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Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA



Strategic Plan

Northern Cape Fleet Management
Trading Entity
2020-2025

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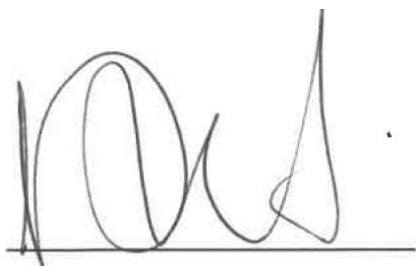
Executive Authority Statement

The Northern Cape Fleet Management Trading Entity operates and reports to the Accounting Officer of the Department of Roads and Public Works. All obligations, including Policies, of the Department of Roads and Public Works apply to the Northern Cape Fleet Management Trading Entity, but the Entity does have its own policies. A Governance Document that regulates the relationship between the two entities (Department of Roads and Public Works and Northern Cape Fleet Management Trading Entity) is in place.

The relationship alluded to above emanates from a clear realization by the Northern Cape Government that the then outsourced model was not yielding the desired results in addressing the fleet requirements for the Province. Northern Cape Fleet Management Trading Entity thus became the “vehicle” as the Fleet Management Solution for the entire Province since its inception in 2011.

The Northern Cape Fleet Management Trading Entity has shown a significance growth in fulfilling its core mandate of providing a fleet management solution for the Province despite the fact that the entity is still operating with a skeleton staff, but plans are underway to significantly reverse this situation to this effect processes of increasing its capacity are being implemented. The increase in capacity will assist in improving the services the Northern Cape Fleet Management Trading Entity renders to client departments. The fact that the management and staff of the entity are eager to study and implement good practices from other provinces pertaining to fleet management augurs well for the advancement of the Entity.

I, as the Executing Authority fully endorsed this Strategic Plan 2020/2021 – 2024/2025 and in addition I would like to provide my assurance that I am committed to its implementation through the professional and practical services by the Northern Cape Fleet Management Trading Entity.

A handwritten signature in black ink, appearing to read 'F.B.P. Makatong', is written over a horizontal line.

MS. F.B.P MAKATONG

MEMBER OF EXECUTIVE COUNCIL (MEC)

Accounting Officer Statement

The Northern Cape Fleet Management Trading Entity has significantly positioned itself to fulfill its strategic mandate of providing a reliable, efficient and cost-effective fleet management solution for the entire province. The Northern Cape Fleet Management Trading Entity is responsible for the provision of fleet services for both the White Fleet Vehicles that is used by all Provincial Departments, as well as your yellow fleet that is used predominantly in roads construction industry.

The Northern Cape Fleet Management Trading Entity is continuing with it's a rigorous replacement, repairs and maintenance strategy. This strategy is to enable the turnover of redundant vehicles that passed their useful economic life cycles. The fact that client departments never raised a major crisis of shortage of fleet is inductive of a strategy that is working very well and a demonstration that the model is sustainable.

The main source of income for the Northern Cape Fleet Management Trading Entity remains the rates charged for the Yellow and White Fleet. It's going concern status is thus determined by its ability to recover its debt from user departments with relative success. It is against this backdrop that the entity is continuing improving its debt management by implementing different strategies to this effect.

The Northern Cape Fleet Management Trading Entity is a self-funded business entity within the Department of Roads and Public Works operated on a recoverable charge out rate. The rate also has a component built in it to ensure that the fund build up enough reserves to enable it to replace its fleet of road construction and maintenance equipment as and when required. The reserve will also allow the trading entity to fund its general operations.

We have implemented certain monitoring mechanisms in order to curb misuse by the introduction of the following:

- Personalized Number plates.
- Tracker system that provides you with exception reports on speeding and could be used to get other useful information.
- Transit Solution/Standard Bank report that provide the Entity with management and exception reports for all our vehicles.

1.1. Services rendered by the Entity

- Permanently allocated vehicles: These vehicles are allocated to specific client Departments. This means that the vehicles are with, and under the control of these client Departments for 365 days a year. The client Departments are charged for the use of these vehicles, regardless of whether or not they actually make use of these vehicles.
- General hire vehicles: These vehicles can be rented by client Departments in need of additional vehicles for a short-term period. The rental price is slightly higher than that of a permanently allocated vehicle, as it takes into account lower utilization rate.
- Road building equipment: The equipment is mainly rented to the Department of Roads and Public Works, and comprises equipment used in the construction and maintenance of roads.
- Relief vehicle: These vehicles are available for client Departments' usage during periods when the permanently allocated vehicles are unavailable, due to servicing. These vehicles consist of the older general hire vehicles.

1.2. Tariff Structure

The entity's tariff structure aims to recover all expected costs of the trading entity for any particular year and for all effective purposes is the entity's budget for the year. To accomplish this, the tariff structure of the entity comprises the following elements:

- Daily tariff: This tariff, is charged on a daily basis, regardless of the vehicle's usage, aims to recover the following:
- The capital spent in purchasing the current vehicle's replacement vehicle, after completion of the vehicle's selected term in use. This is based on the current vehicle's cost price adjusted for the expected inflation effect of future years.
- The overhead cost of the entity. These costs are those associated with the day-to-day operation of the entity, and include: salaries and wages; license fees; fees charged by the Office of the Auditor General; building rental, etc.
- An element for accident cost provision. This element aims to recover costs associated with future expected accidents (where the driver did not forfeit state cover), on a monthly

basis. This treatment will result in a reserve created to cover the costs of repairing or writing – off vehicles damaged in accidents and incidents.

- Kilometers tariff: This tariff aims to recover the fuel, maintenance and Tyre expenditure associated with vehicles. The tariff is based on the tariffs suggested by the Automobile Association of South Africa, as these tariffs will result in costs being recovered. The most significant contributor to the running cost of a vehicle is the fuel cost element. This element is also the most volatile given recent movements in the price of crude oil.
- Road Building Equipment tariff: This tariff aims to recover on a daily basis/hourly basis/ per kilometer basis (depending on the type of equipment), the costs associated with the road building equipment. The tariff is based on a flat rate.

2.3 Capacity constraints

The entity has over years implemented the organizational structure to build capacity that will ensure the delivery fleet service to the client departments. A process of reviewing the current structure has begun and we hope to finalize it by the end of this financial year. We have moved to strengthen our workshops by advertising and by appointing qualified staff. We are also planning to renovate all our workshops including the provision of proper equipment in order to make it fully operational.

2.4 Asset management

The Entity is managing the white fleet as well as the yellow fleet. Asset registers are kept and updated on a monthly basis. A file is kept with the details of all the vehicles and we are making use of RT46 national contract of which Transit Solution/Standard Bank is the service provider as our maintenance management system for our vehicles. We are awaiting the conclusion of the awarding of the new contract.

2.5. Progress with financial management improvements

With the financial systems foundations laid by the Northern Cape Fleet Management Trading Entity since 1st April 2017, we can confidently state that the Trading Entity is applying standards of GRAP (Generally Recognized Accounting Principles) in preparing their Annual Financial Statements and this is evident in the Auditor General audit outcomes.

A handwritten signature in grey ink, appearing to read 'R. Grewan', is positioned above a horizontal line.

R. GREWAN

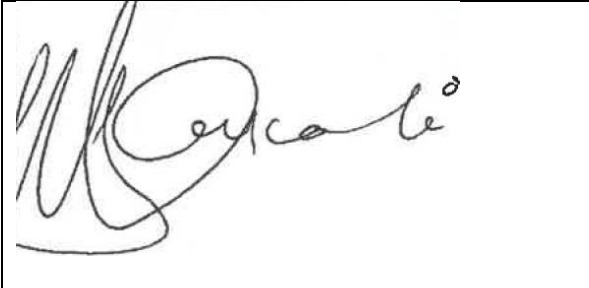

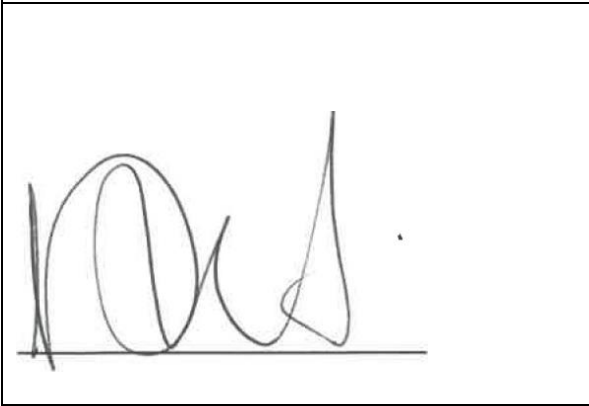
ACTING HEAD OF DEPARTMENT

Official Sign-Off

It is hereby certified that this Strategic Plan:

This Strategic Plan was developed by the management of Northern Cape Fleet Management Trading Entity under the guidance of the Northern Cape Department of Roads and Public Works, was prepared in line with the with the revised Performance Information Framework Current Strategic Plan of Northern Cape Fleet Management Trading Entity.

The strategic plan accurately reflects the performance targets which Northern Cape Fleet Management Trading Entity will endeavour to achieve over the five-year period given the resources made available in the budget for the financial year ending 31 March 2025.

	MR Z MONAKALI CHIEF EXECUTIVE OFFICER
	R. GREWAN ACTING HEAD OF DEPARTMENT
	MS. F.B.P. MAKATONG EXECUTIVE AUTHORITY



PART A

**OUR
MANDATE**

1. Constitutional mandate

The Northern Cape Fleet Management Trading Entity takes its constitutional mandate from section 76 (4) (b) of the PFMA, unless the context indicate otherwise, a word or expression to which a meaning has been assigned in the act, has the same meaning-” **head of the trading entity**” refer to either

- a) The accounting officer appointed in terms of section 36(3) (b) of the act
- b) An official assigned to head the trading entity in terms of section 44(1)(a) of the act

2. Legislative and policy mandates

The achievements of the strategic goals of the entity are guided by the following legislative mandates:

- National Land Transport Strategic Framework
- Integrated Transport Sector BBBEE Charter
- Treasury Regulations (Chapter 19)
- National land Transport Act 2009
- South African Transport Condition and Services act 1998
- Green Transport strategy for South Africa
- Draft Revised White Paper on National Transport Policy

3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

3.1. National Development Plan (NDP) 2030

The NDP aims to achieve the following objectives by 2030:

- Uniting South Africans of all races and classes around a common programme to eliminate poverty and reduce inequality;
- Encourage citizens to be active in their own development, in strengthening democracy and in holding their government accountable;
- Raising economic growth, promoting exports and making the economy more labour absorbing;
- Focusing on key capabilities of both people and the country;

- Capabilities include skills, infrastructure, social security, strong institutions and partnerships both within the country and with key international partners;
- Building a capable and developmental state; and
- Strong leadership throughout society that work together to solve our problems.

3.2. 2019-2024 Medium-Term Strategic Framework (MTSF)

- Capable, Ethical and Developmental State;
- Economic Transformation and Job Creation;
- Education, Skills and Health;
- Consolidating Social Wage through reliable and Quality Basic Services;
- Spatial Integration, Human Settlements and Local Government;
- Social Cohesion and Safer Communities; and
- A Better Africa and World

3.3. Public Works & Infrastructure Sector Priorities (linked to MTSF priorities)

- Productive Infrastructure Investment
- Opportunities for Job Creation
- Transformed Built Environment
- Dignified Client Experience
- Inclusive Economic and Revenue Growth
- Global Competitiveness (Region, Continent, Globe)

3.4. 2020-2025 NDP Five-year Implementation Plan:

The department is directly related with the MTSF Priority 1, 2,3, and 5 and has linked its Impact and Outcomes to the respective Priorities and will therefore result in its performance targets for implementation of the said priorities and Outcomes the 5-year period.

3.5. Provincial Policy Alignment Processes

The diagram below depicts the provincial processes that have since unfolded towards the review of the PGDP towards its alignment with the seven MTSF 2019-2024 Priorities and development of the Draft Provincial MTSF 2019-2024 Programme of Action (POA) that is also the NCPGDP 5 Year Implementation Plan and Monitoring Framework.

Provincial Processes



3.6. Strategies over the 5-year period planning period

- Policy imperatives that the entity must at all-time ensure that it adheres to (RT 57, 46, 58 and 69) as per the Government Transport Handbook
- Disposal policy (auction white and yellow fleet)
- National treasury tariff policy (Guide the entity for billing client departments)
- Debt recovery policy
- Service level agreement
- Incorporation of provisioning of Ambulances services.
- Incorporation of Member of the Executive Council VIP vehicles
- Incorporation of Ba Ga Mothibi workshop (yellow Fleet) from the North West to the Northern Cape Province
- Revamping or renovations of all the remaining workshops in the Province

4. RELEVANT COURT RULINGS

N/A

PART B



**OUR
STRATEGIC FOCUS**

5. VISION

To provide reliable and efficient government fleet services at all times

6. MISSION

We will achieve our mission by:

- Debt recovery for financial sustainability.
- Acquisition, Maintenance and Disposals of Fleet.
- Building and maintaining sustainable stakeholders relations

7. VALUES

As the Entity performs its duties it will endeavour to uphold the following values:

- Treat government institutions with respect.
- Mutual respect amongst all the employees of the Entity irrespective of the position in they hold.
- Highest levels of integrity and ethics.
- Creativity, Innovation and ethical Leadership.
- Compliance to the fundamental elements of Good Governance which are: Accountability and transparency.
- Client-centred service delivery.
- Strive to be a learning organization, anticipating opportunities presented by an ever-changing environment.

8. UPDATED SITUATIONAL ANALYSIS

The Northern Cape Fleet Management Trading Entity continues to provides/renders the following services:

- Provision and distribution of Fuel, repair (Including accidents) and maintenance services using RT46 National Contract with Transit Solutions and Standard Bank as service providers.
- Monitoring fleet location, usage and misuse through tracking device.

- Provision and distribution of utilization reports to client departments.
- Acquiring and disposing of fleet.
- Provision of short term rental solutions to client departments.
- Development and implementation of mechanisms to deal with late payments by client departments poses a serious threat to the going concern status of the entity.
- Putting effective systems in place to mitigate against these risks.

The long term objective of the Northern Cape Fleet Management Trading Entity aims to provide fleet solution to the following institutions:

- Ambulance services for the Department of Health.
- Provincial Legislature and Entities
- Municipalities.

The above services will be provided after having consulted extensively with the different role players in the different categories or sectors.

Given the broad positive performance and the recent Internal Audit outcomes of 2018, it can be said that the Northern Cape Fleet Management Trading Entity is in the right track in terms of achieving its broad mandate. The provision of fleet to the Northern Cape Provincial Administration by the Northern Cape Fleet Management Trading Entity is done by following and adhering to prescripts of government. Notwithstanding the above positive trend, the Northern Cape Fleet Management Trading Entity is still facing challenges with client departments not servicing their outstanding debt regularly thus affecting the cash flow of the Northern Cape Fleet Management Trading Entity. The clientele of the Northern Cape Fleet Management Trading Entity remains the same with the twelve provincial departments including the yellow fleet. The special need of the Department of Roads and Public Works regarding the roads building requirement is also made provision for. The Entity operates on the basis of the Service Level Agreement that is signed between the client departments and the Accounting Officer of the Department of Roads and Public Works. The Entity has finalized the new service level agreements and it is currently going through the governance structures. The Entity envisages having a signed Service Level Agreement with all the twelve client departments before the end of the financial year of 2020/2021 also to foster a strong relationship and partnership between the parties.

The Entity will continue to achieve its objective of ensuring that the requests of fleet by client departments are met at all times.

9. EXTERNAL ENVIRONMENT ANALYSIS

The entity operates in an environment controlled by the external factors.

The external environment that the Northern Cape Fleet Management Trading Entity operates in is primarily:

- The economic environment which affects the price of goods and services.
- The changing of the legislative and regulatory environment.
- The demand for extra services by the client departments.
- The delays by service providers in providing goods and services
- The late payments by client departments
- The market changes within the transport industry

10. INTERNAL ENVIRONMENT ANALYSIS

The internal Environment of the Northern Cape Fleet Management Trading Entity is mainly controlled by the government prescribes, policies and regulations. The Entity endeavors to always ensure that it does its business through adherence to the above. The Entity operates with an organizational structure which came into effect in 2014. The structure makes provision for four directorates namely Technical Services which includes Risk Management; Finance Management Services and Corporate Services which includes Client Liaison and Strategic Planning, Monitoring and Evaluation.

The Entity is faced with a challenge of attracting special skills that relates to the work we do. The Current Human Resources is used in various positions just so that the work is done and this is reflected in the positive outcome of the Audits over the past two financial years. The Entity depends on the Department of Roads and Public Works for its Information Technology needs but it is also busy with the identification of special programmes that will make the work of the Entity easy. The Entity generates its financial resources through the tariffs and rates it charges to the Client Departments by furnishing them with monthly invoices.

The Northern Cape Fleet Management Trading Entity has achieved its goal of paying the service providers on time except for a very few occasions where the fault was with the services providers and traversal system(BAS) In our day to day work we try our best to ensure that the BBBEE benefit from the procurement budget of the Entity.

The Entity was in the past faced with the challenges of receiving disclaimers from the Auditor General on Performance Information. In the past two financial years the Entity has moved quite considerably by receiving unqualified audit opinion.

PART C



MEASURING OUR PERFORMANCE

11. INSTITUTIONAL PERFORMANCE INFORMATION

11.1. Impact statement

Impact statement	Inclusive growth and investment
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11.2. Measuring Performance

Outcome	Outcome Indicator	BASELINE	Five Year Target
Increase access to affordable and reliable transport infrastructure (Priority 2)	Increased in white fleet infrastructure investment	1016	1066
	Increased in yellow fleet infrastructure investment	850	1020

11.3. Explanation of planned performance over the five-year planning period

The Northern Cape Fleet Management Trading Entity has a mandate of ensuring that it provide fleet services to the entire Northern Cape Provincial Government. Because our business is the provision of fleet to all the government departments in the Northern Cape, we contribute indirectly to all the sectors in as far as the National Development Plan vision 2030 of South Africa is concerned. The Strategic Plan 2020/2021 – 2024/2025 of the Northern Cape Fleet Management Trading Entity will be monitored by using the revised Performance Information Framework in the preparation and submission of the Mid-term Assessment Report which is due in two and a half years after the implementation of the Strategic Plan and at the End-term Assessment Report of the Strategic Plan which is due at the end of the five years.

The Northern Cape Fleet Management Trading Entity main mandate is the provision of fleet services through replacements; repairs; maintenance; billing of client departments; payments of services providers and disposals of redundant fleet amongst other things. Therefore, the outcome indicators were developed taking into account the work that is done by the Northern Cape Fleet Management Trading Entity to achieve its mandate.

After the outcome indicators have been developed all of them are budgeted for and the expenditure is monitored throughout the financial year with the sole intention to ensure that what is budgeted for is spend in accordance with the prescribes and regulation of government.

11.4. Key risks

Outcome	Key Risk	Risk Mitigation
Increase access to affordable and reliable transport infrastructure (Priority 2)	Delay of major repairs Major breakdowns	Regular technical analyses inspections on graders Purchases of new plant (yellow fleet) Refurbishment of old graders (internally) Disposal of older/redundant plant

	Fuel card fraud	<p>Development of standard operating procedures on fuel cards</p> <p>Workshop transport officers on the interpretation of the fuel reports</p> <p>Workshop on code of conduct, whistle blowing and transport policy (Transport Officer)</p>
	Non-payment and late payments by client departments	Stopped replacing cars of client departments, with high outstanding amounts
	High vacancy rate	<p>Management has advertised and continue to filled posts that were approved by office of the premier</p> <p>Review of the current organogram</p>

PART D



TECHNICAL INDICATOR DESCRIPTION (TID'S)

Indicator Title	Increased white fleet infrastructure investment
Definition	Fleet that has minimal repairs and maintenance, that is available for utilization for client department
Source of data	Requests from client departments and replacement schedule
Method of Calculation / Assessment	Quantative
Assumptions	All procured fleet are road worthy, registered and utilized
Dis aggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	All Districts
Desired performance	Client satisfaction
Indicator Responsibility	Chief Executive Officer

Indicator Title	Increased yellow fleet infrastructure investment
Definition	Fleet that has minimal repairs and maintenance, that is available for utilization for client department
Source of data	Requests from client departments and replacement schedule
Method of Calculation / Assessment	Quantative
Assumptions	All procured fleet are road worthy, registered and utilized
Dis-aggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	All districts
Desired performance	Client satisfaction
Indicator Responsibility	Chief Executive Officer

NOTES

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PR297/2020
ISBN: 978-0-621-48733-6

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