,151	97.36 %	1,101,508	1,100,577
<b>Total current payments</b>	<b>1,286,592</b>	<b>(4,646)</b>	<b>(1,725)</b>	<b>1,280,221</b>	<b>1,250,844</b>	<b>29,377</b>	<b>97.71 %</b>	<b>1,320,115</b>	<b>1,319,177</b>
<b>Payments for capital assets</b>									
Buildings and other fixed structures	10,988	(7,771)	-	3,217	3,217	-	100.00 %	14,965	14,497
Machinery and equipment	-	750	-	750	750	-	100.00 %	56	32
<b>Total payments for capital assets</b>	<b>10,988</b>	<b>(7,021)</b>	<b>-</b>	<b>3,967</b>	<b>3,967</b>	<b>-</b>	<b>100.00 %</b>	<b>15,021</b>	<b>14,529</b>
<b>Total</b>	<b>1,297,580</b>	<b>(11,667)</b>	<b>(1,725)</b>	<b>1,284,188</b>	<b>1,254,811</b>	<b>29,377</b>	<b>97.71 %</b>	<b>1,335,136</b>	<b>1,333,706</b>



## Eastern Cape Department of Transport

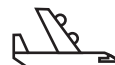
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>2.6 Mechanical</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	41,298	(1,430)	-	39,868	39,868	-	100.00 %	40,690	40,684
Goods and services	84,448	5,214	-	89,662	89,616	46	99.95 %	98,421	98,421
<b>Total current payments</b>	<b>125,746</b>	<b>3,784</b>	<b>-</b>	<b>129,530</b>	<b>129,484</b>	<b>46</b>	<b>99.96 %</b>	<b>139,111</b>	<b>139,105</b>
<b>Transfers and subsidies</b>									
Provinces and municipalities	5,004	(413)	-	4,591	4,591	-	100.00 %	2,674	2,674
<b>Payments for capital assets</b>									
Machinery and equipment	200	(80)	-	120	120	-	100.00 %	-	-
<b>Total</b>	<b>130,950</b>	<b>3,291</b>	<b>-</b>	<b>134,241</b>	<b>134,195</b>	<b>46</b>	<b>99.97 %</b>	<b>141,785</b>	<b>141,779</b>



## Eastern Cape Department of Transport

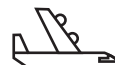
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2023/2024				2022/2023				
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3. Transport Operations										
Sub programme										
Programme Support	3.1	3,301	(1,620)	-	1,681	1,681	-	100.00 %	2,145	2,145
Public Transport Services	3.2	754,304	5,347	4,500	764,151	764,151	-	100.00 %	659,047	659,047
Transport Safety and Compliance	3.3	71,618	(2,426)	1,000	70,192	70,192	-	100.00 %	62,121	62,121
Infrastructure Operations	3.4	51,167	(9,298)	-	41,869	40,144	1,725	95.88 %	33,788	33,788
Scholar Transport	3.5	901,178	6,978	1,924	910,080	910,080	-	100.00 %	979,949	979,949
Operator Licence and Permits	3.6	9,319	1,019	-	10,338	10,338	-	100.00 %	10,322	10,322
Subtotal		1,790,887	-	7,424	1,798,311	1,796,586	1,725	99.90 %	1,747,372	1,747,372
Economic classification										
Current payments										
Compensation of employees		123,065	(4,542)	-	118,523	118,519	4	100.00 %	115,529	115,528
Goods and services		924,164	1,755	1,924	927,843	927,843	-	100.00 %	980,674	980,672
Interest and rent on land		-	-	-	-	-	-	- %	-	36
Total current payments		1,047,229	(2,787)	1,924	1,046,366	1,046,362	4	100.00 %	1,096,203	1,096,236
Transfers and subsidies										
Departmental agencies and accounts		5,800	-	1,000	6,800	6,800	-	100.00 %	9,056	9,056
Public corporations and private enterprises		735,314	2,500	4,500	742,314	742,314	-	100.00 %	641,737	641,737
Households		94	287	-	381	381	-	100.00 %	364	331
Total transfers and subsidies		741,208	2,787	5,500	749,495	749,495	-	100.00 %	651,157	651,124
Total		1,790,887	-	7,424	1,798,311	1,796,586	1,725	99.90 %	1,747,372	1,747,372



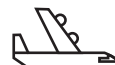
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>3.1 Programme Support</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	2,888	(1,586)	-	1,302	1,302	-	100.00 %	1,980	1,980
Goods and services	413	(34)	-	379	379	-	100.00 %	165	165
<b>Total current payments</b>	<b>3,301</b>	<b>(1,620)</b>	<b>-</b>	<b>1,681</b>	<b>1,681</b>	<b>-</b>	<b>100.00 %</b>	<b>2,145</b>	<b>2,145</b>
<b>Total</b>	<b>3,301</b>	<b>(1,620)</b>	<b>-</b>	<b>1,681</b>	<b>1,681</b>	<b>-</b>	<b>100.00 %</b>	<b>2,145</b>	<b>2,145</b>



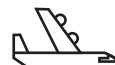
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024		Variance	Expenditure as % of final appropriation	2022/2023	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
<b>3.2 Public Transport Services</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	10,553	5,312	-	15,865	15,865	-	100.00 %	11,516	11,516
Goods and services	8,437	(2,742)	-	5,695	5,695	-	100.00 %	2,294	2,294
<b>Total current payments</b>	<b>18,990</b>	<b>2,570</b>	<b>-</b>	<b>21,560</b>	<b>21,560</b>	<b>-</b>	<b>100.00 %</b>	<b>13,810</b>	<b>13,810</b>
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	-	-	-	-	-	-	- %	3,500	3,500
Public corporations and private enterprises	735,314	2,500	4,500	742,314	742,314	-	100.00 %	641,737	641,737
Households	-	277	-	277	277	-	100.00 %	-	-
<b>Total transfers and subsidies</b>	<b>735,314</b>	<b>2,777</b>	<b>4,500</b>	<b>742,591</b>	<b>742,591</b>	<b>-</b>	<b>100.00 %</b>	<b>645,237</b>	<b>645,237</b>
<b>Total</b>	<b>754,304</b>	<b>5,347</b>	<b>4,500</b>	<b>764,151</b>	<b>764,151</b>	<b>-</b>	<b>100.00 %</b>	<b>659,047</b>	<b>659,047</b>



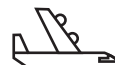
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			Variance	Expenditure as % of final appropriation	2022/2023		
				Final Appropriation	Actual Expenditure	Final Expenditure			Final Appropriation	Actual Expenditure	Final Expenditure
<b>3.3 Transport Safety and Compliance</b>											
<b>Economic classification</b>											
<b>Current payments</b>											
Compensation of employees	56,114	(1,289)	-	54,825	54,825	-	-	100.00 %	53,620	53,619	53,619
Goods and services	9,704	(1,137)	-	8,567	8,567	-	-	100.00 %	2,933	2,931	2,931
Interest and rent on land	-	-	-	-	-	-	-	- %	-	-	-
<b>Total current payments</b>	<b>65,818</b>	<b>(2,426)</b>	<b>-</b>	<b>63,392</b>	<b>63,392</b>	<b>-</b>	<b>-</b>	<b>100.00 %</b>	<b>56,553</b>	<b>56,553</b>	<b>56,553</b>
<b>Transfers and subsidies</b>											
Departmental agencies and accounts	5,800	-	1,000	6,800	6,800	-	-	100.00 %	5,556	5,556	5,556
<b>Payments for capital assets</b>											
Machinery and equipment	-	-	-	-	-	-	-	- %	12	12	12
<b>Total</b>	<b>71,618</b>	<b>(2,426)</b>	<b>1,000</b>	<b>70,192</b>	<b>70,192</b>	<b>-</b>	<b>-</b>	<b>100.00 %</b>	<b>62,121</b>	<b>62,121</b>	<b>62,121</b>



## Eastern Cape Department of Transport

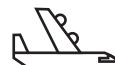
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			Variance	Expenditure as % of final appropriation	2022/2023		
				Final Appropriation	Actual Expenditure	Final Appropriation			Final Appropriation	Actual Expenditure	Final Appropriation
<b>3.4 Infrastructure Operations</b>											
<b>Economic classification</b>											
<b>Current payments</b>											
Compensation of employees	19,496	(2,399)	-	17,097	17,093	17,145	4	99.98 %	17,145	17,145	17,145
Goods and services	29,221	(6,899)	-	22,322	22,322	16,643	-	100.00 %	16,643	16,643	16,643
<b>Total current payments</b>	<b>48,717</b>	<b>(9,298)</b>	<b>-</b>	<b>39,419</b>	<b>39,415</b>	<b>33,788</b>	<b>4</b>	<b>99.99 %</b>	<b>33,788</b>	<b>33,788</b>	<b>33,788</b>
<b>Payments for capital assets</b>											
Buildings and other fixed structures	2,000	-	-	2,000	729	-	1,271	36.45 %	-	-	-
Machinery and equipment	450	-	-	450	-	-	450	- %	-	-	-
<b>Total payments for capital assets</b>	<b>2,450</b>	<b>-</b>	<b>-</b>	<b>2,450</b>	<b>729</b>	<b>-</b>	<b>1,721</b>	<b>29.76 %</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>51,167</b>	<b>(9,298)</b>	<b>-</b>	<b>41,869</b>	<b>40,144</b>	<b>33,788</b>	<b>1,725</b>	<b>95.88 %</b>	<b>33,788</b>	<b>33,788</b>	<b>33,788</b>



## Eastern Cape Department of Transport

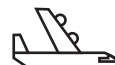
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			Variance	Expenditure as % of final appropriation	2022/2023		
				Final Appropriation	Actual Expenditure	Final Appropriation			Final Appropriation	Actual Expenditure	Final Appropriation
<b>3.5 Scholar Transport</b>											
<b>Economic classification</b>											
<b>Current payments</b>											
Compensation of employees	27,829	(3,912)		23,917	23,917	23,869	-	100.00 %	23,869	23,869	23,869
Goods and services	873,255	10,880	1,924	886,059	886,059	955,716	-	100.00 %	955,716	955,716	955,716
Interest and rent on land	-	-	-	-	-	-	-	- %	-	-	33
<b>Total current payments</b>	<b>901,084</b>	<b>6,968</b>	<b>1,924</b>	<b>909,976</b>	<b>909,976</b>	<b>979,585</b>	<b>-</b>	<b>100.00 %</b>	<b>979,585</b>	<b>979,618</b>	
<b>Transfers and subsidies</b>											
Households	94	10	-	104	104	364	-	100.00 %	364	331	331
<b>Total</b>	<b>901,178</b>	<b>6,978</b>	<b>1,924</b>	<b>910,080</b>	<b>910,080</b>	<b>979,949</b>	<b>-</b>	<b>100.00 %</b>	<b>979,949</b>	<b>979,949</b>	



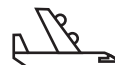
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



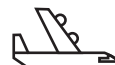
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2023/2024				2022/2023				
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4. Transport Regulations										
Sub programme										
Programme Support	4.1	7,246	(1,762)	-	5,484	5,484	-	100.00 %	9,239	8,966
TRP Admin and Licencing	4.2	14,521	223	-	14,744	14,744	-	100.00 %	14,635	14,586
Law Enforcement	4.3	330,624	1,539	(16,005)	316,158	312,612	3,546	98.88 %	284,768	284,665
Subtotal		352,391	-	(16,005)	336,386	332,840	3,546	98.95 %	308,642	308,217
Economic classification										
Current payments										
Compensation of employees		291,855	2,770	-	294,625	294,621	4	100.00 %	274,772	274,670
Goods and services		53,555	(2,835)	(13,778)	36,942	36,812	130	99.65 %	33,181	33,103
Interest and rent on land		-	-	-	-	-	-	- %	-	25
Total current payments		345,410	(65)	(13,778)	331,567	331,433	134	99.96 %	307,953	307,798
Transfers and subsidies										
Households		921	(586)	-	335	335	-	100.00 %	419	419
Payments for capital assets										
Buildings and other fixed structures		-	-	-	-	-	-	- %	270	-
Machinery and equipment		6,060	651	(2,227)	4,484	1,072	3,412	23.91 %	-	-
Total payments for capital assets		6,060	651	(2,227)	4,484	1,072	3,412	23.91 %	270	-
Total		352,391	-	(16,005)	336,386	332,840	3,546	98.95 %	308,642	308,217



## Eastern Cape Department of Transport

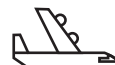
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2023/2024		2022/2023			
	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	2 627	(231)	-	2 396	2 396	-	100.00 %	2 032	2 032
Goods and services	4 619	(1 531)	-	3 088	3 088	-	100.00 %	6 745	6 742
Total current payments	7 246	(1 762)	-	5 484	5 484	-	100.00 %	8 777	8 774
Transfers and subsidies									
Households	-	-	-	-	-	-	- %	192	192
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	- %	270	-
Total	7 246	(1 762)	-	5 484	5 484	-	100.00 %	9 239	8 966

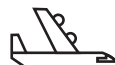


## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand		2023/2024				2022/2023			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>4.2 TRP Admin and Licencing</b>									
<b>Economic classification</b>									
Current payments									
Compensation of employees	11,802	748	-	12,550	12,550	-	100.00 %	13,186	13,186
Goods and services	2,719	(525)	-	2,194	2,194	-	100.00 %	1,449	1,400
<b>Total current payments</b>	<b>14,521</b>	<b>223</b>	<b>-</b>	<b>14,744</b>	<b>14,744</b>	<b>-</b>	<b>100.00 %</b>	<b>14,635</b>	<b>14,586</b>
<b>Total</b>	<b>14,521</b>	<b>223</b>	<b>-</b>	<b>14,744</b>	<b>14,744</b>	<b>-</b>	<b>100.00 %</b>	<b>14,635</b>	<b>14,586</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand										2023/2024		2022/2023	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure				
4.3 Law Enforcement													
Economic classification													
Current payments													
Compensation of employees	277,426	2,253	-	279,679	279,675	4	100.00 %	259,554	259,452				
Goods and services	46,217	(779)	(13,778)	31,660	31,530	130	99.59 %	24,987	24,961				
Interest and rent on land	-	-	-	-	-	-	- %	-	25				
Total current payments	323,643	1,474	(13,778)	311,339	311,205	134	99.96 %	284,541	284,438				
Transfers and subsidies													
Households	921	(586)	-	335	335	-	100.00 %	227	227				
Payments for capital assets													
Machinery and equipment	6,060	651	(2,227)	4,484	1,072	3,412	23.91 %	-	-				
Total	330,624	1,539	(16,005)	316,158	312,612	3,546	98.88 %	284,768	284,665				

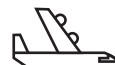


## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand									
2023/2024					2022/2023				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>5. Community Based Programme</b>									
<b>Sub programme</b>									
5.1 Programme Support	1,158	543	-	1,701	1,701	-	100.00 %	3,013	2,925
5.2 Community Development	555,789	3,796	-	559,585	544,515	15,070	97.31 %	501,661	489,737
5.3 Innovation and Empowerment	52,820	(6,756)	(1,000)	45,064	45,062	2	100.00 %	40,490	36,777
5.4 EPWP Coordination and Monitoring	11,280	2,417	-	13,697	13,697	-	100.00 %	8,315	8,147
<b>Subtotal</b>	<b>621,047</b>	<b>-</b>	<b>(1,000)</b>	<b>620,047</b>	<b>604,975</b>	<b>15,072</b>	<b>97.57 %</b>	<b>553,479</b>	<b>537,586</b>
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	61,141	(668)	-	60,473	60,472	1	100.00 %	60,907	59,335
Goods and services	542,842	5,073	(1,000)	546,915	531,844	15,071	97.24 %	478,831	466,714
Interest and rent on land	-	-	-	-	-	-	- %	-	13
<b>Total current payments</b>	<b>603,983</b>	<b>4,405</b>	<b>(1,000)</b>	<b>607,388</b>	<b>592,316</b>	<b>15,072</b>	<b>97.52 %</b>	<b>539,738</b>	<b>526,062</b>
<b>Transfers and subsidies</b>									
Provinces and municipalities	7,028	-	-	7,028	7,028	-	100.00 %	5,570	3,353
Departmental agencies and accounts	9,897	(4,327)	-	5,570	5,570	-	100.00 %	8,073	8,073
Households	139	(78)	-	61	61	-	100.00 %	48	48
<b>Total transfers and subsidies</b>	<b>17,064</b>	<b>(4,405)</b>	<b>-</b>	<b>12,659</b>	<b>12,659</b>	<b>-</b>	<b>100.00 %</b>	<b>13,691</b>	<b>11,474</b>
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	- %	50	50
<b>Total</b>	<b>621,047</b>	<b>-</b>	<b>(1,000)</b>	<b>620,047</b>	<b>604,975</b>	<b>15,072</b>	<b>97.57 %</b>	<b>553,479</b>	<b>537,586</b>



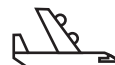
## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>5. Community Based Programme (continued)</b>									
<b>5.1 Programme Support</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	851	576	-	1,427	1,427	-	100.00 %	2,623	2,623
Goods and services	307	(33)	-	274	274	-	100.00 %	390	302
<b>Total current payments</b>	<b>1,158</b>	<b>543</b>	<b>-</b>	<b>1,701</b>	<b>1,701</b>	<b>-</b>	<b>100.00 %</b>	<b>3,013</b>	<b>2,925</b>
<b>Total</b>	<b>1,158</b>	<b>543</b>	<b>-</b>	<b>1,701</b>	<b>1,701</b>	<b>-</b>	<b>100.00 %</b>	<b>3,013</b>	<b>2,925</b>



## Eastern Cape Department of Transport

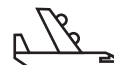
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>5. Community Based Programme (continued)</b>									
<b>5.2 Community Development</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	26,389	(2,936)	-	23,453	23,453	-	100.00 %	25,531	23,961
Goods and services	519,593	10,908	-	530,501	515,431	15,070	97.16 %	467,959	457,592
Interest and rent on land	-	-	-	-	-	-	- %	-	13
<b>Total current payments</b>	<b>545,982</b>	<b>7,972</b>	<b>-</b>	<b>553,954</b>	<b>538,884</b>	<b>15,070</b>	<b>97.28 %</b>	<b>493,490</b>	<b>481,566</b>
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	9,668	(4,098)	-	5,570	5,570	-	100.00 %	8,073	8,073
Households	139	(78)	-	61	61	-	100.00 %	48	48
<b>Total transfers and subsidies</b>	<b>9,807</b>	<b>(4,176)</b>	<b>-</b>	<b>5,631</b>	<b>5,631</b>	<b>-</b>	<b>100.00 %</b>	<b>8,121</b>	<b>8,121</b>
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	- %	50	50
<b>Total</b>	<b>555,789</b>	<b>3,796</b>	<b>-</b>	<b>559,585</b>	<b>544,515</b>	<b>15,070</b>	<b>97.31 %</b>	<b>501,661</b>	<b>489,737</b>



## Eastern Cape Department of Transport

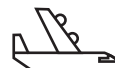
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024		Variance	Expenditure as % of final appropriation	2022/2023	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
<b>5. Community Based Programme (continued)</b>									
<b>5.3 Innovation and Empowerment</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	27,876	(952)	-	26,924	26,923	1	100.00 %	26,298	26,298
Goods and services	17,687	(5,575)	(1,000)	11,112	11,111	1	99.99 %	8,622	7,126
<b>Total current payments</b>	<b>45,563</b>	<b>(6,527)</b>	<b>(1,000)</b>	<b>38,036</b>	<b>38,034</b>	<b>2</b>	<b>99.99 %</b>	<b>34,920</b>	<b>33,424</b>
<b>Transfers and subsidies</b>									
Provinces and municipalities	7,028	-	-	7,028	7,028	-	100.00 %	5,570	3,353
Departmental agencies and accounts	229	(229)	-	-	-	-	- %	-	-
<b>Total transfers and subsidies</b>	<b>7,257</b>	<b>(229)</b>	<b>-</b>	<b>7,028</b>	<b>7,028</b>	<b>-</b>	<b>100.00 %</b>	<b>5,570</b>	<b>3,353</b>
<b>Total</b>	<b>52,820</b>	<b>(6,756)</b>	<b>(1,000)</b>	<b>45,064</b>	<b>45,062</b>	<b>2</b>	<b>100.00 %</b>	<b>40,490</b>	<b>36,777</b>



## Eastern Cape Department of Transport

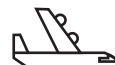
(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2023/2024			2022/2023		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
<b>5. Community Based Programme (continued)</b>									
<b>5.4 EPWP Coordination and Monitoring</b>									
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	6,025	2,644	-	8,669	8,669	-	100.00 %	6,455	6,453
Goods and services	5,255	(227)	-	5,028	5,028	-	100.00 %	1,860	1,694
<b>Total current payments</b>	<b>11,280</b>	<b>2,417</b>	<b>-</b>	<b>13,697</b>	<b>13,697</b>	<b>-</b>	<b>100.00 %</b>	<b>8,315</b>	<b>8,147</b>
<b>Total</b>	<b>11,280</b>	<b>2,417</b>	<b>-</b>	<b>13,697</b>	<b>13,697</b>	<b>-</b>	<b>100.00 %</b>	<b>8,315</b>	<b>8,147</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### 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	537,784	530,815	6,969	1.3 %
Transport Infrastructure	2,318,966	2,146,820	172,146	7.4 %
Transport Operations	1,798,311	1,796,586	1,725	0.1 %

Transport Infrastructure - The department's performance was significantly impacted by an interim court interdict, which temporarily halted the project's implementation. This legal barrier, combined with threats and cases of extortion, prevented the project from commencing as scheduled. Additionally, the slow progress can be attributed to the underperformance by contractors, which further hampered the project's advancement.

Transport Regulations	336,386	332,840	3,546	1.1 %
Community Based Programme	620,047	604,975	15,072	2.4 %

Community Based Programme - During the 2023/24 financial year, some of the EPWP beneficiaries exited the programme due to death or resignation, and there were no replacements. This has resulted in the programme spending less than the budgeted amount.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Appropriation Statement

#### 4.2 Per economic classification

Figures in Rand thousand

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
<b>Current payments</b>				
Compensation of employees	1,084,012	1,082,727	1,285	- %
Goods and services	2,854,385	2,808,001	46,384	2 %
Interest and rent on land	-	5	(5)	- %
<b>Transfers and subsidies</b>				
Provinces and municipalities	12,535	12,535	-	- %
Departmental agencies and accounts	12,370	12,370	-	- %
Public corporations and private enterprises	742,314	742,314	-	- %
Households	38,298	38,298	-	- %
<b>Payments for capital assets</b>				
Buildings and other fixed structures	802,735	661,793	140,942	18 %
Machinery and equipment	62,068	51,216	10,852	17 %
Intangible assets	1,982	1,982	-	- %
<b>Payments for financial assets</b>	795	795	-	- %

Buildings and other fixed structures - The department's performance was significantly impacted by an interim court interdict, which temporarily halted the project's implementation. This legal barrier, combined with threats and cases of extortion, prevented the project from commencing as scheduled. Additionally, the slow progress can be attributed to the underperformance by contractors, which further hampered the project's advancement

Machinery and equipment - The underspending is due to delays in the construction of the fire station for Mthatha Airport due to poor performance by the contractor. Furthermore, the reclassification of assets from capital assets to goods and services resulted in the budget allocated for capital assets not being spent.

#### 4.3 Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Figures in Rand thousand				
Public Transport Operations grant	295,048	295,048	-	- %
Expanded Public Works Programme	72,037	72,037	-	- %
Provincial Roads Maintenance grant	2,021,998	1,834,900	187,098	9 %

Provincial Road maintenance grant - The underspending is due to underperformance by contractors on construction projects



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Statement of Financial Performance

Figures in Rand thousand	Notes	2023/2024	2022/2023
<b>Revenue</b>			
Annual appropriation	1	5,611,494	5,596,146
Aid assistance	3	126	-
<b>Total revenue</b>		<b>5,611,620</b>	<b>5,596,146</b>
<b>Expenditure</b>			
<b>Current expenditure</b>			
Compensation of employees	4	1,082,727	1,058,879
Goods and services	5	2,808,001	2,845,362
Interest and rent on land	6	5	97
Aid assistance	3	126	288
<b>Total current expenditure</b>		<b>3,890,859</b>	<b>3,904,626</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	805,517	702,868
<b>Expenditure for capital assets</b>			
Tangible assets	9	713,009	937,673
Intangible assets	9	1,982	31,621
<b>Total expenditure for capital assets</b>		<b>714,991</b>	<b>969,294</b>
Payments for financial assets	7	795	-
<b>Total expenditure</b>		<b>5,412,162</b>	<b>5,576,788</b>
<b>Surplus for the year</b>		<b>199,458</b>	<b>19,358</b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted funds			
Annual appropriation		12,360	15,485
Conditional grants		187,098	4,161
		<b>199,458</b>	<b>19,646</b>
Aid assistance	3	-	(288)
<b>Surplus for the year</b>		<b>199,458</b>	<b>19,358</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Statement of Financial Position as at 31 March 2024

Figures in Rand thousand	Notes	2023/2024	2022/2023
<b>Assets</b>			
<b>Current Assets</b>			
Receivables	11	3,653	1,900
<b>Non-Current Assets</b>			
Investments	12	623,358	618,358
Receivables	11	45,974	43,741
		<b>669,332</b>	<b>662,099</b>
<b>Total Assets</b>		<b>672,985</b>	<b>663,999</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	13	199,458	19,646
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	27,492	41,342
Bank overdraft	15	75,260	64,451
Payables	16	6,001	7,612
Aid assistance repayable	3	2	2
		<b>308,213</b>	<b>133,053</b>
<b>Non-Current Liabilities</b>			
Payables	17	44,533	42,859
<b>Total Liabilities</b>		<b>352,746</b>	<b>175,912</b>
		<b>320,239</b>	<b>488,087</b>
<b>Represented by:</b>			
Capitalisation reserve		623,358	618,358
Recoverable revenue		1,338	1,361
Unauthorised expenditure		(304,457)	(131,632)
<b>Total</b>		<b>320,239</b>	<b>488,087</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Statement of Changes in Net Assets

Figures in Rand thousand	Note	2023/2024	2022/2023
<b>Capitalisation reserves</b>			
Opening balance		618,358	618,358
Transfers:			
Movement in Equity		5,000	-
<b>Closing balance</b>		<b>623,358</b>	<b>618,358</b>
<b>Recoverable revenue</b>			
Opening balance		1,361	406
Transfers:			
Debts recovered (incl in dept receipts)		(901)	(711)
Debts raised		878	1,666
<b>Closing balance</b>		<b>1,338</b>	<b>1,361</b>
<b>Unauthorised expenditure</b>			
Opening balance		(131,632)	-
Unauthorised expenditure - current year			
Relating to overspending of the vote or main division within the vote		(172,825)	(131,632)
		<b>(304,457)</b>	<b>(131,632)</b>
<b>Total</b>		<b>320,239</b>	<b>488,087</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Cash Flow Statement

Figures in Rand thousand	Notes	2023/2024	2022/2023
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Annual appropriated funds received	1.1	5,611,494	5,596,146
Departmental revenue received	2	769,653	689,844
Aid assistance received	3	126	-
		<b>6,381,273</b>	<b>6,285,990</b>
Net (increase)/ decrease in working capital		(3,364)	(396)
Surrendered to Revenue Fund		(804,285)	(662,067)
Current payments		(3,890,854)	(3,904,529)
Interest paid	6	(5)	(97)
Payments for financial assets		(795)	-
Transfers and subsidies paid		(805,517)	(702,868)
<b>Net cash flow available from operating activities</b>	<b>18</b>	<b>876,453</b>	<b>1,016,033</b>
<b>Cash flows from investing activities</b>			
Payments for capital assets	9	(714,991)	(969,294)
Proceeds from sale of capital assets	2.3	1,136	-
(Increase)/ decrease in investments		(5,000)	-
(Increase)/ decrease in non-current receivables	11	(2,233)	(253)
<b>Net cash flows from investing activities</b>		<b>(721,088)</b>	<b>(969,547)</b>
<b>Cash flows from financing activities</b>			
Increase/ (decrease) in net assets		(167,848)	(130,677)
Increase/ (decrease) in non-current payables		1,674	133
<b>Net cash flows from financing activities</b>		<b>(166,174)</b>	<b>(130,544)</b>
Net increase/ (decrease) in cash and cash equivalents		(10,809)	(84,058)
Cash and cash equivalents at beginning of year		(64,451)	19,607
<b>Cash and cash equivalents at the end of the year</b>	<b>19</b>	<b>(75,260)</b>	<b>(64,451)</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the 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 financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

#### 1. Basis of preparation

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

#### 2. Going concern

The financial statements have been prepared on a going concern basis.

#### 3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R') which is also the functional currency of the department.

#### 4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

#### 5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rand using the spot exchange rates prevailing at the date of payment / receipt.

#### 6. Comparative information

##### 6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

##### 6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### 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 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 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.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### 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 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 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 financial statements.

###### 8.4.2 Finance leases

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

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

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

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

#### 9. Aid assistance

##### 9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

##### 9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

#### 10. Cash and cash equivalents

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

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial performance as the prepayment and advances was budgeted for as an expense in the year in which the actual prepayment and advance was made.

Prepayments and advances are initially and subsequently measured at cost.

#### 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 financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

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

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



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 16. Capital assets (continued)

##### 16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

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

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

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

##### 16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

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

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

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

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

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

##### 16.4 Project costs: Work-in-progress

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

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

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

#### 17. Provisions and contingents

##### 17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

##### 17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 17. Provisions and contingents (continued)

##### 17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

##### 17.4 Capital commitments

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

#### 18. Unauthorised expenditure

Unauthorised expenditure is 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 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 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 financial statements when and at amounts confirmed and includes:

##### For the current financial year:

- Amounts incurred and confirmed in that financial year;
- Payments 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
- Amounts that were not identified in the previous year and are identified and confirmed in the current financial year.

#### 21. Changes in accounting estimates and errors

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

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



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 21. Changes in accounting estimates and errors (continued)

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

#### 22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

#### 23. Principal-Agent arrangements

The department is party to a principal-agent arrangement. In terms of the arrangement the department is the principal or the agent. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

#### 24. Departures from the MCS requirements

Management has concluded that the financial 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 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.

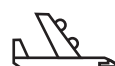
Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

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).

#### 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.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

---

#### 29. Employee benefits (continued)

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.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### 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	2023/2024		2022/2023	
	Final budget	Actual funds received	Final budget	Appropriation received
<b>Programmes</b>				
Administration	537,784	537,784	548,188	548,188
Transport Infrastructure	2,318,966	2,318,966	2,438,465	2,438,465
Transport Operations	1,798,311	1,798,311	1,747,372	1,747,372
Transport Regulations	336,386	336,386	308,642	308,642
Community Based Programme	620,047	620,047	553,479	553,479
<b>Total</b>	<b>5,611,494</b>	<b>5,611,494</b>	<b>5,596,146</b>	<b>5,596,146</b>

During the current financial year, the subprogramme responsible for operator permits and licences was moved from Transport Regulations (Programme 4) to Transport Operations (Programme 3). This reclassification was undertaken to improve operational efficiency and better align the sub programme with the department's strategic objectives.

##### 1.2 Conditional grants

Total grants received	36	2,389,083	2,413,438
Provincial grants included in total grants received		2,389,083	2,413,438

#### 2. Departmental revenue

Tax revenue		705,440	600,515
Sales of goods and services other than capital assets	2.1	25,040	19,004
Fines, penalties and forfeits	2.2	36,455	69,020
Sales of capital assets	2.3	1,136	-
Transactions in financial assets and liabilities	2.4	2,718	1,305
<b>Total revenue collected</b>		<b>770,789</b>	<b>689,844</b>
Less: Own revenue included in appropriation	14	770,789	689,844
<b>Departmental revenue collected</b>		<b>-</b>	<b>-</b>

The department identified misclassifications of fines, penalties and forfeits under tax revenue amounting to R61,698 million relating to the prior year. The misclassification was reclassified from tax revenue to fines, penalties and forfeits within departmental revenue.

##### 2.1 Sales of goods and services other than capital assets

Sales by market establishment	3,080	1,655
Administrative fees	21,960	17,349
<b>Sales of goods and services produced by the department</b>	<b>25,040</b>	<b>19,004</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>2. Departmental revenue (continued)</b>			
<b>2.2 Fines, penalties and forfeits</b>			
Fines		6,181	7,300
Penalties		30,274	61,720
<b>Total</b>	<b>2</b>	<b>36,455</b>	<b>69,020</b>
<b>2.3 Sales of capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		1,136	-
<b>2.4 Transactions in financial assets and liabilities</b>			
Receivables		2,718	1,305
<b>3. Aid assistance</b>			
Opening balance	2	290	
Transferred from statement of financial performance	-	(288)	
<b>Closing balance</b>	<b>2</b>	<b>2</b>	
<b>3.1 Analysis of balance by source</b>			
Aid assistance from other sources	2	2	
<b>3.2 Analysis of balance</b>			
Aid assistance repayable	2	2	
<b>3.3 Aid assistance expenditure per economic classification</b>			
Current		126	288
<b>3.4 Aid assistance received in kind (not included in the main note)</b>			
Repairs and Maintenance to Bhisho Airport		-	5,173



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>4. Compensation of employees</b>			
<b>4.1 Salaries and wages</b>			
Basic salary		728,064	688,078
Performance award		128	840
Service based		1,054	1,010
Compensative/circumstantial		59,247	51,327
Other non-pensionable allowances		127,936	159,979
<b>Total</b>		<b>916,429</b>	<b>901,234</b>
<b>4.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		92,401	87,532
Medical		72,898	68,995
UIF		147	139
Bargaining council		273	270
Insurance		579	709
<b>Total</b>		<b>166,298</b>	<b>157,645</b>
<b>Total compensation of employees</b>		<b>1,082,727</b>	<b>1,058,879</b>
Average number of employees		2,344	2,339
<b>5. Goods and services</b>			
Administrative fees		604	759
Advertising		9,226	3,699
Minor assets	5.1	888	385
Bursaries (employees)		1,150	1,674
Catering		4,684	3,244
Communication		6,451	6,493
Computer services	5.2	12,393	29,394
Consultants: Business and advisory services		6,214	2,639
Infrastructure and planning services		51,462	42,050
Legal services		10,002	7,227
Contractors		1,120,880	1,096,789
Entertainment		52	85
Audit cost - external	5.3	17,802	20,111
Fleet services		141,333	142,243
Inventory	5.4	9,313	2,933
Consumables	5.5	45,951	37,395
Operating leases		10,321	9,028
Property payments	5.6	34,709	25,911
Rental and hiring		340,004	387,836
Transport provided as part of the departmental activities		886,107	955,066
Travel and subsistence	5.7	79,757	59,036
Venues and facilities		6,558	2,582
Training and development		5,877	5,710
Other operating expenditure	5.8	6,263	3,073
<b>Total</b>		<b>2,808,001</b>	<b>2,845,362</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>5. Goods and services (continued)</b>			
<b>5.1 Minor assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		888	385
<b>5.2 Computer services</b>			
SITA computer services		12,393	29,394
<b>5.3 Audit cost - external</b>			
Regularity audits		17,802	20,111
<b>5.4 Inventory</b>			
Materials and supplies		9,313	2,933
<b>5.5 Consumables</b>			
Uniform and clothing		24,670	19,053
Household supplies		1,139	1,000
Building material and supplies		6,719	5,253
IT consumables		105	212
Other consumables		1,860	1,335
<b>Consumable supplies</b>		<b>34,493</b>	<b>26,853</b>
Stationery, printing and office supplies		11,458	10,542
<b>Total</b>	<b>5</b>	<b>45,951</b>	<b>37,395</b>
<b>5.6 Property payments</b>			
Municipal services		4,100	4,363
Other		30,609	21,548
<b>Total</b>	<b>5</b>	<b>34,709</b>	<b>25,911</b>
<b>5.7 Travel and subsistence</b>			
Local		79,757	59,036
<b>5.8 Other operating expenditure</b>			
Professional bodies, membership and subscription fees		324	50
Resettlement costs		5,892	2,857
Other		47	166
<b>Total</b>	<b>5</b>	<b>6,263</b>	<b>3,073</b>
<b>6. Interest and rent on land</b>			
Interest paid		5	97
<b>7. Payments for financial assets</b>			
Debt written off		795	-



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

#### 8. Transfers and subsidies

Provinces and municipalities		12,535	7,836
Departmental agencies and accounts	Annexure 1B	12,370	17,129
Public corporations and private enterprises	Annexure 1D	742,314	641,737
Households	Annexure 1G	38,298	36,166
<b>Total</b>		<b>805,517</b>	<b>702,868</b>

#### 9. Expenditure for capital assets

##### Tangible assets

Buildings and other fixed structures	33	661,793	885,466
Machinery and equipment	31	51,216	52,207
		<b>713,009</b>	<b>937,673</b>

##### Intangible assets

Software	32	1,982	31,621
<b>Total</b>		<b>714,991</b>	<b>969,294</b>

#### 9.1 Analysis of funds utilised to acquire capital assets - 2023/2024

Figures in Rand thousand	Voted funds	Total
<b>Tangible assets</b>		
Buildings and other fixed structures	661,793	661,793
Machinery and equipment	51,216	51,216
	<b>713,009</b>	<b>713,009</b>
<b>Intangible assets</b>		
Software	1,982	1,982
<b>Total</b>	<b>714,991</b>	<b>714,991</b>

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

Figures in Rand thousand	Voted funds	Total
<b>Tangible assets</b>		
Buildings and other fixed structures	885,466	885,466
Machinery and equipment	52,207	52,207
	<b>937,673</b>	<b>937,673</b>
<b>Intangible assets</b>		
Software	31,621	31,621
<b>Total</b>	<b>969,294</b>	<b>969,294</b>

#### 9.3 Finance lease expenditure included in expenditure for capital assets

##### Tangible assets

Machinery and equipment	41,481	40,079
-------------------------	--------	--------



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 10. Prepayments and advances

##### 10.1 Advances paid (Expensed)

Figures in Rand thousand

	Balance as at 01 April 2023	Less: Amount expensed in current year	Less: Other	Add: Current year advances	Balance as at 31 March 2024
Other entities	369,897	(358,816)	(2,042)	278,712	287,751

Figures in Rand thousand

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

#### 11. Receivables

Figures in Rand  
thousand

		2023/2024			2022/2023		
	Note	Current	Non- current	Total	Current	Non- current	Total
Claims recoverable	11.1	-	-	-	4	-	4
Staff debt	11.2	2,041	1,441	3,482	1,895	882	2,777
Other receivables	11.3	1,612	44,533	46,145	1	42,859	42,860
<b>Total</b>		<b>3,653</b>	<b>45,974</b>	<b>49,627</b>	<b>1,900</b>	<b>43,741</b>	<b>45,641</b>

##### 11.1 Claims recoverable

National departments	-	4
----------------------	---	---

##### 11.2 Staff debt

Staff debt	3,482	2,777
------------	-------	-------



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>11. Receivables (continued)</b>			
<b>11.3 Other receivables</b>			
Fruitless and wasteful expenditure		1,604	-
Salary clearing accounts		8	1
Hlumisa Savings Account - Clark Laing		24,928	23,254
Hlumisa Savings Account - IDT		19,605	19,605
<b>Total</b>	<b>11</b>	<b>46,145</b>	<b>42,860</b>

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.

Fruitless and wasteful - The department erroneously paid a supplier. The department is in the process of recovering the monies.

#### 11.4 Impairment of receivables

Estimate of impairment of receivables	19,670	20,285
---------------------------------------	--------	--------

Included in the impairment of receivables of R19,670 million is the amount for staff debts and IDT for the Hlumisa Savings Account (2022/23: 20,285 million).

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.



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>12. Investments</b>			
<b>Non-current</b>			
<b>Shares and other equity</b>			
Mayibuye Transport Corporation		261,356	256,356
Government Fleet Management Services (GFMS)		362,002	362,002
<b>Total</b>		<b>623,358</b>	<b>618,358</b>
<b>Analysis of non-current investments</b>			
Opening balance		618,358	618,358
Additions in cash		5,000	-
<b>Closing balance</b>		<b>623,358</b>	<b>618,358</b>
<b>12.1 Impairment of investment</b>			
Estimate of impairment of investment		163,041	169,374

The impairment of R163,041 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.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

#### 13. Voted funds to be surrendered to the Revenue Fund

Opening balance		19,646	179
Transferred from statement of financial performance (as restated)		199,458	19,646
Paid during the year		(19,646)	(179)
<b>Closing balance</b>		<b>199,458</b>	<b>19,646</b>

#### 13.1 Reconciliation of unspent conditional grants

Total conditional grants received	1.2	2,389,083	2,413,438
Total conditional grants spent		(2,201,985)	(2,409,277)
<b>Unspent conditional grants to be surrendered</b>		<b>187,098</b>	<b>4,161</b>

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

Opening balance		41,342	13,386
Own revenue included in appropriation	2	770,789	689,844
Paid during the year		(784,639)	(661,888)
<b>Closing balance</b>		<b>27,492</b>	<b>41,342</b>

#### 15. Bank overdraft

Consolidated paymaster general account		75,260	64,451
--	--	--------	--------

During the financial year, the department had access to an overdraft facility amounting to R270 million. Approval granted in 2023/24 amounted to R150 million additional to the R120 million for the 2022/23 financial year. The overdraft facility was primarily used to manage cashflow shortages relating to payment of invoices for scholar transporters and to ensure that the department met its obligations without interruptions.

#### 16. Payables - current

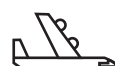
Clearing accounts	16.1	690	1,457
Other payables	16.2	5,311	6,155
<b>Total</b>		<b>6,001</b>	<b>7,612</b>

#### 16.1 Clearing accounts

Salary clearing accounts		690	1,457
--------------------------	--	-----	-------

#### 16.2 Other payables

Enatis transaction fees (RTMC)		5,310	6,143
Road Traffic Infringement Agency (RTIA)		1	12
<b>Total</b>	16	<b>5,311</b>	<b>6,155</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand Note(s) 2023/2024 2022/2023

#### 17. Payables - non-current

Figures in Rand thousand		2023/2024	2022/2023
	Note	More than three years	Total
Other payables	17.1	44,533	44,533
			42,859

##### 17.1 Other payables

Hlumisa Savings Account beneficiaries	44,533	42,859
---------------------------------------	--------	--------

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.

#### 18. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	199,458	19,358
<b>Add back non cash/ cash movements not deemed operating activities</b>		
(Increase)/ decrease in receivables	(1,753)	(570)
(Increase)/ decrease in prepayments and advances	-	2,911
Increase/ (decrease) in payables – current	(1,611)	(2,737)
Proceeds from sale of capital assets	(1,136)	-
Expenditure on capital assets	714,991	969,294
Surrenders to Revenue Fund	(804,285)	(662,067)
Own revenue included in appropriation	770,789	689,844
<b>Net cash flow generated by operating activities</b>	<b>876,453</b>	<b>1,016,033</b>

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

Consolidated paymaster general account	(75,260)	(64,451)
--	----------	----------



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 20. Contingent liabilities and contingent assets

##### 20.1 Contingent liabilities

Liable to	Nature			
Claims against the department		Annexure 3B	140,947	116,392
Other		Annexure 3B	564	564
<b>Total</b>			<b>141,511</b>	<b>116,956</b>

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.

##### 20.2 Contingent assets

Nature of contingent asset		
Supplier under business rescue	5,184	5,184
Supplier placed in liquidation	100,397	100,397
Performance guarantee	44,422	-
<b>Total</b>	<b>150,003</b>	<b>105,581</b>

1. Supplier under business rescue - The contract with the supplier was terminated based on the company being in financial distress.
2. Supplier under liquidation - The department is pursuing the recovery of the debt through legal processes.
3. Termination of contract - The contract with the supplier was terminated due to contract default. The department is therefore calling up the performance guarantee through legal processes.

#### 21. Capital commitments

Buildings and other fixed structures	1,933,014	1,874,156
--------------------------------------	-----------	-----------

Total commitments exceeding one year amounts to R1,933,014 billion relates to Transport Infrastructure



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand Note(s) 2023/2024 2022/2023

#### 22. Accruals and payables not recognised

##### 22.1 Accruals

Figures in Rand thousand		2023/2024		2022/2023
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	74,852	92,484	167,336	183,953
Transfers and subsidies	285	53,638	53,923	23,108
Capital assets	12,397	33,797	46,194	5,013
<b>Total</b>	<b>87,534</b>	<b>179,919</b>	<b>267,453</b>	<b>212,074</b>

##### Listed by programme level

Programme 1 - Administration	12,190	26,680
Programme 2 - Transport Infrastructure	53,766	15,358
Programme 3 - Transport Operations	196,587	157,087
Programme 4 - Transport Regulations	3,964	2,348
Programme 5 - Community Based Programme	946	10,601
<b>Total</b>	<b>267,453</b>	<b>212,074</b>

Included in the R267,453 million is accruals for Scholar Transport amounting to R141,554 million approximately

##### 22.2 Payables not recognised

Figures in Rand thousand		2023/2024		2022/2023
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	79,601	3,232	82,833	110,559
Transfers and subsidies	-	-	-	76,560
Capital assets	12,905	1,520	14,425	11,516
<b>Total</b>	<b>92,506</b>	<b>4,752</b>	<b>97,258</b>	<b>198,635</b>

##### Listed by programme level

Programme 1 - Administration	2,506	5,775
Programme 2 - Transport Infrastructure	24,567	12,326
Programme 3 - Transport Operations	53,896	172,564
Programme 4 - Transport Regulations	977	964
Programme 5 - Community Based Programme	15,312	7,006
<b>Total</b>	<b>97,258</b>	<b>198,635</b>

Included in the R97,258 million is payables for Scholar Transport amounting to R53,576 million approximately

#### 23. Employee benefits

Leave entitlement	87,395	83,235
Service bonus	31,001	28,628
Capped leave	46,072	54,518
Other	6,500	6,587
<b>Total</b>	<b>170,968</b>	<b>172,968</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 23. Employee benefits (continued)

Included in the leave entitlement amount of R87,395 million is negative leave days amounting to R145 thousand affecting 29 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 R197 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 2024/25 encashment is not yet available.

Other also includes unpaid overtime and stand by allowances

#### 24. Lease commitments

##### 24.1 Operating leases

###### 2023/2024

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	109	109
Later than 1 year and not later than 5 years	478	478
<b>Total lease commitments</b>	<b>587</b>	<b>587</b>

###### 2022/2023

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

##### 24.2 Finance leases

###### 2023/2024

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	34,313	34,313
Later than 1 year and not later than 5 years	40,927	40,927
<b>Total lease commitments</b>	<b>75,240</b>	<b>75,240</b>

###### 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
<b>Total lease commitments</b>	<b>85,476</b>	<b>85,476</b>

The R75,240 million in the current year relates to the leasing of cell phone lines and motor vehicles. GFMS undertakes to maintain the vehicles in accordance with the manufacturer's specifications.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

#### 25. Accrued departmental revenue

Tax revenue	147,253	156,015
Sales of goods and services other than capital assets	2,130	3,104
Fines, penalties and forfeits	7,964	7,482
<b>Total</b>	<b>157,347</b>	<b>166,601</b>

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 an 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 R147,253 million (2022/23: R156,015 million)

#### 25.1 Analysis of accrued departmental revenue

Opening balance	166,601	135,959
Less: Amounts received	(744,965)	(671,177)
Add: Amounts recognised	735,711	701,819
<b>Total</b>	<b>157,347</b>	<b>166,601</b>

#### 25.2 Impairment of accrued departmental revenue

Estimate of impairment of accrued departmental revenue	96,171	87,567
--	--------	--------

Included in the impairment of accrued revenue is the amount for defaulting registering authorities totaling to R96,171 million (2022/23: R87,567 million).

#### 26. Unauthorised, Irregular and Fruitless and wasteful expenditure

Unauthorised expenditure	172,826	131,632
Irregular expenditure	444,355	580,652
Fruitless and wasteful expenditure	12,851	20,658
<b>Total</b>	<b>630,032</b>	<b>732,942</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 27. Related party transactions

##### Revenue received

Sales of goods and services other than capital assets	48,382	43,525
---	--------	--------

##### Payments made

Compensation of employees	47,846	42,946
Goods and services	528	60
Transfers and subsidies	8	519
<b>Total</b>	<b>48,382</b>	<b>43,525</b>

##### In kind goods and services provided/received

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

Rental	26,412	32,171
Municipal services	1,170	3,067
<b>Total</b>	<b>27,582</b>	<b>35,238</b>

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.

#### 28. Key management personnel

Political office bearers (provide detail below)	2,162	2,096
Level 15 to 16	4,038	3,908
Level 14 (incl. CFO if at a lower level)	9,473	7,299
Acting Chief Directorates and District Managers	12,005	10,772
Family members of key management personnel	833	762
<b>Total</b>	<b>28,511</b>	<b>24,837</b>

#### 29. Provisions

Retentions	77,543	52,993
Provision for other payables	23,126	24,799
Underpayments of scholar transporters	809	-
<b>Total</b>	<b>101,478</b>	<b>77,792</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 29. Provisions (continued)

##### 29.1 Reconciliation of movement in provisions - 2023/2024

Figures in Rand thousand	Retentions	Other payables	Under paid scholar transporters	Total provisions
Opening balance	52,993	24,799	-	77,792
Increase in provision	42,103	-	809	42,912
Settlement of provision	(4,628)	-	-	(4,628)
Change in provision due to change in estimation of inputs	(12,925)	(1,673)	-	(14,598)
<b>Closing balance</b>	<b>77,543</b>	<b>23,126</b>	<b>809</b>	<b>101,478</b>

##### 29.2 Reconciliation of movement in provisions - 2022/2023

Figures in Rand thousand	Retentions	Other payables	Total provisions
Opening balance	56,123	24,933	81,056
Settlement of provision	(2,324)	-	(2,324)
Change in provision due to change in estimation of inputs	(806)	(134)	(940)
<b>Closing balance</b>	<b>52,993</b>	<b>24,799</b>	<b>77,792</b>

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: R23,126 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.

3. The underpaid scholar transporters relates to the invoices that were incorrectly paid in the contract that ended December 2023. The timing of the settlement of these under payments is not certain because the cash is not readily available to the department.

#### 30. Non-adjusting events after reporting date

There were no events after the reporting date that were identified by management that would affect the operations of the department or the results of those operations significantly.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand Note(s) 2023/2024 2022/2023

#### 31. Movable tangible capital assets

##### Movement in movable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
<b>Machinery and equipment</b>				
Transport assets	235,006	790	4,827	230,969
Computer equipment	65,724	4,710	1,495	68,939
Furniture and office equipment	21,287	1,069	212	22,144
Other machinery and equipment	643,873	36,324	694	679,503
	<b>965,890</b>	<b>42,893</b>	<b>7,228</b>	<b>1,001,555</b>

##### Movable tangible capital assets under investigation

Figures in Rand thousand	Number	Value
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	18	1,016

The assets under investigation range from assets which have been lost / stolen and are being investigated.

#### 31.1 Movement for 2022/2023

##### 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
<b>Machinery and equipment</b>				
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
	<b>955,821</b>	<b>10,275</b>	<b>206</b>	<b>965,890</b>

#### 31.2 Minor assets

##### Movement in minor capital assets per the asset register for the year ended as at 31 March 2024

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	24,170	24,170
Additions	898	898
Disposals	554	554
<b>Total minor capital assets</b>	<b>24,514</b>	<b>24,514</b>

Figures in Rand thousand	Machinery and equipment	Total
Number of R1 minor assets	14,420	14,420
Number of minor assets at cost	13,607	13,607
<b>Total number of minor assets</b>	<b>28,027</b>	<b>28,027</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 31. Movable tangible capital assets (continued)

##### 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

24

25

##### 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**

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**



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 32. Intangible capital assets

##### Movement in intangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand thousand	Opening balance	Additions	Closing balance
Software	17,305	528	17,833

##### 32.1 Movement for 2022/2023

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

Figures in Rand thousand	Opening balance	Prior period error	Closing balance
Software	1,869	15,436	17,305

##### 32.2 Intangible capital assets: Capital work-in-progress

##### Capital work-in-process for the year ended as at 31 March 2024

Figures in Rand thousand	Note	Opening balance 01 April 2023	Current year capital WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
Intangible assets		31,621	1,454	3,080	29,995

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

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

#### 33. Immovable Tangible Capital Assets

##### Movement in immovable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand thousand	Opening balance	Additions	Closing balance
<b>Buildings and other fixed structures</b>			
Non-residential buildings	17,635	-	17,635
Other fixed structures	2,001,698	166,037	2,167,735
	<b>2,019,333</b>	<b>166,037</b>	<b>2,185,370</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 33. Immovable Tangible Capital Assets (continued)

##### 33.1 Movement for 2022/2023

##### 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
<b>Buildings and other fixed structures</b>			
Non-residential buildings	16,832	803	17,635
Other fixed structures	1,294,271	707,427	2,001,698
	<b>1,311,103</b>	<b>708,230</b>	<b>2,019,333</b>

##### 33.2 Capital Work-in-progress

##### Capital Work-in-progress as at 31 March 2024

Figures in Rand thousand	Note	Opening balance 01 April 2023	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
Buildings and other fixed structures		2,294,673	731,320	166,037	2,859,956

##### Payables not recognised relating to Capital WIP

Received but not yet paid	14,262	10,001
---------------------------	--------	--------

##### Capital Work-in-progress as at 31 March 2023

Figures in Rand thousand	Note	Opening balance 01 April 2022	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
Buildings and other fixed structures		2,398,959	(20,983)	624,927	708,230	2,294,673



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
<b>34. Principal-agent arrangements</b>			
<b>34.1 Department acting as the principal</b>			
Municipalities and RTMC		93,148	79,733
South African Post Office		55,391	73,368
Hlumisa Development Fund - PWC / Clark Laing		-	115
Municipalities relating to construction		4,939	1,614
South African Post Office and Post Bank - EPWP		14,584	14,635
<b>Total</b>		<b>168,062</b>	<b>169,465</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
--------------------------	---------	-----------	-----------

#### 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.

The contract with SAPO ended on 30 September 2023

3. The department uses Postbank as an implementing agent for:

The nature and benefit derived from the relationship with the agent is the facilitation of payments to EPWP beneficiaries.

The agent ensures that the EPWP beneficiaries receive the allocated stipend at any of the contracted retail stores and / or in beneficiaries' account of choice.

The transactions will not be chargeable on the beneficiaries account.

A commission / service fee of R35 per transaction and 15% VAT shall be paid to the agent no later than 5 days before the payment date of stipends to the beneficiaries.

On termination of the lease, the agent shall not perform any further functions in terms of this agreement. The agent shall within 30 days of the termination date, make payment to the department, equal to all funds that were already paid to the agent, not paid to the beneficiaries, as per agreement. If the agent fails to return all monies due to the department, the department shall be entitled to institute legal action against the agent and recover all fees and costs on an attorney-client scale.

4. 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.

5. 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.

The party intending to initiate the termination shall do so by serving 1 month notice before the intended termination date. If the department has reason to believe that the municipality is not delivering on its mandate or until such time that the agreement has served its objective, for any other reason whatsoever, then the SLA may be reviewed or ultimately terminated.

6. 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.

On termination of the lease, the agent shall return all equipment and stock to the department within 2 working days and the



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
--------------------------	---------	-----------	-----------

**34. Principal-agent arrangements (continued)**  
agent shall not, after the termination date, perform any further functions in terms of the agreement. The agent shall within 30 days of the termination date, make the final payment due to the department. In the event the agent fails to return all equipment to the department, the department shall be entitled to institute legal action against the agent and recover all fees and costs on an attorney-client scale.

### 7. 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 R24,928 million and R19,605 million(2022/23: R23,255 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 R24,928 million and R19,605 million (2022/23: R23,255 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 2024 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.

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.

With effect from the termination date, the agreement shall endure indefinitely, subject to 5 years written notice of termination given by either party to the other.

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.

There were no terminated agent principal arrangements in the current year.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s) 2023/2024 2022/2023

#### 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)	52,636	56,192
Road Traffic Infringement Agency (RTIA)	41	12
<b>Total</b>	<b>52,677</b>	<b>56,204</b>

##### 34.2.2 Reconciliation of carrying amount of receivables and payables - 2023/2024

###### Receivables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2023	Revenue principal is entitled to	Closing balance 31 March 2024
Hlumisa Development Fund - PWC / Clark Laing	23,255	1,672	24,927

###### Payables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2023	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2024
Road Traffic Management Corporation (RTMC)	6,142	52,636	53,468	5,310
Road Traffic Infringement Agency (RTIA)	12	40	51	1
<b>Total</b>	<b>6,154</b>	<b>52,676</b>	<b>53,519</b>	<b>5,311</b>

##### 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
<b>Total</b>	<b>8,725</b>	<b>56,204</b>	<b>58,775</b>	<b>6,154</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### 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	2022/2023 Prior period error	Restated amount
<b>Assets:</b>				
Intangible capital assets		1,869	15,436	17,305
Capital work in progress		2,315,656	(20,983)	2,294,673
<b>Net effect</b>		<b>2,317,525</b>	<b>(5,547)</b>	<b>2,311,978</b>

Intangible capital assets was incorrectly classified as capital work in progress in the prior year. The completion certificate relates to the prior year.

Capital work in progress was overstated in the prior year due to fruitless and wasteful expenditure that was recognised.

The necessary adjustments have been made.

Figures in Rand thousand

	Note	Amount bef error correction	2022/2023 Prior period error	Restated amount
<b>Liabilities:</b>				
Accrued departmental revenue		165,878	723	166,601
Capital commitments		1,771,838	102,318	1,874,156
<b>Net effect</b>		<b>1,937,716</b>	<b>103,041</b>	<b>2,040,757</b>

In the prior year, the accrued revenue relating to Mthatha airport was understated.

The capital commitments in the prior year were understated and overstated due to expenditure, additional allocation on Plant hire and new awarded contracts on projects.

The necessary adjustments have been made.

Figures in Rand thousand

	Note	Amount bef error correction	2022/2023 Prior period error	Restated amount
<b>Other:</b>				
Fruitless and wasteful expenditure		183	20,475	20,658
Contingent asset		110,001	(4,420)	105,581
Irregular expenditure		535,080	45,572	580,652
Retentions		66,042	11,750	77,792
<b>Net effect</b>		<b>711,306</b>	<b>73,377</b>	<b>784,683</b>



Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand	Note(s)	2023/2024	2022/2023
--------------------------	---------	-----------	-----------

35. Prior period errors (continued)

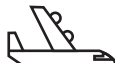
Fruitless and wasteful expenditure relating to prior year was understated due to an overpayment of a consultant that was not disclosed.

The contingent asset case was resolved in the prior year and therefore no longer a contingent asset.

Irregular expenditure in the prior year was understated due to employees irregularly appointed, incorrect CIDB grading and scholar transport non-responsive bidders.

Retentions were understated due to a project that was omitted in the prior year.

The necessary adjustments have been made.



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand thousand

#### 36. Statement of conditional grants received

Name of grant	Grant allocation			Spent		2022/2023	
	Division of Revenue Act/ Provincial Grants	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department
Public Transport	295,048	-	295,048	295,048	295,048	-	- %
Expanded Public Works Program	79,817	(7,780)	72,037	72,037	72,037	-	- %
Provincial Roads Maintenance	2,092,611	(70,613)	2,021,998	2,021,998	1,834,900	187,098	91 %
	<b>2,467,476</b>	<b>(78,393)</b>	<b>2,389,083</b>	<b>2,389,083</b>	<b>2,201,985</b>	<b>187,098</b>	
							<b>2,413,438</b>
							<b>2,409,277</b>

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. Natural disaster or relief expenditure

Goods services	24	470
----------------	----	-----

# Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

## Annexure 1B

## Statement of transfers to Departmental Agencies and Accounts

Figures in Rand thousand	Transfer allocation		Transfer		2022/2023	
	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
Provincial Department Agency - Taxi Council (SANTACO)	5,800	5,800	6,800	117 %	5,556	5,556
Unemployment Insurance Fund	9,668	9,668	5,570	58 %	9,717	8,073
<b>Total</b>	<b>15,468</b>	<b>15,468</b>	<b>12,370</b>		<b>18,773</b>	<b>17,129</b>



## Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

### Annexures to the Annual Financial Statements

#### Annexure 1D

##### Statement of transfers/ subsidies to public corporations and private enterprises

Figures in Rand thousand	Transfer allocation			Expenditure		2022/2023	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Current	Final budget
Name of public corporations/ private enterprise							Actual transfer
<b>Public corporations</b>							
<b>Transfers</b>							
Mayibuye Transport Corporation	154,528	-	154,528	154,528	100.0 %	149,528	143,226
<b>Subsidies</b>							
Algoa Bus Company Ltd	295,048	-	295,048	295,048	100.0 %	295,048	282,593
Africa Best 350 Ltd	285,738	7,000	292,738	292,738	100.0 %	292,738	215,918
	<b>580,786</b>	<b>7,000</b>	<b>587,786</b>	<b>587,786</b>		<b>587,786</b>	<b>498,511</b>
<b>Subtotal: Public corporations</b>	<b>735,314</b>	<b>7,000</b>	<b>742,314</b>	<b>742,314</b>		<b>737,314</b>	<b>641,737</b>
<b>Total</b>	<b>735,314</b>	<b>7,000</b>	<b>742,314</b>	<b>742,314</b>		<b>737,314</b>	<b>641,737</b>



## Eastern Cape Department of Transport

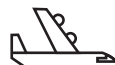
(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Annexures to the Annual Financial Statements

#### Annexure 1G

##### Statement of transfers to households

Figures in Rand thousand	Transfer allocation		Expenditure		2022/2023	
	Adjusted budget	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Households						
<b>Transfers</b>						
Social Benefits	29,577	29,577	28,045	95 %	35,137	29,800
Other	5,116	5,116	10,253	200 %	6,725	6,366
	<b>34,693</b>	<b>34,693</b>	<b>38,298</b>		<b>41,862</b>	<b>36,166</b>

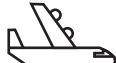


Eastern Cape Department of Transport  
(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024  
**Annexures to the Annual Financial Statements**

Annexure 1I

Statement of aid assistance received

Figures in Rand thousand	Opening balance	Revenue	Expenditure	Closing balance
Name of donor	Purpose			
<b>Aid assistance received in cash</b>				
Road Traffic Management Corporation	2	-	-	2
MSETA	-	126	126	-
<b>Subtotal</b>	<b>2</b>	<b>126</b>	<b>126</b>	<b>2</b>





# Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

## Annexure 1K

## Statement of actual monthly expenditure per grant

Grant type	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
Figures in Rand thousand						
Algoa Bus	26,418	27,310	18,876	25,703	45,549	295,048
EPWP	12,636	4	7,232	5,758	693	72,037
PRMG	175,255	285,936	47,484	101,667	478,367	1,834,900
<b>Total</b>	<b>214,309</b>	<b>313,250</b>	<b>73,592</b>	<b>133,128</b>	<b>524,609</b>	<b>2,201,985</b>



# Eastern Cape Department of Transport (Vote number 10) Annual Financial Statements for the year ended 31 March 2024

## 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	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
Figures in Rand thousand		2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2022/2023	Yes/No
<b>National/ Provincial public entity</b>									
Mayibuye Transport Corporation	Schedule 3D	100 %	100 %	261,356	256,356	261,356	256,356	-	
Government Fleet Management Services	Treasury Regulations 19	- %	- %	-	-	362,002	362,002	1,822,813	
<b>Subtotal</b>				<b>261,356</b>	<b>256,356</b>	<b>623,358</b>	<b>618,358</b>	<b>1,822,813</b>	



# Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

## Annexure 2B

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

Name of public entity	Nature of business	Cost of investment	Net asset value of investment
Figures in Rand thousand		2023/2024	2022/2023
<b>Controlled entities</b>			
Mayibuye Transport Corporation	Public Bus Transport Services	261,356	256,356
Government Fleet Management Services	Provincial Government Fleet	362,002	362,002
<b>Subtotal</b>		<b>623,358</b>	<b>618,358</b>
			<b>1,822,813</b>



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

### Annexure 3B

#### Statement of contingent liabilities as at 31 March 2024

Figures in Rand thousand	Opening balance 01 April 2023	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31 March 2024
Nature of liabilities				
<b>Claims against the department</b>				
Claims against the state	116,392	49,645	25,090	140,947
<b>Other</b>				
Camping allowance	564	-	-	564
<b>Total</b>	<b>116,956</b>	<b>49,645</b>	<b>25,090</b>	<b>141,511</b>

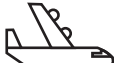


Eastern Cape Department of Transport  
(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024  
**Annexures to the Annual Financial Statements**

**Annexure 4**

**Claims recoverable**

Government entity	Unconfirmed balance outstanding	Total
Figures in Rand thousand	2022/2023	2022/2023
<b>Department</b> Department of Higher Education	4	4



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

### Annexure 6

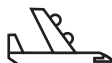
#### Inventories

##### Inventory for the year ended 31 March 2024

Figures in Rand thousand	Note	Material supplies	Total
Add: Additions/Purchases - Cash		9,313	9,313
(Less): Disposals		(9,313)	(9,313)
Closing balance		-	-

##### 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

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## 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 2024

Figures in Rand thousand	Opening balance	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
<b>Buildings and other fixed structures</b>				
Non-residential buildings	13,306	15,260	-	28,566
Other fixed structures	2,281,367	716,060	166,037	2,831,390
	<b>2,294,673</b>	<b>731,320</b>	<b>166,037</b>	<b>2,859,956</b>
<b>Computer software</b>				
Computer Software	31,621	1,454	3,080	29,995
<b>Total</b>	<b>2,326,294</b>	<b>732,774</b>	<b>169,117</b>	<b>2,889,951</b>



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## 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 2023

Figures in Rand thousand	Opening balance	Prior period errors	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
<b>Buildings and other fixed structures</b>					
Non-residential buildings	7,766	-	6,343	803	13,306
Other fixed structures	2,391,193	(20,983)	618,584	707,427	2,281,367
	<b>2,398,959</b>	<b>(20,983)</b>	<b>624,927</b>	<b>708,230</b>	<b>2,294,673</b>
<b>Computer software</b>					
Computer Software	15,436	(15,436)	31,621	-	31,621
<b>Total</b>	<b>2,414,395</b>	<b>(36,419)</b>	<b>656,548</b>	<b>708,230</b>	<b>2,326,294</b>



# Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

## Annexures to the Annual Financial Statements

### Annexure 11

#### Natural disaster or relief expenditure

##### Per quarter and in total

Figures in Rand thousand	2023/2024				2022/2023	
	April	Subtotal Q1	Jul	Subtotal Q2	Total	Total
Expenditure per economic classification						
<b>Goods services</b>						
Consumable supplies	-	-	15	15	15	192
Travel and subsistence	9	9	-	-	9	28
Property payments	-	-	-	-	-	250
	<b>9</b>	<b>9</b>	<b>15</b>	<b>15</b>	<b>24</b>	<b>470</b>



## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Annexures to the Annual Financial Statements

#### Annexure 12

##### Analysis of prepayments and advances (notes 3 and 10)

Name of entity	Sector of the entity	Description of goods, services, and/or capital assets paid for	Classification categories	Contract reference number	Total contract value	Contract commencement date	Contract end date	Frequency of the prepayment or advance	Balance outstanding as at 31 March 2023	Total amount prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add / (Less): Other
Figures in Rand thousand												
<b>Advances</b>												
Emalahleni LMA	Local municipality	Capital construction of roads	Other institution	SLA: Emalahleni	28,000	2020/12/01	2024/11/30	The entire contract amount was paid in advance	3,064	-	(2,816)	-
Raymond Mhlaba LMA	Local municipality	Capital construction of roads	Other institution	SLA: Raymond Mhlaba	44,469	2021/01/29	2024/01/29	The contract amount was paid in two advance payments	4,218	-	-	(2,042)
SANRAL	Government Agency	Capital construction of roads	Public entities	DOT Sanral MOU/Breidbach Interchange	45,584	2020/06/18	2022/12/18	The MOA requires that the total advance payment be made to SANRAL before the tender advertisement	29,472	-	(36,610)	-



## Eastern Cape Department of Transport

(Vote number 10)  
Annual Financial Statements for the year ended 31 March 2024

### Annexures to the Annual Financial Statements

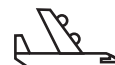
Enoch Mgijima LMA	Local municipality	Capital construction of roads	Other institution	SLA Enoch Mgijima	340,298	2018/04/01	2023/03/31	The advance payments are made in trenches to the municipality based on projections	20,609	121,670	(115,617)	-
Sarah Baartman LMA	Local Municipality	Capital construction of roads	Other institution	SLA: ECDOT Sarah Baartman(Ma khanda)	50,000	2022/07/14	2023/07/14	The advance payments are made in trenches to the municipality based on projections	4,647	7,500	(3,375)	-
National Public Works	National Department	Capital construction of roads	National department	MOA - DPWI AND ECDOT - Weliszwe Bridge	307,887	2022/06/28	2027/06/28	The entire contract amount was paid in advance	307,887	137,500	(196,714)	-
Sanral	GOVERNMENT AGENCY	Capital construction of roads	Public entity	MOU - Sanral and DOT R72 Kidds Beach MR501	12,042	2023/11/09	2024/11/09	Payments will be made in advance to SANRAL for costs pertaining to the Work Agreement	-	12,042	(3,684)	-
Total advances					828,280				369,897	278,712	(358,816)	(2,042)





# PFMA COMPLIANCE REPORT FOR GFMS

Total amount of fruitless and wasteful expenditure				Total Amount								
Total amount of fruitless and wasteful expenditure				R162 387.00								
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	-	-	-	Amount to be written off			
2023/10/01	25 September 2023	2023/10/01	22 May 2024	R3 255.50	The expenditure under assessment	-	-	-	The expenditure under assessment			
2023/10/01	25 September 2023	2023/10/01	22 May 2024	R1 447	The expenditure under assessment	-	-	-	The expenditure under assessment			





PART  
**H**

GOVERNMENT FLEET  
MANAGEMENT SERVICE

## Report of the auditor-general to the Eastern Cape Provincial Legislature on Eastern Cape Government Fleet Management Services

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Eastern Cape Government Fleet Management Services (ECGFMS), which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ECGFMS as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

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 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.

#### Emphasis of matter

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

#### Debt impairment

7. As disclosed in note 16 to the financial statements, debt impairment of R15,3 million was incurred as a result of an increase from the previously raised impairment in the provision for doubtful debts on trade receivables.



## 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 GRAP and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the 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 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 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicator related to Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery presented in the annual performance report for the year ended 31 March 2024. I selected the indicator that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
  - Percentage of leased vehicles that are compliant
14. I evaluated the reported performance information for the selected material performance indicator 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 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 entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those committed to in the approved initial or revised planning documents
  - the reported performance information presented in the annual performance report is 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 to report material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery.

#### Achievement of planned targets

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.
19. The following table provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report.

#### Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery

Targets achieved: 0%		
Budget spent: 54%		
Key indicator not achieved	Planned target	Reported achievement
Percentage of leased vehicles that are compliant	80%	75%



## Report on compliance with legislation

20. 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 entity's compliance with legislation.
21. 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.
22. 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 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.
23. I did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

24. The accounting officer is responsible for the other information included in the annual report, which includes the directors' report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
25. 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.
26. 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 material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

28. 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.

29. I did not identify any significant deficiencies in internal control.

*Auditor General*

East London

31 July 2024



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 material performance indicators 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 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)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); Section 38(1)(h)(iii); 38(1)(j); 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(4); Section 44(1); 44(2); 45(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.1; 7.2.1; 8.1.1; 8.2.1; Regulation 8.2.2; 8.2.3; 9.1.1; 9.1.4; 10.1.1(a); Regulation 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; Regulation 15.10.1.2(c); 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A 6.3(c); Regulation 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 167.6; 16A7.716A8.3; Regulation 16A8.4; 16A9.1(b)(ii); 16A9.1(d); Regulation 16A9.1(e); 16A9.1(f); 16A9.2; Regulation 16A9.2(a)(ii); 17.1.1; 18.2; 19.6.1; Regulation 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 1; 2; 4.8; 4.9, 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)



Legislation	Sections or regulations
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 1; 2; 4.8; 4.9, 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 2020/21	Paragraph 3.4(a); 3.4(b); 3.9

--



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### 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.

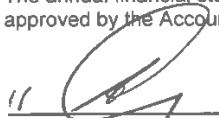
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 deficiency 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 deficiency.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2025 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 51, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 July 2024 and were signed by:

  
Mr A Fani (Acting)  
Accounting Officer



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Officer's Report

The Accounting Officer submit their report for the year ended 31 March 2024.

#### 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 period.

#### 4. Accounting Officer

The Accounting Officer of the entity during the year and to the date of this report are as follows

Name	Nationality	Changes
Mr MC Mafani	South African	Resigned Saturday, 30 September 2023
Ms M Madumane	South African	Appointed Sunday, 01 October 2023, resigned Saturday, 30 March 2024
Mr A Fani (Acting)	South African	Appointed Monday, 01 April 2024

#### 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 2012 (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 Treasury Regulation No. 19 of the Public Finance Management Act (Act No. 19 of 1999, as amended). 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 Provincial 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 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 No. 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 2024



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Officer's Report

#### 6. State of affairs (continued)

The Provincial Treasury has unfortunately in previous years misconstrued the accumulated funds at the end of each financial year as a surplus and forced the Trading Entity to surrender a substantial amount of funds. This poses a major risk to the operations of the entity as the accumulated funds are specifically for the replacement of vehicles leased by the entity to provincial departments as agreed in an agreement signed with them.

#### 6.2 Impact of non-payment of debt by the Department of Health

During the financial year the Department of Health, one of our major clients, notified the Entity that they would be unable to make payments of its debt for the remainder of the financial year. Even though the entity has adequate resources to continue in operational existence for the next 12 months, if the Department of Health continues not to settle their accounts as they fall due, there is a potential negative impact on the future cashflow of the Entity which might affect the Entity's ability to honour its financial commitments in the medium to long term.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	4	94 505 499	123 956 194
Finance lease receivables	3	183 279 135	179 600 274
Receivables from exchange transactions	5	654 281 907	382 063 597
Cash and cash equivalents	6	234 692 743	437 545 047
		<b>1 166 759 284</b>	<b>1 123 165 112</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	171 016 310	153 946 900
Intangible assets	8	988 069	602 129
Finance lease receivables	3	795 680 726	681 791 911
		<b>967 685 105</b>	<b>836 340 940</b>
<b>Total Assets</b>		<b>2 134 444 389</b>	<b>1 959 506 052</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	146 941 786	108 091 884
Provisions	0	38 504 87	29 157 140
		<b>185 446 657</b>	<b>137 249 024</b>
<b>Total Liabilities</b>		<b>185 446 657</b>	<b>137 249 024</b>
<b>Net Assets</b>		<b>1 948 997 732</b>	<b>1 822 257 028</b>
Reserves			
Capital contributions		362 001 648	362 001 648
Accumulated surplus		1 586 996 084	1 460 255 380
<b>Total Net Assets</b>		<b>1 948 997 732</b>	<b>1 822 257 028</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rendering of services	11	526 314 637	517 545 496
Interest earned	12	125 824 413	104 783 863
Debt impairment reversal	16	-	18 712 782
Other income		20 877 823	15 038 193
Gain on disposal of inventory held for sale		4 220 267	9 492 147
Derecognition of assets		86 958 837	217 736 682
<b>Total revenue from exchange transactions</b>		<b>764 195 977</b>	<b>883 309 163</b>
<b>Expenditure</b>			
Personnel costs	13	48 561 978)	(43 894 770
Fleet running costs	14	516 320 629)	(447 941 103
Depreciation on property, plant and equipment		15 677 204)	(25 069 356
Inventory write down	15	3 244 430)	(2 906 520
Debt Impairment	16	15 370 245)	-
Movements in provisions		9 347 730)	54 516
Administration costs	17	28 933 057)	(26 124 492
<b>Total expenditure</b>		<b>(637 455 273)</b>	<b>(545 881 725)</b>
<b>Surplus for the year</b>		<b>126 740 704</b>	<b>337 427 438</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### 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	1 123 680 077	1 485 681 725
Adjustments			
Prior year adjustments - refer to note 25	-	(852 135)	(852 135)
<b>Balance at 01 April 2022 as restated</b>	<b>362 001 648</b>	<b>1 122 827 942</b>	<b>1 484 829 590</b>
Changes in net assets			
Restated surplus for the year	-	33 42 438	33 42 438
Total changes	-	33 42 438	337 42 438
Opening balance as previously reported	362 001 648	1 460 8 851	1 822 8 3 499
Adjustments			
Prior year adjustments - refer to note 25		(556 471)	(556 471)
<b>Balance at 01 April 2023 as restated</b>	<b>362 001 648</b>	<b>1 460 255 380</b>	<b>1 822 257 028</b>
Changes in net assets			
Surplus for the current year	-	126 740 704	126 740 704
Total changes	-	126 740 704	126 740 704
<b>Balance at 31 March 2024</b>	<b>362 001 648</b>	<b>1 586 996 084</b>	<b>1 948 997 732</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		236 699 231	680 410 903
Interest income		31 241 957	28 557 811
Other receipts		20 877 823	15 038 193
		<u>288 819 011</u>	<u>724 006 907</u>
<b>Payments</b>			
Personnel costs		(48 561 978)	(43 894 770)
Suppliers		(437 373 408)	(445 282 924)
		<u>(485 935 386)</u>	<u>(489 177 694)</u>
<b>Net cash flows from operating activities</b>	19	<b>(197 116 375)</b>	<b>234 829 213</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	7	(5 890 891)	(6 449 103)
Proceeds from sale of property plant and equipment	7	540 902	-
Purchase of intangible assets	8	(385 940)	-
<b>Net cash flows from investing activities</b>		<b>(5 735 929)</b>	<b>(6 449 103)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(202 852 304)</b>	<b>228 380 110</b>
Cash and cash equivalents at the beginning of the year		437 545 047	209 164 937
<b>Cash and cash equivalents at the end of the year</b>	6	<b>234 692 743</b>	<b>437 545 047</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### 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	786 362 603	303 718 000	1 090 080 603	627 964 371	(462 116 232)	29
Interest received	9 876 000	-	9 876 000	30 817 704	20 941 704	29
Other income	75 000 000	-	75 000 000	67 924 834	(7 075 166)	29
<b>Total revenue from exchange transactions</b>	<b>871 238 603</b>	<b>303 718 000</b>	<b>1 174 956 603</b>	<b>726 706 909</b>	<b>(448 249 694)</b>	

##### Expenditure

Personnel costs	(49 293 367)	-	(49 293 367)	(48 561 978)	731 389	29
Fleet running costs	(572 082 642)	(13 264 476)	(585 347 118)	(516 320 629)	69 026 489	29
Depreciation	-	-	-	(15 677 204)	(15 677 204)	29
Impairment loss/ Reversal of impairments	-	-	-	3 244 430	(3 244 430)	
Debt Impairment	-	-	-	(15 370 245)	(15 370 245)	29
Movements in provisions	-	-	-	9 347 730	(9 347 730)	29
Administration costs	(56 216 876)	25 764 476	(30 452 400)	(28 933 057)	1 519 343	29
<b>Total expenditure</b>	<b>(677 592 885)</b>	<b>12 500 000</b>	<b>(665 092 885)</b>	<b>(637 455 273)</b>	<b>27 637 612</b>	
<b>Operating surplus</b>	<b>193 645 718</b>	<b>316 218 000</b>	<b>509 863 718</b>	<b>89 251 636</b>	<b>(420 612 082)</b>	
Gain on disposal of inventory held for sale	-	-	-	(49 469 769)	(49 469 769)	29
Derecognition of assets	-	-	-	86 958 837	86 958 837	29
	-	-	-	37 489 068	37 489 068	

<b>Surplus before taxation</b>	<b>193 645 718</b>	<b>316 218 000</b>	<b>509 863 718</b>	<b>126 740 704</b>	<b>(383 123 014)</b>	
--------------------------------	--------------------	--------------------	--------------------	--------------------	----------------------	--

<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>193 645 718</b>	<b>316 218 000</b>	<b>509 863 718</b>	<b>126 740 704</b>	<b>(383 123 014)</b>	
--	--------------------	--------------------	--------------------	--------------------	----------------------	--



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

Figures in Rand	Note(s)	2024	2023
-----------------	---------	------	------

#### 1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

##### 1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period.

##### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

##### 1.3 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.

##### 1.4 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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.4 Significant judgements and sources of estimation uncertainty (continued)

##### 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 management's estimation of the asset condition, its current use and expected future use of the asset.

#### 1.5 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.

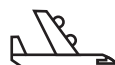
When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.5 Property, plant and equipment (continued)

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. Residual values are determined using residual value percentage per vehicle category as per the approved rate card.

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 motor 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
Other machinery and equipment	Straight-line	10 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's 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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.5 Property, plant and equipment (continued)

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.

#### 1.6 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 the useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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	Average useful life
Computer software	Indefinite



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.7 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

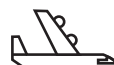
The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

##### Class

Cash and cash equivalents  
Receivables from exchange transactions  
Finance lease receivables

##### 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 2024

### Accounting Policies

#### 1.7 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 derecognises financial liabilities when the obligation under the liability is discharged or cancelled or expires. Derecognition thus occurs when the liability has been paid.

#### 1.8 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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.8 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 the 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

#### 1.9 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 is 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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.9 Inventories (continued)

Inventory held for sale is 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.

#### 1.10 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

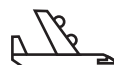
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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.

#### 1.11 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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.12 Employee benefits

##### Identification

##### Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- (a) an entity's decision to terminate an employee's employment before the normal retirement date; or
- (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

##### Short-term employee benefits

##### Recognition and measurement

##### All short-term employee benefits

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:

- (a) 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.
- (b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

##### Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- (a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- (b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period

##### Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when and only when:

- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when and only when the entity has no realistic alternative but to make the payments



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.12 Employee benefits (continued)

##### Termination benefits

##### Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

##### Measurement

The entity measures termination benefits on initial recognition, and measures and recognises subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- (a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
- (b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

#### 1.13 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

#### 1.14 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 annual 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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.15 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 arms 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 client 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 client department

Fuel revenue is billed as the actual cost incurred by client 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 client 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.

#### Interest

Revenue arising from the use by others of the entity's 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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.16 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.

#### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.18 Accounting by principals and agents

##### Identification

An agent is an entity that has been directed by another entity (a principal) through a binding arrangement to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent) through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

##### Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

##### Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified the parties to the arrangement re-assess whether they act as a principal or an agent.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.18 Accounting by principals and agents (continued)

##### Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

##### Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

#### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.20 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).

#### 1.21 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).

#### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

(a) this Act; or

(b) any provincial legislation providing for procurement procedures in that provincial government.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the annual 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 annual 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 annual 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 annual 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 the 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 annual 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 annual financial statements and updated accordingly in the irregular expenditure register.

#### 1.23 Budget information

The entity is 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 the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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 Budget 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.

#### 1.24 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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Accounting Policies

#### 1.24 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 entities 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 annual financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.25 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 annual 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 annual 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 annual financial statements.

#### 1.26 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.

#### 1.27 Surrender of funds to Provincial Treasury

The entity was established in accordance with Treasury Regulation No.19 of the Public Finance Management Act (Act No 1 of 1999), as amended. 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 No. 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.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

2024

2023

#### 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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 107 Mergers	01 April 2009	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2009	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2009	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2009	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2009	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets	01 April 2009	Unlikely there will be a material impact
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
GRAP 104 (as revised) Financial Instruments	01 April 2025	Unlikely there will be a material impact



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>3. Finance lease receivables</b>		
<b>Gross investment in the lease due</b>		
- within one year	239 835 499	241 793 931
- in second to fifth year inclusive	881 673 639	758 477 845
	<u>1 121 509 138</u>	<u>1 000 271 776</u>
less: Unearned finance revenue	(142 549 277)	(138 879 591)
	<u><b>978 959 861</b></u>	<u><b>861 392 185</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	183 279 135	179 600 274
- in second to fifth year inclusive	795 680 726	681 791 911
	<u><b>978 959 861</b></u>	<u><b>861 392 185</b></u>
Non-current assets	795 680 726	681 791 911
Current assets	183 279 135	179 600 274
	<u><b>978 959 861</b></u>	<u><b>861 392 185</b></u>

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 them as directed by the rate card and the service level agreement when they reach the end of the lease term

Unguaranteed residual values used in the calculation of the gross investment in lease are based on management's estimation, market guide book 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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

#### 4. Inventories

New motor vehicles	86 566 896	109 536 206
Vehicles held for sale	7 938 603	14 419 988
	<b>94 505 499</b>	<b>123 956 194</b>

#### Reconciliation of new motor vehicles inventory - 31 March 2024

Opening balance	109 536 206	63 210 238
Additions	274 449 387	202 860 454
Transfer to finance lease receivables	(291 642 819)	(151 907 738)
Transfer to own motor vehicles	(340 643)	(392 397)
Transfer to other machinery and equipment	(2 175 598)	
Transfer to relief vehicles	(3 259 637)	(4 234 351)
	<b>86 566 896</b>	<b>109 536 206</b>

The inventory balance for the year relates to 122 (PY:202) motor vehicles acquired by the entity not yet distributed to the client departments which were still stationed at the entity's premises as at 31 March 2024.

#### Reconciliation of vehicles held for sale - 31 March 2024

Opening Balance	14 419 988	22 602 498
Transfer from Property, plant and equipment	39 632 532	35 646 322
Less Disposals/Write offs	(41 743 729)	(40 265 998)
Transfer to Relief vehicles	(1 028 689)	(338 743)
Transfer to motor vehicles	(97 069)	
Transfers to operating leases		(317 571)
Inventory write down	(3 244 430)	(2 906 520)
	<b>7 938 603</b>	<b>14 419 988</b>

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 client departments and the entity and have been returned to the entity for disposal.

#### 5. Receivables from exchange transactions

Trade Receivables	687 835 214	399 590 333
Kugqitywe Trading & Project Pty Ltd	87 462	87 462
Mayibuye Transport Corporation	2 672 573	2 672 573
South African Reserve Bank		5 573
Volkswagen of South Africa (Pty) Ltd		14 479
Department of Transport	4 000	740 535
Staff Debtors	25 971	14 737
Office of the Premier		42 566
Department of Public Works	33 207	
Department of Home Affairs	12 547	12 547
Third Party Claims Receivables	149 438	50 525
Nelson Mandela Municipality		527
Provision for Impairment of Trade Receivables	(36 538 505)	21 168 260
	<b>654 281 907</b>	<b>382 063 597</b>

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



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 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 2024, -R207 849 728 (2023 -R159 940 145) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows

1 month past due	116 952 487	89 084 054
2 months past due	30 008 945	22 157 106
3 months past due	60 888 296	48 698 985

##### Trade and other receivables impaired

As of 31 March 2024 trade and other receivables of -R432 773 265 (2023 -R196 163 820) were impaired and provided for.

The amount of the provision was -R 36 538 505 as of 31 March 2024 (2023 -R -R21 168 260).

The ageing of these trade debtors are as follows

3 to 6 months	432 773 265	196 163 820
---------------	-------------	-------------

##### Reconciliation of provision for impairment of trade and other receivables

Opening balance	21 168 260	39 881 042
Provision for impairment	15 370 245	
Unused amounts reversed		(18 712 782)
	<b>36 538 505</b>	<b>21 168 260</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of

Current Account - ABSA Bank	64 501 371	28 176 952
Call Account-South African Reserve Bank	170 191 372	409 368 095
	<b>234 692 743</b>	<b>437 545 047</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 7. Property, plant and equipment

	2024		2023	
	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment
Furniture and fixtures	2 858 872	(2 123 877)	734 995	(2 053 420)
Motor vehicles	3 541 728	(1 424 030)	2 117 698	(1 689 774)
Office equipment	445 376	(339 512)	105 864	(359 341)
Computer equipment	2 573 856	(2 009 585)	564 271	(2 106 108)
Relief vehicles	38 444 928	(18 713 026)	19 731 902	(17 131 886)
Leased Motor Vehicles- Operating Leases	181 780 326	(36 100 068)	145 680 258	(37 846 469)
Other machinery and equipment	2 175 598	(94 276)	2 081 322	
<b>Total</b>	<b>231 820 684</b>	<b>(60 804 374)</b>	<b>171 016 310</b>	<b>(61 186 998)</b>
			<b>215 133 898</b>	<b>153 946 900</b>

## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 7. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - March 2024

	Opening balance	Additions	Disposals	Write offs	Transfers In	Transfers out	Depreciation	Total
Furniture and fixtures	996 613						(261 618)	734 995
Motor vehicles	2 043 862	437 711	(113 928)	(52 061)			(197 886)	2 117 698
Office equipment	124 393	17 944					(36 473)	105 864
Computer Equipment	971 620			(12 910)			(394 439)	564 271
Relief vehicles	18 911 984	3 259 637	(426 974)	(951 165)	1 028 689		(2 090 269)	19 731 902
Leased Motor Vehicles - Operating Leases	130 898 428	2 175 598		(5 819 707)	72 836 312	(39 632 532)	(12 602 243)	145 680 258
Other machinery and equipment							(94 276)	2 081 322
	<b>153 946 900</b>	<b>5 890 890</b>	<b>(540 902)</b>	<b>(6 835 843)</b>	<b>73 865 001</b>	<b>(39 632 532)</b>	<b>(15 677 204)</b>	<b>171 016 310</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 7. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment -March 2023

	Opening balance	Additions	Write offs	Transfers In	Transfers out	Depreciation	Total
Furniture and fixtures	624 045	617 199	(7 506)			(237 125)	996 613
Motor vehicles	1 693 816	618 141	(52 060)			(216 035)	2 043 862
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	(79 327)			(2 375 111)	18 911 984
Leased Motor Vehicles - Operating Lease	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)	
	<b>148 353 075</b>	<b>6 449 104</b>	<b>(7 272 094)</b>	<b>67 132 493</b>	<b>(35 646 322)</b>	<b>(25 069 356)</b>	<b>153 946 900</b>

#### Operating Leases

Leased Motor vehicles (Operating Leases) relate to those motor vehicles currently being used by the client departments for service delivery which have exceeded lease term per the rate card. These have been classified as operating leases on a month to month basis.

#### Fleet tracker

In November 2019, the entity entered into a contract with Vodacom and acquired vehicle tracker units and cab monitors. On 31 October 2022, the contract came to an end. Even though the entity had acquired the units from Vodacom, they were not compatible with the new supplier's 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.

#### Other

The entity has disclosed certain assets that are fully depreciated but still in use under cost and accumulated depreciation and the impact of these is considered immaterial. The classes which are affected are as follows: Office Equipment, Office Furniture and Computer Equipment.

Eastern Cape Government Fleet Management Services  
Annual Financial Statements for the year ended 31 March 2024  
Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2024	2023
Cost / Valuation	Accumulated amortisation and accumulated impairment	Accumulated Carrying value
		Cost / Valuation
		amortisation and accumulated impairment
		Carrying value
988 069	988 069	602 129

Computer s ftwar

Reconciliation of intangible assets - March 2024

Computer software

Reconciliation of intangible assets - March 2023

Computer software

Impairment of Intangible assets

Intangible assets have been assessed for impairment and are considered not impaired.

Opening balance	Additions	Total
602 129	385 940	988 069
Opening balance		Total
602 129		602 129



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Payables from exchange transactions

Trade payables	67 605 175	39 189 627
Auction Proceeds Payable to User Departments	8 011 890	9 769 441
Other payables	275 171	484 334
Accrued leave pay	1 791 560	1 539 796
Bonus Accrual	1 087 393	994 859
Accrued expenses	68 170 597	56 113 827
	<b>146 941 786</b>	<b>108 091 884</b>

#### Trade Payables comprise of the following:

First National Bank	52 818 241	39 110 353
Ford Motors South Africa	8 712 296	
Nissan South Africa	5 435 120	
Wolters Kluwer	597 249	
Other Trade Payables	42 269	79 274
	<b>67 605 175</b>	<b>39 189 627</b>

**Accrued leave pay** - 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 2024

#### Other Payables

Department of Public Works	111 434	28 573
Lease rental liability	163 737	455 761
	<b>275 171</b>	<b>484 334</b>

#### Accrued Expenses

First National Bank	65 562 905	42 380 931
Isuzu General Motors		1 808 987
Department of Transport	639 673	961 185
Nissan South Africa		4 585 671
Volkswagen of South Africa (Pty) Ltd		4 872 879
Whispers Event Management Society	433 955	
Other Accruals	1 534 064	1 504 174
	<b>68 170 597</b>	<b>56 113 827</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 10. Provisions

##### Reconciliation of provisions - March 2024

	Opening Balance	Increase or decrease in provision	Total
Provision of insurance claim	12 255 184	1 298 624	13 553 808
Provision for maintenance of vehicles	16 375 237	8 005 184	24 380 421
Provision for capped leave	526 719	43 923	570 642
	<b>29 157 140</b>	<b>9 347 731</b>	<b>38 504 871</b>

##### 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
	<b>29 211 656</b>	<b>552 903</b>	<b>(607 419)</b>	<b>29 157 140</b>

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 2024 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 2024 as no employees will qualify for this benefit.

#### 11. Revenue

Rendering of services 526 314 637 517 545 496



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 11. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services 526 314 637 517 545 496

#### Revenue from rendering of services

Full maintenance lease charge - fixed charge 140 827 619 154 227 30  
Full maintenance leases charge - utilization charge 385 487 018 363 318 195

526 314 637 517 545 496

#### 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 086 30 31 March 2023 R1 059.62 per vehicle is charged to Provincial Departments as per approved rate card

#### 12. Interest earned

Interest on outstanding debtors 31 145 894 12 374 591  
Interest portion on finance lease receivables 63 860 815 63 979 051  
Interest earned on call account 30 817 704 28 430 221

125 824 413 104 783 863

#### 13. Personnel costs

Basic salaries 35 208 347 31 030 794  
Service bonus 2 522 283 2 117 677  
Medical aid - company contributions 2 007 125 1 510 778  
Bargaining Council levies 9 778 8 837  
Leave pay 206 184 (183 834)  
Bursaries 9 171  
Pensions on contributions 4 150 084 3 585 365  
Subsistence & travel allowances 186 687 65 693  
Overtime payments 4 478  
Acting allowances 35 662  
Car allowance 408 200 272 124  
Housing benefits and allowances 1 318 537 1 046 151  
Non pensionable cash allowance 2 193 491 3 553 523  
Resettlement allowance 277 722 293 754  
Leave gratuity 28 707 589 430

48 561 978 43 894 770

#### 14. Fleet running costs

Fleet running costs comprises of the following:

Motor vehicles - fuel and oil 277 604 193 272 822 495  
Motor vehicles - repairs and maintenance 185 962 380 122 659 366  
Motor vehicles - other vehicle expenses 52 754 056 52 459 242

516 320 629 447 941 103



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 15. Inventory write down

##### Impairments

Inventory held for sale	3 244 430	2 906 520
-------------------------	-----------	-----------

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.

#### 16. Debt (impairment)/Impairment reversal

Debt impairment reversal		18 712 782
Debt impairment	(15 370 245)	
	<b>(15 370 245)</b>	<b>18 712 782</b>

The debt impairment is as a result of an increase from previously raised impairment in the provision for doubtful debts on trade receivables.

#### 17. Administration costs

Advertising	390 991	289 710
Auditors' fees	3 148 902	3 090 805
Bank charges	731	
Cleaning services	1 324 786	1 081 362
Commission paid	1 873 068	2 095 704
Consulting and professional fees	2 262 817	996 572
Consumables	26 295	50 942
Entertainment	12 030	9 532
Licensing fees	95 694	83 646
Rental of office equipment and building	3 234 045	3 053 877
Hiring of venues and equipment	99 796	58 366
Third party claims - accidents FML	1 270 464	670 847
Repairs and maintenance-own vehicles	3 512 034	3 562 212
Workshop accessories	18 588	
Fuel and oil	1 221 713	1 620 023
Employee wellness	109 750	294 026
Postage and courier	366	832
Printing and stationery	203 997	257 049
Repairs and maintenance - office building maintenance	80 491	159 897
Security services	5 013 810	4 484 900
Subscriptions and membership fees	1 034 230	412 319
Telephone and fax	808 358	855 635
Training and development	555 327	268 875
Electricity and water	1 104 660	1 191 723
Uniforms	15 942	
Audit Committee Fees	404 312	480 774
Catering	98 197	56 107
Accommodation and travel	999 573	973 442
Repairs and maintenance - Office furniture		25 315
Qualification verification expense	12 090	
	<b>28 933 057</b>	<b>26 124 492</b>

#### 18. Auditors' fees

Fees	3 148 902	3 090 805
------	-----------	-----------

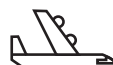


## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>19. Cash (used in) from operations</b>		
Surplus for the year	126 740 704	337 427 438
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	15 677 204	25 069 356
Gain on disposal of inventory held for sale	(4 220 267)	(9 492 147)
Derecognition of assets	(86 958 837)	(217 736 682)
Inventory write down	3 244 430	2 906 520
Debt (impairment)/impairment reversal	15 370 245	(18 712 782)
Movements in provisions	9 347 731	(54 516)
<b>Changes in working capital:</b>		
Inventories	69 030 376	4 088 492
Receivables from exchange transactions	(287 588 554)	50 402 006
Finance lease receivable	(96 609 307)	36 237 351
Payables from exchange transactions	38 849 900	24 694 177
	<b>(197 116 375)</b>	<b>234 829 213</b>



# Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 20. Financial instruments disclosure

#### Categories of financial instruments

##### March 2024

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	654 281 907	654 281 907
Cash and cash equivalents	234 692 743	234 692 743
Finance lease receivables	978 959 861	978 959 861
	<b>1 867 934 511</b>	<b>1 867 934 511</b>

##### Financial liabilities

	At amortised cost	Total
Trade Payables	67 605 175	67 605 175
Accrued expenses	68 170 597	68 170 597
Other payables	275 171	275 171
Auction proceeds payable to user departments	8 011 890	8 011 890
	<b>144 062 833</b>	<b>144 062 833</b>

##### March 2023

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	382 063 597	382 063 597
Cash and cash equivalents	437 545 047	437 545 047
Finance lease receivables	861 392 185	861 392 185
	<b>1 681 000 829</b>	<b>1 681 000 829</b>

##### Financial liabilities

	At amortised cost	Total
Trade Payables	39 189 627	39 189 627
Accrued expenses	56 113 827	56 113 827
Other payables	484 334	484 334
Auction proceeds payable to user departments	9 769 441	9 769 441
	<b>105 557 229</b>	<b>105 557 229</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>21. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not yet commenced</b>		
Motor vehicles	254 021 522	192 298 344
<b>Contracted for but not yet completed</b>		
Motor vehicles	35 900 993	23 031 151
<b>Not yet contracted for</b>		
Motor vehicles	636 704 340	456 127 309
<b>Total capital commitments</b>		
Already contracted for but not yet commenced	254 021 522	192 298 344
Not yet contracted for	636 704 340	456 127 309
Contracted for but not yet completed	35 900 993	23 031 151
	<b>926 626 855</b>	<b>671 456 804</b>
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not yet commenced</b>		
• Goods and services	437 257	1 307 403
<b>Already contracted for and not yet complete</b>		
Goods and services	16 498 847	5 258 614
<b>Total operational commitments</b>		
Already contracted for but not yet commenced	437 257	1 307 403
Already contracted for and not yet complete	16 498 847	5 258 614
	<b>16 936 104</b>	<b>6 566 017</b>
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	1 285 806	2 984 993
- in second to fifth year inclusive		1 285 806
	<b>1 285 806</b>	<b>4 270 799</b>
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 on ERF 18933 East London 25 Castellano Building Woodbrook		
<b>Rental expenses relating to operating leases</b>		
Minimum lease payments	2 692 968	2 607 209



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 21. Commitments (continued)

##### Operating leases as lessee -Photocopy machines

##### Minimum lease payments due

- within one year	338 601	285 651
- second to fifth year inclusive	375 538	346 644
	<b>714 139</b>	<b>632 295</b>

##### Rental expenses relating to operating leases

541 078	446 669
---------	---------

Operating lease payments represent rentals payable by the entity for printing and photocopy machines. The entity is participating in a transversa 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 liability

Third Party Claims - GFMS carries its own vehicle accident risk and accepts liability for claims instituted by third parties that would ordinarily be payable by an insurer. As at the financial year the outcome and amount of claims by third parties against the department, arising from vehicle accidents, is uncertain as the cases are still under litigation.

5 320 374	5 530 225
-----------	-----------

A service provider 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 the service provider. The service provider has now issued summons to GFMS. The entity is defending the matter and the outcome of the litigation process and the amount of the claim is uncertain.

253 000	253 000
---------	---------

There is a pending dispute with the service provider who offered tracking services to the Entity for the installation and subscription fees for November 2022 to March 2023. The matter is still pending and its outcome is uncertain.

9 630 058	9 630 058
-----------	-----------

<b>15 203 432</b>	<b>15 413 283</b>
-------------------	-------------------

##### Contingent Assets

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.

12 803 358	11 722 121
------------	------------

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. An investigation was conducted and the security company was found liable for the losses. The matter has been handed over to the State Attorney and the outcome and the amount of the claim is uncertain.

583 285	583 285
---------	---------

<b>13 386 643</b>	<b>12 305 406</b>
-------------------	-------------------



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 23. Related parties

##### Relationships

Controlling entity

Entities with common control

Members of key management

Eastern Cape Department of Transport

Mayibuye Transport Corporation

Mr. K. B. Gazi (Head of Trading Entity)

Mr. F. Narkedien (Senior Manager: Fleet

Maintenance & SMME Development)

Ms. N. Mafumbu (Senior Manager: Finance)

Mr. B. Chirimuta (Senior Manager: Fleet Development & Provisioning)

Ms. N. Nyalela (Senior Manager: Internal Audit)

Mr. M. Mboya (Head of Institutional Compliance)-

Resigned 30 September 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 Human Resources. The cost relating to these functions cannot be reliably measured and is therefore not disclosed.

##### Related party balances

##### Amounts included in Trade receivables from exchange transactions regarding related parties

Eastern Cape Department of Transport	41 150 406	13 066 026
Mayibuye Transport Corporation	2 672 572	2 672 572

##### Amounts included in Trade payables from exchange transactions regarding related parties

Eastern Cape Department of Transport - Accrued expenses	639 673	961 185
Auction Proceeds payable to Department of Transport	249 971	163 816

##### Related party transactions

##### Salaries paid to employees by Department of Transport on behalf of the trading entity and re-imbursed.

Eastern Cape Department of Transport	48 050 817	43 507 348
--------------------------------------	------------	------------

##### Revenue received from related party in terms of lease agreements

Eastern Cape Department of Transport	32 192 645	32 161 491
--------------------------------------	------------	------------

##### Remuneration of management

##### Management class: Executive management

2024

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K. B. Gazi	1 018 141		457 651	1 475 792
F. Narkedien	817 080	68 090	500 678	1 385 848
N. Mafumbu	825 542	68 795	288 612	1 182 949
B. Chirimuta	813 540	67 795	299 516	1 180 851
N. Nyalela	927 555	77 296	320 347	1 325 198
	<b>4 401 858</b>	<b>281 976</b>	<b>1 866 804</b>	<b>6 550 638</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand

2024

2023

#### 23. Related parties (continued)

2023

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K.B. Gazi	971 832		455 550	1 427 382
M. Mboya	484 569	87 399	180 385	752 353
F. Narkedien	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
	<b>4 026 284</b>	<b>255 973</b>	<b>1 782 929</b>	<b>6 065 186</b>

#### 24. Change in estimate

##### Effect of annual review of rate card

On the 1<sup>st</sup> April 2023, after approval by Provincial Treasury a new rate card came into effect. The newly approved rate card increased the rental income, residual values and the estimated economic lives for certain vehicle categories. The change in rate card had a direct impact on the carrying amount of Finance Lease receivables and certain classes of Property, Plant and Equipment.

**a. Impact on Finance leases:** 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 a higher gain on the recognition of finance leases.

The value of the impact on the Finance lease receivable is R48 479 756 and Gain on recognition of assets increased by the same amount.

**b. Impact on Property, Plant and Equipment:** The change in the estimated economic lives and residual values on vehicle categories had an impact on depreciation for Motor vehicles.

The value of the impact on depreciation charge for Motor vehicles is R7 049 596.

#### 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

March 2023

	Note(s)	As previously reported	Correction of errors and re-classifications	Restated
Receivables from exchange transactions	5	38 690 34	3 2 863	382 063 597
Property, plant and equipment	7	153 985 4 3	38 573	153 946 900
Finance Lease receivables	3	682 322 5 9	53 668	681 791 911
Payables from exchange transactions	9	(107 731 791	360 093	108 091 884)
		<b>1 110 266 995</b>	<b>(556 471)</b>	<b>1 109 710 524</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 25. Prior-year adjustments (continued)

##### Statement of financial performance

March 2023

	Note(s)	As previously reported	Correction of errors and re-classifications	Restated
Rendering of services	11	(516 692 246)	(853 250)	(517 545 496)
Interest earned	12	(104 908 765)	124 902	(104 783 863)
Derecognition of assets		(218 171 897)	435 215	(217 736 682)
Depreciation on property, plant and equipment		25 071 887	(2 531)	25 069 356
<b>Surplus for the year</b>		<b>(814 701 021)</b>	<b>(295 664)</b>	<b>(814 996 685)</b>

##### Prior year adjustment summary

	Note(s)	Correction of errors and re-classifications
Impact on the Statement of Financial Position		556 47
Impact on the Statement on Financial Performance		295 664
<b>Total changes in Accumulated Surplus/(Deficit)</b>		<b>(852 135)</b>

##### Cash flow statement

March 2023

	Note(s)	As previously reported	Correction of errors and re-classifications	Restated
<b>Cash flows from operating activities</b>				
Sale of goods and services		567 557 488	105 581 322	673 138 810
Interest income		104 908 765	(76 350 954)	28 557 811
Suppliers		(597 093 916)	151 810 993	(445 282 923)
		<b>75 372 337</b>	<b>181 041 361</b>	<b>256 413 698</b>



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 25. Prior-year adjustments (continued)

##### Prior year adjustments

The following prior period errors adjustments occurred

##### a) Trade receivables

Adjustments were made to certain trade receivable accounts to correct misstatements made in previous financial years due to the following:

- Full maintenance lease vehicle utilization that was not billed in the prior year
- Interest on debtors that was processed twice on the system.
- Vehicles that were written off and erroneously not removed from the bill.
- Vehicles billed on an incorrect category.
- The above adjustment also had an impact on revenue from rendering of services and interest charged.

The above adjustment also had an impact on revenue from rendering of services (rental and utilization) and interest charged on outstanding debtors. It also impacted the revenue recognised on accounting by principals and agents note 30.

##### b) Finance Lease receivables

A correction of error was made relating to vehicles that were written off in the prior years but not adjusted on the balance. This was due to delays in the internal write off processes. The adjustment has impacted Finance lease receivables, Loss on scrapping of vehicles, rental, Interest on finance leases and Retained earnings.

##### c) Lease Rental Asset

An adjustment was made to reclassify lease rental assets to lease liability.

##### d) Property, Plant and Equipment

The correction of errors due to own vehicles which were disposed in prior period auctions and not removed from the register and ledger. The adjustment has impacted Motor Vehicle cost, Motor Vehicle Accumulated depreciation, depreciation and Retained earnings.

##### e) Payables from exchange transactions

##### Other Payable

- *Lease rental liability:* The adjustment relates to correction of error made on calculation of straight lining of operating leases for office buildings. Another adjustment on this line item relates to reclassification of lease assets to lease liabilities.

- *Go Industry:* The adjustment is a correction of omission during the 2021/22 financial year relating to funds due to the auctioneer Go Industry. These funds were settled to Go Industry, but the account was not adjusted.

##### Accrued expense

The correction of error relates to a non pensionable allowance adjustment that was not effected to some employees in 2021 financial year. This adjustment was implemented by National Treasury.

##### Cashflow

The correction relates to finance lease related adjustments that were incorrectly disclosed on the face of the cashflow. The correction of the error affected the following:

- Interest income
- Sale of goods and services
- Payments to suppliers
- Financing activities



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 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 provides principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

##### 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	183 279 135	179 600 274
Inventories	94 505 499	123 956 194
Receivables from exchange transactions	654 281 907	382 063 597
Cash and cash equivalents	234 692 743	437 545 047
	<b>1 166 759 284</b>	<b>1 123 165 112</b>

##### Current Liabilities

Payables from exchange transactions	146 941 786	108 091 884
-------------------------------------	-------------	-------------

##### 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 the Entity's 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 Metropolitan 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 R56 750 000 (31 March 2023: R39 801 000). The amount of the benefit cannot be reliably measured and has not been recognised.

#### 28. Irregular Expenditure and Fruitless and wasteful expenditure

Add Fruitless and wasteful expenditure identified - current	4 703
---	-------



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

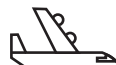
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

28. Irregular Expenditure and Fruitless and wasteful expenditure (continued)

Comment:

Accommodation – official did not check in for accommodation booked for Transport Officers districts



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

#### 29. Budget differences

##### Material differences between budget and actual amounts

##### 1. Revenue

**1.1 Rendering of services:** The additional revenue on rendering of services is from funds rolled over from the previous financial year for replacement of vehicles.

The variance in revenue is mainly due to:

**i) Revenue from utilization of vehicles** - This revenue item is a cost recovery for utilized fuel and kilometres travelled by client departments

During the financial year, revenue from this line item was lower than projected due to the following:

**Fuel:** There was low expenditure by client departments on fuel consumption compared to projections which resulted to under generation of fuel revenue

**Kilometres:** Upon returning of old vehicles at the end of their useful life during the financial year, a reconciliation of actual kilometres travelled versus estimates billed is performed and the overall kilometre usage was lower than the billed estimates, which resulted to more credits to client departments upon reconciliation

**ii) Revenue from rental of vehicles** - The entity has been negatively affected throughout the year by delays in deliveries of vehicle orders by vehicle suppliers leading to low revenue generated than anticipated from rentals.

Vehicles that were projected to be leased through the Main rate card (which has higher rates) are in the Residual rate card (for older vehicles with lower rates).

In addition 210 vehicles that were written off have not yet been replaced.

**1.2 Interest received:** The line item is for interest earned on funds invested by the entity on the South African Reserve Bank investment account. There were more funds invested during the current financial year than anticipated leading to the higher interest generated. Delays in vehicle deliveries by suppliers resulted to delayed cash outflows and more funds in the bank.

**1.3 Other income:** The reason for the under generation of revenue in this line item is due to income generated from auctioning of old vehicles

The number of vehicles disposed during auctions was lower than projections due to slow delivery of new vehicles.

Included in the line item is proceeds generated from auction of old vehicles in line with budget.

**1.4 Gain on disposal of inventory held for sale:** The amount in the line item represents an adjustment for the book value of the vehicles sold on auctions and has not been budgeted for.

##### 2. Personnel costs

The variance is because of savings from leave gratuity budget which was not fully utilized due to less resignations during the financial year.

##### 3. Expenditure

**3.1 Budget adjustment:** The budget for expenditure was adjusted and funds were moved to capital expenditure during the financial year to cater for the replacement of motor vehicles

**3.2 Fleet running costs:** There is low expenditure by client departments on fuel expenditure as compared to projections which resulted in the saving for goods and services

**3.3 Administration costs:** Expenditure is in line with budget

##### 4. Other items



# Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
-----------------	------	------

### 29. Budget differences (continued)

The following items have not been budgeted for:

- Depreciation
- Inventory write down.
- Debt impairment reversal
- Debt impairment
- Derecognition of Assets
- Movements in provisions

### 30. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement are as follows:

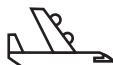
Government Fleet Management Services entered into an agreement with the Provincial Departments to provide fleet services for managed maintenance vehicles. A fixed monthly administration fee of R1 086.13 per vehicle is charged to Provincial departments as per the approved rate card.

Managed maintenance vehicles are owned by the client 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 client 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 client departments.

Government Fleet Management Services therefore, is an agent in the arrangement and the Provincial Departments are the principals.



## Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2024

### Notes to the Annual Financial Statements

Figures in Rand 2024 2023

#### 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 annual financial statements**  
**Resources held on behalf of the principal(s), but recognised in the entity's own annual 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 818 941 (31 March 2023: -R10 642 186) This relates to the administration fee charged for the management of departmental vehicles.

##### Additional information

**Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement**

**Category(ies) of revenue received or to be received on behalf of the principal, are:**

##### Categories

Fleet running costs

##### Additional details

This relates to fleet running costs expenditure paid by GFMS to a service provider (First National Bank) on behalf of the principal Departments

##### Amount of expenses paid on behalf of the principal during the reporting period

Fleet running costs	69 717 711	56 462 5
---------------------	------------	----------

##### Amount of expenses accrued on behalf of the principal during the reporting period

Fleet running costs	14 738 062	11 470 438
---------------------	------------	------------

##### 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

Opening balance	25 681 119	20 463 620
Movements during the year	45 949 788	5 21 499
	<b>71 630 907</b>	<b>25 681 119</b>

##### Reconciliation of the carrying amount of payables

##### Amounts included in Trade payables relating to the arrangement

Opening balance	11 470 438	4 711 637
Movements during the year	3 267 624	6 758 801
	<b>14 738 062</b>	<b>11 470 438</b>

