



METROBUS PERFORMANCE REPORT: QUARTER 3 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:

Luyanda Gidini

Name & Surname

Chief Financial Officer



Signature

28-04-21

Approval Date

Xoliswa Mhlango

Name & Surname

Managing Director



Signature

28-04-2021

Approval Date

BUSISIWE SIBISI

Name & Surname

Board Chairperson



Signature

29/04/2021

Approval Date

Nonhlanhla Makhuba

Name & Surname

MMC



Signature

30/04/21

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 privilege on behalf of the board to present the Metrobus third quarter performance Assessment Report for the financial year 2020/21. During the period under review, the operating environment continues to be characterised by severe pressures on the demand for our services. The overwhelming majority of our commuters have, due to the ravaging effects of the Covid19 pandemic on the economy, experienced a significant reduction of economic and other activities, which has resulted in the drastic reduction in trip generation. Consequently, the demand for our services has significantly reduced. Inter alia, these developments brought into sharp focus concerns regarding the financial sustainability and strategic direction of the entity.

However, the strategic horizon of the entity indicates a viable future contingent upon the successful implementation of a number of strategic enablers. Chief among these enablers is the implementation of an Automated Fare Collections System, the conclusion of processes in relation to the implementation of an appropriate funding model for the entity including a decision on a fee per kilometre to be adopted, as well as a funded program of re-fleeting. In addition, a number of institutional arrangements require ongoing attention; these include the maintenance of a strategy supporting organogram properly filled by sufficiently competent employees. During the last three quarters of the significant strides have been achieved in this regard particularly at executive level. The appointment of Chief Financial Officer and Company Secretary were completed during the third quarter, this contributes significantly towards leadership stability in the entity.

The management and improvement of performance remains a non-negotiable. In this regard, the performance of the entity continues to improve, albeit that specific elements including expenditure on capital projects remains a concern.

The board has continued to monitor a number of operational strategies and plans that are intended to ensure that the operating environment is conducive to efficient delivery of services while mitigating against residual and emerging risks. In this regard, the Metrobus Employee Wellness, Health and Safety Strategy as approved by the board has guided the entity in its quest to navigate the perilous waters presented by the continuing effects Covid-19.

Other strategies remain on the board's radar and form an integral part of the management of performance, both in terms of strategy and operations. Key among these are the Financial Sustainability Strategy, which has guided the entity's approach towards debt restructuring. The process of debt restructuring has produced proposals that will yield significant benefits to the financial viability and sustainability of the entity.

Funding for the procurement of buses has been secured and procurement will ensue over the next three financial years commencing in 2021/22 and guided by the Fleet Renewal Strategy as approved by the board. In this regard, the board has directed that processes that will ensure that such procurement is achieved timeously must be prioritized by management, including appropriate probity mechanisms.

Forty (40) employees tested positive for COVID-19 as at 31 March 2021. In this regard a recovery rate of 99% was recorded. The entity continues to ensure strict compliance to applicable regulations both in its role as employer and provider of public transport services. The board has directed that management ensures that regulations continue to be adhered to.

The board conducted a strategic planning session which heralded the migration of the entity from its current "Vision 2020" to "Vision 2025". Key deliverables of the current strategic direction is readiness of the entity for the Integrated Public Transport Network (IPTN) as well as the Secondary Network, financial viability and operational excellence.

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

Ms. Busisiwe Sibisi

Board Chairperson

1.2 Managing Director's Report

As we reach nine months of operations for the 2020/21 financial year, it is my pleasure to announce that Metrobus obtained an unqualified audit opinion from the Auditor-General South Africa (AGSA) for the 13th consecutive year. However, we still could not reach the Clean Audit status due to the following

- Material misstatements on AFS disclosure notes;
- Non-compliance to 30 day payment of service providers as only 99,2% of service providers were paid within 30 days
- Legacy irregular expenditure

We have developed an audit finding resolution matrix that not only deal with the finding but focuses on the root cause in order to avoid recurrence

The first three quarters of the financial year have presented an array of challenges and opportunities. Key among the features that have characterised the operating environment during the period under review is the continuation of effects of COVID19. In response to this challenge, the entity is consistently implementing plans in fulfilment of its dual role as employer and provider of public transport services. In its core role as provider of public transport services, the entity is unfortunately a potential efficient conduit for the spread of the corona virus. This possibility has remained firmly in our sights as we relentlessly ensured throughout the period under review that adherence to regulations and the implementation of preventative measures remains a top priority. Key among measures implemented in this regard is the reduction of carrying capacity of our buses, the maintenance of social distancing in queues for Metrobus Services, ensuring the use of masks on our buses and premises as well as the frequent sanitization of our buses. The no-cash-on-buses culture has been embedded and adherence is continuously increasing.

During the period under review, a total of forty (40) employees have tested positive for COVID 19. In this regard a recovery rate of 99% was recorded.

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 slightly improved. 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 target for passenger trips was adjusted downwards. The third Quarter passenger trips were recorded at 14 452 against a reduced target of 10 000.

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 achieved. The entity prides itself in the maintenance of a clean safety record. As at 31 March 2021, 4.1 million fatality-free kilometres were operated.

In pursuit of leadership stability, the process of filling vacancies at executive level was expedited. In this regard the Company Secretary and Legal Counsel as well as the Chief Financial Officer were appointed at the beginning of the third 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.

For the third quarter of the financial year, the entity recorded a surplus of R37 million against a breakeven budget. The net liability position improved from R204 million as at 30 June 2020 to R110 million as at 31 March 2021. Accumulated losses were reduced by R94 million. The entity had underperformed in terms of overall quarter revenue budget by R 11, 7 million. The driving factor for this was the fare revenue shortfall of approximately to R10, 9 million against the approved third quarter budget. The primary reason for the fare revenue under-performance was the COVID19 pandemic.

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During the period under review, the entity had spent 24% of its quarter three Capital Expenditure budget. The year to date spending including commitments (work in progress) is at 64%. The entity spent 79% of its quarter three Operating Expenditure (OPEX) budget. The under spending on OPEX is related to a reduced scope of operation owing to significantly reduced demand for mobility services. The entity has achieved a performance level of 88% on predetermined objectives and one hundred percent (100%) achievement of service standards. Performance against predetermined objectives is detailed in **annexure A** of this report.

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

Ms. Xoliswa Mhlongo

Managing Director

Metropolitan Bus Services (SOC) Ltd

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1.3 Chief Financial Officer's Report

Introduction

The third quarter 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 31 March 2021.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as at 31 March 2021.

Abridged Statement of Financial Performance

Description	Q3 31-Mar-21			YTD 31-Mar-21		
	Actual	Budget	Prior year	Actual	Budget	Prior year
Revenue	180 238	192 000	162 428	537 365	575 999	324 861
Direct costs	32 049	37 820	43 428	85 996	113 459	77 190
Margin	148 189	154 180	119 000	451 368	462 541	247 670
Expenses	108 113	138 620	108 222	327 076	415 860	227 440
Operating result	40 076	15 560	10 779	124 292	46 681	20 231
Interest paid	3 106	5 187	4 892	30 296	46 681	29 485
Total Expenditure	151 640	192 000	167 508	443 369	576 000	501 182
Surplus / Deficit	36 970	10 373	5 886	93 996	0	-9 254

During the third quarter Metrobus recorded a surplus of R37, 0 million. Operating expenditure budget was underspent by R30, 5 million in the quarter due to non-spending resulting from reduced operations due to COVID19. The year-to-date surplus was R94, 0 million.

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The entity had underperformed in terms of overall quarter revenue budget by R 11, 8 million. The driving factor for this was the fare revenue shortfall of approximately to R10, 9 million against the approved third 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 has cushioned the current financial revenue performance of the entity.

The entity did not operate at full operational capacity for the quarter due to COVID19 pandemic resulting in savings. In addition due to declining internally generated revenues, management has attempted to contain expenditure. Significant savings were realised on year to date (all in millions):

- Employee related costs of approximately R5,5m
- Insurance charges of approximately R1,4m
- Direct costs of approximately R5,8m
- Property expenses approximately R2,6m
- Diesel related costs of approximately R7,4m
- Bus rental costs of approximately R2,2m

However, there was significant over spending on the following items (all in millions):

- Repairs & Maintenance of approximately R3,4m
- Audit fees of approximately R0.4m
- Legal fees of approximately R0,9m

Asset and liabilities

The table below reflects the abridged financial position of the entity as at the end of Quarter 3 of financial year 2020/21

Metropolitan Bus Services (SOC) Ltd**Quarter 3 Performance Report****31 March 2021**

Abridged Statement of Financial Performance

Description	31-Mar-21	30-Jun-20	Movement	Movement
	Prelim	(R000's)	(R000's)	(%)
Non-Current Assets	590 478	624 616	-34 138	-5%
Current Assets	39 789	28 230	11 560	41%
Total Assets	630 267	652 845	-22 578	-3%
Capital & Reserves	-110 027	-204 033	94 006	-46%
Non-Current Liabilities	177 569	203 741	-26 172	-13%
Current Liabilities	562 725	653 138	-90 413	-14%
Total Equity & Liabilities	630 267	652 845	-22 579	-3%

The overall decrease of R34, 1 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment and intangible assets of R32, 8 million and R1, 3 million respectively. No revaluation of assets was done during the current year. Current assets reflected a 41% increase from June 2020 as a result of delays in payment on an Eldorado contract and the increase in prepayments on bus licences of R0, 5 million for the nine months.

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 94, 0 million that was reported as at 31 March 2021, which is mainly driven by the surplus realised for the period. The decrease in the non-current liabilities is due to the repayment of the long term debt owed to the City. Current liabilities decreased by R 90, 4 million during the nine months and this is attributed to the decrease in payables. The decrease in shareholder loan is due to repayments made for the interest bearing debt. Any excess cash made by the entity were swept through the CoJ sweeping account.

The unfavourable solvency and liquidity position of the entity remains a concern. Metrobus net liability position has improved during this period. The net liability position improved from R204, 0 million (30 June 2020) to R110, 0 million (31 March 2021).

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.

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, most of these stem from historical transactions from the City of Joburg and were not related to any procurement processes that were done by Metrobus. During this quarter, the entity paid irregular expenditure amounting R 4, 4 million.

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 and robust marketing of new contract hires will be a major focus area in repositioning the entity to market leadership.

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Mr. Luyanda Gidini

Chief Finance Officer

1.4 Corporate Profile and Overview of the Entity

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

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

1.4.1 Metrobus turnaround plan 2013

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

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

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 and secondary network. 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 operational 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 418 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	0			0
Volvo B7L	18	56	5	50	111
VOLVO B7R	18	8		11	19
		213	53	152	418

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.

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Safer City	Development and support of SMME.
Active and engaged citizenry	Community Based Planning and enhanced community engagement, including Mayoral Imbizos.
Economic Development	Manage 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.
Minimizing the impact of COVID-19	Implement a response to COVID-19 that covers the dual role of employer and provider of public transport services.

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. At the end of the Third Quarter, the company had fifteen (15) Directors; i.e. thirteen (13) Non-Executive Directors and two (2) Executive Directors, being the Managing Director and the Chief Financial Officer.

The administrative process of de-registering the directors who resigned or were retired and registering new members with Intellectual Property Commission (CIPC) is underway.

Table 2: Metrobus Board of Directors

Name	Position
Ms Busisiwe Sibisi	NED, Board chairperson
Ms Lucky Sixolo	NED
Mr Tshepo Sohaba	NED
Ms Queenie Buthelezi	NED
Mr Tumelo Mokgoka	NED
Ms Nombulelo Shabangu	NED

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Mr Itumeleng Moloantoa	NED
Mr Walter Kganyago	NED
Mr Henry Madalane	NED
Mr Themba Mabuya	NED
Mr Thulani Hlatshwayo	NED
Ms Bernice Dollie	NED
Mr Mbuso Poswa	NED
Ms Xoliswa Mhlongo	ED, Managing Director
Mr Luyanda Gidini	ED, Chief Financial Officer

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 five (5) non-executive directors and chaired by a non-executive director. The SDC comprises of five (5) 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	Ms Millicent Raborife
2	Mr Nyambeleni Tshindane
3	Mr Grandeur Hove

Table 4: Composition of the Sub Committees

#	Audit and Risk Committee (ARC)	Human Resources, Remuneration, Social and Ethics Committee (HRSE)	Service Delivery Committee (SDC)
1.	Ms Queenie	Mr Itumeleng Molontoa	Mr Tshepo Sohaba

	Buthlezi (Chairperson)	(Chairperson)	(Chairperson)
2.	Mr Themba Mabuya	Mr Henry Madalane	Mr Mbuso Poswa
3.	*Ms Millicent Raborife	Mr Thulani Hlatshwayo	Mr Tumelo Mokgoka
4.	*Mr Nyambeleni Tshindane	Ms Nombulelo Shabangu	Mr Walter Kganyago
5.	*Mr Grandeur Hove	Ms Bernice Dollie	Ms Lucky Sixolo
Total	5	5	5

* Independent Audit Member

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 [January – March 2021] 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.

The Board held (3) Meetings during the Third quarter, one (1) Chairperson's Quarterly meeting, and one (1) Special General Meeting on the dates reflected hereunder:

Table 5: Board and Sub-Committee meetings held

Date of Meeting	Meeting Description
26 January 2021	Board Meeting
11 February 2021	Special General Meeting
22 January 2021	Chairperson's Quarterly Meeting
25 February 2021	Special Board Meeting
24 March 2021	Board Meeting

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	Designation	Meetings				
		Board Meeting 26/01/21	Chairpersons Quarterly 22/01/21	Special General Meeting 11/02/21	Special Board Meeting 25/02/21	Board Meeting 24/03/21
Ms Busisiwe Sibisi	NED and Board Chairperson	✓			✓	✓
Ms Lucky Sixolo	NED	✓		✓	✓	✓
Mr Tumelo Mokgoka	NED	✓		✓	✓	✓
Ms Queenie Buthelezi	NED	✓		✓	✓	✓
Mr Tshepo Sohaba	NED	✓		✓	✓	✓
Mr Nombulelo Shabangu	NED	✓		✓	✓	✓
Mr Itumeleng Moloantoa	NED	✓		✓	✓	✓
Mr Walter Kganyago	NED	-		✓	✓	✓
Mr Henry Madalane	NED	-		✓	✓	✓
Mr Themba Mabuya	NED	-		✓	✓	✓

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Mr Thulani Hlatshwayo	NED	-		✓	✓	✓
Ms Bernice Dollie	NED	-		✓	✓	✓
Mr Mbuso Poswa	NED	-		✓	✓	✓
Mr Derrick Mkhwanazi	NED- Retired Chairperson on 11 February 2021	✓	✓	✓	-	
Ms Duduzile Mthimunye	NED- Retired 11 February 2021	✓		✓	-	
Ms Morwesi Ramonyai	NED – Retired 11 February 2021	✓		✓	-	
Dr Mathetha Mokonyama	NED Retired 11 February 2021	✓	-	✓	-	
Ms Xoliswa	Managing Director	✓	✓	✓	✓	✓
Mr Luyanda Gidini	Chief Financial Officer	✓	✓	✓	✓	✓

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Table 7: Board Sub Committee Meetings attendance register

Name	Designation	Audit and Risk Committee 13/01/21	Service Delivery Committee 14/01/21	HRSE 19/01/21	Special Audit and Risk Committee 12/03/21
Ms Busisiwe Sibisi	NED and Chairperson	n/a	n.a	✓	n/a
Ms Quennie Buthelezi	NED	n/a	✓		✓
Ms Lucky Sixolo	NED	n/a	✓		n/a
Mr Tshepo Sohaba	NED	n/a	n/a	✓	n/a
Mr Tumelo Mokgoka	NED	n/a	✓	n/a	n/a
Mr Nombulelo Shabangu	NED	n/a	n/a	✓	n/a
Mr Itumeleng Moloantoa	NED	n/a	n/a	✓	n/a
Mr Walter Kganyago	NED	n/a	n/a	n/a	n/a
Mr Henry Madalane	NED	n.a	n/a	n/a	n/a
Dr Mathetha Mokonyama	NED	n/a	✓	n/a	n/a
Ms Duduzile Mthimunye	NED	✓	n/a	n/a	n/a
Mr Morwesi Ramonyai	NED	✓	n/a	n/a	n/a

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Mr Themba Mabuya	NED	n/a	n/a	n/a	✓
Mr Thulani Hlatshwayo	NED	n/a	n/a	n/a	n/a
Ms Bernice Dollie	NED	n/a	n/a	n/a	n/a
Mr Mbuso Poswa	NED	n/a	n/a	n/a	n/a
*Ms Ms Millicent Raborife	IAC	✓	n/a	n/a	✓
*Mr Mr Nyambeleni Tsindane	IAC	✓	n/a	n/a	✓
*Mr Grandeur Hove	IAC	✓	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 foregoing position was reaffirmed by special resolution at the 2021 Annual General Meeting. 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.

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Table 8: Board Compensation

Name	Surname	1 st .QTR.	2 nd . QTR.	3 rd . QTR.	Total
Derrick Thapelo	Mkhwanazi	44 000,00	86 000,00	-	130 000,00
Mathetha	Mokonyama	32 000,00	68 000,00	32 000,00	132 000,00
Busisiwe	Sibisi	43 000,00	68 000,00	76 000,00	187 000,00
Queenie	Buthlezi	30 000,00	66 000,00	74 000,00	170 000,00
Lucky	Sixolo	30 000,00	66 000,00	36 000,00	132 000,00
Tumelo	Mokgoka	30 000,00	66 000,00	54 000,00	150 000,00
Nombulelo	Shabangu	30 000,00	66 000,00	66 000,00	162 000,00
Duduzile Patricia	Mthimunye	36 000,00	72 000,00	6 000,00	114 000,00
Itumeleng Daniel	Moloantoa	36 000,00	66 000,00	-	102 000,00
Morwesi	Ramonyai	140 000,00	82 000,00	32 000,00	254 000,00
Tshepo	Sohaba	30 000,00	66 000,00	54 000,00	150 000,00
Walter	Kganyago	-	-	24 000,00	24 000,00
Henry	Madalane	-	-	24 000,00	24 000,00
Themba	Mabuya	-	-	30 000,00	30 000,00
Thulani	Hlatshwayo	-	-	24 000,00	24 000,00

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Bernice	Dollie	-	-	24 000,00	24 000,00
Mbuso	Poswa	-	-	24 000,00	24 000,00
Grandeur	Hove	6 000,00	12 000,00	6 000,00	24 000,00
Nyambeleni	Tshindane	12 000,00	12 000,00	-	24 000,00
Milly	Raborife	12 000,00	12 000,00	12 000,00	36 000,00
Thembe Daniel	Mabuya	-	-	30 000,00	30 000,00

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Table 9: Executive Compensation

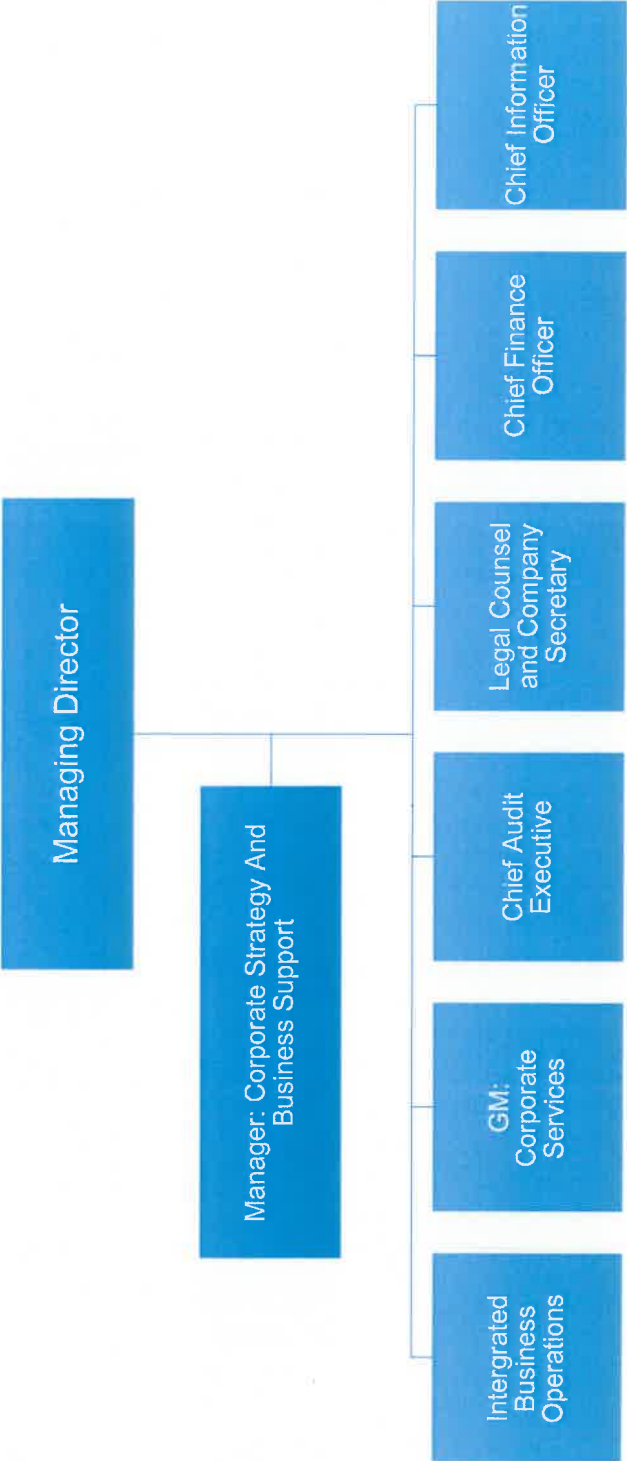
Executive Position	Incumbent	Annual Package	Monthly Total Remuneration Package	Quarter 1	Quarter 2	Quarter 3	TOTAL
Managing Director	Mhlongo Xoliswa	R 1,899,999.96	R 158,333.33	R 474,999.99	R 513,751.00	R 513,751.00	R 1,502,501.99
Chief Financial Officer (CFO)	Gidini Luyanda	R 1,647,999.96	R 137,333.33	R 0.00	R 0.00	R 412,500.00	R 412,500.00
General Manager: Corporate Services	Lebelo Phillip	R 1,510,545.00	R 125,878.75	R 377,636.25	R 401,238.00	R 401,238.00	R 1,180,112.25
Legal Counsel & Company Secretary	Sibisi Zibonele	R 1,299,999.96	R 108,333.33	R 0.00	R 0.00	R 324,999.99	R 324,999.99
Chief Financial Officer (CFO)	Gidini Luyanda	R 1,647,999.96	R 137,333.33	R 0.00	R 0.00	R 412,500.00	R 412,500.00
Chief Audit Executive (CAE)	Haffejee Yaasir	R 1,443,750.00	R 120,312.50	R 360,937.50	R 360,937.00	R 360,937.00	R 1,082,811.50
Chief Information Officer (CIO)	Jairam-Owthar Denisha	R 1,650,000.00	R 137,500.00	R 412,500.00	R 412,500.00	R 412,500.00	R 1,237,500.00
	TOTAL	R 9,452,294.88	R 787,691.24	R 1,626,073.74	R 1,688,426.00	R 2,425,925.99	R 5,740,425.73

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

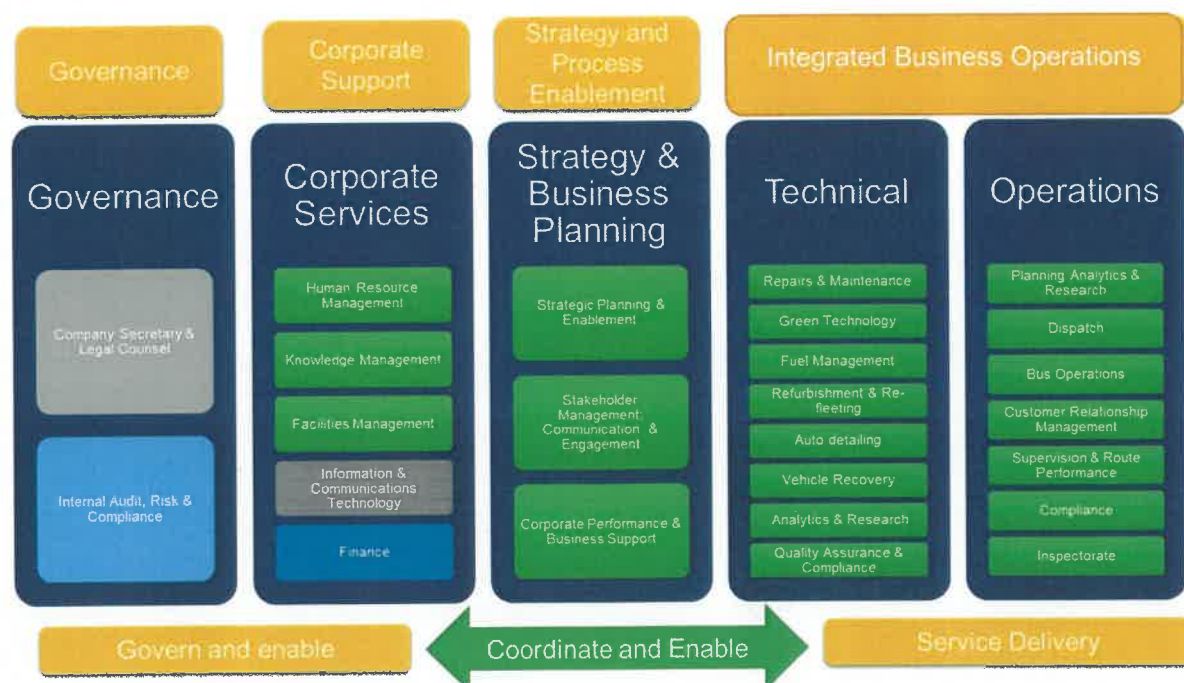


2.5.2 High Level Functional Structure

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

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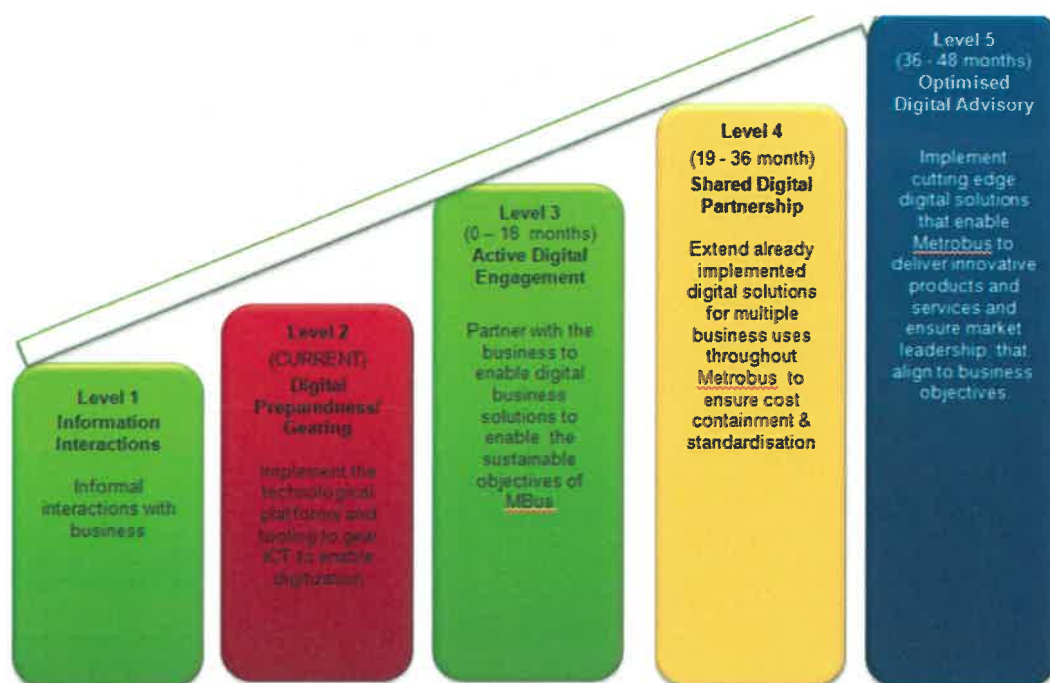
Date Reported	Allegation
2017/11/22	Allegations of Fraud and Corruption
2018/03/28	Alleged Irregular Expenditure
2018/03/28	Alleged Irregular Expenditure
2018/06/15	Alleged Irregular Expenditure Within Metrobus by Exceeding the Allocated Budget by R48 Million in 2016/ 2017
2018/12/18	Alleged Irregular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

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 with distinct elements indicating migration from phase two to phase three of ICT Maturation. 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.

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 Metrobus Intranet

The Metrobus Intranet will be launched during the third quarter of the 2020/21 financial year. This platform will, inter alia, assist the organization with elements of process integration and automation. In addition internal communication will be complemented through the use of the intranet.

2.8.2.3 The “Eye on the Bus” functionality

In order to ensure safety, reliability of services as well as allowing commuters to have a more active control of their travel experience, the entity is in the process of ensuring capacity that will allow for en-route surveillance of buses for security and intelligent deployment purposes.

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 E**. 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

During the same period in the last financial year, fifty one (51) traffic fines were issued to bus operators; an incline has been recorded in the period under review with one hundred and four (104) traffic fines issued. This trend is a major concern for the entity and poses a significant risk to the current commendable record of fatality free kilometres operated by the entity. The entity is also keenly aware of the risk that this trend posed in relation to impending AARTO regulations, which may render offending bus operators unable to operate buses. Driver behaviour and compliance with traffic rules is an essential element of ongoing driver

education. In this regard programmed refresher training is provided to bus operators. In addition, route inspectors are encouraged to monitor driver behaviour en-route and re-emphasize proper behaviour. Bus operators are responsible for the settling of such fines.

Table 12: Traffic Fines Report

Financial year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2020/21	7	10	9	15	16	13	8	11	15	104

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 8% for all bus types. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 12 years are the biggest emitters of greenhouse gas. These are the Mercedes Benz 1725, Volvo B7L and Volvo B7R.

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

Table 13: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity %	Q2 Opacity %	Q3 Opacity %
Merc 1725	72.50%	50%	15%	6%	25%
Euro 5	72.50%	50%	5%	3%	7%
Euro 3	72.50%	50%	49%	9%	30%
VOLVO B7L	72.50%	50%	31%	35%	61%
VOLVO B7R	72.50%	50%	63%	5%	12%
Weighted Average			18%	8%	19%
Annual Weighted Average			15%		

2.9.4 Pending Litigations and Possible Liabilities

Contingent liabilities emanating from litigation and labour related disputes are estimated R 16, 4 million, detail of which are outline table 14 below. 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.

Table 14: Pending Litigation

No.	Class	Nature	Description of matter	Possible Liability (R) 000	Estimation Of Probability
(i)	Labour Matter	Alleged unfair dismissal.	10 Officials allege unfair dismissal cases and 1 Unfair Labour Practice against Metrobus.	1 100	Reasonably possible
(ii)	Civil Matter	Claim for defamation	Following testimonies in a matter, which resulted in dismissal, the dismissed employee lodged a claim against the	300	Reasonably possible

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			employer's witnesses.		
(iii)	Labour Matter	Unfair discrimination	Employee lodged unfair discrimination dispute against Metrobus.	814	Remote
(iv)	Labour Matter	Alleged unfair dismissal.	Potential claim from previous employee for re-instatement.	1 400	Remote
(v)	Procurement Matter	Claim for services rendered:	The potential claim arises from the unlawful appointment of a service provider.	200	Remote
(vi)	Procurement Matter	Claim for services rendered:	A supplier has claimed breach of contract.	4 987	Remote
(vii)	Labour Matter	Recognition	A union has made a recession application against an earlier decision favourable to Metrobus.	250	Remote
(viii)	Labour Matter	Unfair discrimination	Two officials have lodged a salary dispute.	5 000	Reasonably possible
(ix)	Labour Matter	Unfair discrimination	Officials have raised a salary dispute on unpaid salary.	1 000	Reasonably possible
(x)	Labour Matter	Unfair labour practice	Four officials have raised a salary claim.	1 398	Remote
Total				16 449	

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 ensure 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.



During the first quarter, a total of thirteen (13) buses were refurbishment. A further eight (8) buses in quarter 2 and six (6) buses in quarter 3 underwent refurbishments, bringing the total refurbished buses at Quarter 3 to twenty-seven (27). However, the cumulative number of refurbished buses in terms of the three-year refurbishment program stands at fifty eight (58) refurbished buses against a target of one hundred (100) buses due by the end of the 2021/22 financial year.

The refurbishment program is a significant strategic enabler which is intended to ensure that the entity is able to maintain the requisite number of fleet to continuously meet peak requirements and to support the deployment of fleet to alternative revenue streams over and above scheduled services.

3.1.2 Economic Transformation

During the period under review, the entity significantly exceeded the target for SMME support. While the target for quarter 3 was thirty five (35) SMMEs supported, the actual performance was eighty eight (88) SMMEs supported amounting to R16, 3 million. Year to date amount spent on SMMEs is R64 million. Of the R33 million amount spent on procurement during quarter 3 96% (R31, 8 million) was spent on BBBEE.

The entity is currently, in collaboration with the City Transport department, devising a basket of non-financial SMME support initiatives, which will be implemented during the remainder of 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 3rd quarter was zero (0) out of a total of thirty five thousand six hundred and sixty six (35 666) planned trips, resulting in 100% reliability of service and thus exceeding the target of 90% for the third quarter. The target for service reliability was also exceeded in the first and second quarter.

3.1.4 Reduction of Non-service (Dead) Kilometre Costs

The process of reducing operating costs of our service is underway. Non-service kilometres are kilometres operated to reposition the bus after or before with no passengers. During the quarter under review non-service (dead) kilometres costs were reduced R4, 7 million. These savings were made on seventeen (17) buses operating from Eldorado park depot to town. These buses now break at Village Main depot during break after morning peak instead of driving empty to Eldorado park depot and back to town empty in the afternoon. Metrobus is now using midi buses to transport bus drivers for morning peak and after afternoon peak. In the last week of March five (05) buses started breaking at Ferndale depot instead of driving to

Village main depot in town. Savings expected from these five (05) buses on dead kilometres is R452, 000 per quarter.

The entity is looking for sleeping grounds in Sunning Hill during the day to assist in reducing the number of dead kilometres. A total of thirty five (35 buses) incurs 1540 dead kilometres a day at a cost of R3, 9 million a month. The savings expected after securing sleeping grounds and using two mini buses to transport drivers is estimated at R3, 8 million a month.

Of the total operated kilometres in the third quarter only 13% relates to non-service kilometres down from 22% before the pandemic.

3.1.5 Improvement in Financial Position Financial Health

During the period under review, the entity made a surplus of R37 million. The net liability position improved from R204 million (30 June 2020) to R110, 0 million as at 31 March 2021. Accumulated losses have been improved by R94, 0 million from R408, 8 million as at the end of June 2020 to R314, 8 million as at 31 March 2021. This reflects a 23% improvement.

3.1.6 Fatality-Free Service

The entity continues to maintain safe public transportation. During the period under review the entity operated 4.1 million kilometres fatality free. During the same period last year, the entity operated 6.2 kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South African roads resulting from fatalities involving public transport operators.

3.1.7 Improvement in Passenger Experience

The entity achieved 1162% customer complaints reduction year on year. Thirteen (13) complaints were recorded at quarter 3 and thirty six (36) complaints were recorded at midyear, bringing the total number of customer complaints to forty nine (49) as at 31 March 2021. This represents a significant reduction in complaints compared to the same period in the last financial year when one hundred and sixty four (164) complaints were recorded. In the past

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the main root cause for customer complaints was service reliability. Service reliability was not the issue due to reduced scope of operations owing to COVID19 restrictions.

At third quarter, the complaints resolution rate was recorded at an average of 85%, the equivalent percentage was recorded in the same period during the last financial year.

Table 15: Customer complaints attended

Depot	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Milpark	1	2	2	4	4	1	1	4	3	22
Roodepoort	0	1	4	3	1	1	0	0	1	11
Village Main	2	1	2	0	5	0	1	1	2	14
Unspecified	0	0	0	0	2	0	0	0	0	2
Total	3	4	8	7	12	2	2	5	6	49

3.1.8 Launched the First Virtual Career Exhibition with TETA

During the quarter under review, Metrobus was selected by Transport Education and Training Authority (TETA) to launch TETA's first virtual career exhibition to showcase skills and opportunities available in the passenger transport sector and how Metrobus is successfully implementing its Skills Development Projects and the Artisan Development Programme.

3.1.9 Increased Use of Digital Engagement Platforms

Social media has taken centre stage as the communication channel of choice in line with COVID-19 regulations. Metrobus is continuing to intensify commuter engagements using digital platforms with emphasis on daily operations of buses. The brand reached a peak of 136.8K in the previous quarter ending 31 December 2020. Due to high infection rate at adjusted alert level 3 impacting bus operations negatively, as a result impressions dropped to 103.0K compared to the previous quarter at 136.8K. However organic rankings on search engine optimisation (SEO) has improved significantly, due to retweets by those following the brand (Metrobus) ie. Johannesburg Transport Department and MMC's Office.

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 average peak requirement at third quarter stands at two hundred and seven (207) buses denoting a decrease of over 43%. Consequently, while the entity is able to meet the bus fleet requirement a significant percentage of the fleet is out of use. Fleet utilisation should form part of this.

Table 16: Average Fleet Availability

Month			
Depot	Q1 Average	Q2 Average	Q3 Average
For Operational Use	428	418	418
OOO	196	191	195
Covid-19 Peak Requirement *	170	165	207
Available To Operations	232	237	224
Variance	61	72	17
Available Capacity	131%	144%	108%
Access Capacity	31%	44%	8%

**Peak requirement includes a 10% spare capacity.*

3.2.2 Fuel Tank Failures in Mercedes Benz Euro V Dual Diesel Fuel (DDF) buses

The entity is experiencing an increase in non-operational Euro V DDF buses due to fuel tank failures. When the DDF buses which is a new technology were manufactured, the original equipment manufacturers (OEMs) used plastic fuel tanks which have now started to leak resulting in buses parked at the workshop or tanks to be half filled.

In a meeting held with Sandown motors and Busmark it was agreed that this was product failure and Sandown Motors and Busmark will replace all damaged plastic tanks with steel tanks at their cost as this falls under warranty claims. Twenty one (21) fuel tanks have replaced.

3.2.3 Inadequate IT expertise to Facilitate Intelligent Transport Systems

Key among the strategic priorities of the entity is the provision of digitally enabled mobility to the citizens of Johannesburg. In this regard a number of intelligent transport systems have been identified which will enhance key processes and improve passenger experience. Metrobus digital transformation journey was delayed due to inadequate IT expertise to guide sourcing and implementation of Intelligent Transport Systems. This had a negative impact on the entity's target to improve commuter experience.

3.3 Impact of Challenges on Organisational Performance

Given the prevailing economic conditions which have led to an increase in level of unemployment 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. The entity had underperformed in terms of overall quarter revenue budget by R 11, 7 million. The driving factor for this was the fare revenue shortfall of approximately to R10, 9 million against the approved third quarter budget

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 Replacement of Mercedes Benz Euro V Dual Diesel Fuel (DDF) buses Fuel Tanks

In a meeting held with Sandown motors and Busmark it was agreed that this was product failure and Sandown Motors and Busmark will replace all damaged plastic tanks with steel tanks at their cost as this falls under warranty claims. Twenty seven (27) fuel tanks have been replaced. A programme to replace diesel tanks for all the remaining one hundred and twenty seven buses (127) have been put in place. At least ten (10) diesel fuel tanks will be replaced a month.

3.4.2 IT Support on Intelligent Transport Systems

The types of technologies that Metrobus is implementing have already been developed and implemented in other parts of the country or the world. In order to ensure continued expert guidance and support for IT, Metrobus has affiliated to Gartner through SITA. Gartner is global institution and made up of 300 000 IT professionals providing the assistance to 15000 organisations registered across 100 countries. By having Gartner available at all times, Metrobus would have subject matter experts available on all types of technologies that could be brought in. This will help the entity accelerate the digitisation journey by ensuring that the entire ICT team understands and permeates the digital transformation in order to make digitisation a reality over the next 3 years.

3.4.3 Improving Service Demand

Prior to schools reopening the marketing and operations teams visited schools to solicit support from governing bodies for promotion of Metrobus services. This has led to improvement in passenger numbers from an average of ten thousand eight hundred and twenty five (10 825) passenger trips per working day in January 2021 to sixteen thousand seven hundred and thirty nine (16 739) in March 2021

Metrobus is now embarking on targeted marketing campaign. Commuter forum has indicated its willingness to assist the marketing department in marketing Metrobus services in Soweto on weekends. Access to sales outlets is still a focus area for Metrobus as cash on buses is still suspended.

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. Sustainable 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:

Mayoral Priority/ Programme	Focus area	Initiatives	
Improve and strengthen financial position	Financial Sustainability and solvency	Debt Restructuring Advertising revenue generation Revenue Protection	
Sustainable Economic Development		Bus service reliability and optimal fleet utilisation	Leasing of additional buses Continuous Operations - 24 hour service Finalize establishment of a Centre of excellence (COE)
Smart City		Implementation of Intelligent Transport Systems Digital Interconnectedness	Cashless Ticketing system Digital Route Tracking Wi-Fi on buses Customer mobile app Customer data analytics Fuel Management system revamping Information Security Firewall

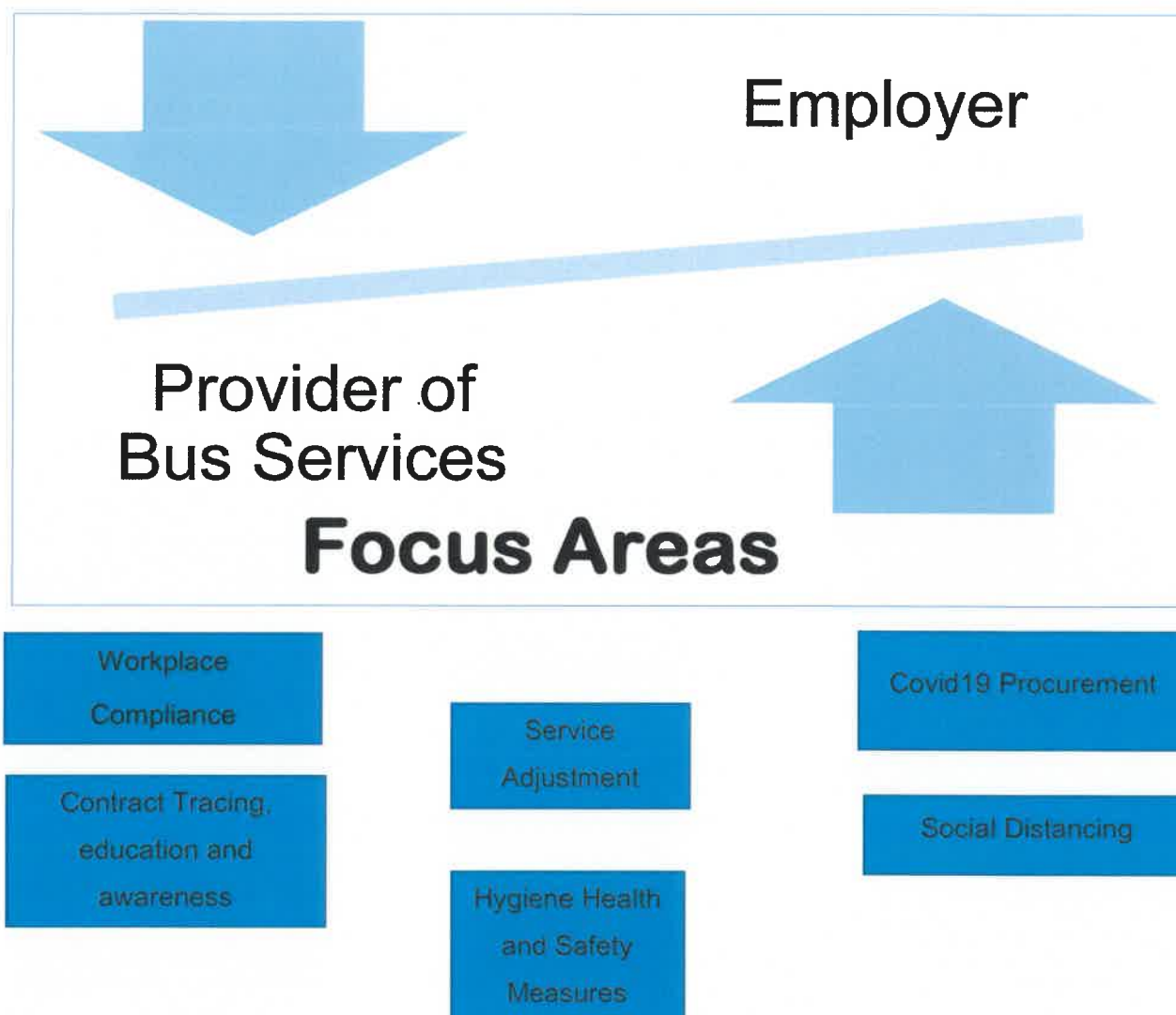
			Upgrading of the Intranet Increase Remote personnel accessibility Digital Signature Software Hardware Refresh Phase for SAP
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Accelerated, visible and sustainable service delivery	Systematic cost driver management	Route efficiency - Piloting of trip optimization Profiling of routes for maximum use of Compressed Natural Gas (CNG) use Procurement of CNG infrastructure for two depots Finalization financial model Implementation of the fleet renewal and management strategy Reduction of non-service (dead kilometers)
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3.4.2 Response to 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.

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



3.5.1.2 Covid19 Mitigation Measures: Workplace Readiness

Focus Area	Risks	Intervention/Response	Timeline	Status
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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

3.5.1.3 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 transfer of the virus on the buses and facilities	Queue Control at Gandhi Square: Physical distance markers have been put at all commuter walkways	On-going	On-going

3.5.1.4 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 has a register containing details of all commuters	On-going	On-going
		Employees and visitors- Each workplace and Metrobus facility keeps a register of all employees and visitors	On-going	On-going

3.5.1.5 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 provision of service for essential workers	Suspension of private hire services	From March 2020 to date	On-going
		Responded to the level 2 and 1 as follows: Level 2: 150 buses in operation Level 1: 150 buses in operation	On-going	On-going

3.5.1.6 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

3.5.1.7 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 masks when visiting ,Metrobus facilities, importance of providing correct details on our registers, wearing of masks, changes for bus schedules and adherence to social distancing.	On-going	On-going
		Internally directed at employees social media platforms, posters, memos, cabin talks and depot roadshows regarding	On-going	On-going

		information about the coronavirus and mitigation measures		
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3.5.1.8 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	On-going	On-going
		Sanitising of buses with chemical wash to last 24 hours		
		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

3.6 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 seventeen (17) KPIs excluding achievement of targets were measured during the third quarter. During the third quarter of the 2020/21 financial year fourteen (15) KPIs were achieved, translating to a 88% achievement level. The detailed Performance Scorecard is attached as **Annexure A**.

The unachieved KPIs includes: percentage spent against approved operating expenditure budget, percentage spent against capex expenditure budget. 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 62, 022, 166.00 against a budget of R 66,236,542.00. The surplus variance of **R 4, 214, 376.00** is attributable to the budget adjustment, which occurred during the last month of the reporting period and vacancies that are still to be filled.

Figure 7: Employee related costs: 01 January 2021 – 31 March 2021 (R000's)

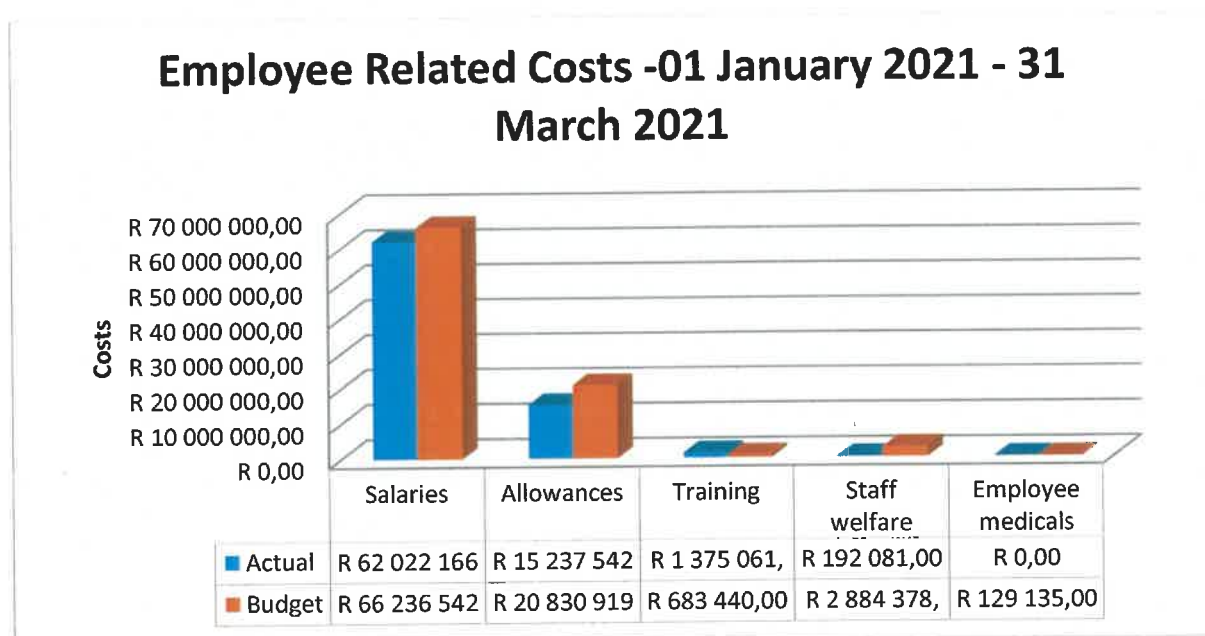


Table 19: EMT Remuneration: For the period 01 January 2021 – 31 March 2021

	Position	Status	Total paid on third Quarter	Total Annual Package
EXECUTIVE	MANAGING DIRECTOR	FILLED	R 525, 000.00	R 2, 100,000.00
EXECUTIVE	Chief Financial Officer	FILLED	R 275, 000.00	R 1, 650,000.00
EXECUTIVE	General Manager: Corporate Services	FILLED	R 400, 000.00	R 1, 600,000.00
EXECUTIVE	Chief Information Officer	FILLED	R 412, 974.12	R 1,651,896.48
EXECUTIVE	Legal Counsel & Company Secretary	FILLED	R 325, 000.00	R 1, 300,000.00
EXECUTIVE	Chief Audit Executive	FILLED	R 350, 000.00	R1,400,000.00

EXECUTIVE	General Manager: Integrated Business Operations	NEW VACANT	NEW VACANT	NEW VACANT
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4.2 Key Vacancies

Table 20: Staff establishment, vacancies and critical vacancies

#	Division	Approved Employee Requireme nt	Strengt h	Vacanci es	Critical Vacanci es	Age analysis of the critical vacanci es	Comment (s) on aging of vacancies
1	Office of the Managing Director	8	4	4	3	36 Months	The manager and Specialist positions are at an advanced stage of being filled.
2	Corporate Services	227	156	71	7	18 Months	Process underway to fill other critical vacancies within CS in the next quarter.

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment (s) on aging of vacancies
3	Legal Counsel and Company Secretary	5	2	3	2	14 Months	The process to fill the Legal Counsel & Company Secretary position has been finalised, incumbent to commence in January 2021. Specialist and Senior Administrative positions still have to be filled.
4	Information and Communication Technology	12	3	9	4	10 Months	The review of the organogram has been finalised.

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment (s) on aging of vacancies
5	Internal Audit and Risk Management	5	3	2	1	10 Months	One Specialist: Risk & Compliance will start on the 1 April 2021.
6	Finance	55	41	14	4	10 Months	The vacant position of the CFO has been filled and the incumbent will commence employment in the next quarter. A number of critical vacancies have been identified to be filled.

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment (s) on aging of vacancies
7	Integrated Business Operations	905	657	238	8	10 Months	The process to fill the newly created GM: IBO position commenced.
TOTAL		1217	866	341	29		

The City for an adjustment to 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. Consequently, 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.

4.2.1 Vacancy Rate

Although progress was made in the filling of vacancies, perusal of the figures in the above table show that on average, the vacancy rate in the Company during the reporting period currently stands at 28.02%. 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 January 2021 – 31 March 2021

During the period under review, the process of filling vacancies at the Executive Management level was undertaken on two positions, namely Chief Financial Officer position, and Legal Counsel and Company Secretary.

Recruitment processes are now at an advanced stage to fill the new General Manager: Integrated Business Operations (IBO) position.

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, four (4) employees out of a total strength of eight hundred and sixty-six (866) employees left the service of Metrobus. This translates to an average percentage of 0.46% in staff turnover. This figure comprises of employees that left the Company due to medical boarding; resignations; retirement, dismissals, etc.

It is essential to mention that this percentage is much lower than the Local Government national average of between 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

4.3 Employment Equity

The current employee demographic profile of the entity indicates that 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 21: Demographic Profile as at 31 March 2021

Present and Expected		Male				Female				Total
		A	C	I	W	A	C	I	W	
All	Current	539	31	3	17	155	5	2	5	757
Employees	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 one hundred and fifty one (151) employees were trained as part of skills development programme and forty four (44) received the financial assistance in the form of subsidized 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) unemployed and (5) employed apprentices during the reporting quarter continues with their structured workplace practical training at the Metrobus Depots in preparation for their last phase of their training component at Trade Centre or Skills Development Centre.

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.

During the quarter under review, Metrobus was selected by Transport Education and Training Authority (TETA) to be on the first launch of virtual career exhibition where resources were deployed to do video shoot at Metrobus and it will be made accessible to all the stakeholders within the transport sector to learn about what skills are available in the sector and how is Metrobus successfully implementing its Skills Development Projects so that others can have an opportunity to learn from us regarding the Artisan Development Programme.

4.4.3 Internship Programme

During the quarter under review, nine (09) graduate interns successfully completed their internship programme and exited the programme. The skills and competencies gained will equip them to compete for the opportunities in their areas of specialization with the Local Government, Private Sector and Municipality Entities in the labour market.

As reported at Mid-Year, Metrobus secured funding of the current batch of interns and it has been approved by Transport Education and Training Authority (TETA) for discretionary grants applied for in September 2019. Metrobus appointed five (5) new Interns to assist with employee wellness, career coaching as well as Information Communication Technology graduates. The project commenced in January 2021 for 12 months to the value R 411 000.00. Since the nation moved to Alert Level 1 Interns were required to return to work with the implementation of a rotation timetable for them in light of the current pandemic impact.

In total the current amount of the graduates interns as of this quarter including the new intake is Fourteen (14) and we have applied for additional funding for Twenty (20) more during the discretionary funding for window for 2020/21 and awaits the response form TETA.

4.4.4 Subsidised Education

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

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Metrobus policy for subsidised employee education aims to prioritise officials without formal education for matriculation, under graduate certificates, diplomas and degrees before officials who are in pursuit of post graduate qualifications. This is done in order to improve the social standing of internal employees of Metrobus, afford them an opportunity to advance in life; but also contribute positively to skills development for the country.

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 spent on subsidized education is **R 656 912.00** 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 22: 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		18	10	16	0	0	0	0
Total number of Sub Ed. Beneficiaries		44			0	0		
Total amount spend		R 656 912.00				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 656 912.00** for subsidised education.

4.4.5 Training and Development Programmes

During this reporting quarter, a total of twenty (20) apprentices continue with their workplace practical training at various departments and depots. Training and Development is still ongoing in light of the Covid-19 impact or pandemic with observed lockdown regulations. It can reported that nine (09) graduate's interns successfully completed their internship programme and exited the programme. The skills and competencies gained will equip them to compete

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for the opportunities in their areas of specialization with the Local Government, Private Sector and Municipality Entities in the labour market. In total the current amount of the graduates interns as of this quarter including the new intake is at Fourteen (14) and we have applied for additional funding for Twenty (20) more during the discretionary funding window for 2020/21 and awaits the response from TETA

Table 23: Skills Development and Training

#	Training Intervention	Learning Matrix	M	F	Numbers of trained delegates per intervention
1	Bus Driver Refresher Training	F	2	5	07
2	Subsidized Education (Jan -Feb 2021)	F	30	11	41
3.1	Subsidized Education (March2021)	F	0	3	3
4	Aarto Training	F	26	20	46
5	Customer Service Training	E	34	18	52
6	International Executive Leadership Development Programme (TETA)	E	1	1	2
Total number of trained delegates			93	58	151

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

There were Six (6) new disciplinary infractions that were registered during the third quarter of the 2020/2021 financial year. Three (3) cases were finalised and resulted in dismissals.

Table 24: New Disputes

New Disputes	Disputes UD	Disputes ULP	Disputes mutual Interests	Total
Milpark	4	0	0	4

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Village Main	2	0	0	2
Roodepoort	1	0	0	1
Head Office	0	1	1	2

Table 25: Disciplinary and Grievance Matters

Depot	Balance from previous quarter Disciplinary matters	New Disciplinary Matters	Old Grievances	New Grievances	Total
Milpark Depot	4	3	3	0	10
Village Main Depot	2	2	2	0	6
Roodepoort Depot	0	1	2	0	3
Head Office	2	0	3	0	5

Table 26: Dismissals

Depot	Misconduct	Incapacity	Total dismissal per depot
Milpark	1	0	1
Village Main	2	0	2
Roodepoort	0	0	0
Head Office	0	0	0

Table 27: Litigations

There were no litigations for the period under review

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 in the long run.

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 Corporate Services Department initiated and agreed on an employer initiated transfer of an employee from one of the Departments in the City to manage, oversee and facilitate the Employee Assistant Programmes of Metrobus on a fulltime basis. The employee commenced work on February 2021. During the period under review, the following activities have taken place:

4.8.1 Trauma Debriefing

A bus accident took place on the 11 March 2021 a total number of 5 employees [Bus drivers] were affected. One Bus driver remains in hospital and the family was informed accordingly. Three employees have subsequently received in-house trauma counselling.

4.8.2 Education Campaign and Awareness

A presentation was conducted with the Operations Department Management to create awareness and marketing of the employee wellness programmes offered by Metrobus. Nine managers attended the session.

Table 28: Reported COVID19 cases and incidents

DEPOT	YTD CASES
HEAD OFFICE	10
ROODEPOORT	4
MILPARK	11
VILLAGE MAIN	15
TOTAL	40
RECOVERY RATE	99%

4.8.3 Occupational health and safety measures

During the quarter under review, the country is still under level 1 lockdown, and experiencing third wave of corona virus, which means a risk of employees contracting the disease also increases. Metrobus has adopted safety measures to promote physical distancing of employees.

Metrobus continues to work in full capacity and ensures that all safety measures are implemented in order to curb the spread of corona virus and to flatten the curve.

Also based on the safety measures ,guideline risk assessment was reviewed as COVID 19 is new hazard which has being introduced to a work environment, by reviewing risk assessment this 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 were provided personal protective clothing, which included cloth masks and face shield

All workplace are sanitized with 70% alcohol on a daily base to minimize the spread of corona virus

All premises and buses are still mounted with hand sanitizing dispenser with 70% alcohol sanitizer

Metrobus continues to utilise Church of Scientology Voluntary Ministry to ensure that all Metrobus facilities are disinfected continuously.

4.9 Employee Benefits

The Employee Benefits for the period under review amounted to a total of **R 16,804,684.00** against a budget of **R 24,527,872.00**, apportioned as per the following table:

Table 29: Employee Benefits for the period 01 January 2021 – 31 March 2021

	Allowances	Training	Staff welfare	Employee medicals	Total
Actual	R15,237,542.00	R1,375,061.00	R192,081.00	R 0.00	R16,804,684.00
Budget	R20,830,919.00	R683,440.00	R2,884,378.00	R129,135.00	R24,527,872.00
VARIANCE	R 5,593,377.00	-R 691,621.00	R2,692,297.00	R 129,135.00	R7,723,188.00

The surplus variance of **R 7,723,188.00** as depicted in the above table can be attributed to the vacancies that have not yet been filled.

4.10 Occupational Health & Safety Programmes

4.10.1 Safety incidents

A total of three (03) safety related incident was reported during the reporting period.

4.10.2 Safety Audit

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.

- Lack of approved emergency preparedness plan.
- Lack of approved occupational health and safety policy.
- Lack of approved incident management procedure.
- Lack of Safety Awareness Functions
- No Safety Support Personnel.
- Housekeeping Matters.

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

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

- Occupational health and safety strategy has being developed in order to commit Metrobus on safety awareness functions the board of directors has approved it.
- Occupational health and safety policy has been developed in order to commit management in health and safety matters and the board of directors has approved it.
- Housekeeping matters are addressed on a monthly bases through monthly SHE representative inspections
- A draft Emergency Preparedness Plan has been developed and will be forwarded to EMT for approval during the month of April 2021.
- Incident Management Procedure will be drafted and be forwarded to EMT for approval during the month of April 2021
- In addition, safety awareness programmes will be developed and included in Metrobus events calendar.
- The finding will be referred to the EMT to consider the creation support positions subject to availability of funding. An intern has been deployed to safety department from January 2021

4.10.3 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.

4.11 Security and Inspectorate

This Division executed its operations as reported below:

4.11.1 Security and Inspectorate involvement in COVID- 19

With South Africa still at level 1 of COVID-19 and the strong possibility and prediction of a third wave, the Security personnel is still actively involved in preventing the spread of the virus at

all Metrobus depots and offices. Security personnel have not been exempt from being infected and have had two (2) confirmed reported cases during this reporting period, but both officers have fully recovered.

Although, three employees within this environment have comorbidities, they all currently perform duties with strict adherence to the COVID-19 preventative measures. Through this difficult period, the division nevertheless, managed to ensure the safe-keeping of all property of Metrobus with 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.

4.11.2 Security incidents

There has been three (3) incidents of theft of a Metrobus facilities.

- On 19 February 2021, an Interns cell phone was allegedly stolen from her desk whilst she had been out of her office. However, it could not be established how or who had stolen the cell phone. She had left a cleaner inside her office when she vacated her office. The intern's contract has come to an end on 2021-02-28 and the matter has been closed as undetected.
- On the 26 January 2021, the Technical Manager at Village Main discovered that tools to the value of approximately R16 000 were stolen from new tool boxes which had been procured to be used by the mechanics and apprentices. The tool boxes were locked away in a store-room with the keys of the tool boxes kept in a draw in the Technical Managers office and only a few persons bearing knowledge of this. A case of Theft has been opened at Johannesburg Central SAPS CAS 189/02/2021.
- Six (6) MT90 Security Radios, to the value of R60 000 is alleged to have been stolen from a locker at Eldorado Park satellite depot between 2021-02-26 and 2021-03-02. The radios were locked away for safe-keeping in the officers' locker and upon his return on his first day shift, he discovered that the devices had been stolen from his locker. He suspected the two new cleaners working at the depot as he discovered that their locker keys also opened his locker. The two cleaners were interviewed by the acting

Security Project Manager and a case of theft will be opened at Eldorado Park SAPS upon the return to work by the security officer who is currently still on special leave due to COVID 19 infection.

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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 30: Summary Statement of Financial Position

Description	31-Mar-21	30 June 20 Actual	Movement	Movement
	Actual	(R000's)	(R000's)	(%)
Total Assets	630 267	652 845	-22 578	-3%
Non-Current Assets	590 478	624 616	-34 138	-5%
Property, Plant & Equipment	559 063	591 863	-32 800	-6%
Loans to Shareholders	31 131	31 131	0	0%
Intangible Assets	283	1 621	-1 338	-83%
Current Assets	39 789	28 230	11 560	41%
Inventories	16 051	15 328	723	5%
Receivables	5 879	3 082	2 798	91%
Prepayment	5 247	4 772	475	10%
Insurance Fund	4 744	4 744	0	0%
Cash & Cash Equivalents	7 868	304	7 564	2486%
Total Equity & Liabilities	630 267	652 845	-22 579	-3%
Equity & Liabilities				
Capital & Reserves	-110 027	-204 033	94 006	-46%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	150 002	150 002	-0	0%
Accumulated Profit/(Loss)	-314 803	-408 809	94 006	-23%
Non-Current Liabilities	177 569	203 741	-26 172	-13%
Interest Bearing Debt	167 050	193 222	-26 172	-14%
Retirement Benefit Obligation	10 519	10 519	0	0%
Current Liabilities	562 725	653 138	-90 413	-14%
Payables	212 412	183 054	29 358	16%

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Loans From Shareholders	290 667	423 500	-132 833	-31%
Other Financial Liabilities	37 549	37 549	0	0%
Provisions	15 516	2 453	13 062	532%
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 32, 8 million (6%) from R 591, 9 million (30 June 2020) to R 559, 5 million as at 31 March 2021.

5.1.2 Intangible assets

Intangible assets decreased by R 1, 3 million (83%) from approximately R 1, 6 million (30 June 2020) to approximately R 0, 3 million as at 31 March 2021. This was due to normal amortization of intangible assets of approximately R 1, 3 million as well as the capitalisation of intangible assets amounting to R 3, 4 million.

5.1.3 Inventory

Inventory increased by approximately R 0, 7 million (5%) from R 15, 3 million (30 June 2020) to R 16, 1 million as at 31 March 2021. Inventory list will be reviewed on a monthly basis to avoid any overstocking. The increase in inventory resulted from increased spare parts purchased at the workshop for bus repairs

5.1.4 Receivables

Receivables have increased by approximately R 2, 8 million (91%) from R 3, 1 million (30 June 2020) to R 5, 9 million (31 March 2021).

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 0, 5 million (1%) from R 4, 8 million

(30 June 2020) to R 5, 2 million (31 March 2021). The increase resulted from licenses for buses which were purchased during the nine months period.

5.1.6 Interest bearing debt (Non-current liabilities)

The interest bearing debt decreased by R 26, 2 million (14%) from R 193, 2 million (30 June 2020) to R 167, 1 million (31 March 2021) 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 R29, 4 million (16 %). As at 30 June 2020, Metrobus owed over R 183, 1 million. This has increased to R 212, 0 million (31 March 2021). The increase in trade payables is due to an increase number of suppliers doing business with the entity.

5.1.8 Loans from shareholders

The loans from shareholders position decreased by R 132, 8 million (31%). As at 30 June 2020 Metrobus owed R 423, 5 million to the City. This has decreased to R 290, 7 million during the nine months ending 31 March 2021 due to repayments made for the interest bearing debt. Any excess cash made by the entity are swept through the CoJ sweeping account.

5.1.9 Accumulated Losses

The entity's accumulated loss improved by R94, 0 million from R408, 8 million as at the end of June 2020 to R314, 8 million as at 31 March 2021. This was driven from the surplus achieved in the current financial year.

5.2 Statement of Financial Performance and high-level notes

Table 31: Statement of Financial Performance

Sections	YTD									
	Mar 21					YTD				
	(Quarter)					(9 months)				
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Prior Year	Mar 21 Variance to Budget (R000's)	Mar 21 Variance to Prior Year (R000's)	YTD Variance to Budget (R000's)
			(R000's)			(R000's)	(R000's)			
Revenue	(R000's)	(R000's)		(R000's)	(R000's)					
	180 238	192 000	162 428	537 365	575 999	487 289		-11 762	17 810	-38 635
Grants and subsidy	167 466	167 465	142 817	502 398	502 394	428 452		1	24 649	4
Fare revenue	13 090	23 996	19 081	33 912	71 989	57 396		-10 906	-5 990	-38 078
Sundry revenue	-318	539	530	1 055	1 616	1 440		-857	-849	-561
Direct costs	32 049	37 820	43 428	85 996	113 459	120 618		5 771	11 379	27 462

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Diesel	9 494	16 939	16 958	27 418	50 818	53 027	7 445	7 463	23 401
Rep & Maint.	18 031	14 654	17 310	47 057	43 963	49 712	-3 376	-721	-3 094
Other	4 523	6 226	9 160	11 521	18 677	17 879	1 702	4 637	7 155
Margin	148 189	154 180	119 000	451 368	462 541	366 671	-5 991	29 189	-11 172
Expenses	108 113	138 620	108 222	327 076	415 860	335 661	30 507	109	88 784
Staff	79 222	93 880	73 693	240 870	281 639	232 623	14 658	-5 529	40 769
Depreciation	12 376	15 459	19 809	39 554	46 376	45 782	3 083	7 432	6 823
Property expenses	2 297	4 865	4 894	6 501	14 594	14 369	2 567	2 596	8 093
Security	-	1 578	38	-	4 733	3 783	1 578	38	4 733
Consultants	-1 080	1 215	1 536	1 957	3 645	1 736	2 295	2 616	1 688
Bad debts	-	-	-	-	-	-	-	-	-
Bus rental	2 236	4 410	739	3 355	13 231	2 386	2 174	-1 497	9 876
Licences buses	2 784	3 338	3 025	8 298	10 015	8 953	554	241	1 717
Insurance	1 462	67	1 898	7 885	201	4 724	-1 395	436	-7 684
Legal expenses	1 544	596	-685	2 351	1 788	4 414	-948	-2 229	-563
Audit fees	2 681	2 237	1 457	3 236	6 711	4 818	-444	-1 225	3 475
Computer costs	965	1 443	591	2 584	4 328	2 062	477	-374	1 744
Marketing	2 678	1 661	128	6 004	4 984	3 682	-1 017	-2 551	-1 020
Telecommunications	335	707	15	520	2 122	716	373	-320	1 602
Other costs	612	7 164	1 084	3 964	21 493	5 613	6 553	472	17 529

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Operating result	40 076	15 560	10 779	124 292	46 681	31 009	-36 498	29 298	77 611
Interest paid	3 106	5 187	4 892	30 296	46 681	44 902	2 080	1 786	16 385
Total Expenditure	151 147	192 000	167 067	443 369	576 000	501 182	40 853	15 920	132 631
Surplus / Deficit	36 970	10 373	5 886	93 996	-0	-13 893	26 596	31 083	93 996

5.2.1 Overview

The 2020/21 Adjustment Budget was approved by the City and this resulted in a reduction in both internally generated operating revenues and operating expenditure by R31, 3 million. The reason for the reduction on the operating budget was to align the projected revenues and expenditure as the entity was still operating under COVID19 restrictions resulting in the entity not operating at full capacity.

During the third quarter Metrobus recorded a surplus of R37, 0 million. Operating expenditure budget was underspent by R30, 5 million in the quarter due to non-spending resulting from reduced operations due to COVID19. The year-to-date surplus was R94, 0 million.

5.2.2 Fare Revenue

The fare revenue for quarter was R10, 9 million below budget due to reduced bus operations. The entity recorded R 13, 1 million against the target fare revenue of R24, 0 million.

For the nine months to 31 March 2021 the entity recorded a total revenue shortfall amounting to R38, 1 million. The fare revenue is expected to improve as more people get vaccinated and as the effects of COVID19 decline.

Factors contributing to the revenue shortfalls 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.
- The implementation of the safety measures during the COVID-19 alert levels;
- Non-achievement of private hires revenue;

- Underperformance in terms of private hires and contracted services

5.2.3 Diesel

The diesel budget was reduced by R21, 5 million during the 2020/21 Adjustment Budget period as the entity was operating at lower scale due to COVID19 restrictions. Diesel cost for the quarter was R7,4 million below budget. Year to date diesel expense was R23,4 million below budget. In the previous year the entity buses travelled 6 267 429 km in the nine months of the year, to-date the entity buses have travelled 4 158 929 km (66%).

5.2.4 Repairs and maintenance

Repairs and maintenance for the quarter was R 3, 4 million above budget as the entity aimed to reduce the number of out of commission buses. For the nine months repairs and maintenance was R3, 4 million above budget. It must be highlighted that before the national lockdown, Metrobus had 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 staff costs budget was reduced by R2, 0 million during the 2020/21 Adjustment Budget process. The actual staff costs for the quarter were R 14, 7 million below budget and the year-to-date staff costs were below budget by R40, 7 million due to delays in filling vacant positions. Metrobus is advertising some of the outstanding critical positions and it is anticipated that the process of filling vacant positions will be completed before the end of this financial year.

5.2.6 Leasing of buses

The budget for leasing of buses was increased during the budget adjustment period from R7,4 million to R13, 2 million. The leasing budget for the quarter was underspent by R1, 5 million and R9, 9 million as at the year to date.

5.2.7 Depreciation and amortization expense

Depreciation for the quarter was R3, 1 million below budget due to reduced property, plant and equipment and intangible assets base and disposal of uneconomic assets in the previous year. It was below by R6, 8 million as at the year to date.

5.2.8 Other direct expenses

Other direct expenses are made up of detergents, oils, antifreeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the quarter were R1, 7 million below budget due to reduced hire of equipment and the year-to-date other direct expenses were R7, 2 million below budget.

5.2.9 Security

There were no security costs incurred for the period as all security staff have been insourced.

5.2.10 Consultants

No expenditure for consultants have been incurred for the period under review.

5.2.11 Property expenses

Savings of R2, 6 million were realized on property expenses due to savings on water, electricity and rental charges for the quarter and R8, 1 million as at the year to date. The water and electricity expenditure savings is as a result of the entity not operating at full scale. There are also savings on rental due to delays by the head office in moving to a new location

5.2.12 Audit fees

Audit fees for the quarter were R0, 4 million above budget for the quarter and R3.5 million as at the year-to-date. due to the audit occurring later than expected. It is anticipated that the overall audit fees budget will be exhausted within the current financial year.

5.2.13 Finance charges

The budget for the finance charges reduced during 2020/21 adjustment budget due to the reduced debt from shareholder. Finance charges were R 2, 1 million below budget for the quarter due to reduced utilisation of the sweeping account and R16, 4 million as at the year to date.

5.2.14 Insurance charges

The year-to-date insurance charges recorded a saving the budget of R4, 9 million (Q3: (0,6 m). The budget for insurance charges was understated and was corrected during the 2020/21 adjustment budget.

5.2.15 Other costs

Other expenses include operating lease charges, bank charges, actuarial gain on the employee pension fund, membership fees and stationery. Other costs were R6, 6 million below budget for the quarter and R17, 5 million as at the year to date.

5.3 Cash flow statement for the period ended 31 March 2021**Table 32: Summary Cash Flow**

Cash flow	31-Mar-21	30-Jun-20
	Prelim	Actual
Net Cash Flow from Operating Activities	266 199	161 931
Grants & subsidies	502 398	636 533
Other income	34 967	68 918
Cash received from grants and income	537 365	705 451
Employee costs	-240 870	-242 698
Suppliers	0	-244 849
Finance costs	-30 296	-55 973
Cash paid to employees, suppliers and finance costs	-271 165	-543 520
Expanding of Capital Base	-15 405	-34 031

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Movement of insurance fund	0	2 601
Proceed from the sale of property, plant and equipment	-0	-10 117
Cash Employed in Investment Activities	-15 405	-41 548
Other financial liabilities	-26 172	-33 967
Movement of sweeping account	-132 833	-86 296
Insurance liability	0	0
Cash from financing activities	-159 005	-120 263
Cash Flow From Activities	91 789	120
Net Increase / (Decrease) In Cash & Bank Balances	-201	120
Cash & Bank Balances Beginning of the Year	304	184
Cash & Bank Balances End of the Period	104	304

Analysis of cash flow

The entity has reported a positive cash balance at the end of the period of approximately R 104 000 influenced mainly by the positive net cash flow from operating activities of R266, 2 million, net cash flow activities amounted to a surplus of R 91, 7 million. Actual cash spent on capital expenditure for the period under review is approximately at R 15, 4 million. Whilst there is an improvement in the cash flow position, the cash position of the entity is still a concern.

5.4 Ratio Analysis**Table 33: Ratio Analysis**

Description	31-Mar-21	30-Jun-20
Solvency Ratio	0.2:1	0.3:1
Current ratio	0.06:1	0.06:1
Acid test	0.03:1	0.02:1
Gearing Ratio* (only considering shareholder loan)	93%	96%
Gearing	299%	325%
Cost coverage ratio	8%	9%
Cost coverage ratio – excluding subsidy (Days)	28.36	33.74

Cost coverage ratio – including subsidy (days)	440.18	377.60
Employee related costs to total expenditure	54%	44%
Direct cost - Employee related costs to total expenditure	48%	39%
Repairs to total expenditure	11%	12%
Interest cover	3.96	1.42
Training spent against skills levy	35%	1%
Expenditure against budget	78%	93%
Capex against budget	44%	42%

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

5.4.1 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has improved during the nine months. The net liability position improved from R204, 0 million (30 June 2020) to R110, 0 million as at 31 March 2021. The entity's solvency ratio was calculated at 0.17: 1 (2019/20: -0.032: 1). The ability of the entity to meet its financial obligations is still uncertain.

5.4.2 Liquidity:

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn by approximately R290, 7 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

During the 2020/21 adjustment budget the shareholder approved the moving of AFC budget of R50, 0 million from the current year to the year 2021/22. The shareholder approved capital expenditure amounting to R95.2 million for various capital projects. The entity managed to spend 44% excluding commitments by end of the period under review and 31% of the whole year's budget. The bulk of the total capital budget is for bus refurbishment, ICT projects and buildings. 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 last quarter.

Table 34: Summary Capital Projects

Project Name	Approved Budget(R 000's)	Midyear (YTD) Actual (R 000's)	Quarter 3 Budget (R 000's)	Quarter 3 Actual (R 000's)	Quarter 3 Commitments (R 000's)	YTD spent including commitment (R 000's)	Q3 budget spent (Excl Commitments) %	YTD spent excluding commitments on Q3 budget %	% Spent including commitments on total budget %	Project Status
Furniture and fittings	1 950	67	780	21	58	146	3%	6%	7%	Procurement is in progress
Plant, tools, equipment	5 900	691	2 360	803	0	1 495	34%	36%	25%	Procurement is in progress
IT Equip, New Computers and Hardware Computer Building - Building Alterations/Upgrade	21 000	2 497	8 400	951	3 280	6 728	11%	23%	32%	Procurement is in progress
Engine and Gear box refurbishment	7 500	3 828	3 000	660	559	5 046	22%	85%	67%	Procurement is in progress
Bus Refurbishment	28 800	12 962	11 520	6 835	9 002	28 800	59%	98%	100%	Procurement is in progress
Security systems	10 000	-	4 000	-	-	-	0%	0%	0%	Procurement is in progress
Borehole pump	500	-	200	-	159	159	0%	0%	32%	Procurement is in progress

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Total Capital expenditure	95 230	20 046	38 092	9 271	31 203	60 519	24%	44%	64%
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Table 35: Status update on Capital Project

Project Name	Project Status
Furniture & fittings	The process for procurement of furniture is on hold pending the move of the head office.
Plant, machinery and tools	A contract has been awarded for the procurement of tools. The procurement of the break testing machine is at BSC level
Borehole pump	The order was finalised and the work is in progress
Building - Building Alterations/Upgrade	Awaiting signing of SLA for work to commence. A large portion of this budget will be spent in the next quarter.
Bus Refurbishment	Procurement completed. Over 43 buses have been refurbished.
Engine and Gear box refurbishment	Engine tender was awarded. The gearbox tender was awarded. Work is in progress.
IT Equip, New Computers and Hardware Computer	Laptop award of R 4 million. Other items are in procurement processes
Security systems	Awaiting the finalisation of the work order with MTC. This will be spent in the next quarter

5.6 Supply Chain Management (SCM) & Compliance Matters)

5.6.1 Irregular, Fruitless and wasteful expenditure

Irregular expenditure recorded for Third Quarter of 2020/2021 amounts to R4 447 740,93, however this relates to contracts concluded at the City of Joburg and not from Metrobus' own procurement processes. The table below is the summary details of the disclosed irregular expenditure for 2020/2021.

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Subsequent to year-end, Council approved the write-off irregular expenditure of R 233 902 458 million (item 116). This was approved during the Council meetings of the 27 and 28 October 2021.

Table 37: Details of Irregular expenditure for Quarter 3

Company Name	Description of Incident	Status	Amount (R) 000'
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 has been concluded. Report has been submitted to MPAC for write-off	123
AON	The Regulation 32 contract amount was exceeded from the centralized contract at the City.	Investigation will be conducted at City Level.	3 500
Afrirent	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 has been concluded. Report has been submitted to MPAC for write-off	825
			4448

5.6.1 Awards where there were no three quotes

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

5.6.2 Level of commitments

Metrobus commitments as per all open orders by 31 March 2021 amounted to R3 929 509.31

5.6.3 Deviations

There was one Deviation approved for the period under review.

Reference no	Name of Service provider	Status	Brief motivation	Estimated value
Deviation 2: March 2021	SITA	Impractical to follow the normal SCM processes	Gartner membership for ITC department for Metrobus	R1 200 000.00

5.6.4 Expenditure on BBBEE

During the quarter under review procurement amounting to R 32 995 540 was procured by the organization. The total BBBEE expenditure was R31 771 882, which was 96% of the total expenditure. A total number of 88 SMMEs has also been supported up to thus far with a total spend of R16 302 388 for the period under review.

Table 38: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	32 995
Actual BBBEE Spent	(R' 000)	31 771
% Actual BBBEE Spent	%	96%

SMMEs supported

Number of SMMEs by 3Q	Expenditure for Q3 (R' 000)
88	16 304

5.6.5 Performance against procurement plan

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Departments	No. of tenders per Department	Not in SCM Processes	Appointments	Specification	Evaluation	Audit probity	Adjudication	Awarded
Finance	5	2	1	1	1	0	0	0
TSD	33	12	5	6	4	1	0	5
Corporate Services	14	6	1	1	5	1	0	0
Operations	4	3	0	1	0	0	0	0
ICT	11	7	0	2	2	0	0	0
Office of the MD	7	6	1	0	0	0	0	0

5.6.6 Contract Management

Departments	No. of active contracts per Department	Contracts expiring in 3-6< months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	0	0	0	0
TSD	16	2	2	12
Corporate Services	1	0	0	1
Operations	4	0	0	1
ICT	8	1	3	4
Office of the MD	4	0	0	4

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 second quarter.

Table 38: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Q2	Q3
		(R000's)	(R000's)	(R000's)
Total payments made	A	23 827	201 422	225 249
Invoices paid within 30 days	B	19 901	182 322	202 223
Invoices not paid within 30 days due to invoice issues	C	3 926	19 100	23 026
Invoices paid outside 30 days with no valid reason	D			
Compliance percentage	(B+C)/A	96,67%	96,67%	96,67%

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 39: Amounts Owed by 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	Department of Transport	Benny Makgoga	7	Amount owed by Department of Transport.
	Total		14	

Table 40: Amounts Owed by Metrobus by CoJ and Entities (Intercompany)

Period	Department	Contact person	(R'000)	Comments
20-Jun	GCSS	Graeme Ruiters	31 131	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		31 131	

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. A new Risk and Compliance Specialist has been appointed and is expected to commence work on 1 April 2021.

Table 41: 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 42: 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 years target)	100%	82%	Note: This is based on the previous audit completed by the AGSA. For subsequent quarters, the IAF will report on the recently concluded AGSA Report.
% mitigation actions in the risk registers implemented or up to date	40%	27%	Not Achieved Most actions are in progress

6.3.1 Performance: 2020/21 Internal Audit Plan































The table below summarizes the IAF's progress against the 20/21 Revised IA Plan for Quarter 1 and 2.

Name of Internal Audit Project	Report Included	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Follow Up on AGSA and IA Findings	Refer to Section 11	Metrobus IAF	●	●	●
Covid 19	Included at previous Special ARC	Metrobus IAF	●	●	●

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AFS Review	Included at Previous Special ARC	Metrobus IAF			
OHS	Included	Metrobus IAF			
Revenue	Included at Previous Special ARC	Metrobus IAF			
Overall Follow UP	Included	Metrobus IAF			
Q1 Performance Information	Included in Q 2	Metrobus IAF			
Q2 Performance Information	Included	Metrobus IAF	 	 	 
Fleet Management Delays encountered in the receipt of supporting evidence	Not included	Chapu			
SCM Audit Due to the AGSA audit which was only concluded on 12 March 2021, Information requests were delayed	Not Included	Metrobus IAF	 	 	 

6.3.2 Performance: Approved Ad-Hoc- Projects

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

Table 43: 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 – 13 Completed to Date	Metrobus IAF	Submitted to C:BAC			
Performance Audit	Chapu	No		The Project Commenced in Mid January 2021, however due to delays in submission of supporting evidence, staff at Chapu had to be re-deployed. The revised date is 15 April 2021. There is a team deployed, and the assistance of the CFO and Technical is needed to ensure RFI's are submitted timeously	
Investigation Report- Irregular Expenditure (Afirent and Avis)	Metrobus IAF	Submitted and approved at MPAC			
Inventory- Year End Balance Assistance	Chapu	Submitted to CFO			
UIFW- Fines and Penalties- Taken Over from GFIS	Metrobus IAF				

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 44: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 45: Opinion rating summary

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

6.6.2 Rating Summary – Detailed Audit Findings

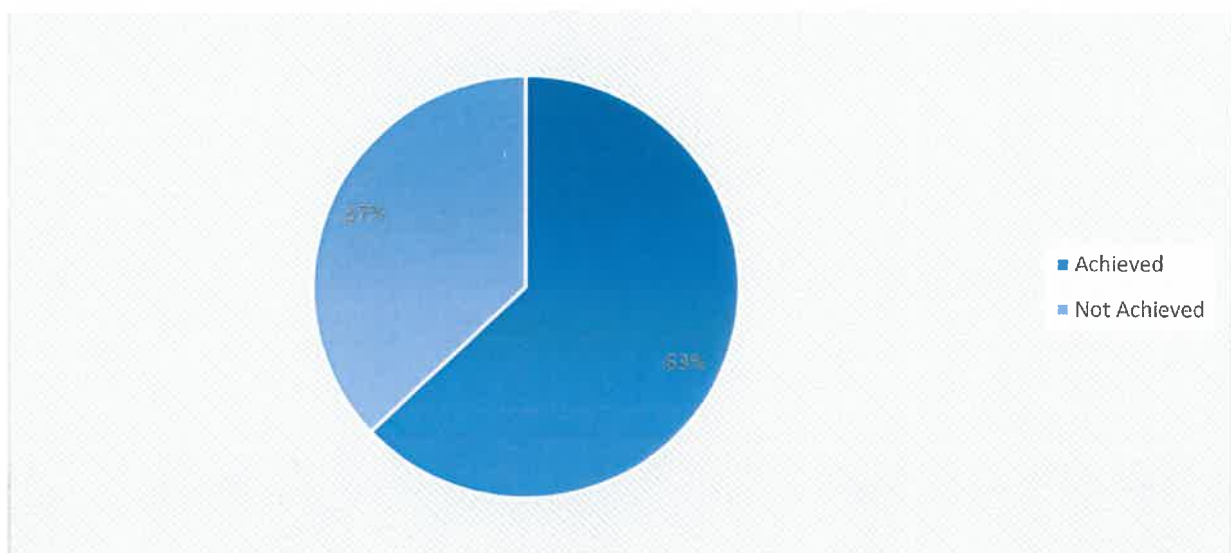
For the purposes of this report, the audit findings, have been classified as follows:

Table 46: Summary classification of audit findings

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

6.7 Follow up of IAF and AGSA Findings

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



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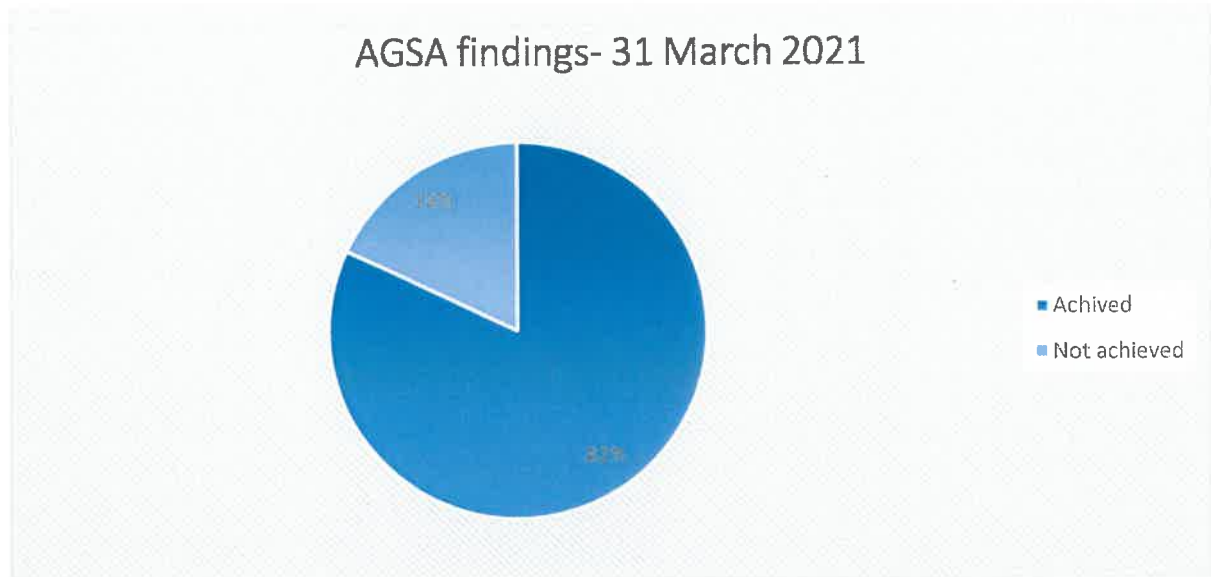
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As at the date of this report 44% of all findings due by Q3 (17% overall findings) have been addressed.

Category	Total	Due	Accepted	Addressed	Quarterly Achievement (Excluding Accepted Risks)	Details of Not Achievement
Fuel and Fleet Management	10	4		2	50%	Maintenance Policy and Support Personnel Vacancy
HR	7	2		2	100%	Not Applicable
Revenue	2	1	1	1	100%	Wayfarer System needs to be replaced with AFC
SCM	3	2		0	0%	30 Day Payment
Financial Discipline	4	0		0	Not Applicable	Not Applicable
IT	5	1		1	100%	Not Applicable
Stakeholder Management	3	1		1	100%	Filling of Vacancy
OHS	5	5		2	40%	Incident Management Procedure, Emergency Procedure, and Housekeeping Issues
Stock Count	3	0		0	Not Applicable	Not Applicable
Total	42	16	1	9	63% (Rounded)	
From an overall perspective 17% of <u>all</u> Findings have been addressed						

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 31 March 2021.

Overall Summary of AGSA Findings as at 31 March 2021.

Category	Resolved	Risk Accepted	Unresolved	Total	Details
Annexure A	3	0	2	5	Unresolved- 30 Day Payments Unresolved- Irregular Expenditure
Annexure B	12	2	2	16	Risks Accepted Internal Audit External Assessment, IT Outdated Systems Findings not Achieved Filling of Critical Vacancies, Policies and Procedures
Annexure C	2	0	0	2	None
Total	17	2	4	23	

The AGSA has completed its audit for the 2019/20 Financial Year on 31 March 2021. These findings will be followed up going forward, in subsequent months and quarters.

Category	Resolved	Risk Accepted	Unresolved	Total
Annexure A	0	0	9	9
Annexure B	0	2	18	20
Annexure C	0	0	0	0
Total	0	2	0	29

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

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 47: 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 31 March 2021 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.



Annexure C provides details of the strategic risks according to the predetermined strategic objectives as at 31 March 2021. There are a total of 30 interventions planned for the 2020/21 Financial Year of which 8 have been fully achieved.

The interventions due but not addressed to date include (Capacitating the Independent Inspectorate, Completion of Refresher Training, Supplier Awareness Campaign against Fronting, Advertising of Tenders.

6.10.3 Emerging Risks

Table 48: Emerging Risk

Emerging Risk	Controls Implemented
Covid 19 Virus During Quarter 1, the President announced that South Africa will move from a Level 3 to 1 Coronavirus Lockdown.	Potential Impact A risk exists that staff members and passengers may contract the virus, affecting business continuity. Controls Implemented Protective equipment (Masks, Sanitation Liquid et al, Weekly Sanitation of Offices) was procured and deployed on an ongoing basis. Microsoft Teams has been deployed to all EMT members.
AARTO	Potential Impact

It is expected that the AARTO system will be implemented in the 2020 Calendar year.


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.

Controls Implemented

50 employees for Operations Department attended training in November 2020 and the remaining employees will be trained in 2021 before the end of financial year.

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	

6.10.5 Insurance Incidents

Currently there are 157 Open Claims on Buses (See Table Below for a breakdown of its composition). An employee has been delegated to close off remaining claims. An amount of R 300 000 relating to the 2018/19 Financial Year has been received. It is important that documentation relevant to the 116 claims highlighted below (Metrobus Responsibility) is submitted timeously.

Total Claims	3rd Party Claim	Service Provider Advices Awaited	Recovery in Progress	Insurer Advices Awaited	Client Advices Awaited	Admin
157	13	5	11	10	116	2



ANNEXURE A:

METROBUS PERFORMANCE SCORECARD



Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Target	Performance Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year To Date	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%	100%	100%	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	10 000	11 886	14 541	14 452	13 626	Target Met

3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive economy and smart that harnesses the potential of citizens	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	<0.47	0.41	0.54	0.48	Target met
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive economy and smart that harnesses the potential of citizens	% of service disruptions communicated	80% of service disruptions communicated	80%	100%	100%	100%	100%	Target met
5	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	60% of complaints resolved within the timelines specified in the customer service charter	80%	93%	95%	85%	91%	Target met

6	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive economy and smart that harnesses the potential of citizens	% Customer satisfaction index	68% Customer satisfaction index	70% Customer satisfaction index	N/A	N/A	N/A	N/A	N/A	N/A	Not due for assessment
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive economy and smart that harnesses the potential of citizens	% of service standards achieved	70% of service standards achieved	80% of service standards achieved	80%	100%	100%	100%	100%	100%	Target met

Program 2: Innovation and Green Economy

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actuals	Q3 Actual	Year to Date	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 units measurement at 41.5%	Maintain hartridge units measurement at 30%	30%	18%	8%	19%	15%	Target Met

Program 3 Enterprise Development and Job Creation

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of production in the delivery of basic services	Total number of SMMEs supported	50 SMME's supported	50 SMME's supported	35	23	54	88	88	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 BBEE	30% Expenditure spent on BBEE	30% expenditure spent on BBEE	30%	101%	92%	96%	96%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	71 EPWP Jobs created	200 EPWP jobs created	150	190	175	234	234	Target met

Program 4: Financial Management, Viability and Sustainability

PIP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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, 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% of quarter allocation	78% of quarter one Opex budget	79% of quarter two Opex budget	79% of quarter three Opex budget	79% of the annual Opex budget	Target not met due to reduced operating capacity
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens % spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	70% of total capex budget	34% of the quarter one capex budget	79% of the quarter two capex budget	24% of the quarter three capex budget	64% of the annual capex budget	Target not met due to slow progress in provision of services from external parties

PIP	GDS2040 Outcome	Key Performance Indicator	Performance Baseline	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent 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	99% of quarterly budget	123% of quarterly budget	107% of annual budget	Target met

Program 5: Operational Excellence

PIP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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	100% of AGSA Audit findings resolved	70%	N/A	N/A	N/A	N/A	Not due for Assessment
16	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	90% of quarterly fleet requirement	90% of quarterly fleet requirement	131% of quarterly fleet requirement	144% of quarterly fleet requirement	108% of quarterly fleet requirement	128%	Target met

PIP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Nil	70% mitigation actions in the risk registers implemented or up to date	60%	100%	27%	64%	Target Met
18	Sustainable service delivery	% 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	72% achievement of pre-determined objectives achieved	88% achievement of pre-determined objectives achieved	88% achievement of pre-determined objectives achieved	Target met

Program 6: Technology and Business Enablement

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date 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	80%	50%	50%	80%	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	25% of level 3 Maturation	50% of level 2 Maturation	50% of level 2 Maturation	25% of level 3 Maturation	Target met

PROGRAM 7: Institutional Planning, Transformation and Organisational Development

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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% satisfaction employee index	N/A	N/A	N/A	N/A	N/A	Not Assessed

ANNEXURE A1: Unachieved Predetermined Objectives

PIP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	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, 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% of quarter allocation	78% of quarter one Opex budget	79% of quarter two Opex budget	79% of quarter three Opex budget	77% of the annual Opex budget	Target not met due to reduced operating capacity
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens % spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	70% of total capex budget	34% of the quarter one capex budget	79% of the quarter two capex budget	24% of the quarter three capex budget	64% of the annual capex budget	Target not met due to slow progress in provision of services from external parties



ANNEXURE B:

METROBUS SERVICE STANDARDS



Service Standards

Core Service	Service Level Target	Standard	Q1	Q2	Q3	Variance explanation	Mitigation measures
% of scheduled public bus trip arriving on time	90% arrival times		100%	100%	100%	N/A	N/A
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)		100%	100%	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%	100%	100%	N/A	N/A
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations		100%	100%	100%	N/A	N/A
Response time for walk in queries	All queries acknowledged within 1 hour		100%	100%	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 2. % Planned Trips Completed		Inability to Collect Revenue	SR 11	HIGH	CIO	2.1. Procure the AFC system/ Interim Fare Collection System	31 Dec 2020 (To be Rescheduled)	The previous tender process was cancelled which was run by the city. The tender process has now been transferred from Metrobus to the Transport Division of CoJ.
					CIO	2.2. Implementation of the AFC system/Interim Fare Collection System	1.2 30 June 2021 (To be Rescheduled)	This is implementation is dependent on the SCM tender processes being concluded first by the CoJ, before implementation of the AFC can begin.
					IBO	2.3. Capacitate the Independent Inspectorate Unit	1.3 31 January 2021	<ul style="list-style-type: none"> Inspectorate Organisational structure compiled and approved Inspectorate development programme has being finalized

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
								<ul style="list-style-type: none"> The positions have been advertised but have not been filled as at the date of this report.
		Inability to Meet Scheduled Services	SR1	High	IBO	2.4. Procurement of all new buses per Re-Fleeting Strategy 2.5. 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.	1.4. 30 June 2021 1.5 100% Implementation Per Quarter Until National Disaster is Over (Overall 100% compliance by 30 June 2021)	1.4 Not Due. 1.5 To date, no instances of non-compliance have been identified with Covid 19 Regulations
	Average number of Metrobus passenger trips per day				IBO	2.6. Procurement of 100% of Buses per Re-Fleeting Strategy	30 June 2021	1.6 Not Due and to date no procurement has taken place.

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
						2.7. 100% Implementation of Bus Maintenance Plans	31 January 2021 and 30 June 2021	All buses are currently being maintained in accordance with the Metrobus Maintenance Plans.
3. Improved Passenger Safety	Number of blameworthy accidents per 100 000 kilometre's operated	Inadequate enforcement of good organisational culture by management/ leadership	SR 2		IBO	3.1. 100% of Drivers attend a Refresher Training course for the year	31 January 2021	2.1 Not Due. To date 50 drivers have attended refresher training and 45 have attended AARTO Training. Due to the change in Covid Level Restrictions, ie Level 1 to 3, this intervention is expected to be fully addressed when the Covid Level improves.
4. Improved Service Quality	% of service standards achieved	Inability to Meet Scheduled Services	SR 1		Security Manager	2.2 Communicate 100% of security incidents to SAPS and JMPD.	Daily (100% Reported by 30 June 2021)	One incident of theft on mechanical parts was reported to SAPS on the 13th September 2020 case number 381/09/2020
5. High Levels of Customer Satisfaction	% Service Disruptions Communicated	Inadequate/Limited effectiveness of existing and future communication channels	SR 3		Communication Specialist	3.1. Establish a manual customer database 3.2 Establish an automated customer database dependent on the implementation of	3.1. 31 January 2021 3.2. 30 June 2021	3.1. The manual database was completed in October 2020. 3.2. This process is dependent on the City's SAP implementation.

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
				High		the AFC System and SAP		Same as above
	% Complaints Resolved within the timelines specified in the customer service charter		3.3. Establish a manual customer database 3.4. Language Translation depending on the demographics					
	% Customer satisfaction index							
Innovation and Green Economy								
6. Decrease Carbon Footprint	% Decrease in Carbon Emissions	Inability to meet Metrobus's carbon emission targets	SR 4	Low	IBO	4.1 Emission testing by an external 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) For both the Above 100% Completed by 30 June 2021	4.1 The testing was concluded for Q1 and 2. 4.2 All buses are currently being maintained in accordance with the maintenance plan.

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
Enterprise Development and Job Creation								
7. 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 A budget has been allocated. 5.2 Not due
8. 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 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	5.3. 31 January 2021. 5.4 & 5.5. 30 June 2021.	5.3-5 To date one social media advertisement has been conducted, however it does not address fronting. This was presented on Social Media in December 2020. 5.4. All vacancies identified as 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.

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
9. 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 target allocated to entity is 200 for this financial year. The new EPWP Staff have commenced employment from January 2021
Financial Management, Viability and Sustainability								
10. 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 funding by the shareholder.	SR 7	Low	CFO	7.1 Ensuring that all the tenders on the procurement plan are finalised in time.	7.1. 31 January 2021	7.1 To date, less than 50% of planned tenders have 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 but all to be fully reported by 30 June 2021	7.2 This will be addressed on an ongoing basis following the end of each Quarter. Currently, the Budget vs Actuals for Metrobus are presented at EMT.
	% Spent against approved Repairs and Maintenance Budget							
Operational Excellence								

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
11. 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	<div><div></div></div>	GM: Strategy	8.1 Quarterly Review of Internal Audit and External Findings	End of Each Quarter/Agreed Upon Date 100% Completed by 30 June 2021	Internal Audit has reviewed the Q 1 progress against the Internal Audit and AGSA Audit Findings. To date 82% of all AGSA Findings have been Addressed.
	% Mitigating Actions in the Risk Registers Implemented/Up to Date					8.2 Quarterly Report of Reported Performance against Predetermined Objectives prepared and submitted to the Shareholder		8.2 This has been completed at the end of each Quarter (ie Q1 and 2) to date.
	% of Predetermined Objectives Achieved							
	Technology and Business Enablement							
12. Well Maintained Assets	% of Fleet Requirements to Operate Scheduled Trips Met	Inability to Meet Scheduled Services	SR 1	<div><div></div></div>	GM: Technical Services and Operations		See Above	
13. Operational Excellence, Increased	IT User Satisfaction Index	Inability to achieve the set % target of	SR 9	<div><div></div></div>	CIO	9.1 Development of a Service Level Agreement with	9.1 30 November	9.1 To date an SLA has been developed by IT.

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
Reliability and Accessibility	Achievement Level	IT User Satisfaction Index				each Department within Metrobus to resolve IT incidents on Time. 9.2 Implement and achieve 90% of SLA between IT and the Division	2020 and 9.2. 30 June 2021.	
14. Well Maintained Assets	100% implementation of Business Continuity Plan	Inability to continue operations within Metrobus	SR 10		CIO	11.1 Upgrade to the new hardware for the new MS exchange (email back-up and recoveries); 11.2 Implement firewall once hardware is upgraded. Implement Anti-Virus Solution. With regards to DR and aged systems.	30 Jun 21	Upgrade of the exchange hardware completed. Firewall implementation to completion. Anti-Virus implementation 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.

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
								SAP S4 Hana timelines next for Finance and SCM modules. This is dependent on the SAP Program from the city. Backup will follow on FI and SCM modules; once these are implemented at Metrobus.
Institutional Planning, Transformation and Organisational Development								
15. Capacitated, Committed and Performance Driven Employees	% Employee Satisfaction Index	Inability to reduce the number of collective employee disputes.	SR 10		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 Not Due. 10.2 Not Due



ANNEXURE D:

METROBUS CIRCULAR

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Metropolitan Bus Services (SOC) Ltd
Quarter 3 Performance Report
31 March 2021

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
1	Number of weekday scheduled municipal bus passenger trips	TR3.11		90%	100%	100%	90%	100%	100%	Target met
2	Percentage of municipality-contracted scheduled bus services 'on time'	TR4.21		90%	100%	100%	90%	100%	100%	Target met
3	Percentage of municipality-contracted bus fleet that are low entry	TR5.21		90%	94%	94%	90%	94%	94%	Target met

Metropolitan Bus Services (SOC) Ltd
Quarter 3 Performance Report
31 March 2021

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
4	Percentage of municipal skills development levy recovered	GG1.1	TBD	75%		25%	50%		50%	Target met
5	Top management stability (% of days in a year that all S56 positions are filled by fulltime, appointed staff not in acting capacity)	GG1.2		100%		0	0	0	0	Target not met
6	Staff vacancy rate	GG1.21		<30%	< 30%	29.07%	29.18%	28.02%	28.76%	Target met

Metropolitan Bus Services (SOC) Ltd
Quarter 3 Performance Report
31 March 2021

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to date	Reasons for variance and key interventions
7	Audit opinion	GG3.1	Unqualified with findings	Unqualified with findings				Unqualified with findings		Target met
8	Number of repeat findings	GG3.11		<20% of total number of audit findings	<20%	13%	13%	42%	42%	Target not met
9	Number of active suspensions longer than three months	GG5.11		10 active suspensions longer than three months	10 active suspensions longer than three months	0	0	0	0	Target met

Metropolitan Bus Services (SOC) Ltd
Quarter 3 Performance Report
31 March 2021

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 Actual	Year to Date	Reasons for variance and key interventions
10	Number of work opportunities through EPWP, CWP and other GG6.12 related infrastructure programmes			200 EPWP jobs created	150	190	175	234	234	Target met



ANNEXURE E:

METROBUS COMPLIANCE CHECKLIST

ANNEXURE E: COMPLIANCE CHECKLIST

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 to be submitted January 2021.

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	Completed
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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status	
		is treated with the necessary safeguards to ensure compliance with Act				
National Archives and Records of 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 MD 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