Metrobus

Third Quarter Performance Assessment Report

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

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Closed on Sunday and Public Holidays

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METROBUS

COMPANY INFORMATION

Registration number:	:	2000/004704/30
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Website:	:	https://mbus.joburg.org.za
Bankers:	:	Standard Bank of SA Limited
Auditors:	:	Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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

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

APPROVAL:

Luyanda Gidini CA(SA)		24 April 2026
Name & Surname	**Signature**	**Approval Date**

Chief Financial Officer

Dr Bongani Radebe		29 April 2026
Name & Surname	**Signature**	**Approval Date**

Managing Director

Charley Pietersen		**29 April 2026**
Name & Surname	**Signature**	**Approval Date**

Board Chairperson

K. Kuriene		29 April 2026
Name & Surname	**Signature**	**Approval Date**

MMC

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GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
AFC	Automated Fare Collection
AG/AGSA/Auditor General	Auditor General of South Africa
ARC	Audit and Risk Committee
Board	Board of Directors
CFO	Chief Financial Officer
CNG	Compressed Natural Gas
CoJ/City of Joburg/City	City of Johannesburg Metropolitan Municipality
Companies Act	Companies Act, 2008, Act No 71 of 2008
ED	Executive Director
EE	Employment Equity
ERP	Enterprise Resource Plan
FY	Financial Year
GDS	City of Johannesburg 2040 Growth and Development Strategy
GFIS	Group Forensic Investigation Services
GHG	Green House Gas
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IEDP	International Executive Development Programme

LMS	Learning Management System
MD	Managing Director
MFMA	Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003
MSA	Local Government: Municipal Systems Act, 2000, Act 32 of 2000
NED	Non-Executive Director
OOC	Out of Commission
PMS	Performance Management System
RBO	Relationship Building Objectives
SDC	Service Delivery Committee
TETA	Transport Education Training Authority
TTC	Technical Training Centre
WIL	Work Integrated Learning

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

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

A variety of opportunities remain in reach of the entity, key among which are continued enhancement of revenue generation through a concerted effort at collection and protection of revenue through enforcement targeted at both employees and commuters. The introduction of electric vehicles as part of the energy mix will ensure that the entity makes significant strides towards the goal of a green economy for the City. The procurement of thirty-four (34) buses, the delivery of which is scheduled to be completed in June of 2026 will contribute towards improving the reliability of services. During the period under review, seven (7) buses were delivered resulting in a cumulative of twenty-seven (27) buses delivered.

However, in view of additional buses required to reach requisite levels of fit-for-purpose buses and the declining budget allocations from the City, the entity is currently considering alternative avenues of procuring more buses, particularly grant funding. Progress has also been recorded in making certain that the entity is positioned to pursue the generation of revenue through alternative streams such as private hire and mobile advertising opportunities. In this regard, the process of procuring professional services for the mobile advertising will be completed during the last quarter of the current financial year

During the period under review, the entity recorded a decline of 2% in performance in comparison with the same period last year, albeit performance remains significantly under target.

Quarter 3 2024/25	Quarter 3 2025/26
55% Against a target of 85%	53% Against a target of 85%

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

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

The entity fulfils its mandate primarily through the provision of reliable transportation. This is measured through the rate of completion of planned trips. In this regard, the entity recorded 64% performance against a target of 80%. It is commendable that during the period under review, the entity operated a total of 1,7 million kilometres of fatality-free mobility.

The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity consistently meets its engagement and reporting requirements with the shareholder and continues to receive governance support from the shareholder.
The entity has recorded an achievement level of 53% against a target of 85% for its pre-determined objectives during the period under review.

The overall financial position of the entity is characterized by technical insolvency and remains a concern. However, net liability position worsened from R 455, 2 million (30 June 2025) to R 521, 1 million as of 31 March 2026.

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

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

Mr. Charley Pietersen
Board Chairperson

1.2 Managing Director's Foreword

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

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

It is noteworthy that the net liability position worsened from R 455, 2 million (30 June 2025) to R 521, 1 million as of 31 March 2026. Current projections indicate that the current repairs and maintenance budget will not sustain the entity past mid-year. This is a serious concern. In this quarter, the entity achieved 44% of its capex expenditure target. Performance against predetermined objective was recorded at 53% against a target of 85%. The entity recorded a performance level of eighty percent (80%) of Service Level Standards against a target of 80%. Detailed performance against predetermined objectives is provided in Annexure B of this report. Nevertheless, we remain committed to delivering a bus service that excels in safety, customer service, and financial management.

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

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

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

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

Dr Bongani Radebe
Managing Director

1.3 Chief Financial Officer's Report

Introduction

The third financial performance report was prepared on a going concern basis, that is, the entity would continue to operate for the foreseeable future.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as of 31 March 2026.

Abridged Statement of Financial Performance

Description	Q3 31-Mar-26			YTD Q3 31-Mar-26			Variances		
	Projection	Budget	Prior year	Projection	Budget	Prior year	Q2 To budget	Q2 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	183,664	198,252	168,929	547,759	594,756	521,402	(14,588)	14,735	(46,997)
Direct costs	29,149	41,914	31,359	75,142	125,742	118,506	12,765	2,210	50,600
Margin	154,515	156,338	137,571	472,617	469,014	402,896	(1,823)	16,945	3,603
Expenses	182,194	143,322	162,661	500,298	429,967	459,285	(38,872)	(19,533)	(70,331)
Operating result	-27,679	13,016	-25,090	-27,681	39,047	-56,389	(40,694)	(2,589)	(66,728)
Interest paid	8,346	13,016	10,689	38,206	39,047	36,317	4,670	2,343	842
Total Expenditure	219,688	198,252	204,708	613,646	594,756	614,109	(21,436)	(14,980)	(18,890)
Surplus / Deficit	-36,024	0	-35,779	-65,887	0	-92,707	(36,024)	(245)	(65,887)

Notes on Income Statements

Overview

The operating budget was increased by R19 million during the adjustment budget. However, the increase was insufficient to offset the effects of significant budget reductions over the past three years. Management requested a R184 million increase, but only R19 million was approved. Metrobus recorded a deficit of R65, 9 million for the nine months, and the operating budget was overspent by R18, 9 million for the nine months period.

Diesel costs

The diesel budget base was increased in the past financial year. There were savings amount to R13, 2 million (YTD: R36, 1m) in the quarter. More diesel will be spent once all the new diesel buses procured are delivered and the buses that are being leased, which has increased the bus fleet size.

Repairs and maintenance

The repairs and maintenance budget was exhausted as some of the repairs and maintenance budget was reallocated to fund the leasing of buses. This budget has not been increased besides management requesting budget increases during the adjustment budget. The repairs and maintenance budget was overspent by R 1, 9million (YTD: 5.1m(Saving)) due to the ongoing repairs and maintenance of buses. Repairs and maintenance budget amount to R 15, 6 million was reallocated to the bus leasing.

Asset and liabilities

The table below reflects the abridged financial position of the entity on 31 March 2026.

Abridged Statement of Financial Performance

Description	31-Mar-2026 (R000's)	30-Jun-25 (R000's)	Movement (R000's)	Movement (%)
Non-Current Assets	575,187	590,681	(15,494)	-3%
Current Assets	88,304	206,060	-117,756	-57%
Total Assets	**663,491**	**796,741**	(133,250)	**-17%**
Capital & Reserves	(521,118)	(455,231)	-65,887	14%
Non-Current Liabilities	5,690	10,471	(4,781)	-46%
Current Liabilities	1,178,918	1,241,501	(62,582)	-5%
Total Equity & Liabilities	**663,491**	**796,741**	(133,250)	**-17%**

The overall decrease of R 15, 5 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment and intangible assets. Current assets reflected a 57% decrease from prior year due to improved collection of receivables.

Capital expenditure

The shareholder approved capital expenditure budget was adjusted downwards from R 157 million to R132 million during the budget adjustment period. The entity managed to spend 44% of the total approved budget excluding commitments, and 66% including commitments.

Cash flow

The entity has been experiencing serious cash flow challenges since the last two financial years and this has continued in the current financial year. The cash flow challenges have affected payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on the entity's cash forecast. During the nine-month operating period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of suppliers.

Compliance and Internal Control Environment

There has been an improvement in the internal controls in the finance environment over the past year. The entity's management of payments of suppliers within 30 days have been severely impacted by cash flow challenges which is being experienced at the city level. As a result, the entity has not managed to pay its suppliers within 30 days as required. The entity is pleased to report that no fruitless and wasteful expenditure was incurred over this period.

Supply Chain Management

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

Strategic Outlook and Business Conditions

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

Mr. Luyanda Gidini CA(SA)
Chief Finance Officer

1.4 Corporate Profile and Overview of the Entity

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

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

1.4.1 Metrobus turnaround plan 2013

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

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

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

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

1.4.2 Migration from Metrobus vision 2020 to vision 2027

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

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

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

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

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

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

The 2022-23 financial year heralds the first year of vision 2027. The strategy was reviewed by the Board during the latter part of the 202/23 financial year and forms the basis of the 2025/26 Business Plan. The apex outcome of this new vision is the implementation of a new operating model, and alternative funding model, with concomitant enablers including the following: intelligent transport systems programme and funded fleet procurement.

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

1.4.3. Metrobus Fleet

The current fleet of Metrobus buses stands at three hundred and ninety-eight (398) Though the entity has three hundred and ninety-eight (398) buses. Operations unit requires two hundred and forty-seven (247) buses to operate planned trips. The current operational buses are at one hundred and thirty-five (135). This translates to a 45% shortage of buses.

Below is a table depicting the fleet by make and model.

Table 1: Fleet details

Asset Age	Asset Group	Milpark	Roodepoort	Village Main	Total
23 Years	Volvo B7L	38	7	37	82
	Volvo B7R	6	0	2	8
23 Years Total		**44**	**7**	**39**	**90**
19 Years	Mercedes Benz 1725/59	**72**	**8**	**33**	**113**
10 Years	Mercedes Benz Euro 3	14	7	4	25
	Mercedes Benz Euro 5	55	35	53	143
10 Years Total		**69**	**42**	**57**	**168**
New	Volvo B8RLE	11	6	10	27
Grand Total		**196**	**63**	**139**	**398**

1.4.4 Metrobus scope of operation

The entity operates within the greater Johannesburg metropolitan area in three business segments, namely: the provision of daily scheduled public transportation, the rendering of private hire transportation services and special contract for the Gauteng Provinces' Department of Transport in Eldorado Park.
In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates: A dedicated service to persons with disabilities, subsidised pensioner transport services, scholar services.

1.5 Strategic Objectives

1.5.1 Overview

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

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

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 ninety-eight (398) buses, the entity operated one hundred and forty-three (143) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

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

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

Figure 1: Alignment to GDS 2040

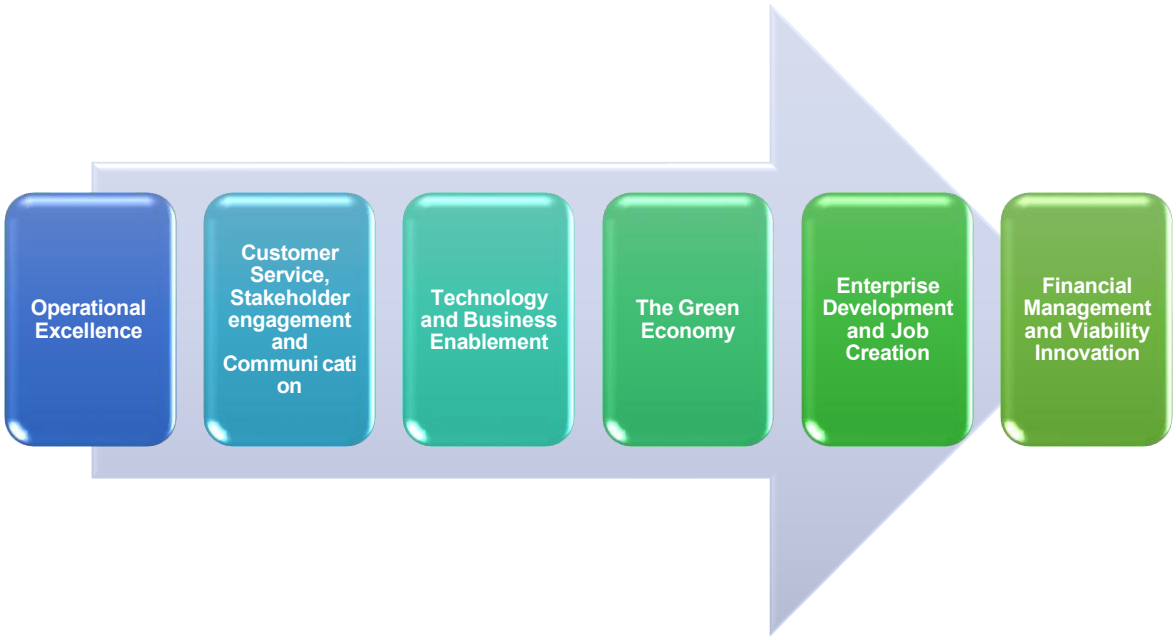
In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below.

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

GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	• A society characterized by healthy living for all. • A safe and secure city • A city characterized by social inclusivity and enhanced social cohesion	• Energy mix is based on the use of CNG as alternative energy. • Preferential procurement • Transportation supportive of a growing economy • Technology: introduction of technology with capacity for smart commuter interface, operator behavior monitoring, general positional surveillance of buses and automated fare collection • Adherence to service level standards.

An inclusive, job intensive, resilient, competitive, and smart economy that harnesses the potential of citizens	• Job-intensive economic growth • Promotion and support to informal and micro business	• Extended job opportunities through EPWP • Development and support of SMME's

Figure 2: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

Metrobus Strategic Goals and Objectives
Goal 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

1.6 Strategy 2022-27

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

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

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

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

2.1.1 King IV code of corporate governance

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

2.1.2 Code of conduct for directors

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

2.1.3 Ethical Leadership

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

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

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

2.1.4 Board Charter

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

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

I. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.

II. Appreciate that strategy, risk, performance, and sustainability are inseparable and to give effect to this by:
    - Contributing to and approving the strategy.
    - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
    - Identify key performance and risk areas.
    - Ensuring that the strategy will result in sustainable outcomes.
    - Considering sustainability as a business opportunity, that guides strategy formulation.

2.1.4.2 Provide effective leadership on an ethical foundation.

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

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

2.1.4.5 Disclose real and potential conflicts of interests.

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

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

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

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

2.2 The Legislative Framework

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

2.2.1 Municipal Finance Management Act, No.56 of 2003

2.2.1.1 Circular 63

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

2.2.2 Municipal Systems Act, No. 32 of 2000

2.2.2.1 Section 93L

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

2.3 Composition, Key Activities and Board Member Remuneration

2.3.1 Board of Directors

The Metrobus has a unitary Board, which comprises both executive and non-executive directors. At the end of the third quarter, the company had ten (10) Directors, i.e. eight (8) Non-Executive Directors and two (2) Executive Directors, being the Managing Director and the Chief Financial Officer.

The entity's Board of Directors are appointed by the City as the Shareholder. The composition of the Board on the 2025/26 third quarter was as follows:

Table 3: Metrobus Board of Directors

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

Table 4: Executive Directors are as follows:

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

2.3.2 Composition of the Sub Committees

Metrobus Board has three (3) sub-committees, namely the Audit and Risk Committee (ARC) and the Human Resources, Social and Ethics Committees (HRSE), and Service Delivery Committee (SDC). The ARC comprises of five (5) members, three (3) of which are independent audit committee members. The HRSE committee comprises of three (3) non-executive directors and chaired by a non-executive director. The SDC comprises of three (3) Non-Executive Directors and is chaired by a Non-Executive Director. The administrative

process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), has been completed.

Table 5: Composition of Sub Committees

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

* Independent Audit Member

Table 6: Independent Audit Committee (IAC)

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

2.4 Board Activities

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

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

During the quarter under review, the Board held one (1) ordinary meeting, and one (1) special meeting.

The Board Committees respectively held three (3) ordinary Committee meetings during the third quarter, on the date reflected hereunder:

Table 7: Board and Sub-Committee meetings held.

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
Ordinary 19 January 2026	**Ordinary** 13 January 2026	**Ordinary** 12 January 2026	**Ordinary** 14 January 2026
Special 4 February 2026			

2.4.1 The attendance of meetings

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

Table 8: Board Meetings attendance register

Name	Designation	Meetings	
		Ordinary Board meeting (Quarterly) **19 January 2026**	**Chairpersons Meeting with MMC Transport 04 February 2026**
Mr. Charley Pietersen	NED(Chairperson)	✓	✓
Mr. Hein Toerien	NED	✓	-
Ms. Ponds Petersen	NED	✓	✓
Ms. Faith Irwin	NED	✓	-
Ms. Yolandi Erasmus	NED	✓	✓
Ms. Tshepiso Madingoane	NED	✓	-
Ms. Samkelisiwe Zwane	NED	✓	-
Mr. Simon Masemola	NED	✓	-
Dr. Bongani Radebe	MD	✓	✓
Mr. Luyanda Gidini	CFO	✓	✓

Table 9: Board Sub Committee Meetings attendance register

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

Name	Designation	Ordinary HRSE Meeting 12 January 2026	Ordinary ARC Meeting 13 January 2026	Ordinary SDC Meeting 14 January 2026
Mr. Charley Pietersen	NED (Chairperson)	—	—	—
Mr. Hein Toerien	NED	✓	—	—
Ms. Ponds Petersen	NED	—	—	✓
Ms. Faith Irwin	NED	✓	—	—
Ms. Yolandi Erasmus	NED	—	✓	—
Ms. Tshepiso Madingoane	NED	✓	—	✓
Ms. Samkelisiwe Zwane	NED	—	—	✓
Mr. Simon Masemola	NED	—	✓	—
Mr. Wayne Buckley	IAC	—	✓	—
Ms. Gloria Matshusa	IAC	—	✓	—
Mr. Nison Khosa	IAC	—	✓	—
Dr. Bongani Radebe	MD	✓	✓	✓
Mr. Luyanda Gidini	CFO	—	—	—

2.4.2 Director and Prescribed Officer Remuneration

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

Table 10: Board and Independent Member Compensation

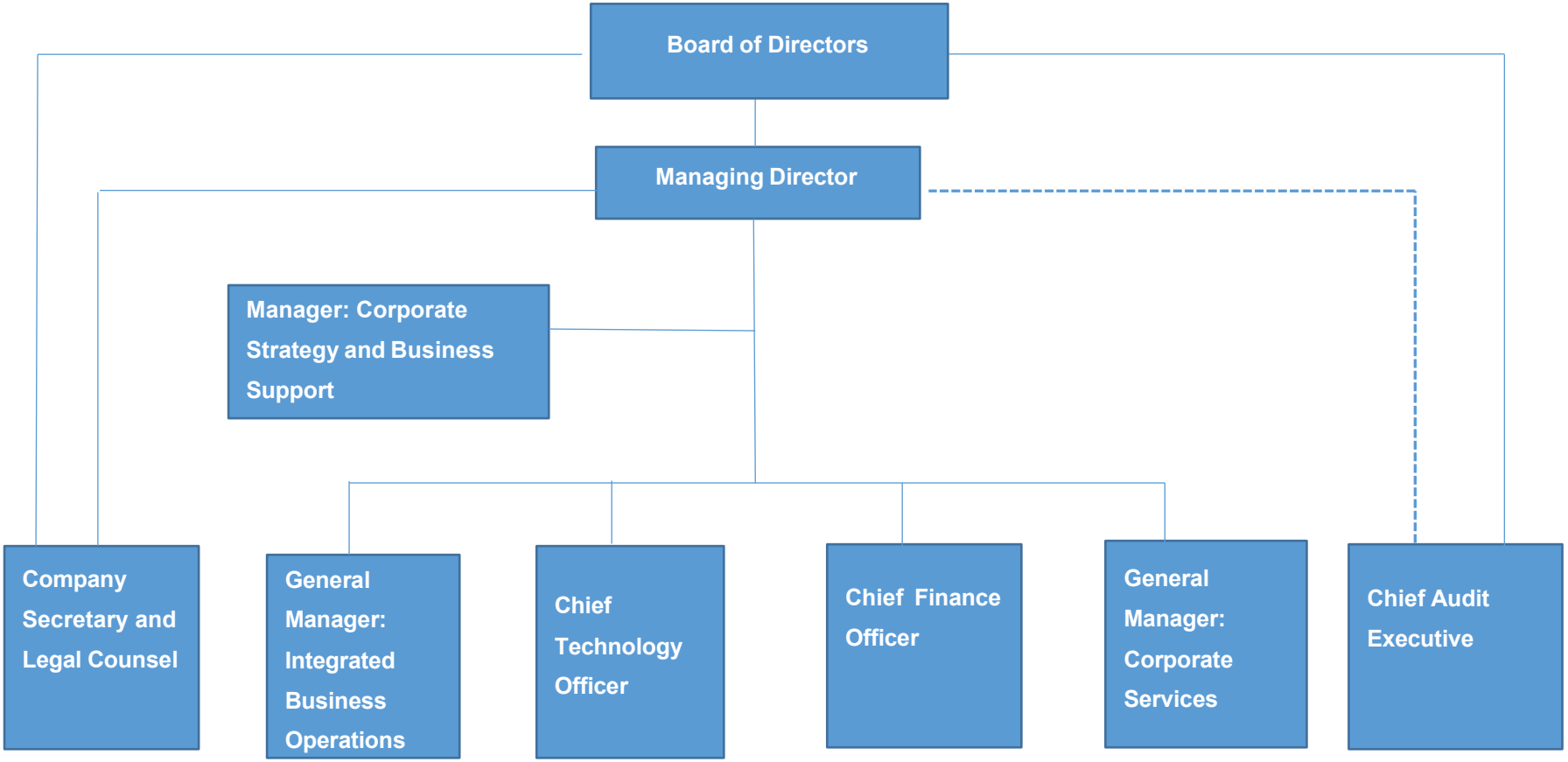
Name	Quarter 1	Quarter 2	Quarter 3	Total
Mr. Charley Pietersen	59 890.00	52 250.00	20 720.00	132 860
Ms. Khanya Sithebe	61 890.00	64 790.00	0.00	126 680
Ms Yolandi Erasmus	64 340.00	68 970.00	37 440.00	170 750
Mr. Hein Toerien	49 800.00	54 340.00	22 900.00	127 040
Ms. Ponds Petersen	69 890.00	48 070.00	26 900.00	144 860
Ms. Faith Irwin	49 890.00	54 340.00	20 900.00	125 130
Mr. Simon Masemola	57 800.00	54 340.00	20 900.00	133 040
Ms. Samkelisiwe Zwane	57 800.00	45 980.00	20 900.00	124 680
Ms. Tshepiso Madingoane	57 800.00	45 980.00	29 260.00	133 040
*Mr. Wayne Buckley	16 360.00	16 720.00	8 360.00	41 440
*Ms. Gloria Matshusa	16 360.00	16 720.00	8 360.00	41 440
*Mr. Nison Khosa	24 360.00	16 720.00	8 360.00	46 440

Table 11: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Total
Managing Director	Dr. Bongani Radebe	R2 809 244.00	R702 311.00	R702 311.00	R702 311.00	**R2 106 933.00**
Chief Financial Officer (CFO)	Mr. Gidini Luyanda	R1 781 917.00	R445 479.25	R445 479.25	R445 479.25	**R1 336 437.75**
General Manager: Corporate Services	Ms. Lethiwe Mchunu	R1 601 917.00	R0.00	R224 112.16	R400 479.25	**R624 591.41**
General Manager: Integrated Business Operations	Ms. Khathi Zandile	R1 781 917.00	R445 479.25	R445 479.25	R445 479.25	**R1 336 437.75**
Legal Counsel & Company Secretary	Vacant	R1 403 935.00	R260 005.09	R0.00	R0.00	**R260 005.09**
Chief Audit Executive (CAE)	Mr. Mothupi Serame	R1 600 000.00	R56 205.09	R400 000.00	R400 000.00	**R856 205.09**
Chief Technology Officer (CTO)	Mr. Eldred Mtaner	R1 601 917.00	R0.00	R340 470.00	R400 479.25	**R740 949.25**
	Total	**R8 657 013.00**	**R1 909 479.68**	**R2 557 851.66**	**R2 794 228.00**	**R7 261 559.34**

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

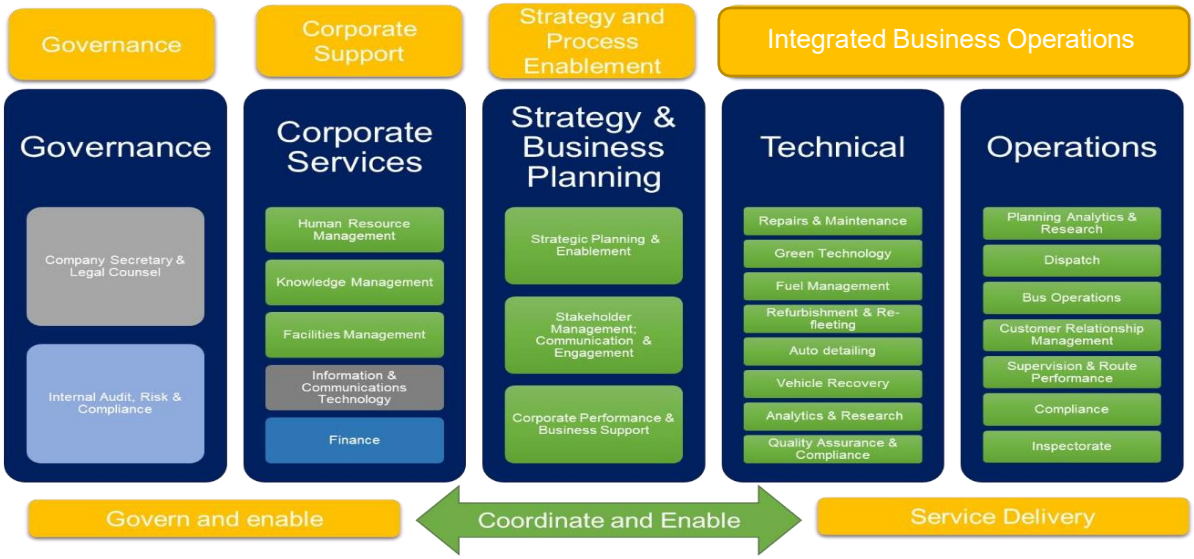


2.5.1 High Level Functional Structure

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

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

Figure 4: Functional Structure



2.6 Risk Management

2.6.1 Overview

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

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

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

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

2.6.2 Risk acceptability

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

Table 12: Risk acceptability table

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

2.6.3 Strategic Risk Register

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

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

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

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

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

2.8 ICT Governance

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

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

2.8.1 Overview

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

Figure 5: Metrobus ICT Maturation Journey

2.8.2 Key ICT Projects

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

ICT Projects	Progress
Artificial intelligence security solution	91%

2.8.3 Challenges

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

- High-level of manual business processes.

2.8.4 ICT External Audit Findings Remedial Action Plans

In response to the AGSA findings, ICT has initiated a structured remediation programme, including:

- Development of an ICT audit action plan aligned to AGSA recommendations
- Prioritisation of high-risk control gaps impacting financial systems, information security, and service continuity
- Strengthening of ICT policies, procedures, and governance frameworks
- Improved documentation, evidence management, and control monitoring
- Integration of audit remediation priorities into the ICT Strategy and operational plans

Progress on remedial actions is being tracked and will be reported to management and relevant governance structures.

2.8.5 ICT Focus Areas

- Finalisation of ICT strategy through approval by Board
- Review of applicable frameworks, policies and standard operating procedures
- Continued stabilisation and accuracy assurance of the AFC and EOB environments.
- Closure of remaining ICT audit findings and further strengthening of compliance maturity.
- Network modernisation and resilience improvements (including alternative connectivity options).
- Progression of cybersecurity strategy implementation.

2.9 Continued emphasis on cost optimisation, efficiency gains, and value realisation from ICT investments Compliance with Laws & Regulations

The entity relies primarily on the legislative framework set out in the Companies Act 71 of 2008 (as amended) (“the Companies Act”) and the King Report.
In the quarter, the entity continued with compliance monitoring and reporting within the legal framework applicable to the business as a company and municipal entity. In particular, the focus was on compliance with the National Land Transport Act (NLTA), Companies Act, and Local Government Regulations: Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA), the King Code and Labour legislation.

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

2.9.1 Permits

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

2.9.2 Traffic Fines

During the quarter under review, four (4) traffic fine were issued. During the same period in the last financial year, fifty-seven (57) traffic fine was issued to a bus operator. 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.

2.9.3 Carbon Emissions Compliance

Diesel smoke emissions' testing is a legal requirement and contributes to the continued decrease in CO_2. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

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

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

Table 14: Carbon emissions test results per bus type

Bus Type	Government Specification	Metrobus Specification	Q1 Opacity	Q2 Opacity	Q3 Opacity
Merc 1725	60%	50%	25%	21%	16%
Euro 5	60%	50%	1%	3%	1%
Euro 3	60%	50%	26%	18%	19%
Volvo B7L	60%	50%	52%	32%	36%
Volvo B8	60%	50%	10%	2%	36%
Average			**14%**	**12%**	**12%**
Annual Average				**13%**	

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Active Cost Management Efforts

Management has demonstrated a proactive and disciplined approach to cost containment in response to the organisation's financial constraints. This is evident in the consistent monitoring and control of inventory levels, where minimum and maximum stock thresholds are applied to prevent overstocking, reduce the risk of obsolescence, and ensure efficient utilisation of resources. In addition, the organisation has shown flexibility in reallocating budgets toward critical operational priorities, enabling it to sustain essential services such as fleet availability and maintenance despite overall funding limitations.

3.1.2 Fatality-Free Service

The entity continued to maintain safe public transportation. During the period under review, the entity operated 1,7 million fatality free kilometres. During the same period last year, the entity operated 1,6 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South Africa's roads resulting from fatalities involving public transport operations.

3.1.3 Investment in Skills Development and Training

Investment in skills development and training remains a key strength, demonstrated by the successful rollout of the Metrobus simulator training project, which has significantly improved driver capability through practical, risk-free learning environments. This initiative reflects a forward-thinking approach to building technical competence, improving driving behaviour, and strengthening overall operational safety. As a result, the entity has been able to support a fatality-free service, highlighting the effectiveness of its training interventions in reducing serious incidents on the road. In addition, improved driver skills and adherence to road regulations have contributed to a reduction in traffic fines, indicating better compliance and cost savings. The integration of modern training tools, combined with ongoing development

programmes, ensures that employees are equipped with the necessary skills to perform efficiently while maintaining high safety standards. This continued investment not only enhances individual performance but also reinforces organisational resilience, service reliability, and public confidence.

3.2 Service Delivery Challenges and Mitigation Actions

Table 15: Challenges and Mitigation Actions

Challenges	Mitigation
High number of Out Of Commission buses	• Continuous implementation of repairs and maintenance policy • Refurbishment of buses • Performance Management
Budget Rebasing	• Alternative revenue sourcing • Alternative funding model • Debt restructuring
Decline in ridership	• Route rationalisation • Partner with other organisations or companies with travel programs

3.3 Service IDP Policy Objectives

The entity contributes to the City's IDP Objectives by offering public transportation as measured through the percentage increase in ridership from Metrobus routes. **Annexure A** outlines the entity's negative performance in this regard for the second quarter of financial year 2025/26.

3.4 Response to Strategic Directives

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

Table 16: Response to Strategic Directives

No	Strategic Priorities	Priority Programmes	Entity Contribution
1	Good Governance	Combat corruption, fraud, and maladministration.	Metrobus maintains a Fraud Tip-offline which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are undertaken for all supply chain management processes.
2	Financial Sustainability	Improve and strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
3	Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
4	Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. During the 2024/25 financial year, 82% of our commuters were satisfied with the

			service of Metrobus against a target of 80%.
5	Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships, and apprenticeships. The current intake in this regard is more than 190.
6	Safer City	A safer city by introducing ward-based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.
7	Active and engaged citizenry	Community based planning and enhanced community engagement, including mayoral imbizos.	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.
8	Sustainable Economic Growth	Development and support of SMME's.	On an annual basis the entity allocates a predetermined quantum of its capital expenditure and operational expenditure budgets for the specific benefit of SMME's. In addition, a basket of non-financial support measures is directed at the development of SMME's.

9	Sustainable Environmental Development	Decrease the level harmful of emissions on the environment and introduce environmentally friendly practices	The entity has developed standards against which greenhouse gas emissions are assessed, which forms part of the predetermined objectives of the entity. Plans are currently being implemented to ensure that more compressed natural gas is utilized for the operations of the entity.
10	Smart City	Smart City	The entity implemented a number of Intelligent Transport Systems to achieve smart mobility in support of a Smart City. Chief among this system is “Eye-one-the-bus” with various capabilities including customer interface, fleet tracking surveillance, and trip planning.

3.5 Performance against Service Standards

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

3.6 Performance against Predetermined Objectives

The Metrobus 2025/26 business plan is aligned to the City’s Mayoral priorities. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City’s Service Delivery and Budget Implementation Plan as well as a set of Entity strategic levers which serve as programs of action. In terms of the approved 2025/26 Metrobus Business Plan, the entity’s performance is measured based on a total of twenty-two

(22) key performance indicators. At quarter three, seventeen (17) KPIs were assessed and nine (9) KPIs were achieved. This translates to a 53% achievement level against a target of 85%. The detailed Performance Scorecard is attached as **Annexure B.**

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

3.7 Performance against Strategic Deliverables

3.7.1 Corporate Scorecard 2022-27 Deliverables

The Metrobus corporate strategy 2022-27 is developed and approved under the stewardship of the Board, was reviewed and approved during the period under review. A ten-point plan for the implementation of the strategy was determined as follows:

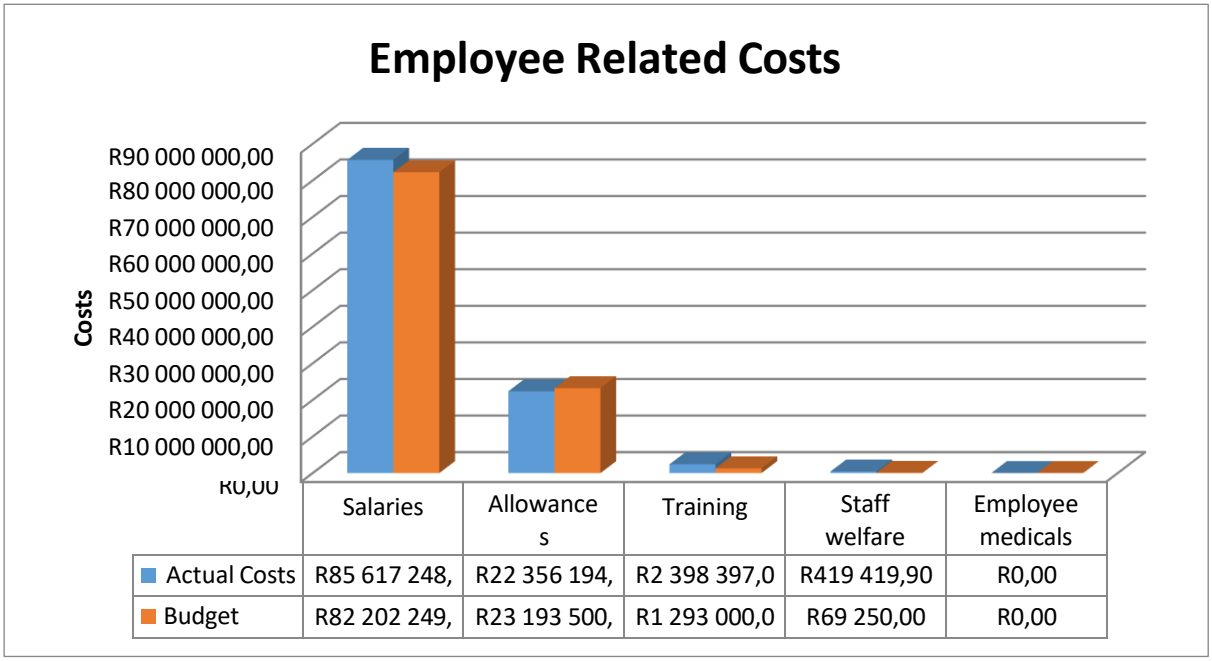
- Stabilise review flows and protect core income
- Implement fleet renewal and maintenance strategy
- Operationalize risk-based project planning
- Route optimization and rationalization rollout
- Institutionalise governance and audit compliance
- Strengthen internal and stakeholder communication
- Develop and deploy leadership and succession strategy
- Drive customer experience and feedback system
- Advance ethics, integrity, and organizational culture
- Activate integrated continuous monitoring and evaluation framework.

4. CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including executives) at the end of the reporting period stood at R85,6 million against a budget of R82,2 million. The (R4,03 million) variance is attributable to the downward adjustment of the budget.

Figure 6: Employee related costs



	Salaries	Allowances	Training	Staff welfare	Employee medicals
Actual Costs	R85 617 248,	R22 356 194,	R2 398 397,0	R419 419,90	R0,00
Budget	R82 202 249,	R23 193 500,	R1 293 000,0	R69 250,00	R0,00

4.2 Key Vacancies

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

Table 17: Vacancies at Executive Management Level

#	Job title of position	Department	Quantity	Status
1	Chief Financial Officer (CFO)	Finance	1	The CFO officially resigned on the 24 March 2026.
2	Company Secretary and Legal Counsel	Company Secretary and Legal Counsel	1	The position became vacant during the first quarter of the 2025/2026 financial year. A benchmarking exercise has since been completed to assess the feasibility and governance implications of separating the combined Company Secretary and Legal Counsel role into two independent positions. The benchmarking report is currently awaiting tabling before the Board for consideration and approval. Subject to Board approval, the recruitment process for the Company Secretary position will be prioritized. It is anticipated that the position will be filled by the end of the fourth quarter of the 2025/2026 financial year.

4.2.1 Vacancy Rate

During the quarter under review, the entity recorded a vacancy rate of 20.02%. National Treasury Circular 88 prescribes that the vacancy rate within municipal entities should not exceed 30%. Metrobus remains compliant with this requirement, with the current vacancy rate well below the prescribed threshold. Management continues to monitor vacancy levels closely to ensure organizational capacity is maintained, while prioritizing the filling of critical and

strategic positions to mitigate any potential impact on service delivery and governance effectiveness.

4.2.2 Staff Turnover Rate

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

During the period under review, five (5) employees out of a total strength of seven hundred and eighty-two (782) employees left the service of Metrobus. This translates to an average percentage of zero coma three percent (0,3%) in staff turnover. This figure comprises of employees who left the organization due to resignation. It is essential to mention that this percentage is much lower than the Local Government national average of between 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

Table 18: Terminations

Months	No of terminations	Reasons
January 2026	2	Retirement and Deceased.
February 2026	0	-
March 2026	3	Dismissal, Retirement, and Deceased

4.3 Employment Equity

During the quarter under review, Metrobus demonstrated a strong commitment to the national transformation agenda, notably by finalising its 2024/25 submission ahead of the 15 January 2026 deadline. This proactive approach was acknowledged by the Department of Employment and Labour through the issuance of a compliance certificate, confirming adherence to statutory requirements. Despite the current recruitment moratorium, metrobus continues to address identified Employment Equity gaps by strategically prioritising critical approved vacancies to support sector targets. Progress was further reflected in the successful Employment Equity

Committee meeting held on 19 March 2026. On the same day, Metrobus strengthened its inclusivity initiatives through participation in the eDeaf-DEAFinition workshop, attended by six committee members and a specialised bus operator.

To sustain this capability, two members have been awarded vouchers for formal sign language certification, reinforcing Metrobus commitment to accessible and inclusive public transport.

Table 19: Demographic Profile

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	1	0	0	2	0	0	0	0	0	6
Senior Management	8	0	0	0	5	0	0	0	0	0	13
Professional Qualified and Experienced Specialists and Mid-Management	9	1	0	0	6	0	0	0`	0	0	16
Skilled Technical academically qualified and junior management	100	16	2	11	15	0	0	3	0	0	147
Semi-Skilled and Discretionary decision making	313	12	0	4	98	3	1	1	0	0	432
Unskilled and defined decision making	102	0	0	0	16	1	0	0	0	0	119
Temporary employees	15	0	0	0	32	2	0	0	0	0	49
Grand Total	**550**	**30**	**2**	**15**	**174**	**6**	**1**	**4**	**0**	**0**	**782**

4.4 Skills Development and Training

4.4.1 Training and Development Programme

During the quarter under review, Metrobus marked the successful rollout of the simulator project, a cross functional achievement between Training and Information Communications and Technology. Following the commissioning of two units and the certification of all three (03) of our internal trainers in February 2026, with the next training will be for ICT and additional of identified drivers who will be earmarked as part of succession planning as two trainers are left with less than 3 years to exit with retirement, in mid-March 2026 the entity transitioned into the pilot phase. Six (06) delegates have already completed the blended learning curriculum in March 2026. Our current focus is on analysing performance data to refine the program and secure a high Return on Investment (ROI). In response to the organisation's cost-reduction mandate, we are prioritising digital transformation through Learning Management Systems (LMS) and other high-impact, low-cost technologies. This ensures that our workforce remains highly skilled and compliant, even within a constrained budgetary environment.

Table 20: Skills Development and Training

Intervention	Gender	Age	Total
Train the Trainer (TTT) In-house Training at Milpark Depot by Kabau Trading: Train the Trainer for Simulator Project	Male – **2**	>35 Above =2 <35 Less = 0	2 0
	Female- 1	>35 Above = 1 < 35 Less = 0	1 0
Refresher Driver Blended Training (Internal Pilot phase Training)	Male- 4	>35 Above =2 <35 Less = 2	2 2
	Female- 2	>35 Above = 1 < 35 Less = 1	1 1
Total			**9**

Table 21: Learnership and apprenticeship programme

Intervention	Gender	Age	Total	Remarks
Learnership	Male - 8 Female - 20	18-34	28	Total active = 28
Apprenticeship	Male - 24 Female - 12	18-34	36	Total active = 36
Total			**64**	

4.4.2 Apprenticeship Programme

During the quarter under review, Metrobus has made significant strides in fortifying its technical backbone through a dual-track approach to artisan development. This strategy ensures that our workforce is not only theoretically sound but also "workshop-ready" for the demands of a metropolitan fleet.

Throughout February and March 2026, our broader apprentice cohort has been centralised at the Technical Training Centre (TTC) to undergo final assessments, ensuring they meet the highest industry benchmarks. Simultaneously, this group of 36 apprentices is completing intensive practical rotations across the Milpark, Roodepoort, and Village Main workshops.
This cohort is now entering the final phase of their curriculum in preparation for trade testing in April 2026.

4.4.3 Internship Programme

During the quarter under review, Metrobus significantly advanced its talent management and succession planning objectives through the strategic integration of Work-Integrated Learning (WIL) initiatives. A total of 28 TVET interns were onboarded between February and March 2026, representing a critical investment in the organization's future technical capacity.

The following narrative provides the necessary context regarding the strategic value of this program, specifically addressing the current moratorium and our historical success in talent absorption.

Strategic Advancement of Succession Planning via WIL

The WIL program serves as a proactive talent pipeline, specifically designed to mitigate the risks associated with an aging workforce and the scarcity of technical skills in the transport sector. By integrating 28 TVET interns, Metrobus is actively "building" rather than "buying" talent. This advances succession planning in three distinct ways:

a) Institutional Knowledge Transfer: Interns are paired with seasoned artisans and technicians, ensuring that specialized operational knowledge—which cannot be taught in a classroom is transferred to a younger cohort before senior staff retire.
b) Capability Bench-Strength: Even during periods where immediate absorption is restricted, the program creates a "vetted" pool of candidates who are already inducted into Metrobus's specific safety protocols, ERP systems (such as SAP), and technical workflows.
c) Reductions in Recruitment Lead-Time: By maintaining this program, the organization ensures that once vacancies arise, we have a cohort of job-ready individuals who require zero lead-time for orientation, drastically reducing future recruitment costs and operational downtime.

While the current organizational moratorium on permanent appointments prevents the immediate absorption of these 28 interns at the expiry of their current contracts, it is essential to distinguish between temporary fiscal constraints and the long-term efficacy of the program. Historically, the WIL initiative has been a primary driver of our staffing stability. In previous outer financial years, Metrobus achieved a 100% absorption rate from this exact program, successfully transitioning 100% of eligible interns into permanent roles as vacancies became available. This track record proves that the program is not merely a social responsibility exercise but a fundamental component of our Human Capital strategy. The current cohort represents a "strategic holding" of talent; by continuing their development now, we ensure that the organization is not left with a critical skills gap when the moratorium is lifted. Consequently, the WIL initiative remains a correct and vital statement of our commitment to succession

planning, as it maintains the readiness of our future workforce during this interim period. These interns have been strategically deployed across critical functions, including Finance, Human Resources, Facilities, Integrated Business Operations, Legal, and the Office of the Managing Director. These placements, which range from 6 to 18 months in duration, are externally funded, allowing Metrobus to cultivate essential future skill sets and address succession gaps with minimal impact on internal operational budgets. This initiative underscores our commitment to developing a high-calibre workforce capable of meeting the evolving demands of the transport sector.

4.4.4 Executive and Management Leadership Development Programme

Metrobus continues to prioritize the cultivation of world-class leadership through strategic external partnerships. In March 2026, the organization successfully participated in the TETA-funded nominations for the Wits International Executive Development Programme (IEDP). We are pleased to report that our Female Finance Manager was awarded full sponsorship for this prestigious qualification. The IEDP is specifically designed to equip high-potential leaders with integrated strategic management skills, aligning Metrobus with global best practices to enhance sectoral competitiveness. A hallmark of this program is its international exposure, which includes strategic study tours to Ethiopia and Sweden. This initiative not only underscores our commitment to the national transformation agenda and gender representation in leadership but also serves as a critical component of our succession planning. By investing in global expertise, we are proactively building a resilient leadership pipeline for future executive roles.

4.4.5 Skills Levy and Mandatory Grant

Rebates: during the quarter under review, a rebate of R 267 300.00 received in the month of January 2026. Metrobus managed a total quarterly Skills Development Levy (SDL) investment of R1,031,989.77, calculated at 1% of the average monthly payroll of R34,399,659.11. While the statutory benchmark for Mandatory Grant recovery (20%) was projected at R206,397.96, the actual rebates received totalled R267,300.00. This reflects a highly favourable variance of R60,902.04, indicating that the current recovery rate of 25.9% is significantly outperforming

the legal minimum by 5.9%.

4.5 Performance Management

Metrobus continues to make significant progress in strengthening its performance governance framework. During the quarter under review, 80% of managers have successfully submitted their PMS scorecards and contracts for the 2025/26 financial year. At current moment under review the files were submitted to the ER/PMS office for 100% compliance recording before the Review Committee convenes is a mandatory regulatory requirement to ensure the integrity of the system. To build on this momentum and ensure total organizational compliance with COGTA PMS regulations, we have initiated a two-phase rollout plan. In the next quarter, we will conduct intensive workshops for the general workforce to deepen their understanding of performance standards. This will culminate in a final compliance workshop in the fourth quarter, serving as a critical 'quality gate' before the financial year-end. These efforts underscore our commitment to a transparent, high-performance culture that is fully aligned with municipal regulatory requirements

4.6 Disciplinary Matters

Table 22: Disciplinary matters

Disciplinary Matters	Quarter 1	Quarter 2	Quarter 3	Total
Milpark Depot	4	4	4	**12**
Village Main Depot	0	0	0	**0**
Roodepoort Depot	0	1	0	**1**
Head Office & Gandhi Square	0	0	0	**0**

Table 23: Grievance Matters

New Grievances	Quarter 1	Quarter 2	Quarter 3	Total
Milpark	0	0	1	**1**
Village Main	0	0	0	**0**

Roodepoort	0	0	0	**0**
Head Office & Gandhi Square	0	0	1	**1**

Table 24: Suspension

Suspensions	Quarter 1	Quarter 2	Quarter 3	Total
Milpark	1	0	**0**	**1**
Village Main	0	0	**0**	**0**
Roodepoort	0	5	**0**	**5**
Head Office & Gandhi Square	1	0	**0**	**1**

4.7 Litigations

The current litigation proceedings against Metrobus are the following:

- Metrobus has a civil claim against it in the amount of R 402 500.00 related to non-payment of a services provider's invoice relating to services provided through a tender. The capital amount has been settled and Metrobus is negotiating the interest and other charges.
- Metrobus has a potential claim against it relating to possible damages for a tender contract that was terminated before its termination date. The potential claimant has stated that the claim is worth R 4,500,000.00, however, the claimant has gone dormant and we are monitoring prescription.
- Metrobus has a judgment issued against it in relation to a claim for damages in the amount of R 45,387.51 related to a motor vehicle collision that happened between one Metrobus vehicles and third party.
- A few Metrobus employees have made an application to the Labour court claiming unfair labour practices relating to the issue of equal pay for equal work. The claim has not been quantified and Metrobus is defending the claim.
- A civil claim for damages was lodged against Metrobus for the injuries allegedly sustained by a customer in the amount of R 4,300,000.00.

- An employee of Metrobus has brought a civil claim for the unlawful suspension, financial loss and damages which result from a suspension of the employee based on his suspension and loss of employee benefits in the amount of R 5,000,000.00.
- Metrobus has a judgment issued against it in relation to a claim for unlawful dismissal in the amount of R3,272,341.25 related to employees who were dismissed and a portion of which were re-engaged by the City.

In respect of the Insurance against damage to Metrobus assets, personal injury, and third-party claims against Metrobus arising from accidents, Metrobus is covered by the Group Insurance Policy which is managed by the Group Risk Department; Metrobus pays an annual insurance premium to the City.

4.8 Leave & Productivity Management

4.8.1 Leave Management

Metrobus employee leave entitlements are governed by the Main Collective Agreement (MCA) as concluded under the South African Local Government Bargaining Council (SALGBC), which provides 24 annual leave days for five-day workers and 27 days for six-day workers. While the average accrued leave currently stands at 26 days, well below the MCA-mandated cap of 48 days, the organization maintains regular communication with staff to ensure compliance with statutory leave provisions and to prevent the forfeiture of days within six months of the leave cycle's end. The Department will communicate quarterly with all employees to emphasize the importance and benefits of taking annual leave within the prescribed cycles. By implementing compulsory leave schedules for those nearing the accrual limit, the organization aims to reduce overall leave liabilities, thereby ensuring regulatory compliance while enhancing long-term labour productivity and employee well-being.

4.8.2 Productivity

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

employee reporting sick measured against total available working time during the reporting period.

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

4.9 Employee Health and Wellness

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

4.9.1 Psychosocial Support and Counselling Services

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

The Employee Health and Wellness Program offers confidential counseling support for employees dealing with personal or work-related challenges that could impact on their performance, health, or overall well-being. In addition to this, the program organizes events aimed at educating employees on how to maintain a healthy work-life balance and promoting a healthier lifestyle. During the quarter under review, twenty-two (22) cases were attended to as articulated below:

Table 25: Cases

Type of Cases Recorded	Quarter 1	Quarter 2	Quarter 3	Categories / Interventions
Psychosocial Support	30	33	8	Continuous psychosocial support

Functional Assessment	4	0	1	Reasonable accommodation request
Hospitalization	21	8	9	Implementation of the Bereavement and Hospitalization Policy
Bereavement			4	Implementation of the Bereavement and Hospitalization Policy
Managerial Referrals	2	10	0	Absenteeism and Poor Work Performance
Medical Boarding Application	0	1	0	Approved medical boarding (Employee passes away before termination)
Medically Discharged Employees	5	0	0	Employment terminated due to ill health
Total	**62**	**52**	**22**	**136**

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

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

4.9.2 Occupational health and safety measures

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

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

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

4.10 Employee Benefits

The employee benefits for the period under review amounted to a total of R 26,315,667.93 against a budget of R 24,555,750.00 apportioned as per the following table:

Table 26: Employee Benefits

	Allowances	Training	Staff welfare	Employee medicals	Totals
Actual Costs	R23,569,736.42	R2,413,562.93	R332,368.58	R0.00	26,315,667.93
Budget	R23,193,500.00	R1,293,000.00	R69,250.00	R0.00	24,555,750.00
Variance	**-R376,236.42**	**-R1,120,562.93**	**-R263,118.58**	**R0.00**	**(1,759,917.93)**

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

Table 27: Safety incidents

Incident	Quarter 1	Quarter 2	Quarter 2	Total
Milpark	1	1	1	**3**
Village Main	2	0	3	**5**
Roodepoort	1	2	4	**7**
Head Office & Gandhi Square	0	0	5	**5**
Man days lost	11	2	33	**46**

5. CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 28: Summary Statement of Financial Position

Description	31 Mar 2026 Actual R000	30-Jun-2025 Actuals R000	Movement R000	Movement %
Total Assets	**663,491**	**796,741**	**(133,250)**	**-17%**
Non-Current Assets	**575,187**	**590,681**	**(15,494)**	**-3%**
Property, Plant & Equipment	510,030	516,796	(6,766)	-1%
Loans to Shareholders	41,202	41,202	0	0%
Intangible Assets	23,956	32,684	(8,728)	-27%
Current Assets	**88,304**	**206,060**	**(117,756)**	**-57%**
Inventories	24,786	24,386	400	2%
Receivables	56,886	173,114	(116,228)	-67%
Prepayment	6,530	7,972	(1,443)	-18%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	103	589	(486)	-83%
Total Equity & Liabilities	**663,491**	**796,741**	**(133,250)**	**-17%**
Equity & Liabilities				
Capital & Reserves	**(521,118)**	**(455,231)**	**(65,887)**	**14%**
Share Capital	54,774	54,774	0	0%
Revaluation Surplus	166,883	166,883	(0)	0%
Accumulated Profit(Loss)	(742,775)	(676,888)	(65,887)	10%
Non-Current Liabilities	**5,690**	**10,471**	**(4,781)**	**-46%**
Interest Bearing Debt	0	0	0	#DIV/0!
Finance lease obligation capital	0	4,781	(4,781)	-100%
Retirement Benefit Obligation	5,690	5,690	0	0%
Current Liabilities	**1,178,918**	**1,241,501**	**(62,582)**	**-5%**
Payables	627,113	755,080	(127,967)	-17%
Loans From Shareholders	533,200	475,399	57,801	12%

Finance lease obligation capital	11,110	2,661	8,449	318%
Other Financial Liabilities	0	0	(0)	-100%
Provisions	3,074	4,089	(1,015)	-25%
VAT Payable	0	0	0	100%
Deferred Income	4,422	4,272	150	4%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets decreased by R 6, 8 million (1%) from R 516, 8 million (30 June 2025) to R 510, 0 million as of 31 March 2026 due to the net effect of depreciation charges and capital assets acquired during the period.

5.1.2 Intangible assets

Intangible assets decreased by R 8, 7 million (27%) from approximately R 32, 7 million (30 June 2025) to approximately R 26, 8 million as at 31 March 2026 . This was due to normal amortization of intangible assets and intangible assets acquired during the period.

5.1.3 Inventory

Inventory increased by approximately R 400 000 (2%) from R 24, 4 million (30 June 2025) to R 24, 8 million as at March 31, 2026, due to increased inventory purchased to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels to prevent overstocking and inventory becoming obsolete.

5.1.4 Trade payables

Trade payables decreased by by R 172,6 million (23%). As of 30 June 2025, Metrobus owed over R 755, 1 million and the amount decreased to R 582, 4 million as at March 31, 2025, this was caused by inadequate cash allocations to the entity by the city. The City is facing cash flow challenges, and this has led to them not allocating adequate funds to entities.

5.1.5 Loans from shareholders

The loan from shareholders increased by R 57, 8 million (12%). As at 30 June 2025, Metrobus owed R 221, 1 million to the city. This has increased to R 533, 2 million during the financial period ending March 31, 2026, mainly due to capital assets that were funded through the sweeping account.

5.1.6 Prepayments

Prepayments represent payments made in advance in respect of insurance and bus licenses; this is amortized monthly. Prepayments decreased by R 1, 4 million (18%) from R 8, 0 million (30 June 2025) to R 6, 5 million (March 31, 2026) due to amortisation of prepaid insurance and bus licenses.

5.1.7 Receivables

Receivables decreased by approximately R116, 2 (67%) from R 173, 1 million (30 June 2025) to R 56, 9 million as of March 31, 2026. This was due to payments made by the Gauteng Department of Transport on the Eldorado contract.

5.1.8 Accumulated Losses

The entity accumulated loss position worsened by R 65, 9 million from R 676, 9 million as at the end of 30 June 2025 to R 742, 8 million as at March 31, 2026. This was driven by the deficit recorded during the period.

5.2 Statement of Financial Performance and high-level notes

Table 29: Statement of Financial Performance

	A	B	C	D	E	F	G	H	I
Financial Performance	**Quarter 3 Actual**	**Quarter 3 Budget**	**Quarter 3 Prior Year**	**YTD Actual**	**Approved Budget**	**YTD Prior Year**	**Quarter 3: Budget Variance**	**YTD: Growth to prior year**	**YTD Budget Variance**
Revenue	**183,664**	**198,252**	**168,929**	**547,759**	**594,756**	**521,402**	**-46,997**	**14,735**	**-46,997**
Grants and subsidy	166,925	171,791	155,692	500,774	515,372	467,075	-4,866	11,233	-14,598
Fare revenue	16,889	25,383	18,961	45,705	76,148	59,288	-8,494	-2,072	-30,444
Sundry revenue	-150	1,079	-5,723	1,281	3,236	-4,961	-1,228	5,574	-1,955
Direct costs	**29,149**	**41,914**	**31,359**	**75,142**	**125,742**	**118,506**	**-12,765**	**-2,210**	**-50,600**
Diesel	13,362	26,592	21,456	43,681	79,775	63,388	13,230	-8,094	36,094
Rep & Maintenance	11,237	9,352	6,527	23,004	28,056	42,874	-1,885	4,710	5,052
Other	4,550	5,970	3,376	8,457	17,911	12,244	1,421	1,174	9,454
Margin	**154,515**	**156,338**	**137,571**	**472,617**	**469,014**	**402,896**	**-1,823**	**16,945**	**3,603**
Expenses	**182,194**	**143,322**	**162,661**	**500,298**	**429,967**	**459,285**	**38,872**	**19,533**	**70,331**
Staff	115,849	106,758	97,465	337,349	320,274	306,938	-9,091	18,384	-17,075
Depreciation	25,995	15,491	37,796	73,408	46,473	61,798	-10,504	-11,801	-26,935
Property expenses	2,563	2,453	2,216	7,897	7,360	6,521	-110	348	-538
Security	2,761	105	0	7,166	314	-4	-2,657	2,761	-6,852
Consultants	236	1,193	2,511	1,558	3,578	4,678	957	-2,275	2,020

Bus rental	11,612	0	1,112	23,079	0	4,447	-11,612	10,501	-23,079
Licenses buses	5,072	3,737	2,559	5,093	11,211	7,896	-1,335	2,514	6,118
Insurance	8,500	4,920	7,169	8,500	14,760	21,168	-3,580	1,331	6,260
Legal expenses	3,538	808	4,784	9,661	2,424	9,091	-2,730	-1,246	-7,237
Audit fees	396	1,452	62	4,884	4,355	4,708	1,056	334	-529
Computer costs	7,375	1,093	1,233	7,975	3,278	8,813	-6,282	6,142	-4,697
Marketing	815	787	-80	5,477	2,360	2,408	-28	895	-3,117
Telecommunications	-697	1,358	456	-189	4,073	2,878	2,054	-1,153	4,261
Other costs	-1,822	3,170	5,380	8,439	9,509	17,946	4,991	-7,202	1,069
Operating result	**-27,679**	**13,016**	**-25,090**	**-27,681**	**39,047**	**-56,389**	**-40,694**	**-2,589**	**-66,728**
Interest paid	8,346	13,016	10,689	38,206	39,047	36,317	4,670	-2,343	842
Total Expenditure	219,688	198,252	204,708	613,646	594,756	614,109	-21,436	14,980	-18,890
Surplus / Deficit	**-36,024**	**0**	**-35,779**	**-65,887**	**0**	**-92,707**	**-36,024**	**-245**	**-65,887**

5.2.1 Overview

The draft operating budget was rebased over the past four years, and this resulted in a net decrease of approximately R215 million, the effects of this reduction in budget has not been resolved in the new budget. During the 2025/26 Adjustment budget, the operating budget was increased by R19 million, which was insignificant when compared to requested budget increase of R184 million, requested by Metrobus. The operating expenditure budget was overspent by R18, 9 million by end of Quarter 3 due to inadequate budget. Metrobus recorded a deficit amounting to R65, 9 million for the nine months ending 31 March 2026.

5.2.2 Fare Revenue

A deficit amounting to R 8, 5 (YTD: R30, 4m) million was recorded on fare revenue for the quarter. The entity recorded R 16, 9 million against the revised target fare revenue of R 25, 4 million. The fare revenue is expected to improve in the following quarters due to full implementation of the new AFC system, new buses procured and leasing of new buses. In addition, management will make concerted efforts by running blitz and increased inspections to assist in improved operational controls and route optimisation and prioritisation.

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

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

5.2.3 Diesel

The diesel budget base was increased in the past financial year. There were savings amount to R13, 2 million (YTD: R36, 1m) in the quarter. More diesel will be spent once all the new diesel buses procured are delivered and the buses that are being leased, which has increased the bus fleet size.

5.2.4 Repairs and maintenance

The repairs and maintenance budget was exhausted as some of the repairs and maintenance budget was reallocated to fund the leasing of buses. This budget has not been increased

besides management requesting budget increases during the adjustment budget. The repairs and maintenance budget was overspent by R 1, 9million (YTD: 5.1m(Saving)) due to the ongoing repairs and maintenance of buses. Repairs and maintenance budget amount to R 15, 6 million was reallocated to the bus leasing.

5.2.5 Other direct expenses

Other direct expenses consist of detergents, oils, anti-freeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the quarter period were R1, 4 million (YTD: R9, 5m) below budget.

5.2.6 Staff costs

The staff costs budget was increased by R27 million; however, this amount was insufficient to cover the full year's staff cost budget shortfall. For the third quarter, staff costs were R9, 1 million (YTD: 18, 1m) above budget. The staff costs budget was negatively impacted by the budget rebase from previous financial years. Management will continue to negotiate for additional budget increases to ensure that staff costs are fully funded. Metrobus is also in the process of filling critical vacant positions.

5.2.7 Depreciation and amortization expense

Depreciation and amortization expense was overspent against budget due to depreciation of fixed assets and amortization of intangible assets, which were higher than what had been budgeted. A R10, 5 million (YTD: R26, 9m) overspending were recorded on depreciation and amortization.

5.2.8 Consultants

Consultant costs were within budget for the period, savings amounting to R0, 9 million (YTD: R2, 0m) in this quarter were realized.

5.2.9 Legal Fees

The legal fees were overspent by R2, 7 million (YTD: R 7, 2m), due to increased legal cases being delt with during the period.

5.2.10 Other Cost

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs were R 4, 9 million (YTD: R1, 1m) above budget for the third quarter due to reduced repairs and maintenance of buildings and equipment during the period.

5.3 Cash flow statement

Table 30: Summary Cash Flow

Cash flow Statement	Mar-26	Jun-25
	Actual	Actual
	((R'000))	((R'000))
Net Cash Flow from Operating Activities	**3,295**	**72,669**
Grants & subsidies	500,774	531,270
Other income	46,986	92,418
Cash received from grants and income	**547,759**	**623,688**
Employee costs	(337,349)	(217,377)
Suppliers	(168,664)	(287,406)
Finance costs	(38,451)	(46,236)
Cash paid to employees, suppliers and finance costs	**(544,464)**	**(551,019)**
Cash employed in investment activities	(57,914)	(20,884)
Expanding of Capital Base	(57,914)	(10,458)
Purchase of intangible assets	0	(10,426)
Cash from financing activities	**54,133**	**(51,953)**
Other financial liabilities	(0)	(55,656)
Movement of sweeping account	57,801	6,577
Finance lease payments	(3,667)	(2,875)
Cash Flow From Activities	(486)	(168)
Net Increase / (Decrease) in Cash & Bank Balances	(486)	(168)
Cash & Bank Balances Beginning of the Year	589	757
Cash & Bank Balances End of the Period	**103**	**589**

Analysis of cash flow

The entity has been experiencing serious cash flow challenges since the last two financial years and this has continued in the current financial year. The cash flow challenges have affected the payment of our suppliers and the normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is

supposed to avail funds to the entity based on the entity's cash forecast. During the nine-month operating period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected the payment of suppliers.

The company reported a positive cash balance of R103 000, which was influenced mainly by the net cash inflow of R 54, 1 million, from financing activities. Actual cash spent on capital expenditure for the period was approximately R 57, 9 million.

5.4 Ratio Analysis

Table 31: Ratio Analysis

Description	31-Mar-26	30-Jun-25	Target
Solvency Ratio	56%	58%	0.1
Current ratio	0.16:1	0.04:1	1.5:1
Acid test	0.14:1	0.01:1	1:01
Gearing Ratio* (only considering shareholder loan)	81%	74%	45%
Gearing	179%	172%	45%
Cost coverage ratio	7%	10%	50%
Cost coverage ratio – excluding subsidy	27.19	35.66	182.50
Cost coverage ratio – including subsidy	325.05	335.04	365.00
Employee related costs to total expenditure	55%	53%	40%
Repairs to total expenditure	5%	8%	8%
Repairs to PPE	2%	1%	8%
Interest cover	-0.72	-0.64	1.50
Training spent against skills levy	30%	238%	1%
Total expenditure against budget	103%	106%	100%
Total capex against budget	44%	149%	100%

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

5.4.1 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has worsened during the financial period. The net liability position worsened from R 455, 2 million (30 June 2025) to R 521, 1 million as at March 31, 2026. The entity's solvency ratio was calculated at 0.56: 1 (2024/25: 0.58: 1).

5.4.2 Liquidity

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 533, 2 million (2024/25: R 475, 4m). The overdraft was due to the accumulated losses over the years resulting from budget shortfalls, purchase of fixed assets with short-term loans and increased operating costs.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure budget was adjusted downwards from R 157 million to R132 million during the budget adjustment period. The entity managed to spend 44% of the total approved budget excluding commitments, and 66% including commitments.

Table 32: Summary Capital Projects

Project Name	2025/26 Original Budget (R 000's)	Adjustment	2025/26 Adjusted Budget (R 000's)	YTD spent Actual (R 000's)	Commitments (R 000's)	YTD spent including commitment (R 000's)	YTD spent excluding commitments on total budget %	% Spent including commitments on total budget %
Furniture and Office Equipment	500	1,000	1,500	1,097	-	1,097	73%	73%
Purchasing of New Buses	100,000	-30,000	70,000	52,164	17,308	69,472	75%	99%
Plant and Machinery	3,813	3,000	6,813	-	-	-	0%	0%
Engine and Gear box refurbishment	4,100	3,000	7,100	1,175	-	1,175	17%	17%
IT Equipment New Computers and Hardware Computer Hardware	2,000	10,000	12,000	2,833	139	2,972	24%	25%
Building - Building Alterations/Upgrade	5,626	9,050	14,676	-	-	-	0%	0%
Bus Refurbishment	2,050	-	2,050	594	-	594	29%	29%
Cashless Ticketing System Bus CCTV on board machine	17,878	-	17,878	51	11,619	11,670	0%	65%
Euro5 Engine conversion	2,870	-2,870	-	-	-	-	0%	0%
Fuel Management system	2,460	-2,460	-	-	-	-	0%	0%

Purchasing of New Electric buses and Infrastructure	3,945	-3,945	-	-	-	-	0%	0%
Purchasing of New tow Trucks	4,920	-4,920	-	-	-	-	0%	0%
Bus wash Machines	295	-295	-	-	-	-	0%	0%
Gas Infrastructure	2,788	-2,788	-	-	-	-	0%	0%
Lubricant infrastructure	984	-984	-	-	-	-	0%	0%
Bus Electric charging station	2,788	-2,788	-	-	-	-	0%	0%
Total	**157,017**	**-25,000**	**132,017**	**57,914**	**29,066**	**86,980**	**44%**	**66%**

5.6 Supply Chain Management (SCM) & Compliance Matters

5.6.1 Irregular, Fruitless, and wasteful expenditure

There is no Irregular expenditure recorded at quarter three. There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless, and wasteful expenditure that might not have been reported will be disclosed immediately as and when discovered

5.6.1.1 Irregular expenditure write-off

An amount of R 108 974 747 was written off by the council/Board.

Table 33: Reconciliation of irregular expenditure

Reconciliation of Irregular Expenditure	2025/26 (R) 000'	2024/25 (R) 000'
Opening Balance	**108 999**	**157 640**
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	
Overspending of Approved Budget	0	108 449
Written Off	(108 974)	(157 090)
Closing balance	**25**	**108 999**

5.6.2 Awards where there were no three quotes.

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

5.6.3 Deviations

There were ten (10) deviations approved for the third quarter of the 2025/2026 financial year.

Table 34: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Prime Africa Security RIOK Security	Provision for the implementation of private security protection for GM: IBO in response to the latest threats on the life of the GM: IBO and any other employee who may, following security assessment be deemed to be at risk from July 2025 to June 2026	In an emergency Regulation 36(1)(a)(i) In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R500 000 per month and a once off assessment fee
SABOA (South African bus operator association)	Payment for annual SABOA membership fee for employees from IBO department	If such goods or services are produced or available from a single provider. Regulation 36(1)(a)(ii)	R286 200.00
Made In Mzanzi Events	Communications, Marketing and events management	Where it is impractical or impossible to follow the procurement process 36 (1)(a)(v)	R3 454 600,00
VUKA Group	Provision for the Metrobus management to attend the Smarter Mobility Africa (SMA) summit scheduled to take place from the 30th September 2025 to the 3rd October 2025	If such goods or services are produced or available from a single provider. Regulation 36(1)(a)(ii) In any other exceptional case where it is impractical or impossible to follow the official procurement process	R132 125.00

		Regulation 36(1)(a)(v)	
Audit Round Table	Provision for Managers, Specialist and officers to attend the 13th Annual National Public Sector Clean Audit Turnaround Indaba in Durban	If such goods or services are produced or available from a single provider. Regulation 36(1)(a)(ii) In any other exceptional case where it is impractical or impossible to follow the official procurement process Regulation 36(1)(a)(v)	R120 162.95
Bidvest Service and Linoha PTY Ltd	Provision for the appointment of Bidvest Services and Linoh Pty Ltd to provide and maintain 12 mobile toilets and supply drinking water for Milpark depot and Head office for a period of five days during an unplanned maintenance by Joburg Water	In an emergency Regulation 36(1)(a)(i) In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R41 552.00
Tokiso Dispute Settlement Pty LTD	Provision for the service provider to facilitate the follow-up out planned relationship building for the organisation for the 18th and 19th December 2024,	In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R115 839,50
Oil Watch Tribology Services	Request for the provision of fluid analysis (Diesel, Oil. Antifreeze, AdBlue) and supply of sample materials	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	R 750 000,00
Try Easy Electrical	Request to re-appoint the service provider to conduct	Where it is impractical or impossible to follow the	R 20 101,00

Solutions (PTY)Ltd	competency for two officials mandated by SALGBC settlement agreement	procurement process Regulation 36 (1) (a) (v)	
SSS Fire Services	Request to appoint the service provider to service the ITC fire suppressor system	Regulation 36 (1) (a)(i) In an Emergency only.	**R 404 478,00**
Total			**R 14 270 016,52**

5.6.4 Expenditure on BBBEE and SMME's

During the quarter under review, the organization procured an amount of R342 178 337.93. The total BBBEE expenditure was R282 753 015,06 which was 82% of the total expenditure. A total number of 122 SMMEs has also been supported up to thus far with a total expenditure of R169 551 577,79 for the period under review.

Table 35: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	342 178
Actual BBBEE Spent	(R' 000)	282 753
% Actual BBBEE Spent	%	83%

Table 36: SMMEs supported.

	Number of suppliers supported	Amount R'000
Total Procurement	144	342 178
BBBE Procurement	136	282 753
SMME Supported	122	169 779

5.6.5 Performance against procurement plan

Table 37: Procurement Plan

Departments	Tenders per Department	Not Funded	Appointment	Specification	Evaluation	Adjudication	Awarded
Finance	4	1	0	2	0	0	2
IBO: TSD	33	19	2	7	2	1	2
Corporate Services	16	2	13	1	1	0	0
IBO: Operations	5	5	0	0	0	0	0
ICT	9	0	7	0	2	0	0
Office of the MD	2	0	0	1	0	0	1
Total	**67**	**27**	**22**	**9**	**4**	**2**	**5**

5.6.6 Contract Management

Table 38: Contract Management

Departments	No. of active contracts per Department	Contracts expiring in 3-6< months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	4	0	0	4
IBO	17	7	1	9
Corporate Services	7	2	2	3
ICT	8	3	0	5
Office of the MD	1	0	0	1
Total	**37**	**12**	**3**	**22**

5.7 Payments

5.7.1 Payments within 30 days

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

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

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

Description		Quarter 1	Quarter 2	Quarter 3	Total
Total payments made	A	1,658	1,431	790	3,879
Invoices paid within 30 days	B	1,026	1,048	418	2,492

Invoices not paid within 30 days due to invoice issues	C	632	383	372	1,387
Invoices paid outside 30 days with no valid reason	D	0	0	0	0
Compliance percentage	B/A	62%	73%	53%	64%

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

Table 40: Amounts Owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Mar-26	JDA	Thabiso Ngoepe	0	Settled
Mar-26	Community Development		135	Bus hire
Mar-26	Joburg Theatre		15	Bus hire
Mar-26	Transport Department		50 279	Rea Vaya refurbishments
Mar-26	GCFO		55 642	Subsidy
	Total		**106 071**	

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

Table 41: Amounts Owed to Metrobus by CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Mar-26	Treasury	Lilian Siala	673 394	Sweeping account
Mar-26	Treasury	Sandile Manondo	0	Capital Creditors - CoJ 2016
Mar-26	(GRASS)	Amelia Schoeman	3 149	Insurance (COID)

Mar-26	EMS	Monica Monei	0	Fire extinguishing
Mar-26	Revenue CRM	Nyanisi Joseph Nhlapo	28 327	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.
Mar-26	Revenue CRM	Nyanisi Joseph Nhlapo	7 335	CoJ CRM Agency.
Mar-26	Payroll	Patricia Moseki	491 865	Salaries reimbursement payable to GCSS.
Mar-26	THEATRE	Babalwa Mbodla	92	Hospitality
Mar-26	JPC	Luyanda Nelisa Tyeku	645	Renovations of building occupations
Mar-26	GCSS	Graeme Ruiters	30 914	Security salaries payable to GCSS.
Mar-26	MTC	Khuliso Makhesa	9 673	ICT Equipment and services
Mar-26	City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	13	Conference venue
	Total		**1 245 407**	

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

6.1 Introduction

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

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

6.2 Staff Establishment

Table 42: Staff establishment

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

6.3 Progress against the 2025/26 Internal Audit Plan

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

Table 43: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance	Metrobus IAF	●	●	●

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

6.4 Progress against Approved Ad-Hoc- Projects

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

Table 44: Progress against Approved Ad-Hoc Projects

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Corporate Governance Review	Nexia SAB&T		Report on the presentation stage	

6.5 Limitation of Scope and Exclusions

There were limitations of scope identified.

6.6 Opinion on Control

6.6.1 Rating Summary – Controls Opinion

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

Table 45: Opinion rating summary

Opinion Rating	Definition	Audit opinion
☺	Controls appear to be adequate	Satisfactory
😐	Controls require improvement	Partially Satisfactory
☹	Controls appear to be inadequate	Unsatisfactory

6.6.2 Rating Summary – Detailed Audit Findings

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

Table 46: Summary classification of audit findings

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

6.7 Follow up of IAF and AGSA Findings

6.7.1 Progress on Internal Audit Findings Follow-Ups

Internal Audit Findings Dashboard on 31 March 2026

Table 47: Internal Audit Findings

Total Findings	Addressed	Not Addressed	Risk Accepted
30	14	14	2
% Resolution	**53%**		

6.8 External Audit Findings

6.8.1 Progress on Resolution of External Audit Findings

Table 48: External Audit Findings

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance
	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks

Details	Total Findings			
Findings	28	10	6	12

Total Findings	Addressed	Not Addressed
28	15	13
% Resolution Rate	**54%**	

6.9 Overall Quarter Opinion on Controls

Table 59: Quarter opinion on controls

Overall Rating of Internal Controls	Description
Partially adequate and effective	😐

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

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

6.10 Risk Management

6.10.1 Risk Methodology

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

Table 50: Risk Ratings

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

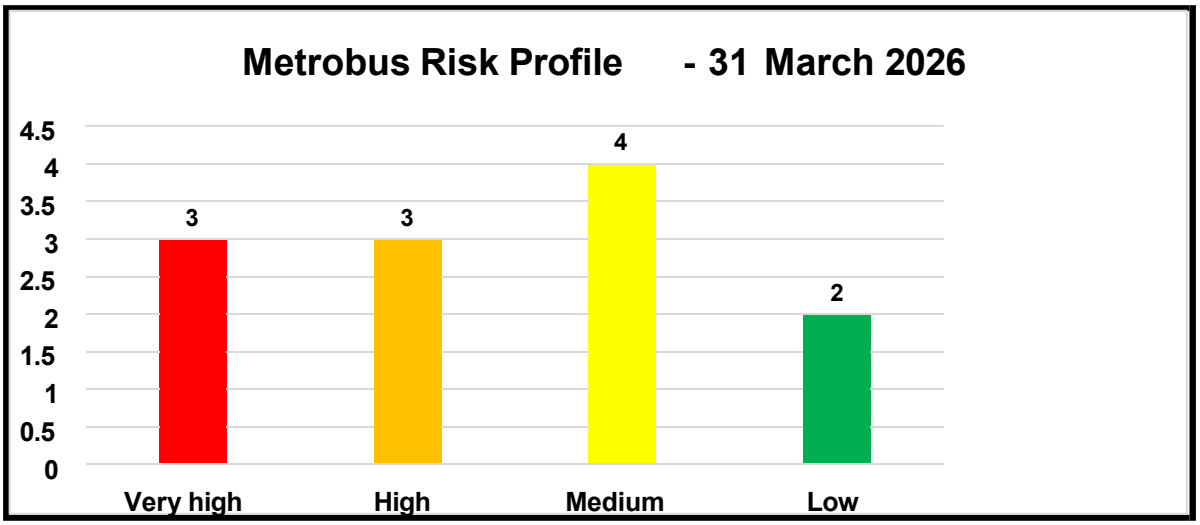
6.10.2 Strategic Risks

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

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

The Internal Audit Function (IAF) reports monthly to the Executive Management Team (EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2023 Business Plan, and inputs from Management. As of 31 March 2026, a total of 12 strategic risks were identified, of which 9 were classified as residually very high, 5 classified as residually high,16 classified as residually medium, and 3 as residually low, as set out below.

Figure 7: Risk Profile



The following table provides details of the strategic risks according to the predetermined strategic objectives as at 31 July 2025. There are 33 interventions planned for the 2025/26 financial year, whereby 30 were due at the end of quarter 3. Subsequently, 21 out 20 of the interventions have been achieved, which represent 64% of the overall achievement and 70% achievement as at the end of the quarter.

Table 51: Strategic Risks

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	4	4	0	2
IBO	12	11	0	6
EMT	10	8	0	7
Finance	5	5	0	4
ICT	2	2	0	2
	33	**30**	**0**	**21**
% Overall Achievement: 64%				
Achievement - Planned to Date: 70%				

6.10.3 Emerging Risks

Table 52: Emerging Risks

Risk Description	Risk Rating	Controls	Progress
Inability to render transport services due to foreseen and unforeseen events		Development and implementation of a business continuity plan, which outlines procedures to follow when services are disrupted	A decision was taken by EMT to utilise the services of the Financial Services panel towards the development of the Business Continuity Plan. Implementation date by the 30 June 2026.
Lack of financial sustainability / Inability to continue as a going concern		Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue-generating streams) to be reported quarterly at EMT	Implementation of the turnaround plan is ongoing throughout the financial year, and the detailed results of the outcomes are captured in the plan.

6.10.4 Progress on Embedded Risks

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

ANNEXURE A: IDP & SDBIP SCORECARD

Priority: Sustainable Service Delivery									
KPI NO.	**KEY PERFORMANCE INDICATOR**	**BASELINE 2024/25**	**2025/26 ANNUAL TARGET**	**2025/26 QUARTERLY TARGETS**		**2025/26 TOTAL BUDGET '000**		**Comments on progress (incl. justification for non-achievement)**	**Proposed tangible plan of actions (Mitigations)**
				Q3 Target	**Q3 Actual**	**Capex**	**Opex**		
	% increase in ridership from Metrobus routes	New	33% increase in ridership from Metrobus routes	24,75%	- 36%		46 220	Target not met due to high number of out of commission of buses leading to cancellation of trips	• Procurement of buses • Leasing, decrease of Out of Commission of buses • Aligning targets with resources • Marketing of Metrobus services • Route rationalization

ANNEXURE B: METROBUS SCORECARD

Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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	68% planned trips completed	80% planned trips completed	80%	64%	63%	64%	64%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% increase in ridership from Metrobus routes	New	33% increase in ridership from Metrobus routes	24,75%	-27%	-35%	-36%	-36%	Target not met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.42 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.27	0.29	Not assessed	0,28	N/A

		the potential of citizens									
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	100% of service disruptions communicated	100%	100%	Not assessed. No service disruption occurred during the quarter.	Not assessed. No service disruption occurred during the quarter.	100%	N/A
5	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	27% of complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	100%	24%	0	Not assessed	24%	N/A
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	% Customer satisfaction	82% Customer satisfaction	85% Customer satisfaction	Not Assessed (due in Q4)	N/A	N/A	N/A	N/A	N/A

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

Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to date	Target met or not
8	Sm art City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units' measurement at 14%	Maintain hartridge units' measurement at 30%	30%	14%	12%	12%	13%	Target met

Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to date	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	168 SMME's supported	160 SMME's supported	120	74	108	122	122	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	96% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	78%	80%	83%	80%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses	Total number of EPWP jobs created	125 EPWP Jobs created	100 EPWP jobs created	75	59	150	150	150	Target met

		the potential of citizens									

Program 4: Financial Management, Viability and Sustainability

	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to date	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	108% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	75% of total opex budget	26%	51%	77%	77%	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	149% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	75% of total capex budget	21%	24%	44%	44%	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on repairs and maintenance to property, plant and equipment	12% spent on repairs and maintenance to property, plant and equipment	8% spent on repairs and maintenance to property, plant and equipment	6.4%	1%	3%	5%	5%	Target not met

	the delivery of basic services										
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	20%	71.21%	99.9%	99.9%	99.9%	Target met
16	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of valid invoices paid within 30 days	89,81% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	100%	62%	73%	53%	63%	Target not met

Program 5: Operational Excellence

	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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	44% resolution of Internal Audit Findings	95% resolution of Internal Audit Findings	70%	15%	23%	53%	53%	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	89% resolution of AGSA findings	95% resolution of AGSA findings	50%	89%	89%	54%	54%	Target met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	48% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90%	38%	41%	40%	40%	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	78% implementation of the strategic risk management action plan findings resolved	85% implementation of the strategic risk management action plan findings resolved	85%	58%	67%	70%	64%	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	52% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	65%	47%	53%	55%	Target not met

Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2024/25	2025/26 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to date	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	100% Intelligent Transport System Projects	100% of Intelligent Transport Systems Projects	75%	60%	71%	91%	91%	Target met

ANNEXURE B1: UNACHIEVED KPI's

KPI No	Unachieved Key Performance Indicator	Proposed Corrective Actions	Responsible Team	Deadline
1	% planned trips completed	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Integrated Business Operations	30 June 2026
2	% increase in ridership from Metrobus routes	• Procurement of buses • Leasing, decrease of Out of Commission of buses • Aligning targets with resources • Marketing of Metrobus services • Route rationalization	Integrated Business Operations	30 June 2026
13	% spent on capital budget against approved capital budget	• Pre-performance year completion of procurement processes • Robust Vendor management through SLAs	Finance	30 June 2026
14	% spent on repairs and maintenance to property, plant, and equipment	• Accelerate planned maintenance inspection • Strengthen monitoring (weekly tracking of repairs and maintenance to property, plant, and equipment	Finance	30 June 2026

16	% of valid invoices paid within 30 days	• Validity of Invoices • Vendor Compliance documents • Cash-Flow	Finance	30 June 2026
17	% resolution of internal audit findings	• Approved Implementation plan • Performance Contracting	Internal Audit	Ongoing
19	% fleet availability to operate scheduled trips met	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Integrated Business Operations	30 June 2026
20	% implementation of the strategic risk management action plan findings resolved	• Robust performance and consequence management	Internal Audit	Ongoing

ANNEXURE C: SERVICE STANDARDS

Service Standards

Core Service	2025/26 Target	Quarter 2 Target	Quarter 1 Actual	Quarter 2 Actual	Quarter 2 Actual
% of scheduled public bus trip arriving on time	90% scheduled public bus trip arriving on time	95%	Not assessed. Due insufficient supporting documentation	Not assessed. Due insufficient supporting documentation	Not assessed. Due insufficient supporting documentation
Bus timetable	90-95% adherence to daily bus schedule (<5 min headway)	90-95%	64%	63%	64%
Road Safety	Zero fatalities	Zero	Zero	Zero	Zero
On-board safety	Zero safety and security incidents on buses	Zero	Zero	Zero	Zero
Adherence to regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations
Response time for walk in enquiries	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour	All walk-in queries acknowledged within 1 hour

ANNEXURE D: STRATEGIC RISK

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	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	% Planned trips completed Average number of Metrobus passenger trips per working day	Inability to meet scheduled services	Very High	**IBO**	1.1 Implementation of bus maintenance plans per quarter 1.2 Implementation of fleet renewal strategy (procurement, refurbishment, and leasing of buses) 1.3 Implementation of the route rationalization following the outcomes of the route optimization study. 1.4 Launching of the Automated Fare Collection (AFC) system.	4	1.1 31 March 2026 (Quarterly); 1.2 30 June 2026; 1.3 31 March 2026; 1.4 1 July 2025;	1.1 The maintenance plan has been partially implemented during quarter 3 FY2025/26 on operational buses, due to a shortage of spares. 1.2 Not due – currently, new buses have been procured, and leasing & refurbishment of buses is ongoing 1.3 Not implemented – expected to be implemented by the end of Quarter 3 FY2025/6. 1.4 The Automated Fare Collection (AFC) system was launched on 1st of July 2025 and is currently implemented.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	Blameworthy accidents rate per 100 000 bus kilometers operated	Inability to maintain fatality free operations	Medium	**IBO**	1.5 Refer 1.1 (Maintenance of buses) 1.6 Implement a system to monitor the validity of bus operators licenses 1.7 Each Bus Operator to attend at least one driver refresher training in the 25/26 financial year 1.8 Implement occupational health surveillance program and random test of bus operators 1.9 Implementation of Eye on Bus	4	1.5 31 March 2026 (Quarterly) 1.6 31 March 2026 (Quarterly) 1.7 31 March 2026 (Quarterly) 1.8 31 March 2026 1.9 31 March 2026	1.5 Refer to 1.1 above 1.6 A register is maintained to monitor the validity of bus operators' licences. 1.7 The drivers are being retrained whenever they come back from long leave and sick leave but not fully implemented for each driver. 1.8 Not implemented 1.9 Not fully implemented – End Users still to be trained on the system
	% Service disruptions communicated % Complaints resolved within the timelines specified in the Customer	Loss of trust and goodwill of commuters	Medium	**Strategy**	1.10 Refer to 1.1 (Maintenance of buses) 1.11 Procurement and implementation of a customer relationship management (CSD) 1.12 Adherence to requirements of the Commuter Service Charter in relation to complaint Management 1.13 Ensuring that commuter forums are fully functional and meetings are held per schedule	3	1.10 31 March 2026, 1.11 31 December 2025, 1.12 31 March 2026 (Monthly) 1.13 31 December 2025	1.10 Refer to 1.1 above 1.11 CSD has been implemented. 1.12 Resolution turnaround times as per the Commuter Service Charter are not adhered to due to the availability of buses. 1.13 Commuters are engaged continuously, and forum meetings are held monthly.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	Services Charter							
	% Service disruptions communicated	Inability to render transport services due to foreseen and unforeseen events	High	**Strategy**	1.14 Development and implementation of a business continuity plan, which outlines procedures to follow when services are disrupted	1	1.14 30 June 2026	1.14 A decision was taken by EMT to utilize the services of the Financial Services panel towards the development of the Business Continuity Plan. A duration of 6 months post the appointment of the Service Provider may be required to finalise the BCP for the entire organization. Implementation date – 30 June 2026.
	% Customer satisfaction	Inability to transport passengers	Very High	**IBO**	Refer to Risk 1	2	Refer to Risk 1	1.15 The Automated Fare Collection (AFC) system was launched 1st of July 2025 and is currently implemented.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	% Achievement of Service Standards		High		1.15 Implementation of an Automated Fare Collection System and Eye on the Bus. 1.16 Implementation of a register/system to record walk-in enquiries at Ghandi Square, with supporting evidence of acknowledgement within 1 hour		1.15 30 September 2025 1.16 30 September 2025	Eye on the bus is not fully implemented. 1.16 A register is kept at Ghandi Square to record walk –in enquiries within 1 hour.
Programme 2: Innovation and Green Economy								
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	% Carbon Emissions	Inability to meet carbon emission targets	Low	**IBO**	2.1 Develop a Standard Operating Procedure for Carbon Emission Testing (Qualification, Training, Calibration, etc.) 2.2. Replace Injection Systems after 60,000 Kms (Where Applicable- Category C and D Buses)	2	2.1 30 September 2025 2.2 Quarterly, 100% to be Reported by 30 June 2026	2.1 Standard Operating Procedure is in draft stage, and testings' are being conducted quarterly, and reports are generated for record keeping. 2.2 The service provider has been appointed for the injection and pump systems.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total expenditure spent on BBBEE	Inability to meet the % of total expenditure on BBBEE	Low	**CFO**	3.1 Standardise all tenders to include points allocation for BBBEE on specific goals	1	3.1 30 September 2025	3.1 All tenders are standardised to include points allocation for BBBEE on specific goals.
Programme 4: Financial Management, Viability and Sustainability								
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent against the approved Operating Expenditure budget	Overspending on budget	Very High	**CFO**	4.1 Improve revenue collection by procuring buses and implementing effective cost control measures	2	4.1 Quarterly: 31 December 2025 & Ongoing	4.1 Procurement of buses is in progress to improve revenue collection and ensure cost-effective measures are adhered to.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	% Spent against approved Capital Expenditure budget		Medium		4.2 Capacitating the SCM department to be able to handle various requirements within the procurement processes		4.2 Quarterly: 31 March 2026 & Ongoing	4.2 Not yet fully implemented.
		Lack of financial sustainability / Inability to continue as a going-concern	High	**EMT**	4.3 Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue-generating streams) to be reported quarterly at EMT 4.4 Re-modelling the financial model and restructuring of the organisation	2	4.3 - 4.4 30 June 2026	4.3 - 4.4 Not due.
	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inadequate financial governance	Very High	**EMT**	4.5 Continuous engagements with the Shareholder (COJ) to make the budget available to sustain operations. 4.6 Implementation of the turnaround plan	2	4.5 As and when required, 100% to be reported on 30 June 2026 4.6 Quarterly: 31 March 2026	4.5 Not due 4.6 Implementation of the turnaround plan is ongoing throughout the financial year, and the detailed results of the outcomes are captured in the plan.

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	% of valid invoices paid within 30 days		Very High	**CFO**	4.7 Continuous engagement with the Shareholder (COJ) to make sufficient allocations for supplier payments 4.8 Develop a Standard Operating Procedure (SOP) for supplier payments	2	4.7 Quarterly: 31 March 2026 4.8 Quarterly: 30 September 2025	4.7 Engagements are conducted continuously and will be ongoing. 4.8 A supplier payment – Standard Operating Procedure (SOP) has been developed and is in place.
Programmed 5: Operational Excellence								
Improve and Strengthen Financial Position	% Resolution of Internal Audit findings	Inadequate and ineffective system of	Medium	**EMT**	5.1 Identify management action plans that have passed due date for implementation 5.2 Assess the status of resolution on each finding.	6	5.1 – 5.4 & 5.6 Quarterly: 31 March 2026 5.5 30 March 2026	5.1 – 5.4 & 5.6 Internal OPCA & Risk Management committee, as appointed by the MD, is responsible for tracking and monitoring the implementation

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
	% AGSA findings Resolved	internal controls			5.3 Report on the status of each assessed finding as either addressed or not addressed. 5.4 Revision of action plans to adequately address identified control deficiencies. 5.5 Conduct a control self-assessment to be able to be identify deficiencies in the control environment 5.6 Internal OPCA meetings key to ensure implementation of action plans			of action plans aiming towards the resolution of findings. The progress of all the findings is reported to EMT monthly.
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Fleet Available to Operate Scheduled Trips Met	Inability to meet scheduled services and collect revenue	Very High	**IBO**	Refer to Risk 1	None	Refer to Risk 1	Refer to 1.1 above
Programmed 6: Technology and Business Enablement								

Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Number of Interventions	Time Scale	Progress to Date
Smart City	% Intelligent Transport System (ITS) Projects	Lack of digital capacity to support Metrobus operations	Medium	**CIO**	6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2025/26 Financial Year by ensuring full implementation of the ITS systems 6.2 To improve and digitalize infrastructure to meet the latest standard of modern ICT	2	6.1 31 March 2026 Ongoing) 6.2 31 March 2026 & Ongoing	6.1 Execution & implementation of ICT project deliverables is ongoing throughout the financial year; 6.2 Improvement and digitalization of infrastructure is currently underway and ongoing

ANNEXURE E: CIRCULAR 88

No	National Treasury Proposed Indicators	Ref No	2024/25 Baseline	2025/26 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Target met or not.
1	Percentage of municipal bus services 'on time'	TR4.21	94%	90%	90%	The Automated Fare Collection (AFC) system was launched on 1st of July 2025 and is currently implemented. However, due to unforeseen technical challenges, the indicator could not be sufficiently measured.	The Automated Fare Collection (AFC) system was launched on 1st of July 2025 and is currently implemented. However, due to unforeseen technical challenges, the indicator could not be sufficiently measured.	The Automated Fare Collection (AFC) system was launched on 1st of July 2025 and is currently implemented. However, due to unforeseen technical challenges, the indicator could not be sufficiently measured.	N/A
2	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	Target met
3	Percentage of scheduled municipal bus trips that are	TR5.31	100%	30%	30%	40%	40%	40%	Target met

	universally accessible								
4	R-value of all direct municipal vehicle operational cost for the public	C64	R16 382 291.69	0	0	R8 401 731.27	R1 616 291.95	R1 631 250.08	Target not met
5	Total number of scheduled public access points	C65	1551	1551	1551	1551	1551	1551	Target met
6	Number of weekdays scheduled municipal bus passenger trips	C66	5 524 921	7 530 000	5 647 500	1 068 856	1 857 744	2 724 792	Target not met

ANNEXURE F: COMPLIANCE CHECKLIST

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 0f 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	Submitted
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

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual Returns to be submitted in terms of Sec 33	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year-end) is submitted to CIPC within 30 days of anniversary date of registration.	Annually by end of the month following the anniversary date of incorporation	May	Annual returns for the financial year ended 30 June 2025 were duly returned.
Board Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meetings are duly constituted; minutes are taken and filed.	Quarterly	Quarterly	Completed - Board meetings take place quarterly, and minuted. Terms of references are up to date.

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual General Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all members are represented; minutes are taken and filed.	Annually	Within 6 months of year end	AGM took place on 29 October 2025
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 29 October 2025and 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.

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

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	GM: Corporate Services	Ensure that the Works Skills Plan is submitted and implemented	Annually	April	WSP in place - Contracts are in place. - Training was conducted. - Training committee meets on a regular basis
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26th 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
Compensation for Occupational	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings	Annually	Ongoing	Completed

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Injuries and Diseases Act No. 130 of 1993 ("COID")		(W.As.8) and Act is adhered to - lodgement of employee claims			
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 2026 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

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Income Tax Act No. 58 of 1962 PAYE	GM: Corporate Services	Ensure that monthly payments are made.	Annually	Monthly	Completed
Prevention and Combating of Corrupt Activities Act No 12 of 2004 (Anti-corruption Act)	CAE	Ensure corruption is managed effectively	Annually	Annually	Completed. An anonymous tip-offline which is managed by an independent party is in place. No tip-offs were received during this quarter.
Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	CAE	Management of whistleblowing hotline – reports received and addressed in line with policy	Annually	Monthly	Completed. No disclosures were made during this quarter.
Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA compliant	Annually	Annually	Completed
General laws					

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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	Annually	Annually	Completed and ongoing

	Person /Department Responsible	Activity	Frequency	Due Date	Status
		manner, and for the required time frame, as per legislation			
National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	GM: Operations	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Annually	Annually	Completed
Environment					
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

	Person /Department Responsible	Activity	Frequency	Due Date	Status
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 20th January each year submit a report on the assessment of the entity to Board and City	Annually	20 January 2026	Submitted
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS

	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 106	MD	All delegations reduced to writing	Annually	Annually	Completed
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	5 December 2025	Submitted
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	5 December 2025	Submitted
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional

	Person /Department Responsible	Activity	Frequency	Due Date	Status
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					
Broad Based Black Economic Empowerment Act No 53 of 2003	Chief Financial Officer	Compliance with framework for the accreditation and verification by all verification agencies	Annually	Annually	In Place

ANNEXURE G: REMEDIAL PLAN FOR NON-PERFORMANCE

NO	Specific Issues Identified	Proposed Corrective Actions	Responsible Team	Deadline
1	Surplus/ Deficit	• The procurement of new buses in the current will also ensure that we increase our passenger numbers and revenue collection levels. • The entity is also currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally.	Metrobus EMT and the Transport Department	30 June 2026
2	Liquidity, and Solvency	• The entity's insolvent position is based on the procurement of long-term assets using short-term facilities (overdraft). Due to this financing mismatch, the entity will continue to struggle to overcome its financial position given that the company is mandated to break-even and not be profit-making (since the City provides a subsidy for its operations). • There was an exercise undertaken by Group Finance (Treasury Department) in 2021/22 to convert liabilities into equity for; Metrobus, City Power, Pikitup and MTC. However, the City abandoned the process due to the taxation costs which would arise as a result. We are still awaiting confirmation from the Treasury Department on whether other financing options will be considered. • The entity is currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally.	Metrobus EMT and the Transport Department	30 June 2026
3	Service delivery standards	• Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses	Integrated Business Operations	30 June 2026

4	Non-compliance	• Operational improvements through route adjustments and fleet maintenance • Customer service improvements	Metrobus EMT	30 June 2026
5	Valid invoices paid within 30 days	• The City is currently experiencing cash-flow issues which is hindering the entity's ability to pay suppliers on time. • Regular communication to the Treasury Department requesting for sufficient cash allocations to pay service providers will be undertaken.	Finance	30 June 2026

ANNEXURE H: SPECIFIC ISSUES IDENTIFIED

NO	SPECIFIC ISSUES IDENTIFIED	PROPOSED CORRECTIVE ACTIONS	RESPONSIBLE TEAM	DEADLINE	PROGRESS
1	Aging and unreliable bus fleet	Bus leasing (one hundred high-capacity buses). Refurbishment of 30 buses. Procurement of buses.	Executive Management Team	By 30 June 2026 By 30 June 2026 By 30 June 2026	Ongoing
2	Limited financial resources (budget)	Negotiate conditional grants for assets instead of loans.	Executive Management Team	By 30 June 2026	Submission made by the entity. Currently under consideration by Group Finance
3	Inefficient routes	Reduce quantity of inefficient routes by 10% through improved planning and stakeholder engagement.	Executive Management Team	By 30 June 2026	Ongoing
4	Aging and unreliable fare collection system	Implementation of Automated Fare Collection system	Executive Management Team	On-going implementation	Ongoing
5	High debt burden (historical)	Finalise the debt restructuring process.	Executive Management Team	By 30 June 2026	Ongoing
6	High cost of operations (fuel costs)	Increase diesel to gas substitution rate. Installation of CNG infrastructure. Reduction of dead Kilometres	Executive Management Team	By 30 June 2026	Not yet due
7	Uncertainty on future funding investment	Increase market share.	Executive Management Team	By 30 June 2026	Not yet due
8	Labour instability (contributing factor to	Three company- wide roadshows conducted per financial year.	Executive Management Team	On-going implementation	Engagement forum is functional

	public commuter confidence)	Monthly Labour Management Forum (LMF)		On-going implementation	