

Metrobus

Performance Report: First Quarter Financial Year 2023/24

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

Head Office

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Operating Hours: 05h00 - 21h00 (Monday to Friday)
06h00 - 14h00 (Saturday)
Closed on Sunday and Public Holidays



a world class African city



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

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Website: : www.mbus.co.za

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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



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

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APPROVAL:

Patrick Matanhire

Name & Surname

Acting Chief Financial Officer



Signature

19/10/2023

Approval Date

Luyanda Gidini CA(SA)

Name & Surname

Acting Managing Director



Signature

19/10/2023

Approval Date

Lemarco Mitchell

Name & Surname

Board Chairperson



Signature

19/10/2023

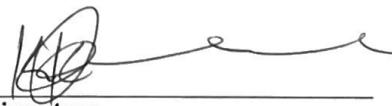
Approval Date

THAPELO KUDENE



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MMC



Signature

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
EE	Employment Equity
ERP	Enterprise Resource Plan
FY	Financial Year
ICT	Information and Communications Technology
IDP	Integrated Development Plan
MFMA	Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003
MSA	Local Government: Municipal Systems Act, 2000, Act 32 of 2000
OOC	Out of Commission
ED	Executive Director

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

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

I am honored, on behalf of the Board, to present the 2023/24 Metrobus first quarter performance assessment report. The term of the new Board commenced in earnest with a diagnostic appraisal of challenges and opportunities that beset the entity over time. Albeit that a number of operational, strategic and systemic challenges spanning the entire value chain of the entity remain, the board is optimistic that some traction can be achieved towards realizing key strategic objectives including operational excellence and financial sustainability.

The entity recorded a decline in performance levels compared to the same period in the previous performance period.

2022-23 QUARTER 1	2023-24 QUARTER 1
85%	60%

The Board remains concerned regarding the key performance indicators that consistently not achieved, notably Capex Expenditure. Although the resolution of Auditor General Finding has improved, the management of risk remains a concern. The Board is resolute on guiding the entity on the path of proper governance. Through the Board's Audit and Risk Committee, the entity audit plan remains under careful scrutiny.

From an operations point of view, underperformance in relation to Capex spending was noted. This is closely related to delays in the implementation of planned Intelligent Transport Systems which is a capex line item where the bulk of capex funds are allocated. Through the Service Delivery Committee, the Board continues to monitor performance in this regard closely.

The Board continues to view the entity's technology enablement trajectory as an important enabler of business excellence going forward. In this regard, the cancellation of the City led procurement of the Automated Fare Collection (AFC) System necessitated urgency on the part of the entity to secure an interim solution to ensure that capacity to collect fares remains functional and technologically enhanced to meet current demands, and to attract and retain a new cohort of contemporary commuters. Installation of the Automated Fare Collection System

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is currently underway, with projected full functionality by the end of quarter 2 of the 2023/24 financial year.

The entity fulfills its mandate primarily through the provision of reliable transportation. This is measured through the rate of completion of planned trips. In this regard, the entity recorded 71% performance level against a target of 90% completed trips at the end of quarter 1. During the period under review, the entity operated a total of 2 141 990 kilometers and fatality free mobility.

In pursuit of mutually beneficial relations with our stakeholders, 4 000 possible commuters were directly engaged during our marketing campaigns in quarter 1. The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity is consistently meeting its engagement and reporting requirements with the shareholder and continues to receive governance support from the shareholder.

The entity has recorded an achievement level of 60% against a target of 85% for its pre-determined objectives at quarter 1.

The overall financial position of the entity is characterized by technical insolvency and remains a concern. The net liability position increased from R 250, 1 million (30 June 2023) to R 255, 9 million as at 30 September 2023.

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

The Board remains committed to advancing the interests of the entity, ensuring continuous improvement of its performance and service offering and proper stewardship of the entity in pursuit of the outcomes of financial sustainability; operational efficiency; industrial harmony; and eco-mobility.

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This commitment is outlined in detailed, measurable terms in the Metrobus Corporate Strategy 2022-27, as reviewed by the Board during the period under review.



Mr. Lemarco Mitchell
Acting Board Chairperson

1.2 Managing Director's Report

For the 2023/24 financial year, Metrobus' overriding objectives of financial sustainability and operational excellence remain unaltered. This includes continuous analysis of cost drivers to identify operational and systemic inhibitors of performance excellence. Digitisation; harnessing of efficiencies and the automation and standardisation of processes remain key enablers in this regard.

Strides in digitisation continue with urgency. Planned technology includes advanced vehicle tracking, monitoring of technical condition of fleet, real time tracking of buses, monitoring of driving behaviour, comprehensive CCTV with face recognition, commuter app, scheduling and dispatching. These functionalities are part of the "eye on the bus" system which is currently underway. Performance results in quarter 1 indicate that service levels continue to recover from the effect of the Pandemic. The entity successfully completed 4 035 more passenger trips than in the same period in the 2022/23 financial year. At quarter 1 of the previous financial year, the entity ferried 1 174 813 passengers, this increased to 1 392 879 passengers at quarter 1 of 2023/24 financial year.

It is anticipated that technology that is scheduled for implementation on buses will assist in turning the tide on revenue loses. The benefits that will flow from this must be augmented by the deployment of more buses to allow the entity to access opportunity in private hire and other contracted services. The net liability position increased from R 250, 1 million (30 June 2023) to R 255, 9 million as at 30 September 2023.

During the quarter under review, the entity's target on Capex expenditure was 25%. The actual performance however was 13%. The entity achieved sixty percent (60%) of predetermined objectives against a target of eighty-five percent (85%) and eighty percent (80%) of service standards. Performance against predetermined objectives is detailed in Annexure B of this report. The entity remains committed to delivering a bus service with superior safety, customer service and financial excellence

Mr. Luyanda Gidini
Acting Managing Director

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1.3 Chief Financial Officer's Report

Introduction

The quarter 1 report was prepared on a going concern basis, it is assumed that the entity will continue to operate for the foreseeable future, meeting its financial obligations when they become due.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as at 30 September 2023.

Abridged Statement of Financial Performance

Description	Q1 30-Sep-23			Variances		
	Actual	Budget	Prior year	Q1 To budget	Q1 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	166 129	164 373	160 766	1 756	5 362	1 756
Direct costs	42 770	27 204	36 901	(15 567)	(5 869)	(15 567)
Margin	123 358	137 169	123 865	(13 811)	(506)	(13 811)
Expenses	117 588	125 419	101 072	7 831	(16 516)	7 831
Operating result	5 771	11 750	22 793	(5 980)	(17 022)	(5 980)
Interest paid	13 385	11 750	10 408	(1 634)	(2 977)	(1 634)
Total Expenditure	173 743	164 373	148 382	(9 370)	(25 361)	(9 370)
Surplus / Deficit	-7 614	0	12 385	(7 614)	(19 999)	(7 614)

Notes on Income Statements

The approved operating budget was based on the 2022/23 rebased budget and did not take into considerations the trend in actual expenditure in the previous year. Over the past three years, Metrobus has seen its budget being rebased downwards year by year. The cumulative reduction in the budget is causing serious negative implications on the operations. Metrobus budget for quarter 1 was overspent by 6%. Metrobus must reduce its operations in line with the budget or else the budget will be overspent. Metrobus recorded a deficit of R 7, 6 million and the budget was overspent by R 9, 4 million for the quarter.

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The fare revenue recorded a surplus of R 1, 9 million for quarter one financial period. The entity recorded R 15, 7 million against the target fare revenue of R 13, 9 million, this was mainly due to the budget which was reduced during the adjustment budget period.

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

- Declining economic conditions which has resulted in increased unemployment and less people travelling.
- Underperformance in terms of private hires and contracted services

Diesel costs for the first quarter was R 10, 7 million above budget. The 2023/24 diesel budget was approved using a rebased budget and was not based on the previous year expenditure or current cost of diesel, as a result, the approved diesel budget was far lower than the actual diesel expenditure for the previous year. As a result, the diesel budget for the quarter was overspent by R 10, 7 million. Management shall make presentations to the city during the 2023/24 budget adjustment period motivate for a budget increase.

Repairs and maintenance for the first quarter were R 4, 9 million above budget and this was caused by efforts made by management to reduce out of commission buses. The repairs and maintenance budget were also affected by the budget rebase in the previous three years. The entity continues to make concerted efforts aimed at reducing the number of out of commission buses.

Asset and liabilities

The table below reflects the abridged financial position of the entity at quarter one.

Abridged Statement of Financial Performance

Description	30-Sep-23	30-Jun-23	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	542 852	551 948	(9 096)	-2%
Current Assets	29 034	28 135	899	3%
Total Assets	571 886	580 083	(8 197)	-1%
Capital & Reserves	(257 692)	(250 086)	-7 606	3%
Non-Current Liabilities	41 836	62 683	(20 847)	-33%

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Current Liabilities	787 742	767 486	20 257	3%
Total Equity & Liabilities	571 886	580 083	(8 197)	-1%

The overall decrease of R 9, 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 and acquisition of property, plant and equipment and intangible assets. Current assets reflected a 3% increase from June 2023 because of increase in inventory and prepayments.

Cash flow

The entity has been experiencing serious cash flow challenges from mid previous financial year up to this current quarter. The cash flow challenges have worsened, and this is affecting payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on entity's cash forecast. During the quarter the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of some of the suppliers.

The entity reported a positive cash balance of R 65 000 influenced mainly by the net cash inflow of R30, 3 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 6, 3 million excluding commitments.

Compliance and Internal Control Environment

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

Supply Chain Management

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

Strategic Outlook and Business Conditions

The entity will continue with its focus of being a low-cost provider of public transport going forward; however, this strategy needs to be compensated through proportional investment in a robust revenue collection system, adequate fleet and fuel management systems as well as the replacement the ageing fleet. The entity also implemented SAGE system during 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.



Mr. Patrick Matanhire
Acting Chief Finance Officer

1.4 Corporate Profile and Overview of the Entity

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

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

1.4.1 Metrobus turnaround plan 2013

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

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

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

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

1.4.2 Migration from Metrobus vision 2020 to vision 2027

In 2015, Metrobus developed a five-year strategic plan known as “Vision 2020”. The purpose of the plan was to outline the entity’s vision and mission and present a holistic strategic approach to the role of the role of the entity in addressing public transportation needs in the current public transport ecosystem and in the context of the impending Integrated Public Transport Network. The strategy was implemented in a coordinated, phase-driven approach encompassing three distinct phases:

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

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

The 2022-23 financial year heralds the first year of vision 2027. The strategy was reviewed by the Board during the latter part of the 2022/23 financial year and forms the basis of the 2023/24 Business Plan. The apex outcome of this new vision is the implementation of a new operating model, and alternative funding model, with concomitant enablers including the following: intelligent transport systems programme and funded fleet procurement.

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

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1.4.3. Metrobus Fleet

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

Table1: Fleet details

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

1.4.4 Metrobus scope of operation

The entity operates within the greater Johannesburg metropolitan area in three business segments, namely: the provision of daily scheduled public transportation, the rendering of private hire transportation services and special contract for the Gauteng Provinces' Department of Transport in Eldorado Park.

In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates: A dedicated service to persons with disabilities, subsidised pensioner transport services, scholar services.

1.5 Strategic Objectives

1.5.1 Overview

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

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

As an entity of the City of Joburg, Metrobus has aligned its long-term strategic imperatives with the Growth and Development Strategy of the City of Joburg (GDS 2040) and contributes directly to outcome two and three of the Growth and Development strategy 2040. Outcome two (2) relates to the provision of a resilient and liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy. In relation to the GDS outcome 2, it is noteworthy that South Africa has launched the country's first Green Transport Strategy (GTS) to promote a transport system that is environmentally friendly and helps boost economic growth and create jobs. In South Africa, the transport sector is reported to be the most rapidly growing source of greenhouse gas (GHG) emissions, and its continued growth is expected to have an increasing impact on biodiversity, air quality, land resources and water quality. The industry accounts for over 90% of total emissions. For its part, out of a total of three hundred and eighty two (382) buses, the entity operated one hundred and seventy four (174) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

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

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

Figure 1: Alignment to GDS 2040



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

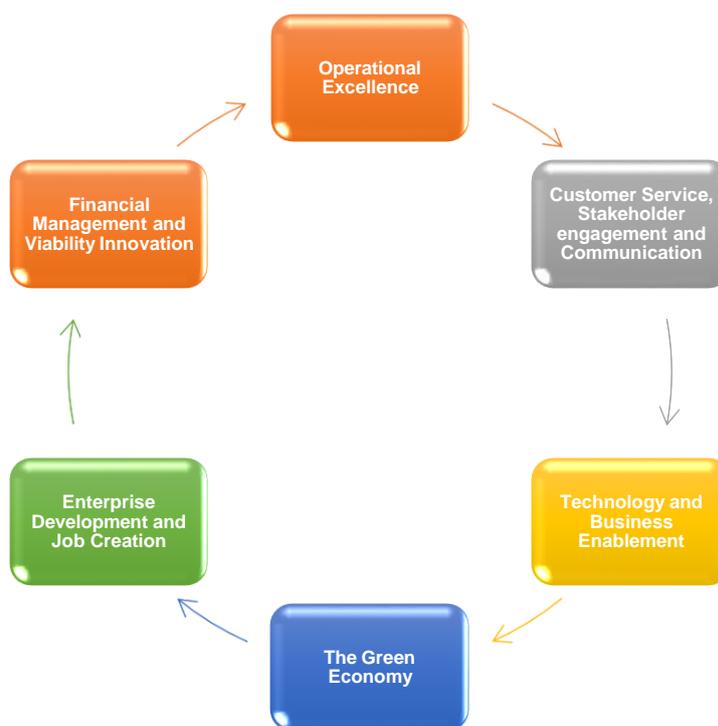
Table 2: Alignment to outcome, outputs and entity priorities

GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	<ul style="list-style-type: none"> • A society characterized by healthy living for all • A safe and secure city • A city characterised by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> • Energy mix based on the use of CNG as alternative energy • Preferential procurement • Transportation supportive of a growing economy • Technology: introduction of technology with capacity for smart commuter interface, operator behavior monitoring, general positional surveillance of buses and automated fare collection • Adherence to service level standards.

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



1.5.2 Metrobus Strategic Objectives

Metrobus Strategic Goals and Objectives

Goal 1

Ensure that Metrobus is viable and sustainable



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 2

Ensure effective and efficient bus operations



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 3

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



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 4

Ensure a well governed entity



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 5

Continuously monitor, evaluate and improve service



OBJECTIVE 01
Account for resources and results



OBJECTIVE 02
Proactively plan for the future



OBJECTIVE 04
Monitor and evaluate the strategic plan

PEOPLE PERFORMANCE BALANCE

1.6 Strategy 2022-27

The current Board of Directors for the entity was appointed during the third quarter of the 2021/22 financial year. In charting a strategic path for the entity the Board led a process of reviewing the five-year strategy for the entity. Five strategic goals were determined and are core to the strategy:

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

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

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

2.1.1 King IV code of corporate governance

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

2.1.2 Code of conduct for directors

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

2.1.3 Ethical Leadership

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

to its values of **Respect, Honesty, Co-operation, Accountability and Ubuntu** in its business environment, both internally and externally. The guiding principles are namely:

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

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

2.1.4 Board Charter

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

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

- I. Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- II. Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy.
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
 - Identify key performance and risk areas.
 - Ensuring that the strategy will result in sustainable outcomes.
 - Considering sustainability as a business opportunity, that guides strategy formulation.

2.1.4.2 Provide effective leadership on an ethical foundation.

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

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

2.1.4.5 Disclose real and potential conflicts of interests.

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

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

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

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

2.2 The Legislative Framework

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

Metrobus is classified as a State Owned Company in terms of the Companies Act and is subject to the provisions of the Companies Act

2.2.1 Municipal Finance Management Act, No.56 of 2003

2.2.1.1 Circular 63

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

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will better inform in a standardised framework how municipalities and municipal entities have performed, by providing information of a financial and non-financial nature in one document.

2.2.2 Municipal Systems Act, No. 32 of 2000

2.2.2.1 Section 93L

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

2.3 Composition, Key Activities and Board Member Remuneration

2.3.1 Board of Directors

The Metrobus has a unitary Board, which comprises both executive and non-executive directors. At the end of the first quarter, the company had eleven (11) Directors; i.e. nine (9) 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 have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), is in progress.

The City, in its role as shareholder, appoints the entity's Board of Directors. The composition of the Board during the first Quarter of the Financial Year 2023/2024 was as follows:

Table 3: Metrobus Board of Directors

Name	Position
Mr. Lemarco Mitchell	NED (Acting Chairperson)
Mr. Charley Pietersen	NED
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Sharifa Prinsloo	NED
Ms. Tiphany Harmse	NED
Ms. Omphemetse Mokgosi	NED
Ms. Lungisile Mkize	NED

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Ms. Ponds Peterson	NED
Mr Luyanda Gidini	ED, Acting Managing Director (November 2022)
Mr Patrick Matanhire)	ED, Acting Chief Financial Officer (December 2022)

Table 4: Resigned Non-Executive Directors

Name	Position
Ms. Chinelle Stevens	NED; and Chairperson
Ms. Patricia Jacobs	NED

2.3.2 Composition of the Sub Committees

Metrobus Board has three (3) sub-committees, namely the Audit and Risk Committee (ARC) and the Human Resources Social and Ethics Committees (HRSE), and Service Delivery Committee (SDC). The ARC comprises of six (6) members, four (4) of which are independent audit committee members. The HRSE committee comprises of three (3) non-executive directors and chaired by a non-executive director. The SDC comprises of four (4) Non-Executive Directors and is chaired by a Non-Executive Director. The administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), has been completed.

Table 5: Composition of Sub Committees

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

* Independent Audit Member

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Table 6: Independent Audit Committee (IAC)

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

2.4 Board Activities

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.

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

During the quarter under review, the Board held three (3) meetings. Two (2) meetings were ordinary and one (1) special meetings.

The Board Committees held seven (7) meetings during the quarter under review. Five (5) meetings were ordinary and two (2) were special meetings. The dates of meetings are reflected in table hereunder:

Table 7: Board and Sub-Committee meetings held

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
[Ordinary] 21 July 2023 31 August 2023	[Ordinary] 13 July 2023 15 August 2023 29 August 2023	[Ordinary] 17 July 2023	[Ordinary] 14 July 2023
[Special] 18 August 2023		[Special] 08 August 2023 28 August 2023	

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2.4.1 The attendance of meetings

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

Table 8: Board Meetings attendance register

Name	Designation	Meeting		
		Ordinary Board Meeting	Special Board Meeting	Pre-Audit Meeting
		21 July 2023	18 August 2023	31 August 2023
Mr. Lemarco Mitchell	NED	✓	✓	✓
Mr. Charley Pietersen	NED	✓	✓	✓
Ms. Khanya Sithebe	NED	✓	✓	✓
Mr. Hein Toerien	NED	✓	✓	✓
Ms. Sharifa Prinsloo	NED	✓	✓	✓
Ms. Tiphany Harmse	NED	✓	✓	✓
Ms. Omphemetse Mokgosi	NED	✓	✓	✓
Ms. Lungisile Mkize	NED	✓	✓	✓
Ms. Ponds Petersen	NED	✓	✓	✓
Ms. Michele Botha	IAC	—	—	—
Mr. Tony Ferreira	IAC	—	—	—
Mr. Wayne Buckley	IAC	—	—	—
Ms. Gloria Matshusa	IAC	—	—	—
Mr. Luyanda Gidini	Acting MD	✓	✓	✓
Mr. Patrick Matanhire	Acting CFO	✓	✓	✓

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Table 9: Board Sub Committee Meetings attendance register

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

Name	Designation	Ordinary ARC Meeting 13 July 2023	Ordinary SDC Meeting 14 July 2023	Ordinary HRSE Meeting 17 July 2023	Special HRSE Meeting 08 August 2023	ARC intro Meeting with AGSA 15 August 2023	Special HRSE Meeting 28 August 2023	ARC Pre-audit Meeting 29 August 2023
Mr. Lemarco Mitchell	NED	✓	—	—	—	—	—	✓
Mr. Charley Pietersen	NED	—	✓	—	—	—	—	—
Ms. Khanya Sithebe	NED	—	—	✓	✓	✓	✓	—
Mr. Hein Toerien	NED	—	—	✓	✓	✓	✓	—
Ms. Sharifa Prinsloo	NED	—	✓	—	—	—	—	—
Ms. Tiphany Harmse	NED	—	✓	—	—	—	—	—
Ms. Omphemetse Mokgosi	NED	—	✓	—	—	—	—	—
Ms. Lungisile Mkize	NED	✓	—	—	—	—	—	✓

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Ms. Ponds Petersen	NED	—	—	✓	✓	✓	✓	—
Ms. Michele Botha	IAC	✓	—	—	—	✓	—	✓
Mr. Tony Ferreira	IAC	✓	—	—	—	X	—	✓
Mr. Wayne Buckley	IAC	✓	—	—	—	✓	—	✓
Ms. Gloria Matshusa	IAC	✓	—	—	—	✓	—	✓
Mr. Luyanda Gidini	Acting MD	✓	✓	✓	✓	✓	✓	✓
Mr. Patrick Matanhire	Acting CFO	✓	✓	✓	✓	✓	✓	✓

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2.4.2 Director and Prescribed Officer Remuneration

The entity remunerates the Non-Executive Directors and Independent Audit Committee members in accordance with the policy and amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of Metrobus.

The Non-Executive Directors and Independent Audit Committee members are paid per meeting. Executive directors and prescribed officers are employees of Metrobus and do not receive any additional remuneration.

Table 10: Board and Independent Member Compensation

Name	1 st QTR.	2 nd QTR	3 rd QTR	4 th QTR	Total
Mr. Lemarco Mitchell	128 000	—	—	—	128 000
Mr. Charley Pietersen	46 000	—	—	—	46 000
Ms. Khanya Sithebe	—	—	—	—	—
Mr. Hein Toerien	60 000	—	—	—	60 000
Ms. Sharifa Prinsloo	32 000	—	—	—	32 000
Ms. Tiphany Harmse	44 000	—	—	—	44 000
Ms. Omphemetse Mokgosi	44 000	—	—	—	44 000
Ms. Lungisile Mkize	52 000	—	—	—	52 000
Ms. Ponds Petersen	60 000	—	—	—	60 000
*Ms. Michele Botha	16 000	—	—	—	16 000
*Mr. Tony Ferreira	16 000	—	—	—	16 000
*Mr. Wayne Buckley	16 000	—	—	—	16 000
*Ms. Gloria Matshusa	16 000	—	—	—	16 000

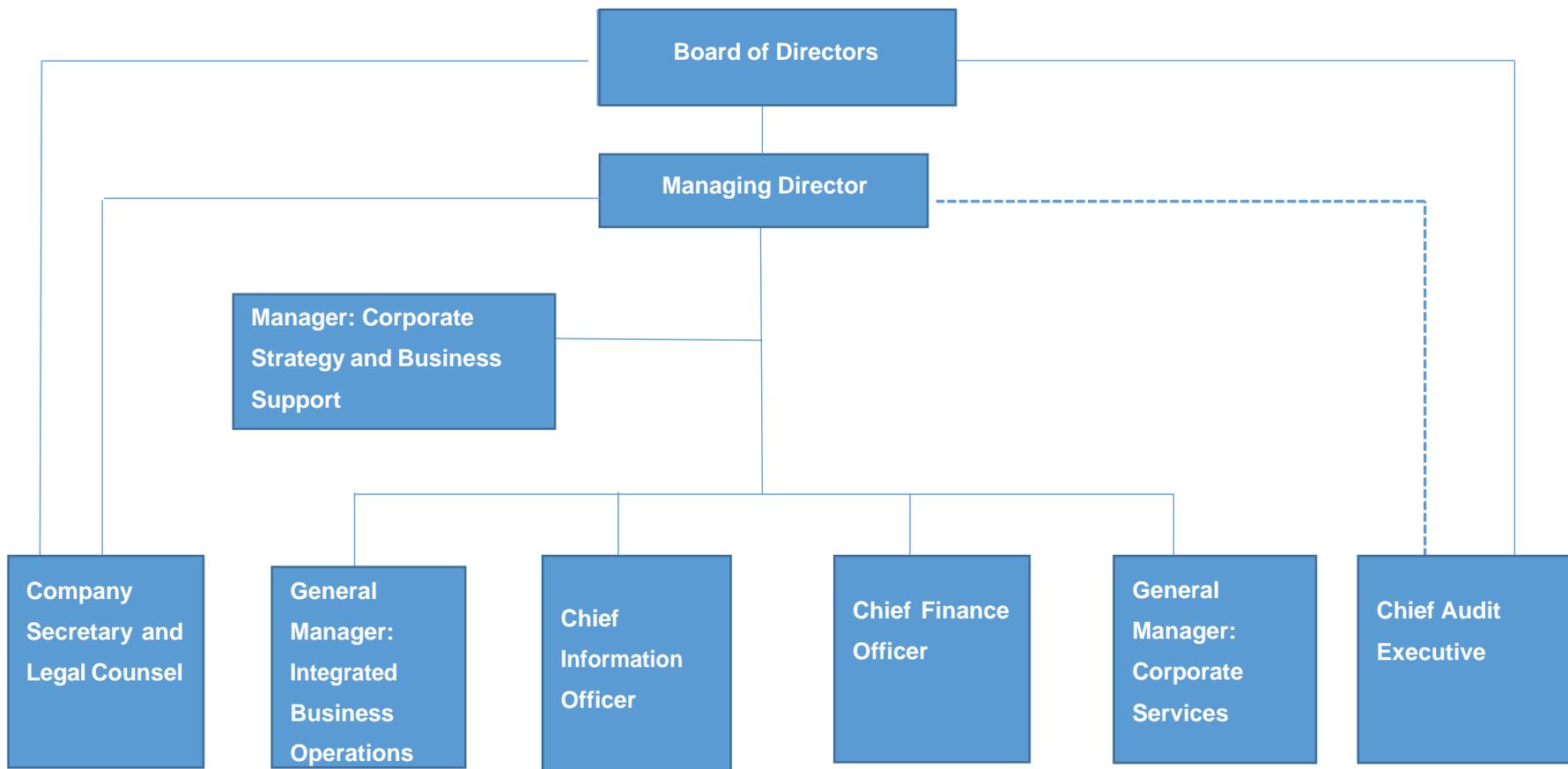
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Table 11: Executive Compensation

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

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

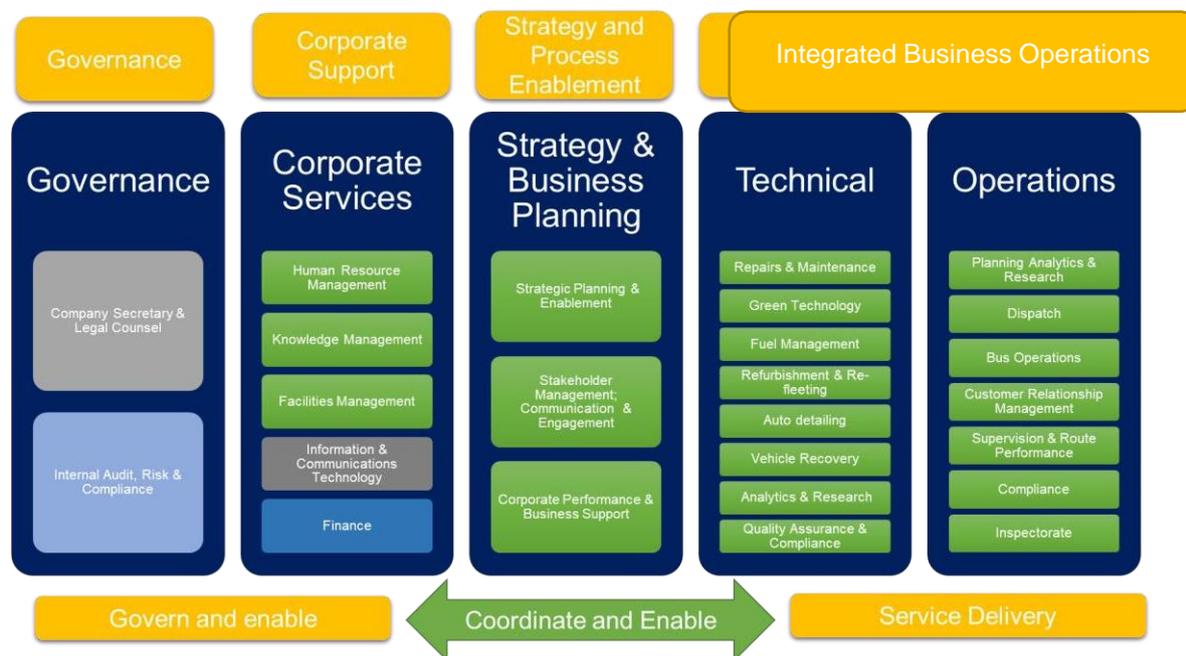


2.5.1 High Level Functional Structure

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

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

Figure 4: Functional Structure



2.6 Risk Management

2.6.1 Overview

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

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

Risk assessments have proved to be assisting management to identify potential risks, in order to anticipate and uncover circumstances that might have negative impact in the achievement of objectives/ Key Performance Indicators (KPI's), and therefore yield unfavourable results in terms of service delivery. Risk assessment processes have also assisted management in

proper planning/alignment of implementation strategies, making informed decisions, as well as ensuring effective and efficient use of resources. The results of these risk assessments have been utilised to take proactive and preventative measures in addressing uncertainties/risks that could hinder achievement of the set goals.

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

2.6.2 Risk acceptability

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

Table 12: Risk acceptability table

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

2.6.3 Strategic Risk Register

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

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

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

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

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

2.8 ICT Governance

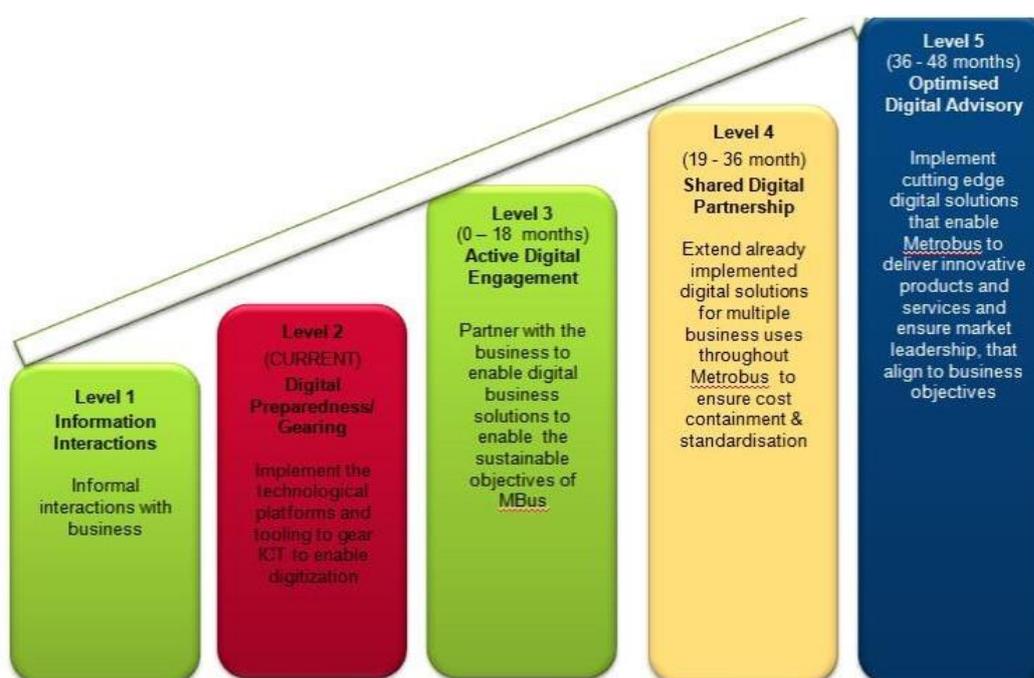
The proper functioning and governance of Information and Communications Technology (ICT) remains a key enabler of a number of the strategic objectives of the entity. The entity is facing a number of ICT challenges, which emanate from ICT infrastructure. Most of the challenges are being resolved except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

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

2.8.1 Overview

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

Figure 5: Metrobus ICT Maturation Journey



2.8.2 Key ICT Projects

Table 13: Current 2023/24 ICT projects for delivery to digitally transform the organisation:

Revenue & Customer Impact	Cost Control and Internal Efficiencies	Risk, Compliance & Security Mitigation
<ul style="list-style-type: none"> Interim Automated Fare Collection – Completed Testing phase – 2nd quarter 2023/24 Launching of Eye on the Bus, Bus Wi-Fi & Interim AFC – end of 2nd quarter of 2023/24 	<ul style="list-style-type: none"> Wi-Fi in the Depots – Completed Access Control/ Time & attendance Solution – 2nd quarter of 2023/24 	<ul style="list-style-type: none"> ICT Professional Services- 2nd quarter of 2023/24
In progress	In progress	In progress

2.8.3 Challenges

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

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

2.9 Compliance with Laws & Regulations

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

In the quarter, the entity continued with compliance monitoring and reporting within the legal framework applicable to the business as a company and municipal entity. In particular, the focus was on compliance with the National Land Transport Act (NLTA), Companies Act, and

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Local Government Regulations: Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA), the King Code and Labour legislation.

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

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

2.9.1 Permits

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

2.9.2 Traffic Fines

During the quarter under review, one (1) traffic fine was issued. During the same period in the last financial year, no traffic fines were issued to bus operators. In addition, route inspectors are encouraged to monitor driver behaviour en-route and re-emphasize proper behaviour. Bus operators are responsible for the settling of such fines.

2.9.3 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 meter₂ 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

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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) from 24% in the previous quarter to an average of 27% 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 14: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity %
Merc 1725	72,50%	50%	32%
Euro 5	72,50%	50%	22%
Euro 3	72,50%	50%	31%
VOLVO B7L	72,50%	50%	29%
Weighted Average			27%

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Stakeholder Engagement at Gandhi Square

Metrobus conducted a stakeholder engagement campaign as part of brand activation at Gandhi Square – the largest bus terminal in the city of Johannesburg.



The objective of the campaign was to create awareness around Metrobus and amplify service offerings to commuters. Gandhi square is always an ideal venue for face-to-face campaigns given the crowds passing through the square on daily basis. Metrobus also took the opportunity to share information about sales outlets locations, pricing structures, zones and updated timetables with customers. The campaign targeted the morning peak and part of the early afternoon when the Square is at its busiest time. Over three thousand people visited our exhibition gazebo for information sharing and walking into buses to engage commuters.

3.1.2 Economic Transformation

During the period under review, the entity significantly exceeded the target for SMME support. While the target for quarter 1 was to support thirty five (35) SMMEs, the actual performance was fifty eight (58) SMMEs supported amounting to R52 million.

3.1.3 Transit Advertising

Metrobus is continuing to use buses as mobile billboards to generate additional revenue. Transit advertising reaches more consumers, more locations and more foot traffic compared to static signage or billboards.

The advantage of transit advertising is that it can lead to high customer brand recall. Metrobus is offering businesses an opportunity to take advantage of using buses in the form of mobile billboards in and around the city at a cost. Metrobus is currently presenting various advertising options ranging from back window to side giant windows and full wrap. Advertisers are encouraged to pick a suitable option based on the budget and term for the campaign. Transit



3.1.4 Fatality-Free Service

The entity continues to maintain safe public transportation. During the period under review, the entity operated 2.1 million fatality free kilometres. During the same period last year, the entity operated 2.1 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South African roads resulting from fatalities involving public transport operations.

3.2 Service Delivery Challenges and Mitigation Actions

Table 15: Challenges and Mitigation Actions

Challenges	Mitigation
Level of OOC	<ul style="list-style-type: none">• Approval and implementation of repairs and maintenance policy• Leasing of buses• Implementation of Continuous Operations shift system• Refurbishment of buses
Inadequacy of security and inspection services	<ul style="list-style-type: none">• Fast-tracking of inspectorate recruitment• Implementation of hybrid inspection services (internal and external inspectors)• Use of technology for access control• Employment of cohort of armed guards
Fare Collection	<ul style="list-style-type: none">• Implementation of intelligent transport systems including AFC• Performance/incentive-based contract for external inspectorate• Team-based incentive schemes
Vacancy Rate	<ul style="list-style-type: none">• Streamlining of internal recruitment processes and fast-tracking• Alternatives to human capacity- e.g. automation of processes, or alternatives such as job enrichment

3.3 Service IDP Policy Objectives

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

3.4 Response to Strategic Directives

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

Table 16: Response to Strategic Directives

Strategic Priorities	Priority Programmes	Entity Contribution
Good Governance	Combat corruption, fraud and maladministration.	Metrobus maintains a Fraud Tip-off line which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are undertaken for all supply chain management processes.
Financial Sustainability	Improve and Strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. This ensures that citizens are given an opportunity to develop their own destiny.

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Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships and apprenticeships. The current intake in this regard is more than 180.
Safer City	A safer city by introducing ward based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.
Active and engaged citizenry	Community based planning and enhanced community engagement, including mayoral imbizos.	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.
Sustainable Economic Growth	Development and support of SMME's.	On an annual basis the entity allocates a predetermined quantum of its capital expenditure and operational expenditure budgets for the specific benefit of SMME's. In addition a basket of non-financial support measures are directed at the development of SMME's.
Sustainable Environmental Development	Decrease the level harmful of emissions on the environment and introduce environmentally friendly practices	The entity has developed standards against which greenhouse gas emissions are assessed, which forms part of the predetermined objectives of the entity. Plans are currently being implemented to ensure that more compressed natural gas is utilized for the operations of the entity.
Smart City	Smart City	The entity is currently implementing a number of Intelligent Transport Systems towards the development of a Smart City. These include the "dial-a-bus" platform as well as the "Eye-one-the-bus" platform which will respectively ensure that

		commuters are more active in the planning of their journeys and that the entity is able to monitor its fleet on a real time basis.
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3.5 Performance against Service Standards

The Service Delivery Agreement sets out five (05) service standards between Metrobus and the Shareholder. Metrobus achieved eighty percent (80%) on service standards at Quarter 1. Details on the service standards are attached hereto as **Annexure C**

3.6 Performance against Predetermined Objectives

The Metrobus 2022/23 business plan is aligned to the City's Mayoral priorities. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City's Service Delivery and Budget Implementation plan as well as a set of Entity strategic levers which serve as programs of action. In terms of the approved 2022/23 Metrobus Business Plan, the entity's performance is measured on the basis of a total of twenty two (22) key performance indicators. At quarter 1 twenty (20) KPIs were assessed and twelve (12) KPIs were achieved. This translates to a 60% achievement level against a target of 85%. The detailed Performance Scorecard is attached as **Annexure B**.

The unachieved KPIs include: percentage planned trips completed, Percentage resolution of complaints, percentage achievement of service standards, percentage spent on capital budget against approved capital budget, percentage of valid invoices paid within 30 days, percentage resolution of AGSA findings, and percentage fleet availability to operate scheduled trips met, and implementation of strategic risk management action plan findings resolved. A detailed performance scorecard relating to unachieved Key Performance Indicators including corrective measures envisaged for the next reporting period is outlined in **Annexure B1** attached hereto.

3.7 Performance against Strategic Deliverables

3.7.1 Corporate Scorecard 2022-27 Deliverables

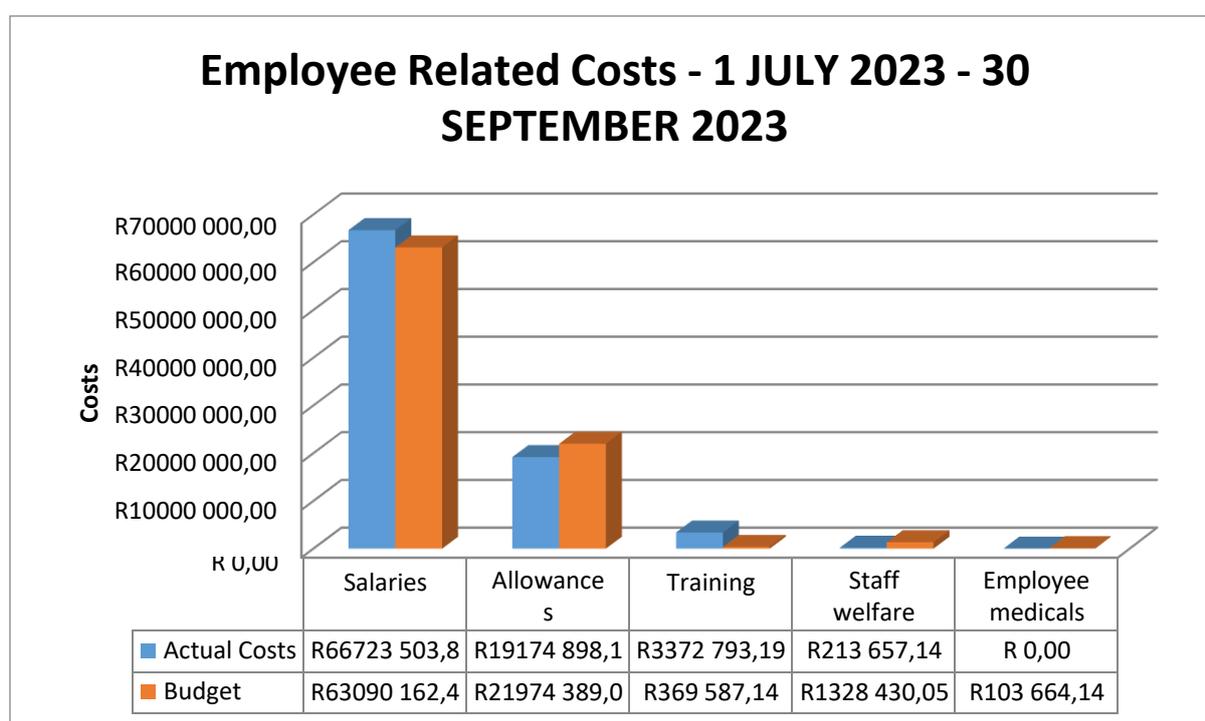
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators which will be commencing with in the 2023/24 financial year.

4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including Executives) at the end of the reporting period stood at R 66, 7 million against a budget of R 63, 1 million. With a deficit variance of (R 3, 6 million). The variance is attributable to the downsized budget.

Figure 6: Employee related costs: Quarter 1



4.2 Key Vacancies

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

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Table 17: Vacancies at Executive Management Level

#	Job title of position	Department	Quantity	Status
1	Chief Information Officer (CIO)	ICT	1	Position to be advertised in the second quarter of 2023/2024 financial year.
2	Chief Audit Executive (CAE)	Internal Audit and Risk	1	Position to be advertised in the second quarter of 2023/2024 financial year.

Table 18: Vacancies at Senior Management to Middle Management Level

#	Job title of position	Department	Quantity	Status
1	Senior Manager: Integrated Business Operations	Integrated Business Operations (IBO)	Two (2)	Ready for shortlisting.
2	Manager: Planning, Research and Analytics	Integrated Business Operations (IBO)	One (1)	Ready for shortlisting.
3	Manager: Operations	Integrated Business Operations (IBO)	One (1)	Ready for shortlisting.
4	Manager: Fleet maintenance	Integrated Business Operations (IBO)	One (1)	Ready for shortlisting.
5	Supervisor: Operations	Integrated Business Operations (IBO)	Four (4)	Ready for shortlisting.
6	Manager: Facilities and Auxiliary services	Corporate Services	One (1)	Ready for shortlisting.
7	Manager: Financial Accounting	Finance	One (1)	Ready for shortlisting.
8	Office Administrator (CS)	Corporate Services	One (1)	Advertised
9	Officer: Occupational Health Nurse	Corporate Services	One (1)	Advertised

4.2.1 Vacancy Rate

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

4.2.2 Staff Turnover Rate

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

During the quarter under review, twelve (12) employees out of a total strength of six hundred and forty two (642) employees left the service of Metrobus. This translates to an average percentage of one percent (1%) in staff turnover. This figure comprises of employees that left the Company due to medical boarding, resignations; and retirement. 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

For the quarter under review, no new employees appointments have been made to advance the employment equity targets. It can be reported that all the pending recommendations of the candidates has taken a considerations to advance the areas that seek to address the EE goals and targets as most of the open vacancies are due for finalisation in the beginning of the second quarter of the financial year 2023/24.

Table 19: Demographic Profile as at 30 September 2023

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	0	0	0	2	0	0	0	0	0	5
Senior Management	11	2	0	2	1	0	0	0	0	0	16
Professional Qualified and Experienced Specialists and Mid-Management	3	0	0	0	3	0	0	0	0	0	6
Skilled Technical academically qualified and junior management	100	16	2	11	15	0	0	3	0	0	147
Semi-Skilled and Discretionary decision making	340	17	0	4	97	3	1	1	0	0	463
Unskilled and defined decision making	103	0	0	0	18	1	0	0	0	0	122
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	560	35	2	17	136	4	1	4	0	0	759

4.4 Skills Development and Training

4.4.1 Training and Development Programmes

The current training interventions planned are based on the submitted work skills plan for 2023/24 in compliance with the planned training interventions that is in the plan, thirteen (13) employees participated in the Recognition of Prior Learning in line with our succession planning interventions to support promotions and mobility of the employees.

Employees continue with the end user computing training which one hundred and thirty five

(135) completed the program and the outstanding sixty five (65) are due for completion in end of October 2023.

Table 20: Skills Development and Training

Intervention	Gender	Age	Total
Recognition of Prior Training	Male- 12	>35 Above	12
	Female- 1	>35 Above	1
End User Computing Program	Male- 98	18 – 34	78
		>35 Above	20
	Female- 37	18 – 34	17
		>35 Above	20
TOTAL			148

4.4.2 Apprenticeship Programme

All the current cohort of apprentices continues with on job and phase training at both workplace and training centers during this quarter under review.

4.4.3 Internship Programme

All interns placed at Metrobus continues with their institutional learning continues with the programme. During the quarter under review, twenty one (21) comprising TVET and University interns that are placed at Metrobus in collaborations between the Technical Vocational and Education Training (TVET) and UJ University are deployed at various departments to acquire practical experience as part on job learning.

4.4.6 Executive and Management Leadership Development Programme

The employees who benefited through the partnership with TETA to give opportunities for development in managerial and leadership by participating on International Executive Leadership completed the programme during this quarter, and are due for formal graduation in the next quarter.

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. Corporate Services continues to monitor and communicate relevant milestones in the performance management system in order to assist employees with compliance to the policy.

4.6 Disciplinary Matters

Table 21: Disciplinary matters

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

Table 22: Grievance Matters

New Grievances	July 2023	August 2023	September 2023	Total
Milpark	0	1	0	1
Village Main	0	0	0	0
Roodepoort	0	0	0	0
Head Office	0	0	2	2

4.7 Litigations

No new Litigation cases can be reported for this period under review, all previously reported cases are however still in progress.

4.8 Leave & Productivity Management

4.8.1 Leave Management

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

Regular communication takes place with the affected employees to inform them about the importance of taking annual leave 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.

4.8.2 Productivity

One of the Key human factors that tend to have an adverse impact on staff productivity is the rate of "sick absenteeism" in the workplace. In this regard, the rate of absenteeism was calculated for this reporting period and found to be an average of 3.76 working days per employee or one coma five percent (1.5%) of employees reporting sick measured against total available working time during the reporting period.

Best HRM standards; dictate that sick absenteeism should not be more than 1.5% of employees reporting sick against total available time per annum in the workplace, which

means that for every 250 working days per year, an average employee should take 3.75 days off sick. It is essential to report that Metrobus meets this HR Benchmark/Standard.

4.9 Employee Health and Wellness

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

4.9.1 Psychosocial Support and Counselling Services

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

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

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

There were five (5) employees who were hospitalized in the quarter under review, In the event of any Metrobus employee including the executive level employees for a period of not less than a day. Employees receive support and over and above that, Metrobus purchases flowers or fruit basket with a well-wishing card as part of the hospitalization and bereavement policy.

During the quarter under review, twenty five (25) cases were dealt with and the matters can be divided in the following categories:

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Table 23: Cases

Type of cases recorded	Jul	Aug	Sept
Psychosocial support	5	7	1
Trauma debriefing	1	1	2
Hospitalisation	1	2	2
Death of an employee	0	1	1
Alcohol and Substance Abuse	0	0	1
TOTAL	7	11	7

Of the 3 previously reported employees who were incapacitated because of illness / injury , one employee remains on incapacity leave, one employee has returning to work, and one has passed away.

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

Table 24: Incapacity Leave

Type of Incapacity	Period of absence	Number of days applied for	Number of days approved	Comments
Long Term	06/05/2022-01/12/2023	Unspecified	90 days	The incapacity application is submitted every 3 months. The employee has not returned to work and is now on unpaid incapacity leave pending a new application.
Long Term	08/05/23-28/07/2023	66	45	Returned to work
Long Term	08/10/23-28/05/2023	Not specified	0	Employee passed away

4.9.2 Occupational health and safety measures

During the period under review, Metrobus continued to focus on ensuring compliance with all prescripts of the Occupational Health and Safety Act and all its related regulations. In view of internal capacity constraints an external independent resource is currently being sourced to

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ensure that compliance with the Act is ensured. The following essential elements of the maintenance of health and safety will be included as part of the external resources scope of work. It is envisaged that the resource will be in place by the end of third quarter

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

4.10 Employee Benefits

The Employee Benefits for the period under review amounted to a total of R 21 977 777, 91 against a budget of R 23 776 070, 38 apportioned as per the following table:

Table 25: Employee Benefits as at 30 September 2023

	Allowances	Training	Staff welfare	Employee medicals	TOTALS
Actual Costs	R19 174 898,12	R3 372 793,19	R213 657,14	R0,00	R22 761 348,45
Budget	R21 974 389,06	R369 587,14	R1 328 430,05	R103 664,14	R23 776 070,38
Variance	R2 799 490,94	-R3 003 206,05	R1 114 772,91	R103 664,14	R1 014 721,93

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

During the quarter under review four safety incident were reported ,three from Milpark cause of two incident slip and fall , one Motor vehicle accident ,and one from Village main depot cause of the cut from an oil drum. Man days lost as a result of this incident is a total of 22.

4.12 Physical Security and Route Patrol Inspectorate

Two (2) private security companies, Chippa Training Academy and Refueo Security and Training, were appointed as part of the hybrid security solution for Metrobus in addressing the security shortfall. Their deployment at Metrobus facilities has positively contributed in enhancing the current security by enhancing access control, armed capacity at Head Office and all depots together with fuel and store management. The security companies' deployments are being assessed and reviewed each quarter in order to maximise their impact and to adequately address the needs of Metrobus.

4.12.1 Security Breaches

There were no security incidents at any of Metrobus Facilities during the period under review. Metrobus management applied to GFIS for a threat and risk assessment (TRA) to be conducted on a one of the technical managers. This process was concluded by the South African Police Service and the report will be forthcoming during the second quarter of 2023/2024 financial year.

4.12.2 Route Inspection

The recruitment process has been concluded and awaiting the appointment of these employees to commence as soon as possible. The delay in the finalisation of this process is due to an investigation which has been initiated due to organised labour's petition to Metrobus management relating to appointment of certain candidates. In the meantime, the superintendents at the depots will continue to do their blitz operations.

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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 26: Summary Statement of Financial Position

Description	30-Sep-2023 Actuals R000	30-Jun-2023 Actuals R000	Movement R000	Movement %
Total Assets	571 886	580 083	(8 197)	-1%
Non-Current Assets	542 852	551 948	(9 096)	-2%
Property, Plant & Equipment	473 637	482 211	(8 574)	-2%
Loans to Shareholders	35 291	34 446	845	2%
Intangible Assets	33 924	35 291	(1 367)	-4%
Current Assets	29 034	28 135	899	3%
Inventories	17 325	16 739	586	3%
Receivables	4 082	3 951	131	3%
Prepayment	7 563	6 884	678	10%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	65	561	(496)	-88%
Total Equity & Liabilities	571 886	580 083	(8 197)	-1%
Equity & Liabilities				
Capital & Reserves	(257 692)	(250 086)	(7 606)	3%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	163 170	163 170	(0)	0%
Accumulated Profit (Loss)	(475 636)	(468 030)	(7 606)	2%
Non-Current Liabilities	41 836	62 683	(20 847)	-33%
Interest Bearing Debt	34 772	46 901	(12 130)	-26%
Finance lease obligation capital	0	8 718	(8 718)	-100%
Retirement Benefit Obligation	7 064	7 064	(0)	0%
Current Liabilities	787 742	767 486	20 257	3%
Payables	155 685	158 163	(2 477)	-2%
Loans From Shareholders	556 257	542 310	13 947	3%

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Finance lease obligation capital	10 204	1 486	8 718	587%
Other Financial Liabilities	59 173	59 173	(0)	0%
Provisions	3 478	3 478	(0)	0%
VAT Payable	69	0	69	100%
Deferred Income	2 875	2 875	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets decreased by R 8, 5 million (2%) from R 551, 9 million (30 June 2023) to R 542, 9 million as at 30 September 2023 due to normal depreciation and capital assets acquired during the period.

5.1.2 Intangible assets

Intangible assets decreased by R 1, 4 million (2%) from approximately R 35, 3 million (30 June 2023) to approximately R 33, 9 million as at 30 September 2023. This was due to normal amortization of intangible assets.

5.1.3 Inventory

Inventory increased by approximately R 0, 6 million (3%) from R 16, 7 million (30 June 2023) to R 17, 3 million as at 30 September 2023 due to increased inventory purchased to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels in order to prevent overstocking and inventory becoming obsolete.

5.1.4 Receivables

Receivables increased by approximately R 131 000 (3%) from R 3, 9 million (30 June 2023) to R 4, 1 million as of 30 September 2023. This was due to delays in payments made by customers during the period.

5.1.5 Prepayments

Prepayments represents payments made in advance in respect insurance and bus licenses. This is amortised monthly. Prepayments increased by R 0, 7 million (10%) from R 6, 9 million (30 June 2023) to R 7, 6 million (30 September 2023) due to an increase in the number of buses renewed and increased license fees.

5.1.6 Interest bearing debt (Non-current liabilities)

The interest-bearing debt decreased by R 12, 1 million (26%) from R 46, 9 million (30 June 2023) to R 34, 8 million (30 September 2023) due to delays in loan repayments. This amount is made of loans given by the City to the entity for purchase of buses.

5.1.7 Trade payables

The trade payables position decreased by R 2, 5 million (2%). As of 30 June 2023, Metrobus owed over R 155, 7 million. The decrease in trade payables is due to payments made to suppliers during the period.

5.1.8 Loans from shareholders

The loans from shareholder position increased by R 13, 9 million (3%). As at 30 June 2023, Metrobus owed R 542, 3 million to the City. This has increased to R 556, 3 million during the financial period ending 30 September 2023 due to delays in payments caused by the city cash flow challenges. The entity and the City Treasury department are currently in the process of finalizing the debt-to-equity process which requires the Board and Council approval before it is finalized. This has the potential to significantly change the solvency structure of the entity once completed.

5.1.9 Finance Lease obligation (short run)

The finance lease obligation increased by R 8, 7 million (587%). At 30 June 2023, the finance lease obligation were R 8, 7 million. This has increased to R 10, 2 million during the financial period ending 30 September 2023 due to hired printers.

5.1.10 Accumulated Losses

The entity has accumulated loss position worsened by R 7, 6 million from R 468, 0 million as at the end of 30 June 2023 to R 475, 6 million as at 30 September 2023. This was driven by the deficit of R 7, 6 million made during the period.

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5.2 Statement of Financial Performance and high-level notes

Table 27: Statement of Financial Performance

	A	B	C	D	E	F	A - B	A - C	D - E
Descriptions	Q1 Actual (R000's)	Q1 Budget (R000's)	Q1 Prior Year (R000's)	YTD Actual (R000's)	YTD Budget (R000's)	Prior Year YTD (R000's)	Q1 2024 Variance to Budget (R000's)	Q1 Variance to Prior Year (R000's)	YTD Variance to Budget (R000's)
Revenue	166 129	164 373	160 766	166 129	164 373	160 766	1 756	5 362	1 756
Grants and subsidy	149 894	149 894	150 732	149 894	149 894	150 732	(0)	(838)	(0)
Fare revenue	15 737	13 858	10 023	15 737	13 858	10 023	1 878	5 714	1 878
Sundry revenue	498	621	-	498	621	12	(122)	486	(122)
Direct costs	42 770	27 204	36 901	42 770	27 204	36 901	(15 567)	(5 869)	(15 567)
Diesel	24 874	14 135	28 726	24 874	14 135	28 726	(10 738)	3 852	(10 738)
Rep & Maintenance.	11 524	6 538	2 472	11 524	6 538	2 472	(4 986)	(9 051)	(4 986)
Other	6 373	6 530	5 703	6 373	6 530	5 703	157	(669)	157
Margin	123 358	137 169	123 865	123 358	137 169	123 865	(13 811)	(506)	(13 811)
Expenses	117 588	125 419	101 072	117 588	125 419	101 072	7 831	(16 516)	7 831
Staff	89 485	86 866	76 576	89 485	86 866	76 576	(2 619)	(12 909)	(2 619)
Depreciation	12 442	17 802	12 376	12 442	17 802	12 376	5 360	(66)	5 360
Property expenses	-793	4 897	1 360	-793	4 897	1 360	5 690	2 153	5 690
Security	3 504	83	288	3 504	83	288	(3 422)	(3 217)	(3 422)

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Consultants	3 136	580	1 522	3 136	580	1 522	(2 556)	(1 614)	(2 556)
Bus rental	-	387	-	-	387	-	387	0	387
Licences buses	2 868	1 857	2 278	2 868	1 857	2 278	(1 011)	(590)	(1 011)
Insurance	-	1 110	-	-	1 110	-	1 110	0	1 110
Legal expenses	880	756	599	880	756	599	(124)	(281)	(124)
Audit fees	519	1 332	509	519	1 332	509	813	(10)	813
Computer costs	1 366	1 426	693	1 366	1 426	693	60	(673)	60
Marketing	2 679	2 894	3 100	2 679	2 894	3 100	214	421	214
Telecommunications	570	746	247	570	746	247	176	(323)	176
Other costs	931	4 683	1 524	931	4 683	1 524	3 753	593	3 753
Operating result	5 771	11 750	22 793	5 771	11 750	22 793	(5 980)	(17 022)	(5 980)
Interest paid	13 385	11 750	10 408	13 385	11 750	10 408	(1 634)	(2 977)	(1 634)
Total Expenditure	173 743	164 373	148 382	173 743	164 373	148 382	(9 370)	(25 361)	(9 370)
Surplus / Deficit	-7 614	0	12 385	-7 614	0	12 385	(7 614)	(19 999)	(7 614)

5.2.1 Overview

The approved operating budget was based on the 2022/23 rebased budget and did not take into consideration the trend in actual expenditure in the previous year. Over the past three years, Metrobus has seen its budget being rebased downwards year by year. The cumulative reduction in the budget is causing serious negative implications on the operations. Metrobus budget for quarter 1 was overspent by 6%. Metrobus must reduce its operations in line with the budget or else the budget will be overspent. Metrobus recorded a deficit of R 7, 6 million and the budget was overspent by R 9, 4 million for the quarter.

5.2.2 Fare Revenue

The fare revenue recorded a surplus of R 1, 9 million for quarter one financial period. The entity recorded R 15, 7 million against the target fare revenue of R 13, 9 million, this was mainly due to the budget which was reduced during the adjustment budget period.

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

- Declining economic conditions which have resulted in increased unemployment and less people travelling.
- Underperformance in terms of private hires and contracted services

5.2.3 Diesel

Diesel costs for the first quarter was R 10, 7 million above budget. The 2023/24 diesel budget was approved using a rebased budget and was not based on the previous year expenditure or current trend in diesel costs, as a result, the approved diesel budget was far lower than the actual diesel expenditure for the previous year. As a result, the diesel budget for the quarter was overspent by R 10, 7 million. Management shall make presentations to the city during the 2023/24 budget adjustment period motivate for a budget increase.

5.2.4 Repairs and maintenance

Repairs and maintenance for the first quarter were R4, 9 million above budget and this was caused by efforts made by management to reduce out of commission buses. The repairs and maintenance budget were also affected by the budget rebase in the previous three years. The

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entity continues to make concerted efforts aimed at reducing the number of out of commission buses.

5.2.5 Other direct expenses

Other direct expenses consist of detergents, oils, antifreeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses budget for the fourth quarter were underspent by R 0, 1 million.

5.2.6 Staff costs

The actual staff costs for the quarter were R 2, 6 million above budget. The staff cost budget was also affected by the budget rebase in the previous financial years. Management will try to negotiate for an increase in budget. Metrobus is in the process of filling some of the critical vacant positions.

5.2.7 Depreciation and amortization expense

Depreciation and amortization expense by the quarter was R 5, 4 million below budget, due to review of useful lives of the non-current assets.

5.2.8 Audit Fees

External audit fees were underspent by R0, 8 million, this is caused by a timing difference as most audit fees are charged during the second quarter which is the period of the audit.

5.2.9 Leasing of buses

No buses were leased during the quarter as the service providers appointed failed to meet the specifications as per the tender advertisement.

5.2.10 Licenses for buses

Bus licenses for the quarter were overspent by R 1, 0 million, this was caused by some buses which were repaired, moved out of OCC and were put back on the road.

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5.2.11 Finance charges / Interest paid

Finance charges were R 1, 6 million above budget for the period due to the increase on shareholder loan. Finance charges on loans are paid on a quarterly basis.

5.2.12 Marketing Expenses

Marketing expenses for the quarter were R 0, 2 million underspent due to increased marketing done and marketing materials purchased.

5.2.13 Other costs

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs were R 3, 8 million below budget for the quarter as less repairs and maintenance of buildings and equipment were carried during the period.

5.3 Cash flow statement for the period ended 30 September 2023

Table 28: Summary Cash Flow

Cash flow	30-Sep-23	30-Jun-23
	Prelim (R'000)	Actual (R'000)
Net Cash Flow from Operating Activities	(24 491)	38 196
Grants & subsidies	149 894	570 927
Other income	16 235	66 289
Cash received from grants and income	166 129	637 216
Employee costs	(89 485)	(304 730)
Suppliers	(87 750)	(248 827)
Finance costs	(13 385)	(45 463)
Cash paid to employees, suppliers, and finance costs	(190 620)	(599 020)
Cash employed in investment activities	(6 314)	(64 191)
Expanding of Capital Base	(5 805)	(28 847)
Movement of insurance fund	(509)	(35 343)
Cash from financing activities	30 309	26 248
Other financial liabilities	(57 845)	(45 715)
Movement of sweeping account	77 950	61 759
Finance lease liability	10 204	10 204
Cash Flow from Activities	(496)	253

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Net Increase / (Decrease) In Cash & Bank Balances	(496)	253
Cash & Bank Balances Beginning of the Year	561	307
Cash & Bank Balances End of the Period	65	561

Analysis of cash flow

The entity has been experiencing serious cash flow challenges from mid previous financial year up to this current quarter. The cash flow challenges have worsened, and this is affecting payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on entity's cash forecast. During the quarter the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of some of the suppliers.

The entity reported a positive cash balance of R 65 000 influenced mainly by the net cash inflow of R30, 3 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 6, 3 million excluding commitments.

5.4 Ratio Analysis

Table 29: Ratio Analysis

Description	30-Sep-23	30-Jun-23	Target
Solvency Ratio	0.69`	0.70	2
Current ratio	0.04:1	0.04:1	1.5:1
Acid test	0.01:1	0.01:1	01:01
Gearing Ratio* (only considering shareholder loan)	105%	106%	45%
Gearing	302%	299%	45%
Cost coverage ratio	9%	9%	50%
Cost coverage ratio – excluding subsidy	33.06	32.93	182.50
Cost coverage ratio – including subsidy	347.96	331.35	365.00
Employee related costs to total expenditure	52%	49%	40%
Repairs to total expenditure	7%	7%	8%
Repairs to PPE	2%	4%	8%
Interest cover	0.43	-0.38	1.50

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Training spent against skills levy	39%	108%	1%
Total expenditure against budget	106%	111%	100%
Total capex against budget	10%	99%	100%

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

5.4.3 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has improved during the financial year. The net liability position increased from R 250, 1 million (30 June 2023) to R 255, 9 million as at 30 September 2023. The entity's solvency ratio was calculated at 0.69: 1 (2022/23: 0.70: 1).

5.4.4 Liquidity:

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 556, 3 million (2022/23: R 542, 3 million). The overdraft was due to the accumulated losses over the years resulting from fare revenue shortfall as well as capital expenditure incurred with respect to a new fleet procurement of buses that was procured in prior years.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure budget amounting to R 196, 1 million for various capital projects of which R 60 million was for purchase of buses. The entity managed to spend R 6, 3 million (13%) against the target of R 49, 0 million for the quarter. The total spent to total budget for the financial year period was 10%. The spending on capital projects was delayed due to delays in user departments finalizing their procurement processes.

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Table 30: Summary Capital Projects

Project Name	Approved Budget (R 000's)	Quarter 1 Budget (25%) (R 000's)	Quarter 1 Actual (R 000's)	Quarter 1 Commitments (R 000's)	Q1 budget spent (R 000's)	% of Q1 budget spent (Excl Commitments) (R 000's)	% of Q1 budget spent (Incl. Commitments) (R 000's)	% Actual spent on total budget (R 000's)
Overhaul Engine & Gearboxes	40 000	10 000	5 464	2 063	7 527	55%	75%	14%
Building improvements	2 000	500	-	-	-	0%	0%	0%
Furniture & Office Equipment	1 000	250	341	-	341	136%	136%	34%
IT Equipment	15 000	3 750	509	10 937	11 446	14%	305%	3%
Plant & Machinery	8 146	2 037	-	-	-	-	0%	0%
Bus refurbishment	40 000	10 000	-	-	-	-	0%	0%
Purchasing of New Buses	60 000	15 000	-	-	-	0%	0%	0%
AFC	30 000	7 500	-	-	-	0%	0%	0%
Total Capital expenditure	196 146	49 037	6 314	13 000	19 314	13%	39%	10%
Less: Procurement for by City (AFC)	30 000	7 500	-	-	-	-	0%	0%
Adjusted Capital Expenditure	166 146	41 537	6 314	13 000	19 314	15%	46%	12%

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5.6 Supply Chain Management (SCM) & Compliance Matters)

5.6.1 Irregular, Fruitless and wasteful expenditure

There is no Irregular expenditure recorded for First Quarter of 2023/2024. There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered.

Table 31: Reconciliation of irregular expenditure

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

5.6.2 Awards where there were no three quotes

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

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5.6.3 Deviations

There were two (02) deviations approved for quarter one of the 2023/2024 financial year period.

Table 32: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Margen Industrial	Procurement of Fire forensic investigators	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) (v)	R100
Onsoft	Procurement of Bmc tacking Licence	Where such goods or services are produced or available from a single provider only.Regulation 36 (1) (a) (ii)	R122
Total			R222

5.6.4 Expenditure on BBBEE and SMME's

Total procurement for quarter one of the 2023/2024 financial year amounted to R54 600 089, 02 was procured by the organization. The total BBBEE expenditure was R51 471 547, 24 which was 88.0% of the total procurement expenditure. A total number of 58 SMMEs has been supported with a total spend of R52 542 967, 26 for the period under review.

Table 33: BBBEE procurement breakdown

Details	Spent	
Total Procurement	(R' 000)	54 600
Actual BBBEE Spent	(R' 000)	51 472
% Actual BBBEE Spent	%	88,0%

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Table 34: SMMEs supported

	Number of supplier supported	AMOUNT R'000
Total Procurement	68	54 600
BBBE Procurement	60	51 472
SMME Supported	58	52 542

5.6.5 Performance against procurement plan

Table 35: Procurement Plan

Departments	No. of tenders per Department	Not funded	Appointment	Specification	Audit Probity (BSC)	Advertising	Pre Evaluation	Evaluation	Audit probity (BEC)	Adjudication	Awarded
Finance	4		2	2							
TSD	18		12	4				1		1	
Corporate Services	10		10								
Operations	7		6	1							
ICT	1		1								
Office of the MD	4		4								
Total	44		35	7				1		1	

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5.6.6 Contract Management

Table 36: 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	2	0	0	2
IBO	27	1	3	24
Corporate Services	9	0	3	6
ICT	8	1	1	8
Office of the MD	1	0	0	1
Total	47	2	7	38

5.7 Payments

5.7.1 Payments within 30 days

Table 37: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Total
		(R000's)	(R000's)
Total payments made	A	146 878	146 878
Invoices paid within 30 days	B	145 694	145 694
Invoices not paid within 30 days due to invoice issues	C	1 184	1 184
Invoices paid outside 30 days with no valid reason	D	0	0
Compliance percentage	B/A	99.19%	99.19%

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

Period	Department	Contact person	(R'000)	Comments
SEP-23	JDA	Thabiso Ngoepe	0	Settled
	Total		0	

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

Period	Department	Contact person	(R 000's)	Comments
SEP-23	MTC	Nonhlanhla Radebe	41 466	On-going varying ICT services
SEP-23	JPC	Nselelo Nxasana	11 743	Buildings renovation management fees
SEP-23	JHB Theatre	Babalwa Mbodla	214	Hospitality & Catering
SEP-23	JHB City Parks & Zoo (NPC)	Sizwe Zwane	12	Conference Venue
	Total		53 435	

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

6.1 Introduction

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

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

6.2 Staff Establishment

Table 38: Staff establishment

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

6.3 Progress against the 2022/23 Internal Audit Plan

The table below summarizes the IAF's progress against the 2022/23 IA Plan for Quarter 1.

Table 39: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance Report	Metrobus IAF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AFS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reported at Special ARC and Board Meeting				
Q1 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Follow Up Findings Review		Refer to Section 11		
Quarterly Assessment		Refer to Section 12		
OHS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SCM		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stakeholder Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fleet	Co Sourced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.4 Progress against Approved Ad-Hoc- Projects

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

Table 40: Progress against Approved Ad-Hoc Projects

Name of Internal Audit Project	Performed By	Report Included	Fieldwork Completed	Audit Report Issued	Audit Project Status
There were no adhoc projects concluded during the Quarter. During the year however, 10 investigations into UIFW and 6 Probity Reviews were concluded					

6.4 Limitation of Scope and Exclusions

There were no material limitations of scope identified.

6.5 Opinion on Control

6.5.1 Rating Summary – Controls Opinion

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

Table 41: 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

6.5.2 Rating Summary – Detailed Audit Findings

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

Table 42: Summary classification of audit findings

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

6.6 Follow up of IAF and AGSA Findings

6.6.1 Progress on Internal Audit Findings and Reviews 2021/22

As at the date of this report, 43% of findings (net of accepted findings) have been addressed.

Category	Total	Accepted	Addressed	YTD Achievement	Details of Not Achievement
Fuel and Fleet Management	6	0	3	50%	Servicing of Buses, Bus Inspections not fully completed.
HR	4	0	1	25%	Some HR policies not updated and approved, Performance contracts and weakness in staff appointments
Revenue	6	0	1	16,67%	1. Automated fare collection system is currently in the process of being procured and implemented. This will address almost all findings applicable to Revenue. 2. CCTV cameras not working. 3. Reconciliations not reviewed timeously.

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SCM	1	0	0	0%	Suppliers not paid within 30 days due to inadequate cashflows/allocations
Financial Discipline	3	0	2	66,6%	Inconsistent Review of Journals and reconciliations. Journals not allocated unique numbers. Inventory reconciliations not prepared.
IT	4	2	2	100%	1. The license was renewed and the network is being monitored 2. Qmerit- The risk is still accepted with no changes, However Metrobus has procured a new system and the work is in progress. Currently there is manual monitoring. 3. FMS - Metrobus is in process of procuring a Fuel Management system, at the moment the reviews are done manually.
Stakeholder Management	5	0	3	60%	The eye on the bus system will assist with creating an automated customer database. KPI 5 will be reviewed regularly.
OHS	6	0	1	16,67%	Housekeeping Issues Outstanding, incident management procedure, safety signs. Budgetary constraints. Management has committed to close the balance of these in 2023/24 Financial Year
Total	35	2	13	43% Net of Accepted Findings	

6.7 External Audit Findings

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

Details	Total Findings	Annexure A Matters Affecting the Audit Report	Annexure B Other Important Matters	Annexure C Administrative Matters
Findings	34	2	32	0
Corrected		0	29	

Most findings included within the AGSA report related to errors identified within the Annual Financial Statements. As at the end of Q1, 82% of all findings have been addressed. 3 findings related to Metrobus’s AFC system have been accepted as they are contingent on the procurement of a new AFC. Progress on matters reported within Annexure A, has been limited and several actions are expected to be addressed by the end of December 2023.

6.8 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”

6.9 Risk Management

6.9.1 Risk Methodology

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

Table 43: Risk Ratings

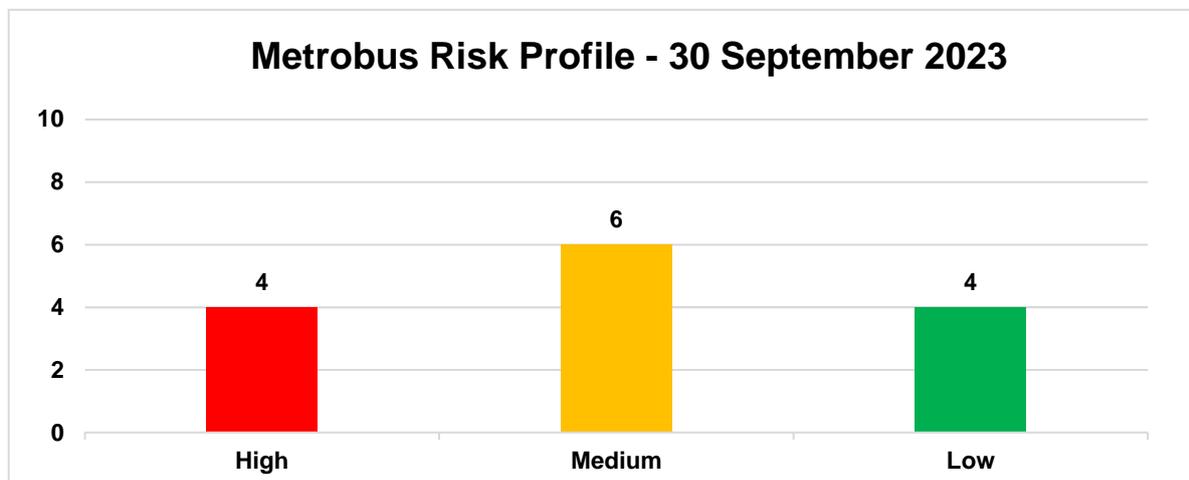
Rating	Recommendation
Very High	Requires immediate attention from management on implementation of corrective measures
High	Implementation of improvement opportunities and validation of current controls
Medium	Evaluation and improvement of current controls
Low	Validation and optimization of controls

6.9.2 Strategic Risks

Risk Assessments (Strategic and Operational) have assisted Management to identify potential risks, 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 2023 Business Plan and inputs from Management. As at 31 July 2023 a total of 14 strategic risks were identified of which 4 were classified as residually high, 6 classified as residually medium and 8 as residually low as set out below.



The table below provides details of the strategic risks according to the predetermined strategic objectives as at 31 July 2023. There is a total of 29 interventions planned for the 2023/24 financial year, whereby 17 were due at the end of quarter 1 – 30 September 2023 and 8 of the interventions which represent 47% have been achieved.

Table 44: Strategic Risks

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	2	2	0	1
IBO	6	4	0	3
EMT	5	5	0	5
Internal Audit	4	0	0	0
Finance	9	2	0	2
Corporate Services	2	2	0	1
IT	1	0	0	0
	29	17	0	8
% Overall Achievement: 27%				
Achievement - Planned to Date: 47%				

6.9.3 Emerging Risks

Risk Description	Risk Rating	Controls
New technology (eye on the bus system) interference with bus batteries		Draft a Memo to EMT to inform them about the matter and seek advice on how to handle it, perhaps there can be an extension of the scope such independent installation of batteries for Eye on the bus

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Insurance Contract with AoN Current Expired		This matter is currently handled via the COJ
No certificate of compliance at Head Office and inadequate maintenance processes for all Metrobus buildings		Certificate of compliance for Head Office to be acquired. Development of year plan (maintenance schedules) for all Metrobus buildings

6.9.4 Progress on Embedding Risks

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

6.9.5 Insurance Incidents

Due to technical issues from our insurance service provider, the September 2023 claims report could not be obtained to date.

Therefore, the claims presented below are as at August 2023, there are 393 open claims on buses, and the table also includes a breakdown of the open cases composition. It is important that documentation relevant to the 26 claims highlighted below (Metrobus Responsibility) is submitted timeously.

Total Claims Open	3rd Party Claim	Service Provider Advices Awaited	Litigation	Recovery in Progress	Insurer Advices Awaited	Client Advices Awaited	Admin
393	5	1	2	1	1	26	357

ANNEXURE A: IDP & SDBIP SCORECARD

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Priority: A City that gets the basic right									
KPI NO.	KEY PERFORMANCE INDICATOR	BASELINE	2023/24 ANNUAL TARGET	2023/24 QUARTERLY TARGETS		2023/24 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				Q1 Target	Q1 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	13 793 Metrobus passenger trips per working day	20 000 Average number of Metrobus passenger trips per working day	20 000	22 109	-	35 101		

ANNEXURE B: METROBUS SCORECARD

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Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions
1	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	90% planned trips completed	90% planned trips completed	90%	71%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	13 793 Metrobus passenger trips per working day	20 000 Metrobus passenger trips per working day	20 000	22 109	Target met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.26 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.47	Target met
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	100% of service disruptions communicated	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	100% of complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	100%	83%	Target not met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction	78% Customer satisfaction	80% Customer satisfaction	N/A	Not Assessed	N/A

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7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%	80%	Target not met
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Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units measurement at 16%	Maintain hartridge units measurement at 30%	30%	27%	Target met

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Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	125 SMME's supported	140 SMME's supported	35	58	Target met
10	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of total expenditure spent on BBBEE	88% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	88%	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	220 EPWP Jobs created	100 EPWP jobs created	25	194	Target met

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Program 4: Financial Management, Viability and Sustainability

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions	
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent on operating budget against approved operating budget	105% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	25% of total opex budget	2%	Target met
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on capital budget against approved capital budget	74% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	25% of total capex budget	13%	Target not met
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 on repairs and maintenance to property, plant and equipment	New	8% spent on repairs and maintenance to property, plant and equipment	0%	2%	Target met
15	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	New	50% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	40%	0	Target met6%

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16	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of valid invoices paid within 30 days	New	100% of valid invoices paid within 30 days	100%	99,19%	Target not met
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Program 5: Operational Excellence

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions	
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of Internal Audit Findings	New	95% resolution of Internal Audit Findings	10%	43%	Target met
18	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of AGSA findings	70% resolution of AGSA findings	95% resolution of AGSA findings	95%	82%	Target not met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	174% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90% of quarterly fleet requirement	82%	Target not met
20	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of the strategic risk management action plan findings resolved	75% implementation of the strategic risk management action plan findings resolved	85% implementation of the strategic risk management action plan findings resolved	85%	47%	Target not Met

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21	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	89% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	60%	Target not met
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Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2023/24 Target	Q1 Target	Q1 Actual	Means of verification and Key Interventions
22	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Intelligent Transport System Projects	New	100% of Intelligent Transport Systems Projects	25%	40%	Target met

ANNEXURE B1: UNACHIEVED KPI's

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KPI	Unachieved Key Performance Indicator	Key Enablers	Key Interventions
1	% planned trips completed	<ul style="list-style-type: none"> Procurement Planning 	<ul style="list-style-type: none"> Pre-performance year completion of procurement processes
7	% Achievement of service standards	<ul style="list-style-type: none"> Procurement Process 	<ul style="list-style-type: none"> Pre-performance year completion of procurement processes
13	% spent on capital budget against approved capital budget	<ul style="list-style-type: none"> Market Intelligence Procurement Planning Procurement Process Project Management 	<ul style="list-style-type: none"> Pre-performance year completion of procurement processes Robust Vendor management through SLAs
16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> Validity of Invoices Vendor Compliance documents Cash-Flow 	<ul style="list-style-type: none"> Efficient dispute resolution mechanism Vendor Education
17	% resolution of AGSA Audit Findings	<ul style="list-style-type: none"> Approved Implementation plan Performance Contracting 	<ul style="list-style-type: none"> Robust performance and consequences management

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19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> • Procurement Planning 	<ul style="list-style-type: none"> • Pre-performance year completion of procurement processes
20	% implementation of the strategic risk management action plan findings resolved	<ul style="list-style-type: none"> • Approved Risk register with an implementation plan • Performance Contracting 	<ul style="list-style-type: none"> • Robust performance and consequence management

ANNEXURE C: SERVICE STANDARDS

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Service Standards

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

ANNEXURE D: STRATEGIC RISK

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

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Service Disruptions Communicated	Inadequate /Limited Effectiveness of Existing and Future Communication Channels	Medium	Strategy	1.4 All Complaints Recorded in Manual Complaints Register for follow up and resolution 1.5 100% of Complains resolved within the timelines specified in the Customer Service Charter. Capacitate office responsible for handling of complaints	1.4 and 1.5 Daily 100% to be Reported by 30 June 2024	2	1.4 All complaints received are recorded on the complaints register and followed up accordingly 1.5 Complaints are resolved as per turnaround time the office not yet fully capacitated
	% Complaints resolved within the timelines specified in the Customer Services Charter							
	% Customer Satisfaction	Inadequate Enforcement of good organisational culture by Management/Leadership	Low	IBO	1.5 100 % implementation of eye on the bus and WIFI projects on the buses	1.5 31 December 2023	1	1.5 Wi-Fi on the buses project still in progress, not fully implemented
	% Achievement of Service Standards		High		1.6 See 1.4 Above	1.6 See 1.4 Above	None has already included	Same as 1.4 above
Programme 2: Innovation and Green Economy								

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	% Carbon Emissions	Inability to meet Carbon Emission Targets	Low	IBO	2.1 Emission Testing by an External Service Provider 2.2. Replace Injection Systems after 60 000 Kms (Where Applicable- Category C and D Buses)	2.1 Quarterly, 100% to be Reported by 30 June 2024 2.2 Quarterly, 100% to be Reported by 30 June 2024	2	2.1 Service provider to conduct emission testing has been appointed. 2.2 The department is reporting quarterly the emission. The results indicated that emission are within the acceptable.
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMME's Supported	Inability to Attract Sufficient SMME's	Low	CFO	3.1 Allocation of Budget for SMME Development. 3.2 80% Spend Against Budget. 3.3 Supplier Awareness Communications Regarding Fronting and the Consequences Thereof Published	3.1 1 July 2023, 3.2 30 June 2024, 3.3 31 December 2023	3	3.1 The target of 50% allocation is currently met and Metrobus is now sitting at 90% 3.2 Not yet due 3.3 Not yet due
An inclusive job intensive, job intensive, resilient, competitive and smart economy	% of Total Expenditure spent on BBBEE		Low					

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
that harnesses the potential of its citizens	Total Number of EPWP jobs Created	Inability to Provide/Supply Sufficient EPWP opportunity to Alleviate Poverty	Low	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts	3.4 1 31 July 2023	2	3.4.1 In July 2023 newly cohort of 110 EPWP beneficiaries were employed and further additional 50 EPWP second group in August 2023 to make a total of 165 beneficiaries. Therefore, the outstanding 35 EPWP beneficiaries will be employed in October 2023 to achieve a target of 200.
Programme 4: Financial Management, Viability and Sustainability								
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent against Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction of	Medium	CFO	4.1 Actual Spend against Budget Reported by Executive Quarterly and Performance Management implemented for Non-Performance	4.1 Quarterly: 30 September 2023, 31 December 2023, 31 March 2024 and 30 June 2024	4	4.1 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board.

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Spent against Approved Capital Expenditure Budget	Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated by the Shareholder	High		4.2 100% of all Tenders per Procurement Plan advertised and awarded	4.2 30 June 2024	1	4.2 Not yet due
	% spent on repairs and maintenance to property, plant and equipment		Medium		4.3 Same as Above- 4.1	4.3 Same as Above- 4.1	None has already included	Same as 4.1 above
	% reduction in unauthorized irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inability to comply with laws and regulations	Medium	EMT	4.4 100% of all Tenders Awarded subjected to Internal Audit Probity Reviews	4.4. As and when required, 100% to be Reported on 30 June 2024	1	4.4 Each tender is subject to probity review by Internal Audit - In progress
	% of valid invoices paid within 30 days		Medium	CFO	4.5 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.5. Monthly, 100% to be Reported on 30 June 2024	1	4.5 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Programme 5: Operational Excellence								
Improve and Strengthen Financial Position	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	Medium	EMT	5.1 Quarterly Review of Internal and External Audit Findings, Reported in the Quarter Metrobus Business Performance Reports	5.1 Quarterly: 30 September 2023, 31 December 2023, 31 March 2024 and 30 June 2024	4	5.1 In progress, audit findings are reported to the EMT, ARC / Board each quarter
	% AGSA Findings Resolved							
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the	% Fleet Available to Operate Scheduled Trips Met	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	5.2 See 1.1 Above, Provide additional funding for procurement of new fleet	5.2 31 March 2025	None has already included	5.2 Not yet due

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
potential of its citizens	% implementation of the strategic risk management action plan findings resolved	Inability to address all identified Risks	Medium	Internal Audit	5.3 Quarterly Review of Actual against Planned Risk Management Interventions, Reported in the Quarter Metrobus Business Performance Reports	5.3 Quarterly: 30 September 2023, 31 December 2023, 31 March 2024 and 30 June 2024	4	5.3 In progress, monitoring and reporting of risk management interventions on a quarterly Risk Management report
Programme 6: Technology and Business Enablement								

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Smart City	% Intelligent Transport System Projects	Inability to continue with Operations within Metrobus	Medium	Acting CIO	6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2023/24 Financial Year	6.1 30 June 2024	1	6.1 Not yet fully implemented – Projects are still in progress e.g. Eye on the bus, WiFi installation on buses

ANNEXURE E: CIRCULAR 88

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N o	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2023/43 Targets	Q1 Target	Q1 Actual	Target met or not
1	Number of weekday scheduled municipal bus passenger trips	TR3.11	3,4 million	5 million	1,25 million	1,4 million	Target met
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	90%	94%	Target met
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Target met
4	Percentage of scheduled municipal bus service stops that are universally accessible	TR5.31	100%	100%	100%	100%	Target met
5	Staff vacancy rate	GG 1.21	20%	<30%	<30%	24%	Target met

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6	Percentage of municipal skills development levy recovered	GG 1.1	100%	100%	100%		
7	Top Management Stability	GG 1.2	86%	82%	82%	71%	Target not met
8	Percentage of vacant post filled within 3 months	GG 1.22	100%	100%	70%	10%	Target not met
9	Audit opinion	GG3.1	Unqualified without material finding	Unqualified without material finding	N/A	N/A	N/A
10	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	10 active suspensions longer than three months	10	Target met

ANNEXURE F: COMPLIANCE CHECKLIST

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 Of 2008					
Financial Statements Sec 30	Company Secretary	Ensure that Annual Financial Statements are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	December	Annual Financial Statements for the financial year ended 30 June 2022 were duly Submitted. Annual Financial Statements for the year ended 30 June 2023 are not yet due.
Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letterheads, website (and records with the Registrar) are up to date and that all official communication reflects this information. Consent to act as director to be kept on record	10 days after change	10 days after change	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual Returns to be submitted in terms of Sec 33	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year-end) is submitted to CIPC within 30 days of anniversary date of registration.	Annually by end of the month following the anniversary date of incorporation	May	Annual returns for the financial year ended 30 June 2022 were duly returned. Annual returns for the financial year ended 30 June 2023 were duly returned.
Board Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meetings are duly constituted; minutes are taken and filed.	Quarterly	Quarterly	Completed - Board meetings take place quarterly, and minuted. Terms of references are up to date.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual General Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all members are represented; minutes are taken and filed.	Annually	Within 6 months of year end	AGM took place on 1 March 2023
Auditor appointed	Company Secretary	Auditor consent to appointment and same to be lodged with CIPC	Annually	Annually	A new Board was appointed at the AGM on 01 March 2023 and upon receiving resolutions of AGM will the appointed Auditors be lodged with CIPC
Register of directors and Officials	Company Secretary	Register of directors and officials to be maintained	Annually	Annually	Documents have been lodged online.
Labour Relations and Employment Law					

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

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

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place
Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COID")	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Annually	Ongoing	Completed
Code of conduct of schedule 2 of the Municipal Systems Act	Employees	Declaration of interest	Annually	Annually	Employee Declaration of interest for the financial year ending 30 June 2022 were duly completed. Employee declarations of interest for the financial year ending 30 June 2023 are not yet due.

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

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
(Anti-corruption Act)					
Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	CAE	Management of whistleblowing hotline – reports received and addressed in line with policy	Annually	Monthly	Completed. No disclosures were made during this quarter.
Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA compliant	Annually	Annually	Completed
General laws					
Road Traffic Act	GM: Operations	Ensure that all vehicles licenses and traffic fines are paid.	Annually	Annually	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Code of Conduct for Municipal Staff Members, (schedule 2 to the Municipal Systems Act No 32 of 2000)	All Departments & Directors and Board Sub-Committees	Ensure that written declarations of interests are recorded	Annually	Annually	Completed
Protection of Personal Information Act	CIO	Ensure all personal information (employees, bidders, contractors etc.) is treated with the necessary safeguards to ensure compliance with Act	Annually	Annually	Completed and ongoing
National Archives and Records Services of South Africa Act	GM: Corporate Services	Ensure there is a records management system and documents are stored in the manner, and for the required time frame, as per legislation	Annually	Annually	Completed and ongoing

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	GM: Operations	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Annually	Annually	Completed
Environment					
Petroleum Products Act	GM Integrated Business Operations.	Ensure tanks and dispensing done in line with requirements	Annually	Annually	Completed
Agreements / Licenses etc.					
Service Delivery Agreement with City (SDA)	MD	Ensure that the Metrobus mandate is complied with.	Annually	Annually	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Municipal Finance Management Act No.56 of 2003 – the said Act cross references the following Acts which should also be taken into account when determining compliance:					
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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	2022/23 Mid-term report duly submitted
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS
S 106	MD	All delegations reduced to writing	Annually	Annually	Not yet due
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	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					

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