

Metrobus

Performance Report: Fourth Quarter Financial Year 2023/24

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



a world class African city



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Closed on Sunday and Public Holidays

COMPANY INFORMATION

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Registered address: : Transportation House;
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Website: : www.mbus.co.za

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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



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Metropolitan Bus Services (SOC) Ltd
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APPROVAL:

Patrick Matanhire

Name & Surname

Acting Chief Financial Officer



Signature

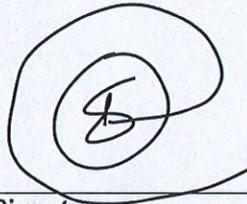
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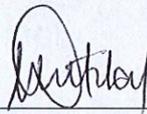
25 July 2024

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Board Chairperson



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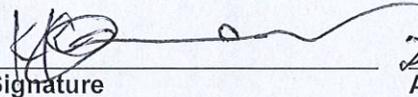
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GLOSSARY OF TERMS / LIST OF ACRONYMS

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

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

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

I am honored, on behalf of the Board, to present the 2023/24 Metrobus' quarter four performance assessment report. It is noteworthy that significant performance disablers that were noted by the board in its initial diagnostic appraisal of challenges continue to plague the entity. Key among these challenges is declining financial resources, emanating in large measure from the current funding model.

However, a constellation of opportunities remains within the reach of the entity. Key among these opportunities is the enhancement of revenue generation through a concerted effort at revenue collection and protection, as well as the activation of alternative revenue streams. In addition, successive commuter surveys indicate that brand loyalty remains a significant asset for the entity. The entity has further engaged with City of Johannesburg Municipality in an effort to ensure the review of the current funding model towards a model that is more aligned to the imperative of improving the financial sustainability of Metrobus.

In response to declining performance levels in the latter part of the current financial year, the board has approved an operation turnaround plan which is intended to improve the performance of the entity. Key among the enablers for the turnaround plan are procurement of buses and the introduction of cashless mobility.

The entity recorded a decline in quarter-on-quarter performance levels during the current financial year.

Quarter 3 2023/24	Quarter 4 2023/24
65%	60%

However, the entity recorded an increase in performance levels compared to the same period in the previous performance period.

Quarter 4 2022/23	Quarter 4 2023/24
52%	60%

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The Board remains concerned regarding the key governance performance indicators that are consistently not achieved, notably the resolution of Auditor General Findings; Internal Audit findings; and the management of risk remains. The Board is resolute on guiding the entity on the path of proper governance. Through the Board's Audit and Risk Committee, the entity audit plan remains under scrutiny.

From an operations point of view, several operational Key Performance Indicators were not met. These include the availability of an adequate fleet to maintain operations, the completion of planned trips as well as the meeting of service standards.

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 and commuter engagement. These developments continue to increase the traction towards the entity's leveraging of technology as an important enabler of business excellence going forward. In this regard, the board keenly supports the continuation of this digital journey and views the implementation of the Automated Fare Collection (AFC) System as the next significant milestone in this regard.

The entity fulfills its mandate primarily through the provision of reliable transportation. This is measured through the rate of completion of planned trips. In this regard, the entity recorded 77% performance level against a target of 90% completed trips at the end of quarter 4. During the period under review, the entity operated a total of 1,9 million kilometers of fatality-free mobility.

The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity is consistently meeting 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 60% against a target of 85% for its pre-determined objectives in quarter 4.

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The overall financial position of the entity is characterized by technical insolvency and remains a concern. The net liability position worsened from R250, 1 million (30 June 2023) to 388, 3 million as of 30 June 2024.

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.

Mr. Lemarco Mitchell
Board Chairperson

1.2 Managing Director's Foreword

At the end of the fourth quarter and the 2023/24 financial year, Metrobus remains persistent in our commitment to financial sustainability and operational excellence. Our focus on continuous analysis of cost drivers aims to identify and eliminate operational and systemic inhibitors to performance excellence. Digitisation, encompassing the automation and standardisation of processes, remains a key enabler in this effort.

We are making significant strides in our digitisation efforts, which are advancing with urgency. Planned technological enhancements include advanced vehicle tracking, real-time monitoring of the fleet's technical condition, bus tracking, driver behaviour monitoring, comprehensive CCTV with facial recognition, a commuter app, and improved scheduling and dispatching systems. These features are integral components of our "eye on the bus" system, which is currently in progress.

The anticipated implementation of these technologies is expected to play a crucial role in reversing revenue losses. Additionally, the benefits of these advancements will be further enhanced by deploying more buses, enabling us to explore opportunities in private hire and other contracted services. Despite these efforts, our net liability position has worsened from R250.1 million on 30 June 2023 to R388.3 million as of 30 June 2024.

In this quarter, we achieved 100% of our capex expenditure target. However, we only met sixty percent (60%) of our predetermined objectives against a target of eighty-five percent (85%), and we recorded a performance level of eighty percent (80%) of Service Level Standards against a target of 85%. 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.

To support our Turnaround Plan, we have expedited the Supply Chain Management process for procuring buses during this period. Additionally, our team of route inspectors continues to play a vital role in fostering a culture of integrity regarding fare collection and remission. Furthermore, the labour management and engagement forum remain active, ensuring the labour stability.

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Thank you for your continued support as we work towards achieving our strategic objectives.

Mr. Bongani Radebe
Acting Managing Director

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1.3 Chief Financial Officer's Report

Introduction

The quarter 4 report was prepared on a going concern basis, that is, the entity would continue to operate for the foreseeable future.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as of 30 June 2024.

Abridged Statement of Financial Performance

Description	Q4 30-Jun-24			YTD 30-Jun-24			Variances		
	Actual	Budget	Prior year	Actual	Budget	Prior year	Q4 To budget	Q4 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	173 727	172 338	141 877	676 033	689 354	635 615	1 389	31 850	(13 321)
Direct costs	47 019	35 245	52 338	187 720	140 981	178 329	(11 774)	5 319	(46 738)
Margin	126 708	137 093	89 539	488 313	548 373	457 286	(10 385)	37 169	(60 059)
Expenses	166 138	125 343	143 919	570 398	501 372	476 097	(40 795)	(22 219)	(69 026)
Operating result	-39 430	11 750	-54 380	-82 084	47 001	-18 812	(51 180)	14 950	(129 085)
Interest paid	12 446	11 750	13 247	55 476	47 001	45 463	(695)	802	(8 475)
Total Expenditure	225 603	172 338	209 504	813 593	689 354	699 889	(53 264)	(16 098)	(124 239)
Surplus / Deficit	-51 875	0	-67 627	-137 560	0	-64 275	(51 875)	15 752	(137 560)

Notes on Income Statements

Overview

The budget for Metrobus was increased by R 31 million during the 2023/24 budget adjustment period, this increase was insignificant when compared to the request for an increase of R120 million that had been made by management. The adjusted budget was inadequate to fund the full period of the current financial and the budget was exhausted by approximately R 124, 2 million. The original approved operating budget and the adjustment budget was based on the 2022/23 rebased budget and did not take into considerations the trend in actual expenditure in the previous year. Metrobus has seen its budget being rebased downwards by over R215 million over the past three years. The cumulative reduction in the budget caused serious negative implications on the operations.

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Metrobus recorded a deficit of R 51, 8 million for the fourth quarter and a year-to-date deficit amounting to R137, 6 million as of 30 June 2024 financial period. Besides the efforts by management to contain the costs through effective costs controls, postponement of non-critical services and optimisation of routes, the operating expenditure budget was overspent by R 124, 2 million due to the reduced budget and increased operational costs resulting from inflation.

Fare revenue.

During the 2023/24 adjustment budget period the fare revenue budget target was increased by R 24, 1 million from R 60, 1 million in the original approved budget to an adjusted budget amounting of R 84, 3 million. Even though the revenue targets have been increased, management firmly believe these targets will be met through effective deployment of security personnel, use of JMPD police and utilisation of eye on the bus technology. The year-to-date revenue shortfall recorded was R 6, 0 million and this can also be associated to shortage of buses as the entity did not manage to operate all its scheduled routes due to shortage of buses.

Diesel costs

The whole budget increase of R 31 million was used to increase the diesel budget. Even though this was done, the adjusted diesel budget was still not enough to meet the minimum service levels required. During the fourth quarter the diesel budget was overspent by R 2, 9 million and for the year-to-date the diesel budget was overspent by R 10, 1 million as at 30 June 2024.

Repairs and maintenance

Repairs and maintenance for the fourth quarter financial period were R 5, 2 million above budget and this was caused by efforts made by management to reduce out of commission buses. The full repairs and maintenance budget was exhausted by mid-year. The year-to-date repairs and maintenance budget was overspent by R 31, 8 million. The repairs and maintenance budget were affected by the budget rebase in the previous three years. The entity continues to make concerted efforts aimed at reducing the number of out of commission buses.

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Asset and liabilities

The table below reflects the abridged financial position of the entity on 30 June 2024

Abridged Statement of Financial Performance

Description	30-Jun-24	30-Jun-23	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	573 998	551 948	22 050	4%
Current Assets	30 216	28 135	2 082	7%
Total Assets	604 215	580 083	24 132	4%
Capital & Reserves	(388 280)	(250 086)	-138 194	55%
Non-Current Liabilities	56 490	62 683	(6 193)	-10%
Current Liabilities	936 005	767 486	168 519	22%
Total Equity & Liabilities	604 215	580 083	24 132	4%

Property Plant and Equipment assets increased by R 29,7 million (6%) from R 482, 2 million (30 June 2023) to R 512 million as at 30 June 2024 due to capital assets acquired during the period. Current assets reflected a 7% increase from June 2023 because of increase in inventory and prepayments.

Capital expenditure

The 2023/24 approved budget was adjusted from R 196, 1 million to R 72, 9 million during the 2023/24 budget adjustment period. The entity managed to spend R 73, 1 million (100%) of the total budget.

Cash flow

The entity has been experiencing serious cash flow challenge since the end of the last financial year and this has continued in the current financial year. The cash flow challenges have been affecting 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 entity's cash forecast. During the nine months 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. Patrick Matanhire
Acting Chief Finance Officer

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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

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

- Phase 1: Stabilization – this phase was envisaged to stabilize the operating environment and normalize the performance context.
- Phase 2: Consolidation - this phase was envisaged to consolidate the gains of stabilization and embed a culture conducive to high performance.
- Phase 3: Sustainability – it was envisaged that this phase would be characterized by the consistent meeting of performance targets and making progress toward performance enhancement.

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

The 2022-23 financial year heralds the first year of vision 2027. The strategy was reviewed by the Board during the latter part of the 2022/23 financial year and forms the basis of the 2023/24 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.

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1.4.3. Metrobus Fleet

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

Table1: Fleet details

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

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 be the most rapidly growing source of greenhouse gas (GHG) emissions, and its continued growth is expected to have an increasing impact on biodiversity, air quality, land resources and water quality. Industry accounts for over 90% of total emissions. For its part, out of a total of three hundred and eighty-two (382) buses, the entity operated one hundred and seventy-four (174) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

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

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

Figure 1: Alignment to GDS 2040



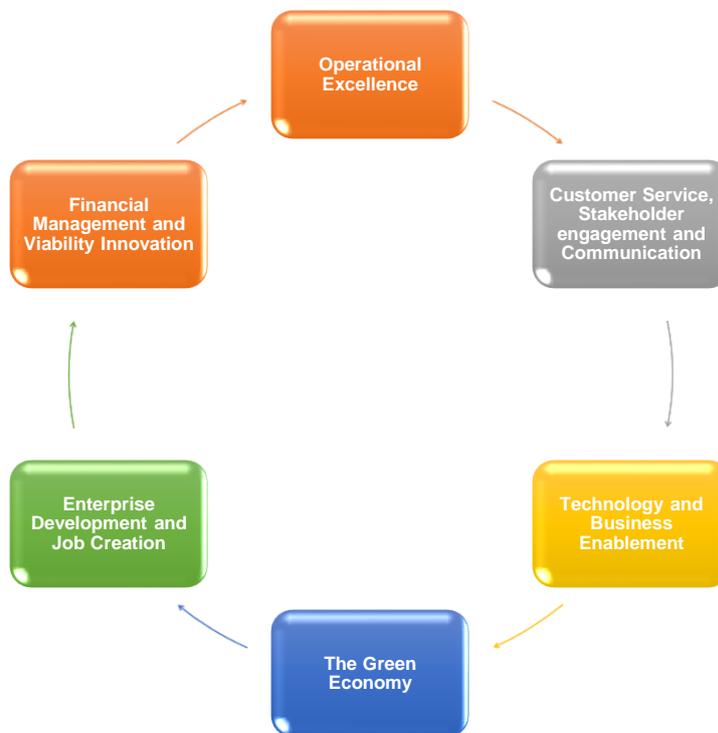
In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below.

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.	<ul style="list-style-type: none"> • A society characterized by healthy living for all • A safe and secure city • A city characterized by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> • Energy mix 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.

<p>An inclusive, job intensive, resilient, competitive, and smart economy that harness the potential of citizens</p>	<ul style="list-style-type: none"> • Job-intensive economic growth • Promotion and support to informal and micro business 	<ul style="list-style-type: none"> • Extended job opportunities through EPWP • Development and support of SMME's
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Figure 2: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

Metrobus Strategic Goals and Objectives

Goal 1

Ensure that Metrobus is viable and sustainable



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 2

Ensure effective and efficient bus operations

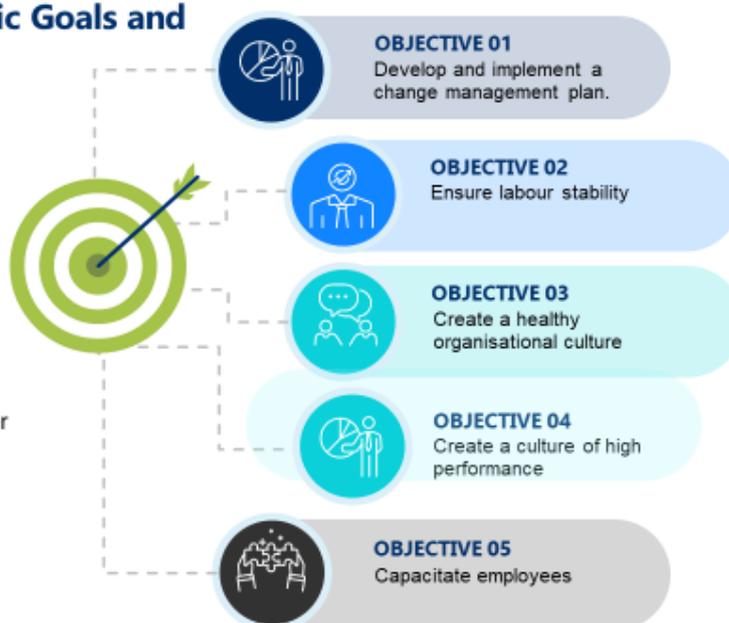


PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 3

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



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 4

Ensure a well governed entity



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 5

Continuously monitor, evaluate and improve service



OBJECTIVE 01
Account for resources and results



OBJECTIVE 02
Proactively plan for the future



OBJECTIVE 04
Monitor and evaluate the strategic plan

PEOPLE PERFORMANCE BALANCE

1.6 Strategy 2022-27

The current Board of Directors for the entity was appointed during the third quarter of the 2021/22 financial year. 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 the 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 help build 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 second quarter, the company had twelve (12) Directors, i.e. ten (10) Non-Executive Directors and two (2) Executive Directors, being the Acting Managing Director and the Acting Chief Financial Officer.

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), is in progress.

The City, in its role as shareholder, appoints the entity's Board of Directors. The composition of the Board during the second quarter of the financial year 2023/2024 was as follows:

Table 3: Metrobus Board of Directors

Name	Position
Mr. Lemarco Mitchell	NED and Board Chairperson
Mr. Charley Pietersen	NED
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Sharifa Prinsloo	NED
Ms. Omphemetse Mokgosi	NED
Ms. Lungisile Mkize	NED
Ms. Ponds Peterson	NED

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Ms Faith Irwin	NED
Mr Mervan Ambraal	NED
Mr Bongani Radebe	ED, Acting Managing Director (March 2024)
Mr Patrick Matanhire	ED, Acting Chief Financial Officer (December 2022)

During the Fourth quarter, there was one resignation received from a Non- Executive Director as follows:

- Ms. Tiphany Harmse – NED (resignation on 12 June 2024)

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 seven (7) members, four (4) 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 4: Composition of Sub Committees

No.	Audit and Risk Committee (ARC)	Human Resources, Social and Ethics Committee (HRSE)	Service Delivery Committee (SDC)
1.	Mr. Charley Pietersen (Chairperson)	Ms. Khanya Sithebe (Chairperson)	Ms. Tiphany Harmse (Chairperson)
2.	Ms. Lungisile Mkize	Mr. Hein Toerien	Ms. Sharifa Prinsloo
3.	Ms. Omphemetse Mokgosi	Ms. Ponds Petersen	Ms. Faith Arwin
4.	* Ms. Michele Botha	Mervan Ambraal	
5.	* Mr. Tony Ferreira		
6.	* Mr. Wayne Buckley		
7.	* Ms. Gloria Matshusa		
Total	7	4	3

* Independent Audit Member

Table 5: Independent Audit Committee (IAC)

#	Independent Audit Committee (IAC)
1	Ms. Michele Botha
2	Ms. Gloria Matshusa
3	Mr. Wayne Buckley
4	Mr. Antonio Ferreira

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 five (5) meetings. One (1) was ordinary meeting, three (3) days Board strategy session, and one (1) was special meeting.

The Board Committees held four (4) meetings during the quarter under review. Three (3) meeting were ordinary, and one (1) was special meeting. The dates of meetings are reflected in table hereunder:

Table 6: Board and Sub-Committee meetings held.

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
[Ordinary] 25 April 2024	[Ordinary] 17 April 2024	[Ordinary] 15 April 2024	[Ordinary] 16 April 2024
[Special] 27 June 2024	[Special] 27 June 2024		
Board Strategy Session 15 May 2024 16 May 2024 17 May 2024			

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2.4.1 The attendance of meetings

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

Table 7: Board Meetings attendance register

Name	Designation	Meeting				
		Ordinary Board Meeting	Board Strategy Session	Board Strategy Session	Board Strategy Session	Special Board Meeting
		25 April 2024	15 May 2024	16 May 2024	17 May 2024	27 June 2024
Mr. Lemarco Mitchell	NED (Chairperson)	✓	✓	✓	✓	✓
Mr. Charley Pietersen	NED	✓	✓	✓	✓	✓
Ms. Khanya Sithebe	NED	✓	✓	✓	✓	✓
Mr. Hein Toerien	NED	✓	✓	✓	✓	✓
Ms. Sharifa Prinsloo	NED	✓	✓	✓	✓	✓
Ms. Tiphany Harmse	NED	✓	✓	✓	✓	—
Ms. Omphemetse Mokgosi	NED	—	—	—	—	—
Ms. Lungisile Mkize	NED	✓	✓	✓	✓	✓
Ms. Ponds Petersen	NED	✓	✓	✓	✓	✓
Ms Faith Irwin	NED	✓	✓	✓	✓	✓
Mr Mervan Ambraal	NED	✓	✓	✓	✓	✓
Ms. Michele Botha	IAC	—	✓	✓	✓	—
Mr. Tony Ferreira	IAC	—	✓	✓	—	—
Mr. Wayne Buckley	IAC	—	✓	✓	✓	—
Ms. Gloria Matshusa	IAC	—	✓	✓	✓	—
Mr. Bongani Radebe	Acting MD	✓	✓	✓	✓	✓
Mr. Patrick Matanhire	Acting CFO	✓	✓	✓	✓	✓

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Table 8: Board Sub Committee Meetings attendance register

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

Name	Designation	Ordinary HRSE Meeting	Ordinary SDC Meeting	Ordinary ARC Meeting	Special ARC Meeting
		15 April 2024	16 April 2024	17 April 2024	24 June 2024
Mr. Lemarco Mitchell	NED	—	—	—	—
Mr. Charley Pietersen	NED	—	—	✓	✓
Ms. Khanya Sithebe	NED	✓	—	—	—
Mr. Hein Toerien	NED	✓	—	—	—
Ms. Sharifa Prinsloo	NED	—	✓	—	—
Ms. Tiphany Harmse	NED	—	✓	—	—
Ms. Omphemetse Mokgosi	NED	—	—	—	—
Ms. Lungisile Mkize	NED	—	—	✓	✓
Ms. Ponds Petersen	NED	✓	—	—	—
Ms. Faith Irwin	NED	—	✓	—	—

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Mr Mervan Ambraal	NED	✓	—	—	—
Ms. Michele Botha	IAC	—	—	✓	✓
Mr. Tony Ferreira	IAC	—	—	✓	✓
Mr. Wayne Buckley	IAC	—	—	✓	✓
Ms. Gloria Matshusa	IAC	—	—	✓	✓
Mr. Bongani Radebe	Acting MD	✓	✓	✓	✓
Mr. Patrick Matanhire	Acting CFO	✓	✓	✓	✓

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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 9: Board and Independent Member Compensation

Name	1 st QTR.	2 nd QTR	3 rd QTR	4 th QTR	Total
Mr. Lemarco Mitchell	128 000	76 000	80 000	94 000	378 000
Mr. Charley Pietersen	46 000	66 000	60 000	92 000	264 000
Ms. Khanya Sithebe	—	—	—	88 000	88 000
Mr. Hein Toerien	60 000	60 000	40 000	68 000	228 000
Ms. Sharifa Prinsloo	44 000	44 000	44 000	68 000	200 000
Ms. Tiphany Harmse	44 000	44 000	54 000	58 000	200 000
Ms. Omphemetse Mokgosi	44 000	44 000	32 000	—	120 000
Ms. Lungisile Mkize	52 000	52 000	44 000	76 000	224 000
Ms. Ponds Petersen	60 000	60 000	52 000	68 000	240 000
Ms. faith Irwin	—	—	36 000	68 000	104 000
Mr. Mervan Ambraal	—	—	44 000	68 000	112 000
*Ms. Michele Botha	16 000	16 000	8 000	40 000	80 000
*Mr. Tony Ferreira	16 000	16 000	8 000	32 000	72 000
*Mr. Wayne Buckley	16 000	16 000	8 000	40 000	80 000
*Ms. Gloria Matshusa	16 000	16 000	8 000	40 000	80 000

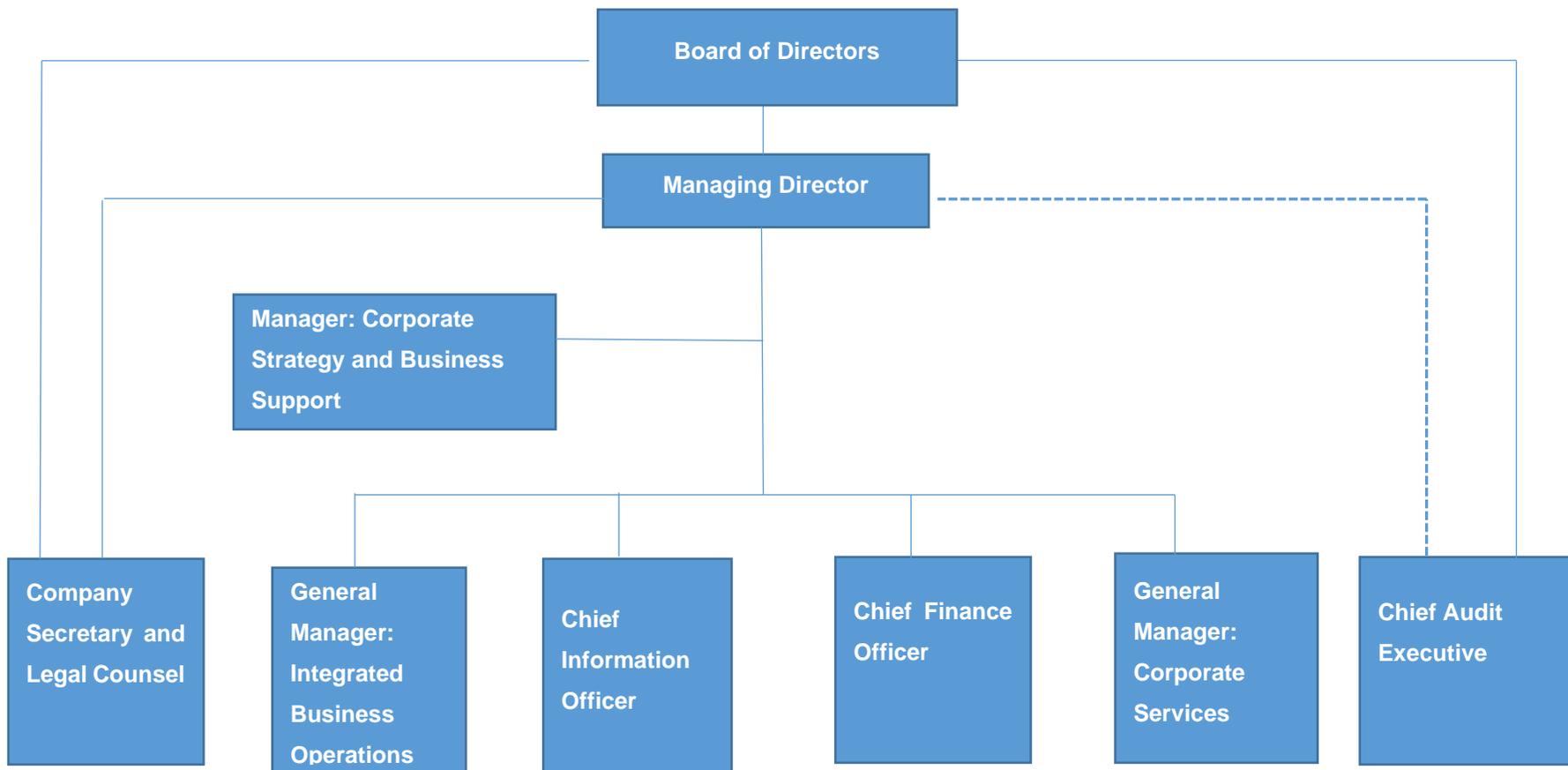
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Table 10: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Managing Director	Vacant	R2 131 500,00	R532 875,00	R532 875,00	0	0	R1 065 750,00
Chief Financial Officer (CFO)	Mr Gidini Luyanda	R1 674 750,00	R418 687,50	R418 687,50	R418 687,50	R418 687,50	R1 674 750,00
General Manager: Corporate Services	Vacant	R1 604 954,00	R401 238,50	R401 238,50	R401 238,50	0	R1 203 715,50
General Manager: Integrated Business Operations	Ms Khathi Zandile	R1 674 750,00	R418 687,50	R418 687,50	R418 687,50	R418 687,50	R1 674 750,00
Legal Counsel & Company Secretary	Mr Sibisi Zibonele	R1 319 499,96	R329 874,99	R329 874,99	R329 874,99	R329 874,99	R1 319 499,96
Chief Audit Executive (CAE)	Vacant	0	0	0	0	0	0
Chief Information Officer (CIO)	Vacant	0	0	0	0	0	0
	TOTAL	R8 405 453,96	R2 101 363,49	R2 101 363,49	R1 568 488,49	R1 167 249,99	R6 938 465,46

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

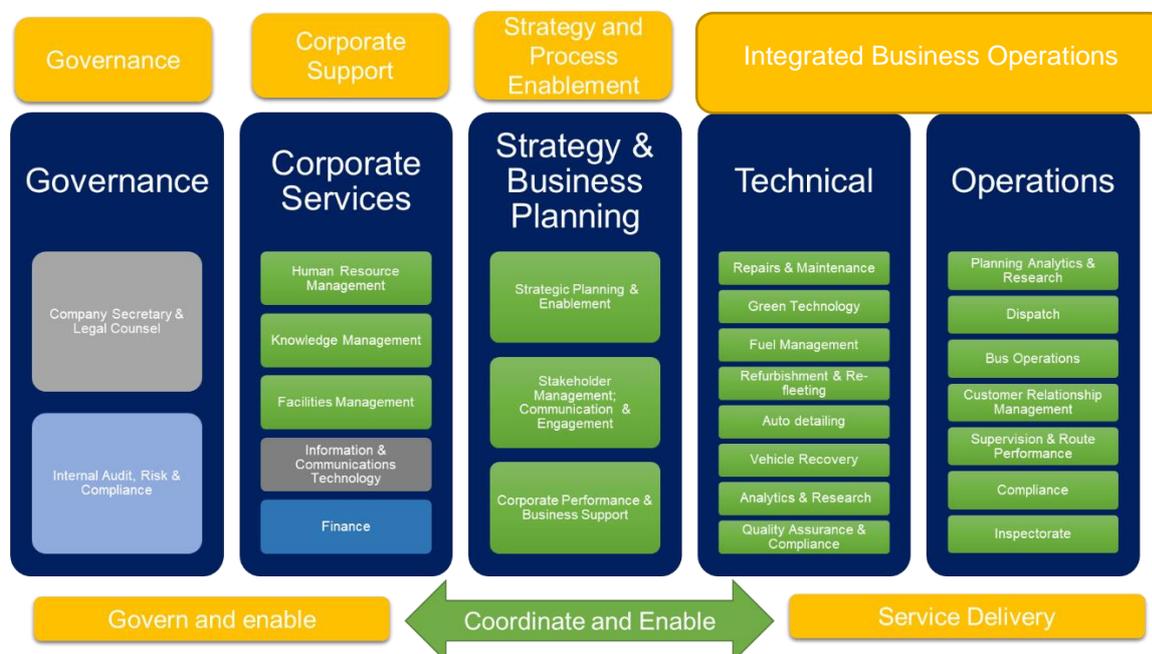


2.5.1 High Level Functional Structure

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 11: 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

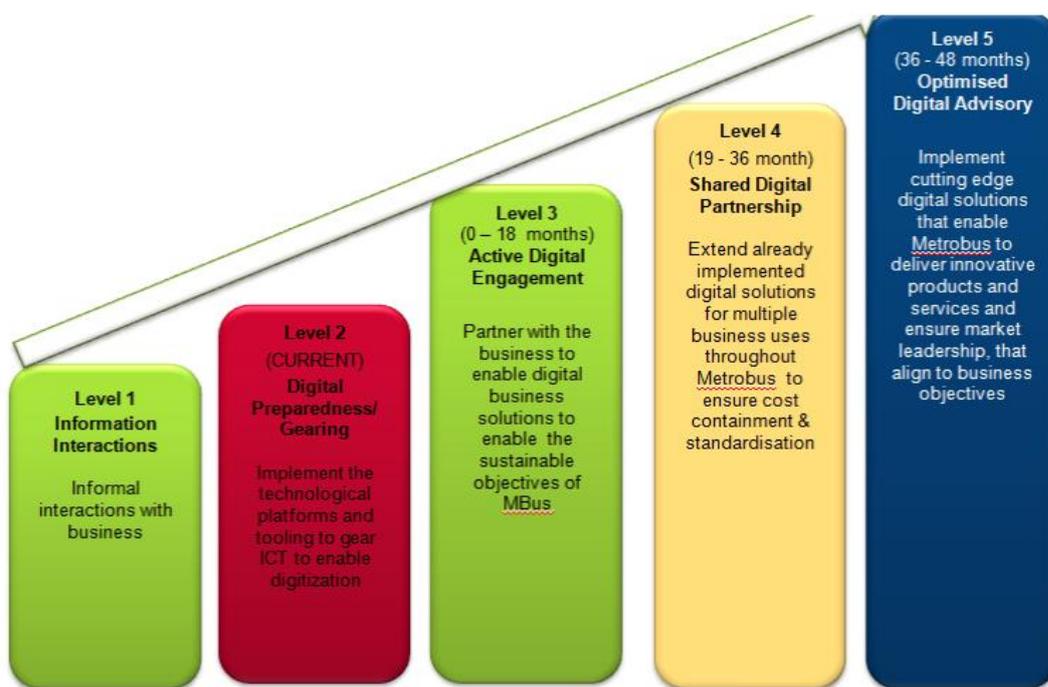
The proper functioning and governance of Information and Communications Technology (ICT) remains a key enabler of a number of the strategic objectives of the entity. The entity is facing a number of ICT challenges, which emanate from ICT infrastructure. Most of the challenges are being resolved except on the legacy systems such as Qmerit that cannot be upgraded nor properly supported. The entity has for several years lacked funds to invest into necessary ICT infrastructure and systems. This has resulted in the entity experiencing a lag in technological advancement.

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

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 12: Current 2023/24 ICT projects for delivery to digitally transform the organisation:

Revenue & Customer Impact	Cost Control and Internal Efficiencies	Risk, Compliance & Security Mitigation
<ul style="list-style-type: none"> Interim Automated Fare Collection – Completed implementation and on pilot phase Launching of Eye on the Bus, Bus Wi-Fi & Interim AFC – completed and pilot Phase 	<ul style="list-style-type: none"> Wi-Fi in the Depots – Completed Access Control/ Time & attendance Solution – implementation in progress 	<ul style="list-style-type: none"> ICT Professional Services- in progress
In progress	In progress	In progress

2.8.3 Challenges

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

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

2.9 Compliance with Laws & Regulations

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

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

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

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

2.9.1 Permits

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

2.9.2 Traffic Fines

During the quarter under review, twenty-seven (27) traffic fine was issued. During the same period in the last financial year one (1) 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 CO₂. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

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Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus Hartridge units decreased (measure of carbon emissions emitted) from 12% in the previous quarter to an average of 10% for all bus types. Metrobus’ green fleet has a major contributing effect in the achievement of this objective. Metrobus’s fleet above the age of 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 13: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity %	Q2 Opacity %	Q3 Opacity %	Q4 Opacity %
Merc 1725	60%	50%	34%	5%	14%	19%
Euro 5	60%	50%	29%	1%	4%	3%
Euro 3	60%	50%	39%	3%	6%	9%
VOLVO B7L	60%	50%	28%	16%	25%	22%
Weighted Average			31%	3%	12%	10%
Annual Weighted Average			14%			

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Metrobus Customer Satisfaction Survey

On an annual basis, Metrobus conducts a customer satisfaction survey to determine the level of passenger satisfaction with Metrobus service as well as areas of improvement. A report on the results of the Survey was completed, providing a deeper understanding of the needs, preferences and travel behaviours of customers who require accessible services. The survey highlighted that 83% of the passengers are satisfied with the service, this is against a target of 80%. This reflects a 10% increase in commuter satisfaction compared to the achievement in the previous financial year.

3.1.2 Economic Transformation

During the period under review, the entity exceeded the target for SMME support. While the target for quarter 4 was to support one hundred and forty (140) SMMEs, the actual performance was one hundred and fifty-eight (158) SMMEs supported amounting to R248 million.

3.1.3 Fatality-Free Service

The entity continues to maintain safe public transportation. During the period under review, the entity operated 1,9 million fatality free kilometres. During the same period last year, the entity operated 2 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South Africa's roads resulting from fatalities involving public transport operations.

3.2 Service Delivery Challenges and Mitigation Actions

Table 14: Challenges and Mitigation Actions

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

3.3 Service IDP Policy Objectives

The entity contributes to the City’s IDP Objectives by offering public transportation as measured through the average number of passenger trips per working day. **Annexure A** outlines the entity’s positive performance in this regard for the fourth quarter of financial year 2023/24.

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 15: Response to Strategic Directives

Strategic Priorities	Priority Programmes	Entity Contribution
Good Governance	Combat corruption, fraud, and maladministration.	Metrobus maintains a Fraud Tip-offline which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on

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		an annual basis. Probity processes are undertaken for all supply chain management processes.
Financial Sustainability	Improve and strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. This ensures that citizens are given an opportunity to develop their own destiny. During the 2023/24 financial year, 83% of our commuters were satisfied with the service of Metrobus against a target of 80%.
Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships, and apprenticeships. The current intake in this regard is more than 170.
Safer City	A safer city by introducing ward-based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.
Active and engaged citizenry	Community based planning and enhanced community	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.

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	engagement, including mayoral imbizos.	
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 are directed at the development of SMME's.
Sustainable Environmental Development	Decrease the level harmful of emissions on the environment and introduce environmentally friendly practices	The entity has developed standards against which greenhouse gas emissions are assessed, which forms part of the predetermined objectives of the entity. Plans are currently being implemented to ensure that more compressed natural gas is utilized for the operations of the entity.
Smart City	Smart City	The entity is currently implementing a number of Intelligent Transport Systems towards the development of a Smart City. These include the "dial-a-bus" platform as well as the "Eye-one-the-bus" platform which will respectively ensure that commuters are more active in the planning of their journeys and that the entity is able to monitor its fleet on a real time basis.

3.5 Performance against Service Standards

The Service Delivery Agreement sets out five (05) service standards between Metrobus and the Shareholder. Metrobus achieved eighty percent (80%) on service standards at Quarter 4. Details on the service standards are attached hereto as **Annexure C**

3.6 Performance against Predetermined Objectives

The Metrobus 2023/24 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 2023/24 Metrobus Business Plan, the entity's performance is measured based on a total of twenty-two (22) key performance indicators. At quarter 4 twenty (20) KPIs were assessed and twelve (12) KPIs were achieved. This translates to a 60% 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 complaints resolved within the timelines specified in the customer service charter, percentage achievement of service standards, percentage of valid invoices paid within 30 days, percentage resolution of internal findings, percentage resolution of AGSA findings, fleet availability to operate scheduled trips met, and percentage intelligent transport system projects. A detailed performance scorecard relating to unachieved Key Performance Indicators including corrective measures envisaged for the next reporting period is outlined in **Annexure B1** attached hereto.

3.7 Performance against Strategic Deliverables

3.7.1 Corporate Scorecard 2022-27 Deliverables

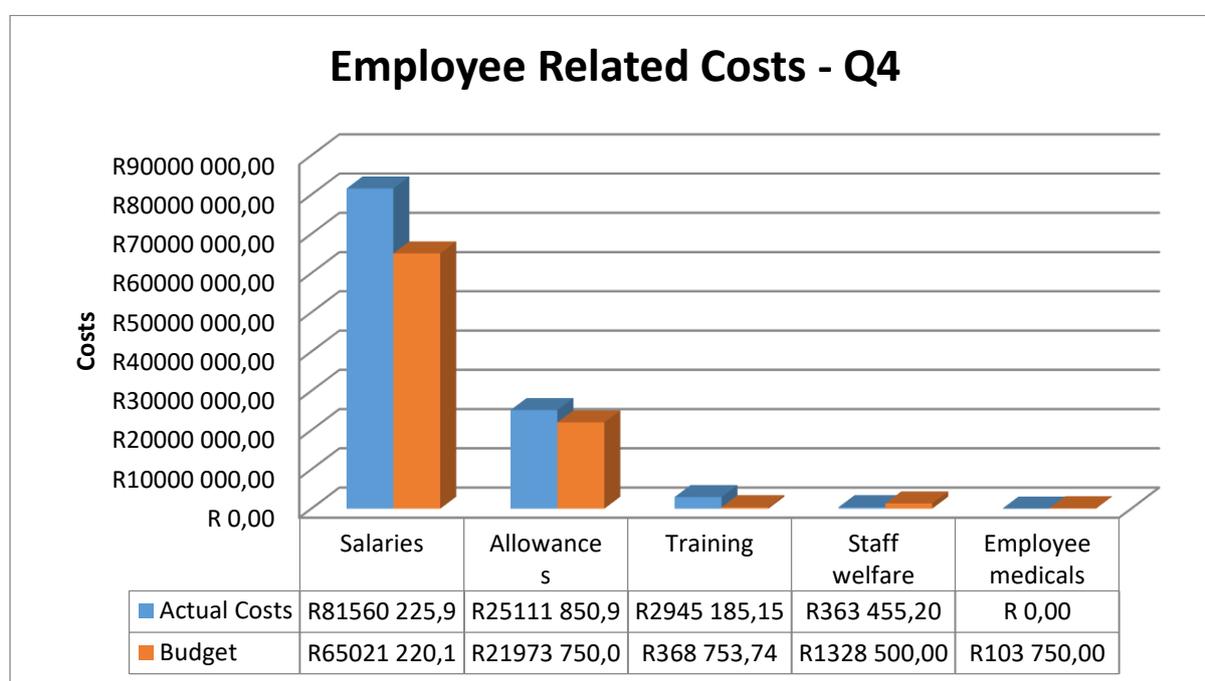
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators have commenced in the 2023/24 financial year.

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 R81,6 million against a budget of R 65,02 million. The (R 16,6 million) variance is attributable to the downward adjustment of budget at mid-year.

Figure 6: Employee related costs



4.2 Key Vacancies

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

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Table 16: Vacancies at Executive Management Level

#	Job title of position	Department	Quantity	Status
1	Managing Director	Office of the MD	1	Position was advertised during this reporting period. Appointment is anticipated during quarter 1 of the 2024/25 financial year
2	Chief Information Officer (CIO)	ICT	1	Position to be advertised in the first quarter of 2024/2025 financial year.
3	Chief Audit Executive (CAE)	Internal Audit and Risk	1	Position to be advertised in the first quarter of 2024/2025 financial year.
4	General Manager: Corporate Services	Corporate Services	1	Position to be advertised in the first quarter of 2024/2025 financial year.

Table 17: Vacancies at Senior Management to Middle Management Level

#	Job title of position	Department	Quantity	Status
1	Senior Manager: Integrated Business Operations	Integrated Business Operations (IBO)	Two (2)	Recruitment processes finalised and candidates commenced working on the fourth quarter.
2	Manager: Planning, Research and Analytics	Integrated Business Operations (IBO)	One (1)	Recruitment processes finalised and candidate to commence working on the first quarter of 2024/2025 financial period.
3	Manager: Operations	Integrated Business Operations (IBO)	One (1)	Recruitment processes finalised and candidate commenced working on the fourth quarter.

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#	Job title of position	Department	Quantity	Status
4	Manager: Fleet maintenance	Integrated Business Operations (IBO)	One (1)	Recruitment processes finalised and candidate commenced working on the fourth quarter.
5	Supervisor: Operations	Integrated Business Operations (IBO)	Eight (8)	Shortlisting finalised, unfortunately interviews could not go ahead due to a grievance launched by Organised Labour.
6	Manager: Facilities and Auxiliary services	Corporate Services	One (1)	All recruitment processes finalised, successful candidate commenced working on the 4 th quarter.
7	Manager: Financial Accounting	Finance	One (1)	All recruitment processes finalised; successful candidate resigned compelling HR to re-advertise vacant position. position has been filled on a nine-month fixed term contract basis.
8	Assistant Management Accountant: Revenue	Finance	One (1)	Recruitment finalised. Candidates commenced employment during quarter 4
9	Assistant: Management Accountant: Assets (Fixed term employment contract).	Finance	One (1)	Position filled on a nine Month fixed term contract and candidate commenced working during the reporting period.
10	Mobile Bus drivers	Corporate Services	Nine (9)	Positions advertised during the reporting period, interviews, vetting finalised and interviews for appointments to be finalised during the first quarter of 2024/2025 financial period.

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#	Job title of position	Department	Quantity	Status
11	Bus Operators (six months fixed term contract)	IBO	Fifty (50)	Positions advertised during the reporting period with a closing date of the 20 March 2024 and appointments to be finalised at the beginning of the first quarter of 2024/2025 financial period.
12	Bus Operators (permanent contract)		Sixty-four (64)	Positions advertised with a closing date of the 24 March 2024 and appointments to be finalised at by September 2024 (first quarter)
13	Cashiers	Finance	Six (6)	Recruitment finalised. Candidates commenced employment during quarter 4
14	HR – Admin clerks	Corporate Services	Four (4)	Recruitment finalised. Candidates commenced employment during quarter 4

4.2.1 Vacancy Rate

The vacancy rate in the entity during the reporting period currently stands at 24%. National Treasury Circular 88 stipulates that vacancy rate should not be more than 30% and Metrobus is still below this stipulation.

4.2.2 Staff Turnover Rate

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

During the period under review, six (6) employees out of a total strength of seven hundred and twenty-four (724) employees left the service of Metrobus. This translates to an average percentage of one comma three eight percent (1, 38%) in staff turnover. This figure comprises of employees who left the Company due to medical boarding, resignations; death; end of employment contract and retirement. It is essential to mention that this percentage is much

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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
April 2024	3	1 Dismissal, 1 Retirement & 1 Medical Boarding
May 2024	3	1 Resignation, 1 Retirement & 1 Medical Boarding.
June 2024	0	

4.3 Employment Equity

The reporting period witnessed strategic appointments and promotions of sixteen (16) at senior management, professionals and semi-skilled occupational levels, aligning with the approved Metrobus Employment Equity (EE) Plan. These appointments contribute to advancing the organisation's EE targets and demonstrate our commitment to achieving diversity and inclusion within the workforce. During the quarter under review, the organisation appointed eleven (11) females and five (5) males all African and majority youth who were interns at Metrobus.

Table 19: Demographic Profile as of 30 June 2024

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	0	0	0	1	0	0	0	0	0	4
Senior Management	7	0	0	0	3	0	0	0	0	0	10
Professional Qualified and Experienced Specialists and Mid-Management	10	1	0	0	6	0	0	0	0	0	17

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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	0	0	0	0	0	0	0	0	0	0	0
Grand Total	535	29	2	15	139	4	1	4	0	0	729

4.4 Skills Development and Training

4.4.1 Training and Development Programmes

In line with Metrobus' commitment to a improved the performance of the organisation and also the compliance with the Performance Management System (PMS) policy and Municipal Staff Regulations (MSR), thirty-four (34) employees from Executive Management, Senior Management, Management, and Specialist roles participated in a Performance Management System workshop this quarter.

Table 20: Skills Development and Training

Intervention	Gender	Age	Total
Performance Management System (PMS) workshop	Male - 21	>35 Above =20	21
		<35 Less = 0	

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	Female- 13	>35 Above = 13	13
		< 35 Less = 0	0
TOTAL			34

Metrobus prioritizes future workforce development by empowering young people and women through training and development programs. These initiatives aim to cultivate a strong talent pipeline, address youth unemployment, and generate positive social and economic impacts for Metrobus, the City of Johannesburg (COJ), and the broader nation.

As shown in table below, one hundred and nine (109) youth participated in internship, learnership, and apprenticeship programs during the quarter under review.

Table 21: Learnership and apprenticeship programme

Intervention	Gender	Age	Total	Remarks
Learnership	Male-28	18-34	39	1(M) Absconded
	Female- 11			Total active = 38
Apprenticeship	Male- 36	18-34	64	1(M) Resigned
	Female – 28			Total active =63
Internship	Male-3	18-34	10	1 (F) Resigned
	Female 7			6 Appointed
Total				109

4.4.2 Apprenticeship Programme

The current cohort of apprentices successfully progressed through their on-the-job and phase training during the reporting period. This comprehensive training program combines practical experience at our workplaces with theoretical knowledge gained at dedicated training centers. This blended approach ensures apprentices develop the necessary skills and competencies to excel in their chosen trade.

4.4.3 Internship Programme

Internship Program Flourishes: All interns seamlessly integrated into their roles at Metrobus, diligently pursuing their institutional learning alongside practical experience. Notably, a collaborative program with Technical and Vocational Education and Training (TVET) institutions yielded strong results, with sixteen (16) TVET interns participating during the reporting period.

Building the Future Workforce: Metrobus achieved a significant milestone this quarter by successfully transitioning nine (09) interns into permanent positions. This accomplishment aligns with our ongoing talent management and succession planning initiatives.

4.4.4 Executive and Management Leadership Development Programme

In accordance with a recent resolution from the EMT, all Executive Management and Senior Managers attended mandatory training on PMS workshop. This initiative aims to address non-compliance issues identified concerning performance management system regulations.

4.4.5 Skills Levy and Mandatory Grant

Rebates: During the quarter under review, Metrobus received a total of R1,909,755.00 in rebates from the Agricultural Sector Education and Training Authority (AgriSETA). These rebates were awarded in accordance with the Skills Development Act.

Levies and Grants: Payment of levies and grants due from AgriSETA and TETA at the end

of the month, totaling R948,222.00, is still pending.

4.5 Performance Management

Corporate Services facilitated a training program for all Executives, Senior Managers, Managers, and Specialists on the effective application of performance management processes and the use of standardized templates. To ensure consistency across the organization, a deadline of June 30, 2024 has been established for all employees within the performance management system's scope to complete their performance reviews.

All employees required to sign performance agreements for the 2023/24 financial year have successfully completed this process. Performance assessments are being conducted in line with applicable policies. While most managers for the 2023/24 period have not yet finalized their performance agreements, mitigating actions are being discussed to address this issue and ensure compliance.

This ongoing support aims to assist employees and managers in achieving compliance with the established policy in the next quarters to ensure consistency compliance with the municipal staff regulations and policy.

4.6 Disciplinary Matters

Table 22: Disciplinary matters

Depot	Disciplinary Matters
Milpark Depot	2
Village Main Depot	1
Roodepoort Depot	1
Head Office	0

Table 23: Grievance Matters

New Grievances	April 24	May 24	June 24	Total
Milpark	2	1	0	3
Village Main	1	0	0	1
Roodepoort	1	0	0	1
Head Office & Gandhi Square	0	0	0	0

4.7 Litigations

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

4.8 Leave & Productivity Management

4.8.1 Leave Management

It is essential to report that employees of Metrobus qualify for 24 Annual Leave days for a five (05) day employee and 27 Annual Leave days for a six (06) day employee in keeping with the provisions of the Main Collective Agreement (MCA) concluded under the auspices of the South African Local Government Bargaining Council (SALGBC). Currently, the limit on accrued annual leave as per the MCA is 48 days and the average accrued annual leave stands at twenty-six (26) days.

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

4.8.2 Productivity

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

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

4.9 Employee Health and Wellness

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

4.9.1 Psychosocial Support and Counselling Services

The Employee Health and Wellness Programme provides counselling support to employees in a confidential setting who are experiencing personal or work-related problems that may affect their job performance, health, or well-being.

Employees are presenting with stress, depression and mood difficulties causing disruption to their life and work life. These employees are referred to external service providers who specialize in the field of depression. Metrobus has a number of employees who do not have medical aid and as a result of not having an Employee, Health and Wellness contract to complement internal services help is then sought from the NGOs and public hospital sector.

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Employees who apply for light duty placements, do so based on their doctors recommendation because of an injury / illness, it is important to note that Metrobus does not have capacity to process these applications because there is no contracted Doctor.

There were eleven (11) employees who were hospitalized during the reporting period, In the event of any Metrobus employee including the executive level employees for a period of not less than a day. Employees receive support and over and above that, Metrobus purchases flowers or fruit basket with a well-wishing card as part of the hospitalization and bereavement policy.

During the period under review, twenty-five (25) cases were dealt with, apportioned as per the following table:

Table 24: Cases

Type of cases recorded	Q4 (April- June) Quantum
Psycho-social support	6
Hospitalisation	11
Death of an Employee	0
Application for incapacity leave	2
Application for reasonable accommodation	2
Application for Medical Boarding	4
TOTAL	25

It is essential to note that twenty-five (25) cases were handled for the quarter under review, namely six (6) psycho-social support, eleven (11) hospitalization cases, and four (4) application for medical boarding.

Where employees are hospitalized, Metrobus implements the Hospitalization and Bereavement Policy by purchasing flowers or fruit basket 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.

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During the quarter under review, two (2) application for incapacity leave was received. 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. These employees are certified by a registered medical practitioner to require more time to recover at home/hospital or are waiting to finalise a medical boarding process.

Two (2) employees were referred for reasonable accommodation refers to a process where necessary and appropriate modification and adjustments are made to an employee’s duties to accommodate their current state of health because of an illness or an injury. Metrobus accommodates the employees according to the incapacity management policy. It is to be noted that, there are challenges with the placement of employees on reasonable accommodation as follows:

- Lack of skills for sedentary work
- Fear to lose employment benefits when placed in a lower position and therefore not take up the position offered

Table 25: Incapacity Management

Type of Incapacity	Period of absence	Number of days applied for	Number of days approved	Comments
Long Term	November 2023 to date	90 days	0	Incapacity Leave awaiting medical Boarding outcome
Long Term	April 2024 to date	90 days	0	Incapacity Leave awaiting medical Boarding outcome
Reasonable Accommodations	April 2024 to date	6 months	6 months' placement	Reasonable accommodation because of an illness
Reasonable Accommodations	April 2024 to date	12 Months	12 Months	Reasonable accommodation because of an illness

4.9.2 Employee Wellness

Breast cancer and prostate cancer when not picked up its early stages may result in complications and even a loss of life. As part of the Employee Health and Wellness policy, it is important that health services are brought closer to employees. The EAP Department contracted a service provider, to conduct prostate and breast cancer testing. Over and above that, HIV/AIDS Counselling, testing, Health screening of various illness such as High Blood Pressure, Body Mass Index (BMI) for all employees at Metrobus.

A total of 146 employees were screened for breast cancer and 180 were screened for prostate antigen, 150 received primary health care services for the quarter under review as illustrated below:

Table 26: Breast Cancer Screening

Depot	Date	Breast Cancer	Comments
Roodepoort	13 May	24 participants	1 case referred for further investigation lump note detected
Village Main	14 May	29 participants	1 case referred for further investigation lump note detected
Head Office	15 May	38 participants	3 cases referred for further investigation lump note detected
Milpark	16 May	39 participants	0 referrals for further investigation
Fordsburg	17 May	16 participants	1 case referred for further investigation lump note detected

4.9.3 Occupational health and safety measures

During the period 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

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

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

4.10 Employee Benefits

The employee benefits for the period under review amounted to a total of R25 111 850,93 against a budget of R21 973 750,00 apportioned as per the following table

Table 27: Employee Benefits as of 30 June 2024

	Allowances	Training	Staff welfare	Employee medicals	Totals
Actual Costs	R25 111 850,93	R2 945 185,15	R363 455,20	R0,00	R0,00
Budget	R21 973 750,00	R368 753,74	R1 328 500,00	R103 750,00	R116 505,00
Variance	-R 3 138 100,93	-R 2 576 431,41	R 965 044,80	R 103 750,00	R 116 505,00

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

Table 28: Safety incidents

Incident	Milpark	Village Main	Roodepoort	Head Office	Man days lost
Slip and Fall	1	0	1		8
Cut by an object	1	0	0	0	

4.12 Physical Security and Route Patrol Inspectorate

Two (2) private security companies, Chippa Training Academy and Refueo Security and Training were appointed as part of the hybrid security solution for Metrobus in addressing the security shortfall and to place armed guards at strategic positions at Metrobus facilities. Their deployment at Metrobus facilities has positively contributed to enhancing the current security by enhancing access control, armed capacity at Head Office and all depots together with fuel and store management. The security companies' contracts have come to an end on 30 June 2024. This places Metrobus at a high risk for thefts and robberies at its facilities, especially at where large sums of cash are received, stores where high value spare parts are kept and diesel is received, stored and busses are refuelled.

Metrobus has its own internal security officers who were previously insourced into the City of Joburg from security companies which operated at entities within COJ. This process had its own challenges of low numbers, poor training and lack of supervision. There is currently a total of 117 security guards who are expected to secure all the moveable and fixed properties of Metrobus which becomes a very difficult task.

From 01 July 2024, five acting supervisors, from the internal security guards, were identified to oversee and supervise the physical security at Metrobus and lead the internal security

team into a winning team. The tender process for the appointment of external armed security officers will commence as a matter of urgency and it is envisaged that this should be concluded by 31 December 2024.

4.12.1 Security Breaches

- I. Between Tuesday 19 March 2024 and Tuesday 28 May 2024 it is alleged that 180 boxes of printing paper were stolen which were packed inside the stationery store at head office. This matter is still under investigation and additional security measures have been put in place to circumvent any further occurrence of this alleged theft.
- II. On Wednesday the 26 June 2024, suspects were seen by external security at Village Main Depot jumping the fence. On further investigation by the external security, they found that three solar lights had been stolen. The incident was recorded into the OB 907/06/24. The matter is under investigation.
- III. On Wednesday 26 June there was a fatal shooting on a bus. The bus was traveling on Baobab Street in Fleurhoff en-route to Sandton. There was an unidentified person on the bus that opened fire on commuters who were attempting to board the bus. One fatality resulted from this incident. This matter is under investigation by SAPS. The safety of Metrobus commuters remains top priority.

4.12.2 Route Inspection

The introduction of the Route Inspection teams has had a significant positive impact on revenue collection at Metrobus. Nineteen (19) cases of ticket irregularities have been registered during this reporting period and have been forwarded to Line Management at respective depots for further processing. The Route Inspection teams have made a positive impact on revenue collection at Metrobus. Nineteen (19) cases of ticket irregularities have been registered during this reporting period and have been forwarded to Line Management at respective depots for further processing. The absence of any disciplinary action been taken against these bus operators, the same individuals continue stealing from the company and

this lack of any action, is noticed by other bus operators which contributes to the continuing stealing of the revenue which is supposed to come into the coffers of Metrobus.

At the completion of “eye on the bus” project, together with the ability to view the cameras on the busses, this will greatly assist the inspection team in identifying bus operators who are not following the procedures and conduct expected from them in serving the residences of the City of Joburg.

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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 29: Summary Statement of Financial Position

Description	30-Jun-2024 Actual R000	30-Jun-2023 Actuals R000	Movement R000	Movement %
Total Assets	604 215	580 083	24 132	4%
Non-Current Assets	573 998	551 948	22 050	4%
Property, Plant & Equipment	511 945	482 211	29 734	6%
Loans to Shareholders	35 291	34 446	845	2%
Intangible Assets	26 762	35 291	(8 529)	-24%
Current Assets	30 216	28 135	2 082	7%
Inventories	17 276	16 739	537	3%
Receivables	4 281	3 951	331	8%
Prepayment	8 577	6 884	1 693	25%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	82	561	(479)	-85%
Total Equity & Liabilities	604 215	580 083	24 132	4%
Equity & Liabilities				
Capital & Reserves	(388 280)	(250 086)	(138 194)	55%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	162 536	163 170	(634)	0%
Accumulated Profit(Loss)	(605 590)	(468 030)	(137 560)	29%
Non-Current Liabilities	47 772	62 683	(14 911)	-24%
Interest Bearing Debt	40 708	46 901	(6 193)	-13%
Finance lease obligation capital	0	8 718	(8 718)	-100%
Retirement Benefit Obligation	7 064	7 064	(0)	0%
Current Liabilities	944 722	767 486	177 237	23%

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Payables	190 121	158 163	31 958	20%
Loans From Shareholders	683 831	542 310	141 521	26%
Finance lease obligation capital	9 007	1 486	7 521	506%
Other Financial Liabilities	55 656	59 173	(3 518)	-6%
Provisions	3 163	3 478	(315)	-9%
VAT Payable	70	0	70	100%
Deferred Income	2 875	2 875	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets increased by R 29,7 million (6%) from R 482, 2 million (30 June 2023) to R 512 million as of 30 June 2024 due to depreciation charges and capital assets acquired during the period.

5.1.2 Intangible assets

Intangible assets decreased by R 8, 5 million (24%) from approximately R 35, 3 million (30 June 2023) to approximately R 26, 7 million as of 30 June 2024. 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 457 000 (3%) from R 16, 7 million (30 June 2023) to R 17,3 million as of 30 June 2024 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 Receivables

Receivables increased by approximately R 331 000 (8%) from R 3, 9 million (30 June 2023) to R 4, 3 million as of 30 June 2024. This was due to delays in payments by Gauteng Department of Transport on the Eldorado contract.

5.1.5 Prepayments

Prepayments represent payments made in advance in respect insurance and bus licenses, this is amortized monthly. Prepayments increased by R 1, 7 million (25%) from R 6, 9 million (30 June 2023) to R 8, 6 million (30 June 2024) due to money paid to bus licenses.

5.1.6 Interest bearing debt (non-current liabilities)

The interest-bearing debt decreased by R 6, 2 million (13%) from R 46, 9 million (30 June 2023) to R 40, 9 million (30 June 2024) due to loan repayments made during the period. This amount is made of loans given by the City to the entity for purchase of buses.

5.1.7 Trade payables

The trade payables position increased by R 23, 2 million (15%). As of 30 June 2023, Metrobus owed over R 158, 2 million and the amount increased to R 181, 4 million as of 30 June 2024, 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.

5.1.8 Loans from shareholders

The loans from shareholder position increased by R 141, 5 million (26%). As of 30 June 2023, Metrobus owed R 542, 3 million to the City. This has increased to R 683, 8 million during the financial period ending 30 June 2024 due to delays in payments caused by the city cash flow challenges.

5.1.9 Accumulated Losses

The entity accumulated loss position worsened by R 137, 6 million from R 468, 0 million as at the end of 30 June 2023 to R 605, 6 million as of 30 June 2024. This was driven by the deficit recorded during the period.

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5.2 Statement of Financial Performance and high-level notes

Table 30: Statement of Financial Performance

Descriptions	Q4 Actual (R000's)	Q4 Budget (R000's)	Q4 Prior Year (R000's)	YTD Actual (R000's)	YTD Budget (R000's)	Prior Year YTD (R000's)	Q4 2024 Variance to Budget (R000's)	Q4 Variance to Prior Year (R000's)	YTD Variance to Budget (R000's)
Revenue	173 727	172 338	141 877	676 033	689 354	635 615	1 389	31 850	(13 321)
Grants and subsidy	157 617	151 825	126 650	607 299	607 299	570 927	5 792	30 967	(0)
Fare revenue	19 593	19 893	15 466	73 597	79 573	63 467	(301)	4 127	(5 976)
Sundry revenue	-3 482	621	-	-4 863	2 482	1 221	(4 103)	(3 244)	(7 345)
Direct costs	47 019	35 245	52 338	187 720	140 981	178 329	(11 774)	5 319	(46 738)
Diesel	25 036	22 177	23 597	98 855	88 706	102 240	(2 859)	(1 438)	(10 149)
Rep & Maint.	11 716	6 539	15 355	57 973	26 154	42 275	(5 178)	3 639	(31 819)
Other	10 267	6 530	13 386	30 891	26 121	33 814	(3 737)	3 118	(4 770)
Margin	126 708	137 093	89 539	488 313	548 373	457 286	(10 385)	37 169	(60 059)
Expenses	166 138	125 343	143 919	570 398	501 372	476 097	(40 795)	(22 219)	(69 026)
Staff	109 981	88 796	96 542	394 770	355 184	341 432	(21 185)	(13 438)	(39 586)
Depreciation	12 998	17 802	4 433	51 902	71 206	47 473	4 804	(8 565)	19 304
Property expenses	8 540	4 897	3 801	11 906	19 589	7 871	(3 643)	(4 739)	7 683
Security	8 485	83	3 365	22 435	330	11 620	(8 402)	(5 120)	(22 105)

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Consultants	21	580	6 876	3 928	2 319	8 802	559	6 855	(1 609)
Bad debts	-	-	-651	-	-	-651	0	(651)	0
Bus rental	2	387	-	2	1 549	-	385	(2)	1 547
Licences buses	58	1 857	3 523	7 355	7 429	10 991	1 800	3 466	74
Insurance	10 891	1 110	9 925	27 048	4 440	-	(9 781)	(966)	(22 608)
Legal expenses	2 650	756	296	5 779	3 026	1 521	(1 893)	(2 354)	(2 753)
Audit fees	287	1 332	389	5 078	5 327	4 639	1 045	103	249
Computer costs	2 809	1 426	1 945	14 153	5 704	5 660	(1 383)	(864)	(8 449)
Marketing	3 022	888	1 332	12 241	3 550	11 470	(2 135)	(1 690)	(8 691)
Telecommunications	1 374	746	395	3 190	2 985	1 336	(627)	(978)	(205)
Other costs	5 021	4 683	11 747	10 610	18 733	23 933	(337)	6 726	8 123
Operating result	-39 430	11 750	-54 380	-82 084	47 001	-18 812	(51 180)	14 950	(129 085)
Interest paid	12 446	11 750	13 247	55 476	47 001	45 463	(695)	802	(8 475)
Total Expenditure	225 603	172 338	209 504	813 593	689 354	699 889	(53 264)	(16 098)	(124 239)
Surplus / Deficit	-51 875	-0	-67 627	-137 560	-0	-64 275	(51 875)	15 752	(137 560)

5.2.1 Overview

The budget for Metrobus was increased by R 31 million during the 2023/24 budget adjustment period, this increase was insignificant when compared to the request for an increase of R120 million that had been made by management. The adjusted budget was inadequate to fund the full period of the current financial and the budget was exhausted by approximately R 124, 2 million. The original approved operating budget and the adjustment budget was based on the 2022/23 rebased budget and did not take into considerations the trend in actual expenditure in the previous year. Metrobus has seen its budget being rebased downwards by over R215 million over the past three years. The cumulative reduction in the budget caused serious negative implications on the operations.

Metrobus recorded a deficit of R 51, 8 million for the fourth quarter and a year-to-date deficit amounting to R137, 6 million as at 30 June 2024 financial period. Besides the efforts by management to contain the costs through effective costs controls, postponement of non-critical services and optimisation of routes, the operating expenditure budget was overspent by R 124, 2 million due to the reduced budget and increased operational costs resulting from inflation.

5.2.2 Fare Revenue

During the 2023/24 adjustment budget period the fare revenue budget target was increased by R 24, 1 million from R 60, 1 million in the original approved budget to an adjusted budget amounting of R 84, 3 million. Even though the revenue targets have been increased, management firmly believe these targets will be met though effective deployment of security personnel, use of JMPD police and utilisation of eye on the bus technology. The year-to-date revenue shortfall recorded was R 6, 0 million and this can also be associated to shortage of buses as the entity did not manage to operate all its scheduled routes due to shortage of buses.

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 whole budget increase of R 31 million was used to increase the diesel budget. Even though this was done, the adjusted diesel budget was still not enough to meet the minimum service levels required. During the fourth quarter the diesel budget was overspent by R 2, 9 million and for the year-to-date the diesel budget was overspent by R 10, 1 million as at 30 June 2024.

5.2.4 Repairs and maintenance

Repairs and maintenance for the fourth quarter financial period were R 5, 2 million above budget and this was caused by efforts made by management to reduce out of commission buses. The full repairs and maintenance budget was exhausted by mid-year. The year-to-date repairs and maintenance budget was overspent by R 31, 8 million. The repairs and maintenance budget were affected by the budget rebase in the previous three years. The entity continues to make concerted efforts aimed at reducing the number of out of commission buses.

5.2.5 Other direct expenses

Other direct expenses consist of detergents, oils, antifreeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the quarter financial period were R 3, 7 million below budget due to reduced hiring of equipment.

5.2.6 Staff costs

The actual staff costs for the quarter were R 21, 2 million above budget and the year-to-date was R 39, 6 million above budget. The staff budget was also affected by the budget rebase in the previous financial years. Management will continue negotiating for budget increases to ensure the staff costs are fully funded. Metrobus is in the process of filling some of the critical vacant positions.

5.2.7 Depreciation and amortization expense

Depreciation and amortization expense for the quarter and the year-to-date were within budget due to review of useful lives of the non-current assets.

5.2.8 Marketing Expenses

The marketing budget was overspent by R 2, 1 million (YTD: R 8, 7 m) due to marketing participations that were carried during the period, and this included the participation on the Rand show.

5.2.9 Licenses for buses

Bus licenses for the quarter were within budget, however, the year-to-date budget was R84 000 below budget.

5.2.10 Finance charges / Interest paid.

Finance charges were R 695 000 (YTD: R8, 5 m) above budget for the period due to the increase on shareholder loans. Finance charges on loans are paid on a quarterly basis but due to cash flow challenges there were delays in payments resulting in increased finance charges for the whole period.

5.2.11 Property Expenses

Savings of R 3, 6 million were realized on property expenses due to savings on water, electricity, and rental charges during the fourth quarter and the year-to-date realized a saving of R 7, 7 million.

5.2.13 Security Charges

Security charges for the quarter were overspent by R 8, 4 million (YTD: 22, 1m). Efforts by management to increase the security expenditure budget was not approved by the City. Metrobus uses a hybrid model on security during the financial year.

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5.2.14 Consultant charges

Whilst the consultant's budget was within budget for the quarter, the year-to-date consultant budget was overspent by R 1, 6 million, this resulted from taxation, assets and inventory consultation work that were carried out during the previous quarters.

5.2.15 Insurance charges

The insurance charges for the quarter were above budget by R 9, 8 million and the year-to-date insurance charges was overspent by R22, 6 million, this was caused by underbudgeting of the insurance internal charges by the city and this expenditure is an intercompany transaction.

5.2.16 Computer Costs

The computer costs were overspent by R 1, 3 million (YTD: R 8, 4 m) resulting from the leasing of AFC system which did not have a budget.

5.2.17 Other costs

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs were R 835 000 above budget for the fourth quarter due to repairs and maintenance of buildings and equipment that were made during the period. The year-to-date expenditure realized a saving of R 7,6 million.

5.2 Cash flow statement for the period ended 30 June 2024

Table 31: Summary Cash Flow

Cash flow Statement	JUN-24	JUN-23
	Actual ((R'000))	((R'000))
Net Cash Flow from Operating Activities	(66 701)	38 196
Grants & subsidies	607 299	570 927
Other income	68 734	66 289
Cash received from grants and income	676 033	637 216
Employee costs	(394 770)	(304 730)
Suppliers	(291 476)	(248 827)
Finance costs	(56 488)	(45 463)

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Cash paid to employees, suppliers and finance costs	(742 734)	(599 020)
Cash employed in investment activities	(73 108)	(64 191)
Expanding of Capital Base	(73 108)	(28 847)
Purchase of intangible assets	0	(35 343)
Cash from financing activities	139 330	26 248
Other financial liabilities	(9 711)	(45 715)
Movement of sweeping account	141 521	61 759
Finance lease payments	7 521	10 204
Cash Flow from Activities	(479)	253
Net Increase / (Decrease) in Cash & Bank Balances	(479)	253
Cash & Bank Balances Beginning of the Year	561	307
Cash & Bank Balances End of the Period	82	561

Analysis of cash flow

The entity has been experiencing serious cash flow challenge since the end of the last financial year and this has continued in the current financial year. The cash flow challenges have been affecting 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 entity's cash forecast. During the nine months period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of suppliers.

The entity reported a positive cash balance of R82 000 influenced mainly by the net cash inflow of R 139 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 73,1 million.

5.3 Ratio Analysis

Table 32: Ratio Analysis

Description	30-Jun-24	30-Jun-23	Target
Solvency Ratio	0.61	0.7	2:1
Current ratio	0.03:1	0.04:1	1.5:1
Acid test	0.01:1	0.01:1	01:01
Gearing Ratio* (only considering shareholder loan)	85%	106%	45%

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Gearing	164%	299%	45%
Cost coverage ratio	0.09	0.09	0.5
Cost coverage ratio – excluding subsidy	33.02	32.93	182.50
Cost coverage ratio – including subsidy	305.47	331.35	365.00
Employee related costs to total expenditure	49%	49%	40%
Repairs to total expenditure	8%	7%	8%
Repairs to PPE	3%	4%	8%
Interest cover	-1.48	-0.38	1.50
Training spent against skills levy	58%	108%	1%
Total expenditure against budget	118%	111%	100%
Total capex against budget	100%	99%	100%

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

5.3.1 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has declined during the financial year. The net liability position worsened from R 250, 1 million (30 June 2023) to R 388, 3 million as of 30 June 2024. The entity's solvency ratio was calculated at 0.61: 1 (2022/23: 0.70: 1).

5.3.2 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 683, 8 million (2022/23: R 542, 3 million). The overdraft was due to the accumulated losses over the years resulting from budget shortfalls, purchase of permanent assets with short term loans and increased operating costs.

5.4 Capital Projects & Expenditure

The 2023/24 approved budget was adjusted from R 196, 1 million to R 72, 9 million during the 2023/24 budget adjustment period. The entity managed to spend R 73, 1 million (100%) of the total budget.

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Table 33: Summary Capital Projects

Project Name	Adjusted Budget- (R 000's)	Q3 YTD Actual (R 000's)	Quarter 4 Budget 25% (R 000's)	Quarter 4 Actual (R 000's)	YTD Actual (R 000's)	Q4 Actual spent %	YTD Actual %
Overhaul Engine & Gearboxes	20 000	16 670	5 000	2 881	19 552	58%	98%
Building improvements	432	-	108	6 389	6 389	5916%	1479%
Furniture & Office Equipment	600	341	150	550	891	367%	148%
IT Equipment	20 000	9 022	5 000	5 879	14 902	118%	75%
Plant & Machinery	1 160	1 374	290		1 374	0%	118%
Bus refurbishment	360	-	90		-	0%	0%
Purchasing of New Buses	360	-	90		-	0%	0%
AFC	30 000	-	7 500		30 000	0%	100%
Total Capital expenditure	72 912	27 408	18 228	15 700	73 108	86%	100%

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5.5 Supply Chain Management (SCM) & Compliance Matters)

5.5.1 Irregular, Fruitless, and wasteful expenditure

Irregular expenditure recorded amounted R2 162 543,91 while unauthorized expenditure amounted to R124 239 174,00 with a total of 126 401 717,91 for 2023/2024 period. There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless, and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered. A write-off amount of R181 227 was disclosed as irregular expenditure instead of being disclosed as fruitless and wasteful expenditure, a prior year adjustment correction has been made. Furthermore, an amount of R94 895 166,43 was written-off by the board/council.

Table 34: Reconciliation of irregular expenditure

RECON OF IRREGULAR EXPENDITURE	2023/24 (R) 000'	2022/23 (R) 000'
Opening Balance	100 024	334 485
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	
Quarter 3:		
Quarter 4:	341	
Add Comparative: Prior year correction	2 002	5 365
Overspending of Approved Budget	124 239	76 865
Written Off	(94 895)	(317 692)
Closing balance	131 711	100 024

Table 35: Reconciliation of Fruitless and Wasteful Expenditure

RECON OF FRUITLESS & WASTEFUL EXPENDITURE	2023/24 (R)	2022/23 (R)
Opening Balance	389 371	696 086
Fruitless Wasteful Expenditure		
Current year: Fruitless Wasteful Expenditure	0	

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Prior year: Fruitless Wasteful Expenditure		10 243
Less Comparative: Prior year correction	(181 227)	
Written Off		(316 958)
Closing balance	208 144	389 371

5.5.2 Awards where there were no three quotes.

During 2023/2024 financial year, there was one (01) award where there were no three quotes other than deviations.

Table 36: Awards where there were no three quotes

Company Name	Description	Approved Amount (R) 000'
Deloitte & Touche	Providing a costing and pricing model to determine the tariff model for private hire and scheduled services	R 660

5.5.3 Deviations

There were twelve (12) deviations approved for the 2023/2024 financial year.

Table 37: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Margen Industrial	Procurement of Fire forensic investigators	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	R100
Onsoft	Procurement of BMC tacking Licence	Where such goods or services are produced or available from a single provider only. Regulation 36 (1) (a) (ii)	R122

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Kubapay	Provision of maintenance and support services on the wayfarer machines, point of sales machines and supply of smart cards	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	1007
Kubapay	Provision of maintenance and support services on the wayfarer machines, point of sales machines and supply of smart cards	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	1 267
Kubapay	Provision of maintenance and support services on the wayfarer machines, point of sales machines and supply of smart cards	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	2014
Kanana	Maintenance and repairs of the Server	Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	42
Spanet	Payment for configuration and installation of hardware	Ratification of minor breach Regulation 36 (1) (b)	403
Dogan Exhibitions	Rand Show Trade and Exhibition	Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	221
King Khathu Solutions	Restore and repairs of Burnt Cables	Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	566
King Khathu Solutions	Supply and installation of electrical generators with minimum 200kva capacity	Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	750
Karlotech	Electrical Assessment repairs and maintenance of air conditioning, supply and delivery of generators	Where it is impractical or impossible to follow the procurement process and in emergency Regulation 36 (1) (a) (i)(v)	6 500

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Oil Watch	conduct an analysis of two types of lubricants, i.e. 10W40 Engine Oil (Synthetic), and Anti-Freeze	Where it is impractical or impossible to follow the procurement process and Sole provider 36 (1) (a) (ii)(v)	12
Total			R13 004

5.5.4 Expenditure on BBBEE and SMME's

During the period of 2023/2024 financial year, procurement amounting to R280 525 685,47 was procured by the organization. The total BBBEE expenditure was R270 972 982,95 which was 97.0% of the total expenditure. A total number of 158 SMMEs has also been supported up to thus far with a total spend of R248 448 465,79 for the period under review.

Table 38: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	280 526
Actual BBBEE Spent	(R' 000)	270 873
% Actual BBBEE Spent	%	97,0%

Table 39: SMMEs supported.

	Number of suppliers supported	Amount R'000
Total Procurement	172	280 526
BBBE Procurement	160	270 973
SMME Supported	158	248 448

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5.5.5 Performance against procurement plan

Table 40: Procurement Plan

Departments	No. of tenders per Department	Appointment	Specification	Advertised	Evaluation	Adjudication	Awarded
Finance	4		2		2		
TSD	14		8	2	2	1	1
Corporate Services	10	6	1		2		1
Operations	5		5				
ICT	1		1				
Office of the MD	3	2	1				
Total	37	8	18	2	6	1	2

5.5.6 Contract Management

Table 41: Contract Management

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

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5.6 Payments

5.6.1 Payments within 30 days

The entity has been experiencing serious cash flow challenges since the end of the last financial year, this is because of not getting adequate fund allocations from the city. Metrobus has been meeting the revenue targets which were set on the original approved budget, however, due to cash flow challenges at the city level even though Metrobus presented cash payments forecast to the city, inadequate funds were allocated by the city. In other periods Metrobus went for three weeks or more without receiving any funds to pay suppliers, The huge drop in payments made in the third quarter resulted from payroll costs that have not been paid for the quarter. The payroll for Metrobus is processed and paid by the city and the city will then invoice Metrobus at the end of each month, Metrobus will then pay the payroll related invoice once it receives cash allocations from the city for payment of intercompany related costs. There have not been allocations for payments of intercompany cost since January 2024 to date.

Table 42: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Q2	Q3	Q4	Total
		(R000's)	(R000's)	(R000's)	(R000's)	(R000's)
Total payments made	A	1 166	1 333	893	1 028	4 420
Invoices paid within 30 days	B	1 134	1 179	800	830	3 943
Invoices not paid within 30 days due to invoice issues	C	32	154	93	198	477
Invoices paid outside 30 days with no valid reason	D	0	0	0	0	0
Compliance percentage	B/A	97.26%	88.45%	89.59%	80.74%	89.21%

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

Table 43: Amounts Owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Jun-24	JDA	Thabiso Ngoepe	0	Settled
	Total		0	

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

Table 44: Amounts Owed to Metrobus by CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Jun-24	Tourism	Zuqhame Matutu	18	Bus hire services
Jun-24	JHB Theatre	Babalwa Mbodla	15	Bus hire services
	Total		33	

5.9 Amounts owed to Metrobus by CoJ and Entities (Intracompany)

Table 45: Amounts owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Jun-24	JOSHCO	Khanyi Msomi	0	Bus hire services to be settled.
	Total		0	

5.10 Amounts owed by Metrobus to CoJ Core Departments (Intercompany Liabilities)

Table 46: Amounts owed by Metrobus to CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Jun-24	Treasury	Lilian Siala	465 829	Sweeping account
Jun-24	Treasury	Sandile Manondo	55 656	Capital Creditors - CoJ 2016
Jun-24	(GRASS)	Amelia Schoeman	2 727	Insurance(COID)
Jun-24	Revenue CRM	Nyanisi Joseph Nhlapo	26 465	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.

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Jun-24	Payroll	Patricia Moseki	231 551	Salaries reimbursement payable to GCSS.
Jun-24	THEATRE	Babalwa Mbodla	153	Hospitality
Jun-24	JPC	Luyanda Nelisa Tyeku	893	Renovations of building occupations
Jun-24	GCSS	Graeme Ruiters	17 330	Security salaries payable to GCSS.
Jun-24	MTC	Khuliso Makhesa	51 727	ICT Equipment and services
	Total		852 331	

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 47: Staff establishment

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

6.3 Progress against the 2023/24 Internal Audit Plan

The table below summarizes the IAF's progress against the 2023/24 Internal Audit Plan.

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Table 48: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance Report	Metrobus IAF/Co-sourced	●	●	●
		Reported at Special ARC and Board Meeting		
AFS		●	●	●
		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		●	●	●
Q2 Performance Information		●	●	●
Financial Discipline		●	●	Management comment outstanding
Revenue Management		●	●	●
Fuel Management		●	●	●
IT General Controls		●	●	●
HR Report	●	●	●	
Q 3 Performance Information	●	●	●	
Q 4 Performance Information	To be Completed in August 2023			

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:

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Table 49: Progress against Approved Ad-Hoc Projects

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Appointment of Calmex Mobile to provide operators for the Eye on the Bus Fleet Management System	Co-Sourced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of Calmex Mobile to provide operators for the Eye on the Bus Fleet Management System.	Co-Sourced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision for the appointment of a panel of service providers for stores consumables (inventory) for Metrobus for a period of thirty-six (36) months as and when required.	Co-Sourced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appointment of suitably qualified service provider(s) for the repairs, supply and delivery of pump & injectors on as when required basis for a period of 36 months.	Co-Sourced			

6.4 Limitation of Scope and Exclusions

There were limitations of scope identified on Stakeholder Management Audit for Quarter 4.

6.5 Opinion on Control

6.5.1 Rating Summary – Controls Opinion

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

Table 50: 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
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6.5.2 Rating Summary – Detailed Audit Findings

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

Table 51: 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.

6.6 Follow up of IAF and AGSA Findings

6.6.1 Progress on Internal Audit Findings and Reviews 2023/24

As at the date of this report, 49% of findings have been addressed.

Table 52: Internal Audit Findings

Total Findings	Addressed	Not Addressed
79	39	40
% Resolution Rate	49%	

6.7 External Audit Findings

6.7.1 Progress on Resolution of External Audit Findings-2021/22 and 2022/23

The following is a summary of the findings that were issued by the AGSA in relation to the 2021/22 and 2022/23 Regularity Audit:

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Table 53: 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	47	7	40	0

Total Findings	Addressed	Not Addressed
47	41	6
% Resolution Rate	87%	

6.8 Overall Quarter Opinion on Controls

Table 54: Quarter opinion on controls

Overall Rating of Internal Controls	Description
Partially adequate	☹️

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”

6.9 Risk Management

6.9.1 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 55: Risk Ratings

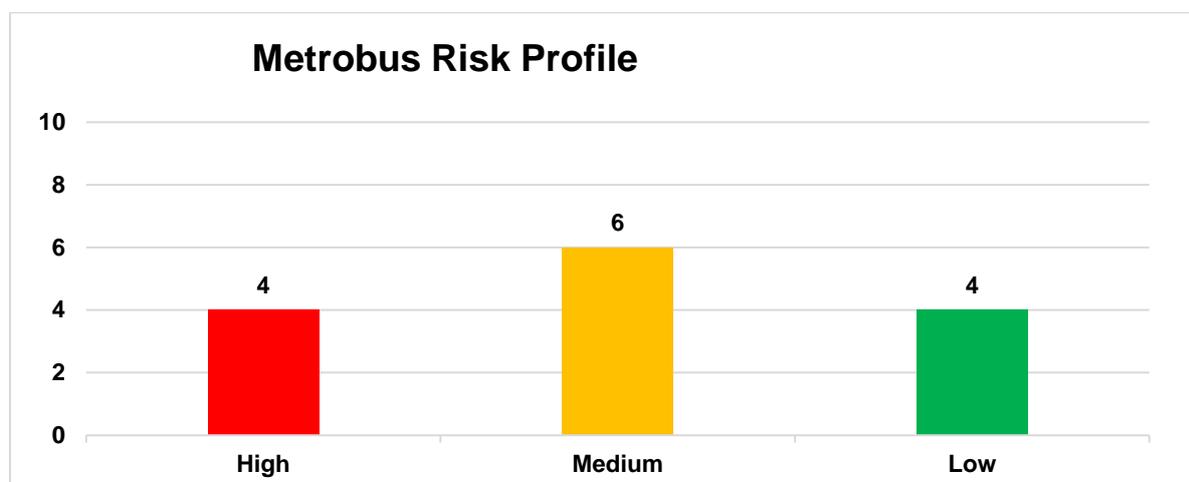
Rating	Recommendation
Very High	Requires immediate attention from management on implementation of corrective measures
High	Implementation of improvement opportunities and validation of current controls
Medium	Evaluation and improvement of current controls
Low	Validation and optimization of controls

6.9.2 Strategic Risks

Risk Assessments (Strategic and Operational) have assisted Management to identify 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 achievement of the set goals.

The Risk Division within 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 July 2023, a total of 14 strategic risks were identified of which 4 were classified as residually high, 6 classified as residually medium and 8 as residually low as set out below.



The following table provides details of the strategic risks according to the predetermined strategic objectives as of 31 July 2023. There are 25 interventions planned for the 2023/24 financial year, whereby 25 were due at the end of quarter 4 – 30 June 2024 and 22 of the interventions, which represent 88%, have been achieved.

Table 56: Strategic Risks

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	2	2	0	2
IBO	6	6	0	4
EMT	5	5	0	5
Internal Audit	4	4	0	4
Finance	5	5	0	5
Corporate Services	2	2	0	2
IT	1	1	0	0
	25	25	0	22
% Overall Achievement: 88%				
Achievement - Planned to Date: 88%				

6.9.3 Emerging Risks

Table 57: Emerging Risks

Risk Description	Risk Rating	Controls
Loss of new system installed in buses e.g. AFC consoles, eye on the bus system		Asset numbers will be allocated on all the devices and a mechanics to secure all the newly installed assets on buses is currently underway

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No certificate of compliance at Head Office and inadequate maintenance processes for all Metrobus buildings		Certificate of compliance for Head Office to be procured by 30 June 2024. Development of year plan (maintenance schedules) for all Metrobus buildings
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6.9.4 Progress on Embedding Risks

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

6.9.5 Insurance Incidents

There are 318 open claims as of 30 June 2024. Refer to below table.

Table 58: Insurance Incidents

Policy Type	Total	90 to 180 days	180 to 365 days	Over 365 days
Motor-Fleet (Sasria)	1		1	
Motor- Metrobus	316	18	133	166
Motor- Red fleet	1		1	
Total	318	18	135	166



ANNEXURE A: IDP & SDBIP SCORECARD

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Priority: A City that gets the basic right									
KPI NO.	KEY PERFORMANCE INDICATOR	BASELINE 2022/23	2023/24 ANNUAL TARGET	2023/24 QUARTERLY TARGETS		2023/24 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				Q4 Target	Q4 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	19 724 Metrobus passenger trips per working day	20 000 Average number of Metrobus passenger trips per working day	20 000	25 486	-	35 101		

ANNEXURE B: METROBUS SCORECARD

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Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
1	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	90% planned trips completed	90% planned trips completed	90%	71%	76%	71%	77%	74%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	19 724 Metrobus passenger trips per working day	20 000 Metrobus passenger trips per working day	20 000	22 378	19 555	22 333	25 486	22 425	Target met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.21 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.47	0.08	0.31	0.32	0.30	Target met

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4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	100% of service disruptions communicated	100%	100%	100%	100%	Not assessed (there were no service disruptions during the quarter under review)	100%	
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	93% 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%	83%	Not Assessed	43%	33%	53%	Target not met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction	73% Customer satisfaction	80% Customer satisfaction	Annual target	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	83%	83%	Target met
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	85%	80%	80%	80%	80%	80%	Target not met

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Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units measurement at 17%	Maintain hartridge units measurement at 30%	30%	31%	3%	12%	10%	14%	Target met

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Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
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	134 SMME's supported	140 SMME's supported	140	58	101	127	158	158	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	93% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	88%	85%	96%	97%	92%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the	Total number of EPWP jobs created	175 EPWP Jobs created	100 EPWP jobs created	100	194	174	174	174	174	Target met

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		potential of citizens										
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Program 4: Financial Management, Viability and Sustainability

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions	
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	112% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	100% of total opex budget	26%	64%	85%	117%	117%	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	99% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	100% of total capex budget	13%	13%	72%	100%	100%	Target met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of	An inclusive, job intensive, resilient, competitive and smart economy that harnesses	% spent on repairs and maintenance to property, plant and equipment	10% spent on repairs and maintenance to property, plant and equipment	8% spent on repairs and maintenance to property, plant and equipment	8%	2%	6%	10%	12%	12%	Target met

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	basic services	the potential of citizens										
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	10%	0	0	0	0	0	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	94,52% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	100%	99,19%	88,45%	89,39	80,74%	89,21%	Target not met

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Program 5: Operational Excellence

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions	
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	32% resolution of Internal Audit Findings	95% resolution of Internal Audit Findings	95%	43%	34%	44%	49%	49%	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	82% resolution of AGSA findings	95% resolution of AGSA findings	95%	82%	82%	55%	87%	87%	Target not met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	91% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90% of quarterly fleet requirement	82%	86%	87%	62%	79%	Target not met

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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	83% implementation of the strategic risk management action plan findings resolved	85% implementation of the strategic risk management action plan findings resolved	85%	47%	67%	94%	88%	88%	Target 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	71% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	60%	63%	65%	60%	63%	Target not met

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Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2022/23	2023/24 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to date	Means of verification and Key Interventions
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	100%	40%	60%	75%	80%	80%	Target not met

ANNEXURE B1: UNACHIEVED KPI's

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KPI	Unachieved Key Performance Indicator	Proposed Corrective Actions	Responsible Team	Deadline
1	% planned trips completed	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	31 December 2024
5	% complaints resolved within the timelines specified in the customer service charter	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Communications and Marketing	31 December 2024
7	% Achievement of service standards	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	31 December 2024
16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> • Validity of Invoices • Vendor Compliance documents • Cash-Flow 	Finance	30 September 2024

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17	% resolution of internal Audit Findings	<ul style="list-style-type: none"> • Approved Implementation plan • Performance Contracting 	Internal Audit	ongoing
18	% resolution of AGSA findings	<ul style="list-style-type: none"> • Robust performance and consequences management 	Internal Audit	ongoing
19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	31 December 2024
20	% intelligent transport system projects	<ul style="list-style-type: none"> • Technical solutions • Resource allocation 	Information and Communication Technology	30 September 2024

ANNEXURE C: SERVICE STANDARDS

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Service Standards

Core Service	Service Standard Target	Level	Q1	Q2	Q3	Q4
% of scheduled public bus trip arriving on time	90% arrival times		94%	94%	94%	94%
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)		71%	76%	71%	77%
Safety of commuters	100% compliance to health and safety legislation (1) Zero security incidents on buses (2) Zero Fatalities		100%	100%	100%	100%
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations		100%	100%	100%	100%
Response time for walk in queries	All queries acknowledged within 1 hour		All queries acknowledged within 1 hour			

ANNEXURE D: STRATEGIC RISK

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Programme 1: Customer Services, Stakeholder Engagement and Communication								
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Planned Trips Completed	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	1.1 100% implementation of Bus Maintenance Plans per Quarter 1.2 Appointment of Inspectorate	1.1 Quarterly, 100% to be Reported by 30 June 2024 1.2 31 October 2023	2	1.1 Budget constraints in the 100% implementation of bus maintenance. There are still some buses that are OOC and still to be repaired. 1.2 Appointment of Inspectorate as from 1 October 2023.
	Average number of Metrobus passenger trips per working day							
	Blameworthy Accidents Rate per 100 000 bus kilometers operated	Inadequate Enforcement of good organisational culture by Management/Leadership	Medium	IBO	1.3 100% of all Drivers, who did not attend driver refresher training in the 2022/23 Financial Year attending a Refresher Training Course	1.3 31 March 2024	1	1.3 Some drivers have attended the refresher training. Mainly those who were on maternity leaves and also those who were involved in accidents – driver training will be ongoing

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Service Disruptions Communicated	Inadequate /Limited Effectiveness of Existing and Future Communication Channels	Medium	Strategy	1.4 All Complaints Recorded in Manual Complaints Register for follow up and resolution 1.5 100% of Complains resolved within the timelines specified in the Customer Service Charter. Capacitate office responsible for handling of complaints	1.4 and 1.5 Daily 100% to be Reported by 30 June 2024	2	1.4 All Complaints are digitally recorded and followed up and resolved within the timelines specified in the Customer Service Charter. 1.5 Complaints are resolved as per turnaround time the office not yet fully capacitated
	% Complaints resolved within the timelines specified in the Customer Services Charter							
	% Customer Satisfaction	Inadequate Enforcement of good organisational culture by Management/Leadership	Low	IBO	1.5 100 % implementation of eye on the bus and WIFI projects on the buses	1.5 30 June 2024	1	1.5 WiFi on the buses project still in progress, project is still on piloting phase, implementation is expected by 30 September 2024
% Achievement of Service Standards		High	1.6 See 1.4 Above		1.6 See 1.4 Above	None as already included	Same as 1.4 above	

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Programme 2: Innovation and Green Economy								
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	% Carbon Emissions	Inability to meet Carbon Emission Targets	Low	IBO	2.1 Emission Testing by an External Service Provider 2.2. Replace Injection Systems after 60 000 Kms (Where Applicable- Category C and D Buses)	2.1 Quarterly, 100% to be Reported by 30 June 2024 2.2 Quarterly, 100% to be Reported by 30 June 2024	2	2.1 In progress, currently the emission testing is be done through the RFQ system. 2.2 Service provider appointed for the injection and pump systems.
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMME's Supported	Inability to Attract Sufficient SMME's	Low	CFO	3.1 Allocation of Budget for SMME Development. 3.2 80% Spend Against Budget. 3.3 Supplier Awareness Communications Regarding Fronting and the Consequences Thereof Published	3.1 1 July 2023, 3.2 30 June 2024, 3.3 30 June 2024	3	3.1 The target of 50% allocation is currently met and Metrobus is now sitting at 90% 3.2 Not yet due 3.3 Initial action plan date is revised to 30 June 2024, due to SCM awaiting the completion of the AGSA audit outcome to have an indication whether there were any suspicious fronting identified.
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the	% of Total Expenditure spent on BBBEE		Low					

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
potential of its citizens	Total Number of EPWP jobs Created	Inability to Provide/Supply Sufficient EPWP opportunity to Alleviate Poverty	Low	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts	3.4 1 31 July 2023	2	3.4.1 All the 200 EPWP beneficiaries were appointed by October 2023, target achieved.
Programme 4: Financial Management, Viability and Sustainability								
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent against Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction of Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated	Medium	CFO	4.1 Actual Spend against Budget Reported by Executive Quarterly and Performance Management implemented for Non-Performance	4.1 Quarterly: 30 September 2023, 31 December 2023, 31 March 2024 and 30 June 2024	1	4.1 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board.
	% Spent against Approved Capital Expenditure Budget		High		4.2 100% of all Tenders per Procurement Plan advertised and awarded	4.2 30 June 2024	1	4.2 The target would not be achieved due to budget cuts which resulted to some projects not to have budget to be advertised. The precise percentage

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
		by the Shareholder						would be determined after the 30 June 2024.
	% spent on repairs and maintenance to property, plant and equipment		Medium		4.3 Same as Above- 4.1	4.3 Same as Above- 4.1	None as already included	Same as 4.1 above
	% reduction in unauthorized irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inability to comply with laws and regulations	Medium	EMT	4.4 100% of all Tenders Awarded subjected to Internal Audit Probity Reviews	4.4. As and when required, 100% to be Reported on 30 June 2024	1	4.4 Each tender is subject to probity review by Internal Audit - In progress

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% of valid invoices paid within 30 days		Medium	CFO	4.5 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.5. Monthly, 100% to be Reported on 30 June 2024	1	4.5 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board
Programme 5: Operational Excellence								
Improve and Strengthen Financial Position	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	Medium	EMT	5.1 Quarterly Review of Internal and External Audit Findings, Reported in the Quarter Metrobus Business Performance Reports	5.1 Quarterly: 30 September 2023, 31 December 2023, 31 March 2024 and 30 June 2024	4	5.1 In progress, audit findings are reported to the EMT, ARC / Board each quarter
	% AGSA Findings Resolved							
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	High	IBO	5.2 See 1.1 Above, Provide additional funding for procurement of new fleet	5.2 31 March 2025	None as already included	5.2 Not yet due
	% implementation of the strategic risk management	Inability to address all identified Risks	Medium	Internal Audit	5.3 Quarterly Review of Actual against Planned Risk Management Interventions, Reported	5.3 Quarterly: 30 September 2023, 31 December 2023, 31 March	4	5.3 In progress, monitoring and reporting of risk management

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	action plan findings resolved				in the Quarter Metrobus Business Performance Reports	2024 and 30 June 2024		interventions on a quarterly Risk Management report
Programme 6: Technology and Business Enablement								
Smart City	% Intelligent Transport System Projects	Inability to continue with Operations within Metrobus	Medium	Acting CIO	6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2023/24 Financial Year	6.1 30 June 2024	1	6.1 Not yet fully implemented – Projects are still in progress, currently in the pilot phase e.g. Eye on the bus, WiFi installation on buses. Implementation is expected by the 30 September 2024

ANNEXURE E: CIRCULAR 88

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N o	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2023/24 Targets	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target met or not
1	Number of weekday scheduled municipal bus passenger trips	TR3.11	3,4 million	5 million	1,25 million	1,4 million	1.21 million	1.38 million	1.5 million	Target met
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	90%	94%	94%	94%	94%	Target met
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Target met
4	Percentage of scheduled municipal bus service stops that are	TR5.31	100%	100%	100%	100%	100%	100%	100%	Target met

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	universally accessible									
5	Staff vacancy rate	GG 1.21	20%	<30%	<30%	24%	24%	24%	24%	Target met
6	Percentage of municipal skills development levy recovered	GG 1.1	100%	100%	100%	100%	100%	100%	100%	Target Met
7	Top Management Stability	GG 1.2	86%	82%	82%	71%	71%	50%	43%	Target not met
8	Percentage of vacant post filled within 3 months	GG 1.22	100%	100%	100%	10%	10%	10%	20%	Target not met
9	Audit opinion	GG3.1	Unqualified without material finding	Unqualified without material finding	N/A	N/A	Unqualified without material finding	N/A	N/A	N/A

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10	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	0 active suspensions longer than three months	10	9	5	14	Target not met
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ANNEXURE F: COMPLIANCE CHECKLIST

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 Of 2008					
Financial Statements Sec 30	Company Secretary	Ensure that Annual Financial Statements are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	December	Annual Financial Statements for the financial year ended 30 June 2024 will be submitted by 30 August 2024.
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

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

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	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 1 March 2023
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 01 March 2023 and upon receiving resolutions of AGM will the appointed Auditors 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					

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Labour Relations Act No. 66 of 1995	GM: Corporate Services	Ensure that Act is adhered to.	Ongoing	Done and Ongoing	Engagements with organized labour are ongoing. Discipline and disputes are dealt with in terms of the legislative provisions. Conditions of employment are in line with the Act
Basic Conditions of Employment Act No. 11 of 2002	GM: Corporate Services	Ensure that Act is adhered to.	Annually	Done and Ongoing	Conditions of employment, i.e. working hours and leave arrangements are in place in terms of the collective agreement.
Employment Equity Act No. 55 of 1998	GM: Corporate Services	Submission of Employment Equity plan Submission of Employment Equity plan report	Every five (5) years Annually	Upcoming quarter and ongoing	Employment Equity plan submitted January 2019. Employment Equity plan report submitted January 2022.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Occupational Health and Safety Act No. 85 of 1993	GM: Corporate Services	Ensure execution that a safe and hygienic working environment is maintained and that the Act is displayed in the workplace.	Annually	Annually	A plan was developed to deal with adverse findings: <ul style="list-style-type: none"> - Electrical compliance at head office. - More capex for upgrades
Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	GM: Corporate Services	Ensure that the Works Skills Plan is submitted and implemented	Annually	April	WSP in place <ul style="list-style-type: none"> - Contracts are in place. - Training was conducted. - Training committee meets on a regular basis
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26 th of each month	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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 Injuries and Diseases Act No. 130 of 1993 ("COID")	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Annually	Ongoing	Completed
Code of conduct of schedule 2 of the Municipal Systems Act	Employees	Declaration of interest	Annually	Annually	Employee declarations of interest for the financial year ending 30 June 2024 are due September 2024
Finance / Value Added/ Tax Law					

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Value Added Tax No. 89 of 1991	Chief Financial Officer	Submit relevant returns to the Receiver by the 25th of every month. (If submitted by EFT the due date is the 31 of each month.)	Annually	End of each month	Completed
Income Tax Act No. 58 of 1962	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver	Annually	Annually	Completed
Income Tax Act No. 58 of 1962 PAYE	GM: Corporate Services	Ensure that monthly payments are made.	Annually	Monthly	Completed
Prevention and Combating of Corrupt Activities Act No 12 of 2004 (Anti-corruption Act)	CAE	Ensure corruption is managed effectively	Annually	Annually	Completed. An anonymous tip-offline which is managed by an independent party is in place. No tip-offs were received during this quarter.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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					
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	All Departments & Directors and Board Sub-Committees	Ensure that written declarations of interests are recorded	Annually	Annually	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Municipal Systems Act No 32 of 2000)					
Protection of Personal Information Act	CIO	Ensure all personal information (employees, bidders, contractors etc.) is treated with the necessary safeguards to ensure compliance with Act	Annually	Annually	Completed and ongoing
National Archives and Records Services of South Africa Act	GM: Corporate Services	Ensure there is a records management system and documents are stored in the manner, and for the required time frame, as per legislation	Annually	Annually	Completed and ongoing
National Road Traffic Act 93 of 1996 and chapter	GM: Operations	Transportation of dangerous goods as classified in terms	Annually	Annually	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
VIII of National Road Traffic Regulations of 2000		of SABS code of practice (SANS 0228:2012);			
Environment					
Petroleum Products Act	GM Integrated Business Operations.	Ensure tanks and dispensing done in line with requirements	Annually	Annually	Completed
Agreements / Licenses etc.					
Service Delivery Agreement with City (SDA)	MD	Ensure that the Metrobus mandate is complied with.	Annually	Annually	Completed
Municipal Finance Management Act No.56 of 2003 – the said Act cross references the following Acts which should also be taken into account when determining compliance:					

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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	Not yet due
S 88	Accounting Officer / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Annually	22 January 2024	Not yet due
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 106	MD	All delegations reduced to writing	Annually	Annually	Approved 25 April 2024
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	5 December 2023	Submitted
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	5 December 2023	Submitted

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					
Broad Based Black Economic Empowerment Act No 53 of 2003	Chief Financial Officer	Compliance with framework for the accreditation and verification by all verification agencies	Annually	Annually	In Place

ANNEXURE G: SPECIFIC ISSUES IDENTIFIED

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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 01 August 2024 By 30 September 2024 By 01 August 2024	Ongoing
2	Limited financial resources (budget)	Negotiate conditional grants for assets instead of loans.	Executive Management Team	By 30 June 2024	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 September 2024	Not yet due
4	Aging and unreliable fare collection system	Implementation of Automated Fare Collection system	Executive Management Team	On-going implementation	On-going
5	High rate of revenue pilferage	Inspectorate Blitz	Executive Management Team	Completed Ongoing	Completed
6	Inability to track and account for utilization and deployment of buses	Installation of Intelligent Transport Systems	Executive Management Team	Completed	Completed
7	High debt burden (historical)	Finalise the debt restructuring process.	Executive Management Team	By 31 December 2024	Not yet due
8	High cost of operations (fuel costs)	Increase diesel to gas substitution rate.	Executive Management Team	By 30 September 2024	Not yet due

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		Installation of CNG infrastructure. Reduction of dead Kilometres			
9	Uncertainty on future funding investment	Increase market share.	Executive Management Team	By 30 September 2024	Not yet due
10	Labour instability (contributing factor on public commuter confidence)	Three company- wide roadshows conducted per financial year. Monthly Labour Management Forum (LMF)	Executive Management Team	On-going implementation On-going implementation	Engagement forum is functional