



METROBUS PERFORMANCE REPORT: MID-YEAR FINANCIAL YEAR 2020/21



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

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

COMPANY INFORMATION

Registration number: : 2000/004704/07

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

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

Telephone number: : (011) 403-4300

Fax number: : (011) 403-1613

Website: : www.mbus.co.za

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

Seeking to at all times join hands with all concerned with the furtherance of the interests of the Citizens of Joburg internal and external to Metrobus

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking

RESPECT

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

UBUNTU

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



Metrobus

31 December 2020

APPROVAL:

LUMANDA GIDINI

Name & Surname

Chief Financial Officer (Acting)

Signature

18/01/2021
Approval Date

XOLISWA MHLONGO

Name & Surname

Managing Director

Signature

18-01-21
Approval Date

DERRICK Mkhawazi

Name & Surname

Board Chairperson

Signature

18/01/2021
Approval Date

HN Makhuba

Name & Surname

MMC

Signature

08/02/21
Approval Date

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GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
AFS	Annual Financial Statements
AG/AGSA/Auditor General	Auditor General of South Africa
ARC	Audit and Risk Committee
Board	Board of Directors
GHG	Green House Gas
CNG	Compressed Natural Gas
CoJ/City of Joburg/City	City of Johannesburg Metropolitan Municipality
Companies Act	Companies Act, 2008, Act No 71 of 2008
DDF	Diesel Dual Fuel
DPSA	Department of Public Service and Administration
EAM	Enterprise Asset Management
EE	Employment Equity
ERP	Enterprise Resource Plan
FAR	Fixed Asset Register
FY	Financial Year
GDS	City of Johannesburg 2040 Growth and Development Strategy
ICT	Information and Communications Technology
IDP	Integrated Development Plan

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
MFMA	Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003
MSA	Local Government: Municipal Systems Act, 2000, Act 32 of 2000
NBV	Net Book Value
OOC	Out of Commission
POPI	Protection of Personal Information Act
PPE	Property, Plant and Equipment
REMCO	Human Resources and Remuneration Committee (REMCO)
SEC	Social and Ethics Committee (SEC)
SHE	Safety, Health and Environment
SDC	Service Delivery Committee

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

It is my singular privilege on behalf of the board to present the Metrobus Mid-year performance Assessment Report for the financial year 2020/21. During the period under review, the operating environment has been characterised by severe pressures on the demand for our services. The overwhelming majority of our commuters have by no choice of their own undergone significant reduction of economic and other activities, which have resulted in the drastic reduction in trip generation. Consequently, the demand for our services has significantly reduced. Inter alia, these developments brought into sharp focus concerns regarding the financial sustainability and strategic direction of the entity.

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

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

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

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

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

Thirty eight (38) employees tested positive for COVID-19 as at 31 December 2020. In this regard a recovery rate of 92% was recorded. The entity continues to ensure strict compliance to applicable regulations both in its role as employer and provider of public transport services. The entity has taken note of the review of the COVID alert level in the last days of the second quarter and the board has directed that management ensure that regulations continue to be adhered to.

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

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

Mr. Derrick Mkhwanazi
Board Chairperson

1.2 Managing Director's Report

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

During the period under review, a total of thirty eight employees have tested positive for COVID 19. In this regard a recovery rate of 92% was recorded.

At the beginning of the financial year, a number of assumptions were made regarding dynamics and developments in the operating environment. It was assumed that levels of economic activity would significantly increase, schools would reopen and certain restrictions on social gatherings such as funerals would be eased. It is, inter alia, on the basis of these assumptions that targets were set for passenger trips during the current financial year. However, economic activity has only improved marginally, trips generated by scholars. The economic situation has affected the key commuter segments of workers and students. In addition, the private hire revenue stream has been negatively affected as well. It is in this context that the performance of the entity in relation to passenger trips must be considered. During the first quarter of the financial year, passenger trips were recorded at 11 886 as opposed to a target of 19 000 passenger trips per working day. The second quarter target for passenger trips was also missed by a margin of nine thousand, two hundred and nine passenger trips (Q2 target: 23 750, Actual 14 541). Consequently, at midyear the target for passenger trips was not met.

As at 31 December 2020, the entity underperformed in terms of the overall revenue budget performance by 26.8 million. The major contributor to this level of performance was a fare revenue shortfall recorded at 27.1 million against the approved half yearly budget. Over performance in sundry revenue accounts for the variance in this regard.

One hundred percent (100%) of all scheduled services were operated on time with no bus shortfall to meet peak requirement. The entity recorded no on-board security incidences and the target for blameworthy accidents was achieved. The entity prides itself in the maintenance of a clean safety record. During the period under review 2.7 million fatality-free kilometres were operated.

In pursuit of leadership stability, the process of filling vacancies at executive level was expedited. Three executive level appointments were made with one executive commencing employment during the second quarter and two due to commence at the beginning of the third quarter.

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

Proper corporate governance remains an important moving target for the entity. The entity is currently at 82% audit findings resolution rate.

For the first quarter of the financial year, the entity recorded a surplus of R25.9 million against a breakeven budget, a surplus of 45.3 million was recorded in the second quarter. At mid-year the entity reported a surplus of R64.9 million. The net liability position improved from R204, 0 million (30 June 2020) to R139, 1 million as at 31 December 2020).

As at the end of the first quarter the entity had spent 34% of its quarter one Capital Expenditure budget, expenditure in this regard increased to 79% in the second quarter. However this level of performance did not meet pre-determined targets. The entity spent 78% of its quarter one

Operating Expenditure budget during the first quarter and marginally increased spending in this regard to 74% as at 31 December 2020. The under expenditure is related to a reduced scope of operation owing to significantly reduced demand for mobility services. The entity has achieved a performance level of 72% on predetermined objectives and one hundred percent (100%) achievement of service standards. Performance against predetermined objectives is detailed in annexure A of this report.



Current



Our future

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

Ms. Xoliswa Mhlongo

Managing Director

1.3 Chief Financial Officer's Report**Introduction**

The mid-year report was prepared on going concern basis, that is, the entity would continue to operate for the foreseeable future. The table below summarises the financial position of the entity as at 31 December 2020.

Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as at 31 December 2020.

Abridged Statement of Financial Performance

Description	Q2 31-Dec-20			YTD 31-Dec-20		
	Actual	Budget	Prior year	Actual	Budget	Prior year
Revenue	181 902	192 000	160 489	357 127	384 000	324 861
Direct costs	23 859	37 820	39 877	53 948	75 639	77 190
Margin	158 043	154 180	120 612	303 179	308 360	247 670
Expenses	109 631	138 620	113 099	218 963	277 240	227 440
Operating result	48 412	15 560	7 513	84 216	31 120	20 231
Interest paid	3 106	5 187	4 892	19 311	31 121	29 485
Total Expenditure	151 640	192 000	167 508	292 222	384 000	334 115
Surplus / Deficit	45 305	10 373	2 621	64 905	0	-9 254

Metrobus recorded a surplus amounting to R45, 3 million during the second quarter. During the same period last year, Metrobus recorded a deficit of R 2, 6 million. It should be noted that as at 30 June 2020, Metrobus has reported a preliminary surplus of R 23, 5 million. The favourable result was due to reduced operations arising from the COVID19 Pandemic disease as well as cost containment measures implemented by management.

The entity had underperformed in terms of overall quarter revenue budget by R 10, 1 million. The driving factor for this was the fare revenue shortfall of approximately to R10, 1 million against the approved second quarter budget. The primary reason for the fare revenue under-performance was the COVID19 pandemic. Metrobus had to drastically reduce operations as most passengers were not travelling. In addition, when the lockdown conditions were eased most companies were still closed resulting in reduced number of passengers travelling. This is also true with respect to the transport of scholars which represent a key customer segment of Metrobus. Also two of the entities that use Metrobus services (Contracted Hires) have terminated their contracts. The increased subsidy, from the shareholder, of approximately R24, 6 million has cushioned the current financial revenue performance of the entity.

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

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

- Employee related costs of approximately R26, 1million
- Diesel related costs of approximately R15, 9
- Interest costs of approximately R 11, 8
- Bus rental costs approximately R7, 7
- Property expenses approximately R5, 5
- Other Direct costs of approximately R 5, 4
- Audit fees of approximately R3, 9
- Security costs of approximately R3, 2
- Computer costs of approximately R1, 2.

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

- Repairs & Maintenance of approximately R2, 3 million.

Metropolitan Bus Services (SOC) Ltd

Quarter 2 Performance Report

31 December 2020

Asset and liabilities

The table below reflects the abridged financial position of the entity as at the end of Quarter 2 of financial year 2020/21

Abridged Statement of Financial Performance

Description	30-Dec-20	30-Jun-20	Movement	Movement
	Prelim (R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	602 731	624 616	-21 885	-4%
Current Assets	35 596	28 230	7 367	26%
Total Assets	638 328	652 845	-14 517	-2%
Capital & Reserves	-139 118	-204 033	64 915	-32%
Non-Current Liabilities	185 517	203 741	-18 223	-9%
Current Liabilities	591 927	653 138	-61 211	-9%
Total Equity & Liabilities	638 327	652 845	-14 519	-2%

The overall decrease of R21, 8 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment of R27, 2 million as well as the capitalisation of assets amounting to R 20, 0 million during this quarter. No revaluation of assets was done during the current year. Current assets reflected a 26% increase from June 2020 as a result of delays in payment on the Eldorado contract and increase in accounts receivables of R8, 9 million in this half year.

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

The positive change in Capital and Reserves is related to the surplus of R 64, 9 million that was reported as at half year, which is mainly driven by the surplus realised for the period. The decrease in the non-current liabilities is due to the repayment of the long term debt owed to the City. Current liabilities decreased by R 61, 1 million during the half year and this is attributed to the decrease in payables. The decrease in shareholder loan can be attributed to the excess of capital repayments on interest bearing debt and payments to suppliers.

The unfavourable solvency and liquidity position of the entity cannot be ignored. Metrobus net liability position has improved during this period. The net liability position improved from R204, 0 million (30 June 2020) to R139, 1 million (31 December 2020). The entity was overdrawn by approximately R402, 1 million (2019/20: R 423, 5 million) in this half year. Thus the overdraft has reduced by R20,3 from June 2020 to December 2020. To this extent Metrobus has made a number of proposals which are currently under consideration by the relevant stakeholders.

1.3.1 Compliance and Internal Control Environment

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

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

1.3.2 Supply Chain Management

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

While the entity has reported irregular expenditure in the current period, these stem from historical transactions and were not related to any procurement processes that were finalised by midyear. During this quarter, the entity paid irregular expenditure amounting R 654 000. By midyear irregular expenditure now reflects an amount of R 1, 2 million.

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

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

1.3.3 Strategic Outlook and Business Conditions

The entity will continue with its focus of being a low cost provider of public transport going forward, however this strategy needs to be compensated through proportional investment in a robust revenue collection system, adequate fleet and fuel management systems as well as the replacement the ageing fleet. The entity also expects to implement SAP S4 Hana during the course of the current financial year. The harnessing of efficiencies through focussing on well-populated routes will be a major focus area in repositioning the entity to market leadership.

Mr. Feroz Khan

Chief Finance Officer (Acting)

1.4 Corporate Profile and Overview of the Entity

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

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

1.4.1 Metrobus turnaround plan 2013

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

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

1.4.2 Migration from Metrobus vision 2020 to 2025

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

- **Phase 1: Stabilization** - This phase was envisaged to stabilize the operating environment and thus normalizing the performance context for the entity.

- **Phase 2: Consolidation** - This phase was envisaged to consolidate the gains of stabilization and concretizing a culture conducive to high performance.
- **Phase 3: Sustainability** – it was envisaged that this phase would be characterized by the consistent meeting of performance targets, and making progress towards performance enhancements.

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

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

1.4.3 Metrobus Fleet

The current fleet of Metrobus buses stands at 418 and below is a table depicting the fleet by make and model.

Table1: Fleet details

Asset Group	Age (years)	Milpark	Roodepoort	Village Main	Grand Total
Mercedes Benz 1725	14	74	5	37	116
Mercedes Benz Euro 3	5	10	5	10	25
Mercedes Benz Euro 5	5	55	38	54	147
MAN	Hired	0			0
Volvo B7L	18	56	5	50	111
VOLVO B7R	18	8		11	19
		203	53	162	418

1.4.4 Metrobus scope of operation

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

In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates: A dedicated service to persons with disabilities, subsidised pensioner transport services, scholar services, and free transportation to the South African Police Services (SAPS), the Johannesburg Metro Police Department, and the South African National Defence Force (SANDF) uniformed officers.

1.5 Strategic Objectives

1.5.1 Overview

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

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

Strategic Priorities	Priority Programmes
Good Governance	Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services
Financial Sustainability	Improve and strengthen the financial position
Integrated Human Settlements	Impact the housing market including the integration, development and maintenance of hostels and flats
Sustainable Service Delivery	A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement
Job Opportunity and creation	Job opportunities and creation.

Safer City	Development and support of SMME.
Active and engaged citizenry	Community Based Planning and enhanced community engagement, including Mayoral Imbizos.
Economic Development	Manage displaced communities and homelessness.
Sustainable Environmental Development	Combat drug and substance abuse
Smart City	Combat gender based violence
	Combat corruption, fraud and maladministration
	Combat illegal land invasion and promote regulated land use.
	Formalisation of informal settlements and accelerated rapid land release.
Minimizing the impact of COVID-19	Implement a response to COVID-19 that covers the dual role of employer and provider of public transport services.

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

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

Figure 1: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.5.2.6 Strategic Objective 6: Decrease Metrobus contribution to GHG emissions

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

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

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

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

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

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

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

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

2.1.1 King IV code of corporate governance

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

2.1.2 Code of conduct for directors

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

2.1.3 Ethical Leadership

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

the conduct of their duties and responsibilities. Metrobus, as a company and a municipal entity, is committed to its Values of Respect, Honesty, Co-operation, Accountability and Ubuntu in its business environment, both internally and externally. The guiding principles are namely:

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

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

2.1.4 Board Charter

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

2.2 The Legislative Framework

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

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

2.2.1 Municipal Finance Management Act, No.56 of 2003

2.2.1.1 Circular 63

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

2.2.2 Municipal Systems Act, No. 32 of 2000

2.2.2.1 Section 93L

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

2.3 Composition, Key Activities and Board Member Remuneration

2.3.1 Board of Directors

The Metrobus has a unitary board, which comprises both executive and non-executive directors.

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

Table 2: Metrobus Board of Directors

Name	Position
D Mkhwanazi	NED, Board chairperson
B Sibisi	NED
Q Buthelezi	NED
M Mokonyama	NED
I Molaontoa	NED
G Shabangu	NED
T Mokgoka	NED
L Sixolo	NED
D Mthimunye	NED
M Ramonyai	NED

T Sohaba	NED
X Mhlongo	Managing Director
F Khan	Acting CFO

2.3.2 Composition of the Sub Committees

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

Table 3: Independent Audit Committee (IAC)

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

Table 4: Composition of the Sub Committees

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

2.4 Board Activities

Directors meetings are held on a quarterly basis and may be called more often if required for special matters requiring consideration on a priority basis. Each time a meeting of the Board or one of its Sub-Committees is convened a specific point is included in the agenda on declaration of interests. During the months under review [October – December 2020] there were no conflicts of interests recorded. Records of attendance and declarations of interest are kept in one consolidated register and open for scrutiny with the Company Secretary.

For the period under review [1 July – 31 December 2020] the board and its Sub Committees respectively held meetings as follows:

Table 5: Board and Sub-Committee meetings held

Board Meeting	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery Committee
[Special] 06 Jul 2020, 28 Oct 2020, 02 Dec 2020, 06 Dec 2020	[Ordinary] 14 Jul 2020, 08 Oct 2020	[Ordinary] 24 Jul 2020, 13 Oct 2020	[Ordinary] 20 Jul 2020, 07 Oct 2020
[Ordinary] 30 Jul 2020, 16 Oct 2020	[Special] 23 Oct 2020, 02 Nov 2020		
[Board Strategic Planning Session] 22 Dec 2020			

2.4.1 The attendance of meetings

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

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

Metropolitan Bus Services (SOC) Ltd

Quarter 2 Performance Report

31 December 2020

Name	Chairperson's Quarterly		Board Meeting		Special Board Meeting				Board Strategic Session
	27 Jul	19 Oct	30 Jul	16 Oct	06 Jul	28 Oct	02 Dec	06 Dec	22 Dec
D Mkhwanazi	√	√	√	√	√	√	√	√	√
M Ramonyai	n/a	n/a	√	√	√	√	√	√	√
B Sibisi	n/a	n/a	√	√	√	√	√	√	√
I Molantoa	n/a	n/a	√	√	√	√	√	√	√
Q Buthelezi	n/a	n/a	√	√	√	√	√	√	√
T Sohaba	n/a	n/a	√	√	√	√	√	√	√
M Mokonyama	n/a	n/a	√	√	√	√	√	√	√
D Mthimunye	n/a	n/a	√	√	√	√	√	√	√
G Shabangu	n/a	n/a	√	√	√	√	√	√	√
L Sixolo	n/a	n/a	√	√	x	√	√	√	√
X Mhlongo	√	√	√	x	√	√	√	√	x
F Khan	√	√	√	√	√	√	√	√	√
Group Governance		√		√		√	x	x	x
T Mokgoka		n/a		√		√	√	√	√

Table 7: Board Sub Committee Meetings attendance register

Name	Audit and Risk Committee		Special Audit and Risk Committee		Human Resources and Social and Ethics Committee		Service Delivery Committee	
	04 Jul	08 Oct	23 Oct	02 Dec	24 Jul	13 Oct	20 Jul	07 Dec
M Ramonyai	√	√	√	√	n/a	n/a	n/a	n/a
D Mthimunye	x	√	√	√	n/a	n/a	n/a	n/a
G Hove	√	√	√	√	n/a	n/a	n/a	n/a
N Tshindane	√	√	√	√	n/a	n/a	n/a	n/a
M Raborefe	√	√	√	√	n/a	n/a	n/a	n/a

Group Governance		√	√	x		n/a	n/a	n/a
B Sibisi	n/a	n/a	n/a	n/a	√	√	n/a	n/a
T Sohaba	n/a	n/a	n/a	n/a	√	√	n/a	n/a
G Shabangu	n/a	n/a	n/a	n/a	√	√	n/a	n/a
I Molaontoa	n/a	n/a	n/a	n/a	√	√	n/a	n/a
L Sixolo	n/a	n/a	n/a	n/a	n/a	n/a	√	√
Q Buthelezi	n/a	n/a	n/a	n/a	n/a	n/a	√	√
M Mokonyama	n/a	n/a	n/a	n/a	n/a	n/a	√	√
T Mokgoka	n/a	n/a	n/a	n/a	n/a	n/a	√	√

2.4.2 Director and Prescribed Officer Remuneration

The Entity remunerates the non-executive directors and independent audit committee members in accordance with the policy and in the amounts determined from time to time by the City of Johannesburg Metropolitan Municipality, acting in its capacity as the sole shareholder of Metrobus.

The foregoing position was reaffirmed by special resolution at the 2020 Annual General Meeting. The non-executive directors and independent audit committee members are paid per meeting. Executive directors and prescribed officers are employees of Metrobus and do not receive any additional remuneration.

Table 8: Board Compensation

Name	Surname	1 st QTR.	2 nd QTR.	Total
Derrick Thapelo	Mkhwanazi	44,000.00	86,000.00	130,000.00
Mathetha	Mokonyama	32,000.00	68,000.00	100,000.00
Busisiwe	Sibisi	43,000.00	68,000.00	111,000.00
Queenie	Buthelezi	30,000.00	66,000.00	96,000.00
Lucky	Sixolo	30,000.00	66,000.00	96,000.00
Tumelo	Mokgoka	30,000.00	66,000.00	96,000.00

Nombulelo	Shabangu	30,000.00	66,000.00	96,000.00
Duduzile Patricia	Mthimunye	36,000.00	72,000.00	108,000.00
Itumeleng Daniel	Moloantoa	36,000.00	66,000.00	102,000.00
Morwesi	Ramonyai	140,000.00	82,000.00	222,000.00
Tshepo	Sohaba	30,000.00	66,000.00	96,000.00
Grandeur	Hove	6,000.00	12,000.00	12,000.00
Nyambeleni	Tshindane	12,000.00	12,000.00	12,000.00
Milly	Raborife	12,000.00	12,000.00	12,000.00

Table 9: Executive Compensation

ED Name	Monthly Total Remuneration Package	1st Qtr. YEAR 2020	2 nd QTR. YEAR 2020
Mtshali Bongiwe	Cost borne by CoJ	Cost borne by CoJ	Cost borne by CoJ
Khan Feroz	Cost borne by CoJ	Cost borne by CoJ	Cost borne by CoJ
Jairam-Owthar Denisha	137,500.00	412,500.00	412,500.00
Haffejee Yaasir	120,312.50	360,937.50	360,937.00
Beukes James	74,894.99	224,684.97	238,727.00
Gamede John	95,868.94	287,606.82	305,582.00
Lebelo Phillip	125,878.75	377,636.25	401,238.00
Mhlongo Xoliswa	158,333.33	474,999.99	513,751.00
Total	712,788.51	2,138,365.53	1,718,984.00

2.5 High Level Organisational Structure

2.5.1 High Level Organogram

The figure below reflects the high level organogram for the Entity

Figure 2: High Level Organogram

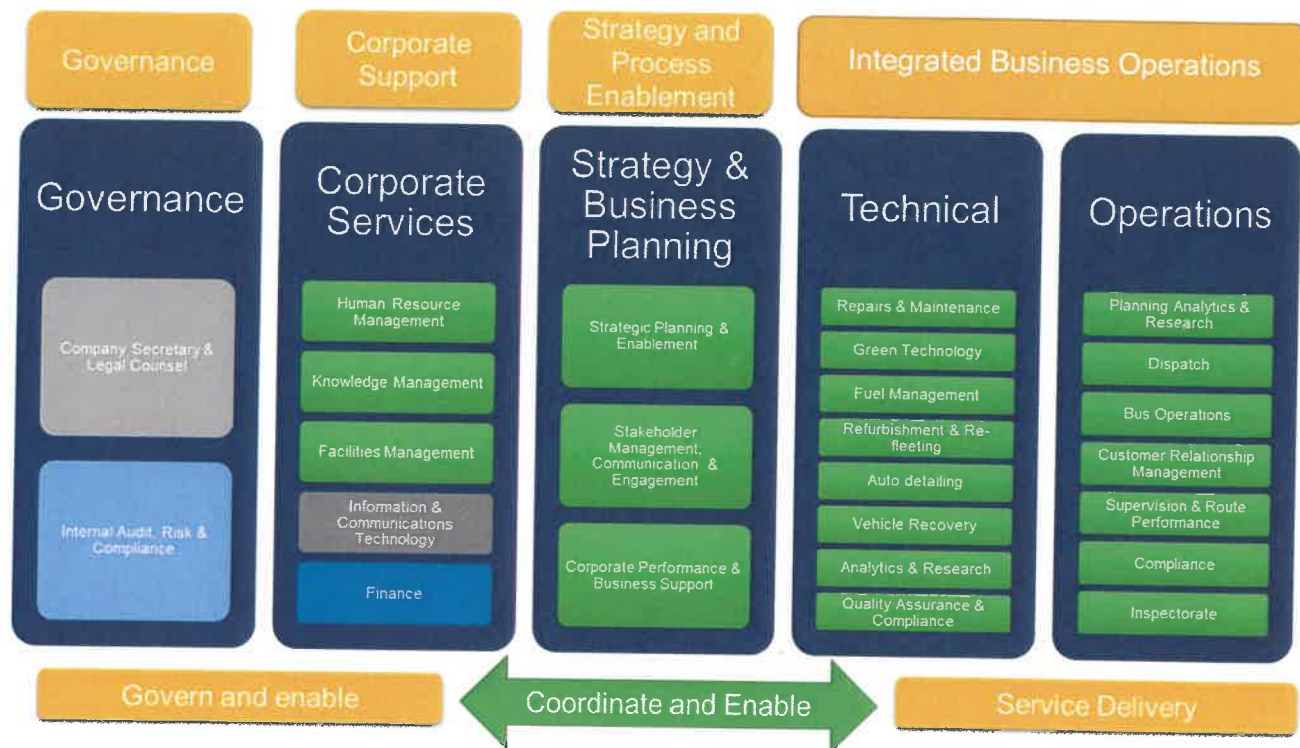


2.5.2 High Level Functional Structure

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

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

Figure 3: Functional Structure



2.6 Risk Management

2.6.1 Overview

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

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

Risk assessments have proved to be assisting management to identify potential risks, in order to anticipate and uncover circumstances that might have negative impact in achievement of objectives/ Key Performance Indicators (KPI's), and therefore yield unfavourable results in terms of service delivery. Risk assessment processes have also assisted management in proper planning/alignment of implementation strategies, assist management in making informed decisions, as well as ensuring effective and efficient use of resources. The results of

these risk assessments have been utilised to take proactive and preventative measures in addressing uncertainties/risks that could hinder achievement of the set goals.

Metrobus monitors the movement of risks on a quarterly basis, guided by the internal audit findings, the Auditor General findings and the Annual Business Plan.

2.6.2 Risk acceptability

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

Table 10: Risk acceptability table

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

2.6.3 Strategic Risk Register

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

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

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

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

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

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

Table 11: Tip-off line

Date Reported	Allegation
2017/11/22	Allegations of Fraud and Corruption
2018/03/28	Alleged Irregular Expenditure
2018/03/28	Alleged Irregular Expenditure
2018/06/15	Alleged Irregular Expenditure Within Metrobus by Exceeding the Allocated Budget by R48 Million in 2016/ 2017
2018/12/18	Alleged Irregular Expenditure
2019/01/25	Alleged Maladministration in the Ticketing System at Metrobus
2018/08/17	Alleged Theft of Bus Fare Collections by bus Drivers
2019/02/22	it was alleged that there is an employee at Metro bus who is misusing the CoJ vehicle whereas he has allowances
2019/02/22	It was alleged that an employee is for ever acting on the position of a General Manager at Metro bus.
2019/03/08	Alleged Irregularities into the Appointment of a General Manager at Metrobus
2019/03/08	Alleged Irregularities Into the Procurement Process for Metric Tape
2019/03/08	Alleged Irregularities within Procurement
2019/03/08	Alleged Irregularities at Metrobus

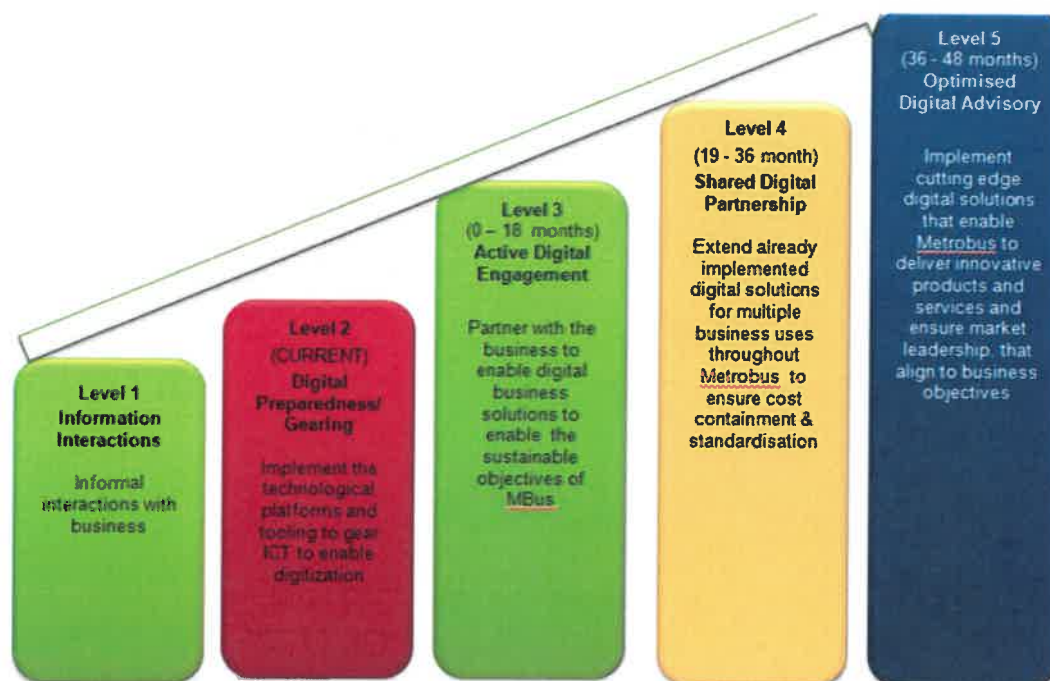
2019/05/02	It is alleged that Metrobus engaged in fruitless and wasteful expenditure by paying for bus licenses for the amount of R1000,00
2019/06/05	Alleged Irregular Expenditure
2019/07/17	Alleged irregularities between Metrobus Management and DEMAWUSA union
2019/10/03	Alleged irregularities for refurbishment of Metro bus tender number TSD 22018/19 to the contract value of R 49m
2020/05/06	Alleged fraud and corruption relating purchasing of the bus service or parts involving Alan Black, Viva Engineering, Westing House and Prestige Parts

2.8 ICT Governance

2.8.1 Overview

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

Figure 4: Metrobus ICT Maturation Journey



2.8.2 Key ICT Projects

2.8.2.1 Automated Fare Collection System (AFC)

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

2.8.2.2 Metrobus Intranet

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

2.8.2.3 The “Eye on the Bus” functionality

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

2.8.2.4 Other projects

Projects completed during the period under review include the following:

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

2.8.3 ICT Audit and Policy Framework

2.8.3.1 Audit Findings

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

2.8.3.2 Risk Registers

- Strategic Risk Registers have been updated to reflect the current Metrobus ICT risk universe

- ICT Operational risk register has also been implemented in the department to manage risks more
- Therefore, there are tools in place to assist ICT to be proactive in managing risks

2.8.3.3 Policies and Procedures

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

2.8.4 ICT Enablement during Covid19 Times

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

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

2.8.5 Challenges

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

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

2.9 Compliance with Laws & Regulations

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

In the quarter the entity continued with compliance monitoring and reporting within the legal framework applicable to the business as a company and municipal entity. In particular, the

focus was on compliance with the National Land Transport Act (NLTA), Companies Act, and Local Government Regulations: Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA), the King Code and Labour legislation.

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

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

2.9.1 Permits

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

2.9.2 Traffic Fines

During the same period in the last financial year, forty-seven (47) traffic fines were issued to bus operators; an incline has been recorded in the period under review with 70 traffic fines issued. This trend is a major concern for the entity and poses a significant risk to the current commendable record of fatality free kilometres operated by the entity. The entity is also keenly aware of the risk that this trend posed in relation to impending AARTO regulations, which may render offending bus operators unable to operate buses. Driver behaviour and compliance with traffic rules is an essential element of ongoing driver education. In this regard programmed refresher training is provided to bus operators. In addition, route inspectors are encouraged to monitor driver behaviour en-route and re-emphasize proper behaviour. Bus operators are responsible for the settling of such fines. Twenty-six (26) traffic fines were reported during the 1st quarter and forty four (44) fines were reported during the 2nd quarter.

Table 12: Traffic Fines Report

Financial year	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020/21	7	10	9	15	16	13	70

2.9.3 Carbon Emissions Compliance

Diesel smoke emissions' testing is a legal requirement and contributes to the continued decrease in CO₂. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and also referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus Hartridge units increased (measure of carbon emissions emitted) to an average of 8% for all bus types. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 12 years are the biggest emitters of greenhouse gas. These are the Mercedes Benz 1725, Volvo B7L and Volvo B7R.

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

Table 13: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity %	Q2 Opacity %
Merc 1725	72.50%	50%	15%	6%
Euro 5	72.50%	50%	5%	3%
Euro 3	72.50%	50%	49%	9%

VOLVO B7L	72.50%	50%	31%	35%
VOLVO B7R	72.50%	50%	63%	5%
Weighted Average			18%	8%
Annual Weighted Average			13%	

2.9.4 Pending Litigations and Possible Liabilities

Contingent liabilities emanating from litigation and labour related disputes are estimated R 16, 4 million, detail of which are outline table 14 below. In respect of third party claims against Metrobus arising from accidents. Metrobus is covered by the Group Insurance Policy which is managed by the Group Risk Department. Metrobus pays an annual insurance premium to the City.

Table 14: Pending Litigation

No.	Class	Nature	Description of matter	Possible Liability (R) 000	Estimation Of Probability
(i)	Labour Matter	Alleged unfair dismissal.	10 Officials allege unfair dismissal cases and 1 Unfair Labour Practice against Metrobus.	1 100	Reasonably possible
(ii)	Civil Matter	Claim for defamation	Following testimonies in a matter, which resulted in dismissal, the dismissed employee lodged a claim against the employer's witnesses.	300	Reasonably possible
(iii)	Labour Matter	Unfair discrimination	Employee lodged unfair discrimination dispute against Metrobus.	814	Remote

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

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Refurbishment Programme

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



Pre-Refurbishment

Post-Refurbishment

During the first quarter, a total of thirteen (13) buses were refurbishment. A further eight (8) buses underwent refurbishments during quarter 2, bringing the total refurbished buses at midyear to twenty-one (21). However, the cumulative number of refurbished buses in terms of

the three-year refurbishment program stands at fifty two (52) refurbished buses against a target of one hundred (100) buses due by the end of the 2021/22 financial year.

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

3.1.2 Economic Transformation

During the period under review, the entity significantly exceeded the target for SMME support. While the target for quarter 1 was ten (10) SMMEs supported, the actual performance was twenty three (23) SMMEs supported, the target of twenty (20) for quarter two was also exceeded with an achievement of fifty four (54) SMMEs supported. At midyear financial year 2019/20 the entity exceeded the number of SMMEs supported. The trend has continued during the period under review.

The entity is currently, in collaboration with the City Transport department, devising a basket of non-financial SMME support initiatives, which will be implemented during the remainder of the 2020/21 financial year.

3.1.3 Service Reliability

Reliability of Metrobus service is measured by the number of scheduled (planned) trips operated against the total planned trips. The number of trips cancelled during the quarter 2 was zero (0) out of a total of thirty nine thousand and seventy (39 070) planned trips, resulting in 100% reliability of service and thus exceeding the target of 90% for the second quarter. The target for service reliability was also exceeded in the first quarter by the same margin. Consequently, the entity maintained a 100% service reliability at midyear in comparison to the 91% service reliability recorded at mid-year of the last financial year.

3.1.4 Engagement with Commuters

A negligible increase in the number of complaints from the last quarter was recorded. While fifteen (15) complaints were recorded during quarter one, this increased to twenty-one (21) at quarter 2 bring the total number of customer complaints to 36 at midyear. This represents a

significant reduction in complaints compared to the same period in the last financial year when one hundred and twenty (120) complaints were recorded. The trend in complaints during the period under review must be considered in the context of a reduced scope of operations owing to COVID19 restrictions. At midyear, the complaints resolution rate was recorded at an average of 94%, an improvement on the 86% recorded in the same period during the last financial year.

Table 15: Customer complaints attended

Depot	Jul	Aug	Sep	Oct	Nov	Dec	Total
Milpark	1	2	2	4	4	1	14
Roodepoort	0	1	4	3	1	1	10
Village Main	2	1	2	0	5	0	10
Unspecified	0	0	0	0	2	0	2
Total	3	4	8	7	12	2	36

3.1.5 Strides in commuter engagement

Metrobus is continuously intensifying its communications on social media keeping commuters abreast with daily operations of buses. While the company has been operating at an average of 88K reach this has increased to 136.8K as at 31 December 2020. This is an improvement of over 48.8k on a daily basis compared to the fourth quarter of the previous quarter. Organic rankings on search engine optimisation has improved significantly making the brand (Metrobus) one of the most shared and talked about in the city of Johannesburg.

3.1.6 Fatality-Free Kilometres

The entity continues to maintain safe public transportation. During the period under review the entity operated 2.7 million kilometres fatality free. During the same period last year, the entity operated 4.2 kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South African roads resulting from fatalities involving public transport operators.

3.2 Service Delivery Challenges

3.2.1 A significant Decrease demand for services

Due to the effect of COVID 19 related restrictions and the current economic downturn, the demand for Metrobus services has decreased significantly. During the same period last financial year peak requirement stood at three hundred and sixty one (361). The current average peak requirement at mid-year stands at one hundred and fifty two (152) buses denoting a decrease of over 50%. Consequently, while the entity is able to meet the bus fleet requirement a significant percentage of the fleet is out of use.

Table 16: Average Fleet Availability

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

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

3.2.2 Fleet Utilisation

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

At midyear, Metrobus had a total fleet of four hundred and eighteen buses. On average, two hundred and thirty-seven (237) buses were available for use per day during quarter 2. This translates to fleet utilisation of 57% for the quarter, indicating an improvement of 3% from the first quarter. Consequently, the entity recorded an average of 56% fleet availability as at the end of December 2020.

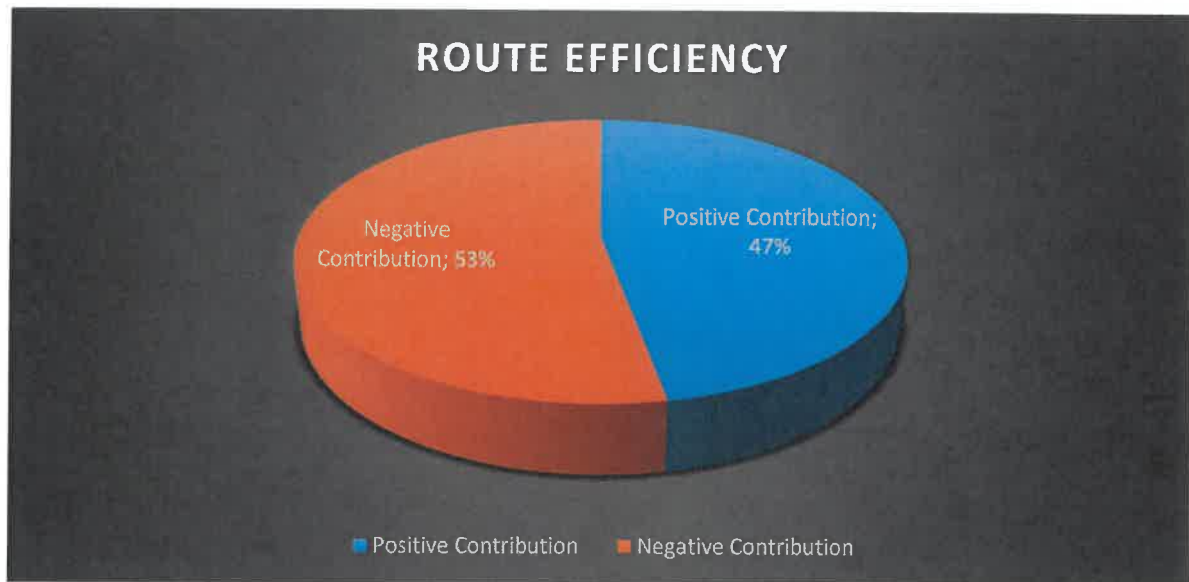
Table 17: Average Fleet Utilisation

Fleet Availability Metric	Quarter 1	Quarter 2	YTD Average
Fleet for operational use	428	418	423
Available for operations	232	237	235
Variance	-196	-181	-189
Available Utilisation	54%	57%	56%

3.2.3 Route Efficiency

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

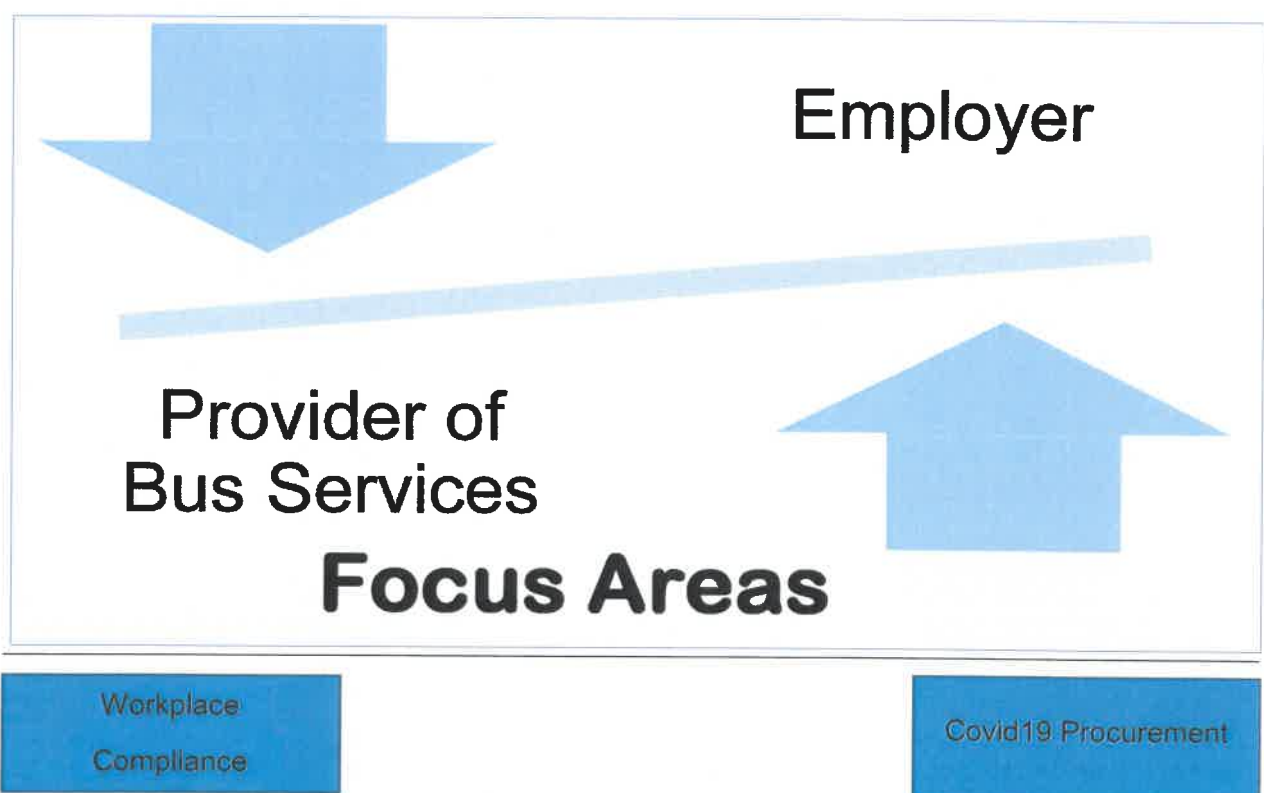
Figure 5: Route Efficiency

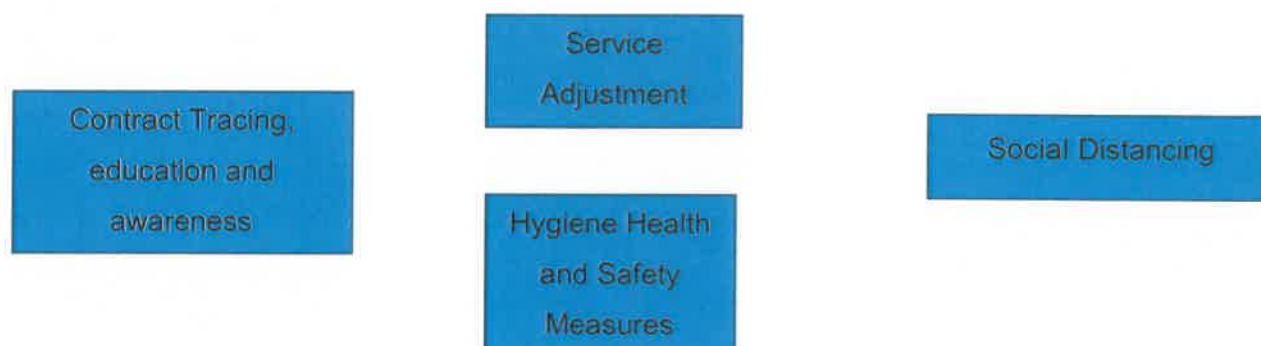


3.2.4 COVID-19 Pandemic

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

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





3.2.4.2 Covid19 Mitigation Measures: Workplace Readiness

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

3.2.4.3 Covid 19 Mitigation Matters: Physical/ Social Distancing

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

3.2.4.4 Covid 19 Mitigation Matters: Contract Tracing

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

3.2.4.5 Covid 19 Mitigation Matters: Operational Adjustment

Focus Area	Risks	Intervention/Response	Timeline	Status
Operational Adjustment	Inability to manage number of people on buses used for private hire services: insufficient provision of service for essential workers	Suspension of private hire services	From March 2020 to date	On-going
		Responded to the level 2 and 1 as follows: Level 2: 150 buses in operation Level 1: 150 buses in operation	On-going	On-going

3.2.4.6 Covid 19 Mitigation Matters: Health and safety

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

3.2.4.7 Covid 19 Mitigation Matters: Education and Communication

Focus Area	Risks	Intervention/Response	Timeline	Status
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Education and Communication	Non-adherence to mitigation protocols	Externally directed at commuters social media platforms, notices and information flyers on our buses and stations: commuter forum engagement regarding compulsory wearing of mask's when visiting ,Metrobus facilities, importance of providing correct details on our registers, wearing of masks, changes for bus schedules and adherence to social distancing.	On-going	On-going
		Internally directed at employees social media platforms, posters, memos, cabin talks and depot roadshows regarding information about the coronavirus and mitigation measures	On-going	On-going

3.2.4.8 Covid 19 Mitigation Matters: Hygiene Measures

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

		Sanitising of buses with chemical wash to last 24 hours		On-going
		Washing of buses- after morning peak and evenings	On-going	
		Fare collection- Suspension of on board ticket purchase from drivers suspended to limit physical contact		
		New stored value tags offered for free for registered first timer users of coupons for them to load trips	On-going	On-going

In line with the COVID-19 alert level 3 announced on 28 December 2020, the resumption of work and transport services scheduled for 4 January 2021 will be in line with applicable regulations.

3.2.5 Vacancy Rate

The vacancy rate in the Company during the reporting period was recorded at 29.18%. It is essential to point out that this percentage has been increased by the newly created positions under Security and Route Inspections-sub-directorate. This vacancy rate also incorporates unfunded positions due to the reduced personnel budget.

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

3.3 Impact of Challenges on Organisational Performance

Given the prevailing economic conditions which have led to an increase in level of unemployment in the country and the province, including the ravaging effects of COVID 19, the entity has experienced a significant downturn for the services to the extent that peak requirement have been adjusted downwards by over fifty percent. The slow pace of return to

work following various risk adjusted levels has affected the provision of services that enable the operation of the entity. During the same period in the last financial year, the entity recorded a 25.8 million fare revenue underperformance, an increase in this regard was recorded at 27.2 million as at 31 December 2020. A fare revenue shortfall of 16.3 million was recorded in the first quarter of the 2020/21 financial year and a further 10.9 million shortfall was recorded in the second quarter.

3.4 Mitigating actions

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

3.4.1 A new approach to fleet enhancement

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

3.4.2 Continuous operations

In order to ensure proper traction of the deliverable outlined in the Integrated Maintenance plan and ensuring higher levels of preventative maintenance and shorter turnaround times for the technical division, the introduction of Continuous Operations (CONTOPS) is anticipated in the second quarter. Consultations with labour in this regard are in their final phase. In addition

infrastructure adjustments to the working space are currently being implemented through the services rendered by the Johannesburg Property Company.

3.4.3 Trip Optimisation

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

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

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

3.4.4 Managing Vacancy Rate

While additional funds for the purpose of filling a number of positions deemed critical was secured during the budget adjustment process. At midyear, four (4) vacancies were filled apportioned as follows:

1. Specialist: Logistics Management in the Finance Department.
2. Specialist: Supplier performance and Contracts in the Finance Department.
3. Specialist: Budgets in the Finance Department.
4. General Manager: Corporate Services

3.4.5 Digital Enablement

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

Figure 6: Technology Roadmap – Digitisation



3.5 Response to Strategic Direction

Metrobus contributes to the City's Economic Growth Cluster which is central to the promotion of economic development and investment. Sustainable mobility and equitable access is essential factors in developing and facilitating a successful economy and inclusive society. Metrobus contributes to the City's four (4) key strategic priorities and the entity has responded as follows:



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

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

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

Metrobus offers the following concessions

Table 18: Discount Categories

CLASS OF PASSENGER	FARE BASE
Stored Value	8.0% Discount

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

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

Labour:

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

Commuters:

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

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

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

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

3.6 Performance against Service Standards and Predetermined Objectives

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

The Metrobus 2020/21 business plan is aligned to the City's priority areas and ultimately, the GDS 2040 outcomes relating to economic growth and sustainable human settlements. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City's Service Delivery and Budget Implementation plan as well as a set of Entity based set of strategic levers which serve as programs of action. The total number of Performance Indicators (KPIs) on Metrobus five-year strategic document is 40 but only 21 are included in the Metrobus scorecard with the remaining indicators incorporated in various departmental day to day as well as individual executive management scorecards. A total of eighteen (18) KPIs were measured during the first and second quarter. During the first quarter of the 2020/21 financial year fourteen (14) KPIs were achieved, translating to a 78% achievement level. During the second quarter of the 2020/21 financial year thirteen (13) KPIs Were achieved, translating to a 72% achievement level. The detailed Performance Scorecard is attached as **Annexure A**.

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

4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including Executives) at the end of the reporting period stood at R 67, 631, 593.00 against a budget of R 66,736,542.00. The deficit variance of (R 895, 051.00) is attributable to the budget adjustment, which occurred during the last month of the reporting period.

Figure 7: Employee related costs: 01 October 2020 – 31 December 2020 (R000's)

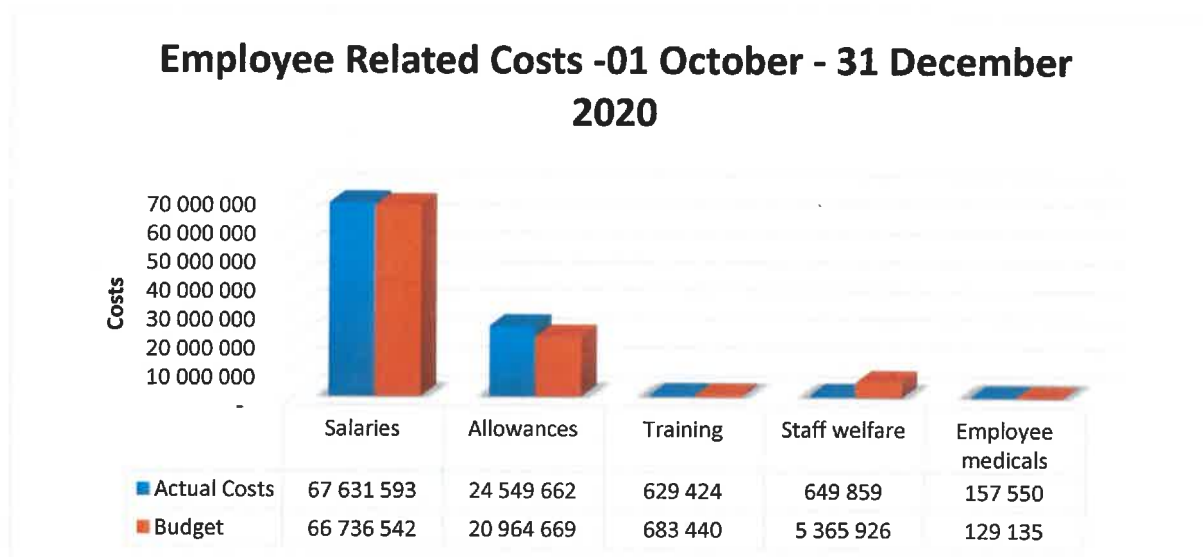


Table 19: EMT Remuneration: For the period 01 October 2020 – 31 December 2020

	Position	Status	Total paid on Second Quarter	Total Annual Package
EXECUTIVE	MANAGING DIRECTOR	FILLED	475, 000.00	R1, 900,000.00
EXECUTIVE	Chief Financial Officer	VACANT	N/A	N/A
EXECUTIVE	General Manager: Corporate Services	FILLED	R400, 000.00	R 1,600,000.00
EXECUTIVE	Chief Information Officer	FILLED	412, 974.12	R 1,651,896.48

	Position	Status	Total paid on Second Quarter	Total Annual Package
EXECUTIVE	Legal Counsel & Company Secretary	VACANT	N/A	N/A
EXECUTIVE	Chief Audit Executive	FILLED	R350, 000.00	R1,400,000.00
EXECUTIVE	General Manager: Integrated Business Operations	NEW VACANT	Total Package	N/A

4.2 Key Vacancies

Table 20: Staff establishment, vacancies and critical vacancies

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
1	Office of the Managing Director	8	4	4	3	36 Months	Relates to two managerial/specialist positions that have not been filled.
2	Corporate Services	227	156	71	7	18 Months	GM: CS has since resigned and the process to recruit a new GM

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
							is underway.
3	Legal Counsel and Company Secretary	5	1	4	3	14 Months	Includes Legal Counsel & Company Secretary; Specialist and Senior Administrative positions that have not been filled since inception and resignation of previous incumbents.

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#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
4	Information and Communication Technology	15	4	11	4	10 Months	Plans to review Organogram are under way.
5	Internal Audit and Risk Management	5	2	3	2	10 Months	One Specialist: Risk & Compliance position is at an advanced stage of being filled.
6	Finance	55	40	15	5	10 Months	Resignations and positions that have never been filled due to budget constraints.
7	Integrated Business Operations	905	657	248	8	10 Months	Natural Attrition and

#	Division	Approved Employee Requirement	Strength	Vacancies	Critical Vacancies	Age analysis of the critical vacancies	Comment(s) on aging of vacancies
							Resignations.
	TOTAL	1220	864	356	32		

Following the approval of an adjustment of the budget of Metrobus to fill critical vacancies; at an additional budget of R 27, 345,000.00. The Executive Management Team (EMT) established a Vacancy Task Team (VTT) to expedite the filling of vacancies.

Albeit that on average the turnaround time to fill a vacant position totals four months, the VTT has initiated a plan to expedite the filling of these critical vacancies and anticipates improved time frames of less than four months.

As at 31 December the entity had successfully recruited and appointed four key positions being: General Manager: Corporate Services, Specialist: Logistics Management, Specialist: Supplier Performance and Contracts, and Specialist: Budgets. Key among position that are in the process of recruitment is the General Manager: Integrated Business Operations. This is a key position that is anticipated to be filled by the end of the third quarter.

4.2.1 Vacancy Rate

The vacancy rate in the Company during the reporting period was recorded at 29.18%. It is essential to point out that this percentage has been increased by the newly created positions under Security and Route Inspections-sub-directorate. This vacancy rate also incorporates unfunded positions due to the reduced personnel budget.

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

4.2.2 Positions filled during the period 01 October 2020 – 31 December 2020

During the period in review, the process of filling vacancies at the Executive Management level was undertaken on three positions, namely Chief Financial Officer position; Legal Counsel and Company Secretary; as well as General Manager: Corporate Services.

Only one (1) vacancy was finalised, namely general Manager: Corporate Services in the Corporate Services Department. The Legal Counsel and Company Secretary plus the Chief Financial officer positions will resume duties at the commencement of quarter 3.

4.2.3 Staff Turnover Rate

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

During the period in review, eighteen (18) employees out of a total strength of eight hundred and eighty five (864) employees left the service of Metrobus. This translates to an average percentage of 2.08% in staff turnover. This figure comprises of employees that left the Company due to medical boarding; resignations; retirement, dismissals, etc.

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

4.3 Employment Equity

The current employee demographic profile of the entity indicates that that 30% of employees' fall within the age category 46-55 and percentage of African males is 70%. Women of all races in all employee categories constitute 26% of the company's staff complement (2019/20:18.9%), Metrobus has an established Employment Equity Forum that determines and monitors the achievement of the entity's EE targets.

Table 21: Demographic Profile as at 31 December 2020

Present and Expected		Male				Female				Total
		A	C	I	W	A	C	I	W	
All	Current	539	31	3	17	155	5	2	5	757
Employees	Proposed	540	50	13	41	247	12	12	29	944

4.4 Skills Development and Training

4.4.1 Training and Development Programmes

During this reporting period a total of twenty five (105) employees were trained as part of skills development programme and five (05) received financial assistance in the form of subsidised education scheme to further their studies in line with the approved Human Resource Development Strategy and Workplace Skills Plan for the organization.

4.4.2 Apprenticeship Programme

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

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

This programme is TETA funded over a period of three (3) years. It is aimed at ensuring that our deserving employees work under qualified artisans so that at the end of the training period those who have successfully participated in this process will obtain a formal qualification as artisans in their area of specialisation.

4.4.3 Internship Programme

The current appointed interns on the graduates development programme continue with their workplace experience learning interventions done through mentorship and coaching from the qualified mentors for eighteen (18) graduates from Technical Services Department, Corporate Services, Legal Services, Financial Management, Supply Chain Management, Marketing and Communication and Information Communication Technology Departments successfully participated in the programme.

The application for funding of the current batch of interns is been approved by Transport Education and Training Authority (TETA) for discretionary grants applied for in September 2019. Metrobus has successfully appointed 5 new Interns which we will focus on the following critical areas: Physical Security services and Route Audit, Health and Safety, EAP/Wellness Coaching and added personnel in ICT Department. The recruitment phase of the project rolled out in October 2020 and the newly appointed interns will effectively commence on the programme on the 04 January 2021 for a period of 12 months.

4.4.4 Subsidised Education

The Metrobus Human Resource Development Strategy encourages employees to further their career and professional development by assisting them through the subsidised education scheme, which allows employees to apply for funding to further their studies to attain formal education from reputable and registered institutions of Higher Education and Training (HET). Metrobus policy for subsidised employee education aims to prioritise officials without formal education for matriculation, under graduate certificates, diplomas and degrees before officials who are in pursuit of post graduate qualifications. This is done in order to improve the social standing of internal employees of Metrobus, afford them an opportunity to advance in life; but also contribute positively to skills development for the country.

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

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

Table 22: Subsidised Education Financial Assistance

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

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

4.4.5 Training and Development Programmes

During this reporting quarter, a total of twenty (20) apprentices and interns continue with their workplace practical training at various departments and depots. Training and development is still ongoing in light of the Covid-19 impact or pandemic with observed lockdown regulations.

Table 23: Skills Development and Training

#	Training Intervention	Learning Matrix	M	F	Numbers of trained delegates per intervention
1	Bus Driver Refresher Training	F	0	5	5
4	Customer Service Training	E	29	25	54
5	AARTO Training	F	26	20	46
Total number of trained delegates			55	50	105

4.5 Performance Management

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

4.6 Disciplinary Matters and Outcomes

The balance of disciplinary matters for quarter two stands at Twenty- nine. There are eight (8) new cases that have been registered during the second quarter of the 2020/2021 financial year. Eleven (11) cases were finalised.

There were Eleven (11) disciplinary outcomes registered during the period in review and zero (0) Final Written Warning and Eleven (11) dismissals.

Table 24: New Disputes

New Disputes	Disputes UD	Disputes ULP	Disputes mutual Interests	Total
Milpark	0	0	0	0
Village Main	0	0	0	0
Roodepoort	0	1	0	1
Head Office	1	0	0	1

Table 25: Disciplinary and Grievance Matters

Depot	Balance from previous quarter Disciplinary matters	New Disciplinary Matters	Old Grievances	New Grievances	Total
Milpark Depot	7	4	0	3	14
Village Main Depot	5	2	0	2	6
Roodepoort Depot	1	0	0	2	3
Head Office	0	2	1	3	6

Table 26: Dismissals

Depot	Misconduct	Incapacity	Total dismissal per depot
Milpark	6	0	6
Village Main	4	0	4
Roodepoort	1	0	1
Head Office	0	0	0

Table 27: Litigations

Number	Depot/ Department	Litigation	Issue	Progress
1	Metrobus DEMAWUSA	v Labour Court	Rescission Application	Pleadings finalised

4.7 Leave & Productivity Management

4.7.1 Leave Management

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

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

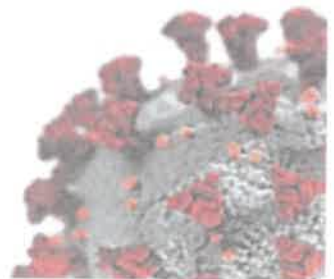
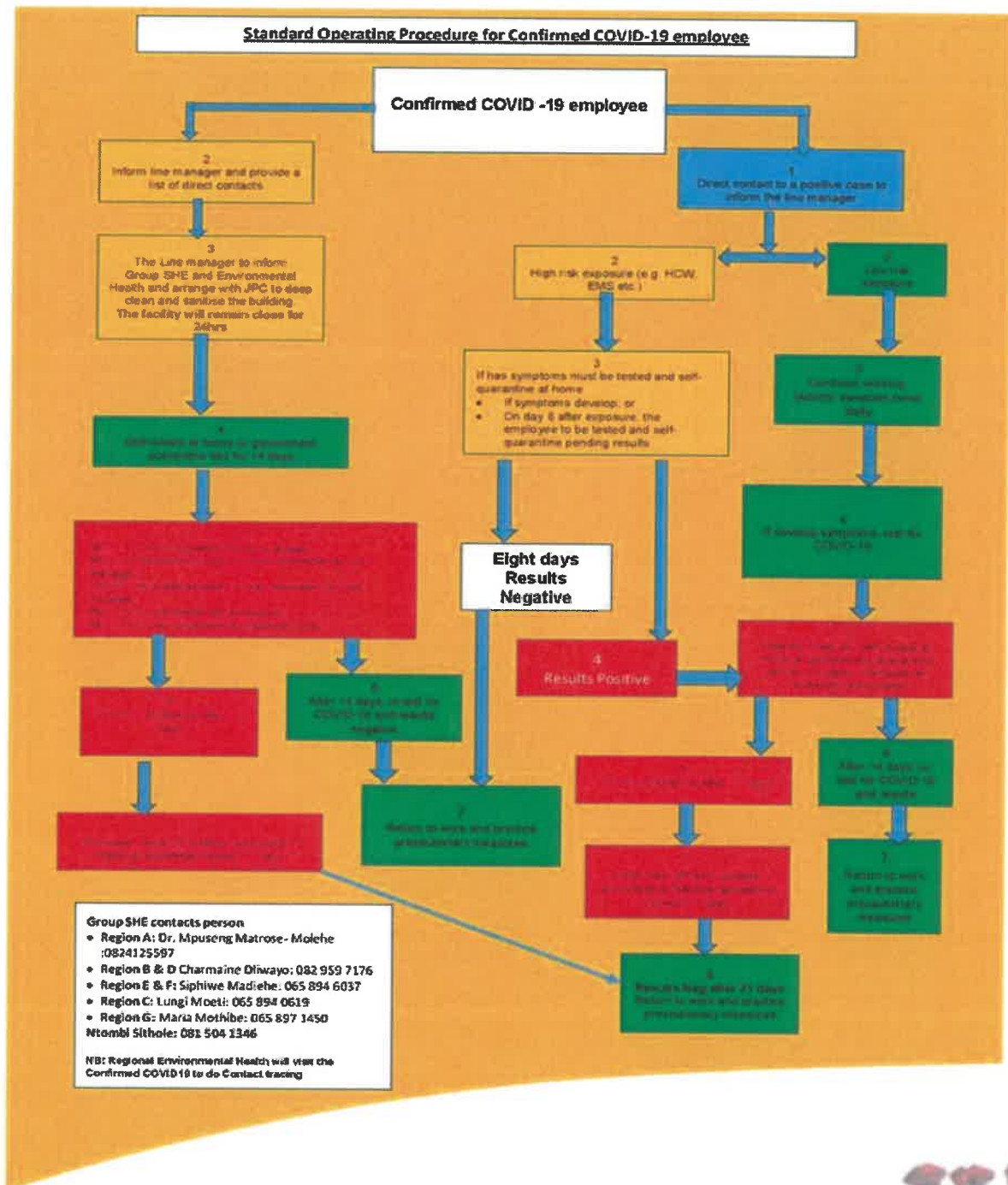
4.7.2 Productivity

One of the Key human factors that tend to have an adverse impact on staff productivity is the **rate** of “**sick absenteeism**” in the workplace. In this regard; the rate of absenteeism was calculated for this reporting period and found to be an average of 3.76 working days per employee or five coma six-one percent (5.61%) of total available working time during the reporting period. Best HRM standards; dictate that sick absenteeism should not be more than 1.5%, which means that for every 250 working days per year, an average employee should take 3.75 days off sick.

4.8 Employee Wellness

During the period under review the country remain on level 1 lockdown, more employees had to return to work as the company had no new cases for the month of august, all employees including the 60 and the comorbidity had to return to work on a rotational base where safety measures are not met. All employees were sent to city of Johannesburg testing stations to be screened before they can fully return to work.

In view of the nature of the pandemic, the guidelines and standard operating procedures (SOP) were developed centrally, the City's Joint Operations Committee meets regularly to review processes, and procedure guided by the national and provincial structures, Metrobus continues to use SOP, which was developed by City's Joint Operations Committee. **See diagram below:**



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

As at Mid-year, thirty eight (38) positive case were reported, the table below summarises the statistics according to the depots.

Table 28: Reported COVID19 cases and incidents

DEPOT	YTD CASES
HEAD OFFICE	07
ROODEPOORT	09
MILPARK	12
VILLAGE MAIN	10
TOTAL	38
RECOVERY RATE	92%

4.8.1 Occupational health and safety measures level 3 to level 2

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

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

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

Employees were provided personal protective clothing, which included cloth masks and face shield

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

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

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

4.9 Employee Benefits

The Employee Benefits for the period under review amounted to a total of **R 25,986,495.00** against a budget of **R27, 143, 170.00**, apportioned as per the following table:

Table 29: Employee Benefits for the period 01 October 2020 – 31 December 2020

	Allowances	Training	Staff welfare	Employee medicals	Total
Actual	24,549,662	629,424	649,859	157,550	25,986,495.00
Costs					
Budget	20,964,669	683,440	5,365,926	129,135	27,143,170.00
Variance	-3,584,993	54,016	4,716,067	-28,415	1,156,675

The surplus variance of **R1, 156,675.00** as depicted in the above table can be attributed to the vacancies that have not yet been filled.

4.10 Occupational Health & Safety Programmes

4.10.1 Safety incidents

A total of one (01) safety related incident was reported during the reporting period.

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

1. Lack approved emergency preparedness plan.
2. Lack of approved occupational health and safety policy

3. Lack of approved incident management procedure.
4. Lack of Safety Awareness Functions
5. No Safety Support Personnel
6. Housekeeping Matters

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

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

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

4.10.2 COVID-19 Pandemic

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

4.11 Security and Inspectorate

Subsequent to the finalisation of the insourcing of the Security personnel as part of Metrobus, the Division has not operated without challenges. The challenges relate to inadequate or the lack of Supervision personnel to manage the security personnel on the ground as a result during the reporting period interventions were made to deal with this shortcoming but the division has managed to execute its operations as reported below:

4.11.1 Resourcing of the Security Inspectorate

The structure for the Division: Security and Inspectorate has been approved by the Board and the process is underway to draft the job descriptions, thereafter the grading and advertising of critical positions will be advertised and filled during this financial year. Currently, there is only an Acting Manager: Security Inspectorate with currently 118 Security officers remaining out of the 120 who have been insourced during the COJ process. There is still a shortage of Security personnel at Fordsburg and Randburg depots which is being addressed through overtime duties being performed by the current personnel.

The MT 90 hand held radio devices have been introduced within Metrobus. The in-service training in the use of this device is still on-going and the device will only be fully implemented after this has been completed. During the current financial year, the camera system will be upgraded at all Metrobus facilities. This, together with the MT 90 devices and the capacitating of this division, would assist greatly in holistically addressing the losses currently being experienced within the Company.

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

The provision of the security uniform remains has not been finalized although the division was able to procure rain suits which were required to assist the officers, especially during inclement weather conditions in Johannesburg, which allows them to execute foot-patrols and provide a service of managing the busses during the entry/exit at the respective depots.

4.10.2 Security Inspectorate involvement in COVID- 19

With South Africa still at level 1 of COVID-19 and the upsurge in the second wave in South Africa, the Security personnel is still actively involved in preventing the spread of the virus at all Metrobus depots and offices. Although, three employees within this environment have comorbidities, they all currently perform duties with strict adherence to the COVID-19 preventative measures. Through this difficult period, the division nevertheless, managed to ensure the safe-keeping of all property of Metrobus with strict access control at all its depots including Head Office. Information of all persons, both employees and visitors entering Metrobus offices, were recorded in terms of the COVID-19 regulations.

4.11.3 Security incidents

There has been one alleged bridge of security at Head Office which occurred on 03 December 2020, whereby an employee alleged that someone had attempted to steal her motor vehicle and in the process damaged the ignition system of the said vehicle. Investigation is on-going and should be concluded after all the statements have been received.

5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE**5.1 Statement of Financial Position and Exposure****Table 30: Summary Statement of Financial Position**

Description	30-Dec-20 Actual (R000's)	30 June 20 Actual (R000's)	Movement (R000's)	Movement (%)
Total Assets	638 328	652 845	-14 517	-2%
Non-Current Assets	602 731	624 616	-21 885	-4%
Property, Plant & Equipment	570 874	591 863	-20 989	-4%
Loans to Shareholders	31 131	31 131	0	0%
Intangible Assets	726	1 621	-895	-55%
Current Assets	35 597	28 230	7 367	26%
Inventories	12 964	15 328	-2 364	-15%
Receivables	12 012	3 082	8 931	290%
Prepayment	5 573	4 772	801	17%
Insurance Fund	4 744	4 744	0	0%
Cash & Cash Equivalents	304	304	-0	0%
Total Equity & Liabilities	638 327	652 845	-14 519	-2%
Equity & Liabilities				
Capital & Reserves	-139 118	-204 033	64 915	-32%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	150 002	150 002	-0	0%
Accumulated Profit(Loss)	-343 894	-408 809	64 915	-16%
Non-Current Liabilities	185 517	203 741	-18 223	-9%
Interest Bearing Debt	174 998	193 222	-18 223	-9%
Retirement Benefit Obligation	10 519	10 519	0	0%
Current Liabilities	591 927	653 138	-61 211	-9%
Payables	131 935	183 054	-51 118	-28%

Loans From Shareholders	403 172	423 500	-20 329	-5%
Other Financial Liabilities	37 549	37 549	0	0%
Provisions	12 690	2 453	10 236	417%
VAT Payable	0	0	-0	100%
Deferred Income	6 581	6 581	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets decreased by R 20, 9 million (4%) from R 591, 9 million (30 June 2020) to R 570, 9 million as at 31 December 2020. This was due to normal depreciation of property, plant and equipment of approximately R 26, 3 million as well as the capitalisation of assets amounting to R 17, 6 million

5.1.2 Intangible assets

Intangible assets decreased by R 0,9 million (55%) from approximately R 1, 6 million (30 June 2020) to approximately R 0, 7 million as at 31 December 2020. This was due to normal amortization of intangible assets of approximately R 900 000 as well as the capitalisation of intangible assets amounting to R 2, 5 million.

5.1.3 Inventory

Inventory decreased by approximately R 2,4 (15%) from R 15, 3 million (30 June 2020) to R 12, 9 million as at mid-year. Inventory list will be reviewed on a monthly basis to avoid any overstocking. The decrease in inventory resulted from increased spare parts issued to the workshop for bus repairs

5.1.4 Receivables

Receivables have increased by approximately R 200 000 from R 8, 9 million (30 June 2020) to R 3, 0 million (31 December 2020). This is due to delays of payment by Eldorado customer as well as grants from the City not being paid in full. Follow-ups have been done and the customer will be paying early January 2021.

5.1.5 Prepayments

Prepayments represents payments made in advance in respect insurance and bus licenses. This is expensed on a monthly basis. This increased by R 0,8 million (17%) from R 4, 8 million (30 June 2020) to R 5, 5 million (31 December 2020). The increase resulted from licenses for buses which were purchased during the first half year.

5.1.6 Interest bearing debt (Non-current liabilities)

The interest bearing debt decreased by R 18, 3 million (3%) from R 193, 2 million (30 June 2020) to R 174, 9 million (31 December 2020) due to loan repayments. This amount is made up of loans given by the City for purchases of buses.

5.1.7 Trade payables

Trade payables position decreased by R 51,1 million (28 %). As at 30 June 2020, Metrobus owed over R 183, 1 million. This has decreased to R 131,9, 6 million (31 December 2020). The decrease in trade payables was caused by payments for trade payables made during the half year as well decreased purchases due to the reduced operation caused by COVID19.

5.1.8 Loans from shareholders

The loans from shareholders position increased by R 20, 8 million (5%). As at 30 June 2020 Metrobus owed R 423, 5 million to the City. This has increased to R 444, 2 million during the half year ending 31 December 2020 due to payments for capital expenditure and repayments made for interest bearing debt that were made through the sweeping account. Any cash shortfalls made by the entity are funded by the City through the CoJ sweeping account.

5.1.9 Accumulated Losses

The entity's accumulated loss improved by R52, 9 million from R408, 8 million as at the end of June 2020 to R355, 8m as at 31 December 2020. This was driven from the surplus achieved in the current financial year.

5.2 Statement of Financial Performance and high-level notes

Table 31: Statement of Financial Performance

Sections	Dec 2020				YTD			
	(Q2)		(Mid Term)		Q2		Q2	
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Variance to Budget to Prior Year	Variance to Budget
Revenue	181 902	192 000	160 489	357 127	384 000	324 861	-10 098	-26 873
Grants and subsidy	167 466	167 465	142 817	334 932	334 929	285 635	1	3
Fare revenue	13 934	23 996	17 242	20 821	47 993	38 316	-10 063	-27 172
Sundry revenue	502	539	430	1 373	1 077	910	-37	296
Direct costs	23 859	37 820	39 877	53 948	75 639	77 190	13 961	21 692
Diesel	8 980	16 939	18 482	17 923	33 879	36 069	7 959	15 956
Rep & Maint.	11 835	14 654	18 152	29 027	29 309	32 402	2 820	282
Other	3 044	6 226	3 243	6 998	12 451	8 719	3 182	5 453

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Margin	158 043	154 180	120 612	303 179	308 360	247 670	3 862	37 431	-5 181
Expenses	109 631	138 620	113 099	218 963	277 240	227 440	28 989	3 468	58 277
Staff	87 037	93 880	78 572	161 648	187 759	158 931	6 843	-8 465	26 112
Depreciation	12 376	15 459	12 487	27 178	30 918	25 974	3 083	110	3 740
Property expenses	45	4 865	5 856	4 204	9 729	9 475	4 819	5 811	5 526
Security	-	1 578	1 401	-	3 155	3 745	1 578	1 401	3 155
Consultants	2 261	1 215	136	3 037	2 430	200	-1 046	-2 124	-607
Bad debts	-	-	-	-	-	-	-	-	-
Bus rental	1 118	4 410	545	1 118	8 821	1 647	3 292	-573	7 702
Licences buses	2 779	3 338	2 839	5 514	6 677	5 928	559	59	1 163
Insurance	4 962	67	1 364	6 423	134	2 826	-4 895	-3 597	-6 289
Legal expenses	429	596	2 935	806	1 192	5 099	167	2 506	386
Audit fees	265	2 237	2 399	554	4 474	3 361	1 972	2 134	3 920
Computer costs	1 604	1 443	607	1 619	2 885	1 471	-161	-996	1 266
Marketing	1 080	1 661	1 390	3 326	3 323	3 554	581	310	-3
Telecommunications	24	707	5	185	1 415	701	684	-18	1 230
Other costs	-4 349	7 164	2 562	3 352	14 329	4 529	11 513	6 911	10 977
Operating result	48 412	15 560	7 513	84 216	31 120	20 231	-25 127	40 899	53 095
Interest paid	3 106	5 187	4 892	19 311	31 121	29 485	2 080	1 786	11 810
Total Expenditure	142 923	192 000	167 508	292 222	384 000	334 115	49 077	24 585	91 778
Surplus / Deficit	45 305	10 373	2 621	64 905	-0	-9 254	34 932	42 685	64 905

5.2.1 Overview

During the second quarter Metrobus recorded a surplus of R45, 3 million. Operating expenditure budget was underspent by R49, 0 million in the quarter due to savings resulting from reduced operations due to COVID19 as well as cost containment implemented by management. The year-to-date surplus was R64, 9 million. The year-to-date budget was underspent by R91, 7 million due to COVID19 isolations.

5.2.2 Fare Revenue

The fare revenue for quarter was R13, 9 million below budget due to the effects of COVID19. The entity recorded R 13, 9 million against the target fare revenue of R23, 9 million.

For the six months to 31 December 2020 the entity recorded a total revenue shortfall amounting to R26, 8 million due to reduced passengers as a result of COVID-19 pandemic. The fare revenue is expected to improve after the festive season and when the schools re-open early next year.

Factors contributing to the revenue shortfalls includes the following:

- COVID-19: The decrease in passenger was caused by the late opening of schools, social distancing (people using personal transport instead of buses or working from home).
- Declining economic conditions which has resulted in increased unemployment and less people travelling.
- The implementation of the safety measures during the COVID-19 alert levels;
- Non-achievement of private hires revenue;
- Underperformance in terms of private hires and contracted services

5.2.3 Diesel

Diesel cost for the quarter was R8, 0 million below budget. Metrobus utilised very few buses due to the social distancing. Metrobus saved R15, 9 million during the first six months due to reduced kilometres travelled by the buses. In the previous year the entity buses travelled 4 236 492 km in the first six months of the year, to-date the entity buses has travelled 2 768 775 km (65%) and the difference can be associated to COVID19 social distancing and lockdowns.

5.2.4 Repairs and maintenance

Repairs and maintenance for the quarter was R 3,3 million below the budget. For the first six months repairs and maintenance was R0,2 million below budget which seems to be in line with the expectation, this was made in an effort to reduce out of commission buses. It must be highlighted that before the national lockdown, Metrobus has a significant number of buses that were out of commission. The entity has commenced on a programme to return these buses to service.

5.2.5 Staff costs

The actual staff costs for the quarter were R 6, 8 million below budget and the year-to-date staff costs recorded a saving of R26, 1 million due to delays in filling vacant positions. Metrobus has filled some of the positions and is also advertising some of the outstanding critical positions and it is anticipated that the process of filling vacant positions will be completed in the third quarter.

5.2.6 Leasing of buses

Savings of R3, 2 million (YTD: R7, 7 were realized as the hired were not fully utilized during the month due to COVID19. Buses are hired to improve the service delivery.

5.2.7 Depreciation and amortisation expense

Depreciation for the quarter was R3, 1 million (YTD: R3, 7 m) below budget due to reduced property, plant and equipment and intangible assets base and disposal of uneconomic assets in the previous year.

5.2.8 Other direct expenses

Other direct expenses are made up of detergents, oils, antifreeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the quarter were R 3, 2 million below budget due to reduced hire of equipment. The year-to-date other direct expenses were R5, 5 million below budget due to reduced operations.

5.2.9 Security

Savings of R1, 6 million (YTD: 3, 2 m) were realized as all the security services is now being insourced.

5.2.10 Consultants

Consultants charges for the quarter were R 1, 0 (YTD: R0, 6 m) over budget, this is due to outsourcing other work to external consultants.

5.2.11 Property expenses

Savings of R4, 8 million (YTD: R5, 2 were realized on property expenses savings on water, electricity and rental charges. Due to social distancing the water and electricity has been saved as some of the operation is not operating on full scale. There is saving on rental due to delays by head office in move to the new property.

5.2.12 Audit fees

Audit fees for the quarter were R1, 9 million below budget for the quarter (YTD: R3,9), this is caused by a timing difference and it is anticipated that the overall audit fees budget will be exhausted after the current financial year audit which is in progress.

5.2.13 Finance charges

Finance charges were R 2,1 million (YTD: R11,8) below budget for the quarter due to reduced utilisation of the sweeping account resulting from reduced expenses because of COVID10. The year-to-date recorded a saving amounting to R11, 9 million. The savings were used to reduce the sweeping account balance resulting in reduced finance charges.

5.2.14 Insurance charges

The year-to-date insurance charges exceeded the budget by R6, 2 million (Q2: R4,9). The budget for insurance charges was understated and is being addressed through the 2020/21 adjustment budget.

5.2.15 Other costs

This is below budget because there has been a deliberate effort to minimize expenditure in light of the low collections on the revenue and the effects of COVID19. Significant savings were realized on repairs and maintenance of buildings. Other expenses also include operating lease charges, bank charges, actuarial gain on the employee pension fund, membership fees and stationery. Other cost were R4, 4 million (YTD: R10, 6 m) below budget due to reduced operations.

5.2.16 YTD performance

The entity recorded a surplus amounting to R64, 9 million for the first six months ending 31 December 2020. There was an under collected in fare revenues by R27, 2 million. This can be associated to COVID19 pandemic decreases and other reasons as stated on section (ii) above.

Total expenditure was R 91, 7 million (24%) below budget due to reduced operations. Whilst there was over spending on the budget on insurance charges (R 6, 2 m), the overspending was offset by the huge savings from diesel costs (R15, 9m), staff costs (R26, 1 m), depreciation (R3, 7 m), property expenses (R5, 5 m), security charges (R3, 1m), bus licenses (R 7, 1 m), Bus rental (R 7 ,7 m), Audit fees (R 3 , 9 m), Computer costs (R 1 ,2 m) and finance charges (R 11, 8 m). As a result, the entity recorded a surplus amounting R 64, 9 million. The surplus generated during the period can be attributed to reduced operations caused by COVI19 pandemic decease.

5.3 Cash flow statement for the period ended 30 November 2020

Table 32: Summary Cash Flow

Cash flow	30-Dec-20	30-Jun-20
	Prelim	Actual
Net Cash Flow from Operating Activities	31 039	161 931
Grants & subsidies	334 932	636 533
Other income	22 195	68 918
Cash received from grants and income	357 127	705 451
Employee costs	-161 648	-242 698
Suppliers	-145 129	-244 849
Finance costs	-19 311	-55 973
Cash paid to employees, suppliers and finance costs	-326 088	-543 520
Cash employed in investment activities	4 595	-34 031
Expanding of Capital Base	-20 043	2 601
Movement of insurance fund	-0	-10 117
Cash from financing activities	-15 405	-41 548
Other financial liabilities	-18 223	-33 967
Movement of sweeping account	-20 329	-86 296
Insurance liability	0	0
Cash Flow From Activities	-38 552	-120 263
Net Increase / (Decrease) In Cash & Bank Balances	-22 918	120
Cash & Bank Balances Beginning of the Year	-0	120
Cash & Bank Balances End of the Period	304	184

Analysis of cash flow

The entity has reported a positive cash balance at the end of the period of approximately R 0,3 influenced mainly by the positive net cash flow from operating activities of R31,0 million, net financing activities amounted to a surplus of R 15, 4 million. Actual cash spent on capital expenditure for period is approximately R 20, 0 million. Whilst there is an improvement in the cash flow position, the cash position of the entity is still a concern.

5.4 Ratio Analysis

Table 33: Ratio Analysis

Description	31-Dec-20	30-Jun-20
Solvency Ratio	0.3:1	0.3:1
Current ratio	0.04:1	0.06:1
Acid test	0.03:1	0.02:1
Gearing Ratio* (only considering shareholder loan)	103%	96%
Gearing	332%	325%
Cost coverage ratio	7%	9%
Cost coverage ratio – excluding subsidy	24.18	33.74
Cost coverage ratio – including subsidy	432.26	377.60
Employee related costs to total expenditure	55%	44%
Direct cost - Employee related costs to total expenditure	39%	39%
Repairs to total expenditure	11%	12%
Interest cover	4.17	1.42
Training spent against skills levy	57%	1%
Expenditure against budget	78%	93%
Capex against budget	14%	42%

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

5.4.1 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has improved during the first six months. The net liability position improved from R204, 0 million (30 June 2020) to R151, 0 million as at 31 December 2020). The entity's solvency ratio was calculated at -0.024: 1 (2019/20: -0.032: 1). The ability of the entity to meet its financial obligations is still uncertain.

5.4.2 Liquidity:

Liquidity ration measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn by approximately R444, 2 million (2019/20: R 423, 5 million). The overdraft was due to the accumulated losses over the years resulting from fare revenue shortfall as well as capital expenditure incurred with respect to a new fleet procurement of buses that was procured in prior years.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure amounting to R145.2 million for various capital projects. The entity managed to spend 46% excluding commitments by midyear and 26% of the whole year's budget. The bulk of the total capital budget is for procurement of AFS system and bus refurbishment. Expenditure in this regard will be expedited during the remainder of the financial year. The spending on capital projects was delayed due to delays in supply chain processes resulting from COVID19. It is anticipated that most of the projects will be implemented and completed in the third quarter and the fourth quarter.

Table 34: Summary Capital Projects

Project Name	Approved Budget(R 000's)	Quarter 1 Actual (R 000's)	Quarter 2 Budget (R 000's)	Quarter 2 Actual (R 000's)	Quarter 2 Commitments (R 000's)	YTD spent including commitment (R 000's)	Q2 budget spent (Excl Commitments) %	Midyear spent excluding commitments against midyear budget %	% Spent including commitments on total budget %	Project Status
Plant, tools, equipment & Furniture	5 150	218	1 030	540	791	1 549	52%	49%	30%	Procurement is in progress
IT Equip, New Computers and Hardware Computer	19 000	906	3 800	1 591	167	2 664	42%	44%	14%	Procurement is in progress
Building - Building Alterations/Upgrade	19 580	-	3 916	-	2 747	2 747	0%	0%	14%	Procurement is in progress

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Engine and Gear box refurbishment	7 500	815	1 500	3 013	3 672	7 500	201%	170%	100%	Procurement is in progress
Bus Refurbishment	32 000	2 977	6 400	9 985	10 385	23 347	156%	135%	73%	Procurement is in progress
Security systems	11 500	-	2 300	-	-	-	0%	0%	0%	Procurement is in progress
Borehole pump	500	-	100	-	-	-	0%	0%	0%	Procurement is in progress
Automated Fare Collection (AFC)	50 000	-	10 000	-	-	-	0%	0%	0%	Procurement process is in progress
Total Capital expenditure	145 230	4 915	29 046	15 130	17 762	37 807	52%	46%	26%	
Less: Procurement for by City (AFC)	50 000	-	10 000		-	-		0%	0%	
Adjusted Capital Expenditure	95 230	4 915	19 046	15 130	17 762	37 807	79%	70%	40%	

Table 35: Status update on Capital Project

Project Name	Project Status
Plant, tools, equipment & Furniture	A contract has been awarded for the procurement of tools. The process for procurement of furniture is on hold pending the move of the head office.
Automated Fare Collection (AFC)	This process is still with the City. Metrobus is awaiting communications update from the City in respect of this project.
Borehole pump	The order was finalised and the work is in progress
Building - Building Alterations/Upgrade	Awaiting signing of SLA for work to commence. A large portion of this budget will be spent in the next quarter.
Bus Refurbishment	Procurement completed. Over 43 buses have been refurbished.
Engine and Gear box refurbishment	Engine tender was awarded. The gearbox tender was awarded. Work is in progress.
IT Equip, New Computers and Hardware Computer	Laptop award of R 4 million. Other items are in procurement processes
Security systems	Awaiting the finalisation of the work order with MTC. This will be spent in the next quarter

5.6 Supply Chain Management (SCM) & Compliance Matters)

5.6.1 Irregular, Fruitless and wasteful expenditure

Irregular expenditure recorded for quarter two of 2020/2021 financial year amounts to **R653 759, 06**. Investigations and consequence management is in progress on employees that caused the irregular expenditure. There was no unauthorized, 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. The table below is the summary details of the disclosed irregular expenditure for quarter 2.

Table 36: Reconciliation of Irregular expenditure

RECONCILIATION EXPENDITURE	OF IRREGULAR	2020/21 Q2 (R' 000)	2019/20 (R' 000)
Opening Balance		402 699	374 333
Irregular Expenditure by source			
City of Joburg		1 144	1 954
Prior Year			1 954
Quarter 1		490	
October 2		654	
Metrobus		26 605	26 412
PY - Metrobus		26 412	26 412
Quarter 1 - Metrobus		193	
Written Off		(236 742)	-
Council Resolution - 29 - 30 July 2020		(3 317)	
Council Resolution - 27 October 2020		(233 426)	
Closing balance		193 706	402 699

Table 37: Details of Irregular expenditure for Quarter 2

Company Name	Description of Incident	Status	Amount (R000's)
Avis Fleet Services	There was a finding by the Auditor General that the Fleet contract was irregularly extended by the City and therefore all expenditure for Fleet are to be disclosed as irregular expenditure.	Investigation has been concluded. Report has been submitted to MPAC for write-off.	187
Afrirent	There was a finding by the Auditor General that the Fleet contract was irregularly extended by the City and therefore all expenditure for Fleet are to be disclosed as irregular expenditure.	Investigation has been concluded. Report has been submitted to MPAC for write-off	467
Total			654

5.6.1 Awards where there were no three quotes

Company Name	Description	(R)
Government Directory	Listing in government directory services	10 644,25

5.6.2 Level of commitments

Commitments relating to the Quarter 2 2020/21 amounts to R17 961 860 as per open orders.

5.6.3 Deviations

There are no deviations approved for quarter 1 of 2020/2021 FY.

There were two deviations approved for Quarter 2:

Company Name	Description	Applicable Regulation	Approved (R 000's)
Quest (Vix) T/A Kubabay	Face collection system	Sole Supplier Regulation 36 (1) (a) (v)	R6 782

5.6.4 Expenditure on BBBEE

During the quarter under review procurement amounting to R44 622 000 was procured by the organization. The BBBEE expenditure was R41 073 000 which was 92% of the total expenditure. The organization strives to ensure that a substantial amount of its procurement is towards the entities with the necessary BBBEE credentials.

Details		Quarter 1 (R000's)	Quarter 2 (R000's)	Comments
Total Procurement	Total	52 994	44 622	
	Opex	48 985	39 702	
	Capex	4 009	4 920	
Actual procurement on BBBEE	Total	45 915	41 073	Actual BBBEE procurement
	Opex	41 906	36 153	
	Capex	4 009	4 920	
Actual BBBEE procurement (%)	Total	87%	92%	Actual BBBEE procurement
	Opex	79%	81%	
	Capex	8%	11%	

Table 38: BBBEE procurement breakdown

SMMes supported

Details	Quarter 1 (R 000's)	Quarter 2 (R 000's)
Number of SMMes Supported	23	54
Total Amount spent on SMMES (R'000)	R 24 721	R 23 075

5.6.5 Performance against procurement plan

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

5.6.6 Contract Management

Departments	No. of active contracts per Department	Contracts expiring in 3-6< months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	0	0	0	0
TSD	15	2	2	11
Corporate Services	2	1	1	0
Operations	1	0	1	0
ICT	8	2	3	3
Office of the MD	5	0	1	4

5.7 Payments

5.7.1 Payments within 30 days

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

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

Description		Quarter 1	Quarter 2	Total
		(R000's)	(R000's)	(R000's)
Total payments made	A	67 124	280 532	347 656
Invoices paid within 30 days	B	61 878	257 447	319 325
Invoices not paid within 30 days due to invoice issues	C	5 246	23 085	28 331
Invoices paid outside 30 days with no valid reason	D	-	-	-
Compliance percentage	(B+C)/A	100.00%	100.00%	100.00%

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

5.8 Insurance Claims against/by Metrobus Company

During the period under review, Metrobus submitted 108 claims to its insurers with an estimated value of R 1170060.

5.9 Amounts Owed By and To Government Departments and Public Entities

Table 40: Amounts Owed Metrobus to Government Entities

Period	Department	Contact person	(R'000)	Comments
20-Mar	Office of Mayor	Evans Mokwatedi	7	Amount owed by Mayor's Office. Still awaiting payment
20-Mar	Department of Transport	Benny Makgoga	7	Amount owed by Department of Transport.
	Total		14	

Amounts Owed to Metrobus by Government Entities

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

Table 41: Amounts Owed to Metrobus by CoJ and Entities (Intercompany)

Period	Department	Contact person	(R'000)	Comments
20-Jun	GCSS	Graeme Ruiters	31 131	This is part of the balance owed by the City due to Post-Retirement Medical Aid Benefit and is evaluated on annual basis. This is not expected to flow to the entity as this benefit is managed by the City.
	Total		31 131	

5.9 Departmental Matters

5.9.1 Staff Matters

Sections	Vacant positions	Positions	Comment
SCM	2	<ul style="list-style-type: none">• 2 x inventory clerks	Requisitions submitted to HR
Financial reporting section	1	<ul style="list-style-type: none">• Asst Management: Assets	Requisition submitted to HR
Revenue section	6	<ul style="list-style-type: none">• Management Acct: Budgets• Management Acct Officer• 4 cashiers	We are still re-assigning the cashiers who were still at the depots

CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS

6.1 Introduction

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

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

6.2 Staff Establishment

Note: The Metrobus IAF, adopts a Co-Sourced Internal Audit Function and is supported by Chapu Chartered Accountants. Interviews for the Specialist: Risk and Compliance have been completed. It is expected that an appointment will be concluded by 31 January 2021.

Table 42: Staff establishment

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

6.3 Performance: 2020/21 Business Plan KPI's













Table 43: Summary Performance against KPI's

KPI	Target	To Date	Mitigation Measures
% of AGSA Audit Findings Resolved (Note: As the new audit has not commenced, progress is reported against the previous year's target)	100%	82%	Note: This is based on the previous audit completed by the AGSA
% mitigation actions in the risk registers implemented or up to date	40%	27%	Not Achieved Most actions are in progress

6.3.1 Performance: 2020/21 Internal Audit Plan

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











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

AFS	Included at Previous Special ARC	Metrobus IAF			
OHS Follow Up	Included	Metrobus IAF			
Revenue Follow Up	Included	Metrobus IAF			
Q1 Performance Information	Included	Metrobus IAF			

6.3.2 Performance: Approved Ad-Hoc- Projects

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

Table 44: Summary progress on Ad-hoc projects

Name of Internal Audit Project	Performed By	Report Included	Fieldwork Completed	Audit Report Issued	Audit Project Status
Probity Review – 8 Completed	Metrobus IAF	Submitted to C:BAC			
Performance Audit	Chapu	No		N/A as In-Progress	
Investigation Report- Irregular Expenditure (Afrivent and Avis)	Metrobus IAF	Submitted and approved at MPAC			
Inventory- Year End Balance Assistance	Chapu	Submitted to CFO			

6.4 Limitation of Scope and Exclusions

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

6.5 Anti-Corruption and Fraud

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

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

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

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

Table 45: Tip-off line

Date Reported	Allegation
2017/11/22	Allegations of Fraud and Corruption
2018/03/28	Alleged Irregular Expenditure
2018/03/28	Alleged Irregular Expenditure
2018/06/15	Alleged Irregular Expenditure Within Metrobus by Exceeding the Allocated Budget by R48 Million in 2016/ 2017
2018/12/18	Alleged Irregular Expenditure
2019/01/25	Alleged Maladministration in the Ticketing System at Metrobus
2018/08/17	Alleged Theft of Bus Fare Collections by bus Drivers
2019/02/22	it was alleged that there is an employee at Metro bus who is misusing the CoJ vehicle whereas he has allowances




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

6.6 Opinion on Controls

6.6.1 Rating Summary – Controls Opinion

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

Table 46: Opinion rating summary

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

6.6.2 Rating Summary – Detailed Audit Findings

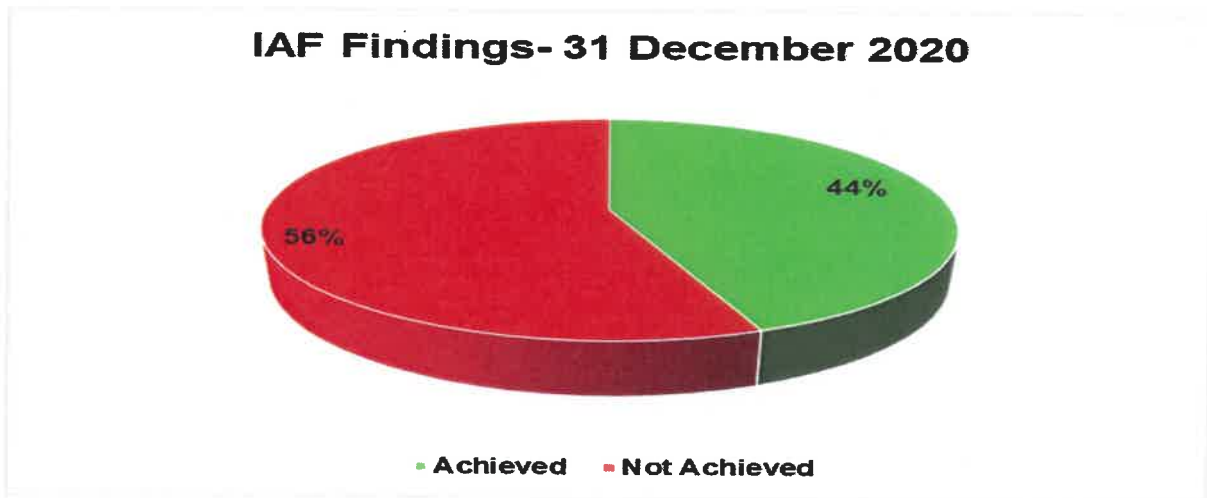
For the purposes of this report, the audit findings, have been classified as follows:

Table 47: Summary classification of audit findings

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

6.7 Follow up of IAF and AGSA Findings

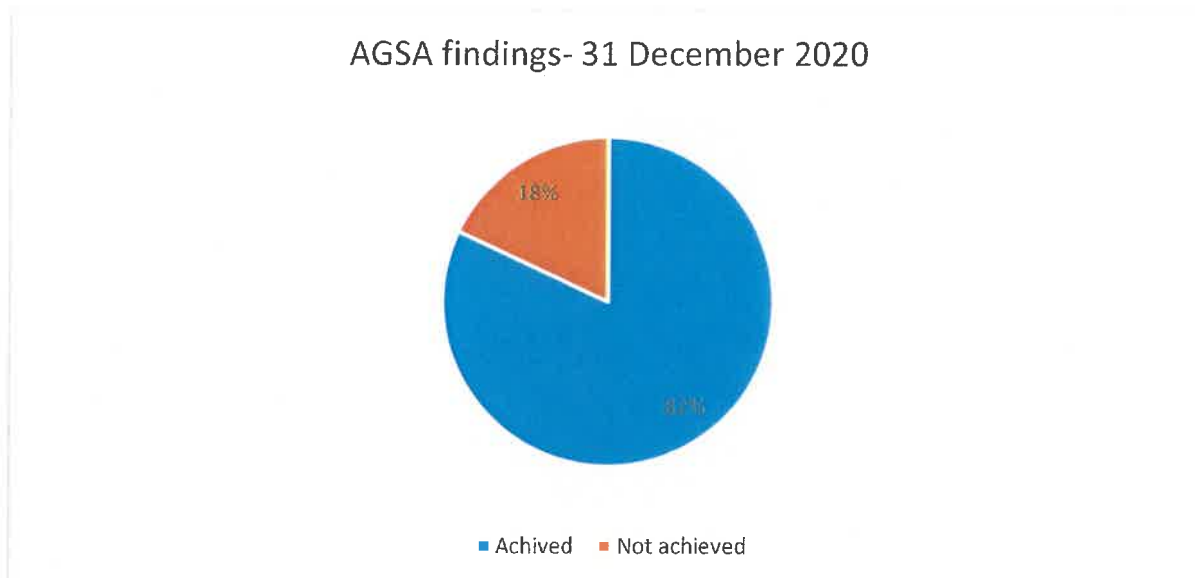
6.7.1 Progress on Internal Audit Findings Follow-Up and Reviews- 2019/20 Financial Year



As at the date of this report 44% of all findings due by Q2 (17% overall findings) have been addressed.

Category	Total	Due	Addressed	Quarterly Achievement (Excluding Accepted Risks)
Fuel and Fleet Management	10	4	2	50%
HR	7	2	2	100%
Revenue	3	2	1	100% Edcon Contract has been cancelled
SCM	3	2	0	0%
Financial Discipline	4	0	0	0%
IT	5	1	1	100%
Stakeholder Management	3	1	0	0%
OHS	5	5	1	20% Pending Review
Stock Count	3	0	0	Not Applicable
Total	43	17	7	41% (Rounded)
From an overall perspective 13% of all Findings have been addressed				

6.8 Progress on Resolution of External Audit Findings



The Auditor General South Africa (AGSA) raised 23 findings for the financial year ended 2018/19. The IAF is regularly following up on these findings. The table below depicts the status of all External Audit Findings as at 31 December 2020.

Overall Summary of AGSA Findings as at 31 December 2020

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

6.9 Overall Quarter Opinion on Controls

Overall Rating of Internal Controls	Description
Partially adequate	☹️

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

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

6.10 Risk Management

6.10.1 Risk Methodology

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

Table 48: Risk Ratings

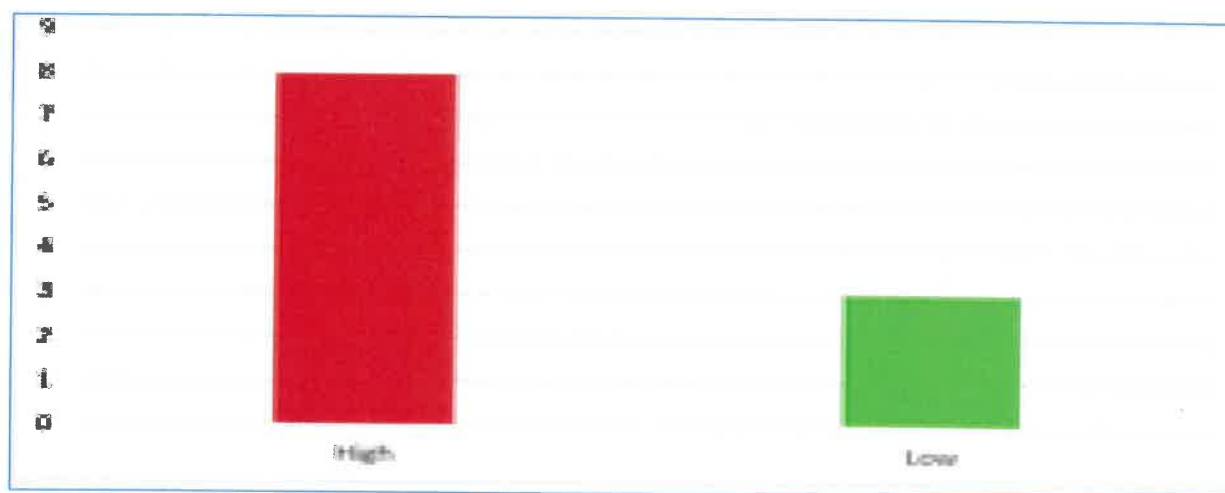
Rating	Recommendation
Very High	Requires immediate attention from management on implementation of corrective measures
High	Implementation of improvement opportunities and validation of current controls
Medium	Evaluation and improvement of current controls
Low	Validation and optimization of controls

6.10.2 Strategic Risks

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

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

The Risk Division within the Internal Audit Function (IAF) reports monthly to the Executive Management Team(EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2021 Business Plan and inputs from Management. As at 31 December 2020 a total of 11 Strategic Risk were identified of which 8 were classified as residually very high and 3 as residually low as set out below.



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


6.10.3 Emerging Risks

Table 49: Emerging Risk

Emerging Risk	Controls Implemented
Covid 19 Virus During Quarter 1, the President announced that South Africa will move from a Level 1 to adjusted Level 3 Lockdown.	Potential Impact A risk exists that staff members and passengers may contract the virus, affecting business continuity. Controls Implemented Protective equipment (Masks, Sanitation Liquid et al, Weekly Sanitation of Offices) was procured and deployed on an ongoing basis. Microsoft Teams has been deployed to all EMT members.
AARTO It is expected that the AARTO system will be implemented in the 2021 Calendar year.	Potential Impact A risk exists that staff members (Bus Drivers) may either have their licences suspended or cancelled. This not only has an impact on bus availability but also may necessitate bus drivers, who have their licences cancelled to be accommodated within the business. Controls Implemented 50 employees for Operations Department attended training in November 2020 and the remaining employees will be trained in 2021 before the end of financial year.

6.10.4 Progress on Embedding Risks

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

Division	Status
Operations	
Technical Services	
IT	
Corporate Services	
Finance	
Strategy	

6.10.5 Insurance Incidents

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

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



ANNEXURE A:

METROBUS PERFORMANCE SCORECARD



Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Target	Performance	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
1	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	87% planned trips completed	90% planned trips completed		%90	100%	100%	100%	Target met
2	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	38 245 Metrobus passenger trips per working day	29 925 Metrobus passenger trips per working day		23 750	11 886	14 541	13 213	Target not Met due to the impact of COVID 19

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 <0.75 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	<0.47	0.41	0.43	Target met
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	80% of service disruptions communicated	95% of service disruptions communicated	80%	100%	100%	100%	Target met
5	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	60% of complaints resolved within the timelines specified in the customer service charter	80% of complaints resolved within the timelines specified in the customer service charter	60%	93%	95%	94%	Target met

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

Program 2: Innovation and Green Economy

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actuals	Mid-Year Average	Reasons for variance and key interventions
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units measurement at 41.5%	Maintain hartridge units measurement at 30%	30%	18%	8%	13%	Target Met

Program 3 Enterprise Development and Job Creation

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	50 SMME's supported	50 SMME's supported	20	23	54	54	Target met
10	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of total expenditure spent on BBBEE	30% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	101%	92%	102%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	71 EPWP Jobs created	200 EPWP jobs created	100	190	175	175	Target met

Program 4: Financial Management, Viability and Sustainability

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent against approved Operating Expenditure budget	97% spent against approved operating expenditure budget	98% Spent against approved operating expenditure budget	78% of quarter one budget	79% of quarter two Opex budget	78% of the mid-year Opex budget	Target not met due to reduced operating capacity
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	34% of the quarter one capex budget	79% of the quarter two capex budget	70% of the mid-year capex budget	Target not met due to slow progress in provision of services from external parties

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved Repairs and Maintenance budget	90% spent against approved repairs and maintenance budget	95% of quarterly budget	122% of quarterly budget	99% of quarterly budget	108% of quarterly budget	Target met

Program 5: Operational Excellence

PIP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
15	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	100% of AGSA Audit findings resolved	30%	N/A	N/A	N/A	Not Assessed
16	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	90% of quarterly fleet requirement	90% of quarterly fleet requirement	131% of quarterly fleet requirement	144% of quarterly fleet requirement	138% of quarterly fleet requirement	Target met

PJP	GDS2040 Outcome	Key Performance Indicator	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	70% mitigation actions in the risk registers implemented or up to date	40%	100%	27%	64%	Target not Met
18	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	78% achievement of pre-determined objectives achieved	72% achievement of pre-determined objectives achieved	75% achievement of pre-determined objectives achieved	Target not met see individual Key Performance Indicator

Program 6: Technology and Business Enablement

#	PIP	GDS2040 Outcome	Key Performance Indicator	Performance Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
19	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	100% implementation of Business Continuity Plan	New	100% implementation of Business Continuity Plan	50%	50%	50%	50%	Target met
20	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of ICT Maturation	New	Implementation of ICT Maturation	50% of level 2 Maturation	50% of level 2 Maturation	50% of level 2 Maturation	50% of level 2 Maturation	Target met

PROGRAM 7: Institutional Planning, Transformation and Organisational Development

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
21	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% employee satisfaction from employee satisfaction index	New	50% satisfaction employee index	N/A	N/A	N/A	N/A	Not Assessed

ANNEXURE A1: Unachieved Predetermined Objectives

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Annual Performance Target	Q2 Target	Q1 Actual	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
2	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	38 245 Metrobus passenger trips per working day	29 925 Metrobus passenger trips per working day	23 750	11 886	14 541	13 213	<p>Target not Met primarily as a result of the negative impact of the current economic downturn on the largest commuter segment (workers) resulting in significantly reduced demand for services. The COVID pandemic has exacerbated this challenge.</p> <p>These challenges will be mitigated through the activation of alternative business streams including private hires, and short to long term contracts which will not only increase the numbers of people ferried but also contribute to own revenue generation for the entity. The implementation of an Automated Fare System with a capability for commuter counting will go a long way at ensuring that an accurate tally of commuter is achieved</p>

Annexure A1: Metrobus Performance Score Card
Unachieved Predetermined Objectives

12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent against approved Operating Expenditure budget	97% spent against approved operating expenditure budget	98% Spent against approved operating expenditure budget	98% of quarter allocation	78% of quarter one Opex budget	74% of quarter two Opex budget	76% of mid-year Opex budget	Target not met due to reduced operating capacity Spending in this regard will improve upon resumption of normal services in the interim the entity will repurpose savings in operating expenditure to ensure readiness for post COVID operations
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	30% of total capex budget	34% of the quarter one capex budget	79% of the quarter two capex budget	70% of the mid-year capex budget	Target not met due to slow progress in provision of services from external parties. The entity is focusing on contract management through stricter enforcement of Service Level Agreement to ensure timely delivery of services as well as payment of services rendered, while ensuring that the entity derives value for money spent. In addition, budget management is an integral part of performance management relating to senior management

Annexure A1: Metrobus Performance Score Card
Unachieved Predetermined Objectives

17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% mitigation actions in the risk registers implemented or up to date.	Nil	70% mitigation actions in the risk registers implemented or up to date	40%	100%	27%	64%	Target not met primarily due to a number of interventions being outside of the authority of the entity The entity maintains ongoing engagement with the shareholder on actions for which the shareholder is responsible.
18	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	57% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	78% achievement of pre-determined objectives achieved	72% achievement of pre-determined objectives achieved	75% achievement of pre-determined objectives achieved	Target not met: see individual Key Performance Indicator



ANNEXURE B:

METROBUS SERVICE STANDARDS



Service Standards

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



ANNEXURE C:

METROBUS STRATEGIC RISKS



Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
1 Customer Services, Stakeholder Engagement and Communication								
1. Economic Growth, Operational Excellence, Increased Reliability and Accessibility	% Planned Trips Completed	Inability to Collect Revenue	SR 11	High	CIO	1.1. Procure the AFC system/Interim Fare Collection System	31 Dec 2020 (To be Rescheduled)	The previous tender process was cancelled which was run by the city. The tender process has now been transferred from Metrobus to the Transport Division of CoJ.
					CIO	1.2. Implementation of the AFC system/Interim Fare Collection System	1.2 30 June 2021 (To be Rescheduled)	This is implementation is dependent on the SCM tender processes being concluded first by the CoJ, before implementation of the AFC can begin.
					GM:CS	1.3. Capacitate the Independent Inspectorate Unit	1.3 31 December 2020	<ul style="list-style-type: none"> Inspectorate Organisational structure compiled and approved Inspectorate development programme has being finalized

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
		Inability to Meet Scheduled Services	SR1	High				<ul style="list-style-type: none"> Recruitment and transfer of staff imminent
					GM: Technical Services and Operations	1.4. Procurement of all new busses per Re-Fleeting Strategy 1.5. Develop and fully implement COVID 19 Operational Plan (Availability of Busses, Sanitisation of Busses and Social Distancing) for each Country Disaster Level announced by the President.	1.4. 30 June 2021 1.5 100% Implementation Per Quarter Until National Disaster is Over (Overall 100% compliance by 30 June 2021)	1.4 Not Due. 1.5 To date, no instances of non-compliance have been identified with Covid 19 Regulations
	Average number of Metrobus passenger trips per day				GM: Technical Services and Operations	1.6. Procurement of 100% of Busses per Re-Fleeting Strategy	30 June 2021	1.6 Not Due and to date no procurement has taken place.

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
						1.7. 100% Implementation of Bus Maintenance Plans	31 December 2020 and 30 June 2021	All busses are currently being maintained in accordance with the Metrobus Maintenance Plans.
2. Improved Passenger Safety	Number of blameworthy accidents per 100 000 kilometre's operated	Inadequate enforcement of good organisational culture by management/ leadership	SR 2		GM: Operations	2.1. 100% of Drivers attend a Refresher Training course for the year	31 December 2020	2.1 Not Due. To date 50 drivers have attended refresher training and 45 have attended AARTO Training. This intervention will be completed by January 2021.
3. Improved Service Quality	% of service standards achieved	Inability to Meet Scheduled Services	SR 1	High	Security Manager	2.2 Communicate 100% of security incidents to SAPS and JMPD.	Daily (100% Reported by 30 June 2021)	One incident of theft on mechanical parts was reported to SAPS on the 13th September 2020 case number 381/09/2020
4. High Levels of Customer Satisfaction	% Service Disruptions Communicated	Inadequate/Limited effectiveness of existing and future communication channels	SR 3	High	Communication Specialist	3.1. Establish a manual customer database 3.2 Establish an automated customer database dependent on the implementation of	3.1. 31 January 2021 3.2. 30 June 2021	3.1. The manual database was completed in October 2020. 3.2. This process is dependent on the City's SAP implementation.

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
	% Complaints Resolved within the timelines specified in the customer service charter					the AFC System and SAP		
	% Customer satisfaction index					3.3. Establish a manual customer database 3.4. Language Translation depending on the demographics		Same as above
Innovation and Green Economy								
5. Decrease Carbon Footprint	% Decrease in Carbon Emissions	Inability to meet Metrobus's carbon emission targets	SR 4	Low	GM: Technical	4.1 Emission testing by an external provider performed quarterly. 4.2. Replace injection systems at the C and D Services after every 60000 KS.	4.1 (Last Month of Each Quarter) 4.2 (Last Month of Each Quarter) For both the Above 100% Completed by 30 June 2021	4.1 The testing was concluded for Q1 4.2 All busses are currently being maintained in accordance with the maintenance plan.

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
Enterprise Development and Job Creation								
6. Completeness of Revenue	Total number of SMMEs supported	Inability to attract sufficient SMME's	SR5	Low	CFO	5.1 Allocation of budget for SMME's development 5.2 80% Spend against Budget per KPI	5.1 1 July 2020 5.2 30 June 2021	5.1 A budget has been allocated. 5.2 Not due
7. Safe and Secure Bus Service	% of total expenditure spent on BBBEE	Inability to attract sufficient SMME's				5.3 Supplier awareness communications regarding fronting and the consequences thereof. 5.4 Capacitate SCM with all funded vacant positions. 5.5 Implementation of an automated integrated system to assist with SMME's verification and reporting	5.3 31 December 2020 5.4 & 5.5 30 June 2021.	5.3-5 Not Due 5.4. All vacancies identified as critical have been filled within SCM. 5.5. Currently a manual spreadsheet is being used. It is expected that this process will be automated once SAP Hana is released.

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
8. Capable, Committed and Performance Driven Employees	Total number of EPWP jobs created	Inability to provide / supply sufficient EPWP Jobs to alleviate poverty.	SR6	High	GM: CS	6.1 Plan for the Appointment of EPWP Jobs Developed and Submitted to the CoJ	6.1 1 July 2020	The target allocated to entity is 200 for this financial year. The process has started of embarking on planning on recruitment of the new intake for 2020/21 financial year.
Financial Management, Viability and Sustainability								
9. Financial Viability and Financial Sustainability	% Spent against Approved Operating Expenditure	Failing to meet the set target resulting in non-achievement of performance objectives. Reduction of grant funding by the shareholder.	SR 7	Low	CFO	7.1 Ensuring that all the tenders on the procurement plan are finalised in time.	7.1.31 December 2020	7.1 To date all tenders for which all necessary documentation has been prepared have been advertised
	% Spent against Approved Capex Budget					7.2 Actual Spend against Budget will be monitored for all Divisional Executives and performance management processes will be implemented for non-performance.	7.2. End of Each Quarter but all to be fully reported by 30 June 2021	7.2 This will be addressed on an ongoing basis following the end of each Quarter. Currently, the Budget vs Actuals for Metrobus are presented at EMT.
	% Spent against approved Repairs and Maintenance Budget							

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
Operational Excellence								
10. Good Clean Governance with a focus on eliminating corruption	% of AGSA Findings Resolved	Inability to address all findings issued by both internal audit and external audit.	SR 8	<div>High</div>	GM: Strategy	8.1 Quarterly Review of Internal Audit and External Findings	End of Each Quarter/Agreed Upon Date 100% Completed by 30 June 2021	Internal Audit has reviewed the Q 1 progress against the Internal Audit and AGSA Audit Findings. To date 65% of all AGSA Findings have been Addressed.
	% Mitigating Actions in the Risk Registers Implemented/Up to Date					8.2 Quarterly Report of Reported Performance against Predetermined Objectives prepared and submitted to the Shareholder		8.2 This will be completed at the end of each Quarter.
	% of Predetermined Objectives Achieved							
	Technology and Business Enablement							

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
11. Well Maintained Assets	% of Fleet Requirements to Operate Scheduled Trips Met	Inability to Meet Scheduled Services	SR 1	High	GM: Technical Services and Operations	See Above		
12. Operational Excellence, Increased Reliability and Accessibility	IT User Satisfaction Index Achievement Level	Inability to achieve the set % target of IT User Satisfaction Index	SR 9	High	CIO	9.1 Development of a Service Level Agreement with each Department within Metrobus to resolve IT incidents on Time. 9.2 Implement and achieve 90% of SLA between IT and the Division	9.1 30 November 2020 and 9.2. 30 June 2021.	An SLA is currently being prepared and will be concluded by 30 November 2020. SLA to Organisation has been prepared and communicated on 24 Nov 2020
13. Well Maintained Assets	100% implementation of Business Continuity Plan	Inability to continue operations within Metrobus	SR 10	High	CTIO	11.1 Upgrade to the new hardware for the new MS exchange (email back-up and recoveries); 11.2 Implement firewall once hardware is upgraded. Implement Anti-Virus Solution. With regards to DR and aged systems.	30 Jun 21	Upgrade of the exchange hardware completed. Firewall implemented to completion. Anti-Virus implementation completed. New SAP HR System has been rolled out.

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
								Payroll is being run from the new SAP system. ESS/MSS portal to be rolled out for electronic leave. Electronic payslips available. There is back-up for the new HR SAP System.
								SAP S4 Hana timelines next for Finance and SCM modules. This is dependent on the SAP Program from the city. Backup will follow on FI and SCM modules; once these are implemented at Metrobus.
Institutional Planning, Transformation and Organisational Development								
14. Capacitated, Committed and Performance Driven Employees	% Employee Satisfaction Index	Inability to reduce the number of collective employee disputes.	SR 10		GM: CS	10.1 100% implementation of Training Plan (Shop Stewards and Management on Labour Relations Issues). 10.2 Employee engagement	10.1 30 June 2021, 10.2 Quarterly and 10.3 30 June 2021	10.1 Not Due. 10.2 Not Due

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time scale	Progress to Date
						sessions where employee signs attendance registers and Employee Recognition Awards by Year End		



ANNEXURE D:

METROBUS CIRCULAR

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Metropolitan Bus Services (SOC) Ltd
Mid-Year Performance Report
31 December 2020

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

Metropolitan Bus Services (SOC) Ltd
Mid-Year Performance Report
31 December 2020

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Mid-year Average	Reasons for variance and key interventions
4	Percentage of municipal skills development levy recovered	GG1.1	TBD		25%	25%	50%	50%	50%	Target met
5	Top management stability (% of days in a year that all S56 positions are filled by fulltime, appointed staff not in acting capacity)	GG1.2			70%	0	100%	0	0	Target not met
6	Staff vacancy rate	GG1.21			< 30%	29.07%	< 30%	29.18%	29.13%	Target met

Metropolitan Bus Services (SOC) Ltd
Mid-Year Performance Report
31 December 2020

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

Metropolitan Bus Services (SOC) Ltd
Mid-Year Performance Report
31 December 2020

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Mid-Year Average	Reasons for variance and key interventions
10	Number of work opportunities through EPWP, CWP and other GG6.12 related infrastructure programmes			200 EPWP jobs created	50	190	100	175	175	Target met



ANNEXURE E:

METROBUS COMPLIANCE CHECKLIST

ANNEXURE E: COMPLIANCE CHECKLIST

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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letter heads, website (and records with the Registrar) are up to date and that all official communication reflects this information. Consent to act as director to be kept on record	10 days after change	10 days after change	Completed

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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual General Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all members are represented; minutes are taken and filed.	Annually	Within 6 months of year end	AGM took place on 11 March 2020
Auditor appointed	Company Secretary	Auditor consent to appointment and same to be lodged with CIPC	Annually	Annually	Completed
Register of directors and Officials	Company Secretary	Register of directors and officials to be maintained	Annually	Annually	Documents have been lodged online.
Labour Relations and Employment Law					

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Labour Relations Act No. 66 of 1995	GM: Corporate Services	Ensure that Act is adhered to.	Ongoing	Done and Ongoing	Engagements with organized labour are ongoing. Discipline and disputes are dealt with in terms of the legislative provisions. Conditions of employment are in line with the Act
Basic Conditions of Employment Act No. 11 of 2002	GM: Corporate Services	Ensure that Act is adhered to.	Annually	Done and Ongoing	Conditions of employment, i.e. working hours and leave arrangements are in place in terms of the collective agreement.
Employment Equity Act No. 55 of 1998	GM: Corporate Services	Ensure that Employment Equity plan is submitted to Department of Labour and adhered to.	Annually	Upcoming quarter and ongoing	-New EE plan to be submitted January 2021.

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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26 th of each month	Completed
Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place
Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COID")	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Annually	Ongoing	Completed

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

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

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

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

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

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	Budget will be submitted by end of February and budget process ongoing at present.
S 88	Accounting Officer / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Annually	20 Jan	Report not due
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS

Relevant Act / Section	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 106	MD	All delegations reduced to writing	Annually	Annually	Completed – Amendments to Delegations were approved on 22 October 2018.
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place and an update was approved in July 2018.
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing

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

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