



Metrobus

First Quarter Performance Assessment Report 2025/26

We don't just drive buses, we drive the economy.

Head Office

Physical Address: Transportation House,
No 1 Raikes Road, Braamfontein, 2001
Postal Address: P O Box 1787, Johannesburg, 2001
Tel: 011 403 4300

www.mbus.joburg.org.za

Private hire Service

011 832 3135 /6/7

Call Centre

Tel: 0860 JOBURG (562 874)
Email: busqueries@joburg.org.za

Operating Hours: 05h00 - 21h00 (Monday to Friday)
06h00 - 14h00 (Saturday)
Closed on Sunday and Public Holidays

COMPANY INFORMATION

Registration number: : 2000/004704/30

Registered address: : Transportation House;
1 Raikes Road;
Braamfontein;
Johannesburg;
2000

Postal address: : PO Box 1787;
Johannesburg;
South Africa;
2000

Telephone number: : (011) 403-4300

Fax number: : (011) 403-1613

Website: : <https://mbus.joburg.org.za>

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

To promote accessible, reliable and environmentally friendly mobility through an efficient and sustainable bus service.

VISION

To be a people centred, performance driven provider of an efficient conventional bus service within the integrated public transport network.

CORE VALUES

CO-OPERATION

Seeking to at all times join hands with all concerned with the furtherance of the interests of the Citizens of Joburg.

ACCOUNTABILITY

Holding ourselves responsible for our actions and the outcomes of our work.

HONESTY

Doing the right thing even when no one is looking.

RESPECT

Valuing those we serve, those who we work with and our organization.

UBUNTU

A sense of community, being driven in our actions by the greater good of the Citizens of Joburg.



Metrobus
We don't just drive buses, we drive the economy.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

APPROVAL:

Luyanda Gidini CA(SA)

Name & Surname

Chief Financial Officer

Signature



21/10/2025

Approval Date

Dr Bongani Radebe

Name & Surname

Managing Director

Signature



21/10/2025

Approval Date

Charley Pietersen

Name & Surname

Board Chairperson

Signature



22/10/2025

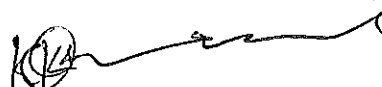
Approval Date

Kenny Kunene

Name & Surname

MMC

Signature



23/10/2025

Approval Date

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

TABLE OF CONTENTS

COMPANY INFORMATION	2
1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE	13
1.1 Chairperson's Foreword	13
1.2 Managing Director's Foreword	16
1.3 Chief Financial Officer's Report.....	18
1.4 Corporate Profile and Overview of the Entity.....	21
1.4.1 Metrobus turnaround plan 2013	21
1.4.2 Migration from Metrobus vision 2020 to vision 2027	21
1.4.3. Metrobus Fleet	22
1.4.4 Metrobus scope of operation	23
1.5 Strategic Objectives	23
1.5.1 Overview	23
1.5.2 Metrobus Strategic Objectives.....	26
1.6 Strategy 2022-27	28
2 CHAPTER TWO: GOVERNANCE	30
2.1 Governance Framework.....	30
2.1.1 King IV code of corporate governance	30
2.1.2 Code of conduct for directors	30
2.1.3 Ethical Leadership.....	30
2.1.4 Board Charter	31
2.2 The Legislative Framework	32
2.2.1 Municipal Finance Management Act, No.56 of 2003	32
2.2.2 Municipal Systems Act, No. 32 of 2000	33
2.3 Composition, Key Activities and Board Member Remuneration.....	33
2.3.1 Board of Directors	33
2.4 Board Activities	34

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

2.4.1	The attendance of meetings.....	35
2.4.2	Director and Prescribed Officer Remuneration	39
2.5	High Level Organisational Structure.....	41
2.5.1	High Level Functional Structure	42
2.6	Risk Management.....	43
2.6.1	Overview	43
2.6.2	Risk acceptability	43
2.6.3	Strategic Risk Register.....	44
2.7	Anti-corruption and Fraud Investigations (including forensic investigations).....	44
2.8	ICT Governance	45
2.8.1	Overview	45
2.8.2	Key ICT Projects	46
2.8.3	Challenges	46
2.9	Compliance with Laws & Regulations	47
2.9.1	Permits.....	47
2.9.2	Traffic Fines	47
2.9.3	Carbon Emissions Compliance	48
3	CHAPTER THREE: SERVICE DELIVERY PERFORMANCE	49
3.1	Highlights and Achievements.....	49
3.1.1	Economic Transformation	49
3.1.2	Fatality-Free Service	49
3.2	Service Delivery Challenges and Mitigation Actions.....	49
3.3	Service IDP Policy Objectives	50
3.4	Response to Strategic Directives	50
3.5	Performance against Service Standards	52
3.6	Performance against Predetermined Objectives	53
3.7	Performance against Strategic Deliverables.....	53

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

3.7.1 Corporate Scorecard 2022-27 Deliverables.....	53
4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT ..	54
4.1 Employee Remuneration (Total Costs including Executives)	54
4.2 Key Vacancies	54
4.2.1 Vacancy Rate.....	55
4.2.2 Staff Turnover Rate.....	55
4.3 Employment Equity	56
4.4 Skills Development and Training.....	58
4.4.1 Training and Development Programme.....	58
4.4.2 Apprenticeship Programme.....	59
4.4.3 Internship Program.....	59
4.4.4 Executive and Management Leadership Development Programme	60
4.4.5 Skills Levy and Mandatory Grant.....	60
4.5 Performance Management.....	60
4.6 Disciplinary Matters.....	61
4.7 Litigations	61
4.8 Leave & Productivity Management.....	61
4.8.1 Leave Management	61
4.8.2 Productivity	62
4.9 Employee Health and Wellness	62
4.9.1 Psychosocial Support and Counselling Services.....	62
4.9.2 Occupational health and safety measures.....	64
4.10 Employee Benefits	64
4.11 Occupational Health & Safety Programmes	65
4.11.1 Safety incidents.....	65
5. CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE	66
5.1 Statement of Financial Position and Exposure	66

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

5.1.1	Property Plant and Equipment.....	67
5.1.2	Intangible assets.....	67
5.1.3	Inventory	67
5.1.4	Trade payables.....	67
5.1.5	Loans from shareholders	68
5.1.6	Prepayments.....	68
5.1.7	Receivables	68
5.1.8	Accumulated Losses	68
5.2	Statement of Financial Performance and high-level notes.....	69
5.2.1	Overview	71
5.2.2	Fare Revenue	71
5.2.3	Diesel	71
5.2.4	Repairs and maintenance.....	71
5.2.5	Other direct expenses	72
5.2.6	Staff costs.....	72
5.2.7	Depreciation and amortization expense.....	72
5.2.8	Other significant savings.....	72
5.2.9	Other Costs.....	72
5.2.10	Finance Charges / Interest Paid	73
5.3	Cash flow statement	73
5.4	Ratio Analysis	74
5.4.1	Solvency:.....	74
5.4.2	Liquidity:	75
5.5	Capital Projects & Expenditure.....	75
5.6	Supply Chain Management (SCM) & Compliance Matters	78
5.6.1	Irregular, Fruitless, and wasteful expenditure	78
5.6.2	Awards where there were no three quotes.	78
5.6.3	Deviations	78
		8

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

5.6.4 Expenditure on BBBEE and SMME's	79
5.6.5 Performance against procurement plan.....	80
5.6.6 Contract Management.....	81
5.7 Payments.....	81
5.7.1 Payments within 30 days.....	81
5.8 Amounts Owed to Metrobus by CoJ and Entities (Intracompany).....	82
5.9 Amounts Owed to Metrobus by CoJ Core Departments (Intercompany Liabilities)	82
CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS	84
6.1 Introduction	84
6.2 Staff Establishment	84
6.3 Progress against the 2024/25 Internal Audit Plan.....	84
6.4 Progress against Approved Ad-Hoc- Projects	85
6.5 Limitation of Scope and Exclusions	86
6.6 Opinion on Control	86
6.6.1 Rating Summary – Controls Opinion	86
6.6.2 Rating Summary – Detailed Audit Findings	87
6.7 Follow up of IAF and AGSA Findings	87
6.7.1 Progress on Internal Audit Findings Follow-Ups.....	87
6.8 External Audit Findings	87
6.8.1 Progress on Resolution of External Audit Findings.....	87
6.9 Overall Quarter Opinion on Controls	88
6.10 Risk Management	88
6.10.1 Risk Methodology.....	88
6.10.2 Strategic Risks	89
6.10.3 Emerging Risks	91
6.10.4 Progress on Embedded Risks	91
ANNEXURE A: IDP & SDBIP SCORECARD	92

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

ANNEXURE B: METROBUS SCORECARD	94
Program 1: Customer Services, Stakeholder Engagement and Communication	95
Program 2: Innovation and Green Economy	98
Program 3 Enterprise Development and Job Creation	99
Program 4: Financial Management, Viability and Sustainability	100
Program 5: Operational Excellence	101
Program 6: Technology and Business Enablement	103
ANNEXURE B1: UNACHIEVED KPI's	104
ANNEXURE C: SERVICE STANDARDS	107
ANNEXURE D: STRATEGIC RISK	109
ANNEXURE E: CIRCULAR 88	118
ANNEXURE F: COMPLIANCE CHECKLIST	120
ANNEXURE G: REMEDIAL PLAN FOR NON-PERFORMANCE	133
ANNEXURE H: SPECIFIC ISSUES IDENTIFIED	136

GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
AFS	Annual Financial Statements
AG/AGSA/Auditor General	Auditor General of South Africa
ARC	Audit and Risk Committee
Board	Board of Directors
GHG	Green House Gas
CNG	Compressed Natural Gas
CoJ/City of Joburg/City	City of Johannesburg Metropolitan Municipality
Companies Act	Companies Act, 2008, Act No 71 of 2008
EE	Employment Equity
ERP	Enterprise Resource Plan
FY	Financial Year
ICT	Information and Communications Technology
IDP	Integrated Development Plan
MFMA	Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003
MSA	Local Government: Municipal Systems Act, 2000, Act 32 of 2000
OOC	Out of Commission
ED	Executive Director

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

NED	Non-Executive Director
SDC	Service Delivery Committee
MD	Managing Director
CFO	Chief Financial Officer
GFIS	Group Forensic Investigation Services
GDS	City of Johannesburg 2040 Growth and Development Strategy
PMS	Performance Management System
TETA	Transport Education Training Authority

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

I am honoured, on behalf of the Board, to present the 2025/26 first quarter Metrobus Performance Assessment Report. The Board has noted with concern the continuing downward trend in the number of commuters accessing the services of Metrobus. Although general performance has improved in comparison to the same period in the previous financial year, the pre-determined performance has not been achieved during the period under review. In this regard, management has committed to several mitigation measures specifically dealing with the key performance indicators on which performance targets have not been achieved. These mitigation measures are collectively intended to ensure an overall improvement in the performance of the entity. While these mitigation measures are systematic in nature, a number of systemic performance disablers remain a concern, key among which are declining budgetary allocations, negative financial implications emanating from the current financial model, as exacerbated by the non-resolution of the question of the review of the current funding model.

A variety of opportunities remain in reach of the entity, key among which are continued enhancement of revenue generation through a concerted effort at collection and protection of revenue through enforcement targeted at both employees and commuters. The introduction of electric vehicles as part of the energy mix will ensure that the entity makes significant strides towards the goal of a green economy for the City. The procurement of thirty-four (34) buses, the delivery of which is scheduled to be completed in January of 2026 will contribute towards improving the reliability of services. During the period under review, eight buses were delivered resulting in a cumulative of 15 buses delivered.

However, in view of additional buses required to reach requisite levels of fit-for-purpose buses and the declining budget allocations from the City, the entity is currently considering alternative avenues of procuring more buses, particularly grant funding. Progress has also been recorded in making certain that the entity is positioned to pursue the generation of revenue through alternative streams such as private hire and mobile advertising opportunities. In this regard, the process of establishing proper costing structures which informs proper pricing of these services has been completed.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

During the period under review, the entity recorded a 10% improvement in performance in comparison with the same period last year.

Quarter 1 2024/25	Quarter 1 2025/26
55% Against a target of 85%	65% Against a target of 85%

From an operations point of view, several operational Key Performance Indicators were not met. Significant among these are key performance indicators relating to percentage increase in ridership from Metrobus routes, percentage of planned trips completed, as well as the fleet availability to operate scheduled trips met. It is noteworthy that these represent the core of the entity's service delivery mandate and have a significant impact on the successful implementation of the shareholder Integrated Development plan.

The Board continues to monitor the embedding of Intelligent Transport Systems. The suite of capabilities provided by the various systems span a wide spectrum covering data collection, analysis and commuter engagement. These developments continue to increase the traction towards the entity's leveraging of technology as an important enabler of business excellence going forward. In this regard, the board keenly supports the continuation of this digital journey and views the implementation of the Automated Fare Collection (AFC) System as the next significant milestone in this regard.

The entity fulfills its mandate primarily through the provision of reliable transportation. This is measured through the rate of completion of planned trips. In this regard, the entity recorded 64% performance against a target of 80% completed during quarter one. It is commendable that during the period under review, the entity operated a total of 1,5 million kilometers of fatality-free mobility.

The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity consistently meets its engagement and reporting requirements with the shareholder and continues to receive governance support from the shareholder.

The entity has recorded an achievement level of 65% against a target of 85% for its pre-determined objectives during the period under review.

The overall financial position of the entity is characterized by technical insolvency and remains a concern. However, net liability position worsened from R 455, 2 million (30 June 2025) to R 471, 0 million as of 30 September 2025.

As alluded to earlier herein, the overall financial position of the entity is being addressed through a shareholder led debt restructuring process that seeks to address the debt that the entity has incurred since inception. This process, together with the development of a suitable financial model for Metrobus is among the key strategic enablers considered imperative for the financial sustainability of the entity.

The Board remains committed to advancing the interests of the entity, ensuring continuous improvement of its performance and service offering and proper stewardship of the entity in pursuit of the outcomes of financial sustainability; operational efficiency; industrial harmony; and eco-mobility. This commitment is outlined in detailed, measurable terms in the Metrobus Corporate Strategy 2022-27, as reviewed by the Board during the current financial year and further complemented by the 2024-25 performance turnaround plan.

Mr. Charley Pietersen

Board Chairperson

1.2 Managing Director's Foreword

Towards a significant improvement in performance, Metrobus remains persistent in its commitment to financial sustainability and operational excellence which are the central focus areas in the entity's 2024-25 turnaround plan. The entity remains focused on the two significant strategic goals of financial sustainability and operational excellence. Our focus on continuous analysis of cost drivers aims to identify and eliminate operational and systemic inhibitors of performance excellence. Digitisation, encompassing the automation and standardisation of processes, remains a key enabler in this effort.

While Metrobus has made some significant strides in enabling its operations through technology, significant challenges have beset the pace at which technology is harnessed to enable performance. This was noted particularly in relation to the implementation of cashless mobility which was intended to be supported by several technological platforms. While challenges have been experienced with the implementation of same, the entity managed to implement cashless mobility which is expected to significantly improve revenue generation.

It is noteworthy that the net liability position worsened from R 455, 2 million (30 June 2025) to R 471, 0 million as of 30 September 2025. Current projections indicate that the current repairs and maintenance budget will not sustain the entity past mid-year. This is a serious concern. Metrobus will at mid-year budget adjustment submit a request for further allocation in this regard. In this quarter, the entity achieved 21% of its capex expenditure target. Performance against predetermined objective was recorded at 65% against a target of 85%. The entity recorded a performance level of eighty percent (80%) of Service Level Standards against a target of 80%. Detailed performance against predetermined objectives is provided in Annexure B of this report. Nevertheless, we remain committed to delivering a bus service that excels in safety, customer service, and financial management.

Progress has been made in the procurement of buses, current funding allocations from the shareholder remain significantly inadequate to meet the refueling requirements of the entity. In this regard, alternatives are being pursued vigorously to secure funding, particularly grant funding to finance the refueling requirements of the entity. Labour relations remains a challenge in the organisation, however management maintains the functionality of engagement forums with organised labour. In this regard it is commendable that during the

period under review, no man days were lost due to industrial action. Management remains committed to a principled, and harmonious relationship with employees of the entity.

The resolution of internal audit findings has improved with the entity exceeding its target by 50%. The entity has also exceeded its target for resolution of external audit during the period under review.

During the period under review, Metrobus met its target on service standards which represents the core of “the people’s contract” with citizens of Johannesburg. The entity achieved its target of 80%.

It is anticipated that the delivery of additional buses, thirty-four (34) by the end of January 2026 will significantly improve fleet availability to meet demand. This will be complemented by concerted effort to improve the quality of repairs and maintenance to significantly decrease out of commission of buses.

Dr Bongani Radebe

Managing Director

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

1.3 Chief Financial Officer's Report

Introduction

The first quarter finance report was prepared on a going concern basis, that is, the entity would continue to operate for the foreseeable future.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as of 30 September 2025.

Abridged Statement of Financial Performance

Description	Q1 30-Sep-25			Variances		
	Actual	Budget	Prior year	Q1 To budget	Q1 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	185,122	193,386	177,653	(8,264)	7,470	(8,264)
Direct costs	26,556	43,940	49,830	17,385	23,274	17,385
Margin	158,567	149,446	127,823	9,121	30,744	9,121
Expenses	158,595	136,430	128,089	(22,165)	(30,506)	(22,165)
Operating result	-29	13,016	-266	(13,045)	238	(13,045)
Interest paid	15,789	13,016	12,381	(2,774)	(3,408)	(2,774)
Total Expenditure	200,941	193,386	190,301	(7,555)	(10,640)	(7,555)
Surplus / Deficit	-15,818	0	-12,648	(15,818)	(3,170)	(15,818)

Notes on Income Statements

Overview

The draft operating budget was rebased over the past four years, and this resulted in a net decrease of R215 million, the effects of this reduction in budget has not been resolved in the new budget. The operating expenditure budget was overspent by R7, 6 million due to inadequate budget. Metrobus recorded a deficit amounting to R15, 8 million for the quarter ending 30 September 2025.

Diesel costs

The diesel budget base was increased in the past financial year. During the first quarter the diesel budget was underspent by R 13, 7 million due to reduced bus fleet.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Repairs and maintenance

Projections indicate that the repairs and maintenance budget will be exhausted by end of November 2025 based on the previous trend and considering the low budget approved. This budget has not been increased besides management requesting budget increases for the past few years. Even though the repairs and maintenance budget was underspent by R3, 1 million for this quarter, the costs are expected to increase as most of the buses are in the process of being repaired. The full repairs and maintenance budget is likely to be exhausted before end of mid-year.

Asset and liabilities

The table below reflects the abridged financial position of the entity on 30 September 2025

Abridged Statement of Financial Performance

Description	30-Jun-25	30-Jun-24	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	601,025	590,681	10,344	2%
Current Assets	150,484	206,060	-55,576	-27%
Total Assets	751,510	796,741	(45,232)	-6%
Capital & Reserves	(471,049)	(455,231)	-15,818	3%
Non-Current Liabilities	10,471	10,471	0	0%
Current Liabilities	1,212,087	1,241,501	(29,414)	-2%
Total Equity & Liabilities	751,510	796,741	(45,232)	-6%

Property Plant and Equipment

Property Plant and Equipment assets increased by R 13, 3 million (3%) from R 516, 8 million (30 June 2025) to R 530, 1 million as of 30 September 2025 due to the net effect of depreciation charges and capital assets acquired during the period.

Capital expenditure

The shareholder approved capital expenditure budget amounting to R 157 million for various capital projects of which R 100 million is for the procurement of buses. The entity managed to spend 21% of the total approved budget excluding commitments, and 46% including commitments.

Cash flow

The entity has been experiencing serious cash flow challenges over the past few financial years, and this has continued in the current financial year. The cash flow challenges have

been affecting payment to suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on entity's cash forecast. During the current quarter the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of suppliers.

Compliance and Internal Control Environment

There has been an improvement in the internal controls in the finance environment over the past year. The entity's management of payments of suppliers within 30 days have been severely impacted by cash flow challenges which is being experienced at the city level. As a result, the entity has not managed to pay its suppliers within 30 days as required.

The entity is pleased to report that no fruitless and wasteful expenditure was incurred over this period.

Supply Chain Management

While SCM continues to be a challenging environment due to shortage of staff, however significant improvements have been made in terms of the management of the contract register and preventing irregular expenditure.

Strategic Outlook and Business Conditions

The entity will continue with its focus of being a low-cost provider of public transport going forward; however, this strategy needs to be compensated through proportional investment in a robust revenue collection system, adequate fleet and fuel management systems as well as the replacement the ageing fleet. The harnessing of efficiencies through focussing on well-populated routes and robust marketing of new contract hires will be a major focus area in repositioning the entity to market leadership.

Mr. Luyanda Gidini CA(SA)

Chief Finance Officer

1.4 Corporate Profile and Overview of the Entity

The City of Johannesburg Metropolitan Municipality (the City) established Metrobus in 2000 as a wholly owned Municipal Entity. The Entity was established to play a critical role in delivering safe, reliable, and affordable public transport service.

As part of the phased development of the City's Integrated Transport Plan (CITP), the City adopted the Strategic Integrated Transport Plan Framework (SITPF) in 2013. The SITPF identifies Metrobus as a primary operator for conventional bus services that would be used on medium-demand public transport routes and to extend service to new areas of captive car users in the South, South-East, North and North-West of the City.

1.4.1 Metrobus turnaround plan 2013

In 2013, the City of Johannesburg agreed on a turnaround plan for Metrobus which involves:

- Reviewing the routes that Metrobus services.
- Reviewing the way Metrobus is managed by the City to make sure that services are more reliable.
- Introduction of a new funding model, based on a fee per kilometre as opposed to outright grant funding.
- Introducing new green fuel buses; and
- Introducing a new fare collection system, which will use smartcard.

The turnaround plan is reviewed every three (3) years. Since 2013, the following has been implemented:

- Procurement of buses in 2015
- Institutional Review done in 2015
- Refurbishment of buses since 2019
- Debt restructuring is at an advanced stage
- Rationalisation of routes is on-going
- Cashless mobility

1.4.2 Migration from Metrobus vision 2020 to vision 2027

In 2015, Metrobus developed a five-year strategic plan known as "Vision 2020". The purpose of the plan was to outline the entity's vision and mission and present a holistic strategic

approach to the role of the entity in addressing public transportation needs in the current public transport ecosystem and in the context of the impending Integrated Public Transport Network. The strategy was implemented in a coordinated, phase-driven approach encompassing three distinct phases:

Phase 1: Stabilization – this phase was envisaged to stabilize the operating environment and normalize the performance context.

Phase 2: Consolidation - this phase was envisaged to consolidate the gains of stabilization and embed a culture conducive to high performance.

Phase 3: Sustainability – it was envisaged that this phase would be characterized by the consistent meeting of performance targets and making progress toward performance enhancement.

Although much progress has been made in respect of the outcomes of the various phases, the entity can be deemed not to have successfully transited from the consolidation phase.

The 2022-23 financial year heralds the first year of vision 2027. The strategy was reviewed by the Board during the latter part of the 2022/23 financial year and forms the basis of the 2025/26 Business Plan. The apex outcome of this new vision is the implementation of a new operating model, and alternative funding model, with concomitant enablers including the following: intelligent transport systems programme and funded fleet procurement.

During the latter part of financial year 2021/22, a new Integrated Development Plan was adopted by the City, which encapsulates a new set of strategic priorities intended to guide the direction of the city and its entities for the next five years. In alignment thereto, the Board of Metrobus embarked on the development of a strategy for the entity in relation to the period ending June 2027. Towards this end, Metrobus has reviewed a number of operational strategies towards ensuring sufficient capacity of fit-for-purpose fleet; infrastructure; technology; technical competency; employee value proposition; safety and wellness; and stakeholder engagement.

1.4.3. Metrobus Fleet

The current fleet of Metrobus buses stands at three hundred and seventy-seven (377) and below is a table depicting the fleet by make and model.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 1: Fleet details

Asset Age	Asset Group	Milpark	Roodepoort	Village Main	Total
23 Years	Volvo B7L	38	7	37	82
	Volvo B7R	6		2	8
23 Years Total		44	7	39	90
19 Years	Mercedes Benz 1725/59	48	4	33	85
	Mercedes Benz 1725/DDF	24	4		28
19 Years Total		72	8	33	113
10 Years	Mercedes Benz Euro 3	14	7	4	25
	Mercedes Benz Euro 5	55	35	53	143
10 Years Total		69	42	57	168
New	Volvo B8RLE	2	2	2	6
Grand Total		187	59	131	377

1.4.4 Metrobus scope of operation

The entity operates within the greater Johannesburg metropolitan area in three business segments, namely: the provision of daily scheduled public transportation, the rendering of private hire transportation services and special contract for the Gauteng Provinces' Department of Transport in Eldorado Park.

In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates: A dedicated service to persons with disabilities, subsidised pensioner transport services, scholar services.

1.5 Strategic Objectives

1.5.1 Overview

Metrobus service mandate is aligned to the National Development Plan strategic areas and planning priorities, which focus on the creation of a workable urban transit that will streamline an effective urban, transport system through:

- Provision of affordable, faster, reliable, and safe public transport.
- Transport plans that are aligned with spatial development; and
- Providing incentives for public transport use.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

As an entity of the City of Joburg, Metrobus has aligned its long-term strategic imperatives with the Growth and Development Strategy of the City of Joburg (GDS 2040) and contributes directly to outcome two and three of the Growth and Development strategy 2040. Outcome two (2) relates to the provision of a resilient and liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy. In relation to the GDS outcome 2, it is noteworthy that South Africa has launched the country's first Green Transport Strategy (GTS) to promote a transport system that is environmentally friendly and helps boost economic growth and create jobs. In South Africa, the transport sector is reported to be the most rapidly growing source of greenhouse gas (GHG) emissions, and its continued growth is expected to have an increasing impact on biodiversity, air quality, land resources and water quality. Industry accounts for over 90% of total emissions. For its part, out of a total of three hundred and seventy-seven (377) buses, the entity operated one hundred and forty-three (143) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

Outcome three (3) which relates to an inclusive, job intensive, resilient, competitive, and smart economy that harnesses the potential of citizens. Transportation remains a significant enabler of a smart economy. In this regard, the entity contributes to a smart economy for Johannesburg through distinct Intelligent Transport System which involves the following.

- Eye on the bus- The project is intended to automate most of the functions in the Bus, Depots and to Advance the user experience.
- Automated Fare Collection (AFC)- (AFC) system is the collection of components that automate the ticketing system of a public transportation network.
- Wi-Fi on buses- The project will assist Metrobus to understand its customers and collect customer information that is accurate.

Figure 1: Alignment to GDS 2040

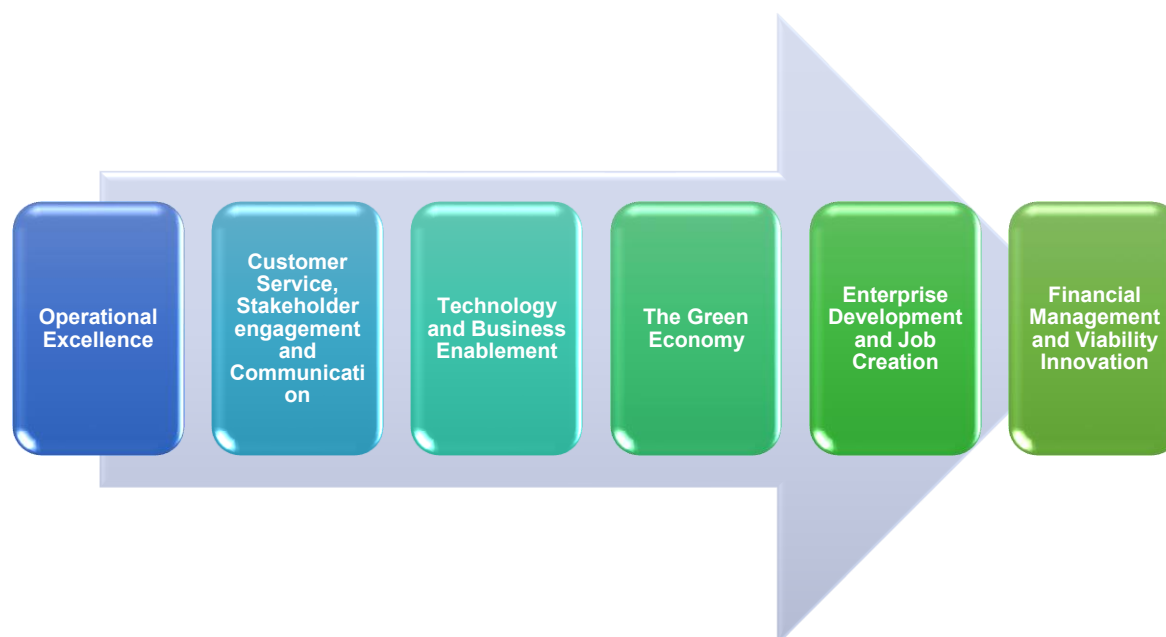


In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below.

Table 2: Alignment to outcome, outputs, and entity priorities

GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	- A society characterized by healthy living for all. - A safe and secure city - A city characterized by social inclusivity and enhanced social cohesion	- Energy mix is based on the use of CNG as alternative energy. - Preferential procurement - Transportation supportive of a growing economy - Technology: introduction of technology with capacity for smart commuter interface, operator behavior monitoring, general positional surveillance of buses and automated fare collection - Adherence to service level standards.
An inclusive, job intensive, resilient, competitive, and smart economy that harness the potential of citizens	- Job-intensive economic growth - Promotion and support to informal and micro business	- Extended job opportunities through EPWP - Development and support of SMME's

Figure 2: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

Metrobus Strategic Goals and Objectives

Goal 1

Ensure that Metrobus is viable and sustainable



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 2

Ensure effective and efficient bus operations



OBJECTIVE 01

Review and implement an organisational turnaround plan



OBJECTIVE 02

Improve and automate Metrobus systems



OBJECTIVE 03

Improve Metrobus reliability



OBJECTIVE 04

Decrease Metrobus contribution to GHG emissions

PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 3

Attain, develop, and retain talent in a fit for purpose organizational structure that will deliver on our Mission



OBJECTIVE 01

Develop and implement a change management plan.



OBJECTIVE 02

Ensure labour stability



OBJECTIVE 03

Create a healthy organisational culture



OBJECTIVE 04

Create a culture of high performance



OBJECTIVE 05

Capacitate employees

PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 4

Ensure a well governed entity



OBJECTIVE 01

Establish and implement integrated enterprise wide business policies and procedures.



OBJECTIVE 02

Develop a stakeholder relationship management strategy.



OBJECTIVE 04

Identify and manage risks

PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 5

Continuously monitor, evaluate and improve service



OBJECTIVE 01

Account for resources and results.



OBJECTIVE 02

Proactively plan for the future



OBJECTIVE 04

Monitor and evaluate the strategic plan

PEOPLE PERFORMANCE BALANCE

1.6 Strategy 2022-27

In charting a strategic path for the entity, the Board led a process of reviewing the five-year strategy for the entity. Five strategic goals were determined and are core to the strategy:

- Ensure that Metrobus is viable and sustainable.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

- Ensure effective and efficient bus operations.
- Attain, develop and retain talent in a fit-for-purpose organizational structure.
- Ensure a well-governed entity.
- Continuously monitor, evaluate and improve service.

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

The Board and management of Metrobus are committed to the highest standard of corporate governance, accountability, transparency, fairness, and integrity. Having examined the controls, the Board is satisfied that every effort is being made by management to comply with all material aspects of the relevant legislations. The Metrobus Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV code. The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that Metrobus is managed ethically and within prudently determined risk parameters.

2.1.1 King IV code of corporate governance

The purpose of King IV Code of Corporate Governance is to foster an environment of trust, transparency, and accountability necessary for fostering long-term investment, financial stability, and business integrity.

2.1.2 Code of conduct for directors

The Municipal System Act provides guidance for the conduct of directors and members of staff of municipal entities.

2.1.3 Ethical Leadership

In line with the provisions of the Municipal Systems Act, the Board has approved a Code of Ethics as a guide Metrobus employees and directors on the appropriate manner of conducting the affairs of the entity and executing respective duties and responsibilities. The Board views ethical behaviour and leadership as a second pillar of corporate governance and promotes it throughout the organisation. The Johannesburg Metropolitan Bus Services Company (SOC) Ltd (“Metrobus”) policy requires both Non-Executive and Executive Directors (“Directors”) and all employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Metrobus, as a company and a municipal entity, is committed to its values of **Respect, Honesty, Co-operation, Accountability and Ubuntu** in its business environment, both internally and externally. The guiding principles are namely:

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

When acting on behalf of Metrobus, directors and employees shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair dealing practices.

2.1.4 Board Charter

The Board of Directors has incorporated the City of Johannesburg's corporate governance protocol into its charter, which regulates its relationship with the City of Johannesburg as its sole member and parent municipality as agreed by the Shareholder Compact, in the interest of good corporate governance and good ethics. The protocol is premised on the principles of the King Code. The charter sets out the composition and powers of the Board.

2.1.4.1 The roles and responsibilities of the Board shall be to:

- I. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.
- II. Appreciate that strategy, risk, performance, and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy.
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
 - Identify key performance and risk areas.
 - Ensuring that the strategy will result in sustainable outcomes.
 - Considering sustainability as a business opportunity, that guides strategy formulation.

2.1.4.2 Provide effective leadership on an ethical foundation.

2.1.4.3 Ensure that the Company is and is seen to be a responsible corporate citizen by having regard to not only financial aspects of the business of the Company but also impact that business operations have on the environment and the society within which it operates.

2.1.4.4 Ensure that there is an effective risk-based internal audit.

2.1.4.5 Disclose real and potential conflicts of interests.

2.1.4.6 Appreciate that stakeholder's perceptions affect the Company's reputation.

2.1.4.7 Ensure the integrity of the Company's integrated report.

2.1.4.8 Act in the best interests of the Company by ensuring that individual directors:

- I. Adhere to legal standards of conduct.
- II. Are permitted to take independent advice in connection with their duties following an agreed procedure.
- III. Commence business rescue proceedings as soon as the Company is financially distressed.

2.2 The Legislative Framework

The legislative framework for municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity. The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004, namely private company, service utility or multi-jurisdictional service utility.

Metrobus is classified as a State-Owned Company in terms of the Companies Act and is subject to the provisions of the Companies Act

2.2.1 Municipal Finance Management Act, No.56 of 2003

2.2.1.1 Circular 63

The aim of this circular is to provide guidance to municipalities and municipal entities on the Approved Annual Report Format and its contents. Information included in the Annual Report will better inform in a standardised framework how municipalities and municipal entities have performed, by providing information of a financial and non-financial nature in one document.

2.2.2 Municipal Systems Act, No. 32 of 2000

2.2.2.1 Section 93L

Section 93L of the Municipal System Act provides principles and guidelines for proper conduct of directors and employees of municipal entities.

2.3 Composition, Key Activities and Board Member Remuneration

2.3.1 Board of Directors

The Metrobus has a unitary Board, which comprises both executive and non-executive directors. At the end of the first quarter, the company had eleven (11) Directors, i.e. nine (09) Non-Executive Directors and two (2) Executive Directors, being the Managing Director and the Chief Financial Officer.

The entity's Board of Directors are appointed by the City as the Shareholder. The composition of the Board on the 2025/2026 first quarter was as follows:

Table 3: Metrobus Board of Directors

Name	Position
Mr. Charley Pietersen	NED and Board Chairperson
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Ponds Peterson	NED
Ms Faith Irwin	NED
Ms Yolandi Erasmus	NED
Mr Simon Masemola	NED
Ms Samkelisiwe Zwane	NED
Ms Tshepiso Madingoane	NED

Table 4: Executive Directors are as follows:

Name	Position
Dr Bongani Radebe	Managing Director
Mr Luyanda Gidini	Chief Financial Officer

2.3.2 Composition of the Sub Committees

Metrobus Board has three (3) sub-committees, namely the Audit and Risk Committee (ARC) and the Human Resources, Social and Ethics Committees (HRSE), and Service Delivery Committee (SDC). The ARC comprises of five (5) members, three (3) of which are independent audit committee members. The HRSE committee comprises of three (3) non-executive directors and chaired by a non-executive director. The SDC comprises of three (3) Non-Executive Directors and is chaired by a Non-Executive Director. The administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), has been completed.

Table 5: Composition of Sub Committees

No.	Audit and Risk Committee (ARC)	Human Resources, Remuneration, Social and Ethics Committee (HRSE)	Service Delivery Committee (SDC)
1.	Ms. Yolandi Erasmus (Chairperson)	Ms. Khanya Sithebe (Chairperson)	Ms. Ponds Peterson (Chairperson)
2.	Mr Simon Masemola	Mr. Hein Toerien	Ms Tshepiso Madingoane
3.	* Mr Nison Khosa	Ms. Faith Arwin	Ms Samkelisiwe Zwane
4.	* Mr. Wayne Buckley		
5.	* Ms. Gloria Matshusa		
Total	5	3	3

* Independent Audit Member

Table 6: Independent Audit Committee (IAC)

#	Independent Audit Committee (IAC)
1	Mr. Nison Khosa
2	Ms. Gloria Matshusa
3	Mr. Wayne Buckley

2.4 Board Activities

Director's meetings are held on a quarterly basis and may be called more often if required for special matters requiring consideration on a priority basis. Each time a meeting of the Board or one of its Sub-Committees is convened a specific point is included in the agenda on declaration of interests.

The Board has three (3) Board committees, namely the Human Resources, Social and Ethics Committee (HRSE), the Audit and Risk Committee (ARC), and Service Delivery Committee (SDC).

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

During the quarter under review, the Board held two (2) meetings, and three (3) Stakeholder Engagement Meetings.

The Board Committees held four (4) ordinary Committee meetings and two (2) special meetings during the first quarter, on the date reflected hereunder:

Table 7: Board and Sub-Committee meetings held.

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
Ordinary 29 July 2025 29 August 2025	Ordinary 21 July 2025 25 August 2025	Ordinary 14 July 2025	Ordinary 16 July 2025
		Special 26 August 2025	Special 26 August 2025
Stakeholder Engagement Meeting 15 July 2025 (Meeting with Commuters) 18 July 2025 (Nelson Mandela Day) 17 September 2025 (Meeting with Organized Labour)			

2.4.1 The attendance of meetings

✓ -Attended; x- Apology – n/a -Not a member

Table 8: Board Meetings attendance register

Name	Designation	Meetings	
		Ordinary Board meeting (Quarterly) 29 July 2025	Ordinary Board Meeting (Audit Planning) 29 August 2025
Mr. Charley Pietersen	NED(Chairperson)	✓	✓
Ms. Khanya Sithebe	NED	✓	✓

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

Mr. Hein Toerien	NED	✓	✓
Ms. Ponds Petersen	NED	✓	✓
Ms Faith Irwin	NED	✓	✓
Ms Yolandi Erasmus	NED	✓	✓
Ms Tshepiso Madingoane	NED	✓	✓
Ms Samkelisiwe Zwane	NED	✓	✓
Mr Simon Masemola	NED	✓	✓
Dr. Bongani Radebe	MD	✓	✓
Mr. Luyanda Gidini	CFO	✓	✓

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 9: Board Sub Committee Meetings attendance register

✓ Attended; x- Apology – N/A -Not a member.

Name	Designation	Ordinary HRSE Meeting 14 July 2025	Ordinary Meeting 16 July 2025	SDC 21 July 2025	Ordinary ARC Meeting 25 August 2025	Special HRSE Meeting 26 August 2025	Special SDC Meeting 26 August 2025
Mr. Charley Pietersen	NED (Chairperson)	—	—	—	—	—	—
Ms. Khanya Sithebe	NED	✓	—	—	—	✓	—
Mr. Hein Toerien	NED	✓	—	—	—	✓	—
Ms. Ponds Petersen	NED	—	✓	—	—	—	✓
Ms Faith Irwin	NED	✓	—	—	—	✓	—
Ms Yolandi Erasmus	NED	—	—	✓	✓	—	—
Ms Tshepiso Madingoane	NED	—	✓	—	—	—	✓
Ms Samkelisiwe Zwane	NED	—	✓	—	—	—	✓
Mr Simon Masemola	NED	—	—	✓	✓	—	—
Mr. Wayne Buckley	IAC	—	—	✓	✓	—	—

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Ms. Gloria Matshusa	IAC	—	—	—	—	—	—
Mr. Nison Khosa	IAC	—	—	—	—	—	—
Dr. Bongani Radebe	MD	✓	✓	✓	✓	✓	✓
Mr. Luyanda Gidini	CFO	—	—	—	—	✓	✓

2.4.2 Director and Prescribed Officer Remuneration

The entity remunerates the Non-Executive Directors and Independent Audit Committee members in accordance with the policy and amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of Metrobus. The Non-Executive Directors and Independent Audit Committee members are paid per meeting. Executive directors and prescribed officers are employees of Metrobus and do not receive any additional remuneration.

Table 10: Board and Independent Member Compensation

Name	Quarter 1
Mr. Charley Pietersen	59 890.00
Ms. Khanya Sithebe	61 890.00
Ms Yolandi Erasmus	64 340.00
Mr. Hein Toerien	49 800.00
Ms. Ponds Petersen	69 890.00
Ms. Faith Irwin	49 890.00
Mr Simon Masemola	57 800.00
Ms Samkelisiwe Zwane	57 800.00
Ms Tshepiso Madingoane	57 800.00
*Mr. Wayne Buckley	16 360.00
*Ms. Gloria Matshusa	16 360.00
*Mr Nison Khosa	24 360.00

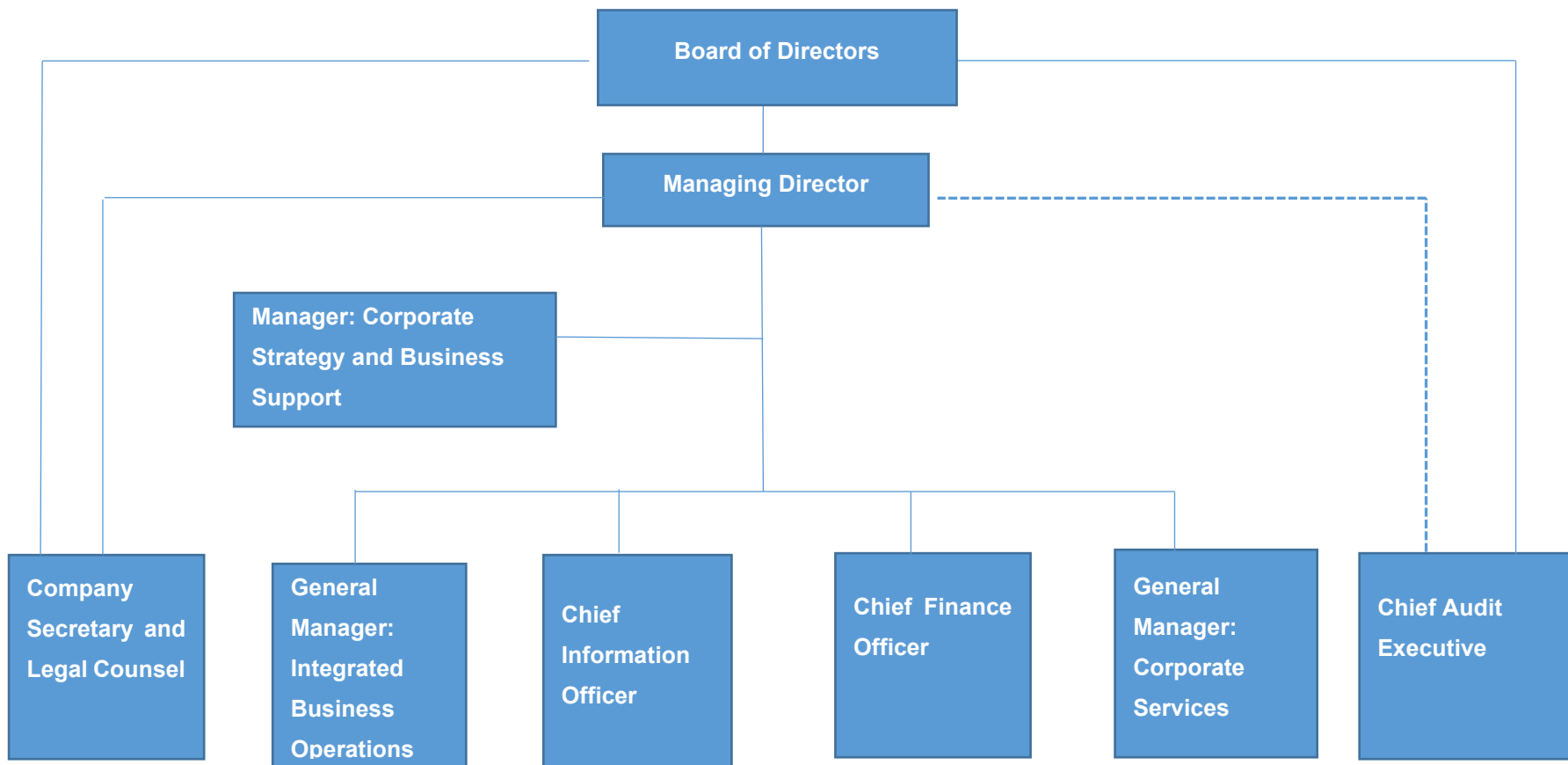
City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 11: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Managing Director	Dr. Bongani Radebe	R2 809 244.00	R702 311.00	-	-	-	R702 311.00
Chief Financial Officer (CFO)	Mr. Gidini Luyanda	R1 781 917.00	R445 479.25	-	-	-	R445 479.25
General Manager: Corporate Services	Vacant	R0.00	R0.00	-	-	-	R0.00
General Manager: Integrated Business Operations	Ms. Khathi Zandile	R1 781 917.00	R445 479.25	-	-	-	R445 479.25
Legal Counsel & Company Secretary	Mr. Sibisi Zibonele	R1 403 935.00	R260 005.09	-	-	-	R260 005.09
Chief Audit Executive (CAE)	Mr. Mothupi Serame	R1 600 000.00	R56 205.09	-	-	-	R56 205.09
Chief Information Officer (CIO)	Vacant	R0.00	R0.00	-	-	-	R0.00
	TOTAL	R8 657 013.00	R1 909 479.68	-	-	-	R1 909 479.68

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

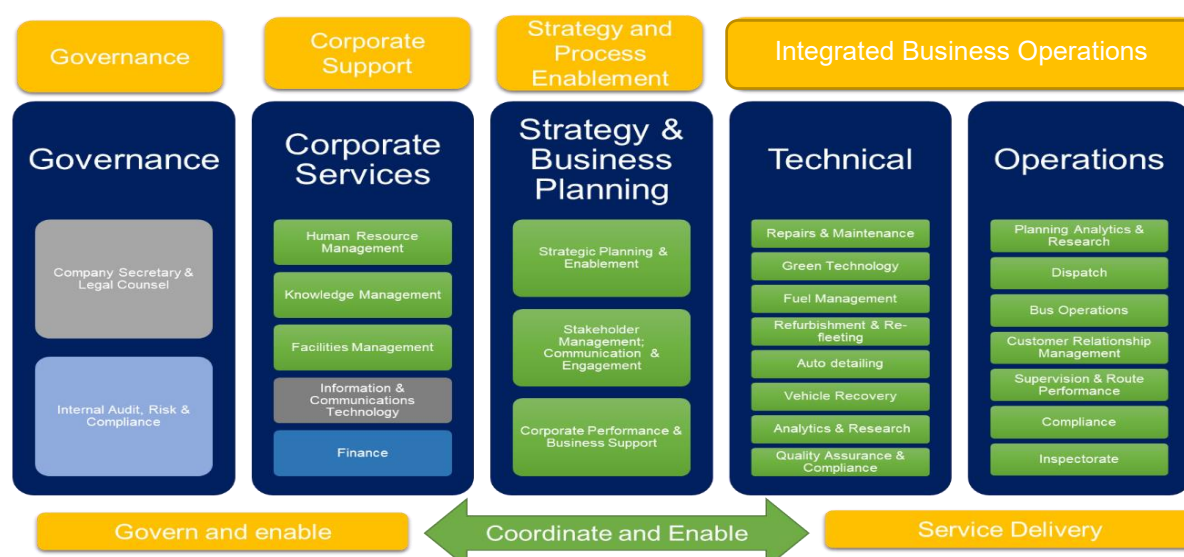


2.5.1 High Level Functional Structure

Metrobus functional structure and operating model is one of the critical building blocks required for organisational structure design and identifies the strategic service drivers and relevant capabilities, which the organisation must cater for in order to achieve its core mandate. It further indicates how the strategic service drivers and capabilities are grouped together into operating blocks for an effective value proposition. In developing the entity's functional structure, management took into account the reason of existence for the entity, which is to ensure a fleet that is well maintained, scheduled and is on the road at the right time to meet the needs of our customers.

In line with the Metrobus, service delivery model both the Technical Services and the Operations function, which collectively form the Integrated Business Operations (IBO) are identified as core functions. For the core functions to effectively deliver on the mandate of the entity, they require the support functions which are Corporate and Support Services as well as Governance. The support and core capabilities are coordinated and aligned towards the realisation of the business objectives of the entity strategy and process enablement.

Figure 4: Functional Structure



2.6 Risk Management

2.6.1 Overview

Metrobus has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV report on Corporate Governance and risk management standards, as applicable.

Oversight over governance and management of risk in Metrobus is carried out by the ARC which is a sub-committee of the Board of Directors. The ARC meets on a quarterly basis or as regularly as it may be agreed between the Board and the Committee. The ARC operates in accordance with the approved terms of reference.

Risk assessments have proved to be assisting management to identify potential risks, in order to anticipate and uncover circumstances that might have negative impact in the achievement of objectives/ Key Performance Indicators (KPI's) and therefore yield unfavourable results in terms of service delivery. Risk assessment processes have also assisted management in proper planning/alignment of implementation strategies, making informed decisions, as well as ensuring effective and efficient use of resources. The results of these risk assessments have been utilised to take proactive and preventative measures in addressing uncertainties/risks that could hinder achievement of the set goals.

Metrobus monitors the movement of risks on a quarterly basis, guided by the no-going assessment of the risk universe, internal audit findings, the Auditor General findings, and the Annual Business Plan.

2.6.2 Risk acceptability

The table below provides descriptions of the risk ratings and how Metrobus has rated its risk appetite across major risk types/ categories.

Table 12: Risk acceptability table

Risk rating	Risk Magnitude/ level	Risk acceptability & Proposed mitigating steps
15 – 25	High	Unacceptable risk: Take action to reduce risk with highest priority. Risk needs to be escalated to the accounting authority and executive authority
8 – 14	Medium	Unacceptable risk: Take action to reduce risk and inform senior management.
1 – 7	Low	Acceptable: Low level of control intervention required. Manage risk within business unit.

2.6.3 Strategic Risk Register

The entity's current strategic risk register is included hereto as **Annexure D**. The register outlines all requisite descriptive elements in relation to all strategic risks.

2.7 Anti-corruption and Fraud Investigations (including forensic investigations)

Metrobus has developed a Fraud Policy, which is in line with that of the City. Part of the implementation of the Fraud Policy includes performing regular fraud risk assessments and monitoring the implementation of fraud prevention strategies.

Messages relating to anti-fraud and corruption are communicated to the employees and public through the Metrobus Website and stickers. Preventative strategies are being implemented within the ticketing space and Supply Chain Management (SCM) to ensure that risk of fraud is mitigated.

A fraud hotline is centrally maintained within the CoJ. All cases are handled by GFIS unless the assistance of the Metrobus IAF is requested.

2.8 ICT Governance

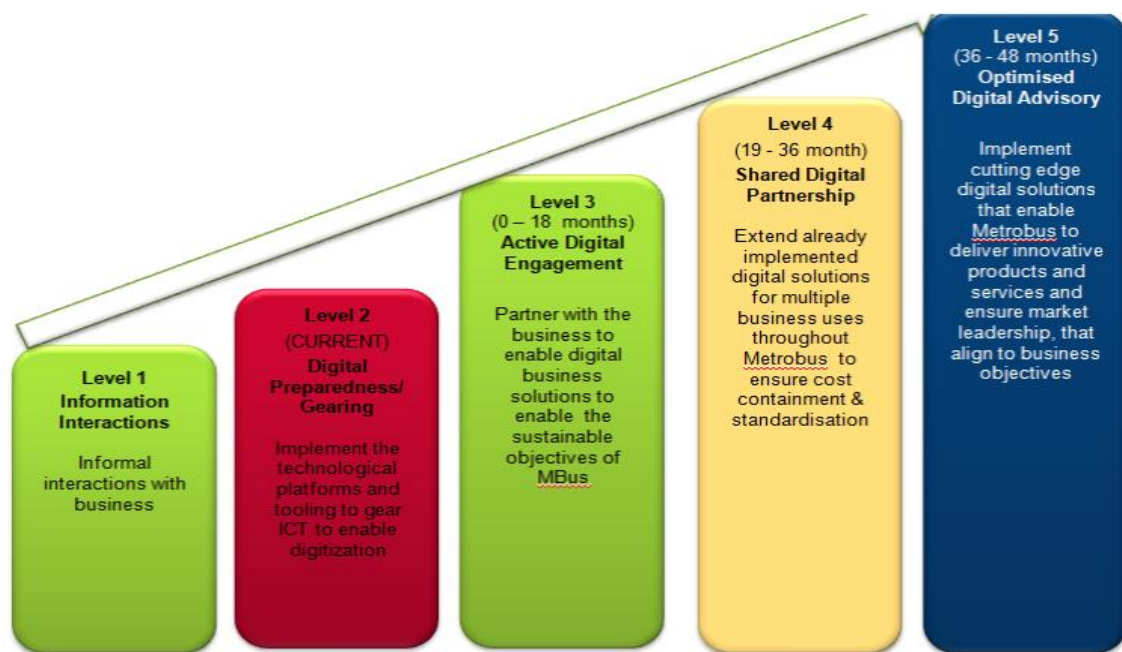
The proper functioning and governance of Information and Communications Technology (ICT) remains a key enabler of a number of the strategic objectives of the entity. The entity is facing a number of ICT challenges, which emanate from ICT infrastructure. Most of the challenges are being resolved. The entity has for several years lacked funds to invest into necessary ICT infrastructure and systems. This has resulted in the entity experiencing a lag in technological advancement.

The ICT function continues to manage all its identified risks both on a strategic and operational level. It is key to note that although certain risks have been accepted since these risks are outside of Metrobus's ICT's department's control, management continues to implement mitigation plans against strategic and operational risks under its control.

2.8.1 Overview

The approved ICT strategy included an ICT maturation roadmap with four distinct phases that include all the key indicators for all maturation phases. Metrobus is currently in the third phase of its ICT Maturation journey with distinct elements indicating migration from phase three to phase four of ICT Maturation. An integral part of the maturation journey is digitization, which outlined the implementation of a number of intelligent transport systems, which will be implemented in an integrated manner in line with Metrobus ICT maturation.

Figure 5: Metrobus ICT Maturation Journey



2.8.2 Key ICT Projects

Table 13: Current 2025/26 ICT projects for delivery to digitally transform the organisation:

ICT Projects	Progress
Bus monitoring and security system solution	50%
Onboard commercialized wi-fi solution	50%
Central Service Delivery (CSD)	79%
Artificial intelligence security solution	73%
Automated fare collection (AFC)	50%

2.8.3 Challenges

ICT is faced with several challenges. These include the following:

- High-level of manual business processes.

2.9 Compliance with Laws & Regulations

The entity relies primarily on the legislative framework set out in the Companies Act 71 of 2008 (as amended) (“the Companies Act”) and the King Report.

In the quarter, the entity continued with compliance monitoring and reporting within the legal framework applicable to the business as a company and municipal entity. In particular, the focus was on compliance with the National Land Transport Act (NLTA), Companies Act, and Local Government Regulations: Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA), the King Code and Labour legislation.

The Compliance Checklist is attached as **Annexure F**. The biggest areas of non-compliance from the assessment are Occupational Health and Safety, where significant non-compliance has been identified. A project was launched to identify all instances of non-compliance and to determine the cost of rectifying such. Johannesburg Property Company was engaged to assist in this process, work in this regard is in progress.

Reports on compliance are considered by the ARC as well as the Group Risk Committee of the City of Johannesburg

2.9.1 Permits

Buses are required to have valid permits to convey passengers. The NLTA requires that these permits be converted to operating licences. All operational buses have valid operating licences.

2.9.2 Traffic Fines

During the quarter under review, fifty-one (51) traffic fines were issued. During the same period in the last financial year twenty-one (21) traffic fines were issued to a bus operator. In addition, route inspectors are encouraged to monitor driver’s behavior en-route and re-emphasize proper behavior. Bus operators are responsible for the settling of such fines

2.9.3 Carbon Emissions Compliance

Diesel smoke emissions' testing is a legal requirement and contributes to the continued decrease in CO₂. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 12 years are the biggest emitters of greenhouse gas. These are the Mercedes Benz 1725, Volvo B7L and Volvo B7R.

The government specification is a maximum of 72.5%. This is a major contribution on behalf of the City towards the reduction of overall global emissions.

Table 14: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity	Q2 Opacity	Q3 Opacity	43 Opacity
Merc 1725	60%	50%	25%	-	-	-
Euro 5	60%	50%	1%	-	-	-
Euro 3	60%	50%	26%	-	-	-
Volvo B7L	60%	50%	52%	-	-	-
Volvo B8	60%	50%	10%	-	-	-
Average			14%	-	-	-
Annual Average			14%			

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Economic Transformation

During the period under review, the entity exceeded the target for SMME support. While the target for the quarter under review was to support forty (40) SMMEs, the actual performance was seventy-four (74) SMMEs supported with the expenditure in this regard amounting to R82 million.

3.1.2 Fatality-Free Service

The entity continued to maintain safe public transportation. During the period under review, the entity operated 1,5 million fatality free kilometres. During the same period last year, the entity operated 1.9 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South Africa's roads resulting from fatalities involving public transport operations.

3.2 Service Delivery Challenges and Mitigation Actions

Table 15: Challenges and Mitigation Actions

Challenges	Mitigation
Level of OOC	• Continuous implementation of repairs and maintenance policy • Leasing of buses • Refurbishment of buses • Performance Management
Budget Rebasing	• Alternative revenue sourcing • Alternative funding model • Debt restructuring

3.3 Service IDP Policy Objectives

The entity contributes to the City's IDP Objectives by offering public transportation as measured through the average number of passenger trips per working day. **Annexure A** outlines the entity's negative performance in this regard for the first quarter of financial year 2025/26.

3.4 Response to Strategic Directives

Metrobus contributes to the City's Economic Growth Cluster which is central to the promotion of economic development and investment. Sustainable mobility and equitable access are essential factors in developing and facilitating a successful economy and inclusive society. Metrobus contributes to the City's key strategic priorities to which its response is outlined as follows:

Table 16: Response to Strategic Directives

No	Strategic Priorities	Priority Programmes	Entity Contribution
1	Good Governance	Combat corruption, fraud, and maladministration.	Metrobus maintains a Fraud Tip-offline which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are undertaken for all supply chain management processes.
2	Financial Sustainability	Improve and strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
3	Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy

4	Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. This ensures that citizens are given an opportunity to develop their own destiny. During the 2024/25 financial year, 82% of our commuters were satisfied with the service of Metrobus against a target of 80%.
5	Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships, and apprenticeships. The current intake in this regard is more than 125.
6	Safer City	A safer city by introducing ward-based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.
7	Active and engaged citizenry	Community based planning and enhanced community engagement, including mayoral imbizos.	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.
8	Sustainable Economic Growth	Development and support of SMME's.	On an annual basis the entity allocates a predetermined quantum of its capital expenditure and operational expenditure

			budgets for the specific benefit of SMME's. In addition, a basket of non-financial support measures is directed at the development of SMME's.
9	Sustainable Environmental Development	Decrease the level harmful of emissions on the environment and introduce environmentally friendly practices	The entity has developed standards against which greenhouse gas emissions are assessed, which forms part of the predetermined objectives of the entity. Plans are currently being implemented to ensure that more compressed natural gas is utilized for the operations of the entity.
10	Smart City	Smart City	The entity is currently implementing a number of Intelligent Transport Systems towards achieving a Smart City. These include the Automated Fare Collection system (AFC) as well as the "Eye-one-the-bus" planform which will respectively ensure that commuters are more active in the planning of their journeys and that the entity is able to monitor its fleet on a real time basis.

3.5 Performance against Service Standards

The Service Delivery Agreement sets out six (6) service standards between Metrobus and the Shareholder. During the quarter under review, five (5) service standards were assessed and Metrobus achieved eighty percent (80%) on service standards. Details on the service standards are attached hereto as **Annexure C**

3.6 Performance against Predetermined Objectives

The Metrobus 2025/26 business plan is aligned to the City's Mayoral priorities. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City's Service Delivery and Budget Implementation Plan as well as a set of Entity strategic levers which serve as programs of action. In terms of the approved 2025/26 Metrobus Business Plan, the entity's performance is measured based on a total of twenty-two (22) key performance indicators. At quarter one, twenty (20) KPIs were assessed and thirteen (13) KPIs were achieved. This translates to a 65% achievement level against a target of 85%. The detailed Performance Scorecard is attached as **Annexure B**.

The unachieved KPIs include percentage planned trips completed, percentage increase in ridership from Metrobus routes, percentage complaints resolved within the timelines specified in the customer service charter, percentage spent on capital budget against approved capital budget, percentage of valid invoices paid within 30 days, percentage fleet availability to operate scheduled trips met, and percentage implementation of the strategic risk management action plan findings resolved. A detailed performance scorecard relating to unachieved Key Performance Indicators including corrective measures envisaged for the next reporting period is outlined in **Annexure B1** attached hereto.

3.7 Performance against Strategic Deliverables

3.7.1 Corporate Scorecard 2022-27 Deliverables

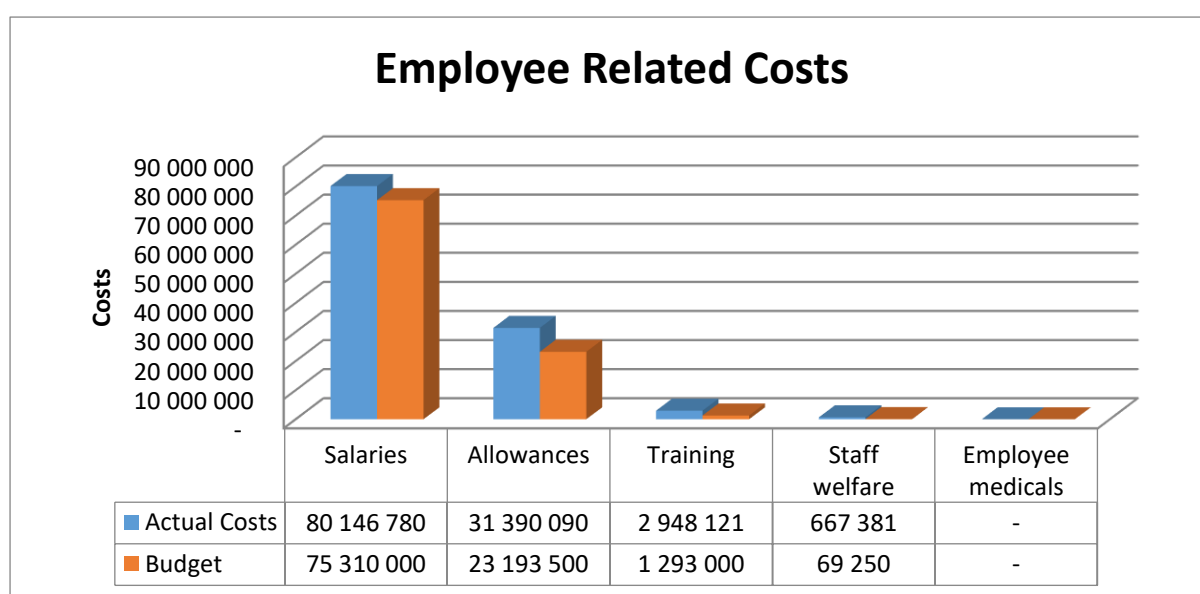
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board.

4. CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including Executives) at the end of the reporting period stood at R 80,15 million against a budget of R 75, 31 million. With a deficit variance of (R 4, 84 million). The variance is attributable to the vacancies that are in a process of being filled and a downsized budget.

Figure 6: Employee related costs



4.2 Key Vacancies

The City approved a downward adjustment to the budget of Metrobus in January 2022 on Employee related costs, which necessitated the re-prioritisation of critical vacancies for filling in the next reporting period. Plans are afoot to speedily fill the positions during the next reporting period. To this end thirty-eight (38) critical vacancies were prioritised, and a recruitment plan approved. The entity has three vacancies at Executive Management level as follows:

Table 17: Vacancies at Executive Management Level

#	Job title of position	Department	Quantity	Status
1	Chief Technology Officer (CTO)	ICT	1	All recruitment processes completed. Candidate has accepted an offer of employment, to commence on 1 October 2025.
2	Chief Audit Executive (CAE)	Internal Audit and Risk	1	All recruitment processes completed. Candidate has accepted an offer of employment. Candidate commenced employment on 15 September 2025.
3	General Manager: Corporate Services	Corporate Services	1	All recruitment processes completed. Candidate has accepted an offer of employment, to commence on 1 November 2025.

4.2.1 Vacancy Rate

The vacancy rate in the entity during the reporting period currently stands at 23,34%. National Treasury Circular 88 stipulates that vacancy rate should not be more than 30% and Metrobus is still below this stipulation.

4.2.2 Staff Turnover Rate

The average cost of filling a vacant position and replacing each employee is generally estimated at approximately 21% of the total annual package of the employee to be replaced. It is therefore essential to measure and report on the Labour Turnover rate to find better ways and means of retaining our employees.

During the period under review, eleven (11) employees out of a total strength of seven hundred and seventy-four (774) employees left the service of Metrobus. This translates to an average percentage of one coma five two percent (1, 00%) in staff turnover. This figure comprises of employees who left the Company due to medical boarding, resignations; death; end of employment contract and retirement. It is essential to mention that this percentage is much lower than the Local Government national average of between 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

Table 18: Terminations

Months	No of terminations	Reasons
July 2025	Six (6)	One (1) Retirement. Five (5) Medical Boarding.
August 2025	Three (3)	Two (2) Retirement One (1) Resignation
September 2025	Two (2)	Two (2) Medical boarding

4.3 Employment Equity

During the quarter under review, Metrobus demonstrated its unwavering commitment to the employment equity agenda, placing a strong emphasis on diversity and inclusion throughout its job advertisement and recruitment processes. A significant milestone was achieved with the successful appointment of the Chief Audit Executive (CAE), which was concluded in alignment with the organisation's established employment equity targets. Furthermore, recruitment is ongoing for crucial executive positions, specifically General Manager: Corporate Services and Chief Technology Officer, with equity remaining a central priority.

While the Employment Equity and Skills Development (EE/SD) Forum meetings, held on September 26 and 29, 2025, featured broad stakeholder involvement, representation gaps were identified.

To strategically address both skills shortages and enhance opportunities for underrepresented groups (particularly youth and women), Metrobus plans to make targeted appointments starting October 1, 2025, contingent upon the lifting of the current recruitment moratorium.

Supporting these efforts, EE/SD representatives actively participated in the Central Employment and Disability meetings, the women programs for the month of August 2025. These combined actions underscore the sustained efforts by Metrobus to cultivate a more diverse, inclusive, and equitable workplace.

Table 19: Demographic Profile

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	4	0	0	0	1	0	0	0	0	0	5
Senior Management	8	0	0	0	5	0	0	0	0	0	13
Professional Qualified and Experienced Specialists and Mid-Management	9	1	0	0	6	0	0	0	0	0	16
Skilled Technical academically qualified and junior management	100	16	2	11	15	0	0	3	0	0	147
Semi-Skilled and Discretionary decision making	313	12	0	4	98	3	1	1	0	0	432
Unskilled and defined decision making	102	0	0	0	16	1	0	0	0	0	119
Temporary employees	10	0	0	0	32	0	0	0	0	0	42
Grand Total	546	29	2	15	173	4	1	4	0	0	774

4.4 Skills Development and Training

4.4.1 Training and Development Programme

During the quarter under review, from July to September 2025, Metrobus made substantial strides in its strategic pursuit of becoming a leading learning organization and champion of the skills development agenda. This commitment is vital for ensuring that participants gain more than just temporary income, directly addressing the requirements set out in EPWP prescripts, which mandate a clear exit strategy that includes formal or non-formal training to enhance beneficiaries' future employability.

In line with this crucial objective, a total of 118 Expanded Public Works Programme (EPWP) participants received comprehensive vocational skills training. This included focused occupational skills in vehicle recovery, diesel mechanics, auto electrics, and auto body building. This training not only meets project needs but also equips beneficiaries with portable, accredited skills, thereby improving their capacity to earn a sustainable income after they exit the programme, as envisioned by the EPWP's core principles and the Ministerial Determination.

The commitment to their development was formally celebrated at an awards ceremony held on August 21, 2025, recognizing the accomplishments of all participants and marking a key step in their transition to the formal economy or entrepreneurial ventures.

Table 20: Skills Development and Training

Intervention	Gender	Age	Total
EPWP Training (Technical skills)	Male – 54	>35 Above =38	38
		<35 Less = 16	16
	Female- 64	>35 Above = 20	20
		< 35 Less = 44	44

Intervention	Gender	Age	Total
Total			118

Table 21: Learnership and apprenticeship programme

Intervention	Gender	Age	Total	Remarks
Learnership	Male-6	18-34	9	Total active = 9
	Female- 3			
Apprenticeship	Male- 28	18-34	48	Total active =48
	Female – 20			
Total			57	57

4.4.2 Apprenticeship Programme

During the quarter under review, a significant accomplishment was the establishment of a strategic partnership with the Automotive Industry Development Corporation (AIDC). This collaboration facilitated the placement of nine learners in diesel mechanic trades in February 2025. These learners continue to undergo the practical component of their training at the Milpark and Village Main depots' workshops. Furthermore, the current cohorts of apprentices are currently preparing for their final phase of training before their ultimate assessment at the trade test centre. This demonstrates an ongoing, structured approach to developing skilled artisans.

4.4.3 Internship Program

Metrobus's strategic focus on talent management and succession planning was realized through a productive internship program with TVET institutions. The program effectively integrated interns into the organization, with eight (8) TVET interns contributing to broader

operations and while six (6) interns were dedicated to assisting the crucial cashless/Automated Fare Collection System (AFCS) rollout. Crucially, the initiative demonstrated its value as a direct talent pipeline: nine interns transitioned into permanent employment within Metrobus.

4.4.4 Executive and Management Leadership Development Programme

During the quarter, Metrobus invested in Executive Development and Management through key initiatives and engagement with both management and organized labour. This engagement was in preparation for a policy workshop that was due to take place on September 23, 2025, but was subsequently postponed.

4.4.5 Skills Levy and Mandatory Grant

Rebates: Although some rebates have been paid, none were scheduled for processing at the end of the quarter.

Levies and Grants: A total of R331 500.00 payment has been received at the end of the quarter.

4.5 Performance Management

All employees subject to performance agreements have successfully entered into performance contracts, and assessments are conducted in line with applicable policies. Corporate Services continues to monitor and communicate relevant milestones in the Performance Management System (PMS) to assist employees with compliance to the policy.

For the financial year 2025-26, compliance with the submission of PMS scorecards and contracts, which was due in July 2025, remains a challenge, as only three managers fully complied with the submission requirement. This low rate necessitates targeted intervention to ensure policy adherence moving forward.

4.6 Disciplinary Matters

Table 22: Disciplinary matters

Disciplinary Matters	July 2025	August 2025	September 2025	Total
Milpark Depot	1	3	0	4
Village Main Depot	0	0	0	0
Roodepoort Depot	0	0	0	0
Head Office & Gandhi Square	0	0	0	0

Table 23: Grievance Matters

New Grievances	July 2025	August 2025	September 2025	Total
Milpark	0	0	0	0
Village Main	0	0	0	0
Roodepoort	0	0	0	0
Head Office & Gandhi Square	0	0	0	0

4.7 Litigations

No litigations are currently in progress regarding dismissals and or any other relating to the employment relationship between metrobus and any of its employees.

4.8 Leave & Productivity Management

4.8.1 Leave Management

It is essential to report that employees of Metrobus qualify for 24 Annual Leave days for a five (05) day employee and 27 Annual Leave days for a six (06) day employee in keeping with the provisions of the Main Collective Agreement (MCA) concluded under the auspices of the South African Local Government Bargaining Council (SALGBC). Currently, the limit on accrued

annual leave as per the MCA is 48 days and the average accrued annual leave stands at twenty-six (26) days.

Regular communication takes place with the affected employees to inform them about the importance of taking annual leave for them to comply with the provisions of the Main Collective Agreement; particularly where it deals with statutory leave, the possible forfeiture thereof which compels employees to take compulsory annual leave so that they do not forfeit annual within six months after the end of each leave cycle. This will reduce the number of leave days available to each employee and improve Labour productivity in the long run.

4.8.2 Productivity

One of the Key human factors that tend to have an adverse impact on staff productivity is the rate of “sick absenteeism” in the workplace. In this regard, the rate of absenteeism was calculated for this reporting period and found to be an average of 2.66 working days per employee reporting sick measured against total available working time during the reporting period.

Best HRM standards; dictate that sick absenteeism should not be more than 1.5% of employees reporting sick against total available time per annum in the workplace, which means that for every 250 working days per year, an average employee should take 3.75 days off sick. It is essential to report that Metrobus meets this HR Benchmark/Standard.

4.9 Employee Health and Wellness

Metrobus understands that employee health and wellness is an important strategic objective, the focus remains on preventative measures in order to promote a healthy workplace, reducing absenteeism, and increasing productivity.

4.9.1 Psychosocial Support and Counselling Services

Metrobus understands that employee health and wellness is an important strategic objective, the focus remains on preventative measures in order to promote a healthy workplace, reducing absenteeism, and increasing productivity.

The Employee Health and Wellness Program offers confidential counseling support for employees dealing with personal or work-related challenges that could impact on their performance, health, or overall well-being. In addition to this, the program organizes events aimed at educating employees on how to maintain a healthy work-life balance and promoting a healthier lifestyle. During the quarter under review, sixty-two (62) cases were attended to as articulated below:

Table 24: Cases

Type of Cases Recorded	July	August	September	Categories / Interventions
Psychosocial Support	12	8	10	Continuous psychosocial support
Functional Assessment	1	2	1	Reasonable accommodation request
Hospitalization	10	6	5	Implementation of the Bereavement and Hospitalization Policy
Managerial Referrals	0	2	0	Absenteeism and Poor Work Performance
Medical Boarding Application	0	0	0	Insurance submission for assessment and investigation (waiting for outcome)
Medically Discharged Employees	2	1	2	Employment terminated due to ill health
Total	25	19	13	62

Where employees are hospitalized, Metrobus implemented its Hospitalization and Bereavement Policy by purchasing flowers or fruit baskets with a well-wishing card and, where an employee passes away a wreath is purchased. An amount of R3000 is donated and employees are transported to the funeral.

Incapacity leave refers to employees who have been assessed and approved by the Incapacity Leave Management Committee for additional paid sick leave if they have exhausted 80 days 3-year cycle allocated sick leave.

4.9.2 Occupational health and safety measures

During the quarter under review, Metrobus continued to focus on ensuring compliance with all prescripts of the Occupational Health and Safety Act and all its related regulations. In view of internal capacity constraints an external independent resource was sourced to ensure that compliance with the Act is ensured. The following essential elements of the maintenance of health and safety were covered:

- The development of an Organization Health and Safety Manual
- The development of a safety, Health and Environment annual plan
- Departmental Safety, Health and Environment risk register and attendant remedial plans
- Machinery Inventory with requisite safety protocols for all machinery
- Hazardous Chemical Inventory with requisite safety protocols per hazardous chemical
- Consolidated inventory to requisite protective clothing and equipment
- Emergency procedures manual
- Assessment of employee exposure to hazardous chemicals

The training was well attended by Executives; Senior Management; Middle management and specialists from various Departments in Metrobus.

4.10 Employee Benefits

The employee benefits for the period under review amounted to a total of R25,190,204.64 against a budget of R21,401,046.96 apportioned as per the following table

Table 25: Employee Benefits

	Allowances	Training	Staff welfare	Employee medicals	Totals
Actual Costs	R 31,390,090	R 2,948,121	R 667,381	R0.00	R 25,190,204.64
Budget	R 23,193,500	R 1,293,000	R 69,250	R0.00	R 21,401,046.96
Variance	-R 8,196,590	-R 1,655,121	- R 598,131	R 0.00	-R 3,789,157.68

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

Table 26: Safety incidents

Incident per Depot	Milpark Depot	Village Main Depot	Roodepoort Depot	Head Office	Man, days lost
	1	2	1	0	11

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

5. CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 27: Summary Statement of Financial Position

Description	30 Sep-2025 Actual R000	30-Jun-2025 Actuals R000	Movement R000	Movement %
Total Assets	751,510	796,741	(45,232)	-6%
Non-Current Assets	601,025	590,681	10,344	2%
Property, Plant & Equipment	530,102	516,796	13,307	3%
Loans to Shareholders	41,202	41,202	0	0%
Intangible Assets	29,721	32,684	(2,962)	-9%
Current Assets	150,484	206,060	(55,576)	-27%
Inventories	27,750	24,386	3,364	14%
Receivables	110,723	173,114	(62,390)	-36%
Prepayment	11,908	7,972	3,936	49%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	103	589	(486)	-83%
Total Equity & Liabilities	751,510	796,741	(45,232)	-6%
Equity & Liabilities				
Capital & Reserves	(471,049)	(455,231)	(15,818)	3%
Share Capital	54,774	54,774	0	0%
Revaluation Surplus	166,883	166,883	(0)	0%
Accumulated Profit(Loss)	(692,706)	(676,888)	(15,818)	2%
Non-Current Liabilities	10,471	10,471	0	0%
Interest in Bearing Debt	0	0	0	#DIV/0!
Finance lease obligation capital	4,781	4,781	0	0%
Retirement Benefit Obligation	5,690	5,690	0	0%
Current Liabilities	1,212,087	1,241,501	(29,414)	-2%
Payables	445,421	755,080	(309,659)	-41%
Loans From Shareholders	752,868	475,399	277,469	58%

Finance lease obligation capital	2,661	2,661	(0)	0%
Other Financial Liabilities	0	0	(0)	-100%
Provisions	6,866	4,089	2,777	68%
VAT Payable	0	0	0	100%
Deferred Income	4,272	4,272	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets increased by R 13, 3 million (3%) from R 516, 8 million (30 June 2025) to R 530, 1 million as of 30 September 2025 due to the net effect of depreciation charges and capital assets acquired during the period.

5.1.2 Intangible assets

Intangible assets decreased by R 2, 9 million (9%) from approximately R 32, 7 million (30 June 2025) to approximately R 29, 7 million as of 30 September 2025. This was due to normal amortization of intangible assets and intangible assets acquired during the period.

5.1.3 Inventory

Inventory increased by approximately R 3,4 million (14%) from R 24, 4 million (30 June 2025) to R 27, 8 million as of September 30, 2025, due to increased inventory purchased to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels to prevent overstocking and inventory becoming obsolete.

5.1.4 Trade payables

The trade payables decreased by R 309, 7 million (41%). As of 30 June 2025, Metrobus owed over R 755, 1 million and the amount decreased to R 445, 4 million as of September 30, 2025, this was caused by inadequate cash allocations to the entity by the city. The City is facing cash flow challenges, and this has led to them not allocating adequate funds to entities.

5.1.5 Loans from shareholders

The loan from shareholders increased by R 279, 8 million (59%). As at 30 June 2025, Metrobus owed R 475, 4 million to the city. This has increased to R 755, 2 million during the financial period ending September 30, 2025, due to capital assets that were funded through the sweeping account.

5.1.6 Prepayments

Prepayments represent payments made in advance in respect of insurance and bus licenses; this is amortized monthly. Prepayments increased by R 3, 9 million (49%) from R 8, 0 million (30 June 2025) to R 11, 9 million (30 September 2025) due to purchase of bus licenses.

5.1.7 Receivables

Receivables decreased by approximately R 62, 8 (36%) from R 173, 1 million (30 June 2025) to R 110, 3 million as of 30 September 2025. This was due to payments made by the Gauteng Department of Transport on the Eldorado contract.

5.1.8 Accumulated Losses

The accumulated loss position worsened by R 15, 8 million from R 676, 9 million as at the end of 30 June 2025 to R 692, 7 million as of September 30, 2025. This was driven by the deficit recorded during the period.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

5.2 Statement of Financial Performance and high-level notes

Table 28: Statement of Financial Performance

	A	B	C	G	H
Financial Performance	Quarter 1 Actual	Quarter 1 Budget	Quarter 1 Prior Year	Quarter 1: Budget Variance	YTD: Growth to prior year
Revenue	185,122	193,386	177,653	-8,264	7,470
Grants and subsidy	166,925	166,925	155,692	0	11,233
Fare revenue	16,394	25,383	20,973	-8,989	-4,579
Sundry revenue	1,804	1,079	988	725	816
Direct costs	26,556	43,940	49,830	-17,385	-23,274
Diesel	14,949	28,618	21,304	13,669	-6,355
Rep & Maintenance	6,258	9,352	26,210	3,094	-19,952
Other	5,349	5,970	2,316	621	3,033
Margin	158,567	149,446	127,823	9,121	30,744
Expenses	158,595	136,430	128,089	22,165	30,506
Staff	111,013	99,866	97,563	-11,147	13,450
Depreciation	22,592	15,491	11,978	-7,101	10,615
Property expenses	3,078	2,453	2,312	-624	766
Security	1,579	105	-4	-1,474	1,583
Consultants	1,051	1,193	213	142	837
Bus rental	192	0	1,667	-192	-1,475
Licenses buses	1,799	3,737	1,725	1,938	74

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Insurance	3,105	4,920	0	1,815	3,105
Legal expenses	5,359	808	3,587	-4,551	1,772
Audit fees	1,138	1,452	638	314	500
Computer costs	260	1,093	3,408	832	-3,148
Marketing	1,689	787	466	-903	1,224
Telecommunications	200	1,358	463	1,158	-263
Other costs	5,541	3,170	4,074	-2,372	1,467
Operating result	-29	13,016	-266	-13,045	238
Interest paid	15,789	13,016	12,381	-2,774	3,408
Total Expenditure	200,941	193,386	190,301	-7,555	10,640
Surplus / Deficit	-15,818	0	-12,648	-15,818	-3,170

5.2.1 Overview

The draft operating budget was rebased over the past four years, and this resulted in a net decrease of R215 million, the effects of this reduction in budget has not been resolved in the new budget. The operating expenditure budget was overspent by R7, 6 million due to inadequate budget. Metrobus recorded a deficit amounting to R15, 8 million for the quarter ending 30 September 2025.

5.2.2 Fare Revenue

A deficit amounting to R 8, 9 million in the quarter was recorded on fare revenue against budget. The entity recorded R 16, 3 million (Prior year: R20,9m) against the target fare revenue of R 25, 4 million and this shortfall can be associated to shortage of buses. The fare revenue is expected to improve in the following quarters due to full implementation of the new AFC system, new buses procured and leasing of new buses. In addition, management will make concerted efforts by running blitz and increased inspections to assist in improved operational controls and route optimisation and prioritisation.

Negative factors contributing to the reduced revenue collections includes the following:

- Declining economic conditions which have resulted in increased unemployment and less people travelling.
- Shortage of adequate buses to operate the all the trips
- Underperformance in terms of private hires and contracted services

5.2.3 Diesel

The diesel budget base was increased in the past financial year. During the first quarter the diesel budget was underspent by R 13, 7 million due to reduced bus fleet.

5.2.4 Repairs and maintenance

Projections indicate that the repairs and maintenance budget will be exhausted by end of November 2025 based on the previous trend and considering the low budget approved. This budget has not been increased besides management requesting budget increases for the past few years. Even though the repairs and maintenance budget was underspent by R3, 1 million for this quarter, the costs are expected to increase as most of the buses are in the process of

being repaired. The full repairs and maintenance budget is likely to be exhausted before end of mid-year.

5.2.5 Other direct expenses

Other direct expenses consist of detergents, oils, anti-freeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the quarter period were marginally below budget.

5.2.6 Staff costs

The actual staff costs for the quarter were R 10, 6 million above budget. The staff budget was also affected by the budget rebase in the previous financial years. Management will continue negotiating budget increases to ensure the staff costs are fully funded. Metrobus is in the process of filling some of the critical vacant positions.

5.2.7 Depreciation and amortization expense

Depreciation and amortization expense for the quarter were R7, 1 million above budget, this was mainly due to depreciation and amortization of additional assets (buses and ICT systems) which were procured by end of the previous financial year.

5.2.8 Other significant savings

There were other savings on bus licenses, insurance and telecommunications, this is as result of the timing of the expenses, the budget is apportioned over the twelve months, yet expenses are incurred in certain periods of the financial year.

5.2.9 Other Costs

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs were R 2, 3 million above budget by Quarter 1 due to more repairs and maintenance of buildings and equipment during the period.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

5.2.10 Finance Charges / Interest Paid

Finance charges were R 2, 8 million above budget for the period due to the increase in sweeping account shareholder loan. The increase in the sweeping account was used to fund revenue shortfalls and the capital assets including buses that were acquired during the period.

5.3 Cash flow statement

Table 29: Summary Cash Flow

Cash flow Statement	Sep-25	Jun-25
	Actual ((R'000))	Actual ((R'000))
Net Cash Flow from Operating Activities	(245,018)	72,669
Grants & subsidies	166,925	531,270
Other income	18,198	92,418
Cash received from grants and income	185,122	623,688
Employee costs	(111,013)	(217,377)
Suppliers	(300,449)	(287,406)
Finance costs	(18,679)	(46,236)
Cash paid to employees, suppliers and finance costs	(430,140)	(551,019)
Cash employed in investment activities	(32,936)	(20,884)
Expanding of Capital Base	(32,936)	(10,458)
Purchase of intangible assets	0	(10,426)
Cash from financing activities	277,469	(51,953)
Other financial liabilities	0	(55,656)
Movement of sweeping account	277,469	6,577
Finance lease payments	0	(2,875)
Cash Flow from Activities	(486)	(168)
Net Increase / (Decrease) in Cash & Bank Balances	(486)	(168)
Cash & Bank Balances Beginning of the Year	589	757
Cash & Bank Balances End of the Period	103	589

Analysis of cash flow

The entity has been experiencing serious cash flow challenges over the past few financial years, and this has continued in the current financial year. The cash flow challenges have been affecting payment to suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on entity's cash forecast. During the current quarter

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of suppliers.

The company reported a positive cash balance of R103 000, which was influenced mainly by the net cash inflow of R 279, 8 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 32, 9 million.

5.4 Ratio Analysis

Table 30: Ratio Analysis

Description	30-Sept-25	30-Jun-25	Target
Solvency Ratio	62%	58%	0.1
Current ratio	0.12:1	0.04:1	1.5:1
Acid test	0.01:1	0.01:1	01:01
Gearing Ratio* (only considering shareholder loan)	101%	74%	45%
Gearing	161%	172%	45%
Cost coverage ratio	9%	10%	50%
Cost coverage ratio – excluding subsidy	31.58	35.66	182.50
Cost coverage ratio – including subsidy	353.14	335.04	365.00
Employee related costs to total expenditure	58%	53%	40%
Repairs to total expenditure	4%	8%	8%
Repairs to PPE	1%	1%	8%
Interest cover	0.72	-0.64	1.50
Training spent against skills levy	64%	238%	1%
Total expenditure against budget	98%	106%	100%
Total capex against budget	21%	149%	100%

While the ratios currently reflect a negative outlook on the organization, ongoing discussion regarding alternative permutations on the funding model of the entity are under consideration and are expected to improve the outlook.

5.4.1 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has marginally improved in the financial year. The net liability position worsened from R 455, 2 million (30 June 2025) to R 471, 0 million as of September 30, 2025. The entity's solvency ratio was calculated at 0.60: 1 (2024/25: 0.58: 1).

5.4.2 Liquidity

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 755, 2 million (2024/25: R 475, 4 million). The overdraft was due to the accumulated losses over the years resulting from budget shortfalls, purchase of permanent assets with short-term loans and increased operating costs.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure budget amounting to R157 million for various capital projects of which R 100 million is for the procurement of buses. The entity managed to spend 21% of the total approved budget excluding commitments and 46% including commitments.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 31: Summary Capital Projects

Project Name	Approved Budget (R 000's)	Q1 Actual (R 000's)	Quarter 1 Budget 25%(R 000's)	Commitments (R 000's)	YTD spent including commitment (R 000's)	Q1 spent Actual on Q1 budget %	YTD spent excluding commitments on total budget %	% Spent incl. commitments on total budget %
Furniture and Office Equipment	500	-	125	-	-	0%	0%	0%
Purchasing of New Buses	100,000	32,424	25,000	37,047	69,472	130%	32%	69%
Plant and Machinery	3,813	-	953	-	-	0%	0%	0%
Engine and Gear box refurbishment	4,100	83	1,025	1,104	1,187	8%	2%	29%
IT Equipment New Computers and Hardware Computer Hardware	2,000	81	500	649	731	16%	4%	37%
Building - Building Alterations/Upgrade	5,626	-	1,407	-	-	0%	0%	0%
Bus Refurbishment	2,050	297	513	891	1,188	58%	14%	58%
Cashless Ticketing System Bus CCTV on board machine	17,878	51	4,470	-	51	1%	0%	0%
Euro5 Engine conversion	2,870	-	718	-	-	0%	0%	0%
Fuel Management system	2,460	-	615	-	-	0%	0%	0%
Purchasing of New Electric buses and Infrastructure	3,945	-	986	-	-	0%	0%	0%
Purchasing of New tow Trucks	4,920	-	1,230	-	-	0%	0%	0%
Bus wash Machines	295	-	74	-	-	0%	0%	0%
Gas Infrastructure	2,788	-	697	-	-	0%	0%	0%
Lubricant infrastructure	984	-	246	-	-	0%	0%	0%

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Bus Electric charging station	2,788	-	697	-	-	0%	0%	0%
Total	157,017	32,936	39,254	39,691	72,628	84%	21%	46%

5.6 Supply Chain Management (SCM) & Compliance Matters

5.6.1 Irregular, Fruitless, and wasteful expenditure

There is no Irregular expenditure recorded for the first quarter of 2025/2026. There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless, and wasteful expenditure that might not have been reported will be disclosed immediately as and when discovered

5.6.1.1 Irregular expenditure write-off

An amount of R 77 619 643 was written off by the council/Board.

Table 32: Reconciliation of irregular expenditure

Reconciliation of Irregular Expenditure	2024/25 (R) 000'	2024/25 (R) 000'
Opening Balance	108 999	157 640
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:		
Quarter 3:		
Quarter 4:		
Comparative: Prior year		
Overspending of Approved Budget		108 449
Written Off	(77 620)	(157 090)
Closing balance	31 380	108 999

5.6.2 Awards where there were no three quotes.

There were no awards where there were no three quotes other than deviations.

5.6.3 Deviations

There were three (3) deviations approved for the first quarter of the 2025/2026 financial year.

Table 34: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Prime Africa Security RIOK Security	Provision for the implementation of private security protection for GM:IBO in response to the latest threats on the life of the GM: IBO and any other employee who may, following security assessment be deemed to be at risk from July 2025 to June 2026	In an emergency Regulation 36(1)(a)(i) In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R500 000 per month and a once off assessment fee
SABOA (South African bus operator association)	Payment for annual SABOA membership fee for employees from IBO department	If such goods or services are produced or available from a single provider. Regulation 36(1)(a)(ii)	R286 200.00
VUKA Group	Provision for the Metrobus management to attend the Smarter Mobility Africa (SMA) summit scheduled to take place from the 30 September 2025 to the 3 October 2025	If such goods or services are produced or available from a single provider. Regulation 36(1)(a)(ii) In any other exceptional case where it is impractical or impossible to follow the official procurement process Regulation 36(1)(a)(v)	R132 125.00
Total			R918 325.00

5.6.4 Expenditure on BBBEE and SMME's

During the quarter under review, the organization procured an amount of R185 542 832.19. The total BBBEE expenditure was R145 486 936,42 which was 78% of the total expenditure. A total number of 74 SMMEs has also been supported thus far with a total spend of R82 378 418,47 for the period under review.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 35: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	185 543
Actual BBBEE Spent	(R' 000)	145 487
% Actual BBBEE Spent	%	78,00%

Table 36: SMMEs supported.

	Number of suppliers supported	Amount R'000
Total Procurement	96	185 543
BBBE Procurement	83	145 487
SMME Supported	74	82 378

5.6.5 Performance against procurement plan

Table 37: Procurement Plan

Departments	No. of tenders	Appointment	Specification	Advertising	Evaluation	Adjudication	Awarded
Finance	4	0	2	0	1	0	1
IBO: TSD	32	25	4	1	0	2	0
Corporate Services	16	14	1	1	0	1	0
IBO: Operations	5	5	0	0	0	0	0
ICT	9	7	0	0	2	0	0
Office of the MD	1	0	0	0	0	0	1
Total	67	51	07	2	3	3	2

5.6.6 Contract Management

Table 38: Contract Management

Departments	No. of active contracts per Department	Contracts expiring in 3-6 months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	2	0	0	2
IBO	21	0	4	17
Corporate Services	9	0	5	4
ICT	11	1	4	6
Office of the MD	1	0	0	1
Total	44	9	3	37

5.7 Payments

5.7.1 Payments within 30 days

Metrobus has continued to experience significant cash flow constraints since the close of the previous financial year. The primary cause was the insufficient allocation of funds from the City. Although Metrobus consistently submits cash flow forecasts to the City, the allocations received have often been inadequate to meet operational requirements. In certain instances, Metrobus has gone for periods of up to one week or more without receiving any funding to settle obligations with suppliers.

A notable decline in payments made during the first quarter was largely attributable to payroll costs that remained unpaid for the period. Payroll for Metrobus employees is processed and disbursed directly by the City, with the City subsequently invoicing Metrobus on a monthly basis. Metrobus, in turn, settles these payroll-related invoices once it receives its cash allocations from the City earmarked for intercompany cost settlements.

Table 39: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Total
Total payments made	A	1658	1,658
Invoices paid within 30 days	B	1026	1,026
Invoices not paid within 30 days due to invoice issues	C	632	632

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

Invoices paid outside 30 days with no valid reason	D	0	0
Compliance percentage	B/A	62%	62%

5.8 Amounts Owed to Metrobus by CoJ and Entities (Intracompany)

Table 40: Amounts Owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Sep-25	JDA	Thabiso Ngoepe	0	Settled
Sep-25	Community Development		434	Bus hire
Sep-25	Joburg Theatre		15	Bus hire
Sep-25	Transport Department		50 279	Rea Vaya refurbishments
Sep-25	GCFO		55 642	Subsidy
	Total		106 370	

5.9 Amounts Owed to Metrobus by CoJ Core Departments (Intercompany Liabilities)

Table 41: Amounts Owed to Metrobus by CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Sep-25	Treasury	Lilian Siala	750 332	Sweeping account
Sep-25	Treasury	Sandile Manondo	0	Capital Creditors - CoJ 2016
Sep-25	(GRASS)	Amelia Schoeman	3 149	Insurance (COLD)
Sep-25	EMS	Monica Monei	33	Fire extinguishing
Sep-25	Revenue CRM	Nyanisi Joseph Nhlapo	28 327	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

Sep-25	Revenue CRM	Nyanisi Joseph Nhlapo	7 335	CoJ CRM Agency.
Sep-25	Payroll	Patricia Moseki	285 433	Salaries reimbursement payable to GCSS.
Sep-25	THEATRE	Babalwa Mbodla	92	Hospitality
Sep-25	JPC	Luyanda Nelisa Tyeku	645	Renovations of building occupations
Sep-25	GCSS	Graeme Ruiters	12 051	Security salaries payable to GCSS.
Sep-25	MTC	Khuliso Makhesa	8 080	ICT Equipment and services
Sep-25	City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	13	Conference venue
	Total		1 095 490	

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

6.1 Introduction

The Internal Audit Function's (IAF's) mandate stems from Section 62(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) which states that the Accounting Officer must ensure that the institution has and maintains a system of internal audit operating in accordance with any prescribed norms and standards. Furthermore, Section 165(1) which states that each municipal entity must have an internal audit unit subject to subsection (3). Section 165(2) states that the internal audit unit of a municipal entity must prepare a risk-based audit plan and an IA program for each financial year.

The primary objective of the IAF is to provide a comprehensive service to ensure adequate measures and procedures are in place for sound economic, effective, and efficient management as required by the Municipal Finance Management Act (Act 56 of 2003), Companies Act 71 of 2008, Public Audit Act, Standards of Generally Recognized Accounting Practice (GRAP) and King IV.

6.2 Staff Establishment

Table 42: Staff establishment

Name of Person	Position
Serame Mothupi	Chief Audit Executive (Acting)
Lebogang Mokoena	Specialist: Risk and Compliance

6.3 Progress against the 2024/25 Internal Audit Plan

The table below summarizes the IAF's progress against the 2025/26 Internal Audit Plan.

Table 43: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
	Metrobus IAF	☐	☐	☐

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

Annual Performance Information Review		Reported at Special ARC and Board Meeting		
Annual Financial Statements Review		☐	☐	☐
Q1 Performance Information		Reported at Special ARC and Board Meeting		
Follow Up Findings Review		To be completed in September 2025		
Quarterly Assessment		Refer to Section 11		
OHS		Refer to Section 12		
SCM		To be completed in December 2025		
Stakeholder Management		To be completed in February 2026		
Fleet Management		To be completed in November 2025		
Q2 Performance Information		To be completed in February 2025		
Financial Discipline		To be completed in January 2026		
Revenue Management	Co-Sourced	To be completed in March 2026		
Fuel Management	Co-Sourced	To be completed in December 2026		
IT General Controls	Co-Sourced	To be completed in February 2026		
HR Report	Metrobus IAF	To be completed in March 2026		
Q 3 Performance Information		To be completed in April 2026		
Q 4 Performance Information		To be Completed in April 2026		
		To be Completed in August 2026		

6.4 Progress against Approved Ad-Hoc- Projects

The table below summarizes the IAF's progress against all approved ad-hoc project requests during the Quarter:

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Table 44: Progress against Approved Ad-Hoc Projects

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
(IA001/2024- 2025): Provision for the appointment of an independent service provider for the supply of internal audit services to Metrobus for thirty-six (36) months as and when required. by PKM	Co-Sourced	☐	☐	☐
(TSD29/2024- 2025): Provision for the appointment of an independent service provider for repair, supply and delivery of air components and brake components (friction) for a period of thirty- six (36) months to Metrobus, on as and when required basis	Co-Sourced	☐	☐	☐
(TSD13/2023- 2024): Provision for a panel of service provider/s for the supply and delivery of the new and reconditioned starters and alternators for a period of thirty-six (36) months as and when required	Co-Sourced	☐	☐	☐

6.5 Limitation of Scope and Exclusions

There were limitations of scope identified.

6.6 Opinion on Control

6.6.1 Rating Summary – Controls Opinion

For the purposes of this report, the audit conclusions have been classified as follows:

Table 45: Opinion rating summary

Opinion Rating	Definition	Audit opinion
	Controls appear to be adequate	Satisfactory
	Controls require improvement	Partially Satisfactory

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Controls appear to be inadequate	Unsatisfactory
---	----------------------------------	----------------

6.6.2 Rating Summary – Detailed Audit Findings

For the purposes of this report, the audit findings, have been classified as follows:

Table 46: Summary classification of audit findings

Significant Matters	Other Important Matters	Administrative Matters
Issues referring to important matters that are fundamental to Metrobus's system of internal control. We believe that the matters observed might cause a business objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.	Issues referring mainly to matters that have an important effect on Metrobus's controls, but do not require immediate action. A business objective may still be met in full or in part or a risk adequately mitigated, but the weakness represents a significant deficiency in the system.	Issues arising that would, if corrected, improve Metrobus's internal control in general, but are not vital to the overall system of internal control.

6.7 Follow up of IAF and AGSA Findings

6.7.1 Progress on Internal Audit Findings Follow-Ups

Internal Audit Findings Dashboard on 30 June 2025

Table 47: Internal Audit Findings

Total Findings	Addressed	Not Addressed
26	4	22
% Resolution	15%	

6.8 External Audit Findings

6.8.1 Progress on Resolution of External Audit Findings

Table 48: External Audit Findings

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance

	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks
--	---

Details	Total Findings			
Findings	54	9	41	4

Total Findings	Addressed	Not Addressed
54	48	6
% Resolution Rate	89%	

6.9 Overall Quarter Opinion on Controls

Table 59: Quarter opinion on controls

Overall Rating of Internal Controls	Description
Partially adequate and effective	☹️

The Board has delegated implementation of the entity's systems of risk management and internal controls to Executive Management. The internal control environment has been monitored throughout the year by Internal Audit and weaknesses identified in the control environment have been reported to management.

Based on the control deficiencies noted throughout the period, the IAF concludes that there are weaknesses in the control environment resulting in an overall rating of "Partially Adequate and Effective"

6.10 Risk Management

6.10.1 Risk Methodology

Metrobus has adopted the risk methodology of the City of Johannesburg (CoJ). The table sets out a description of the final residual risk ratings which are based on the likelihood and impact of a risk materializing.

Table 50: Risk Ratings

Rating	Recommendation
Very High	Requires immediate attention from management on implementation of corrective measures
High	Implementation of improvement opportunities and validation of current controls
Medium	Evaluation and improvement of current controls
Low	Validation and optimization of controls

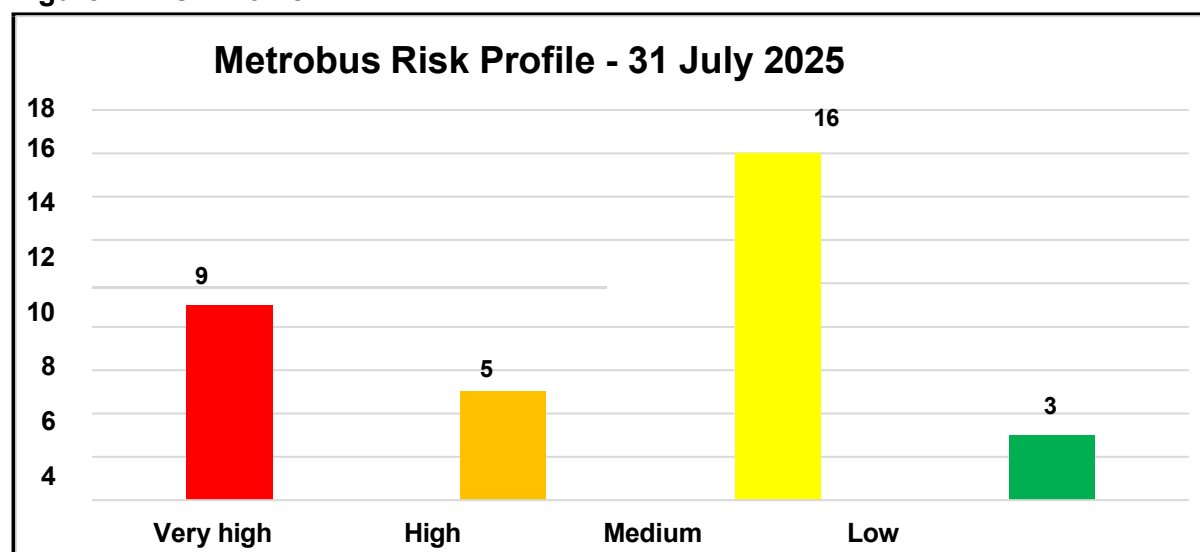
6.10.2 Strategic Risks

Risk Assessments (Strategic and Operational) have assisted Management in identifying potential risks, to anticipate and uncover circumstances that may have an adverse impact on the achievement of KPI's.

These assessments have also assisted Management in proper planning/alignment of implementation strategies as well as ensuring effective and efficient use of resources. The results of these Risk Assessments have been utilized to take proactive and preventative measures in addressing uncertainties/risks that could hinder the achievement of the set goals.

The Internal Audit Function (IAF) reports monthly to the Executive Management Team (EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2023 Business Plan, and inputs from Management. As of the 31st of July 2025, a total of 12 strategic risks were identified of which 9 were classified as residually very high, 5 classified as residually high, 16 classified as residually medium and 3 as residually low as set out below.

Figure 7: Risk Profile



The following table provides details of the strategic risks according to the predetermined strategic objectives as of 31 July 2025. There are 33 interventions planned for the 2025 - 2026 financial year, whereby 26 were due at the end of quarter 1. Consequently, 15 out of 26 of the interventions have been achieved, which represent 58% of the overall achievement and achievement as at the end of the quarter.

Table 51: Strategic Risks

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	4	4	0	1
IBO	12	10	0	5
EMT	10	6	0	4
Finance	5	5	0	4
Corporate Services	2	1	0	1
IT	33	26	0	15
% Overall Achievement: 45%				
Achievement - Planned to Date: 58%				

6.10.3 Emerging Risks

Table 52: Emerging Risks

Risk Description	Risk Rating	Controls	Progress
Inability to render transport services due to foreseen and unforeseen events		Development and implementation of a business continuity plan, which outlines procedures to follow when services are disrupted	A decision was taken by EMT to utilise the services of the Financial Services panel towards the development of the Business Continuity Plan.
Lack of financial sustainability / Inability to continue as a going concern		Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue-generating streams) to be reported quarterly at EMT	Implementation of the turn- around plan is ongoing through- out the financial year and the detailed results of the outcomes are captured in the plan.

6.10.4 Progress on Embedded Risks

Tracking and monitoring departmental operational risks interventions is conducted on a quarterly basis and progress is recorded on the risk registers accordingly.



ANNEXURE A: IDP & SDBIP SCORECARD

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

Priority: Sustainable Service Delivery									
KPI NO.	KEY PERFORMANCE INDICATOR	BASELINE 2023/24	2025/26 ANNUAL TARGET	2025/26 QUARTERLY TARGETS		2025/26 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				Q1 Target	Q1 Actual	Capex	Opex		
	% increase in ridership from Metrobus routes	22 425 Metrobus passenger trips per working day	33% increase in ridership from Metrobus routes	8,25%	-27%	-	46 220	Target not met due to high number of out of commission of buses leading to cancellation of trips	• Procurement of buses • Leasing, decrease of Out of Commission of buses • Aligning targets with resources • Marketing of Metrobus services • Route rationalization

ANNEXURE B: METROBUS SCORECARD

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q1 Target	Q1 Actual	Target met or not
1	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	74% planned trips completed	80% planned trips completed	80%	64%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% increase in ridership from Metrobus routes	22 425 Metrobus passenger trips per working day	33% increase in ridership from Metrobus routes	8,25%	-27%	Target not met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.31 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.27	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

		potential of citizens						
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	100% of service disruptions communicated	100%	100%	Target met
5	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	41% of complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	100%	24%	Target not met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	% Customer satisfaction	83% Customer satisfaction	85% Customer satisfaction	Not Assessed (due in Q4)	N/A	N/A

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

		potential of citizens						
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Achievement of service standards	80% Achievement of service standards	80% Achievement of service standards	80%	80%	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q1 Target	Q1 Actual	Target met or not
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units' measurement at 14%	Maintain hartridge units' measurement at 30%	30%	14%	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q4 Target	Q1 Actual	Target met or not
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	157 SMME's supported	160 SMME's supported	40	74	Target Met
10	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of total expenditure spent on BBBEE	97% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	78%	Target Met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	174 EPWP Jobs created	100 EPWP jobs created	25	59	Target Met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 4: Financial Management, Viability and Sustainability

	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q1 Target	Q1 Actual	Target met or not
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent on operating budget against approved operating budget	122% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	25% of total opex budget	26%	Target met
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	25% of total capex budget	21%	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on repairs and maintenance to property, plant and equipment	14% spent on repairs and maintenance to property, plant and equipment	8% spent on repairs and maintenance to property, plant and equipment	0%	1%	Target met
15	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	0% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	50% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	40%	71.21%	Target met
16	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of valid invoices paid within 30 days	89,81% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	100%	62%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 5: Operational Excellence

PIP		GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q1 Target	Q1 Actual	Target met or not
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of Internal Audit Findings	49% resolution of Internal Audit Findings	95% resolution of Internal Audit Findings	10%	15%	Target met
18	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of AGSA findings	87% resolution of AGSA findings	95% resolution of AGSA findings	80%	89%	Target met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	79% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90%	38%	Target not met
20	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of the strategic risk management action plan findings resolved	88% implementation of the strategic risk management action plan findings resolved	85% implementation of the strategic risk management action plan findings resolved	85%	58%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

21	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	62% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	65%	Target not met
----	------------------------------	--	---	---	---	---	-----	----------------

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2025/26 Target	Q1 Target	Q1 Actual	Target met or not
22	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Intelligent Transport System Projects	91% Intelligent Transport System Projects	100% of Intelligent Transport Systems Projects	25%	60%	Target met

ANNEXURE B1: UNACHIEVED KPI's

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

KPI No	Unachieved Key Performance Indicator	Proposed Corrective Actions	Responsible Team	Deadline
1	% planned trips completed	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Integrated Business Operations	30 December 2025
2	% increase in ridership from Metrobus routes	• Procurement of buses • Leasing, decrease of Out of Commission of buses • Aligning targets with resources • Marketing of Metrobus services • Route rationalization	Integrated Business Operations	30 December 2025
5	% complaints resolved within the timelines specified in the customer service charter	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Communications and Marketing	30 December 2025
13	% spent on capital budget against approved capital budget	• Pre-performance year completion of procurement processes • Robust Vendor management through SLAs	Finance	30 December 2025

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

16	% of valid invoices paid within 30 days	• Validity of Invoices • Vendor Compliance documents • Cash-Flow	Finance	30 December 2025
19	% fleet availability to operate scheduled trips met	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Integrated Business Operations	30 December 2025
20	% implementation of the strategic risk management action plan findings resolved	• Robust performance and consequence management	Internal Audit	ongoing

ANNEXURE C: SERVICE STANDARDS

City of Johannesburg Metropolitan Municipality**Metropolitan Bus Services (SOC) Ltd****2025/26 Quarter One Performance Assessment Report**

Service Standards

Core Service	2025/26 Target	Quarter 1 Target	Quarter 1 Actual
% of scheduled public bus trip arriving on time	90% scheduled public bus trip arriving on time	95%	Not assessed. Due insufficient supporting documentation
Bus timetable	90-95% adherence to daily bus schedule (<5 min headway)	90-95%	64%
Road Safety	Zero fatalities	Zero	Zero
On-board safety	Zero safety and security incidents on buses	Zero	Zero
Adherence to regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations
Response time for walk in enquiries	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour

ANNEXURE D: STRATEGIC RISK

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

Key Performance Outcome	Key Performance Indicator	Risk Description	Root Cause	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to date
Programme 1: Customer Services, Stakeholder Engagement and Communication									
An inclusive job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Planned trips completed	Inability to meet scheduled services	1.1 No route optimization and rationalisation	Very High	IBO	1.1 Implementation of bus maintenance plans per quarter 1.2 Implementation of fleet renewal strategy (procurement, refurbishment and leasing of buses) 1.3 Implementation of the route rationalisation following the outcomes of the route optimization study. 1.4 Launching of the Automated Fare Collection (AFC) system on the 1st of March 2025	1.1 31 December 2025 1.2 30 June 2026 1.3 31 December 2025 1.4 1 July 2025;	4	1.1 The maintenance plan has partially implemented during Q1 on operational buses, due to shortage of spares. 1.2 Not due – currently new buses have been procured, and leasing & refurbishment of buses is ongoing 1.3 Not implemented – expected implementation by the end of the 2nd quarter. 1.4 The Automated Fare Collection (AFC) system was launched on 1st of July 2025, and is currently implemented.
	Average number of Metrobus passenger trips per working day		1.2 Inadequate fleet 1.3 Limited financial and human resources to implement bus maintenance plans per quarter						

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

	Blameworthy accidents rate per 100 000 bus kilometers operated	Inability to maintain fatality free operations	1.4 Inadequate maintenance of fleet 1.5 Lack of a system to monitor the validity of bus operator licenses 1.6 No on-going occupational medical assessment for bus operators	Medium	IBO	1.5 Refer 1.1 (Maintenance of buses) 1.6 Implement a system to monitor the validity of bus operators licenses 1.7 Each Bus Operator to attend at least one driver refresher training in the 25/26 financial year 1.8 Implement occupational health surveillance program and random test of bus operators 1.9 Implementation of Eye on Bus	1.5 30 September 2025 (Quarterly) 1.6 30 September 2025 (Quarterly) 1.7 30 June 2026 (Quarterly) 1.8 30 September 2025 1.9 30 September 2025	4	1.5 Refer to 1.1 above 1.6 A register is maintained to monitor validity of bus operators' licences. 1.7 The drivers are being retrained whenever they come back from long leave and sick leave but not fully implemented for each driver. 1.8 Not implemented 1.9 Not fully implemented – End Users still to be trained on the system
	% Service disruptions communicated	Loss of trust and goodwill of commuters	1.7 Inadequate fleet 1.8 Poor internal communication and update between departments when trips are cancelled 1.9 No real-time communication and update to	Medium	Strategy	1.10 Refer 1.1 (Maintenance of buses) 1.11 Procurement and implementation of a customer relationship management (CRM) system 1.12 Adherence to requirements of the Commuter Service Charter in relation to complaint Management 1.13 Ensuring that commuter forums are fully functional and meetings are held per schedule	1.10 30 September 2025 1.11 30 September 2025, 1.12 30 September 2025 (Monthly) 1.13 30 September 2025 (Daily)	3	1.10 Refer to 1.1 above 1.11 CRM to go live mid-October 2025, with implementation expected by 31 October 2025. 1.12 Resolution turnaround times as per the Commuter Service Charter are not adhered to due to the availability of buses. 1.13 Commuters are engaged continuously, and forum meetings are held monthly

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

			passengers in terms of cancellation of trips					
	% Complaints resolved within the timelines specified in the Customer Services Charter		1.10 No customer relationship management system 1.11 Lack of effective tracking and documentation for complaint resolution timelines					
	% Service disruptions communicated	Inability to render transport services due to foreseen and unforeseen events	1.12 Lack of contingency plan during strikes 1.13 High number OOC buses, delayed procurement process of buses	High	Strategy	1.14 Development and implementation of business continuity plan which outlines procedures to follow when services are disrupted	1.14 31 December 2025	1
								1.14 A decision was taken by EMT to utilize the service of the Financial Services panel towards the development of the Business Continuity Plan

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	% Customer satisfaction		Refer to Risk 1	Very High		Refer to Risk 1	Refer to Risk 1		
	% Achievement of Service Standards	Inability to transport passengers	1.15 Lack of an automated system that tracks bus arrival time 1.16 Lack of adequate register / system to track walk in enquiries	High	IBO	1.15 Implementation of an Automated Fare Collection system and Eye on the Bus. 1.16 Implementation of a register / system to record walk in enquiries at Ghandi Square with supporting evidence of acknowledgement within 1 hour	1.15 30 September 2025 1.16 30 September 2025	2	1.15 The Automated Fare Collection (AFC) system was launched 1st of July 2025 and is currently implemented. Eye on the bus is not fully implemented. 1.16 A register is kept at Ghandi Square to record walk –in enquiries within 1 hour
Programme 2: Innovation and Green Economy									
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	% Carbon Emissions	Inability to meet carbon emission targets	2.1 No Standard Operating Procedures for Carbon Emission testing	Low	IBO	2.1 Develop a Standard Operating Procedure for Carbon Emission Testing (Qualification, Training, Calibration etc.) 2.2. Replace Injection Systems after 60 000 Kms (Where Applicable- Category C and D Buses)	2.1 30 September 2025 2.2 Quarterly, 100% to be Reported by 30 June 2026	2	2.1 Standard Operating Procedure is in draft stage, and testings are being conducted quarterly, and reports are generated for record keeping. 2.2 The service provider has been appointed for the injection and pump systems.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

An inclusive job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total expenditure spent on BBBEE	Inability to meet % of total expenditure on BBBEE	3.1 Changes in Preferential Procurement Regulations	Low	CFO	3.1 Standardise all tenders to include points allocation for BBBEE on specific goals	3.1 30 September 2025	1	3.1 All tenders are standardised to include points allocation for BBBEE on specific goals
Programme 4: Financial Management, Viability and Sustainability									
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent against approved Operating Expenditure budget	Overspending on budget	4.1 Budget cuts by the shareholder	Very High	CFO	4.1 Improve revenue collection by procuring buses and effective cost control measures	4.1 Quarterly: 31 December 2025 & Ongoing	2	4.1 Procurement of buses is in progress to improve revenue collection and ensure cost-effective measures are adhered to.
	% Spent against approved Capital Expenditure budget		4.2 Budget cuts by the Shareholder 4.3 Prolonged SCM processes to finalize tenders 4.4 Limited number of qualified	Medium		4.2 Capacitating SCM department to be able to handle various requirement within the procurement processes	4.2 Quarterly: 31 December 2025 & Ongoing		4.2 Not yet fully implemented

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

		officials to sit on bid committees 4.5 Capacity constraint within Supply Chain Management						
	Lack of financial sustainability / Inability to continue as a going-concern	4.6 Financial model not aligned to Metrobus's business model 4.7 Formation mandate of a nonprofit making organisation	High	EMT	4.3 Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue generating streams) to be reported quarterly at EMT 4.4 Re-modelling the financial model and re-structuring of the organisation	4.3 - 4.4 30 June 2026	2	4.3 - 4.4 Not yet due
% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inadequate financial governance	4.8 Budget cuts/ reduction by the Shareholder (City of Johannesburg) 4.9 Inability to generate own revenue to sustain operations	Very High	EMT	4.5 Continuous engagements with the Shareholder (COJ) to make budget available to sustain operations. 4.6 Implementation of the turn- around plan	4.5 As and when required, 100% to be reported on 30 June 2026 4.6 Quarterly: 31 December 2025	2	4.5 Not yet due 4.6 Implementation of the turnaround plan is ongoing throughout the financial year, and the detailed results of the outcomes are captured in the plan

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	% of valid invoices paid within 30 days		4.10 Inadequate allocation by the Shareholder (COJ) for paying suppliers on time 4.11 Lack of Standard Operating Procedure for supplier payments	Very High	CFO	4.7 Continuous engagement with the Shareholder (COJ) to make sufficient allocations for supplier payments 4.8 Develop a Standard Operating Procedure (SOP) for supplier payments	4.7 Quarterly: 31 December 2025 4.8 Quarterly: 30 September 2025	2	4.7 Engagements are conducted continuously and will be ongoing 4.8 A supplier payment – Standard Operating Procedure (SOP) has been developed and is in place
Programmed 5: Operational Excellence									
Improve and Strengthen Financial Position	% Resolution of Internal Audit findings % AGSA findings Resolved	Inadequate and ineffective system of internal controls	5.1 Partially adequate and effective control environment	Medium	EMT	5.1 Identify management actions plans which have passed due date for implementation 5.2 Assess the status of resolution on each finding. 5.3 Report on the status of each assessed finding as either addressed or not addressed. 5.4 Revision of action plans to adequately address identified control deficiencies. 5.5 Conduct a control self-assessment to be able to be identify deficiencies in the control environment 5.6 Internal OPCA meetings key to ensure	5.1 – 5.4 Quarterly: 30 June 2026 5.5 30 March 2026 5.6 Quarterly: 30 September 2025	6	5.1 – 5.4 & 5.6 Internal OPCA & Risk Management committee as appointed by the MD is responsible for tracking and monitoring the implementation of action plans aiming towards resolution of findings. Progress of all the findings is reported EMT monthly.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

						implementation of action plans			
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Fleet Available to Operate Scheduled Trips Met	Inability to meet scheduled services and collect revenue	Refer to Risk 1	Very High	IBO	Refer to Risk 1	Refer to Risk 1	None	Refer to 1.1 above
Programmed 6: Technology and Business Enablement									
Smart City	% Intelligent Transport System (ITS) Projects	Lack of digital capacity to support Metrobus operations	6.1 Old legacy systems within ICT environment 6.2 Lack of investment to improve ICT systems	Medium	CIO	6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2025/26 Financial Year by ensuring full implementation of the ITS systems 6.2 To improve and digitalise infrastructure to meet the latest standard of modern ICT	6.1 31 December 2025 6.2 31 December 2025 & Ongoing	2	6.1 Not yet due; 6.2 Improvement and digitalization of infrastructure is currently underway and ongoing

ANNEXURE E: CIRCULAR 88

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

No	National Treasury Proposed Indicators	Ref No	2023/24 Baseline	2025/26 Targets	Q1 Target	Q1 Actual	Target met or not.
1	Percentage of municipal bus services 'on time'	TR4.21	94%	90%	90%	Not assessed. Due insufficient supporting documentation	N/A
2	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Target met
3	Percentage of scheduled municipal bus trips that are universally accessible	TR5.31	100%	30%	30%	40%	Target met
4	R-value of all direct municipal vehicle operational cost for the public	C64	R8 899 198.00	0	0	R8 401 731.27	Target met
5	Total number of scheduled public access points	C65	1551	1551	1551	1551	Target met
6	Number of weekdays scheduled municipal bus passenger trips	C66	5 561 516	7 530 000	1 882 500	1 068 739	Target not met



ANNEXURE F: COMPLIANCE CHECKLIST

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 of 2008					
Financial Statements Sec 30	Company Secretary	Ensure that Annual Financial Statements are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	December	Not yet due
Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letterheads, website (and records with the Registrar) are up to date and that all official communication reflects this information. Consent to act as director to be kept on record	10 days after change	10 days after change	Completed

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual Returns to be submitted in terms of Sec 33	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year-end) is submitted to CIPC within 30 days of anniversary date of registration.	Annually by end of the month following the anniversary date of incorporation	May	Annual returns for the financial year ended 30 June 2024 were duly returned.
Board Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meetings are duly constituted; minutes are taken and filed.	Quarterly	Quarterly	Completed - Board meetings take place quarterly, and minuted. Terms of references are up to date.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual General Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all members are represented; minutes are taken and filed.	Annually	Within 6 months of year end	AGM took place on 31 July 2024
Auditor appointed	Company Secretary	Auditor consent to appointment and same to be lodged with CIPC	Annually	Annually	A new Board was appointed at the AGM on 31 July 2024 and upon receiving resolutions of AGM the newly appointed board members will be lodged with CIPC
Register of directors and Officials	Company Secretary	Register of directors and officials to be maintained	Annually	Annually	Documents have been lodged online.
Labour Relations and Employment Law					
Labour Relations Act No. 66 of 1995	GM: Corporate Services	Ensure that Act is adhered to.	Ongoing	Done and Ongoing	Engagements with organized labour are ongoing. Discipline and disputes are dealt with in terms of the legislative provisions.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
					Conditions of employment are in line with the Act
Basic Conditions of Employment Act No. 11 of 2002	GM: Corporate Services	Ensure that Act is adhered to.	Annually	Done and Ongoing	Conditions of employment, i.e. working hours and leave arrangements are in place in terms of the collective agreement.
Employment Equity Act No. 55 of 1998	GM: Corporate Services	Submission of Employment Equity plan Submission of Employment Equity plan report	Every five (5) years Annually	Upcoming quarter and ongoing	Employment Equity plan report submitted January 2022.
Occupational Health and Safety Act No. 85 of 1993	GM: Corporate Services	Ensure execution that a safe and hygienic working environment is maintained	Annually	Annually	A plan was developed to deal with adverse findings: - Electrical compliance at head office.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
		and that the Act is displayed in the workplace.			- More capex for upgrades
Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	GM: Corporate Services	Ensure that the Works Skills Plan is submitted and implemented	Annually	April	WSP in place - Contracts are in place. - Training was conducted. - Training committee meets on a regular basis
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26 th of each month	Completed
Promotion of Equality and Prevention of Unfair	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Discrimination Act No.52 of 2002					
Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COID")	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Annually	Ongoing	Completed
Code of conduct of schedule 2 of the Municipal Systems Act	Employees	Declaration of interest	Annually	Annually	Employee declarations of interest for the financial year ending 30 June 2025 were submitted
Finance / Value Added/ Tax Law					
Value Added Tax No. 89 of 1991	Chief Financial Officer	Submit relevant returns to the Receiver by the 25th of every month. (If submitted by EFT the due date is the 31 of each month.)	Annually	End of each month	Completed

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Income Tax Act No. 58 of 1962	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver	Annually	Annually	Completed
Income Tax Act No. 58 of 1962 PAYE	GM: Corporate Services	Ensure that monthly payments are made.	Annually	Monthly	Completed
Prevention and Combating of Corrupt Activities Act No 12 of 2004 (Anti-corruption Act)	CAE	Ensure corruption is managed effectively	Annually	Annually	Completed. An anonymous tip-offline which is managed by an independent party is in place. No tip-offs were received during this quarter.
Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	CAE	Management of whistleblowing hotline – reports received and addressed in line with policy	Annually	Monthly	Completed. No disclosures were made during this quarter.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA compliant	Annually	Annually	Completed
General laws					
Road Traffic Act	GM: Integrated Business Operations	Ensure that all vehicles' licenses and traffic fines are paid.	Annually	Annually	Completed
Code of Conduct for Municipal Staff Members, (schedule 2 to the Municipal Systems Act No 32 of 2000)	All Departments & Directors and Board Sub-Committees	Ensure that written declarations of interests are recorded	Annually	Annually	Completed
Protection of Personal Information Act	CIO	Ensure all personal information (employees, bidders, contractors etc.) is treated with the necessary	Annually	Annually	Completed and ongoing

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
		safeguards to ensure compliance with Act			
National Archives and Records Services of South Africa Act	GM: Corporate Services	Ensure there is a records management system, and documents are stored in the manner, and for the required time frame, as per legislation	Annually	Annually	Completed and ongoing
National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	GM: Operations	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Annually	Annually	Completed
Environment					

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Petroleum Products Act	GM Integrated Business Operations.	Ensure tanks and dispensing done in line with requirements	Annually	Annually	Completed
Agreements / Licenses etc.					
Service Delivery Agreement with City (SDA)	MD	Ensure that the Metrobus mandate is complied with.	Annually	Annually	Completed
Municipal Finance Management Act No.56 of 2003 – the said Act cross references the following Acts which should also be taken into account when determining compliance:					
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	submitted
S 88	Accounting Officer / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Annually	30 January 2026	Not yet due
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS
S 106	MD	All delegations reduced to writing	Annually	Annually	Completed
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	5 December 2025	Not yet due
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	5 December 2025	Not yet due
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					
Broad Based Black Economic Empowerment Act No 53 of 2003	Chief Financial Officer	Compliance with framework for the accreditation and verification by all verification agencies	Annually	Annually	In Place

ANNEXURE G: REMEDIAL PLAN FOR NON-PERFORMANCE

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

N O	Specific Issues Identified	Proposed Corrective Actions	Responsib le Team	Deadlin e
1	Surplus/ Deficit	• Since 2021/22, there have been over R250 million budget cuts. However, the operational costs have increased significantly, especially diesel costs (which are affected by international pricing challenges) and employee related costs. • We have implemented cashless systems from 1 October 2024, and we have seen approximately over 33% increase in our weekly revenue collection levels. • The procurement of new buses in the current will also ensure that we increase our passenger numbers and revenue collection levels. • The entity is also currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally.	Metrobus EMT and the Transport Department	30 Decemb er 2025
2	Liquidity, and Solvency	• The entity's insolvent position is based on the procurement of long-term assets using short-term facilities (overdraft). Due to this financing mismatch, the entity will continue to struggle to overcome its financial position given that the company is mandated to break-even and not be profit-making (since the City provides a subsidy for its operations). • There was an exercise undertaken by Group Finance (Treasury Department) in 2021/22 to convert liabilities into equity for; Metrobus, City Power, Pikitup and MTC. However, the City abandoned the process due to the taxation costs which would arise as a result. We are still awaiting confirmation from the Treasury Department on whether other financing options will be considered.	Metrobus EMT and the Transport Department	30 Decemb er 2025

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

		The entity is currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally.		
3	Service delivery standards	- Procurement of buses - Leasing of buses - Decrease of Out of Commission of buses	Integrated Business Operations	31 December 2025
4	Non-compliance	- Operational improvements through route adjustments and fleet maintenance - Customer service improvements	Metrobus EMT	30 December 2025
5	Valid invoices paid within 30 days	- The City is currently experiencing cash-flow issues which is hindering the entity's ability to pay suppliers on time. - Regular communication to the Treasury Department requesting for sufficient cash allocations to pay service providers will be undertaken.	Finance	30 December 2025



ANNEXURE H: SPECIFIC ISSUES IDENTIFIED

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2025/26 Quarter One Performance Assessment Report

NO	SPECIFIC ISSUES IDENTIFIED	PROPOSED CORRECTIVE ACTIONS	RESPONSIBLE TEAM	DEADLINE	PROGRESS
1	Aging and unreliable bus fleet	Bus leasing (one hundred high-capacity buses). Refurbishment of 30 buses. Procurement of buses.	Executive Management Team	By 30 December 2025 By 31 December 2025 By 30 June 2025	Ongoing
2	Limited financial resources (budget)	Negotiate conditional grants for assets instead of loans.	Executive Management Team	By 31 December 2025	Submission made by the entity. Currently under consideration by Group Finance
3	Inefficient routes	Reduce quantity of inefficient routes by 10% through improved planning and stakeholder engagement.	Executive Management Team	By 30 December 2025	Not yet due
4	Aging and unreliable fare collection system	Implementation of Automated Fare Collection system	Executive Management Team	On-going implementation	On-going
5	High rate of revenue pilferage	Inspectorate Blitz	Executive Management Team	Completed Ongoing	Completed
6	Inability to track and account for utilization and deployment of buses.	Installation of Intelligent Transport Systems	Executive Management Team	Completed	Completed
7	High debt burden (historical)	Finalise the debt restructuring process.	Executive Management Team	By 31 December 2025	Not yet due
8	High cost of operations (fuel costs)	Increase diesel to gas substitution rate. Installation of CNG infrastructure. Reduction of dead Kilometres	Executive Management Team	By 31 December 2025	Not yet due

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2025/26 Quarter One Performance Assessment Report

9	Uncertainty on future funding investment	Increase market share.	Executive Management Team	By 31 December 2025	Not yet due
10	Labour instability (contributing factor to public commuter confidence)	Three company- wide roadshows conducted per financial year. Monthly Labour Management Forum (LMF)	Executive Management Team	On-going implementation On-going implementation	Engagement forum is functional