

Province of the
EASTERN CAPE
TRANSPORT

VOTE 10
Annual
REPORT
2024/25

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

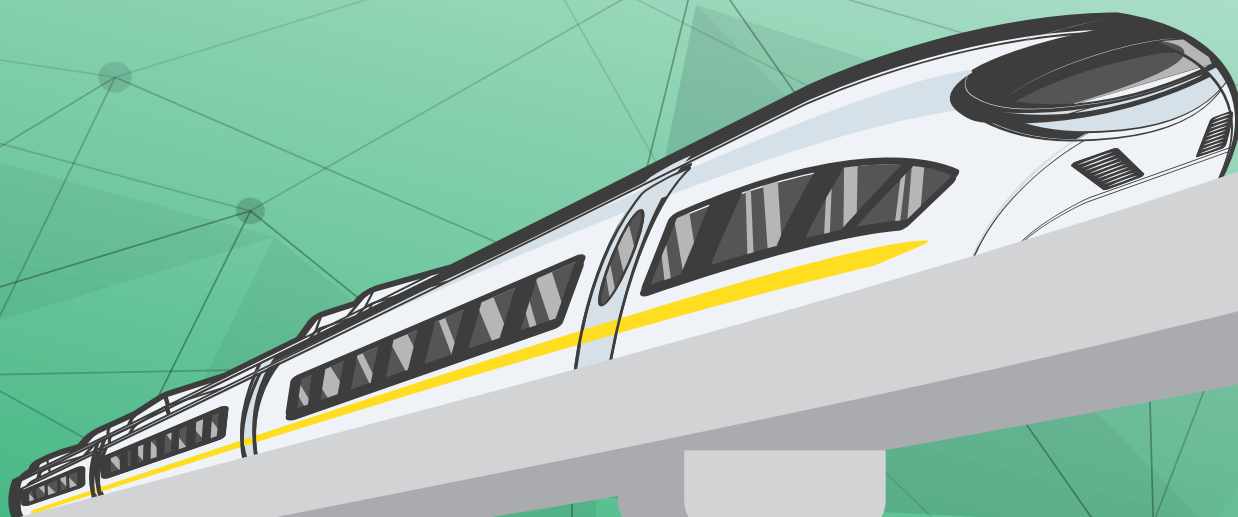


TABLE OF CONTENTS

PART A: GENERAL INFORMATION.....	4
1. DEPARTMENTAL GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS/ACRONYMS.....	6
3. FOREWORD BY THE MEC	8
4. REPORT OF THE ACCOUNTING OFFICER.....	11
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	20
6. STRATEGIC OVERVIEW.....	21
6.1. Vision.....	21
6.2. Mission	21
6.3. Values.....	21
7. LEGISLATIVE AND OTHER MANDATES	22
8. ORGANISATIONAL STRUCTURE.....	23
9. ENTITIES REPORTING TO THE MEC	24
PART B: PERFORMANCE INFORMATION.....	25
1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	26
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE.....	26
3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES	37
4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	44
4.1. Programme 1: Administration	46
4.2 Programme 2: Transport Infrastructure.....	51
4.3 Programme 3: Transport Operations	58
4.4 Programme 4: Transport Regulation.....	64
4.5 Programme 5: Community Based Programmes	69
4.6 Government Fleet Management Service	74
5. TRANSFER PAYMENTS.....	76
6. CONDITIONAL GRANTS.....	78
7. DONOR FUNDS	79
8. CAPITAL INVESTMENT	80
PART C: GOVERNANCE	83
1. INTRODUCTION.....	84
2. RISK MANAGEMENT	84
3. FRAUD AND CORRUPTION	84
4. MINIMISING CONFLICT OF INTEREST	85
5. CODE OF CONDUCT	86
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES.....	86
7. PORTFOLIO COMMITTEE	86
8. MATTERS ARISING FROM BUDGET VOTE 10 DISCUSSIONS (2024/25).....	87
9. PRIOR MODIFICATION TO AUDIT REPORTS	118
10. INTERNAL CONTROL UNIT	118
11. INTERNAL AUDIT AND AUDIT COMMITTEE	119



12. AUDIT COMMITTEE REPORT	122
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	124
PART D: HUMAN RESOURCE MANAGEMENT	125
1. INTRODUCTION	126
2. HUMAN RESOURCES OVERSIGHT STATISTICS	128
1.1. Personnel related expenditure	128
1.2. Employment and Vacancies	129
1.3. Filling of SMS Posts	133
1.4. Job Evaluation	134
1.5. Employment Changes	135
1.3. Employment Equity	143
1.7. Signing of Performance Agreements by SMS Members	146
1.8. Performance Rewards	147
1.3. Foreign Workers	149
1.10. Leave utilisation	149
1.11. HIV/AIDS & Health Promotion Programmes	150
1.12. Labour Relations	151
1.13. Skills development	153
1.14. Injury on duty	154
1.15. Utilisation of Consultants	154
1.16. Severance Packages	158
PART E: PFMA COMPLIANCE REPORT	159
1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES	160
1.1. Irregular expenditure	160
1.2. Fruitless and wasteful expenditure	162
1.3. Unauthorised expenditure	163
2. LATE AND/OR NON-PAYMENT OF SUPPLIERS	164
3. SUPPLY CHAIN MANAGEMENT	164
PART F: FINANCIAL INFORMATION	168
1. REPORT OF THE AUDITOR GENERAL	169
2. ANNUAL FINANCIAL STATEMENT	183
PART G: PFMA COMPLIANCE REPORT FOR GFMS	278
IRREGULAR EXPENDITURE REGISTER	279
FRUITLESS AND WASTEFUL EXPENDITURE	282
PART H: FINANCIAL INFORMATION (GOVERNMENT FLEET MANAGEMENT SERVICE)	283
1. REPORT OF THE AUDITOR GENERAL	284
2. ANNUAL FINANCIAL STATEMENT	293





PART A

GENERAL INFORMATION



1. DEPARTMENTAL GENERAL INFORMATION

DEPARTMENT OF TRANSPORT

PHYSICAL ADDRESS : 32 Cowan Close
Stellenbosch Park
Schornville
QONCE
5601

POSTAL ADDRESS : Department of Transport
Private Bag x0023
BHISHO
5605

SWITCHBOARD : 043 604 7400

WEBSITE ADDRESS : www.ectransport.gov.za

EMAIL ADDRESS : customercare@ectransport.gov.za

FACEBOOK PAGE : Eastern Cape Department of Transport



2. LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation	Description
AARTO	Administrative Adjudication of Road Infringement Offences
AB350	Africa's Best 350 Ltd
ABC	Algoa Bus Company
AC	Audit Committee
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AIDC	Automotive Industry Development Centre
AMDP	Advanced Management Development Programme
APP	Annual Performance Plan
ARP	Annual Recruitment Plan
ASOD	Average Speed Over Distance
ATNS	Air Traffic Navigation System
BAC	Bid Adjudication Committee
B-BBEE	Broad Based Black Economic Empowerment
BCMM	Buffalo City Metropolitan Municipality
CAA	Civil Aviation Authority
CASA	Chartered Accountant South Africa
COTO	Committee of Transport Officials
CBP	Community Based Program
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
CSIR	Council For Scientific and Industrial Research
DDG	Deputy Director General
DLTC	Driver's License Testing Centre
DOE	Department of Education
DORA	Division of Revenue Act
DME	Distance Measuring Equipment
DPWI	Department of Public Works & Infrastructure
DPSA	Department of Public Service Administration
ECDC	Eastern Cape Development Corporation
ECPT	Eastern Cape Provincial Treasury
ECSBOC	Eastern Cape Small Bus Operators Council
EDMS	Electronic Document Management System
EPWP	Expanded Public Works Programme
ERMC	Ethic and Risk Management Committee
EXCO	Executive Council
FTE's	Full Time Equivalents
GEMS	Government Employees Medical Scheme
GFMS	Government Fleet Management Services
GIS	Geographical Information System
HAZLOCKS	Hazardous locations
HCT	HIV Counselling and Testing
HDI's	Historical Disadvantaged Individual
HIV	Human Immune Virus
HOD	Head of Department
HR	Human Resource
HRD	Human Resource Development
IRPTN	Integrated Rapid Public Transport Network
IESBA	International Ethics Standard Board for Accountants
IOD	Injury on Duty
ICT	Information and Communication Technology
ITP	Integrated Transport Plan
KSD	King Sabata Dalindyebo
LDV	Light Delivery Vehicle
LOC	Local Organising Committee
LED	Local Economic Development
MCS	Modified Cash Standard
MEC	Member of the Executive Council
MIS	Management Information System
MPSA	Minister for Public Service and Administration
MPSS	Minimum Physical Security Standards
MTC	Mayibuye Transport Corporation

Abbreviation	Description
MTEF	Medium Term Expenditure Framework
NaTIS	National Traffic Information System
NCDP	National Contractor Development Programme
NDoT	National Department of Transport
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NTRA	National Roads Traffic Act
OEM's	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OL	Operating License
OP	Operational Plan
OTP	Office of the Premier
PCC	Provincial Coordinating Committee
PCMT	Provincial Coordinating Monitoring Team
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PIPTMP	Provincial Integrated Public Transport Master Plan
PILIR	Policy and Procedure on Incapacity, Leave, Ill-health and Retirement
PLTF	Provincial Land Transportation Framework
PPE	Personal Protective Clothing
PPP	Public Private Partnership
PRE	Provincial Regulatory Entity
PSC	Public service Commission
PTOG	Provincial Transport Operations Grant
PSETA	Public Sector Education and Training Authority
PSR	Public Service Regulations
PT	Provincial Treasury
PVA	Public Viewing Area
RAMS	Roads Asset Management System
RISFSA	Road Infrastructure Strategic Framework for South Africa
RMC	Risk Management Committee
RSR	Rail Safety Regulator
RTMC	Road Traffic Management Corporation
SACAA	South African Civil Aviation Act
SANRAL	South African National Roads Agency
SANTACO	South African National Taxi Council
SARS	South African Revenue Services
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SCMU	Supply Chain Management Unit
SETA	Skills Education Training Authority
SG	Superintendent-General
SHERQ	Safety Health Environment Risk and Quality
SIU	Special Investigating Unit
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprise
SMS	Senior Management Service
STEM	Science, Technology Engineering & Mathematics
SP	Strategic Plan
TB	Tuberculosis
TETA	Transport Education and Training Authority
TIMS	Traffic Infringement Management Services
TMH	Technical Methods for Highways
TRAFMAN	Traffic Management System
TT	Task Team
TTC	Transport Technical Committee
TVET	Technical and Vocational Education and Training
VTS	Vehicle Testing Station



3. FOREWORD BY THE MEC



I am very pleased to present this annual report, as our department has shown significant improvement in service delivery during this period. We have achieved a 13% increase in performance compared to the previous financial year (2023/24), where our performance was reported at 65%. This progress is encouraging as we continue to strive for high-quality service for the citizens of our beloved province.

AUDIT OUTCOMES

One of our top priorities is to continuously improve the audit outcomes of our department, ensuring transparency in how we spend taxpayers' money. Additionally, we are dedicated to eliminating fraud and corruption within the department to ensure that our budget is utilized effectively. During the period under review, the department achieved another unqualified audit outcome, and I would like to express my sincere gratitude to the management, led by Head of Department Mr. Andile Fani, as well as to the staff and stakeholders. We aim to ensure that the department's audit outcomes lead to quality service delivery that improves the lives of our people, particularly the downtrodden.

ROADS INFRASTRUCTURE

As we strive to deliver excellent services, our department is working diligently to prevent project stagnation, which can be harmful to both the government and the communities we serve. Our major projects, the Msikaba and Mtentu bridges, are making notable progress despite facing some challenges. We cannot afford any delays in these multi-billion-rand projects, as the consequences could be severe for both the government and our people. Our communities, particularly women, youth, and vulnerable groups, have greatly benefited from these initiatives.

The Executive Authority has been highly proactive during the review period, successfully delivering and monitoring a range of departmental projects. We can proudly mention the following oversight visits.

- On the 1st of April, the Executive Authority led road safety operations on the N2 between King William's Town and Berlin. The Hon MEC is joined by police and traffic officers. The operation was one of the government's efforts to prevent fatal accidents on the province's roads.
- On the 9th of April, the Executive Authority met the community of Mvenyane village in Matatiele Local Municipality to discuss the state of the T17 road. The Hon MEC was joined by Municipal leadership, Traditional leaders and government officials. The Executive Authority also handed over the plant machinery to the municipal leadership, which will be used for maintenance, including the T17 road.
- On the 11th of April, Eastern Cape Premier Oscar Mabuyane and Transport MEC Xolile Nqatha convened a meeting with the South African National Roads Agency Board (SANRAL) in East London. The purpose of the meeting was to discuss progress on the 45 projects that are underway across the province and other matters of common interest.
- On the 16th of April, the Executive Authority officially launched the Centre for Technical Development in Graaff-Reinet. The CTD will function as an advisory and implementation arm to the Human Resource Development Directorate (HRD) for all technical related skills development within the Department.
- On the 17th of April, the Executive Authority officiated the historic signing of the Peace Accord by Taxi Leaders.
- On the 22nd of April, the N2 Wild Coast Development Political Oversight Committee hosted a fruitful engagement session with residents of Thaweni village in Flagstaff. Ingquza Hill Local Municipality Mayor Nonkosi Pepping, Mayor of Winnie Madikizela Mandela Local Municipality Daniswa Mafumbatha, Traditional Leaders, Taxi operators and business people have attended the session. High on the agenda was the issue of development taking place in the area. Chairperson of N2 Wild Coast Development Political Oversight Committee and Transport MEC Xolile Nqatha urged all stakeholders to work with the government to ensure that the multi-billion-rand project is completed without delays.



- On the 28th of April, the Executive Authority handed over a contractor to the community of Hluleka in the OR Tambo District Municipality for the Phase 2 project.
- On the 19th of May, the Executive Authority handed over a contractor to the community of Ntabankulu for the construction of DR08019 road, which links the town to the N2. The multi-million-rand project created dozens of jobs for the locals.
- On the 24th of May, the Executive Authority led the emerging construction contractors' Imbizo at East London International Convention Centre. The Imbizo aimed to transform the construction industry by developing emerging contractors and enhancing the capacity of existing contractors, especially those from previously disadvantaged backgrounds.
- In resolving taxi violence ravaging Maclear, the Executive Authority visited the Elundini municipal jurisdiction. Accompanied by Local and Joe Gqabi District municipality leadership, they met the affected Maclear taxi leadership from both Border Alliance and Uncedo Service Taxi Association. The meeting went well, and all warring parties resolved to stop fighting as soon as possible for peace and tranquillity to prevail.
- The N2 Wild Coast Development Political Oversight Committee conducted an oversight visit to monitor and assess progress at the Mtentu Bridge construction site. The bridge forms part of Sanral's N2 Wild Coast Road project, which entails a 410 km stretch of road from East London to the Mtamvuna River on the border of the Eastern Cape and KwaZulu-Natal provinces. Committee Chairperson and Transport MEC Xolile Nqatha has appreciated the progress made so far.
- On the 7th of September, Transport and Community Safety MEC Xolile Nqatha met with taxi operators at the International Convention Centre in East London. High on the agenda were the following issues:
 1. Taxi Mediation Panel Terms of Reference
 2. Taxi Mediation Panel Report
 3. Implementation Plan
 4. Colloquium Committee Terms of Reference
 5. National Land Traffic Act (NLTA) Amendments
 6. The meeting was also attended by OTP and Department of Transport Officials.

Our province continues to be a bustling construction hub, featuring a variety of the following significant projects currently in progress.

- Upgrading Of Clarkbury DR08034 N2 - R61(Phase 1) To Surface Road
- Upgrading Of Hluleka Nature Reserve (Phase 2) To Surface Road
- Upgrading Of DR08044 Willowville Dwesa Via Msengeni (Phase 3) To Surface Road
- Construction of the Phakade Traffic Station
- Wild Coast Meander Coffee Bay to Zithulele (Ph 1)
- R72 to Hamburg
- The construction of a state-of-the-art multi-modal Centre at Middelburg in Inxuba Yethemba Local Municipality is at the advanced stage.
- Welisizwe Bridge Programme

EC TRANSPORT AND SANRAL

To sustain our province as a construction site, we have established a strategic partnership with SANRAL through a Memorandum of Understanding for the construction of several cutting-edge interchanges and quality roads. This collaboration is expected to expedite the development of road infrastructure across the province.

IMPACT OF CLIMATE CHANGE

We are presenting this report as our province continues to endure increasingly severe weather conditions that are reversing our progress. Heavy rainfall and floods have led to significant damage to our infrastructure, further straining the already limited budget and resources of the department. The ongoing inclement weather has caused extensive infrastructural damage in our province. We particularly highlight the unprecedented tragedy that struck the OR Tambo and Amathole District Municipalities. This devastating disaster resulted in the loss of over 100 lives and caused extensive damage in the O.R. Tambo District Municipality. On behalf of the provincial government, I would like to extend our heartfelt condolences to the families affected by this tragedy. During this period, Nelson Mandela Bay Metro and Chris Hani District Municipality experienced heavy rainfall and flooding, which caused substantial infrastructural damage. The impact of climate change and extreme weather conditions has significantly increased the current R3.4-billion backlog in infrastructure. Currently, 90 percent of our roads are unpaved and require frequent maintenance due to these abnormal weather circumstances.



SCHOLAR TRANSPORT

The department is diligently working to ensure that this program continues its valuable mission of transporting all deserving learners. Our officials, along with the Department of Education, are working tirelessly to ensure that we comply with the Makhandla High Court ruling regarding the program, and notable progress has been made thus far. During this period, we regrettably experienced the delayed payments to operators, and this has been caused by both internal and external issues. A catch-up plan for payment was being implemented. Without defending some delayed payments, I need to indicate that non-payment of SARS and non-compliance with legal documents to ferry learners does have an impact as well on meeting our 30-day payment. Logis rejects the invoices that do not meet the above requirements. There are also internal deficiencies that the Executive Authority directed the HoD to address, and appropriate steps or consequence management will be applied where there are unnecessary delays.

TRAFFIC MATTERS

We are continuing our efforts to prevent fatal accidents in the province; however, such incidents still occur on our roads. Most of these accidents are caused by human error. During this period, we have arrested hundreds of motorists for driving under the influence. These arrests were made during joint operations with law enforcement agencies, including Community Safety, SAPS, and Departmental Traffic Law Enforcement. Their contributions have been vital in reducing the risk of road fatalities and apprehending drunk drivers, criminals, illegal immigrants, etc.

In an effort to enhance road safety measures, we offered bursaries to 152 individuals. Of the 128 Trainee Traffic Officers who completed the Basic Traffic Diploma, 127 were placed under an internship programme as traffic officers and one as a candidate technician. The Department is now looking at placing the remaining 24 external beneficiaries under the internship if funds are available.

OCEANS ECONOMY

As part of the ANC-led government's efforts to drive provincial economic development and job creation strategies, our department hosted the inaugural Oceans Economy Round Table Discussions at the East London Industrial Zone. The ocean economy sector represents a key area for economic growth in the province, and the round table aimed to help the province maximise its 800 km coastline, which offers endless economic opportunities for its residents.

The successful round table discussions were attended by various stakeholders and community members, and the recommendations generated will be implemented in the 2025/2026 financial year.

Following this successful event, we organised the Maritime Career Expo to encourage youth to take advantage of the information available, particularly in the maritime sector. Various stakeholders from maritime and transport-related careers participated in the event.

As I conclude, our department has been targeted by a group of criminals focusing on the yellow fleet used by our in-house teams to maintain and repair primarily rural roads. These incidents mostly took place in the Chris Hani District Municipality. We are urging community members to help protect government property and report any suspicious activity. We are also collaborating with the police to apprehend those responsible for these crimes.

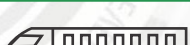
CONCLUSION

I would like to express my sincere gratitude to the management and stakeholders for their dedication and unwavering support of the department. We are committed to implementing all of your inputs and ideas, as they are aimed at improving our department's performance and enhancing service delivery.

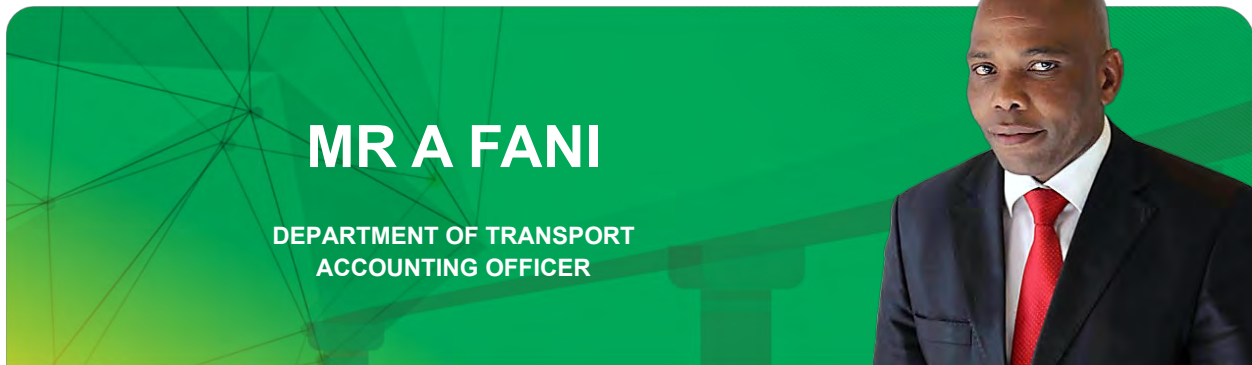
I thank you.



Mr XE Nqatha
MEC for Transport & Community Safety
 31 August 2025



4. REPORT OF THE ACCOUNTING OFFICER



MR A FANI

DEPARTMENT OF TRANSPORT
ACCOUNTING OFFICER

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

This annual report is presented as the fifth and final year of the 6th administration term. The final year contributing towards the implementation of the 5-year strategic period, Provincial and National Development Plan. The Department in the five years has journeyed the 6th Administration towards implementing and achieving initiatives contributing towards a 'Safe and Reliable Transport System.' This Agenda for the Department was embedded in five outcomes that have been set for attainment towards the realization of this impact.

- OUTCOME 1: Improved Public Transport System
- OUTCOME 2: Improved Transport Infrastructure
- OUTCOME 3: Reduced Road Fatalities
- OUTCOME 4: Improved Public Private Participation
- OUTCOME 5: An Effective & Efficient Public Administration

Despite the various emerging challenges in the Department and across the provincial landscape, performance during this reporting period has seen some areas of performance improvement compared to the previous strategic period. This report presents the performance of the Department provided further input in key areas for consideration for the incoming 5-year strategic period.

The Department over this financial year planned to implement and achieve 49 performance indicators. This is lessor than the indicators contained in the APP (52), as 3 performance indicators were not planned for implementation during the financial year. The Department has managed to achieve 38 performance indicators against the planned 49, taking Departmental performance to 78%. The 11 remaining indicators have not been achieved. 9 of the 11 indicators have variances above the 30% threshold from full achievement and 2 indicators with a variance within the 30% threshold from full achievement. Comparatively, the Department has demonstrated 13% improvement from the performance of the previous financial year (2023/24), wherein performance was 65% in the annual report. This improvement is due to strengthened oversight by the various governance and political structures. Operationally, this may be attributed to the concerted effort of ensuring implementation of strategies developed during mid-year adjustment towards performance improvement, which has seen improvement in the Transport Infrastructure and Community Based Programme performance. This performance was realized through budget expenditure of 94.1% of the adjusted appropriation of R5 879 billion during the year under review.

As the Department was striving towards building internal capacity to deliver on its mandate, it has continued with the process of fully implementing its 2022 approved organizational structure. The implementation process has been met with challenges and delays, wherein the consultative processes embarked on were delayed. Albeit these setbacks, it is believed that this process will culminate with a product that will enable the Department to realise an enhanced service delivery environment.

The mandate for the Department towards the provision of an integrated transport system that supports economic growth remains at the center of the operations of the Department. The recorded underspending on infrastructure calls for the Department to do things differently. The Department commits to strengthen monitoring of the procurement pipeline and policies which will see key strategic infrastructure projects move into the construction pipeline. The repositioning and strengthening of the project management office and contract management remain priorities to support and strengthen performance in this area.



The Department has been faced with the pressure of effectively and efficiently delivering on infrastructure projects, due to the bad state of roads infrastructure in the province. Three of the various projects that the Department is implementing through partnerships by entering into Memorandum of Understandings (MOU) both at a national and local level have yielded some positive results this semester. The Department entered into a Memorandum of Understanding (MOU) with SANRAL for the implementation of the Belstone-Breidbach Interchange and the project has been completed. The MOU entered in between Enoch Mgijima local Municipality for the implementation of the Fikile Gwadana Queenindustria Project and the Sarah Baartman Municipality: van Beherens Ring Road Project. Both projects were completed, providing an acceptable level of service relevant to the provision of roads and better way of life for the communities. In an effort towards the implementation of the preventative maintenance strategy, it is worth noting that the Department has completed the reseal of the Butterworth to Centane Project. The project, covering rehabilitation for a distance of 32km, connects the town of Butterworth and Centane is a crucial route for the communities

The Department supported SANTACO and ECSBOC financially towards transforming the public transport industry to maintain peace and stability in the industry. The Department successfully conducted a conflict engagement session with the Taxi Industry. This Session was an interactive session with the industry and was chaired by the Honourable MEC. The main purpose of the session was to table and welcome inputs on the Taxi Mediation Task Team report with its Terms of Reference, Implementation Plan, Colloquium terms of reference and Amendments to the National Land Transport Act.

This reporting period also saw the launch of the 2024 Festive Season Road Safety Arrive Alive, historic trends have demonstrated that the festive season is characterised by lawlessness in our provincial roads which propels pressure on our law enforcement officers. The period unfortunately saw a spike in road fatalities compared to the previous year. This is mainly attributed to driver behaviour. In an ambit to increase visibility and quicker response times, the Department has opened two law enforcement satellite offices in Cookhouse and Cala capacitated by the recently graduated traffic officers. Our outpour of condolences goes to the families that have lost loved ones during this period.

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 and implemented in four out of the six districts – Amathole, Sarah Baartman, Chris Hani and Alfred Nzo. 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 2024/25 financial year though the outcome remains unqualified, have improved to an Unqualified with no material adjustments. 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 has been 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 2025/26 audit.

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

Significant Events

Table 1 describes key departmental significant events during the 2024/25 financial year.

Table 1: Significant events

No.	Date	Event	Description
1	1 April 2024	Joint Road Safety Operations with Eastern Cape Premier, O Mabuyane and the MEC for Transport.	Operation was conducted in an effort towards addressing road safety during the Easter Arrive Alive Campaign. Operation was conducted as a means of creating visibility and awareness on provincial roads.
2	18 April 2024	Signing of Taxi Violence Peace Accord 2024	Signing of Peace Accord with public Transport Stakeholders and operators to maintain peace and circumvent lawlessness within the industry.
3	24 May 2024	Imbizo for the emerging contractors	Various contractors were invited to as part of public private sector partnerships to share in the opportunities that the Department will offer as part of SMME development.

No.	Date	Event	Description
4	26 June 2024	Meeting with the Taxi and Small Bus Associations to table the Taxi Mediation Panel report and its implementation plan	Meeting with affected taxi leadership with the aim of resolving the taxi violence to enable the safe service to the Nqanqarhu (Maclear) community.
5	30 July 2024	2024 EC Department of Transport Career Expo	Career Expo hosted with the theme, Breaking Boundaries: Exploring STEM Careers and below in partnership with SANRAL
6	13 August 2024	Eastern Cape Provincial Women led road safety operations	Women from various Department as part of law enforcement hosted a women led road safety operation.
7	31 October 2024	October Transport Month campaign - Youth dialogue and EPWP Awards.	Department hosted a youth dialogue with the aim of discussing critical issues affecting the youth and possible opportunities from the department. This was done in collaboration with the EPWP awards ceremony.
8	6 December 2024	Festive Road Safety Arrive Alive Campaign with the welcoming of the new recruits who have recently commenced with work.	The Department welcomed 127 newly appointed trained traffic officers, after completing a 12-month traffic law training. This is to boost law enforcement visibility and ensure adherence to traffic regulation on provincial roads.
9	06 - 07 March 2025	Inaugural Provincial Research Symposium organized the department from the	Transport Transformation was launched as a platform dedicating to advanced knowledge system, fostering innovation and highlighting the important role of EC Transport infrastructure, corridors and communities.
10	27 March 2025	Eastern Cape Department of Transport Ocean Economy Round Table Discussion.	The aim of the session was to allow discussion on exploring and tapping into opportunities in the ocean economy sector considering the provinces' 800km coastline.
11	28 March 2025	Transport Maritime Career Expo to expose 300 learners to the available careers in the Maritime Industry.	Career Expo is held in collaboration with various stakeholders within maritime, STEM and transport related careers. The aim of this EXPO was to create awareness in relation to a career in the field of study.
12	20 March 2025	The National SANTACO visited the province to meet with the MEC, the DoT Team and the two warring factions to give feedback on the investigation that was conducted by Presidential Intervention Team on the 20 March 2025	Discussion of issues leading towards the provincial elections of the leadership for SANTACO in the province. This was also a means to work towards a peace election process.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental receipts

Departmental receipts		2024/25			2023/24		
		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)	763 448	702 726	60 722	748 478	705 440	43 038
2	Sale of goods and services other than capital assets	27 106	38 014	(10 908)	25 941	25 040	901
3	Transfer received						
4	Fines, penalties	17 395	45 361	(27 966)	16 648	36 455	(19 807)
5	Interest, dividends and rent on land						
6	Sale of capital assets		11 495	(11 495)		1 136	(1 136)
7	Financial transactions in assets and liabilities	5 909	1 383	4 526	5 655	2 718	2 937
TOTAL		813 858	798 979	14 879	796 722	770 789	25 933



A revenue collection target of R813 858 million was set for 2024/25 Financial Year. The main source of own revenue is from motor vehicle license (MVL) and registration fees. In the year under review the Department collected 98 percent of the revenue target, under collecting by R14 879 million. This represents an improvement from 97 percent recorded in the 2023/24 financial year. The under collection was mainly driven by a few Municipalities (Registering Authorities) and the Road Traffic Management Corporation (RTMC) that did not pay over what is due to the Eastern Cape Department of Transport on time.

Municipalities such as Buffalo City Metro, King Sabata Dalindyebo, Mquma, Kouga, and Mbizana Local Municipalities processed their pay overs (R 7.5 million) on 31 March 2025, and the revenue was recognised in April 2025. RTMC also did not pay over the collections to an amount of R 11.6 million, which were at year end.

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

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

The Department of Transport 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 2024/25 financial year since the Eastern Cape Province is on par with other Provinces and slightly more in some categories.

Penalties and Road Traffic Fines

Motorists apply for the waiver of Penalties and Arrears that accumulate due to late licensing, etc. The penalties and arrears committee assesses the applications and make determinations whether motorists must pay or not. 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.

Vehicle License Number Plates

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

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 under-collection in the category of **Tax receipts** is attributable to some Municipalities (Registering Authorities) and RTMC that did not pay over what is owing to ECDOT on time. It must be noted that the account of the South African Post Office (SAPO) is up to date for the year under review. The Department is however still pursuing the old debt.

Debt Write offs 2023/24

There is an amount of R188 551.29 of ex-employee's debts the department wrote off in line with the departmental write off policy.

Measures taken during the year to keep on track

The department continues to support Municipalities and own Provincial RA's and DLTC's with reconciliations and training.

Letters of demand are issued to owing Municipalities (Registering Authorities).

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

Programme Expenditure

Programme Name	2024/25			2023/2024		
	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	565,246	564,778	468	537,784	530,815	6,969
Transport Infrastructure	2,536,233	2,241,919	294,314	2,318,966	2,146,820	172,146
Transport Operations	1,753,283	1,753,282	1	1,798,311	1,796,586	1,725
Transport Regulations	371,112	368,861	2,251	336,386	332,840	3,546
Community Based Programme	653,703	601,651	52,052	620,047	604,975	15,072
Total	5,879,577	5,530,491	349,086	5,611,494	5,412,036	199,458

Reasons for deviation

During the 2024/25 financial year, the Department recorded spending amounting to 94.1% of the total allocation. The underspending is mainly on **Capital Assets** under Transport Infrastructure due to delays in the execution of capital projects as a result of poor performance by contractors, litigations on the awarded projects that could not commence as planned such as Clarkbury Road from R61 to N2 and Sterkspruit to Mlamli Hospital. The programme spending has further been reduced by an amount of R137 million paid in advance to Buffalo City Municipality (BCM) and National Department of Public Works (NDPW) for the construction of Quenera road in BCM, Welisizwe Bridge programme and towards the SLA Mhlontlo for the construction of the road T67 from N2 to Shawbury. The reduction is as a result of the application of the accounting policy change, which states that prepayments should be recognised in the statement of financial position when the department receives or disburses cash, and only expensed when goods, services or capital assets are received.

Furthermore, there was underspending under Transport Infrastructure on **Goods and Services** due to delays in commencement of the road's rehabilitation projects because of delays in the issuance of work permits, particularly for Humansdorp to Hankey in Sarah Baartman, N6 to Molteno in Chris Hani and N2 to Ntabankulu at Alfred Nzo. Further delays were experienced in the N2 to Ntabankulu Project due to SMME protests.

The Department also underspent under Community Based Programmes due to delays in the replacement of EPWP beneficiaries as well as the delayed issuance of the determination for the increase of stipend by Minister of Labour. This delayed the process of payment for work performed by beneficiaries.

Transfers and Subsidies: The underspending is due to the validation process of invoices and delay in the transfer of funds to Sarah Baartman Municipality due to tax challenges on the Centralised supplier database, hence the delay in the processing of invoices.



Virements

Programme	Adjustment Appropriation	Virements	Final Appropriation
Administration	575,737	(10,491)	565,246
Transport Infrastructure	2,583,056	(46,823)	2,536,233
Transport Operations	1,655,282	98,001	1,753,283
Transport Regulations	401,408	(30,296)	371,112
Community Based Programme	664,094	(10,391)	653,703
Total	5,879,577		5,879,577

Virements

The Department has reprioritised funds from compensation of employees and payment of capital assets within sub-programmes. In summary the department implemented a virement amounting to R98 001 million breakdown in the below table as follows:

Programme 1 has realized savings amounting to R10.491 million to fund Scholar Transport, mainly from goods and services. The underspending on audit fees is due to less scope of audit conducted than anticipated. The programme has also realized savings on operating payments due to a decision to defer appointments until the final organizational structure is implemented. Under expenditure within consultants is due to funds being reprioritized to close off the excess amount for scholar transfer to avoid non-compliance.

Programme 2 has realized savings amounting to R46.823 million. The savings emanate from compensation of employees due to a decision to defer appointments until the final organizational structure is finalized.

Under goods and services, the item infrastructure planning underspent against consultant item due to delays in the implementation of Gap infrastructure Corporation (GIC) scope of work because the Department was still consolidating and identifying projects to be undertaken by the implementing agent. Only contractors had savings realized due to delays in awarding the contract for the purchase of new park homes. Furthermore, under property payments are due to delays in the implementation of the decision by Public Works for the Departments to pay for themselves the costs associated to properties such as security, cleaning services etc.

Programme 3 has received an amount of R98 001 million to fund the short falls for scholar transport. The programme has been experiencing budget pressures to fund Scholar therefore the Department identified savings from different Programmes amounting to R98.001 million. The overspending is as a result of previous years' payment of accruals and payables relating to Scholar Transport including the impact of the increase in the number of learners as well as the use of the old rate card.

Programme 4 has realized a saving to an amount of R30.296 million. The savings emanate from compensation of employees are due to a decision to defer appointments until the final organizational structure is finalized. Under goods and services savings were due to delays in the procurement processes i.e. procurement of uniform for traffic officers (consumable supplies), procurement of cleaning and security services, alcohol testers (machinery and equipment) and due to implementation of austerity measures under travelling and subsistence.

Programme 5 has realized savings amounting to R10.391 million. The underspending is mainly under goods and services, Contractor's item underspent on EPWP Stipend due to delays in the generation of invoices, following the issuance of the determination by Minister for the increase of stipend, consumable supplies and training invoices were not processed due to funds that were exhausted under voted funds because of the use excess facility.

Rollovers

The department submitted the application of rollover on the following projects to Provincial Treasury amount to R146.762million.

- 1. MIDDELBURG INTEGRATED TRAFFIC CONTROL CENTRE** – The project has underperformed due to the poor performance by the Contractor; the Department has served the Contractor with a notice of termination. In the event that the Contract is terminated, the Department will appoint a new contractor from its framework Database to complete Meintjies street.
- 2. WELISIZWE BRIDGE PROGRAMMES** – The underspending is due to the limited work performed because of inclement weather conditions and slow progress on site. There are already contracts in place to continue with the 17 bridges for 2024-25 financial year.



3. UPGRADING OF DR08125: N2 to SIPHETU HOSPITAL PHASE 4A – The invoices could not be processed at year end due to the verification process with the service provider.
4. SLA SARAH BAARTMAN – The underspending is due to the delay in issuing of the works order due to the Municipality's inability to correct their CSD. The contract continues hence the request for the rollover.
5. SLA ENOCH MGIJIMA - The under expenditure is due to the project progressing slower than programmed. The design of the Ilinge Road has been concluded in March 2025 while it was expected to be concluded in December 2024 due to legislative approval. The rollover of funds is required as the project will be going to be construction during the 2025/2026 financial year
6. ROAD MAINTENANCE PROJECTS – The underperformance is mainly on routine road maintenance projects and rehabilitation projects due to bad weather conditions and unrest in the Alfred Nzo District.

STIPEND FOR EPWP BENEFICIARIES – The Department could not process the invoices for stipend for EPWP beneficiaries due to the ministerial determination to increase the stipend of the beneficiaries and there were system glitches that made the process to be longer than anticipated which resulted to the invoices missing the last BAS run.

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

The Department requested an additional budget from the Provincial Treasury and received an excess facility of 270,340 million for the payment of Operators for the Ferrying of Learners.

The Department incurred an unauthorized expenditure amounting to R 232 177 million for payment of operators.

The Department incurred irregular expenditure amounting to R796 thousand, arising from recurring expenditure related to irregularly appointed employees, and R40 thousand relating to the appointment of non-bidders for scholar transport. This reflects a significant improvement compared to the R444 355 million reported in the prior year. The Department remains committed to strengthening internal controls to ensure that no new irregular expenditure is incurred. With respect to fruitless and wasteful expenditure, an amount of R6 736 million was recorded, mainly attributable to overpayments on scholar transport due to kilometre verification challenges. The Department is engaging with operators to implement the Learner Transport System and with the Department of Education to ensure that learner databases are submitted timeously, thereby enabling kilometre verification prior to contracting operators. In addition, a portion of fruitless and wasteful expenditure relates to payments made to deceased EPWP beneficiaries. To mitigate this risk, the Department is in the process of developing a digital system to automate operations and strengthen monitoring controls

Future plans for the Department

The Department has finalized the organizational structure and is in a process of consultations and placement of officials according to the signed structure.

Public Private Partnerships (PPPs)

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

Discounted activities/activities to be discontinued

None

New or proposed activities

None

Supply Chain Management

There were no unsolicited bid proposals for the year under review. The Department has put in place systems and procedures to strengthen the control environment. The Compliance Unit will be used to assess all procurement transactions and issue compliance assurance before approval. SCM experienced a shortage of staff due to promotion and movement to other entities. This will be addressed through the implementation of the 2025/26 ARP which incorporates the capacitation of the Department, including the Supply Chain Management Directorate.

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



Challenges experienced in SCM and how they were resolved

1. Challenge: Poor Contractor / Supplier Performance – Major Capital Infrastructure projects estimated at R1bn had to be cancelled due to poor contractor performance; these were caused by lack of resource capacity and inadequate cash flow.

Mitigating Strategy: The Department has strengthened its risk management process through enhancing risk mitigating conditions both in the specification and the evaluation process. All major infrastructure bid's specifications, have a clause that states that the Department reserves the right to review the bidder's performance on other projects that might not have been listed in their bid proposal. An in-depth financial and resource analysis is undertaken prior to the appointment, and such results are utilized to determine whether the bidder is responsive or not

2. Challenge: Lack of adequate human capital to manage contract management, lack of adequate contract and project management has led to the Department suffering financially as a result of poor workmanship leading to irregular and fruitless expenditure.

Mitigating Strategies: The Department is in the process of filling vacant posts within Contract and Management and has added additional capacity through outsourcing services for Infrastructure Contract and Project Management.

The process of implementing the Learner Transport Management System has been accepted by the relevant stakeholders and this will greatly improve the impact of the over and underpayments.

Gifts and Donations received in kind from related parties

During the 2024/25 financial period, there were no gifts received and declared by any DOT official.

Exemptions and deviations received from the National Treasury

No exemptions or deviations have been received from National Treasury.

Events after the reporting date

Nothing to report on.

Other

No other material facts or circumstances which may have an effect on the interpretation and fair presentation of the financial statements.

Acknowledgement/s or Appreciation

The Department wishes to thank the Member of the Executive Council, Honourable XE Nqatha, for his political and administrative leadership, guidance, and support. The Department has taken strides to render services to the citizens of the Eastern Cape despite challenges experienced and this has been realized through the resilience and dedication of the officials and the management team of the Department. This is acknowledged with appreciation.

Unfortunately, during this period lives were lost, and we bow our heads in honour of our departed colleagues. Their efforts and contribution will always be remembered and appreciated by our people.

A word of appreciation also goes to all our partners and stakeholders in the Transport Industry, the Economic Development Cluster and Provincial Management for their effort in working together with the Department in ensuring that we deliver on our mandate and serve the people of the Eastern Cape with dignity as deserved.

Our engagements and positive relationships with all our oversight structures, more particularly the Auditor General's Office and the Eastern Cape Legislature through its Portfolio Committees and SCOPA is acknowledged with appreciation. We further wish to thank members of the Audit Committees for their valuable contribution and guidance. In conclusion, I would like to acknowledge the continued support by Members of Executive Management in providing strategic direction and guidance to the Department and willingness to serve the people of the Eastern Cape. A word of appreciation also goes to all the employees of the Department for their commitment and dedication in working towards the Departments achievement of its strategic outcomes and outputs.



Approval and sign off

The attached annual financial statement set out on from pages 186 as well as performance information set out from pages 26 have been approved by the Accounting Officer.



Mr. A Fani
Accounting Officer
Eastern Cape Department of Transport
29 August 2025



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 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 2025.

Yours faithfully



Mr A Fani

Accounting Officer for the Eastern Cape Department of Transport

29 August 2025



6. STRATEGIC OVERVIEW

6.1. VISION

An efficient, safe, sustainable, affordable and accessible 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 by 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 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 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, practicing positive values. We will aim to be always reliable and trustworthy, and doing what we say we will.

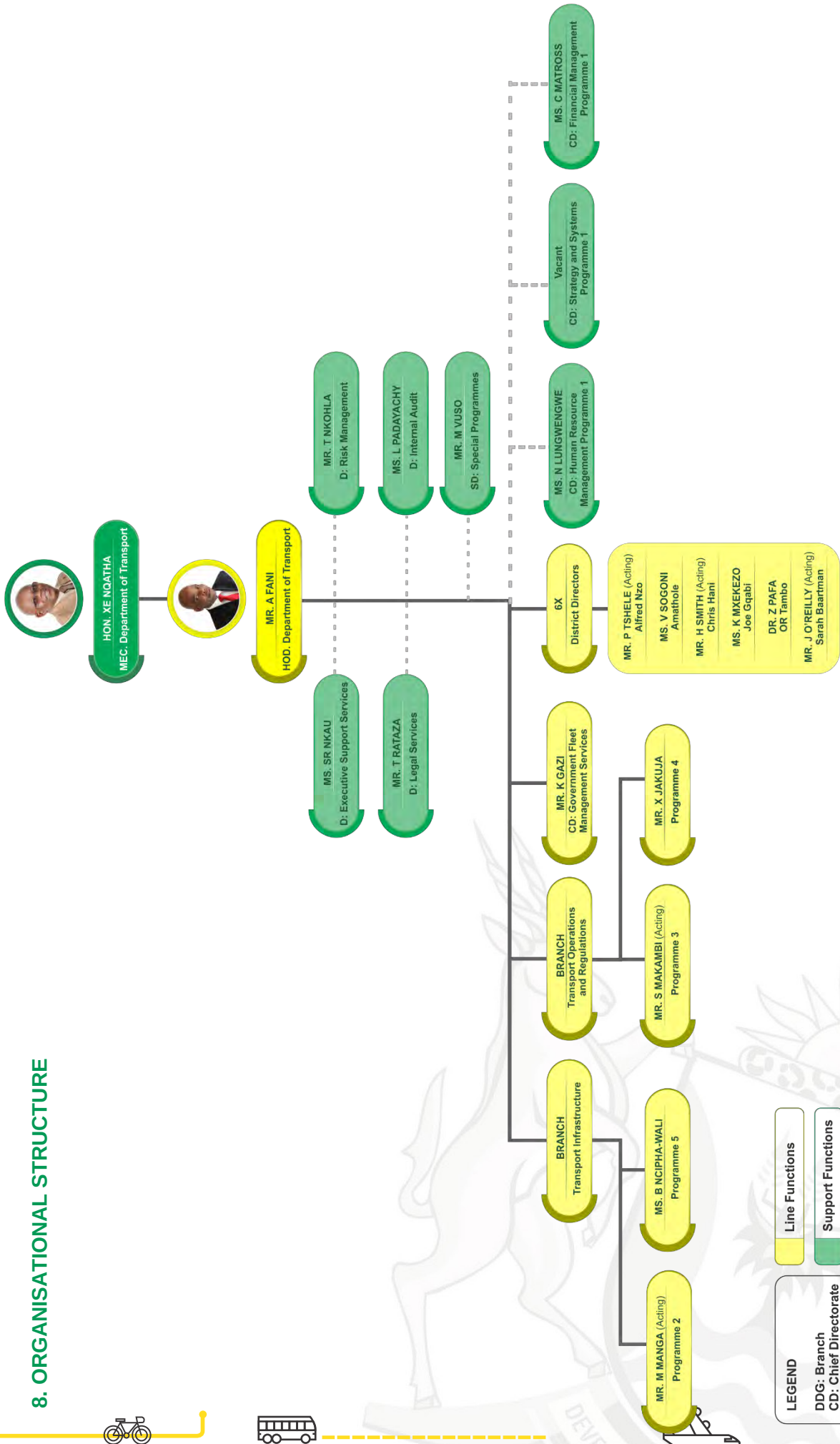


7. LEGISLATIVE AND OTHER MANDATES

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

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

8. ORGANISATIONAL STRUCTURE

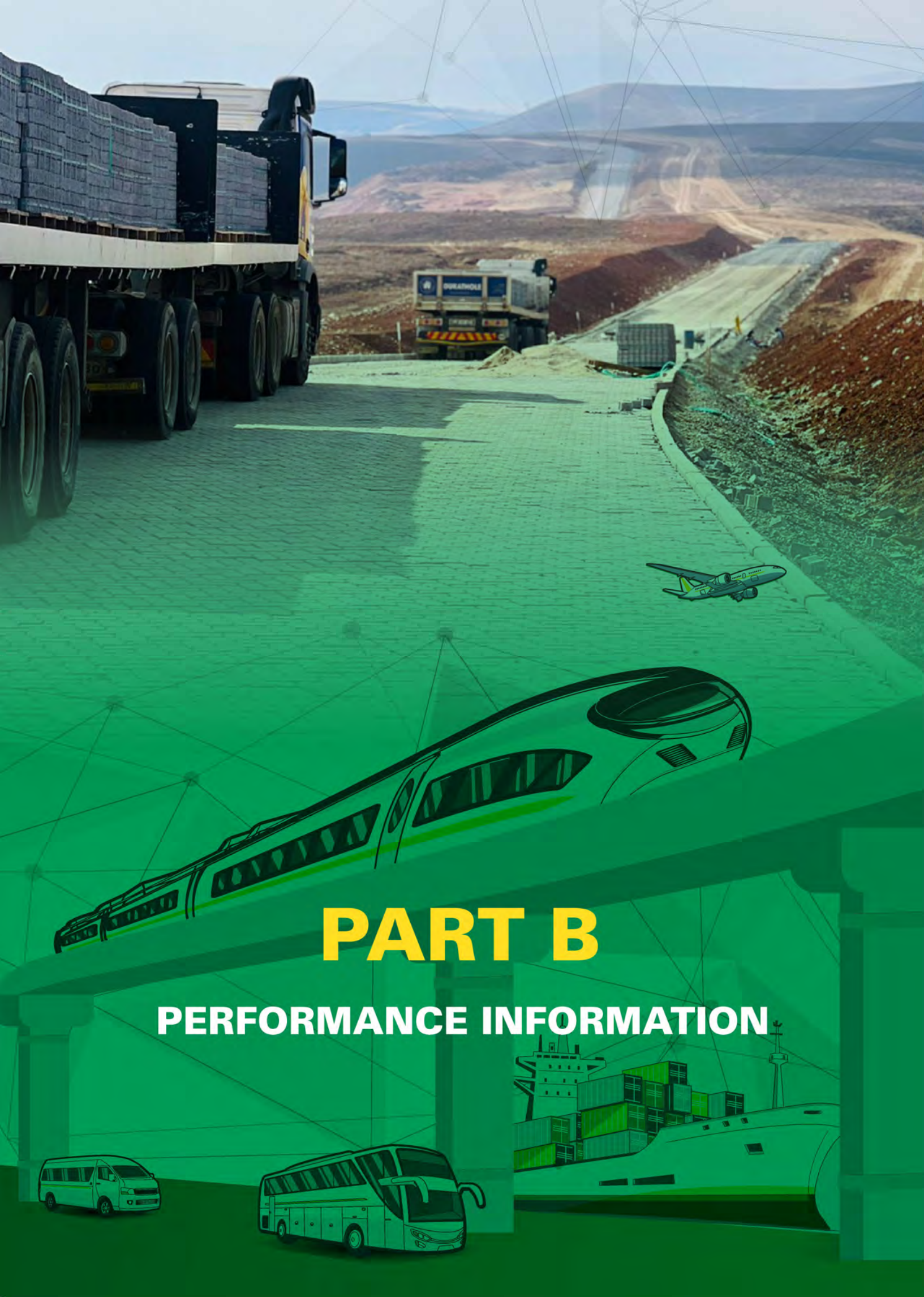


9. ENTITIES REPORTING TO THE MEC

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

Mayibuye Transport Corporation				
Name of Entity	Legislative Mandate	Financial Relationships	Nature of operations	Outcomes
Mayibuye Transport Corporation	Ciskeian Corporations Act (Act 18 of 1981)	Mayibuye is funded by means of a grant-in-aid, which is reflected in transfer payments in the income statement of the Department. The Corporation submits its budget, business plan, management reports, financial statements and audited financial statements in compliance with the relevant provisions of the Public Finance Management Act.	The Corporation exists as a parastatal bus operation, which provides passenger services in the Amathole District and parts of the Chris Hani District.	Safe, reliable and affordable public transport services. Improved governance and administrative systems to ensure sustainability of services.

Government Fleet Management Services				
Name of Entity	Legislative Mandate	Financial Relationships	Nature of operations	Outcomes
Government Fleet Management Trading Entity	Treasury Regulation 19	Initial capital investment of R362m was injected to establish the Trading Entity. This includes the buyback 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 certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 170 - 180 of the Report of the Auditor General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

Service Delivery Environment

The service delivery environment seeks to provide a balanced overview of the environment within which the Department operated to implement its mandate. The purpose of this section of the report is to provide users of the Annual Report with challenges, successes and other factors that impacted the performance against set targets in the 2024/25 annual performance plan.

The Department of Transport operates within a complex environment underpinned by a broad transportation mandate. This financial year, the Department has operated in a service delivery environment that was characterized by both challenges and achievements. As the Department was striving towards building internal capacity to deliver on its mandate, it has continued with the process of implementing its 2022 approved organizational structure. The implementation process has been met with challenges and delays, wherein the consultative processes embarked on were delayed. Albeit these setbacks, it is believed that this process will culminate with a product that will enable the Department to realise an enhanced service delivery environment.

Regardless of the low vacancy rate, the Department continued to implement its Annual Recruitment Plan to ensure that there is sufficient capacity to deliver its services. Towards the end of 2024, the Department held its recruitment and selection processes in abeyance due to the full implementation of the organizational structure. This putting on hold of recruitment and selection processes came at a time when the e-recruitment system, built to create efficiencies in the recruitment processes, was running well and was a critical success for the Department.

The main services of the Department of Transport were:

Main Service	Key functions
Administration/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. Provide strategic human resource function within the Department. • 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.
Transport Infrastructure Services	Construct, rehabilitate and maintain the provincial road network. • Offer learnerships and graduate training through the CTD • Provide project management & 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 national and provincial roads. • Provide law enforcement on national and provincial public roads. • Provide accredited as well as non-accredited traffic training and development to the traffic profession within our province. • Provide law enforcement interventions.

Main Service	Key functions
Community Based Programmes	Coordination of creation of work opportunities through community development and EPWP programmes. • Facilitate programmes to develop emerging contractors. • Offer construction-related skills development opportunities, including training and artisan skills training.

Key Service Delivery Achievements per service area

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

Service: Provide bursaries for deserving students studying transport related studies

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 departmental staff members. 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. Out of 194 external beneficiaries for bursaries, 42 beneficiaries are continuing with their studies for the 2025 academic year, and 152 beneficiaries have completed their studies. The Department is looking at placing the remaining 24 external beneficiaries under the internship if funds are available. Out of 73 internal beneficiaries for bursaries, 44 are continuing with their studies in transport-related fields. Out of 29 internal beneficiaries, ten completed their traffic related studies, three completed their Masters degrees, five completed their Advanced Diplomas in various studies, three completed their Postgraduate studies, eight completed their Bachelor's Degrees, and one did not complete the 1st year.

Service: Transport infrastructure provision

The Departments 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 designs for the upgrading of the MR0700 Stutterheim to Keiskammahoek and Ugie Internal Streets were completed during the period under review. The Department is further continuing with designing for upgrading of Lower Nxanxa Road and DR08017 Upgrading of R56 to N2, into the new financial year 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 up to improve road safety for both motorists and pedestrians alike, especially community members. This will also ensure easy and safe access to the Eastern Cape Legislature in Bhisho and onto R72 from Kidds Beach respectively. The Belstone/Breidbach project has been completed, and the electrical works that The R72 to Kidds Beach Interchange project has been put due to poor contractor performance. SANRAL is still in the process of reviewing the project in terms of its viability for continuation. The Department will continue working with SANRAL to expedite roads infrastructure development across the province.

The Department has continued with the Implementation of the Welisizwe Bridge Programme. The Programme was designed to address the infrastructure backlog in rural communities, particularly focusing on the construction of bridges that have been damaged by floods or inadequate in various communities. The initiative as implemented in the various provinces aims to improve access, support economic recovery and create job opportunities. Though this Programme has been faced with a myriad of challenges, the 2024/25 financial year has registered some progress towards completion of the majority of the bridges. The first phase of the Programme was construction of 19 bridges across three districts in the province, namely Amathole, Alfred Nzo and OR Tambo. The completion stage of the nineteen (19) bridges is estimated overall at 89%. Progress of the bridges in respect of the first phase under implementation is the following;

- Twelve (12) Bridges are practically complete and have received certification from the Engineers (Mfundisweni, Mbotyi, Rhebu, Cwaka, Mqothwane, Dedeni, Sunrise, Ntlenga, Mdlankala, Mkhatha, Dambeni and Zixambuzi).
- Two (2) bridges are nearing completion and are sitting at site clean-up between 91% and 99% completion (Ntsintsinyane and Mnqezu Gap 1).
- Two (2) bridges have been boomed, progress sitting between 80% and 90% completion (Mnqezu Gap 2 & Tebetebe).
- The remaining two (2) bridges which have not been boomed and are at 40% - 79% completion (Ndwaka, Folokwe).



One bridge, the Mneni, was completed during the financial year, however it since been washed away during January 2025, and the Department has commenced with deploying resources to ensure the reconstruction of the Project.

The second phase of the implementation of the Welisizwe Bridge Programmes encapsulates the construction of seventeen bridges. The construction is envisaged to commence in the 2025/26 financial year. All the bridges planned for implementation have been assessed and have been deemed to be feasible for the Bailey-type bridge. Of the seventeen bridges, sixteen bridge sites have South African National Defence Force (SANDF) officials established and ready to commence with construction. The construction of these bridges not only improves transportation but also enhances social cohesion and economic activities in the rural areas. Over eight hundred work opportunities have been created through the implementation of the programmes from the first phase.

The Department has been faced with the pressure of effectively and efficiently delivering on infrastructure projects, due to the bad state of roads infrastructure in the province. To this end, the Department is currently implementing the following capital projects as work in progress. The table below reflects progress for the financial year and expenditure against each project.

Project Name	Project Appropriation R'000	Project Expenditure R'000	Progress as at end March 2025	Project Challenges
The progress provided below is progress on the design stage of projects intended to be constructed by the Department				
Design for Upgrading of DR08017 Cedarville to Mvenyane – Phase 4	2 570	2 477	This detailed design report was completed in the previous financial year. The Department envisages continuing with the construction of the project. The project is currently at Tender documentation and Procurement stage for implementation for commencement of implementation at the end of 2025/26 financial year.	No challenges in the design process have been reported to date.
Design for Upgrading MR700	2 435	2 353	The Department intended to complete the design of the road; however, the road was transferred to SANRAL. This is due to the strategic importance of the road and the fact that the Department does not have adequate financial muscle for the maintenance of the road.	No challenges in the design process have been reported to date.
MR00700 (Stutterheim to Keiskammahoek)	810	810	The Department intended to complete the design of the road, and the target was reached. A final detail design was completed in preparation for tender documentation and procurement stage.	No challenges in the design process have been reported to date.
DR08017 Mount Frere to Cedarville Phase 1	2 200	1 445	The Department is planning to complete the preliminary design for the period under review. The preliminary design has been completed, and the Department is proceeding with the detailed final design.	No challenges in the design process have been reported to date.
Design of Lower Nxaxa	2 200	2 200	The Department planned to complete the preliminary design. An Environmental Assessment Practitioner was appointed, and the environmental application process is progressing well.	The Department is in the process of identifying Additional budget is required for the 2025/2026 FY, to conclude the design and tender stages of the project.

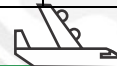
Project Name	Project Appropriation R'000	Project Expenditure R'000	Progress as at end March 2025	Project Challenges
			An OHS Agent was appointed, following negotiations with the preferred service provider. The Department is continuing with the detailed design of the projects	
Design of Ugie Internal Streets	2 883	1 966	The final detail design has been completed as planned for the financial year. The Department will proceed to Tender documentation and procurement stage.	No challenges in the design process have been reported to date.
Design for upgrading of DR08017 - Phase 2	2 510	1 602	The Project has completed the Preliminary design stage and is currently undertaking the detailed design stage.	No challenges in the design process have been reported to date.
Design for upgrading of DR08017 - Phase 3	3 434	3 434	The preliminary design has been completed. The draft detailed design report has been completed and presented to the Department. The Department is awaiting final submission considering areas raised during the final detailed design presentation.	No challenges in the design process have been reported to date.
Progress against capital projects (Upgrades & Additions)				
Upgrading Of DR08606_Sterkspruit Mlamli Hospital to Surface Road	100	-	The Department planned to commence with the construction phase of the project; however, the Department with served by an application that the awarded company is under liquidation. Upon receiving legal opinion on the project, the termination letter has been served to the contractor. The Department intends for the project to go out on tender in the 2025/26 financial year.	Delayed commencement of the project.
Upgrading Of T125 (Phase 4) N2 To Siphetu Hospital Surface Road	122 319	122 319	The project is a key strategic project for the Department. The project is progressing well and is overall at 45%, and within the planned construction programme. Work progressing well on site.	No challenges have been reported; however, the Management Consultant contract is coming to an end, and the Department intends to advertise a consultant to continue with the supervision works.
Centane/Kei Mouth Qholorha Phase 4	5 709	4 954	Project was completed in the 2022/23 financial year. Retention payment for the period under review.	n/a
Upgrading Of Clarkbury DR08034 N2 - R61(Phase 1) To Surface Road	-	-	The road was transferred to SANRAL during the period under review. Due to the strategic importance of the road in the Province, the Department has contracted a Service Level Agreement (SLA) with SANRAL and will continue to manage the project during its construction phase.	n/a



Project Name	Project Appropriation R'000	Project Expenditure R'000	Progress as at end March 2025	Project Challenges
Upgrading Of Hluleka Nature Reserve (Phase 2) To Surface Road	17 500	16 759	There is minimal progress during the financial year, with overall project progress at 6%. This is due to continuous challenges persisting i.e. delayed or non-payment of labourers and WSM employees, limited plant on site, no work for several days adding up into weeks etc.	The Department has served the Contractor with Notice of Termination letter to be expired on the 24th of April 2025
Upgrading Of DR08044 Willowvalle Dwesa Via Msengeni (Phase 3) To Surface Road	3 448	3 448	The Bid has been submitted to Provincial Treasury for recommendation through the Interim Bid Advisory Committee (IBAC). The Department is anticipating awarding the contract at the beginning of the 2025/26 financial year.	No challenges have been reported to date
Construction of the Mthatha Traffic Station	-	-	The contractor submitted termination letter in December 2024, and the matter has been referred to the department legal unit.	A determination on the next steps will be conducted after analysing the project termination process.
Middelburg Integrated Traffic Control Centre	8 848	8 376	The project is not progressing well, due to the contractor's poor performance, as no work has been done on Meintjies Street as planned by the Department. Minimal work on project was done during the financial year. The Department is in the process of serving the contractor with a termination notice.	Progress on site is extremely slow due to the contractor experiencing severe cashflow challenges.
Construction of the Phakade Traffic Station	7 252	6 949	The project was completed in January 2025. The project is in the process of being transferred to the local Municipality.	No challenges to report as the project is completed.
Wild Coast Meander Coffee Bay to Zithulele (Ph 1)	26 419	21 966	Annual progress is at 70% towards the annual target of 2km. No kilometres were surfaced during the year.	The project incurred a shortage of construction materials and was affected by theft of materials at the local Zithulele quarry.
R72 to Hamburg	23 641	21 984	3,3km of surfaced road was achieved in the financial year. The project has been completed to a stretch of 13,5km	No challenges to be reported.
Divisional Road 08041 - Cofimvaba to Askeaton	29 085	26 054	Annual progress is at 90% towards the annual target of 2km. No kilometres were surfaced during the year.	The following challenges were reported on site: Work Stoppages due to strikes by business forums seeking for business in project packages. Breakdown & shortage of critical plant. Accidents that may occur due to the vandalism of road signs by children in the community. It has already delayed finishing our layer works earlier. Risk of site shutdown due to the non-payments of staff accommodation, landlords may evict the tenants.



Project Name	Project Appropriation R'000	Project Expenditure R'000	Progress as at end March 2025	Project Challenges
				Risk of accident due to culvert bridge crack underneath the bridge,
Canzibe Hospital Road	38 357	35 369	Canzibe hospital Road reported 92% progress, including 1.4km of surfaced road.	Challenges reported on site are as follows Social facilitation issues with traditional leadership and communities emanating from sourcing of suitable pavement materials and aggregates Collapse of backfill material at stormwater drop intel areas due to heavy rainfall
DR 08131 in Qumbu	14 065	11 144	The Tsilitwa to Qumbu Project reported 82% progress. No kilometres were reported under paved level.	Challenges reported on site are as follows: Work stoppage due to strikes. Social facilitation issues with Project Steering Committee (PSC) and local community emanating from sourcing of suitable pavement materials and aggregates
Projects Implemented through Service Level Agreements				
SLA DoT Great Kei Municipality	3 100	3 100	1. Upgrading of DR394 Haga Haga Road (13 kms) - Concept and Viability Report (Preliminary Design Report) has been approved. Awaiting Detailed Design Report (DDR). Environmental Management approval is still outstanding. 2. Upgrading of road to Kei River from Main Street (1 km) - Concept and Viability Report (Preliminary Design Report) has been approved. Awaiting Detailed Design Report (DDR). Environmental Management approval is still outstanding.	Delays on completion of the detailed design report
SLA EC-DoT Mhlontlo LM 23/24	5 000	2 418	Upgrading of T67 (Shawbury Road). Gateway Review session for Concept and Viability Report (Preliminary Design Report) has been conducted. Gateway Review report is still awaiting.	Delays on completion of the detailed design report
SLA EC Enoch Mgijima LM Phase 5/Fikile Gwadana Drive	21 736	12 598	Fikile Gwadana Road - Project has been completed and Completion Certificate issued. Upgrading of 6.7km. 4.225km of asphalt and 2.45km paving leading to the Ikhala TVET College.	-
SLA-EC DoT Sarah Baartman (Makana LM)	16 000	5 741	The Department is implementing the following projects Upgrading Van Behrens Ring Road in Riebeeck East - Completed. Rehabilitation of M Street and Albert Street in Makhanda - The project is overall at 41%. The project experienced delays due	-



Project Name	Project Appropriation R'000	Project Expenditure R'000	Progress as at end March 2025	Project Challenges
			to non-payment of the Municipality by the Department. This non-payment has caused delays with the progress of the contractor.	
Reseals and Rehabilitations				
Butterworth to Centane Rehabilitations	53 951	53 163	Completion certificate was issued in November and 67,305 sqm was achieved.	Challenges have been resolved.
Rehabilitation of TR04601 Grahamstown to Port Alfred	575	575	Completed during the 2023/24 financial year	Retention has been paid.
Rehabilitation of MR00664 (N6 to Molteno) and DR08571/2- N6 Linge	50 000	49 583	Pothole repair underway, main roadworks in progress in the Sterkstroom town, Progress to date is 23,67%. 17 288.63m ² achieved for the period under review. A total of 25 086,61 m ² has been achieved against rehabilitation target by end of March 2025, against target of 85 832m ² .	Delays were made at the start of the project
Rehabilitation of DR08019 N2 to Ntabankulu	18 575	15 340	Pothole repair underway, testing and procurement of SMMEs in progress, main roadworks commenced in February 2025, however, no areas were surfaced. Progress overall is at 7.16%. No output against the target of 50 568m ² was reached.	The project has experienced challenge on protests and technical issues between the contractor and the consultant
Rehabilitation of MR00391 (Humansdorp to Hankey) In the Sarah Baartman District	84 390	84 260	Work on the main roadworks underway. Progress overall is at 38.26%. 82 178 m ² achieved during the period under review. The department achieved 105 578 m ² against rehabilitation	No challenges reported to date, as project is still at site establishment phase.

Service: Manage and monitor subsidized 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 (ABC) and Mayibuye Transport Corporation (MTC). A maximum of 2 397 routes has 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 Provincial Transport Operations Grant (PTOG) for Algoa Bus Company, the Department has continued to provide an operating subsidy for these three bus services.

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

The Department continued to process and issue abnormal load vehicle permits during 2024/25 utilising the abnormal load system for streamlining the classification and registration of abnormal load vehicles and automating the issuing of permits. During this period, the Department has seen a spike in the issuance of abnormal load permits due to the projects implemented in the Sarah Baartman District such as the wind turbines. The Department has experienced some delays in the exploration of an upgraded system with CSIR to ensure improved turnaround times and finalisation of applications.

Service: Road Safety Education & Awareness Programmes

The Departments 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 people 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. One hundred and fifty Trainee Traffic Officers (external) were awarded bursaries towards Basic Traffic Diploma, however, one hundred and forty-two were able to continue with their studies. Of the 150 external bursary beneficiaries, eight were disqualified during the commencement of the training as they were unsuccessful during personal suitability checks. Of the 128 Trainee Traffic Officers that completed the Basic Traffic Diploma, 127 were placed under the internship at the beginning of 2025. The one remaining Trainee Traffic Officer passed on before the award of the certificate. A total of 9 Trainee Traffic Officers did not progress (2 Alfred Nzo District, 1 Amathole District, 1 Chris Hani District, 2 Sarah Baartman District, 2 Joe Gqabi District, and 1 OR Tambo District) and 5 were dismissed (2 Sarah Baartman District, 1 Chris Hani District, and 2 OR Tambo District).

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

The following service delivery challenges have continued to impact Departmental performance during the period under review:

- Non-performing infrastructure contractors have resulted in major delays in the completion of several infrastructure projects. The financial climate within which the country is operating is seeing volatility with ongoing contractors struggling to remain financially viable. The delays experienced in these capital projects due to this poor performance have had an impact on the cost and timeous completion of infrastructure projects. The department has strengthened its project delivery management capacity and engaged the services of an implementing agent to assist with project and contract administration. The Department will strengthen its prequalification criteria by tightening contractor pre-qualification requirements focusing on financial health, past performance, and capacity. Additionally, towards providing support for Emerging Contractors, the Department will provide financial and technical support to local SMMEs via the National Contractor Development Programme.
- Service delivery protests continued to have a major impact on transport infrastructure, this affecting the timeous completion of projects. These unrests and community interference include the blocking of roads and disruption of bus services. This had a significantly negative impact on road users, subsidised bus services and learner transportation. Such protest actions, which often include the burning of tyres and other forms of vandalism, have a negative impact on the already dilapidating condition of the provincial road network. The costs of repairing this damaged infrastructure have a negative bearing on an already constrained budget. The Department will improve its stakeholder engagement initiatives by participating in ongoing community engagement forums to pre-empt grievances. This will further allow the Department to access local community liaisons to identify potential protest triggers early.
- Community unrests at construction sites continue to slow down the delivery of infrastructure. The allocation of work packages to local SMME's, the employment of local labourers and disagreements in the formation of local project steering committees (PSCs) continues to be a challenge that results in community unrests and work stoppages.
- Non-availability of material from local borrow pits has also slowed down progress on infrastructure projects. This has also had a negative bearing on the quality and 'durability' of the maintained road. The Department will relook its PSC Framework and ensure it develops clear guidelines on forming and operating Project Steering Committees. Additionally, towards capacity building, it will train local SMMEs and PSC members on compliance and project governance. The Department is proposing the following recommendations for supply of materials from local borrow pits: diversifying supply sources by approving multiple borrow pits in strategic areas to avoid bottlenecks. Additionally, environmental fast-tracking can be done by working with Department of Environmental Affairs and Tourism (DEDEAT) to expedite permits for vetted pits; and lastly developing a Local Sourcing Strategy whereby the Department can collaborate with nearby municipalities and private quarries for supply agreements.
- Reports of an escalating number of extortion incidents continue 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 effect on the safety of



Departmental employees. Smaller contractors affected by this were especially reluctant to report such incidents to law enforcement for fear of reprisals. The Department will cooperate with local law enforcement in their Anti-extortion efforts to handle construction extortion cases.

- 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. Towards curbing fraud and corruption in licensing and Testing, the Department will promote and protect internal reporting mechanisms towards whistleblower protection. Furthermore, the department will research various digitization mechanisms to explore the rolling out of online testing and licensing platforms to reduce human discretion.
- Violence relating to disputes in the taxi industry has had a negative impact on commuter safety and the efficient running of the public transport system. Violent conflict between taxi operators and associations and other bus companies were further exacerbated by the allocation of routes. A Taxi Mediation Task Team has been set up with an external stakeholder to investigation of causes of violence and make recommendations on curbing this. As a means to accelerate taxi mediation outcomes, the Department will seek to resource the Mediation Task Team for rapid action and enforceable resolutions. Additionally, the Department will support commuter safety programs by launching public transport security campaigns and visible policing at high-risk hubs.
- The Department has also seen extended timeframes for approvals from external stakeholders such as Department of Labour and Environmental Affairs. The issuance of works permits, and delayed approval of environmental related issues has had an adverse effect on timeous commencement of infrastructure projects. The Department will strengthen Interdepartmental MoUs by seeking out Service-Level Agreements (SLAs) with approving departments with strict turnaround times. Additionally, it will seek to participate in integrated planning platforms to identify departmental liaisons within Labour and Environmental Affairs to fast-track approvals.
- Litigations and legal challenges continue to affect both service delivery and the already constrained budget of the Department. Though the litigation on the DR08034 project (N2 to R61 via Clarkbury) has been resolved, the Department is faced with another interdict to appoint on one of the key strategic projects of the Department, the Mlamli Hospital Road project. These have delayed the commencement of the project. The growing number of litigations against the Department, due to potholes claims, is adversely affecting the already constrained financial position of the Department. The Department is looking into integrating legal reviews in project planning to identify risks early.

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. The Department has facilitated that the Department of Labour to conduct an assessment and areas of improvement
- Cost pressures in the Scholar Transport Programme have resulted in the reprioritization of funds, therefore affecting the achievement of planned performance.
- Funding constraints towards recapitalization and repairs of plant items. This has affected the achievement of the blading activity fleet availability to support in-house operations.
- Aged Plant Complement. This has a direct effect on the ability of the Department to effectively utilize its plant items to support in-house operations of the Department.

2.2 Service Delivery Improvement Plan

During the period under review, the Department did not have an approved service delivery improvement plan (SDIP) because the department lacked expertise to draw the SDIP owing to staff movement and delayed replacement. The DPSA also introduced a new web-based template with deadlines which were missed because of unavailability of resources. To deal with this, training has been provided and the development of a new SDIP has commenced.

2.3 Organisational Environment

The Eastern Cape Department of Transport organizational structure attained concurrence from the Office of the Premier (OTP) and Department of Public Service Administration (DPSA) during the 2022/23 financial year and subsequently approved by the Executive Authority of the 6th Administration. During the period under review, the Department commenced with the recruitment against its approved Annual Recruitment Plan, however, the process was held in abeyance in the third quarter due to the full implementation of the approved organisational structure. As the department is striving towards building internal capacity, it has continued with the process of fully implementing its 2022 approved organizational structure. The implementation process has been met with challenges and delays, wherein the



consultative processes embarked on were delayed. Albeit these setbacks, it is believed that this process will culminate to a product that will enable the Department to realise an enhanced service delivery environment.

The vacancy rate of the Department was 4%. Regardless of the low vacancy rate, the Department continued to implement its Annual Recruitment Plan to ensure that there is sufficient capacity to deliver its services. Towards the end of 2024, the Department held its recruitment and selection processes in abeyance due to the full implementation of the organizational structure. This placing on hold of recruitment and selection processes came at a time when the e-recruitment system, built to create efficiencies in the recruitment processes, was running well and it was a critical area of success.

Organisational challenges

The Department during the previous financial years has made some effort to attract critical and scarce skills. Though the Department has not been successful with this objective, some strides have been taken through the Centre for Technical Development. The Department is working diligently to capacitate itself. Through in-house construction, it has provided opportunity for skilled technical staff to apply for professional disciplines in a visible and practical manner.

Organisational successes

Empowerment remained high on the Departments development agenda, across many functions and programmes. Bursary beneficiaries inclusive of the new intake for 2024 academic year were totalling 267, 73 were internal bursary beneficiaries and 194 were external bursary beneficiaries studying in various fields of study inclusive of Marine Engineering, Transport Economics, Engineering, Architectural and Aviation Studies. The Department has further provided training opportunities for external youth with a view to later creating more sustainable employment for them within the department and the sector at large. 27 former bursary holders for Civil Engineering were serving bursary obligations as Candidate Technicians for a period of three years. They are currently in their second year of training. 88 women in youth benefitted from the external bursaries and 42 women in general benefitted from the internal bursaries.

101 graduate interns were funded by the Department and their contracts ended on 31 July 2024. 198 graduate interns were recruited and placed from 1 August 2024. They were funded by the Department and other SETAs. In total, the Department placed 390 youth on an internship programme. These were 6 Traffic interns continuing with their contracts, 127 Traffic interns continued under the Work Integrated Learning Programme, 6 interns under Internal Audit and ICT, 27 Candidate Technicians serving bursary obligations, 30 GFMS interns, 91 student interns placed in various Districts – all funded by the Department and various SETAs.

Appointments/Resignations

A significant development for the Department during this period was the official appointment of the Accounting Officer from his acting capacity. This positive development will yield positive results for stability and enable business continuity in the Department. One female SMS member was promoted and appointed as a Chief-Director. There was one female SMS member and one male SMS who retired towards end of 2024.

Strikes

A portion of the employees in the Alfred Nzo District participated in a strike action during the period under review. The strike participation was due reported uncondusive working environment related to office accommodation. This has had an impact on service delivery and departmental performance. The Department intervened by holding SMS meetings with the Department of Public Works and Infrastructure to resolve the office accommodation issues as well as ensuring that employees go back to work by involving Human Resource Management.



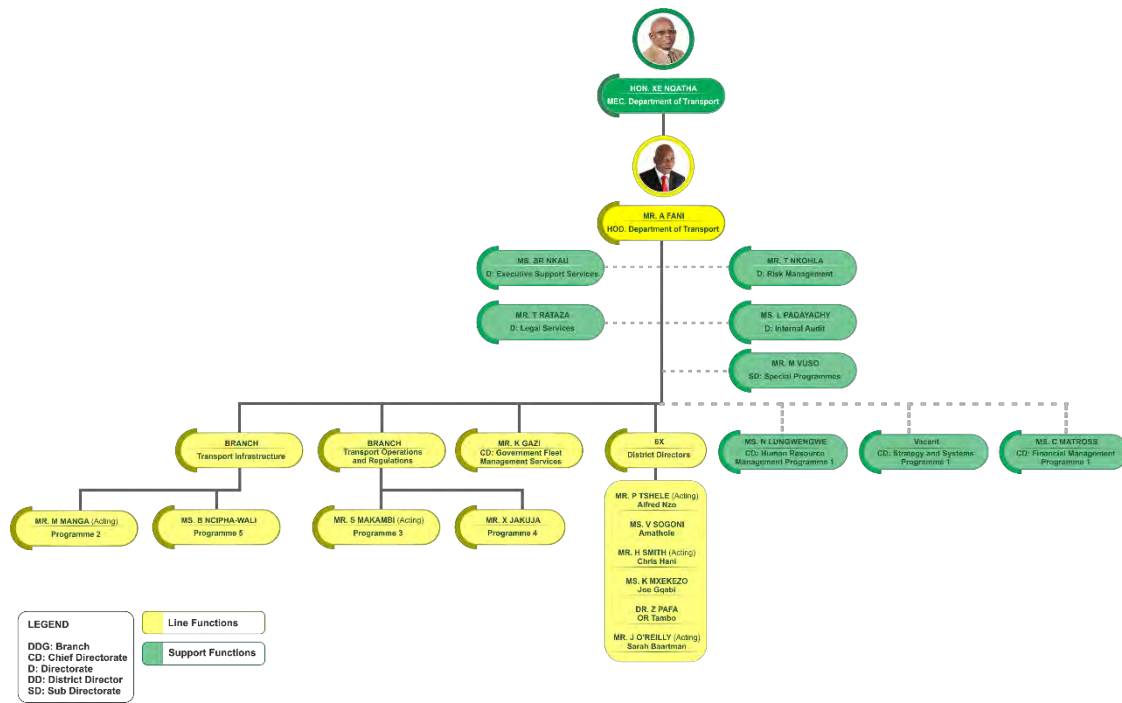


Figure: Organizational Structure

Achievement of employment equity targets

The Department remains committed to achieving the Employment Equity targets, though this financial year, that objective has not been achieved. The Department has not been able to reach the required target of 3% for People with Disabilities (PWD) in its employment and was sitting at 1%. Women (gender equity) representation in the Department was at 48% and 44% for women at SMS level. The Department will prioritise appointment of qualifying women in SMS positions in the following medium term strategic framework (MTSF). The Department has had engagements with the Disability Sector to ensure that when there are vacancies clearly identified for People with Disabilities, the sector must encourage them to submit their applications for consideration. There are planned collaborations between the Administration and Community Based Programme to again visit the Disability and Youth structures to strengthen relations and ensure that they actively submit applications when there are vacancies.

There is a fair balance of male and female employees in the department based in the Economically Active Population in the Eastern Cape Province (48% for females and 52% for males). Youth was sitting at 18% of the total staff complement, and youth will be considered as the future of the organisation and those who are at retirement age be released.

The Human Resource Management Unit is in collaboration with the Special Programmes Unit to ensure that the disability status is changed in the Department. These two Units visited the disability institutions where profiling was conducted so that the Department will be able to earmark some of the positions during recruitment process.

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

Departmental Race & Gender Overview

Gender	African	Coloured	Indian	White	Grand Total
Female	1 091	46	2	21	1 160
Male	1 166	87	1	23	1 277
Grand Total	2 257	133	3	44	2 437

Top and Senior Management

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	1	22	41
Grand Total	18	1	19	22	2	1	25	44

Disability Status

Disability	African	White	Grand Total
Female	8	1	11
Male	14	1	13
Grand Total	22	2	24

Youth Statistics

Race	Female	Male	Grand Total
African	228	201	429
Coloured	7	11	18
Indian	0	0	0
White	2	0	2
Grand Total	237	212	449

2.4 Key Policy Developments and Legislative Changes

For the financial year ending 31 March 2025, there were no major policy shifts that would greatly impact on how the Department delivers its mandate. However, there are 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. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The year under review marks the fifth and final 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

Outcome 1: Improved public transport system

Public transport is vital for residents 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 hospitals, 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 than 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 has 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 that 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 for the economy. Any initiative, in this regard, will therefore form part of government's efforts to ensure 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 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	2024/25 Achievement	5-year performance
OUTCOME 1 - Improved transport system	Number of subsidised routes	2 020	2 236	2 187	2 201	2 364	2 396	2 397	2 396 Maximum subsidised routes
OUTCOME 2 - Improved transport infrastructure	Number of kilometres of gravel roads upgraded to surfaced standard	163	260	8	39	27.5	26.46	17.74	118.70km upgraded
OUTCOME 3 - Reduced road fatalities ²	Number of kilometres of gravel roads maintained ¹	40 600	40 600	16 931.08	18 137.85	21 707.8	19 554.21	17 492.55	96 805.08km
OUTCOME 3 - Reduced road fatalities ²	Number of road fatalities reported	242	200	361	153	225	210	410	Average of 272 fatalities
OUTCOME 4 - Improved public sector private sector participation	Number of jobs created	50 900	22 0003	47 593	47 536	36 241	33 171	38 124	47 593
OUTCOME 5 - An effective and effective public administration	Department obtains a clean audit outcome	Qualified audit opinion	Clean Audit Outcome	Qualified for 2019/20 Audit	Qualified on 2020/21 Audit	Qualified on 2021/22 Audit	Qualified for 2022/23 Audit	Unqualified on 2023/24 Audit	Unqualified Audit Opinion

1 Kilometers are making reference to performance on re-gravelling 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.

Five Year Explanation of Outcomes Performance

OUTCOME 1 - The Department has achieved this outcome in relation to its five-year target. Improving the public transport system is a top priority for the Department. This includes empowering and transforming the public transport 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 provincial transport operation grant (PTOG), the Department has exceeded its performance for this outcome indicator. At maximum number of 2 201 routes for Algoa Bus Corporation; 134 routes for AB350 and 62 routes for Mayibuye Transport Corporation were operated over the term.

OUTCOME 2 – Achievement of this outcome is measured on upgrading gravel roads to surfaced standard and maintenance of gravel roads. Provincially managed roads make up the largest portion of roads in the Eastern Cape Province, the department must deliver on the gravel road upgrades amidst the dilemma of an underfunded mandate. Over the term the Department has been able to upgrade a total of 117.54km, underperforming relative to the target of 260km. The following key strategic roads projects have been completed over the term.

No	Project Name	Total kilometers completed
1	Hluleka Hospital Road Phase 1	16km
2	SLA Enoch Mgijima - Tsolwana Nature Reserve Phase 4	12km
3	Willowvale to Dwesa Nature Reserve Phase 2	15km
4	Centane to Qholorha Phase 2B	10km
5	SLA Enoch Mgijima – Tsolwana Nature Reserve Phase 5	5km
6	Madwaleni Hospital Road	9km
7	R72 to Hamburg	13.5km
8	Coffee Bay to Zithulele	4km
9	Canzibe Hospital Road	9.6km
10	Cofimvaba to Askeaton	6.9km
11	Qumbu to Tsilitwa Clinic	3.5km
12	SLA EMLM Fikile Gwadana Drive	6.7km
13	SLA Belstone/Breidbach Interchange	5.1km
14	Van Beherens Ring Road	1.2km

In relation to maintaining provincial gravel roads, the Department has performed well as a means of continuously ensuring that provincial roads remain safe and accessible. The Department has performed well during this term, exceeding 2 out of 3 performance indicators. This may also be attributable to the utilization of the framework agreements and panel of contractors to curb procurement lead times.

Delayed completion and termination of construction projects due to non-performing contractors remains the greatest challenge for non-achievement of this outcome. The termination of key strategic projects such as Mlamli Hospital Road, N2 to Siphethu Hospital Road and Hluleka Nature Reserve Road due to poor contractor performance has further exacerbated the underperformance. The delayed implementation of the Clarkebury road project due to the court interdict which has been resolved during this financial year has also contributed to the underperformance as the project delayed commencement.

OUTCOME 3 - The department has been unable to realise its target over the term in relation to this outcome due to the poor participation of other sectors that are relevant in the realisation of this outcome leading to increased hazards on and along the roads. Spatial planning that does not take into road safety into account as well as absence of critical by-laws to compliment national and provincial regulatory mechanisms. The department is planning to improve coordination in the 7th term starting with launching and coordinating an all-inclusive provincial road safety coordinating structure which will be the anchor of mobilising efforts by various stakeholders towards the realisation of the national road safety strategy.

OUTCOME 4 - 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 after the department provided them with skills that will assist them to continue with life as per EPWP phase 5. 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 and persons with disabilities, the programme continues to make a positive contribution to the socio-economic sector.



OUTCOME 5 - 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.

The following has been realised by the Department - Economic Transformation and Job Creation as central to both the **Provincial Development Plan (PDP) Goals 1 and 2**:

- **Goal 1:** An Innovative, Inclusive & Growing Economy
- **Goal 2:** An Enabling Infrastructure Network

The Eastern Cape Department of Transport's contribution to this priority is primarily enabled through the following interventions and programmes:

- Upgrading and maintaining provincial road infrastructure.
- Creating work opportunities through the **Expanded Public Works Programme (EPWP)** and community-based projects.
- Supporting **SMME development** and empowerment through the implementation of the construction and maintenance projects and also initiatives implemented through the Community Based Programme.
- Promoting **public-private participation** in transport-related projects through the creation of employment opportunities.
- Enhancing transport access to stimulate economic activity in agriculture, tourism, health, and education.

Summary Table of Economic Transformation and Job Creation – APP Output Dashboard (2019/20 – 2024/25)

APP Output	5- Year target	5 Year Achievement	Variance	Economic Impact
Km Gravel Roads Updated to Surfaced Roads	260km	117,54km	142,46km	Improved rural access to hospitals, tourism sites
Km Gravel Roads maintained (Re-gravelling & Blading)	40 600km	Re-gravelling – 5 261,92km Blading – 110 207,55km	Excess km of roads maintained by 74 867,47km	Kept rural roads accessible, reduced vehicle costs,
Bridges Constructed	Intervention-based	6 Bailey Bridges 12 Welisizwe bridges completed (phase 1)	7 out of the 19 bridges (phase 1) 17 bridges not completed (phase 2)	Improved rural access
Public Transport facilities constructed	Programme-based	3 public transport facilities	n/a	Boosted community assets, supported informal trading
Work opportunities created through EPWP	22 000	Average of 36 000 jobs created per year	Target met	Short-term income, local empowerment for designated groups (women, youth and PLWD)
Value of Infrastructure budget spent towards SMMEs	30%	110,14% average	Exceeding by 80% on average	Local economic empowerment, capacity building of emerging SMMEs
Alternative Infrastructure delivery met	Programme-based	Modular bridges & paving formalizing MOUs with Institutions of Higher Learning	n/a	Reduced costs Building community partnerships with sector stakeholders

The following outputs as measured on the APP have contributed directly to the workings of the Department in its MTSF Priority:

A. Road Infrastructure Upgrades

APP Output: Number of kilometres of gravel roads upgraded to surfaced standard.

- **Five-Year Target:** 260 km upgraded.
- **Baseline (2019/20):** 163 km.
- **Achievement:** 117.4km over the term — underperformance relative to target.



Key Completed Projects:

- Hluleka Hospital Road Phase 1 – 16 km
- Willowvale to Dwesa Nature Reserve Phase 2 – 15 km
- R72 to Hamburg – 13.5 km
- Canzibe Hospital Road – 9.6km
- Multiple clinic/hospital access roads (e.g., N2 to Sipethu Hospital, Madwaleni Hospital Road, Qumbu–Tsilitwa Clinic, Cofimvaba–Askeaton, Canzibe Hospital Road)

Economic Impact: These projects improved connectivity to healthcare facilities, tourism nodes, and agricultural production areas, enabling rural communities to access markets and services.

Challenges in attaining achievements in the outputs:

- Contractor underperformance leading to terminations (e.g., Mlamli Hospital Road, N2–Siphethu Hospital Road).
- There has been an increasing reporting of Criminal extortion targeting contractors.
- Funding constraints vs. large provincial backlog.

B. Routine Road Maintenance

APP Output: Number of kilometres of gravel roads maintained (re-gravelling, blading, blacktop patching).

- **Five-Year Target:** 40 600 km.
- **Achievement:** Overperformance in re-gravelling (5 281.92 km) and blacktop patching (492 548.25 m²). Blading achieved 97 391.76 km but lagged due to focus on more sustainable interventions.
- **Approach:**
 - o Use of **framework agreements** and **panel contracts** to reduce procurement lead times.
 - o Operation *Valazonke* for accelerated maintenance.
- **Economic Impact:** Kept rural roads trafficable, reduced vehicle operating costs, and ensured continuous supply chain movement for goods and services.

C. Bailey-type & Welisizwe Bridges

APP Output: Number of bridges constructed.

- **Bailey Bridges:** 6 completed bridges (Tora, Nkobongo, Bilatye, Lenye, Ndofera).
- **Welisizwe Bridges:** 12 completed (Mfundisweni, Mbotyi, Rhebu, Cwaka, Mqothwane, Dedeni, Sunrise, Ntenga, Mdankala, Mkhatha, Dambeni and Zixambuzi).
- **Economic Impact:** This intervention has provided critical links for rural communities cut off by flood-prone terrains, improving access to markets, schools, and health facilities.

D. Public Transport Infrastructure

APP Output: Number of public transport facilities constructed/rehabilitated.

- **Facilities Completed:**
 - o Jubilee Taxi Rank (Mthatha)
 - o Rehabilitation of Cala & Khowa Taxi Ranks
 - o Paving of Ntabankulu CBD Ring Road

- **Economic Impact:** Improved passenger flow efficiency supported informal trading at transport hubs, and enhanced commuter safety.

E. EPWP Job Creation

APP Output: Number of work opportunities created through EPWP.

- **Five-Year Target:** 22 000 work opportunities.
- **Achievement:** Over 47 500 in peak years, with an average of 36 000+ annually.
- **Beneficiary Breakdown:**
 - o Youth: ±7 829 pa
 - o Women: ±32 767 pa
 - o Persons with disabilities: ±388 pa
- **Types of Work Opportunities provided by the intervention:**
 - o Road maintenance brigades
 - o Taxi rank cleaning services
 - o Scholar transport monitors
 - o Construction support roles
 - o Other interventions for reducing road facilities



F. SMME Development & Contractor Empowerment

APP Output: Percentage of infrastructure contract value allocated to SMMEs/local labour.

- **Target:** 30% of contract value to SMMEs.
- **Achievement:** Consistently met through **Contract Participation Goals** in tenders.
- **Additional Initiatives:**
 - o Development of an **SMME Policy** to guide equitable participation.

G. Alternative Infrastructure Delivery Methods

APP Output: Implementation of innovative, labour-intensive methods in infrastructure projects.

- **Initiatives:**
 - o Interlocking brick paving for roads.
 - o MOUs with **Walter Sisulu University (WSU)** and **CSIR** to research cost-effective road construction technologies.
- **Projects:**
 - o Hillcrest internal streets paving.
 - o Ngumbela Cricket Stadium access road paving.
- **Impact:** Reduced construction costs, created local jobs, and built community ownership of assets.

Overall Performance Assessment

- **Strengths:**
 - o Significant overachievement in job creation outputs, far exceeding APP targets.
 - o Effective use of framework contracts to speed up maintenance delivery.
 - o Integration of SMME participation into all major projects.
 - o Diversification into alternative delivery methods with research backing.
- **Weaknesses:**
 - o Major underperformance in road upgrades due to systemic contractor and funding issues.
 - o Incomplete public transport facility projects due to poor contractor performance.
 - o EPWP participation skewed towards women, low youth uptake relative to target.
- **Opportunities:**
 - o Scaling successful maintenance models (framework agreements).
 - o Leveraging private partnerships for infrastructure co-funding.
 - o Using airport and freight infrastructure revitalisation to boost rural economies.
- **Threats:**
 - o Increased number of poorly performing contractors
 - o Land encroachment by communities
 - o Increasing demand of leaner transport service

Recommendations for Next Term

- **Targeted Road Upgrade Recovery Plan**
 - o Implement pre-contract contractor capability assessments.
 - o Secure multi-year funding commitments for high-priority economic corridors.
- **Expand EPWP into Skills Pipelines**
 - o Align EPWP roles with accredited training for construction, traffic services, and transport management.
 - o Develop exit strategies linking participants to formal sector jobs or entrepreneurship.
- **Strengthen SMME Growth Pathways**
 - o Provide financial and technical mentorship linked to CIDB grading improvement.
 - o Create a "preferred SMME supplier panel" for rapid mobilisation.
- **Innovate in Infrastructure Delivery**
 - o Scale up paving and modular bridge solutions for rural access.
 - o Fast-track research implementation from WSU/CSIR collaborations.
- **Integrated Economic Corridor Development**
 - o Prioritise roads connecting to tourism, agriculture, and industrial hubs in collaboration with DRDAR, DEDEAT, and local municipalities.



4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The Department over this financial year planned to implement and achieve 49 performance indicators. This is lessor than the indicators contained in the APP (52), as 3 performance indicators were not planned for implementation during the financial year. The Department has managed to achieve 38 performance indicators against the planned 49, taking Departmental performance to 78%.

The 11 remaining indicators have not been achieved. 9 of the 11 indicators have variances above the 30% threshold from full achievement and 2 indicators with a variance within the 30% threshold from full achievement.

Comparatively, the Department has demonstrated 13% improvement from the performance of the previous financial year (2023/24), wherein performance was 65% in the annual report.

Though performance has improved there is still a disjuncture between the achievement of APP targets (non-financial performance) and budget utilization (financial performance). Achievement of APP targets is overall at 78% and overall budget utilization is at 94.1%. This may be attributed to the following reasons;

- The budget framework permits when necessary, the reprioritization of funds thus permitting shifting/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. Cost pressure emanating from Scholar Transport resulting in the reprioritization of funds to Scholar Transport.
- Reporting of achievement is on 100% achievement of the annual target. Whilst budget could have still been utilized on indicators that did not reach the annual target. Indicator achievement is not measured partially.
- Application of the results-based framework for planning, selection of performance indicators by Programmes may have minimal financial implications due to pitching indicators at an output level. This means that some indicators may not require major budget utilization. (The biggest 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. The Department is however considering an indicator for progressing projects, as this is the major cause for the disjuncture in transport infrastructure.

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.

Programme 2	Transport Infrastructure
	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

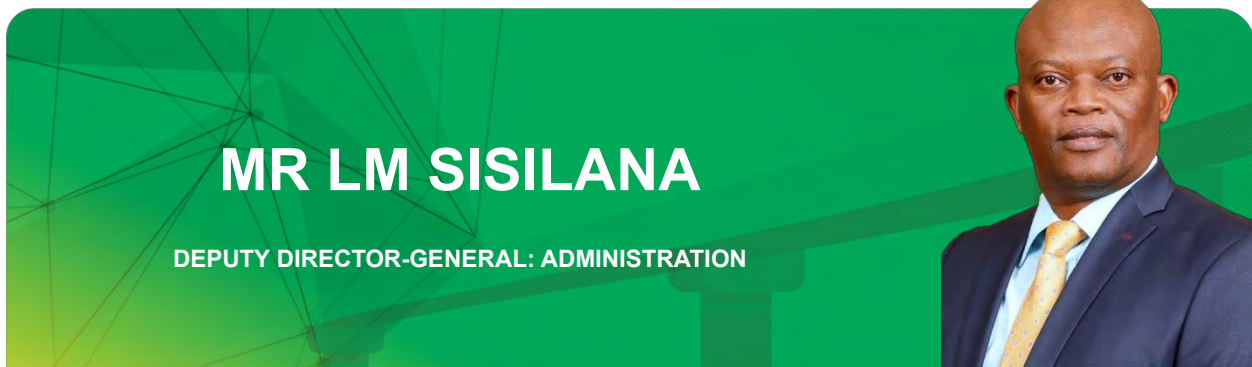
Programme 3	Transport Operations
Purpose of the programme	The main objective of this programme is to plan, regulate and facilitate the provision of integrated land transport services through coordination and co-operation with national planning authorities, CBO's, NGO's and the private sector in order 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 a key priority through regulations and law enforcement.

Programme 5	Community Based Programmes
Purpose of the programme	The objective of the programme is to manage the implementation and strategies that lead to the development and empowerment of communities and contractors. This include the management and coordination of the Expanded Public Works Programme.
Sub programmes	5.1 Programme Support 5.2 Community Development 5.3 Innovation and Empowerment 5.4 EPWP Co-ordination and monitoring
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 3: Reduced Road Fatalities OUTCOME 4: Improved public private participation
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



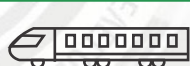
MR LM SISILANA

DEPUTY DIRECTOR-GENERAL: ADMINISTRATION

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

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

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



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reasons for deviations
An efficient and effective public administration	1.1 Office of the MEC							
	Office of the MEC							
	Oversight functions implemented by the Executive Authority	P1: Number of oversight functions implemented by the Executive Authority	57	70	57	75	(18)	The overperformance is attributed to additional interventions that the Executive Authority convened as necessitated by the Election period and in mediating the tensions in the Public Transport industry.
	1.2 Management of the Department							
	HOD's Office							
	Organisational performance reviews conducted	P2: Number of organisational performance reviews conducted	-	4	4	4	-	n/a
	1.3 Corporate Support							
	Human Resource Management: Provisioning							
	Days taken to fill a vacant funded post after closing date.	P3: Average number of days to fill a vacant funded post after closing date.	128 days	95 days	90 days	179 days	89 days	The underperformance is due to no appointments that were made from September 2024 due to the full implementation of the organization structure. The Department has taken a decision to halt recruitment processes to allow for the matching and placing process.
	Human Resource Development							
	Human resource development initiatives implemented.	P4: Number of human resource development initiatives implemented.	-	6	5	5	-	n/a
	CFO Branch							
	Audit Outcomes Achieved	P5: Positive Audit Outcomes Achieved.	Qualified Audit Opinion with findings on pre-	Qualified Audit Opinion with findings on pre-	Unqualified Audit Opinion	Unqualified Audit Opinion	-	n/a



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reasons for deviations
			determined objectives and compliance for 21/22 financial year.	determined objectives and compliance for 22/23 financial year.				
	Expenditure Management							
	Days taken to pay creditors.	P6: Average number of days for payment of creditors.	26.7 days	27.1 days	30 days	27 days	(3 days)	The Department has met the average number of days for the payment of creditors due to the implementation of the 'Khawule'zubhatale ' Invoice Tracking System. The system was developed to address payment delays and to monitor the payment process to improve efficiencies.
	SCM & Demand Acquisition							
	Procurement budget spent on SMMEs.	P7: Percentage of procurement budget spent on SMMEs	-	85.2%	50%	143.29%	(93.29%)	The overperformance is attributed to the bulk payments towards scholar transport operators which in the main are SMME's.
1.4 Departmental Strategy								
Policy Coordination & Research								
Policies reviews and developed		P8: Number of policies reviewed and developed	11	14	28	27	1	The underperformance is related to the Provincial Learner Transport Policy that has not yet been approved. The review process has been concluded; however it requires extensive consultation processes with relevant stakeholder partners (Department of Education, public transport industry, communities, beneficiaries etc.) which has not been concluded.

Of the planned 8 indicators to be implemented in the 2024/25 financial year, the Programme has managed to fully achieve 6 indicators, taking performance to (75%) in terms of full achievement. This is an 8% improvement from the performance of the previous financial year, wherein performance was at 67%.

Two (2) indicators did not achieve their performance targets. One of the two indicators has variance that is within a 30% threshold from full achievement. The other indicator has a variance that is above a 30% threshold from full achievement.

Strategies to overcome areas of underperformance

P3 – Upon the conclusion of the matching and placing of employees which is underway, the recruitment process will commence on the residula vacant funded positions. To ensure that the Department adheres to the 90-day period to fill vacant funded positions, the number of positions in a single Annual Recruitment Plan will be limited to about fifty (50) positions to allow panel members time to select and recommend suitable candidates.

P8 - The outstanding policy (Provincial Learner Transport Policy) has been carried over to the 2025/26 financial year for finalisation of the consultation process. The Office of the Member of the Executive Council (MEC) has considered this consultation process and prioritised it to be concluded before the end of the 2nd quarter.

Changes to planned targets

There were no changes to planned targets.

Linking Performance with budget

The performance of 75% has been achieved utilizing 99.9% of the budget. It must be noted that more than 50% 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 (laptops, cellphones, photocopiers), computer services and legal services) are not measured at the annual performance plan level. Most of the performance indicators for the Programme have minimal financial implications.

Sub-Programme		2024/25			2023/24		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1	Office of the MEC	15,823	15,823	-	15,924	15,924	-
2	Management of the Department	58,958	58,898	60	55,506	55,344	162
3	Corporate Services	466,562	466,154	408	443,311	436,504	6,807
4	Departmental Strategy	23,903	23,903	-	23,043	23,043	-
TOTAL		565,246	564,778	468	537,784	530,815	6,969

Summary of Programme Performance & Achievements

The Programme through Departmental Outcomes continues to strive towards providing efficient and effective public administration. An outcome measured through the Departmental regulatory audit outcomes, which during the 2023/24 financial year, the Department improved to an Unqualified Audit Opinion with findings on performance information and compliance matters of emphasis. This result was a great achievement for the Department and reflective of the hard work and intentional efforts that have been instituted by the Department as a whole. For this improvement to be maintained, the Departmental Management over this period showed commitment to addressing the internal control deficiencies identified during the audit by holding engagements chaired by the Accounting Officer on a monthly basis to review the progress against audit intervention plans. This approach included incorporating findings from the internal audit and enhancing the monitoring of the risk register to improve overall governance.

Though the Programme did not manage to recruit within the set target of 90 days from the date of closure of advertisements, the Department did successfully recruit employees during the period under review. The Department published two circulars, recruiting a total of 255 employees from a total of 327 positions that were advertised. The recruitment process was held in abeyance due to the matching and placement process that is necessitated by the implementation of the organizational structure.

The Department has further been able to efficiently collect a total of R799 727 million in revenue, which represents 98% of the projected revenue collection amount. This represents a 2% increase in the amount collected for revenue, in comparison to the previous financial year. The main source of own revenue is from motor vehicle license and



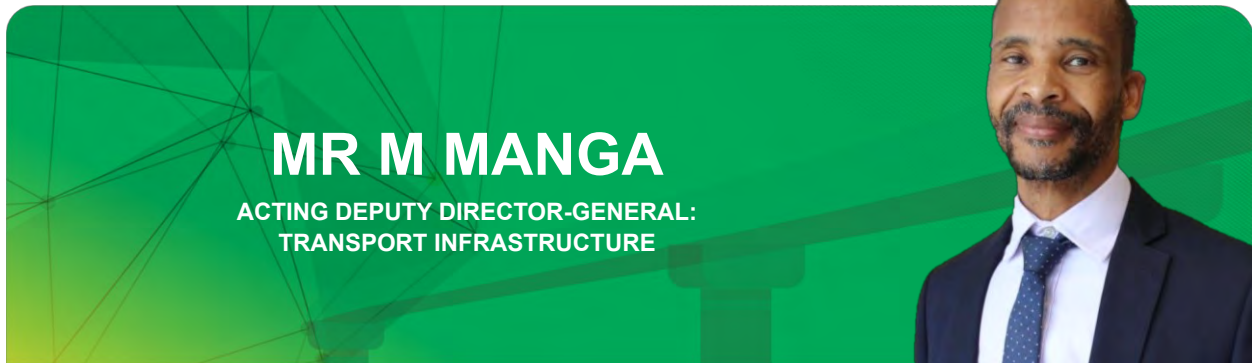
registration fees (MVL). The Department has vigilantly monitored Registering Authorities with the support of institutions such as Road Traffic Management Corporation (RTMC) and Road Traffic Infringement Agency (RTIA). To improve this performance, the Department is engaging the RTMC to act as an agent 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.

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 and launched an invoice tracking solution “Khawulez”ubhatale”,

The Department hosted, a first of its kind – Eastern Cape Transport Research Symposium. The symposium was facilitated to create a platform for knowledge-sharing, networking, and discussion of emerging transport-related research. This event likely brought together policymakers, academics, and industry experts to discuss innovations and best practices.



4.2 PROGRAMME 2: TRANSPORT INFRASTRUCTURE



MR M MANGA

ACTING DEPUTY DIRECTOR-GENERAL:
TRANSPORT INFRASTRUCTURE

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.

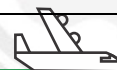
The Programme is divided into five (5) sub-Programmes as follows:

- 2.1. **Programme Support** to provide overall management and support of the program.
- 2.2. **Infrastructure Planning** provides planning for all modes of transport including the movement of goods and passenger to integrate transport and spatial planning.
Provides for the planning and coordination towards the formulation of provincial policies and statutory plans.
Planning of integrated modal transport facilities and systems for all modes of transport including non-motorised transport.
To promote and improve safety on the transport infrastructure.
To facilitate the provision of road safety audits on all roads and transport infrastructure to ensure safe traffic and people movement.
The provision of data collection services; research to provide management information systems for the provincial road network. (e.g.: road condition, traffic counts and accident data).
- 2.3. **Infrastructure Design** to provide design, of road and transport infrastructure including all necessary support functions such as Environmental Impact Assessments, Traffic Impact Assessments, survey, expropriation, material investigations and testing.
- 2.4. **Construction** to develop new, re-construct, upgrade and rehabilitate road and transport infrastructure.
- 2.5. **Maintenance** to effectively maintain road and transport infrastructure 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 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
An efficient and effective public administration	Strategic interventions coordinated.	P9: Number of programme strategic interventions coordinated to develop and monitor programme plans for transport infrastructure.	32	27	8	8	-	n/a
		2.1 Programme Support Infrastructure						
		2.2 Infrastructure Planning						
Road asset condition restored to required level of services.	Infrastructure Plans developed	P10: Number of Consolidated Infrastructure Plans developed	1 RAMP	1 RAMP	1 RAMP	1 RAMP	-	n/a
	Surfaced road visually assessed	P11: Number of kilometres of surfaced road visually assessed as per the applicable TMH* Manual	-	3 660.85km	-	-	-	No target was planned for the financial year
	Gravel road visually assessed	P12: Number of kilometres of gravel roads visually assessed as per the applicable TMH* Manual	-	36 610.24 km	-	-	-	No target was planned for the financial year
Improved public transport systems.	Designs for transport infrastructure	2.3 Infrastructure Design						
		P13: Number of designs for transport infrastructure	1	1	2	2	0	n/a
		2.4 Construction						

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
Improved road surface condition.	Gravel roads upgraded to surfaced roads	P14: Number of kilometres of gravel roads upgraded to surfaced roads	27.5	28.46km	11km	17.74km	(6.74km)	The indicator has been overachieved; however, the following variances must be noted per project: Projects that have underperformed against the target. Cofimvaba to Askeaton (2.5km) and Canzibe Hospital Road (0.1km). The delayed award of the surfacing contractors panel of service providers contributed to delayed surfacing and overall completion of the projects. Coffee Bay to Zithulele (2km). Project delays were experienced during the first semester due to community disputes on the composition of project steering committee. Though the issues were resolved the project remained behind schedule and could not be completed as planned. Tsilitwa to Qumbu (2km). The delayed delivery of paving material from the local SMME's delayed the overall completion of the project. Projects that have overperformed against the target. R72 to Hamburg: (0.3km). Additional budget was adjusted to the project and an additional length of 0.3km against the annual target was upgraded towards the completion of the entire stretch of the road. The following projects implemented through Service Level Agreements were completed. SLA Enoch Mgijima: Fikile Gwadana Project: (6.7km). SLA SANRAL: Breidbach/Belstone Interchange Project (5.14km)



Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
Road asset condition restored to required level of service.								SLA Sarah Baartman: van Beherens Ring Road Project (1.2km) The projects were planned for completion during the financial year but were omitted from the targeting for this indicator in the annual performance plan.
	2.5 Maintenance							
	Surfaced roads rehabilitated	P15: Number of square metres of surfaced roads rehabilitated	0	173 841 m²	300 280m²	197 969,61m²	102 310,39m²	The following projects contributed to the underperformance. Rehabilitation of MR00664 N6 to Molteno. The project experienced delays due to adverse weather condition, thus affecting Adverse weather conditions Rain delays affected construction progress. Rehabilitation of DR08019 N2 to Ntbankulu. Project interruptions were experienced due to SMME strikes on the issuance of work packages. Both projects experienced delayed commencement due to delayed issuance of works permit from the Department of Labour.
	Surfaced roads resealed	P16: Number of surfaced roads square meters resealed	372 172.90	234 251.70 m²	-	-	-	No target was planned for the financial year.
	Gravel roads re-gravelled	P17: Number of kilometres of gravel roads re-gravelled	1 054.33km	1 107.45km	512km	796.37km	(284.37km)	Due to the severely deteriorated condition of the provincial road network, conditions assessment has necessitated that the network require importing of suitable gravel material. Re-gravelling quantities were subsequently increased resulting in the overperformance.

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
Economic opportunities created for previously disadvantaged and vulnerable groups (women, youth, and persons with disabilities)	Surfaced roads blacktop patched	P18: Number of square meters of blacktop patching	105 814.54	117 326.88 m²	69 966m²	102 643,89m²	(32 677,89)	The overperformance is attributed to extensive pothole repairs and blacktop patching that is required on provincial roads due to the badly damaged surfaced road network.
	Gravel roads bladed	P19: Number of kilometres of gravel roads bladed	16 988.25	18 446.76km	23 877km	19 677.77km	4 199.23km	The underperformance is due to limited reach by in-house teams due to aged plant complement and shortage of plant items. This has led to diminishing productivity for inhouse performance.
	Creation of capacity through the Transport Infrastructure Value Chain	P20: Number of contractors participating in the National Contractor Development Programme (NCDP)	2	2	2	0	2	The two planned contractors did not participate in the NCDP as the department is still aligning the contractor development plan with the requirements as stipulated in the NCDP Framework. The alignment process will ensure that the contractors participating in the Programme are adequately developed as aligned to the NCDP requirements.
Improved Transport Infrastructure	Mechanical under Maintenance							
	Availability of fleet	P21: Average % of uptime on fleet availability	71%	73%	75%	75%	-	n/a

*TMH = Technical Methods for Highways

Of the planned 10 indicators to be implemented in the 2024/25 financial year, the Programme has managed to fully achieve 7 indicators, taking performance to (70%) in terms of full achievement. There is a regression in performance in comparison to the previous financial year, wherein performance was at 77%.

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

According to sector standards on infrastructure reporting, 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 project, 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 layerworks).

Strategies to overcome areas of underperformance:

P15: The Department is in consultations with the Department of Labour around streamlining issuance of work permits, this is done to ensure timeous commencement of projects planned for execution. A meeting with the Department of Labour and the Department has been scheduled to find alignment in this regard. Additional resources to the Social Facilitation Programme will be prioritised during 25/26 financial year, to aid in preventing and mitigating protests on ongoing projects.

P19: The Department is currently exploring alternatives to purchasing additional yellow fleet to augment inhouse capacity through Government Fleet Management Services (GFMS) and the departmental implementing agent (GIC). Furthermore, plans to implement blading primarily through outsourced contracts with dedicated funding and utilizing in-house teams as a secondary blading implementing mechanism.

P20: The Department is in the process of refining its contractor development plan to be fully aligned to the NCDP. To further ensure compliance with the requirements, the Department envisages attaining endorsement of the Department's contractor development plan from CIDB before adoption and implementation.

Changes to planned targets

There were no changes to planned targets.

Linking Performance with budget

The performance of 80% has been achieved utilizing 88,4% 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 indicator for the blading activity was not achieved, which is one of the greatest cost drivers (fleet services and rental and hiring) further exacerbating the disjuncture.

Sub-Programme		2024/25			2023/24		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1	Programme Support	5,152	5,152	-	4,087	4,087	-
2	Infrastructure Planning	38,352	38,255	97	25,987	25,692	295
3	Infrastructure Design	33,912	31,547	2,365	32,044	32,044	-
4	Construction	843,472	607,828	235 644	838,419	695,991	142,428
5	Maintenance	1,378,044	1,324,516	53,528	1,284,188	1,254,811	29,377
6	Mechanical	237,301	234,621	2,680	134,241	134,195	46
Total		2 536 233	2 241 919	294 314	2 318 966	2 146 820	172 146

Summary of Programme Performance & Achievements

The programme during the period under review has taken noticeable strides to ensure the meeting of its targets. The structures that have been put in place to monitor departmental performance both at a provincial and national level have assisted the Programme in unlocking some of the bottlenecks experienced to date.

The RAMP was submitted to Provincial Treasury as per DORA requirements. This document was successfully informed by the visual conditions assessment data that was concluded in the 2023/24 financial year. The Programme envisages utilizing this document that informs the prioritization

Three out of the various projects that the Department is implementing through partnerships by entering into Memorandum of Understandings (MOU) and Service Level Agreements (SLA's) both at a national and local level have yielded some positive results in this semester. The Department entered a Memorandum of Understanding (MOU) with SANRAL for the implementation of the Belstone-Breidbach Interchange and the project has reached final completion and the interchange has been open for use. The SLA entered in between Enoch Mgijima local Municipality for the implementation of the Fikile Gwadana Queenindustria Project (6.7km) and the Sarah Baartman district Municipality for the van Beherens (1.2km) have also been completed.

In an effort towards the implementation of the preventative maintenance strategy, it is worth noting that the Department has completed the reseal on the Butterworth to Centane Project. The project, covering rehabilitation for a distance of 32km, connects the town of Butterworth and Centane is a crucial route for the communities. Although the project experienced some delays initially, the contractor has since completed the project and is currently busy with works that have been requested by surrounding communities.

The Department through the Inhouse Construction Unit has also completed the upgrading of 13.5km of gravel road on R72 to Hamburg Project. This road is leading to one of the tourist destinations of the province – the Hamburg Beach and resort area. Outstanding for final completion are structural works that will soon commence during the remaining six months of this financial year.

In ensuring that our roads remain trafficable amidst the changing climate and inclement weather conditions, the Department is committed to ensuring routine maintenance at district and local level. There have been some wins that can be reported as two out of the three (re-gravelling and blacktop patching) routine maintenance indicators have overperformed against the half year target. Underperformance has been reported for the blading indicator; however, the Department remains resolute that this will change in the remaining six month of the financial year through the award of framework agreements that will be vehicles for ensuring implementation in all districts and local municipalities.

Department entered into a Service Level Agreement with Gap Infrastructure Corporation (GIC). The key purpose of the agreement is to get all infrastructure projects to be packaged to apply for front loading on our infrastructure projects. This will assist the Department to expedite the infrastructure backlog through the availability of funds. Sessions between the Department and GIC have already commenced as a process towards finalization of this agreement.



4.3 PROGRAMME 3: TRANSPORT OPERATIONS

MR BS MAKAMBI

ACTING CHIEF DIRECTOR:
TRANSPORT OPERATIONS



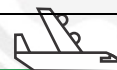
The main objective of this Programme is to plan, regulate and facilitate the provision of integrated land transport services through coordination and co-operation with national and local authorities, as well as the private sector to enhance the mobility of all communities, particularly those without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

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

- 3.1. Programme Support** facilitates the overall management and support of the Programme.
- 3.2. Public Transport Services** facilitates the management of integrated land transport contracts to provide mobility to commuters.
- 3.3. 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).
- 3.4. 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.
- 3.5.** This includes the monitoring of public transport operators in terms of national and provincial legislation to ensure the safety of commuters.
- 3.6.** This will include safety education, awareness, training and development of operators to enable them to provide the required level of service delivery.
- 3.7. 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 systems, electronic traffic signs etc.
- 3.8. Infrastructure Operations** to manage transport terminals such as inter modal terminals, air passenger and freight terminals.



Programme 3: Transport Operations							Reasons for deviation	
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	
3.1 Programme Support Operations								
An efficient and effective public administration	Strategic interventions coordinated	P22: Number of programme strategic interventions coordinated to develop and monitor programme plans for transport operations	6	8	6	6	-	n/a
3.2 Public Transport Service								
Improved public transport access and mobility.	Routes subsidised	P23: Number of routes subsidized	2 364	2 396	2 443	2 397	46	The underperformance is attributed to underperformance in relation to Algoa Bus Company & Mayibuye Transport Corporation. Algoa Bus Company: The underperformance is attributed to the scheduled routes' restructuring based on demand for services. Some of the scheduled routes could not be operated due to the routes being unproductive and economically unviable. These would, however, be operated accordingly in terms of variations in passengers' demand from month to month. Mayibuye Transport Corporation underperformed due to non-availability of a sufficient number of operational buses to service the allocated routes. This in the main is due to the constant bus breakdown caused by the poor condition of the buses.



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reasons for deviation
Improved public transport system.	Learners transported	P24: Number of learners transported for scholar transport services.	125 423	126 249	103 000	109 714	(6 714)	The Department has ferried more learners than planned due to additional hotspot areas that were identified as requiring scholar transport services. The Department has further received a court order to ferry additional learners due to the rising demand for scholar transport services.
3.3 Operator Licenses & Permits								
Safe and dignified environment for public transport users	Provincial Regulating Entity (PRE) hearings conducted	P25: Number of Provincial Regulating Entity (PRE) hearings conducted.	-	52	55	57	(2)	The overperformance is attributed to additional requests for PRE Hearings that were received by the PRE Board. This is due to the high volume of applications received at a district level.
	Transport operators regulated.	P26: Number of transport operators regulated	-	8 945	11 549	12 764	(1 215)	This is a demand-driven indicator and depends on the number of applications received during a period. The overperformance is however attributed to the following. The high influx of applications received from the three on-going Windfarms projects. A significant number of permits were processed for Algoa Bus Company due to the expiry and renewal of their bus operator's licenses.
3.4 Transport Safety and Compliance								
Reduced road traffic crashes and fatalities	Road safety awareness interventions	P27: Number of Road Safety Awareness interventions conducted.	8	2	2	2	-	n/a

Programme 3: Transport Operations									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reasons for deviation	
Improved public transport system.	Schools involved in road safety education.	P28: Number of schools involved in road safety education programme	-	378	401	407	(6)	The over performance is due to additional requests that the Department received from schools requiring road safety awareness programmes. This was due to awareness creation initiatives that the primary school programmes were implementing during the period under review.	
	Public transport empowerment initiatives conducted	P29: Number of public transport empowerment initiatives conducted	24	5	4	4	-	n/a	
	3.5 Transport Systems – n/a*								
	3.6 Infrastructure Operations								
	Assessments conducted in Bhisho Airport	P30: Number of assessments conducted in Bhisho Airport to ensure compliance with SACAA requirements	16	16	16	16	-	n/a	
Assessment conducted in Mthatha Airport	P31: Number of assessments conducted in Mthatha Airport to ensure compliance with SACAA requirements	16	16	16	16	-	n/a		



Of the planned ten (10) indicators to be implemented in the 2024/25 financial year, the Programme has managed to fully achieve nine (9) indicators, taking performance to (80%) in terms of full achievement. This is a 10% improvement from the performance of the previous financial year, wherein performance was at 70%.

The one (1) indicator that was not achieved has a variance that is within a 30% threshold from full achievement.

Strategies to overcome areas of underperformance:

P23: The department has set aside a budget to assist with the implementation of the Mayibuye Transport Corporation (MTC) Recapitalization Strategy. The R7.3 million will assist with the procurement of two new buses the entity has started with the procurement process. The Department will continue to assist MTC by sourcing and refencing additional capital budget for the bus company to implement its Recapitalization Strategy which sets out and outline the strategic implementation plans and programmes. The Department has reviewed Table 4.1 together with ALGOA Bus Company and has removed routes that are not feasible/operational within the 3 plans operated by the company. The changes will be implemented in 2025/26 financial year.

Changes to planned targets

There were no changes to planned targets.

Linking Performance with budget

The performance of 90% has been achieved utilizing 100% 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 – cleaning services) are not measured at APP level.

Sub-Programme		2024/25			2023/24		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
1	Programme Support	1,652	1,652	-	1,681	1,681	-
2	Public Transport Services	747,567	747,567	-	764,151	764,151	-
3	Operator License and Permits	74,197	72,146	2,051	70,192	70,192	-
4	Transport Safety and Compliance	39,854	39,522	332	41,869	40,144	1,725
5	Infrastructure Operations	871,537	873,919	(2,382)	910,080	910,080	-
6	Scholar Transport	18,476	18,476	-	10,338	10,338	-
TOTAL		1,753,283	1,753,282	1	1,798,311	1,796,586	1,725

Summary of Programme Performance & Achievements

The Department has been unable to reach the target for the number of routes subsidized as 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 damaged 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, Africa Best 350, Algoa Bus Company, and the state-owned entity, Mayibuye Transport Corporation covering 2 397 routes. The Department also supported Mayibuye Transport Corporation with R7,3 million to procure additional buses, which are projected to be delivered in the 1st Quarter of the 2025/26 financial period.

The Programme drafted a policy document as a first step towards the development of enabling legislation for Mayibuye Transport Corporation. The Programme will be presenting to the working group and the Cluster, which will then be tabled to EXCO for its final endorsement. Thereafter, the Bill will be drafted and placed under the provincial gazette for comments. Thereafter, the Programme will present it to the stakeholders, and after which will be presented to the legislature in terms of the process plan.

In the 2024/25 financial year, the Department was allocated 1400 bicycles by the National Department of Transport in terms of the National *Shova KaLula Bicycle Programme* in terms of the 2024/25 Provincial Distribution Plan. 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 compliments the Scholar Transport Programme in order to enhance access and mobility challenges in terms of the applicable selection criterion. For the period under review, the National



Department of Transport delivered 2241 inclusive of 841 rolled over from 2023/24 financial year. The bicycles allocated to the province were distributed as:

- Amathole West: 80
- Amathole East: 80
- Amathole: 150
- Buffalo City Metro: 881
- Alfred Nzo West: 150
- Alfred Nzo East: 150
- OR Tambo Inland & Coastal Botha: 200
- Sarah Baartman: 150 (still to be distributed)
- Chris Hani: 200 (still to be distributed)
- Joe Gqabi: 200

The outstanding 4 bicycles will be distributed in the 2025/26 financial period which will amount to 2245 bicycles.

The Programme has supported SANTACO and ECSBOC financially through the Grant in Aid. The Programme successfully signed the Peace Accord with the Taxi Transport Industry leadership on the 5 April 2024 with the objective of curbing taxi assassinations and occurrences in the Eastern Cape. The Programme developed the implementation plan and Road Map of the Taxi Mediation Panel Recommendations, and these were presented to the Taxi Industry. A Colloquium Session was held with the Public Transport Industry with the aim of transforming and contributing to the economy. A transactional advisor was appointed to develop the Terms of Reference and to facilitate the Colloquium Resolutions with the Public Transport Industry. Circular No.2 of 2024 was gazetted and circulated to Public Transport Industry extending the validity of operating license period from 3-7 yrs.

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 Stray Animal Management. 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. The Programme hosted Theme based Road Safety Youth dialogues which received support from RTMC in partnership with TVET colleges and was blessed by the presence of Local Municipality Mayor (Walter Sisulu Local Municipality), other important stakeholders that were involved which are: South African Police Services, Council of Churches, other Departments (Social Development, Sports, Recreation, Arts and Culture, Health), Government Entities (Eastern Cape Liquor Board and SANRAL), Youth Structures (South African Youth Council and Out-of-School Youth).

The Department welcomed the visit by RTMC to OR Tambo District to provide support in their Road Safety Education operations during the festive season. The Deputy Minister of Transport visited the Sarah Baartman District during the Joint operation accompanied by the Western Cape MEC for Mobility.

Fourteen Road Safety officials successfully completed the 3-Year NQF-6 Road Traffic Officer Qualification, and the graduation ceremony was held in Pretoria during December 2024.

The Programme held 57 PRE meetings throughout the province, and overall, the PRE Board issued a total of 12 769 which consists of 4158 abnormal loads permits and 8611 operator licenses.

The Programme conducted compliance assessments for both Bhisho and Mthatha Airports. An expression of interest was received from Aero SA to explore management opportunities of being involved in the development and future operations of Bhisho Airport. The Department held a virtual meeting with Aero SA and the decision was reached for Aero SA to visit Bhisho airport for physical assessment. The Department of Public Works and Infrastructure is in the process of appointing a contractor to continue with the Construction of the Fire Station Project at Mthatha Airport. The Department is also making a follow up on the implementation of the Memorandum of Intent with the Republic of China.

The Programme hosted Oceans Economy Roundtable Discussions, held with a primary purpose to review progress made since the launch of the Oceans Economy Masterplan, diagnose institutional gaps, and propose a detailed, actionable roadmap toward inclusive and sustainable maritime sector development. The Department will consolidate the resolutions of the Round Table Discussions and come up with an implementation plan.



4.4 PROGRAMME 4: TRANSPORT REGULATION



MR XH JAKUJA

CHIEF DIRECTOR:
TRANSPORT REGULATION

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:

- 4.1. Programme Support** facilitates overall management and administrative support of the Programme.
- 4.2. 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).
- 4.3.** Implementation of laws and regulation relating to vehicle registration and licensing, vehicle fitness testing and driver fitness testing.
- 4.4. Law Enforcement** maintains law and order on public roads through the enforcing of traffic laws and regulations



Programme 4: Transport Regulation								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
4.1 Programme Support Regulations								
An efficient and effective public administration	Transport regulation support services coordinated	P32: Number of transport regulation support services coordinated	7	7	7	7	-	n/a
	Regulation Systems managed	P33: Number of Transport Regulation Systems managed	3	3	5	2	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.
4.2 Transport Administration & Licensing								
Reduced road traffic crashes and fatalities	Compliance inspections conducted	P34: Number of Compliance Inspections conducted	248	209	209	209	-	n/a
	Speed operations conducted	P35: Number of speed operations conducted	2 809	2 611	2 440	2 588	(148)	With speed being one of the contributory factors to fatal accidents in the province, operations had to be intensified throughout the year due to influx of traffic on Provincial roads.
4.3 Law Enforcement								
Reduced Road Traffic crashes and Fatalities	Vehicles weighed	P36: Number of vehicles weighed	19 142	11 672	23 000	11 878	11 122	The two provincial owned weighbridges have experienced the following operational inefficiencies.



Programme 4: Transport Regulation									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation	
								Mithatha 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.	
								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.	P37: Number of Drunken Driving Operations Conducted	776	847	660	924	(264)	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	P38: Number of vehicles stopped and checked	1 268 440	1 366 395	1 272 440	1 351 423	(78 983)	The overperformance is due to intensified law enforcement visibility and the employment of the Traffic Training Officers (TTO's) on the roads to ensure driver and vehicle fitness.	
	Pedestrian operations conducted	P39: Number of pedestrian operations conducted	360	307	348	449	(101)	Pedestrian fatalities have been identified as rising in the provincial road network. To create awareness and visibility in hazardous areas, more pedestrians operations were conducted during the Festive and Easter Period.	
	Selective Law Enforcement Operations Conducted	P40: Number of Selective Law Enforcement Operations Conducted	11 556	9 213	7 752	10 140	(2 388)	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 in the 2024/25 financial year, the Programme has managed to fully achieve seven (7) indicators, taking performance to (78%) in terms of full achievement. This is a 11% improvement from the performance of the previous financial year, wherein performance was at 67%.

Two (2) indicators did not achieve their performance targets. Both indicators have a variance that is above the 30% threshold from full achievement.

Strategies to overcome areas of underperformance:

P33 – The indicator was changed going into the 7th administration – 2025/26 financial year.

P36 – Strategies to overcome underperformance per weighbridge.

Kinkelbos Weighbridge: The system will be upgraded at both Weighbridges by CSIR in a phase approach and thus upgrading of phase 1 is due end of June 2025. Phase 1 entails the upgrading of the weighing system. Interaction with the Department of Justice was conducted for the approval of the new fine ticketing system-generated fines towards automating the weighing system

Mthatha Weighbridge: A backup generator is in the process of procurement for Mthatha Weighbridge that currently has challenges with electricity.

Changes to planned targets

There were no changes to planned targets.

Linking Performance with budget

The performance of 78% has been achieved utilizing 98.9% of the budget of which 87% relates to compensation of employees. This was further ballooned by overtime paid to law enforcement officers towards the implementation of 24/2 operations. The Programme is personnel driven; mainly law enforcement is driven by law enforcement officers. The Programme reprioritized its budget towards training Traffic Trainees in the Traffic College in Gqeberha as part of building towards 24/7.

Sub-Programme	2024/25			2023/24		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1 Programme Support Regulation	8,625	8,625	-	5,484	5,484	-
2 Transport Admin and Licensing	16,870	16,870	-	14,744	14,744	-
3 Law Enforcement	345,617	343,366	2,251	316,158	312,612	3 546
TOTAL	371,112	368,861	2,251	336,386	332,840	3,546

Summary of Programme Performance & 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.

The Programme embarked on an awareness drive on legislation and licensing requirements with the aim of providing the public with general information to assist motorists in dealing with vehicle registration, licencing and other related issues.

To this end, nine (9) awareness campaigns were held at strategic locations such as roadblocks and taxi ranks. The Programme also conducted National Traffic Information System (NaTIS) training to 122 NATIS users from the Municipalities, Post Office and the Department on different courses i.e. driving licenses, registration and licensing, roadworthiness and enquiries to ensure that users are competent and skilled in legislative and system requirements.

The Programme continued to work with law enforcement agencies to curb fraud and corruption at driving license testing centres and vehicle testing stations and these efforts have resulted in some officials having been arrested for their role in fraud and corruption activities.

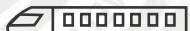


To expand services to the people and reduce queues in Municipalities, the Programme successfully opened Registering Authorities (RA's) in the Komani, Straundale and Elliotdale Traffic Stations. During the Period under review an amount of R6 297 659.50 was collected at Komani, R11 292 729.90 was collected at Struandale and R764 550.27 was collected at Elliotdale. The DLTC at Wilsonia in East London, continues to improve service delivery in the areas of Learners Licenses, Driving Card Renewals and Driving Licenses that it processes. A total amount of R29 million revenue was collected from the Provincial RA 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 R3,6 million 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 HRD 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.



4.5 PROGRAMME 5: COMMUNITY BASED PROGRAMMES

MS B NCIPHA-WALI

CHIEF DIRECTOR:
COMMUNITY BASED PROGRAMMES



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

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

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



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
5.1 Programme Support Community Based								
Efficient and effective public administration	Strategic interventions coordinated.	P41: Number of strategic interventions coordinated to develop and monitor programme performance for community-based programme	17	15	8	8	-	n/a
	5.2 Community Development							
Reduced Road Fatalities	Participants benefiting from interventions to reduce road fatalities	P42: Number of participants benefiting from interventions to reduce road fatalities	2 659	2 793	2 480	2 660	(180)	The overachievement is due to the additional request for Scholar Transport Monitors in the Sarah Baartman and Chris Hani Districts, following the need for more monitors as identified by Scholar Transport in the regions.
			Further additional work opportunities were created through the abscondments, resignations and deceased of participants who have exited the programme throughout the various interventions across the districts.					
Improved Transport Infrastructure	Work opportunities created through EPWP projects	P43: Number of work opportunities created through EPWP projects	33 085	31 092	32 514	34 280	(1 766)	The overachievement is also due to additional work opportunities created through exited participants in the Household Contractors, Supervisors, Data Capturers, Taxi Cleaners and Traffic Fine Processors projects as the programme implemented a recovery plan. In addition, the implementation of 761 work opportunities in the Welisizwe Bailey Bridges project, which was a presidential intervention, has also contributed to the overachievement.

Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
Improved public private sector partnerships	Empowerment of EPWP participants	5.3 Innovation and Empowerment P44: Number of beneficiary empowerment interventions	2	4	6	3	3	The underperformance is attributed to poor response from targeted and accredited service providers, as well as the resignation of NYS and four Artisan learners.
	Work opportunities created	5.4 EPWP Coordination and Monitoring P45: Number of work opportunities created	36 241	33 171	36 422	38 124	(1 702)	The overperformance is due to the following: Participant replacement drive that took place at districts. Welisizwe Bridge Programme that was implementing, however not part of the target. Implementation of Programme 2 projects initially not planned.
Decent jobs sustained and created	Youth employed	P46: Number of youths employed (18-35)	5 945	5 604	20 142	8 075	12 067	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	P47: Number of women employed	24 925	22 656	21 419	25 824	(4 405)	Overperformance is due the increasing number of women that show interest in the EPWP projects. This is due to the fact that most households are women headed thus making them interested in opportunities that will enable and secure provision for their families.
	Persons with disabilities employed	P48: Number of persons with disabilities employed	388	235	746	245	501	The underperformance is attributed to the inability to attract persons living with disabilities due to the nature of the projects implemented in the Department. These projects are not conducive for persons living with disabilities.



Of the planned eight (8) indicators to be implemented in the 2024/25 financial year, the Programme has managed to fully achieve five (5) indicators, taking performance to (62,5%) in terms of full achievement. This is a 12,5% improvement from the performance of the previous financial year, wherein performance was at 50%.

Three (3) indicators did not achieve their performance targets, all three (3) indicators have variances above a 30% threshold from full achievement.

Strategies to overcome areas of underperformance

P44: The Department has appointed a panel of accredited service providers on March 15, 2025. Consequently, a list of these providers is expected to be available from the Supply Chain Management (SCM) department in April 2025. This initiative aims to streamline the lengthy procurement processes for training interventions.

P46: The Programme has added stakeholder engagement sessions in the 2025/26 Operational Plan. The intention is to create a platform for engaging designated groups on the work opportunities available within the Department of Transport.

P48: The Department will conduct awareness sessions in collaboration with the Disability sector highlighting opportunities that are available for disabled persons and encourage them to disclose their disability.

Changes to planned targets

There were no changes to planned targets.

Linking Performance with budget

The performance of 62.5% has been achieved utilizing 92% of the budget. The non-achievement of beneficiary empowerment initiative indicator has contributed to the underperformance (37.5%). The Programme implemented some training interventions, although not all were achieved. The under expenditure was anticipated at the adjustment period and the baseline was corrected during this period. Furthermore, the training plan for empowerment initiatives included interventions funded from other training partners towards achieving public private participation. This has contributed positively to the partially achievement of the indicator not negating the challenges of procurement for the services. EPWP Coordination and Monitoring spent 99% of their adjusted budget while they only achieved 50% of their targets. They have not achieved their targets on youth and persons with disabilities. The reason for the misalignment is that they are dependent on other sub-programmes for the recruitment of youth and persons with disabilities, theirs is just reporting on these opportunities.

Sub-Programme		2024/25			2023/24		
		Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000
1	Programme Support	3,131	3,131	-	1 701	1 701	-
2	Community Development	577,246	530,717	46,529	559 585	544 515	15 070
3	Innovation and Empowerment	60,065	54,608	5,457	45 064	45 062	2
4	EPWP Coordination and Monitoring	13,261	13,195	66	13 697	13 697	-
TOTAL		653,703	601,651	52,052	620 047	604 975	15 072

Summary of Programme Performance & Achievements

As at year end, the Department was able to create and report 38 124 work opportunities through the implementation of Expanded Public Works Programme (EPWP). The over performance was attributed due to additional work opportunities created through transport initiatives and infrastructure. 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 continues to conduct awareness's in collaboration with Disability sector highlighting opportunities that are available for disabled persons and encourage them to disclose their disability. The Programme is also planning to create awareness to Disability people about the opportunities that the Department present through stakeholder engagement and collaborations.

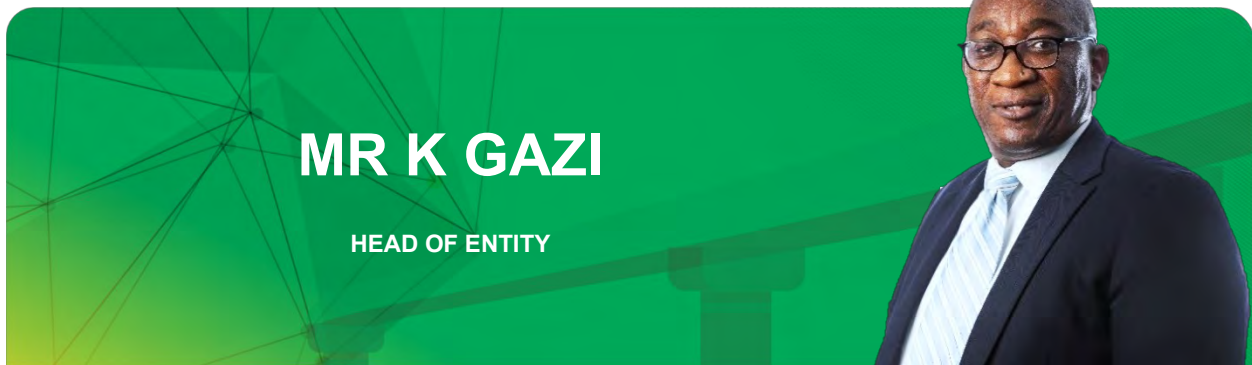


In terms of designated groups, the Department employed 8 074 youth, 25 824 women, and 245 individuals with disabilities across all its projects. A total of 850 EPWP participants were trained and developed through SETA accredited providers on storm water drainage and gabions. In addition, new training initiatives towards business establishment were conducted over several sessions towards strengthening of self-employed new ventures creation. Furthermore, 60% of the trained participants received financial management training from Nedbank and Old Mutual. This contributed towards the empowerment of EPWP beneficiaries.

Using labour intensive methods of construction, the department was able to ensure more jobs were created wherein small to medium enterprises got opportunities. In this venture, the Department collaborated with Ntabankulu Local Municipality in upgrading the Ntabankulu Business Ring Road and Sakhisizwe Local Municipality in the construction of Animal Pounds. These interventions will contribute to reduction of road fatalities



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.

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 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to Actual achievement 2024/2025	Reason for deviation
Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery	Audit Outcomes achieved	P49: Positive Audit Outcomes Achieved	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	n/a
	Leased Vehicles for Service delivery	P50: Percentage of leased vehicles that are compliant	78% (2498/ 3183)	75% (2385/ 3187)	75%	76% (2 452/3 216)	(1%)	There was a significant improvement in turnaround time in the delivery of vehicles by OEMs.
	Demand Assessment	P51: Number of needs analysis conducted within the province	0	0	1	1	-	n/a
	Client satisfaction survey	P52: Percentage of customer satisfaction score achieved	0	-	60%	79%	(19%)	The improvement in process and communication of the following service areas greatly improved sentiment with users; the sharing of information on status of emergency vehicles in repairs, issue and return of vehicle in garages, fuel card queries and licensing.

Summary of Programme Performance and key achievements

GFMS has achieved all its planned indicators. Taking performance to 100% for the 2024/25 financial year.

Changes to planned targets

There were no changes to planned targets.

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	163,567	163,567	62 routes subsidized

TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES.

The table below reflects the transfer payments made for the period 1 April 2024 to 31 March 2025

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	308,298	308,298	-
Africa Best AB350	Body that represents Small Bus operators		Yes	253,792	253,792	
ECSBOC Bus Operators	Implementing Agent		Yes	4,097	4,097	-
Dr. Beyers Naude District Municipality	Implementing Agent	Paving of street in Masizakhe Township	Yes	R 2 800	R 2 800	-
Port St. Johns	Implementing Agent	Concrete slab of Mthumbane street	Yes	R 4 300	R 4 300	-
Institutions of Higher Learning.	Institution of Higher Learning	Payment of tuition fees, Accommodation, meals allowance and book allowance.	Yes	R 9 395	R9 395	-
GFMS	Entity of the Department	Renewal of PD Vehicle licences for government vehicles	Yes	R 5 553	R 5110	The underspending is due to less renewal of yellow vehicle.
Sakhisizwe Local Municipality	Implementing Agent	Construction of animal pounds in Cala and Khowa to curb stray animals on the roads.	yes	R 2 404	R 2 204	The underspending is due to delays in the approval of the variation order by the municipality so that the department could provide an addendum in the SLA.

The table below reflects the transfer payments made for the period 1 April 2024 to 31 March 2025

Name of Transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
SLA Sarah Baartman District Municipality (Makana)	Implementing Agent.	For the Upgrading of van Beherens Ring Road in Riebeek East/ Rehabilitation of M-Street/Albert Street and Ncane Street	R 10 000	0	The municipality experienced tax challenges on the Central Supplier Database hence in the delay in the processing of invoices.
Raymond Mhlaba Local Municipality	Implementing Agent.	Paving of street in Hillcrest Township.	R 2 400	R 0	The project could not be completed due to delays in the issuing of designs by the municipality.
Ntabankulu Local Municipality	Implementing Agent.	Paving of Ring Road in Central Business District	R 2 800	R 0	The under-spending is due to delayed verification of works performed.
Provincial DA Taxi Council (SANTACO)	Body that represents the Taxi industry in the province	Professionalization of Taxi Industry	R 2 051	R 0	The underspending is due to delays in the finalization of structural changes in the association.



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	2 247 routes subsidized
Actual outputs achieved	2 397 routes subsidized
Amount per amended DORA	-
Amount received (R'000)	R 308 298
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	R 308 298
Reasons for the funds unspent by the Department	n/a
Reasons for deviation on performance	The underperformance is attributed to underperformance in relation to Algoa Bus Company & Mayibuye Transport Corporation. Algoa Bus Company: The underperformance is attributed to the scheduled routes' restructuring based on demand for services. Some of the scheduled routes could not be operated due to the routes being unproductive and economically unviable. These would, however, be operated accordingly in terms of variations in passengers' demand from month to month. Mayibuye Transport Corporation underperformed due to non-availability of a sufficient number of operational buses to service the allocated routes. This in the main is due to the constant bus breakdown caused by the poor condition of the buses.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving Department	Monthly meetings to verify claims for operations Submission of reports on monthly basis to National Department of Transport Department conduct spot checks on operations

Conditional Grant 2: EPWP

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To incentivise provincial departments to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines:
Expected outputs of the grant	36 422 of work opportunities created 20 142 youth employed 21 419 women employed 746 persons with disabilities
Actual outputs achieved	38 124 work opportunities created 8 075 youth employed 25 824 women employed 245 persons with disabilities
Amount per amended DORA	-
Amount received (R'000)	R 47 168
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	R 46 259
Reasons for deviation on performance	Underperformance is attributed to the EPWP Projects being less attractive to youth, thus proving a challenge to recruit and retain this age group. The underperformance is attributed to the inability to attract persons living with disabilities due to the nature of the projects implemented in the Department. These projects are not conducive for 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	300 280 square metres rehabilitated 0 square meters resealed 512 kilometres of gravel roads re-gravelled 23 877 kilometres of gravel roads bladed 69 966 square metres of blacktop patching
Actual outputs achieved	197 969,61 square metres rehabilitated 0 square meters resealed 796,37 kilometres of gravel roads re-gravelled 19 677,77 kilometres of gravel roads bladed 102 643,89 square metres of blacktop patching
Amount per amended DORA	n/a
Amount received (R'000)	R 2,232,058
Reasons if amount as per DORA not received	All funds transferred
Amount spent by the Department	R 1,895,671
Reasons for deviation on performance	Kilometres of gravel roads re-gravelled: Due to the severely deteriorated condition of the provincial road network, conditions assessment has necessitated that the network require importing of suitable gravel material. Re-gravelling quantities were subsequently increased resulting in the overperformance. Kilometres of gravel roads bladed: The underperformance is due to limited reach by in-house teams due to aged plant complement and shortage of plant items. This has led to diminishing productivity for inhouse performance. Square metres of rehabilitation: Rehabilitation of MR00664 N6 to Molteno. The project experienced delays due to adverse weather condition, thus affecting Adverse weather conditions Rain delays affected construction progress. Rehabilitation of DR08019 N2 to Ntabankulu. Project interruptions were experienced due to SMME strikes on the issuance of work packages. Both projects experienced delayed commencement due to delayed issuance of works permit from the Department of Labour.
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	0
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)	0
Amount spent by the department (R'000)	0
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	2024/2025			2023/2024		
	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	-	-	-	12 395	12 395	0
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	774 673	558 371	216 302	786 475	642 033	144 442
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	1 661 768	1 576 900	84 868	1 581 237	1 539 495	41 742
Infrastructure transfer	-	-	-	-	-	-
Current	-	-	-	5 570	5 570	0
Capital	39 704	11 050	28 654	7 028	7 028	0
Total	2 476 145	2 146 321	329 824	2 392 705	2 206 521	186 184

Progress made on implementing the capital investment and asset management plan

- Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year. Provide reasons for material variances (2% variance) No Maintenance Projects refurbish

- The following projects were not completed as planned and reasons for material variances (2% variance)

Project Name	Project Appropriation R'000	Project Expenditure R'000	% Spent	Reasons for Material Variance (2%)	Completed projects as at end March 2025	Progress in as at end March 2025
The progress provided below is progress on the design stage of projects intended to be constructed by the Department						
Design for Upgrading of DR08017 Cedarville to Mvenyane – Phase 4	2 570	2 477	96%	The invoice was submitted after the last payment run date.	The detail design report was issued	The Department envisages continuing with the construction of the project.
MR00700 (Stutterheim to Keiskammahoek)	810	810	100%	Not applicable	The detail design report issued	The details design target was reached
Progress against capital projects (Upgrades & Additions)						
Centane/Kei Mouth Qholorha Phase 4	5 709	4 954	87%	The retention were not paid during the period under review as the defects liability period has not laps	Completion certificate issued	Project was completed in the 2022/23 financial year and the retention fees paid
Construction of the Phakade Traffic Station	7 252	6 949	96%	Retention fees and transfer fees were not paid. The project is in the process of being transferred.	Completion certificate issued	The project was completed in January 2025. The project is in the process of being transferred to the local Municipality.
Projects Implemented through Service Level Agreements						
SLA EC Enoch Mgijima LM Phase 5/Fikile Gwadana Drive	21 736	12 598	58%	The under expenditure is due to the project progressing slower than programmed.	Completion certificate issued	Upgrading of 6.7km. 4.225km of asphalt and 2.45km paving leading to the Ikhala TVET College has been completed.
SLA-EC DoT Sarah Baartman (Makana LM)	16 000	5 741	36%	The under expenditure is due to the delay in	Completed	Upgrading Van Behrens Ring Road in Riebeeck East has been completed

Project Name	Project Appropriation R'000	Project Expenditure R'000	% Spent	Reasons for Material Variance (2%)	Completed projects as at end March 2025	Progress in as at end March 2025
				issuing of the works order due to Municipalities inability to correct their CSD		
Reseals and Rehabilitations						
Butterworth to Centane Rehabilitations	53 951	53 163	99%	The 1% variance is immaterial	Completion certificate issued	67,305 sqm was achieved.
Rehabilitation of TR04601 Grahamstown to Port Alfred	575	575	100%	Not applicable	Completed during the 2023/24 financial year	Retention has been paid.

2. Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed

Project Name	Expected completion date
The progress provided below is progress on the design stage of projects intended to be constructed by the Department	
Design for Upgrading of DR08017 Cedarville to Mvenyane – Phase 4	March 2028
Continuation for Upgrading of Qumbu Road 5km	March 2026
DR08017 Mount Frere to Cedarville Phase 1	March 2028
Design for Upgrading of Clarkbury P3, 20km	March 2026
Design of Lower Nxaxa	March 2028
Design for upgrading of DR08017 - Phase 3	March 2028
Progress against capital projects (Upgrades & Additions)	
Upgrading Of DR08606_Sterkspruit Mlamli Hospital to Surface Road	March 2028
Upgrading Of T125 (Phase 4) N2 To Siphetu Hospital Surface Road	April 2028
Centane/Kei Mouth Qholorha Phase 4	April 2029
Upgrading Of Clarkbury DR08034 N2 - R61(Phase 1) To Surface Road	April 2028
Upgrading Of Hluleka Nature Reserve (Phase 2) To Surface Road	March 2028
Upgrading Of DR08044 Willowville Dwesa Via Msengeni (Phase 3) To Surface Road	March 2029
Construction of the Mthatha Traffic Station	April 2028
Middelburg Integrated Traffic Control Centre	March 2028
Wild Coast Meander Coffee Bay to Zithulele (Ph 1)	April 2028
R72 to Hamburg	March 2028
Divisional Road 08041 - Cofimvaba to Askeaton	March 2029
Canzibe Hospital Road	April 2029
DR 08131 in Qumbu	March 2028
Projects Implemented through Service Level Agreements	
SLA DoT Great Kei Municipality	April 2028
SLA EC-DoT Mhlontlo LM 23/24	October 2028
SLA EC Enoch Mgijima LM ((Thornhill, Tsolwana Nat Reserve/ Fikile Godongwana /Ilinge)	March 2029
SLA-EC DoT Sarah Baartman (Makana LM)	March 2029
SLA EC-DoT BCCM Upgrading of Quenera Road	March 2028
Rehabilitation of MR00664 (N6 to Molteno) and DR08571/2- N6 Linge	January 2027
Rehabilitation of DR08019 N2 to Ntabankulu	April 2026
Rehabilitation of MR00391 (Humansdorp to Hankey) In the Sarah Baartman District	August 2026

3. Plans to close down or down-grade any current facilities

N/A

4. Progress made on the maintenance of infrastructure

- 1 Project was issued with a completion certificate
- 1 Project has paid out retention
- 3 Projects are currently in progress
- There is currently an activity to upgrade rod camps with upgraded living and ablution facilities



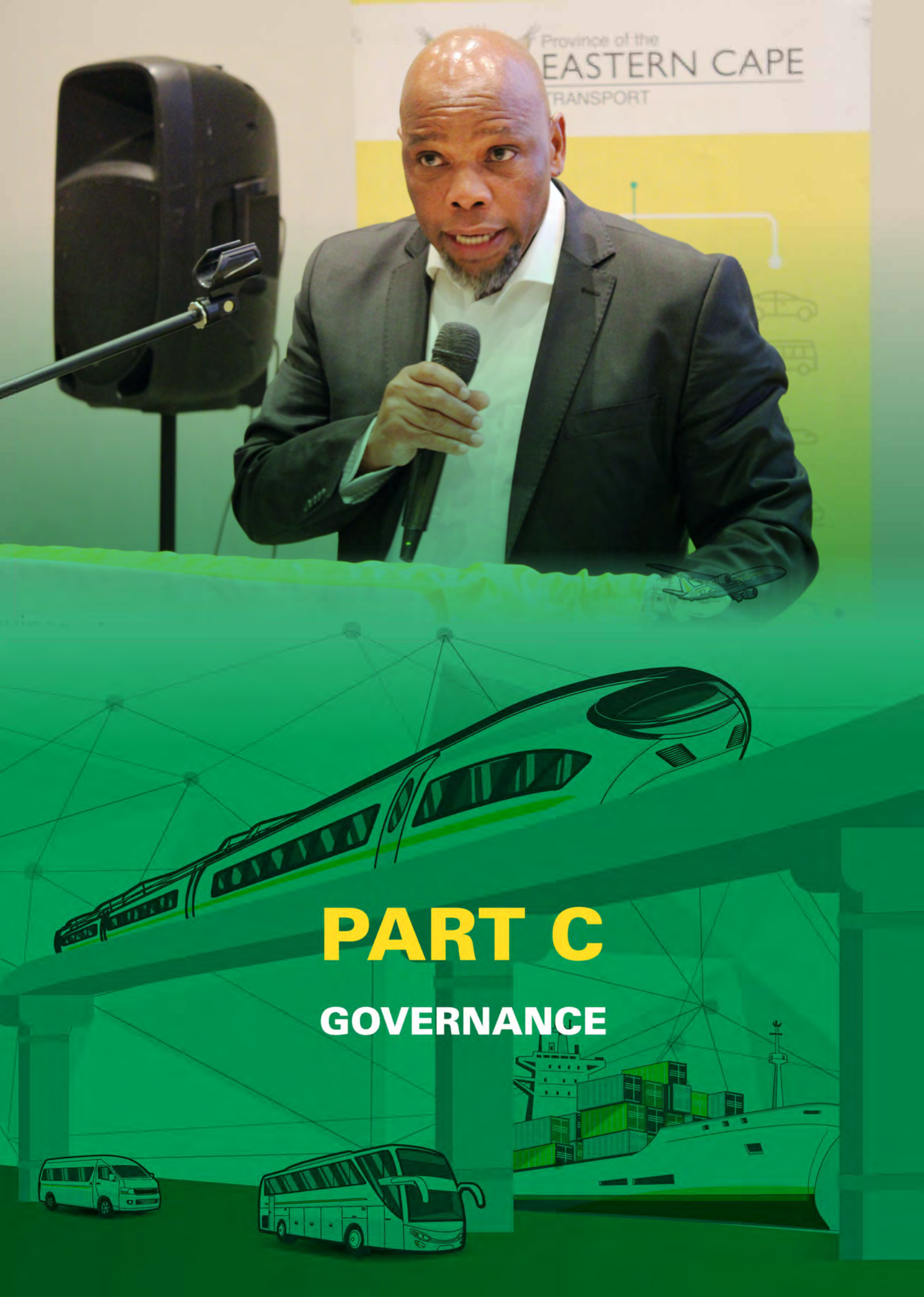
5. Developments relating to the above that are expected to impact on the department's current expenditure
Infrastructure

Reported under expenditure is due to the following reasons:

- Delayed awarding of surfacing bids resulting in stalling of the following projects:
 - Canzibe Hospital Road
 - Cofimvaba-to-Askeaton Project
 - Qumbu Hospital Road
 - Wild Coast Meander Coffee-Bay to Zithulele Hospital
- Poor performance of contractors resulting in contract termination of the following projects:
 - Mlamli Hospital Road
 - Hluleka Nature Reserve
 - Middelburg Integrated Traffic Centre

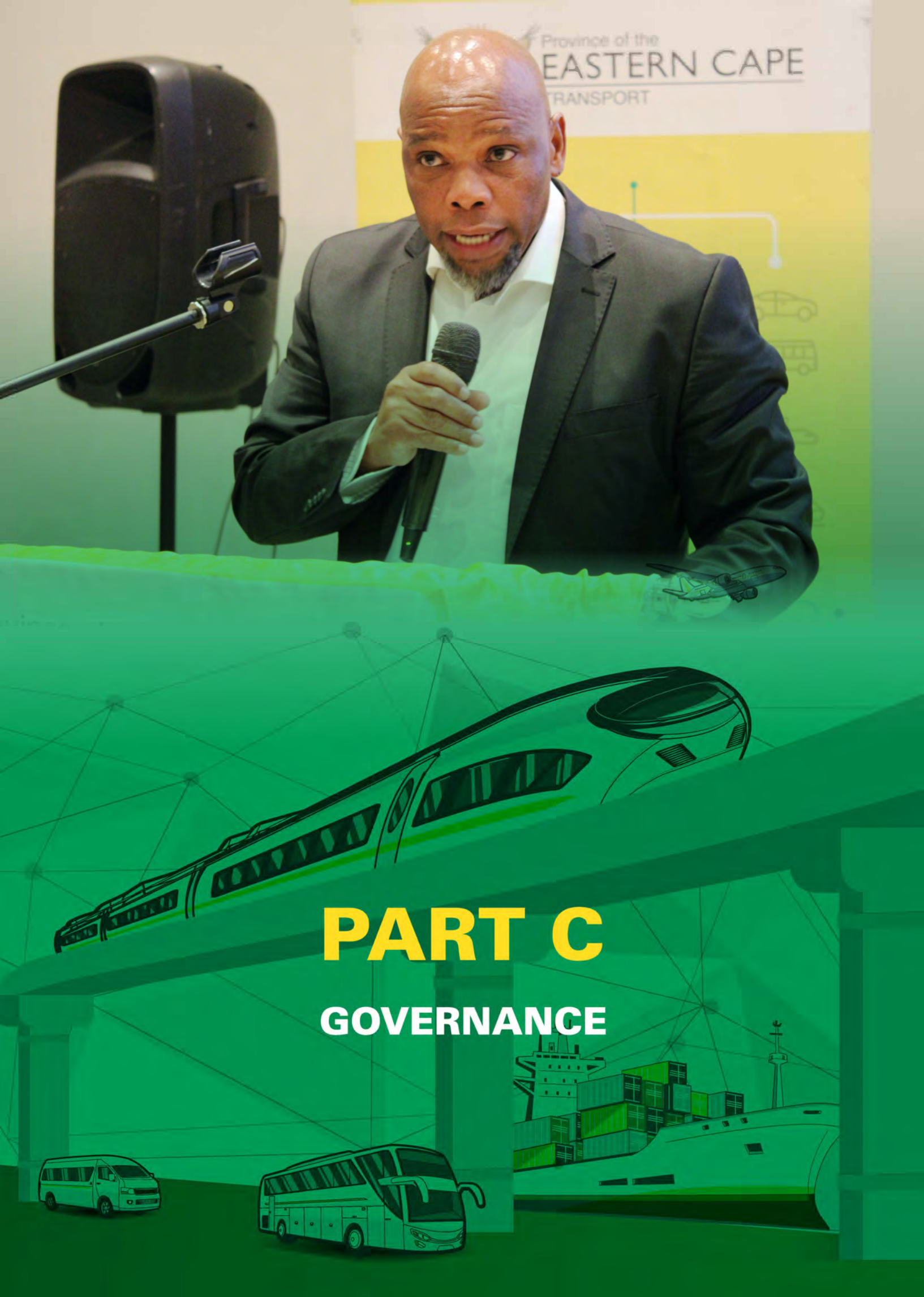


Province of the
EASTERN CAPE
TRANSPORT



PART C

GOVERNANCE



1. INTRODUCTION

During the 2024/25 financial year, the Accounting Officer of the EC Department of Transport (EC-DOT) re-committed to risk management, anti-corruption and integrity management processes that are aligned to the principles of good corporate governance as supported by legislation, values and principles enshrined in Chapter 10 of the Constitution. The commitment emphasized 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 provides 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 has an approved risk management policy 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 2024/25 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 direction for practicing 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 November 2024. This review included the review of strategic risks in alignment to the provincial nine integrated areas and provincial risk profile. 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. The Ethics and Risk Management Committee (ERMC) for 2024/25 was chaired by the DDG Administration in the absence of an appointed independent chairperson and was fully functional as all the oversight meetings were convened successfully. Where there were overdue action plans, the Interim Chairperson of the ERMC advised the Head of Department ("HOD") and the Audit Committee on the effectiveness of risk management. The ERMC in 2024/25 successfully provided oversight on risk and ethics governance matters including the effective implementation of risk management plan, implemented timeously. Additionally, the Interim 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 Function (IAF) performed an audit on the effectiveness of the Risk Management process for the 2024/25 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, the Ethics & Anti-Corruption Strategy designed to institutionalize the policy provision was developed, and an investigation policy was drafted and is under consultation. This strategy is aligned to a 5-year DOT strategy and focuses on training 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 investigations 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 2024/25 financial year, significant 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. These efforts included the EC-DOT in participating in the International Fraud Awareness week (IFAW) in 14-22 November 2024. This was commemorated by reminding members of Senior Management Service 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 fraud and corruption awareness. This was a great achievement and contributing factor towards the improvement of ethics and fraud risk governance within the Department. Internally, the Department received about 16 allegations of corruption, maladministration, and unethical conduct of which investigations have been conducted, and some were proposed to be investigated by professional service providers.

Other mechanisms put in place by the department to detect fraud and corruption include but not limited the implementation of a Policy on reporting unethical conduct, corruption and non-compliance in the Public Service, by ensuring clear reporting mechanism channels were followed in reporting fraud and corruption in the Department. As a result of increased awareness, employees understand how and where to report these allegations hence the increase in the number of reported allegations as stated in the above paragraph. Employees are advised to always remain anonymous to protect themselves against any possible occupational detriment. As part of streamlining the investigation process, the Department has developed an Investigation policy that will guide the process, mandate and procedures for investigations within the Department. This policy will be consulted with the general employees and approved within the 2025/26 financial year.

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 2024/25 financial year, the DOT achieved a 100% compliance on SMS Financial Disclosure, 100% on OSD (equivalent SL 9 and 10 categories) designated 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. However, the analysis of financial disclosures for other designated employees (ASD/OSD equivalent to SL 9 and 10) found 42 officials with inaccurate disclosures. Based on the extensive consultative process performed with affected officials, the Accounting Officer instructed that relevant managers should implement consequence management process to address non-compliance. of which the disciplinary process is underway.

4.2. Management of Other Remunerative Work

There was only one other remunerated work (ORW) application received in the 2024/25 financial year, and the Department has not yet approved the application. 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 2024/25 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 will be approved in 2025/26 financial year after the consultation process with the general employees. 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. All potential conflict of interest cases reported were dealt with by ensuring that employees who are directors of companies listed per the Central 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 areas 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. During the period under review, the Portfolio Committee convened sittings to consider the Departments 2023/24 Annual Report as well as the 2024/25 Financial Oversight Report. Furthermore, having presented the 2024/25 financial year Budget Vote, the Department received findings and recommendations from the Portfolio Committee, and these were responded to and submitted to the Portfolio Committee. The Department held the following meetings with the Portfolio Committee during the 2024/25 financial year.

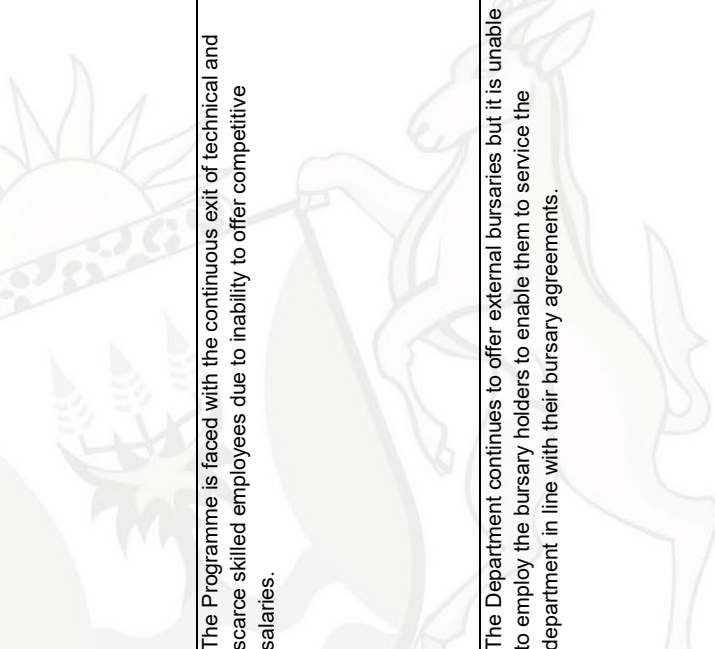
- The dates of the meetings were as follows:

DATE	ACTIVITY CONSIDERED
22 nd and 29 th August 2024. 6 th September 2024	Discussion for Budget Vote 10 for 2024/25
5 th , 7 th , 13 th and 28 th November 2024	Annual Report for 2023/24 and Financial Oversight Report for 2024/25

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 10 DISCUSSIONS (2024/25)

ADMINISTRATION FINDING	RECOMMENDATIONS	RESPONSE
The Department's Goods and Services budget is notably decreasing in every financial year despite the dire need of services on key sub- programmes such as scholar transport which is greatly affected by huge budget decrease of 29%, contractors, fuel for government fleet service for Traffic Officers etc.	The Department must provide the Committee with a plan on how it will maximise efficiencies within the available resources and ensure that critical services such as scholar transport, contractors, and community development projects are not adversely affected by the budget decrease.	ALLOCATIVE EFFICACY The budget of the department was developed in a manner that it is more biased towards the core function of the department. Acknowledging one of the economic rules namely that of reaching an equilibrium on demand and supply, the department funded contractual obligations and the priority areas and deferred the non-funded projects to the MTEF outer years until funding is available. The principle adopted was not to start new projects while facing financial constraints, rather to complete the ongoing projects. The department is considering various initiative aimed at improving efficiencies and effectiveness in our operational environment. The Budget for 2024/25 has considered a number of factors during the crafting of the budget: The Department has adhered to instruction of shifting of Microsoft licenses to the Office of the Premier, the shift started this current financial year and will continue over the MTEF period. The Department will continue to centralise ICT related items and assets of the department as well as branding and marketing of departmental projects and programmes. The department will procure these items in bulk and will benefit from reduced costs per unit and minimise the duplication of the staff procuring the same items which will improve effectiveness in service delivery. The Department will continue leveraging on the ICT infrastructure and software to conduct our operations e.g., use of virtual platforms MS Teams. The department has developed cost containment measures to curtail excess expenditure on non-core items and redirecting funds to essential services. The use of these travel agencies will have a cost benefit as the department will be using one rate for service fee which is dependent on the cost of the venue. To ensure speedy delivery of services the department will continue to use the framework and panel agreements as a way of speeding up service delivery and promoting efficiencies. The department has procured a Learner Transport Management System which will modernize the end-to-end scholar transport functions. This was designed to ensure there is no wastage of resources and that monitoring is enhanced. Performance

ADMINISTRATION FINDING			RECOMMENDATIONS	RESPONSE						
 The Programme is faced with the continuous exit of technical and scarce skilled employees due to inability to offer competitive salaries.			The Department must conduct interviews for those employees who exit and consider ways of retaining the scarce skills within the public service regulatory prescripts.	Management and Evaluation system has been developed to improve the performance efficiencies in the department. The technological advancements initiated by the department was aimed at promoting efficiencies in the provision of services. The Supply Chain Management practises have been explored to drive efficiencies through various procurement options.						
					Exit interviews are conducted with employees who resign to ascertain reasons for leaving. If there is a need to retain an employee, that will be done in line with Regulation 44 of the Public Service Regulations, as amended.					
					In the current financial year, up to date, 101 employees have existed in the department. Out of 101 employees exited the employment, 32 of them are technical and scarce skills. They exited the department due to various reasons, e.g. retirement (21) resignations (4), and death (7).					
The Department continues to offer external bursaries but it is unable to employ the bursary holders to enable them to service the department in line with their bursary agreements.			The Department must provide the Committee with a cost benefit analysis of providing the bursaries and a plan to work with relevant stakeholders to ensure that the services of the bursary holders are gainfully utilised.	The Department successfully absorbed 24 bursary holders under Programme 4: Transport Regulation as Traffic Officers and it continues to do so in order to build up for the 24/7 visibility throughout the province. 28 Civil Engineers, who are former bursary holders were placed on a Candidacy Programme (Technicians) for 3 years to assist them with work experience and professional registration. 54 external bursary beneficiaries were awarded for undergraduate studies. Beneficiaries are continuing with their studies, and the Department will encourage them to apply for vacancies when they become available. The costs incurred by the Department in the awarding of external bursaries are as follows: <table><tr><th>COST</th><th>BENEFIT</th></tr><tr><td>Trainee Traffic Officers R1 200 000</td><td>24 Trainee Traffic Officers were appointed to gradually build on 24/7 visibility throughout the province</td></tr><tr><td>Undergraduate studies R5 750 054</td><td>Beneficiaries are still continuing with their studies.</td></tr></table>	COST	BENEFIT	Trainee Traffic Officers R1 200 000	24 Trainee Traffic Officers were appointed to gradually build on 24/7 visibility throughout the province	Undergraduate studies R5 750 054	Beneficiaries are still continuing with their studies.
COST	BENEFIT									
Trainee Traffic Officers R1 200 000	24 Trainee Traffic Officers were appointed to gradually build on 24/7 visibility throughout the province									
Undergraduate studies R5 750 054	Beneficiaries are still continuing with their studies.									

ADMINISTRATION		RECOMMENDATIONS		RESPONSE
FINDING				(Aviation studies, Architectural studies, Maritime, Mechanical Engineering, Civil Engineering)
The Department has not met the 50 % target for employment of women at senior management level and 3%employment of people living with disabilities.		The Department must provide the Committee with a clear plan on how it will ensure the achievement of these targets in the filing of the vacant funded posts.		Beneficiaries will be encouraged to apply if there are vacancies. The Department is currently at 44% regarding representation of Women in SMS. The Department is in the process of reviewing the Employment Equity Plan where it is looking at setting goals to attract the set targets for employment of women at senior management level and the employment of people living with disabilities.
The digital system to monitor scholar transport has not yet been implemented by the department to be able to store credible learner data and to improve payments to transport operators.		Scholar transport new digital system must be urgently implemented to monitor scholar transport payments to operators.		The Scholar Transport digital system has been developed; however the Department has reached a stalemate with The Industry on its implementation processes. There are ongoing consultations between the Department and The Industry for an amicable solution to the matter.

TRANSPORT INFRASTRUCTURE		RECOMMENDATIONS		RESPONSE
FINDING				Report
The Department incurred fruitless and wasteful expenditure for overpaying contractors and consultants whose details appear below: • R8 428 699m was paid to the contractor for over measurement to upgrade the road DR08589 between Elitheni and R56 in 2021; • Over payment of R21 891 527m for services for which no value was derived was made to the contractor and the consultant appointed for the construction of the road DR08608 to Mlami hospital in previous and current financial year; • Over payment of R142 054 to the contractor to upgrade Fikile Gwadana project.		The Department must furnish the Committee with a comprehensive report on the steps taken by the Department to investigate fruitless and wasteful expenditure and the steps taken against responsible officials.		Project: Elitheni Coal Mine Re: Current Status – Fruitless and Wasteful Expenditure The fruitless and wasteful expenditure related to this project amounted to R5 184 289.37. The Contractor, Umso Construction took the Department to court after 3 payment certificates was withhold in order to recover some of the outstanding monies owed to Department. The Department, in turn, lodged a counterclaim against Umso Construction in order to recover the R5 184 289.37. This matter is currently serving in front of the courts and the Department is currently awaiting the verdict. Attached find counterclaim document as annexure 1. PROJECT: UPGRADING TO SURFACED STANDARD OF DR08606 FROM STERKSPRUIT TO MLAMI HOSPITAL (+/- 12KM) RE: FRUITLESS AND WASTEFUL EXPENDITURE The total amount of fruitless and wasteful expenditure on the Mlami Hospital Road project amounts to R 30 465 290.89 which is split between the Service Providers as follows: Masilakhe Consulting Engineers (Pty) Ltd (Employer's Agent): R 21 891 527.00; and

TRANSPORT INFRASTRUCTURE FINDING	RECOMMENDATIONS	RESPONSE
		RAZZ Civils/ Gorogang Plant Hire Joint Venture (Contractor): R 8 573 763.89 The wasteful and fruitless expenditure occurred as follows: Masiyakhe Consulting Engineers (Pty) Ltd This was due to services paid for by the Employer (Department of Transport) for which the Auditor General found no value was received. The Contractor (RAZZ Civils/ Gorogang Plant Hire JV) did not return to site after the December 2022 builder's break, however the Employer's Agent (Masiyakhe Consulting Engineers (Pty) Ltd, was on site as per their contract with the Employer. The project was put on hold from January 2023 until August 2023 when the Contractor eventually returned back to site. The Department was, during this period through several interventions, trying to get the Contractor back to site. During this period while the Engineer's personnel were on site the Employer did remunerate them, and it was these payment that the AG regarded as fruitless and wasteful expenditure (Payment from January 2023 until August 2023). Currently the following is being done to recover the funds: The Department has instituted a third-party claim against the Employer's Agent for the recovery of approximately R 8.4 million. This case is currently in the courts, and the Department is awaiting the court ruling. The Department is in the process of directing correspondence to Masiyakhe Consulting Engineers informing them about the funds to be recovered. RAZZ Civils/ Gorogang Plant Hire Joint Venture The AG contends that fruitless and wasteful expenditure occurred due to the overmeasurement of certain items which lead to overpayments to the Contractor. During the 2022/2023 audit the AG recorded overpayments to the amount of +/- R34 million, however after the Department produced additional evidence during the 2023/2024 financial year audit this amount was reduced to R8.5 million. The current status of the recovery of the funds are: The Contractor litigated the Department for the non-payment of Interim Payment Certificate 27 and this case is currently serving in front of the courts;

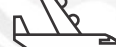


TRANSPORT INFRASTRUCTURE FINDING	RECOMMENDATIONS	RESPONSE
Various defects on Welesizwe Bridge programme were identified by the Auditor General.	The Department must strengthen its monitoring and evaluation of all projects to ensure that the department pays for services for which value was received.	The Contractor also declared a dispute with the Employer in terms of the GCC 2015 with respect to the non-payment of Interim Payment Certificate 27. In terms of the GCC 2015 an Adjudicator was appointed to adjudicate the matter and his ruling was in favour of the Department. He ruled that the Department has the right to levy penalties for late completion of the Works. These penalties amount to +/- R7.4 million which the Department is in the process of recouping from the Contractor. The Department is also in the process of directing correspondence to the Contractor informing them of the money to be recovered for overpayments in the amount of R8.5 million. Project: Fikile Gwadana Street Re: Overpayment of R142 054.76 (Due to double payment of Consultant Buchule Engineers) The Department has compiled a draft letter which will be forwarded to the Enoch Mgijima Local Municipality inform them about the audit finding and that the Municipality must recover the funds. The draft letter has been compiled and will be forwarded to the municipality by the 10th of November 2024. Additional to contractual processes that are underway, some officials in the Department have been issued with letters, where they are expected to provide details of what transpired and the steps, they are taking to remedy the situation. This applies to all above projects. Welesizwe programme is implemented in conjunction with National Department of Public Works & Infrastructure and South African National Defence Force, where NDPWI plays the role of an implementing agent and SANDF plays the role of contractor. Issues (defects) raised by AG have been communicated with NDPWI for action. It must also be stated that bridges have not yet been handed over and therefore technically under construction. Provincial team which comprises of OTP and ECDOT conducts site visits once a month to monitor progress and there is also a dedicated project manager assigned by ECDOT for daily site monitoring of projects.



TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSE
There are no timeframes set for commencing and completing both the in-house and outsourced road proj	The Department must ensure that estimated timelines for completion of the projects are set as it is an important project management tool.	Projects implemented by Inhouse Construction are sub-divided into segments and this is informed by scarcity of resources for full implementation of road section. On average, in-house teams are capable of implementing / upgrading a section of 2 km in a road which equates to an average of 10km per financial year.
		All outsourced upgrading projects have a define start and end date.
		However, completion of a project is largely influenced by a number of issues, such as unanticipated discoveries, additional requirements, incompetency of appointed service providers, etc.
		However, recommendations of the Portfolio Committee are noted, and Department will enhance its project management capability.
		Department uses various service delivery models to execute its mandate and Service Level Agreements (SLA's) being one of them.
A budget of R26m has been set aside for maintaining roads leading to farmers in Walter Sisulu municipality. However, roads across the province are in a dire state of disrepair and require urgent attention, especially roads leading to schools, health care institutions and to various tourists' attraction destinations.	d) The Department must submit a plan to the Committee indicating its plans on the maintenance of roads across the province, particularly roads leading to schools, health care institutions and tourists' attraction destinations.	Joe Gqabi SLA is a historical agreement emanating from the then Regional Councils which were operational prior to Provincial demarcations.
		Department conducts routine maintenance on ad hoc basis and as informed by needs. There are also key maintenance activities such as regravelling that are planned and communicated with Municipalities prior to implementation. List of regravelling priority roads will be shared with the committee.
The Department spends huge budget on road designs which are implemented long after the road has been designed or at times they are never implemented until the design becomes outdated and need to be redesigned with more additional costs	The Department must ensure that road designs are based on proper needs analysis and budget availability for the subsequent construction of the designed road.	Previously, designs were conducted once a road is identified for upgrading and Department later conducted designs on roads where complaints / petitions were received.
		It has since been realised that construction commencement normally delays and this leads to cost overruns due to review of designs.
		Recommendations of Portfolio Committee are noted and will be implemented.
It is observed that the quality of the surfaced road that has recently been constructed by the department in Mhlontlo local municipality along N2 route is not up to standard	Project manager must be assigned to monitor road construction projects to avoid shoddy work done by contractors and to ensure that the expected results are achieved	Department strives to improve its capacity in project management and recently established a Project Management Office (PMO) whose key purpose is to assist on monitoring infrastructure projects.

TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSE
The Department has not implemented consequence management on the incurrence of fruitless and wasteful expenditure in scholar transport.	The Department must provide the committee with a report on the steps taken to investigate fruitless and wasteful expenditure and steps taken against those responsible for the incurrence of such expenditure.	The recommendation of the Committee is noted. A consequence management has been considered, however, the matter has been referred to OTP Legal Services to assist the Department in finalising the investigation.
The budget allocated for scholar transport has been reduced and will only be able to transport 103 000 learners whilst the need is 146 000.	The Department must engage with Office of the Premier and Provincial Treasury for the allocation of more funds for scholar transport as non-provision of scholar transport to deserving learners has a negative impact on school attendance	The department noted the recommendations; the Department had engaged both the Premier's Office and Provincial Treasury for additional funding for scholar transport and an Excess Facility was approved for the Department but it is not enough as not all deserving learners are transported.
The Department still to date does not have an automated scholar transport system despite previous reports that the systems is in the development process.	The Department must urgently implement automated scholar transport system as it was promised that it will be up and running at the beginning of the current financial year.	The Scholar Transport digital system has been developed; however the Department has reached a stalemate with the industry on its implementation processes. There are ongoing consultations between the Department and the industry for an amicable solution to the matter.
The Department is moving at a slow pace in exploring ocean economy and unlocking opportunities within the ocean's economy	The Department must provide the committee with a plan on the role to be played by the Department in unlocking opportunities in the ocean's economy	The department has developed Maritime Strategy which incorporate oceans economy and current the strategy is to be aligned with the National Ocean's Economy which was presented by National Department of Transport. Furthermore, the department has developed concept document which is going to be used as a discussion in the planned Round Table Initiative.
The Department has planned to resuscitate some of the railway lines in the province but there are some that would play critical role in the economic outlook of the province that have been let out.	The Department must engage with PRASA and Transnet regarding resuscitation of railway infrastructure and other rail related matters in the province.	The department is also addressing the misalignment of departments that are participating in the Ocean's Economy initiatives in province. The department will consolidate work done and come up with plan that will have timelines and tasks to be performed. The department note the recommendations.
		The department had established Provincial Rail Committee in the province in order to lobby both TRANSNET and PRASA to invest in the Rail Infrastructure revival as the mandate and budget rest with these two parastatals. The department received some project that are being undertaking by the two Entities among them is revival of branchline from Blamey to Cookhouse, Amabhele Branchline to Mthatha was awarded to Sibhekuza Consortium for a period of 20 years.





TRANSPORT OPERATIONS	
FINDING	RECOMMENDATIONS
	RESPONSE the Rail Infrastructure revival as the mandate and budget rest with these two parastatals. The department received some project that are being undertaking by the two Entities among them is revival of branchline from Blamey to Cookhouse, Amabhele Branchline to Mthatha was awarded to Sibhekuza Consortium for a period of 20 years. The department is also busy reviving both Freight Strategy and Rail Strategy in the department. The department is also going to arrange Round Table Discussion with Key Stakeholders for the shift from road to rail.

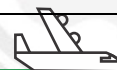
TRANSPORT REGULATION	
FINDING	RECOMMENDATIONS
The Department still has a shortage of human resource that will be able to implement 24/7 shift across the province due to budgetary constraints.	The Department must continue to engage National Department of Transport and Road Traffic Management Corporation (RTMC) to give the necessary support.
There are not enough speed cameras in the province to curb reckless driving and to assist the Department with revenue collection	The Department must consider putting more speed cameras on the roads in order to promote responsible driving, curb road accidents and fatalities and to assist in revenue generation in the case of non-compliance with the applicable speed limits.
There are signboards in the province that are still carry city/town names that have been changed long time ago.	The Department in consultation with the Department of Sports, Recreation, Arts & Culture must remove and replace old city/town names with new gazetted names.
	RESPONSE The Department accepts the recommendation of the Committee and will engage with National Department of Transport and RTMC. The Department accepts the recommendation and will likewise budget for more cameras. In addition, in partnership with the South African National Roads Agency Limited (SANRAL), the Department is in the process of having Average Speed Over the Distance (ASOD) cameras in phases starting with the stretch from Gqeberha to Makhanda as part of Phase One. The Department accepts the recommendation of the Committee and will implement it. There is a structure headed by DSRAC where we are advised of changes in order to effect changes.

COMMUNITY BASED PROGRAMME	
FINDING	RECOMMENDATIONS
The Programme is commended for implementing the Employment Equity Act by recruiting women, youth and people living with disability in the EPWP programme.	The Programme must continue to do the sterling job
	RESPONSE The recommendation of the Committee is noted, and the Programme will comply as recommended.

TRADING ENTITIES

GOVERNMENT FLEET MANAGEMENT SERVICES		
FINDING	RECOMMENDATIONS	RESPONSE
The Entity is still experiencing continuous non-payment by user departments, especially Health Department which owes R529m which impacts negatively on the ability of the Trading Entity to timeously replace vehicles.	The Department and the entity must continue to engage with all the Departments that owe the entity and ensure that Department pays the outstanding amounts.	Recommendation noted and will be implemented. The e Committee will be kept updated on progress.
There is an increase in theft and hijacking government vehicles mostly in OR Tambo District and Nelson Mandela Bay Metropolitan Municipality areas despite having fitted in trackers.	The Department must engage the South African Police Services and come up with a plan on how the theft and hijacking of government vehicles may be curbed.	Recommendation noted and will be implemented. SAPS will be engaged, and a proper plan will be made available to the Committee.
The Entity is faced with a challenge of inability to meet vehicle replacement commitments due to inadequate funding as a result of previous years fund forced surrender to Provincial Treasury.	The Department must engage Provincial Treasury on allocation of more funds for the entity and on the negative effect the surrender of funds has on the entity's operation.	Recommendation noted and request for more funding will be sent with the budget submissions.
MAYIBUYE TRANSPORT CORPORATION		
FINDING	RECOMMENDATIONS	RESPONSE
The entity is unable to service the 100 routes that are allocated to it despite the need for its services. It is currently serving 66 routes due to budgetary constraints	The Department must engage Provincial Treasury for more funding to enable the corporation to service the allocated routes and provide proper service to its communities.	The Corporation accepts the committee recommendation and will engage with Provincial Treasury accordingly.
The current business model of the entity makes the entity to be more dependent on government grant rather than own revenue collection as it has targeted to collect R30 million revenue but spend R 180 million on its operations.	The Corporation must in the process of developing enabling legislation for the corporation reconsider its business model in order to reduce the dependency on grant and promote self sustenance. The corporation must in the meantime 11 find innovative ways in which it can increase its revenue collection.	MTC will reconsider its business model in line with the anticipated increase in its operating environment as per the MTC Bill requiring MTC to operate province wide. Some of the Corporation revenue improvement strategies are as follows: - Automated Fare Collection & Fare Evasion system to be installed immediately after award is made to successful bidder. Will allow MTC to have a recording of fares and collected revenue. - Introduced a private inspection company to eliminate under collection of revenue from the commuters. - Increasing demand for private hire, as a revenue source through marketing strategies. - Marketing of MTC Services (scheduled services, private hire and contracted services) to various companies, general public. With an increased fleet, the above revenue enhancing activities will reduce the percentage reliance on the Grant Funding and move MTC closer towards breaking even i.e., revenue collections covering all direct costs (tyres, fuel, repairs and maintenance etc)

MAYIBUYE TRANSPORT CORPORATION		
FINDING	RECOMMENDATIONS	RESPONSE
The procurement of the automated fare collection system and fleet management system are still at the bid specification stage with an amount of R 2 335 million set aside for both systems which is very minimal and might lead to the entity not being able to get both systems up and running in this financial year.	The Corporation must provide the Committee with a quarterly report on the progress of procurement of these two systems.	The current status is as follows: - Integrated Fleet Management system (IFMS) - specification document has been completed and ready for publishing. - Automated Fare Collection and Fare Evasion system (AFC & FE) specification document has been completed and ready for advertising. Once awarded, successful bidder will implement system immediately. - Corporation has made provision of R10m for the initial stage of the project implementation of the Revenue system, the provision is not for the entire project value.
The corporation is faced with the challenge of ageing fleet which has a negative impact on the entity's operations but the entity does not have a costed plan for the replacement of the ageing fleet.	The Corporation must develop a costed plan for the replacement of the ageing fleet and engage with Provincial Treasury for funding for the replacement of the ageing fleet	The MTC Business Plan is attached hereto as an Annexure 2. This plan sets out the requirements for new buses, staff development, depot improvement and fleet management. The MTC Board has approved the finance lease as the option to procure new buses given the state of the provincial fiscus. The options have been presented to Department of Transport and still are to be presented to Provincial Treasury. The plan is not funded, and the finance lease option approved by the Board is subject for it being financed and approved by both parent Department of Transport and Provincial Treasury.
The corporation is in the process of developing enabling legislation for Mayibuye Transport corporation. A draft Bill has been developed and will be subjected to consultation.	The Corporation must provide the Committee with a project plan with time frame containing all relevant processes leading to the introduction of the Bill to the Legislature.	The developed plan with timeframes has been attached as annexure 3. Over and above the plan, there is a policy developed with the background reasons for the introduction of the Bill. MTC was established in terms of ministerial proclamation of October 1990, published under government notice number 89 of 1990 in a gazette of the then Ciskei Government. MTC was established to provide bus public transport to the rural areas of the Ciskei and Border areas. There have been significant changes since the dawn of democracy in 1994. One of those being that Ciskei and border areas that MTC was intended to serve no longer exist. More information is in the plan.



GENERAL FINDINGS

FINDING	RECOMMENDATIONS	RESPONSE
The budget of the Department is not sufficient considering the poor road conditions of the province.	The Department must engage with Treasury for the allocation of more budget to improve road conditions of the province.	Department continues to engage Provincial Treasury to get more funding. Recently it has submitted a bid for additional funding to Provincial Treasury, we are waiting for a response.

MATTERS ARISING FROM ANNUAL REPORT 2023/24 DISCUSSIONS

PROGRAMME 1: ADMINISTRATION		
FINDING	RECOMMENDATIONS	RESPONSE
The Department has improved its audit outcomes from qualified to unqualified during the year under review with matters of emphasis on non-compliance with legislation and material misstatements.	The department must ensure that it implements all the recommendations made by Auditor General in order to obtain a clean audit.	The department acknowledges the recommendation from the Portfolio Committee and remains committed to improving the audit outcome. To address the findings raised by the Auditor-General, the department has developed an Integrated Audit Intervention Plan. This plan incorporates the findings from both internal and external auditors and outlines specific corrective actions to address the recommendations made during the audit process. The plan is designed to strengthen internal controls, enhance compliance with relevant laws and regulations, and address any deficiencies identified. To ensure accountability, the implementation of the plan is closely monitored by management through regular progress reviews. Furthermore, the department has established mechanisms to assess the effectiveness of the interventions and adjust them where necessary. Through these concerted efforts, the department is confident in its ability to achieve the desired outcomes and work toward obtaining a clean audit in the near future.
The Department is still struggling to meet the 50% target for employment of women at a Senior Management level as it was at 45% for the year under review.	The Department must work towards achieving reasonable progress in achieving employment equity by ensuring 50% representation of women at Senior Management level.	The number of women in SMS has increased from 19 to 20 as a result of cross transfer, which will be 2.48% from 41% and taking us to 43.48%. Annual Recruitment Plans (4 March and 3 June 2024) have 9 vacant SMS positions, and we will ensure that women are given priority to increase their representation to be at 50% plus.
The Programme underspent by R6,9m during the year under review despite the enormous challenges faced by the department.	The Department must in future avoid underspending by ensuring proper monitoring of budget and that budget is spent according to plans.	The Department developed the Head of Department 8-principle action plan to address transformation and revived the Women Empowerment Forum to help address some of these gaps. The department acknowledges the recommendations made by the committee and will ensure proper alignment of costed plans to the

PROGRAMME 1: ADMINISTRATION FINDING	RECOMMENDATIONS	RESPONSE
		budget, avoid shifting of funds and accountability thereof in reporting mechanisms on monthly and quarterly basis. Concerted efforts will be made to ensure that underspending is timeously addressed in monitoring of the budget. Emphasis will be placed on reliable cash flow projections and monitoring of the procurement plan in conjunction thereof. A detailed progress report on the cases relating to corruption is provided to portfolio committee.
The department implemented anti-corruption strategies which resulted in decisive action being taken against those alleged to be corrupt. However, the department has not fully updated the committee on the status of the cases. The Auditor General reported a number of financial misconduct cases committed by some officials, however no consequence management in relation to the cases reported to the committee by the department.	The department must provide the Committee with a detailed progress report on the cases relating to corruption. The Department must furnish the Committee with a report on the investigation of those officials who are alleged to have committed financial misconduct and must provide the Committee with a plan on how it intends to prevent financial misconduct going forward.	The department acknowledges the request from the Portfolio Committee and has taken decisive steps to address financial misconduct and prevent its recurrence. The department has established a committee to Assess Irregular, Fruitless, and Wasteful Expenditure, which is tasked with investigating identified cases of financial misconduct relating to irregular, fruitless and wasteful expenditure. An assessment has been performed by the committee on the fruitless and wasteful expenditure relating to the infrastructure contract. The findings, recommendations, and actions arising from this assessment are detailed in the attached Annexure 1. Irregular Expenditure Algoa Bus Contract: This contract was previously declared irregular, and the Provincial Treasury has condoned it up to 31 March 2023. Transactions from April 2023 to September 2023 remain irregular, pending full condonation. The department is actively engaging with the Provincial Treasury for the condonation process. Preventative Measures for the Infrastructure Programme: A provision will be included in the Tender Document to clearly state the conditions applicable if a construction project is terminated, put on hold, or suspended. The Standard Operating Procedure (SOP) will be reviewed to include specific timeframes for the stoppage of services by consultants following project termination.



PROGRAMME 1: ADMINISTRATION FINDING	RECOMMENDATIONS	RESPONSE
		Tally Sheets will be maintained for all materials hauled on-site to ensure accurate quantity measurements and reduce discrepancies. Preventative Measures for Irregular Expenditure The department is conducting advocacy sessions and publishing informative articles in the departmental newsletter to raise awareness and build capacity regarding compliance with financial regulations. For bus subsidies, the department is utilizing the framework provided by National Treasury's Instruction Note 3 of 2021/22, alongside TR16A.6.4, as a deviation from the normal procurement process to manage these contracts. Continuous engagements are being held with the National Department of Transport and legal officers from both departments to establish a long-term solution for bus contracts. The department remains committed to improving internal controls, addressing financial misconduct, and ensuring compliance with all applicable regulations. Refer to Annexure 2.
PROGRAMME 2: TRANSPORT INFRASTRUCTURE FINDING	RECOMMENDATIONS	RESPONSE
a) The outsourced projects are performing poorly and are not completed on time due to lack of proper monitoring and evaluation by the Department.	a) The department must provide the committee with a plan that will be put in place to ensure effective monitoring and evaluation of the outsourced projects that will ensure improvement in projects' performance.	The Department's Project Management Office (PMO) is amongst initiatives commissioned towards improving projects performance. Furthermore, Gap Infrastructure Corporation (GIC) is also commissioned towards realization of this goal i.e. projects performance. GIC utilises Enterprise-Level Insight, Project Controlled Management software, which reduces the time it takes to handle processes, as well as mitigate human error. These innovations increase productivity and reduce operational costs, amongst other advantages.
b) Whilst the Committee appreciates the Welisizwe rural bridges initiative, the programme is however moving at a slow pace while the communities particularly learners are unable to cross the low-lying bridges during floods which negatively affects learning and teaching at schools. Furthermore, the location of these bridges is not mentioned in the department's report.	The department must engage the other stakeholders to consider prioritizing areas which have no bridges at all and must also furnish the Committee with the location of the Welisizwe bridges in the province.	Attached herein is a report of Welisizwe bridges including their locations. The record is Annexure No. 3

PROGRAMME 2: TRANSPORT INFRASTRUCTURE	FINDING	RECOMMENDATIONS	RESPONSE
	c) The climate change which resulted in the persistent heavy rains in the province has had a devastating effects, causing damage to roads, bridge infrastructure which has overwhelmed the department because of limited resources.	The department must explore other innovative solutions to road infrastructure challenges as the traditional tar road easily damaged by the ongoing heavy rains.	The Department accepts the recommendations. However, it must be stated that technically bituminous products (including so-called tar) do not necessarily get easily damaged by heavy rain. These types of surfaces are permeable; thus, able to push water away from the surface. Further, these surface types are still the cheapest and technically proven amongst methods for construction of roads. Informed by what's taking place in the country, continentally and internationally, the Department will continue researching potential alternative solutions but those will have to be supported and approved by relevant statutory/regulatory bodies e.g. SABS, SANS etc. It can also be stated that Department is using block-paving interlocking as an alternating to roads upgrades.

PROGRAMME 3: TRANSPORT OPERATIONS	FINDING	RECOMMENDATIONS	RESPONSE
	The department experienced financial cost pressure from the increase in the number of scholar transport learners, as a result it incurred unauthorised expenditure of R384,458m which negatively affects the audit outcomes.	The department must continue to engage Provincial Treasury for additional funding of the scholar transport in order to avoid future occurrence of unauthorised expenditure.	The Department is consistently engaging both the Office of Premier and Provincial Treasury regarding the funding of Scholar Transport Programme.
	The department is still faced with a challenge of learner data that is presented by Education department that does not tally with the data collated by the department. As a result, it is difficult for the department to implement the scholar transport digital system.	The Departments of Education and Transport must work together and come up with a strategy of solving learner data verification as this matter is long overdue.	The Departments of Transport and Education had formed Joint Teams to address the issue of database to minimise the challenges of the learner database.
	Despite the fact that the National Department of Transport is contributing by providing bicycles to alleviate the department from scholar transport, the rural roads conditions are not conducive for use of the bicycles.	The department must urgently attend to the road maintenance especially in areas leading to schools.	The Department of Transport through its Infrastructure Programme and municipalities is consistently attending to the roads that are reported to make them trafficable.
	Some vehicles used to transport learners for scholar transport are not in roadworthy conditions.	The department must intensify its monitoring strategy to ensure that vehicles used to transport learners are roadworthy.	It must also be noted that the newly designed routes are designed to have walkways which can accommodate the usage of Bicycles. The Department conducts vehicle inspections every calendar year when schools are open.

PROGRAMME 3: TRANSPORT OPERATIONS		RECOMMENDATIONS		RESPONSE
FINDING				Also, ad hoc monitoring of vehicles by Traffic Officers is conducted. The Department had appointed Scholar Transport Monitors who also had to report about scholar transport operations.
PROGRAMME 4: TRANSPORT REGULATIONS		RECOMMENDATIONS		RESPONSE
FINDING				
The department is making strides in creating legislation that will regulate taxi industry operations on public roads particularly to deal with those who prohibit the public from hitch-hiking.		The department must fast track the process in order for the bill to be introduced and be implemented to save the public from harassment by taxi operators.		There is already a provincial gazette issued under Notice No. 4871 on 23 January 2023 which outlawed impersonation of authorised officers emphasising that only law enforcement officers authorised by law are allowed to stop and inspect vehicles on the road (Gazette attached as Annexure 4). The Department will commence engagements with Municipalities from the coming financial year to promulgate appropriate bylaws to give effect to this regulation. The Department will further engage with National Department of Transport for introduction of necessary amendments to the National Land Transport Act.
b) The department is faced with a challenge of many Private Vehicle Testing Stations in the province.		b) The Traffic Management must tighten its monitoring strategies and ensure that these Vehicle Testing Stations operate according to National Road Traffic Act (NRTA) requirements.		The recommendation is noted for implementation and the Department will intensify its compliance monitoring by conducting follow up inspections and effect punitive measures where applicable.
c) The Committee applauded the arrests made for fraud and corruption within licensing services.		c) The department must continue to root out fraudulent activities and the Committee must be provided with progress report.		The Department participated in two Internal disciplinary cases by licensing agents to provide procedural expert witness services and is awaiting outcome following several arrests.
d) The Law Enforcement Programme has underspent by R3,5m despite the dire need of the Traffic Officers operations on the roads especially at night and over the weekends.		d) The department must improve its spending patterns as the visibility of Traffic Officers is a necessity on public roads.		Reports will be provided to the Committee as matters are finalised. The Department will establish well-resourced programme support and develop clear time-based plans.
e) It is noted that there is still tension that exists between OR Tambo District Traffic Officers and the department which is caused by some disagreements on certain labour related issues.		e) The department must move with speed in building sound labour relations and ensure that any issues between the department and OR Tambo District Traffic Officers are resolved.		A consultation process led by Human Resources Management commences in the week of 10 February 2025 as part of implementing the recommendations of the Portfolio Committee towards uniform shift system conditions.

PROGRAMME 5: COMMUNITY BASED TRANSPORTATION FINDING	RECOMMENDATIONS	RESPONSE
The Programme is still struggling to recruit youth and people with disabilities into the EPWP programmes of the department as the Programme planned to employ 19 687 youth but achieved only 5 604 and managed to employ only 235 out of targeted 716 people with disabilities.	The Department must come up with a new advertising strategy to attract more youth and people with disabilities using platforms that are accessible to rural	The Programme has resolved to conduct engagements with stakeholders and in particular organizations and forums representing young people and people with disabilities respectively to create awareness on opportunities within the community-based programmes.
The Department has collaborated with SETA with the aim to capacitate EPWP workers.	The Department must continue with good work of capacitating of EPWP workers.	In recruitment of beneficiaries for each project there will be specific targets for youth and people with disabilities. The finding is noted and collaboration with SETA is ongoing.

TRADING ENTITIES

GOVERNMENT FLEET MANAGEMENT SERVICES TRADING ENTITY FINDING	RECOMMENDATIONS	RESPONSE
The Trading Entity received an Unqualified Audit Opinion with no material findings in the year under review.	The Entity must continue to improve its performance in order to achieve clean audit opinion.	The Trading Entity notes the finding and will continue to improve its processes of internal control and performance management to ensure it retains the clean audit status it has received over the last three financial years.
98 Government vehicles are not fitted with tracking system due to user departments that fail to bring them for fitment.	The Entity must develop a strategy which enforces the user departments to bring the 98 vehicles to be fitted tracking system.	The Trading Entity has managed to reduce the number of vehicles not installed with trackers to 32 as at end of December 2024, from the 98 at the time of previous reporting.
The Entity still has a challenge with regards to turn-around time taken to service or repair the government fleet as the current RT46 contractor is unable to deliver as per the contractual obligations.	The Department must lobby the Provincial Treasury to make Government Fleet Management Entity a public entity so that it provides a better service.	Further outstanding are in the majority with the department of Health (21 of the 32) and GFMS will ensure that vehicles are grounded if not made available for installation. The Department notes finding and accepts the recommendation and will therefore implement as recommended.

MAYIBUYE TRANSPORT CORPORATION (MTC) FINDING	RECOMMENDATIONS	RESPONSE
The entity received Unqualified Audit Opinion during the year under review with no matters of emphasis.	The improved audit outcome is commended however more work needs to be done in order to obtain clean audit outcomes.	Management acknowledges the recommendation; the following strategies have been implemented and are monitored by management quarterly: Audit Intervention Plan has been developed and is monitored by Audit & Risk Committee Strategies have been implemented to ensure that all transactions adhere to SCM policies, Regulations and relevant acts. Contracts Management office to be filled to assist with contracts management systems that will eliminate extension of contracts.

MAYIBUYE TRANSPORT CORPORATION (MTC) FINDING	RECOMMENDATIONS	RESPONSE
The entity is struggling to achieve revenue collection target due to shortage of bus fleet. The current operational buses are ageing and consuming high maintenance costs. Therefore, the entity is unable to acquire new more buses as its own generated revenue cannot cover the operating expenditure.	The Department must engage with the Provincial Treasury for a possible increase in the grant provided to MTC to enable MTC to service all its allocated routes and maintain the existing buses. Furthermore, the Corporation must continue to look for other business opportunities in order to generate revenue.	Management acknowledges the recommendation and has engaged with DoT, with a view to making a joint approach to Provincial Treasury regarding the size of MTC's grant including alternative funding options. The Corporation is actively pursuing various business opportunities in for e.g. the Tourism Sector, Intercity Transport etc.
The Committee noted with concern the high amount of fees paid to board members for special meetings whilst the entity faces financial constraints.	MTC must as much as possible limit the number of special meetings convened in order to reduce board members fees.	Management acknowledges the recommendation and will work toward reducing the number of special meetings. The meetings were held at the behest of the former interim committee, whose term was limited to 6 months. The Interim Committee therefore had a limited time frame to effect the changes that they needed to make at MTC, hence the increased special meetings.
(d) Mayibuye Transport Corporation did not submit Annual and Financial reports on time and this limits the committee in its oversight function.	d) MTC must submit the reports on time for effective oversight.	We anticipate that with the election of a new Board by February 2025, that will serve for a period of five years, there will be less of a need for additional special meetings. Management acknowledges the recommendation of the Committee and commit to report on time in future.

GENERAL FINDINGS

FINDING	RECOMMENDATIONS	RESPONSE
The Committee noted the misalignment on the money spent by the department in that there is high expenditure than the activities achieved during the year under review.	The Department must in future ensure that its budget is spent in line with the planned activities.	The department will continue to monitor financial and non-financial performance on a monthly basis through the operational plan wherein the budget which is attached to the activities is monitored. This will assist in detecting areas of non-performance which have led to the disjuncture.

ADDITIONAL MATTERS ARISING FROM ANNUAL REPORT 2023/24 DISCUSSIONS

PROGRAMME 1: ADMINISTRATION

RESPONSE		PROGRAMME 1	
FINDING	Field of Study	Number of beneficiaries	Pass Rate
How many of those who have been bursary holders benefited in terms of jobs from the department?	Basic Traffic Diploma	150 (25 per District)	85% (128/142) progresses to Work Integrated Learning – and are being assessed currently
	Aviation Studies	10 (5 Amathole, 2 Alfred Nzo, 2 OR Tambo, 1 Chris Hani)	60% (10/6) – 6 progressed to 2 nd year
	Architectural Studies	6 (2 Sarah Baartman, 2 Amathole, 1 OR Tambo, 1 Alfred Nzo)	90% - 1 is in 1 st year, 5 progresses to 2 nd year
	Maritime Studies	18 (2 Sarah Baartman, 8 OR Tambo, 2 Amathole and 4 Chris Hani)	83% - 2 completed studies, 8 progressing to 2 nd year and 5 progressed to final year, 3 suspended (2 year)
	Mechanical Engineering	1 (1 Alfred Nzo)	100% - 1 progressed to 2 nd year
	Civil Engineering	19 (9 Amathole and 10 OR Tambo)	95% - 10 progressed to 2 nd year, 8 progressed to 3 rd year and 1 suspended (2 nd year)
		204	
Reasons for pass rate - external bursaries: Basic Traffic Diploma (86%) – 8 disqualified during commencement. 128 = 22 AN, 22 JG, 23 Ama, 20 OR Tambo, 19 SB, 22 Chris Hani 9 did not progress (2 AN, 1 Ama, 1 CH, 2 SB, 2 JG, 1 ORT), 5 dismissed (2 SB, 1 CH, 2 ORT) Aviation studies (60%) – OR Tambo District – 1 progressed to phase 2 (Commercial Pilot License) of pilot studies. Amathole District – 1 progressed 3rd year, 2 completed their pilot studies. Chris Hani District – 1 progressed to phase 2 (Commercial Pilot License) pilot studies. Architectural studies (90%) – 90%- 1 is in 1st year, 5 progressed to 2nd year. Maritime studies (83 %) – 2 completed studies, 8 progressing to 2nd year and 5 progressed to final year, 3 suspended (2nd year) – 2 CH, 1 ORT Civil Engineering (95%) – 10 progressed to 2nd year, 8 progressed to 3rd year, 1 suspended (2nd year) – CH			
Plans to bridge the gap between males and females in the sms and in other levels	Performance agreements of SMS members to include a Key Result Area on transformation as a collective approach to close the employment equity gaps. Revived Women Empowerment Forum and elected members thereof to drive the transformation agenda within the Department.		

FINDING	RESPONSE																									
	Developed the Head of Department 8-principle action plan to address transformation. The number of Women in SMS will increase to 20 in the next reporting period as we had a transfer in. The percentage increase will be 2.48% and will take us to 43.48%. If we can appoint 7 more Women in SMS, we can meet the target of 50% and more. Our Annual Recruitment Plans (4 March and 3 June 2024) have 9 SMS vacant positions, and we will ensure that Women are given priority to increase their representation to be at 50% plus.																									
Misconduct cases	<table><tr><th>Date Received</th><th>Nature of Offense</th><th>Date Finished</th><th>Status of the Case</th><th>Sanction</th></tr><tr><td>11/08/2023</td><td>Irregular expenditure</td><td>pending</td><td>The matter was submitted for advice</td><td>Not Applicable</td></tr><tr><td>11/08/2023</td><td>Irregular expenditure</td><td>Pending</td><td>The matter was submitted for advice</td><td>Not Applicable</td></tr><tr><td>11/08/2023</td><td>Irregular expenditure</td><td>Pending</td><td>The matter was submitted for advice</td><td>Not Applicable</td></tr><tr><td>11/08/2023</td><td>Irregular expenditure</td><td>Pending</td><td>The matter was submitted for advice</td><td>Not Applicable</td></tr></table>	Date Received	Nature of Offense	Date Finished	Status of the Case	Sanction	11/08/2023	Irregular expenditure	pending	The matter was submitted for advice	Not Applicable	11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable	11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable	11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable
Date Received	Nature of Offense	Date Finished	Status of the Case	Sanction																						
11/08/2023	Irregular expenditure	pending	The matter was submitted for advice	Not Applicable																						
11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable																						
11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable																						
11/08/2023	Irregular expenditure	Pending	The matter was submitted for advice	Not Applicable																						
As per AG Report, in terms of spending, the department is at 96% but in terms of overall achievement, it is at 62%, why is this not tallying?	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 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. Furthermore, reporting on APP items is standardized, items such as roads upgrades and rehabilitation are reported once they reach completion stage though the majority of budgets is spent on activities prior to surfacing (completion). This therefore means if project is at 90%, it will not be reported and complete and this will result to disconnection with respect to budget. There are other items that consume significant budget but not required to be reported as APP items, such as bridges maintained and constructed, purchasing of yellow fleet, road markings and signs etc. 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, contractual obligations and transfers to municipalities. Reprioritisation of funds to Scholar Transport.																									
PROGRAMME 2																										
Does the Department have a plan to maintain the poor state of our roads to accommodate the Shova ka Lula bicycles?	Department considers all available options to keep its road network in a safe, accessible and trafficable condition. The current plan is that of utilising its major budget portion on maintenance of roads to preserve its network. Departments is also entering into partnerships with strategic partners such as South African National Roads Agency Limited																									

FINDING	RESPONSE
On Welisizwe Bridges, who are the project owners?	(SANRAL), National Department of Public Works and Municipalities with the view of optimally utilising Government resources. Eastern Cape Department of Transport entered into a memorandum of understanding with National Department of Public Works and Infrastructure (NDPI) for implementation of Bailey (Welisizwe) bridges. In turn, NDPWI has a protocol agreement with South African National Defence Force (SANDF). Therefore, three (3) Departments are involved in implementation of rural bridges, namely, ECDOT, NDPWI and SANDF. The Programme (Welisizwe) came through NDPWI after they successfully applied for Budget Facility for Infrastructure (BFI). The programme purpose is to implement rural bridges in areas where there was previously no or limited access.
At which point are they in terms of finalising?	Programme started in 2018 with nine (9) bridges that were fully funded by ECDOT. After successful application for Budget Facility for Infrastructure (BFI) by NDPWI, the name of the programme was changed to Welisizwe and it was extended to other Provinces in the country. The programme is running behind schedule, there are 36 bridges planned implementation in the current financial year, with 19 already under implementation. Of the 19, 5 are fully completed while 7 are between 90 and 95% completion; and the rest being at various stages of implementation.
On projects that have been rolled over from previous years, can the Department consider services of Implementing Agencies?	Apart from using other Government Departments for implementation of its projects, no other implementing agents are being utilised by the Department. However, Department is willing to consider all options that will assist in improving roads infrastructure of the Province. Department once used other implementing agents in the past, such as COEGA Development Corporation (CDC) and Industrial Development Corporation (IDC) though not much success was derived out of those partnerships. Future considerations will have to target implementing agents that are directly involved in roads infrastructure environment.
For roads that are provincial roads within Municipalities, are there any Memorandum of Agreements with the affected municipalities?	There are Memorandum of Agreements with some municipalities, some Memorandum of Agreements are for implementation of provincially proclaimed roads while others are for both provincially proclaimed and municipal roads. These SLA's largely benefit municipalities since they are all funded by ECDOT.
Why are there regular overpayment of contractors?	Overpayments on contractors' invoices are caused by a number of reasons, they are human errors, negligence by Client representatives (consultants and IA's) and misinterpretation of measurement documents by Auditor General (AG). These are areas identified by EC Department of Transport causes of overpayments and Departments strives to improve on all of them and they find expression in our Audit Intervention Plan (AIP).
Do reseat improvements reported by ECDOT include Magusheni project.	No, Flagstaff-Magusheni project was terminated prior to its completion, and its performance was never reported as it was insignificant at the time of termination.
Do SMME's graduate in terms of CIDB?	Yes. However, Department is in the process of developing implementation plan on the Contractor Development Policy it had developed. This is where Department intends to deliberately measure success of its SMME's.
Committee finds its strange that Department continues to adequately spend its budget yet performance does not reach 100%.	With respect to Transport Infrastructure, performance is largely measured by set APP reporting items. However, there are other items that consume significant budget but not required to be reported as APP items, items such as bridges maintained and constructed, road markings and signs, etc.
PROGRAMME 3	
On Shova kalula bicycle project, where is the remainder of the 451 bicycles and how are they going to be distributed? To whom? When?? To respond fully to all 4 parts pls.	In the 2023/24, financial period, the EC Province was allocated 1400 bicycles. 559 had been distributed, leaving closing balance of 841 by 31 March 2024. The balance has been carried forward (rollover) into the 24/25 financial period and added to the 2024/25 allocation of 1400. In total, 2241 bicycles have been allocated to the province. Bicycles are distributed in collaboration with Department of Education in terms of the following allocation criteria prescribed by the National Department of Transport: 3km distance travelled of a single trip; - Household poverty level (Maximum combined household income of R1500 per month); - Non-availability of public transport;

FINDING	RESPONSE
	• Be between grade 3 and grade 12; and • Be able to understand basic road safety education Bicycles are distributed to qualifying learners in terms of the prescribed criteria as mentioned above. National Department of Transport would circulate draft delivery schedule and request delivery dates confirmations from provinces. Currently, National Department of Transport is delivering 1200 bicycles in terms of the confirmed delivery schedule, starting on 4 November to 25 November 2025.
Programme to consider marketing the gazette that was promulgated in 2023 where it was preventing marshalls from stopping people to hitch hike.	The recommendation of the Committee is noted. Gazette No 85 was issued by Hon MEC in 2023 stating as follows.:
Can Shova kalula funds be taken and be injected towards shortages at Scholar Transport?	No person must impersonate Traffic Officer, No person must stop private vehicles, No person must create ranks any where in the town. The MEC called all Brigadiers and Commissioners in the Province and handed over the Gazette for implementation and enforcement and he is still pursuing that. Shova Kalula bicycle project is one of the interventions to improve mobility and access to basic needs as well as social and economic opportunities for people especially in rural, remote and poorly resourced areas. The approach regarding the distribution of bicycles to provinces is in terms of the prioritization framework which allows for equitable allocation of bicycles focusing on provinces with high learner demand. The EC Province does not budget for the Programme and is entirely dependent on the yearly allocations by the National Department of Transport.
	PROGRAMME 5
Programme to explain monitoring tools for all of its EPWP programme	a) Currently the Department uses the EPWP Supervisors to monitor EPWP beneficiaries with a ratio of one (1) Supervisor is to thirty (30) beneficiaries. The beneficiaries also sign attendance registers with Departmental officials from Districts doing the overall monitoring. The programme has engaged IT for the development of a digitalised solution with gadgets to move from manual to automated system.
How is the Programme advertising its job opportunities	EPWP beneficiaries – The Department engage the Municipalities through the office of the Mayor in writing, the a meeting is arranged by the Municipality wherein the Ward Councillor, Ward Committees are engaged with the number of EPWP beneficiaries to be recruited in that area with preference given to previously disadvantaged people. Social facilitation conducted by calling a community meeting where the process and recruitment criteria will be explained.
Now that EPWP is no longer attractive to youth, is there a plan to attract youth?	During the closure of the Transport Month on the 31st of October 2024, the Department hosted two events in Alfred Nzo District, in sourcing guidance and feedback from the Youths from the Four Local Municipalities of Alfred Nzo, to ensure that they guide us in planning for programmes that are attractive to youths by hosting an EPWP Dialogue followed by the Awards ceremony to recognise NYS learners, Districts and Community Development Projects that made an impact since the beginning of the financial year. These were two topics of discussion during the Panel session: How can the Department of Transport fully capacitate youth for participation in all available sector opportunities? How can the Department of Transport address employment equity and language barriers during recruitment and implementation of all its programmes? There were also panel discussions aimed at engaging people with disabilities to come up front with projects that they can work in including revising the equity policies to ensure that the target in the province is met. The panel members will consolidate the recommendations, and the programme will implement what is recommended, prioritising those for people with disabilities as we are underperforming in this regard.

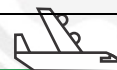
FINDING	RESPONSE
Recruitment of National Youth Services (NYS) and Artisans	For the NYS, a formal letter from districts to the Office of the Speaker is submitted to inform about the intention to recruit learners. The Speaker engages the Council Members followed by social facilitation to discuss the recruitment process. The districts receive invitations to make a presentation on the NYS programme and clarify the recruitment process A follow-up date is issued for the actual recruitment where organized Labour from the district is present to ensure transparent recruitment process is adhered to. Learners are contracted for 24 months. For the Artisan learners, an expression of interest with the required criteria for participation in the EPWP Apprenticeships is issued to municipalities and placed on Notice (Notice Boards) in various community services and government entities including Departments. The Advert is also placed on the departmental website, EC Youth Portals and Youth Councils. Suitable learners are contracted for 36 months The database created over the period is used to recruit NYS and Artisans
Nature of jobs for National Youth Services (NYS)	These NYS learners are placed in active projects aligned with the learnership that they have chosen during recruitment For the department, there are two types of learnership under the EPWP for the i.e. Non-Technical (Administrative) and Technical. The Administrative learners are placed in Departmental Programmes within Districts and Head Office for exposure in the work environment doing the following jobs: Data Capturing Caretaker Office Administration Under Technical, they are placed in departmental Depots under the Roads Programme assisting with Road's maintenance, minor electrical work and changing of tyres in workshops The NYS are placed under mentors and supervisors who sign their logbooks and monitor attendance.
Training programs for Artisans	Plumbing Bricklaying Electrical Engineering Diesel and motor mechanic Welding
Skills transfer	In the NYS programme learners gain experience and they are either employed outside the Department and some are absorbed by the Department through advertised vacant positions Artisans when they are qualified, they are often self-employed, and the Department assist them through the SMME development programme whilst others find employment within the Department for maintenance of the yellow fleet. Department of Public Works and Infrastructure also employs our Artisans for renovation and maintenance of Government buildings.

MATTERS ARISING FROM FINANCIAL OVERSIGHT REPORT 2024/25 DISCUSSIONS

PROGRAMME 1: ADMINISTRATION	FINDING	RECOMMENDATIONS	RESPONSE
	The Committee noted with concern the delays in the conclusion of a number of misconduct cases with some being referred to the Office of the Premier for advice.	The department must provide the Committee with a plan on how it will ensure the finalisation of the misconduct cases.	The department is in a process of engaging an external facilitator to provide training for Chairpersons and employer representatives within the department. This initiative aims to mitigate delays in the issuance of findings and sanctions by the external Chairpersons, who have reported that such delays are often caused by employer representatives failing to submit either closing arguments or aggravating circumstances.
	The implementation of Invoice Tracking System known as Khawulez' ubhatale that addresses the payment delays is commendable as it assisted the department to be able to pay its creditors within an average of 26 days.	The department must ensure proper monitoring of the system to avoid any challenges that may arise which may lead to delays in payment of service providers.	This training exercise is scheduled to occur in July 2025. This is noted with appreciation. All units in the payment value chain (Registry, Stores, Pre – Audit & Payments) are meeting on weekly basis to monitor bottlenecks and resolve issues. This tracking system will be rolled out to districts in the 4th quarter. Training has already been provided to districts in the 3rd quarter

PROGRAMME 2: TRANSPORT INFRASTRUCTURE	FINDING	RECOMMENDATIONS	RESPONSE
	It is quite concerning that the Programme has underperformed as it is sitting at 37% while the road conditions in the province continue to deteriorate.	a) The department must provide the Committee with a recovery plan on how it will improve its spending pattern in order to achieve the set targets and avoid any under expenditure.	A recovery plan is attached herein as Annexure 1 and summarised as follows: The department identified infrastructure projects which were slow moving, impacting the physical and financial performance of the Department, and also identified infrastructure projects which are better performing and have capacity to carry out additional works as well as those which due to funding constraints were initially under-funded. This was done to ensure that all allocated funds would be used within the financial year with improved physical performance against set target. The reprioritisation included redirecting of R47.3 million among maintenance projects and redirecting of R63 million among construction projects. The cashflows for how the remaining funds will be used is attached in the detailed recovery plan.

PROGRAMME 2: TRANSPORT INFRASTRUCTURE	FINDING	RECOMMENDATIONS	RESPONSE
	There is no detailed information presented to the Committee regarding the Budget Facility for Infrastructure (BFI) funding that department stands to benefit from for rural bridges and the relationship between Gap Infrastructure Corporation (GIC) and the Budget Facility For Infrastructure (BFI).	b) The department must furnish the Committee with a detailed information with regards to GIC and BFI.	The Budget Facility for Infrastructure (BFI) is a National Treasury's budget reform initiative that supports the execution of priority infrastructure projects in South Africa. The BFI was established in 2016 to improve the quality of public investments by establishing a more rigorous process for planning, appraising, and selecting projects. The BFI's goal is to improve project outcomes and value for money for the government. The BFI's primary purpose is to close funding gaps and provide viability gap funding for projects that will leverage private sector financing and technical assistance. Public institutions, including national, provincial, and municipal spheres of government, as well as public entities, are invited to submit proposals. To date, the Department attempted to submit a project (the Wild Coast Meander Roads Programme) for consideration. Unfortunately, the attempt was unsuccessful. The Department will however, continue to fill the gaps and re-package the programme for submission in future BFI windows. On the other hand, Gap Infrastructure Corporation Gap Infrastructure Corporation (GIC) is a leading P3 infrastructure developer specialising in design, build, and financing (DBF) of infrastructure projects in Africa. They work with the governments and the private sector. GIC, is a leading infrastructure developer bridging the gap between public and private sector partnerships to build, design, and finance a brighter future for our partners and communities alike. They specialise in Town Planning, Civil Services, Structural Development, Health Infrastructure, Property Management, Mining and Road Works amongst others.



PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
FINDING	RECOMMENDATIONS	RESPONSE
c) Although there was no target to complete kilometres of the upgraded roads in the first half year, however an expenditure was incurred.	c) A detailed report on why there was expenditure while there were no planned activities must be provided to the Committee.	The Department aims to utilise GIC's expertise to bring forward needed infrastructure and finance. This to improve the province's roads within the next 5-10 years. Indicator for upgrades is standardised for all provinces and measured in kilometres (km). However, activities preceding the final wearing course (riding surface) are more costly; yet they do not amount to fully upgraded kilometre/s. Planning and targeting for upgrades considered all construction activities involved and it was realised that these activities would not result to fully upgraded road or kilometres. It can also be stated that civil engineering work is regulated by South African Institution of Civil Engineering (SAICE) and payment is for construction activities completed; as per Committee of Transport Officials' (COTO) Standard Specifications for Road and Bridge Works for South African Authorities.

PROGRAMME 3: TRANSPORT OPERATIONS		
FINDING	RECOMMENDATIONS	RESPONSE
The Scholar transport programme projects to overspend by R393 649 million and this is attributed to the increase in the number of learners ferried.	The Department must submit to the Committee the intervention plans to address this challenge.	The Department of Transport is only receiving qualified learners from Department of Education as they can conduct assessment of deserving learners as per Scholar Transport Policy. The intervention plan will be based on the received number of learners and the allocated budget.
The construction of Mthatha airport fire station has been budgeted for annually since 2021/22, however the project has not yet commenced till to-date.	The Department must provide the Committee with a clear progress report on the construction of the Mthatha airport fire station and must prioritise the completion in order for the airport to meet the required standards.	The Department of Public Works and Infrastructure is an implementation agency for Department of Transport. They design and advertise for the contractors to construct the Fire Station. In the last Financial Year, they had advertised and a contractor was appointed but could not perform and it was terminated. DPWI had re-advertised and the Tender had closed, and the process is under adjudication and Department of Transport is awaiting the appointment of the new contractor.

PROGRAMME 4: TRANSPORT REGULATIONS		
FINDING	RECOMMENDATIONS	RESPONSE
a) The department published moratorium on applications of private Vehicle Testing Stations due to overflow in private vehicle testing stations.	The department must come up with a plan on how it intends to deal with the overflow of applications rather than imposing moratorium which will be disadvantageous to the public.	The recommendation is noted, and Department will develop a plan to align existing vehicle testing stations with the requirements of the law as well as improving in its monitoring mechanisms to eliminate current abuse of private testing facilities.

PROGRAMME 5: COMMUNITY BASED TRANSPORTATION		
FINDING	RECOMMENDATIONS	RESPONSE
The Committee finds it unacceptable that the Programme is projecting to underspend by R43 572 million considering the high unemployment rate in the province and that the Community Based Programme is designed to create job opportunities.	The Department must submit a clear plan on how it will prevent the under – expenditure and ensure that the funds are spent to create employment opportunities in the province.	The recommendation is noted, and the plan is attached as Annexure 2.
The Programme seems not to be reaching all races and the rural areas during recruitment process of young people and people with disabilities.	The Department must reconsider the advertising strategies that are used for this programme in order to ensure that the employment opportunities created by this programme reach wider target.	The programme will engage stakeholders and in particular organizations and forums representing young people and people with disabilities to create awareness on opportunities within the community based programmes. These engagements will be conducted per District and ward representation will be prioritized. During recruitment targets for youth and people with disabilities will be specified.

TRADING ENTITIES

GOVERNMENT FLEET MANAGEMENT SERVICES TRADING ENTITY		
FINDING	RECOMMENDATIONS	RESPONSE
The Trading Entity is faced with a challenge of continuous non-payment by User departments which impacts on the ability of the Entity to replace vehicles timeously.	The Department must engage with the Office of the Premier and Provincial Treasury and convene a meeting with all the departments that are continuously failing to honour their payment plan as agreed upon with the department.	The departments owing and Provincial Treasury have already been engaged unfortunately with no significant improvement and as such the matter has been escalated to the Governance, State Capacity and Institutional Development Cluster (GSCID) that includes the Director General of the Province (OTP) and Provincial Treasury and all the departments of the province addressing mainly the challenges of the Department of Health and Education.

GENERAL FINDINGS

FINDING	RECOMMENDATIONS	RESPONSE
The department's budget spending is characterized with roll overs amounting to R142 million from different programmes, which points to poor financial management.	Breakdown of the roll-overs of each Programme must be submitted to the Committee, furthermore stringent control measures must be taken to improve the financial management systems in the department.	Department did not fully spend its budget for 2023/24FY. Programme that contributed to this underspending was Transport Infrastructure (T1) due to poor performance by service providers, which resulted to others being terminated. The entire R142million was underspent by T1. Department increased budget tracking mechanisms, including development of recovery plans where financial challenges surface.
There is lack of correlation between the set targets performance and expenditure.	The Department must improve on its planning, target settings and spending patterns to ensure that the allocated budget is spent as planned. A plan to address this challenge must be submitted to the Committee.	The finding is noted. The department will continue to monitor financial and non- financial performance on a monthly basis through the operational plan wherein the budget which is attached to the activities is monitored. This will assist in detecting areas of non-performance which have led to the disjuncture. Where there are emerging political priorities, they will be accommodated within the government planning and implementing framework. The department through Monitoring and Evaluation will be starting the process of assessing the effectiveness of the departmental plans by analyzing performance against the set outcomes using performance indicators to measure progress, identify areas for improvement and advise on future strategies linking it to budget.

SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
1	Financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework by full and proper records, as required by section 40 (1) (a) of the PFMA	The Accounting Officer must ensure that there is submission of credible financial statements and performance reports, this can be strengthened by putting in place clear guidelines. Standard operating procedures, constant monitoring by management, reviews of annual financial statements and annual performance report by the governance structures (audit committee and internal audit). Accounting officer must hold the	The Department acknowledges SCOPA's recommendation and confirms that measures are being implemented to ensure the submission of credible financial and performance reports. These include the internal review processes and continuous monitoring by management. The Audit Committee and Internal Audit are actively involved in reviewing the Annual Financial Statements and Annual Performance Report. The Accounting Officer is committed to holding management accountable for underperformance, in line with Section 45 of the PFMA.	Yes

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
2	Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.	management of the department accountable for underperformance. Section 45 of the PFMA is clear on responsibilities of departmental management. The Department must maintain effective, efficient, transparent systems of risk management and internal controls. Intensive monitoring and review of information submitted for financial statements by Chief Financial Officer and other managers, to avoid incorrect information before finalisation to promote good governance.	The Department acknowledges the recommendation by SCOPA. The Chief Financial Officer has developed a detailed project plan, which has been endorsed by the Department's management and presented to the Audit Committee. This project plan outlines specific timelines and deliverables to ensure the timely submission of working papers. This approach enables adequate time for internal review processes and promotes the accuracy and reliability of financial information before finalization, in line with principles of good governance. The Accounting Officer has made other Managers to account for failure to provide necessary support and information and continuously monitor the process. However, despite these efforts, challenges remain in contract management. Specifically, the Department continues to experience difficulties in effectively monitoring the work performed by contractors. This presents a risk in identifying potential instances of fruitless and wasteful expenditure. In relation to Scholar Transport, the Learner Transport System has not yet been finalised. This limits the Department's ability to adequately monitor the operations of service providers, which further impacts the effectiveness of internal control measures. The Department remains committed to strengthening internal controls and will prioritise the finalisation and implementation of systems that enhance oversight and accountability in these key risk areas.	Yes
3	Effective internal controls were not in place for approval and processing of payments as required by Treasury Regulation 8.1.	The Department must implement the automated or digital system to monitor scholar transport and avoid overpayments and underpayments. Management must put in place effective, efficient system on tracking of invoices for payment of services rendered so that payments are done within a stipulated or agreed period as required by Treasury regulation 8.1.1 and 8.2.3.	The department had taken a decision to implement the Scholar Transport Learner System and this was communicated to operators in a meeting held at East London ICC on 31 January 2025. Secondly, the department had arranged a training of operators at Joe Gqabi on the 2nd of February 2025. The operations never attended the arranged training, the department is busy engaging the operators, and a plan has been developed and shared with the Districts	No
4	Effective appropriate steps were not taken to prevent unauthorised expenditure amounting to R172.826	The Department must improve its financial planning to ensure scholar transport is adequately budgeted for.	The Department of Transport and the Department of Education have formed Joint Task Teams that deal with the scholar transport database and are led by DDG Administration-Transport and DDG Education.	No

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
	million, as required by section 38 (1) (C) (ii) of the PFMA and Treasury Regulation 9.1.1 the unauthorised expenditure was caused by overspending on transportation of scholars.	The Department must have consultative engagements with the Department of Education as custodians of learners to get correct information on the number of learners to be ferried, find solutions on any challenges experienced in transporting learners, and get guidance from Provincial Treasury on funding of scholar transport to avoid occurrence of unauthorised expenditure.		
5	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	The Department must ensure enforcement and implementation of adequate internal controls to prevent reoccurrence of fruitless and wasteful expenditure. Intensify and improve contract management and oversight controls on significant key maintenance and capital construction projects. The Department must speedily recover all losses due to overpayments from both officials and service providers who are found to be liable and implement consequence management to those who intentionally colluded and failed to comply with laws and regulations. A report of consequence management must be provided to the Committee within 30 days of adoption of the report	The Department endeavors to improve its control environment in many respects. These include, amongst others, improving project management and contract management capacity through utilization of the GIC services to improve performance. Furthermore, cases that have been reported within infrastructure projects for alleged financial misconduct were investigated by the committee appointed by the HOD to assess fruitless and wasteful expenditure. The department is dedicated to accelerating the implementation of the recommendations.	No
6	Effective steps were not taken to prevent irregular expenditure amounting to R444,36 million as required by section 38 (1) (c) (ii) of the PFMA and Treasury Regulation 9.1.1	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	The recommendation by SCOPA is noted. The department has made several adjustments to strengthen its control environment and implement effective preventative measures: The compliance unit and pre-audit functions are essential for ensuring adherence to relevant rules and regulations. These units provide a critical oversight mechanism, ensuring that transactions are thoroughly reviewed and aligned with the relevant prescripts before finalization. The department regularly conducts awareness workshops to enhance staff understanding of internal control measures. These workshops emphasize the	Yes

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSES BY THE DEPARTMENT	RESOLVED (YES/NO)
		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.	importance of compliance and are part of the department's broader strategy to prevent irregular expenditure.	
7	Auditors were 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	Disciplinary actions must always be taken against officials who intentionally or wilfully and negligently fail to comply with the provisions of laws and regulations. Records of disciplinary steps taken must be kept safe and provided to auditors when there are requested, the Committee must also be provided with evidence that consequence management has been implemented, within 30 days of after adoption of the report.	Disciplinary actions are taken against officials in the Department. Records are kept safe for all cases and, when requested, are furnished to the auditors. The disciplinary processes for cases of financial misconduct were commended in 2023; however, they were submitted for review. Employees who were alleged to have committed financial misconduct took the Department to court, challenging the investigation report as unlawful and that it should be set aside. The employees further wanted to prohibit the implementation of the report and declare certain disciplinary proceedings against applicants unlawful and of no force and effect. An order was made by the court that the report be set aside	Yes
8	The following internal control deficiencies were identified: Adequate, robust systems and processes were not in place to monitor compliance with applicable laws and regulations. Inadequate implementation of action plans to address shortcomings that were identified in the previous years. Inadequate contract and project management, oversight controls on significant capital projects that led to fruitless expenditure. Non-implementation of recommendations by governance structures (Audit committee and internal audit).	The Department must ensure implementation of recommendations by governance structures of the Department including recommendations by the Auditor General and the Standing Committee on Public Accounts (SCOPA), in coming up with changes to be made to the internal control environment of the Department. An introduction of a revised viability assessment for appointment of contractors on significant maintenance and capital projects, including monitoring and adequate oversight over implementing agencies to such projects must be done to eliminate all the challenges that leads to loss of money and poor workmanship.	Department notes recommendations and has started to monitor progress on the implementation of recommendations. The department has appointed an Implementing Agent to assist with technical consultancy services, which will enhance the capacity within the Department mainly on project and contract management. On viability assessment, the Department is amending its tender documents to address the attraction of poor service providers, focusing on detailed risk assessment prior to appointment.	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
Unqualified opinion with findings on performance information and compliance	31 March 2025	

10. INTERNAL CONTROL UNIT

Discuss the work performed by the 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

The Internal Audit Function (IAF) is a fundamental component of the department's governance and accountability systems. It is a function created by the department through legal prescription imposed by the Public Finance Management Act (PFMA) read together with Treasury Regulation 3.2.2. In light of Treasury Regulation 3.2.6, which stipulates that internal audit must be conducted in accordance with the Standards set by the Institute of Internal Auditors (The IIA), the IAF is guided by the International Professional Practices Framework (IPPF) published by the IIA, to act independently and objectively in providing assurance and advisory services in respect of the department's overall governance, risk management, and internal control processes.

The Audit Committee (AC) is established by the department as prescribed by the PFMA and its core functions and responsibilities are spelled out in the Treasury Regulations and the AC Terms of Reference (The Charter) approved by the Accounting Officer in consultation with the Executive Authority. The AC plays a pivotal role in assessing, and based on assessment, advising the Accounting Officer and Executive Authority regarding:

- The effectiveness of the department's overall governance, risk management and internal controls system;
- The effectiveness of the IAF;
- The adequacy, reliability and accuracy of the financial and performance information produced by the department;
- Accounting and auditing concerns identified through internal and statutory audits; and
- The department's compliance with legal and regulatory provisions.

The AC thus assists the department in enhancing its integrity and operational effectiveness through good governance and adherence to the legislative, accounting and auditing frameworks.

Key activities and objectives of the IAF

We present our report for the financial year ended 31 March 2025.

Purpose, mandate and alignment with department's strategy

The purpose of the IAF is to strengthen the department's ability to create, protect, and sustain value by providing the AC and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The IAF enhances the department's successful achievement of its objectives; governance, risk management, and control processes; decision-making and oversight; reputation and credibility with its stakeholders; and the department's ability to serve the public interest.

The mandate specifies the authority, role, and responsibilities of the IAF and empowers the IAF to provide the AC and Senior Management with objective assurance, advice, insight, and foresight. The IAF carries out the mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes throughout the department.

Charter, methodology and internal audit plans

The IAF has complied with its responsibilities by reviewing and adopting a formal Internal Audit Charter that regulates its purpose and mandate, and by adhering to the standards set by the Institute of Internal Auditors as required by Treasury Regulation 3.2.5 and 3.2.6 respectively.

Furthermore, the Internal Audit Charter, Internal Audit Methodology, a rolling 3-year strategic internal audit plan and 1-year annual operational plan and a Quality Assurance and Improvement Programme (QAIP) were reviewed, approved and implemented for the 2024/2025 financial year.

Independence and objectivity

The IAF has dual reporting lines in the sense that the IAF reports to the Accounting Officer administratively and to the AC functionally, thereby preserving its independence and objectivity. The IAF, through the Chief Audit Executive, hereby confirms its organisational independence and objectivity for the 2024/2025 financial year.



Internal audit modality and staffing

Whilst the IAF is fully insourced, the filling of vacancies is dependent on the department's recruitment processes and decisions taken by management. There are 10 approved positions, of which 8 are filled. The IAF has been operating with 2 vacancies during the 2024/2025 financial year, both of which have been vacant for more than 12 months.

The collective skills and experience within the IAF is not adequate because the IAF does not have scarce engineering skills that is required to audit roads and infrastructure. As such, the IAF is considering a limited co-sourcing model to help supplement for these scarce skills.

The IAF does not attend adequate training due the availability of budget and various internal matters that result in requests to attend training not being approved. As such, the CAE encourages the IAF to attend as many of the free courses hosted by various professional bodies to ensure that they adhere to the stringent Continuing Professional Development (CPD) requirements.

Quality Assurance and Improvement Program (QAIP)

The IAF confirms that an approved QAIP is in place for the 2024/2025 financial year.

A Periodic Quality Assurance Review (QAR) was conducted by Provincial Treasury on 1 November 2023. During this review, the IAF received a Generally Conforms (GC) rating. Two areas of improvement were identified and fully actioned by 30 November 2023.

An External QAR was conducted by an independently appointed reviewer on 30 September 2024. During this review, the IAF received a GC rating with three areas of improvement. Action plans have been developed and implemented to address these findings and ensure that they do not recur.

It is worth noting that the IAF conducts an annual Internal QAR in which all audit files are reviewed to ensure alignment with the standards set by the IIA. The Periodic QAR, External QAR and Internal QAR considers feedback from key stakeholders regarding the IAF's performance and ability to add value to the department with the perspective of providing a holistic assessment of the IAF.

Stakeholder relationships

The AGSA has used the IAF's work for a second consecutive year to assist on the audit of Scholar Transport at each district office. The IAF is extremely proud of this accomplishment and is looking forward to solidifying this relationship with the AGSA in the spirit of combined assurance.

Key Activities

In accordance with the approved Internal Audit Operational Plan, the IAF planned to complete 15 audits during the 2024/2025 financial year, 3 of which were deferred to the next financial year due to capacity constraints. This represents an 80% completion rate. The audits that were not completed will be considered for inclusion in the next financial year's Internal Audit Operational Plan.

No ad-hoc audits were performed for the 2024/2025 financial year.

The following audits, that include both assurance and consulting reviews, were completed:

- Review of the Draft Annual Financial Statements (assurance)
- Review of the Draft Annual Report (assurance)
- Review of Moveable Property, Plant and Equipment (PPE) including yellow fleet on behalf of the Auditor-General South Africa (AGSA) for the 2023/24 financial year (consulting)
- Internal Quality Assurance Review for the 2023/24 financial year (assurance)
- Review of Scholar Transport (tendering, awarding, contracting and payment processes) for the 2024/2025 financial year (assurance)
- Review of Performance Information for the first and second quarters of the 2024/2025 financial year (assurance)
- Review of the Interim Financial Statements for the first and second quarters of the 2024/2025 financial year (assurance)



- Review of Transfer Payments Processes for the first and second quarters of the 2024/25 financial year; and Addendum to the Final Internal Audit Report on the review of Transfer Payments Processes for the 2023/24 financial year (assurance)
- Information and Communication Technology Audit Review for the 2024/2025 financial year (assurance)
- Review of the risk assessment processes for the 2025/2026 financial year (assurance)
- Review of Community Development for the 2024/25 financial year (assurance)
- Integrated Audit Implementation Plan follow up of Auditor-General South Africa (AGSA) findings for the 2023/2024 financial year and Internal Audit findings for the 2023/2024 and 2024/2025 financial years (assurance)

Internal Audit recommendations, value add and limitations

The IAF provides value adding and practical recommendations to the department by virtue of conducting audits and providing advice during Top Management meetings.

Management is, however, very slow in implementing the recommendations and advice provided by the IAF, which in turn hampers the overall effectiveness and efficiency of the department. This has been reported to the Accounting Officer, AC and Standing Committee on Public Accounts (SCOPA) during each financial year.

For the 2024/25 financial year, the IAF provided 185 recommendations of which only 80 were implemented by management. This represents an implementation rate of 43%. For the 2023/2024 financial year, the IAF provided 134 recommendations of which only 37 were implemented. This represents an implementation rate of 28%.

No further limitations/constraints were placed on the IAF to impede its optimal performance, apart from the attendance of training as mentioned earlier in this report.

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 2024/25 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	Professional affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. Of Quarterly Meetings Attended (2024/2025)	No. Of Special Meetings Attended (2024/2025)
				Start date	End date		
Mrs. F Mushohwe	Master's in business administration Bachelor of Commerce CTA CA(SA)	External (Chairperson)		26 May 2024	25 May 2027	4	8
Mr. G Rich	Master's in business administration B. Tech in Business Administration National Diploma Public Relations	External (member)		26 May 2024	25 May 2027	4	8
Mr. Ngqwala	BCompt. Hons Bachelor of Commerce Intergovernmental Fiscal Relationship Course Management Skills Course	External (member)		26 May 2024	25 May 2027	3	8
Dr. S Nyenyiso	Doctorate Master of Philosophy in Internal Auditing	External (member)		26 May 2024	25 May 2027	4	8



Name of Member	Qualifications	Internal Or External	Professional affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. Of Quarterly Meetings Attended (2024/2025)	No. Of Special Meetings Attended (2024/2025)
				Start date	End date		
	B. Tech Internal Auditing Certified Internal Auditor Certified Fraud Examiner Certified in Risk and Information Systems Controls Certificate in Control Self-Assessment Certified Internal Quality Assessor						

12. AUDIT COMMITTEE REPORT

We present our report for the financial year ended 31 March 2025.

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 2025



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 are in the process to be reviewed so that they are in line with the HRMD directive 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 2025 were 2437 and the vacancy rate is 7%. The department has 18% youth employed on permanent basis, against the target of 35% which is still a challenge as according to the National Development Plan. Employees living with disabilities are sitting at 1% and women in Senior Management Positions are at 43%.

The status of human resources in the department

In the month of March 2024, the Department was granted approval on 15 March 2024 to fill 364 vacant funded positions in response to good governance, auditing and compliance. Out of the 364 approved positions, 137 were positions on recruitment waiting for approval of March PCMT, 227 were positions to be advertised. From the 227 remaining positions, 88 positions were prioritized and advertised and closed on 12 July 2024 as part of the decentralisation of functions to Districts in line with Service Delivery Model. 65 positions have been filled. 23 positions – 5 shortlisted, 10 interviewed, 3 re-advertised and 5 withdrawn. 139 positions are vacant and were advertised in August with a closing date of 20 September 2024. In June 2024, the Department was granted approval to fill 861 positions for the 2024/2025 financial year. Out of the 861 positions, 146 were vacant positions (where 52 were new positions, 15 re-advertisements and 79 were already in the recruitment process), 15 contract positions, 150 interns and 550 NYS learners. Out of the 146 vacant positions, 82 positions were advertised (52 new positions, 15 re-advertisements, 15 contract positions), 4 MEC staff positions, 14 re-advertisements (from 79 already in the recruitment process and from 88 advertised in July), and 139 positions (from March 2024 ARP) totaling 239 positions were advertised on 30 August 2024 and closed on 20 September 2024. Out of the March and June approved positions, 256 positions have been filled to date.

Labour-related (misconduct and grievance) cases have been finalized within the prescribed period of time, without delays like in previous years. Labour Relations office has managed to revive the departmental labour forum as the first meeting is scheduled to take place on 21st of May 2025, and to sit monthly for the financial year 2025/2026.

194 external bursaries inclusive of the new intake studying in various fields of study inclusive of Marine Engineering, Transport Economics, Engineering, Architectural and Aviation Studies. 88 Women in youth are benefiting from the external bursaries. The Department continued to partner with the institutions of higher learning, inclusive of the FET colleges and the private aviation institutions, to drive its bursary programme.

The Department has further provided training opportunities for external youth with a view of later creating more sustainable employment for them within the department and sector at large. 27 former Bursary holders for Civil engineering are serving bursary obligations as Candidate technicians for a period of three years. They are in their second year in this current financial year, and their contract has been extended to ensure that they come out of the programme as registered professionals

Internships - 101 Graduate interns funded by the Department had their contracts end on 31 July 2024. The Department further recruited and placed 198 graduate interns from 1st August 2024 funded by the Department and other SETA's. The interns are made up of the continuing 6 Traffic interns are continuing with 128 Traffic Interns started as student interns under the Work Integrated Learning Programme(WIL) for a period of five months and from January 2025 they were placed under the Graduate Internship Programme; 6 Interns under Internal Audit and ICT also funded by the Department and other SETA's; 27 Candidate Technicians serving; 30 GFMS interns recruited and placed by GFMS; 91 students interns placed in various district and funded by various SETA's. In total the Department has placed 390 Youth on an Internship Programme

The Department hosted two career expos, one in Chris Hani focusing on the STEM careers in partnership with SANRAL, reaching 500 learners' rural schools in grades 7-12 enhancing connections between students and exhibitors while showcasing emerging industries such as media, textiles, motoring, tourism, agriculture, transport, and construction. The expo provided students with insights into exciting opportunities in the maritime sector, empowering them to identify careers that align with their passions and skills. Additionally, the second career expo was held in Amathole District in partnership with SAIMI and TRANSNET targeted 300 learners and 100 EPWP youth beneficiaries, aimed at promoting maritime careers and addressing the skills shortage in related fields.

Highlight achievements and challenges faced by the department, as well as future human resource plans /goals. The key KPA to recruit and decrease the vacancy rate in the Department could not be carried out as the recruitment and selection was put on hold due to the full implementation of the new structure. As a result, there were no major



achievements. The delay in the full implementation of the structure caused challenges / increased the vacancy rate in the Department. Recruitment and selection have been stagnant.

"Employee Health and Wellness implemented all 4 pillars in Districts and Head Office. The Unit submitted 4 quarterly reports for the 2024/2025 financial year including the 2025/2026 Operational Plan to the Office of the Premier and Department of Public Service and Administration. In the 2024/2025 financial year, 2 Wellness Practitioners were appointed at Amathole and OR Tambo Districts and the Deputy Director was appointed at Head Office as well. Occupational Health and Safety inspections were conducted in all Districts including Head Office. Trauma debriefings were conducted to Traffic Officers who were exposed to traumatic experiences. Roads employees who were hijacked were further referred to Psychologists for further assessment and counselling. 2 Employee Health and Wellness Practitioners were attended to by a psychologist after they were robbed at gun point in the Sarah Baartman District.

Labour Relations successfully trained Labour Relations Practitioners to facilitate awareness sessions for all employees throughout the province. In addition, workshops on discipline management were conducted in all Districts, with the exception of the OR Tambo District and Head Office. Awareness sessions regarding the code of conduct and grievance procedures were held in Districts, excluding OR Tambo District and Head Office.

Employee Health and wellness unit is still understaffed because Joe Gqabi, Sarah Baartman, Alferd Nzo Districts do not have Wellness Managers. The Unit does not have an assigned vehicle for smooth running of the section regardless of the memorandum issued in 2022 for the swift movement to attend to Traffic Officers and other employees when there is an emergency. There is no arranged way of procurement for accommodation of EHW officials to attend to emergencies.

On Labour Relations, a persistent challenge is the delay in the issuance of sanctions by the Chairpersons of disciplinary enquiries." The department has recently lost four (04) qualified Labour Relations Officers who were promoted and transferred to other departments, which brings a huge challenge in terms of assisting the department in achieving its goals of handling all labour-related cases within the prescribed period of time as stipulated in the LRA.

Change management framework is in place but there is no proper mainstreaming of the framework. The HR Planning will 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.

In line with the Department strategic objectives the Department obtained an approval for the implementation of its Workplace Skills Plan (WSP). The Department invested R3500 000 in the implementation of the WSP, as such numerous training interventions were implemented towards Human Capital Development. Number of officials trained are totalling up to 807 including GFMS and Inhouse construction. The Department continued to partner with the institutions of higher learning, inclusive of the FET colleges and the private aviation institutions, to drive its bursary programme. Further the department partnered with the National School of Governance (NSG) and the relevant SETAs for the capacitation of the internal staff members. Added to that, the department is in the process of partnering with SAIMI and SAMSA in line with its quest to tap into the Maritime space and Grant application to fund 10 employees enrolled for Artisan Recognition of Prior Learning program which has been Approved for MERSETA and an agreement has been signed with MERSETA, Tranche 1 has been paid waiting for Tranche 2 and 3 Payment

Further to this the department, through its drive to maintain professionalism, has assisted the staff members to register and renew their professional registration with the relevant professional bodies. Moreover, the Department supported employees attending relevant conferences during the period under review.

Also, towards the professionalization of the sector, the Department in line with the pillars of the Directive on the Professionalization of the HRM&D has approved the Knowledge Sharing and Management session towards ensuring the culture of continuous learning and development. This session will create the opportunity for all the bursary holders who have obtained NQF levels 7-9 through the bursary fund of the Department to present their papers. Over and above that the Department issued bursaries to internal staff to study the Transport related careers. Seventy-four staff members (74) benefited during the year in question. Out of the (74), 42 beneficiaries are women. Also, the Department has managed to consult all the relevant stakeholders pertaining to the long overdue list of the Improved Recognition of Qualifications (RIQ) and has since submitted the final draft to DPSA to obtain concurrence.

The Department has a PMDS plan in place and there is an improvement in terms of submission for 2024/2025 performance agreements. The Department is in the process of implementing the EPMDS System and contracting for 2025/26 will be done via EPMDS, and the training roll-out plan for employees is in place. Going forward PMDS non-compliance will not be tolerated.



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 2024 and 31 March 2025

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	564 778.00	317 603.00	0.00	0.00	56.30	340.00
Transport Infrastructure	2 241 919.00	336 083.00	0.00	0.00	10.40	83.00
Transport Operation	1 753 282.00	128 336.00	0.00	0.00	14.10	405.00
Transport Regulation	368 861.00	317 369.00	0.00	0.00	6.50	519.00
Community Based Programme	601 651.00	62 551.00	0.00	0.00	86.00	509.00
Total	5 530 491.00	1 161 942.00	0.00	0.00	19.70	343.00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2024 and 31 March 2025

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)	10 345.00	0.80	45.00	229 889.00
Skilled (level 3-5)	240 326.00	19.10	784.00	306 538.00
Highly skilled production (levels 6-8)	576 706.00	45.80	1 164.00	495 452.00
Highly skilled supervision (levels 9-12)	295 072.00	23.40	363.00	812 871.00
Senior and Top management (levels 13-16)	58 949.00	4.70	42.00	1 403 548.00
Contract (Levels 1-2)	105.00	0.00	0.00	0.00
Contract (Levels 3-5)	561.00	0.00	2.00	280 500.00
Contract (Levels 6-8)	21 214.00	1.70	189.00	112 243.00
Contract (Levels 9-12)	5 068.00	0.40	5.00	1 013 600.00
Contract (Levels 13-16)	4 508.00	0.40	2.00	2 254 000.00
Abnormal Appointment	305.00	0.00	3.00	101 667.00
Total	1 228 452.00	97.60	3 392.00	362 162.00

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2024 and 31 March 2025

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	297 222.00	79.70	466.00	0.10	12 474.00	3.30	21 344.00	5.70
Transport Infrastructure	53 236.00	80.50	62.00	0.10	1 445.00	2.20	2 974.00	4.50
Transport Operation	264 134.00	73.10	9.00	0.00	16 283.00	4.50	25 790.00	7.10
Transport Regulation	98 212.00	76.90	2 523.00	2.00	4 020.00	3.10	7 664.00	6.00
Community Based Programme	222 301.00	67.30	35 113.00	10.60	12 441.00	3.80	25 697.00	7.80
Total	935 105.00	74.30	38 173.00	3.00	46 662.00	3.70	83 469.00	6.60

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2024 and 31 March 2025

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)	7 028.00	67.30	22.00	0.20	905.00	8.70	1 526.00	14.60
Skilled (level 3-5)	172 992.00	69.80	1 352.00	0.50	15 320.00	6.20	25 315.00	10.20
Highly skilled production (levels 6-8)	414 501.00	71.10	34 509.00	5.90	23 017.00	3.90	44 838.00	7.70
Highly skilled supervision (levels 9-12)	244 132.00	79.40	1 993.00	0.60	6 211.00	2.00	11 113.00	3.60
Senior management (level 13-16)	51 130.00	82.90	0.00	0.00	1 160.00	1.90	560.00	0.90
10 Contract (Levels 1-2)	100.00	95.20	0.00	0.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	521.00	92.90	0.00	0.00	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	20 531.00	95.90	250.00	1.20	7.00	0.00	89.00	0.40
13 Contract (Levels 9-12)	4 689.00	84.90	0.00	0.00	42.00	0.80	28.00	0.50
14 Contract (Levels 13-16)	4 077.00	86.30	0.00	0.00	0.00	0.00	0.00	0.00
18 Contract Other	257.00	84.30	48.00	15.70	0.00	0.00	0.00	0.00
20 Abnormal Appointment	15 147.00	98.10	0.00	0.00	0.00	0.00	0.00	0.00
Total	935 105.00	74.30	38 173.00	3.00	46 662.00	3.70	83469.00	6.00

1.2. EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by Programme as on 31 March 2025

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	885	652	15.00	27
Transport Infrastructure	1347	830	24.00	264
Transport Operations	214	235	5.00	11
Transport Regulations	951	628	20.00	0
Community Based Programmes	116	92	12.00	29
Total	3513	2437	7.00	331

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2025

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)	100	45	40	27
Skilled(3-5)	1321	785	26	264
Highly skilled production (6-8)	1241	1149	10	11
Highly skilled supervision (9-12)	281	368	0	0
Senior management (13-16)	49	43	12	29
OSD	240			0
Total	3 232	2 368	9.00	331



Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2025

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration Clerks, Permanent	43.00	33.00	23.30	2.00
Administration Officer, Permanent	13.00	10.00	23.10	0.00
Administrative And Governance Policy Manager, Permanent	27.00	16.00	40.70	1.00
Administrative Related, Permanent	239.00	209.00	12.60	23.00
Air Traffic Controllers, Permanent	1.00	0.00	100.00	0.00
All Artisans In The Building Metal Machinery Etc., Permanent	67.00	55.00	17.90	5.00
Artisan Project And Related Superintendents, Permanent	4.00	3.00	25.00	0.00
Auxiliary And Related Workers, Permanent	14.00	14.00	0.00	9.00
Bus And Heavy Vehicle Drivers, Permanent	77.00	73.00	5.20	5.00
Chaplain, Permanent	1.00	1.00	0.00	0.00
Civil Engineering Technician, Permanent	1.00	1.00	0.00	1.00
Cleaners In Offices Workshops Hospitals Etc., Permanent	64.00	59.00	7.80	5.00
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	12.00	10.00	16.70	0.00
Community Development Manager, Permanent	2.00	1.00	50.00	0.00
Computer Programmers., Permanent	2.00	1.00	50.00	0.00
Computer System Designers And Analysts., Permanent	1.00	0.00	100.00	0.00
Data Entry Clerk, Permanent	6.00	6.00	0.00	0.00
Earth Moving And Related Plant Operators, Permanent	8.00	6.00	25.00	0.00
Emergency Services Related, Permanent	1.00	0.00	100.00	0.00
Employee Wellness Practitioner, Permanent	2.00	2.00	0.00	0.00
Engineering Manager, Permanent	2.00	0.00	100.00	0.00
Engineering Sciences Related, Permanent	62.00	57.00	8.10	8.00
Engineers And Related Professionals, Permanent	47.00	41.00	12.80	28.00
Enquiry Clerk, Permanent	2.00	2.00	0.00	1.00
Environmental Engineering Technician, Permanent	1.00	0.00	100.00	0.00
Finance And Economics Related, Permanent	21.00	16.00	23.80	0.00
Finance Clerk, Permanent	32.00	32.00	0.00	0.00
Finance Manager, Permanent	4.00	1.00	75.00	0.00
Financial Accountant, Permanent	2.00	2.00	0.00	2.00
Financial And Related Professionals, Permanent	17.00	16.00	5.90	0.00
Financial Clerks And Credit Controllers, Permanent	119.00	105.00	11.80	2.00
Fire Fighting And Related Workers, Permanent	20.00	15.00	25.00	0.00
Food Services Aids And Waiters, Permanent	3.00	2.00	33.30	0.00
Food Trade Assistant, Permanent	1.00	1.00	0.00	0.00
Head Of Department/Chief Executive Officer, Permanent	1.00	1.00	0.00	0.00
Human Resource Clerk, Permanent	13.00	13.00	0.00	0.00
Human Resource Manager, Permanent	4.00	2.00	50.00	0.00



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Human Resource Practitioner, Permanent	1.00	1.00	0.00	0.00
Human Resources & Organisat Developm & Relate Prof, Permanent	15.00	11.00	26.70	0.00
Human Resources Clerks, Permanent	84.00	74.00	11.90	2.00
Human Resources Related, Permanent	29.00	24.00	17.20	1.00
Industrial/ Labour Relations Officer, Permanent	1.00	1.00	0.00	0.00
Information Technology & Systems Manager, Permanent	2.00	0.00	100.00	0.00
Information Technology Related, Permanent	2.00	2.00	0.00	0.00
Internal Audit Manager, Permanent	1.00	1.00	0.00	0.00
Internal Auditor, Permanent	3.00	3.00	0.00	0.00
Labour Market Analyst, Permanent	1.00	0.00	100.00	0.00
Library Mail And Related Clerks, Permanent	49.00	43.00	12.20	1.00
Life Sciences Related, Permanent	2.00	2.00	0.00	0.00
Light Vehicle Drivers, Permanent	28.00	25.00	10.70	4.00
Logistical Support Personnel, Permanent	19.00	18.00	5.30	1.00
Material-Recording And Transport Clerks, Permanent	145.00	130.00	10.30	20.00
Mathematicians And Related Professionals, Permanent	1.00	1.00	0.00	0.00
Mechanic Trade Assistant, Permanent	2.00	2.00	0.00	0.00
Messengers Porters And Deliverers, Permanent	1.00	1.00	0.00	0.00
Messengers, Permanent	1.00	1.00	0.00	0.00
Midd.Manager:Human Resource & Organisa.Devel.Rela, Permanent	1.00	0.00	100.00	0.00
Middle Manager: Administrative Related, Permanent	18.00	13.00	27.80	4.00
Middle Manager: Finance And Economics Related, Permanent	1.00	0.00	100.00	0.00
Middle Manager: Legal Related, Permanent	1.00	0.00	100.00	0.00
Motor Vehicle Drivers, Permanent	2.00	1.00	50.00	0.00
Organisational Development Practitioner, Permanent	1.00	1.00	0.00	0.00
Other Administrat & Related Clerks And Organisers, Permanent	183.00	161.00	12.00	26.00
Other Administrative Policy And Related Officers, Permanent	2.00	1.00	50.00	0.00
Other Clerical Support Workers, Permanent	36.00	35.00	2.80	30.00
Other Clerical Support Workers, Temporary	1.00	1.00	0.00	0.00
Other Information Technology Personnel., Permanent	22.00	20.00	9.10	0.00
Other Middle Manager, Permanent	1.00	1.00	0.00	0.00
Other Occupations, Permanent	12.00	10.00	16.70	0.00
Personal Assistant, Permanent	2.00	2.00	0.00	0.00
Plant& Machine Operators& Assemblers Nt Classified, Permanent	2.00	2.00	0.00	0.00
Production Advisers: Factories, Permanent	9.00	7.00	22.20	3.00
Programme Or Project Manager, Permanent	2.00	0.00	100.00	0.00



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	4.00	4.00	0.00	3.00
Registry And Mailing Clerk, Permanent	12.00	12.00	0.00	0.00
Regulatory And Compliance And Enforcement Manager, Permanent	1.00	0.00	100.00	0.00
Regulatory Inspector*, Permanent	522.00	468.00	10.30	6.00
Regulatory Inspector, Permanent	58.00	50.00	13.80	0.00
Risk And Integrity Manager, Permanent	1.00	1.00	0.00	0.00
Risk Management And Security Services, Permanent	4.00	3.00	25.00	0.00
Road Construction Plant Operator, Permanent	1.00	1.00	0.00	0.00
Road Trade Workers., Permanent	4.00	4.00	0.00	4.00
Road Workers, Permanent	381.00	362.00	5.00	143.00
Safety Health And Quality Inspectors, Permanent	3.00	3.00	0.00	0.00
Safety/Health&Environ. & Quality(She&Q)Practitioner, Permanent	1.00	1.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks, Permanent	81.00	72.00	11.10	7.00
Secretary (General), Permanent	11.00	11.00	0.00	1.00
Senior Managers, Permanent	41.00	32.00	22.00	0.00
Social Work And Related Professionals, Permanent	1.00	0.00	100.00	0.00
Strategy/Monitoring &Evaluation Manager, Permanent	1.00	1.00	0.00	0.00
Supply Chain Clerk, Permanent	12.00	12.00	0.00	0.00
Supply Chain Manager, Permanent	1.00	0.00	100.00	0.00
Supply Chain Practitioner, Permanent	4.00	4.00	0.00	0.00
Trade Labourers, Permanent	30.00	27.00	10.00	19.00
Trade/Industry Advisers & Other Related Profession, Permanent	1.00	0.00	100.00	0.00
Traffic Officer, Permanent	127.00	127.00	0.00	126.00
Transport Clerk, Permanent	4.00	3.00	25.00	0.00
Total	2 925.00	2 599.00	11.10	493.00



1.3. FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100%	0	0%
Salary Level 15	3	1	33%	2	67%
Salary Level 14	9	7	78%	2	22%
Salary Level 13	37	30	81%	7	19%
Total	50	39		11	

Table 3.3.2 SMS post information as on 30 September 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	3	1	33%	2	67%
Salary Level 14	9	8	90%	1	10%
Salary Level 13	37	34	80%	3	20%
Total	50	44		6	40%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2024 and 31 March 2025

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	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	0
Salary Level 13	4	0	1
Total	5	0	1

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 2024 and 31 March 2025

Reasons for vacancies not advertised within six months
All the positions were carry-over from previous financial year due to the implementation of circular 49 of 2023.

Reasons for vacancies not filled within six months
The department was affected by the management decision of placing a moratorium in filling of vacant posts due to implementation of organizational 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 2024 and 31 March 2025

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 2024 and 31 March 2025

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	105	105	100%	0	0%	0	0%
Skilled (Levels 3-5)	1351	1351	100%	0	0%	0	0%
Highly skilled production (Levels 6-8)	1404	1249	89%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	368	295	81%	0	0%	0	0%
Senior Management Service Band A	37	35	95%	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	2	1	50%	0	0%	0	0%
Other							
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%
OSD	235						
Total	3513	3047	87%	0	0%	0	0%

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2024 and 31 March 2025

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

Employees with a disability	0

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2024 and 31 March 2025

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



Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2024 and 31 March 2025

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

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

1.5. EMPLOYMENT CHANGES

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2024 and 31 March 2025

Salary band	Number of employees at beginning of period-1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
01 Lower Skilled (Levels 1-2) Permanent	47.00	1.00	1.00	2.10
02 Skilled (Levels 3-5) Permanent	785.00	82.00	42.00	5.40
03 Highly Skilled Production (Levels 6-8) Permanent	1 148.00	55.00	54.00	4.70
04 Highly Skilled Supervision (Levels 9-12) Permanent	356.00	9.00	20.00	5.60
04 Highly Skilled Supervision (Levels 9-12) Temporary	1.00	0.00	0.00	0.00
05 Senior Management Service Band A Permanent	33.00	0.00	2.00	6.10
06 Senior Management Service Band B Permanent	7.00	0.00	0.00	0.00
07 Senior Management Service Band C Permanent	1.00	0.00	0.00	0.00
08 Senior Management Service Band D Permanent	1.00	0.00	0.00	0.00
09 Other Permanent	6.00	0.00	0.00	0.00
10 Contract (Levels 1-2) Permanent	1.00	1.00	2.00	200.00
11 Contract (Levels 3-5) Permanent	3.00	3.00	4.00	133.30
12 Contract (Levels 6-8) Permanent	118.00	165.00	91.00	77.10
13 Contract (Levels 9-12) Permanent	7.00	7.00	9.00	128.60
14 Contract Band A Permanent	2.00	1.00	2.00	100.00
17 Contract Band D Permanent	1.00	0.00	0.00	0.00
Total	2 517	324	227	9.0



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2024 and 31 March 2025

Critical occupation	Number of employees at beginning of period-April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administration Clerks Permanent	5.00	28.00	4.00	80.00
Administration Officer Permanent	0.00	6.00	1.00	0.00
Administrative And Governance Policy Manager Permanent	0.00	7.00	7.00	0.00
Administrative Related Permanent	238.00	0.00	0.00	0.00
Air Traffic Controllers Permanent	1.00	0.00	1.00	100.00
All Artisans in the Building Metal Machinery Etc. Permanent	62.00	0.00	1.00	1.60
Architect Permanent	0.00	0.00	1.00	0.00
Artisan Project and Related Superintendents Permanent	4.00	0.00	1.00	25.00
Auxiliary And Related Workers Permanent	15.00	0.00	0.00	0.00
Bus And Heavy Vehicle Drivers Permanent	76.00	0.00	0.00	0.00
Caretaker/ Cleaner Permanent	0.00	0.00	5.00	0.00
Cartographic Surveying and Related Technicians Permanent	0.00	0.00	1.00	0.00
Civil Engineering Technician Permanent	0.00	1.00	0.00	0.00
Cleaners In Offices Workshops Hospitals Etc. Permanent	67.00	0.00	0.00	0.00
Client Inform Clerks Permanent	11.00	0.00	0.00	0.00
Computer Programmers. Permanent	2.00	0.00	0.00	0.00
Data Entry Clerk Permanent	1.00	3.00	0.00	0.00
Earth Moving and Related Plant Operators Permanent	8.00	0.00	0.00	0.00
Emergency Services Related Permanent	1.00	0.00	0.00	0.00
Engineering Sciences Related Lv3 Permanent	0.00	0.00	1.00	0.00
Engineering Sciences Related Permanent	62.00	0.00	0.00	0.00
Engineers And Related Professionals Permanent	44.00	0.00	0.00	0.00
Enquiry Clerk Permanent	0.00	1.00	0.00	0.00
Environmental Engineering Technician Permanent	0.00	0.00	3.00	0.00
Finance And Economics Related Lv3 Permanent	0.00	0.00	1.00	0.00
Finance And Economics Related Permanent	20.00	0.00	0.00	0.00
Finance Clerk Permanent	1.00	25.00	4.00	400.00
Financial Accountant Permanent	0.00	2.00	0.00	0.00
Financial And Related Professionals Permanent	17.00	0.00	1.00	5.90



Critical occupation	Number of employees at beginning of period-April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Financial Clerks and Credit Controllers Permanent	115.00	0.00	0.00	0.00
Fire Fighter Permanent	0.00	0.00	2.00	0.00
Fire Fighting and Related Workers Permanent	17.00	0.00	0.00	0.00
Food Services Aids and Waiters Permanent	3.00	0.00	0.00	0.00
Food Trade Assistant Permanent	0.00	2.00	2.00	0.00
Head Of Department/Chief Executive Officer Permanent	1.00	0.00	0.00	0.00
Household Food and Laundry Services Related Permanent	1.00	0.00	0.00	0.00
Human Resource Clerk Permanent	4.00	9.00	2.00	50.00
Human Resource Manager Permanent	0.00	0.00	3.00	0.00
Human Resource Practitioner Permanent	0.00	2.00	0.00	0.00
Human Resources & Organisational Development & Relate Prof Permanent	14.00	0.00	0.00	0.00
Human Resources Clerks Permanent	80.00	0.00	1.00	1.30
Human Resources Related Permanent	26.00	0.00	1.00	3.80
Industrial/ Labour Relations Officer Permanent	0.00	1.00	0.00	0.00
Information Technology & Systems Manager Permanent	0.00	0.00	1.00	0.00
Information Technology Related Permanent	2.00	0.00	0.00	0.00
Internal Audit Manager Permanent	0.00	1.00	1.00	0.00
Internal Auditor Permanent	0.00	1.00	0.00	0.00
Library Assistant Permanent	0.00	1.00	0.00	0.00
Library Mail and Related Clerks Permanent	47.00	0.00	0.00	0.00
Life Sciences Related Permanent	2.00	0.00	0.00	0.00
Light Vehicle Driver Permanent	0.00	1.00	2.00	0.00
Light Vehicle Drivers Permanent	27.00	0.00	0.00	0.00
Logistical Support Personnel Permanent	19.00	0.00	0.00	0.00
Material-Recording and Transport Clerks Permanent	143.00	0.00	0.00	0.00
Mathematicians And Related Professionals Permanent	1.00	0.00	0.00	0.00
Mechanic Trade Assistant Permanent	0.00	2.00	0.00	0.00
Messengers Permanent	0.00	1.00	0.00	0.00
Messengers Porters And Deliverers Permanent	1.00	0.00	0.00	0.00
Midd-Manager: Household/Food &Laundry Services Rel. Permanent	0.00	0.00	1.00	0.00



Critical occupation	Number of employees at beginning of period- April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Middle Manager: Administrative Related Permanent	0.00	9.00	11.00	0.00
Middle Manager: Information Technology Related Permanent	0.00	0.00	1.00	0.00
Motor Vehicle Drivers Permanent	1.00	0.00	0.00	0.00
Other Administrator & Related Clerks and Organisers Permanent	263.00	0.00	1.00	0.40
Other Administrative Policy and Related Officers Permanent	2.00	0.00	1.00	50.00
Other Clerical Support Workers Permanent	2.00	41.00	91.00	4 550.00
Other Clerical Support Workers Temporary	1.00	0.00	0.00	0.00
Other Information Technology Personnel. Permanent	22.00	0.00	0.00	0.00
Other Occupations Permanent	1.00	18.00	8.00	800.00
Personal Assistant Permanent	0.00	2.00	0.00	0.00
Plant & Machine Operators & Assemblers Not Classified Permanent	0.00	1.00	0.00	0.00
Production Advisers: Factories Permanent	8.00	0.00	6.00	75.00
Quantity Surveyors & Related Prof Not Class Elsewhere Permanent	4.00	0.00	0.00	0.00
Registry And Mailing Clerk Permanent	0.00	8.00	5.00	0.00
Regulatory And Compliance and Enforcement Manager Permanent	0.00	0.00	1.00	0.00
Regulatory Inspector Permanent	1.00	21.00	16.00	1 600.00
Regulatory Inspector* Permanent	517.00	0.00	0.00	0.00
Risk Management and Security Services Permanent	4.00	0.00	0.00	0.00
Road Construction Plant Operator Permanent	0.00	1.00	0.00	0.00
Road Superintendents Permanent	0.00	0.00	2.00	0.00
Road Trade Workers. Permanent	4.00	0.00	0.00	0.00
Road Workers Permanent	389.00	0.00	22.00	5.70
Safety Health and Quality Inspectors Permanent	3.00	0.00	0.00	0.00
Safety/Health & Environ. & Quality (She&Q) Practitioner Permanent	0.00	1.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks Permanent	83.00	0.00	0.00	0.00
Secretary (General) Permanent	1.00	10.00	4.00	400.00



Critical occupation	Number of employees at beginning of period- April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Managers Lv1 Permanent	0.00	0.00	2.00	0.00
Senior Managers Permanent	36.00	0.00	0.00	0.00
Social Work and Related Professionals Permanent	1.00	0.00	0.00	0.00
Supply Chain Clerk Permanent	0.00	9.00	0.00	0.00
Supply Chain Practitioner Permanent	0.00	3.00	0.00	0.00
Switchboard Operator Permanent	0.00	0.00	1.00	0.00
Trade Labourers Permanent	36.00	0.00	1.00	2.80
Traffic Officer Permanent	0.00	103.00	0.00	0.00
Transport Clerk Permanent	0.00	3.00	6.00	0.00
Total	2 517	324	227	9.00

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 2024 and 31 March 2025

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
Total	171	100
Total number of employees who left as a % of total employment	7%	6,70%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2024 and 31 March 2025

Occupation	Employees 1 April 2024	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
Administration Clerks	5.00	6.00	120.00	66.00	1 320.00
Administration Officer	0.00	5.00	0.00	16.00	0.00
Administrative And Governance Policy Manager	0.00	7.00	0.00	31.00	0.00
Administrative Related	238.00	0.00	0.00	0.00	0.00
Air Traffic Controllers	1.00	0.00	0.00	0.00	0.00
All Artisans in the Building Metal Machinery Etc.	62.00	0.00	0.00	0.00	0.00
Artisan Project and Related Superintendents	4.00	0.00	0.00	0.00	0.00
Auxiliary And Related Workers	15.00	0.00	0.00	0.00	0.00
Auxiliary Support Officer (Custodial)	0.00	0.00	0.00	1.00	0.00
Backhoe Operator	0.00	0.00	0.00	24.00	0.00
Bulldozer Operator	0.00	0.00	0.00	1.00	0.00
Bus And Heavy Vehicle Drivers	76.00	0.00	0.00	0.00	0.00
Caretaker/ Cleaner	0.00	0.00	0.00	37.00	0.00
Carpenter	0.00	0.00	0.00	1.00	0.00
Civil Engineer	0.00	0.00	0.00	1.00	0.00



Occupation	Employees 1 April 2024	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
Cleaners In Offices Workshops Hospitals Etc.	67.00	0.00	0.00	0.00	0.00
Client Inform Clerks (Switchboard Recept Inform Clerks)	11.00	0.00	0.00	0.00	0.00
Communication Coordinator	0.00	0.00	0.00	1.00	0.00
Computer Network Technician	0.00	0.00	0.00	12.00	0.00
Computer Programmers.	2.00	0.00	0.00	0.00	0.00
Craft & Related Workers Not Elsewhere Classified	0.00	0.00	0.00	1.00	0.00
Data Entry Clerk	1.00	0.00	0.00	1.00	100.00
Diesel Mechanic	0.00	0.00	0.00	5.00	0.00
Earth Moving and Related Plant Operators	8.00	0.00	0.00	0.00	0.00
Earthmoving Plant Operator (General)	0.00	0.00	0.00	7.00	0.00
Emergency Services Related	1.00	0.00	0.00	0.00	0.00
Engineering Manager	0.00	0.00	0.00	1.00	0.00
Engineering Sciences Related	62.00	0.00	0.00	0.00	0.00
Engineers And Related Professionals	44.00	0.00	0.00	0.00	0.00
Environmental Engineer	0.00	0.00	0.00	8.00	0.00
Environmental Engineering Technician	0.00	0.00	0.00	24.00	0.00
Excavator Operator	0.00	0.00	0.00	3.00	0.00
Finance And Economics Related	20.00	0.00	0.00	0.00	0.00
Finance Clerk	1.00	8.00	800.00	75.00	7 500.00
Finance Manager	0.00	2.00	0.00	14.00	0.00
Financial And Related Professionals	17.00	0.00	0.00	0.00	0.00
Financial Clerks and Credit Controllers	115.00	0.00	0.00	0.00	0.00
Fire Fighter	0.00	0.00	0.00	10.00	0.00
Fire Fighting and Related Workers	17.00	0.00	0.00	0.00	0.00
Food Services Aids and Waiters	3.00	0.00	0.00	0.00	0.00
Food Trade Assistant	0.00	0.00	0.00	1.00	0.00
Grader Operator	0.00	1.00	0.00	121.00	0.00
Groundskeeper	0.00	0.00	0.00	1.00	0.00
Head Of Department/Chief Executive Officer	1.00	0.00	0.00	0.00	0.00
Household Food and Laundry Services Related	1.00	0.00	0.00	0.00	0.00
Human Resource Clerk	4.00	3.00	75.00	53.00	1 325.00
Human Resource Manager	0.00	2.00	0.00	18.00	0.00
Human Resources & Organisational Development & Related Prof	14.00	0.00	0.00	0.00	0.00
Human Resources Clerks	80.00	0.00	0.00	0.00	0.00
Human Resources Related	26.00	0.00	0.00	0.00	0.00



Occupation	Employees 1 April 2024	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
Information Technology & Systems Manager	0.00	0.00	0.00	3.00	0.00
Information Technology Related	2.00	0.00	0.00	0.00	0.00
Internal Auditor	0.00	1.00	0.00	2.00	0.00
It Security Officer	0.00	0.00	0.00	1.00	0.00
Library Mail and Related Clerks	47.00	0.00	0.00	0.00	0.00
Life Sciences Related	2.00	0.00	0.00	0.00	0.00
Light Vehicle Driver	0.00	0.00	0.00	21.00	0.00
Light Vehicle Drivers	27.00	0.00	0.00	0.00	0.00
Logistical Support Personnel	19.00	0.00	0.00	0.00	0.00
Material-Recording and Transport Clerks	143.00	0.00	0.00	2.00	1.40
Mathematicians And Related Professionals	1.00	0.00	0.00	0.00	0.00
Mechanic Trade Assistant	0.00	0.00	0.00	6.00	0.00
Messengers Porters And Deliverers	1.00	0.00	0.00	0.00	0.00
Middle Manager: Administrative Related	0.00	7.00	0.00	63.00	0.00
Middle Manager: Trade And Industry Related	0.00	0.00	0.00	1.00	0.00
Motor Vehicle Drivers	1.00	0.00	0.00	0.00	0.00
Organisational Development Practitioner	0.00	1.00	0.00	0.00	0.00
Other Administrator & Related Clerks and Organisers	263.00	0.00	0.00	0.00	0.00
Other Administrative Policy and Related Officers	2.00	0.00	0.00	0.00	0.00
Other Clerical Support Workers	3.00	1.00	33.30	99.00	3 300.00
Other Information Technology Personnel.	22.00	0.00	0.00	0.00	0.00
Other Occupations	1.00	8.00	800.00	176.00	17 600.00
Plant& Machine Operators& Assemblers Nt Classified	0.00	0.00	0.00	6.00	0.00
Production Advisers: Factories	8.00	0.00	0.00	1.00	12.50
Quantity Surveyors & Rela Prof Not Class Elsewhere	4.00	0.00	0.00	0.00	0.00
Registry And Mailing Clerk	0.00	3.00	0.00	19.00	0.00
Regulatory Inspector	1.00	32.00	3 200.00	272.00	27 200.00
Regulatory Inspector*	517.00	0.00	0.00	0.00	0.00
Risk And Integrity Manager	0.00	1.00	0.00	0.00	0.00
Risk Management and Security Services	4.00	0.00	0.00	0.00	0.00
Road Construction Plant Operator	0.00	0.00	0.00	16.00	0.00
Road Roller Operator	0.00	0.00	0.00	2.00	0.00
Road Trade Workers.	4.00	0.00	0.00	0.00	0.00
Road Workers	389.00	0.00	0.00	0.00	0.00
Safety Health and Quality Inspectors	3.00	0.00	0.00	0.00	0.00



Occupation	Employees 1 April 2024	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
Secretaries & Other Keyboard Operating Clerks	83.00	0.00	0.00	0.00	0.00
Secretary (General)	1.00	0.00	0.00	54.00	5 400.00
Senior Managers	36.00	0.00	0.00	0.00	0.00
Senior Managers Lv1	0.00	1.00	0.00	5.00	0.00
Social Work And Related Professionals	1.00	0.00	0.00	0.00	0.00
Strategy/Monitoring & Evaluation Manager	0.00	1.00	0.00	0.00	0.00
Supply Chain Clerk	0.00	2.00	0.00	0.00	0.00
Supply Chain Manager	0.00	0.00	0.00	1.00	0.00
Surveyors' Assistant	0.00	0.00	0.00	3.00	0.00
Switchboard Operator	0.00	0.00	0.00	10.00	0.00
Trade Labourers	36.00	0.00	0.00	0.00	0.00
Traffic Officer	0.00	1.00	0.00	0.00	0.00
Transport Clerk	0.00	1.00	0.00	63.00	0.00
Water Plant Operator	0.00	0.00	0.00	3.00	0.00
Welder	0.00	0.00	0.00	1.00	0.00
Total	2 517	94	3.70	1 364	54.20

Table 3.5.5 Promotions by salary band for the period 1 April 2024 and 31 March 2025

Salary Band	Employees 1 April 2024	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)	47.00	0.00	0.00	32.00	68.10
Skilled (Levels 3-5)	785.00	4.00	0.50	533.00	67.90
Highly skilled production (Levels 6-8)	1 148.00	58.00	5.10	612.00	53.30
Highly skilled supervision (Levels 9-12)	356.00	27.00	7.60	174.00	48.90
Highly skilled supervision (Levels 9-12) temporary	1.00	0.00	0.00	0.00	0.00
Senior Management (Level 13-16)	42.00	3.00	7.10	11.00	26.20
Other, permanent	6.00	0.00	0.00	0.00	0.00
10 Contract (Levels 1-2), Permanent	1.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	3.00	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8), Permanent	118.00	2.00	1.70	2.00	1.70
13 Contract (Levels 9-12), Permanent	7.00	0.00	0.00	0.00	0.00
14 Contract (Levels 13-16), Permanent	3.00	0.00	0.00	0.00	0.00
Total	2 517	94	3.70	1 364	54.20



1.3. 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 2025

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
professionals	3.00	0.00	0.00	0.00	12.00	0.00	0.00	1.00	16
Technicians and associate prof	7.00	0.00	0.00	0.00	11.00	4.00	0.00	1.00	23
Clerks	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Service And Sales Workers	15.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	16
Craft And Related Trades Workers	222.00	4.00	0.00	3.00	78.00	2.00	0.00	0.00	309
Plant And Machine Operators and Assemblers	249.00	7.00	1.00	5.00	505.00	14.00	1.00	15.00	797
Labourers and related	31.00	1.00	0.00	0.00	41.00	1.00	0.00	0.00	74
Total	1 258	89	1	24	1 147	56	2	22	2599
Employees with disabilities	14	0	0	1	8	0	0	1	24

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 Top Management, Permanent	2.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	2.00
02 Senior Management, Permanent	19.00	2.00	0.00	21.00	17.00	0.00	1.00	0.00	40.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	167.00	8.00	0.00	175.00	168.00	8.00	0.00	3.00	362.00
03 Professionally qualified and experienced specialists and mid-management, Temporary	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
04 Skilled technical and academically qualified workers, junior management, supervisors,	469.00	71.00	1.00	541.00	559.00	31.00	1.00	18.00	1 164.00



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
foremen, Permanent									
05 Semi-skilled and discretionary decision making, Permanent	481.00	6.00	0.00	487.00	292.00	5.00	0.00	0.00	784.00
06 Unskilled and defined decision making, Permanent	8.00	0.00	0.00	8.00	35.00	2.00	0.00	0.00	45.00
07 Not Available, Permanent	2.00	1.00	0.00	3.00	0.00	0.00	0.00	0.00	3.00
08 Contract (Top Management), Permanent	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
09 Contract (Senior Management), Permanent	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
10 Contract (Professionally Qualified), Permanent	2.00	0.00	0.00	2.00	3.00	0.00	0.00	0.00	5.00
11 Contract (Skilled Technical), Permanent	106.00	1.00	0.00	107.00	70.00	10.00	0.00	1.00	189.00
12 Contract (Semi-Skilled), Permanent	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00
Total	1 258	89	1	24	1 147	56	2	22	2599

Table 3.6.3 Recruitment for the period 1 April 2024 to 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	8	0	0	0	9	0	0	0	17
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	29	2	0	0	34	0	0	0	65
Semi-skilled and discretionary decision making	24	0	0	0	58	1	0	0	83
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Contract (senior management)	0	0	0	0	1	0	0	0	1
Contract (professionally qualified)	3	0	0	0	4	0	0	0	7
Contract (skilled technical)	91	1	0	1	61	10	0	1	165



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (semi-skilled)	0	0	0	0	2	0	0	0	2
Total	155	2	0	1	172	11	0	0	340
Employees with disabilities	2	0	0	0	0	0	0	0	2

Table 3.6.4 Promotions for the period 1 April 2024 to 31 March 2025

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	19	1	0	1	12	0	0	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	72	36	0	1	91	11	0	0	211
Semi-skilled and discretionary decision making	2	0	0	0	7	0	0	0	9
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	95	37	0	2	111	11	0	0	256
Employees with disabilities	0	0	0	0	1	0	0	0	1

Table 3.6.5 Terminations for the period 1 April 2024 to 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management and Senior Management, Permanent	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	12	2	0	0	7	0	0	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	35	4	1	1	16	0	1	0	58
Semi-skilled and discretionary decision making, Permanent	30	0	0	0	8	0	0	0	38
Unskilled and defined decision making, Permanent	0	0	0	0	1	0	0	0	1
Total	78	6	1	1	33	0	1	0	120
Employees with Disabilities	0	0	0	0	0	0	0	0	00

Table 3.6.6 Disciplinary action for the period 1 April 2024 to 31 March 2025

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final Written Warning	01	0	0	0	03	0	0	0	04
No of Outcome	01	0	0	0	03	0	0	0	04
Suspended Without Payment	02	0	0	0	00	0	0	0	02
Total	04	0	0	0	06	0	0	0	10



Table 3.6.7 Skills development for the period 1 April 2024 to 31 March 2025

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	0	0	0	15	0	0	0	22
Professionals	10	2	0	0	18	0	0	0	30
Technicians and associate professionals	52	5	0	0	102	0	0	0	159
Clerks	155	2	0	0	171	0	0	0	328
Service and sales workers	164	3	0	0	176	0	0	0	343
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	8	0	0	0	0	0	0	0	8
Elementary occupations	1	0	0	0	0	0	0	0	1
Total	397	12	0	0	482	0	0	0	891
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 2024

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	-	-	-	-
Salary Level 16	2	2	2	100%
Salary Level 15	2	1	1	100%
Salary Level 14	8	8	8	100%
Salary Level 13	32	32	32	100%
Total	44	43	43	100%

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

Reasons
Non

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2024

Reasons
Non



1.8. PERFORMANCE REWARDS

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2024 to 31 March 2025

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	0,00	1 244,00	0,00	0,00	0,00
Female	0,00	1 349,00	0,00	0,00	0,00
Asian					
Male	0,00	1,00	0,00	0,00	0,00
Female	0,00	2,00	0,00	0,00	0,00
Coloured					
Male	0,00	89,00	0,00	0,00	0,00
Female	0,00	56,00	0,00	0,00	0,00
White					
Male	0,00	23,00	0,00	0,00	0,00
Female	0,00	21,00	0,00	0,00	0,00
People with disabilities	0,00	24,00	0,00	0,00	0,00
Total	2,00	2 809,00	0,10	0,00	0,00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2024 to 31 March 2025

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	45,00	0,00	0,00	0,00	0,00
Skilled (level 3-5)	0,00	784,00	0,00	0,00	0,00	0,00
Highly skilled production (level 6-8)	0,00	1 164,00	0,00	0,00	0,00	0,00
Highly skilled supervision (level 9-12)	0,00	363,00	0,00	0,00	0,00	0,00
other	0,00	3,00	0,00	0,00	0,00	0,00
Contract (level 1-2)	0,00	2,00	0,00	0,00	0,00	0,00
Contract (level 3-5)	0,00	2,00	0,00	0,00	0,00	0,00
Contract (level 6-8)	0,00	189,00	0,00	0,00	0,00	0,00
Contract (level 9-12)	0,00	5,00	0,00	0,00	0,00	0,00
Total	1,00	2 557,00	0,00	0,00	0,00	n/a

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Beneficiary Profile		Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial And Related Professionals	0,00	16,00	0,00	0,00	0,00
Building and other property care takers	0,00	0,00	0,00	0,00	0,00
Architects Town And Traffic Planners	0,00	0,00	0,00	0,00	0,00
Administrative Related	0,00	209,00	0,00	0,00	0,00
Secretaries & Other Keyboard Operating Clerks	0,00	72,00	0,00	0,00	0,00
Library Mail And Related Clerks	0,00	43,00	0,00	0,00	0,00



Critical occupation	Beneficiary Profile		Cost		
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Cleaners In Offices Workshops Hospitals Etc.	0,00	59,00	0,00	0,00	0,00
Human Resources Related	0,00	24,00	0,00	0,00	0,00
Head Of Department/Chief Executive Officer	0,00	1,00	0,00	0,00	0,00
Aircraft Pilots & Related Associate Professionals	0,00	0,00	0,00	0,00	0,00
Computer programmes	0,00	1,00	0,00	0,00	0,00
Trade Labourers	0,00	27,00	0,00	0,00	0,00
Road superintendents	0,00	0,00	0,00	0,00	0,00
Language Practitioners Interpreters & Other Commun	0,00	0,00	0,00	0,00	0,00
Regulatory Inspectors	0,00	50,00	0,00	0,00	0,00
Cartographic surveying and related	0,00	0,00	0,00	0,00	0,00
Road Workers	0,00	362,00	0,00	0,00	0,00
Material-Recording and Transport Clerks	0,00	130,00	0,00	0,00	0,00
Other Administrative -Policy and Related Officers	0,00	1,00	0,00	0,00	0,00
Artisans project and related superintendent	0,00	3,00	0,00	0,00	0,00
Fire Fighting and Related Workers	0,00	15,00	0,00	0,00	0,00
Bus And Heavy Vehicle Drivers	0,00	73,00	0,00	0,00	0,00
Senior Managers	0,00	32,00	0,00	0,00	0,00
Client Inform Clerks (Switch Recept Inform Clerks)	0,00	10,00	0,00	0,00	0,00
Computer systems designers	0,00	0,00	0,00	0,00	0,00
Engineers And Related Professionals	0,00	41,00	0,00	0,00	0,00
Other Information Technology Personnel.	0,00	20,00	0,00	0,00	0,00
Light Vehicle Drivers	0,00	25,00	0,00	0,00	0,00
Engineering Sciences Related	0,00	57,00	0,00	0,00	0,00
Motor Vehicle Drivers	0,00	1,00	0,00	0,00	0,00
Security guards	0,00	0,00	0,00	0,00	0,00
Food service aid and waiters	0,00	2,00	0,00	0,00	0,00
Community development workers	0,00	0,00	0,00	0,00	0,00
Information Technology Related	0,00	2,00	0,00	0,00	0,00
TOTAL	4.00	1 441.00	13.30	71.60	17 900.00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2024 to 31 March 2025

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0,00	33,00	0,00	0,00	0,00	0,00
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
Total	0	44	0.00	0.00	0.00	0.00

1.3. FOREIGN WORKERS

Table 3.9.1 Foreign workers by salary band for the period 1 April 2024 and 31 March 2025

Salary band	01 April 2024		31 March 2025		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
Total	4	0.16	4	0.16	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2024 and 31 March 2025

Major occupation	01 April 2024		31 March 2025		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and Managers	2	0.08	2	0.08	0	0
Total	2	0.08	2	0.08	0	0

1.10. LEAVE UTILISATION

Table 3.10.1 Sick leave for the period January 2024 to 31 December 2024

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
Total	9 417,00	76,30	1 313,00	100,00	7,00	14 260,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 01 January 2024 to 31 December 2024

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)	1 362,00	100,00	20,00	64,50	68,00	2 286,00
Highly skilled supervision (Levels 9-12)	5,00	100,00	1,00	3,20	5,00	21,00
Lower skilled (Levels 1-2)	28,00	100,00	1,00	3,20	28,00	18,00
Skilled (Levels 3-5)	571,00	100,00	9,00	29,00	63,00	563,00
TOTAL	1 966,00	100,00	31,00	100,00	63,00	2 887,00

Table 3.10.3 Annual Leave for the period 01 January 2024 to December 2024

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)	6,00	2,00	3,00
Contract (Levels 6-8)	1407,00	116,00	12,00
Contract (Levels 9-12)	36,00	5,00	7,00
Highly skilled production (Levels 6-8)	21 901,00	1 061,00	21,00
Highly skilled supervision (Levels 9-12)	6 039,00	316,00	19,00
Lower skilled (Levels 1-2)	1 093,00	61,00	18,00
Senior management (Levels 13-16)	377,00	24,00	16,00
Skilled (Levels 3-5)	13 573,92	754,00	18,00
TOTAL	44 433.92	2 340.00	19,00



Table 3.10.4 Capped leave for the period 01 January 2024 to 31 December 2024

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	2	0
Contract (Levels 9-12)	0	0	0	0
Highly skilled production (Levels 6-8)	2,00	1,00	0	94,00
Highly skilled supervision (Levels 9-12)	0,00	0,00	0	115,00
Lower skilled (Levels 1-2)	0,00	0,00	0,00	0,00
Senior management (Levels 13-16)	0,00	0,00	0	57,00
Skilled (Levels 3-5)	3,00	1,00	3,00	95,00
TOTAL	5,00	2	5,00	97,00

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
Annual - gratuity: death/retirement/medical retirement(work)	11 674,00	75,00	155 653,00
TOTAL	16 669,00	191,00	525,554.00

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 Address TB as both at workplace and other diseases that may affect them and their immediate families. Prevent Production losses and assist the movement of visitors so that the building can have minimal infections. Increased self-management through education that builds on basic knowledge to awareness on TB and HIV. Control risk of new infections through HCT, HIV/AIDS education and screening and condom distribution. 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 behaviour change communication sessions.
Security	
Drivers	
Road Rangers	
Inspectors - Road Safety	
Camp sites	

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		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)

Question	Yes	No	Details, if yes
			5. Ms. N. Matyobeni: EHW Coordinator (Amatole) 6. Ms. Z. Sishuba (Amathole) 7. Ms. V. Mtyekwana (Amathole) 8. Ms. N. Msipa: AD: EHW (Chris Hani) 9. Mr. A. Gade (O.R. Tambo) 10. Ms. N. Ntseleman (O.R. Tambo) 11. Mr. S. Ngxisho (OR TAMBO) 12. Ms. P. N. Mqoboli (Graaf Reinet) 13. Mr. K. Sigoko (Grahams town) 14. Ms. A. Zweni (Amathole)
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 term of office has expired and the department is in a process of appointing a new structure
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV/AIDS and TB Management policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		1. Adherence to legislation and policies 2. Protection of women, children and people living with disability through 3. Human Rights and access to Justice awareness.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Results available from GEMS reports on monthly or quarterly basis pending to GEMS bookings availability.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Through monthly and quarterly Departmental, OTP & DPSA reports.

1.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2024 and 31 March 2025

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 2024 and 31 March 2025

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	0	0
Demotion	0	0
Dismissal	0	0



Outcomes of disciplinary hearings	Number		% of total
Not guilty	0		0
Case withdrawn	02		0,02
Total	07		100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 01 April 2024 and 31 March 2025

Type of misconduct	Number	% of total
Absent from work without reason of permission	01	01
Steals bribes or commit fraud	0	0
Misuse of state vehicle	02	0,02
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
Total	07	100%

Table 3.12.4 Grievances logged for the period 1 April 2024 and 31 March 2025

Grievances	Number	% of Total
Number of grievances resolved	25	0,25
Number of grievances not resolved	0	0
Total number of grievances lodged	25	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2024 and 31 March 2025

Disputes	Number	% of Total
Number of disputes upheld	12	0,11
Number of disputes dismissed	0	0
Total number of disputes lodged	12	0,11

Table 3.12.6 Strike actions for the period 1 April 2024 and 31 March 2025

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 2024 and 31 March 2025

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 2024 and 31 March 2025

Occupational category	Gender	Number of employees as at 1 April 2024	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	0	47	10	57
	Male	20	0	45	05	50
Professionals	Female	78	0	56	0	56
	Male	94	0	78	0	78
Technicians and associate professionals	Female	144	0	76	0	76
	Male	126	0	110	0	110
Clerks	Female	529	0	20	0	20
	Male	233	0	35	0	35
Service and sales workers	Female	168	0	77	0	77
	Male	360	0	56	0	105
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	113	0	0	0	0
Plant and machine operators and assemblers	Female	7	0	0	0	0
	Male	165	0	407	0	407
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		2050	0	1056	15	1071

Table 3.13.2 Training provided for the period 01 April 2024 and 31 March 2025

Occupational category	Gender	Number of employees as at 1 April 2024	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
Service and sales workers	Female	168	0	0	0	0
	Male	360	0	20	0	20
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	113	0	0	0	0
Plant and machine operators and assemblers	Female	7	0	0	0	0
	Male	165	0	50	0	50
Elementary occupations	Female	0	0	6	0	6
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		205	0	346	0	346



1.14. INJURY ON DUTY

Table 3.14.1 Injury on duty for the period 1 April 2024 and 31 March 2025

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
Total	07	100

1.15. UTILISATION OF CONSULTANTS

Table 3.15.1 Report on consultant appointments using appropriate funds for the period 1 April 2024 and 31 March 2025

Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
AURECON SA/ZUTARI - UPGRADING OF PARTS DR08303, DR08029, DR08308, DR08309 HLULEKA RD	10	9 549	R72 429 941.61
BMK Group- Procurement for professional service providers for the design and supervision on upgrade to surfaced standard of a portion of road DR08017 from R56 at Cedarville to N2 at Mt Frere	3	Design project no end date, subject to date the closeout report is issued	R22,031,878.50
BMK Group- Professional Services for the design and supervision of D08486 Mnquma Paving	3	Design project no end date, subject to date the closeout report is issued	R17,023,737.50
BVI BORDER (PTY) LTD- PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADE TO SURFACE STANDARD OF A PORTION OF ROAD DR08017 FROM R56 AT CEDARVILLE TO N2 AT MOUNT FRERE (PHASE 1) 14KM-FROM KM 10+00 TO KM24+00	3	Design project no end date, subject to date the closeout report is issued	R27,837,491.33
BK Safety Specialists - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Joe Gqabi District	2	1095	R3,693,294.00
BM Infrastructure- Procurement for professional service providers (PSPs) for design and supervision on upgrade to surfaced standard of a portion of road DR08017 form R56 at Cedarville to N2 at Mt Frere (phase 3) 24km(Phase 3of 4) from km.	3	Design project no end date, subject to date the closeout report is issued	R24,240,562.50
Dumo Lwethu Projects (Pty) Ltd - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Chris Hani District	2	1095	R3,077,775.36
Elements Consulting Engineering - Provision of Professional Civils/Structural	2	1095	R818,435.98



Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
Engineering Services for Upgrade of Mthatha Airport Fire Station			
ENGINEERING ADVICE AND SERVICE (PTY) LTD - PROJECT: PROCUREMENT OF PROFESSIONAL SERVICES FOR THE PROGRAMME MANAGEMENT AND SUPPORT OF THE ROAD ASSET MANAGEMENT SYSTEM (RAMS) INCLUDING OPERATIONAL REQUIREMENTS FOR A PERIOD OF 5 YEARS.	11	1825	R49,840,950.75
ES Consulting Engineers- Professional Consulting Engineering Services for Administration and Monitoring of the Works contract- Reseal and Special Maintenance of MR00391 (Humansdorp to Hankey) in the Sarah Baartman	4	1095	R37,085,924
GIBB (PTY) LTD- PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADING OF MILANI LINK ROAD -UPPER NXAXHA TO LOWER NXAXHA ACCESS ROAD	2	Design project no end date, subject to date the closeout report is issued	R18,348,508.75
Imialu Environmental and Safety Services - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Alfred Nzo District	2	1095	R2,680,920.00
Life Long (Pty) Ltd - Provision of Professional Consulting Engineering services to conduct inspection surveys on bridges and major culverts on provincial roads in the Eastern Cape	4	177	R3,548,053.60
Maliti Group T/A Sinda Africa- Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Amathole District	2	1095	R4,062,168.00
MBSA Consulting - Procurement for professional service providers (PSPs)	3	Design project no end date, subject to date the closeout report is issued	R27,463,871.05
MBSA Consulting - PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADING ON THE UGIE LOCATION ROAD - PHASE 2	3	Design project no end date, subject to date the closeout report is issued	R10,641,180.00
Kufaniwa Consulting) Pty) Ltd [Vumesa (Pty) Ltd]- Provision	0 – Have not commenced working on the project.	Subject to completion of works.	R41,809,060.30



Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
of Construction supervision personnel for the works contract pertaining to the upgrading of Provincial Road DR08606 Sterkspruit to Mlamli Hospital [+/-12km)			
MHC Group (Pty) Ltd- Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Sarah Baartman District	2	1095	R3,995,640.00
Naidu Consulting - PROFESSIONAL CONSULTING ENGINEERING SERVICES FOR ADMINISTRATION AND MONITORING OF THE WORKS CONTRACT RESEAL AND SPECIAL MAINTENANCE OF MR00391 (HUMANSDORP TO HANKEY) IN THE SARAH BAARTMAN DISTRICT.	4	730	R35,846,164.13
Praxos 373 (Pty) Ltd - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport OR Tambo District	2	1095	R3,793,482.00
SA H and S Agent and Trading - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Head Office In-house Construction	2	1095	R1,184,222.16
HHO Consulting Engineers Technical Support to the DRE – Chris Hani District	3	1095	6 176 322,65
BVI Border Consulting Engineers Technical Support to the DRE – Amathole District	2	1095	R7 194 264,38
Sky High Consulting Engineers Technical Support to the DRE – OR Tambo District	3	1095	R7 897 050
A-M Consulting Engineers Technical Support to the DRE – Sarah Baartman District	3	1095	R6 833 846,25
Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
25	80	Average 1 060,6 days	R436 230 774,80



Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 and 31 March 2025

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups
AURECON SA/ZUTARI - UPGRADING OF PARTS DR08303, DR08029, DR08308, DR08309 HLULEKA RD	22.43%	66%
BMK Group- Procurement for professional service providers for the design and supervision on upgrade to surfaced standard of a portion of road DR08017 from R56 at Cedarville to N2 at Mt Frere	100%	100%
BMK Group- Professional Services for the design and supervision of D08486 Mnquma Paving	100%	100%
BVI BORDER (PTY) LTD- PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADE TO SURFACE STANDARD OF A PORTION OF ROAD DR08017 FROM R56 AT CEDARVILLE TO N2 AT MOUNT FRERE (PHASE 1) 14KM-FROM KM 10+00 TO KM24+00	54.64%	25%
BK Safety Specialists - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Joe Gqabi District	100%	100%
BM Infrastructure- Procurement for professional service providers (pspS) for design and supervision on upgrade to surfaced standard of a portion of road DR08017 form R56 at Cedarville to N2 at Mt Frere (phase 3) 24km (Phase 3 of 4) from km.	100 %	100%
Dumo Lwethu Projects (Pty) Ltd - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Chris Hani District	100 %	100%
Elements Consulting Engineering - Provision of Professional Civils/Structural Engineering Services for Upgrade of Mthatha Airport Fire Station	100 %	100%
ENGINEERING ADVICE AND SERVICE (PTY) LTD - PROJECT: PROCUREMENT OF PROFESSIONAL SERVICES FOR THE PROGRAMME MANAGEMENT AND SUPPORT OF THE ROAD ASSET MANAGEMENT SYSTEM (RAMS) INCLUDING OPERATIONAL REQUIREMENTS FOR A PERIOD OF 5 YEARS.	10%	0%
ES Consulting Engineers-Professional Consulting Engineering Services for Administration and Monitoring of the Works contract- Reseal and Special Maintenance of MR00391 (Humansdorp to Hankey) in the Sarah Baartman	99.99%	66.6%
GIBB (PTY) LTD- PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADING OF MILANI LINK ROAD -UPPER NXAXHA TO LOWER NXAXHA ACCESS ROAD	73.11%	100%
Imialu Environmental and Safety Services - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Alfred Nzo District	100%	100%
Life Long (Pty) Ltd - Provision of Professional Consulting Engineering services to conduct inspection surveys on bridges and major culverts on provincial roads in the Eastern Cape	0%	0%
Maliti Group T/A Sinda Africa- Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Amathole District	100%	100%
MBSA Consulting - Procurement for professional service providers (PSPs)	100%	100%
MBSA Consulting - PROCUREMENT FOR PROFESSIONAL SERVICE PROVIDER (PSPs) FOR THE DESIGN AND SUPERVISION ON UPGRADING ON THE UGIE LOCATION ROAD - PHASE 2	100%	100%
Imialu Environmental and Safety Services - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Alfred Nzo District	100%	100%
Kufaniwa Consulting) Pty) Ltd [Vumesa (Pty) Ltd]- Provision of Construction supervision personnel for the works contract pertaining to the upgrading of Provincial Road DR08606 Sterkspruit to Mlamli Hospital (+/-12km)	100%	100%
MHC Group (Pty) Ltd- Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Sarah Baartman District	100%	100%
Naidu Consulting - PROFESSIONAL CONSULTING ENGINEERING SERVICES FOR ADMINISTRATION AND MONITORING OF THE WORKS CONTRACT RESEAL AND SPECIAL MAINTENANCE OF MR00391 (HUMANSDORP TO HANKEY) IN THE SARAH BAARTMAN DISTRICT.	100 %	100%
Praxos 373 (Pty) Ltd - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport OR Tambo District	100 %	100%



Project title	Percentage ownership by HDI groups	Percentage management by HDI groups
SA H and S Agent and Trading - Construction Health and Safety Consulting Services for the Eastern Cape Department of Transport Head Office InHouse Construction	100%	100%

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2024 and 31 March 2025

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

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
Not Applicable			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 and 31 March 2025

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

1.16. SEVERANCE PACKAGES

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2024 and 31 March 2025

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)				
Skilled (Levels 3-5)				
Highly skilled production (Levels 6-8)				
Highly skilled supervision (Levels 9-12)				
Senior management (Levels 13-16)				
Total				





PART E

PFMA COMPLIANCE REPORT



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

1.1. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2024/2025 R'000	2023/2024 R'000
Opening balance	994 390	3 624 077
Prior Period Error / Adjustments	-	0.00
Restated amount	-	3 624 077
Add: Irregular expenditure confirmed	796	444 347
Less: Irregular expenditure condoned	-	-2 928 683
Less: Irregular expenditure not condoned and removed	-125 922	-145 351
Less: Irregular expenditure recoverable	-	0.00
Less: Irregular expenditure not recovered and written off	-	0.00
Closing balance	869 264	994 390

Reconciling notes

Description	2024/2025 R'000	2023/2024 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	0.00
Irregular expenditure for the current year	796	444 347
Total	796	444 347

Details of current and previous year irregular expenditure (under assessment, determination, and investigation) Description ⁴	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment	0.00	0.00
Irregular expenditure under determination	869 264	994 390
Irregular expenditure under investigation	0.00	0.00
Total 5	869 264	994 390

The balance for the current year has been updated to R869 264 million, following the removal of an amount totalling R125 922 million. This removal was made at the directive of the Provincial Treasury, which indicated that all subsequent payments associated with the Algoa Bus contract should be excluded from the Irregular Expenditure Register, as they are no longer deemed irregular.

Details of current and previous year irregular expenditure condoned

Description	2024/2025 R'000	2023/2024 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
Total	-	2 928 683

Cases listed above were condoned by their respective relevant authorities during the 2023/24 financial year. There was no condonation in the 2024/25 financial year except for the removal of the Algoa Bus contract as listed below.

⁴ Group similar items

⁵ Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

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

Description	2024/2025 R'000	2023/2024 R'000
Irregular expenditure NOT condoned and removed	125 922	145 351
Total	125 922	145 351

c) Details of current and previous year irregular expenditure recovered.

Description	2024/2025 R'000	2023/2024 R'000
Irregular expenditure recovered	0,00	0,00
Total		

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

Description	2024/2025 R'000	2023/2024 R'000
Irregular expenditure written off	0,00	0,00
Total		

Additional disclosure relating to Inter-Institutional Arrangements**e) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
Total

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

Description	2024/2025 R'000	2023/2024 R'000
Total		

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

Disciplinary steps taken (R'000)	
Splitting of quotes – consequence management recommended	R 1,376
AB350 – consequence management recommended	R 508 656
Ramzi – consequence management recommended	R 28

Two cases have been referred to Labour Relations for consequence management. The AB350 case was referred to the Office of the Premier for consequence management as per par 4.1.3 of Treasury Regulations.



1.2. FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	173,277	160 432
Fruitless & wasteful expenditure - relating to prior year	5 184	0,00
Add: Fruitless and wasteful expenditure confirmed	6 737	12 851
Less: Fruitless and wasteful expenditure written off	(1 342)	-4
Less: Fruitless and wasteful expenditure recoverable		-2
Closing balance	183 856	173,277

An expenditure totalling R2 337 million was incurred during the financial years from 2020 to 2023, relating to Expanded Public Works Programme (EPWP) payments made to deceased employees. This expenditure subsequently resulted in an increase in the opening balance for the 2023/24 fiscal year to R160,432.

The department has reported three instances of FWE during the current year. These cases pertain to payments made to deceased employees of the EPWP, interest related to a court order, and the overpayment of operators, all totalling R6 737 million. There is also a prior year adjustment totalling to R5 184 million which was due to overpayment of Umso Construction.

Reconciling notes

Description	2024/2025	2023/2024
	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	6 737	12 851
Total	6 737	12 851

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

Description ⁶	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0,00	0,00
Fruitless and wasteful expenditure under determination	0,00	0,00
Fruitless and wasteful expenditure under investigation	183 856	173,277
Total⁷	183 856	173,277

The cases are under investigation

Details of current and previous year fruitless and wasteful expenditure recovered

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recovered	0,00	0,00
Total	0,00	0,00

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	1 342	4
Total	1 342	4

The write off of fruitless and expenditure relates to Natis penalties and interest charged by service providers

⁶ Group similar items

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

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

Disciplinary steps taken	
The following cases have been submitted to Labour Relations for consequence management:	
Penalties paid to Natis	186
Payment of services where no value was derived	1 711
Total	1 897

Cases in the amount of R1 623 million have been referred to Labour Relations for consequence management and R88 thousand referred to Debt management for recovery.

1.3. UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	304 458	131 632
Add: unauthorised expenditure confirmed	232 176	172 826
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 ⁸	0,00	0,00
Closing balance	536 634	304 458

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 in learners resulted in the department's inability to meet its financial obligations timeously.

This is coupled with the internal controls and governance weaknesses in the system, which the department, together with the stakeholders, will endeavour to improve.

As a result of the assertions above, the department incurred unauthorized expenditure of R232 176 million due to payment for the transportation of scholars. The overspending was funded by a bank overdraft facility approved by the Provincial Treasury up to R270 million.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Unauthorised expenditure that was under assessment in 2022/23	0,00	131 632
Unauthorised expenditure that relates to 2023/24 and identified in 20YY/ZZ	0,00	172 826
Unauthorised expenditure for the current year	232 176	0,00
Total	232 176	304 458

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

Description ⁹	2024/2025	2023/2024
	R'000	R'000
Unauthorised expenditure under assessment	0,00	0,00
Unauthorised expenditure under determination	232 176	304 458
Unauthorised expenditure under investigation		0,00
Total¹⁰	232 176	304 458

Include discussion here where deemed relevant.

⁸ This amount may only be written off against available savings

⁹ Group similar items

¹⁰ Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)



2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	48386	4,781,888
Invoices paid within 30 days or agreed period	29120	4,276,926
Invoices paid after 30 days or agreed period	19266	504,962
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	605	33,481,573
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	1	57,500

Averagely, 95% of these invoices are Scholar Transport invoices. Main challenge has been the compliance documents that are not submitted by operators on time. Change of contracted vehicles and Centralised Supplier Database (CSD) challenges.

Service Provider for a disputed invoice has not delivered in full per the agreement and is indicating that they have underquoted. Both parties are now resolving the costing issue of the work done.

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
Provision of construction material for pavement and subgrade layers for upgrading of MR0522 from R72 to Hamburg, Peddie, EC, road project for a period of 36 months.	Lolo & Lolo Development Services cc	Single source	SCMU10-23/24-0009	R103 173 400.00
Accommodation for traffic station	Sarah Baartman District municipality	Single source	N/A	583 503.36
Procurement of service provider for plumbing repairs at Gqeberha Government Garage.	SAGE Pastel SA	Emergency	N/A	4,124.38
Membership renewal for risk management team	The Institute of Risk Management South Africa	Sole source	N/A	14 472.75
Membership renewal for Ms. Mntu	South African Council for the Project and Construction Management Professionals	Sole source	N/A	5 229.68
Servicing of X-ray Machine	Hissco International	Single source	N/A	494 509.20
Servicing of X-ray Machine	Khomanani Systems	Single source	N/A	248 400.00
Servicing of X-ray Machine	Xscann Technologies	Single source	N/A	427 311.25
SAMTRAC COURSE	NOSA	Sole source	N/A	9 775.50
Subscription renewal for 2024-25 FY for access to vehicle trade and market valuations	Transunion Auto Information Solutions	Sole source	N/A	37,600.68
Subscription renewal for 2024-25 FY for maintenance of residual values and databases	Transunion Auto Information Solutions	Sole source	N/A	74,750.00
CISA training fees for Ms. S. Somcho	Compliance Institute of Southern Africa	Sole source	N/A	4,830.00
Emergency services rendered for plubing repairs at OR GG	Lavender Moon 125 CC	Emergency	N/A	5,945.50
Teammate and analytics annual licence fees	Wolters Kluwer Tax and	Sole source	N/A	138 586.02
Airport manuals	Docusynthesis	Single source	N/A	329 400
Attendance of IRMSA and ACFE conference	The Institute of Risk Management of South Africa	Sole source	N/A	18 588.95

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Attendance of IRMSA and ACFE conference	Association of Certified Fraud Examiners SA	Sole source	N/A	41 100
Attendance of SAICA conference	South African Institute of Chartered Institute	Sole source	N/A	3 450
Attendance of SASLAW annual conference	South African Society for Labour Law	Sole source	N/A	113 850
Various public sector trainings	National School of Government	Sole source	N/A	999 890
Attendance of ITLMPO annual conference	The Institute of Traffic, Licencing and Metro Police of Southern Africa	Sole source	N/A	17 100
Registration fees for attendance of 27th South African Internal Audit Hybrid conference for Ms. N Nyalela and Mr. U Klaas	The Institute of Internal Auditors-South Africa	Sole source	N/A	20 700
ISACA conference attendance	Information System and Control Association Control Association South Africa chapter	Sole source	N/A	3 828.00
Registration fees to attend Border Kei and Gqeberha combined regional conference i.r.o. S. Madikane, A. Ntsangani, N. Stuurman and S. Ngwentle	The Institute of Internal Auditors-South Africa	Sole source	N/A	18 216.00
AB350 appointment for a period of 3 years, starting from October 2024 to 30th September 2027 with an option of extension for 2 years.	Africa's Best t/a AB350	Single source	N/A	230 560 000
Labour law conference	Juta	Sole source	N/A	107,800.00
Executive Development Programme	Nelson Mandela university	Single source	N/A	732 096
Registration for Ms. Y. Z. Kunene and Mr. K. Bota attending training on Risk appetite and Tolerance at Sandton, Gauteng on 26 November 2024.	The Institute of Risk Management SA	Sole source	N/A	11,985.30
Basic Project management training for 20 officials of the Government Fleet Management Services-Trading Entity	National School of Government	Sole source	N/A	118,380.00
Advanced management development programme for 20 officials of the Government Fleet Management Services-Trading Entity	National School of Government	Sole source	N/A	228,060.00
ACFE membership renewal	Risk Managers and Fraud Examiners in Southern Africa	Sole source	N/A	6,650.00
Membership renewal	Information System Audit Council Association	Sole source	N/A	3 892.18
Requisition for seven (7) officials to attend SAGE EVOLUTION from 16 to 20 September at GFMS.	SAGE South Africa	Sole source	N/A	131 193.75
Qualifications verification	South African Qualifications Authority	Single source	N/A	Rate based
Caseware annual licence fees	Adapt IT	Sole source	N/A	167 961.65
Registration for Mr S. Phetshana who will be training	The Institute of Risk Management SA	Sole source	N/A	6 200



Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
on risk management online on the 5 and 6 February 2025				
Provision of Property Lease for the Department of Transport: Maclear Traffic Station	Ma-Ntlapo Catering and other services	Other means: one quotation received	DOT-JG-24/25- 0006	933 140.71
South African Council for the Project and Construction Management Professions	South African Council for the Project and Construction Management Professions (SACPCMP)	Sole source	N/A	5 537.89
Membership renewal with South African Institute of Chartered Accountants (SAICA) Membership renewal with South African Institute of Chartered Accountants (SAICA)	South African Institute of Chartered Accountants (SAICA)	Sole source	N/A	19 026.69
Membership renewal with South African Council for the Project and Construction Management Professions (SACPCMP)	South African Council for the Project and Construction Management Professions (SACPCMP)	Sole source	N/A	3 949.77
Membership renewal with South African Board for People Practises (SABPP) Membership renewal with South African Board for People Practises (SABPP)	South African Board for People Practises	Sole source	N/A	5 970
Emergency- removal of snake	Neville's Snake and Reptile Rescue	Emergency	N/A	1 250
Leasing of Cradock traffic station	Cradock Valuations and Repos	Other means: one quotation received	DOT-CHR-24/25-0023	603 750
Total				R 340 435 405.00

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 Gardening Services at Mthatha Airport for a period of 36 months.	Esulenkama (Pty) Ltd	Extension of time and cost to allow SCM processes for new contracts to be awarded.	SCMU10-20/21-0039	1501	0,00	83
Supply of Spares and Labour for the repair, maintenance and overhaul of Plant and Vehicles for a period of 36 months.	Various service providers	Annual Adjustment as per SLA.	SCMU10-22/23-0020	Rate based	Rated based	Rate based
Provision of Security Services at the Scholar Transport in EL for a period of 4 months.	Nguboyesilo Security Services	Annual Adjustment as per PSIRA regulations.	DOT-HO-23/24-161	479	0,00	36
Appointment of panel of service providers to provide plant hire services for the	Various contractors	Extension of time pending finalization of the	SCMU10-20/21-0024A-F	Rate based	Rate based	Rate based

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
maintenance and construction of roads for a period of 36 months (6 Districts)		procurement processes for new contractors.				
Professional consulting engineering services for Reseals on selected provincial paved roads reseal of DR08048 (Butterworth to Centane)	HHO Consulting Engineers	Extension of time and cost for additional stage 5 Professional Engineering Services	SCMU5-16/17-0046 CIV (C)	6 267	11 926	3 738
Re-gravelling and attending to stormwater structures for DR08015 from Qili R56 Matatiele LMA in the Alfred Nzo District	LM Developments	Extension of time due to delays that were caused by incidents that transpired on site.	SCMU10-22/23-0026	40 213	0,00	0,00
Construction of ancillary works concrete side drains and gabions construction section along DR08031	Tainama Civil	Extension of time due to community disruptions which were beyond the Contractor's control.	SCMU10-21/22-0026	35 750	0,00	6 169
Reseal of DR08048 (Butterworth to Centane) in the Amathole Districts	Mpumalanga Construction	Extension of time required for additional base material and necessary tests to be performed.	DOT-HO-22/23 (SCMU10-21/22-0002)-1	171 400	0,00	0,00
Spares and General Repair to Plant and Vehicles	Various contractors	VO4 extension of time to allow for SCM processes for new contracts to be awarded	SCMU 10 19/20 - 0007	Rate based	Rate based	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	VO1 - extension will assist the department to ensure continued access to service providers and enable the department to quickly respond to road damages pending finalization of the procurement processes for new Contractors.	SCMU10 - 20/21 - 0024A-F	Rate based	Rate based	Rate based
Total				255 610	11 926	10 026

N.B. Some variations are rated based.





PART F

FINANCIAL INFORMATION



1. REPORT OF THE AUDITOR GENERAL

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 183 to 260, which comprise the appropriation statement, statement of financial position as at 31 March 2025, 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 2025, 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 Financial Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2025 (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.

Impairment of Investment

7. As disclosed in note 12.1 to the financial statements, there was a material impairment of an investment amounting to R151 million.



Impairment of 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 R72.3 million.

Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2024 were restated because of errors in the financial statements of the department at, and for the year ended 31 March 2025.

Other matters

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 260 to 276 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 my 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 2025 for auditing. I selected programmes that measure 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 - 57	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	58 - 63	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.

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

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

Transport operations

P24: Number of learners transported for scholar transport services

23. An achievement of 109 714 was reported against a target of 103 000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported. Consequently, it is likely that the achievement against the target was better than reported.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

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



26. The tables that follow provide information on the achievement of planned targets and list 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 26 to 82.

Transport infrastructure

<i>Targets achieved: 77%</i> <i>Budget spent: 88%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of square metres of surfaced roads rehabilitated	300 280	197 969.61
Number of kilometres of gravel roads bladed	23 877	19 667
Number of contractors participating in the national contractor development programme (NCDP)	2	0

Transport operations

<i>Targets achieved: 90%</i> <i>Budget spent: 99%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of routes subsidised	2 443	2 397

Material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Transport Operations. Management did not correct all of the misstatements and I reported a material finding in this regard.

Report on compliance with legislation

28. 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.

29. 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.



30. 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.

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

Expenditure management

32. Effective internal controls were not in place for approval and processing of payments, as required by treasury regulation 8.1.1.

33. 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. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by overpayments made to some scholar transport operators. Fruitless and wasteful expenditure was incurred on the DR08563 upgrading of surface to gravel road – Indwe to Machubeni.

34. 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.

35. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Asset management

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

37. Processes and procedures were not in place at the department for the effective, efficient, economical use of the institution's assets, as required by treasury regulation 10.1.2.

Strategic planning and performance management

38. 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

39. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were delayed.



40. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were delayed.
41. Investigations were not conducted into all allegations of financial misconduct committed by some of the 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 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 and my reports on the audit of the annual performance report and 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. 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

45. I considered internal controls 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.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
47. 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. The deficiency led to reportable findings on the annual performance report and compliance with laws and regulations.



48. 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.
49. 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 and delays in service delivery.
50. 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

51. 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.

Status of previously reported material irregularities

Overpayment made on scholar transport operators

52. 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.
53. 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 of these investigations.
54. 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.
55. Efforts to recover funds from active operators have commenced, resulting in some recovery to date. Some operators disputed the overpayments, prompting the department to conduct a second verification to determine the revised amounts. Cases involving disputed claims have been referred to the legal unit to initiate formal recovery processes in line with applicable legislation, PFMA guidelines, and the departmental



debt policy. Furthermore, the internal audit unit is currently verifying a sample of contracted routes to adjust the kilometres being paid, with the aim of preventing future overpayments. In the current year, as part of ongoing recovery efforts, the department has issued final letters of demand to some operators, informing them of a 15-day notice period for repayment of the outstanding amounts. Should these sums not be settled within the stipulated timeframe, the department will proceed to deduct the amounts owed from the operators' next payments.

56. The actions taken by the accounting officer to address the material irregularity are deemed appropriate and therefore the material irregularity is resolved.

Overpayment of a contractor – DR08606

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

58. 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.

59. 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 remain on the project.

60. As of the reporting date, the accounting officer has instituted a formal steps to recover the financial loss through legal proceedings and the matter is at court of law. In the current year, the matter has been referred to the unauthorised, irregular, fruitless and wasteful expenditure (UIFW) committee for investigation. However, due to the complexity of the situation, the UIFW committee resolved to escalate the matter to the risk committee. The risk committee has not conducted an investigation due to capacity constraints. As a result, the department has decided to write to the Provincial Treasury requesting participation in the active panel of investigation contract. Due to significant delays in performing investigation, it can be concluded that the accounting officer has not identified and taken disciplinary steps for the person(s) responsible for the material irregularity.

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



Overpayment of a Consultant – DR08606

62. 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 consultant. 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
63. I notified the accounting officer of the material irregularity on 29 August 2023 and invited him to make a written submission on the actions taken.
64. As of the reporting date, the accounting officer has instituted a formal steps to recover the financial loss through legal proceedings and the matter is at court of law. In the current year, the matter has been referred to the UIFW committee for investigation. However, due to the complexity of the situation, the UIFW committee resolved to escalate the matter to the Risk committee. The Risk committee has not conducted an investigation due to capacity constraints. As a result, the department has decided to write to the Provincial Treasury requesting participation in the active panel of investigation contract. Due to significant delays in performing investigation, it can be concluded that the accounting officer has not identified and taken disciplinary steps for the person(s) responsible for the material irregularity.
65. 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 – DR 08589

66. 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.
67. 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 were disclosed as fruitless and wasteful expenditure in note 7 of the 2021-22 annual financial statements.
68. 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.
69. The accounting officer cancelled the contract on 21 March 2021 citing breach of contract. In addition, the department withheld two payment certificates amounting to R7.9 million that were due to the contractor.
70. 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.



71. The matter was handed over to the Office of the State Attorney in East London to proceed with legal action and the matter is still at pre-trial stage. The accounting officer has therefore, taken all possible steps to recover the losses with in the AO's control.
72. The actions taken by the accounting officer to address the material irregularity are deemed appropriate and therefore the material irregularity is resolved.

Auditor - General

East London

30 July 2025



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.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
[Public Finance Management Act 1 of 1999 (PFMA) and regulations and instructions issued in terms of the act	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)
Division of Revenue Act 24 of 2024 (Dora)	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii)(bb)
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
Public Service regulations	PSR25(1)(e)(i) and (ii)
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act	Section 1; 2.1(a); 2.1(f) and Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Construction Industry Development Board Act 38 of 2000 and regulations issued in terms of the act	Section 18(1) and Regulation 17; 25(7A)
State Information Technology Agency Act 88 of 1998 and regulations issued in terms of the act	Section 7(3)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024				
		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	575 737	-	(10 491)	565 246	564 778	468	99,92 %	537 784	530 815
Transport Infrastructure	2	2 583 056	-	(46 823)	2 536 233	2 241 919	294 314	88,40 %	2 318 966	2 146 820
Transport Operations	3	1 655 282	-	98 001	1 753 283	1 753 282	1	100,00 %	1 798 311	1 796 586
Transport Regulations	4	401 408	-	(30 296)	371 112	368 861	2 251	99,39 %	336 386	332 840
Community Based Programme	5	664 094	-	(10 391)	653 703	601 651	52 052	92,04 %	620 047	604 975
Programme subtotal		5 879 577	-	-	5 879 577	5 530 491	349 086	94,06 %	5 611 494	5 412 036
Total		5 879 577	-	-	5 879 577	5 530 491	349 086	94,06 %	5 611 494	5 412 036
Reconciliation with										
Add:										
Aid assistance					-				126	
Actual amounts per (total revenue)					5 879 577				5 611 620	
Add:										
Aid assistance					-					126
Actual amounts per (total expenditure)						5 530 491				5 412 162

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	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	1 175 201	(1 848)	(8 300)	1 165 053	1 161 942	3 111	99,73 %	1 084 012	1 082 727
Goods and services	2 940 943	(1 367)	10 627	2 950 203	2 856 641	93 562	96,83 %	2 854 385	2 808 001
Interest and rent on land	-	-	-	-	-	-	- %	-	5
Total current payments	4 116 144	(3 215)	2 327	4 115 256	4 018 583	96 673	97,65 %	3 938 397	3 890 733
Transfers and subsidies									
Provinces and municipalities	45 231	26	-	45 257	16 160	29 097	35,71 %	12 535	12 535
Departmental agencies and accounts	17 221	-	-	17 221	13 689	3 532	79,49 %	12 370	12 370
Public corporations and private enterprises	725 657	-	-	725 657	725 657	-	100,00 %	742 314	742 314
Households	42 348	4 696	(2 874)	44 170	44 170	-	100,00 %	38 298	38 298
Total transfers and subsidies	830 457	4 722	(2 874)	832 305	799 676	32 629	96,08 %	805 517	805 517
Payments for capital assets									
Buildings and other fixed structures	774 672	1 048	(1 047)	774 673	558 371	216 302	72,08 %	802 735	661 793
Machinery and equipment	157 993	(9 826)	1 594	149 761	146 594	3 167	97,89 %	62 068	51 216
Software and other intangible assets	311	7 081	-	7 392	7 081	311	95,79 %	1 982	1 982
Total payments for capital assets	932 976	(1 697)	547	931 826	712 046	219 780	76,41 %	866 785	714 991
Payments for financial assets	-	190	-	190	186	4	97,89 %	795	795
Total	5 879 577	-	-	5 879 577	5 530 491	349 086	94,06 %	5 611 494	5 412 036

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand					2024/2025		2023/2024			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1. Administration										
Sub programme										
	1.1	18 715	(1 232)	(1 660)	15 823	15 823	-	100,00 %	15 924	15 924
	1.2	63 226	(3 190)	(1 078)	58 958	58 898	60	99,90 %	55 506	55 344
	1.3	469 742	4 573	(7 753)	466 562	466 154	408	99,91 %	443 311	436 504
	1.4	24 054	(151)	-	23 903	23 903	-	100,00 %	23 043	23 043
	Subtotal	575 737	-	(10 491)	565 246	564 778	468	99,92 %	537 784	530 815
Economic classification										
Current payments										
	Compensation of employees	314 669	2	2 934	317 605	317 603	2	100,00 %	285 337	285 337
	Goods and services	173 778	3 338	(12 623)	164 493	164 050	443	99,73 %	159 107	159 097
	Interest and rent on land	-	-	-	-	-	-	- %	-	5
	Total current payments	488 447	3 340	(9 689)	482 098	481 653	445	99,91 %	444 444	444 439
Transfers and subsidies										
	Provinces and municipalities	300	26	-	326	326	-	100,00 %	916	916
	Households	27 551	(812)	(2 396)	24 343	24 343	-	100,00 %	33 454	33 454
	Total transfers and subsidies	27 851	(786)	(2 396)	24 669	24 669	-	100,00 %	34 370	34 370
Payments for capital assets										
	Machinery and equipment	59 439	(9 825)	1 594	51 208	51 189	19	99,96 %	56 193	49 229
	Software and other intangible assets	-	7 081	-	7 081	7 081	-	100,00 %	1 982	1 982
	Total payments for capital assets	59 439	(2 744)	1 594	58 289	58 270	19	99,97 %	58 175	51 211
	Payments for financial assets	-	190	-	190	186	4	97,89 %	795	795
	Total	575 737	-	(10 491)	565 246	564 778	468	99,92 %	537 784	530 815

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand			2024/2025			2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.1 Office of the MEC									
Economic classification									
Current payments									
Compensation of employees	11 783	(1 249)	-	10 534	10 534	-	100,00 %	10 845	10 845
Goods and services	6 932	17	(1 660)	5 289	5 289	-	100,00 %	5 079	5 079
Total current payments	18 715	(1 232)	(1 660)	15 823	15 823	-	100,00 %	15 924	15 924
Total	18 715	(1 232)	(1 660)	15 823	15 823	-	100,00 %	15 924	15 924

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025			2023/2024				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.2 Management									
Economic classification									
Current payments									
Compensation of employees	48 338	(925)	-	47 413	47 413	-	100,00 %	44 726	44 726
Goods and services	14 311	(2 163)	(1 078)	11 070	11 029	41	99,63 %	10 356	10 346
Total current payments	62 649	(3 088)	(1 078)	58 483	58 442	41	99,93 %	55 082	55 072
Payments for capital assets									
Machinery and equipment	577	(102)	-	475	456	19	96,00 %	424	272
Total	63 226	(3 190)	(1 078)	58 958	58 898	60	99,90 %	55 506	55 344



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.3 Corporate support									
Economic classification									
Current payments									
Compensation of employees	240 708	2 162	2 934	245 804	245 802	2	100,00 %	218 399	218 399
Goods and services	142 321	5 649	(9 885)	138 085	137 683	402	99,71 %	131 996	131 996
Interest and rent on land	-	-	-	-	-	-	- %	-	5
Total current payments	383 029	7 811	(6 951)	383 889	383 485	404	99,89 %	350 395	350 400
Transfers and subsidies									
Provinces and municipalities	300	26	-	326	326	-	100,00 %	916	916
Households	27 551	(812)	(2 396)	24 343	24 343	-	100,00 %	33 454	33 454
Total transfers and subsidies	27 851	(786)	(2 396)	24 669	24 669	-	100,00 %	34 370	34 370
Payments for capital assets									
Machinery and equipment	58 862	(9 723)	1 594	50 733	50 733	-	100,00 %	55 769	48 957
Software and other intangible assets	-	7 081	-	7 081	7 081	-	100,00 %	1 982	1 982
Total payments for capital assets	58 862	(2 642)	1 594	57 814	57 814	-	100,00 %	57 751	50 939
Payments for financial assets	-	190	-	190	186	4	97,89 %	795	795
Total	469 742	4 573	(7 753)	466 562	466 154	408	99,91 %	443 311	436 504
1.4 Department Strategy									
Economic classification									
Current payments									
Compensation of employees	13 840	14	-	13 854	13 854	-	100,00 %	11 367	11 367
Goods and services	10 214	(165)	-	10 049	10 049	-	100,00 %	11 676	11 676
Total current payments	24 054	(151)	-	23 903	23 903	-	100,00 %	23 043	23 043

Eastern Cape Department of Transport
(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.4 Department Strategy (continued)									
Total	24 054	(151)	-	23 903	23 903	-	100,00 %	23 043	23 043



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2024/2025			2023/2024			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.2. Transport Infrastructure										
Sub programme										
	2.1	2 508	2 858	(214)	5 152	5 152	-	100,00 %	4 087	4 087
	2.2	49 363	(10 147)	(864)	38 352	38 255	97	99,75 %	25 987	25 692
	2.3	43 695	(5 336)	(4 447)	33 912	31 547	2 365	93,03 %	32 044	32 044
	2.4	783 604	60 848	(980)	843 472	607 828	235 644	72,06 %	838 419	695 991
	2.5	1 468 069	(50 352)	(39 673)	1 378 044	1 324 516	53 528	96,12 %	1 284 188	1 254 811
	2.6	235 817	2 129	(645)	237 301	234 621	2 680	98,87 %	134 241	134 195
	Subtotal	2 583 056	-	(46 823)	2 536 233	2 241 919	294 314	88,40 %	2 318 966	2 146 820
Economic classification										
Current payments										
	Compensation of employees	344 449	(1 844)	(3 745)	338 860	336 083	2 777	99,18 %	325 054	323 778
	Goods and services	1 323 859	(4 288)	(42 031)	1 277 540	1 227 210	50 330	96,06 %	1 183 578	1 152 405
	Total current payments	1 668 308	(6 132)	(45 776)	1 616 400	1 563 293	53 107	96,71 %	1 508 632	1 476 183
Transfers and subsidies										
	Provinces and municipalities	30 227	-	-	30 227	6 530	23 697	21,60 %	4 591	4 591
	Households	14 155	5 085	-	19 240	19 240	-	100,00 %	4 067	4 067
	Total transfers and subsidies	44 382	5 085	-	49 467	25 770	23 697	52,10 %	8 658	8 658
Payments for capital assets										
	Buildings and other fixed structures	774 672	1 048	(1 047)	774 673	558 371	216 302	72,08 %	800 735	661 064
	Machinery and equipment	95 383	(1)	-	95 382	94 485	897	99,06 %	941	915
	Software and other intangible assets	311	-	-	311	-	311	- %	-	-
	Total payments for capital assets	870 366	1 047	(1 047)	870 366	652 856	217 510	75,01 %	801 676	661 979
	Total	2 583 056	-	(46 823)	2 536 233	2 241 919	294 314	88,40 %	2 318 966	2 146 820

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand			2024/2025			2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	500	(500)	-	-	-	-	- %	-	-
Goods and services	853	(39)	(214)	600	600	-	100,00 %	666	666
Total current payments	1 353	(539)	(214)	600	600	-	100,00 %	666	666
Transfers and subsidies									
Households	1 155	3 397	-	4 552	4 552	-	100,00 %	3 421	3 421
Total	2 508	2 858	(214)	5 152	5 152	-	100,00 %	4 087	4 087

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.2 Infrastructure Planning									
Economic classification									
Current payments									
Compensation of employees	5 366	210	-	5 576	5 499	77	98,62 %	4 865	4 865
Goods and services	23 745	(12 593)	(864)	10 288	10 268	20	99,81 %	5 950	5 950
Total current payments	29 111	(12 383)	(864)	15 864	15 767	97	99,39 %	10 815	10 815
Transfers and subsidies									
Households	13 000	1 688	-	14 688	14 688	-	100,00 %	646	646
Payments for capital assets									
Buildings and other fixed structures	7 252	548	-	7 800	7 800	-	100,00 %	14 526	14 231
Total	49 363	(10 147)	(864)	38 352	38 255	97	99,75 %	25 987	25 692

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.3 Infrastructure Design									
Economic classification									
Current payments									
Compensation of employees	14 912	(1 200)	-	13 712	13 709	3	99,98 %	13 823	13 823
Goods and services	9 095	(4 136)	(3 400)	1 559	1 551	8	99,49 %	3 824	3 824
Total current payments	24 007	(5 336)	(3 400)	15 271	15 260	11	99,93 %	17 647	17 647
Payments for capital assets									
Buildings and other fixed structures	19 041	-	(1 047)	17 994	16 287	1 707	90,51 %	14 397	14 397
Machinery and equipment	336	-	-	336	-	336	- %	-	-
Software and other intangible assets	311	-	-	311	-	311	- %	-	-
Total payments for capital assets	19 688	-	(1 047)	18 641	16 287	2 354	87,37 %	14 397	14 397
Total	43 695	(5 336)	(4 447)	33 912	31 547	2 365	93,03 %	32 044	32 044

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									
	2024/2025					2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.4 Construction									
Economic classification									
Current payments									
Compensation of employees	687	56 250	-	56 937	56 834	103	99,82 %	53 778	53 728
Goods and services	16 008	4 598	(980)	19 626	19 619	7	99,96 %	15 975	12 999
Total current payments	16 695	60 848	(980)	76 563	76 453	110	99,86 %	69 753	66 727
Transfers and subsidies									
Provinces and municipalities	25 000	-	-	25 000	1 746	23 254	6,98 %	-	-
Payments for capital assets									
Buildings and other fixed structures	741 879	-	-	741 879	529 612	212 267	71,39 %	768 595	629 219
Machinery and equipment	30	-	-	30	17	13	56,67 %	71	45
Total payments for capital assets	741 909	-	-	741 909	529 629	212 280	71,39 %	768 666	629 264
Total	783 604	60 848	(980)	843 472	607 828	235 644	72,06 %	838 419	695 991

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.5 Maintenance									
Economic classification									
Current payments									
Compensation of employees	279 443	(56 604)	(3 745)	219 094	218 669	425	99,81 %	212 720	211 494
Goods and services	1 181 086	5 753	(35 928)	1 150 911	1 100 636	50 275	95,63 %	1 067 501	1 039 350
Total current payments	1 460 529	(50 851)	(39 673)	1 370 005	1 319 305	50 700	96,30 %	1 280 221	1 250 844
Payments for capital assets									
Buildings and other fixed structures	6 500	500	-	7 000	4 672	2 328	66,74 %	3 217	3 217
Machinery and equipment	1 040	(1)	-	1 039	539	500	51,88 %	750	750
Total payments for capital assets	7 540	499	-	8 039	5 211	2 828	64,82 %	3 967	3 967
Total	1 468 069	(50 352)	(39 673)	1 378 044	1 324 516	53 528	96,12 %	1 284 188	1 254 811



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.6 Mechanical									
Economic classification									
Current payments									
Compensation of employees	43 541	-	-	43 541	41 372	2 169	95,02 %	39 868	39 868
Goods and services	93 072	2 129	(645)	94 556	94 536	20	99,98 %	89 662	89 616
Total current payments	136 613	2 129	(645)	138 097	135 908	2 189	98,41 %	129 530	129 484
Transfers and subsidies									
Provinces and municipalities	5 227	-	-	5 227	4 784	443	91,52 %	4 591	4 591
Payments for capital assets									
Machinery and equipment	93 977	-	-	93 977	93 929	48	99,95 %	120	120
Total	235 817	2 129	(645)	237 301	234 621	2 680	98,87 %	134 241	134 195

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2024/2025			2023/2024			
		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										
	3.1	2 163	(511)	-	1 652	1 652	-	100,00 %	1 681	1 681
	3.2	747 835	(268)	-	747 567	747 567	-	100,00 %	764 151	764 151
	3.3	74 113	84	-	74 197	72 146	2 051	97,24 %	70 192	70 192
	3.4	52 959	(13 105)	-	39 854	39 522	332	99,17 %	41 869	40 144
	3.5	758 840	13 812	98 885	871 537	873 919	(2 382)	100,27 %	910 080	910 080
	3.6	19 372	(12)	(884)	18 476	18 476	-	100,00 %	10 338	10 338
	Subtotal	1 655 282	-	98 001	1 753 283	1 753 282	1	100,00 %	1 798 311	1 796 586
Economic classification										
Current payments										
	Compensation of employees	129 558	(6)	(884)	128 668	128 336	332	99,74 %	118 523	118 519
	Goods and services	793 896	(128)	98 885	892 653	895 035	(2 382)	100,27 %	927 843	927 843
	Total current payments	923 454	(134)	98 001	1 021 321	1 023 371	(2 050)	100,20 %	1 046 366	1 046 362
Transfers and subsidies										
	Departmental agencies and accounts	6 148	-	-	6 148	4 097	2 051	66,64 %	6 800	6 800
	Public corporations and private enterprises	725 657	-	-	725 657	725 657	-	100,00 %	742 314	742 314
	Households	12	134	-	146	146	-	100,00 %	381	381
	Total transfers and subsidies	731 817	134	-	731 951	729 900	2 051	99,72 %	749 495	749 495
Payments for capital assets										
	Buildings and other fixed structures	-	-	-	-	-	-	- %	2 000	729
	Machinery and equipment	11	-	-	11	11	-	100,00 %	450	-
	Total payments for capital assets	11	-	-	11	11	-	100,00 %	2 450	729

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Total	1 655 282	-	98 001	1 753 283	1 753 282	1	100,00 %	1 798 311	1 796 586
3.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	1 662	(486)	-	1 176	1 176	-	100,00 %	1 302	1 302
Goods and services	501	(25)	-	476	476	-	100,00 %	379	379
Total current payments	2 163	(511)	-	1 652	1 652	-	100,00 %	1 681	1 681
Total	2 163	(511)	-	1 652	1 652	-	100,00 %	1 681	1 681

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2024/2025			2023/2024		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3.2 Public Transport Services									
Economic classification									
Current payments									
Compensation of employees	17 086	967	-	18 053	18 053	-	100,00 %	15 865	15 865
Goods and services	5 081	(1 235)	-	3 846	3 846	-	100,00 %	5 695	5 695
Total current payments	22 167	(268)	-	21 899	21 899	-	100,00 %	21 560	21 560
Transfers and subsidies									
Public corporations and private enterprises	725 657	-	-	725 657	725 657	-	100,00 %	742 314	742 314
Households	-	-	-	-	-	-	- %	277	277
Total transfers and subsidies	725 657	-	-	725 657	725 657	-	100,00 %	742 591	742 591
Payments for capital assets									
Machinery and equipment	11	-	-	11	11	-	100,00 %	-	-
Total	747 835	(268)	-	747 567	747 567	-	100,00 %	764 151	764 151



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025			2023/2024				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3.3 Transport Safety and Compliance									
Economic classification									
Current payments									
Compensation of employees	59 181	560	-	59 741	59 741	-	100,00 %	54 825	54 825
Goods and services	8 784	(476)	-	8 308	8 308	-	100,00 %	8 567	8 567
Total current payments	67 965	84	-	68 049	68 049	-	100,00 %	63 392	63 392
Transfers and subsidies									
Departmental agencies and accounts	6 148	-	-	6 148	4 097	2 051	66,64 %	6 800	6 800
Total	74 113	84	-	74 197	72 146	2 051	97,24 %	70 192	70 192

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

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 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025			2023/2024				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3.5 Scholar Transport									
Economic classification									
Current payments									
Compensation of employees	27 510	(412)	-	27 098	27 098	-	100,00 %	23 917	23 917
Goods and services	731 318	14 090	98 885	844 293	846 675	(2 382)	100,28 %	886 059	886 059
Total current payments	758 828	13 678	98 885	871 391	873 773	(2 382)	100,27 %	909 976	909 976
Transfers and subsidies									
Households	12	134	-	146	146	-	100,00 %	104	104
Total	758 840	13 812	98 885	871 537	873 919	(2 382)	100,27 %	910 080	910 080

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

	2024/2025				2023/2024		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
3.6 Operator Licence and Permits							
Economic classification							
Current payments							
Compensation of employees	5 273	-	(884)	4 389	4 389	-	100,00 %
Goods and services	14 099	(12)	-	14 087	14 087	-	100,00 %
Total current payments	19 372	(12)	(884)	18 476	18 476	-	100,00 %
Total	19 372	(12)	(884)	18 476	18 476	-	100,00 %



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand		2024/2025				2023/2024				
		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	16 032	(1 336)	(6 071)	8 625	8 625	-	100,00 %	5 484	5 484
TRP Admin and Licencing	4.2	16 362	1 860	(1 352)	16 870	16 870	-	100,00 %	14 744	14 744
Law Enforcement	4.3	369 014	(524)	(22 873)	345 617	343 366	2 251	99,35 %	316 158	312 612
Subtotal		401 408	-	(30 296)	371 112	368 861	2 251	99,39 %	336 386	332 840
Economic classification										
Current payments										
Compensation of employees		326 205	-	(8 836)	317 369	317 369	-	100,00 %	294 625	294 621
Goods and services		71 428	(184)	(20 982)	50 262	50 262	-	100,00 %	36 942	36 812
Total current payments		397 633	(184)	(29 818)	367 631	367 631	-	100,00 %	331 567	331 433
Transfers and subsidies										
Households		615	184	(478)	321	321	-	100,00 %	335	335
Payments for capital assets										
Machinery and equipment		3 160	-	-	3 160	909	2 251	28,77 %	4 484	1 072
Total		401 408	-	(30 296)	371 112	368 861	2 251	99,39 %	336 386	332 840

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2024/2025		Variance	Expenditure as % of final appropriation	2023/2024	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
4.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	5 151	(1 336)	(1 300)	2 515	2 515	-	100,00 %	2 396	2 396
Goods and services	10 881	-	(4 771)	6 110	6 110	-	100,00 %	3 088	3 088
Total current payments	16 032	(1 336)	(6 071)	8 625	8 625	-	100,00 %	5 484	5 484
Total	16 032	(1 336)	(6 071)	8 625	8 625	-	100,00 %	5 484	5 484



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand			2024/2025			2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4.2 TRP Admin and Licencing									
Economic classification									
Current payments									
Compensation of employees	12 950	1 844	(536)	14 258	14 258	-	100,00 %	12 550	12 550
Goods and services	3 412	(168)	(816)	2 428	2 428	-	100,00 %	2 194	2 194
Total current payments	16 362	1 676	(1 352)	16 686	16 686	-	100,00 %	14 744	14 744
Transfers and subsidies									
Households	-	184	-	184	184	-	100,00 %	-	-
Total	16 362	1 860	(1 352)	16 870	16 870	-	100,00 %	14 744	14 744

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2024/2025			2023/2024		
				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	308 104	(508)	(7 000)	300 596	300 596	-	100,00 %	279 679	279 675
Goods and services	57 135	(16)	(15 395)	41 724	41 724	-	100,00 %	31 660	31 530
Total current payments	365 239	(524)	(22 395)	342 320	342 320	-	100,00 %	311 339	311 205
Transfers and subsidies									
Households	615	-	(478)	137	137	-	100,00 %	335	335
Payments for capital assets									
Machinery and equipment	3 160	-	-	3 160	909	2 251	28,77 %	4 484	1 072
Total	369 014	(524)	(22 873)	345 617	343 366	2 251	99,35 %	316 158	312 612



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2024/2025			2023/2024			
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme										
Sub programme										
5.1	Programme Support	3 097	48	(14)	3 131	3 131	-	100,00 %	1 701	1 701
5.2	Community Development	595 311	(11 171)	(6 894)	577 246	530 717	46 529	91,94 %	559 585	544 515
5.3	Innovation and Empowerment	55 076	10 353	(5 364)	60 065	54 608	5 457	90,91 %	45 064	45 062
5.4	EPWP Coordination and Monitoring	10 610	770	1 881	13 261	13 195	66	99,50 %	13 697	13 697
Subtotal		664 094	-	(10 391)	653 703	601 651	52 052	92,04 %	620 047	604 975
Economic classification										
Current payments										
Compensation of employees		60 320	-	2 231	62 551	62 551	-	100,00 %	60 473	60 472
Goods and services		577 982	(105)	(12 622)	565 255	520 084	45 171	92,01 %	546 915	531 844
Total current payments		638 302	(105)	(10 391)	627 806	582 635	45 171	92,80 %	607 388	592 316
Transfers and subsidies										
Provinces and municipalities		14 704	-	-	14 704	9 304	5 400	63,28 %	7 028	7 028
Departmental agencies and accounts		11 073	-	-	11 073	9 592	1 481	86,63 %	5 570	5 570
Households		15	105	-	120	120	-	100,00 %	61	61
Total transfers and subsidies		25 792	105	-	25 897	19 016	6 881	73,43 %	12 659	12 659
Total		664 094	-	(10 391)	653 703	601 651	52 052	92,04 %	620 047	604 975

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2024/2025			2023/2024		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	2 664	63	-	2 727	2 727	-	100,00 %	1 427	1 427
Goods and services	433	(15)	(14)	404	404	-	100,00 %	274	274
Total current payments	3 097	48	(14)	3 131	3 131	-	100,00 %	1 701	1 701
Total	3 097	48	(14)	3 131	3 131	-	100,00 %	1 701	1 701



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand		2024/2025				2023/2024			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.2 Community Development									
Economic classification									
Current payments									
Compensation of employees	35 027	(11 168)	-	23 859	23 859	-	100,00 %	23 453	23 453
Goods and services	549 211	(3)	(6 894)	542 314	497 266	45 048	91,69 %	530 501	515 431
Total current payments	584 238	(11 171)	(6 894)	566 173	521 125	45 048	92,04 %	553 954	538 884
Transfers and subsidies									
Departmental agencies and accounts	11 073	-	-	11 073	9 592	1 481	86,63 %	5 570	5 570
Households	-	-	-	-	-	-	- %	61	61
Total transfers and subsidies	11 073	-	-	11 073	9 592	1 481	86,63 %	5 631	5 631
Total	595 311	(11 171)	(6 894)	577 246	530 717	46 529	91,94 %	559 585	544 515

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand		2024/2025			2023/2024				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.3 Innovation and Empowerment									
Economic classification									
Current payments									
Compensation of employees	15 828	10 335	-	26 163	26 163	-	100,00 %	26 924	26 923
Goods and services	24 529	(87)	(5 364)	19 078	19 021	57	99,70 %	11 112	11 111
Total current payments	40 357	10 248	(5 364)	45 241	45 184	57	99,87 %	38 036	38 034
Transfers and subsidies									
Provinces and municipalities	14 704	-	-	14 704	9 304	5 400	63,28 %	7 028	7 028
Households	15	105	-	120	120	-	100,00 %	-	-
Total transfers and subsidies	14 719	105	-	14 824	9 424	5 400	63,57 %	7 028	7 028
Total	55 076	10 353	(5 364)	60 065	54 608	5 457	90,91 %	45 064	45 062

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2024/2025			2023/2024		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Community Based Programme (continued)									
5.4 EPWP Coordination and Monitoring									
Economic classification									
Current payments									
Compensation of employees	6 801	770	2 231	9 802	9 802	-	100,00 %	8 669	8 669
Goods and services	3 809	-	(350)	3 459	3 393	66	98,09 %	5 028	5 028
Total current payments	10 610	770	1 881	13 261	13 195	66	99,50 %	13 697	13 697
Total	10 610	770	1 881	13 261	13 195	66	99,50 %	13 697	13 697



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

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	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Administration	565 246	564 778	468	0,1 %
Transport Infrastructure	2 536 233	2 241 919	294 314	11,6 %
Transport Operations	1 753 283	1 753 282	1	- %

Transport Infrastructure - The underspending is due to delays in the execution of capital projects as a result of poor performance by contractors, litigations on the awarded projects of Clarkbury Road from R61 to N2 and Sterkspruit to Mlamli Hospital, and delays in the submission of invoices for regravelling and maintenance projects. In addition, the programme reflects an underspending on transfers and subsidies due to the validation process of invoices. Sarah Baartman Municipality experienced a tax challenge on the Centralised Supplier Database, hence the delay in the processing of invoices. The departmental spending has further been reduced by an amount of R135 million paid to Buffalo City Municipality (BCM) and National Department of Public Works (NDPW) for the construction of Quenera road in BCM and Welisizwe Bridge programme. The reduction is as a result of the application of the accounting policy change, which states that prepayments should be recognised in the statement of financial position when the department receives or disburses cash, and only expensed when goods, services or capital assets are received.

Transport Regulations	371 112	368 861	2 251	0,6 %
Community Based Programme	653 703	601 651	52 052	8,0 %

Community Based Programme - Underspending is mainly on goods and services, under contractors due to delays in the replacement of EPWP beneficiaries as well as changes in the issuance of the determination for the increase of stipend by the Minister of Labour. This delayed the process of payment for services rendered by beneficiaries.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Appropriation Statement

4.2 Per economic classification

Current payments

Compensation of employees	1 165 053	1 161 942	3 111	- %
Goods and services	2 950 203	2 856 641	93 562	3 %

Transfers and subsidies

Provinces and municipalities	45 257	16 160	29 097	64 %
Departmental agencies and accounts	17 221	13 689	3 532	21 %
Public corporations and private enterprises	725 657	725 657	-	- %
Households	44 170	44 170	-	- %

Payments for capital assets

Buildings and other fixed structures	774 673	558 371	216 302	28 %
Machinery and equipment	149 761	146 594	3 167	2 %
Intangible assets	7 392	7 081	311	4 %

Payments for financial assets

190	186	4	2 %

Goods and Services - The underspending is due to delays in the submission of invoices for regravelling and maintenance projects. There were also delays in the replacement of EPWP beneficiaries which caused a delay in the issuance of the determination for the increase of stipend by the Minister of Labour.

Transfers and Subsidies:

Provinces and Municipalities - The underspending is due to the finalisation of the validation process of invoices for Enoch Mgijima Municipality as well as the tax challenges experienced by Sarah Baartman on the Centralised Supplier Database. Departmental Agencies - The underspending relates to the non payment of the amount to SANTACO due to structural challenges.

Buildings and other fixed structures - The delays is due to poor performance by contractors, litigations on awarded projects of Clarkbury Road from R61 to N2 and Sterkspruit to Mlamli Hospital.

4.3 Per conditional grant

Figures in Rand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Public Transport Operations grant	308 298	308 298	-	- %
Expanded Public Works Programme	47 168	46 259	909	2 %
Provincial Roads Maintenance grant	2 232 058	1 895 671	336 387	15 %

The underspending is due to delays in the execution of capital projects as a result of poor performance by contractors, litigations on the awarded projects of Clarkbury Road from R61 to N2 and Sterkspruit to Mlamli Hospital, and delays in the submission of invoices for regravelling and maintenance projects. In addition, the programme reflects an underspending on transfers and subsidies due to the validation process of invoices. Sarah Baartman Municipality experienced a tax challenge on the Centralised Supplier Database, hence the delay in the processing of invoices. The departmental spending has further been reduced by an amount of R135 million paid to Buffalo City Municipality (BCM) and National Department of Public Works (NDPW) for the construction of Quenera road in BCM and Welisizwe Bridge programme. The reduction is as a result of the application of the accounting policy change, which states that prepayments should be recognised in the statement of financial position when the department receives or disburses cash, and only expensed when goods, services or capital assets are received.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Notes	2024/2025	2023/2024
Revenue			
Annual appropriation	1	5 879 577	5 611 494
Aid assistance	3	-	126
Total revenue		5 879 577	5 611 620
Expenditure			
Current expenditure			
Compensation of employees	4	1 161 942	1 082 727
Goods and services	5	2 856 641	2 808 001
Interest and rent on land	6	-	5
Aid assistance	3	-	126
Total current expenditure		4 018 583	3 890 859
Transfers and subsidies			
Transfers and subsidies	8	799 676	805 517
Expenditure for capital assets			
Tangible assets	9	704 965	713 009
Intangible assets	9	7 081	1 982
Total expenditure for capital assets		712 046	714 991
Payments for financial assets	7	186	795
Total expenditure		5 530 491	5 412 162
Surplus for the year		349 086	199 458
Reconciliation of Net Surplus for the year			
Voted funds			
Annual appropriation		11 790	12 360
Conditional grants		337 296	187 098
		349 086	199 458



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Notes	2024/2025	2023/2024
Assets			
Current Assets			
Prepayments and advances	10	137 840	-
Receivables	11	962	3 653
		138 802	3 653
Non-Current Assets			
Investments	12	630 743	623 358
Receivables	11	50 202	45 974
		680 945	669 332
Total Assets		819 747	672 985
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	13	349 086	199 458
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	69 045	27 492
Bank overdraft	15	254 346	75 260
Payables	16	5 601	6 001
		678 078	308 211
Non-Current Liabilities			
Payables	17	46 311	44 533
Total Liabilities		724 389	352 744
		95 358	320 241
Represented by:			
Capitalisation reserve		630 743	623 358
Recoverable revenue		1 249	1 340
Unauthorised expenditure		(536 634)	(304 457)
Total		95 358	320 241



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Note	2024/2025	2023/2024
Capitalisation reserves			
Opening balance		623 358	618 358
Transfers:			
Movement in Equity		7 385	5 000
Closing balance		630 743	623 358
Recoverable revenue			
Opening balance		1 340	1 361
Transfers:			
Debts recovered		(792)	(899)
Debts raised		701	878
Closing balance		1 249	1 340
Unauthorised expenditure			
Opening balance		(304 457)	(131 632)
Unauthorised expenditure - current year			
Relating to overspending of the vote or main division within the vote		(232 177)	(172 825)
		(536 634)	(304 457)
		(536 634)	(304 457)
Total		95 358	320 241



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand	Note(s)	2024/2025	2023/2024
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	5 879 577	5 611 494
Departmental revenue received	2	787 486	769 653
Aid assistance received	3	-	126
		6 667 063	6 381 273
Net (increase)/ decrease in working capital		(135 549)	(3 364)
Surrendered to Revenue Fund		(956 886)	(804 285)
Current payments		(4 018 583)	(3 890 854)
Interest paid	6	-	(5)
Payments for financial assets		(186)	(795)
Transfers and subsidies paid		(799 676)	(805 517)
Net cash flow available from operating activities	18	756 183	876 453
Cash flows from investing activities			
Payments for capital assets	9	(712 046)	(714 991)
Proceeds from sale of capital assets	2.3	11 495	1 136
(Increase)/ decrease in investments	12	(7 385)	(5 000)
(Increase)/ decrease in non-current receivables	11	(4 228)	(2 233)
Net cash flows from investing activities		(712 164)	(721 088)
Cash flows from financing activities			
Increase/ (decrease) in net assets		(224 883)	(167 848)
Increase/ (decrease) in non-current payables		1 778	1 674
Net cash flows from financing activities		(223 105)	(166 174)
Net increase/ (decrease) in cash and cash equivalents		(179 086)	(10 809)
Cash and cash equivalents at beginning of year		(75 260)	(64 451)
Cash and cash equivalents at the end of the year	19	(254 346)	(75 260)

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

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 Rand (R'000).

5. Comparative information

5.1 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.

5.2 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.

6. Revenue

6.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

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.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

6. Revenue (continued)

6.2 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.

6.3 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.

7. Expenditure

7.1 Compensation of employees

7.1.1 Salaries and wages

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

7.1.2 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.

7.2 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.

7.3 Accruals and payables not recognised

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



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

7. Expenditure (continued)

7.4 Leases

7.4.1 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.

7.4.2 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.

At commencement of the finance lease term, finance lease assets acquired are recorded and measured at:

- the fair value of the leased asset; or if lower,
- the present value of the minimum lease payments.

Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.

8. Aid assistance

8.1 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.

8.2 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.

9. 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.

10. Prepayments and advances

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

Prepayment and advances are initially and subsequently measured at cost.

Prepayments and advances expensed before 1 April 2024 are recorded until the goods, services, or capital assets are received, or the funds are utilised in accordance with the contractual agreement.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

11. 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.

12. Investments

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

13. Financial assets

13.1 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.

13.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

14. Payables

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

15. Capital assets

15.1 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.

15.2 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.

15.3 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.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

15. Capital assets (continued)

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.

15.4 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.

16. Provisions and contingents

16.1 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.

16.2 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.

16.3 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.

16.4 Capital commitments

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

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



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

17. Unauthorised expenditure (continued)

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.

18. 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.

19. 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 comprises of:

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

20. 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.

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.

21. 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.

22. 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.

23. 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.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

24. 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.

25. 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).

26. Employee benefits

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

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

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



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note	2024/2025	2023/2024

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	2024/2025		2023/2024	
	Final budget	Actual funds received	Final budget	Appropriation received
Programmes				
Administration	565 468	565 468	537 784	537 784
Transport Infrastructure	2 537 280	2 537 280	2 318 966	2 318 966
Transport Operations	1 753 283	1 753 283	1 798 311	1 798 311
Transport Regulations	369 296	369 296	336 386	336 386
Community Based Programme	654 250	654 250	620 047	620 047
Total	5 879 577	5 879 577	5 611 494	5 611 494

1.2 Conditional grants

Total grants received	36	2 587 524	2 389 083

Provincial grants included in total grants received		2 587 524	2 389 083

2. Departmental revenue

Tax revenue		702 727	705 440
Sales of goods and services other than capital assets	2.1	38 113	25 040
Fines, penalties and forfeits	2.2	45 263	36 455
Sales of capital assets	2.3	11 495	1 136
Transactions in financial assets and liabilities	2.4	1 383	2 718
Total revenue collected		798 981	770 789
Less: Own revenue included in appropriation	14	798 981	770 789
Departmental revenue collected		-	-

2.1 Sales of goods and services other than capital assets

Sales by market establishment	2 544	3 080
Administrative fees	35 569	21 960
Sales of goods and services produced by the department	38 113	25 040

Administrative fees mainly relates to the revenue collected for Abnormal load licences, Operating licence permits, Landing fees and market established rentals.

2.2 Fines, penalties and forfeits

Fines	5 273	6 181
Penalties	39 990	30 274
Total	2	45 263



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

2. Departmental revenue (continued)

2.3 Sales of capital assets

Tangible assets

Machinery and equipment		11 495	1 136

The increase in revenue from the sale of capital assets during the financial year is attributed to proceeds generated from an auction conducted. The department undertook a process to identify any scrap, old, redundant, and damaged assets in accordance with the relevant asset management policies and procedures. These assets were subsequently disposed of through an auction, resulting in an increase in revenue under this item.

2.4 Transactions in financial assets and liabilities

Receivables		1 383	2 718

3. Aid assistance

Opening balance		-	2
Prior period error			(2)
As restated		-	-

3.1 Aid assistance expenditure per economic classification

Current		-	126

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		781 753	728 064
Performance award		-	128
Service based		567	1 054
Compensative/circumstantial		61 598	59 247
Other non-pensionable allowances		135 218	127 936
Total		979 136	916 429
Service-based relates to payments made to employees who completed 20, 30, 40 years of service; therefore, these payments are directly related to the number of employees reaching these milestones within the financial year.			
Other non-pensionable allowances refers to costs relating to service bonus and housing allowances.			
During the current financial year, the substantive Head of Department was seconded to the office of the Premier. The department continued to bear the cost of the Head of Department.			
4.2 Social contributions			
Employer contributions			
Pension		99 751	92 401
Medical		81 943	72 898
UIF		147	147
Bargaining council		292	273
Insurance		673	579
Total		182 806	166 298
Total compensation of employees		1 161 942	1 082 727
Average number of employees		2 359	2 344



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
5. Goods and services			
Administrative fees		665	604
Advertising		10 111	9 226
Minor assets	5.1	1 090	888
Bursaries (employees)		1 636	1 150
Catering		5 413	4 684
Communication		7 262	6 451
Computer services	5.2	10 536	12 393
Consultants: Business and advisory services		11 972	6 214
Infrastructure and planning services		35 875	51 462
Legal services		7 309	10 002
Contractors		1 184 503	1 120 880
Entertainment		65	52
Audit cost - external	5.3	21 833	17 802
Fleet services		148 325	141 333
Inventory	5.4	8 948	9 313
Consumables	5.5	52 085	45 951
Operating leases		11 746	10 321
Property payments	5.6	50 764	34 709
Rental and hiring		319 896	340 004
Transport provided as part of the departmental activities		846 815	886 107
Travel and subsistence	5.7	90 206	79 757
Venues and facilities		8 323	6 558
Training and development		11 802	5 877
Other operating expenditure	5.8	9 461	6 263
Total		2 856 641	2 808 001

1. Infrastructure and financial planning - The 30% decrease in Infrastructure and planning services is due to delays in the appointment of the new technical support consultants for the maintenance sub programme.

2. Contractors - Includes costs associated with the use of contracted individuals on projects e.g. EPWP stipends, service providers for reseals and rehabilitation. The 6% increase was due to reprioritisation made from Construction sub-programme to Maintenance for routine road maintenance projects.

3. Transport provided as part of the departmental activities - The item is utilised for ferrying of Scholar Transport and also Maths and Science learners.

4. Training and Development - Increased number of training sessions conducted for NYS and EPWP participants compared to the previous financial year.

5.1 Minor assets

Tangible assets

Machinery and equipment	1 090	888

5.2 Computer services

SITA computer services	10 536	12 393

Computer services relates to payment of mainframes e.g PERSAL, BAS, LOGIS, Signiflow.

5.3 Audit cost - external

Regularity audits	21 833	17 802



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
5. Goods and services (continued)			
5.4 Inventory			
Materials and supplies		8 948	9 313
5.5 Consumables			
Uniform and clothing		16 939	24 670
Household supplies		1 063	1 139
Building material and supplies		11 353	6 719
IT consumables		430	105
Other consumables		3 282	1 860
Consumable supplies		33 067	34 493
Stationery, printing and office supplies		19 018	11 458
Total	5	52 085	45 951
5.6 Property payments			
Municipal services		4 359	4 100
Other		46 405	30 609
Total	5	50 764	34 709
Other property payments relates to security, gardening, cleaning and fumigation services. The increase is due to inherited security services that were initially paid by the Department of Public Works and the obligations subsequently transferred to the Department of Transport.			
5.7 Travel and subsistence			
Local		90 206	79 757
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees		280	324
Resettlement costs		9 181	5 892
Other		-	47
Total	5	9 461	6 263
Other operating expenses in the previous year relate to insurance for subsidized vehicles, and the item has since been reclassified to Compensation of Employees.			
6. Interest and rent on land			
Interest paid		-	5
7. Payments for financial assets			
Debt written off		186	795



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
8. Transfers and subsidies			
Provinces and municipalities		16 159	12 535
Departmental agencies and accounts	Annexure 1B	13 689	12 370
Public corporations and private enterprises	Annexure 1D	725 657	742 314
Households	Annexure 1G	44 171	38 298
Total		799 676	805 517

9. Expenditure for capital assets

Tangible capital assets

Buildings and other fixed structures	558 371	661 793
Machinery and equipment	146 594	51 216
Total	704 965	713 009

Intangible capital assets

Software	7 081	1 982
Total	712 046	714 991

9.1 Analysis of funds utilised to acquire capital assets - 2024/2025

Figures in Rand	Voted funds	Total
Tangible capital assets		
Buildings and other fixed structures	558 371	558 371
Machinery and equipment	146 594	146 594
Total	704 965	704 965
Intangible capital assets		
Software	7 081	7 081
Total	712 046	712 046

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

Figures in Rand	Voted funds	Total
Tangible capital assets		
Buildings and other fixed structures	661 793	661 793
Machinery and equipment	51 216	51 216
Total	713 009	713 009
Intangible capital assets		
Software	1 982	1 982
Total	714 991	714 991

9.3 Finance lease expenditure included in expenditure for capital assets

Tangible capital assets

Machinery and equipment	41 817	41 481



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
10. Prepayments and advances			
Advances paid (Not expensed)	10.1	137 840	-
Analysis of total prepayments and advances			
Analysis of total prepayments and advances			
Current prepayments and advances		137 840	-

In pursuit of accelerating service delivery imperatives within the province, the department made advance payments to certain government institutions during the financial year amounting to R137,840 million. These payment were made in terms of approved agreements and funding arrangements to ensure the timely and efficient implementation of programmes aligned to the department's mandate.

10.1 Advances paid (Not expensed)

Figures in Rand	Note	Balance as at 01 April 2024	Add: Current year advances	Balance as at 31 March 2025
Other entities	-	-	137 840	137 840

10.2 Advances paid (Expensed)

Figures in Rand	Balance as at 01 April 2024	Less: Received in the current year	Less: Other	Amount as at 31 March 2025
Other entities	287 751	(118 172)	(14 702)	154 877

The details of other entities is recorded in Annexure 12.

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

11. Receivables

Figures in Rand	Note	2024/2025			2023/2024		
		Current	Non-current	Total	Current	Non-current	Total
Claims recoverable	11.1	67	-	67	-	-	-
Staff debt	11.2	894	2 285	3 179	2 041	1 441	3 482
Other receivables	11.3	1	47 917	47 918	1 612	44 533	46 145
Total		962	50 202	51 164	3 653	45 974	49 627

11.1 Claims recoverable

Provincial departments	67	-

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
11. Receivables (continued)			
11.2 Staff debt			
Staff debt		3 179	3 482
11.3 Other receivables			
Fruitless and wasteful expenditure		1 604	1 604
Salary clearing accounts		1	8
Hlumisa Savings Account - Clark Laing		26 706	24 928
Hlumisa Savings Account - IDT		19 605	19 605
Other debt		2	-
Total	11	47 918	46 145

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	20 437	19 670

Included in the impairment of receivables of R20,437 million is the amount for staff debts and IDT for the Hlumisa Savings Account (2023/24: 19,670 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 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
12. Investments			
Non-current			
Shares and other equity			
Mayibuye Transport Corporation		268 741	261 356
Government Fleet Management Services (GFMS)		362 002	362 002
Total		630 743	623 358
Analysis of non-current investments			
Opening balance		623 358	618 358
Additions in cash		7 385	5 000
Closing balance		630 743	623 358
12.1 Impairment of investment			
Estimate of impairment of investment		150 765	163 041
The impairment of R150,765 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. The Corporation has allocated funds for the procurement of buses, bakkies, and a fare-evasion system, which will enhance the status of its balance sheet and subsequently mitigate the impairment of the investment. Additionally, the department has restructured a portion of the equitable share provided to the Corporation into a conditional grant designated for the acquisition of buses, thereby insuring the continued improvement of the entity's balance sheet. The Corporation is actively seeking various strategies to enhance its revenue collection efforts, which will contribute to improved financial performance.			
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		199 458	19 646
Transferred from statement of financial performance (as restated)		349 086	199 458
Paid during the year		(199 458)	(19 646)
Closing balance		349 086	199 458
13.1 Reconciliation of unspent conditional grants			
Opening balance		187 098	-
Total conditional grants received	1.2	2 587 524	2 389 083
Total conditional grants spent		(2 250 228)	(2 201 985)
Unspent conditional grants to be surrendered		524 394	187 098
Approved for rollover		(142 128)	-
Not approved for rollover		(44 970)	-
Less: Paid to the Provincial Revenue Fund by Provincial department		(187 098)	-
Closing balance		337 296	187 098
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		27 492	41 342
Own revenue included in appropriation	2	798 981	770 789
Paid during the year		(757 428)	(784 639)
Closing balance		69 045	27 492

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

15. Bank overdraft

Consolidated paymaster general account		254 346	75 260

During the financial year, the department had access to an overdraft facility amounting to R270 million and a total of R254,346 million (2023/24: R75,260) was used by the department. The primary use of the overdraft facility was related to Scholar Transport in ensuring that the department met its obligations without interruptions. Majority of the overdraft facility was utilised on Scholar Transport which resulted in the department incurring unauthorised expenditure to the value of R232,176 million (2023/24: R172,825).

The department will implement measures to manage its cashflows as they relate to the provision of Scholar Transport. The implementation of Learner Transport Management System, will enhance efficiencies and eliminate the incidence of fruitless and wasteful expenditure. The department in collaboration with the Department of Education, is exploring alternative service delivery measures, including the potential resuscitation of hostel facilities in future years.

16. Payables - current

Clearing accounts	16.1	708	690
Other payables	16.2	4 893	5 311
Total		5 601	6 001

16.1 Clearing accounts

Salary clearing accounts		708	690

16.2 Other payables

Enatis transaction fees (RTMC)		4 151	5 310
Road Traffic Infringement Agency (RTIA)		2	1
Revenue received in advance		740	-
Total	16	4 893	5 311



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

Note(s) 2024/2025 2023/2024

17. Payables - non-current

		2024/2025	2023/2024
Figures in Rand	Note	More than three years	Total
Other payables	17.1	46 311	44 533

17.1 Other payables

Hlumisa Savings Account beneficiaries	46 311	44 533

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	349 086	199 458
Add back non cash/ cash movements not deemed operating activities		
(Increase)/ decrease in receivables	2 691	(1 753)
(Increase)/ decrease in prepayments and advances	(137 840)	-
Increase/ (decrease) in payables – current	(400)	(1 611)
Proceeds from sale of capital assets	(11 495)	(1 136)
Expenditure on capital assets	712 046	714 991
Surrenders to Revenue Fund	(956 886)	(804 285)
Own revenue included in appropriation	798 981	770 789
Net cash flow generated by operating activities	756 183	876 453

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

Consolidated paymaster general account	(254 346)	(75 260)

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
20. Contingent liabilities and contingent assets			
20.1 Contingent liabilities			
Liable to	Nature		
Claims against the department	Annexure 3B	164 774	140 947
Other	Annexure 3B	564	564
Total		165 338	141 511

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 placed in liquidation	100 397	100 397
Performance guarantee	61 019	44 422
Claims against the Service providers	11 123	-
Total	172 539	144 819

1. Supplier under liquidation - The department is pursuing the recovery of the debt through legal processes.
2. Termination of contract - The contract with the supplier was terminated due to breach of contract. The department is invoking the performance guarantee through legal process.
3. The department issued claims to service providers on the quality of work performed that is below the accepted standard.
4. The department is in the process of filing a claim against the National Department of Defense for vehicle damage caused by their official. It is currently impracticable to determine the value of the contingent asset at the reporting period due to the ongoing nature of the claim, and therefore not included in the contingent asset total.
5. The department received reconciliations from the South African Post Office, which reflects that the entity owes the Department of Transport R61,359 million, however in terms of the business rescue process, the Department of Transport is entitled to R7,363 million. The balances is currently under assessment, and therefore not included in the contingent asset total.

21. Capital commitments

Buildings and other fixed structures	2 339 186	2 055 873

Total commitments exceeding one year amounts to R2,3 billion relates to Transport Infrastructure.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

Note(s) 2024/2025 2023/2024

22. Accruals and payables not recognised

22.1 Accruals

	2024/2025			2023/2024
Figures in Rand	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	107 285	3 803	111 088	167 336
Transfers and subsidies	22 911	20 834	43 745	53 923
Capital assets	36 765	-	36 765	46 194
Total	166 961	24 637	191 598	267 453

Listed by programme level

Programme 1 - Administration			12 011	12 190
Programme 2 - Transport Infrastructure			44 015	53 766
Programme 3 - Transport Operations			128 846	196 587
Programme 4 - Transport Regulations			6 256	3 964
Programme 5 - Community Based Programme			470	946
Total			191 598	267 453

Included in the R191,598 million is accruals for Scholar Transport amounting to R85,775 million approximately.

22.2 Payables not recognised

	2024/2025			2023/2024
Figures in Rand	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	202 351	13 913	216 264	82 833
Transfers and subsidies	17 504	18 153	35 657	-
Capital assets	55 953	610	56 563	14 425
Total	275 808	32 676	308 484	97 258

Listed by programme level

Programme 1 - Administration			3 163	2 506
Programme 2 - Transport Infrastructure			95 883	24 567
Programme 3 - Transport Operations			114 658	53 896
Programme 4 - Transport Regulations			2 701	977
Programme 5 - Community Based Programme			92 079	15 312
Total			308 484	97 258

Included in the R308,484 million is payables for Scholar Transport amounting to R93,295 million and R92,077 for Community Based Programme.

The department will settle the accruals and payables not recognised from the appropriated budget of the upcoming 2025/26 financial year. In doing so, measures will be implemented to ensure that critical service delivery imperatives are not hampered. These measures include careful prioritisation of payments and stringent cash flow monitoring.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
23. Employee benefits			
Leave entitlement		69 101	87 395
Service bonus		33 384	31 001
Capped leave		38 172	46 072
Other		8 767	6 500
Total		149 424	170 968

Included in the leave entitlement amount of R69,101 million is negative leave days amounting to R701 thousand affecting 87 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 R211 thousand affecting 3 employees.

In terms of Circular 01 of 2019 from DPISA, 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 DPISA Circular 04 of 2020. The 2025/26 encashment is not yet available. Other also includes unpaid overtime and stand by allowances

24. Lease commitments

24.1 Operating leases

2024/2025

Figures in Rand	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	590	3 518	4 108
Later than 1 year and not later than 5 years	160	5 570	5 730
Total lease commitments	750	9 088	9 838

2023/2024

Figures in Rand	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
Total lease commitments	587	587

Some lease agreements for office accommodation have expired and the process of renewing the lease is underway. The department has decided to continue occupying the buildings on a month-to-month basis. The potential leases is calculated based on past practice.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

24. Lease commitments (continued)

24.2 Finance leases

2024/2025

Figures in Rand	Machinery and equipment	Total
Not later than 1 year	31 308	31 308
Later than 1 year and not later than 5 years	28 225	28 225
Total lease commitments	59 533	59 533

2023/2024

Figures in Rand	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
Total lease commitments	75 240	75 240

The R59,533 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.

25. Accrued departmental revenue

Sales of goods and services other than capital assets	1 898	2 022
Fines, penalties and forfeits	8 187	7 964
Other	132 183	120 672
Total	142 268	130 658

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 other accrued departmental revenue is tax revenue not received at year end from the agents of R132,183 million (2023/24: R120,672 million)



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
25. Accrued departmental revenue (continued)			
25.1 Analysis of accrued departmental revenue			
Opening balance		130 658	166 601
Less: Amounts received		(750 525)	(744 965)
Add: Amounts recognised		762 135	709 022
Total		142 268	130 658
25.2 Impairment of accrued departmental revenue			
Estimate of impairment of accrued departmental revenue		72 264	96 171
Included in the impairment of accrued revenue is the amount for defaulting registering authorities totaling to R72,264 million (2023/24: R96,171 million).			
26. Unauthorised, Irregular and Fruitless and wasteful expenditure			
Unauthorised expenditure		232 176	172 826
Irregular expenditure		796	444 355
Fruitless and wasteful expenditure		6 736	12 851
Total		239 708	630 032
27. Related party transactions			
Revenue received			
Sales of goods and services other than capital assets		47 950	48 382
Payments made			
Compensation of employees		47 740	47 846
Goods and services		129	528
Transfers and subsidies		81	8
Total		47 950	48 382
In kind goods and services provided/received			
List in kind goods and services between the department and the related party			
Rental		31 185	26 412
Municipal services		3 102	1 170
Total		34 287	27 582
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.			



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
28. Key management personnel			
Political office bearers (provide detail below)		2 278	2 162
Level 15 to 16		1 741	4 038
Level 14 (incl. CFO if at a lower level)		9 458	9 473
Acting Chief Directorates and District Managers		9 229	12 005
Family members of key management personnel		918	833
Total		23 624	28 511

During the current financial year, the substantive Head of Department was seconded to the Office of the Premier, and as such, was not involved in the operations or decision making of the department.

In his absence an acting Head of Department was transferred from the Department of Cooperative Governance and Traditional Affairs (COGTA) to the Department of Transport. However, the salary-related expenditure for the HOD remained with COGTA, as that department continued to bear the cost of the previous HOD's remuneration during the transitional period.

29. Provisions

Retentions	132 918	78 595
Provision for other payables	21 348	23 126
Underpayments of scholar transporters	5 822	809
Total	160 088	102 530

29.1 Reconciliation of movement in provisions - 2024/2025

Figures in Rand	Retentions	Other payables	Under paid scholar transporters	Total provisions
Opening balance	78 595	23 126	809	102 530
Increase in provision	115 714	-	5 013	120 727
Settlement of provision	(5 670)	-	-	(5 670)
Change in provision due to change in estimation of inputs	(55 721)	(1 778)	-	(57 499)
Closing balance	132 918	21 348	5 822	160 088

29.2 Reconciliation of movement in provisions - 2023/2024

Figures in Rand	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	(11 873)	(1 673)	-	(13 546)
Closing balance	78 595	23 126	809	102 530

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

29. Provisions (continued)

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: R21,348 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 paid based on incorrect kilometres. The timing of the settlement of these under payments is not certain because the cash is not readily available to the department.



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

Note(s) 2024/2025 2023/2024

30. Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2025

Figures in Rand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	229 501	43 461	11 627	261 335
Computer equipment	68 861	7 250	1 797	74 314
Furniture and office equipment	22 144	1 774	173	23 745
Other machinery and equipment	679 446	19 595	15 586	683 455
	999 952	72 080	29 183	1 042 849
Finance lease assets				
Finance lease assets	43 940	5 926	15 136	34 730
Total movable tangible capital assets	1 043 892	78 006	44 319	1 077 579

1. Transport asset additions include a non cash addition amounting to R285 thousand.

2. Computer equipment includes assets paid this year but received prior year amounting to R139 thousand and non cash addition amounting to R197 thousand.

3. Furniture and office furniture include a non cash addition amounting to R201 thousand.

4. Other machinery and equipment include asset amounting to R33 million received in the prior year but paid in the current year and non cash addition amounting to R555 thousand.

Movable tangible capital assets under investigation

Figures in Rand	Number	Value
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	547	39 660

The assets under investigation range from assets which have been lost / stolen and are being investigated.

30.1 Movement for 2023/2024

Movement in movable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand	Opening balance	Prior period error	Additions	Disposals	Closing balance
Machinery and equipment					
Transport assets	235 006	(1 468)	790	4 827	229 501
Computer equipment	65 724	(55)	4 809	1 617	68 861
Furniture and office equipment	21 287	-	1 069	212	22 144
Other machinery and equipment	643 873	(35)	36 324	716	679 446
	965 890	(1 558)	42 992	7 372	999 952
Finance lease assets					
Finance lease assets	30 527	-	13 413	-	43 940
Total movable tangible capital assets	996 417	(1 558)	56 405	7 372	1 043 892



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
30. Movable tangible capital assets (continued)			
30.1.1 Prior period error			
Figures in Rand		Note	2023/2024
Nature of prior period error			
Relating to 2022/2023 (affecting the opening balance)			
Adjustment to 2023/24 (Opening balance relating to lossess and disposals)			(1 558)
Relating to 2023/2024			
The adjustment to the prior year balance of R99 thousand relating to Computer Equipment identified to have been received and paid for in the 2023/24 FY			99
Adjustment to 2023/24 (Opening balance relating to lossess and disposals)			(144)
			(45)
Total prior period errors			(1 603)



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

30. Movable tangible capital assets (continued)

30.2 Minor assets

Movement in minor capital assets per the asset register for the year ended as at 31 March 2025

Figures in Rand	Machinery and Finance lease assets		Total
Opening balance	24 500	2 339	26 839
Additions	1 319	729	2 048
Disposals	181	65	246
Total minor capital assets	25 638	3 003	28 641

Figures in Rand	Machinery and Finance lease assets		Total
Number of R1 minor assets	14 035	1 005	15 040
Number of minor assets at cost	14 246	-	14 246
Total number of minor assets	28 281	1 005	29 286

Minor capital assets under investigation

Figures in Rand

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:

Machinery and equipment	Number	Value
	2 160	884

The Assets under investigation range from assets which have been lost/stolen and are being investigated

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

30. Movable tangible capital assets (continued)

Movement in minor capital assets per the asset register for the year ended as at 31 March 2024

Figures in Rand	Machinery and equipment	Finance lease assets	Total
Opening balance	24 168	64	24 232
Prior period errors	(10)	-	(10)
Additions	898	2 275	3 173
Disposals	556	-	556
Total minor capital assets	24 500	2 339	26 839

Figures in Rand	Machinery and equipment	Total
Number of R1 minor assets	14 420	14 420
Number of minor assets at cost	13 607	13 607
Total number of minor assets	28 027	28 027

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
30. Movable tangible capital assets (continued)			
30.2.1 Prior period error			
Figures in Rand	Note		2023/2024
Nature of prior period error			
Relating to 2023/2024 (affecting the opening balance)			
Incorrectly disclosed shredders that are already on Capital disclosure			(10)
Disposal and lossess incorrectly disclosed			2
Disposal and lossess incorrectly disclosed			(2)
			(10)

The adjustment includes a balance of R10 thousand due to double disclosure of two shredders costing R5 thousand each which were disclosed under Capital and Minor Assets

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

31. Intangible capital assets

Movement in intangible capital assets per asset register for the year ended 31 March 2025

Figures in Rand	Opening balance	Closing balance
Software	50 908	50 908

31.1 Movement for 2023/2024

Movement in intangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand	Opening balance	Additions	Closing balance
Software	17 305	33 603	50 908

31.1.1 Prior period error

Figures in Rand	Note	2023/2024
Relating to 2023/2024		
An adjustments was made for a software assets valued at R3,080 million for performance management system that was completed in the prior year but not capitalised as required.		3 080
An adjustments was made for a software assets valued at R29,995 million for learner transport system that was completed in the prior year but not capitalised as required.		29 995
		33 075

31.2 Intangible capital assets: Capital work-in-progress

Capital work-in-process for the year ended as at 31 March 2025

Figures in Rand	Note	Opening balance 01 April 2024	Current year capital WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2025
Intangible assets		-	7 081	-	7 081

Capital work-in-process for the year ended as at 31 March 2024

Figures in Rand	Note	Opening balance 01 April 2023	Prior period errors	Current year capital WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
Intangible assets		31 621	(29 995)	1 454	3 080	-



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

32. Immovable tangible capital assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2025

Figures in Rand	Opening balance	Additions	Disposals	Closing balance
Buildings and other fixed structures				
Non-residential buildings	17 635	-	-	17 635
Other fixed structures	2 170 284	525 149	(240)	2 695 193
	2 187 919	525 149	(240)	2 712 828

32.1 Movement for 2023/2024

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2024

Figures in Rand	Opening balance	Prior period error	Additions	Closing balance
Buildings and other fixed structures				
Non-residential buildings	17 635	-	-	17 635
Other fixed structures	2 001 698	2 549	166 037	2 170 284
	2 019 333	2 549	166 037	2 187 919

32.1.1 Prior period error

Figures in Rand	Note	2023/2024

Nature of prior period error

Relating to 2023/2024

The balance relates to a completed project not disclosed on the Immovable Asset Note	2 549

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

32. Immovable tangible capital assets (continued)

32.2 Immovable tangible capital assets: Capital work-in-progress

Capital work-in-progress as at 31 March 2025

	Note	Opening balance	Current year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance
Figures in Rand					
Buildings and other fixed structures		2 874 657	676 208	525 149	3 025 716

Payables not recognised relating to capital work-in-progress

Received but not yet paid				56 563	14 262

Capital work-in-progress as at 31 March 2024

	Note	Opening balance	Prior period error	Current year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance
Figures in Rand						
Buildings and other fixed structures		2 294 673	14 701	731 320	166 037	2 874 657



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
33. Principal-agent arrangements			
33.1 Department acting as the principal			
Municipalities and RTMC		97 733	93 148
South African Post Office		48 856	55 391
Municipalities relating to construction		1 345	4 939
South African Post Office and Post Bank - EPWP		14 911	14 584
Total		162 845	168 062

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

33. 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 Postbank as an implementing agent for:

The nature and benefit of the relationship with the agent lies in the facilitation of payments to EPWP beneficiaries ensuring that they receive their allocated stipend either at contracted retail stores or their preferred bank accounts. 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.

3. The department uses PriceWaterhouse Coopers and Clark Laing as implementing agents for:

The nature of the activities included the administration of savings of the EPWP beneficiaries.

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

The contract with PWC ended 30 June 2022, however the funds are still held in trust by Clark Laing pending the renewal of the PWC contract.

4. Various municipalities are used as implementing agents for maintaining, resurfacing and ancillary work on the Departments behalf. The municipalities claim monies back from the department in terms of the service level agreement. Apart from the expertise provided, the Department has entered into these agreements to ensure that service delivery does take place and to circumvent capacity constraints.

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.

5. Various municipalities and the South African Post Office are used as implementing agents to collect revenue on behalf of the department. The agent retains 19% of the collected fees as agency fees and pay over the balance by end of the following month.

On termination of the lease, the agent shall return all equipment and stock to the department within 2 working days and the 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.

6. Resources that are under the custodianship of the agents:

Some of the agents have receivable balances at year end which are detailed in the payables and receivables reconciliation below:

Pricewaterhouse Coopers have a receivable balance of R26,706 million and R19,605 million(2023/24: R24,928 million and



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

33. Principal-agent arrangements (continued)

R19,605 million) respectively as the amounts are due to the department from the implementing agents, however there is also a payable balance of R26,706 million and R19,605 million (2023/24: R24,928 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 2025 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 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024
33. Principal-agent arrangements (continued)			
33.2 Department acting as the agent			
33.2.1 Revenue received for agency activities			
Road Traffic Management Corporation (RTMC)		48 458	52 636
Road Traffic Infringement Agency (RTIA)		86	41
Total		48 544	52 677

33.2.2 Reconciliation of carrying amount of receivables and payables - 2024/2025

Receivables

Figures in Rand	Opening balance	Revenue principal is entitled to	Closing balance
Name of entity			
Hlumisa Development Fund - PWC / Clark Laing	24 927	1 779	26 706

Payables

Figures in Rand	Opening balance	Funds received	Cash paid on behalf of the principal	Closing balance
Name of entity				
Road Traffic Management Corporation (RTMC)	5 310	48 426	49 585	4 151
Road Traffic Infringement Agency (RTIA)	1	86	85	2
Total	5 311	48 512	49 670	4 153

Reconciliation of carrying amount of receivables and payables - 2023/2024

Receivables

Figures in Rand	Opening balance	Revenue principal is entitled to	Closing balance
Name of entity			
Hlumisa Development Fund - PWC / Clark Laing	23 255	1 672	24 927

Payables

Figures in Rand	Opening balance	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance
Name of entity				
Road Traffic Management Corporation (RTMC)	6 142	52 636	53 468	5 310
Road Traffic Infringement Agency (RTIA)	12	40	51	1
Total	6 154	52 676	53 519	5 311



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

34. Changes in accounting estimates and Changes in accounting policies

34.1 Changes in accounting policies

Nature of change in accounting policy

Figures in Rand				2023/2024		
		Opening balance before the changes 01 April 2024	Adjustment to opening balance	Restated opening balance after the change 01 April 2024	Adjustment for 2023/2024	Restated closing balance 31 March 2024
Finance lease assets						
Moveable tangible capital assets	30	-	30 527	30 527	13 413	43 940
Minor assets		-	64	64	2 275	2 339

Included in the opening balances for 2023/24 is a change in accounting policy made in terms of the MCS requirements whereby finance leases must be recorded by a department at the commencement of the lease term rather than at the end of the lease term. The change in accounting policy is applied retrospectively. The value of finance leases is taken on at the commencement of the finance lease term

35. Prior period errors

35.1 Correction of prior period errors

2023/2024

Figures in Rand	Note	Amount before error correction	Prior period error	Restated amount
Assets:				
Accrued departmental revenue		157 347	(26 689)	130 658
Moveable tangible capital assets		999 997	(45)	999 952
Minor assets		24 514	(10)	24 504
Intangible capital assets		17 833	33 075	50 908
Immovable assets		2 185 370	2 549	2 187 919
Capital work in progress		2 859 956	14 701	2 874 657
Net effect		6 245 017	23 581	6 268 598

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2024/2025	2023/2024

35. Prior period errors (continued)

The prior period errors relate to the following :

1. Incorrect accrual of departmental revenue for South African Post Office, amounting to R26,472 million. The error was identified through improved reconciliation using bank statements instead of third-party reports. The remaining balance were made to address misstatements identified during prior audit processes.
2. Movable tangible assets : A prior year balance of R99 thousand was corrected to reflect computer equipment that had been received and paid for during the 2023/24 financial year, but previously not accounted for accurately and disposals of R144 not accounted for in the prior year.
3. Minor Assets: A balance of R10 thousand was adjusted due to the double disclosure of two shredders, each valued at R5 thousand. These were mistakenly recorded under both capital and minor assets.
4. Intangible Assets: Adjustments were made for software assets valued at R3,080 million and R29,995 million that were completed in the prior year but not capitalised as required.
5. Immovable Assets: Corrections were made for completed infrastructure projects that were finalised in the prior year but had not been capitalised accordingly
6. Capital work in progress: Corrections were made to address prior year balances identified through a thorough reconciliation process conducted to ensure accuracy of capital work in progress .

The adjustments were necessary to ensure the accuracy and reliability of the financial statements

Figures in Rand	Note	Amount bef error correction	Prior period error	Restated amount
Liabilities:				
Capital commitments		1 933 014	122 859	2 055 873
Provisions		101 478	1 052	102 530
Net effect		2 034 492	123 911	2 158 403

1. Capital commitments were understated in the prior year and the necessary adjustment have been made.
2. Provisions - Corrections were made to address prior year balances identified through a thorough reconciliation process conducted to ensure accuracy of the provisions.

Figures in Rand	Note	Amount bef error correction	Prior period error	Restated amount
Other:				
Contingent asset		150 003	(5 184)	144 819

An overpayment was made to a service provider in respect of a contractual obligation and the Department initiated the recovery process and classified the balance as a contingent asset in the Annual Financial Statements, as the matter was under legal review and the recovery was being pursued through a court process. However the matter was declared as a material irregularity in terms of the Public Audit Act. Therefore in compliance with the Modified Cash Standards and the related financial reporting frameworks, the department has reclassified the overpayment from a contingent asset to fruitless and wasteful expenditure in the Annual Report. This adjustment ensure accurate disclosure of the financial impact of the irregularity and aligns with the principles of transparency and accountability in public financial management.



Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

36. Statement of conditional grants received

Figures in Rand

Name of grant	Grant allocation			Spent		2023/2024	
	Division of Revenue Act/ Provincial Grants	Total Available	Amount received by department	Amount spent by department	Under / (Overspen- ding)	% of available funds spent by department	Division of Revenue Act by department
Public Transport	308 298	308 298	308 298	308 298	-	- %	295 048
Expanded Public Works Program	47 168	47 168	47 168	46 259	909	98 %	72 037
Provincial Roads Maintenance	2 232 058	2 232 058	2 232 058	1 895 671	336 387	85 %	2 021 998
	2 587 524	2 587 524	2 587 524	2 250 228	337 296		2 389 083
							2 201 985

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

37. Statement of conditional grants and other transfers to municipalities

Figures in Rand

Name of municipality	2024/2025	
	Grant allocation	Expenditure
	DoRA and other transfers	Total Available
SLA ECDOT Enoch Mgijima	15 000	15 000
SLA ECDOT Sarah Baartman	10 000	10 000
Raymond Mhlaba Paving Hillcrest	2 400	2 400
Sakhisizwe Pound	2 404	2 404
Ntabankulu Ring Road	2 800	2 800
Dr Beyers Naudea	2 800	2 800
Port St. Johns	4 300	4 300
Total	39 704	39 704
		11 050

38. 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.

39. Natural disaster or relief expenditure

Goods services	49 763	24

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 1A

Statement of conditional grants and other transfers to municipalities

Figures in Rand	Grant allocation		Transfer		Spent	
Name of municipality	DoRA and other transfers	Adjust-ments	Total available	Actual transfer	Amount received by municipality	Unspent funds
SLA ECDOT Enoch Mgijima	15 000	-	15 000	1 746	-	13 254
SLA ECDOT Sarah Baartman	10 000	-	10 000	-	-	10 000
Raymond Mhlaba Paving Hillcre	-	-	-	-	2 400	2 400
Sakhisizwe Pound	-	-	-	-	2 404	200
Ntabankulu Ring Road	-	-	-	-	2 800	2 800
Dr Beyers Naudea	-	2 800	2 800	2 800	-	-
Port St. Johns	-	4 300	4 300	4 300	-	-
Total	25 000	7 100	32 100	8 846	7 604	28 654

Annexure 1B

Statement of transfers to Departmental Agencies and Accounts

Figures in Rand	Transfer allocation		Transfer		2023/2024	
	Adjusted budget	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Departmental Agency/ Account						
Provincial Department Agency - Taxi Council (SANTACO)	6 148	6 148	4 097	67 %	6 800	6 800
Unemployment Insurance Fund	11 073	11 073	9 592	87 %	5 570	5 570
Total	17 221	17 221	13 689		12 370	12 370

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 1D

Statement of transfers/subsidies to public corporations and private enterprises

Figures in Rand		Transfer allocation		Expenditure			2023/2024		
Name of public corporations/ private enterprise	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Capital	Current	Final budget	Actual transfer
Public corporations									
Transfers									
Mayibuye Transport Corporation	163 567	-	163 567	163 567	100,0 %	7 385	156 182	-	154 528
Subsidies									
Algoa Bus Company Ltd	308 298	-	308 298	308 298	100,0 %	-	308 298	295 048	295 048
Africa Best 350 Ltd	230 560	23 232	253 792	253 792	100,0 %	-	253 792	292 738	292 738
	538 858	23 232	562 090	562 090		-	562 090	587 786	587 786
Subtotal: Public corporations	702 425	23 232	725 657	725 657		7 385	718 272	587 786	742 314
Total	702 425	23 232	725 657	725 657		7 385	718 272	587 786	742 314

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 1G

Statement of transfers to households

Figures in Rand	Transfer allocation			Expenditure		2023/2024	
	Adjusted budget	Adjustments	Total available	Actual transfer	% of Available funds transferred	Final budget	Actual transfer
Households							
Transfers							
Social Benefits	19 121	502	19 623	19 620	100 %	28 045	28 045
Other	23 227	1 324	24 551	24 551	100 %	10 253	10 253
	42 348	1 826	44 174	44 171		38 298	38 298

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant type Figures in Rand	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
Algoa Bus	-	27 129	27 465	23 769	28 796	27 627	25 431
EPWP	8	7 619	7 813	14 799	-	7 643	5 225
PRMG	35 926	61 232	115 683	216 988	96 169	145 830	212 683
Total	35 934	95 980	150 961	255 556	124 965	181 100	243 339

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant type Figures in Rand	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Total
Algoa Bus	29 756	27 464	20 838	27 432	42 591	308 298
EPWP	-	249	-	1 125	1 778	46 259
PRMG	162 931	332 427	98 445	111 149	306 208	1 895 671
Total	192 687	360 140	119 283	139 706	350 577	2 250 228

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 2A

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

Name of public entity Figures in Rand	State entity's PFMA schedule type (state year end if not 31 March)	2023/2024		2024/2025		2023/2024		2024/2025		2023/2024		Losses guaranteed
		% of shares held	Number of shares held	% of shares held	Number of shares held	Cost of investment	Cost of investment	Cost of investment	Cost of investment	Cost of investment	Cost of investment	
National/ Provincial public entity Mayibuye Transport Corporation Government Fleet Management Services	Schedule 3D Treasury Regulations 19	100 % - %	268 741 -	- -	261 356 -	268 741 362 002	261 356 -	268 741 362 002	261 356 -	261 356 362 002	261 356 362 002	
Subtotal			268 741		261 356	630 743		630 743		623 358		

Eastern Cape Department of Transport
(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 2B

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

Name of public entity Figures in Rand	Nature of business	Cost of investment	
		2024/2025	2023/2024
Controlled entities			
Mayibuye Transport Corporation	Public Bus Transport Services	268 741	261 356
Government Fleet Management Services	Provincial Government Fleet	362 002	362 002
Subtotal		630 743	623 358

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 3B

Statement of contingent liabilities as at 31 March 2025

Figures in Rand	Opening balance 01 April 2024	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing balance 31 March 2025
Nature of liabilities				
Claims against the department				
Claims against the state	140 947	81 898	58 071	164 774
Other				
Camping allowance	564	-	-	564
Total	141 511	81 898	58 071	165 338



Eastern Cape Department of Transport
(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 4

Claims recoverable

Government entity

	Confirmed balance outstanding		Total	
	2024/2025	2024/2025	2024/2025	2024/2025
Figures in Rand				
Department of Public Works		67		67

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 6

Inventories

Inventory for the year ended 31 March 2025

Figures in Rand	Note	Material supplies	Total
Add: Additions/Purchases - Cash		8 948	8 948
(Less): Issues		(8 948)	(8 948)
Closing balance		-	-

Inventory for the year ended 31 March 2024

Figures in Rand	Note	Material supplies	Total
Add: Additions/Purchases - Cash		9 313	9 313
(Less): Issues		(9 313)	(9 313)
Closing balance		-	-



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

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 2025

Figures in Rand	Opening balance	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures				
Non-residential buildings	28 566	20 848	11 621	37 793
Other fixed structures	2 846 091	655 360	513 528	2 987 923
	2 874 657	676 208	525 149	3 025 716
Computer software				
Computer Software	-	7 081	-	7 081
Total	2 874 657	683 289	525 149	3 032 797

Movement in capital work-in-progress for the year ended 31 March 2024

Figures in Rand	Opening balance	Prior period errors	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures					
Non-residential buildings	13 306	-	15 260	-	28 566
Other fixed structures	2 281 367	14 701	716 060	166 037	2 846 091
	2 294 673	14 701	731 320	166 037	2 874 657
Computer software					
Computer Software	31 621	(29 995)	1 454	3 080	-
Total	2 326 294	(15 294)	732 774	169 117	2 874 657

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 11

Natural disaster or relief expenditure

Per quarter and in total

Figures in Rand	2024/2025				2023/2024	
Expenditure per economic classification	Subtotal Q1	Subtotal Q2	Subtotal Q3	Subtotal Q4	Total	Total
Goods services	-	-	-	-	-	15
Consumable supplies	-	-	-	-	-	9
Travel and subsistence	1 000	8 356	5 028	2 500	16 884	-
Contractors	-	22 493	10 386	-	32 879	-
Rental and hiring	-	-	-	-	-	-
	1 000	30 849	15 414	2 500	49 763	24

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Annexure 12

Analysis of prepayments and advances
(notes 3 and 10)

Sector of the entity	Description of goods, services, and/or capital assets paid for	Contract reference number	Total contract value	Contract commencement date	Contract end date	Frequency of the prepayment or advance	Balance outstanding as at 31 March 2024	Total prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add / (Less): Other	Balance outstanding as at 31 March 2025	Reason for prepayment or advance and for it remaining outstanding at year end (more details can be provided in the narrative blocks where necessary)

Name of entity

Figures in Rand

Advances

Eastern Cape Department of Transport
(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Emalahleni LMA	Local Municipality	Capital construction of roads	Capital assets	SLA: Emalahleni	28 000	2020/12/01	2024/11/30	The entire contract amount was paid in advance	248	248	The advance payment to the municipality still reflects a balance because the department is currently in the process of assessing the certificates of completion submitted by the municipality. This assessment is necessary to verify that the project has been completed in accordance with the agreed-upon scope and standards before the department can confirm project completion and reconcile the advance accordingly



Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Raymond Mhlaba LMA	Local Municipality of roads	Capital construction assets	SLA: Raymond Mhlaba	44 469	2021/01/29	2024/01/29	The contract amount was paid in two advance payments	2 176	-	-	-	2 176	The advance payment to the municipality still reflects a balance because the department is currently reviewing the work conducted to ensure it meets the required specifications and standards - As per MoA with SANRAL. Project is still in progress
SANRAL	Government Agency	Capital construction assets of roads	DOT Sanral MOU/Breidb ac Interchange	45 584	2020/06/18	2022/12/18	The MOU requires that the total advance payment be made to SANRAL before the tender advertisement	(7 138)	-	-	7 138		

Eastern Cape Department of Transport

(Vote number 10)
Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Enoch Mgijima LMA	Local Municipality	Capital construction of roads	SLA Enoch Mgijima	340 298	2018/04/01	2023/03/31	The advance payment are made in trenches to the municipality based on projection	26 662	2 240	(15 880)	(10 782)	2 240	As per conditions of Service Level Agreement. Project is still in progress
Sarah Baartman LMA	Local Municipality	Capital construction of roads	SLA: ECDOT Sarah Baartman (Makhanda)	50 000	2022/07/14	2023/07/14	The advance payment are made in trenches to the municipality based on projection	8 772	18	(7 854)	(919)	17	As per Service Level Agreement. Payment for services to be rendered. Project is still in progress
National Public Works	National Department	Capital construction of roads	MOA - DPWI and ECDOT - Welisizwe Programme	307 887	2022/06/28	2027/06/28	The entire contract amount was paid in advance	248 673	105 000	(94 438)	(10 139)	249 096	As per MoA for the purchasing of bridge components and materials. Project is still in progress

Eastern Cape Department of Transport

(Vote number 10)

Annual Financial Statements for the year ended 31 March 2025

Annexures to the Annual Financial Statements

Sanral	Government Capital t Agency of roads	Capital construction of roads	MOU - Sanral and DOT R72 Kidds Beach MR501	12 042	2023/11/09	2024/11/09	Payment will be made in advance to SANRAL for costs pertaining to the work agreement	8 358	-	-	8 358	As per MoA with SANRAL for work to be performed on Departmental asset. Project is on hold/suspend ed
Sanral	Government Capital t Agency of roads	Capital construction of roads	SLA: ECDOT MHLONTL O	35 736	2023/11/09	2024/11/09	Payments will be made in advance to Mhlontlo Municipali ty for costs pertaining to the Work Agreement	-	582	-	582	Project still in Design to be executed through Municipality
Sanral	Government Capital t Agency of roads	Capital construction of roads	SLA QUENERA	75 000	2025/01/17	2028/01/16	A payment advance will be made to BCM by DOT	-	30 000	-	30 000	Project will be executed through the Municipality
Total advances				939 016				287 751	137 840	(118 172)	(14 702)	292 717

Other relates to invoices received in the current year but relate to previous years advances.



PART G

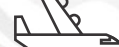
PFMA COMPLIANCE REPORT FOR GFMS

IRREGULAR EXPENDITURE REGISTER

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

no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/ authority	Steps taken to prevent irregular expenditure
1.	February, August, September and 2018	02-Oct-18	02-Oct-18	R3 900 287.15	finalised	None	None	None	There were no losses suffered as the Entity received the service rendered, if the investigation were concluded while the employee was still working for the Entity Discipline process could followed. During 2018/19 the Entity was operating on interim structure in addition there no Human Delegation, requirement process were taking long including investigations.	None	None	1.The contract management of the Entity is now centralized at Finance under the supervision of newly appointed Manager: SCM. all contracts are monitored and reported on a regular basis. 2.The Entity was unsuccessful with their tender process for competitive due to complexity of the contract and opted to participate in the RT15 – Vodacom Live-track Empower Service (transversal contract) for a period of 36 months. The contract has been used to fit vehicles with a new tracking system. 3. Unauthorised

no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/ authority	Steps taken to prevent irregular expenditure
												Irregular Fruitless and Wasteful (UIFW) expenditure advisory committee was appointed by the Head of Department to all include GFMS cases and part the committee's responsibilities is to analyse the register of irregular, fruitless and wasteful expenditure to determine completeness, conduct investigations and prepare recommendations of remedial action to be imposed for the approval of the Head of Department.
2.	10 April 2017	10-Apr-17	10-Apr-17	R876.98	Submitted to UIFW expenditure	None	None	None	Application for condonation has been made, the expenditure was result failure to switch off the machines, The employer is no longer working for the Entity, a warning letter could be issued	None	None	Submitted to UIFW expenditure for recommendation
3.	30/09/2020	01-Oct-20	30-Oct-20	R3 817.64	Submitted to UIFW	None	None	None	Application for condonation has	None	None	Submitted to UIFW expenditure for



no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/ authority	Steps taken to prevent irregular expenditure
					expenditure				been made, the expenditure was a result failure to switch off the machines. The employer is no longer working for the Entity, a warning letter could be issued			recommendation
4.	26/Jul/2021	27/Sep/2021	27/Sep/2021	R498 900	Reported by Auditor general for financial year 2020/2021 financial year	None	None	None	There were no losses suffered as the Entity received the service rendered, this was the matter of non-compliance, SCM process were followed however the Entity failed write the reason for not obtaining the three quotation and those reasons to be approved by the Accounting Officer	None	None	Application for condonation submitted
5.	26/Jul/2021	27/Sep/2021	27/Sep/2021	R97 273.99	Reported by Auditor general for financial year 2020/2021 financial year	None	None	None	There were no losses suffered as the Entity received the service rendered, this was the matter of non-compliance, SCM process were followed however	None	None	Application for condonation submitted



no	Date Incurred	Date Identified	Date reported to the accounting officer/authority	Amount of Irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	irregular Expenditure due to fraudulent, corrupt or other criminal conduct	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by accounting officer/ authority	Steps taken to prevent irregular expenditure
									the Entity failed write the reason for not obtaining the three quotation and those reasons to be approved by the Accounting Officer			

FRUITLESS AND WASTEFUL EXPENDITURE

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	Amount to be write off				Amount to be write off
2023/10/01	25 September 2023	2023/10/01	22 May 2024	R3 255.50	Refer to UIFWE committee for any recommendation				Amount to be write off
2023/10/01	25 September 2023	2023/10/01	22 May 2024	R1 447	Refer to UIFWE committee for any recommendation				Amount to be write off



PART H

GOVERNMENT FLEET MANAGEMENT SERVICES



1. REPORT OF THE AUDITOR GENERAL

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 set out on pages 293 to 339 which comprise the statement of financial position as at 31 March 2025, 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 Eastern Cape Government Fleet Management Services as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the standards of 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 trading entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate



governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material taken on the basis of financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 288 to 291, forms part of my auditors's report.

Report on the annual performance report

10. 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 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 the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
11. 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 2025. I selected the indicator that measures the trading 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.
12. 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 trading entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the trading 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 is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicator.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.



21. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Annual financial statements

22. 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 current assets, revenue and cash flow statements, identified by the auditors in the submitted financial statements, were corrected, and resulted in the financial statements receiving an unqualified opinion.

Other information in the annual report

23. 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 the selected material indicator in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
25. 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 indicator 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.
26. 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

27. 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.
28. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on compliance with legislation included in this report.
29. Management did not adequately exercise effective oversight over financial reporting and related internal controls. As a result, material misstatements were identified that resulted in material non-compliance with legislation.

AUDITOR - GENERAL

East London

31 July 2025



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 trading 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 trading 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 trading 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a trading entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Communication with those charged with governance

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.

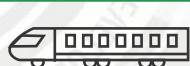
I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate 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 2020/21	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)



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

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 period and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2026 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 50, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 July 2025 and were signed by:


 Signed by: KHANYISA BONGOLETHU GAZI
 Khanyisa.Gazi@ectransport.gov.za
 30/07/2025-19:02:59 (UTC+02:00)

Mr. A Fani
Accounting Officer



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 31 March 2025.

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 is as follows:

Name	Nationality	Changes
Mr. A Fani	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 (Act 1 of 1999 (as amended))" The Executive Committee of the Province of the Eastern Cape resolved at its 26th Executive Council meeting held on 30 June 2010 (minute no.26, item 2.2.2) that the Department of Transport (DoT) establish a Trading Entity in line with Treasury Regulation No.19.

6. State of affairs

The entity was established in February 2012, with the sole purpose to ensure that fleet provision in the province is done economically. For this purpose, it continues to invest in improving its systems for efficient provision of its services to the provincial departments.

6.1 Surrender of funds to Provincial Treasury

The entity was established in accordance with 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.

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, the replacement funds accumulate between 1 and 4 years whilst the vehicle is leased. These funds are kept as reserves to be utilised when vehicles are due for replacement.

Treasury Regulation 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 2025.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

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 Department of Health

During the financial year, the Department of Health, which is the Entity's major client, communicated its intention to make a payment plan, committing to a monthly payment of R100 million from April 2025 up until June 2025, after which the Department will review the monthly payment upward until September 2025. This arrangement is aimed at settling the old outstanding balance owed by the Department to the Entity. Even though the entity has adequate resources to continue in operational existence for the next 12 months, if the Department of Health does not settle its account as they fall due, there is a potential negative impact on the future cashflows of the Entity. This 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 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	88 345 246	94 842 473
Finance lease receivables	3	195 320 762	183 279 135
Receivables from exchange transactions	5	612 791 618	653 106 791
Cash and cash equivalents	6	240 102 790	234 692 743
		1 136 560 416	1 165 921 142
Non-Current Assets			
Property, plant and equipment	7	216 952 326	171 001 215
Intangible assets	8	988 069	988 069
Finance lease receivables	3	963 337 712	795 147 871
		1 181 278 107	967 137 155
Total Assets		2 317 838 523	2 133 058 297
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	135 785 791	146 501 299
Provisions	10	33 229 440	38 504 871
		169 015 231	185 006 170
Total Liabilities		169 015 231	185 006 170
Net Assets		2 148 823 292	1 948 052 127
Reserves			
Capital contributions		362 001 648	362 001 648
Accumulated surplus		1 786 821 644	1 586 050 479
Total Net Assets		2 148 823 292	1 948 052 127

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	11	489 760 297	525 713 858
Interest earned	12	133 544 164	125 802 283
Other income		17 438 810	21 415 148
Gain on disposal of inventory held for sale		5 558 458	4 220 267
Derecognition of assets		143 083 970	86 651 629
Total revenue from exchange transactions		789 385 699	763 803 185
Expenditure			
Personnel costs	13	(48 060 749)	(48 561 978)
Fleet running costs	14	(493 686 856)	(516 745 212)
Depreciation on property, plant and equipment		(6 179 294)	(15 670 343)
Inventory write down	15	(5 458 526)	(3 244 430)
Debt Impairment	16	(5 513 242)	(15 370 245)
Movements in provisions		5 275 431	(9 347 730)
Administration costs	17	(34 991 298)	(29 068 148)
Total expenditure		(588 614 534)	(638 008 086)
Surplus for the year		200 771 165	125 795 099

Eastern Cape Government Fleet Management Services
Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Capital contributions	Accumulated surplus / (deficit)	Total net assets
Balance at 01 April 2023	362 001 648	1 460 255 380	1 822 257 028
Changes in net assets			
Restated surplus for the year	-	125 795 099	125 795 099
Total changes	-	125 795 099	125 795 099
Opening balance as previously reported	362 001 648	1 586 996 084	1 948 997 732
Adjustments			
Prior year adjustments - refer to note 25	-	(945 605)	(945 605)
Balance as at 01 April 2024 as restated	362 001 648	1 586 050 479	1 948 052 127
Changes in net assets			
Surplus for the current period	-	200 771 165	200 771 165
Total changes	-	200 771 165	200 771 165
Balance at 31 March 2025	362 001 648	1 786 821 644	2 148 823 292



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		509 460 610	237 499 040
Interest income		15 761 561	31 241 957
Other receipts		17 438 810	21 415 148
		<u>542 660 981</u>	<u>290 156 145</u>
Payments			
Personnel costs		(48 060 749)	(48 561 978)
Suppliers		(484 480 913)	(439 583 641)
		<u>(532 541 662)</u>	<u>(488 145 619)</u>
Net cash flows from operating activities	19	10 119 319	(197 989 474)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(5 324 272)	(5 890 890)
Proceeds from sale of property, plant and equipment	7	615 000	1 414 000
Purchase of intangible assets	8	-	(385 940)
Net cash flows from investing activities		(4 709 272)	(4 862 830)
Net increase/(decrease) in cash and cash equivalents		5 410 047	(202 852 304)
Cash and cash equivalents at the beginning of the year		234 692 743	437 545 047
Cash and cash equivalents at the end of the year	6	240 102 790	234 692 743

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

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	680 625 076	231 590 000	912 215 076	614 619 659	(297 595 417)	29
Interest received	39 523 126	-	39 523 126	15 233 407	(24 289 719)	29
Other income	65 831 700	-	65 831 700	56 189 563	(9 642 137)	29
Total revenue from exchange transactions	785 979 902	231 590 000	1 017 569 902	686 042 629	(331 527 273)	
Expenditure						
Personnel costs	(56 164 264)	8 000 000	(48 164 264)	(48 060 749)	103 515	29
Fleet running costs	(535 415 928)	(31 027 569)	(566 443 497)	(493 686 856)	72 756 641	29
Depreciation	-	-	-	(6 179 294)	(6 179 294)	29
Inventory write down	-	-	-	(5 458 526)	(5 458 526)	29
Debt Impairment	-	-	-	(5 513 242)	(5 513 242)	29
Movements in provisions	-	-	-	5 275 431	5 275 431	29
Administration costs	(51 496 471)	12 348 758	(39 147 713)	(34 991 298)	4 156 415	29
Total expenditure	(643 076 663)	(10 678 811)	(653 755 474)	(588 614 534)	65 140 940	
Operating surplus	142 903 239	220 911 189	363 814 428	97 428 095	(266 386 333)	
Gain on disposal of inventory held for sale	-	-	-	(39 740 900)	(39 740 900)	29
Derecognition of assets	-	-	-	143 083 970	143 083 970	29
	-	-	-	103 343 070	103 343 070	
Surplus before taxation	142 903 239	220 911 189	363 814 428	200 771 165	(163 043 263)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	142 903 239	220 911 189	363 814 428	200 771 165	(163 043 263)	



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting polices

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.

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 2025

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 are 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 2025

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
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 expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.5 Property, plant and equipment (continued)

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 inventory 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 their 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 2025

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 2025

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.

Receivables from exchange transactions - are measured at amortised cost less provision for impairment. Receivables from exchange transactions 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 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 2025

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 their economic life/ lease period.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the 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 user 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 a deficit in the Statement of Financial Performance.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

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 2025

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 2025

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 in the statement of financial position. 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 are disclosed in a note to the quarterly 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 2025

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 arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue for utilization charge is recognised as kilometers travelled by 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 2025

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 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

(a) this Act; or

(b) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before period end and/or before finalisation of the quarterly 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 quarterly financial statements.

Irregular expenditure that was incurred and identified during the current financial period and for which condonement is being awaited at period end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the quarterly financial statements.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.21 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial period and is only condoned in the following financial period, the register and the disclosure note to the quarterly 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 quarterly financial statements and updated accordingly in the irregular expenditure register.

1.22 Budget information

The Entity is typically subject to budgetary limits in the form of 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 2024/04/01 to 2025/03/31.

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.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.23 Related parties (continued)

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

The entity operates in an economic sector currently dominated by 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 quarterly financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the quarterly 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 quarterly 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 quarterly financial statements.

1.25 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.26 Surrender of funds to Provincial Treasury

The entity was established in accordance with 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 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 107 Mergers	To be determined	Unlikely there will be a material impact
GRAP 106 Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
GRAP 105 Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets	To be determined	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 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
3. Finance lease receivables		
Gross investment in the lease due		
- within one year	262 761 165	239 735 499
- in second to fifth year inclusive	1 067 918 538	817 057 702
- later than five years	544 926	64 153 082
	<u>1 331 224 629</u>	<u>1 120 946 283</u>
less: Unearned finance revenue	(172 566 155)	(142 519 277)
	1 158 658 474	978 427 006
Present value of minimum lease payments due		
- within one year	195 320 762	183 279 135
- in second to fifth year inclusive	962 801 458	733 110 197
- later than five years	536 254	62 037 674
	<u>1 158 658 474</u>	<u>978 427 006</u>
Non-current assets	963 337 712	795 147 871
Current assets	195 320 762	183 279 135
	1 158 658 474	978 427 006

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 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
4. Inventories		
New motor vehicles	77 097 976	86 903 870
Vehicles held for sale	11 247 270	7 938 603
	88 345 246	94 842 473

Reconciliation of new motor vehicles inventory - 31 March 2025

Opening Balance	86 903 870	109 536 206
Additions	341 337 556	274 449 387
Transfer to finance lease receivables	(350 057 503)	(291 305 845)
Transfer to own motor vehicles	(1 085 947)	(340 643)
Transfer to other machinery and equipment	-	(2 175 598)
Transfer to relief vehicles	-	(3 259 637)
	77 097 976	86 903 870

The inventory balance for the period relates to 84 (PY:122) 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 2025.

Reconciliation of vehicles held for sale -31 March 2025

Opening Balance	7 938 603	14 419 988
Transfer from Property,plant and equipment	51 248 296	39 632 532
Less:Disposals	(39 740 899)	(41 743 729)
Transfer to Relief Vehicles	(2 740 204)	(1 028 689)
Transfer to motor vehicles	-	(97 069)
Inventory write down	(5 458 526)	(3 244 430)
	11 247 270	7 938 603

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	650 769 495	686 621 290
Kugqityiwe Trading & Project (Pty)Ltd	87 462	87 462
Mayibuye Transport Corporation	2 672 573	2 672 573
Department of Rural Development	32 945	-
Department of Transport	36 483	4 000
Staff Debtors	201 878	25 971
Department of Public Works	29 020	33 207
Department of Home Affairs	-	12 547
Third Party Claims Receivables	146 750	188 246
Customized Auctions (Pty) Ltd	66 759	-
MM Vehicles	800 000	-
Provision for Impairment of Trade Receivables	(42 051 747)	(36 538 505)
	612 791 618	653 106 791

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 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

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 2025: R155 901 943 (2024: R207 849 728) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	100 539 997	116 952 487
2 months past due	27 678 807	30 008 945
3 months past due	27 683 139	60 888 296

Trade and other receivables impaired

As of 31 March 2025, trade and other receivables of R467 759 976 (2024: R432 773 265) were impaired and provided for.

The amount of the provision was R (42 051 747) as of 31 March 2025 (2024: R (36 538 505)).

The ageing of these trade debtors are as follows:

3 to 6 months	467 759 976	432 773 265

Reconciliation of provision for impairment of trade and other receivables

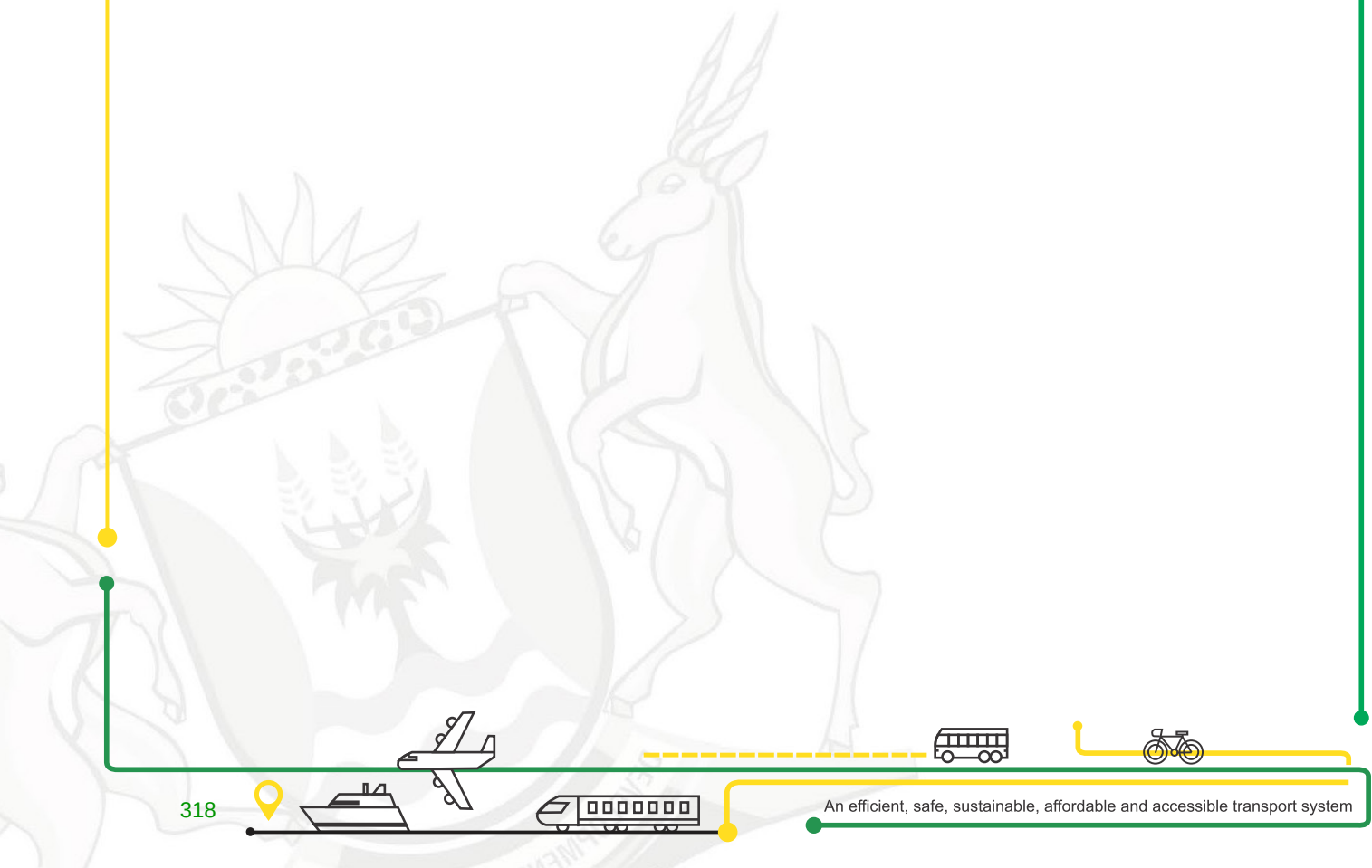
Opening balance	36 538 505	21 168 260
Provision for impairment	5 513 242	15 370 245
	42 051 747	36 538 505

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current Account - ABSA Bank	134 678 011	64 501 371
Call Account-South African Reserve Bank	105 424 779	170 191 372
	240 102 790	234 692 743



Eastern Cape Government Fleet Management Services
Annual Financial Statements for the year ended 31 March 2025
Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2025		2024	
	Cost /	Accumulated Carrying value	Cost /	Accumulated Carrying value
	Valuation	depreciation and accumulated impairment	Valuation	depreciation and accumulated impairment
Furniture and fixtures	3 334 352	(2 152 623)	1 181 729	(2 123 877)
Motor vehicles	4 053 009	(1 249 174)	2 803 835	(1 424 030)
Office equipment	480 416	(360 097)	120 319	(339 512)
Computer equipment	5 395 228	(2 297 158)	3 098 070	(1 999 979)
Relief vehicles	40 028 194	(18 849 561)	21 178 633	(18 713 026)
Leased Motor Vehicles- Operating Leases	212 233 596	(25 571 130)	186 662 466	(37 295 241)
Other machinery and equipment	2 175 598	(268 324)	1 907 274	(94 276)
Total	267 700 393	(50 748 067)	216 952 326	(61 989 941)
			232 991 156	171 001 215

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2025

	Opening balance	Additions	Disposals	Write offs	Transfers In	Transfers Out	Depreciation	Total
Furniture and fixtures	734 995	719 348	-	(9 722)	-	-	(262 892)	1 181 729
Motor vehicles	2 117 698	1 085 947	(273 501)	-	-	-	(126 309)	2 803 835
Office equipment	105 864	67 000	-	(4 519)	-	-	(48 026)	120 319
Computer Equipment	549 176	3 451 977	-	(34 533)	-	-	(868 550)	3 098 070
Relief vehicles	19 731 902	-	(148 998)	(379 324)	2 740 204	-	(765 151)	21 178 633
Leased Motor Vehicles - Operating Leases	145 680 258	-	-	(19 893 170)	116 057 992	(51 248 296)	(3 934 318)	186 662 466
Other machinery and equipment	2 081 322	-	-	-	-	-	(174 048)	1 907 274
	171 001 215	5 324 272	(422 499)	(20 321 268)	118 798 196	(51 248 296)	(6 179 294)	216 952 326

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

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	-	-	(34 866)	-	-	(387 578)	549 176
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	-	-	(5 819 707)	72 836 312	(39 632 532)	(12 602 243)	145 680 258
Other Machinery and equipment	-	2 175 598	-	-	-	-	(94 276)	2 081 322
	153 946 900	5 890 890	(540 902)	(6 857 799)	73 865 001	(39 632 532)	(15 670 343)	171 001 215

Operating Leases

Leased Motor vehicles (Operating Leases) relates 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.

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 Computer Equipment, Relief and Own motor vehicles.

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

2025		2024	
Cost /	Accumulated Carrying value	Cost /	Accumulated Carrying value
Valuation	amortisation and accumulated impairment	Valuation	amortisation and accumulated impairment
988 069	-	988 069	-

Computer software

Reconciliation of intangible assets - March 2025

Opening balance	Total
988 069	988 069

Computer software

Reconciliation of intangible assets - March 2024

Opening balance	Additions	Total
602 129	385 940	988 069

Computer software

Impairment of Intangible assets

Intangible assets have been assessed for impairment and are considered not impaired.

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

9. Payables from exchange transactions

Trade payables	55 343 940	67 605 176
Auction Proceeds Payable to User Departments	10 035 096	8 011 890
Other payables	422 156	275 171
Accrued leave pay	1 991 852	1 791 560
Bonus Accrual	1 177 247	1 087 393
Accrued expenses	66 815 500	67 730 109
	135 785 791	146 501 299

Trade Payables comprise of the following:

First National Bank	-	52 818 242
Ford Motors South Africa	6 458 174	8 712 296
Nissan South Africa	-	5 435 120
Wolters Kluwer	-	597 249
NMI Durban South Motors	30 398 026	-
Hyundai SA	8 486 882	-
Volkswagen South Africa	9 900 104	-
Other Trade Payables	100 754	42 269
	55 343 940	67 605 176

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 2025.

Other Payables

Department of Public Works	206 840	111 434
Department of Education	99 239	-
Eastern Cape Provincial Treasury	116 077	-
Lease rental liability	-	163 737
	422 156	275 171

Accrued Expenses

First National Bank	48 957 407	65 562 905
Department of Transport	844 103	639 673
ESDA Properties (PTY) Ltd	1 683 371	-
Isuzu Motors South Africa	8 698 839	-
Ford Motor Company	1 555 440	-
Whispers Event Management Security	426 283	433 955
Volkswagen South Africa	800 000	-
EKS Vehicle Tracking	2 522 853	-
Other Accruals	1 327 204	1 093 576
	66 815 500	67 730 109



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

10. Provisions

Reconciliation of provisions - March 2025

	Opening Balance	Increase or decrease in provision	Total
Provision of insurance claim	13 553 808	(1 111 993)	12 441 815
Provision for maintenance of vehicles	24 380 421	(4 203 816)	20 176 605
Provision for capped leave	570 642	40 378	611 020
	38 504 871	(5 275 431)	33 229 440

Reconciliation of provisions - March 2024

	Opening Balance	Additions	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
	29 157 140	9 347 731	38 504 871

Provisions 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 the usage of vehicles during the time which has elapsed from the previous service intervals 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 2025 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 2025 as no employees will qualify for this benefit.

11. Revenue

Rendering of services	489 760 297	525 713 858

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
11. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	489 760 297	525 713 858
Revenue from rendering of services		
Full maintenance lease-fixed charge	143 430 818	140 323 222
Full maintenance lease charge -utilization charge	346 329 479	385 390 636
	489 760 297	525 713 858
12. Interest earned		
Interest on outstanding debtors	40 704 369	31 145 894
Interest portion on finance lease receivables	77 606 388	63 838 685
Interest earned on call account	15 233 407	30 817 704
	133 544 164	125 802 283
13. Personnel costs		
Basic salaries	34 591 036	35 208 347
Service bonus	2 442 454	2 522 283
Medical aid - company contributions	1 952 522	2 007 125
Bargaining Council levies	9 702	9 778
Leave pay	206 737	206 184
Busaries	-	9 171
Pension contributions	4 150 404	4 150 084
Subsistence & travel allowances	174 688	186 687
Acting allowances	399 542	35 662
Car allowance	347 200	408 200
Housing benefits and allowances	1 394 508	1 318 537
Non pensionable cash allowance	2 239 298	2 193 491
Resettlement allowance	59 817	277 722
Leave gratuity	92 841	28 707
	48 060 749	48 561 978
14. Fleet running costs		
Fleet running costs	493 686 856	516 745 212
Fleet running costs comprises of the following:		
Motor vehicles-fuel and oil	249 546 764	277 601 882
Motor vehicles-repairs and maintenance	184 696 294	185 556 823
Motor vehicles-other vehicle expenses	59 443 798	53 586 507
	493 686 856	516 745 212
15. Inventory write down		
Impairments		
Inventory held for sale	5 458 526	3 244 430
This relates to inventory held for sale that was reassessed to lower of cost and net realisable value at year end. The assessment is done at the end of each financial year.		



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

16. Debt (impairment)/Impairment reversal

Debt impairment	(5 513 242)	(15 370 245)

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

Signage	62 388	-
Advertising	434 632	390 991
Auditors' fees	3 515 572	3 148 902
Bank charges	-	731
Cleaning services	1 258 915	1 324 786
Commission paid	2 034 900	1 873 068
Consulting and professional fees	2 114 515	2 262 817
Consumables	427 392	26 295
Entertainment	9 315	12 030
Licensing fees	68 016	95 694
Rental of office equipment and building	3 410 582	3 234 045
Hiring of venues and equipment	70 927	99 796
Repairs and maintenance-own vehicles	7 983 150	4 917 589
Workshop accessories	-	18 588
Fuel and oil	842 275	1 221 713
Employee wellness	211 162	109 750
Postage and courier	-	366
Printing and stationery	242 977	203 997
Repairs and maintenance - office building maintenance	1 592 761	80 491
Security services	5 027 077	5 013 810
Subscriptions and membership fees	711 283	1 034 230
Telephone and fax	1 449 687	808 358
Training and development	577 205	555 327
Electricity and water	1 088 008	1 104 660
Uniforms	-	15 942
Audit Committee Fees	437 307	404 312
Catering	135 410	98 197
Accommodation and travel	1 285 842	999 573
Qualification verification expense	-	12 090
	34 991 298	29 068 148

18. Auditors' fees

Fees	3 515 572	3 148 902

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Cash (used in) from operations		
Surplus for the period	200 771 165	125 795 099
Adjustments for:		
Depreciation on property, plant and equipment	6 179 294	15 670 343
Gain on disposal of inventory held for sale	(5 558 458)	(4 220 267)
Derecognition of assets	(143 083 970)	(86 651 629)
Inventory write down	5 458 526	3 244 430
Debt (impairment)/Impairment reversal	5 513 242	15 370 245
Movements in provisions	(5 275 431)	9 347 731
Interest on Finance leases	(77 606 388)	(63 838 685)
Changes in working capital:		
Inventories	54 912 748	67 820 304
Receivables from exchange transactions	34 801 933	(286 413 440)
Finance lease receivables	(55 277 833)	(32 523 019)
Payables from exchange transactions	(10 715 509)	38 409 414
	10 119 319	(197 989 474)

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

20. Financial instruments disclosure

Categories of financial instruments

March 2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	612 791 618	612 791 618
Cash and cash equivalents	240 102 790	240 102 790
Finance lease receivables	1 158 658 474	1 158 658 474
	2 011 552 882	2 011 552 882

Financial liabilities

	At amortised cost	Total
Trade payables	55 343 940	55 343 940
Accrued expenses	66 815 500	66 815 500
Other payables	422 156	422 156
Auction proceeds payable to user departments	10 035 096	10 035 096
	132 616 692	132 616 692

March 2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	653 106 791	653 106 791
Cash and cash equivalents	234 692 743	234 692 743
Finance lease receivables	978 427 006	978 427 006
	1 866 226 540	1 866 226 540

Financial liabilities

	At amortised cost	Total
Trade payables	67 605 176	67 605 176
Accrued expenses	67 730 109	67 730 109
Other payables	275 171	275 171
Auction proceeds payable to user departments	8 011 890	8 011 890
	143 622 346	143 622 346

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
21. Commitments		
Authorised capital expenditure		
Already contracted for but not yet commenced		
• Motor vehicles	1 576 707	254 021 522
Already contracted for but not yet completed		
Motor vehicles	17 254 660	35 900 993
Not yet contracted for		
• Motor vehicles	933 167 620	636 704 340
Total capital commitments		
Already contracted for but not yet commenced	1 576 707	254 021 522
Not yet contracted for	933 167 620	636 704 340
Already contracted for but not yet completed	17 254 660	35 900 993
	951 998 987	926 626 855
Authorised operational expenditure		
Already contracted for but not yet commenced		
• Goods and services	651 576	437 257
Already contracted for but not yet complete		
• Goods and services	10 474 322	16 498 847
Total operational commitments		
Already contracted for but not yet commenced	651 576	437 257
Already contracted but not yet completed	10 474 322	16 498 847
	11 125 898	16 936 104
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	-	1 285 806
The entity has entered into an Operating Lease arrangement with ESDA Properties for rental of an office space for a period of 5 years which ends on 31 August 2024.		
The lease is payable in advance every 1st of the month starting from 01 September 2019. Escalation clause is 7% every 1st October of each year.		
The Property is in ERF 18933, East London 25 Castellano Building, Woodbrook.		
The lease has now been extended on a month to month basis.		
Rental expenses relating to operating leases		
Minimum lease payments	3 041 904	2 692 968



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

21. Commitments (continued)

Operating leases as lessee - Photocopy machines

Minimum lease payments due

- within one year	334 923	367 701
- in second to fifth year inclusive	139 242	410 482
	474 165	778 183

Rental expenses relating to operating leases

605 141 541 078

Operating lease payments represent rentals payable by the entity for printing and photocopy machines. The entity is participating in a transversal contract (RT3), for the supply, delivery, installation, commissioning and maintenance of office automation solutions. The contract is for a 36-month period with a mandatory extension for multifunctional printers up to 24 months at a zero percent (0%) rental. No contingent rent is payable.

22. Contingencies

Contingent liabilities

Third Party Claims - GFMS carries its own vehicle accident and accepts liability for claims instituted by third parties that would ordinarily be payable by an insurer. As at the end of financial period, 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.

4 088 419 5 320 374

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

13 971 477 15 203 432

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 re-imburse the state for the damages incurred. The Entity therefore recognises a contingent asset. The outcome of these cases is still pending.

14 902 318 12 803 358

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.

583 385 583 285

15 485 703 13 386 643

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

23. Related parties

Relationships

Controlling entity
Entities with common control
Entities with common control
Members of key management

Eastern Cape Department of Transport
Mayibuye Transport Corporation
Department of Community Safety
Mr K.B Gazi (Head of the Trading Entity)
Mr. F. Narkedien (Senior Manager:Fleet Maintenance & SMME Development)
Ms.N Mafumbu (Senior Manager:Finance)
Mr.B.Chirimuta (Senior Manager:Fleet Development and Provisioning)
Ms. N. Nyalela (Senior Manager:Internal Audit)

Department of Transport:

Cost of employment

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.

Provision of FML Services

GFMS has entered into a Service Level Agreement with Department of Transport ,under which vehicles are leased to the department in the normal course of business. This arrangement is part of the Entity's business and is applied the same to other Provincial Government Departments which are being offered the same service

Provision of Managed Maintenance Services

GFMS has entered into a Service Level Agreement with the Department of Transport to provide Managed Maintenance Services on behalf of vehicles that are owned by the department.

Other Services

Licenses paid by the entity on behalf of Department of Transport.

Mayibuye Transport Corporation (MTC)

Mayibuye Transport Corporation is an entity under common control with the Government Fleet Management Services (GFMS) as both entities report to one mother department being the Department of Transport. The Head of Entity was seconded to MTC during the period July 2019 to June 2021 as Acting Chief Executive Officer and during the period GFMS continued paying the Head of Entity a full salary. GFMS has submitted claims to MTC for the salary that was paid to the Head of Entity during that period.

Department of Community Safety

The Member of the Executive Council (MEC) exercises oversight and authority over both the Department of Transport (DoT) and the Department of Community Safety

Provision of FML Services

GFMS has entered into a Service Level Agreement with the Department of Community Safety, under which vehicles are leased to the department in the normal course of business. This arrangement is part of the Entity's business and is applied the same to other Provincial Government Departments being offered the same service

Provision of Managed Maintenance Services

GFMS has entered into a Service Level Agreement with the Department of Safety to provide Managed Maintenance Services on behalf of vehicles that are owned by the department.

Related party balances

Amounts included in Trade receivable from exchange transactions regarding related parties

Eastern Cape Department of Transport	6 300 068	40 043 848
Mayibuye Transport Corporation	2 672 572	2 672 572
Department of Community Safety	120 377	81 849



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Related parties (continued)

Amounts included in Trade payables from exchange transactions regarding related parties

Eastern Cape Department of Transport - Accrued expenses	844 103	639 673
Auction proceeds payable to Department of Transport	143 766	249 971

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	47 882 460	48 050 817

Remuneration of management

Management class: Executive management

2025

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K. B. Gazi	1 066 898	-	473 494	1 540 392
F. Narkedien	847 303	70 608	500 949	1 418 860
N. Mafumbu	877 520	69 875	308 685	1 256 080
B. Chirimuta	864 553	72 046	322 716	1 259 315
N. Nyalela	973 912	81 159	336 358	1 391 429
	4 630 186	293 688	1 942 202	6 866 076

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

23. Related parties (continued)

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
	4 401 858	281 976	1 866 804	6 550 638

24. Change in estimate

Effect of annual review of rate card

On the 1st April 2024, 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 higher gain on the recognition of finance leases.

The value of the impact on the Finance lease receivable is R113 709 397 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 vehicles categories had an impact on depreciation for Motor vehicles.

The value of the impact on depreciation charge for Motor vehicles is R872 293.

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 2024

	Note	As previously reported	Correction of error	Restated
Inventories		94 505 499	336 974	94 842 473
Finance lease receivable		978 959 861	(532 855)	978 427 006
Receivables from exchange transactions	5	654 281 907	(1 175 116)	653 106 791
Property, plant and equipment	7	171 016 310	(15 095)	171 001 215
Payables from exchange transactions	9	(146 941 786)	440 487	(146 501 298)
		1 751 821 791	(945 605)	1 750 876 187



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

25. Prior-year adjustments (continued)

Statement of financial performance

March 2024

	Note	As previously reported	Correction of error	Restated
Rendering of services	11	(526 314 637)	600 779	(525 713 858)
Interest earned		(125 824 413)	22 130	(125 802 283)
Other Income		(20 877 823)	(537 325)	(21 415 148)
Derecognition of assets		(86 958 837)	307 208	(86 651 629)
Fleet running costs		516 320 629	424 583	516 745 212
Depreciation		15 677 204	(6 861)	15 670 343
Administration costs		28 933 057	135 091	29 068 148
Surplus for the year		(199 044 820)	945 605	(198 099 215)

Prior year adjustment summary

	Note	Correction of error
Impact on statement of financial position		(945 605)
Impact on statement of financial performance		945 605
Total changes in Accumulated Surplus/(Deficit)		-

Cash flow statement

March 2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		236 699 231	799 809	237 499 040
Other receipts		20 877 823	10 364 134	31 241 957
Suppliers		(437 373 408)	(2 210 232)	(439 583 641)
		(179 796 354)	8 953 711	(170 842 644)
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment		540 902	873 098	1 414 000

Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Prior-year adjustments (continued)

Errors

The following prior-year adjustments occurred:

a) Receivables from exchange transactions

Adjustments were made to certain trade receivable accounts to correct misstatements made in previous financial years due to the following:

- Vehicles that were written off and erroneously not removed from the bill.
- Vehicles that were returned by the Departments in the prior year and not removed from the bill.
- The above adjustment also had an impact on revenue from rendering of services (rental and utilization).
- An invoice that was incorrectly billed in the prior year to the department, the adjustment also affected the fleet running costs (Repairs and Admin fees)
- An invoice for repairs on an MM engine that was incorrectly billed in the prior year to the department, the adjustment also affected the fleet running costs (Repairs and Admin fees)
- A third party receivable that was not raised in the prior year. The adjustment also affected the Other Income line item.

b) Inventories

The correction of error is due to vehicles that were released to the user department and not recognised as finance leases in the prior year. The adjustment has impacted the finance lease receivable and the derecognition of inventory.

c) Finance lease receivable

The correction of error was for a vehicle that was written off in the prior year, but not adjusted in the balance of the finance leases. Also, the vehicles that were written off in the prior year and not removed from the register. The adjustment has impacted the rental and interest on finance leases.

d) Payables from exchange transactions

This relates to third party claims accruals that were incorrectly raised.

e) Cashflow

The adjustment is as a result of corrections made on receivables from exchange transactions due to write off vehicles and returned vehicles that were not removed from the bill and third party receivable relating to prior year that was raised in the current period. Also the finance lease receivables and inventory adjustments.

g) Commitments -Operating leases photocopy machine

The error relates to photocopy machines that were incorrectly disclosed on note 21 of the financial statements, due to incorrect contract amounts used in the prior year.

The impact of the error amounts to R64 044.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

25. Prior-year adjustments (continued)

h) Finance lease receivables commitment

A misclassification error in the split of finance receivable commitment between 2-5 years and more than 5 years were incorrectly presented in note 3 of the financial statements.

The error had no impact on the total finance lease receivable balance, but affected the disclosure note as follows;

Gross investment in the lease due

- In second to fifth year (R 64 153 082)
- Later than five years R 64 153 082

Present value of minimum lease payment due

- In second to fifth year (R 62 037 674)
- Later than five years R 62 037 674

26. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The accounting authority provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk by continuously monitoring forecasts and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors.

Current assets

Finance lease receivables	195 320 762	183 279 135
Inventories	88 345 246	94 842 473
Receivables from exchange transactions	612 791 618	653 106 791
Cash and cash equivalents	240 102 790	234 692 743
	1 136 560 416	1 165 921 142

Current Liabilities

Payables from exchange transactions	135 785 791	146 501 299

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.



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Risk management (continued)

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 2024: R56 750 000) .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

Comment:

Accommodation (R4 703) – official did not check in for accommodation booked for Transport Officers district visits .



Eastern Cape Government Fleet Management Services

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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:

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.

Car wash: Car wash revenue was also under-generated due to limited car wash facilities on the RT46 contractor across the province. Some Departments opted to use their cleaning contracts and others did not budget for car wash for this financial year.

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.

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. Poor debt repayments by client departments has decreased funds in investment account as well as the reduction in the prime rate has lead to the interest generated being less than projected.

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.

This is due to accumulated underperformance of auctions for the year, proceeds were less than projections projections.

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 posts which were vacant during the financial year.

2. Expenditure

3.1 Budget adjustment: The budget for expenditure was adjusted and funds were moved from capital expenditure and within other expenditure items to fleet running costs to cater the overspending on repairs and maintance.

3.2 Fleet running costs: There is low expenditure by client departments on fuel expenditure as compared to projections which resulted in the savings for goods and services.

3.3 Car wash: Savings is due to limited car wash facilities on the RT46 contractor across the EC Provincial Government . Also, some Departmentsused their cleaning contracts for washing vehicles as they had not budgeted for car wash for this financial year.

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 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Budget differences (continued)

The following items have not been budgeted for:

- Depreciation
- Inventory write down
- Debt impairment
- Derecognition of Assets
- Movements in provisions
- Interest earned on finance leases

