



METROBUS PERFORMANCE REPORT: QUARTER 1 FINANCIAL YEAR 2020/21



We don't just drive buses; we transport people and grow the economy. Customer time, safety, comfort and satisfaction remain our highest priorities.

In terms of Section 121 of the Municipal Finance Management Act 56 of 2003 (as amended), Section 46 of the Municipal Systems Act, 32 of 2000 (as amended) and the Companies Act.

COMPANY INFORMATION

Registration number: : 2000/004704/07

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

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

Telephone number: : (011) 403-4300

Fax number: : (011) 403-1613

Website: : 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 internal and external to Metrobus

ACCOUNTABILITY

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

HONESTY

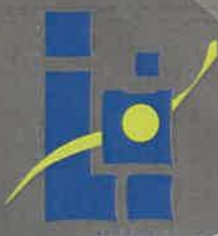
Doing the right thing even when no one is looking

RESPECT

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

UBUNTU

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



Metrobus

APPROVAL:

F KHAN

Name & Surname

Chief Financial Officer (Acting)



Signature

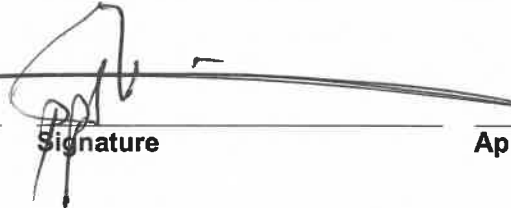
20/10/2020

Approval Date

J. NASHAN

Name & Surname

Managing Director



Signature

20/10/2020

Approval Date

Derrick Mkhwanzi

Name & Surname

Board Chairperson



Signature

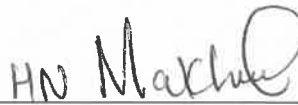
20/10/2020

Approval Date

Nonhlanhla Makhubi

Name & Surname

MMC



Signature

20/10/20

Approval Date

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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
DDF	Diesel Dual Fuel
DPSA	Department of Public Service and Administration
EAM	Enterprise Asset Management
EE	Employment Equity
ERP	Enterprise Resource Plan
FAR	Fixed Asset Register
FY	Financial Year
GDS	City of Johannesburg 2040 Growth and Development Strategy
ICT	Information and Communications Technology

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
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
NBV	Net Book Value
OOC	Out of Commission
POPI	Protection of Personal Information Act
PPE	Property, Plant and Equipment
REMCO	Human Resources and Remuneration Committee (REMCO)
SEC	Social and Ethics Committee (SEC)
SHE	Safety, Health and Environment
SDC	Service Delivery Committee

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

It is my pleasure on behalf of the board of directors to present the Metrobus Quarter 1 Performance Assessment Report. The operating environment that has prevailed in the entity during the fourth quarter of the last financial year into the quarter under review has brought into sharp focus concerns related to both the financial sustainability and operational efficiency of the entity. Among the dynamics that characterised this period is the significant reduction in the demand for scheduled services as well as the long-term private hire contracts. This means that two significant revenue streams for the entity are under severe pressure. Due to a significantly lower number of buses required to meet current demand, a high number of fit-for-purpose buses are out of use.

However, it is important to note that a number of initiatives are beginning to bear fruit. Key among these is the introduction of the no-cash-on-buses initiative, which commenced in earnest during the closing quarter of the last financial year. In this regard, although commuter numbers continue to decrease significantly, fare revenue during the quarter under review compares quite favourably to fare revenue performance during the same period of the last financial year.

The board has approved a revenue generation strategy for the entity. An apex priority of this strategy is the two-fold objective of expanding the reach of current revenue streams while increasing the number of streams from which the entity generates much needed financial capital. The excess fleet capacity resulting from current operating conditions must be deployed in pursuit of the entity's revenue generation strategy objectives. In addition, significant strides have been made in the debt restructuring initiatives of the entity. This will significantly improve the entity's financial position.

Although a number (24) of employees tested positive for COVID19, it is pleasing to note that the entity has experienced a 100% recovery rate. The entity has not relented in maintaining the COVID19 precautionary measures. The quarter under review ushered in the COVID risk

adjusted level one, all protocols were accordingly adjusted to comply with current regulations, including pre-return to work assessments.

During the quarter under review, the recruitment of executives proceeded at an accelerated. It is anticipated that due to these efforts, the positions of Chief Financial Officer and Company Secretary will be occupied on a permanent basis during the early part of the second quarter. During the quarter under review the board and its committees has remained functional and resolute in steering the entity through the many challenges experienced during this period.

Metrobus remains committed to deliver a digitally enabled suite of mobility solutions in line with evolving commuter needs and demands.

Mr. Derrick Mkhwanazi

Board Chairperson

1.2 Managing Director's Report

The first quarter of the 2020/21 financial year ushered in the possibility of a flattening curve in relation to COVID19, and a return to some level of normalcy. The possibility of a resumption of economic activity at levels which were last seen many months ago compelled the entity to re-imagine its operations characterised by a number of compulsory precautionary measures which have a significant impact on the entity's operations. Twenty four (24) employees tested positive in the quarter under review as opposed 8 in the previous quarter. The entity has recorded a 100% recovery rate.

At the beginning of the financial year, a number of assumptions were made regarding dynamics and developments in the operating environment. It was assumed that levels of economic activity would significantly increase, schools would reopen and certain restrictions on social gatherings such as funerals would be eased. It is, inter alia, on the basis of these assumptions that targets were set for passenger trips during the current financial year. However, economic activity has only improved marginally, trips generated by scholars. The economic situation has affected the key commuter segments of workers and students. In addition, the private hire revenue stream has been negatively affected as well. It is in this context that the performance of the entity in relation to passenger trips must be considered. During the quarter under review, passenger trips were recorded at 11 886 as opposed to a target of 19 000 passenger trips per working day. Although the target for the passenger trips was not met, fare revenue per passenger increased by 12% compared to the same period in the previous financial year

One hundred percent (100%) of all scheduled services were operated on time with no bus shortfall to meet peak requirement. The entity recorded no on-board security incidences and the target for blameworthy accidents was met. During the operation of 1.2 million kilometres, no fatalities were recorded.

In pursuit of leadership stability, the process of filling vacancies at executive level was expedited. It is anticipated that successful candidates will resume employment with Metrobus during the second quarter.

At strategic level, the entity's risk universe comprises eight risks. Of these risks, going concern remains a challenge. In this regard, strides have been made regarding the restructuring of the debt burden resulting from previous year's commitments. However much still needs to be achieved in ensuring that an alternative business model is agreed to and implemented towards the financial viability and sustainability of the entity. The other risk, details of which are outline in the strategic risk register have remained constant.

Proper corporate governance remains an important moving target for the entity. The entity is currently at a 65% audit findings resolution rate.

For the period July to September 2020, the entity recorded a surplus of R25.9 million against a breakeven budget. Overdraft from the sweeping account has increased from R23.3 million reported in June 2020 to R446.8 million as at end of first quarter of 2020/21 financial year. The entity's financial position is at a net liability of R177.4 million.

As at the end of the first quarter the entity had spent 34% of its quarter one Capital Expenditure budget. The entity spent 78% of its quarter one Operating Expenditure budget. The under expenditure is related to a reduced scope of operation owing to significantly reduced demand for mobility services. The entity has achieved a performance level of 78% on predetermined objectives and one hundred percent (100%) achievement of service standards. Performance against predetermined objectives is detailed in annexure A of this report.



Current



Our future

The entity remains committed to delivering a bus service with superior safety, customer service and financial excellence.

Ms. Xoliswa Mhlongo

Managing Director

1.3 Chief Financial Officer's Report

The 2020/21 quarter 1 report was prepared on going concern basis, that is, the entity would continue to operate for the foreseeable future. The table below summarises the financial position of the entity as at 30 September 2020.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as at 30 September 2020.

Abridged Statement of Financial Performance

Description	30-Sep-20		
	Actual	Budget	Prior year
Revenue	175 225	192 000	164 372
Direct costs	30 089	37 820	37 313
Margin	145 136	154 180	127 059
Expenses	109 332	138 620	114 341
Operating result	35 804	15 560	12 718
Interest paid	9 877	15 560	14 953
Total Expenditure	149 298	192 000	166 607
Surplus / Deficit	25 927	0	-2 235

Metrobus recorded a surplus amounting to R25, 9 million for this quarter. During the same period last year, Metrobus recorded a deficit of R 2, 2 million. It should be noted that as at 30 June 2020, Metrobus has reported a preliminary surplus of R 24, 2 million. The favourable result was due to reduced operations arising from the COVID19 Pandemic disease as well as cost containment measures implemented by management.

The entity had underperformed in terms of overall quarter revenue budget by R 15, 7 million. The driving factor for this was the fare revenue shortfall of approximately to R16.3 million

against the approved first quarter budget. The primary reason for the fare revenue under-performance was the COVID19 pandemic. Metrobus had to drastically reduce operations as most passengers were not travelling. In addition, when the lockdown conditions were eased most companies were still closed resulting in reduced number of passengers travelling. This is also true with respect to the transport of scholars which represent a key customer segment of Metrobus. Also two of the entities that use Metrobus services (Contracted Hires) have terminated their contracts. The increased subsidy, from the shareholder, of approximately R24, 7 million has cushioned the current financial revenue performance of the entity.

The impact of COVID 19, can be clearly seen when compared the fare revenue performance for this quarter during the last financial year. Metrobus achieved an actual fare performance of R 21 million. By adjusting this performance with the increase in fare revenue (4, 5%), Metrobus would have been under budget by approximately R 1, 9 million.

In response to the declining internally generated revenues, management has attempted to contain expenditure. Significant savings were realised on:

- Employee related costs of approximately R19, 2 million
- Diesel related costs of approximately R8,0
- Interest costs of approximately R5, 6
- Bus rental costs approximately R4,4
- Other Direct costs of approximately R 2, 2
- Audit fees of approximately R1, 9
- Security costs of approximately R1, 6
- Computer costs of approximately R1, 4.

That being said, there was significant over spending on the following items:

- Insurance of approximately R 1, 4 million
- Repairs & Maintenance of approximately R2, 5 million.

Table: Abridged Statement of Financial Performance

Description	30-Sep-20 Prelim (R000's)	30 June 20 Actual (R000's)	Movement (R000's)	Movement (%)
Non-Current Assets	614 990	629 356	-14 366	-2%
Current Assets	140 287	23 176	117 111	505%
Total Assets	755 227	652 532	102 746	16%
Capital & Reserves	-177 405	-206 590	29 185	-14%
Non-Current Liabilities	194 742	203 741	-8 999	4%
Current Liabilities	737 940	655 381	82 559	13%
Total Equity & Liabilities	755 227	652 532	102 746	16%

The overall decrease of R14, 4 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment of R9, 2 million as well as the capitalisation of assets amounting to R 4, 7 million during this quarter. No revaluation of assets was done during the current year. Current assets reflected a 505% increase from June 2020 as a result of delays in payment of subsidies by the CoJ and increase in prepayments of R2, 5 million in this quarter.

The entity has had no investments in the financial year under review.

The positive change in Capital and Reserves is related to the surplus of R 29, 2 million that was reported in this quarter. The decrease in the non-current liabilities is due to the repayment of the long term debt owed to the City. Current liabilities increased by R 82, 5 million during the quarter and this is attributed to the increase in shareholder loan and payables. The increase in shareholder loan can be attributed to the delay in payment of subsidies by CoJ.

The unfavourable solvency and liquidity position of the entity cannot be ignored. Metrobus net liability position has improved during this period. The net liability position improved from R206, 6 million (30 June 2020) to R194, 7 million (30 September 2020). The entity was overdrawn by approximately R446, 8 million (2019/20: R 423, 5 million) in this quarter. To this extent Metrobus has made a number of proposals which are currently under consideration by the relevant stakeholders.

1.3.1 Compliance and Internal Control Environment

There has been an improvement in the internal controls over the past year. The entity is actively managing the payment within 30 days. The entity is pleased to report that no fruitless and wasteful expenditure was incurred over this period.

The entity has complied with all City instructions in terms of budget preparation. There were no major changes in the accounting standards which affected the organization in the current financial year

1.3.2 Supply Chain Management

While SCM continues to be a challenging environment, the positions of Specialist Contract Management and Logistics Management were filled in August 2020. These officials commenced with Metrobus in August 2020. Finance has made significant improvements in terms of the management of the contract register.

While the entity has reported irregular expenditure in the current period, these stem from historical transactions and were not related to any procurement processes that were finalised during the current quarter. The entity has submitted a number of reports to the City of write-off or irregular expenditure. Total irregular expenditure as at the end of 30 Jun 2020 amounted to approximately R 408, 8 million. During this quarter, the entity paid irregular expenditure amounting R 509 000. At the end of quarter 1, irregular expenditure now reflects an amount of R 409, 3 million.

The entity is pleased to report that no irregular expenditure was incurred from procurement processes in this quarter. Irregular expenditure paid resulted from procurement processes that emanated in the 2018/19 financial year or before.

Investigations and consequence management is in progress on employees that caused the irregular expenditure. It should be noted that this was not adjusted for council approved write-offs. This will be done once the annual financial statements are finalized.

1.3.3 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 entity also expects to implement SAP S4 Hana during the course of the current financial year. The harnessing of efficiencies through focussing on well-populated routes will be a major focus area in repositioning the entity to market leadership.

Mr. Feroz Khan
Chief Finance Officer (Acting)

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.

1.4.2 Migration from Metrobus vision 2020 to 2025

In 2015, Metrobus developed a five-year Strategic Plan known as "VISION 2020". The purpose of the plan was to outline Metrobus' vision and mission and present a holistic strategic approach to Metrobus' role in addressing public transportation needs within the Integrated Public Transport Network. The strategy was implemented in a coordinated, phase driven approach focusing on three distinct phases:

- **Phase 1: Stabilization** - This phase was envisaged to stabilize the operating environment and thus normalizing the performance context for the entity.
- **Phase 2: Consolidation** - This phase was envisaged to consolidate the gains of stabilization and concretizing 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 towards performance enhancements.

The 2020/21 financial year heralds the first year of Vision 2025 for the entity. The apex outcome of this new vision is the implementation of a new operating model with its concomitant enablers including programmed fleet procurement for Metrobus, and a fully-fledged role in the IPTN. This planning horizon is aligned to the planning horizon for the IPTN, the horizon year of which is 2025.

Towards this end, Metrobus has crafted a number of complementary strategies towards ensuring sufficient capacity of fit for purpose fleet; infrastructure; technology, competency; analytical ability; employee value proposition, safety and wellness; and stakeholder engagement.

1.4.3 Metrobus Fleet

The current fleet of Metrobus buses stands at 428 and below is a table depicting the fleet by make and model.

Table1: Fleet details

Asset Group	Age (years)	Milpark	Roodepoort	Village Main	Grand Total
Mercedes Benz 1725	14	74	5	37	116
Mercedes Benz Euro 3	5	10	5	10	25

Mercedes Benz Euro 5	5	55	38	54	147
MAN	Hired	10			10
Volvo B7L	18	56	5	50	111
VOLVO B7R	18	8		11	19
		213	53	162	428

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, and free transportation to the South African Police Services (SAPS), the Johannesburg Metro Police Department, and the South African National Defence Force (SANDF) uniformed officers.

1.5 Strategic Objectives

1.5.1 Overview

As an entity of the City of Joburg, Metrobus aligns its long-term strategic outlook with the Growth and Development Strategy of the City of Joburg (GDS 2040), this in pursuit of the following outcomes GDS 2040 outcomes, the City's strategic priorities and priority programmes.

- 1. Improved quality of life and development-driven resilience for all.*
- 2. Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.*
- 3. An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens.*
- 4. A high performing metropolitan government that proactively contributes to and builds a sustainable socially inclusive, locally integrated and globally competitive Gauteng Region.*

Strategic Priorities	Priority Programmes
Good Governance	Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services
Financial Sustainability	Improve and strengthen the financial position
Integrated Human Settlements	Impact the housing market including the integration, development and maintenance of hostels and flats
Sustainable Service Delivery	A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement
Job Opportunity and creation	Job opportunities and creation.
Safer City	Development and support of SMME.
Active and engaged citizenry	Community Based Planning and enhanced community engagement, including Mayoral Imbizos.
Economic Development	Mange displaced communities and homelessness.
Sustainable Environmental Development	Combat drug and substance abuse
Smart City	Combat gender based violence
	Combat corruption, fraud and maladministration
	Combat illegal land invasion and promote regulated land use.
	Formalisation of informal settlements and accelerated rapid land release.

Metrobus is an integral part of the City's Economic Growth Cluster, which plays a pivotal role in the promotion of economic development investment. Our role in ensuring sustainable mobility and equitable access are key economic enablers towards economic development and an inclusive and equitable society.

Metrobus' contribution to the service delivery is premised on a set of strategic programs as follows:

Figure 1: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

In order to realize Metrobus 'Vision and Mission, the entity developed quantifiable, time bound and measurable strategic objectives as follows:

1.5.2.1 Strategic Objective 1: Acquire, develop, and retain talent in a fit for purpose organizational structure that will deliver on our mission.

A key component to this strategic objective is not only ensuring we have the technical skills needed to operate buses, but also increasing the business acumen of our people so we can improve our overall performance.

It is critically important that all employees provide the leadership necessary within their sphere of influence to guide our organization. We will hire and develop leaders who are committed to our strategic direction, are focused on delivering the travel experience our customers expect, and know how their decisions impact our collective future.

We will recruit employees who are motivated to serve others. Our training and development will be biased towards behaviours and actions that drive customer satisfaction and a culture of service. This culture of service will be instilled and reinforced with appropriate performance management systems and incentives.

1.5.2.2 Strategic Objective 2: Enable people and processes with technology for service delivery, agility and customer focus

In order to perform effectively and improve customer satisfaction, our employees must have technology that provides quick access to information is linked to critical processes and connects us to customers in a rapidly evolving market place. Our technology will be biased towards the purpose of supporting and enhancing business process improvement as its first and immediate priority.

Our approach will include consolidating systems and information to provide a validated, single source of data that is easily accessible for timely decision making

Customers desire real-time updates, more frequent communication and more rapid responses and resolutions to issues and the forms the basis for technology enablement.

The entity requires ICT infrastructure that ensures the technology used by business is functional, efficient and effective whether the desired outcome is business improvement, mobility or communication and collaboration, Metrobus needs the right kind of infrastructure to support our vision.

1.5.2.3 Strategic Objective 3: Drive service delivery, productivity and quality through continuous process integrity, and proper project and program management, while continuously seeking to innovate.

Our focus on operating efficiency is not confined to the operations department. The day-to-day operations of every department and group within Metrobus must continually improve so that goals can be met at the lowest possible cost. Target areas include process improvements, optimizing service delivery, compliance with regulations such as supply chain management and efficiencies.

Whether it's the way buses are serviced or the process by which we recruit and select employees, we will find ways to improve our effectiveness. Inventory can be better managed to improve revenue cash flow. Projects and programs must deliver the intended results on time and on budget, whether we are installing a new technology application or overhauling an engine. And those who work on and manage projects must be accountable for delivering on scope, schedule and budget.

Our focus over the next five years will be to consistently deliver a high level of operating efficiency and productivity.

1.5.2.4 Strategic Objective 4: Arrive on time, in a clean, road worthy bus, operated legally and by a courteous, customer centric employee.

Metrobus will at the very least meet customer service standards and endeavour to exceed these in a quest to move South Africa positively

1.5.2.5 Strategic Objective 5: Continuously improve a culture of safety and security

Improve safety and security for people travelling on, or waiting for buses and for employees of Metrobus.

Instilling such a culture means that regardless of function or rank, all employees base their day-to-day decisions and behaviours on whether or not they reduce safety risks.

As we continue this transformation, we will work with our industry peers to develop improved metrics to assist in the measurement of our interventions.

In the spirit of continuous improvement, we will continuously find better ways to identify and remove barriers to safety in order to reduce accidents and injuries.

1.5.2.6 Strategic Objective 6: Decrease Metrobus contribution to GHG emissions

Minimize the environmental damage caused by buses and bus related operational activities. Contribute to a significant shift in transport modal choice “get citizens out of private cars into public transport.

Conversion of the existing fleet to diesel dual fuel and ensuring that all new buses operate on renewable energy in the main. This will have the greater outcome of changing Johannesburg’s rating favourably in terms of high emitters of GHG.

1.5.2.7 Strategic Objective 7: Achieve fare revenue collection targets and improve expenditure efficiency

Key among operational tactics will be to collect all revenue that is due to Metrobus and consolidate the collection capacity in order to decrease the cost thereof. Business efficiencies will be implemented to contain the cost of doing business.

1.5.2.8 Strategic Objective 8: Develop and implement a sustainable re-fleeting and refurbishment plan

Metrobus will work with the shareholder, in line with its Fleet Renewal and Management Strategy, to ensure a viable, and fit for purpose fleet.

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

Metrobus recognizes that conducting its affairs with integrity will ensure that the public and, the City of Johannesburg Metropolitan Municipality, have confidence in its work. 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 guidance to 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 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.

2.2 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 new Annual Report Format and its contents. Information included in the New Annual Report will better inform in a standardised framework how municipalities and municipal entities have performed, by providing information of a financial and non-financial nature in one document.

2.2.2 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.

The composition of the Independent Board of Directors is the responsibility of the City in its position as a Shareholder. The table below outlines the composition of the Board. The Board of Directors consist of thirteen (13) Directors; comprising of eleven (11) Non-Executive Directors and two (2) Executive Directors.

Table 2: Metrobus Board of Directors

Name	Position
D Mkhwanazi	NED, Board chairperson
B Sibisi	NED
Q Buthelezi	NED
M Mokonyama	NED
I Molaontoa	NED
G Shabangu	NED
T Mokgoka	NED
L Sixolo	NED
D Mthimunye	NED
M Ramonyai	NED
T Sohaba	NED
X Mhlongo	Managing Director
F Khan	Acting CFO

2.3.2 Composition of the Sub Committees

Metrobus board has three sub-committees, namely the Audit and Risk Committee (ARC) and the Human Resources Social and Ethics Committees (HRSE), and Service Delivery Committee (SDC). The ARC comprises of five (5) members, three of which are independent audit committee members. The HRSE committee comprises of four (4) non-executive directors and chaired by a non-executive director. The SDC comprises of four (4) Non-Executive Directors and is chaired by a Non-Executive Director. The table below reflects the current Independent Audit Committee (IAC) members.

Table 3: Independent Audit Committee (IAC)

#	Independent Audit Committee (IAC)
1	M Raborefe
2	G Hove
3	N Tshindane

Table 4: Composition of the Sub Committees

#	Audit and Risk Committee (ARC)	Human Resources Social and Ethics Committee (HRSE)	Service Delivery Committee
1.	M Ramonyai [Chairperson]	B Sibisi [Chairperson]	M Mokonyama [Chairperson]
2.	D Mthimunye	T Sohaba	Q Buthelezi
3.	M Raborefe	G Shabangu	T Mokgoka
4.	G Hove	I Molaontoa	L Sixolo
5.	N Tshindane		
Total	5	4	4

2.4 Board Activities

Directors 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. During the months under review [July – September] there were no conflicts of interests recorded. Records of attendance and declarations of interest are kept in one consolidated register and open for scrutiny with the Company Secretary.

Table 5: Board and Sub-Committee meetings held

Board Meeting	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery Committee
06 July 2020 [Special]	14 July 2020	24 July 2020	20 July 2020
30 July 2020 [ordinary]			

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2.4.1 The attendance of meetings

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

Table 6: Chairperson's Quarterly and Board Meetings attendance register

Name	Chairperson's Quarterly	Board Meeting	Special Board Meeting
	27 July 2020	30 July 2020	06 July 2020
D Mkhwanazi	✓	✓	✓
M Ramonyai	n/a	✓	✓
B Sibisi	n/a	✓	✓
I Molantoa	n/a	✓	✓
Q Buthelezi	n/a	✓	✓
T Sohaba	n/a	✓	✓
M Mokonyama	n/a	✓	✓
D Mthimunye	n/a	✓	✓
G Shabangu	n/a	✓	✓
L Sixolo	n/a	✓	x
X Mhlongo	✓	✓	✓
F Khan	✓	✓	✓

Table 7: Board Sub Committee Meetings attendance register

Name	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery Committee
	04 July 2020	24 July 2020	20 July 2020
M Ramonyai	✓	n/a	n/a

D Mthimunye	x	n/a	n/a
G Hove	√	n/a	n/a
N Tshindane	√	n/a	n/a
M Raborefe	√	n/a	n/a
B Sibisi	n/a	√	n/a
T Sohaba	n/a	√	n/a
G Shabangu	n/a	√	n/a
I Molaontoa	n/a	√	n/a
L Sixolo	n/a	n/a	√
Q Buthelezi	n/a	n/a	√
M Mokonyama	n/a	n/a	√
T Mokgoka	n/a	n/a	√

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 in the 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 by reason of their office. The table below reflects payments made to the Board members for the period under review and year to date.

Metropolitan Bus Services (SOC) Ltd
First Quarter Performance Report
30 September 2020

Table 8: Board Compensation

Name	Surname	1st QTR
Derrick Thapelo	Mkhwanazi	44,000.00
Mathetha	Mokonyama	32,000.00
Busisiwe	Sibisi	43,000.00
Queenie	Buthelezi	30,000.00
Lucky	Sixolo	30,000.00
Tumelo	Mokgoka	30,000.00
Nombulelo	Shabangu	30,000.00
Duduzile Patricia	Mthimunye	36,000.00
Itumeleng Daniel	Moloantoa	36,000.00
Morwesi	Ramonyai	140,000.00
Tshepo	Sohaba	30,000.00
Grandeur	Hove	6,000.00
Nyambeleni	Tshindane	12,000.00
Milly	Raborife	12,000.00

Table 9: Executive Compensation

ED Name	Monthly Total Remuneration Package	1st Qtr, YEAR 2020
Mtshali Bongiwe	Cost borne by CoJ	Cost borne by CoJ
Khan Feroz	Cost borne by CoJ	Cost borne by CoJ
Jairam-Owthar Denisha	137,500.00	412,500.00
Haffejee Yaasir	120,312.50	360,937.50
Beukes James	74,894.99	224,684.97
Gamede John	95,868.94	287,606.82
Lebelo Phillip	125,878.75	377,636.25

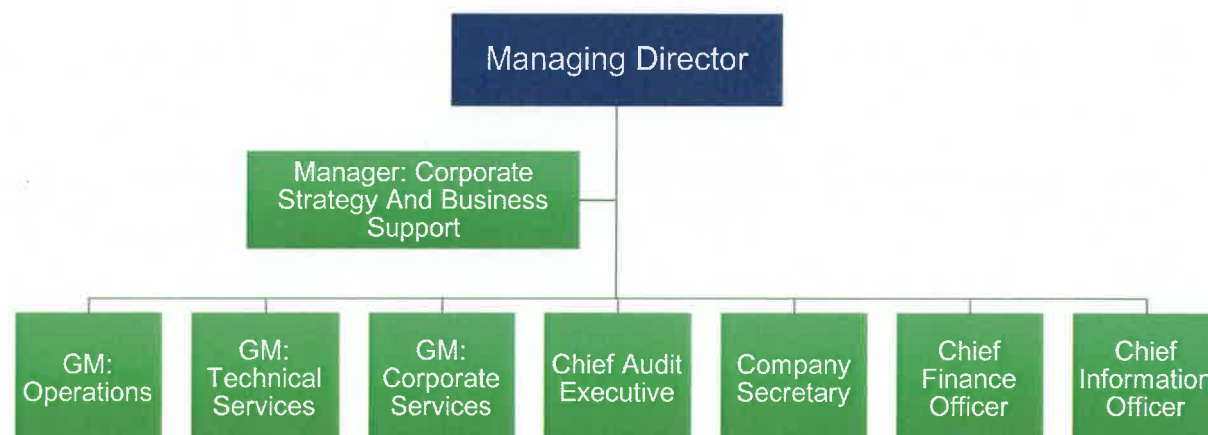
Mhlongo Xoliswa	158,333.33	474,999.99
Total	712,788.51	2,138,365.53

2.5 High Level Organisational Structure

2.5.1 High Level Organogram

The figure below reflects the high level organogram for the Entity

Figure 2: High Level Organogram



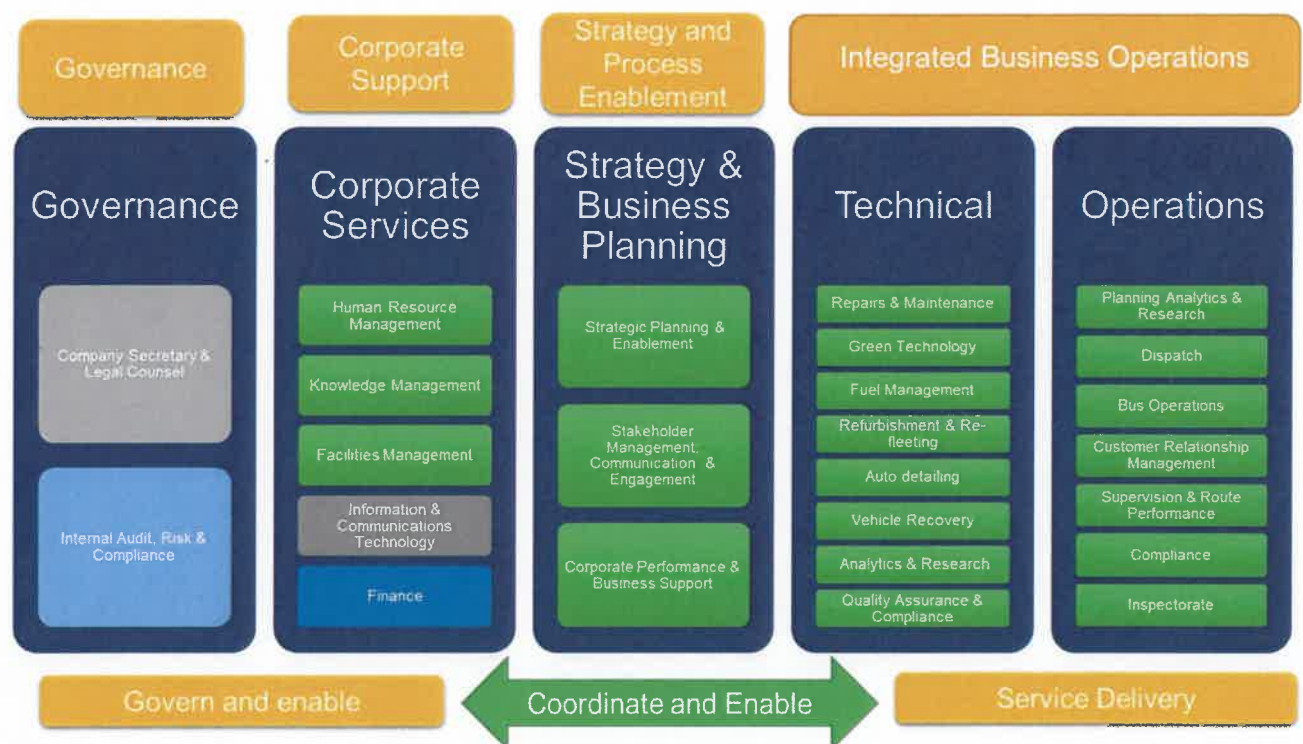
2.5.2 High Level Functional Structure

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 Business Operations function 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 3: 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 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, assist management in 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 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 10: 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 C. 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.

To date, there are 18 active cases relevant to Metrobus investigated by GFIS and are set out below:

Table 11: Tip-off line

Date Reported	Allegation
2017/11/22	Allegations of Fraud and Corruption
2018/03/28	Alleged Irregular Expenditure
2018/03/28	Alleged Irregular Expenditure
2018/06/15	Alleged Irregular Expenditure Within Metrobus by Exceeding the Allocated Budget by R48 Million in 2016/ 2017
2018/12/18	Alleged Irregular Expenditure
2019/01/25	Alleged Maladministration in the Ticketing System at Metrobus
2018/08/17	Alleged Theft of Bus Fare Collections by bus Drivers
2019/02/22	it was alleged that there is an employee at Metro bus who is misusing the CoJ vehicle whereas he has allowances
2019/02/22	It was alleged that an employee is for ever acting on the position of a General Manager at Metro bus.
2019/03/08	Alleged Irregularities into the Appointment of a General Manager at Metrobus
2019/03/08	Alleged Irregularities Into the Procurement Process for Metric Tape
2019/03/08	Alleged Irregularities within Procurement
2019/03/08	Alleged Irregularities at Metrobus
2019/05/02	It is alleged that Metrobus engaged in fruitless and wasteful expenditure by paying for bus licenses for the amount of R1000,00
2019/06/05	Alleged Irregular Expenditure
2019/07/17	Alleged irregularities between Metrobus Management and DEMAWUSA union
2019/10/03	Alleged irregularities for refurbishment of Metro bus tender number TSD 22018/19 to the contract value of R 49m

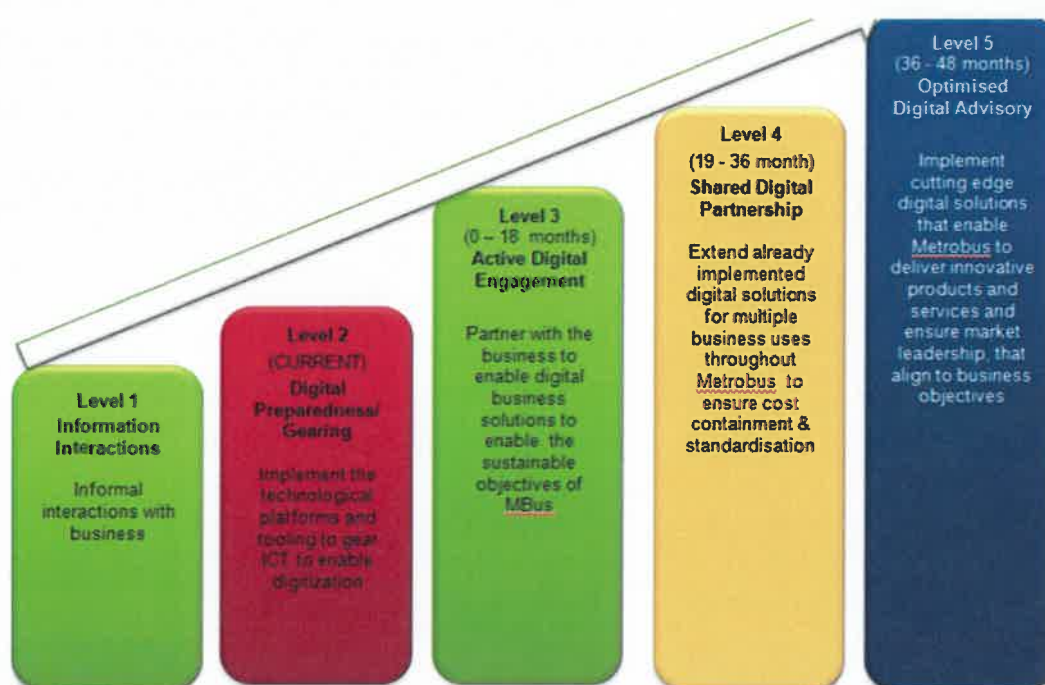
2020/05/06	Alleged fraud and corruption relating purchasing of the bus service or parts involving Alan Black, Viva Engineering, Westing House and Prestige Parts
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2.8 ICT Governance

2.8.1 Overview

In this regard 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 second phase of its ICT Maturation journey. An integral part of the maturation journey is digitization, which includes the implementation of a number of intelligent transport systems, which will be implemented in an integrated manner in line with Metrobus ICT maturation. Metrobus is currently migrating from level 2 to level 3.

Figure 4: Metrobus ICT Maturation Journey



2.8.2 Key ICT Projects

2.8.2.1 Automated Fare Collection System (AFC)

Following the cancellation of the previous AFC Procurement process, a new procurement process has been restarted by the Transport Department under the stewardship of the City

2.8.2.2 SAP S4 Hana

During the period under review, a number of functionalities were enabled including electronic pay advices and leave process functionality. Efforts are afoot to ensure that all employee are able to access the new functionalities through service portals in all Metrobus workplaces

2.8.2.3 End-user hardware refresh

ICT is currently rolling out end-user hardware. A total of one hundred and eleven (111) employees were identified to benefit from the hardware refresh program, to date the project is 36% complete (40 employees have received laptops). It is envisaged that the project will be completed by the end of the third quarter. Progress in this regard has been retarded by challenges in the procurement of goods and services owing to the effect of COVID19. In addition the entity is conducting an assessment for purposes of laptop refurbishment. Outcome in this regard will be available during quarter two and the implementation of action plan will commence immediately.

2.8.2.4 Other projects

Projects completed during the period under review include the following:

- Village Main and Milpark: 2 Telephones per depot delivered and working, 3 more each per depot to be implemented but needed new network switches which have been subsequently bought and implemented. New network switches purchased to be configured for the remaining 3 more phones per depot, which is what we are currently with.
- Digital Signatory Software rollout: completed 6 out of 9
- Remote Software Assist: installed 40-50% done on the laptops rollout

- Data Cards for Board done, EMT rollout started, to be completed during the second quarter.
- IPADS rollout for Board completed, EMT to rollout started, to be completed during the second quarter.
- Intranet: Design completed, we are wait for the hardware to arrive for implementation

2.8.3 ICT Audit and Policy Framework

2.8.3.1 Audit Findings

- ICT A.G findings decreased from total of 15 to 2; whereinafter 3 added this year hence total of 5 open at current
- ICT Internal Audit Findings were 7 in total with 4 closed and 3 partially addressed
- Therefore, the control environment has significantly improved

2.8.3.2 Risk Registers

- Strategic Risk Registers have been updated to reflect the current Metrobus ICT risk universe
- ICT Operational risk register has also been implemented in the department to manage risks more
- Therefore, there are tools in place to assist ICT to be proactive in managing risks

2.8.3.3 Policies and Procedures

- ICT Policy register has been instituted and streamlined
- 5 Policies have been approved

2.8.4 ICT Enablement during Covid19 Times

ICT has embarked on the following initiatives to enable the organisation to be able to function even in covid times.

- Microsoft Teams enabled with full capabilities.

- New data cards handed out to key people in the organization to enable work from home arrangements.
- Mobile phones allocated to key personnel at Metrobus to enable work from home arrangements.
- New ICT hardware supplied to all designated head office staff. New IPAD's with data supplied to Board members cards.

2.8.5 Challenges

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

- The cancellation of the AFC tender poses a significant impediment to Metrobus journey towards ICT maturation.

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

Reports on compliance is 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

Our drivers receive fines for traffic violations, which they are responsible for settling. There is a correlation between blameworthy accidents caused by drivers and the traffic fines issued to them. The entity is focusing seriously on ensuring that unacceptable driving behavior is dealt with immediately by instituting disciplinary process against offenders. Twenty-six 26) traffic fines were reported during the 1st quarter and the traffic fines have been transferred to drivers to pay them.

Table 12: Traffic Fines Report

Financial year	Jul	Aug	Sep	Total
2020/21	7	10	9	26

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 also referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus Hartridge units increased

(measure of carbon emissions emitted) to an average of 18% 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 %
Merc 1725	60%	50%	15%
Euro 5	60%	50%	5%
Euro 3	60%	50%	49%
VOLVO B7L	60%	50%	31%
VOLVO B7R	60%	50%	63%
Weighted Average	18%		

2.9.4 Pending Litigations and Possible Liabilities

Contingent liabilities emanating from litigation and labour related disputes has remained constant at an estimated R 27,214 million in respect of third party claims against Metrobus arising from accidents. Metrobus is covered by the Group Insurance Policy which is managed by the Group Risk Department. Metrobus pays an annual insurance premium to the City.

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Refurbishment Programme

In June 2019, Metrobus launched a program to refurbish 100 Mercedes Benz 1725 buses from 01 July 2019. In order to insure that the work done by the supplier is of the right quality and meets the OEM standards, Metrobus assigned a quality assurance inspector to certify that the above is met.



Before Refurbishment

After Refurbishment

The Mercedes Benz 1725 Refurbishment Project includes a complete Body Refurbishment, Engine Overhaul and Gearbox Overhaul. During the quarter under review, the refurbishment

thirteen (13) buses was completed, bringing the total number of refurbished buses to forty four (44) as at end of quarter one.

3.1.2 Economic Transformation

During the period under review, the entity managed to significantly exceed the target for SMME support. While the target is ten (10) SMMEs supported, the actual performance was twenty three (23) SMMEs supported. The entity is currently, in collaboration with the City Transport department, is currently devising a basket of non-financial SMME support initiatives which will be implemented in the 2020/21 financial year.

3.1.3 Service Reliability

Reliability of Metrobus service is measured by the number of scheduled (planned) trips operated against the total planned trips. The number of trips cancelled during the quarter was zero (0) out of a total of thirty three thousand and eight hundred and sixteen (33816) planned trips, resulting in 100% reliability of service and thus exceeding the target of 90% for the first quarter.

3.1.4 Engagement with Commuters

A negligible increase in the number of complaints from the last quarter was recorded. While thirteen (13) complaints were recorded last quarter this increased to fifteen (15). Customer engagement is continuously maintained. Through various media platforms and ensuring that our customers are kept abreast of development that have impact on bus operations. The trend in complaints during the period under review must be considered in the context of a reduced scope of operations owing to COVID19 restrictions.

Table 14: Customer complaints attended

Depot	Jul	Aug	Sep	Total
Milpark	1	2	2	5
Roodepoort	0	1	4	5

Village Main	2	1	2	5
Total	5	5	5	15

3.1.5 Strides in commuter engagement

Metrobus is continuously intensifying its communications on social media keeping passengers abreast with daily operations of buses. The company has been operating at an average of 50.7K reach and currently at 88K. This is an improvement of over 30 000 new people reached in the first quarter on a daily basis compared to the fourth quarter of the previous financial year. Organic rankings on search engine optimisation has improved dramatically making the brand (Metrobus) one of the most shared and talked about in the city of Johannesburg.

3.2 Service Delivery Challenges

3.2.1 A significant Decrease demand for services

Due to the effect of COVID 19 related restrictions and the current economic downturn, the demand for Metrobus services has decreased significantly. During the same period last financial year peak requirement stood at three hundred and sixty one (361). The current peak requirement stands at one hundred and fifty three (153) buses denoting a decrease of over 50%. Consequently, while the entity is able to meet the bus fleet requirement a significant percentage of the is out of use.

Table 15: Average Fleet Availability

Month	July			Total	August			Total	Sep			Total	Q1 Ave
Depot	MP	RP	VM		MP	RP	VM		MP	RP	VM		
For Operational Use	213	53	162	428	213	53	162	428	213	53	162	428	428
OOO	119	12	93	224	108	10	65	183	105	12	65	182	196
Covid-19 Peak Requirement *	67	47	57	170	67	47	57	170	67	47	57	170	170

Available To Operations	94	41	69	204	105	43	97	245	108	41	97	246	232
Variance	27	-6	12	33	38	-4	40	74	41	-6	40	75	61
Available Capacity	140%	87%	121%	116%	157%	91%	170%	139%	161%	87%	170%	139%	131%
Excess/ Shortage Capacity	40%	-13%	21%	16%	57%	-9%	70%	39%	61%	-13%	70%	39%	31%

*while the peak requirement is 60, the actual requirement is 66 given the standard operating rule of 10% spare capacity

3.2.2 Fleet Utilisation

Fleet utilisation measures the buses available for operational use in comparison to the total fleet capacity.

During the quarter under review, Metrobus had a total fleet of four hundred and twenty-eight buses including the ten hired articulated buses. On average, two hundred and thirty-two (232) buses were available for use during the quarter per day. This translates to fleet utilisation of approximately 54% for the quarter.

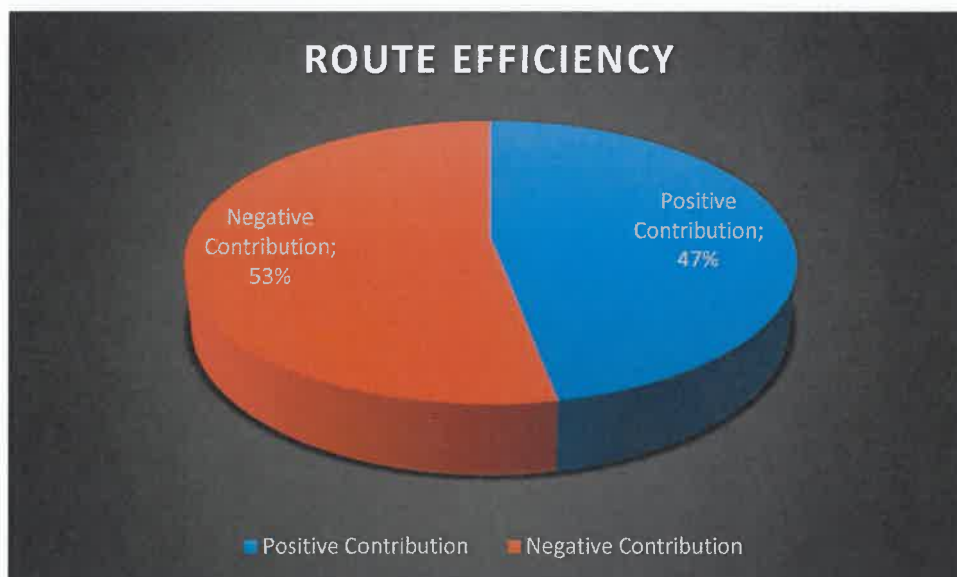
Table 16: Average Fleet Utilisation

Fleet Availability Metric	Quarter 1	YTD Average
Fleet for operational use	428	428
Available for operations	232	232
Variance	-196	-196
Available Utilisation	54%	54%

3.2.3 Route Efficiency

Route efficiency in this case refers to the ability of a routes to meet direct operating costs. The Metrobus scope of operation comprises a total of three hundred and sixty three (363) routes. During the previous financial year, two hundred and twenty six (226) routes were active, one hundred and nineteen (119) routes (53%) did not meet the direct cost. This implies that only one hundred and seven (107) routes (47%) met direct costs. Although the advent of COVID19 led to a decrease in the demand of Metrobus services, route efficiency remains a concern for the organisation.

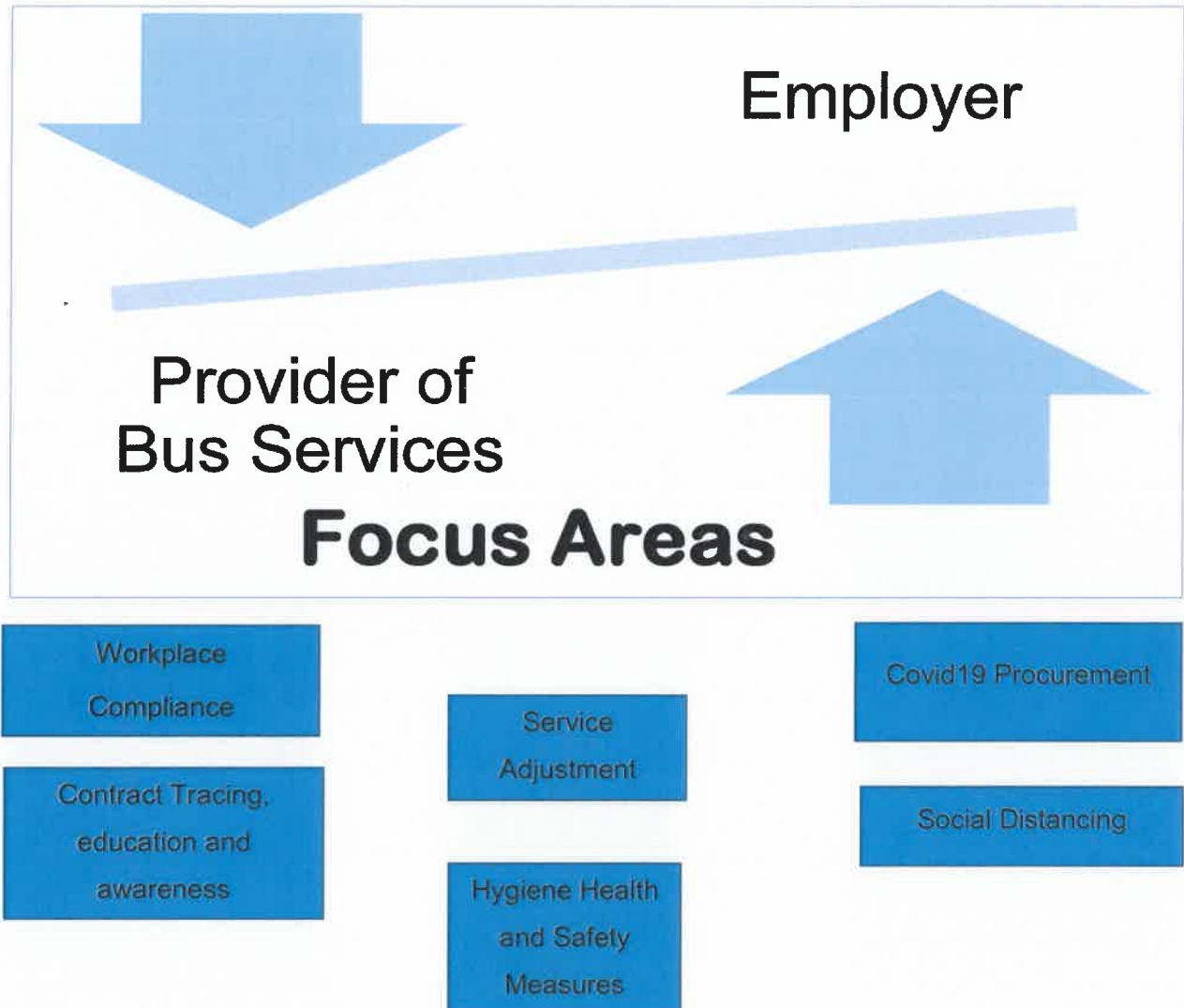
Figure 5: Route Efficiency



3.2.4 COVID-19 Pandemic

Following the risk adjusted levels as per government directive, the entity has continued to implement applicable measures. In this regard the entity's COVID 19 response team has continued to conduct its role to guiding the entity's response to COVID 19.

3.2.4.1 A differentiated response to Covid 19: Employer and Provider of Bus Service



3.2.4.2 Covid19 Mitigation Measures: Workplace Readiness

Focus Area	Risks	Intervention/Response	Timeline	Status
Workplace Compliance	Transmission of the virus amongst employees leading to closure of certain business functions	Disinfecting of all workplaces	Weekly	On-going
		Development of departmental return to work schedules taking into account essential functions and following rotation principle , in order that only 50% of support functions are at work		On-going
		Screening of returning employees	Daily	On-going
	Exposure of employees with commodities	Working arrangement for vulnerable and high risk employees especially frontline employees	On-going	On-going

3.2.4.3 Covid 19 Mitigation Matters: Physical/ Social Distancing

Focus Area	Risks	Intervention/Response	Timeline	Status
Physical/ Social Distancing	Non-adherence to social distancing protocols resulting in exponential	Queue Control at Ghandi Square: Physical distance markers have been put at all commuter walkways	On-going	On-going

	transfer of the virus on the buses and facilities			
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3.2.4.4 Covid 19 Mitigation Matters: Contract Tracing

Focus Area	Risks	Intervention/Response	Timeline	Status
Contract Tracing	Inability to trace people who came into contact with infected person	Commuters: Registration of all tag users is scheduled for four weeks	On-going	On-going
		Each bus will have register containing details of all commuters	On-going	On-going
		Employees and visitors- Each workplace and Metrobus facility will keep a register of all employees and visitors	On-going	On-going

3.2.4.5 Covid 19 Mitigation Matters: Operational Adjustment

Focus Area	Risks	Intervention/Response	Timeline	Status
Operational Adjustment	Inability to manage number of people on buses used for private hire services: insufficient	Suspension of private hire services	From March 2020 to date	On-going
		Responded to the level 2 and 1 as follows:	On-going	On-going

	provision of service for essential workers	Level 2: 150 buses in operation Level 1: 150 buses in operation		
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3.2.4.6 Covid 19 Mitigation Matters: Health and safety

Focus Area	Risks	Intervention/Response	Timeline	Status
Health and Safety	Inability to detect symptomatic people earlier	Daily screening of employees for temperature and completion of health questionnaire	On-going	On-going
		Ad hoc medical surveillance and risk assessment upon return to work of employees is conducted through the City of Joburg	On-going	On-going

3.2.4.7 Covid 19 Mitigation Matters: Education and Communication

Focus Area	Risks	Intervention/Response	Timeline	Status
Education and Communication	Non-adherence to mitigation protocols	Externally directed at commuters social media platforms, notices and information flyers on our buses and stations: commuter forum engagement regarding compulsory wearing of mask's when visiting ,Metrobus facilities, importance of providing correct details on our	On-going	On-going

		registers, wearing of masks, changes for bus schedules and adherence to social distancing.		
		Internally directed at employees social media platforms, posters, memos, cabin talks and depot roadshows regarding information about the coronavirus and mitigation measures	On-going	On-going

3.2.4.8 Covid 19 Mitigation Matters: Hygiene Measures

Focus Area	Risks	Intervention/Response	Timeline	Status
Hygiene Measures	Transmission of the virus amongst employees or between employees and passengers	Phased erection of bus driver's cabins- Partitioning of driver area with Perspex glass, protective equipment for frontline employees and workshop employees.	On-going	Ongoing
		Mandatory wearing of masks by all employees and visitors at all Metrobus facilities Sanitising of buses with chemical wash to last 24 hours	On-going	On-going
		Washing of buses- after morning peak and evenings	On-going	On-going

		Fare collection- Suspension of on board ticket purchase from drivers suspended to limit physical contact		
		New stored value tags offered for free for registered first timer users of coupons for them to load trips	On-going	On-going

3.2.5 High Vacancy Rate

The vacancy rate in the Company during the reporting period currently stands at 29.07%. This percentage is higher than the previously reported one due to the addition of the newly approved Inspectorate and Security Division.

This percentage is higher than the 14.4% average vacancy rate at Local Government level as reported by the Statistics South Africa on their last survey in 2016 (NB: this survey is conducted every five years).

At a departmental level, both core Functions - Operations, Technical Services have an average vacancy rate of 32%. Management has conducted an assessment of the critical vacancies that are crippling the entity.

3.3 Impact of Challenges on Organisational Performance

Given the prevailing economic conditions which have led to an increase in level of employment in the country and the province, including the ravaging effects of COVID 19, the entity has experienced a significant downturn for the services to the extent that peak requirement have been adjusted downwards by over fifty percent. The slow pace of return to work following various risk adjusted levels has affected the provision of services that enable the operation of the entity. In comparison to the same period in the last financial year, fare revenue has decreased by approximately R14.1 million. While the fare revenue was recorded at R21 million in the first quarter of the 19/20 financial year. It is recorded at R6.9 million in the period under review.

3.4 Mitigating actions

The current operating environment particularly as regards the decreased demand for public transport services presents a new set of challenges key among which is the double edged sword of a decline in numbers on one side and excess fleet capacity on the other challenges pertaining to route efficiency, revenue collection and protection and a high vacancy rate continue to plague the entity. Management is continuously seized with implementing mitigation measures to ensure that the entity can meet its delivery mandate.

3.4.1 A new approach to fleet enhancement

In the 2018/19 financial year, Metrobus leased ten (10) articulated buses with a carrying capacity of 148 passengers. These buses were allocated to routes 05 and 80. Passenger numbers and fare revenue increased consistently by 66% and 37% respectively in these routes. Following exceptional performance by the leased buses, at mid-year the City approved leasing of an additional ten (10) high capacity buses. The target to have twenty (20) leased high capacity buses by 30 June 2020 could not materialise due to the decreased demand for bus services. In light of the current level of demand for Metrobus services, a contract for the further leasing of buses will be entered into but implementation held in abeyance and reviewed in line with changes in the operating environment

3.4.2 Continuous operations

In order to ensure proper traction of the deliverable outlined in the Integrated Maintenance plan and ensuring higher levels of preventative maintenance and shorter turnaround times for the technical division, the introduction of Continuous Operations (CONTOPS) is anticipated in the second quarter. Consultations with labour in this regard are in their final phase. In addition infrastructure adjustments to the working space are currently being implemented through the services rendered by the Johannesburg Property Company.

3.4.3 Trip Optimisation

Following investigation into the level to which routes are currently optimised, it is clear that there is an opportunity to reach more commuters by adding more buses on high demand routes. Trip optimisation will aim to increase Metrobus reliability by reducing trips with very low passenger volumes and reallocating those buses to areas of greater need. Over a period, the aim is to reduce the frequency of cancellations and late arrivals and ensure that depot managers have sufficient buses to satisfy the trips required per depot.

One of the objectives of trip optimisation is to address unmet customer needs. Currently, high demand routes are underserved due to the operational bus constraints faced by the entity on a daily basis. Known unmet demand refers to unsatisfied demand on current routes due to the lack of operational buses to provide the required services. The objective of Trip Optimisation is to identify areas of unmet demand and areas of oversupply to establish a revised trip schedule that effectively addresses the needs of commuters. The number of operational buses remains a constraint to Metrobus in fulfilling the expectations that customers have of a reliable service. To ensure more effective use of current operational buses, changes to the trip schedule should be implemented.

The process of Trip Optimisation will aim to determine which unmet customer needs will be most effective to address in the short, medium and long term. Areas where the needs of commuters are unmet include routes with insufficient buses allocated to cover all customers daily or areas that require a public transport system but are currently not serviced. This being so, Trip Optimisation will serve to identify areas where commuter needs are not being completely satisfied to determine possible gaps for expansion.

3.4.4 Managing High Vacancy Rate

While additional funds for the purpose of filling a number of positions deemed critical was secured during the budget adjustment process. Progress towards the filling of these positions was retarded by COVID-19 related conditions. During the quarter in review, three (3) vacancies were filled apportioned as follows:

1. Specialist: Logistics Management in the Finance Department.

2. Specialist: Supplier performance and Contracts in the Finance Department.
3. Specialist: Budgets in the Finance Department.

3.4.5 Digital Enablement

Key among the strategic priorities for the entity is to play a significant role in the provision of digitally enabled mobility to the citizens of Johannesburg. In this regard a number of intelligent transport system have been identified which will enhance key processes including fuel management and ensure the entity has a capacity to maintain proper surveillance over its assets and en-route fleet. It is anticipated that all these systems and technologies will converge in the Automated Fare Collection system that is planned for the entity

Figure 6: Technology Roadmap – Digitisation



3.5 Response to Strategic Direction

Metrobus contributes to the City's Economic Growth Cluster which is central to the promotion of economic development and investment. Sustain able mobility and equitable access is essential factors in developing and facilitating a successful economy and inclusive society.

Metrobus contributes to the City's four (4) key strategic priorities and the entity has responded as follows:



3.5.1 Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.

On-going provision of bus service to the 229 main routes used by citizens of Johannesburg such as employees of various companies, job seekers, students etc.

3.5.2 Priority 2: Ensure development that addresses inequality and poverty and provides meaningful redress.

Metrobus offers the following concessions

Table 17: Discount Categories

CLASS OF PASSENGER	FARE BASE
Stored Value	8.0% Discount
Adult Commuters – multi journey tags	25% Discount

Scholars	7 % on cash and further 25% discount for multi journey fares.
SAPD, JMPD and SANDF members in uniform	Free travel on non-dedicated trips.
Pensioners	8.6% on cash and 50% on multi journey trips. Pensioners must be restricted to only use buses during off-peak or pay the normal adult fare.
Metrobus staff	Free travel but must present staff ID card at all times.

3.5.3 Priority 3: Create a culture of enhanced service delivery with pride.

Labour:

On-going and robust monthly Union Management meetings between Organised Labour and Management to discuss the role of Metrobus in the service delivery; employee issues; organisational matters including the financial health and the strategic direction of the entity

Commuters:

Metrobus hosts monthly commuter forum meetings which serve as a feedback loop for commuters.

3.5.4 Priority 6: Create a City that responds to the needs of citizens, customers, stakeholders and businesses.

Metrobus is taking full advantage of the social media platforms (Twitter and Facebook) launched in the previous financial year. These platforms are used to engage and inform commuters on Metrobus service delivery matters and projects. Metrobus is also focusing on improving Metrobus relationship with media, in order to enhance the brand image. Inroads were made with media ratings and coverage improving, both positive and negative, but at least brand visibility has been prominent.

In the past emphasis was placed on reactive media response. Our current approach is to proactively deal with media.

3.6 Performance against Service Standards and Predetermined Objectives

The Service Delivery Agreement sets out five (05) service standards between Metrobus and the Shareholder. Metrobus achieved one hundred percent (100%) on service standards. Details on the service standards are attached hereto as **Annexure B**

The Metrobus 2020/21 business plan is aligned to the City's priority areas and ultimately, the GDS 2040 outcomes relating to economic growth and sustainable human settlements. 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 based set of strategic levers which serve as programs of action. The total number of Performance Indicators (KPIs) on Metrobus five-year strategic document is 40 but only 21 are included in the Metrobus scorecard with the remaining indicators incorporated in various departmental day to day as well as individual executive management scorecards. A total of eighteen (18) KPIs were measured in the first quarter of the 2020/21 financial year and fourteen (14) KPIs (78%) were achieved. The detailed Performance Scorecard is attached as **Annexure A**.

The unachieved KPIs includes: Average number of Metrobus passenger trips per working day, percentage spent against approved operating expenditure budget, percentage spent against capex expenditure budget, and percentage pre-determined objectives achieved. A detailed performance scorecard relating to unachieved Key Performance Indicators including corrective measures envisaged for the next reporting period is outlined in **Annexure A1** attached hereto.

4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including Executives) at the end of the reporting period stood at R 55.9 million against a budget of R 66.7 million. The surplus variance of R 10.7 million is attributable to the quantum of vacancies in the establishment.

Figure 7: Employee related costs: 01 July 2020 – 30 September 2020 (R000's)

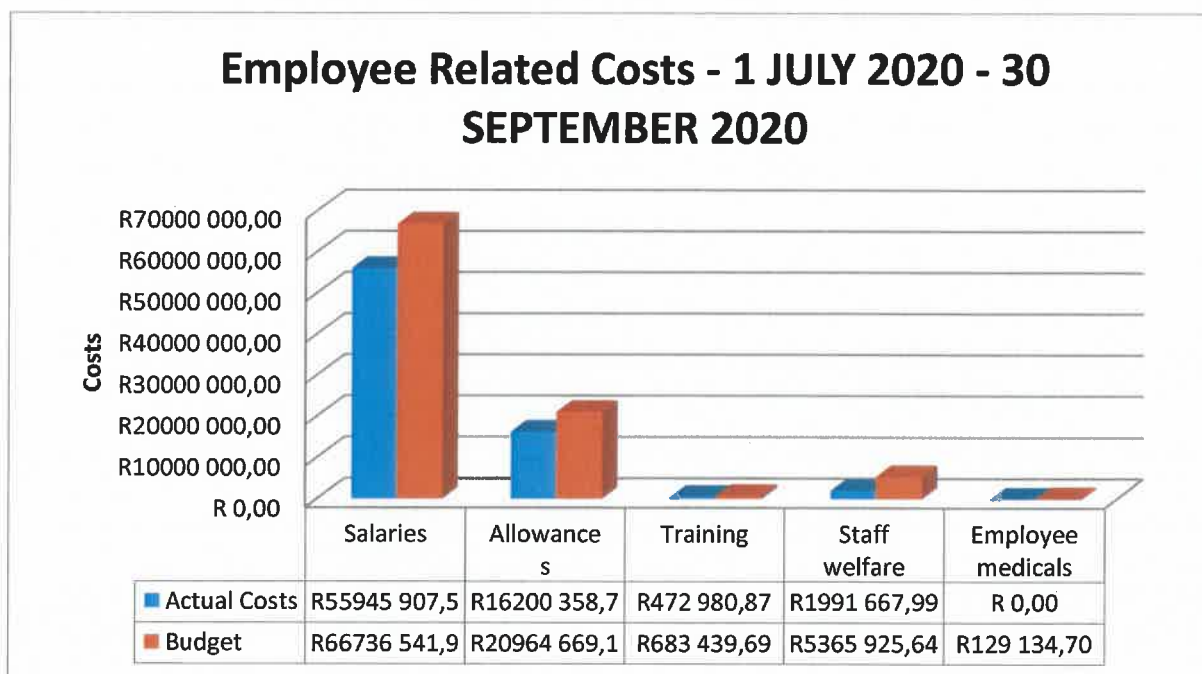


Table 18: EMT Remuneration: For the period 01 July 2020 – 30 September 2020

Position	Status	Total paid on first Quarter	Total Annual Package
MANAGING DIRECTOR	FILLED	R475, 000.00	R1, 900,000.00
Chief Financial Officer	VACANT	N/A	N/A
General Manager: Corporate Services	VACANT	N/A	N/A

Chief Information Officer	FILLED	R412, 974.12	R 1,651,896.48
Legal Counsel & Company Secretary	VACANT	N/A	N/A
Chief Audit Executive	FILLED	R350, 000.00	R1,400,000.00
General Manager: Integrated Operations	NEW VACANT	N/A	N/A

4.2 Key Vacancies

Table 19: Staff establishment, vacancies and critical vacancies

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment (s) on aging of vacancies
1	Office of the Managing Director	8	4	4	2	36 Months	Relates to two managerial/specialist positions that have not been filled.
2	Corporate Services	225	155	70	7	18 Months	GM: CS has since resigned and the process to recruit a new GM is underway.
3	Legal Counsel	5	1	4	3	14 Months	Includes Legal Counsel &

	and Company Secretary						Company Secretary; Specialist and Senior Administrative positions that have not been filled since inception and resignation of previous post incumbents.
4	Information and Communication Technology	12	4	8	4	10 Months	Plans to review Organogram are under way.
5	Internal Audit and Risk Management	5	2	3	2	10 Months	One Specialist: Risk & Compliance position is at an advanced stage of being filled.
6	Finance	55	45	10	5	10 Months	Resignations and positions that have never been filled due to budget constraints.

7	Integrated Business Operations	942	677	265	6	10 Months	Natural Attrition and Resignations.
	TOTAL	1252	888	364	29		

Following submissions made to the City for an adjustment of the budget of Metrobus to fill critical vacancies; approval was granted during the last quarter for an additional budget of R 27, 345,000.00 for the filling of critical vacancies. The Executive Management Team (EMT) met and agreed on the critical vacancies to be filled, following which Corporate Services established a Vacancy Task Team (VTT) to deal with the filling of vacancies on an expedited basis and it is anticipated that the process of filling vacancies will be concluded on time i.e. end of August 2020, however the impact of the COVID 19 pandemic and possible changes to the level of lockdown may have an adverse influence on the plan.

The processes to recruit the General Manager: Corporate Services, Chief Financial Officer and Legal Counsel & Company Secretary is at an advanced stage and it is envisaged that these positions may be filled by the 1 November 2020. Preparations are afoot to fill the General Manager: Integrated Business Operations (IBO) position as soon as practical or before 01 February 2021.

4.2.1 Vacancy Rate

The vacancy rate in the company during the reporting period was recorded at 29.07%. This percentage is higher than the previously reported one due to the addition of the newly approved Inspectorate and Security Division.

This percentage is higher than the 14.4% average vacancy rate at Local Government level as reported by the Statistics South Africa on their last survey in 2016 (NB: this survey is conducted every five years).

4.2.2 Positions filled during the period 01 July 2020 – 30 September 2020

During the quarter in review, three (3) vacancies were filled apportioned as follows:

1. Specialist: Logistics Management in the Finance Department.
2. Specialist: Supplier Performance and Contracts in the Finance Department.
3. Specialist: Budgets in the Finance Department.

The choice of candidates employed in the above mentioned posts has contributed positively to the achievement of the entity's employment equity goals and targets

4.2.3 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 in review, eight (8) employees out of a total strength of eight hundred and eighty eight (888) employees left the service of Metrobus. This translates to an average percentage of 1.00% in staff turnover. This figure comprises of employees that left the Company due to medical boarding; resignations; retirement, dismissals, etc. This percentage is much lower than the Local Government national average of 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

4.3 Employment Equity

It can be deduced from the current Metrobus employee profile, that 30% of employees' fall within the age category 46-55 and percentage of African males is 70%. Women of all races in all employee categories constitute 26% of the company's staff complement (2019/20:18.9%).

Metrobus has an established Employment Equity Forum that determines and monitors the achievement of the entity's EE targets.

Table 20: Demographic Profile as at 30 September 2020

Present and Expected		Male				Female				Total
		A	C	I	W	A	C	I	W	
All Employees	Current	629	36	3	18	190	5	2	5	888
	Proposed	540	50	13	41	247	12	12	29	944

4.4 Skills Development and Training

4.4.1 Training and Development Programmes

During this reporting period a total of nineteen (19) employees were trained as part of skills development programme and five (05) received financial assistance in the form of subsidised education scheme to further their studies in line with the approved Human Resource Development Strategy and Workplace Skills Plan for the organization

4.4.2 Apprenticeship Programme

In response to the scarce skills shortage in identified technical and provisional vocations by the National, Provincial and Local Government spheres through mandated Sector of Education and Training (SETA). The apprentices continue with their workplace training at the depots for all twenty apprentices.

All twenty (20) apprentices during this reporting quarter completed their workplace practical training at the appointed Trade Centre as part of their three (3) year structured programme which includes theoretical and workplace learning interventions.

This programme is TETA funded over a period of three (3) years. It is aimed at ensuring that our deserving employees work under qualified artisans so that at the end of the training period

those who have successfully participated in this process will obtain a formal qualification as artisans in their specialisation.

4.4.3 Internship Programme

The appointed interns on the graduates development program continues with their workplace experience learning interventions done through mentorship and coaching from the qualified mentors for Twenty (20) graduates from Technical Services Department, Corporate Services, Legal Services, Financial Management, Supply Chain Management, Marketing and Communication and Information Communication Technology Departments successfully participated in the program

The application for funding of the current batch of interns is been approved by Transport Education and Training Authority (TETA) for discretionary grants applied for in September 2019. Since the nation moved to Alert Level 2 Interns were required to return to work with the implementation of a rotation timetable for them in light of the current pandemic impact. Metrobus has secured DG funding from TETA to appoint five (5) new Interns. This program will focus on the acquiring social work graduates to assist with employee wellness initiatives. The project will roll out in October 2020 for 12 months and is valued at R 411 000.00.

The Metrobus Human Resource Development Strategy encourages employees to further their careers and professional development by assisting them through the subsidised education scheme, to attain formal education from reputable and registered institutions of Higher Education and Training (HET).

The Metrobus subsidise education policy prioritise the attainment of higher education qualification. However, a portion of the subsidy is aimed at encouraging official who are in possession of some level of tertiary qualification to peruse senior qualification. This approach is in line with the entity's social transformation goals

The budget for Subsidised Education is as a result apportioned in line with the 80/20 principle to ensure that maximum impact in terms of affording financial assistance is biased towards employees who are without a formal qualification first. The total budget spend on subsidized education to date is R 53 125.00 for this quarter so far it was due the impact COVID-19 regulations impacted the Education and Training Institutions academic year.

The table below summaries the number of applications proceed for Subsidised Education.

Table 21: Subsidised Education Financial Assistance

#	Under graduate Qualifications	1 st Year	2 nd Year	3 rd Year	Post Graduate Qualifications	1 st Year	2 nd Year	3 rd Year
1		4	0	1	0	0	0	0
Total number of Sub Ed. Beneficiaries		5			0	0		
Total amount spend		R 53 125.00				0		

The current budget allocation for 2020/21 financial year for Subsidised Education is R 700 000.00 and the total current spent to date is at **R 53 125.00** for subsidised education.

4.4.4 Training and Development Programmes

During this reporting quarter, a total of twenty (20) apprentices and twenty (20) interns continue with their workplace practical training at various departments and depots. Training and development is still ongoing and necessary precautions to mitigate the risk of COVID19 transmission are observed.

Table 22: Skills Development and Training

#	Training Intervention	Learning Matrix	M	F	Numbers of trained delegates per intervention

1	Bus Driver Refresher Training	F	0	5	5
2	Induction Programme (Onboarding)	F	2	0	2
3	Vodacom Patrol Device Training for Security Personnel	F	10	2	12
Total number of trained delegates			12	7	19

4.5 Performance Management

All employees who are subject to the signing of performance agreements have entered into performance contracts and assessments are conducted in line with applicable policies.

4.6 Disciplinary Matters and Outcomes

The balance of disciplinary matters for quarter one stands at Sixteen (16) there were Two (2) new cases that were registered during the first quarter of the 2020/2021 financial year. One (1) case was finalised.

There was one (1) disciplinary outcome registered during the period in review and zero (0) Final Written Warning and one (1) dismissal apportioned as shown in the tables below:

Table 23: New Disputes

New Disputes	Disputes UD	Disputes ULP	Disputes mutual Interests	Total
Millpark	0	0	0	0
Village Main	4	0	0	4
Roodepoort	1	0	0	1
Head Office	2	0	0	2

Table 24: Disciplinary and Grievance Matters

Depot	Balance from previous quarter Disciplinary matters	New Disciplinary Matters	Old Grievances	New Grievances	Total
Millpark Depot	7	1	0	2	10
Village Main Depot	7	1	0	2	10

Roodepoort Depot	1	0	0	1	2
Head Office	2	0	1	0	3

Table 25: Dismissals

Depot	Misconduct	Incapacity	Total dismissal per depot
Millpark	0	0	0
Village Main	1	0	1
Roodepoort	0	0	0
Head Office	0	0	0

Table 26: Litigations

Number	Depot/ Department	Litigation	Issue	Progress
#	N/A	N/A	N/A	N/A

4.7 Leave & Productivity Management

4.7.1 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 in order 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 consistently.

4.7.2 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 3.76 working days per employee or five coma six-one percent (5.61%) of total available working time during the reporting period. Best HRM standards; dictate that sick absenteeism should not be more than 1.5%, which means that for every 250 working days per year, an average employee should take 3.75 days off sick.

4.8 Employee Wellness

During the period under review the country moved from level 5 to level 4 which meant that more employees had to return to work thus increasing the risk of contracting the disease, consequently, Occupational Health and Safety Division in the Corporate Services Department embarked on COVID -19 Medical Check Program. The purpose of the project was to identify

employees with comorbidities as they are classified as high-risk groups for contracting COVID-19. It is essential to report that out of 885 employees 685, i.e. 77.40% were screened for COVID -19 and for underlying contracting issues such as diabetes, hypertension and heart rate

4.8.1 Occupational health and safety measures level 3 to level 2

During the quarter under review the country moved from level 4 to level 3 and in august it also moved to level 2 which meant that number of people who are coming to work, this was going to increase the risk of employees contracting the disease. Metrobus had to adopt safety measures to promote physical distancing of employees, including enabling workers to work from home.

Employees with comorbidities had to fill self-disclosure form in order to disclose their health issues or comorbidities as this may place such employee at a higher risk of complication should they contract corona.

Employees with 60 years and above continued to stay at home, as they are also a high-risk group. Church of scientology continued to disinfect all Metrobus facility regularly.

Metrobus continued to work on rotation of employees in order to curb the spread of corona virus and to flatten the curve.

Also based on the guideline risk assessment was reviewed as COVID 19 is new hazard which has being introduced to a work environment, by conducting risk assessment it will enable us to know how many people may be exposed and also to determine the control measures which should be put in place.

Employees who were working during this level were provided personal protective clothing, which included cloth masks and face shield. All workplace were sanitized with 70% alcohol on a daily base to minimize the spread of corona virus. All premises and buses were mounted with hand sanitizing dispenser with 70% alcohol sanitizer. Metrobus partnered with church of scientology voluntary ministry to ensure that all Metrobus facilities are disinfected continuously.

4.9 Employee Benefits

The surplus variance of R873, 875, 76 as depicted in the below table can be attributed to the vacancies that have not yet been filled.

Table 27: Employee Benefits for the period 01 July 2020 – 30 September 2020

	Allowances	Training	Staff welfare	Employee medicals	Total
	R'000	R'000	R'000	R'000	R'000
Actual Costs	16 200	473	1 992	-	18 665
Budget	20 965	683	5 366	129	27 143
VARIANCE	4 764	210	3 374	129	8 478

4.10 Occupational Health & Safety Programmes

4.10.1 Safety incidents

A total of three (03) safety related incidents were reported during the reporting period.

The Occupational Health and Safety Policy has undergone an external audit assessment during the previous quarter. Final consolidated outcomes were submitted in this regard, the following areas have been indicated as immediate and urgent concerns.

1. Lack approved emergency preparedness plan.
2. Lack of approved occupational health and safety policy
3. Lack of approved incident management procedure.
4. Lack of Safety Awareness Functions
5. No Safety Support Personnel
6. Housekeeping Matters

A plan aimed at correcting these concerns has been put in place for implementation and will continue in the current financial year.

In response to the safety audit report received by Metrobus, the following interventions were embarked upon:

1. Occupational health and safety strategy has being developed to commit Metrobus on safety awareness functions and it is due for approval
2. Occupational health and safety policy is drafted in Oder to commit management in health and safety matters and it is due for approval by the board of directors.
3. Housekeeping Matters are addressed on a monthly bases through monthly SHE representative inspections

4.10.2 COVID-19 Pandemic

The advent of Covid19 brought with it challenges that Metrobus had to contend with. As part of its response, the company established a COVID19 Response Committee comprising of management, under the chairpersonship of the AGM: CS. This committee includes representatives from organised labour as well.

During the reporting period the company operated limited services and the wellness services continue not to run due to the vacancy in this space

4.10.2.1 Reported COVID19 cases and incidents

In view of the nature of the pandemic, the guidelines and standard operating procedures are developed centrally and the City's Joint Operations Committee meets regularly to review processes and procedure guided by the national and provincial structures. During the reporting period, the company operated limited services and the wellness services continue not to run due to the vacancy in this space.

Metrobus has also had a number of reported cases and the detail below covers the reported cases during the period in review:

4.10.2.2 Metrobus Head Office

During the period in review, 04 positive cases of COVID 19 were reported in July; all cases were reported to city of Johannesburg COID department.

As a precautionary measure, Head Office temporarily closed and positive employees as well as their direct contacts were placed under self-quarantine and were referred to a testing facility after completion of quarantine days tested. All positive cases have recovered and are back at work.

4.10.2.3 Milpark Depot

The Milpark depot reported eight (08) cases of employees that tested positive to the corona virus in July. In all the instances, the applicable protocols were followed and all employees has since fully recovered and are back at work.

4.10.2.4 Village Main Depot

The Village main depot reported eight (08) cases of employees that tested positive to the corona virus in July. In all the instances, the applicable protocols were followed and all employees has since fully recovered and are back at work

4.10.2.5 Roodepoort Depot

The Roodepoort Depot reported four (04) cases of employees that tested positive to the corona virus in July. In all the instances, the applicable protocols were followed and all employees has since fully recovered and are back at work

4.11 Security Inspectorate

Subsequent to the finalisation of the insourcing of the Security personnel as part of Metrobus, the Division has not operated without challenges. The challenges relate to inadequate or the lack of Supervision personnel to manage the security personnel on the ground as a result

during the reporting period interventions were made to deal with this shortcoming but the division has managed to execute its operations as reported below:

4.11.1 Resourcing of the Security Inspectorate

The structure for the Division: Security Inspectorate has been approved by the Board and the process is underway to draft the job descriptions, thereafter the grading and advertising of critical positions will be advertised and filled during this financial year. Currently, there is only an Acting Manager: Security Inspectorate with 119 Security officers who have been insourced during the COJ process. There is still a shortage of Security personnel at Fordsburg and Randburg depots which is being addressed through overtime duties being performed by the current personnel.

The MT 90 hand held radio devices have been introduced within Metrobus but will only be fully operational after all security personnel has completed the in-service training which has already commenced. During the current financial year, the camera system will be upgraded at all Metrobus facilities. This, together with the MT 90 devices and the capacitating of this division, would assist greatly in holistically addressing the losses currently being experienced within the Company.

After the capacitating of the critical positions within the division, the current inspectors will, as a matter of urgency, be transferred from Operations to Corporate and Shared Services.

4.10.2 Security Inspectorate involvement in COVID- 19

With the onset of COVID-19, the Security personnel was actively involved in preventing the spread of the virus at all Metrobus depots and offices. Although, four employees within this environment had comorbidities and three had to be placed on special leave during the critical phases, the division nevertheless, managed to ensure the safe-keeping of all property of Metrobus and the strict access control at all its depots including Head Office. Information of

all persons, both employees and visitors entering Metrobus offices, were recorded in terms of the COVID-19 regulations.

4.11.3 Security incidents

The Security arrested one permanent staff member for theft of property at Village Main Depot on 13 September 2020 and the employee was detained with Johannesburg CAS 381/09/2020. The replacement value of the parts is estimated at R25 000.00. Disciplinary steps have been instituted against the employee.

5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 28: Summary Statement of Financial Position

Description	30-Sep-20	30 June 20 Actual	Movement	Movement
	Prelim	(R000's)	(R000's)	(%)
Total Assets	755 277	652 532	102 746	16%
Non-Current Assets	614 990	629 356	-14 366	-2%
Property, Plant & Equipment	584 177	598 080	-13 903	-2%
Loans to Shareholders	30 752	30 752	0	0%
Intangible Assets	60	523	-463	-88%
Current Assets	140 287	23 176	117 111	505%
Inventories	12 289	9 788	2 500	26%
Receivables	116 495	3 228	113 267	3509%
Prepayment	6 455	4 772	1 683	35%
Insurance Fund	4 744	5 084	0	0%
Cash & Cash Equivalents	304	304	0	0%
Total Equity & Liabilities	755 277	652 532	102 746	16%
Equity & Liabilities				
Capital & Reserves	-177 405	-206 590	29 185	-14%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	149 998	149 905	92	0%
Accumulated Profit(Loss)	-382 177	-411 269	29 093	-7%
Non-Current Liabilities	194 742	203 741	-8 999	-4%
Interest Bearing Debt	184 223	193 222	-8 999	-5%
Retirement Benefit Obligation	10 519	10 519	0	0%
Current Liabilities	737 940	655 381	82 559	13%

Payables	244 526	185 297	59 230	32%
Loans From Shareholders	446 830	423 500	23 329	6%
Other Financial Liabilities	37 549	37 549	0	0%
Provisions	2 453	2 453	0	0%
VAT Payable	0	0	0	100%
Deferred Income	6 581	6 581	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets decreased by R 13, 9 million (2%) from R 598, 1 million (30 June 2020) to R 584, 2 million (30 September 2020). This was due to normal depreciation of property, plant and equipment of approximately R 18, 2 million as well as the capitalisation of assets amounting to R 4, 7 million

5.1.2 Intangible assets

Intangible assets decreased by R 483 000 (88%) from approximately R 500 000 (30 June 2020) to approximately R 60 000 (30 September 2020). This was due to amortisation of intangible assets.

5.1.3 Inventory

Inventory increased by approximately R 2, 5 million (26%) from R 9, 8 million (30 June 2020) to R 12, 2 million (30 September 2020). A review of the inventory on hand is currently underway. Metrobus did not dispose any inventory at during this quarter.

5.1.4 Receivables

Receivables has increased by approximately R 113, 3 from R 3.2 million (30 June 2020) to R 116, 5 million (30 September 2020). This is due to delays of payment of subsidies from the city.

5.1.5 Prepayments

Prepayments represents payments made in advance in respect insurance and bus licenses. This is expensed on a monthly basis. This increased by R 1.6 million (35%) from R 4, 8 million (30 June 2020) to R 6, 4 million (30 September 2020).

5.1.6 Interest bearing debt (Non-current liabilities)

The interest bearing debt decreased by R 9, 0 million (5%) from R 193, 2 million (30 June 2020) to R 184, 2 million (30 September 2020) due to loan repayments. This amount is made up of loans given by the city for purchases of buses.

5.1.7 Trade payables

Trade payables position increased by R 59, 2 million (32%). As at 30 June 2020, Metrobus owed over R 185, 3 million. This has increased to R 244, 5 million (30 September 2020).

5.1.8 Loans from shareholders

The loans from shareholders position increased by R 23, 3 million (6%). As at 30 June 2020 Metrobus owed R 423, 5 million to the City. This has increased to R 446, 8 million during this quarter due to the loan repayments and the reduced operations caused by COVID19 resulting in savings in expenditure. All payments for operating expenditure and capital expenditure are made through the sweeping account. Any cash shortfalls made by the entity are funded by the City through the sweeping account.

5.2 Statement of Financial Performance and high-level notes

Table 29: Statement of Financial Performance

Sep-20										YTD			
(Q4)										(3 months)			
	Actual	Budget	Prior year	Actual	Budget	Prior year	Q1 Variance to budget	Q1 Growth to prior year	YTD Variance to budget				
Revenue	175 225	192 000	164 372	175 225	192 000	164 372	-16 775	10 853	-16 775	-16 775			
Grants and subsidy	167 466	167 465	142 817	167 466	167 465	142 817	1	24 649	1	1			
Fare revenue	6 888	23 996	21 074	6 888	23 996	21 074	-17 109	-14 186	-17 109	-17 109			
Sundry revenue	871	539	480	871	539	480	333	391	333	333			
Direct costs	30 089	37 820	37 313	30 089	37 820	37 313	7 731	7 224	7 731	7 731			
Diesel	8 943	16 939	17 587	8 943	16 939	17 587	7 996	8 644	7 996	7 996			
Rep & Maint	17 192	14 654	14 250	17 192	14 654	14 250	-2 537	-2 942	-2 537	-2 537			
CNG													
Other	3 954	6 226	5 476	3 954	6 226	5 476	2 272	1 522	2 272	2 272			
Margin	145 136	154 180	127 059	145 136	154 180	127 059	-9 044	18 078	-9 044	-9 044			

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Expenses	109 332	138 620	114 341	109 332	138 620	114 341	29 288	5 008	29 288
Staff	74 611	93 880	80 359	74 611	93 880	80 359	19 269	5 748	19 269
Depreciation	14 801	15 459	13 487	14 801	15 459	13 487	657	-1 314	657
Property expenses	4 158	4 865	3 619	4 158	4 865	3 619	706	-540	706
Security	0	1 578	2 344	0	1 578	2 344	1 578	2 344	1 578
Consultants	777	1 215	63	777	1 215	63	438	-713	438
Bad debts	0	0	0	0	0	0	0	0	0
Bus rental	0	4 410	1 102	0	4 410	1 102	4 410	1 102	4 410
Licences buses	2 734	3 338	3 090	2 734	3 338	3 090	604	356	604
Insurance	1 462	67	1 462	1 462	67	1 462	-1 395	0	-1 395
Legal exp	377	596	2 163	377	596	2 163	219	1 786	219
Audit fees	289	2 237	962	289	2 237	962	1 948	673	1 948
Computer costs	15	1 443	864	15	1 443	864	1 427	848	1 427
Marketing	2 246	1 661	2 165	2 246	1 661	2 165	-584	-81	-584
Telecommunications	161	707	695	161	707	695	546	534	546
Other costs	7 701	7 164	1 967	7 701	7 164	1 967	-537	-5 734	-537
Operating result	35 804	15 560	12 718	35 804	15 560	12 718	20 244	23 086	20 244
Interest paid	9 877	15 560	14 953	9 877	15 560	14 953	5 683	5 076	5 683
Total Expenditure	149 298	192 000	166 607	149 298	192 000	166 607	42 701	17 309	42 701

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Surplus / Deficit	25 927	-0	-2 235	25 927	0	-2 235	25 927	28 162	25 927
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5.2.1 Overview

During the first quarter Metrobus recorded a surplus of R25, 9 million. Operating expenditure budget was underspent by R42, 7 million in the quarter due to savings resulting from reduced operations due to COVID19 as well as cost containment implemented by management.

5.2.2 Fare Revenue

The fare revenue for quarter was R6, 8 million due to the effects of COVID19. Factors contributing to this includes the following:

- COVID-19: The decrease in passenger was caused by the late opening of schools, social distancing (people using personal transport instead of buses or working from home).
- Declining economic conditions which has resulted in increased unemployment and less people travelling.

5.2.3 Diesel

Diesel cost for the quarter was R8, 0 million below budget. Metrobus utilised very few buses due to the social distancing.

5.2.4 Repairs and maintenance

Repairs and maintenance for the quarter exceeded the budget by R2, 5 million during in an effort to reduce out of commission buses. It must be highlighted that before the national lockdown, Metrobus has a significant number of buses that were out of commission. The entity has commenced on a programme to return these buses to service.

5.2.5 Staff costs

The actual staff costs were R 19, 2 million below budget due to vacant positions. Metrobus is now advertising the critical positions and most of them will be filled before the end of the new financial year.

5.2.6 Leasing of buses

Savings were realized as the hired were not utilized during the quarter due to COVID19. Buses are hired to improve the service delivery.

5.2.7 Depreciation expense

Depreciation for the quarter was within budget.

5.2.8 Other costs

This is below budget because there has been a deliberate effort to minimize expenditure in light of the low collections on the revenue and the effects of COVID19. Significant savings were realized on repairs and maintenance of buildings. Other expenses also include operating lease charges, bank charges, actuarial gain on the employee pension fund, membership fees and stationery.

5.3 Cash flow statement for the period ended 30 September 2020

Table 30: Summary Cash Flow

Cash flow	30-Sep-20	30-Jun-20
	Prelim	Actual
Net Cash Flow from Operating Activities	-9 727	161 892
Grants & subsidies	167 466	636 533
Other income	7 759	68 944
Cash received from grants and income	175 225	705 477
Employee costs	-74 611	-242 698
Suppliers	-100 464	-244 914
Finance costs	-9 877	-55 973
Cash paid to employees, suppliers and finance costs	-184 952	-543 585
Cash employed in investment activities	-4 576	-41 888
Expanding of Capital Base	-4 915	-35 564
Movement of insurance fund	340	-6 324
Cash from financing activities	14 331	-119 884
Other financial liabilities	-8 999	-33 967
Movement of sweeping account	23 329	-85 917
Insurance liability	0	0
Cash Flow From Activities	28	120
Net Increase / (Decrease) In Cash & Bank Balances	-134	120
Cash & Bank Balances Beginning of the Year	304	184
Cash & Bank Balances End of the Period	170	304

The entity has reported a positive cash balance at the end of the period of approximately R 170 000. The net cash flow from operating activities were R14 million. The net financing activities amounted to a deficit of R14 million. Actual cash spent on capital expenditure for period is R 4, 9 million.

5.4 Ratio Analysis

Table 31: Ratio Analysis

Description	30-Sep-20	30-Jun-20
Solvency Ratio	-0,23	-0,32
Current ratio	0.04:1	0.05:1
Acid test	0.03:1	0.02:1
Gearing Ratio* (only considering shareholder loan)	85%	106%
Gearing	332%	365%
Employee related costs to total expenditure	63%	44%
Repairs to total expenditure	12%	12%
Cost coverage ratio	5%	14%
Cost coverage ratio in days	16,84 days	46,17 days
Cost coverage ratio in days (incl. subsidies)	428,38 days	360,10 days

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

5.4.1 Solvency:

The net liability position of Metrobus has improved during this period. The net liability position improved from R206, 6 million (30 June 2020) to R176, 1 million (30 September 2020). The entity's solvency ratio was calculated at -0.027: 1 (2019/20: -0.032: 1). The ability of the entity to meet its financial obligations is still uncertain.

5.4.2 Liquidity:

The entity was overdrawn by approximately R409, 8 million (2019/20: R 423, 5 million). The overdraft was due to the accumulated losses over the years resulting from fare revenue shortfall as well as capital expenditure incurred with respect to a new fleet procurement of buses that was procured in prior years.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure amounting to R145.2 million for various capital projects. The entity managed to spend 32% excluding commitments (127% including commitments) in the quarter. The bulk of the total capital budget is for procurement of AFS system and bus refurbishment. Expenditure in this regard will be expedited during the remainder of the financial year. The spending on capital projects was delayed due to delays in supply chain processes resulting from COVID19. It is anticipated that most of the projects will be implemented and completed in the second quarter and the third quarter.

Table 32: Summary Capital Projects

Project Name	Approved Budget (R 000's)	Q 1 Budget (R 000's)	Q 1 Actual (R 000's)	Q 1 Commitments (R 000's)	Q 1 Budget Spent (R 000's)	% of Q1 Spent (Excl. Commitments)	% of Q1 Spent (Incl. Commitments)	% Spent on total budget
Plant, tools, equipment & Furniture	5 150	515	218	563	781	42%	152%	15%
IT Equip, New Computers and Hardware Computer	19 000	1 900	906	167	1 073	48%	56%	6%
Building - Building Alterations/Upgrade	19 580	1 958	-	-	-	0%	0%	0%
Engine and Gear box refurbishment	7 500	750	815	3 027	3 842	109%	512%	51%

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Project Name	Approved Budget (R 000's)	Q 1 Budget (R 000's)	Q 1 Actual (R 000's)	Q 1 Commitments (R 000's)	Q 1 Budget Spent (R 000's)	% of Q1 Spent (Excl. Commitments)	% of Q1 Spent (Incl. Commitments)	% Spent on total budget
Bus Refurbishment	32 000	3 200	2 977	3 462	6 438	93%	201%	20%
Security systems	11 500	1 150	-	-	-	0%	0%	0%
Borehole pump	500	50	-	-	-	0%	0%	0%
Automated Fare Collection (AFC)	50 000	5 000	-	-	-	0%	0%	0%
Total Capital expenditure	145 230	14 523	4 915	7 219	12 134	34%	84%	8%
Less: Procurement for by City (AFC)	50 000	5 000	-	-	-		0%	0%

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Project Name	Approved Budget (R 000's)	Q 1 Budget	Q 1 Actual	Q 1 Commitments	Q 1 Budget Spent	% of Q1 Spent (Excl. Commitments)	% of Q1 Spent (Incl. Commitments)	% Spent on total budget
	(R 000's)	(R 000's)	(R 000's)	(R 000's)	(R 000's)	(R 000's)	(R 000's)	
Adjusted Capital Expenditure	95 230	9 523	4 915	7 219	12 134	52%	127%	13%

5.5.1 Bus refurbishments

In terms bus refurbishment, the contract was awarded in June 2019. It is expected that this budget will be utilized over the next two quarters.

5.5.2 AFC

This procurement process is being run by the Group ICT. It is anticipated that the contract will be awarded in the second quarter and implementation will be start in the third quarter.

5.6 Supply Chain Management (SCM) & Compliance Matters)

5.6.1 Irregular, Fruitless and wasteful expenditure

Total irregular expenditure as at the end of 30 Jun 2020 amounted to approximately R 408, 8 million. During this quarter, the entity paid irregular expenditure amounting R 509 000. Of the R 509 000 irregular expenditure paid, R 316 000 relates to leasing of vehicles (COJ) while the balance relates to the Ad-blue contract. At the end of quarter 1, irregular expenditure now reflects an amount of R 409, 3 million.

The entity is pleased to report that no irregular expenditure was incurred from procurement processes in this quarter. Irregular expenditure paid resulted from procurement processes that emanated in the 2018/19 financial year or before.

Investigations and consequence management is in progress on employees that caused the irregular expenditure. It should be noted that this was not adjusted for council approved write-offs. This will be done once the annual financial statements are finalized.

The tables below reflects details on irregular expenditure for quarter 1.

Table 33: Reconciliation of Irregular expenditure

2020/21 Q1 (R)	2019/20 (R)	2018/19 (R)
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Opening Balance	408 842 317	379 567 937,00	145 521 359
Irregular Expenditure	509 583	29 274 380	234 046 578
Written Off	-	0	0
Closing balance	409 351 900	408 842 317	379 567937

Table 34: Details of Irregular expenditure for Quarter 1

Company	Description of Incident	Status	Amount (R)
Avis Fleet Services	There was a finding by the Auditor General that the Fleet contract was irregularly extended by the City and therefore all expenditure for Fleet are to be disclosed as irregular expenditure.	Investigation will be conducted by the City as the holder of the contract.	200 855.05
Tipublox	There was a finding by the Auditor General that the diesel contract was irregularly awarded and therefore all expenditure for diesel are to be disclosed as irregular expenditure.	Disciplinary action in progress	193 628.77
Afrent	There was a finding by the Auditor General that the Fleet contract was irregularly extended by the City and therefore all expenditure for Fleet are to be disclosed as irregular expenditure.	Investigation will be conducted by the City as the holder of the contract	115 099.42
			509 583,24

5.6.1 Awards where there we no three quotes

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

5.6.2 Level of commitments

Metro bus commitments as per all open orders amounted to R227 416 160.60 as at 30 September 2019. Commitments relating to the Quarter 1 2020/21 amounts to R21 561 860.93.

5.6.3 Deviations

There were no deviations approved for quarter 1 of 2020/2021 financial year.

5.6.4 Expenditure on BBBEE

During the quarter under review procurement amounting to R 37 458 632, 64 was procured by the organization. The BBBEE contribution percentage was 100% out of a maximum BBBEE contribution of 135%. The organization strives to ensure that a substantial amount of its procurement is towards the entities with the necessary BBBEE credentials.

5.6.5 Performance against procurement plan

There are a total of 4 projects planned for 2020/2021 for operations department. Two projects are not budgeted for in quarter 1. The other two are awaiting approval for the managing director and no award has been made in the first quarter.

A number of projects have not started due to the appointments not being made. The following departments have not finalized their appointments at the time of this report:

- ICT Department,
- Corporate Services,
- Office of the Managing Director and
- Technical Services.

5.7 Payments

5.7.1 Payments within 30 days

Most of the creditors' payments are done within the stipulated 30 days. The creditors who have surpassed the 30 days are due to creditors having disputes with the organization. The amounts are only for outside creditors and exclude intercompany. Supplier payments amounting to R5 246 067 were not paid within 30 days for the first quarter.

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

Description	R	
Total payments made	A	67 124 254

Invoices paid within 30 days	B	61 878 186
Invoices not paid within 30 days due to invoice issues	C	5 246 067
Invoices paid outside 30 days with no valid reason	D	0
Compliance percentage	(B+C)/A	100.00%

In terms of the above, the entity is reviewing our processes to ensure a greater level of compliance. This will be implemented before the end of the second quarter of the 2020/21 financial year.

5.8 Insurance Claims against/by Metrobus Company

During the period under review, Metrobus did not submit any claims to the insurance

5.9 Amounts Owed By and To Government Departments and Public Entities

Table 36: Amounts Owed Metrobus to Government Entities

Period	Department	Contact person	(R'000)	Comments
20-Mar	Office of Mayor	Evans Mokwatedi	7	Amount owed by Mayor's Office. Still awaiting payment
20-Mar	Social Development	L. Molepe	9	Amount owed by Office of Speaker. Still awaiting payment
20-Sep	Group Accounting	Nselelo Nxasana	111 644	Subsidy drawdown
	Total		111 660	

Amounts Owed to Metrobus by Government Entities

There were no amounts owed to Metrobus by government entities during the quarter

Table 37: Amounts Owed to Metrobus by CoJ and Entities (Intercompany)

Period	Department	Contact person	(R'000)	Comments
20-Jun	GCSS	Graeme Ruiters	29 575	This is part of the balance owed by the City due to Post-Retirement Medical Aid Benefit and is evaluated on annual basis. This is not expected to flow to the entity as this benefit is managed by the City.
	Total		29 575	

Table 38: Amounts Owed by Metrobus to CoJ Core Departments (Intercompany Liabilities)

Period	Department	Contact person	(R 000's)	Comments
20-Feb	Treasury	Lilian Siala	466 246	Bank Sweeping account Statement has received at end of February 2020
20-Jun	Treasury	Sandile Manondo	234 660	Capital Creditors - CoJ 2016
20-Jun	(GRASS)	Evans Mokwatedi	8 334	Insurance
20-Jun	Revenue - CRM	Nyanisi Joseph Nhlapo	28 420	Water disputer with City's Revenue Shared Services.
20-Jun	Payroll	Andre Kemp	134 577	Salaries for April, May and June 2020 yet to be invoiced and settled as SAP consultants still busy with balancing accuracy and July, August and September 2020 still outstanding.

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20-Jun	GCSS	Graeme Ruiters	88	Subsidised Education
20-Jun	GCSS	Graeme Ruiters	58	MFMA Training
	Total		872 383	

Amounts Owed by Metrobus to CoJ Entities (Intracompany liabilities)

There were no amounts owed by Metrobus to other CoJ entities during the quarter

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

Note: The Metrobus IAF, adopts a Co-Sourced Internal Audit Function and is supported by Chapu Chartered Accountants. An initial offer of appointment was offered to a candidate in relation to the Specialist: Risk and Compliance Position, however the position was rejected by the preferred candidate. A new recruitment process will commence in October 2020.

Table 39: Staff establishment

Name of Person	Position
Yaasir Haffejee	Chief Audit Executive
Serame Mothupi	Internal Audit Specialist
Esethu Somstewu	Internal Audit Intern
Vacant	Specialist: Risk and Compliance

6.3 Performance: 2020/21 Business Plan KPI's

Table 40: Summary Performance against KPI's

KPI	Target	To Date	Mitigation Measures
% of AGSA Audit Findings Resolved (Note: As the new audit has not commenced, progress is reported against the previous year's target)	100%	65%	Not Achieved.
% mitigation actions in the risk registers implemented or up to date	20%	10%	Not Achieved Most actions are in progress with Q2 -3 as deadlines for achievement.

6.3.2 Performance: 2020/21 Internal Audit Plan

The table below summarizes the IAF's progress against the 2019/20 Revised IA Plan for Quarter 1 and the audit projects outstanding as at 30 June 2020.

Table 41: Summary Progress against the 2019/20 and 2020/21 Internal Audit Plan







Name of Internal Audit Project	Performed By	Report Included	Fieldwork Completed	Audit Report Issued	Audit Project Status
Q3 Performance Information Audit	Co-Sourced Partner	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q4 Performance Information Audit			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Follow Up on AGSA and IA Findings	Metrobus IAF	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Year end Stock Count	Metrobus IAF and Co-Sourced Partner	Yes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q1 Performance Information	Metrobus IAF	No	Awaiting PI PoE		
AFS	Metrobus IAF	No	To date a first review of the AFS has been concluded and feedback submitted to the CFO. A finalized set of AFS will be submitted on 9 October 2020.		

6.3.3 Performance: Approved Ad-Hoc- Projects

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

Table 42: Summary progress on Ad-hoc projects

Name of Internal Audit Project	Performed By	Report Included	Fieldwork Completed	Audit Report Issued	Audit Project Status
Probity Review *3	Metrobus IAF	Submitted to C:BAC			
Investigation Report- Irregular Expenditure (Copy Star and Diesel)	Metrobus IAF	Submitted and approved at MPAC			

UIFW Register	Metrobus IAF	Feedback provide to CFO	Feedback provided to the CFO
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6.4 Limitation of Scope and Exclusions

There were no material limitations of scope, nor any exclusions, incurred during the performance of our procedures.

6.5 Anti-Corruption and Fraud

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.

To date, there are 18 active cases relevant to Metrobus investigated by GFIS and are set out below:

Table 43: Tip-off line

Date Reported	Allegation
2017/11/22	Allegations of Fraud and Corruption
2018/03/28	Alleged Irregular Expenditure
2018/03/28	Alleged Irregular Expenditure
2018/06/15	Alleged Irregular Expenditure Within Metrobus by Exceeding the Allocated Budget by R48 Million in 2016/ 2017
2018/12/18	Alleged Irregular Expenditure


2019/01/25	Alleged Maladministration in the Ticketing System at Metrobus
2018/08/17	Alleged Theft of Bus Fare Collections by bus Drivers
2019/02/22	it was alleged that there is an employee at Metro bus who is misusing the CoJ vehicle whereas he has allowances
2019/02/22	It was alleged that an employee is for ever acting on the position of a General Manager at Metro bus.
2019/03/08	Alleged Irregularities into the Appointment of a General Manager at Metrobus
2019/03/08	Alleged Irregularities Into the Procurement Process for Metric Tape
2019/03/08	Alleged Irregularities within Procurement
2019/03/08	Alleged Irregularities at Metrobus
2019/05/02	It is alleged that Metrobus engaged in fruitless and wasteful expenditure by paying for bus licenses for the amount of R1000,00
2019/06/05	Alleged Irregular Expenditure
2019/07/17	Alleged irregularities between Metrobus Management and DEMAUSA union
2019/10/03	Alleged irregularities for refurbishment of Metro bus tender number TSD 22018/19 to the contract value of R 49m
2020/05/06	Alleged fraud and corruption relating purchasing of the bus service or parts involving Alan Black, Viva Engineering, Westing House and Prestige Parts



6.6 Opinion on Controls

6.6.1 Rating Summary – Controls Opinion

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

Table 44: Opinion rating summary

Opinion Rating	Definition	Audit opinion
	Controls appear to be adequate	Satisfactory

	Controls require improvement	Partially Satisfactory
	Controls appear to be inadequate	Unsatisfactory

6.6.2 Rating Summary – Detailed Audit Findings

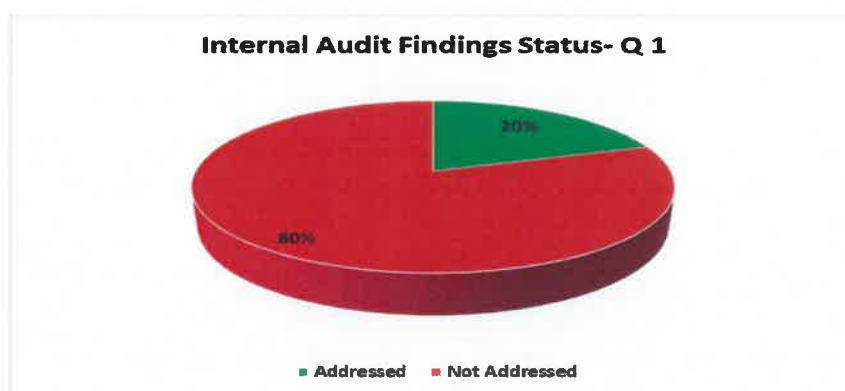
For the purposes of this report, the audit findings, have been classified as follows:

Table 45: Summary classification of audit findings

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

6.7 Follow up of IAF and AGSA Findings

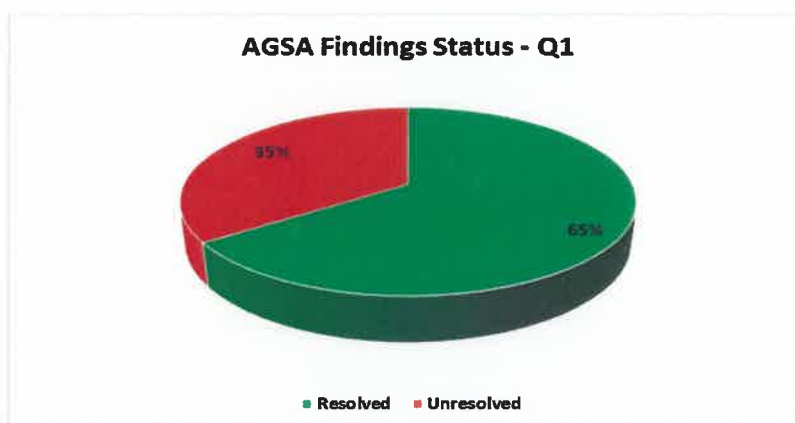
6.7.1 Progress on Internal Audit Findings Follow-Up and Reviews- 2019/20 Financial Year



As at the date of this report 20% of all findings due have been addressed. Most of the remaining action plans are due for completion in Q2 and Q4.

Category	Total	Due	Addressed
Fuel and Fleet Management	10	1	0
HR	7	0	0
Revenue	3	1	1
SCM	3	2	0
Financial Discipline	4	0	0
IT	5	0	0
Stakeholder Management	3	0	0
OHS	5	1	0
Stock Count	3	0	0
Total	43	4	1

6.8 Progress on Resolution of External Audit Findings



The Auditor General South Africa (AGSA) raised 23 findings for the financial year ended 2018/19. The IAF is regularly following up on these findings. The table below depicts the status of all External Audit Findings as at 30 September 2020.

Overall Summary of AGSA Findings as at 30 September 2020

Category	Resolved	Unresolved	Total
Annexure A	2	3	5
Annexure B	12	4	16
Annexure C	1	1	2
Total	15	8	23

6.9 Overall 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"

6.10 Risk Management

Metrobus SoC Ltd (Metrobus) has historically established, and continues to maintain a system of risk management in accordance with the provisions of the Municipal Finance Management Act (MFMA), the King IV report on Corporate Governance and applicable Risk Management Standards. This Report outlines the status on the Strategic Risks as at 30 June 2020.

6.10.1 Risk Methodology

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

Table 46: Risk Ratings

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

6.10.2 Strategic Risks

Risk Assessments (Strategic and Operational) have assisted Management to identify potential risks, in order 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 2021 Business Plan and inputs from Management. As at 30 September 2020 a total of 11 Strategic Risk were identified of which 8 were classified as residually very high and 3 as residually low as set out below.



6.10.3 Emerging Risks


Table 47: Emerging Risk

Emerging Risk	Controls Implemented
<p>Covid 19 Virus</p> <p>During Quarter 1, the President announced that South Africa will move from a Level 3 to 1 Coronavirus Lockdown.</p>	<p>Potential Impact</p> <p>A risk exists that staff members and passengers may contract the virus, affecting business continuity.</p> <p>Controls Implemented</p> <p>Protective equipment (Masks, Sanitation Liquid et al, Weekly Sanitation of Offices) was procured and deployed on an ongoing basis.</p> <p>Microsoft Teams has been deployed to all EMT members.</p> <p>As at 25 September 2020, there are currently no active coronavirus cases affecting employees at Metrobus.</p>
<p>AARTO</p> <p>It is expected that the AARTO system will be implemented in the 2020 Calendar year.</p>	<p>Potential Impact</p> <p>A risk exists that staff members (Bus Drivers) may either have their licences suspended or cancelled. This not only has an impact on bus availability but also may necessitate bus drivers, who have their licences cancelled to be accommodated within the business.</p> <p>Controls Implemented</p>

	Drivers have been sensitised as to the requirements of the AARTO.
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6.10.4 Progress on Embedding Risks

Operational Risk Assessments are currently in progress. The following is the status to date:

Division	Status
Operations	
Technical Services	
IT	
Corporate Services	
Finance	
Strategy	Risks Populated Due Dates Outstanding To be Completed by 31 October 2020

6.10.5 Insurance Incidents

Currently there are 56 Open Claims on Busses. A meeting was held between IAF, Technical and Ops to identify root causes for the non timeous resolution of insurance claims. The root cause identified was the absence of Quality Assurance Managers checking and confirming that claim documents are fully submitted and closed. An employee has been delegated to close off remaining claims. 18 Claims were closed in August 2020.

Note: The September Insurance Report has not been received from the Insurer as at the date of this Report



ANNEXURE A:

METROBUS PERFORMANCE SCORECARD



Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
1	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	87% planned trips completed	90% planned trips completed	%90	100%	Target met
2	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	38 245 Metrobus passenger trips per working day	29 925 Metrobus passenger trips per working day	19 000	11 886	Target not Met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Blameworthy Accident Rate per 100 000 kilometers operated	Blameworthy Accident rate at <0.75 per 100 000 kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 kilometers per month	<0.75	<0.47	Target met

4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	80% of service disruptions communicated	80%	100%	Target met
5	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of complaints resolved within the timelines specified in the customer service charter	60% of complaints resolved within the timelines specified in the customer service charter	60%	93%	Target met
6	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction index	68% Customer satisfaction index	70% Customer satisfaction index	N/A	Not assessed
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service standards achieved	70% of service standards achieved	80% of service standards achieved	100%	Target met

Program 2: Innovation and Green Economy

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance 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 measurement at 41.5%	Maintain hartridge units measurement at 30%	30%	18%	Target Met

Program 3 Enterprise Development and Job Creation

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance 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	50 SMME's supported	50 SMME's supported	10	23	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	30% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	101%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	71 EPWP Jobs created	200 EPWP jobs created	50	190	Target met

Program 4: Financial Management, Viability and Sustainability

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved Operating Expenditure budget	97% spent against approved operating expenditure budget	98% Spent against approved operating expenditure budget	78% of quarter one Opex budget	Target not met
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	34% of the quarter one capex budget	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved Repairs and Maintenance budget	90% spent against approved repairs and maintenance budget	95% spent against approved repairs and maintenance budget	122% of quarterly budget	Target met

Program 5: Operational Excellence

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
15	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of AGSA Audit findings resolved	100% of AGSA Audit findings resolved	0%	N/A	Not Assessed
16	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	90% of quarterly fleet requirement	90% of quarterly fleet requirement	131% of quarterly fleet requirement	Target met
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the	% mitigation actions in the risk registers implemented or up to date.	70% mitigation actions in the risk registers implemented or up to date	20%	100%	Target Met

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
		potential citizens					
18	Sustainable service delivery	An inclusive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	78% achievement of pre-determined objectives achieved	Target not met

Program 6: Technology and Business Enablement

#	PIP	GDS2040 Outcome	Key Indicator	Performance	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
19	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	100 implementation of Business Continuity Plan	New	100% implementation of Business Continuity Plan	50%	50%	Target met	
20	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of ICT Maturation	New	implementation of ICT Maturation	50% of level 2 Maturation	50% of level 2 Maturation	Target met	

PROGRAM 7: Institutional Planning, Transformation and Organisational Development

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
21	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% employee satisfaction from employee satisfaction index	New	50% from employee satisfaction index	N/A	N/A	

Unachieved Predetermined Objectives

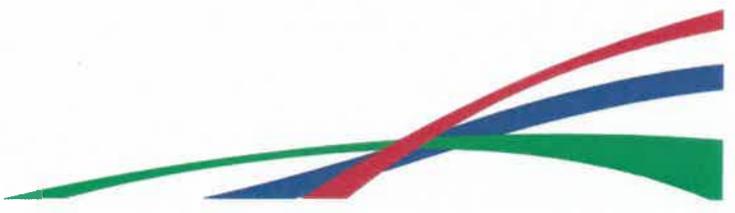
#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q1 Target	Q1 Actual	Reasons for variance and key interventions
2	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	38 245 Metrobus passenger trips per working day	29 925 Metrobus passenger trips per working day	19 000	11 886	Target not met due to the impact of COVID 19
12	Accelerated and visible re-introduction of production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent against approved Operating Expenditure budget	97% spent against approved operating expenditure budget	98% Spent against approved operating expenditure budget	98% of quarter allocation	78% of quarter Opex budget	Target not met due to reduced operating capacity
13	Accelerated and visible re-introduction of production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	10% of total capex budget	34% of the quarter one capex budget	Target not met due to slow progress in provision of services from external parties

18	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	57% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	78% achievement of pre-determined objectives achieved	Target not met See individual Key Performance Indicator
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ANNEXURE B:

**METROBUS SERVICE
STANDARDS**



Service Standards

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



ANNEXURE C:

METROBUS STRATEGIC RISKS



Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
1 Customer Services, Stakeholder Engagement and Communication								
1. Economic Growth, Operational Excellence, Increased Reliability and Accessibility	% Planned Trips Completed	Inability to Collect Revenue	SR 11	High	CIO	1.1. Procure the AFC system/ Interim Fare Collection System	31 Dec 2020	The previous tender process was cancelled. Processes are currently underway to meet the December 2020 deadline.
					CIO	1.2. Implementation of the AFC system/Interim Fare Collection System	1.2 30 June 2021	This is implementation is dependent on the SCM tender processes being concluded first, before implementation of the AFC can begin.
					GM:CS	1.3. Capacitate the Independent Inspectorate Unit	1.3 31 December 2020	Note due

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
		Inability to Meet Scheduled Services	SR1	High	GM: Technical Services and Operations	1.4. Procurement of all new buses per Re-Fleeting Strategy	1.4. 30 June 2021 1.5. 100% Implementation Per Quarter Until National Disaster is Over	1.4 Not Due. 1.5 To date, no instances of non-compliance have been identified with Covid 19 Regulations
						1.5. Develop and fully implement COVID 19 Operational Plan (Availability of Buses, Sanitisation of Buses and Social Distancing) for each Country Disaster Level announced by the President.		
	Average number of Metrobus passenger trips per day				GM: Technical Services and Operations	1.6. Procurement of 100% of Buses per Re-Fleeting Strategy	30 June 2021	1.6 Not Due and to date no procurement has taken place.
						1.7. 100% Implementation of Bus Maintenance Plans	31 December 2020 and 30 June 2021	All buses are currently being maintained in accordance with the Metrobus Maintenance Plans.
2. Improved Passenger Safety	Number of blameworthy accidents per 100 000	Inadequate enforcement of good organisational culture	SR 2		GM: Operations	2.1. 100% of Drivers attend a Refresher Training course for the year	31 December 2020	2.1 Not Due

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
3. Improved Service Quality	kilometre's operated	by management/ leadership						
	% of service standards achieved	Inability to Meet Scheduled Services	SR 1	High	Security Manager	2.2 Communicate 100% of security incidents to SAPS and JMPD.	Daily	To date there have been no security incidents to report.
4. High Levels of Customer Satisfaction	% Service Disruptions Communicated	Inadequate/Limited effectiveness of existing and future communication channels	SR 3	High	Communication Specialist	3.1. Establish a manual customer database 3.2 Establish an automated customer database dependent on the implementation of the AFC System and SAP	3.1.31 January 2021 3.2. 30 June 2021	3.1. This process is in progress and is expected to be concluded by 30 September 2020. 3.2. This process is dependent on the City's SAP implementation.
						3.3. Establish a manual customer database 3.4. Language Translation depending on the demographics	Same as above	
	% Complaints Resolved within the timelines specified in the customer service charter % Customer satisfaction index							

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
Innovation and Green Economy								
5. Decrease Carbon Footprint	% Decrease in Carbon Emissions	Inability to meet Metrobus's carbon emission targets	SR 4	Low	GM: Technical	4.1 Emission testing by an external service provider performed quarterly. 4.2. Replace injection systems at the C and D Services after every 60000 KS.	4.1 (Last Month of Each Quarter) 4.2 (Last Month of Each Quarter)	4.1 This will be concluded before 30 September 2020 4.2 All busses are currently being maintained in accordance with the maintenance plan.
Enterprise Development and Job Creation								
6. Completeness of Revenue	Total number of SMMEs supported	Inability to attract sufficient SMME's	SR5	Low	CFO	5.1 Allocation of budget for SMME's development 5.2 80% Spend against Budget per KPI	5.1 1 July 2020 5.2. 30 June 2021	5.1 An implementation plan will be developed by Q 2.
7. Safe and Secure Bus Service	% of total expenditure spent on BBBEE	Inability to attract sufficient SMME's				5.3 Supplier awareness communications regarding fronting and	5.3. 31 December 2020.	5.2 Not due 5.3-5 Not Due 5.4. All vacancies identified as

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
						the consequences thereof. 5.4 Capacitate SCM with all funded vacant positions. 5.5. Implementation of an automated integrated system to assist with SMME's verification and reporting	5.4 & 5.5. 30 June 2021.	critical have been filled within SCM. 5.5. Currently a manual spreadsheet is being used. It is expected that this process will be automated once SAP Hana is released.
8. Capable, Committed and Performance Driven Employees	Total number of EPWP jobs created	Inability to provide / supply sufficient EPWP Jobs to alleviate poverty.	SR6	High	GM: CS	6.1 Plan for the Appointment of EPWP Jobs Developed and Submitted to the CoJ	6.1 1 July 2020	The number of EPWP jobs remain the same while awaiting funding form CoJ
Financial Management, Viability and Sustainability								
9. Financial Viability and Financial Sustainability	% Spent against Approved Operating Expenditure	Failing to meet the set target resulting in non achievement of performance objectives. Reduction of grant	SR 7	Low	CFO	7.1 Ensuring that all the tenders on the procurement plan are finalised in time.	7.1. 31 December 2020	7.1 To date all tenders for which all necessary documentation has been prepared have

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
		funding by the shareholder.		High				been advertised
	% Spent against Approved Capex Budget					7.2 Actual Spend against Budget will be monitored for all Divisional Executives and performance management processes will be implemented for non-performance.	7.2. End of Each Quarter	7.2 This will be completed by end of Q 1
	% Spent against approved Repairs and Maintenance Budget							
Operational Excellence								
10. Good Clean Governance with a focus on eliminating corruption	% of AGSA Findings Resolved	Inability to address all findings issued by both internal audit and external audit.	SR 8	High	GM: CS	8.1 Quarterly Review of Internal Audit and External Findings	End of Each Quarter/Agreed Upon Date	Internal Audits currently reviewing the progress against the previous years Internal and External Audit Findings which will be completed by end of Q1.
	% Mitigating Actions in the Risk Registers					8.2 Quarterly Report of Reported Performance against		8.2 This will be completed at

Key Performance Outcome	Key Performance Indicator		Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
	Implemented/Up to Date						Predetermined Objectives prepared and submitted to the Shareholder		the end of each Quarter.
	% of Predetermined Objectives Achieved								
Technology and Business Enablement									
11. Well Maintained Assets	% of Fleet Requirements to Operate Scheduled Trips Met	Inability to Meet Scheduled Services	SR 1	High	GM: Technical Services and Operations	See Above			An SLA is currently being prepared.
12. Operational Excellence, Increased Reliability and Accessibility	IT User Satisfaction Index Achievement Level	Inability to achieve the set % target of IT User Satisfaction Index	SR 9	High	CTIO	9.1 Development of a Service Level Agreement with each Department within Metrobus to resolve IT incidents on Time. 9.2 Implement and achieve 90% of SLA between IT and the Division	9.1 30 November 2020 and 9.2. 30 June 2021.		
13. Well Maintained Assets	100% implementation of Business Continuity Plan	Inability to continue operations within Metrobus	SR 10	High	CTIO	11.1 Upgrade to the new hardware for the new MS exchange (email back-up and recoveries); 11.2 Implement firewall once hardware is	30 Jun 21	Upgrade of the exchange hardware completed.	

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
						upgraded. Implement Anti-Virus Solution. With regards to DR and aged systems.		Firewall implemented to completion. Anti-Virus completed. New SAP HR System has been rolled out. Payroll is being run from the new SAP system. ESS/MSS portal to be rolled out for electronic leave. Electronic payslips available. There is back-up for the new HR SAP System. SAP S4 Hana timelines next for Finance and SCM modules. This is dependent on the SAP

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
Institutional Planning, Transformation and Organisational Development								
14. Capacitated, Committed and Performance Driven Employees	% Employee Satisfaction Index	Inability to reduce the number of collective employee disputes.	SR 10	High	GM: CS	10.1 100% implementation of Training Plan (Shop Stewards and Management on Labour Relations Issues). 10.2 Employee engagement sessions where employee signs attendance registers and Employee Recognition Awards by Year End	10.1 30 June 2021, 10.2 Quarterly and 10.3 30 June 2021	10.1 The Performance scorecards and portfolio of evidence have been requested to be provided by end of Q1. 10.2 Not Due
								Program. Backup will follow on FI and SCM modules; once these are implemented at Metrobus.



ANNEXURE D:

METROBUS COMPLIANCE CHECKLIST



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Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 of 2008					
Financial Statements Sec 30	Company Secretary	Ensure that these are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	July	In process

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letter heads, 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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual Returns to be submitted in terms of Sec 30	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	July	In process
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.

Relevant Act / Section	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 11 March 2020
Auditor appointed	Company Secretary	Auditor consent to appointment and same to be lodged with CIPC	Annually	Annually	Completed
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					

Relevant Act / Section	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	Ensure that Employment Equity plan is submitted to Department of Labour and adhered to.	Annually	Upcoming quarter and ongoing	-New EE plan was submitted January 2020.

Relevant Act / Section	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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26 th of each month	Completed
Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place
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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Code of conduct of schedule 2 of the Municipal Systems Act	Employees	Declaration of interest	Annually	15/09/2020	Outstanding
Finance / Value Added/ Tax Law					
Value Added Tax No. 89 of 1991	Chief Financial Officer	Submit relevant returns to the Receiver by the 25th of every month. (If submitted by EFT the due date is the 31 of each month.)	Annually	End of each month	Completed
Income Tax Act No. 58 of 1962	Chief Financial Officer	Ensure that relevant returns are submitted to the Receiver	Annually	Annually	Completed

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

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

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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Regulations of 2000					
Environment					
Petroleum Products Act	GM Technical.	Ensure tanks and dispensing done in line with requirements	Annually	Annually	Completed
Agreements / Licenses etc.					
Service Delivery Agreement with City (SDA)	MD	Ensure that the Metrobus mandate is complied with.	Annually	Annually	Completed
Municipal Finance Management Act No.56 of 2003 – the said Act cross references the following Acts which should also be taken into account when determining compliance:					
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
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	Budget will be submitted by end of February and budget process ongoing at present.
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	20 Jan	Report not due
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 106	MD	All delegations reduced to writing	Annually	Annually	Completed – Amendments to Delegations were approved on 22 October 2018.
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place and an update was approved in July 2018.
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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	October 30	Report not due
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	October 30	Submission not due
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Broad Based Black Economic Empowerment Act No 53 of 2003	Chief Financial Officer	Compliance with the framework for accreditation and verification by all verification agencies	Annually	Annually	In Place