

Metrobus

Integrated Annual Report 2024/25

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



a world class African city



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Closed on Sunday and Public Holidays

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 internal and external to Metrobus

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

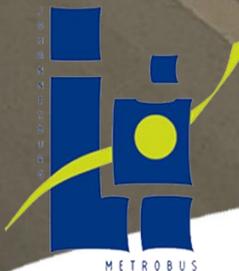
A sense of community, being driven in our actions by the greater good of the Citizens of Joburg

MISSION

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

VISION

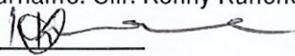
To be a people centred, performance driven provider of an efficient conventional bus service within the integrated public transport network



Metrobus



Approval:

<p>Name & Surname: Luyanda Gidini Signature  Chief Financial Officer</p>	<p>Date of approval: <u>2 December 2025</u></p>
<p>Name & Surname: Dr Bongani Radebe  Signature _____ Managing Director</p>	<p>Date of approval: <u>02 December 2025</u></p>
<p>Name & Surname: Charley Pietersen  Signature _____ Chairperson of the Board</p>	<p>Date of approval: <u>02 December 2025</u></p>
<p>Name & Surname: Cllr. Kenny Kunene Signature  Member of Mayoral Committee</p>	<p>Date of approval: <u>08 December 2025</u></p>

VERSION CONTROL

AUDIT AND RISK COMMITTEE APPROVAL	Date of approval: 26 November 2025
BOARD OF DIRECTORS APPROVAL	Date of approval: 28 November 2025

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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
CNG	Compressed Natural Gas
CoE	Centre of Excellence
CoJ/City of Joburg/City	City of Johannesburg Metropolitan Municipality
Companies Act	Companies Act, 2008, Act No 71 of 2008
DDF	Diesel Dual Fuel
DPSA	Department of Public Service and Administration
EAM	Enterprise Asset Management
EE	Employment Equity
ERP	Enterprise Resource Plan
FAR	Fixed Asset Register
FY	Financial Year
GDS	City of Johannesburg 2040 Growth and Development Strategy
GHG	Green House Gas

HRSE	Human Resources, Social and Ethics Committee
ICT	Information and Communications Technology
IDP	Integrated Development Plan
ITS	Intelligent Transport Systems
MFMA	Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003
MSA	Local Government: Municipal Systems Act, 2000, Act 32 of 2000
NBV	Net Book Value
OOC	Out of Commission
POPI	Protection of Personal Information Act
PPE	Property, Plant and Equipment
SEC	Social and Ethics Committee (SEC)
SDC	Service Delivery Committee

Basis of Preparation

The Municipal Finance Management Act (MFMA), the Municipal Systems Act (Section 46) and National Treasury's MFMA Annual Report Circular 63 require a Municipality and its Entities to prepare an annual report for each financial year covering both financial and non-financial performance. The report is informed by guidelines provided by the International Integrated Reporting Council (IIRC) and also considers the reporting priorities outlined in the King Code of Governance for South Africa, 2016 (King IV).

The Auditor General of South Africa (AGSA), in its capacity as external auditor has audited the consolidated financial statements included in the integrated annual report and their un-

modified audit opinion is included herein as Annexure N. The AGSA is doing no other work for the entity. In the Board's opinion, the integrated annual report provides a fair and balanced representation of the integrated performance of the company within the context of its identified material aspects and has been prepared in accordance with internationally recognized best practice.

Scope of Report

The Metrobus integrated annual report aims to provide stakeholders with a balanced assessment of the entity's ability to create and sustain value to ensure short, medium and long-term viability. The report, together with the annual financial statements and other supplementary information, provides a complete and balanced review of Metrobus operations, economic, social and environmental performance, within the context of its strategy, risks and opportunities for the financial year ended 30 June 2025.

This report combines elements of a sustainability report with a conventional financial report. The aim is to provide sufficient insight to enable stakeholders to form a comprehensive view of the organisation's performance and its ability to create and sustain value, in the context of its environmental, social and economic challenges. Due consideration is given to appropriate internal and external factors, including the operating environment, stakeholder expectations and the company's strategy and the associated opportunities and risks.

In compiling its integrated annual report, Metrobus has applied the principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV), Municipal Finance Management Act (MFMA); Generally Recognized Accounting Principles (GRAP), Section 46(1) on the Municipal Systems Act (MSA); concepts, guiding principles and content elements contained in the International Integrated Reporting (IR) Framework issued by the International Integrated Reporting Council (IIRC); Global Reporting Initiative Framework; Millennium Development Goals; Integrated Development Plan (IDP); and Strategic Integrated Transport Plan framework.

The final report will be available online on the Metrobus and City of Johannesburg's websites (<https://mbus.joburg.org.za> and www.mbus.joburg.org.za).

Materiality

The entity applies the principle of materiality to determine the nature, timing and extent of the disclosures in its annual reports. A matter is deemed material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. The evaluation of materiality is continuously assessed in a number of significant areas in the organization as follows:

Strategy: The strategic environment within which the organization operates is periodically scanned for material issues that may emerge from various developments. Strategic plans are subsequently reviewed accordingly.

Performance: The performance environment within which employees operate is periodically scanned for material issues that may emerge from various internal and external developments. Performance plans are subsequently reviewed accordingly.

Stakeholder Engagements: The stakeholder engagement environment is periodically scanned to ensure that no material matter that develops or emerges is not appropriately mitigated against.

Financial Management and viability: The entity's financial environment is periodically scanned to ensure that material matters are duly reported, risks identified, and remedial plans put in place.

Reporting: Reporting requirements are continuously reviewed, and compliance standards adhered to.

Various Frameworks and Methods for the determination of Materiality

Chief among the methods used by the entity to identify material issues in the five areas mentioned above are periodic strategic risk register review, individual performance management, core or service performance indicator assessment and commuter feedback.

KEY INTERNAL AND EXTERNAL CRITERIA EMPLOYED TO IDENTIFY MATERIAL ISSUES

Internal Criteria	External Criteria
Changing Landscape of performance Environment	Joburg long term strategy
Significant change in input cost	IDP
Dynamics in level of Customer Satisfaction	Dynamics in Mayoral Priorities
Labour Volatility	City Financial Planning
	Developments in the Legislative environment

Assurance

The Entity's Annual report for the 2024/25 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Integrated Reporting Framework	MFMA: Circular 63 Annual reporting requirements
Ethical Leadership and Corporate Citizenship	MMC's Foreword Statement and Executive Summary Report
Boards and Directors: <ul style="list-style-type: none"> - Board Independence. - Board reporting. - Boards performance. - Board Committees. - Director's remuneration; 	Governance <ul style="list-style-type: none"> - Governance structures. - Supply Chain Management, By laws, oversight committees. - Risk management. - Anti-corruption and Fraud. - Disclosure of financial interests.
Audit Committee <ul style="list-style-type: none"> - Finance Competence. - Audit Committee performance; 	Service delivery
The Governance of Risk	Organizational Development Performance
Compliance with Laws, Codes, Rules and Standards	Financial Performance
Internal Audit <ul style="list-style-type: none"> - Internal Audit Function. - Internal Controls 	Appendices; Annual Financial Statements
Governing Stakeholders Relationships	

Integrated Reporting Disclosure	
<ul style="list-style-type: none"> - Financial Disclosure. - Sustainability Disclosure; 	
Integrated Reporting Philosophy	

The mitigating strategies on the assessment and outcomes of the Entity’s 2024/25 annual report in terms of the Integrated Reporting and MFMA Circular 63 has been included as part of this report (refer to Section of Chapter 6 – Auditor General’s findings).

The Entity will continue to refine its approach in future annual reports to further align international reporting standards and to promote consistency and accountability with respect to its role in creating and sustaining value for all citizens of Johannesburg.

Statement of Responsibility

The performance information fairly reflects actual achievements against planned objectives, indicators and targets as per the business plan of the entity for the financial year ended 30 June 2025. Metrobus’ performance information for the year ended 30 June 2025 has been examined by the internal auditors.

To the best of our knowledge, we confirm:

- All information and amounts disclosed in the annual report are consistent with the annual financial statements.
- The report is complete, accurate and free from any omissions.
- The report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury’
- The annual financial statements in chapter five have been prepared in accordance with the GRAP and MFMA standards applicable to Metrobus.
- The Board is responsible for implementing a system of internal control designed to provide reasonable assurance on the integrity and reliability of the performance information, human resources information and annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Integrated Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of Metrobus for the year ended 30 June 2025.

Feedback

Your feedback is important to us. It improves our reporting content and processes. Please send your comments to tnathan@mbus.joburg.org.za Readers can also interact with us on our social media platforms.

1.1 Foreword by Member of the Mayoral Committee



I am pleased to present the 2024/25 Metrobus Integrated Annual Report, in line with all applicable legal prescripts.

As a provider of conventional public bus transport services, Metrobus plays a pivotal role in the Integrated Public Transport ecosystem of the City of Johannesburg. Throughout the many years of its existence, the entity has built an iconic brand which has been supported by the citizens of Johannesburg, for which we remain grateful. During the year under review an average of 22 188 (daily) of our citizens have used Metrobus to go to work, school and for many other reasons including entertainment.

The entity's strategic direction and approach is guided, inter alia, by the city's long-term Growth and Development Strategy (GDS 2040), in this regard the entity is relentlessly pursuing a consistent and sustained decrease in the amount of greenhouse gas (GHG) emissions towards the realisation of a green economy for the City. The entity continues to perform well in this regard, recording a positive 14% variance on its GHG emission targets for the year under review. Furthermore, significant strides have been made in relation to the implementation of Intelligent Transport Systems (ITS) which places the entity in pole position to become attractive to a younger generation of commuters who are keen on Mobility as a Service (MaaS). In this regard, plans are afoot to "GoLive" on the Automated Fare Collection systems which will revolutionise the management of fare collection and information management and analytics. Accordingly, and in line with its mandate and operations the entity contributes to the long term GDS outcome to Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy, as well as an inclusive, job intensive, competitive and smart economy that harnesses the potential of citizens.

The entity's strategic perspective and approach is further informed and aligned to the strategic imperatives of Growing Gauteng Together, the Gauteng provincial strategy. In this regard the salient imperatives of Safe Public Transportation and efforts to curb the burden of transport costs on livelihoods are important. Metrobus has maintained fatality free operations

over the last three years, while fares are determined in a manner that ensures that the burdens transportation costs on household income are kept in check while reduction of congestion on our roads.

While predominantly serving those who are employed and attending institutions of learning, Metrobus has excelled in its service to members of vulnerable groups in our society. In this regard it is notable that our fleet is predominantly universally accessible, meaning that several of our buses have been modified to ensure that physically challenged individuals are able to access our services without undue difficulty.

During the year under review, 82% (target 80%) of our commuters indicated that they were either satisfied or very satisfied with our services. Although a significant vote of confidence in our services, this feedback was not without serious qualification. Our commuters indicated without any hesitation that there are several elements our service with which they deeply unsatisfied. This feedback has been considered quite seriously by the entity, and toward ensuring significant improvement of our services, the reliability of buses will be improved through the purchasing, which will increase the complement of fit-for-service buses. In addition, the entity has secured resources for purposes of refurbishing several buses.

The entity maintains public participation through the maintenance of a functional commuter forum which convenes on a monthly basis. Other stakeholders are engaged through information and engagement campaigns. The apex corrective actions that will significantly improve the level of service delivered by the entity are the procurement of additional fleet, the rationalisation of current route configuration as well as a significant increase in revenue collection.

Through the leadership of the board of directors, the entity has also developed a turnaround plan which focuses on operational efficiency and financial viability. Key among the initiatives in support of this turnaround plan, was the implementation of cashless mobility. The turnaround plan has yielded notable results in the upward trend in revenue collection.

Bus public transport is one of the significant enablers of the City's traction towards a smart City. In this regard, the entity has made significant strides towards the implementation of Intelligent Transport Systems to ensure ease of use for our commuters. Fleet management

capacity has been significantly improved, including the capacity for live surveillance of our buses. This significantly improves the safety of commuters on our buses, while ensuring that our assets are safeguarded and are deployed for the betterment of our commuters.

The entity's successive quarterly Social and Ethics reports indicate that the entity is making notable strides in the advancement of Millenium Development Goals. In this regard the entity has not shirked from its commitment to the triple bottom line of people, revenue and planet. The entity's green economy initiatives are a flagship program in pursuit of this triple bottom line. A significant portion of current fleet is dual fuel, allowing for the utilization of Compressed Natural Gas. Against the backdrop that Transportation is a leading emitter of greenhouse gases, the entity has consistently overachieved on its greenhouse gas emission targets over the last three financial years and contributing significantly to the creation of a green economy for the City and Province.

The entity has operated more than 6,7 million kilometres of fatality free transport service during the period under review. My gratitude, on behalf of every citizen of our city, goes to every man and woman who operate our buses safely. Our employees benefit from continuous refresher training to ensure that they always remain vigilant and safety conscious.

Local Economic Development remain a priority for the entity. In this regard, SMME's continue to receive the bulk of our expenditure on various goods and services. Hundreds of job opportunities are created through the Extended Public Works Program, which allows many of our citizens to gain valuable experience through gainful employment.

I would like to express my sincere gratitude to the Board of Directors, management and employees of Metrobus for their continued commitment and dedication. A word of appreciation also goes to all the oversight bodies as well as our key stakeholders for their continue support towards ensuring that we deliver a safe and efficient transport service for all.

Cllr. Kenny Kunene
MMC: Transportation

1.2 Chairperson's Foreword



On behalf of the Board of Directors at Metrobus, I am pleased to present the 2024/25 financial year Integrated Annual Report. During the 2022/23 financial year the board developed a five-year strategic plan placing the entity on a trajectory of growth based on the following strategic goals:

Strategic Goal	Objectives
Ensure that metrobus is viable and sustainable	<ul style="list-style-type: none"> Improve revenue generation. develop and implement a cost reduction plan. Improve liquidity and solvency position of metro bus. Implement sound financial management practices
Ensure effective and efficient bus operations	<ul style="list-style-type: none"> Review and implement an organizational turnaround plan. Improve and automate metrobus systems. Improve service reliability. Decrease greenhouse gas emissions.
Obtain, develop and retain talent in a fit for purpose organizational structure that will deliver on our vision	<ul style="list-style-type: none"> Develop and implement a change management plan. Ensure labour stability. Create a healthy organizational culture. Create a culture of high performance. Capacitate employees.
Ensure a well governed city	<ul style="list-style-type: none"> Establish and implement integrated enterprise-wide business policies and procedures. Develop a stakeholder relationship management strategy. Identify and manage risks.
Continuously monitor, evaluate and improve service	<ul style="list-style-type: none"> Account for resources and results. Proactively plan. Monitor and evaluate the strategic plan.

In relation to ensuring that Metrobus is financially viable and sustainable, a notable improvement in revenue collection has been realised as a result of the key strategic initiative of migrating to cashless mobility. While the liquidity and solvency position of the entity remains a concern, the shareholder is considering a review to the funding model for the future.

The efficiency of bus operations has been diminished by the inadequacy of fleet to meet demand; however significant strides have been made in this regard to ensure that additional new buses (34) are purchased and funding for leasing of additional buses is secured. The

entity's digital maturity journey is well advanced as evidenced by readiness to "GoLive" on the Automated Fare Collection system at the commencement of the 2025/26 financial year

As measured by the number of man-days lost due to industrial action, much progress has been recorded in comparison to historical trends. The capacitation of employees continues with much focus on the youth, and women to support current employment equity goals and objectives.

The entity has implemented measures to maintain its enterprise-wide policies and procedures. Stakeholder relations management remains a priority as supported by focused risk identification and mitigations strategies.

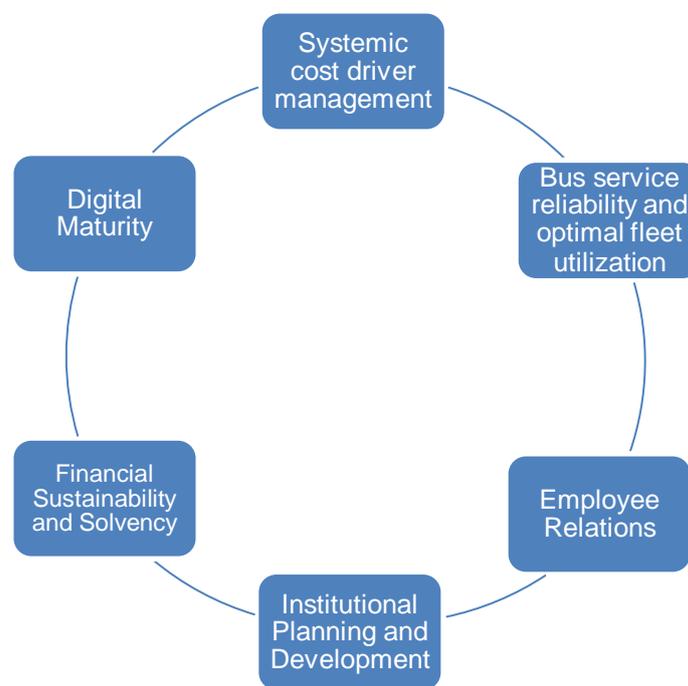
Metrobus remains a key player in the integrated public transport system of the City of Johannesburg. This requires concomitant investment in its asset base. Towards this end, it is pleasing to note that financial resources have been secured to increase its fleet. Over a number of years, the entity has experienced a deficit in investment in fleet, and this has resulted in a fleet that is inadequate to meet current commuter demands. This has also significantly increased the cost of maintaining the current fleet. However, even within this environment metrobus continues to deliver services for its commuters. During this year, commuters have indicated satisfaction with metrobus services. It remains a major concern that serious challenges remain with the reliability of our service.

Several important financial indicators, including solvency and liability position, remain a concern for the entity. Efforts aimed at securing an alternative funding model for the entity are continuing. The implementation of an appropriate alternative funding model for the entity will ensure its financial sustainability.

I'm pleased to note green shoots in the labour relations environment of the entity. This is evidenced by continuous engagement between management and labour on matters of common interest, which has resulted in a significant decrease in labour instability. Furthermore, an uptake has been noted in relation to our subsidized education offering. Several of our employees are using this opportunity to further their studies and to ensure that's the appropriately prepared for upward mobility in the organization, in this regard it is

further notable that the overwhelming majority of participants in this program are young people and females. This bodes well for the entity's employment equity objectives.

The Board remains concerned regarding organizational performance in relation to predetermined objectives. This has been the case over several quarters in the period under review. Annual performance levels were recorded at 52% against a target of 85%. This is especially concerning since performance challenges appear to be predetermined objectives that are service related. This includes the reliability of buses and adherence to bus schedules. During the 2021-22 financial year, the Board determined, in keeping with the Corporate Strategy 2022-27, that the following key turnaround focus areas must be given significant impetus:



Although challenges remain, significant strides have been made in all of the turnaround focus areas. During the period under review, the entity implemented cashless mobility which resulted in positive outcome in terms of revenue collection.

The Board wishes to thank the Metrobus management for its commitment, and employees for their dedicated service and hard work. To our commuters, members of the commuter forum, and other key stakeholders, we thank you for your continued support.

The Board remains unwavering in its in its resolution to guide the entity to operational excellence, financial sustainability, eco-mobility, and to cements its role as a key role player in public transportation in Johannesburg.

Mr. Charley Pietersen
Metrobus Board Chairperson

1.3 Managing Director's Report



The Metrobus family is inspired by our slogan “We don’t just drive buses, we drive the economy”. This reminds us of the import role our entity plays in enabling economic activity in our City. While keenly aware of the many challenges faced by the entity, we remain committed to excellence in servicing our commuters and creating a healthy and empowering workplace for our employees.

In line with the Service Delivery Agreement entered between the City and Metrobus, at the core of the entity service delivery model is the non-negotiable outcome of meeting commuter expectations and delivering on the promise of safe and reliable public bus transportation services. Accordingly, the mandate of Metrobus is the provisions of efficient and affordable public transport to the citizens of the City within the service area, including developing a bus route plan within the framework of the Shareholders Integrated Transport Plan, the operational planning and management of the bus transport services; and developing a customer management plan.

Metrobus has experienced significant challenges over the years and many of the issues are not new. We remain committed to collaborating with the Shareholder to ensure that these challenges are eliminated. We are technically and factually insolvent as per the definition from the Companies Act, and we are overly reliant on the City in order for us to continue to operate as a going concern. In the past two financial years, we have had over R200 million in budget cuts, which has negatively affected our ability to deliver services reliably. Our performance during the financial period has reduced from over 62% to 52% as we did not have adequate resources to operate according to our passengers’ expectations.

Despite the significant budget cuts, we have managed to reach monumental achievements that are the first few steps in improving the quality of our services during the financial period such as:

- Implementing a hybrid security system to ensure that our assets are adequately protected and reduce the risk of losses.
- Implementing cashless mobility

- Revitalised the Labour Management Forums meetings whereby key labour issues are discussed, and solutions are sought through the collaboration from management and our organised labour partners.
- Implemented free Wi-Fi on our buses for our passengers which was launched during Transport Month.
- Implemented a new fleet management system (Eye on the Bus) recently which has the following functions.
 - An app that consumers will be able to download and track the movement of our buses depending on their preferred trip route.
 - Cameras in the buses which will monitor the movement of our buses and ensure safety for our passengers in real-time.
 - A device that will automatically count the number of passengers in our buses in real-time that will assist us in our route planning schedules; and
 - A system that monitors our bus operator's driver behaviour and rewards safe driving.
- Amongst many other initiatives.

Management remains on course to ensure that the vacancy rate of 23,34% is reduced in line available resources. In this regard the entity has prioritized critical positions and processes for the filling of these has been expedited.

Planned trips inform the schedule of service which we advertise to our commuters. In this regard, the entity achieved a target of 68% performance level for the year, thus not delivering on the promise we made to the citizens of Johannesburg. In comparison to the previous financial year the performance of the entity has decreased in regard to planned trips operated.

Towards ensuring the reliability of our services through maintaining on-time arrival at starting points, a target of 90% was set, this target was consistently met during the financial year at an average of 94% for the year under review. During the previous financial year, the target in this regard was also exceeded indicating focus on reliability of services.

The entity views commuter numbers as a litmus test for its sustainability. During the year under review ridership numbers decreased from 5.56 million to 5.52 million indicating a downward trend.

However, challenges still remain in that the buses as a mode of transport enjoy a significantly lower ridership level than other modes of transport in the City. It is also important to note that ridership patterns in Gauteng are unfavourably skewed toward private cars and minibus taxis who collectively share over 90% of the market. To ensure that Gauteng meets its sustainability objectives a significant modal shift towards public transportation is desirable. Metrobus is well positioned to play a vital role in this regard.

Towards efforts aimed at turning the tide on the loss of ridership, the entity has established through market research that its deployment of buses may not be appropriately aligned with the mobility requirements of a number of potential commuters, however a significant enabler in this regard is the maintenance of sufficient fit-for-purpose fleet. While funding has been approved for the purchase of new buses, a more long-term commitment towards a program of re-fleeting with requisite financial commitments.

A determinant of our capacity to provide a reliable service is the ability to maintain a fit-for-purpose fleet in relation to the number of buses in proportion to peak requirements enabled by significant decrease in Out of Commission (OOC) buses. During the year under review, levels of OOC remained a concern.

Albeit the employee relations environment in the organization remains a concern, green shots are evident in this regard, particularly in view of a revived and active management-labour engagement forum. While only three man-days were lost due to industrial action in the financial year. The capacitation of our employees has remained a key focus area. Outcomes of a skills audit conducted in the entity have informed the development and implementation of a Work Skills plan.

Regarding the goal of a green economy, Metrobus considers its role in securing the future of urban eco-mobility through ensuring that services are delivered in a sustainable manner. This is against the backdrop of worldwide transport related greenhouse emissions, which by 2025 are expected to have increased by 30% from 2005 levels. Transport energy costs continue to rise. In this regard the entity has set in motion processes that will enable a shift in energy usage from an over reliance on diesel to a more balanced use of diesel and compressed natural gas. Our collaboration with the German Development Agency (GIZ) and the University of Johannesburg was aimed at a feasibility study to determine the efficacy of the usage of

alternative fuels. The study has been completed, and outcomes will inform the entity's approach going forward. The profiling of all Metrobus routes is imminent and will ensure that the routes on which the use of alternative energy will bear maximum benefit are identified and fleet deployed accordingly.

One hundred percent (100%) of the capex budget was spent against a target of 100%. This is a significant achievement that also underlines the importance of collaboration between entities.

In the area of the financial sustainability of the entity, the apex challenges revolve around pushing back the frontiers of over-reliance on shareholder funding through higher levels of own revenue generation, towards a more equitable balance between grant and own revenue. During the year under review, significant strides were made in the implementation of Intelligent Transport Systems which will turn the time in respect of own revenue generation and general operation efficiency. The expansion of alternative revenue streams and deployment of automated fare collection is pivotal in this regard. During the year under review, the entity focused on alternative revenue streams through offering mobile advertising space.

The financial position of the entity remains a concern. At its establishment, Metrobus was financed through a loan of R 251 million (2002). From 2002 to 2016 Metrobus acquired new buses with a cost of R551million. During the year under review, the net liability position worsened from R 392, 2 million (30 June 2024) to R 455, 2 million as of 30 June 2025. The entity recorded a deficit of R 62, 4 million compared to the recorded deficit of R 154 million in the previous year. During the year under review, the entity achieved 52% of its predetermined objectives and 80% of service standards. In addition to the increasing demand for urban mobility, a need to evolve the character of mobility in the City of Joburg is ever increasing. Urban mobility and mobility needs are evolving. Changing travel habits, demand for services to increase convenience, speed and predictability, as well as evolving commuter expectations towards individualization and sustainability required business model transformation. More than ever, it is expected of public transport providers to work hard at improving attractiveness, and capacity and efficiency of mobility systems despite dwindling public financing.

Metrobus remains an important role player in the City's Integrated Public Transport Network. Urban mobility is one of the toughest system-level challenges facing players of the mobility ecosystems. In the future, innovative mobility services will be driven less by improvements in single transport modes than by integration. In this regard, the central theme of the entity's Strategic Vision 2022-27, is readiness for participating in the Integrated Public Transport Network of the City of Joburg. Going forward, while delivering on the current mandate, the entity will focus on visionary strategy and ecosystems, mobility supply, mobility demand management and alternative public transport financing.

The AGSA audit opinion remains a significant indicator of the efficacy of, inter alia, the internal controls employed by the entity, compliance to legislation, and the accuracy of reporting. In this regard, during the year under review, the audit outcome remained unchanged at unqualified with findings in comparison to the previous financial year.

Metrobus is committed, in collaboration with all stakeholders, to continue providing quality mobility solutions to citizens of Johannesburg.

Dr. Bongani Radebe

Managing Director

1.4 Chief Financial Officer's Report



The Chief Financial Officer's report reflects the financial performance, position, and its related cash flow as of 30 June 2025. The 2024/25 financial report was prepared on a going-concern basis, that is, the entity would continue to operate for the foreseeable future.

Financial Performance

The table below summarises the financial performance of the entity as of 30 June 2025.

Financial Position

Description	YTD 30-Jun-25		
	Actual	Budget	Prior year
	R'000	R'000	R'000
Revenue	753 521	766 846	691 020
Direct costs	174 861	174 045	185 758
Margin	578 660	592 801	505 262
Expenses	606 484	543 685	591 929
Operating result	-27 824	49 116	-86 667
Interest paid	46 236	49 116	56 365
Total Expenditure	827 581	766 846	834 052
Surplus / Deficit	-74 060	0	-143 033

Metrobus recorded a deficit amounting to R74, 1 million for the financial year (2023/24: R143 million). Metrobus faced multiple budget cuts over the past few years, continued to utilise an aged bus fleet which are less efficient on diesel utilisation, and an over expenditure on repairs and maintenance due to a high number of out of commission (OOC) buses. During the period under review, the entity had requested for additional budget to subsidise the escalating costs of diesel and employee related costs, but this was not approved by Council. In the financial year under review, the total operating budget was increased by only R52 million; of which the subsidy increase was only R36 million and R14 million was allocated to internally generated revenue. However, the entity had requested for more than R167 million additional subsidy, as we had overspent on the total operational budget by R150 million in the previous year. The non-approval of the requested budget has had negative implications on our operations.

Metrobus had to reallocate resources and focus only on those projects that had a higher impact on service delivery in order to maintain the minimum service required. As a result, the entity's approved budget was only overspent by R60,7 million, which is more than a R100 million reduction from the prior year over expenditure. Despite managing to reduce our overall over expenditure to R60,7 million from the R150 million in the prior year, and the projected R105 million (as reported to the Shareholder and the Board of Directors in May and June 2025), this has resulted in our bus operations being unreliable leading to high customer complaints. In June 2025, the Audit and Risk Committee (ARC) and the Board of Directors (Board) requested management to try to curtail the over expenditure to the best of its abilities, but to continue providing regular service to our passengers. The Chairperson of the Board and ARC also met with the MMC of Transport to inform him of the high likelihood of overspending, and there was consensus that operations should still continue whilst monitoring the expenditure. The ARC and Board also condoned the projected R105 million over expenditure in their June meetings.

Total revenues recorded amounted to R753,6 million against the approved budget of R766,8 million and this budget was not met by R13, 3 million due to a number of buses not operating (as we had already overspent on the repairs and maintenance line item). The internally generated revenues are still below the actual revenue generated when compared to our revenue during pre-covid. Management is currently implementing various strategies to ensure internally generated revenues are increased, such as the implementation of a complete cashless environment in our buses and our ticketing offices from October 2024. The shortfall in our fare revenue can be attributed to the following factors:

- Declining economic conditions which have resulted in increased unemployment and less people travelling.
- Shortage of our total fleet operating due to budget cuts, to operate all our planned trips.
- Under-pricing our services in terms of private hires and contracted services.

Significant overspending was recorded on the following line items:

- Employee-related costs were overspent by approximately R53, 0 million.
- Lease rental on additional buses procured.
- General expenses of approximately R17, 3 million

Financial Position

The table below reflects the abridged financial position of the entity as of 30 June 2025

Description	30-Jun-25	30-Jun-24	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	590 681	539 392	51 289	10%
Current Assets	206 060	32 696	48 551	148%
Total Assets	796 741	572 088	99 840	17%
Capital & Reserves	-455 231	-381 172	-74 059	19%
Non-Current Liabilities	10 471	13 978	-3 507	-25%
Current Liabilities	1 241 501	939 281	302 220	32%
Total Equity & Liabilities	796 741	572 087	224 654	39%

Current assets analysis:

Current assets increased by approximately R173,4 million (530%) from R32,7 million (30 June 2024) to R206 million (30 June 2025). This change was mainly driven by the following:

- Receivables from non-exchange transactions of R129,7 million were above the prior year receivables of R1,3 million by R128, 4million (9489%) due to delays in the payment of subsidies by the City to Metrobus.
- Receivables from exchange transactions of R43,4 million were above the prior year receivables of R1,3 million by R42,0 million (3161%), due to related party transactions, of which the Department of Transport owes the entity approximately R30 million for the repair of the Reya Vaya buses.

Non-current assets analysis

Non-current assets increased by approximately R51,3 million (10%). This was largely driven by:

- PPE increased by R51,0 million (11%) from R465,8 million (30 June 2024) to R516, 8 million (30 June 2025).
- Intangibles assets decreased by R2,7 million (8%) from R35,4 million (30 June 2024) to R32,7 million (30 June 2025) due to amortization of the intangible assets during the period.

Current liabilities

Current liabilities increased by approximately R302,2 million (32%) from R939,3 million (30 June 2024) to R1,2 billion (30 June 2025). This change was driven by the following:

- A R346,4 million (85%) increase in payables from exchange transactions due to delayed and non-allocation of funds to pay service providers within 30 days
- A R9,6 million (2%) increase in shareholder loans.

Non-current liability analysis

Non-current liabilities decreased by R3,5 million (25%) from R14,0 million (30 June 2024) to R10,5 million (30 June 2025). This change was driven by:

- A R3,3 million (41%) decrease in the finance lease obligation

Net asset analysis

The net assets reported in the prior year increased by R10,875 million, due to correction of a prior year error on duplicated payables in the previous financial year.

Net liability went up by R74,1 million (19%) from R381,2 million (30 June 2024) to R455,2 million (30 June 2025). This was driven by the deficit incurred during the period under review.

The entity's insolvent position is a result of the procurement of long-term assets (fleet services, gearbox and engine overhauls, refurbishment of buses, etc.) are funded through the overdraft facility and not grants (which is the case for other entities and departments in the City). The entity is not expected to be a profitable organisation as it provides bus trips at a subsidised cost, it is expected to breakeven. As a result, the City funding Metrobus' long-term capital projects through a short-term facility (which attracts significant finance costs) is an unsustainable model. There have been many engagements with the City to rectify the entity's financial model, but there is still no progress in the implementation of a more logical and sustainable financial model. The City's dire financial state is also a cause of concern, since the funding of the organisation has declined over the years. This is also compounded by the lack of regular cash allocation to pay service providers within the legislated 30-day period.

Accumulated loss

The entity's accumulated loss went up by R68,8 million from R608,1 million as of June 2024 to R676,9 million (30 June 2025). This was driven by the deficit recorded in the current

financial year (R68,8 million) as well as the releasing of the revaluation reserve to the statement of financial performance (R5,3 million) in the period under review. This resulted in the total deficit incurred by the entity to be R74,1 million during the period under review.

Compliance and Internal Control environment

There was no irregular expenditure recorded for the period as a result of procurement processes not being followed, but there was irregular expenditure of R108, 4 million recorded for the 2024/25 period due to the overspending on the operational and capital budget. The overspending on operational budget was R60, 7 million and the overspending on capital budget was R47, 7 million.

- There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless, and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered.
- During the period, the Board of Directors approved a write-off of irregular expenditure (due to the overspending of the operational and capital expenditure budget in 2023/24 financial period) and fruitless and wasteful expenditure incurred in previous years as far back as 2010/2011 amounting to R157,1 million and R208 244.72 respectively. In June 2025, the ARC and Board also condoned the pending overspending of the operational budget by a projected amount of R105 million.

Supply Chain Management

While SCM continues to be a challenging environment, Finance has made significant improvements in terms of the management of the contract register. There was no fruitless and wasteful expenditure incurred for the period under review. The entity approved deviations to the amount of R7,9 million for the procurement of various goods and services.

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 will be a major focus area in repositioning the entity to market leadership.

Luyanda Gidini CA(SA)

Chief Financial Officer

1.5 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.



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

1.5.2 Fleet Capacity

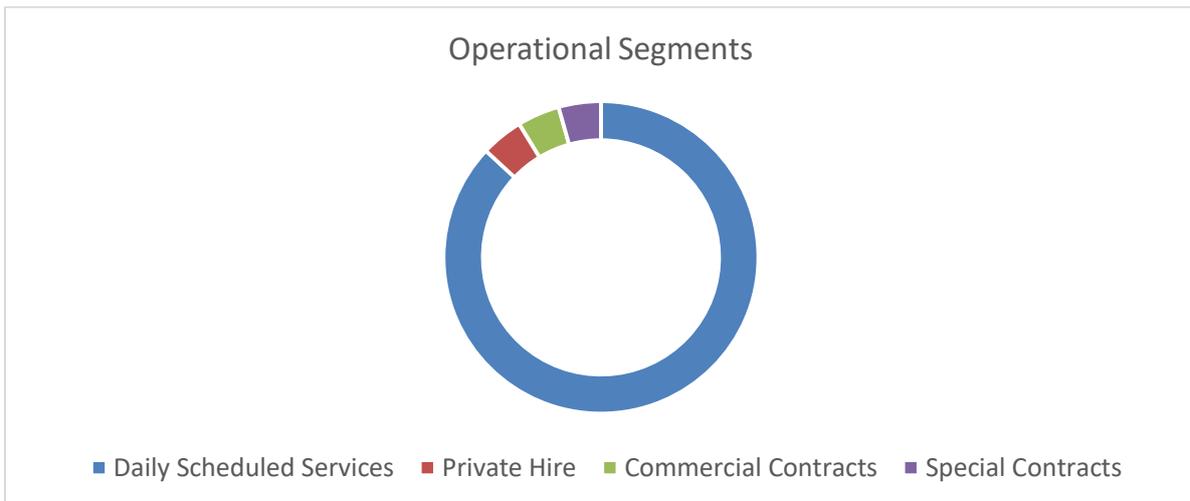
The current fleet of Metrobus buses stands at 382 and below is a table depicting the fleet by make and model.

Table 1: Fleet details

Asset Age	Asset Group	Milpark	Roodepoort	Village Main	Total
17 Years	Mercedes Benz 1725/59	49	5	32	86
	Mercedes Benz 1725/DDF	24	5		29
17 Years Total		73	10	32	115
23 Years	Volvo B7L	41	12	35	88
	VOLVO B7R	8	1	1	10
23 Years Total		49	13	36	98
8 Years	Mercedes Benz Euro 3	14	7	4	25
	Mercedes Benz Euro 5	55	36	53	144
8 Years Total		69	43	57	169
Grand Total		191	66	125	382

The entity operates within the Greater Johannesburg metropolitan area in four operational segments, proportionally outlined below:

Figure 1: Operational Segments



In addition to the above the company's social responsibility mandate, the following services are offered at discounted rates:

- A dedicated service to persons with disabilities.
- Subsidised pensioner services; and
- Scholar services.

1.6 Strategic Objectives

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.

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 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 eighty-two (382) buses, the entity operated one hundred and seventy-four (174) 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 projects 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 2: 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 GDS outcomes, 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.	<ul style="list-style-type: none"> • A society characterized by healthy living for all. • A safe and secure city • A city characterized by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Job-intensive economic growth • Promotion and support to informal and micro business 	<ul style="list-style-type: none"> • Extended job opportunities through EPWP • Development and support of SMME's

1.6.1 Metrobus Strategic Focus Areas

In pursuit of its Mandate Metrobus focuses on six (6) strategic focus areas outlined in figure 4 below. Annual strategic objectives developed in line with the strategic focus areas.

Figure 3: Metrobus Strategic Focus Areas



In terms of the entity’s corporate strategic plan 2022-27, the following strategic goals have been identified.

- Ensure that Metrobus is viable and sustainable.
- Ensure effective and efficient bus operations.
- Obtain, develop, and retain talent in a fit for purpose organisational structure that will deliver on our mission.
- Ensure a well governed entity.
- Continuously monitor, evaluate and improve service.

1.6.2 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

1.6.3 Metrobus Value Creation Process

The value creation process at Metrobus is underscored by a continuous effort to balance financial and non-financial value through constant refinement of a purpose worthy business model. The process is concerned with inputs from various forms of capital (human, financial and social) and transforming them through business activities and interactions to produce outputs and outcomes that ultimately create value for the organization, society, stakeholders and the environment.

Metrobus recognizes that value is driven by the transformation of capabilities and inputs into outcomes that sustain its competitive advantage. Key among these are financial drivers such as pricing strategy, operational efficiency, refueling strategy, revenue generation strategy, implementation of a fee per kilometre business model, brand equity and the cost of capital. Non-financial drivers include customer relations, labour relations, social expectations, environmental concerns, innovation and corporate governance. Towards transforming capabilities and inputs into outcomes, the entity manages individual and organizational performance through continuous measurement and improvement on an activity as well as outcome levels.

Our values, which include integrity, honesty, and corporation support our value creation infrastructure.

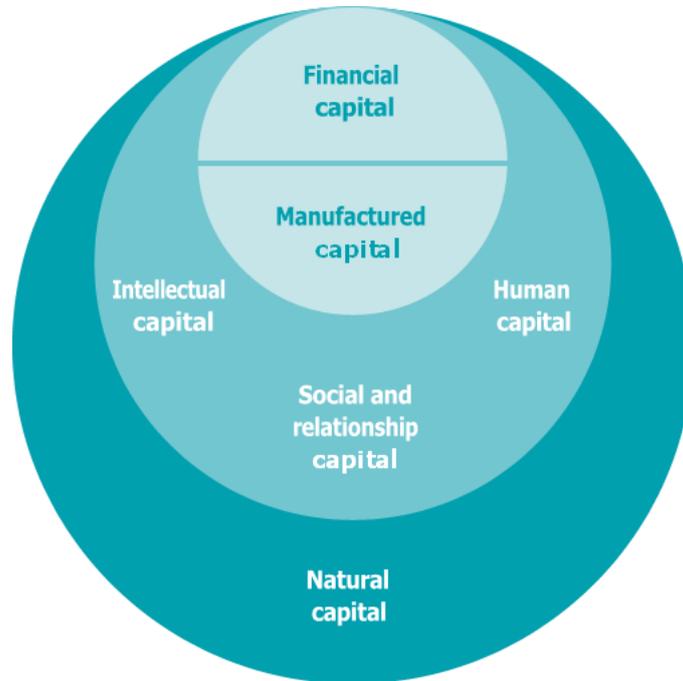
1.6.4 Harnessing Business Capitals

Within its macro context, Metrobus faces a landscape of developments which continue to challenge its evolution, chief among which are the modernization and digitization of public transport services calibrated to serve a consumer base that is increasingly younger and presenting a greater variety of “reasons for travel”.

On a micro level the cost of operating public transportation has seen a continuous increase while a corresponding increase in grant and or subsidy funding has not in all instances materialized, this in the broader context of a constrained fiscus.

Over and above its financial capital, the entity has harnessed other forms of capital to ensure that it delivers both on its operational mandate but also on broader societal and environmental imperatives. Central to the discourse about capitals is the value created by the entity as measured by either an increase or decrease in the capitals.

Figure 4: Categories of Capitals



Chapter 5 of the Metrobus Integrated Annual Report (IAR) focuses mainly on the Financial Capital, reflecting on, inter alia, the sources of revenue and how allocated revenue has been utilized to create value for the citizens of Johannesburg. Furthermore, information is shared on the challenges emanating from the decreasing quantum of financial resources over time and the effect thereon on the ability of the entity to continue operations in a sustainable manner that creates value for all its stakeholders.

Chapter 5 of the IAR, including the entity's audited financial statements outlines significant aspects of manufactured capital which is seen as human-created, production-oriented equipment and tools. A distinction is drawn between inventory (as a short-term assets) and plant and equipment (tangible capital).

Chapter 2 of the IAR focuses on the entity's progress towards the creation of intellectual capital particularly as it relates to research and development collaborations in the important area of sustainable energy usage. Chapter 4 focuses more on intellectual capital as pertains to the increase in levels of skills, and knowledge of employees. The close relationship between human and intellectual capital is recognized. Human capital is understood to consist

of the individual's capabilities, and the knowledge skills and experience of the entity's employees and managers, it embodies competencies, tacit and implicit knowledge and attitudes, including skills acquired through formal education, and on the job training, which is fundamental to the alignment with and support of the organization's governance and ethical values as well as the ability to understand and implement the entity's strategy.

Chapter 3 outlines the entity's stakeholder matrix and the approach to ensuring the ability of diverse stakeholders to work together for common purposes. This is an important enabler of the Social and relationship Capital in the entity and its ability to cultivate information that inheres in social relations.

Chapter 2 outlines the entity's commitment to the creation of a sustainable green economy for the City. Metrobus is proud to have been a forerunner in the adoption of alternative fuels. Currently the migration to electric vehicles is an integral part of the entity's corporate strategy and key initiative within the Metrobus refueling strategy.

1.6.5 Resource Allocation Plan

The Entity's resource allocation plan is premised upon three distinct resources which are clearly measurable: Financial, human resources, and fleet capacity. The reality is that a number of cost elements in the organization are in effect and to a large extent, fixed. The scope of operation at Metrobus is geographically demarcated and operationally serviced through three main depots and two satellite depots. Both fleet capacity and human capacity is allocated in proportion to the size of depot scope of operation in relation to the entity's entire scope of operation. Requisite fleet capacity per depot is the single most influential determinant of financial resource allocation. The administrative hub of the entity sits at its head office and is a shared function.

1.6.6 Metrobus Business Model

Metrobus is contracted to the City of Joburg through a Service Delivery Agreement, for the provision of reliable scheduled bus transport services to citizens of the City of Johannesburg. The entity's value proposition can be encapsulated simply as providing reliable, cost-effective public transportation.

Towards this end the following is a schematic representations of the entity's business model reflecting inputs, activities, outputs and outcomes.

2.1 Corporate Governance Statement

Adherence to the lofty principles that undergird good corporate governance remains a significant strategic imperative for the entity. Maintaining good governance and principled co-operation between the Board, management, Shareholder and other stakeholders is continuously cultivated and maintained. The entity is guided in this regard by the King Report on Corporate Governance for South Africa (King IV of 2016). Moreover, the company sets its own targets for corporate governance, which are closely monitored and regularly reviewed.

The Board of Directors provides strategic direction and oversight for Metrobus' activities and operations. The Board meets at least four times a year. The governance structures of Metrobus are committed to global principles and guidelines on corporate governance. The entity relies primarily on the legislative framework set out in the new Companies Act 71 of 2008 (as amended) ("the Companies Act") and the fourth King Report on Corporate Governance ("King IV"). These two instruments continue to serve as the bedrock according on which corporate governance principles are formed and tested.

Through the preparation of quarterly performance assessment reports as well as the integrated annual report, the entity acts in compliance with the Local Government: Municipal Finance Management Act and the Municipal Systems Act No 32 of 2000 and also promotes accountability to stakeholders for decisions taken by its governance structures and matters relating to administrative structures, throughout the financial year.

The entity applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King IV Code on Corporate Governance.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol into its Board Charter, which *inter alia* regulates its relationship with the City of

Johannesburg as its sole member and parent municipality in the interest of good corporate governance and ethical conduct.

The Protocol is premised on the principles enunciated in the King IV Report for Corporate Governance for South Africa 2016 (King IV). The entity's practices are, in all material respects, in line with the principles set out in the King IV Report. On an ongoing basis, steps are continuously taken to align practices with the Report's recommendations, and the Board continually reviews progress in this regard to ensure that we improve our Corporate Governance. Reviews, reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA).

2.1.1 Ethical Leadership

As codified in Metrobus Code of Ethics Policy and Human Resources, Social & Ethics (HRSE) Committee Charter, Metrobus observes high standards of business and personal ethics in the conduct of its duties and responsibilities. Through the oversight role of the board's Human Resources, Social and Ethics Committee, proper oversight and leadership in respect of ethics is ensured.

The entity recognizes its responsibility to act in the community with other role players in transport to ensure that the environment is protected in a sustainable manner.

Metrobus has adopted a Code of Ethics, which is applicable to Board members, management, and staff. Board members further attend governance forum meetings arranged by the shareholder, which provides a platform for training and development on ethical and effective leadership. An annual performance evaluation is conducted through the shareholder, which assists with identifying any areas of concern.

The entity's culture, ethics and values permeate the way in which business is conducted through a number of protocols, procedures and rules. Committees for the administration of procurement are in place to ensure that procurement is conducted, inter alia, as ethically as possible. Relationships with key stakeholders such as commuters are subject to measurable service standards on which the entity periodically reports and are part of its performance outcomes.

On a quarterly basis, a report on social and ethical issues is considered by the Human Resources and Social and Ethics Committee, which addresses critical issues. Key issues during the year under review were the following:

- Monitoring of Sustainable development practices
- Ethics and Compliance
- Corporate social investment, donations and sponsorships
- Stakeholder and consumer relations
- Black economic empowerment and employment equity
- Health and public safety
- Labour relations, working conditions and human rights
- Training and skills development
- Management of entity's environment impacts

2.1.2 Corporate Citizenship

The Entity is guided by its Code of Ethics policy in the performance of its duties which relate to matters of social and economic development, good corporate citizenship, environment, and health and public safety as well as consumer relationships.

As Metrobus, we value responsible business behaviour and Corporate Social Responsibility ("CSR") in that we understand as a company; we have a role to play in furthering the society's developmental process.

The office of the Managing Director is charged with the responsibility of directing social responsibility initiatives under the stewardship of the Board.

CSR initiatives are reported on a quarterly basis and focus in this area is determined under the direction of the Board of Directors.

2.1.3 The Legislative Framework

The Constitution of the Republic of South Africa provides that local sphere government consists of municipalities which have the right to govern on their own initiatives subject to national and provincial legislation. The core principles, mechanisms and processes that empower municipalities with executive and legislative authority in respect of local government matters are set out in the Municipal Systems Act (MSA).

In terms of section 76 of the MSA, the municipality may provide services through internal mechanisms or through external mechanisms by establishing a municipal entity and entering into a Service Level Agreement with the municipality entity. 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.

The Municipal Finance Management Act (MFMA) is the legislation designed to secure sound and sustainable management of the financial affairs of municipalities and their institutions in the local sphere of government.

2.1.4 Municipal Finance Management Act, No.56 of 2003

- **Circular 63**

The aim of this circular is to provide guidance to municipalities and municipal entities on the new Annual Report Format and its contents. Information included in the New 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.

2.1.5 Municipal Systems Act, No. 32 of 2000

- **Section 93L**

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

- **Supply Chain Management**

All measures ensuring the directing of behaviours and decisions of procurement within the ambit of legislation and policy are in place. All committees relating to procurement are in place.

2.1.6 Board independence

In accordance with the requirements of the legislative framework, the majority of members of the Board of Directors are non-executive. The Board has a diversity of skills and experience. The majority of the members of the Audit and Risk Committee are independent members and not non-executive directors. The board has not employed any external advisers or invitees who regularly attend committee meetings. The employment contract of executive directors is on the basis of a term of five years, with a notice period of 60 days. Levels of remuneration

are determined by the shareholder. The Managing Director holds no other professional commitments or membership of any governing bodies outside of the entity.

The board has approved a delegation of powers framework for the entity and is satisfied that same contributes to role clarity and the effective exercise of authority and that responsibilities are clearly disclosed.

2.1.7 Board reporting

The Board established board committees that consider all reports prior to submission to the Board for consideration. Board committees' function in accordance with their terms of reference and delegations. On a quarterly basis, reports are submitted to the Board on the proceedings at the committee meetings.

2.1.8 Municipal/Entity Oversight Reporting

Metrobus reports at prescribed intervals to all municipal/entity oversight committee including the Municipal Structures Act Section 79 committee, Group Performance and Audit Committee (GPAC), Municipal Public Accounts Committee (MPAC), Group Audit Committee (GAC) and the Group Risk and Audit Committee (GRGC).

2.1.9 Remuneration Management

The remuneration of both the board and senior management is determined by the shareholder. The remuneration of other levels of employees in the organization is centrally determined under the auspices of a bargaining council.

The entity maintains a payroll policy which is subject to the approval of the board. All remuneration decisions are informed by the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers.

No awards made under variable remuneration incentive schemes in the current and prior years are yet to vest.

The contracts of senior managers include variable pay to the maximum of 14% of total cost to company contingent upon performance in relation to predetermined performance levels and key performance areas and indicators. Performance measures are department specific and aligned to the organizational predetermined outcomes.

2.2 Composition, Key Activities & Remuneration of Board of Directors

2.2.1 Board of Directors

The entity has a unitary Board, which consist of non-executives and executive directors. The board is chaired by a non-executive director, who is independent and leads the board in providing an independent view of the company that is removed from day-to-day running complemented by impartial judgement that is free from any conflict of interest in the best interest of the entity. The Board meets regularly, at least quarterly and retains full oversight control over the entity. The Board remains accountable to the City of Johannesburg Metropolitan Municipality, the Shareholder and its stakeholders as well as the citizens of Johannesburg. The Board provides quarterly, bi-annually and annual reports on its performance and service delivery to the parent municipality as prescribed in the Service Delivery Agreement (SDA), the Municipal Finance Management Act and the Municipal Structures Acts. The responsibilities of the Board are clearly outlined in the Company's Act, Memorandum of Incorporation, Shareholder compact, Board Charter, and the approved Delegation of Authority Framework.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The role of the Board and Management is separate, in that the Board plays a governance oversight role and Management an operational day-to-day role. The Board plays no executive function within the entity. The Board has unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including corporate governance, compliance with laws, rules and regulations and best good governance practices.

An annual director and peer review is undertaken, as well as a Board evaluation. A performance evaluation of the Board is conducted at the end of the financial year by City of Johannesburg's Group Governance Department. The performance of Board Committees is evaluated against the achievement of objectives outlined in their charters or terms of reference.

A comprehensive induction programme ensures that new Directors have the required knowledge of Metrobus structure, policies and sector related issues to enable them to fulfil

their duties and responsibilities. New Directors are also provided with details of all applicable legislation, minutes of the Board and relevant committee meetings, relevant committees' terms of reference and the latest management accounts.

The Board of Directors has adopted the Board charter, which encapsulates the Board roles and responsibilities, meeting procedures, ethics and the conduct of the board and committee members. During the year under review, the board has expressed its satisfaction regarding the fulfilment of its responsibilities in line with the Board charter.

Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation. The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

The Board interacts with the Member of the Mayoral Committee (MMC) for Transport on a quarterly basis through the Chairperson's quarterly meeting. The purpose of the meeting is to discuss the entity's performance with regards to achievements, challenges, status of internal controls, risks and a plan of action taking into account the political direction the MMC provides.

The Board is re-confirmed every year at the company's Annual General Meeting ("the AGM"). The entity had eleven (11) Non-executive Directors confirmed during the 31 July 2024 Annual General Meeting and two (2) Executive Directors. One (1) Non- executive Director resigned on 22 August 2024, One (1) Non-executive Director was deceased on 09 November 2024, one (1) Independent Audit Member resigned on 07 April 2025, and one (1) Independent Audit Member was appointed on 11 April 2025.

The movement in the Board Directors is reflected below together with the attendance of the Directors at meetings. The Board met on nine (09) separate occasions during the 2024/25 financial year to consider, amongst other matters:

- Entity's quarterly performance assessment report,
- The 2024/25 procurement plan, 2024/25 budget adjustment and 2025/26 Business Plan including the budget,

- Board induction,
- 2022-27 Strategy Review
- 2023/24 Integrated Annual report,
- Auditor General audit report,
- AG Management report
- Audited Financials, and
- Policies and Board and Committee Charters

Board Of Directors

		Qualifications	Other Directorships Held
	Charley Pietersen (57) Board Chairperson	<ul style="list-style-type: none"> • Bachelor in Management Leadership • Diploma in NLP & Life Coach • Certificate facilitation • Financial Management Sales & Marketing Management 	<ul style="list-style-type: none"> • Board Member – Fundraiser Hospice • Board Member – Adopt a Child • Board Member – Free State Cricket • Board Member – Footprint Athletics • Board Member – The Growing Up without a Father Foundation
	Khanya Sithebe (35) Chairperson: Human Resources, Social & Ethics Committee	<ul style="list-style-type: none"> • Bachelor of Law • Bachelor of Arts 	<ul style="list-style-type: none"> • Non-Executive Director – Joburg Property Company
	Hein Toerien (48)	<ul style="list-style-type: none"> • N6: Human Resource Certificate • Media Monitoring Training Certificate 	

	<p>Ponds Petersen (59)</p>	<ul style="list-style-type: none"> • MBA • Bachelor's degree • Diploma in Education • Change Management Certificate 	<ul style="list-style-type: none"> • Committee Member of World Urban Parks (WUP) • Non-Executive Board Director - Joburg City Parks and Zoo. • HRSE Committee Member (JCPZ) • Operations Committee Member (JCPZ)
	<p>Faith Irwin (53)</p>	<ul style="list-style-type: none"> • Teachers Diploma Level 6 	
	<p>Yolandi Erasmus (39)</p>	<ul style="list-style-type: none"> • 2005 - 2009 LLB (University of Pretoria) • 2010 – 2012 Notary Articles • 2013 – Trade marks and Copyright Level 1 (South African Institute for Intellectual Property) • 2018 - Practice Management Training (Law Society of South Africa) 	
	<p>Tshepiso Madingoane (35)</p>	<ul style="list-style-type: none"> • N4 Travel and Tourism • Travel Agency Operations (SAQA US AID) 	
	<p>Samkelisiwe Zwane (28)</p>	<ul style="list-style-type: none"> • BA (Hons) Anthropology • Bachelor of Arts (Industrial 	

		Phycology and Anthropology) <ul style="list-style-type: none"> • Project Administration • Social Consultancy 	
	Sepheu Masemola (46)	<ul style="list-style-type: none"> • Bachelor Of Commerce Degree Finance • CIMA Diploma in Management Accounting • Microsoft Excel Advanced Formulas • Certificate In Accounting • Absa Management Program Certificate at Gordon Institute Business School 	

Resigned Board Member

		<u>Qualifications</u>	<u>Other Directorship Held</u>
	Luzaan Francis	<ul style="list-style-type: none"> • Bachelor of Art: Public Administration and Human Resources 	

Deceased Board Member

		<u>Qualifications</u>	<u>Other Directorship Held</u>
	Mervan Ambraal	<ul style="list-style-type: none"> • BA Social Work 1993 • Certificate Arbitration and Disciplinary Skills 2004 • Certificate EAP 2008 • SDF Course 2016 	

Retired Board Members

		Qualifications	Other Directorships Held
	Lemarco Mitchell Former Board Chairperson	LLB	
	Lungisile Mkize	<ul style="list-style-type: none"> • Bachelor of Commerce in Financial Accounting • Post Graduate Diploma in Accounting (CTA) • Post Graduate Diploma in Internal Auditing • Diploma in Financial Management 	
	Sharifa Prinsloo	<ul style="list-style-type: none"> • Bachelor of Arts in Politics • Bachelor of Arts 	
	Omphemetse Mokgosi	<ul style="list-style-type: none"> • BA Honours Media Studies • BA Communications Science • Social Auxiliary Work • Arts Administration • Diploma Dramatic Arts 	Board member: Joburg Tourism Company (2020-2021)

Independent Audit Committee Members

		Qualifications	Other Directorships Held
	Wayne Buckley	<ul style="list-style-type: none"> • Bachelor of Business Administration • Asset Finance Certificate • N3: Small Business Management & Entrepreneurship Certificate • 	
	Gloria Matshusa	<ul style="list-style-type: none"> • Bachelor of Public Management • Public Relations Certificate • Certificate Programme In Management 	<ul style="list-style-type: none"> • Non-Executive Director – Joburg Metrobus • Non-Executive Director – Joburg Tourism Company
	Nison Khosa	<ul style="list-style-type: none"> • 	

Resigned Independent Audit Member

		Qualifications	Other Directorship Held
	Michele Botha	<ul style="list-style-type: none"> • Bachelor of Commerce Honours in Business Economics • Bachelor of Commerce in Insurance & Risk Management and Law • Diploma in Advance Insurance Practice 	<ul style="list-style-type: none"> • Non-Executive Director – Joburg Tourism Company

Retired Independent Audit Member

		Qualifications	Other Directorships Held
	Tony Ferreira		<ul style="list-style-type: none"> Non-Executive Director - Joburg Market and 10 other entities

2.2.2 Board Meetings

During the financial year under review, there were four (4) formal meetings with the shareholder. This comprised of the four chairpersons' quarterly meetings. Further, there were thirteen (13) Board engagements during the financial year. This comprised of six (6) ordinary Board meetings, three (3) special Board meetings, a two (2) day Board Induction Session and a two (2) day Board Strategy Session. The attendance to the ordinary and special Board meetings was as follows:

Table 3: Current Members

Member Name	Role	Meetings Attended
Mr. Lemarco Mitchell	Non-Executive Director	1
Mr. Charley Pietersen	Non-Executive Director	13
Mr. Hein Toerien	Non-Executive Director	13
Ms. Ponds Petersen	Non-Executive Director	13
Ms. Ompemetse Mokgosi	Non- Executive Director	0
Ms. Lungisile Mkize	Non- Executive Director	1
Ms. Sharifa Prinsloo	Non- Executive Director	1
Ms Yolandi Erasmus	Non- Executive Director	12

Mr Sepheu Masemola	Non- Executive Director	12
Ms Samkelisiwe Zwane	Non- Executive Director	12
Ms Tshepiso Madingoane	Non- Executive Director	12
Ms. Khanya Sithebe	Non- Executive Director	13
Faith Irwin	Non- Executive Director	13
Mervan Ambraal	Non- Executive Director	6
Luzaan Francis	Non-Executive Director	0
Mr. Luyanda Gidini	Executive Director:	11
Mr Bongani Radebe	Executive Director:	13
Mr. Patrick Matanhire	Executive Director: Acting CFO until 19 August 2024	2

2.2.3 Board Committees

The Metrobus board has three committees, namely the Audit and Risk Committee (ARC), the Human Resources, Social and Ethics Committee (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) board members. The SDC comprises of three (3) board members.

2.2.3.1 Audit and Risk Committee

The Audit and Risk Committee met seven (7) times to discuss and deliberate matters necessary to fulfil its role. This included the review of quarterly reporting of management, the review of the annual report for submission to the Auditor-General as well as review of the Auditor-General's Management and Audit Report on the entity.

Table 4: Current Members

Member Name	Role	Meetings Attended	Appointed Date
Ms Yolandi Erasmus	Chairperson NED From 14 August 2024	6	31 July 2024

Mr Sepheu Masemola	Non-Executive Director	6	31 July 2024
Mr. Wayne Buckley	Independent ARC Member	7	31 July 2024
Ms. Gloria Matshusa	Independent ARC Member	7	31 July 2024
Mr. Nison Khosa	Independent ARC Member	2	11 April 2025
Mr Tony Ferreira	Independent ARC Member until 31 July 2024	0	01 March 2023

Table 5: Previous Members

Member Name	Role	Meetings attended	Appointment Date
Mr. Charley Pietersen (Until 31 July 2024)	Chairperson (NED)	1	31 July 2024
Omphemetse Mokgosi (until 31 July 2024)	Non-Executive Director	0	01 March 2023
Ms Lungisile Mkhize (until 31 July 2024)	Non-Executive Director	1	01 March 2023
Ms. Michele Botha (until 07 April 2025)	Independent ARC Member	5	31 July 2024
Mr Tony Ferreira (until 31 July 2024)	Independent ARC Member	0	01 March 2023

2.2.3.1.1 Statutory duties

- Appointment of the Auditor General of South Africa (“AGSA”) as auditor
- Ensure the financial statements are prepared in accordance with standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Act;
- Review and discuss the audited financial statements with management;
- Consider and make where necessary, recommendations on internal financial controls;
- Consider the content of annual financial statements, and internal financial controls;

- Review legal matters that could have a significant impact on the organisation's financial statements;
- Evaluation of the internal audit function;
- Approve the internal audit charter;
- Approve the internal and external audit plans;
- Consider audited financial statements; and
- Consider AG audit and management reports

2.2.3.1.2 The Effectiveness of Internal Controls

Throughout the period under review, the ARC assisted the Board in discharging its duties by:

- Monitoring the systems to safeguard the Company's assets.
- Monitoring the establishment of and compliance with the enterprise risk management policies and procedures.
- Monitoring compliance with applicable laws, regulations and standards.
- Monitoring the adequacy of corrective action taken in terms of the recommendations and observations of internal and external auditor's findings.
- Reviewing financial information and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards; and
- Overseeing the performance of the internal audit function and the external auditors.

2.2.3.1.3 Finance Function

The ARC has considered and satisfied itself of the appropriateness of the expertise, resources and experience of the senior members of management responsible for Metrobus' financial function.

2.2.3.2 Human Resources, Social and Ethics Committee (HRSE)

The board has established the Human Resources, Social and Ethics Committee. The Committee met on seven (07) occasions. The HRSE advises the Board on the following matters:

- Human resources policies,

- Determine specific Remuneration packages
- Conditions of employment
- Oversight on performance management
- Monitoring of organisational structure
- Monitoring skills development; and
- Social and Ethics matters.

Current Members

Table 6: Current Members

Member Name	Role	Meetings Attended	Appointment Date
Ms. Khanya Sithebe	Chairperson	7	31 July 2024
Mr. Hein Toerien	NED	7	31 July 2024
Ms. Faith Irwin (From 23 January 2025)	NED	1	31 July 2024

Table 7: Previous Members

Member Name	Role	Meetings Attended	Appointment Date
Mr Mervan Ambraal (until 09 November 2024)	NED	4	31 July 2024
Ponds Petersen (until 31 July 2024)	NED	2	31 July 2024
Luzaan Francis (until 22 August 2024)	NED	0	31 July 2024

2.2.3.3 Service Delivery Committee

The board has established the Service Delivery Committee, in consultation with the Shareholder, in June 2021. The Committee met on Four (04) occasions during the financial year. The SDC advises the Board on the following matters

- Oversee and direct the development of the enterprise strategy

- Review organizational needs and objectives in line with the company’s mission and/or goals
- Guide and monitor marketing and communication services of the company
- Reviewing of operation services strategy and activities
- Monitoring use of the core operations budget
- Establishing Operation Committee’s policies and agreements and monitoring compliance with them.
- Ensuring that there are appropriate systems across the company to support the company’s objective in operations.
- Monitor Information Technology (IT) support for the business
- Monitoring and advising on existing programmes and activities
- Monitoring key performance indicators of the entity.

Table 8: Current Members

Member Name	Role	Meetings attended	Appointment Date
Ms Ponds Peterson	NED	3	31 July 2024
Ms Samkelisiwe Zwane	NED	3	31 July 2024
Ms. Tshepiso Madingoane	NED	3	31 July 2024

Table 9: Previous Members

Member Name	Role	Meetings attended	Appointment Date
Ms Faith Irwin (until 23 January 2025)	NED	1	31 July 2024
Ms Sharifa Prinsloo (until 31 July 2024)	NED	1	01 March 2023

2.2.4 Disclosure of interests

It is peremptory at the commencement of either a meeting of the board of directors or any of its committees that all directors declare any financial or other interest in line with legislation

and all relevant guiding instruments. All Directors attendance and declarations are filed safely in the office of the Company secretary.

2.2.5 Director and Prescribed Officer Remuneration

Table 10: Remuneration of Board of Directors

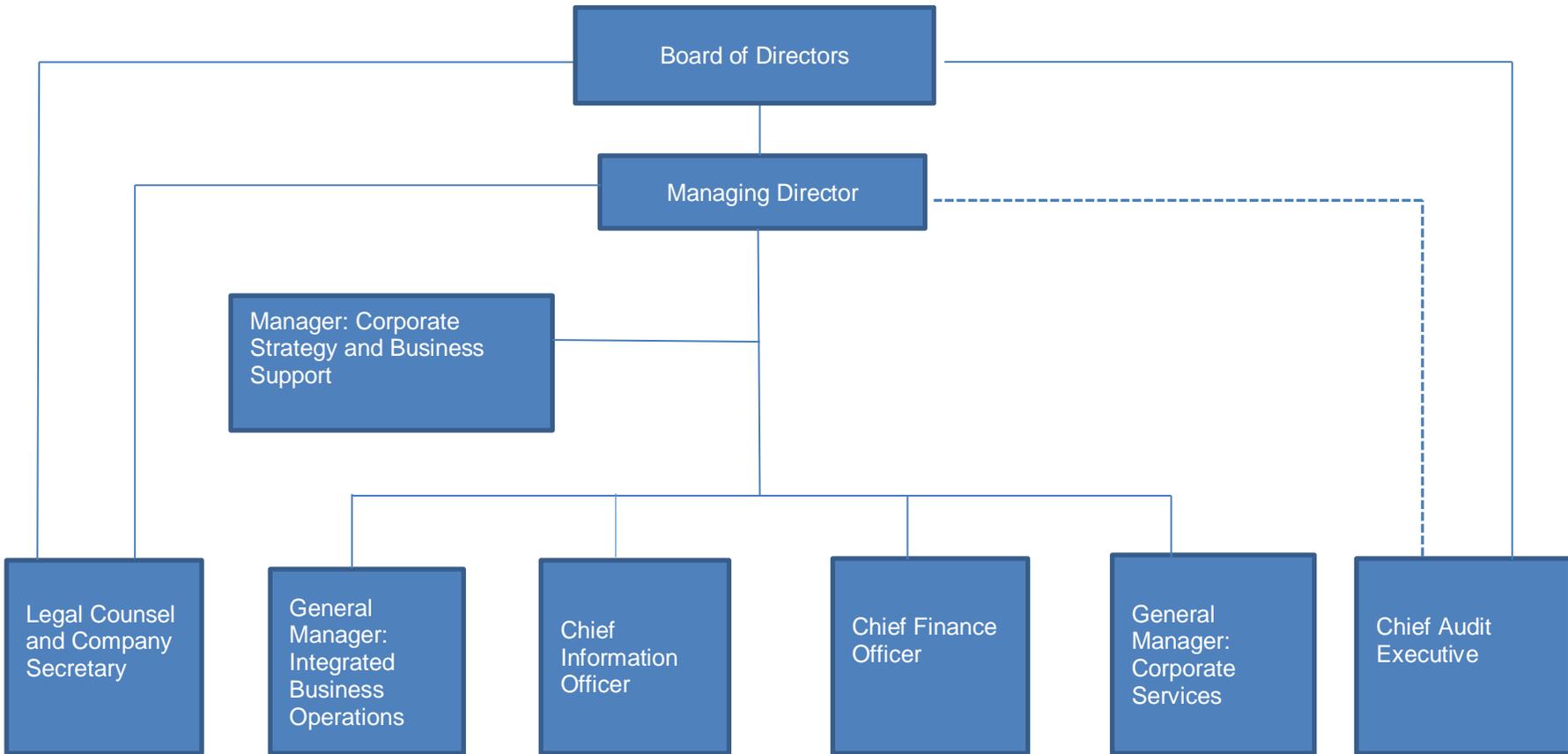
Name	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Mr. Lemarco Mitchell	16 000	—	—	—	16 000
Mr. Charley Pietersen	52 000	76 000	34 000	66 000	228 000
Ms. Khanya Sithebe	56 000	62 000	56 000	70 000	244 000
Ms Yolandi Erasmus	34 000	72 000	56 000	90 000	252 000
Mr. Hein Toerien	52 000	40 000	40 000	56 000	188 000
Ms. Sharifa Prinsloo	20 000	—	—	—	20 000
Ms. Omphemetse Mokgosi	—	—	—	—	—
Ms. Lungisile Mkize	20 000	—	—	—	20 000
Ms. Ponds Petersen	52 000	42 000	34 000	70 000	198 000
Ms. faith Irwin	46 000	32000	32 000	56 000	166 000
Mr. Mervan Ambraal	52 000	20 000	—	—	72 000
Mr Simon Masemola	32 000	40 000	32 000	65 000	169 000
Ms Samkelisiwe Zwane	24 000	32 000	32 000	56 000	144 000
Ms Tshepiso Madingoane	24 000	32 000	32 000	56 000	144 000
*Ms. Michele Botha	16 000	16 000	8 000	—	40 000
*Mr. Tony Ferreira	—	—	—	—	—
*Mr. Wayne Buckley	16 000	16 000	8 000	32 000	72 000
*Ms. Gloria Matshusa	16 000	16 000	8 000	32 000	72 000
*Mr Nison Khosa	—	—	—	16 000	16 000

2.3 High-Level Organisational and Functional Structure

The current organisational structure is premised on the Metrobus Strategy 2015-2020, in line with the principle that follows strategy. Metrobus functional structure and operating model is regarded as 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 should be grouped together into operating blocks for effective value proposition. In developing the entity's functional structure, management took into account the reason for existence for the entity, which is to ensure that the fleet is well maintained and is on the road at the right time to meet the needs of our customers. Given the dictates of the entity's mandate, the Integrated Business Operations function is regarded as a core function. The High-level organisational structure and functional structure are depicted in figures and below

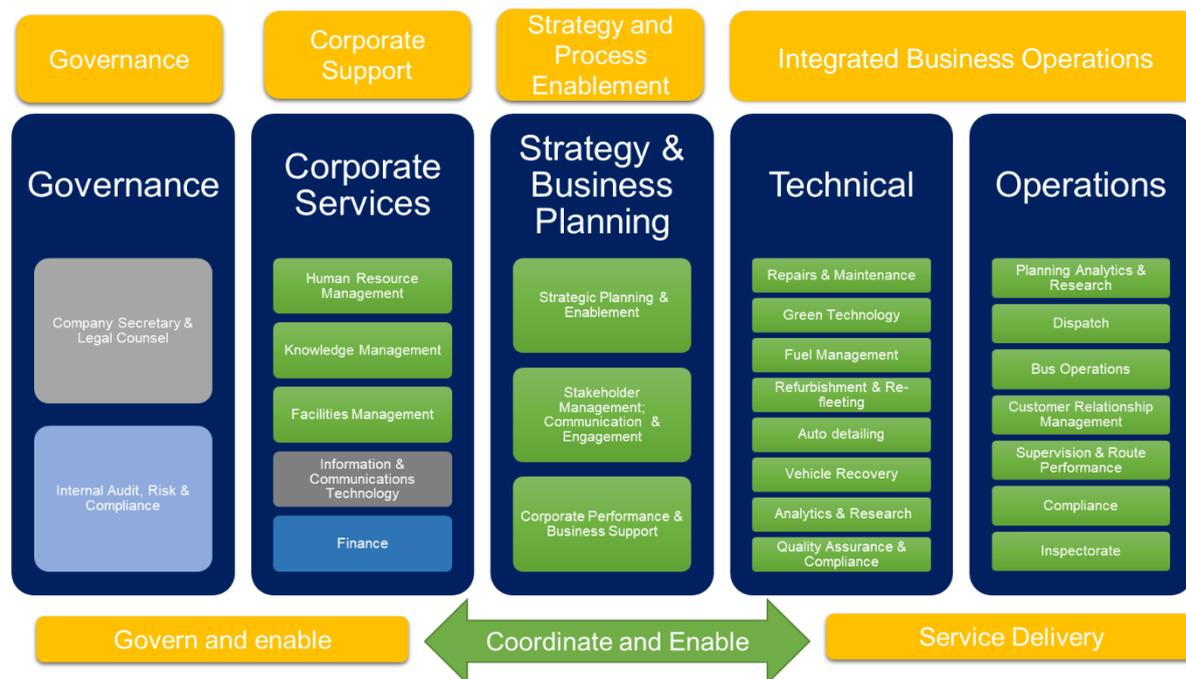
2.3.1 High-Level Organogram

Figure 5: High-Level Organogram



2.3.2 High Level Functional Structure

Figure 6: Functional Structure



2.4 Governance of Stakeholders Relations

In terms of the entity's integrated marketing and communications strategy, an annual stakeholder mapping process outlines the entity's stakeholder universe and determines a stakeholder engagement model. The current stakeholder universe including the methods through which the entity engages with each of its stakeholders is depicted in table 16 below

Table 11: Engagement with Stakeholders

Stakeholder	Interest	Method of Engagement
Commuters	Reliability, quality and affordability.	Call-in service, social media platforms, medial briefings and notices
Commuter Forum	Organized Commuter voice	Commuter Forum Meetings
Metrobus Employees	Performance management, employee value proposition	Union-Management meetings, departmental meetings and notices.

COJ Transport Department	Transport Authority support, strategic alignment	Monthly cluster meetings; chairperson's quarterly meetings and integrated planning sessions.
Service Providers	Quality of service, commodities and development support	Service level agreement, SMME support program
Shareholder (COJ)	Mandate, Strategic direction and Funding	Meetings and Lekgotla
IDP Participation and Alignment	Community-based issues	Responses to community-based issues
Other Government Departments, Entities and agencies	Inter-governmental Relations	Meetings, inter-governmental relations platform

2.4.1 Customer Service Charter

Metrobus has developed and published a customer service charter which clearly highlights Metrobus' commitment to service standards and delivery. The charter is premised upon a service pledge to:

- I. Provide an **accessible** bus service through a network of bus stops
- II. Provide our services in an **inclusive** manner, ensuring that all customers including those with physical limitations are able to make full use of our services
- III. Provide our services in a manner that ensures **equality** of all our customers irrespective of differences in gender, culture or any other such grounds.
- IV. Provide our services in a **professional** manner through the proper licensing of all bus operators and practicing a professional etiquette in all our dealings with customers
- V. Provide our services in a manner that takes care of the **environment** within our buses as well as outside of our buses, through maintaining a clean and sanitary bus cabin, operated by a uniformed bus driver. In addition, we shall keep all the spaces from which our business operates clean at all times. We shall keep within the law in terms of the greenhouse gas emissions resulting from our operations and continuously seek ways to reduce our carbon footprint. In addition, our buses are designated as smoke and alcohol-free social spaces.

- VI. Treat with **confidentiality** any information provided by our customers and seek express consent in matters where the publishing of such information serves a legitimate business or social purpose.
- VII. Provide our services in a **safe and secure** environment through safe driving practices aimed at fatality free kilometers, and collaboration with our law enforcement agencies to increase visibility of law enforcement in our operations
- VIII. **Communicate** all information related to our service in a timely and accurate manner, through easy to access channels, which reach the greatest number of our customers, and ensure that all relevant contact information is published and updated timeously.
- IX. Attend to **complaints** from our customers promptly through acknowledging customer complaints within **24 hours** of receipt and notifying customers of the outcome of their complaint within **5 working days**.
- X. Publish all relevant information including operating times, valid fare structure and timetables.

2.4.2 Inter-Governmental Relations

Metrobus has established a relationship with the Provincial Department of Transport through the Eldorado Park bus service contract. For security and safety of commuters on our buses, Metrobus has established a relationship with South African Police Services (SAPS), the Johannesburg Metro Police Department (JMPD) and the South African National Defence Force (SANDF) officers. There were no muggings or security incidents reported in the 2024/25 Financial Year. Metrobus has entered into a memorandum of understanding with the City of Joburg Ombudsman for the purpose of ensuring that stakeholders have a platform for escalations of grievance and queries to a body independent of the entity.

2.5 Risk Management (Progress on the Management of Strategic Risks)

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.

The Audit and Risk Committee which is a committee of the Board of Directors is responsible for the oversight of the risk management in the company. This committee is functional and meets on a quarterly basis in accordance with approved terms of reference. Metrobus

monitors the movement of Risks on a quarterly basis, guided by the internal audit findings, the AG findings and the 2024/25 Business Plan. The majority of the risks remained the same. This can be attributed to budgetary constraints and a slow process in finalising procurement processes with potential suppliers.

Table 12: The Risk Acceptability

The below table provides an indication of how the organization rates its risk appetite across major risk types/ categories.

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.

Key Performance Outcome	Key Performance Indicator	Risk Description	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, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	<p>% Planned Trips Completed</p> <p>Average number of Metrobus passenger trips per working day</p>	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	<p>1.1 100% implementation of bus maintenance plans per quarter</p> <p>1.2 Provision of additional funding by the Shareholder for the implementation of fleet renewal strategy (procurement, refurbishment and leasing of buses)</p>	<p>1.1 Quarterly, 100% to be Reported by 30 June 2025</p> <p>1.2 30 June 2025</p>	2	<p>1.1 Due to shortfall of funding, it is difficult to fully implement the bus maintenance plans. The teams completed the procurement processes of new buses, bus refurbishment and leasing. Additional budget has been requested.</p> <p>1.2 The service provider has been appointed for the procurement of diesel buses. The department has requested additional funding for the refurbishment process. The</p>

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
								procurement of electric buses and bus leasing is at BAC stage.
	Blameworthy Accidents Rate per 100 000 bus kilometers operated	Inability to maintain fatality free operations	Medium	IBO	1.3 Each Bus Operator attends at least 1 driver refresher training in 24/25 financial year	1.3 Quarterly: % 31 December 2024	1	1.3 The drivers are being re-trained whenever they come back from long leave and sick leave. The department is planning to retrain the contract drivers.
	% Service Disruptions Communicated	Loss of trust and goodwill of commuters	Medium	Strategy	1.4 Implementation of an audit worthy complaint management system 1.5 Adherence to requirements of the Commuter Service Charter in relation to complaint Management 1.6 Implementation of commuter engagement plan	1.4 Quarterly : 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025 1.5 30 September 2025, 1.6 30 June 2025,	3	1.4 What's App channel – complaint management system is implemented 1.5 Resolution turnaround times as per Commuter Service Charter are not adhered to due to availability of buses 1.6 Commuters are continuously engaged. Most recent engagement related to implementation of
	% Complaints resolved within the timelines specified in the Customer Services Charter							

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
								Automated Fare Collection system. Commuter Satisfaction surveys are conducted on a yearly basis; recent one completed during the fourth quarter of the 2024/25 financial year
	% Service disruptions communicated	Inability to render transport services due to foreseen and unforeseen events	High	Strategy	1.7 Development and implementation of business continuity plan which outlines procedures to follow when services are disrupted	1.7 30 September 2025	1	1.7 Not yet finalised - A comprehensive enterprise-wide Business Continuity Plan is in the process of being developed and to be finalised by the 30 September 2025
	% Customer Satisfaction	Inability to transport passengers	High	IBO	1.8 Implementation and activation of Intelligent Transport Systems (ITS)	1.8 30 April 2025	1	1.8 The Intelligent Transport Systems (ITS) – equipment has been procured and installed. The project is on the piloting stage.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Achievement of Service Standards							
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	Low	IBO	2.1 Emission Testing by an External Service Provider 2.2. Replace Injection Systems after 60 000 Kms (Where Applicable- Category C and D Buses)	2.1 Quarterly, 100% to be Reported by 30 June 2025 2.2 Quarterly, 100% to be Reported by 30 June 2025	2	2.1 The IBO department has procured its own equipment for emission testing in all the three depots and all the officials responsible for testing have been trained. Emission testings are conducted quarterly, and reports are being generated. 2.2 Service provider has been appointed for the injection and pump systems.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMME's Supported	Inability to Attract Sufficient SMME's	Low	CFO	3.1 Allocation of budget for SMME Development. 3.2 Increased Supplier awareness in terms of publishing of information	3.1 30 September 2024, 3.2 30 June 2025	2	3.1 The target of 25% allocation to SMMEs has been met. 3.2 The target for awareness and development is not met due to insufficient budget.
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total Expenditure spent on BBBEE							The target is to be shifted to 2025/2026 financial year.
	Total Number of EPWP jobs Created	Inability to Provide/Supply Sufficient EPWP opportunity to Alleviate Poverty	Low	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts	3.4 1 31 July 2024	1	3.4 The target EPWP has been achieved. The first cohort commenced on 1 September 2024 (72), and the second cohort commenced on 1 October 2024 (63).
Programme 4: Financial Management, Viability and Sustainability								

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent on Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction of Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated by the Shareholder	High	CFO	4.1 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.1 Quarterly Reporting: 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025	1	4.1 Performance report for actual spending against budget prepared and reported to EMT quarterly
	% Spent against Approved Capital Expenditure Budget				4.2 Tenders per Procurement Plan advertised and awarded	4.2 Quarterly: 30 June 2025 (100% of tenders)	1	4.2 Capex projects tenders planned for Q4 have been awarded. Year To Date Performance report for actual spend against budget is prepared and reported to EMT quarterly.
	% spent on repairs and maintenance to property, plant and equipment				4.3 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.3 Same as Above-4.1	None. Already Included 4.1	4.3 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
		Lack of financial sustainability / Inability to continue as a going-concern	Medium	EMT	4.4 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 Quarterly: 30 June 2025	1	4.4 Service provider appointed for pricing model (private hire services and mobile advertising) is at the final stage of completion.
	% reduction in unauthorized irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inadequate financial governance	Medium	EMT	4.5 Tenders awarded subjected to Internal Audit probity reviews 4.6 Continuous implementation of UIFW reduction strategy by reporting UIFW expenditure monthly and on quarterly basis	4.5 As and when required, 100% to be reported on 30 June 2025 4.6 Quarterly: 30 September 2024	2	4.5 Each tender is subject to probity review by Internal Audit - In progress 4.6 UIFW reduction strategy implemented by continuous review of UIFW and monthly reporting at EMT meetings. R0 UIFW is reported for the quarter under review

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% of valid invoices paid within 30 days			CFO	4.7 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.7 Quarterly: 100% to be Reported on 30 June 2025	1	4.7 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board – not achieved due to cash allocation from the City
Programme 5: Operational Excellence								
Improve and Strengthen Financial Position	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	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.	5.1 – 5.4 Quarterly: 30 June 2025	4	5.1 – 5.4 Internal OPCA during EMT meetings has been implemented to track and monitoring implementation of action plans aiming to resolution of findings. Progress of all the findings is reported monthly.
	% AGSA Findings Resolved							

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
An inclusive job intensive, 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	High	IBO	5.5 Provision of additional funding by the Shareholder for the implementation of fleet renewal strategy (procurement, refurbishing, and leasing of buses)	5.5 30 June 2025	None. Already Included in 1.1 above	5.5 Not yet due - Funding has been allocated to Metrobus for the next three financial years from 2024/25. The service provider has been appointed for the procurement of diesel buses. The department has requested additional funding for the refurbishment process. The procurement of electric buses and bus leasing is at BAC stage.
Programme 6: Technology and Business Enablement								
Smart City	% Intelligent Transport System Projects	Lack of digital capacity to support Metrobus operations	Medium	CIO	6.1 Implementation of all deliverables for the ICT Strategy applicable to the	6.1 Quarterly: 1. 30 September 2024, 2.31 December 2024, 3. 31 March	1	6.1 1. The WI-FI in the Bus 100% Completed 2.Fleet Management

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
					2024/2025 Financial Year by ensuring implementation of the following ITS systems 1. WI-FI in the Bus 100% Complete 2. Fleet Management System 95% Complete 3. Automated fare Collection System(AFC) 60% Complete 4. Fuel Management System (FMS) 0 % Complete	2025 and 4.30 June 2025		System 100% Complete 3. Automated fare Collection System (AFC) 100% implemented, Go-Live 01 July 2025 4. Fuel Management System (FMS) 80 % Complete

2.5.1 Opportunities and Risks

Table 13: Opportunities and Risks

Short term 12 months	Medium Term 3 Years	Long Term 5 Years
Opportunities		
<ul style="list-style-type: none"> Resolution of funding challenges TurnAround plan 	<ul style="list-style-type: none"> Cashless Mobility Alternative Revenue Streams Non-peak travel through the use of mini coaches 	<ul style="list-style-type: none"> Centre of Excellence for repairs and maintenance of vehicles Role in the integrated public transport network Access to grant funding Improve usage of bus as preferred travel mode (currently Metrobus is at 2%).
Risks		
<ul style="list-style-type: none"> Inability to continue with Operations within Metrobus Inability to Meet Scheduled Services and Collect Revenue Failing to meet set Targets, Non-Achievement of Performance 	<ul style="list-style-type: none"> Financial Sustainability Fleet Adequacy Dwindling ridership Informal public transport provision (taxis) 	<ul style="list-style-type: none"> Lack of readiness for ITPN Current funding model
Risk Mitigation		
<ul style="list-style-type: none"> Agreement on Funding Model with City, including Recapitalisation AFC System, Procurement and Leasing of Buses, Completion of Bus Refurbishment Programme Regular Audits by Internal Audit Function, 	<ul style="list-style-type: none"> Digital asset tracking, and Enhancement of stores process 	<ul style="list-style-type: none"> Implementation of funded refueling strategy

and Consequence Management		
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2.6 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.

2.7 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 except on the legacy systems such as Qmerit that cannot be upgraded nor properly supported. 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.

In collaboration with Internal Audit, the risk register has been updated, and progress is reported on a quarterly basis. Below are critical elements outlined for work done in ICT Governance, which is in line with COBIT5 and ITIL:

- Operational and Strategic Risk registers are currently updated on regular basis.
- Audit findings: currently on par per all mitigation plans
- Risks Accepted are explained below:
 - I. AFC replacement system related risks as this is being run by Transport department. All the old 'way- fare' system risks have been accepted; as nothing can be done about those risks currently until the system is replaced,

by the city.

- II. The service desk is being implemented but it is gradually adopted as most of the Metrobus users are struggling with utilizing technology

2.7.1 Smart City Initiatives

- Metrobus has procured the ITS systems. This system includes Wi-Fi in the buses. This technology will attract more passengers especially the millennials. This technology also has the platform to do the digital marketing. This platform will be able to generate income for Metrobus.
- Metrobus in collaboration with Transport have procured the Automated Fare Collection system. These systems will be a shared platform that can allow integration with other transport providers

2.7.2 ICT Achievements

Table 12: ICT Projects

Revenue & Customer Impact	Cost Control and Internal Efficiencies	Risk, Compliance & Security Mitigation
<ul style="list-style-type: none">• Automated Fare Collection – Completed• HR cloud solution- completed	<ul style="list-style-type: none">• Access Control/ Time & attendance Solution – completed	<ul style="list-style-type: none">• ICT Professional Services- completed.

2.7.3 Challenges

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

- High-level of manual business processes.
- Current revenue system is outdated. Automated Fare Collection system is completed and it at a testing phase.

2.8 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.

During the financial year under review, 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 D**. 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

2.8.1 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.

2.8.2 Traffic Fines

During the period under review, one hundred and forty (140) traffic fine was issued. During the same period in the last financial year, ninety-four (94) traffic fine was issued to bus operators. In addition, route inspectors are encouraged to monitor driver behaviour en-route and re-emphasize proper behaviour. Bus operators are responsible for the settling of such fines.

2.8.3 City of Johannesburg Metropolitan Municipality (CoJ) Transport By-Laws

Metrobus complies with CoJ's By-Laws in the following operationally relevant areas:

- **Stopping places:** No Metrobus driver may stop for the purpose of picking up or setting down any passenger, except at a place designated by the Council. Bus stops are clearly marked. This is included in the operations code of conduct and traffic fines relating to these infringements are the driver's responsibility.
- **Entering and alighting a bus:** Prospective passengers of a bus may only enter or alight from a bus at a stopping place designated by the Council. A Customer Charter makes reference to this point.
- **Driver to stop at stopping places:** The driver of a bus, which at the time is not carrying the maximum number of passengers the vehicle is lawfully entitled to carry, must stop at any designated stopping place if a prospective passenger is waiting at such stopping place. This is part of the Operations code of conduct.

- **Fare Evasion:** Policies on Fare evasion are clearly highlighted in the Customer Charter.

2.8.4 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 also 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 Hartridge units remained stagnant (measure of carbon emissions emitted) from 14% in the previous financial year to an average of 14% for all bus types. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 13 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.

Metrobus continues its quest to ensure leadership in the quest towards a green economy. In this regard research in collaboration with University of Johannesburg, German Development Agency (GIA) as well as the International Council on Clean Transportation. This initiative will inform the entity's strategy regarding an appropriate energy mix as well as the specifications of energy efficient future fleet procurement.

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%	20%	28%	29%
Euro 5	60%	50%	11%	3%	5%	10%

Euro 3	60%	50%	4%	9%	4%	21%
VOLVO B7L	60%	50%	29%	25%	23%	68%
Average			12%	11%	11%	21%
Annual Average			14%			

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

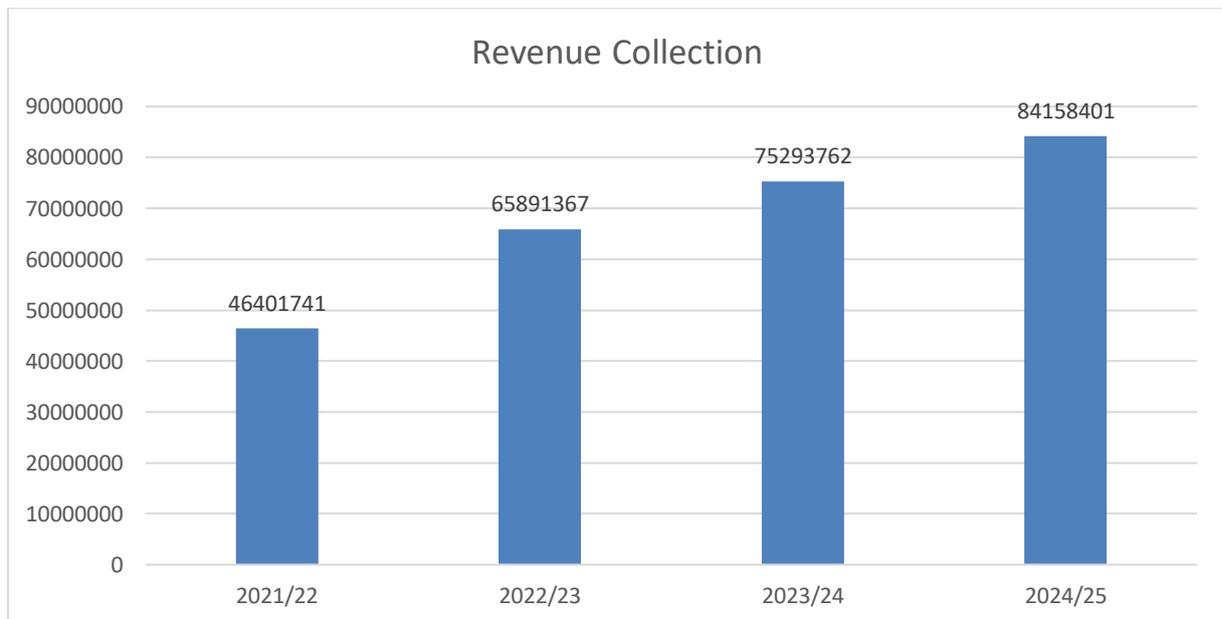
3.1 Highlights and Achievements

While the entity's operating environment posed various challenges, the entity achieved a number of highlights.

3.1.1 Increase in Revenue Collection

While revenue from collection increased consistently over the last three years this trend has seen a positive change in the year under review. Revenue collection increased from R75, 2 million in the previous financial year to R84, 1 million.

Figure 7: Increase in Revenue Collection



3.1.2 Fatality-Free Urban Mobility

The entity continues to maintain safe public transportation. During the period under review, the entity operated 6, 7 million fatality free kilometres. During the same period last year, the entity operated 7, 5 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South African roads resulting from fatalities involving public transport operations.

3.1.3 Economic Transformation

During the period under review, the entity significantly exceeded the target for SMME support. While the target for the financial year was to support one hundred and forty (140) SMMEs, the actual performance was one hundred and sixty-eight (168) SMMEs supported amounting to R216 million. The number increased from one hundred and fifty-seven (157) in the previous year.

3.2 Service Delivery Challenges and Mitigations

Table 15: Challenges and Mitigations

Challenges	Mitigation
Level of OOC	<ul style="list-style-type: none"> • Continuous implementation of repairs and maintenance policy • Leasing of buses • Implementation of Continuous Operations shift system • Refurbishment of buses
Budget Rebasing	<ul style="list-style-type: none"> • Alternative revenue sourcing • Alternative funding model • Debt restructuring

3.3 Response to Strategic Direction

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

Strategic Priorities	Priority Programmes	Entity Contribution
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.
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.
Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
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 2023/24 financial year, 83% of our commuters were satisfied with the service of Metrobus against a target of 80%.
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 170.
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.
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.

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.
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.
Smart City	Smart City	The entity is currently implementing a number of Intelligent Transport Systems towards the development of a Smart City. These include the "dial-a-bus" platform as well as the "Eye-one-the-bus" platform 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.

3.4 Performance against Service Standards

In keeping with the Service Delivery Agreement, a total of five (5) service standards between Metrobus and the Shareholder are outlined. Metrobus achieved an average of four (4) service standards during the year under review, translating to a performance level of 80%.

Table 17: Service Standards

Core Service	Service Standard Target	Service Performance	Standard
% of scheduled public bus trip arriving on time	90%	94%	
Bus timetable	90-95% adherence to daily bus schedule (<5 min headway)	68%	

Safety of passengers	100% compliance to health and safety legislation 1) Zero security incidents on buses 2) Zero fatalities	100% compliance to health and safety legislation 3) Zero security incidents on buses 4) Zero fatalities
	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

3.5 Performance against Predetermined Objectives

Metrobus' 2024/25 business plan is pursued purposely aligned to the City's priority areas. To manage the execution of the strategy, Metrobus has developed a Corporate Scorecard which is premised on a set of strategic levers. These Strategic levers will serve as programs of action for the period of the current strategy period.

The Metrobus 2024/25 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 2024/25 Metrobus Business Plan, the entity's performance is measured on the basis of a total of twenty-two (22) key performance indicators. At year end twenty-one (21) KPIs were assessed and eleven (11) KPIs were achieved. This translates to a fifty-two percent (52%) achievement level against a target of 85%. The residual KPI is aggregate of all the 21 key performance indicators.

Following the performance assessment for each of the quarters in the financial year remedial action was outlined with respect to improving on unachieved planned performance levels. These measures included improvements in the speed of procurement of goods and services, contract management and improvement of repairs and maintenance particularly in relation to the length of average Out of Commission time.

The entity’s overall performance has decreased from 62% in 2024/25 financial year to 52% in financial year 2024/25, the outlook on future performance is reasonably positive based on the enablement of business performance through, inter alia, the following interventions:

- The procurement of buses to increase fleet capacity to operate scheduled trips.
- Functionality of organized labour engagement forum to ensure conducive labour relations.

3.6 Public Satisfaction on Municipal Services

The level of Customer satisfaction has consistently increased during the last financial years, however the satisfaction level for the period ending 30 June 2025 has decreased by 1%. The 2024/25 customer satisfaction survey achieved a level of 82% against a target of 80%. This development is attributable to a concerted effort on commuter requirements including expansion of sales outlets, reliability of service and overloading.

Figure 8: Customer Satisfaction Survey



3.7 Recommendations and Plans for the next financial year

Metrobus will actively explore new opportunities and initiatives to meet the needs of commuters to increase patronage and revenue. Metrobus will continue to explore and harness partnerships and collaborative opportunities with SETAs, Institutions of Higher Learning, as well as other key public transport role players, spanning both the public and private sectors in a bid to complement its capacity to deliver services and strengthen its institutional arrangements.

Towards this end, Metrobus has crafted a number of complementary strategies towards ensuring a sufficient capacity of fit-for-purpose fleet; infrastructure; technology, competency;

analytical ability; employee value proposition, safety and wellness; and stakeholder engagement. Furthermore, an overarching corporate strategy is in place with a term ending in 2027.

Metrobus will focus on the following strategic and operational areas:

- Fleet enhancement strategies including leasing, refurbishment and procurement
- Robust pursuit of alternative revenue streams including mobile advertising, grant funding outside the City, and commercial multipurpose use of facilities such as Milpark depot
- Employee Relations Stabilization
- A new Funding Model
- Implementation of an optimised Route Plan
- Finalisation of Metrobus Financial Restructuring and implementation of revenue generation strategy
- Implementation of Intelligent Transport Systems (ITS)
- Implementation of the Metrobus Corporate Strategy 2022-27

3.8 Batho Pele Principles

Batho Pele principles are all about putting people first and is rooted in the legislative frameworks. This was meant to work on transform the public service regardless of the level. The principles include consultation, service standards, access, courtesy, information, openness and transparency, redress, value for money and encouraging Innovation and Rewarding Excellence

In the customer services charter Metrobus commits to:

- provide an accessible bus service
- provide clear and accurate information on services
- treat everyone equally regardless of gender, civil status, family status, sexual orientation, religion, age, disability or race
- respond to your enquiries promptly
- continue to search for new technology and modern facilities to improve services and travelling experience for the customers:

3.8.1 Treating all customers equally and accommodating diversity

Metrobus is committed to providing a quality service that suits all of the customers as well as promoting equality, accommodating diversity and ensuring non-discrimination for both Metrobus employees and our customers. Metrobus does not tolerate any discrimination based on gender, age, disability, race, religion, civil status, family status, sexual orientation or membership of the Traveller community

3.8.2 Customer feedback – Enquiries, Complaints and Compliments

Metrobus treats all customer complaints fairly and sensitively and keeps customers into confidential. All complaints submitted by WhatsApp are acknowledged within 24 hours of receipt and then investigated by Metrobus where appropriate. All complaints should be resolved within 5 working days as specified in the customer service charter. If commuter is not happy with the response, Customer Relations Office is always available to assist with the review of the complaint.

On annual basis, the entity utilises the services of an independent party to solicit customer opinion on its service. The entity has entered into a memorandum of agreement with the City of Johannesburg ombudsman to allow for ease of escalation by aggrieved parties.

3.8.3 Information sharing, openness and transparency

The entity uses social media platforms, internet and commuter forum to engage with commuters. Monthly meetings with commuter forum ensure that the entity is kept informed of how the service is perceived by the commuters. Feedback and suggestions are used to review operational plans. Business plans, performance reports and financial reports are shared with the public via the internet.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

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 R401,452,092.00 against a budget of R345,143,950.00. With a deficit variance of (R 56, 31 million). The variance is attributable to the vacancies that are in a process of being filled and a downsized budget.

Figure 9: Employee related costs

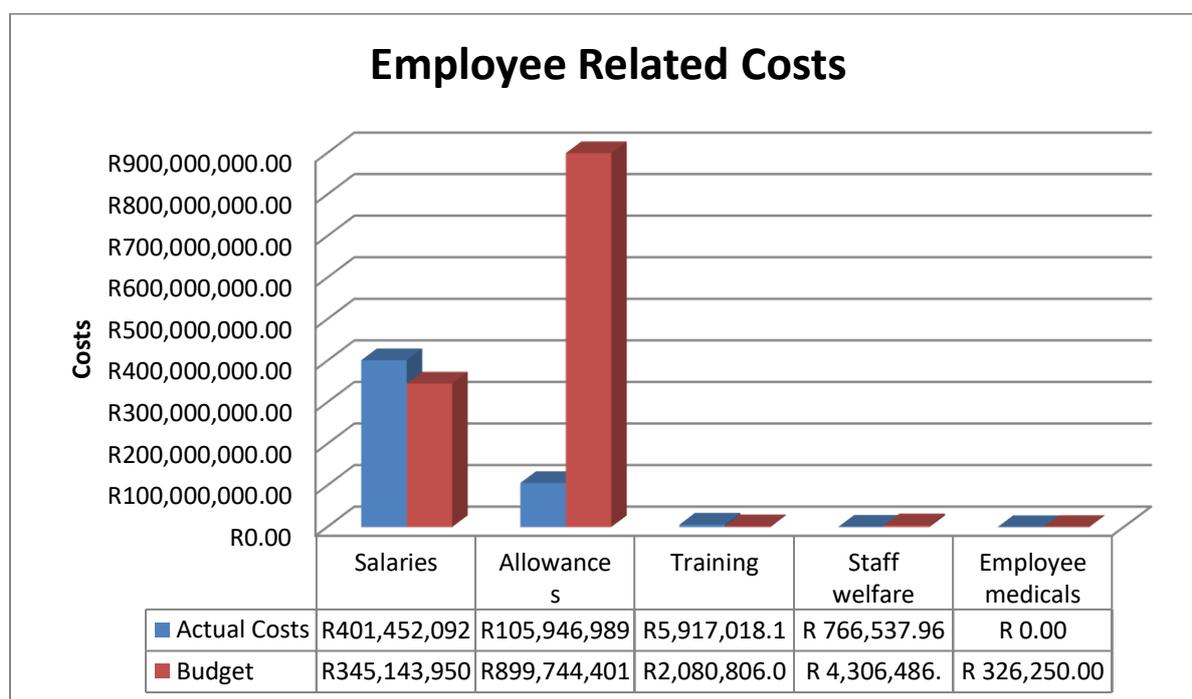


Table 18: Executive compensation

Executive Position	Basic Salary	Bonuses and Performance Related Payments	Post Employment Benefits	Termination Benefits	Short-term benefits	Total
Managing Director	R 777 418,60		R473 256,60	-	0	R1 250 675,20
Chief Financial Officer (Acting Managing Director)	R1 247 139,00	R175 354,79	R180 278,40	-	R66 157,20	R1 668 929,39
Chief Financial Officer	R 1351713,96	R398 894,70	R 307 323,96	-	R58 595,31	R2 116 527,93
General Manager: Integrated Business Operations	R1 735 758,00	R399 853,35	R 6 159,20	-	R49 500	R2 191 270,55
General Manager: Corporate Services	-	-	-	-	-	-

Executive Position	Basic Salary	Bonuses and Performance Related Payments	Post Employment Benefits	Termination Benefits	Short-term benefits	Total
Acting General Manager: Corporate Services	R1 235 784,00	R176 855,30	R113 807,52	-	R360 875,84	R1 887 322,66
Acting Chief Audit Executive (CAE)	R715 737,96	R111 670,27	R95 081,64	-	R171 637,38	
Legal Counsel & Company Secretary	R1 348 625,04	R215 246	-	-	R46 165,97	R1 610 037,01
Acting Chief Technology Officer (CTO)	R937 745,04	R137 335,93	R96 596,88	143 313,78	-	R1 314 991,63
Chief Technology Officer (CTO)	-	-	-	-	-	-

4.2 Key Vacancies

The complement of executive positions during the period under review was seven (7). The strength remained at a total of four (4) as at the end of the report. During March 2024, the employment contract of the General Manager: Corporate Services was terminated by mutual agreement. At the end of the 2022/23 financial year, the Chief Audit Executive resigned. The position of Chief Information Officer has been vacant since December 2021. Consequently, stability at the executive level remains a concern. However, processes have been put in place to ensure that recruitment for these executive positions is expedited to ensure stability and proper leadership of the entity.

Furthermore, it must be that the general vacancy rate also remains a concern. This is more so due to the fact that a number of critical positions on the management levels are not filled. Processes have been put in place to expedite the filling of critical positions at all levels in the organization. This, however, is within the context of dwindling financial resources and calls for innovative ways to ensure that work gets done including some level of process automation. The general vacancy rate as at the end of the report were 23.34%.

4.3 Staff Establishment and Employment Equity

Staff Establishment

Table 19: Workforce Profile in terms of Race, Gender and Foreign National Status

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	0	0	0	1	0	0	0	0	0	4
Senior Management	8	0	0	0	5	0	0	0	0	0	13
Professional Qualified	10	1	0	0	6	0	0	0	0	0	17
Skilled Technical	100	16	2	11	15	0	0	3	0	0	147
Semi-Skilled	313	12	0	4	98	3	1	1	0	0	432
Unskilled	102	0	0	0	16	1	0	0	0	0	119
Temporary employees	10	0	0	0	32	0	0	0	0	0	42
Total	546	29	2	15	173	4	1	4	0	0	774

Employment Equity Summary of Demographic Profile

Table 20: EE Profile

Present and expected		Male				Female				TOTAL
		A	C	I	W	A	C	I	W	
All Employees	Current	546	29	2	15	173	4	1	4	774
	Proposed	540	50	13	41	247	12	12	29	944

During the year under review, Metrobus achieved a significant milestone with the confirmation of the Managing Director's appointment, a strategic placement that directly aligns with our approved Employment Equity Plan targets. This pivotal appointment underscores our commitment to fostering a representative leadership team.

Beyond this key achievement, active work is in progress to further advance our diversity and inclusion goals. Recruitment processes are currently underway for other critical executive positions, including General Manager: Corporate Services, Chief Audit Executive, and Chief Technology Officer. These appointments are being meticulously managed to specifically address and reinforce our Employment Equity targets.

In terms of compliance and reporting, Metrobus successfully met regulatory timelines by submitting its 2023-24 Employment Equity report on January 15, 2025, a testament to our ongoing commitment to transparency and accountability.

Furthermore, the Employment Equity and Skills Development Forum (EE/SD) convened on June 27, 2025, demonstrating our continued engagement with key stakeholders. While

comprehensive representation was achieved, we note that representatives for people with disabilities and non-designated groups were absent on this occasion, highlighting an area for ongoing focus on future engagements.

These collective efforts, encompassing both completed milestones and dedicated work in progress, are designed to steadfastly reinforce Metrobus's commitment to cultivating a diverse, equitable, and inclusive workplace, thereby contributing to a more just and representative society.

Metrobus has established the Employment Equity Forum that meets periodically to monitor and fast track achievement of the entity's EE targets. The unstable labour environment within Metrobus impacted the meetings of this forum adversely during the period in review however process is underway to resuscitate the forum.

4.3.1 Vacancies filled

During the reporting period, one (1) position was filled apportioned as per the table below:

Table 21: Positions filled

#	Position filled / Designation	Number	Gender	Race
1.	Manager Planning, Research and Analytics	1	Female	African

4.4 Skills Development and Training

4.4.1 Overview

The Metrobus Human Resource Development Strategy prioritizes employee growth and development by offering a subsidized education scheme. This initiative enables staff to pursue formal qualifications from accredited Higher Education and Training (HET) institutions.

During this annual reporting period, to ensure an alignment with the Metrobus Human Resource Development Strategy, a comprehensive training program was implemented to enhance employee competencies and organizational performance. A total of 358 employees participated in various training initiatives during the reporting period.

Prioritizing employee well-being and safety, 60 staff members participated in Occupational Health and Safety (OHS) training, focusing on liability and meeting management. These programs contribute to a secure work environment and effective organizational operations.

These training initiatives align with the 2024/25 Work Skills Plan and contribute to the organization's capacity building efforts.

Metrobus budget of R 702,808.00 was used for subsidized education aligned with the Metrobus Human Resource Development Strategy's focus on employee growth and capacity building, 80% of the education subsidy is directed towards staff members without formal qualifications, including matric, certificates, diplomas, and degrees. This approach is instrumental in developing a skilled and empowered workforce, thereby enhancing service delivery and contributing to national skills development. Postgraduate studies are considered as a subsequent step in the development journey once employees have established a strong foundational knowledge base.

Rebates: Metrobus is pleased to report receiving a total of R2,033,218.86 in rebates from the Agricultural Sector Education and Training Authority (AgriSETA) during this reporting period. These rebates were awarded in accordance with the Skills Development Act.

Levies and Grants: As of this report, payment of levies and grants due from AgriSETA and TETA at the end of the month, totaling R948,222.00, is still pending payment from both SETA's. The ARPL, which we received R 2 062 900.00 for training unemployed and employed apprentices to be qualified as artisans.

4.4.2 Apprenticeship Programme

In alignment with Metrobus' strategic focus on skills development and in response to the national skills shortage within the technical and trade sectors, the Artisan Development Program was established. This initiative addresses the critical need for qualified artisans identified by the National, Provincial, and Local Government spheres, as well as the Sector Education and Training Authorities (SETAs). Apprentices participating in the program gain practical experience through on-the-job training at Metrobus depots.

4.4.3 Internship Programme

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 six (6) interns specifically supporting the cashless/AFC rollout.

4.5 Performance Management

To optimize organizational performance and ensure compliance with Municipal Staff Regulations, a Performance Management System (PMS) workshop was conducted for 34 employees across all management levels. This initiative aimed to enhance the organization's performance management capabilities. All employees are mandated to sign performance contracts in accordance with Chapter 4 of the Municipal Staff Regulations and Metrobus Performance Management policy by 31 July 2024.

4.6 Disciplinary Matters and Outcomes

The table below depicts the number of finalized disciplinary cases that attracted sanctions:

4.6.1 Sanctions

Table 22: Sanctions

Sanction	Number
Written Warning	5
Final Written Warning	3
Suspension as Sanction	3
Precautionary suspension	0
Dismissal	3
Total	14

4.6.2 Staff Turnover

During the period under review, one hundred and forty-two (142) employees exited the service of Metrobus.

Table 23: Natural Attrition

	Number
Resignation	12
Retirement	15
Medical Boarding	12
Death	1
Dismissal	8
Settlement Agreement	0
End of contract	94
Total	142

4.7 Leave and productivity Management

4.7.1 Leave Management

It is essential to report that employees of Metrobus qualify for 24 working days' annual leave. This is in line with the Main Collective Agreement as well as its Leave Management Policy. During the period under review, the entity maintained an average of 79% employee leave balances as compliant. Regular communication is taking place with the affected employees to inform them about the importance of taking annual leave and to inform them about the provisions of the Basic conditions of Employment Act No. 75 of 1997 and Leave Regulations in this regard particularly where it compels the company to grant annual leave to employees not later than six months after the end of each leave cycle, in an unlikely scenario where the affected employee refuses to take leave, then such number of leave days shall be forfeited. This will reduce the number of leave days available to each employee and improve Labour productivity in a long run.

4.8 Employee Wellness

Metrobus Employee Health and Wellness Programme aims to:

- **Enhance Mental Health:** Provide resources and support to address mental health challenges and promote psychological resilience.
- **Support Positive Lifestyle Changes:** Encourage healthy living through initiatives that inspire balanced nutrition, regular exercise, and overall well-being.
- **Develop Coping Skills:** Equip employees with tools and strategies to manage stress and navigate life's challenges effectively.
- **Promote Health Awareness Campaigns:** we have made substantial progress in promoting healthier lifestyles and enhancing well-being across our organization.

By focusing on these objectives, Metrobus aims to improve employee well-being, productivity, and morale while also supporting its employees and their immediate family members through daily stressors and life challenges.

Achievements and Impact of the Wellness programme

Over the past year, the Employee Health and Wellness Programme has achieved significant milestones:

- **Mental Health Support:** Access to counseling services and mental health resources

- **Lifestyle Initiatives:** Nutritional advice, fitness challenges, and health screenings to promote healthy living.
- **Healthy Relationships:** Team-building activities and relationship counseling to strengthen interpersonal connections and support a positive work environment.

Dual Approach to Wellness

- **Internal Services:** Employees continue to benefit from on-site gym facilities, wellness workshops, and health screenings. Our internal resources remain a cornerstone of our programme, offering convenient access to wellness support.
- **External Support:** Recognizing that some employees may prefer alternative support channels, we have established partnerships with external wellness providers. This dual approach ensures that all employees have access to the resources that best meet their individual needs.

Physical, Emotional, Social, and Spiritual Well-being

- **Physical Health:** Employees have consistently utilized our internal gym facilities, participating in fitness programs and maintaining their physical health despite the demands of their roles.
 - **Emotional Health:** Increased engagement in mental health resources reflects a positive shift towards addressing emotional well-being and reducing stigma around mental health issues.
 - **Social Well-being:** Team-building activities and support networks have contributed to stronger, more cohesive teams.
 - **Health and Wellness Campaigns: Educational Workshops:** We conducted a cancer awareness campaign with 146 employees being screened for breast cancer and 180 being screened for prostate cancer, 150 receiving primary health care services and distributed 200 informational brochures.

4.8.1 HIV/AIDS Support Programme

Metrobus has a policy on HIV and AIDS which is implemented in conjunction with the Employee Health and Wellness strategy. Support to employees affected and infected with HIV and AIDS is provided continuously to those who have disclosed their status. Metrobus also provides psychological support and access to medical care for employees by referring them to relevant partners. On December 1st, Metrobus joined the global community in commemorating World AIDS Day, a day dedicated to showing support for individuals living

with HIV, honoring those who have passed away from AIDS-related illnesses, and raising awareness about the ongoing fight against HIV/AIDS.

Achievements and Impact of the programme

- **Increased Awareness:** The educational sessions successfully informed employees about HIV/AIDS, leading to greater understanding and dispelling misconceptions surrounding the disease.
- **Proactive Health Management:** The availability of HIV counselling and testing services empowered employees to take charge of their health, with many participants taking advantage of the confidential testing offered.
- **Promoted Wellness:** The aerobic sessions provided an enjoyable way to incorporate physical activity into daily routines, contributing to improved overall health and fitness.
- **Health Monitoring:** The health screenings identified potential issues early, allowing for timely interventions and promoting a culture of preventive care within the workplace.
- **HIV/AIDS Educational Sessions:** To increase awareness and understanding of HIV/AIDS, its prevention, and treatment. Informative sessions led by health experts and guest speakers who provided insights into the latest advancements in HIV research, treatment options, and preventive measures. Employees had the opportunity to ask questions and engage in discussions to better understand the impact of HIV/AIDS and how to support affected individuals.
- **HIV Counselling and Testing Services:** To offer confidential support and facilitate early detection of HIV. Metrobus Provided on-site HIV counselling and testing services. These services were administered by trained professionals, ensuring privacy and support for all participants. The availability of testing encouraged employees to take proactive steps in managing their health and provided valuable information for those seeking to know their status.
- **Health fitness Sessions:** To promote physical activity as a component of overall health and well-being. These sessions were designed to be accessible and enjoyable, encouraging a healthy lifestyle while fostering a sense of community and teamwork among participants.
- **Health Screening:** To monitor and assess key health indicators and provide early intervention. Health screenings for various conditions, including high blood pressure and body mass index (BMI). These screenings provided valuable health insights and allowed employees to receive immediate feedback on their health status, promoting awareness and encouraging follow-up care if necessary.

By participating in this global observance, we reaffirm our commitment to supporting those affected by HIV/AIDS and fostering an environment where health and well-being are prioritized. We extend our gratitude to all employees who participated and contributed to the success of the event. Together, we continue to stand in solidarity with those living with HIV and honor the memory of those who have passed, while working towards a future free from the stigma and impact of HIV/AIDS.

4.9 Employee Benefits

The Employee Benefits for the period under review amounted to a total of R112,630,545.06 against a budget of R906,457,943.00 apportioned as per the following table:

Table 24: Employee Benefits

2023/24	Allowances	Training	Staff welfare	Employee medicals	Total
Actual Costs	R105,946,989.00	R5,917,018.10	R 766,537.96	R 0.00	R112,630,545.06
Budget	R899,744,401.00	R2,080,806.00	R 4,306,486.00	R 326,250.00	R906,457,943.00
Variance	R 793,797,412.00	-R 3,836,212.10	R 3,539,948.04	R 326,250.00	R 793,827,397.94

4.10 Occupational Health & Safety Programs

Sixteen (23) safety related incidents were reported during the year under review, all incidents were reported to department of Employment and labour apportioned as follows:

- seven (7) of the injuries caused by slip and fall
- Five (5) incident employees were exposed to chemicals
- Four (4) was motor vehicle accidents
- Six (6) incidents where employees were hit by objects
- One (1) employee was caught by a moving bus belt

All incidents were investigated internally, and safety toolbox talks were encouraged to all departments affected.

4.11 Corporate Social Responsibility

Metrobus continuously play an active role in community development programs, which are socially significant. The entity is intensifying its efforts on providing transportation for people with special needs. Metrobus actively supported various community-focused initiatives, including:

- Transport services for displaced citizens affected by fires in hijacked buildings within the City of Johannesburg.
- Funeral transportation for children who passed away due to food poisoning in Soweto.
- Youth Month transport services for school children participating in youth initiatives
- Transport services for the elderly to Johannesburg Zoo.

CHAPTER 5: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 FINANCIAL PERFORMANCE AND EXPOSURE

Table 25: Financial Performance and Exposure

Statement of Financial Position	2 025		2024		Movement	
	Actual (R 000's)	Actual (R 000's)	Actual (R 000's)	Actual (R 000's)	%	
Current Assets	206 060	32 696	173 364	530%		
Cash and cash equivalents	589	757	- 168	-22%		
Receivables: Exchange transactions	43 370	1 330	42 040	3161%		
Receivables: Non-exchange transactions	129 744	1 353	128 391	9489%		
Prepayments	7 972	8 106	- 134	-2%		
Inventories	24 386	21 150	3 236	15%		
Non-Current Assets	590 681	539 392	51 289	10%		
Property, plant and equipment	516 796	465 769	51 027	11%		
Intangible assets	32 684	35 413	- 2 729	-8%		
Loans to shareholders	41 202	38 210	2 992	8%		
Total Assets	796 741	572 088	224 653	39%		
Current Liabilities	1 241 501	939 281	302 220	32%		
Loans from shareholders	475 399	465 830	9 569	2%		
Other financial liabilities	0	55 656	- 55 656	-100%		
Payables from exchange transactions	755 080	408 662	346 419	85%		
VAT payable	-	0	-	0%		
Deferred income	4 272	3 704	568	15%		
Provisions	4 089	3 163	926	29%		
Insurance fund liability	2 661	2 267	394	17%		
Non-Current Liabilities	10 471	13 978	- 3 507	-25%		
Employee benefit obligation	5 690	5 928	- 238	-4%		
Finance Lease obligation	4 781	8 050	- 3 269	-41%		
Total Liabilities	1 251 972	953 259	298 713	31%		
Net Assets	- 455 231	-381 171	- 74 060	19%		
Share capital	54 774	54 774	0	0%		
Revaluation reserve	166 883	172 157	- 5 274	-3%		
Accumulated deficit	- 676 888	-608 103	- 68 785	11%		
Equity and Liability	- 455 231	-381 172	- 74 059	19%		

5.1.1 Variance analysis on the financial position

Current assets analysis:

Current assets increased by approximately R173,4 million (530%) from R32,7 million (30 June 2024) to R206 million (30 June 2025). This change was mainly driven by the following:

- Receivables from non-exchange transactions of R129,7 million were above the prior year receivables of R1,3 million by R128,4 million (9489%) due to delays in the payment of subsidies by the City to Metrobus.
- Receivables from exchange transactions of R43,4 million were above the prior year receivables of R1,3 million by R42,0 million (3161%), due to related party transactions, of which the Department of Transport owes the entity approximately R30 million for the repair of the Reya Vaya buses.

I. Inventory

Inventory increased by R3,2 million from R21,2 million (30 June 2024) to R24,4 million (30 June 2025), due to increased inventory purchased to reduce the high quantity of 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.

II. Non-current assets analysis

Non-current assets increased by approximately R51,3 million (10%). This was largely driven by:

- PPE increased by R51,0 million (11%) from R465,8 million (30 June 2024) to R516,8 million (30 June 2025).
- Intangibles assets decreased by R2,7 million (8%) from R35,4 million (30 June 2024) to R32,7 million (30 June 2025) due to amortization of the intangible assets during the period.

III. Loans to shareholders

This represents the portion of post-retirement employment benefits that are being managed by the City on behalf of the entity. This increased by R3,0 million (8%) from R38,2 million to R41,2 million (30 June 2025).

IV. Intangible assets

Intangibles decreased by R2,7 million (8%) from R35,4 million (30 June 2024) to R32,7 million (30 June 2025). The net decrease resulted from the amortization of intangible assets.

Current liability analysis

Current liabilities increased by approximately R302,2 million (32%) from R939,3 million (30 June 2024) to R1,2 billion (30 June 2025). This change was driven by the following:

- A R346,4 million (85%) increase in payables from exchange transactions due to delayed and non-allocation of funds to pay service providers within 30 days
- A R9,6 million (2%) increase in shareholder loans.

I. Payables from exchange transactions

The payables from exchange transactions increased by R346,4 million (85%) from R408,7 million (30 June 2024) to R755,1 million (30 June 2025). This was caused by inadequate cash allocations by the City to Metrobus, which limited the entity's ability to meet the legislated requirement to pay service providers within 30 days. The City is facing cash flow challenges, and this has led to them not allocating adequate funds to entities.

II. Deferred Income

Deferred income represents coupons (for bus trips) not yet utilized by passengers at the end of the reporting period. Deferred income increased by R568k (15%) from R3,7 million (30 June 2024) to R4,3 million (30 June 2025).

III. Provisions

The provisions relate to payment of performance bonuses due to managers, specialists and executives with performance contracts. The provisions for performance bonuses increased by R926k (29%). On 30 June 2025, the provisions for bonuses were R 4,1 million. Leave provisions are classified as trade payables and as they are certain and not based on estimates.

Non-current liability analysis

Non-current liabilities decreased by R3,5 million (25%) from R14,0 million (30 June 2024) to R10,5 million (30 June 2025). This change was driven by:

- A R3,3 million (41%) decrease in the finance lease obligation

Net asset analysis

The net assets reported in the prior year increased by R10. 875 million, due to correction of a prior year error on duplicated payables in the previous financial year.

Net liability went up by R74,1 million (19%) from R381,2 million (30 June 2024) to R455,2 million (30 June 2025). This was driven by the deficit incurred during the period under review.

The entity's insolvent position is a result of the procurement of long-term assets (fleet services, gearbox and engine overhauls, refurbishment of buses, etc.) are funded through the overdraft facility and not grants (which is the case for other entities and departments in the City). The entity is not expected to be a profitable organisation as it provides bus trips at a subsidised cost, it is expected to breakeven. As a result, the City funding Metrobus' long-term capital projects through a short-term facility (which attracts significant finance costs) is an unsustainable model. There have been many engagements with the City to rectify the entity's financial model, but there is still no progress in the implementation of a more logical and sustainable financial model. The City's dire financial state is also a cause of concern, since the funding of the organisation has declined over the years. This is also compounded by the lack of regular cash allocation to pay service providers within the legislated 30-day period.

I. Accumulated loss

The entity's accumulated loss went up by R68,8 million from R608,1 million as of June 2024 to R676,9 million (30 June 2025). This was driven by the deficit recorded in the current financial year (R68,8 million) as well as the releasing of the revaluation reserve to the statement of financial performance (R5,3 million) in the period under review. This resulted in the total deficit incurred by the entity to be R74,1 million during the period under review.

5.2 Statement of Financial Performance and high-level notes

Table 26: Financial Performance

Statement of Financial Performance	2025	2024	Movement	
	Actual (R 000's)	Actual (R 000's)	Actual (R 000's)	%
Total revenue from exchange transactions	93 862	83 721	10 141	12%
Rendering of services	84 158	75 294	8 865	12%
Administration and management fees received	2 867	-	2 867	#DIV/0!
Other income	3 417	5 508	- 2 091	-38%
Interest received - investment	2 992	2 919	73	2%
Actuarial Gain	427	-	427	#DIV/0!

Total revenue from non-exchange transactions	659 660	607 299	52 361	9%
Government grants & subsidies	659 660	607 299	52 361	9%
Total revenue	753 522	691 020	62 502	9%
Expenditure				
Employee related costs	- 418 196	- 382 973	- 35 223	9%
Depreciation and amortisation	- 61 190	- 57 005	- 4 185	7%
Impairments	- 19 413	- 7 928	- 11 485	145%
Finance costs	- 46 236	- 56 365	10 129	-18%
Lease rentals on operating lease	- 18 062	- 8 691	- 9 371	108%
Actuarial gains/losses	-	- 992	992	-100%
Loss on disposal of assets and liabilities	- 15 589	- 11 449	- 4 140	36%
Expenses (by function)	- 248 895	- 308 648	59 753	-19%
Total expenditure	- 827 581	- 834 052	6 471	-1%
Deficit for the year	- 74 060	- 143 033	68 973	-48%

5.2.1 Statement of Financial Position Analysis

Metrobus recorded a deficit amounting to R74,1 million for the financial year (2023/24: R143 million). Metrobus faced multiple budget cuts over the past few years, continued to utilise an aged bus fleet which are less efficient on diesel utilisation, and an over expenditure on repairs and maintenance due to a high number of out of commission (OOC) buses. During the period under review, the entity had requested for additional budget to subsidise the escalating costs of diesel and employee related costs, but this was not approved by Council. In the financial year under review, the total operating budget was increased by only R52 million; of which the subsidy increase was only R36 million and R14 million was allocated to internally generated revenue. However, the entity had requested for more than R167 million additional subsidy, as we had overspent on the total operational budget by R150 million in the previous year.

The non-approval of the requested budget has had negative implications on our operations. Metrobus had to reallocate resources and focus only on those projects that had a higher impact on service delivery in order to maintain the minimum service required. As a result, the entity's approved budget was only overspent by R60,7 million, which is more than a R100 million reduction from the prior year over expenditure. Despite managing to reduce our overall over expenditure to R60,7 million from the R150 million in the prior year, and the projected R105 million (as reported to the Shareholder and the Board of Directors in May and June 2025), this has resulted in our bus operations being unreliable leading to high customer complaints. In June 2025, the Audit and Risk Committee (ARC) and the Board of Directors (Board) requested management to try to curtail the over expenditure to the best of its abilities, but to continue providing regular service to our passengers. The Chairperson of the Board

and ARC also met with the MMC of Transport to inform him of the high likelihood of overspending, and there was consensus that operations should still continue whilst monitoring the expenditure. The ARC and Board also condoned the projected R105 million over expenditure in their June meetings.

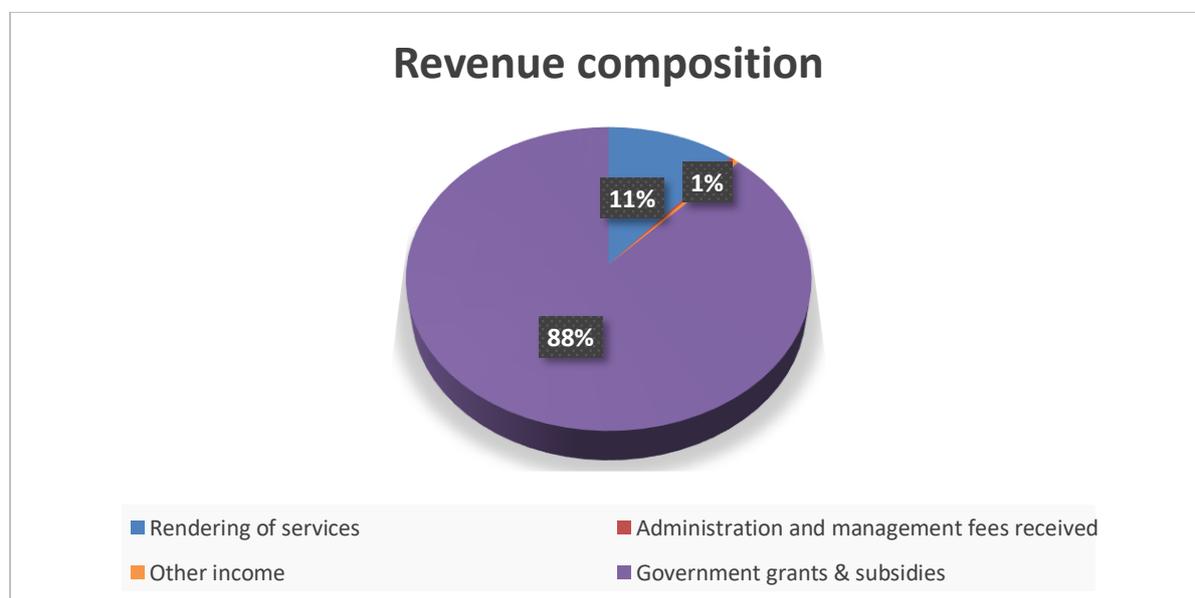
5.2.2 Variance analysis on the financial performance

Revenue management analysis

Fare revenue (R84,2 million) and the City's subsidy to Metrobus (R659,7 million) remain the core sources of funding for Metrobus, collectively contributing R753,5 million (2023/24: R607,3 million).

The figure below represents the composition of our revenue as of 30 June 2025.

Figure 10: Revenue Composition



(i) Subsidy

The entity is largely dependent on the provision of a subsidy from the City (parent municipality). This represents over 88% (R659,7 million) of the revenue of the entity. The subsidy was increased by R36,9 million during the financial year. The reductions in the subsidy over the past three years resulted in the entity failing to sustain itself which resulted in the entity overspending on its total operating budget and recording a deficit over the years.

(ii) Fare Revenue

Fare revenue has seen an improvement in comparison to prior years; however, it is still significantly lower when compared to actual revenue collected during the pre-covid period. Fare revenue was R8,9 million below budget and this is mainly due to a number of buses not operating (as we had already overspent on the repairs and maintenance line item) and the

outdated fare collection system. Management has subsequently implemented a new automated fare collection (AFC) system from 1 July 2025. Management expects revenue to improve in the next financial period as a result. Management has also implemented various strategies to ensure internally generated revenues are increased, such as the implementation of a complete cashless environment in our buses and our ticketing offices from October 2024. The shortfall in our fare revenue can be attributed to the following factors:

- Declining economic conditions have resulted in increased unemployment and less people travelling.
- Shortage of our total fleet operation, due to budget cuts, to operate all our planned trips.
- Under-pricing our services in terms of private hires and contracted services.

(i) Employee related costs

Employee-related costs amounted to R418,2 million. Employee-related costs reflected an increased spending of R35,2 million (9%) when compared to the prior year. The 2024/25 employee related budget was overspent by R53,0 million (15%). Overspending is attributed to inadequate budget allocation during the adjustment budget despite numerous requests to the City for budget adjustments.

(ii) Depreciation and amortisation

Depreciation and amortization amounted to R61,2 million (30 June 2025). Depreciation and amortization reflected an increase in spending of R4,2 million (7%) when compared to the expenditure as of 30 June 2024. The depreciation expenditure budget was underspent by R13,4 million (18%).

(iii) Impairment of assets and inventory loss

Impairment of assets amounted to R19, 4 million (30 June 2025). This reflected an increase of R11, 5 million when compared to the prior year. The change in these costs was driven mainly by the application of GRAP regarding fair value changes and testing impairment on the assets. This full amount was not budgeted for.

(iv) Finance costs

Finance costs amounted to R46,2 million (30 June 2025). Finance costs reflected a decrease in spending of R10,1 million (18%) when compared to the expenditure as of 30 June 2024. The budget was underspent by R2,9 million (6%).

(v) Lease rentals on operating lease

Lease rentals amounted to R18,1 million (30 June 2024: R8,7 million). Lease rentals increased by R9,3 million (108%) when compared to the expenditure as of 30 June 2024.

Lease rentals were R6, 8 million below budget for the period due to the adjustment budget made during the budget rebase. The rentals are for our total fleet complement (office vehicles and buses) utilizing the City's transversal contract.

(vi) **General expense**

General expenses include fuel costs, repairs and maintenance, insurance, motor vehicle expenses, security, consultants, etc. General expenses amounted to R248,9 million (30 June 2024: R308,6m). General expenses reflected a decrease in spending of R59,7 million (19%) when compared to the expenditure as of 30 June 2024. Fuel costs amounted to R79 million (30 June 2024: R97,5m).

(vii) **Loss on disposal of assets**

There was a net loss on disposal of assets of R15,6 million (30 June 2024: R11,4 million). This was due to the retirement of assets. These items were not budgeted for.

Surplus/ (Deficit)

Metrobus recorded a deficit amounting to R74,1 million in the current financial year. This represents an improvement of R69 million when compared to 2023/24 financial year. This is as a result of prudent monitoring of the total expenditure incurred throughout the financial period and a R10,1 million improvement in internally generated revenue.

5.3 Budget Statement Analysis

The operating budget was adjusted upwards from R663, 3 million to R695, 1 million during the city budget rebase.

Table 27: Budget Statement

	2023/24			2024/25			
	Actual	Original Budget	Adjustment Budget	Adjusted Budget	Actual	Variance to Budget	
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	%
Revenue from exchange transactions							
Rendering of services	75 294	88 362	15 147	103 509	84 158	- 19 351	-19%
Other income	5 508	2 442	-	2 442	6 711	4 269	175%
Interest received - investment	2 919	1 235	-	1 235	2 992	1 757	0%
Total revenue from exchange transactions	83 721	92 039	15 147	107 186	93 861	- 13 325	-12%
Revenue from non-exchange transactions							

Government grants & subsidies	607 299	622 766	36 894	659 660	659 660	-	0	0%
Total revenue from non-exchange transactions	607 299	622 766	36 894	659 660	659 660	-	0	0%
Total revenue	691 020	714 805	52 041	766 846	753 521	-	13 325	-2%
Expenditure								
Employee related costs	- 382 973	- 350 144	- 15 041	- 365 185	- 418 196	-	53 011	15%
Depreciation and amortisation	- 57 005	- 74 625	-	- 74 625	- 61 190	-	13 435	-18%
Finance costs	- 56 365	- 49 116	-	- 49 116	- 46 236	-	2 880	-6%
Lease rental on operating lease	- 8 691	- 10 542	- 761	- 11 303	- 18 062	-	6 759	60%
General expenses	- 329 018	- 230 378	- 36 239	- 266 617	- 283 897	-	17 280	6%
Total expenditure	- 834 052	- 714 805	- 52 041	- 766 846	- 827 581	-	60 735	8%
Deficit (Surplus) for the year	- 143 033	-	-	-	- 74 060	-	74 060	

5.4 Cash flow statement for the period ended 30 June 2025

Table 28: Cash Flow Statement

Cash Flow Statement	30-June 2025 (R000)	30-June 2024 (R000)
Net Cash Flow from Operating Activities	72 669	179 709
Receipts	623 688	693 245
Grants & subsidies	531 270	607 299
Other income	92 418	85 946
Payments	- 551 019	- 513 536
Employee costs	- 217 377	- 151 636
Suppliers	- 287 406	- 305 535
Finance costs	- 46 236	- 56 365
Cash Employed in Investment Activities	- 20 884	- 49 806
Purchase of property plant and equipment	- 10 458	- 35 949
Purchase of intangible assets	- 10 426	- 13 858
Cash flow from Financing Activities	- 51 953	- 129 706
Other financial liabilities	- 55 656	- 50 419
Movement of sweeping account	6 577	- 79 400
finance lease payments	- 2 875	113

Net Increase / (Decrease) in Cash & Bank Balances	- 168	197
Cash & Bank Balances Beginning of the Year	758	561
Cash & Bank Balances End of the Period	589	758

5.4.1 Analysis of cash flow

The entity recorded net cash inflow from operating activities amounting to R72,7 million (2023/24: R179,7m). The investing activities recorded a net outflow amounting to R20,9 million (2023/24: R49,8m) and financing activities recorded a cash outflow amounting to R52 million (2023/24: R129,7m). Overall cash decreased from R758k at the beginning of the 2023/24 financial year to R589k at the end of the year.

5.5 Capital Projects & Expenditure

The shareholders approved a capital expenditure budget amounting to R 97,9 million for various capital projects of which R28 million was for the ICT projects and R33 million was for the acquisition of buses. The total spent on the total capital budget for the financial year was 149%.

Table 29: Capital Projects and Expenditure

Project Name	Original Approved Budget (R 000's)	Adjustments (R 000's)	Adjusted Budget (R 000's)	Actual expenditure (R 000's)	% Spent against total budget%
Furniture and Office Equipment	500	1 000	1 500	1 821	121%
Purchasing of New Buses	168 000	- 134 705	33 295	95 468	287%
Plant and Machinery	1 000	1 000	2 000	2 040	102%
Engine and Gear box refurbishment	5 000	8 000	13 000	10 295	79%
IT Equipment New Computers and Hardware Computer Hardware	7 250	-	7 250	5 095	70%
Building - Building Alterations/Upgrade	3 599	0	3 599	3 264	91%
Bus Refurbishment	1 000	7 800	8 800	7 720	88%
Cashless Ticketing System Bus CCTV on board machine	28 500	-	28 500	19 955	70%
Total	214 849	- 116 905	97 944	145 659	149%

5.6 Ratio Analysis

Table 30: Ratio Analysis

Description	30-Jun-25	30-Jun-24	Target
Solvency Ratio	58%	59%	0.1
Current ratio	0.04:1	0.03:1	1.5:1
Acid test	0.01:1	0.01:1	01:01
Gearing Ratio* (only considering shareholder loan)	74%	82%	45%
Gearing	170%	168%	45%
Cost coverage ratio	10%	9%	50%
Cost coverage ratio – excluding subsidy	35.66	32.27	182.50
Cost coverage ratio – including subsidy	335.04	300.39	365.00
Employee related costs to total expenditure	53%	47%	40%
Repairs to total expenditure	8%	8%	8%
Repairs to PPE	1%	4%	8%
Interest cover	- 0.64	- 1.75	1.50
Training spent against skills levy	238%	58%	1%
Total expenditure against budget	108%	120%	100%
Total capex against budget	149%	100%	100%

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

(i) Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has declined during the financial year. The net liability position worsened from R392,2 million (30 June 2024) to R 454,6 million as of 30 June 2025. The entity's solvency ratio was calculated at 0.58: 1 (2023/24: 0.59: 1).

(ii) 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 (loan from shareholders) by approximately R 475,4 million (2023/24: R 465,8m). 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.

(iii) Expenditure Management Ratio

The 2024/25 approved budget was adjusted from R 714,8 million to R 766,8 million during the 2024/25 budget adjustment period. The entity's budget was overspent by R60,7 million (8%).

5.7 Supply Chain Management (SCM & Compliance Matters)

5.7.1 Irregular, Fruitless and wasteful expenditure

- There was no irregular expenditure recorded for the period as a result of procurement processes not being followed, but there was irregular expenditure of R108, 4 million recorded for the 2024/25 period due to overspending on the operational and capital budget. The overspending on operational budget was R60,7 million and the overspending on capital budget was R47, 7 million.
- There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless, and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered.
- During the financial year under review, the Board of Directors approved a write-off of irregular expenditure (due to the overspending of the operational and capital expenditure budget in 2023/24 financial period) and fruitless and wasteful expenditure incurred in previous years as far back as 2010/2011 amounting to R157,1 million and R208k respectively. In June 2025, the ARC and Board also condoned the pending overspending of the operational budget by a projected amount of R105 million.

Irregular expenditure write-off

An amount of R150,3 million and a further R7,0 million were written off by the Board, totaling R157,3 million during the period under review relating to overspending of the total operational and capital expenditure budget for 2023/24 and prior years. This excludes the pending overspending of the current period.

Table 31: Irregular, Fruitless and wasteful expenditure

Reconciliation of Irregular Expenditure	2024/25	2023/24
	(R) 000'	(R) 000'
Opening Balance	157 444	100 024
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	
Quarter 3:	0	
Quarter 4:	0	
Comparative: Prior year		2 344

Overspending of the Approved Budget	108 450	149 937
Written Off	-157 090	-94860
Closing balance	108 804	157 444

Table 32: Reconciliation of Fruitless and Wasteful Expenditure

Reconciliation of Fruitless & Wasteful Expenditure	2024/25 (R) 000'	2023/24 (R) 000'
Opening Balance	208	389
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	
Quarter 3:	0	
Quarter 4:	0	
Comparative: Prior year		
Written Off	(208)	(181)
Closing balance	0	208

5.7.2 Deviations

There were seven (7) deviations approved for 2024/25 Financial Year

Table 33: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Ebus supplies	Request to appoint a service provider to purchase ink rollers and ratify the existing procurement of ink rollers.	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) ii) and 1 (b)	R150 000
Tokiso Dispute	Provision for the utilisation of a service provider to conduct dispute settlement facilitation and a venue for the relationship building objectives (RBO) meeting	Where, in any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R250 297
King Khathu Solutions (PTY)Ltd	The repairs to the house on Carter Street, Foresthill, no 75, village main, where a Metrobus collided with a house	In an emergency Regulation 36(1)(a)(i)	R960 296
SABOA (South African bus operator association)	Payment for the annual SABOA membership fee for employees from the IBO department	If such goods or services are produced or available from a single provider Regulation 36(1)(a)(ii)	R300 000

PTP Integrated	Payment for the provision to renew the SAGE software licences and support for a period of 12 months	In any other exceptional case where it is impractical or impossible to follow the official procurement process Regulation 36(1)(a)(v)	R3 800 000
Dogan Exhibition and Events and Promotions Company	Exhibition and Trade Show	In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R2 500 000
Government Directory	Appointment of a service provider to render advertorial and marketing services on behalf of Johannesburg Metrobus on the Government pages	In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R12 644
Total			7 973 237

5.7.3 Awards where there were no three quotes

During 2024/2025 financial year, there were no awards where there were no three quotes other than deviations.

5.7.4 Summary of Contracts and commitments

Table 34: Summary of contracts and commitments

	Original Contact Value	Amount Spent	Total
Capital expenditure	R 450,111,993.22	R 69,389,539.90	R380,722,453.89
Operational Expenditure	R 202,615,076.65	R 100,597,727.44	R102,017,349.21
National Treasury Transversal Contracts	R 302,039,014.78	R 292,599,341.32	R9,439,673.46
Total	R 954,766,085.22	R 462,586,608.66	R492,179,476.56

5.7.5 Expenditure on B-BBEE and SMMEs

During the period of 2024/2025 financial year, procurement amounting to R284,770,406.15 was procured by the organization. The total BBBEE expenditure was R273,980,079.82, which was 96% of the total expenditure. A total number of 168 SMMEs has also been supported thus far with a total expenditure of R216 205 099,38 for the period under review.

5.7.6 Payments within 30 days

The entity has been experiencing serious cash flow challenges since the end of the last financial year; this is because of not getting adequate fund allocations from the city. Metrobus has been meeting the revenue targets which were set on the original approved budget, however, due to cash flow challenges at the city level even though Metrobus presented cash payments forecast to the city, inadequate funds were allocated by the city. In other periods Metrobus went for three weeks or more without receiving any funds to pay suppliers, The huge drop in payments made in the third quarter resulted from payroll costs that were not paid for the quarter. The payroll for Metrobus is processed and paid by the city and the city will then invoice Metrobus at the end of each month, Metrobus will then pay the payroll related invoice once it receives cash allocations from the city for payment of intercompany related costs.

Table 35: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Q2	Q3	Q4	Total
		(R000's)	(R000's)	(R000's)	(R000's)	(R000's)
Total payments made	A	1,320	1,764	1,512	865	5,461
Invoices paid within 30 days	B	654	1,507	1,339	770	4,270
Invoices not paid within 30 days due to invoice issues	C	666	257	173	95	1,191
Invoices paid outside 30 days with no valid reason	D	0				0
Compliance percentage	B/A	49.55%	85.43%	88.56%	89.02%	78.19%

5.7.7 Amounts Owed by Metrobus to Government Entities

There are currently no amounts owed by Metrobus to CoJ departments or Entities.

5.7.8 Amounts Owed to Metrobus by CoJ and Entities Intracompany

Table 36: Amounts Owed to Metrobus by CoJ and Entities Intracompany

Period	Department	Contact person	(R'000)	Comments
Jun-25	JDA	Thabiso Ngoepe	0	Settled
	Total		0	

5.7.9 Amounts Owed by Metrobus to CoJ Core Departments (Inter-company Liabilities)

Table 37: Amounts Owed by Metrobus to CoJ Core Departments (Inter-company Liabilities)

Period	Department	Contact person	(R 000's)	Comments
Jun-25	Treasury	Lilian Siala	475 399	Sweeping account
Jun-25	Treasury	Sandile Manondo	0	Capital Creditors - CoJ 2016
Jun-25	(GRASS)	Amelia Schoeman	3 149	Insurance (COID)
Jun-25	EMS	Monica Monei	33	Fire extinguishing
Jun-25	Revenue CRM	Nyanisi Joseph Nhlapo	26 465	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.
Jun-25	Revenue CRM	Nyanisi Joseph Nhlapo	7 335	CoJ CRM Agency.
Jun-25	Payroll	Patricia Moseki	409 912	Salaries reimbursement payable to GCSS.
Jun-25	THEATRE	Babalwa Mbodla	457	Hospitality
Jun-25	JPC	Luyanda Nelisa Tyeku	948	Renovations of building occupations
Jun-25	GCSS	Graeme Ruiters	33 491	Security salaries payable to GCSS.
Jun-25	MTC	Khuliso Makhesa	71 754	ICT Equipment and services
Jun-25	City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	13	Conference venue
	Total		1 028 956	

CHAPTER 6: INTERNAL AND EXTERNAL AUDIT FINDING

6.1 Internal Audit Plan

The table below summarizes the Internal Audits performance against its approved Internal Audit Plan for the 2024/25 Financial Year.

Table 38: Planned Audits

Total Planned Audits	Total Audits Completed	% Achievement
12	12	100%

Table 39: Internal Findings

Total Findings	Addressed	Not Addressed
59	26	33
% Resolution Rate	44%	

6.2 Resolution of Internal Audit Findings

Metrobus Internal audit is a co-sourced function between the internal staff and PKM Advisory. Internal Audit performed a number of internal audits during the year under review and as of the 30 of June 2025, 44% of all internal audit findings within the control of Metrobus were addressed.

6.3 Progress on resolution of External Audit Findings (categorised between findings affecting and not affecting the audit opinion)

The AGSA had raised 54 findings as set out below.

Table 40: Progress in AGSA Findings

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

Table 41: Audit Opinion

The history of the Audit opinion for the past five years is as per the table below. During the year under review, the audit outcome remained unchanged at unqualified with findings in comparison to the previous financial years.

	2020/21	2021/22	2022/23	2023/24	2024/25
Audit Opinion	Unqualified With findings				

6.4 Overall State of Internal Controls (adequacy and effectiveness)

Table 42: Internal Control Rating

Overall Rating of Internal Control	Description
Partially adequate	☹️

Internal Control Rating Overall Rating of Internal Controls Description Partially adequate. The entity's systems of internal controls, which are embedded in all key operations, provide reasonable assurance that the company's business objectives will be achieved, subject to risk tolerance levels. The Board has delegated implementation of the entity's systems of risk management and internal financial control to executive management.

The Internal control environment has been monitored throughout the year with the intention of improving the control environment.

ANNEXURES

ANNEXURE A: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

Priority: Sustainable Service Delivery 2024/25									
KPI NO	KEY PERFORMANCE INDICATOR	BASELINE 2023/24	2024/25 ANNUAL TARGET	2024/25		2024/25 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				2024/25 Target	2024/25 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	22 425 Metrobus passenger trips per working day	26 000 Average number of Metrobus passenger trips per working day	26 000	22 188	-	37 785	Target not met due to high number of out of commission of buses leading to cancellation of trips	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses

ANNEXURE B: METROBUS SCORECARD

Program1 Customer, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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	73%	65%	66%	66%	68%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	22 425 Metrobus passenger trips per working day	26 000 Metrobus passenger trips per working day	22 718	22 129	22 412	22 455	22 188	Target not met

3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	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	0.16	0.72	0.61	0.20	0.42	Target met
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%	100%	Not assessed. No disruptions occurred during the quarter	100%	Target Met
5	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	% 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	18%	23%	42%	31%	27%	Target not met

		potential of citizens									
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction	83% Customer satisfaction	80% Customer satisfaction	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	82%	82%	Target met
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	100% Achievement of service standards	80%	80%	80%	80%	80%	Target not met

Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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%	12%	11%	11%	21%	14%	Target met

Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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	140 SMME's supported	77	113	144	168	168	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	95%	95%	96%	96%	96%	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	97	132	128	125	125	Target met

Program 4: Financial Management, Viability and Sustainability

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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	27%	57%	86%	108%	108%	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	2%	4%	17%	149%	149%	Target met
14	Accelerated and visible delivery and re-introduction of co-	An inclusive, job intensive, resilient, competitive	% 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	6%	10%	10%	12%	12%	Target met

	production in the delivery of basic services	and smart economy that harnesses the potential of citizens		plant and equipment								
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	0	0	0	30.85%	30.85%	Target not 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	49,55%	85,43%	88,56%	89,02%	78,19%	Target not met	

Program 5: Operational Excellence

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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	4%	25%	40%	44%	44%	Target not 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	89%	89%	74%	89%	89%	Target not 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	47%	49%	48%	48%	48%	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	55%	68%	68%	78%	78%	Target not met

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	55%	50%	55%	55%	52%	Target not met
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Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 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	92%	98%	99%	100%	100%	Target met

ANNEXURE C: UNACHIEVED KPI's

KPI	Unachieved Key Performance Indicator	Proposed Corrective Actions	Responsible Team	Deadline
1	% planned trips completed	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses 	Executive Management Team Integrated Business Operations	31 December 2025
2	Average number of Metrobus passenger trips per working day	<ul style="list-style-type: none"> • Procurement of buses • Leasing, decrease of Out of Commission of buses • Align targets with resources • Marketing of Metrobus Services • Route rationalizing 	Executive Management Team Strategy and Business Support Integrated Business Operations	31 December 2025
5	% complaints resolved within the timelines specified in the customer service charter	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses 	Communications and Marketing	31 December 2025
7	% Achievement of service standards	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses 	Integrated Business Operations	31 December 2025

16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> • Validity of Invoices • Vendor Compliance documents • Cash-Flow 	Finance	31 December 2025
17	% resolution of internal audit findings	<ul style="list-style-type: none"> • Approved Implementation plan • Performance Contracting 	Internal Audit	ongoing
18	% resolution of AGSA audit findings	<ul style="list-style-type: none"> • Approved Implementation plan • Performance Contracting 	Internal Audit	ongoing
19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses 	Integrated Business Operations	31 December 2025
20	% implementation of the strategic risk management action plan findings resolved	<ul style="list-style-type: none"> • Robust performance and consequence management 	Internal Audit	ongoing
	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	<ul style="list-style-type: none"> • Enforce strict adherence to MFMA, Treasury Regulations, and SCM policies. 	Finance	31 December 2025

		<ul style="list-style-type: none">• Introduce compliance checklists for all transactions before approval.		
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ANNEXURE D: CIRCULLAR 88

No	National Treasury Proposed Indicators	Ref No	2023/24 Baseline	2024/25 Targets	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	2024/25 Actual	Target met or not
1	Number of weekdays scheduled municipal bus passenger trips	TR3.11	5 561 516	6 400 400	1 453 959	1 394 129	1 389 526	1 287 307	5 524 921	Target not met
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	94%	94%	94%	94%	94%	Target met
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Target met
4	Percentage of scheduled municipal bus service stops that are universally accessible	TR5.31	100%	30%	100%	100%	100%	100%	100%	Target met
5	Staff vacancy rate	GG 1.21	20%	<30%	23,34%	23,34%	23,34%	23,34%	23,34%	Target met
6	Percentage of municipal skills development levy recovered	GG 1.1	100%	100%	100%	100%	100%	100%	100%	Target met
7	Top Management Stability	GG 1.2	86%	82%	71%	71%	71%	71%	71%	Target not met
8	Percentage of vacant post filled within 3 months	GG 1.22	100%	100%	10%	10%	10%	10%	10%	Target not met

9	Audit opinion	GG3.1	Unqualified with material finding	Unqualified without material finding	N/A	Unqualified with material finding	N/A	N/A	Unqualified with material finding	Target not met
10	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	10	5	5	5	5	Target not met

ANNEXURE E: COMPLIANCE CHECKLIST

	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	Completed
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
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 2023 were duly returned. Annual returns for the year ending June 2024 are due for submission by March 2025

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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.
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. 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.

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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 submitted January 2019. 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 and that the Act is displayed in the workplace.	Annually	Annually	A plan was developed to deal with adverse findings: <ul style="list-style-type: none"> - Electrical compliance at head office. - 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 <ul style="list-style-type: none"> - 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 Discrimination Act No.52 of 2002	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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
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	CAE	Management of whistleblowing hotline – reports received and addressed in line with policy	Annually	Monthly	Completed. No disclosures were made during this quarter.

	Person /Department Responsible	Activity	Frequency	Due Date	Status
(Whistleblowing Act);					
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 safeguards to ensure compliance with Act	Annually	Annually	Completed and ongoing
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	GM: Operations	Transportation of dangerous goods as classified in terms	Annually	Annually	Completed

	Person /Department Responsible	Activity	Frequency	Due Date	Status
1996 and chapter VIII of National Road Traffic Regulations of 2000		of SABS code of practice (SANS 0228:2012);			
Environment					
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
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	22 January 2025	Submitted

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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	Approved 25 April 2024
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
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	6 December 2024	Submitted
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	30 November 2024	Submitted
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 F: RECOMMENDATIONS OF THE AUDIT COMMITTEE

No	Meeting Date	Heading	Decision	Responsible Person	Due Date	Progress
1	17 July 2024	GFIS Investigation Update	The report was deferred to the next ARC meeting and an invite be extended to the GFIS head to attend the next meeting.	GFIS	ASAP	Deferred
2	17 July 2024	2024/25 Internal Audit Plan	the Committee approved the 2024/25 Internal Audit Plan.	ACAE	ASAP	Completed
3	17 July 2024	2024/25 Internal Audit Charter	The Committee approved the 2024/25 Internal Charter.	ACAE	ASAP	Completed
4	17 July 2024	2024/25 Budget	The Committee recommended the 2024/25 – 2026/27 budget to the Board for approval.	ACFO	ASAP	Completed
5	17 July 2024	2024/25 Procurement Plan	The Committee recommended the 2024/25 Procurement Plan to the Board for approval.	ACFO	ASAP	Completed
6	17 July 2024	4 th Quarter Internal Audit Report	The Committee noted the 4 th Quarter Internal Audit Report.	ACAE	ASAP	Completed
7	17 July 2024	4 th Quarter Risk Report	The Committee noted the fourth quarter risk report.	ACAE	ASAP	Completed
8	17 July 2024	Internal and External Audit Matrix	<p>The Committee noted the following reports:</p> <ul style="list-style-type: none"> • External (AGSA) Audit Findings Matrix • Internal Audit Findings Matrix 	ACAE	ASAP	Completed

9	17 July 2024	UIFW Register	The Committee noted the UIFW Register.	ACAE	ASAP	Completed
10	17 July 2024	Metrobus Compliance Universe	The Committee noted the Compliance Universe.	ACAE	ASAP	Completed
11	17 July 2024	Awarded Tenders and progress on 2023/24 Procurement Plan	The Committee noted the update on the awarded tenders and the progress on the 2023/24 Procurement Plan.	ACFO	ASAP	Completed
12	17 July 2024	Committee Scorecard	<ol style="list-style-type: none"> 1. The Committee noted the Committee Scorecard. 2. Acting CAE to distribute the Evaluation of Internal Audit to the Members for completion. 	Cosec	ASAP	Completed
13	17 July 2024	4 th Quarter CFO Finance Performance Report	The Committee noted the 4 th Quarter CFO Financial Performance Report.	ACFO	ASAP	Completed
14	17 July 2024	Fourth Quarter ICT: Security, Compliance and Governance Report	The Committee noted the 4 th quarter ICT Performance report.	ACIO	ASAP	Completed
15	17 July 2024	2023/24 4 th Quarter Performance Assessment Report	The Committee recommended the 2023/24 4 th Quarter Performance Assessment Report for Board approval subject to Group Governance comments on the report being addressed by Management.	AMD	ASAP	Completed

16	27 August 2024	AGSA Culture Shift	The Committee noted the AGSA Culture Shift Strategy.	AGSA	ASAP	Completed
17	27 August 2024	AGSA Engagement Letter	The Committee approved the AGSA Audit Engagement Letter for the 2023/24 FY audit.	AGSA	ASAP	Completed
18	27 August 2024	AGSA Audit Strategy/Plan	The Committee approved the AGSA Audit Plan/Strategy for the 2023/24 FY audit.	AGSA	ASAP	Completed
19	27 August 2024	2023/24 Unaudited Annual Financial Statements	<ol style="list-style-type: none"> The Committee recommended the 2023/24 unaudited financial statements to the Board for approval, subject to the implementation of the amendments requested. The revised version of the 2023/24 Unaudited financial statements to be shared with the ARC members before submission to the Board. 	ACAE	ASAP	Completed
20	27 August 2024	Review of 2023/24 Financial Statements by Internal Audit	The Committee noted the Review of 2023/24 Financial Statements by Internal Audit.	ACAE	ASAP	Completed
21	27 August 2024	Review of 2023/24 Pre-determined Objectives (AOPO) by Internal Audit	<ol style="list-style-type: none"> The Committee noted the Review 2023/24 Predetermined Objectives (AOPO) by Internal Audit. An updated Review of Portfolio of Evidence Report to be shared with the ARC members before submission to the Board. 	ACAE	ASAP	Completed
22	27 August 2024	2023/24 Draft Integrated Annual	The Committee recommended the 2023/24 Draft Integrated Annual Report for Board approval.	AMD	ASAP	Completed

		Report				
23	27 August 2024	Investigation Report on Irregular Expenditure: Budget Overspending	The Committee recommended the write-off of irregular expenditure amounting to R150 336 691 due to budget overspending in the 2023/24 FY, to the Board for approval.	ACAE	ASAP	Completed
24	14 October 2024	GFIS Investigation Update	<p>The Committee resolved the following:</p> <ol style="list-style-type: none"> 1. The Committee noted the update on GFIS investigations. 2. A meeting be held between the MD and the Head of GFIS and a detailed update report to be drafted on all matters. 3. A letter be written to the GFIS Head by the Chairperson of the Committee, citing the risks faced by the entity due to the lack of proper communication, reporting, and investigation of cases reported by Metrobus. 4. A meeting to be held between the ARC Committee and the Head of GFIS. 	Management	ASAP	Completed
25	14 October 2024	1 st Quarter Internal Audit Report	The Committee noted the 1 st Quarter Internal Audit Report.	ACAE	ASAP	Completed
26	14 October 2024	1 st Quarter Risk Report	The Committee noted the 1 st quarter risk report.	ACAE	ASAP	Completed
27	14 October 2024	Internal and	The Committee noted the following reports:	ACAE	ASAP	Completed

		External Audit Matrix	<ul style="list-style-type: none"> • External (AGSA) Audit Findings Matrix • Internal Audit Findings Matrix 			
28	14 October 2024	UIFW Register	The Committee noted the UIFW Register.	ACAE	ASAP	Completed
29	14 October 2024	Metrobus Compliance Universe	The Committee noted the Compliance Universe.	ACAE	ASAP	Completed
30	14 October 2024	Awarded Tenders and progress on 2023/24 Procurement Plan	The Committee noted the update on the awarded tenders and the progress on the 2023/24 Procurement Plan.	ACFO	ASAP	Completed
31	14 October 2024	Committee Scorecard	The Committee noted the Committee Scorecard. Acting CAE to distribute the Evaluation of Internal Audit to the Members for completion.	Cosec	ASAP	Completed
32	14 October 2024	1 st Quarter CFO Finance Performance Report	The Committee noted the 1 st Quarter CFO Financial Performance Report.	ACFO	ASAP	Completed
33	14 October 2024	1 st Quarter ICT: Security, Compliance and Governance Report	The Committee noted the 1 st quarter ICT Performance report.	ACIO	ASAP	Completed
34	14 October 2024	2023/24 1 st Quarter Performance Assessment Report	The Committee recommended the 2023/24 1 st Quarter Performance Assessment Report for Board approval subject to Group Governance comments on the report being addressed by Management.	AMD	ASAP	Completed

35	27 November 2024	2023/24 AGSA Management Report	The Committee recommended the 2023/24 Audit management report for Board approval subject to amendments to be made by AGSA.	AGSA	ASAP	Completed
36	27 November 2024	AGSA 2023/24 Audit Outcome Report	The Committee recommended the 2023/24 Audit outcome report for Board approval subject to amendments to be made by AGSA.	AGSA	ASAP	Completed
37	27 November 2024	2023/24 Audited Annual Financial Statements	<p>1. The Committee recommended the 2023/24 Audited financial statements for Board approval, subject to the changes to be made.</p> <p>2. A spreadsheet on movements made on the financials to be shared with the Committee members.</p> <p>The final version of the 2023/24 Audited financial statements to be shared with the ARC members upon finalisation.</p>	CFO	ASAP	Completed
38	27 November 2024	Group Governance Assessments on the Integrated Annual Report and 2023/24 Final Integrated Annual Report	The Committee recommended the 2023/24 Final Integrated Annual Report for Board approval, subject to the Board Chairperson's independence being captured on the report in line with the Group Governance assessment.	Acting MD	ASAP	Completed
39	15 January 2025	GFIS Investigation Update	The Committee noted the update on GFIS investigations	GFIS	ASAP	Completed
40	15 January 2025	2 nd Quarter Internal Audit Report	The Committee noted the 2 nd Quarter Internal Audit Report.	ACAE	ASAP	Completed

41	15 January 2025	2 nd Quarter Risk Report	The Committee noted the 2 nd quarter risk report.	ACAE	ASAP	Completed
42	15 January 2025	Internal and External Audit Matrix	The Committee noted the following reports: <ul style="list-style-type: none"> • External (AGSA) Audit Findings Matrix • Internal Audit Findings Matrix 	ACAE	ASAP	Completed
43	15 January 2025	UIFW Register	The Committee noted the UIFW Register.	ACAE	ASAP	Completed
44	15 January 2025	Metrobus Compliance Universe	The Committee noted the Compliance Universe.	ACAE	ASAP	Completed
45	15 January 2025	2 nd Quarter Legal Report	The Committee noted the update on the Legal Report.	Cosec	ASAP	Completed
46	15 January 2025	Awarded Tenders and progress in 2023/24	The Committee noted the update on the awarded tenders and the progress on the 2023/24 Procurement Plan.	ACFO	ASAP	Completed
47	15 January 2025	ARC Scorecard	The Committee noted the update on the Committee Scorecard.	Cosec	ASAP	Completed
48	15 January 2025	Review: ARC Charter	The Committee recommended the reviewed ARC Charter to the Board for approval.	Cosec	ASAP	Completed
49	15 January 2025	2 nd Quarter CFO Finance Performance Report	The Committee noted the 2 nd Quarter CFO Financial Performance Report.	ACFO	ASAP	Completed

50	15 January 2025	2 nd Quarter ICT: Security, Compliance and Governance Report	The Committee noted the 2 nd quarter ICT Performance report.	ACIO	ASAP	Completed
51	15 January 2025	2023/24 2 nd Quarter Performance Assessment Report	The Committee recommended the 2023/24 2 nd Quarter Performance Assessment Report for Board approval subject to Group Governance comments on the report being addressed by Management.	AMD	ASAP	Completed
52	15 January 2025	Audit of Pre-determined Objectives (“AOPO”)	The Committee resolved that the AOPO report be circulated to the members for consideration by way of Round Robin before the Board meeting scheduled for 23 January 2025.	Acting CAE	23 January 2025	Completed
53	15 January 2025	Policy Review 1. Combined Assurance Policy 2. Supply Chain Management Policy	The following policies were recommended to the Board for approval: i. Combined Assurance Policy ii. SCM Management Policy	Acting CAE and CFO	ASAP	Completed
54	14 April 2025	GFIS Investigation Update	The Committee noted the update on GFIS investigations. The Committee recommended that a further meeting be held between the Management and the GFIS officials to align the evidence and information provided regarding the Gandhi Square	Management	ASAP	Completed

			and Roodepoort robbery incidents and the issue of the HR System.			
55	14 April 2025	Audit Findings Action Plan	The Committee recommended the Audit Findings Action Plan subject to comments provided by the Committee being incorporated in the Plan.	MD	ASAP	Completed
56	14 April 2025	2025/26 Final Draft Business Plan	The Committee recommended the 2025/26 Final Draft Business Plan for Board approval.	AGM:CS	ASAP	Completed
57	14 April 2025	2024/25 3 rd Quarter Performance Assessment Report	The Committee recommended the 2024/25 Third Quarter Performance Assessment Report for Board approval.	MD	ASAP	Completed
58	14 April 2025	Audit of Pre-determined Objectives- ("AOPO")	The Committee resolved that the AOPO report be circulated to the members for consideration by way of Round Robin before the Board meeting scheduled for 24 April 2025.	CAE	ASAP	Completed
59	14 April 2025	Write Off: Irregular Expenditure	The Matter was deferred to a Special ARC Meeting to be held before the end of the financial year.	CAE	ASAP	Completed
60	14 April 2025	Policy Review: Revenue Management Policy	The Revenue Management Policy was recommended to the Board for approval	CFO	ASAP	Completed
61	14 April 2025	ICT Governance Framework	The Committee recommended the ICT Governance Framework for Board approval	ACIO	ASAP	Completed
62	14 April 2025	ICT Governance RoadMap	The Committee recommended the ICT Governance RoadMap for Board approval	ACIO	ASAP	Completed
63	14 April 2025	Review: ICT Disaster Recovery	The Committee recommended the ICT Disaster Recovery Plan for Board approval	ACIO	ASAP	Completed

		Plan				
64	14 April 2025	3 rd Quarter Internal Audit Report	The Committee noted the 3 rd Quarter Internal Audit Report.	ACAE	ASAP	Completed
65	14 April 2025	3 rd Quarter Risk Report	The Committee noted the 3 rd quarter risk report.	ACAE	ASAP	Completed
66	14 April 2025	Internal and External Audit Matrix	The Committee noted the following reports: External (AGSA) Audit Findings Matrix Internal Audit Findings Matrix	ACAE	ASAP	Completed
67	14 April 2025	UIFW Register	The Committee noted the UIFW Register.	ACAE	ASAP	Completed
68	14 April 2025	Metrobus Compliance Universe	The Committee noted the Compliance Universe.	ACAE	ASAP	Completed
69	14 April 2025	3 rd Quarter Legal Report	The Committee noted the update on the Legal Report.	Cosec	ASAP	Completed
70	14 April 2025	Awarded Tenders and progress in 2023/24	The Committee noted the update on the awarded tenders and the progress on the 2023/24 Procurement Plan.	ACFO	ASAP	Completed
71	14 April 2025	ARC Scorecard	The Committee noted the update on the Committee Scorecard.	Cosec	ASAP	Completed
72	14 April 2025	3 rd Quarter CFO Finance Performance Report	The Committee noted the 3 rd Quarter CFO Financial Performance Report.	ACFO	ASAP	Completed
73	14 April 2025	3 rd Quarter ICT: Security,	The Committee noted the 3 rd quarter ICT Performance report.	ACIO	ASAP	Completed

		Compliance and Governance Report				
74	14 April 2025	Approved 24/25 Budget	The Committee noted the approved 2024/25 budget.	CFO	ASAP	Completed
75	12 June 2025	UIFW Write Off	<ol style="list-style-type: none"> 1. The Committee recommended the request for the write off the UIFWs amounting to R7 165 506.39, for board approval. 2. The Committee requested that the summary report on the UIFW to include reasons as to why the UIFW is irrecoverable and for the financial period “2012/23” on page 2 for the summary report to be corrected. 	CAE	ASAP	Completed
76	12 June 2025	2024/25 Budget Overspending Report	<ol style="list-style-type: none"> 1. The Committee recommended that the operations be reduced due to the depletion of the entity’s budget. 2. The Committee recommended that the projected overspending of R 105 million for the 2024/25 FY be condoned and monitored. 3. The Committee requested that the Board Chairperson be provided with the ARC report and be requested for an urgent Board meeting to be held at an earlier date than the proposed date of the 24th of June 2025. 	CFO	ASAP	Completed

			4. The Committee recommended that an urgent meeting be held between the MMC, City Manager, Board Chairperson, ARC Chair, and Managing Director to discuss the possible stoppage of services at Metrobus.			
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ANNEXURE G: BOARD OF DIRECTORS; COMMITTEE ALLOCATION AND ATTENDANCE

Board Composition

The composition of the Board is as follows

	Qualifications	Other Directorships Held
Charley Pietersen (57) Board Chairperson	<ul style="list-style-type: none"> • Bachelor in Management Leadership • Diploma in NLP & Life Coach • Certificate facilitation • Financial Management Sales & Marketing Management 	<ul style="list-style-type: none"> • Board Member – Fundraiser Hospice • Board Member – Adopt a Child • Board Member – Free State Cricket • Board Member – Footprint Athletics • Board Member – The Growing Up without a Father Foundation
Khanya Sithebe (35)	<ul style="list-style-type: none"> • Bachelor of Law • Bachelor of Arts 	<ul style="list-style-type: none"> • Non-Executive Director – Joburg Property Company
Hein Toerien (48)	<ul style="list-style-type: none"> • N6: Human Resource Certificate • Media Monitoring Training Certificate 	
Ponds Petersen (59)	<ul style="list-style-type: none"> • MBA • Bachelor's degree • Diploma in Education • Change Management Certificate 	<ul style="list-style-type: none"> • Committee Member of World Urban Parks (WUP) • Non-Executive Board Director - Joburg City Parks and Zoo. • HRSE Committee Member (JCPZ) • Operations Committee Member (JCPZ)
Faith Irwin (53)	<ul style="list-style-type: none"> • Teachers Diploma Level 6 	
Yolandi Erasmus (39)	<ul style="list-style-type: none"> • 2005 - 2009 LLB (University of Pretoria) • 2010 – 2012 Notary Articles • 2013 – Trademarks and Copyright Level 1 (South African Institute for Intellectual Property) • 2018 - Practice Management Training (Law Society of South Africa) 	
Tshepiso Madingoane (35)	<ul style="list-style-type: none"> • N4 Travel and Tourism • Travel Agency Operations (SAQA US AID) 	
Samkelisiwe Zwane (28)	<ul style="list-style-type: none"> • BA (Hons) Anthropology • Bachelor of Arts (Industrial Psychology and Anthropology) • Project Administration • Social Consultancy 	

Sepheu Masemola (46)	<ul style="list-style-type: none"> • Bachelor Of Commerce Degree Finance • CIMA Diploma in Management Accounting • Microsoft Excel Advanced Formulas • Certificate In Accounting • Absa Management Program Certificate at Gordon Institute Business School 	
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Resigned Member

	Qualifications	Other Directorship Held
Luzaan Francis	<ul style="list-style-type: none"> • Bachelor of Art: Public Administration and Human Resources 	

Deceased Board Member

	Qualifications	Other Directorship Held
Mervan Ambraal	<ul style="list-style-type: none"> • BA Social Work 1993 • Certificate Arbitration and Disciplinary Skills 2004 • Certificate EAP 2008 • SDF Course 2016 	

Retired Board Members

	Qualifications	Other Directorships Held
Lemarco Mitchell Former Board Chairperson	LLB	
Lungisile Mkize	<ul style="list-style-type: none"> • Bachelor of Commerce in Financial Accounting • Post Graduate Diploma in Accounting (CTA) • Post Graduate Diploma in Internal Auditing • Diploma in Financial Management 	
Sharifa Prinsloo	<ul style="list-style-type: none"> • Bachelor of Arts in Politics • Bachelor of Arts 	
Omphemetse Mokgosi	<ul style="list-style-type: none"> • BA Honours Media Studies • BA Communications Science • Social Auxiliary Work • Arts Administration • Diploma Dramatic Arts 	Board member: Joburg Tourism Company (2020-2021)

Independent Audit and Risk Committee Members

	Qualifications	Other Directorships Held
Wayne Buckley	<ul style="list-style-type: none"> Bachelor of Business Administration Asset Finance Certificate N3: Small Business Management & Entrepreneurship Certificate 	
Gloria Matshusa	<ul style="list-style-type: none"> Bachelor of Public Management Public Relations Certificate Certificate Programme In Management 	<ul style="list-style-type: none"> Non-Executive Director – Joburg Metrobus Non-Executive Director – Joburg Tourism Company
Nison Khosa	<ul style="list-style-type: none"> 	

Resigned Independent Audit Member

	Qualifications	Other Directorship Held
Michele Botha	<ul style="list-style-type: none"> Bachelor of Commerce Honours in Business Economics Bachelor of Commerce in Insurance & Risk Management and Law Diploma in Advance Insurance Practice 	<ul style="list-style-type: none"> Non-Executive Director – Joburg Tourism Company

Retired Independent Audit Member

	Qualifications	Other Directorships Held
Tony Ferreira		<ul style="list-style-type: none"> Non-Executive Director - Joburg Market and 10 other entities

Composition of the Board Committees

Audit and Risk Committee Current Members

Member Name	Role	Appointed Date
Ms Yolandi Erasmus	Chairperson NED From 14 August 2024	31 July 2024
Mr Sepheu Masemola	Non-Executive Director	31 July 2024
Mr. Wayne Buckley	Independent ARC Member	31 July 2024
Ms. Gloria Matshusa	Independent ARC Member	31 July 2024

Mr. Nison Khosa	Independent ARC Member	11 April 2025
Mr Tony Ferreira	Independent ARC Member until 31 July 2024	01 March 2023

Audit and Risk Committee Previous Members

Member Name	Role	Appointment Date
Mr. Charley Pietersen (Until 31 July 2024)	Chairperson (NED)	31 July 2024
Omphemetse Mokgosi (until 31 July 2024)	NED	01 March 2023
Ms Lungisile Mkhize (until 31 July 2024)	NED	01 March 2023
Ms. Michele Botha (until 07 April 2025)	Independent ARC Member	31 July 2024
Mr Tony Ferreira (until 31 July 2024)	Independent ARC Member	01 March 2023

Human Resources, Social and Ethics Committee Current Members

Member Name	Role	Appointment Date
Ms. Khanya Sithebe	Chairperson	31 July 2024
Mr. Hein Toerien	NED	31 July 2024
Ms. Faith Irwin (From 23 January 2025)	NED	31 July 2024

Human Resources, Social and Ethics Committee Previous Members

Member Name	Role	Appointment Date
Mr Mervan Ambraal (until 09 November 2024)	NED	31 July 2024
Ponds Petersen (until 31 July 2024)	NED	31 July 2024

Luzaan Francis (until 22 August 2024)	NED	31 July 2024
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Service Delivery Committee Current Members

Member Name	Role	Appointment Date
Ms Ponds Peterson	NED	31 July 2024
Ms Samkelisiwe Zwane	NED	31 July 2024
Ms. Tshepiso Madingoane	NED	31 July 2024

Service Delivery Committee Previous Members

Member Name	Role	Appointment Date
Ms Faith Irwin (until 23 January 2025)	NED	31 July 2024
Ms Sharifa Prinsloo (until 31 July 2024)	NED	01 March 2023

Attendance of meetings from 1 July 2024 to June 2025

During the financial year under review, there were four (4) formal meetings with the shareholder. This comprised of the four chairpersons' quarterly meetings. Further, there were thirteen (13) Board engagements during the Financial Year. This comprised of six (6) ordinary Board meetings, three (3) special Board meetings, a two (2) – day Board Induction Session and a two (2) day Board Strategy Session. The attendance to the ordinary and special Board meetings was as follows:

Member Name	Role	Meetings Attended
Mr. Lemarco Mitchell	Non-Executive Director	1
Mr. Charley Pietersen	Non-Executive Director	13
Mr. Hein Toerien	Non-Executive Director	13
Ms. Ponds Petersen	Non-Executive Director	13
Ms. Ompemetse Mokgosi	Non- Executive Director	0
Ms. Lungisile Mkize	Non- Executive Director	1
Ms. Sharifa Prinsloo	Non- Executive Director	1

Ms Yolandi Erasmus	Non- Executive Director	12
Mr Sepheu Masemola	Non- Executive Director	12
Ms Samkelisiwe Zwane	Non- Executive Director	12
Ms Tshepiso Madingoane	Non- Executive Director	12
Ms. Khanya Sithebe	Non- Executive Director	13
Faith Irwin	Non- Executive Director	13
Mervan Ambraal	Non- Executive Director	6
Luzaan Francis	Non-Executive Director	0
Mr. Luyanda Gidini	Executive Director:	11
Mr Bongani Radebe	Executive Director:	13
Mr. Patrick Matanhire	Executive Director: Acting CFO until 19 August 2024	2

Audit and Risk Committee

The Audit and Risk Committee met seven (7) times to discuss and deliberate matters necessary to fulfil its role. This included the review of quarterly reporting of management, the review of the annual report for submission to the Auditor-General as well as review of the Auditor-General's Management and Audit Report on the entity.

Current Members

Member Name	Role	Meetings Attended	Appointed Date
Ms Yolandi Erasmus	Chairperson NED From 14 August 2024	6	31 July 2024
Mr Sepheu Masemola	Non-Executive Director	6	31 July 2024
Mr. Wayne Buckley	Independent ARC Member	7	31 July 2024
Ms. Gloria Matshusa	Independent ARC Member	7	31 July 2024
Mr. Nison Khosa	Independent ARC Member	2	11 April 2025
Mr Tony Ferreira	Independent ARC Member until 31 July 2024	0	01 March 2023

Previous Members

Member Name	Role	Meetings attended	Appointment Date
Mr. Charley Pietersen (Until 31 July 2024)	Chairperson (NED)	1	31 July 2024
Omphemetse Mokgosi (until 31 July 2024)	Non-Executive Director	0	01 March 2023
Ms Lungisile Mkhize (until 31 July 2024)	Non-Executive Director	1	01 March 2023
Ms. Michele Botha (until 07 April 2025)	Independent ARC Member	5	31 July 2024
Mr Tony Ferreira (until 31 July 2024)	Independent ARC Member	0	01 March 2023

Human Resources, Social and Ethics Committee

The Committee met on seven (7) occasions.

Current Members

Member Name	Role	Meetings Attended	Appointment Date
Ms. Khanya Sithebe	Chairperson	7	31 July 2024
Mr. Hein Toerien	NED	7	31 July 2024
Ms. Faith Irwin (From 23 January 2025)	NED	1	31 July 2024

Previous Members

Member Name	Role	Meetings Attended	Appointment Date
Mr Mervan Ambraal (until 09 November 2024)	NED	4	31 July 2024
Ponds Petersen (until 31 July 2024)	NED	2	31 July 2024
Luzaan Francis (until 22 August 2024)	NED	0	31 July 2024

Service Delivery Committee

The Committee met on four (04) occasions during the financial year.

Current Members

Member Name	Role	Meetings attended	Appointment Date
Ms Ponds Peterson	NED	3	31 July 2024
Ms Samkelisiwe Zwane	NED	3	31 July 2024
Ms. Tshepiso Madingoane	NED	3	31 July 2024

Previous Members

Member Name	Role	Meetings attended	Appointment Date
Ms Faith Irwin (until 23 January 2025)	NED	1	31 July 2024
Ms Sharifa Prinsloo (until 31 July 2024)	NED	1	01 March 2023

ANNEXURE H: COMMITTEE AND COMMITTEE PURPOSE

Board Committees

- Audit and Risk Committee
- Human Resources, Social and Ethics Committee
- Service Delivery Committee

Audit and Risk Committee Purpose

- Appointment of the Auditor General of South Africa (“AGSA”) as auditor
- Ensure the financial statements are prepared in accordance with standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Act.
- Review and discuss the audited financial statements with management.
- Consider and make where necessary, recommendations on internal financial controls.
- Consider the content of annual financial statements, and internal financial controls.
- Review legal matters that could have a significant impact on the organisation’s financial statements.
- Evaluation of the internal audit function.
- Approve the internal audit charter.
- Approve the internal and external audit plans.
- Consider audited financial statements; and
- Consider AG audit and management reports

Human Resources, Social and Ethics Committee Purpose

The HRSE advises the Board on the following matters:

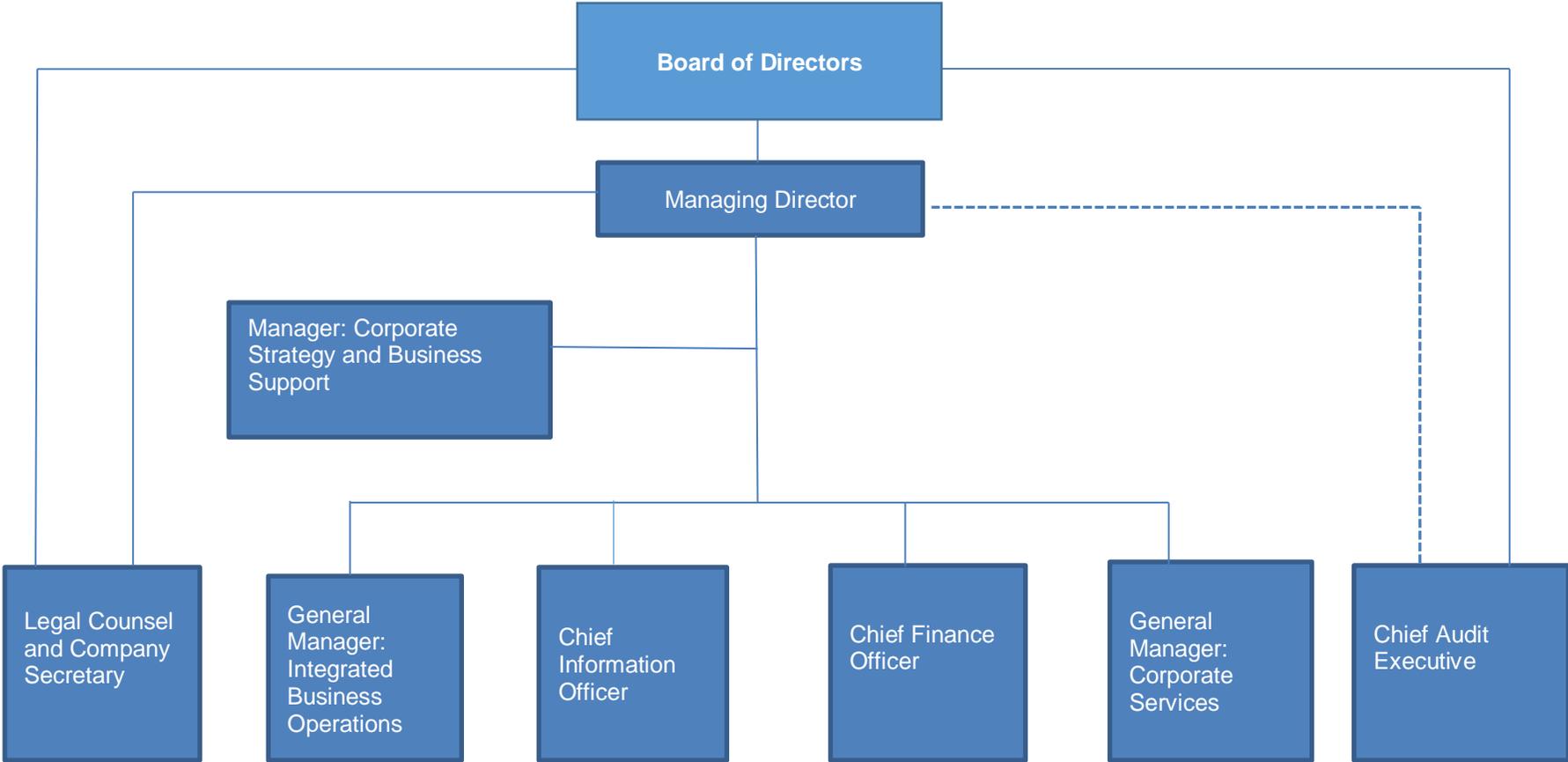
- Human resources policies,
- Determine specific Remuneration packages.
- Conditions of employment.
- Oversight on performance management
- Monitoring of organisational structure
- Monitoring skills development; and
- Social and Ethics matters.

Service Delivery Committee Purpose

The SDC advises the Board on the following matters.

- Oversee and direct the development of the enterprise strategy
- Review organizational needs and objectives in line with the company's mission and/or goals
- Guide and monitor marketing and communication services of the company
- Reviewing of operation services strategy and activities
- Monitoring use of the core operations budget
- Establishing Operation Committee's policies and agreements and monitoring compliance with them.
- Ensuring that there are appropriate systems across the company to support the company's objective in operations.
- Monitor Information Technology (IT) support for the business
- Monitoring and advising on existing programmes and activities
- Monitoring key performance indicators of the entity.

ANNEXURE I: THIRD TIER ADMINISTRATION STRUCTURE



ANNEXURE J: FUNCTIONS OF THE ENTITY

Metrobus is a municipal entity, wholly owned by the City of Johannesburg and is mandated to promote accessible, reliable and environmentally friendly mobility through an efficient and sustainable bus services to the residents of Johannesburg.

ANNEXURE K: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

Project Name	Original Approved Budget (R 000's)	Adjustments (R 000's)	Adjusted Budget (R 000's)	Actual expenditure (R 000's)	% Spent against total budget%
Furniture and Office Equipment	500	1 000	1 500	1 821	121%
Purchasing of New Buses	168 000	- 134 705	33 295	95 468	287%
Plant and Machinery	1 000	1 000	2 000	2 040	102%
Engine and Gear box refurbishment	5 000	8 000	13 000	10 295	79%
IT Equipment New Computers and Hardware Computer Hardware	7 250	-	7 250	5 095	70%
Building - Building Alterations/Upgrade	3 599	0	3 599	3 264	91%
Bus Refurbishment	1 000	7 800	8 800	7 720	88%
Cashless Ticketing System Bus CCTV on board machine	28 500	-	28 500	19 955	70%
Total	214 849	- 116 905	97 944	145 659	149%

ANNEXURE L: REVENUE COLLECTION PERFORMANCE BY SOURCE

		25-Jun	24-Jun
		YTD	YTD
		Actual	Actual
Description	Classification	R	R
-	-		
<u>Operating Income</u>	-	753 577 780	689 952 046
<u>Fare Revenue</u>	-	82 937 969	74 198 445
Fares, Cash	Other revenue	1 598 923	8 254 036
Fares, Coupons	Other revenue	71 215 851	57 798 668
Bus Hire - Contracts	Other revenue	264 000	242 000
Bus Hire - Daily	Other revenue	5 168 882	3 606 628
Eldorado Park	Other revenue	4 690 313	4 297 113
<u>Passenger Subsidy</u>	-	659 659 995	607 298 947
Subsidies - Other	Transfers and subsidies received: Inter-Company	659 659 995	607 298 947
<u>Sundry Revenue</u>	-	10 979 816	8 454 654
Other sundry Revenue	Other revenue	3 812 422	119 260
Sale of tags	Other revenue	1 220 432	1 095 318
Interest Received	Interest earned - external investments	2 991 831	2 918 984
Local Gov Bodies Training Fund	Other revenue	2 955 131	4 321 092

ANNEXURE M: ANNUAL FINANCIAL STATEMENTS



Johannesburg Metropolitan Bus Services (SOC) Limited
(Registration number 2000/004704/30)
Trading as Metrobus
Annual Financial Statements
for the year ended 30 June 2025

Johannesburg Metropolitan Bus Services (SOC) Limited

(Registration number 2000/004704/30)

Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing a public bus service to the commuters of the City of Johannesburg as well as short term private fleet rental
Chief Finance Officer (CFO)	Luyanda Gidini (CASA)
Registered office	Transportation House 1 Raikes Road Braamfontein 2000
Business address	Transportation House 1 Raikes Road Braamfontein 2000
Postal address	PO Box 1787 Johannesburg 2000
Controlling entity	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
Bankers	Standard Bank South Africa
External Auditors	Auditor General - South Africa
Secretary	Jabulile Mbeje (Acting)
Company registration number	2000/004704/30
Tax reference number	9294142147
Preparer and approver	The annual financial statements were internally compiled by: Preparer :Emmanuel Lombe FCCA (FA) Approver :Luyanda Gidini CA(SA) (CFO)

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
NED	Non Executive Director
IAC	Independent Audit Committee
AMD	Acting Managing Director
CFO	Chief Financial Officer
FA	Financial Accountant
CA(SA)	Chartered Accountant South Africa
FCCA	Fellow Chartered Certified Accountant

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Board's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's 2025/26 - 2027/28 MTREF budget and despite its shortfalls, and in light of this review year to 30 June 2026 and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the parent municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements presented have been prepared on the going concern basis, were approved by the board on 29 August 2025 and were signed on its behalf by:



Dr Bongani Radebe
Managing Director



Mr Charley Pietersen
Board Chairperson

Johannesburg Metropolitan Bus Services (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

Audit and Risk Committee Report

1. INTRODUCTION

We are pleased to present the Audit and Risk Committee (ARC) report for the financial year ended 30 June 2025. Metrobus has a single committee that function's as both the audit and risk committee of the entity.

2. AUDIT AND RISK COMMITTEE

This Audit and Risk Committee [ARC] is established in terms of the Section 166 of the MFMA. The Audit and Risk Committee is an independent advisory body which

(a) advises the board of directors, the accounting officer and the management staff of the entity, on matters relating to:

- Internal Financial control and internal audits;
- Risk management;
- Accounting policies;
- Adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with this Act and any other applicable legislation;
- Performance evaluation; and any other issues referred to it by the municipality or municipal entity;

(b) Reviews the annual Financial statements to provide the municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the Financial position of the municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

(c) Responds to the council on any issues raised by the Auditor General in the audit report;

The Audit and Risk Committee has adopted appropriate formal terms of reference in the form of an Audit and Risk Committee Charter. The Audit and Risk Committee has discharged its functions in compliance with this charter and has discharged all its responsibilities as contained therein. The Board adopted the Audit and Risk Committee terms of reference on 23 January 2025.

The terms of reference sets out the roles and responsibilities delegated by the Board to the Committee and define the Committee's composition and purpose. The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 166(2) (a) of the MFMA.

3. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) consists of the members listed hereunder and should meet atleast four (04) times per annum.

Special meetings where necessary are permitted as per the approved terms of reference. In July 2024, a new board was appointed. This resulted in change in the composition of the audit committee.

4. KEY RISKS

The Audit and Risk Committe has identified the following key risks during the year:

- Inability to meet scheduled services.
- Overspending against budget resulting unauthorised expenditure.
- Inability to render transport services due to foreseen and unforeseen events.
- Slow implementation of intelligent transport systems.
- Addressing weaknesses and deficiencies in the control environment.

Johannesburg Metropolitan Bus Services (SOC) Limited

(Registration number 2000/004704/30)

Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Audit and Risk Committee Report

5. ARC RECOMMENDATIONS

- Procurement, refurbishment, and leasing of buses to increase fleet capacity.
- Implementation of bus maintenance plans.
- Continual engagement with the shareholder to make adequate budget allocations.
- Implementation of all deliverables of the ICT strategy.
- Improve the adequacy and effectiveness of internal controls.
- Implementation of revenue enhancement strategies to generate own revenue and cover operational costs.
- Develop and implement an entity-wide comprehensive business continuity plan.

6. INTERNAL AUDIT

The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The Audit and Risk Committee has approved the Internal Audit Charter and the Internal Audit Methodology in January 2024 and July 2025. The Audit committee has also performed one assessment of the Internal Audit Function for the year under review.

7. THE EFFECTIVENESS OF INTERNAL CONTROL

The entity's internal controls system over financial and risk management is effective, efficient, and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit and risk committee and management with assurance that the internal controls are appropriate and effective. This is achieved through the risk management process and the identification of corrective actions and suggested enhancements to the controls and processes..

The Audit and Risk Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Finance Department board of the entity during the year under review.

8. GOING CONCERN

The Audit and Risk Committee noted that the annual financial statements were prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Audit and Risk Committee also noted that the entity is technically insolvent. This arose from under revenue collections due to high number of out of commission buses as well as the lack of a proper fare collection system, the significant debt burden of the entity and the lack of adequate routes to drive revenue.

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of its operations. The Audit and Risk Committee noted the subordination agreement provided by the City at year end in respect of the financial position of the entity. This provided the basis for preparing the annual financial statements on going concern basis.

9. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIFW)

The Audit and Risk Committee commenced an investigative process, via the Internal Audit Function, into the UIFW incurred at the entity. The Audit and Risk Committee followed the processes as set out by the Council in terms of addressing the UIFW. UIFW amounting to R157 090 304 was written off during the financial year 2024/2025 by the Board of Directors.

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Audit and Risk Committee Report

10. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor General and the Board;
- Reviewed the Auditor General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices (where applicable);
- Reviewed the entity compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

11. AUDITOR GENERAL SOUTH AFRICA

The Audit and Risk Committee has met with the Auditor General of South Africa to:

- Review the nature, scope and extent of work.
- Approve the audit plan and fees.
- Discuss and deliberate the findings reported in the Management Report to the entity; and
- Discuss and deliberate on the Auditor General's Audit Report of the entity.

AUDIT COMMITTEE RESPONSIBILITY

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.



Ms Yolandi Erasmus
Chairperson of the Audit Committee

Date: 30 November 2025

Johannesburg Metropolitan Bus Services (SOC) Limited

(Registration number 2000/004704/30)

Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Directors Report

The directors submit their report for the year ended 30 June 2025.

1. Incorporation

The entity was incorporated on 09 March 2000 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements .

3. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus (deficit) of R (676 888 222) and that the entity's total liabilities exceed its assets by R (455 231 046).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of its operations. The financial statements are prepared on the basis that the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the company's operations, and will be providing the required funding of operations accordingly.

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

5. Borrowing limitations

In terms of the service delivery agreement, Johannesburg Metropolitan Bus Services (SOC) Limited does not have the authority to borrow funds. All external funding is managed under the auspices of the City of Johannesburg Metropolitan Municipality's treasury department.

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Directors Report

6. Board

The directors of the entity during the year end to the date of this report are as follows:

Name

Mr. Lemarco Mitchell (Board Chair Appointed 1 March 2023 and retired 31 July 2024)

Mr Charley Pietersen (Appointed 1 March 2023 and appointed Board Chair 31 July 2024)

Mr. Hein Toerien (Appointed 1 March 2023)

Mr Sepheu Masemola (Appointed 31 July 2024)

Ms Yolandi Erasmus (Appointed 31 July 2024)

Ms Samkelisiwe Zwane (Appointed 31 July 2024)

Ms Tshepiso Madingoane (Appointed 31 July 2024)

Mr Luzaan Francis (Appointed 31 July 2024 – (Resigned on 22 August 2024)

Ms. Ponds Petersen (Appointed 1 March 2023)

Ms. Omphemetse Mokgosi (Appointed 1 March 2023 and retired 31 July 2024)

Ms. Lungisile Mkize (Appointed 1 March 2023 and retired 31 July 2024)

Ms. Sharifa Prinsloo (Appointed 1 March 2023 and retired 31 July 2024)

Ms. Khanya Sithebe (Appointed 1 March 2023)

Ms Faith Irwin (Appointed 9 August 2023)

Mr Mervan Ambraal (Appointed 9 August 2023 and deceased 9 November 2024)

IAC Members

Mr. Wayne Buckley (Appointed 1 March 2023)

Ms. Gloria Matshusa (Appointed 1 March 2023)

Mr. Tony Ferreira (Appointed 1 March 2023 and retired 31 July 2024)

Ms. Michele Botha (Appointed 1 March 2023 and resigned 7 April 2025)

Mr Nison Khosa (Appointed 11 April 2025)

Dr Bongani Radebe (Appointed Acting Managing Director (A/MD) 1 March 2024 and appointed MD 1 March 2025)

Mr. Luyanda Gidini (Acting MD from 24 November 2022 to 28 February 2024 and resumed his substantive position of CFO on 19 August 2024)

Mr. Patrick Matanhire (Appointed Acting Chief Financial Officer (A/CFO) 19 December 2022-19 August 2024)

7. Committees of the Board

In terms of providing leadership and oversight over the affairs of the entity, the board has established the following committees with the aim of improving oversight and governance.

- Audit and Risk Committee (ARC)
- Human Resources, Social and Ethics Committee (HRSE); and
- Service Delivery Committee (SDC)

These committees are chaired by Non-Executive Directors of the Board.

Johannesburg Metropolitan Bus Services (SOC) Limited

(Registration number 2000/004704/30)

Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Directors Report

8. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV report on Corporate Governance for South Africa 2016. The board discusses the responsibilities of management in this respect at Board meetings and monitor the entity's compliance with the Code on a quarterly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors.
- has established a Board directorship continuity programme.

Board Chairperson and Managing Director

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Managing Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Johannesburg Metropolitan Bus Services (SOC) Limited

(Registration number 2000/004704/30)

Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Directors Report

8. Corporate governance (continued)

Board and sub-committee meetings

The board met on 13 separate occasions during the financial year to consider, amongst other matters:

- The entity's quarterly performance,
- The board induction
- The draft annual report; and
- The audited annual report.

Non-executive directors have access to all members of management of the entity.

On 31 July 2024 a new board was appointed at the Annual General Meeting. The change in the Board Members is reflected below together with the attendance of the members at meetings. Dr Charley Pietersen was appointed as the Chairperson of the Board.

Names	Roles	Board meetings	ARC Meetings	HRSE Meetings	SDC Meetings	Chairpersons Quaterly meetings	Total
Mr. Lemarco Mitchell	NED and Board Former Chairperson	1	-	-	-	-	1
Mr Charley Pietersen	NED Board Chairperson	13	1	-	-	4	18
Mr. Hein Toerien	NED	13	-	7	-	-	20
Ms. Ponds Petersen	NED	13	-	2	3	-	18
Ms Yolandi Erasmus	NED	12	6	-	-	-	18
Mr Sepheu Masemola	NED	12	6	-	-	-	18
Ms Samkelisiwe Zwane	NED	12	-	-	3	-	15
Ms Tshepiso Madingoane	NED	12	-	-	3	-	15
Ms. Lungisile Mkize	NED	1	1	-	-	-	2
Ms. Sharifa Prinsloo	NED	1	-	-	1	-	2
Ms. Khanya Sithebe	NED	13	-	7	-	-	20
Ms. Faith Irwin	NED	13	-	1	3	-	17
Mr. Mervan Ambraal	NED	6	-	4	-	-	10
Independent Audit Committee members							
Mr. Wayne Buckley	IAC	-	7	-	-	-	7
Ms. Gloria Matshusa	IAC	-	7	-	-	-	7
Ms. Michele Botha	IAC	-	5	-	-	-	5
Mr Nison Khosa	IAC	-	2	-	-	-	2
Executive directors							
Mr. Luyanda Gidini	A/MD from 24 November 2022 Until 28 February 2024	11	6	4	3	3	27
Dr. Bongani Radebe	A/MD From 1 March 2024	13	7	4	4	4	32

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

Annual Financial Statements for the year ended 30 June 2025

Directors Report

8. Corporate governance (continued)

Mr. Patrick Matanhire	A/CFO From 19 December 2022 until 19 August 2024	2	1	1	1	-	5
		-	-	-	-	-	-

Audit and Risk Committee

The board has established the Audit and Risk committee. The Audit and Risk Committee is an independent advisory body which advises the Board on various matters, which includes but is not limited to, related to the financial control and reporting, risk management, governance matters, performance management and reporting thereon. The full roles and responsibilities of this committee are reflected in the Audit and Risk Committee Report.

As reflected in the Audit and Risk Committee Report, this committee has met eight (08) times to discuss and deliberate matters necessary to fulfil its role.

The committee is made up of the following active members:

Audit and Risk Committee members	Role	Meetings attended	Date
Mr. Charley Pietersen	Chairperson (NED)	1	From 1 January 2024- 31 July 2024
Ms. Yolandi Erasmus	NED	6	31 July 2024
Mr. Sepheu Masemola	NED	6	31 July 2024
Ms. Lungisile Mkize	NED	1	(1 March 2023 and retired 31 July 2024)
IAC Members			
Mr. Wayne Buckley	IAC	7	Appointed 1 March 2023
Ms. Gloria Matshusa	IAC	7	Appointed 1 March 2023
Ms. Michele Botha	IAC	5	Appointed 1 March 2023 and resigned 7 April 2025
Mr. Nison Khosa	IAC	2	Appointed 11 April 2025

Human Resources, Social and Ethics Committee

The board has established the Human Resources, Social and Ethics Committee. The Committee met on nine (09) occasions. The HRSE advises the Board on the following matters:

- Human resources policies,
- Determine specific Remuneration packages
- Other conditions of employment;
- Oversight on performance management
- Monitoring of organisational structure
- Monitoring skills development
- Social and Ethics matters.

The committee is made up of the following active members

Johannesburg Metropolitan Bus Services (SOC) Limited

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Trading as Metrobus

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Directors Report

8. Corporate governance (continued)

	Role	Meetings attended	Date appointed
Human Resources, Social and Ethics Committee members			
Ms. Khanya Sithebe	NED & chairperson	7	Appointed 1 March 2023
Mr. Hein Toerien	NED	7	Appointed 1 March 2023
Ms. Ponds Petersen	NED	2	(Appointed 1 March 2023 (until 31 July 2024))
Mr. Mervan Ambraal	NED	4	(Appointed 9 August 2023 and deceased 9 November 2024)
Ms. Faith Irwin	NED	1	Appointed 23 January 2025

Service Delivery Committee

The board has established the Service Delivery Committee, in consultation with the Shareholder. The SDC advises the Board on the following matters:

- Oversee and monitor the core mandate of the entity that is to provide public transport
- Monitor operational efficiency
- Monitor customer services, complaints, and satisfaction
- Monitor customer surveys
- Guide and monitor the marketing and communication services of the entity
- Review and Monitor Information Technology (IT) support for the services

All members of the SDC Committee are Non-Executive Directors (NED) of the Board.

The committee is made up of the following active members:

	Role	Meetings attended	Date of appointment
Service Delivery Committee members			
Ms. Ponds Petersen	NED & chairperson	7	Appointed 1 March 2023
Ms. Sharifa Prinsloo	NED	7	(1 March 2023 to 31 July 2024)
Ms. Faith Irwin	NED	2	(9 August 2023 to 31 July 2024)
Ms. Samkelisiwe Zwane	NED	4	31 July 2024
Ms. Tshepiso Madingoane	NED	1	31 July 2024

9. Controlling entity

The entity's parent municipality is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

10. Bankers

The company's banker is the Standard Bank of South Africa Limited (SBSA).

The management of the Treasury Function within the company is performed by the Johannesburg Metropolitan Municipality department.

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Directors Report

11. External Auditors

Auditor General - South Africa will continue in office for the next financial period in accordance with the Public Audit Act 2004, (Act No. 25 of 2004), section 92 of the Municipal Financial Management Act, 2003, (Act No. 56 of 2003) and section 90 of the Companies Act, 2008, Act No. 71 of 2008.

The annual financial statements which have been prepared on the going concern basis, were approved by the board on 29 August 2025 and were signed on its behalf by:



Dr Bongani Radebe
Managing Director



Mr Charley Pietersen
Board Chairperson

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Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



Jabulile Mbeje
Acting Company Secretary

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Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	588 705	757 121
Receivables from exchange transactions	4	43 369 823	1 329 685
Receivables from non-exchange transactions	5	129 743 822	1 353 494
Prepayments	6	7 972 155	8 105 784
Inventories	7	24 385 625	21 150 195
		206 060 130	32 696 279
Non-Current Assets			
Property, plant and equipment	8	516 795 684	465 768 567
Intangible assets	9	32 683 740	35 413 041
Loans to shareholders	10	41 201 667	38 209 836
		590 681 091	539 391 444
Total Assets		796 741 221	572 087 723
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	755 080 147	408 661 530
Unutilised commuter trips	17	4 271 895	3 703 717
Provisions	19	4 089 103	3 163 409
Loans from shareholders	10	475 399 003	465 829 836
Other financial liabilities	18	-	55 655 544
Finance lease obligation	16	2 660 793	2 266 839
		1 241 500 941	939 280 875
Non-Current Liabilities			
Finance lease obligation	16	4 781 323	8 050 371
Employee benefit obligation	13	5 690 001	5 928 001
		10 471 324	13 978 372
Total Liabilities		1 251 972 265	953 259 247
Net Assets		(455 231 044)	(381 171 524)
Share capital / contributed capital	14	54 774 330	54 774 330
Reserves			
Revaluation reserve	15	166 882 846	172 157 008
Accumulated surplus		(676 888 222)	(608 102 862)
Total Net Assets		(455 231 046)	(381 171 524)

* See Note 45

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	22	84 158 401	75 293 763
Administration and management fees received	21	2 866 735	-
Other income	23	3 417 490	5 508 041
Interest received - investment	24	2 991 831	2 918 984
Actuarial gains/losses	13	427 270	-
Total revenue from exchange transactions		93 861 727	83 720 788
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	25	659 659 995	607 298 947
Total revenue	20	753 521 722	691 019 735
Expenditure			
Employee related costs	26	(418 196 266)	(382 972 855)
Depreciation and amortisation	28	(61 189 784)	(57 005 079)
Impairments	29	(19 413 126)	(7 928 475)
Finance costs	30	(46 235 978)	(56 365 096)
Lease rentals on operating lease	27	(18 062 370)	(8 691 226)
Gain or loss on disposal of assets and liabilities	34	(15 588 505)	(11 448 801)
Actuarial gains/losses	13	-	(992 322)
Expenses (by function)	33	(248 895 217)	(308 648 391)
Total expenditure		(827 581 246)	(834 052 245)
Deficit for the year		(74 059 524)	(143 032 510)

* See Note 45

Johannesburg Metropolitan Bus Services (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Share premium	Total share capital	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	13 726 387	41 047 943	54 774 330	163 169 655	(467 393 880)	(249 449 895)
Adjustments						
Prior year adjustments 45	-	-	-	(1 690 010)	1 690 010	-
Balance at 01 July 2023 as restated*	13 726 387	41 047 943	54 774 330	161 479 645	(465 703 870)	(249 449 895)
Changes in net assets						
Surplus / deficit for the year	-	-	-	-	(143 032 510)	(143 032 510)
Realisation of revaluation reserve	-	-	-	(633 518)	633 518	-
Revaluation for the current year	-	-	-	11 310 881	-	11 310 881
Total changes	-	-	-	10 677 363	(142 398 992)	(131 721 629)
Opening balance as previously reported	13 726 387	41 047 943	54 774 330	172 157 008	(597 129 411)	(370 198 073)
Adjustments						
Prior year adjustments 45	-	-	-	-	(10 973 449)	(10 973 449)
Restated* Balance at 01 July 2024 as restated*	13 726 387	41 047 943	54 774 330	172 157 008	(608 102 860)	(381 171 522)
Changes in net assets						
Realisation of revaluation reserve to retained earnings	-	-	-	(5 274 162)	5 274 162	-
Net income (losses) recognised directly in net assets	-	-	-	(5 274 162)	5 274 162	-
Surplus for the year	-	-	-	-	(74 059 524)	(74 059 524)
Total recognised income and expenses for the year	-	-	-	(5 274 162)	(68 785 362)	(74 059 524)
Total changes	-	-	-	(5 274 162)	(68 785 362)	(74 059 524)
Balance at 30 June 2025	13 726 387	41 047 943	54 774 330	166 882 846	(676 888 222)	(455 231 046)
Note(s)	14	14	14	15		

* See Note 45

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Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Receipts from fare revenue		85 952 914	77 519 189
Grants		531 269 667	607 298 947
Other receipts Sale of goods and recoveries		3 473 548	5 508 041
Interest income		2 991 831	2 918 894
		623 687 960	693 245 071
Payments			
Employee costs		(217 376 633)	(151 635 881)
Suppliers		(287 405 990)	(305 535 404)
Finance costs		(46 235 978)	(56 365 096)
		(551 018 601)	(513 536 381)
Net cash flows from operating activities	35	72 669 359	179 708 690
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(10 458 473)	(35 948 872)
Purchase of other intangible assets	9	(10 426 000)	(13 857 580)
Net cash flows from investing activities		(20 884 473)	(49 806 452)
Cash flows from financing activities			
Repayment of other financial liabilities		(55 655 544)	(50 419 259)
Repayment of shareholders' loan		6 577 336	(79 399 546)
Finance lease assets		(2 875 094)	113 176
Net cash flows from financing activities		(51 953 302)	(129 705 629)
Net increase/(decrease) in cash and cash equivalents		(168 416)	196 609
Cash and cash equivalents at the beginning of the year		757 121	560 514
Cash and cash equivalents at the end of the year	3	588 705	757 123

* See Note 45

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	88 362 000	15 147 000	103 509 000	84 158 401	(19 350 599)	1
Other income	2 442 000	-	2 442 000	6 711 495	4 269 495	3
Interest received - investment	1 235 000	-	1 235 000	2 991 831	1 756 831	2
Total revenue from exchange transactions	92 039 000	15 147 000	107 186 000	93 861 727	(13 324 273)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	622 766 000	36 894 000	659 660 000	659 659 995	(5)	4
Total revenue	714 805 000	52 041 000	766 846 000	753 521 722	(13 324 278)	
Expenditure						
Personnel	(350 144 000)	(15 041 000)	(365 185 000)	(418 196 266)	(53 011 266)	5
Depreciation and amortisation	(74 625 000)	-	(74 625 000)	(61 189 784)	13 435 216	6
Impairment loss/ Reversal of impairments	-	-	-	(19 413 126)	(19 413 126)	6
Finance costs	(49 116 000)	-	(49 116 000)	(46 235 978)	2 880 022	8
Lease rentals on operating lease	(10 542 000)	(761 000)	(11 303 000)	(18 062 370)	(6 759 370)	9
Expenses	(230 378 000)	(36 239 000)	(266 617 000)	(248 895 217)	17 721 783	10
Total expenditure	(714 805 000)	(52 041 000)	(766 846 000)	(811 992 741)	(45 146 741)	
Operating deficit	-	-	-	(58 471 019)	(58 471 019)	
Loss on disposal of assets and liabilities	-	-	-	(15 588 505)	(15 588 505)	11
Deficit before taxation	-	-	-	(74 059 524)	(74 059 524)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(74 059 524)	(74 059 524)	

1. Revenue from rendering of services and other revenues: The revenues from rendering of services showed under collection, this is mainly due to declining economic conditions, reduced number of passengers and high number of out-of-commission buses.

2. Interest received: This relates to interest received on the loan account (pension) held with the shareholder.

3. Other Income: This includes items such as insurance recoveries, refunds from TETA (SDL Training fund recoveries) and sundry revenue from the sale of items such as used oil and scrap metal. The favourable balance came from management fees on the bus servicing contract between Metrobus and Department of Transport for capital and operational repairs on the Reya Vaya buses.

4. Transfers and subsidies: The budget for subsidies increased by R36,9m during the year and this was used to fund diesel. The approved budget for subsidies was inadequate, the entity had to continue spending in order to provide service delivery to the passengers.

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

5. Employee-related costs: The employee-related budget was significantly reduced in the prior years without a corresponding reduction in the staff complement. The adjustment to correct this anomaly was not approved during the budget adjustment period, resulting in overspending of this budget.

6. Depreciation and asset impairment: The entity extended the useful lives of its buses, and this had an impact on the depreciation, further some of the property, plant and equipment were impaired and some written-off during the period resulting in reduced depreciation.

8. Finance Costs: Finance costs were below budget due to lower interest on the capital loans account.

9. Lease rentals: The budget for leasing vehicles and equipment was inadequate, resulting in budget overspending.

10. General expenses: General expenses include diesel costs, repairs and maintenance, security charges, consultants charges, etc. The general expenses budget lines were overspent due to reduced budget.

11. Loss on disposal of assets: There were no disposal of assets during the year, the amount relates to the cost of derecognition and retirements of components such as engines and gearboxes.

During the year additional funding was requested in the mid year adjustment budget and the parent municipality granted the request.

CAPITAL BUDGET

The approved budget for capital expenditure for the year was R 97.9 million and an amount equating to R145.7 million utilised.

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of the annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless otherwise specified. Details of any changes in the accounting policies are provided in the note "Changes in accounting policy where applicable.

Additional text

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipal entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. This is done by analysing the debtors ageing and providing for amounts more than 365 days.

Allowance for slow moving, damaged and obsolete stock

An allowance or provision for stock to write stock down to the lower of cost or replacement value. Any write down is included in the operation surplus.

Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate their fair values.

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Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The impairment testing is primarily based on a condition assessment of the assets, with regards to specialised assets, reliance is placed on the entity's technical department to do the assessment. If there are indications that impairment may have occurred, estimates are prepared based on an internally developed methodology for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the value of invoices that are deemed or assessed to be irrecoverable based on their ageing.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses and Land, buildings and specialised assets are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The costs of the day to day servicing of items of property, plant and equipment are recognised in surplus or deficit as incurred.

Overhauls of gearboxes and engines as well as refurbishments of buses are major repairs to items of property, plant and equipment. Costs incurred in respect of major repairs are recognised in the carrying amount of an item of property, plant and equipment, when that cost is incurred and if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognised.

The carrying amount of an item of property, plant and equipment is derecognised:

- (a) on disposal (including disposal through a non-exchange transaction); or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de- recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives, the entity carry's no residual values for its assets.

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Significant Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	8 - 35 years
Plant and machinery	Straight-line	2 - 20 years
Furniture and fixtures	Straight-line	1 - 15 years
Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	2 - 20 years
IT equipment	Straight-line	1 - 12 years
Leasehold improvements	Straight-line	8 - 30 years
Fare collection equipment	Straight-line	4 - 18 years
Specialised vehicles	Straight-line	2 - 40 years
Tools and loose gear	Straight-line	2 - 22 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate. The residual value if any, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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Significant Accounting Policies

1.4 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statementt

1.5 Intangible assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	4 - 20 years

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1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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1.6 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial assets at fair value comprise of derivatives and non-derivative financial instruments designated at fair value. On initial recognition the financial assets are measured at fair value. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

Trade and other receivables; The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Cash and cash equivalents; Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and Other payables; Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities; Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, except for financial liabilities at fair value through profit or loss or hedging instruments, which are measured at fair value. Finance costs on financial liabilities at amortised cost are expensed in the statement of financial performance in the period in which they are incurred using the effective interest rate method. In addition, gains and losses on these financial liabilities are recognised in the statement of financial performance when the liability is derecognised.

Gains and losses on financial liabilities at fair value through profit or loss arise from fair value movements and related transaction costs on these liabilities. These gains and losses are recognised in the statement of financial performance in the period in which they are incurred. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.7 Tax

Current tax assets and liabilities

Where applicable, current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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1.7 Tax (continued)

Deferred tax assets and liabilities

Where applicable, a deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that **taxable surplus** will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss), this is in accordance with IAS 12 Income Taxes Para 34, 35 and 36.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is **probable that future taxable surplus** will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Were applicable, current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, as guided by the City of Johannesburg and the service provider.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Material differences between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

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1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

- The inventories of Metrobus shall be subsequently measured at current replacement cost / last cost. And if no movement for the whole period, the current cost from the previous financial year shall be used
- The value of inventories is assessed at every reporting date whether the last cost or current replacement cost or if no receipts for the period, the previous year cost shall be used.
- The value of inventory is kept at last cost or current replacement value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

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1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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1.12 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

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1.12 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short-term employee benefits

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1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

- (a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and
- (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

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1.12 Employee benefits (continued)

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

Remeasurements of the net defined benefit liability (asset)

Remeasurements of the net defined benefit liability (asset) comprise:

- (a) actuarial gains and losses;
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Presentation

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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1.13 Provisions and contingencies (continued)

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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1.15 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Revenue from non exchange transactions primarily refers to the subsidy that the entity receives from the parent municipality.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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1.17 Borrowing costs (continued)

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.19 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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1.20 Unauthorised expenditure (continued)

Where unauthorised expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

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1.24 Segment information (continued)

- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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1.26 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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2. New standards and interpretations

2.1 Amendments to standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2025 or later periods:

Amendments to GRAP 1	To be determined by the Minister of Finance
Amendments to GRAP 103	1 April 2025
Amendments to GRAP 104	To be determined by the Minister of Finance
Amendments to GRAP 105	To be determined by the Minister of Finance
Amendments to GRAP 106	To be determined by the Minister of Finance
Amendments to GRAP 107	To be determined by the Minister of Finance

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	35 559	65 559
Bank balances	485 652	132 747
Other cash and cash equivalents	67 494	558 815
	588 705	757 121

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Standard Bank Main Account - Current Account	485 667	140 435	44 157	485 667	140 435	44 157
Standard Bank Charges Account - Current Account	(26)	(7 698)	(11 031)	(26)	(7 698)	(11 031)
Total	485 641	132 737	33 126	485 641	132 737	33 126

Restricted cash balances

There is no cash or cash equivalents that are either restricted or encumbered in any way.

4. Receivables from exchange transactions

Trade debtors	33 126 538	640 869
Deposits	673 922	673 922
Coin shortages	14 894	14 894
Other debtors related party	9 554 469	-
	43 369 823	1 329 685

Receivables from related parties

City of Johannesburg Metropolitan Municipality	31 673 966	299 000
Johannesburg Civic Theatre (Soc) Ltd	15 000	15 000
Johannesburg Roads Agency (Soc) Ltd	4 800	-
Johannesburg Tourism Company (Soc) Ltd	-	18 410
	31 693 766	332 410

Total receivables from exchange transactions	43 369 823	1 329 685
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4. Receivables from exchange transactions (continued)

Credit quality of trade and other receivables

The credit quality of debtors is based on the parent municipality because all material transactions on the receivables balance relate to the parent municipality, its departments and its municipal entities.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 - 30 Days	11 132 390	18 410
31 - 60 Days	4 777 905	-
61 - 90 Days	13 730 050	-
91 - 180 Days	2 038 421	-
181 - 360 Days	-	15 000
361 + Days	605 116	613 235

Trade and other receivables impaired

As of 30 June 2025, trade and other receivables of R537 372 (2024: R543 750) were impaired and provided for.

The amount of the provision was R(537 372) as of 30 June 2025 (2024: R(543 750)).

Provision for bad debts

Opening balance	543 750	543 750
Movement	(6 378)	-
	537 372	543 750

5. Receivables from non-exchange transactions

Government grants and subsidies	128 390 328	-
Other receivables from non-exchange revenue (staff debtors)	1 353 494	1 353 494
	129 743 822	1 353 494

Receivables from non exchange transactions with related parties

City of Johannesburg Metropolitan Municipality	128 390 328	-
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Financial asset receivables included in receivables from non-exchange transactions above **1 353 494** **1 353 494**

Total receivables from non-exchange transactions **129 743 822** **1 353 494**

Receivables from non exchange transactions relate to:

- Staff debtors arising from disciplinary issues involving Metrobus staff members.
- Invoices for the operational grant that the entity receives from the parent municipality, these were outstanding had not yet paid at year end

No provision has been raised against non exchange receivables, the amounts have been assessed and are deemed recoverable as there is strong possibility of recovery based on past performance and it is the entity's practice to recover monies owed from employee pension funds.

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5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

Ageing of receivables from non-exchange transactions:

1 month past due	128 390 328	-
2 months past due	-	-
3 months past due	-	1 353 494
12 months past due	1 353 494	-

6. Prepayments

Prepayments consists mainly of Vehicle, Bus Licenses and Software Licenses fees payable on an annual basis. The cost are being released to the Statement of Financial Performance over a period relating to the prepayment.

Bus licenses	4 456 103	4 430 264
Software licenses	3 516 052	3 675 520
	7 972 155	8 105 784

7. Inventories

Stationery stock	312 666	234 434
Spare parts	23 843 112	19 590 211
Smartcard stock	1 942 484	263 074
Fuel (Diesel, Petrol)	3 231 548	2 911 650
Provisions	(4 944 185)	(1 849 174)
	24 385 625	21 150 195

Spare part inventories recognised as an expense during the year	53 506 311	44 449 777
Diesel expensed during the year	79 036 282	95 351 654

Inventory pledged as security

The entity does not hold any inventory that is held or pledged as security

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8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	50 113 000	-	50 113 000	51 201 715	(1 088 715)	50 113 000
Buildings	168 034 690	(104 320 527)	63 714 163	164 925 661	(101 838 661)	63 087 000
Leasehold property	1 147 181	(748 496)	398 685	1 147 181	(739 717)	407 464
Plant and machinery	16 708 949	(13 318 250)	3 390 699	20 822 904	(16 396 570)	4 426 334
Furniture and fixtures	2 338 690	(854 754)	1 483 936	2 007 686	(1 400 727)	606 959
Motor vehicles	9 399 715	(3 179 989)	6 219 726	20 902 504	(6 240 445)	14 662 059
Office equipment	1 419 445	(523 492)	895 953	1 389 059	(953 372)	435 687
IT equipment	83 025 290	(24 592 592)	58 432 698	77 324 930	(26 391 585)	50 933 345
Other property, plant and equipment	-	(1)	(1)	61 741	(57 146)	4 595
Fixed assets clearing	2 192 097	-	2 192 097	531 018	-	531 018
Fare collection equipment	1 866 668	(1 860 993)	5 675	7 502 264	(7 475 993)	26 271
Specialised vehicles	1 095 745 478	(770 738 499)	325 006 979	1 014 247 270	(739 331 342)	274 915 928
Tools and loose gear	8 156 711	(3 214 637)	4 942 074	8 925 524	(3 306 617)	5 618 907
Total	1 440 147 914	(923 352 230)	516 795 684	1 370 989 457	(905 220 890)	465 768 567

Land and buildings are revalued independently every 3 years.

Specialised assets (Buses) are revalued independently every 3 years.

The next revaluation exercise for both specialised vehicles as well as Land and Buildings is due on 30 June 2027.

None of the entity's assets are Incumbered or ceded to third parties.

The last revaluation was done in 2024

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Work in progress for the year	Work in progress capitalised	Depreciation	Impairment loss	Total
Land	50 113 000	-	-	-	-	-	-	50 113 000
Buildings	63 087 000	-	-	3 109 029	-	(2 481 866)	-	63 714 163
Leasehold property	407 464	-	-	-	-	(8 779)	-	398 685
Plant and machinery	4 426 334	580 704	(23 826)	-	-	(1 592 513)	-	3 390 699
Furniture and fixtures	606 959	1 232 134	(164 541)	-	-	(190 616)	-	1 483 936
Motor vehicles	14 662 059	-	(6 118 641)	-	-	(2 323 692)	-	6 219 726
Office equipment	435 687	798 338	(93)	-	-	(337 979)	-	895 953
IT equipment	50 933 345	31 062 693	(15 323)	11 516 790	(27 908 487)	(7 156 320)	-	58 432 698
Other property, plant and equipment	4 595	-	(26)	-	-	(4 570)	-	(1)
Fixed assets clearing	531 018	1 661 079	-	-	-	-	-	2 192 097
Fare collection equipment	26 271	-	(16 846)	-	-	(3 750)	-	5 675
Specialised vehicles	274 915 928	41 241 219	(9 900 972)	66 602 268	-	(31 533 349)	(16 318 115)	325 006 979
Tools and loose gear	5 618 907	1 117 134	(167 771)	-	-	(1 626 196)	-	4 942 074
	465 768 567	77 693 301	(16 408 039)	81 228 087	(27 908 487)	(47 259 630)	(16 318 115)	516 795 684

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Work in progress for the year	Work in progress capitalised	Revaluations	Depreciation	Impairment loss	Total
Land	45 490 040	-	-	-	-	5 711 675	-	(1 088 715)	50 113 000
Buildings	67 744 616	-	-	-	-	(1 768 621)	(2 551 444)	(337 551)	63 087 000
Leasehold property	423 494	-	-	-	-	-	(16 030)	-	407 464
Plant and machinery	4 739 702	886 789	-	-	-	-	(1 200 157)	-	4 426 334
Furniture and fixtures	693 585	28 866	-	-	-	-	(115 492)	-	606 959
Motor vehicles	10 249 206	7 530 334	(397 247)	-	-	-	(2 720 234)	-	14 662 059
Office equipment	68 552	500 934	-	-	-	-	(133 799)	-	435 687
IT equipment	38 843 325	19 603 821	-	29 719 197	(31 806 191)	-	(5 426 807)	-	50 933 345
Other property, plant and equipment	9 165	-	-	-	-	-	(4 570)	-	4 595
Asset clearing - assets not yet in use	805 066	-	-	-	(274 048)	-	-	-	531 018
Fare collection equipment	30 022	-	-	-	-	-	(3 751)	-	26 271
Specialised vehicles	309 974 036	12 724 054	(17 396 361)	-	-	7 367 828	(31 251 420)	(6 502 209)	274 915 928
Tools and loose gear	3 140 327	3 221 467	-	-	-	-	(742 887)	-	5 618 907
	482 211 136	44 496 265	(17 793 608)	29 719 197	(32 080 239)	11 310 882	(44 166 591)	(7 928 475)	465 768 567

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8. Property, plant and equipment (continued)

Depreciation rates

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	8 - 35 years
Leasehold property	Straight-line	8 - 30 years
Plant and machinery	Straight-line	2 - 20 years
Furniture and fixtures	Straight-line	1 - 15 years
Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	2 - 20 years
IT equipment	Straight-line	1 - 12 years
Computer software	Straight-line	4 - 20 years
Leasehold improvements	Straight-line	8 - 30 years
Fare collection equipment	Straight-line	4 - 18 years
Specialised assets	Straight-line	2 - 40 years
Tools and lose gear	Straight-line	2 - 22 years

Reconciliation of Work-in-Progress 2025

	Opening balance	WIP for the Year	WIP capitalised for the year	Total
Buildings	-	3 109 028	-	3 109 028
IT equipment	28 709 215	11 516 790	(27 908 487)	12 317 518
Buses	-	66 602 268	-	66 602 268
	28 709 215	81 228 086	(27 908 487)	82 028 814

Reconciliation of Work-in-Progress 2024

	Opening balance	WIP for the year	WIP Capitalised for the year	Total
Buildings	337 549	-	(337 549)	-
IT equipment	30 796 209	29 719 197	(31 806 191)	28 709 215
	31 133 758	29 719 197	(32 143 740)	28 709 215

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8. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2025

	Preventative Maintenance		Corrective Maintenance		Total
	Condition Based	Total	Planned	Total	
Buildings	6 562 859	6 562 859	-	-	6 562 859
Specialised vehicles	33 212 256	33 212 256	25 988 320	25 988 320	59 200 576
Other property, plant and equipment	12 436 626	12 436 626	-	-	12 436 626
	52 211 741	52 211 741	25 988 320	25 988 320	78 200 061

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance		Corrective Maintenance		Total
	Condition Based	Total	Planned	Total	
Buildings	2 981 992	2 981 992	-	-	2 981 992
Specialised vehicles	45 093 835	45 093 835	26 114 486	26 114 486	71 208 321
Other property, plant and equipment	4 024 879	4 024 879	-	-	4 024 879
	52 100 706	52 100 706	26 114 486	26 114 486	78 215 192

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9. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	68 649 527	(41 233 640)	27 415 887	53 025 527	(27 303 486)	25 722 041
Intangible assets under development	5 267 853	-	5 267 853	9 691 000	-	9 691 000
Total	73 917 380	(41 233 640)	32 683 740	62 716 527	(27 303 486)	35 413 041

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Transfers received	Transfers	Amortisation	Total
Computer software, other	25 722 041	15 624 000	-	-	(13 930 154)	27 415 887
Intangible assets under development	9 691 000	-	5 267 853	(9 691 000)	-	5 267 853
	35 413 041	15 624 000	5 267 853	(9 691 000)	(13 930 154)	32 683 740

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	34 445 870	4 114 659	(12 838 488)	25 722 041
Intangible assets under development	-	9 691 000	-	9 691 000
	34 445 870	13 805 659	(12 838 488)	35 413 041

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9. Intangible assets (continued)		
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Automated fare collection	51 678 646	49 148 906
Expenditure relates to implementation of Automated Fare Collection Solution and the development of a bus simulator for the drivers.		
10. Loans to (from) shareholders		
Notional loans	41 201 667	38 209 836
These are interest bearing loans with no repayment conditions. They relate to the Post retirement liabilities of employees who were transferred from the parent municipality at formation.		
Sweeping account	(475 399 003)	(465 829 836)
A loan paying interest at the average call rates determined by the City's treasury department. There are no repayment conditions.		
	(434 197 336)	(427 620 000)
Non-current assets	41 201 667	38 209 836
Current liabilities	(475 399 003)	(465 829 836)
	(434 197 336)	(427 620 000)
Sweeping account		
Loans at beginning of the year	465 829 925	542 334 097
Receipts	(576 135 075)	(622 465 336)
Repayments	585 704 241	545 961 164
	475 399 091	465 829 925

11. Deferred tax

The entity has not calculated any deferred tax asset or liability because the entity does not foresee a situation where it will attain consistent profits to offset its historical tax losses. The entity's core mandate is service delivery. During the year under review the entity was had an operating deficit this further increased the accumulated losses that the entity is carrying.

Reconciliation of deferred tax asset \ (liability)

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Unrecognised deferred tax asset

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12. Payables from exchange transactions		
Trade payables	252 576 512	73 816 793
Other payroll liabilities	440 801 967	248 881 964
Accrued leave pay	27 391 081	26 958 049
Accrued 13th cheque bonus	9 854 689	9 716 408
Other accrued expenses	24 455 893	49 288 311
Bonus payable	5	5
	755 080 147	408 661 530

Trade payables: Trade payables has increased compared to last year because the entity had liquidity challenges and both payments to the City for related party transactions were not made as well as normal suppliers in particular payments for bus procurement.

Restatement of payables from exchange transactions: relates to accrauls that had been reversed. The entity uses a three way matching process which comprises a purchase order, a goods received note and a supplier invoices. when goods are received the purchase order is converted into a goods received note and this creates accounting entries i.e debit stock or expense and credit AP accruals, when the supplier invoice is received its matched to the goods received note and the AP accrual is debited and the supplier control account is credited. During the year the matching process in SAGE had a configuration problem and the GRN's could not be matched to the supplier invoices. supplier invoices awere manually captured and paid, the manual process created a duplicate on the expenditure i.e the Debit from the AP accrual process and the Debit from the supplier invoice manually captured. The R10,975,410 is the reversal of the accounting entries created by the AP Accrual process

Other payables: payroll related liabilities: This went went up compared to last year because the recovery invoices for salaries that the parent municipality raised for the entity were not paid during the year.

Other accrued expenses: This relates to year end accruals that had been received after year end.

Related party payables included in payables from exchange transactions

Johannesburg Property Company (Soc) Ltd	948 342	892 785
Metropolitan Trading Company (Soc) Ltd	71 753 560	51 727 488
Johannesburg Theatre (Soc) Ltd	456 509	153 497
Johannesburg City Parks and Zoo (Soc Ltd	13 395	19 171
Other payables regarding related parties (CoJ Metropolitan Manicipality)	481 275 412	291 475 347
Johannesburg Roads Agency (SOC) Ltd	3 109 029	-
	557 556 247	344 268 288

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13. Employee benefit obligations

Defined benefit plan

The expected value of each employee's post-employment benefit is projected by allowing for future medical aid and salary inflation where applicable. The calculated values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the assumptions section of this report. The accrued liability is determined on the basis that each employee's benefit accrues uniformly over the working life of an employee up until retirement.

Post retirement medical aid plan

Post-employment medical aid subsidies are provided to pensioners in the service of the Municipality as at 1 January 2001 and employees 50 years and older on 1 July 2003 whilst contributory members to either LA Health or Key Health Medical Schemes. The subsidy remains payable only for as long as members remain contributory members to these medical schemes. For employees over the age of 55 on 1 July 2003 the subsidy is equal to 60% of the total monthly contribution to the applicable medical aid whilst for those over the age of 50 years, but below 55 years on 1 July 2003 the subsidy is equal to 50% of the total monthly contribution to the applicable medical aid after they retire.

Valuation Method

We have calculated the liability on a member-by-member basis, taking into account the liabilities

- The projection of the future post-employment medical contribution subsidy cashflows, taking into account the probabilities of survival, withdrawal, early retirement and death in service.
- Increasing the projected subsidy cashflows in line with the expected long-term contribution escalation.
- Discounting these cashflows in order to express the liability in current Rand terms.

Post retirement housing subsidy plan

Eligible employees as at 31 December 1990 have the right to be subsidized after retirement in terms of the HOUSING ASSISTANCE SCHEME, described in Appendix H of the Johannesburg Conditions of Service. A subsidy payable to an employee shall, subject to the provisions of clause 4.5, and subject to him having joined the Pension Fund before 1 July 1987, continue to be paid if he retires from the Service on or after reaching the age of 60 years or is retired on the grounds of ill health or abolition of his/her post or reorganization and he receives a monthly pension from the Pension Fund.

Valuation Method

In order to calculate the housing subsidy liability, we assumed that all eligible employees reaching retirement will receive the subsidy for a fixed period of 10 years post-employment. As the retirement dates of pensioners were not available, we assumed that all pensioners will continue to receive the subsidy for another 5 years post the valuation date. Expected subsidy payments were projected for the period after retirement, taking into account the probability of survival as well as salary inflation and pension increases. This was then discounted to the valuation date.

Post retirement gratuity plan

A number of employees are entitled to receive a gratuity benefit on retirement or exit before retirement from employment in respect of any periods of employment with the Municipality during which they were not members of a retirement fund. Gratuity benefits accrue according to employees' conditions of service.

According to these conditions of service, gratuity benefits are payable on retirement, or on exit before retirement provided the member has either 10 years of service and is 55 years of age or has 25 years of service and has reached 45 years of age.

Employees are eligible to receive bonus gratuity service of one year for each complete period of five years of gratuity service, subject to a maximum number of bonus years of ten. Calculations have therefore been based on all periods of service whilst not a member of a retirement fund. This has been defined as the period between the date of commencing service and the date of joining a formal retirement fund.

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13. Employee benefit obligations (continued)

Employees have historically been able to take an “advance” against their future gratuity benefit. Employees electing an advance were “loaned” a sum of money, which was then deducted from their final gratuity payment at the point they retired or left service. These advances effectively represented interest free loans to employees. The data underlying these advances have historically been poorly maintained, however where available advances were offset against accrued benefits.

As all employees were required to join the Joburg Retirement Fund on its creation on 1 January 2002 and began accruing formal retirement fund service from that date all gratuity benefits have been assumed to be fully accrued at the valuation date.

Valuation Method

For the purposes of this disclosure, gratuity benefits have been valued for all eligible employees as 1 month’s salary for each year of gratuity service.

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13. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-employment medical aid	(1 521 000)	(1 465 000)
Post-employment Housing Subsidies	(79 000)	(83 000)
Retirement Gratuities	(4 090 001)	(4 380 001)
	(5 690 001)	(5 928 001)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	5 928 000	7 064 000
Benefits paid	(242 730)	(2 692 322)
Net expense recognised in the statement of financial performance	4 730	1 556 322
	5 690 000	5 928 000

Net expense recognised in the statement of financial performance

Current service cost	2 000	2 000
Interest cost	430 000	562 000
Actuarial (gains) losses	(427 270)	992 322
	4 730	1 556 322

Changes in the fair value of plan assets are as follows:

Opening balance	38 209 447	35 290 860
Interest earned	2 991 831	2 918 587
	41 201 278	38 209 447

In addition to the benefits provided to current eligible employees and pensioners of the Municipality, the Municipality has also undertaken to cover such portion of the liability for the eligible employees and pensioners of the different municipal entities, which relates to their service with the Municipality before the establishment of the different municipal entities..

These amounts were calculated based on the same benefits and basis as for Company employees and pensioners. The amounts were determined at 1 July 2003 and were crystallized in the form of "notional accounts", which earn interest at a rate specified by the City.

These "notional accounts" have been credited at the average call rate provided below; however, their existence has not been verified and they have not been considered to qualify as plan assets.

Key assumptions used

Assumptions used at the reporting date:

Discount Rate	7,91 %	8,96 %
Consumer Price inflation	2,99 %	4,07 %
Normal Salary Inflation	3,99 %	5,07 %
Medical aid contribution inflation	3,99 %	5,07 %
Net effective discount rate (PRMA)	3,76 %	3,71 %
Net effective discount rate (PEH and Gratuity)	3,76 %	3,71 %
Average call rate	7,83 %	8,31 %

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13. Employee benefit obligations (continued)

Medical aid Inflation

The actuaries derived the underlying future rate of consumer price index inflation (CPI inflation) from the point on the yield curve which matches the implied duration of the liability. Our assumed rate of medical aid inflation was set as the calculated value of CPI plus 1%.

The annualised compound rates of increase for the last ten years show that registered medical schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not think that these increases are sustainable and have assumed that medical aid contribution inflation would out-strip general inflation by 1% per annum over the foreseeable future.

Normal Salary Inflation Rate

The actuaries derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between current conventional bond yields and the real yield curve at the implied duration assumed. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. Furthermore, an assumed salary increase of 4.9% was used, effective 1 July 2024. The next salary increase is expected to take place on 1 July 2025.

Average Retirement Age

The Average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for early and ill-health retirements.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Spouses and Dependents

The actuaries assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement. Dependent adults were assumed to be covered for their life.

Medical aid Membership

The actuaries assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of members retiring will remain on the current plan and option at retirement. We also assumed that members would remain in the same income category and same medical aid option at retirement.

Discount Rate

GRAP 25 defines the determination of the discount rate assumption to be used as the rate that can "be determined by reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet date) on government bonds should be used. The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post employment benefit obligations." *Statement of Financial Position (herein referred to as the "balance sheet").

The actuaries used the nominal and real zero yield curves as at 30 June 2024 supplied by the JSE to determine our discount rate and consumer price inflation. To determine the discount rate to use, they used the implied duration obtained, to match it with a point on the yield curve. The net effective discount rate is based on the relationship between the (yield curve based) Discount Rate for the relevant duration and the (yield curve based) Medical aid inflation for the relevant duration.

14. Share capital / contributed capital

Authorised

1000 Ordinary shares of R1 each or par value of R100

1 000

1 000

Issued

Ordinary

Ordinary Type A

Share premium

2

13 726 385

41 047 943

2

13 726 385

41 047 943

54 774 330

54 774 330

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15. Revaluation reserve		
Opening balance	172 157 008	161 479 645
Change during the year	(5 274 162)	10 677 363
	166 882 846	172 157 008

The revaluation reserve relates to accumulated reserves on land, buildings and specialised assets. This is released to retained earnings when an asset is disposed off or when it is retired and taken out of service. The opening balance on the comparative amounts was restated due to an error, this has also been disclosed on the notes relating to prior period errors.

16. Finance lease obligation

Minimum lease payments due		
- within one year	3 014 363	3 474 005
- in second to fifth year inclusive	6 083 446	9 747 759
	9 097 809	13 221 764
less: future finance charges	(1 655 693)	(2 904 554)
Present value of minimum lease payments	7 442 116	10 317 210
Present value of minimum lease payments due		
- within one year	2 146 635	2 266 839
- in second to fifth year inclusive	5 295 480	8 050 371
	7 442 115	10 317 210
Non-current liabilities	4 781 323	8 050 371
Current liabilities	2 660 793	2 266 839
	7 442 116	10 317 210

The shareholder (City of Johannesburg) has entered into a Full Maintenance Lease (FML) with Afrirent for the leasing of operational non specialised vehicles for its departments and entities, even though neither the shareholder nor any of its entities will retain ownership of the vehicles at the end of the lease term, these have been capitalised and finance leases in accordance with GRAP 13.

17. Unutilised commuter trips

Unutilised commuter trips consist of:

Deferred revenue	4 271 895	3 703 717
Movement during the year		
Balance at the beginning of the year	3 703 717	2 874 825
Movement during the year	568 178	828 892
	4 271 895	3 703 717

Deferred income refers to the liability relating to passenger trips sold in advance through the Smartcards Multi-Journey Software, the deferred income is released as and when the passengers present these cards on the buses and the bus operators issue a ticket accordingly. Deferred income refers to the liability

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18. Other financial liabilities

At amortised cost

Structured loans short term	-	55 655 544
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City of Johannesburg Metropolitan Municipality loans. The loans carry an average interest rate of 9.88% per annum and is repayable in fixed quarterly installments. The latest loan received was fully paid on 30 June 2025.

Current liabilities

At amortised cost	-	55 655 544
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19. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	3 163 409	4 089 102	(3 163 408)	4 089 103

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Performance bonus	3 478 133	3 163 408	(3 478 132)	3 163 409

The provision is management's best estimate of the future performance bonus payout in respect of the past year based on past experience.

20. Revenue

Rendering of services	84 158 401	75 293 763
Administration and management fees received	2 866 735	-
Other income - (rollup)	3 417 490	5 508 041
Interest received - investment	2 991 831	2 918 984
Government grants & subsidies	659 659 995	607 298 947
	753 094 452	691 019 735

The revenue disclosed is exclusive of actuarial gains and losses relating to employee benefits, this has been disclosed on the note related to the movement on employee benefits.

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	84 158 401	75 293 763
Administration and management fees received	2 866 735	-
Other income - (rollup)	3 417 490	5 508 041
Interest received - investment	2 991 831	2 918 984
	93 434 457	83 720 788

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants & subsidies	659 659 995	607 298 947

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21. Other revenue

Administration and management fees received - related party	2 866 735	-
Other income	3 417 490	5 508 041
	6 284 225	5 508 041

Administration and management fees received relate to fees charge to department of transport by Metrobus for facilitating the Reya Vaya Bus refurbishment project

Other income mainly comprises of items such as sales of tender documents, sales of scrap metal, recoveries on local government training funds and insurance recoveries.

22. Revenue from rendering of services

Fares :cash and coupons	72 814 774	66 052 704
Fares contracts	4 954 313	4 539 113
Fares: Hiring of buses	5 168 882	3 606 628
Sales of tags	1 220 432	1 095 318
	84 158 401	75 293 763

Revenue from rendering of services includes, sale of trips, sale of smartcards, bus contracts and bus hire services

23. Other income

Sundry revenue	51 825	119 260
Local govt bodies training fund	2 955 131	4 321 092
Insurance Recovery	410 534	1 067 689
	3 417 490	5 508 041

Sundry revenue includes minor items such as sales of used oil, scrap metal and tender documents

Local govt bodies training fund is made up of recoveries from the relevant training institutions such as TETA and FASSET

Insurance recoveries are made up of recoveries from bus accidents and damages

24. Investment revenue

Interest revenue

Interest received - other	2 991 831	2 918 984
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Interest earned from investments relates to a notional loan account with the City of Johannesburg, the account is an asset covering the entity's post retirement benefit obligations. The average interest rate for the year is 7,83%

25. Government grants & subsidies

Operating grants

Government grant (operating)	659 659 995	607 298 947
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26. Employee related costs		
Basic	243 884 911	222 080 435
Bonus	25 221 650	24 505 460
Medical aid - company contributions	21 505 889	20 588 767
UIF	3 788 213	3 438 219
WCA	3 148 806	2 726 647
SDL	3 298 691	4 267 599
Other payroll levies	22 995 909	18 029 123
Leave pay provision charge	8 918 504	13 242 736
Defined contribution plans	40 005 613	37 665 249
Travel, motor car, accommodation, subsistence and other allowances	3 440 211	2 978 330
Overtime payments	38 986 402	29 271 209
Housing benefits and allowances	2 362 851	2 325 236
Gratuities	(195 252)	(198 204)
Staff welfare	833 868	2 052 049
	418 196 266	382 972 855
27. Lease rentals on operating lease		
Premises		
Contractual amounts	1 799 927	1 989 816
Motor vehicles		
Contractual amounts	14 612 918	5 094 345
Equipment		
Contractual amounts	1 649 525	1 607 065
	18 062 370	8 691 226
Contractual Amounts Premises: This relates to the Ghandi Square offices that are leased for the entity's customer service office		
Contractual Amounts Vehicles: This includes the hire and rent of operational vehicles		
Contractual Amounts Equipment: This relates to the entity's lease and hire of equipment.		
28. Depreciation and amortisation		
Property, plant and equipment	47 259 630	44 166 591
Intangible assets	13 930 154	12 838 488
	61 189 784	57 005 079
29. Impairment loss		
Impairments		
Property, plant and equipment	16 318 115	7 928 475
The impairment on property plant and equipment arises from the year end condition assessment done and the scrap values on old fleet of buses that have been marked for scrappings and disposal		
Inventories	3 095 011	-
This relates to movement on provision for obsolete stock, actual stock losses on inventory, inventory write downs, and inventory write offs.		
	19 413 126	7 928 475

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30. Finance costs		
Non-current borrowings	4 706 777	9 640 017
Current borrowings	41 529 201	46 725 079
	46 235 978	56 365 096

The finance costs incurred are from the sweeping account, loans from shareholders and finance charges on leasing of vehicles.

31. Auditors fees

Fees	4 501 254	4 428 314
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32. Debt impairment

The debt impairment is a result of the movement on the provision for bad debts and does not relate to any amounts written off.

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33. General expenses		
Advertising	3 282 112	11 313 782
Assessment rates & municipal charges	112 360	60 901
Auditors remuneration fees	4 501 254	4 428 314
Bank charges	1 003 775	747 807
Cleaning	1 335 167	(140 386)
Computer expenses	9 785 189	19 591 892
Consulting and professional fees	17 254 750	12 475 622
Entertainment	1 990 286	1 081 060
Insurance	15 378 706	17 525 905
Conferences and seminars	1 197 406	494 697
Bus Diesel	79 435 668	97 550 546
Motor vehicle expenses	10 949 218	12 850 216
Placement fees	1 061 729	345 148
Printing and stationery	1 685 748	1 877 602
Repairs and maintenance	78 200 063	78 215 194
Royalties and license fees	635 167	-
Security (Guarding of municipal property)	(3 730)	20 727 329
Subscriptions and membership fees	350 101	111 189
Telephone and fax	4 943 042	4 104 652
Training	3 644 087	8 185 255
Travel - local	109	-
Electricity	3 573 263	8 475 746
Sewerage and waste disposal	1 987 392	871 308
Water	1 854 284	1 020 840
Uniforms	2 624 071	4 351 772
Board Members' Services	2 114 000	2 382 000
	248 895 217	308 648 391

Advertising:

This includes four (4) accounts, these include Advertising, CoJ Customer Relations, Marketing Research and

Publicity. The movement is due to an decrease on the City's shared services falling under Customer Relations services done on behalf of Metrobus.

Computer expenses:

There was a decrease in the computer costs in the current period due to reduced number of software licences that were utilised during the year under review.

Consulting and professional fees:

This relates to Consulting fees paid for the implementation of the review of fixed assets, income tax and supply chain

processes. It also includes professional fees paid to lawyers for outsourcing the handling of labour related disciplinary matters. There was reduced reliance on use of consultants during the financial year.

Insurance:

The insurance fee went down during the year, this is shared cost allocated to Metrobus by the City's Group Risk Services over and above external insurance premiums for motor insurance.

Bus diesel:

The expense on diesel has gone down due to the reduced number of buses available for service delivery, there is an increase in out of commission buses (OOC) during the period.

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33. General expenses (continued)

Motor vehicle expenses:

There was less utilization on motor vehicles during the period and this was in line with the reduced number of buses, most of the motor vehicles are utilized by bus inspectors.

Repairs and maintenance:

This relates mostly to repairs and maintenance on the bus fleet and buildings with smaller amounts spent on other assets, this has gone down as less bus fleets were repaired during the period, due to lack of budget.

Security of premises:

There was less reliance on external service providers to provide additional security to our premises during the period. The entity utilized internal security during the year.

Telecommunications:

There has been an increase in the allocation of cell phones to employees and data utilized by the new AFC resulting in increase in telephone and data charges.

Training:

Training costs decreased as employee development initiatives were reduced to contain costs in line with the budget.

Electricity:

Electricity costs decreased due to lower City billing and periods without supply caused by outages in the municipal network.

Uniforms:

Uniform costs decreased due to reduced procurement for bus drivers, security, and workshop staff during the year.

Comparative totals:

The overall reduction in in spending on general expenses is due to cost containment efforts by management in an effort to align expenditure with budget.

34. Profit or loss on disposal

Loss on Disposal

(15 588 505) (11 448 801)

The gain or loss on disposal is an accounting entry on the derecognition of bus components and scrapped assets, there is no monetary exchange of value. When components are overhauled the carrying amount is derecognised and the cost of the overhaul is capitalised. The derecognised carrying amount is treated as a loss on disposal.

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Figures in Rand	2025	2024
35. Cash generated from operations		
Deficit	(74 059 524)	(143 032 510)
Adjustments for:		
Depreciation and amortisation	61 189 784	57 005 079
Gain on sale of assets and liabilities	15 588 505	11 448 801
Impairment deficit	19 413 126	7 928 475
Movements in retirement benefit liabilities	(238 000)	(1 136 000)
Movements in provisions	925 694	(314 724)
Changes in working capital:		
Inventories	(6 330 441)	(4 410 893)
Receivables from exchange transactions	(42 040 138)	1 267 447
Other receivables from non-exchange transactions	(128 390 328)	-
Prepayments	133 629	(1 221 512)
Payables from exchange transactions	346 418 616	251 345 635
Unutilised commuter trips	568 178	828 892
Less payables related to capital expenditure	(120 509 742)	-
	72 669 359	179 708 690

36. Taxation

Major components of the tax expense

Current

Local income tax - current period	-	-
Local income tax - recognised in current tax for prior periods	-	-
	-	-

No provision has been made for 2025 tax as the entity has accumulated tax losses that surpass its taxable income for the current year.

Management has assessed the company's tax position and given the accumulated losses carried over (2025) R676 million and (2024) R608 million they have not recognised any tax expenses. Further the treatment is in line with IAS 12 Paragraph 34.

Unused tax losses and unused tax credits

A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised

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37. Commitments		
Authorised capital expenditure		
Open purchase orders		
• Other assets	-	750 000
Amounts related to contracts entered into with service providers		
• Property, plant and equipment	380 722 453	85 676 159
Total capital commitments		
Already contracted for but not provided for	-	750 000
Not yet contracted for and authorised by directors	380 722 453	85 676 159
	380 722 453	86 426 159

Authorised capital expenditure is reported under open purchase orders and the balance of the value of contracts the entity has entered into.

Purchase orders related to orders issued and accepted by service providers, these are amounts which the entity has a legal obligation on execution of the transaction.

The value of outstanding contracts relates to contracts entered into with various service providers, these are conditional of which amongst others"

- The contracts is subject to budget availability
- The contracts are normally on an, 'as and when' needed basis, through the normal entity's purchase orders.
- The entity reserves the right to terminate with a 30 day notice
- All contracts are non onerous, non obligatory and the entity's liability is restricted to expenditure already incurred in the normal course of business through purchase orders

At year end there were open purchase orders related to capital expenditure, the entity's contractual obligation and commitment is limited to the value of purchase orders raised in the normal day to day operations.

Authorised operational expenditure

Already contracted for but not provided for		
• Facilities - Corporate Services	1 519 584	-
• Head Office	-	39 100
• Corporate Services	-	1 204 407
• IBO Technical	109 750	577 986
• ICT	44 449	565 760
• IBO Operations	-	718 447
• Finance	655 800	27 999
• Milpark stores	789 381	-
• Village Main Stores	309 590	316 199
• Supply Chain Management	630 450	148 362
	4 059 004	3 598 260
Amounts related to contracts entered into with service providers		
• Contracts between the entity and service providers	102 017 349	135 680 594
• National Treasury transversal contracts	9 439 673	86 719 655
	111 457 022	222 400 249
Total operational commitments		
Already contracted for but not provided for	4 059 004	3 598 260
Not yet contracted for and authorised by directors	111 457 022	222 400 249

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37. Commitments (continued)

115 516 026 225 998 509

Authorised operational expenditure is reported under open purchase orders and the balance of the value of contracts the entity has entered into

Purchase orders related to orders issued and accepted by service providers, these are amounts which the entity has a legal obligation on execution of the transaction as a result of the day to day operations of the entity.

The value of outstanding contracts relates to contracts entered into with various service providers, these are conditional of which amongst others"

- The contracts is subject to budget availability
- The contracts are normally on a as and when needed through the normal entity's purchase orders.
- The entity reserves the right to terminate with a 30 day notice
- All contracts are non onerous, non obligatory and the entity's liability is restricted to expenditure already incurred in the normal course of business through purchase orders.

The contracts with National Treasury relates to the procurement of diesel and company cell phones.

This committed expenditure relates to both capital and operational and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Value of contracts awarded 2025	Original Contract	Value Spent	Value Unspent
Amounts contracted in relation to capital expenditure	450 111 993	(69 389 539)	380 722 454
Amounts contracted in relation to operational expenditure	202 615 076	(100 597 727)	102 017 349
National treasury transversal contracts	302 039 014	(292 599 341)	9 439 673
	954 766 083	(462 586 607)	492 179 476

Value of contracts awarded 2024	Original contract	Value Spent	Value Unspent
Amounts contracted in relation to capital expenditure	158 969 564	(73 293 404)	85 676 160
Amounts contracted in relation to operational expenditure	213 907 698	(78 227 104)	135 680 594
National treasury transversal contracts	291 066 439	(204 346 783)	86 719 656
	663 943 701	(355 867 291)	308 076 410

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	2 050 663	2 022 469
- in second to fifth year inclusive	-	2 050 663
	2 050 663	4 073 132

Operating lease payments represent rentals payable by the entity for certain of its office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of three years. No contingent rent is payable.

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38. Contingencies

Contingent assets

Contingent Liabilities

Below are the cases reported for the financial year 2025.

1. Case No 20227/23 Spanet Technologies vs Metrobus Tender/non-payment dispute. Low potential for liability, as Metrobus has settled the capital amount. Negotiation on interest & penalties.
2. Case No 20228/23 Spanet Technologies vs Metrobus Tender/non-payment dispute. Low potential for liability, as Metrobus has settled the capital amount. Negotiation on interest & penalties.
3. Case No 2024-147477 Department of Road and Transport vs Metrobus & 12 Others Contract dispute. No potential liability as the contract dispute relates to a contract where Metrobus is the supplier.
4. Case No JMD112305 SAMWU obo D Rabisi & 5 Other vs Metrobus Labour dispute fair and equal treatment. The Likelihood of the applicants success is low, as such it is unlikely Metrobus will incur any liability.
5. There are various claims relating to bus accidents and driver incidents that are currently under insurance claims and will be paid out by the entity's insurers upon finalisation, it is prudent that management discloses this even though it does not meet the definition of contingent because liability does not rest with the entity but a third party being the insurance company.

Below are the cases reported for the 2024 financial year

1. Unfair Labour Practice: The CCMA ruled in favour of Metrobus however Sithole sued in the Labour Court and the Labour Court ruled that the CCMA has no Jurisdiction in contractual matters. We lodged the intention of application to appeal, the possible liability is R1,400,000
2. Superintendents: brought claim to labour court for unfair remuneration by messrs Sallie, Khanyi and Malinga. The monetary value of the claim is not yet quantified
3. SAMWU have brought a claim for 6 employees claiming unfair labour practice, Two cases have been settled and four others are pending, the monetary value of the claim has not yet been quantified.
4. The City of Johannesburg Metropolitan Bus Services Soc Ltd entered into a Service Level Agreement ("SLA") with Siwele General Services ("**Siwele**") for the supply and delivery of oil, grease, and antifreeze lubricants on behalf of Metrobus for a period of three (3) years, from 14 May 2021 until 14 May 2024. On 20 November 2023 Metrobus sent a notice of termination of contract (SLA) to Siwele resulting in them requesting a Legal Opinion on the termination of the contract. The legal opinion was finalised and submitted to Metrobus on the 8th of April 2024. Management's estimate of the financial implications (including costs and disbursements) is estimated at R500,000
5. Investigations on bus refurbishments including concluding reports, management assessed the outcome as moderate with an outflow of R3.5 million.
6. Unfair discrimination: Two entity employees have raised a salary dispute based on current salary and potential back pay from 1989 and 2013 respectively, The estimated cost is R500,000
7. Investigation into allegation of corruption & maladministration Complaint lodged by SAMWU Investigation completed and report submitted The management assessment was reasonable and investigation confirmed the concerns were well informed. Management's estimate of the financial implications (including costs and disbursements) is estimated to be R1,000,000
8. Debt restructuring: During the debt restructuring process, management identified that there could be potential tax issues that could arise from the debt restructuring process. However the process has not made any significant progress and management is waiting on a way forward from the City's respective departments.

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39. Related parties		
Relationships		
Directors	Refer to directors' report note 6	
Controlling entity	The City of Johannesburg Metropolitan Municipality	
Controlled entities	Refer to note	
	City Power Johannesburg (SOC) Ltd	
	Johannesburg Water (SOC) Ltd	
	City of Johannesburg Property Company (SOC) Ltd	
	Johannesburg City Parks & Zoo (NPC)	
	Johannesburg Development Agency (SOC) Ltd	
	Johannesburg Metropolitan Bus Services (SOC) Ltd	
	Johannesburg Roads Agency (SOC) Ltd	
	Johannesburg Social Housing Company (SOC) Ltd	
	Pikitup Johannesburg (SOC) Ltd	
	Johannesburg Theatre (SOC) Ltd	
	Johannesburg Fresh Produce Market (SOC) Ltd	
	Johannesburg Fresh Produce Market (SOC) Ltd	
Related party balances		
Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality	160 064 294	299 000
Johannesburg Civic Theatre (Soc) Ltd	15 000	15 000
Johannesburg Social Housing Company (SOC) Ltd	4 800	-
Johannesburg Tourism Company (SOC) Ltd	-	18 410
Trade and other Payables regarding related parties		
City of Johannesburg Metropolitan Municipality	481 275 412	291 489 886
City of Johannesburg Property Company (SOC) Ltd	948 342	892 785
Metropolitan Trading Company (SOC) Ltd	71 753 560	51 727 488
Johannesburg Roads Agency (SOC) Ltd	3 109 029	-
Johannesburg Theatre (SOC) Ltd	456 509	153 497
Johannesburg City Parks & Zoo (NPC)	13 395	19 171
Loans to and from shareholders		
Loans to City of Johannesburg Metropolitan Municipality	(475 399 003)	(465 829 836)
City of Johannesburg Metropolitan Municipality	41 201 667	38 209 836
Grants and subsidy from related parties		
City of Johannesburg Metropolitan Municipality (Subsidy)	659 659 995	607 298 947
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	-	9 227 600
City of Johannesburg Property Company (SOC) Ltd	5 050	95 579
Pikitup Johannesburg (SOC) Ltd	377 272	231 390
City Power Johannesburg (SOC) Ltd	3 425 886	2 927 542
Johannesburg Water (SOC) Ltd	2 277 936	1 659 382
Johannesburg Roads Agency (SOC) Ltd	3 109 029	-
Johannesburg Civic Theatre (Soc) Ltd	1 029 863	430 065
Metropolitan Trading Company (SOC) Ltd	20 026 072	43 586 650
Johannesburg City Parks & Zoo (NPC)	20 093	19 171
Other receipts from related parties		
City of Johannesburg Metropolitan Municipality	6 386 989	2 965 584
Johannesburg Water (SOC) Ltd	15 630	7 040
Johannesburg Civic Theatre (Soc) Ltd	-	13 043

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39. Related parties (continued)

Joburg Tourism	-	18 410
Johannesburg Social Housing Company (SOC) Ltd	96 510	-
Johannesburg City Parks & Zoo (NPC)	-	65 600

Interest paid to related party

City of Johannesburg Metropolitan Municipality	45 047 002	55 479 159
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Remuneration of management

Management class: Executive management

2025

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Managing Director	777 419	-	21 017	138 688	-	937 124
CFO	1 351 714	398 895	191 030	218 988	58 595	2 219 222
GM(Intergrated Business Operations)	1 723 298	203 965	46 513	-	-	1 973 776
Acting GM(Human Capital Managment)	1 178 759	176 855	420 090	103 107	35 519	1 914 330
Acting CAE(Internal Audit and Risk)	687 335	111 670	181 905	65 087	17 885	1 063 882
COSEC	1 350 745	341 278	53 544	-	46 166	1 791 733
Acting CIO(Information Technology)	904 179	137 336	269 056	80 498	62 215	1 453 284
	7 973 449	1 369 999	1 183 155	606 368	220 380	11 353 351

2024

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Termination benefits	Total
Managing Director	914 769	281 017	70 742	-	-	1 266 528
Acting Managing Director	1 312 606	298 100	369 425	234 025	-	2 214 156
Acting Chief Finance Officer	1 113 529	204 054	254 365	117 950	-	1 689 898
General Manager - Intergrated Business Operations	1 683 787	190 960	111 046	-	-	1 985 793
GM(Human Capital Managment)	1 007 070	-	110 900	199 974	1 500 987	2 818 931
Acting GM(Human Capital Managment)	1 097 794	259 199	417 521	108 864	-	1 883 378
Acting CAE(Internal Audit and Risk)	653 194	122 378	181 905	67 469	-	1 024 946
COSEC	1 309 707	215 246	108 718	-	-	1 633 671
Acting CIO(Information Technology)	844 996	164 459	251 786	84 322	-	1 345 563
	9 937 452	1 735 413	1 876 408	812 604	1 500 987	15 862 864

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40. Directors' and prescribed officers' remuneration and other benefits paid, payable or receivable

Non Executive

2025

	Directors' fees	Total
Charley Pietersen	248 000	248 000
Faith Irwin	166 000	166 000
Gloria Matshusa	72 000	72 000
Hein Toerien	188 000	188 000
Khanya Sithebe	244 000	244 000
Lemarco Mitchell	16 000	16 000
Lungisile Mkize	20 000	20 000
Luzaan Francis	12 000	12 000
Mervan Ambraal	80 000	80 000
Michele Alison Mirjam Botha	40 000	40 000
Nison Khosa	16 000	16 000
Ponds Petersen	206 000	206 000
Samkeliswe Zwane	144 000	144 000
Sepheu Masemola	168 000	168 000
Sharifa Prinsloo	8 000	8 000
Tony Ferreira	8 000	8 000
Tshepiso Madingoane	144 000	144 000
Wayne Buckley	72 000	72 000
Yolandi Erasmus	262 000	262 000
	2 114 000	2 114 000

2024

	Directors' fees	Total
Charley Pietersen	276 000	276 000
Faith Irwin	104 000	104 000
Gloria Matshusa	80 000	80 000
Hein Toerien	228 000	228 000
Khanyisa Sithebe	94 000	94 000
Lungisile Mkize	224 000	224 000
Lemarco Mitchell	374 000	374 000
Mervan Ambraal	112 000	112 000
Micheal Alison Mirjam Botha	80 000	80 000
Omphemetse Mokgosi	120 000	120 000
Ponds Petersen	240 000	240 000
Sharifa Prinsloo	212 000	212 000
Tiphany Stacey Harmse	200 000	200 000
Tony Ferreira	64 000	64 000
Wayne Buckley	80 000	80 000
	2 488 000	2 488 000

41. Change in estimate

Property, plant and equipment

In accordance with the policy the useful lives of property plant and equipment is assessed every year at the reporting date of each reporting period. The useful life of Property, Plant and Equipment was assessed and the change in accounting estimate on depreciation was (R6,864,335) with additional impairments of R16,318,115. The entity's budget on repairs and maintenance had been significantly reduced, this resulted in a high number of out of commission (OOC) buses. The entity is hopeful that the City will allocate adequate budget on repairs and maintenance, component overhauls and refurbishments and that the impairment will be reversed in subsequent periods.

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42. Fruitless and wasteful expenditure		
Opening balance as previously reported	208 144	389 371
Less: Amount written off - current	(208 144)	(181 227)
Closing balance	-	208 144

Details of fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure incurred in the current year

Amount recovered

No amounts were recovered during the financial year under review.

Amount written-off

There amount written off during the current reporting period was R208,144.

43. Irregular expenditure

Opening balance as previously reported	157 640 140	100 024 053
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	-	341 462
Add: Irregular expenditure - (Non-compliance with laws and regulations) - prior period	-	2 002 309
Add: Irregular expenditure - (Overspending of approved OPEX budget) - current	60 735 251	149 937 022
Add: Irregular expenditure - (Overspending of approved Capex budget) - current	47 714 662	196 000
Less: Amount written off - current	(157 090 304)	(94 860 706)
Closing balance	108 999 749	157 640 140

Overspending of approved budget: non-cash items include the following:

Under spending on depreciation	13 435 216	6 272 921
Over spending on Impairment of assets and receivables	(19 413 126)	(9 543 159)
Over spending on derecognition and disposal of assets	(15 588 505)	-
	(21 566 415)	(3 270 238)

Cases under investigation

In terms of the Shareholder Contract between Metrobus and the City of Johannesburg, all forensic related, investigations are required to be conducted by the Group Forensic Investigation Service. During the year there were 6 cases under investigation and of these 4 cases had been closed.

Cases Relate to Non Compliance with the Procurement Process	-	-
Cases related to maladministration	1	4
Cases related to fraud and corruption	2	7
Cases related to labour practice	1	-
Cases related to theft of company assets	1	1
Cases related to Unauthorised, Irregular, Fruitless and wasteful Expenditure (UIFW)	1	2
Cases related to breach of security	-	1
	6	15

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43. Irregular expenditure (continued)

Amount recovered

The irregular expenditure relates to overspending on authorised budget, the entity did get value for money from the expenditure incurred and there was no recoveries made during the year.

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 157 090 304 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

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44. Deviation from supply chain management regulations (continued)		
Summary of deviations		
In an emergency Regulation 36(1)(a)(1) Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	960 296	-
Ratification of minor breach Regulation 36 (1) (b)Where such goods or services are produced or available from a single provider only. Regulation 36 (1) (a) (ii) In an Emergency regulations 36 (1)(a)(i)	150 000	-
Where it is impractical or impossible to follow the procurement process and Sole provider 36 (1) (a) (ii)(v)	6 612 644	-
Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	250 297	-
Ratification of minor breach Regulation 36 (1) (b)	-	402 500
Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	-	8 079 801
Where it is impractical or impossible to follow the procurement process and Sole provider 36 (1) (a) (ii)(v)	-	12 391
Where it is impractical or impossible to follow the procurement processRegulation 36 (1) (a) (v)"	-	4 388 904
Where such goods or services are produced or available from a single provider only. Regulation 36 (1) (a) (ii)	-	122 360
	7 973 237	13 005 956

Details of deviations

KubaPay : Kubapay is the current owner of the wayfarer machines, the fare collection system on buses. If support and maintenance is not provided to the current system, this may lead to revenue losses in the event that the system stops functioning properly or if some equipment breakdown. The lack of revenue collection system puts the collection of Metrobus own budgeted revenue of approximately R62 million at risk.	-	1 007 226
Spanet Technologies: The tender was awarded in December 2017, the tender took one year four months to be finalised, and due to the delay in the awarding this tender, prices were impacted as well as the change in VAT, prices of fuel went up which also affected production and transport cost. ICT department was in the process of requesting price variation from the former Managing Director however the documents were not returned back to ICT, in July 2023 Metrobus received summons from the service provider demanding payments due to the MD and her personal assistant being on special leave there was no trace of the documents that supports the variation. Non payment of invoices will result in the service provider instituting litigation against the entity.	-	402 500
Onsoft (Pty)Ltd are the sole supplier of the required software licences. Failure to renew these software licences could result in Metrobus losing the functionality of Onsoft (Pty)Ltd. It would not make feasible sense, both from a cost and time perspective, to go out and procure another tool altogether to enable this critical function for IT incident management at Metrobus while there is an application that is in place already	-	122 360
Oil Watch: On or about 27 February 2023, Metrobus placed an order for Lubricant with a service provider which was awarded following normal SCM processes, after inspection of the lubricants received Metrobus suspected that the lubricants were not up to the required standard. Metrobus then appointed a service provider through RFQ process to test the authenticity of the oil, the service provider failed to perform the required testing as such the PO was terminated. The RFQ process did not yield positive results, without any reliance on a accredited third party testing report may result compromising critical bus components such as Engines and Gearboxes also service delivery compromised as the service providers services were suspended until the testing on the delivered lubricants was done	-	12 391

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44. Deviation from supply chain management regulations (continued)		
Kanana Trading Enterprise: The HP SAN Storage server was affected by the overheating due to the airconditioner in the server room being defective, one of the hard drives got corrupted as a result the remaining drive is hosting the virtual machines in the SAN storage, not urgently repairing the air conditioners in the server room might lead the server dying completely which will result in Metrobus losing critical information saved in the data center.	-	42 800
King Khathu Solutions: It was discovered that electrical supply cables connected to the fuel bay were burnt and that cables were also burned in the village main depot main supply site, this also caused damage to the electrical isolator. A strip and quote was necessary to ensure that the work to be completed is properly determined and that proper quotation for the service can be obtained, the whole department sat without power and no business and service delivery was able to be conducted	-	566 122
Karlo Technologies (Pty) Ltd: Following the findings of the assessment, it was determined in light of the risks posed by different types of non-compliance that matters related to electrical installations must be attended to as a matter of urgency. Management consequently developed a remedial plan which intends to ensure that systematic program of achieving full compliance with the law. The lack of a valid certificate of occupational compliance is an emergency for the entity particularly in the context of the current challenges with electricity supply which in instances has caused surges which may endanger lives. Legal implications of non-compliance and business continuity requirements, it is impractical to procure through normal SCM process as the contractor should conduct an assessment on the extent of non-compliance. This project therefore requires strip and quote.	-	6 500 000
Dogan Exhibition and events are the sole supplier to facilitate Metrobus Exhibition and trade at the annual Rand easter show taking place between 28 March to 01 April 2024.	-	220 879
KubaPay: During 2019/20 financial year Group ICT led the process to procure an automated fare collection (AFC) system for the city, this process was delayed due to challenges in supply chain management processes resulting in cancellations and restarting the procurement processes several times. Metrobus learned that this tender will not proceed due to irregularities. In order to protect revenue, Metrobus needs a fare collection system and, is in the process of procuring an AFC for the entity. Revenue collection system was originally set up and customized for Metrobus by KubaPay, it would be impractical to get another service provider to provide this support, there would also be increased costs in terms of setting up back office by the new service provider, this would be fruitless and wasteful expenditure given that the system is due for retirement within the next 12 months. If support and maintenance is not provided to the current system this will lead to revenue losses in the event that the system stops functioning properly or if some of the equipment breakdown. The lack of revenue collection system puts the collection of Metrobus own budget revenue of approximately R62 million at risk. Currently Metrobus has procured another system however the service provider is still implementing and testing the system.	-	2 014 452
King Khathu Solutions : On 2 May City power released an advisory indicating that it was unable to provide the affected braamfontein residents and business with an estimated time of power restoration (ETR) this presents significant challenges for the operations as well as the ICT and other infrastructure of the entity and alternative electricity generation became an urgent requirement. This measure is in mitigation of significant risk for the entity in that a possible disruption in bus service poses the risk of civil unrest, the entity not meeting its obligations to commuters who have pre paid for services, commuter goodwill and decline in patronage.	-	750 000

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Trading as Metrobus

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Figures in Rand	2025	2024
44. Deviation from supply chain management regulations (continued)		
Kubapay: During 2019/20 financial year Group ICT led the process to procure an automated fare collection (AFC) system for the city, this process was delayed due to challenges in supply chain management processes resulting in cancellations and restarting the procurement processes several times. Metrobus learned that this tender will not proceed due to irregularities. In order to protect revenue, Metrobus needs a fare collection system and, is in the process of procuring an AFC for the entity. Revenue collection system was originally set up and customized for Metrobus by KubaPay, it would be impractical to get another service provider to provide this support, there would also be increased costs in terms of setting up back office by the new service provider, this would be fruitless and wasteful expenditure given that the system is due for retirement within the next 12 months. If support and maintenance is not provided to the current system this will lead to revenue losses in the event that the system stops functioning properly or if some of the equipment breakdown. The lack of revenue collection system puts the collection of Metrobus own budget revenue of approximately R62 million at risk. Currently Metrobus has procured another system however the service provider is still implementing and testing the system.	-	1 267 226
Margen Industrial: Procurement of Fire forensic investigators	-	100 000
E-Bus Suppliers Metrobus uses wayfare machines as its fare collection system on the buses. The wayfare machines are 22 years old, as a result the service provider indicated that due to the system age it is impossible to supply Metrobus with ink rollers. The only service provider that was able to supply Metrobus with ink rollers was E-bus suppliers. E-Bus also informed Metrobus that these ink rollers are no longer manufactured. Metrobus is still using these ink rollers due to the current collection. The function of the ink rollers is to print tickets that are issued by the bus operator during route trips. They also assist in verifying the validity of the trips travelled from bus operators by passengers, especially to the route inspectors	150 000	-
SABOA (South African Bus Operator Association) SABOA plays a key role in the transport policy formulation process and is an active and credible participant in the consultative platforms of government. The association, through its long standing involvement in public transport, has become known as the voice of the bus and coach industry. Metrobus has been a member of this association since 2002. The current circumstances of SABOA being a sole provider for the services makes it impractical to continue to follow the official procurement processes due to the specialised nature of the service.	300 000	-
Tokiso Dispute Settlement (PTY)LTD The proposed relationship building objectives (RBO) conflict management programme exercise is geared and designed to improve relationships between labour and management by mutual identifying action steps and address production, training communication, and relationship needs within an organisation. The deviation was later extended in January 2025 to continue facilitating the relationship building by objectives (RBO) workshop to finalise the RBO process initiated in December 6-7 2024 as per resolution reached during the pre-RBO session for the final session scheduled on the 28 January 2024	250 297	-
King Khathu Solutions On the 31 October 2024 one of Village main drivers had an accident and the bus went through the palisade fence into the house at 16H00. The repairs of the house includes, remove damage fitting kitchen units, remove damaged bedroom cupboard, supply and fit new cupboards, supply new fridge, supply and fit new gas cylinder, remove and replace broken stove, remove and replace broken electrical 4 plate stove, supply building materials and paint, repair roof and remove and replace damaged tiles.	960 296	-
PTP Integrated Metrobus implemented SAGE ERP system in 2021 after migrated from old Oracle system that crashed in 2020. This ERP system is utilised across the organisation by all Metrobus Departments. Merto Trading Company implemented the SAGE Intacct ERP in 2021 with the assistance of SAGE partners. Metrobus approached MTC in January 2025 to request a quotation for licence renewal as it expires end of February 2025. MTC later responded and advised Metrobus that their panel of service providers have expired and they will only start the process in February 2025. Therefore MTC cannot provide support for SAGE ERP since their panel expired and that poses a risk to Metrobus.	3 800 000	-

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44. Deviation from supply chain management regulations (continued)		
Metrobus continues to be at the forefront of urban mobility, ensuring efficient and affordable travel for thousands of commuters daily. At the 2025 Rand easter show Metrobus will engage with the public, highlight its latest innovation, edofriendly initiatives and service enhancements. the Johannesburg Expo center has chosen Dogan Exhibition and events as the exclusive partner for the 2025 show, therefore Dogan Exhibition and events in the only service provider exhibition stands for the rand easter show.	2 500 000	-
Government Directories Over the past four years, Metrovus has procured advertorial and marketin services from Government directory to promote its services on publicservices website. Displaying Metrovus,s contact information on these platforms enhances accesibility, transparency and cutomer support. it enabled commuters and stakeholders to easily reach the company for inquiries, ememrgencies or feedback fostering public trust and strengthening service accountaility. It is impractical for Metrobus to follow the normal SCM process as this service in only offered by Government Directories. The Government directories is the appropriate platform that offered to government institution targeting relevant stakeholders.	12 644	-
	7 973 237	13 005 956

45. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Revaluation reserve		(163 169 653)	1 690 008	(161 479 645)
Retained earnings		467 393 874	(1 690 008)	465 703 866
		304 224 221	-	304 224 221

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45. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Restated
Revaluation reserve		(173 847 016)	1 690 008	(172 157 008)
Retained earnings		620 799 015	(1 690 008)	619 109 007
Receivables from exchange transactions		1 296 985	32 699	1 329 685
Payables from exchange transactions		(419 634 980)	10 973 449	(408 661 530)
		28 614 004	11 006 148	39 620 154

Receivables from exchange transactions relates to an error on receipts that had incorrectly been written off.

The prior period error on the retained earnings and revaluation reserves emanates from a difference between the audited financial statements and the audited trial balance, the error is from 2022 and the adjustment aligned the statements to the audited trial balance.

Payables from exchange transactions: relates to accruals that had been reversed. The entity uses a three way matching process which comprises a purchase order, a goods received note and a supplier invoices. when goods are received the purchase order is converted into a goods received note and this creates accounting entries i.e debit stock or expense and credit AP accruals, when the supplier invoice is received its matched to the goods received note and the AP accrual is debited and the supplier control account is credited. During the year the matching process in SAGE had a configuration problem and the GRN's could not be matched to the supplier invoices. supplier invoices were manually captured and paid, the manual process created a duplicate on the expenditure i.e the Debit from the AP accrual process and the Debit from the supplier invoice manually captured. The R10,975,410 is the reversal of the accounting entries created by the AP Accrual process

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Expenditure		319 623 801	(10 975 410)	308 648 391

General Expenditure: relates to accruals that had been reversed. The entity uses a three way matching process which comprises a purchase order, a goods received note and a supplier invoices. when goods are received the purchase order is converted into a goods received note and this creates accounting entries i.e debit stock or expense and credit AP accruals, when the supplier invoice is received its matched to the goods received note and the AP accrual is debited and the supplier control account is credited. During the year the matching process in SAGE had a configuration problem and the GRN's could not be matched to the supplier invoices. supplier invoices were manually captured and paid, the manual process created a duplicate on the expenditure i.e the Debit from the AP accrual process and the Debit from the supplier invoice manually captured. The R10,975,410 is the reversal of the accounting entries created by the AP Accrual process..

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46. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Current year subscription / fee	5 415 975	5 312 660
Amount paid - current year	(5 415 975)	(5 312 660)
	-	-
PAYE and UIF		
Current year subscription / fee	61 205 277	55 554 695
Amount paid - current year	(61 205 277)	(55 554 695)
	-	-
Pension Deductions		
Current year subscription / fee	39 573 612	37 101 249
Amount paid - current year	(39 573 612)	(37 101 249)
	-	-
Medical Aid deductions		
	21 505 888	20 588 767
	(21 505 888)	(20 588 767)
	-	-
Skills development levy	3 057 066	2 832 899

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47. Segment information

General information

Identification of segments

The entity is organised and reports to management based on three major functional depots, being Milpark, Roodepoort and Village Main. These depots offer the same service across the whole of the Metro and operate what is called a spider route system where buses are not restricted to a particular location of region. In addition, most passengers destinations requires them to use a bus from one depot and end the trip with a bus from another depot. The entity under the Municipal Standard Chart of Accounts (mSCAO) reports its activities under one region called Whole of Metro.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also not considered appropriate for external reporting purposes.

The geographical areas in which the entity operates are seen as a single geographical area for decision purposes, therefore the geographical areas in which the entity operates are irrelevant for decision making purposes.

Conclusion: Based on the information above, no segment reporting is required and has not been included

Whether segment reporting is applicable for Metrobus

Applicable to all entities on the accrual basis of accounting. The standard applies to separate (or individual) financial statements of an entity, as well as to consolidated financial statements of an economic entity.

Definition and Identification

Identification of reportable segment

That generates economic benefits or service potential?
Whose results are regularly reviewed by management?
For making decisions about the future allocation of resources?

Comment

Not applicable
Yes
Yes

And in assessing its performance
For which separate financial information is available
Revenue, expenditure and balance sheet

Department Performance
Is not separable
Are not separable

Does Metrobus have segments?
Are these segments and why?

No
No

- Roodepoort
- Village Main
- Milner Park
Head Office Admin

Explanation

The 3 depots (OPS & TSD) are managed by one executive director (IBO), no autonomy per depot, no separate and independent strategy, no separate accounting system or reporting system.

Reportable segments

Reportable segments – segments identified per definition, or aggregation of two or more segments, which are reported in the segment report

Aggregate if similar economic characteristics and most of the following are met

Share nature of goods or services delivered
Share types or class of customer or consumer
Share methods used to distribute the goods or provide the services
Share nature of regulatory environment

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48. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Loans to shareholders	41 201 667	-	41 201 667
Trade and other receivables from exchange transactions	-	43 369 823	43 369 823
Other receivables from non-exchange transactions	-	129 743 822	129 743 822
Cash and cash equivalents	-	588 705	588 705
	41 201 667	173 702 350	214 904 017

Financial liabilities

	At amortised cost	At cost	Total
Loans from shareholders	475 399 003	-	475 399 003
Other financial liabilities	-	-	-
Trade and other payables from exchange transactions	-	277 032 405	277 032 405
Other liability 1	-	-	-
	475 399 003	277 032 405	752 431 408

2024

Financial assets

	At fair value	At amortised cost	Total
Loans to shareholders	38 209 836	-	38 209 836
Trade and other receivables from exchange transactions	-	1 296 985	1 296 985
Cash and cash equivalents	-	757 121	757 121
	38 209 836	2 054 106	40 263 942

Financial liabilities

	At fair value	At amortised cost	Total
Loans from shareholders	465 829 836	-	465 829 836
Other financial liabilities	55 655 539	-	55 655 539
Trade and other payables from exchange transactions	-	123 105 104	123 105 104
	521 485 375	123 105 104	644 590 479

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48. Financial instruments disclosure (continued)

Financial instruments in Statement of financial performance

2025

	At fair value	At amortised cost	Total
Net gains on financial instruments	427 270	-	427 270
Interest income (calculated using effective interest method) for financial instruments at amortised cost	-	2 991 831	2 991 831
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	-	(46 235 983)	(46 235 983)
Fee expense from financial instruments at amortised cost	-	(2 000)	(2 000)
	427 270	(43 246 152)	(42 818 882)

2024

	At fair value	At amortised cost	Total
Net losses on financial instruments	992 322	-	992 322
Interest income (calculated using effective interest method) for financial instruments at amortised cost	-	2 918 984	2 918 984
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	-	(56 364 096)	(56 364 096)
Fee income from financial instruments at amortised cost	-	(2 000)	(2 000)
	992 322	(53 447 112)	(52 454 790)

49. Risk management

Financial risk management

The entity's activities exposure to a variety of financial risks is very limited, risks such as market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk are centrally managed at the City's treasury department. The entity is not exposed to any of these.

Liquidity risk

The entity's liquidity and cashflow is managed by the City's treasury department. There is a sweeping arrangement in place where the balance on the entity's bank accounts is sweeping and reduced to zero at the end of each business day. All payments to suppliers and any liability obligations is managed by the City's treasury department, thus the entity is not exposed to liquidity risk.

Cash flow forecasts are prepared and submitted to the City's treasury department which in turn allocates funds to the entity for its planned payment plan.

The entity's borrowings are managed directly by the City through the City's treasury department, all loan repayments are internal with no outflow of funds. The capex loans for the 2015 buses was fully repaid during the year under review

At 30 June 2025	Less than 1 year	5
• Outflow		
At 30 June 2024	Less than 1 year	55 655 544
• Outflow		

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49. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity does not hold any deposits cash with any banks.

Loans to shareholders comprises a notional loan account held with the City, the notional loan covers the entity's post retirement liability obligation. The asset is held with the City and is not subject to credit risk.

Trade receivables comprise a very small customer base made up of City of Johannesburg entities and departments. Management has evaluated credit risk and has come to the conclusion that given the insignificance of the receivables book there is no risk attached to it, further the book is made up entirely of the city's departments and entities as related parties

As disclosed under Financial Instruments, the entity's financial assets are listed below, these are carried at cost

Financial instrument	2025	2024
Loans to shareholders	41 201 667	38 209 836
Cash and cash equivalents	588 705	757 121
Receivables from exchange transactions	43 369 823	1 296 985
Receivables from non exchange transactions	128 390 327	-

Market risk

Interest rate risk

The entity has no interest-bearing assets that are affected by external factors, all loan assets are with the City of Johannesburg as the major shareholder, the entity's income and operating cash flows are substantially independent of changes in market interest rates because all of the entity's borrowings are determined by the Shareholder through the City's treasury department.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Receivables from exchange transactions - normal credit terms	0%	43 369 823
Loans to shareholders	Variable as determined by the actuaries	41 210 667
Cash and cash equivalents	0%	588 705
Trade and other payables excluding payroll liabilities - normal credit terms	0%	(277 032 405)
Loans from shareholders sweeping account	Variable as determined by the shareholder	(475 399 003)

Price risk

The entity is not exposed to commodity price risk regarding fuel and bus spares. The risk is borne by the supplier, once contracted and a purchase order is issued the supplier is obligated to invoice on the purchase order price regardless of price fluctuations. The entity mitigates this risk by entering into service agreements at the most favourable terms available with multiplier fuel suppliers.

Both diesel and bus spare part prices are also influenced by fluctuations in exchange rates. Management has very limited control over these fluctuations. The risk of exchange rate fluctuations is transferred to suppliers by entering into fixed price contracts where ever possible.

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50. Going concern

We draw attention to the fact that at 30 June 2025, the entity had an accumulated surplus (deficit) of R(676 888 222) and that the entity's total liabilities exceed its assets by R(455 231 046).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The entity is a wholly owned subsidiary of the City of Johannesburg Metropolitan Council, the parent municipality had approved the entity's 3 year medium term budget, the parent municipality has also made funding available for the entity through its monthly operational subsidy.

51. Events after the reporting date

The entity did not have any subsequent events that required disclosure.

Annexure N: Unmodified Audit Opinion

Report of the auditor-general to the Gauteng Provincial Legislature and the council on the Johannesburg Metropolitan Bus services (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Johannesburg Metropolitan Bus services (SOC) Limited set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Johannesburg Metropolitan Bus services (SOC) Limited as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. We draw attention to note 50 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipal entity's prospects, performance, and cash flows. Our opinion is not modified in respect of these matters.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.
9. With reference to note 38 to the financial statements, the municipal entity is the defendant in various lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
10. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipal entity at, and for the year ended, 30 June 2025.

Other matter

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 9, forms part of my auditor's report.

Report on the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following material performance indicators related to customer, stakeholder engagement and communication, presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Percentage of planned trips completed
 - Average number of Metrobus passenger trips per working day
 - Blameworthy accident rate per 100 000 bus kilometres operated
 - Percentage of service disruptions communicated
 - Percentage of complaints resolved within the timelines specified in the customer charter
 - Percentage of customer satisfaction
 - Percentage of achievement of service standards.
19. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported.

21. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

22. The material findings on the reported performance information for the selected material indicators are as follows:

Percentage of achievement of service standards

23. We identified material findings on the overall presentation of performance information in the annual performance report.

- The indicator was not clearly defined during the planning process as the source / collection of data as per the technical indicator descriptors in 2024-25 business plan did not provide for the method of collection of data. Consequently, the indicator is not measurable for reporting on the progress against planned objectives.
- The target in the annual performance report differed from what was committed to in the approved initial planning documents. The reported indicator was percentage of achievement of service standards, with a target of 85%, while the planned target was 100%. This change was made without obtaining the required approval, which undermines transparency and accountability.

Various indicators

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

Indicator	Target	Reported achievement
Average number of Metrobus passenger trips per working day	26 000	22 188
Percentage of complaints resolved within the timelines specified in the customer service charter	100%	29%
Percentage of achievement of service standards	85%	80%

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information.

27. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report.

Customer, stakeholder engagement and communication

<i>Targets achieved: 43%</i>		
<i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of planned trips completed	80%	68%
Average number of Metrobus passenger trips per working day	26 000	22 188
Percentage of complaints resolved within the timelines specified in the customer charter	100%	29%
Percentage of achievement of service standards	85%	80%

Material misstatements

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for customer service, stakeholder engagement and communication. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
30. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
31. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

33. Reasonable steps were not taken to ensure that money owed by the municipal entity was always paid within 30 days, as required by section 99(2)(b) of the MFMA.
34. Reasonable steps were not taken to prevent irregular expenditure amounting to R108 449 913 as disclosed in note 43 to the annual financial statements, as required by section 95(d) of the MFMA. The irregular expenditure was caused by the overspending of the approved budget.
35. Expenditure was incurred in excess of the approved budget or an adjustments budget, in contravention of section 87(8) of the MFMA.

Other information in the annual report

36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
41. Senior management did not implement sufficient controls for the preparation of a valid, accurate and complete annual performance report that is supported by reliable information. This resulted in material findings on the annual performance report. In addition, senior management did not ensure adequate monitoring of controls to prevent non-compliance with laws and regulations.
42. The accounting officer did not exercise adequate oversight of the internal controls relating to compliance with key laws and regulations. This resulted in material non-compliance with laws and regulations.
43. There was inadequate implementation of IT controls (user access, security management and change management) on the Qmerit and FMS system.

Other reports

44. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
45. The Group Forensic and Investigation Service was investigating allegations of possible fraud and supply chain management and human resource-related matters at the municipal entity, covering various financial years and including the current financial year. The outcome of these investigations is expected after 30 June 2025

Auditor - General

Johannesburg

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

1. As part of an audit in accordance with the International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipal entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Sections 1, 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1)(a), 73(1)(b), 73(2)(b), 73(2)(d), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)

Legislation	Sections or regulations
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e),</p> <p>38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Systems Act 32 of 2000	Sections 93B(a), 93C(a)(iv), 93J(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<p>Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),</p> <p>11(1), 11(2)</p>
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)