

# Metrobus

## Mid-Year Performance Assessment Report 2024/25 Financial year

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



### **Head Office**

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Tel: 011 403 4300

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### **Private hire Service**

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



a world class African city



## COMPANY INFORMATION

**Registration number:** : 2000/004704/07

**Registered address:** : Transportation House;  
1 Raikes Road;  
Braamfontein;  
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**Postal address:** : PO Box 1787;  
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**Website:** : [www.mbus.co.za](http://www.mbus.co.za)

**Bankers:** : Standard Bank of SA Limited

**Auditors:** : Auditor General South Africa (AGSA)

# MISSION

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

# VISION

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

# CORE VALUES

## CO-OPERATION

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

## ACCOUNTABILITY

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

## HONESTY

Doing the right thing even when no one is looking.

## RESPECT

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

## UBUNTU

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



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

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APPROVAL:

Luyanda Gidini CA(SA)  
Name & Surname  
Chief Financial Officer

  
Signature

22 January 2025  
Approval Date

Dr Bongani Radebe  
Name & Surname  
Acting Managing Director

  
Signature

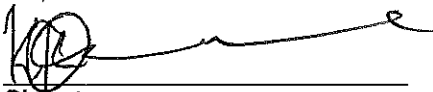
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Approval Date

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Name & Surname  
Board Chairperson

  
Signature

23 January 2025  
Approval Date

Kenny Kunene  
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MMC

  
Signature

29 January 2025  
Approval Date

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**GLOSSARY OF TERMS / LIST OF ACRONYMS**

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

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

## **1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE**

### **1.1 Chairperson's Foreword**

I am honored, on behalf of the Board, to present the 2024/25 Metrobus quarter one performance assessment report. A salient development worth noting is that following a number of successive quarters where performance has deteriorated and or remained stagnant in specific areas, the board approved a turnaround plan during the fourth quarter of the previous financial year. The board notes that several key initiatives as outlined in the turnaround plan have been initiated and progress in this regard is notable. In this regard the implementation of cashless mobility is commendable and significant financial performance outcomes are anticipated to continue for the rest of the 2024-25 financial year. Several significant performance disablers remain on the board's radar and continue to receive the requisite focus. Key among these challenges is consistently declining financial resources emanating in large measure from the current funding model, as well as the non-resolution of the entity funding model.

However, a constellation of opportunities remains within the reach of the entity. Key among these opportunities is the enhancement of revenue generation through a concerted effort at revenue collection and protection, as well as the activation of alternative revenue streams. In addition, successive commuter surveys indicate that brand loyalty remains a significant asset for the entity. The entity remains in engagement with City of Johannesburg Municipality in an effort to ensure the review of the current funding model towards a model that is more aligned to the imperative of improving the financial sustainability of Metrobus. Significant progress has been made in establishing competitive pricing structures to ensure that the entity engages opportunities in advertising and private hire in a manner profitable to the entity.

As alluded to earlier herein, in response to declining performance over the course of the previous financial year, the board has approved an operation turnaround plan which is intended to improve the performance of the entity. Key among the enablers for the turnaround plan are procurement of buses and the introduction of cashless mobility. Both these initiatives have enjoyed significant traction during the period under review.

During the period under review, the entity recorded a decline in comparison to the same period in the past financial year.

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Quarter 2 2023/24	Quarter 2 2024/25
63%	50%

The Board remains concerned regarding the key governance performance indicators that are consistently not achieved including internal audit findings, external audit findings, and the management of risk remains. The Board notes with concern the non-achievement The Board is resolute in guiding the entity on the path of proper governance. Through the Board’s Audit and Risk Committee, progress on the implementation of the entity’s audit plan remains under scrutiny.

From an operations point of view, several operational Key Performance Indicators were not met. Key among these are key performance indicators relating to average number of Metrobus passenger trips per working day, percentage of planned trips completed, service standards, as well as the fleet availability to operate scheduled trips met. It is noteworthy that these represent the core of the entity’s service delivery mandate and have a significant impact on the successful implementation of the shareholder Integrated Development plan.

The Board continues to monitor the embedding of Intelligent Transport Systems. The suite of capabilities provided by the various systems span a wide spectrum covering data collection, analysis and commuter engagement. These developments continue to increase the traction towards the entity’s leveraging of technology as an important enabler of business excellence going forward. In this regard, the board keenly supports the continuation of this digital journey and views the implementation of the Automated Fare Collection (AFC) System as the next significant milestone in this regard.

The entity fulfills its mandate primarily through the provision of reliable transportation. This is measured through the rate of completion of planned trips. In this regard, the entity recorded 66% performance level against a target of 80% completed during quarter 1. It is commendable that during the period under review, the entity operated a total of 1,6 million kilometers of fatality-free mobility.

The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity is consistently meeting its engagement and reporting

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requirements with the shareholder and continues to receive governance support from the shareholder.

The entity has recorded an achievement level of 50% against a target of 85% for its pre-determined objectives during the period under review.

The overall financial position of the entity is characterized by technical insolvency and remains a concern. However, net liability position worsened from R 392, 2 million (30 June 2024) to R 450, 8 million as of 31 December 2024.

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

The Board remains committed to advancing the interests of the entity, ensuring continuous improvement of its performance and service offering and proper stewardship of the entity in pursuit of the outcomes of financial sustainability; operational efficiency; industrial harmony; and eco-mobility. This commitment is outlined in detailed, measurable terms in the Metrobus Corporate Strategy 2022-27, as reviewed by the Board during the current financial year and further complemented by the 2024-25 performance turnaround plan.

**Mr. Charley Pietersen**  
**Board Chairperson**



## **1.2 Managing Director's Foreword**

In pursuit of significant performance improvement, Metrobus remains persistent in its commitment to financial sustainability and operational excellence which are the central focus areas in the entity's 2024-25 turnaround plan. It is important to note that the 2024-25 turnaround plan does not indicate a change in strategic direction but an emphasis and focus on the significant strategic goals of financial sustainability and operational excellence. Our focus on continuous analysis of cost drivers aims to identify and eliminate operational and systemic inhibitors of performance excellence. Digitisation, encompassing the automation and standardisation of processes, remains a key enabler in this effort.

While Metrobus has made some significant strides in enabling its operations through technology, significant challenges have beset the pace at which technology is harnessed to enable performance. This was noted particularly in relation to the implementation of cashless mobility which was intended to be supported by several technological platforms. While challenges have been experienced with the implementation of same, the entity managed to implement cashless mobility which is expected to significantly improve revenue generation.

It is noteworthy that the net liability position worsened from R 392, 2 million (30 June 2024) to R 450, 8 million as of 31 December 2024.

In this quarter, the entity achieved 4% of its capex expenditure target. Performance against predetermined objective was recorded at 50% against a target of 85%. The entity recorded a performance level of eighty percent (80%) of Service Level Standards against a target of 85%. Detailed performance against predetermined objectives is provided in Annexure B of this report. Nevertheless, we remain committed to delivering a bus service that excels in safety, customer service, and financial management.

To support our Turnaround Plan, we have expedited the Supply Chain Management process for procuring buses during this period. Additionally, our team of route inspectors continues to play a vital role in fostering a culture of integrity regarding fare collection and remission. Furthermore, the labour management and engagement forum remain active, ensuring the labour stability. A highlight in our operations during the period under review was the implementation of cashless mobility. The overwhelming majority of our commuters have

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transitioned to this new way of doing business and it is anticipated that this development in concert with ongoing digitisation of our operations will contribute immensely to the financial sustainability as well as operations efficiency of the entity.

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

**Dr Bongani Radebe**  
**Acting Managing Director**

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### 1.3 Chief Financial Officer's Report

#### Introduction

The mid-year finance report was prepared on a going concern basis, that is, the entity would continue to operate for the foreseeable future.

#### Revenue and Expenditure Performance

The table below summarise the financial performance of the entity as of 31 December 2024.

#### Abridged Statement of Financial Performance

Description	Midyear 31-Dec-24			Variances	
	Actual	Budget	Prior year	Midyear Prior year	Midyear to budget
	R'000	R'000	R'000	R'000	R'000
Revenue	352,473	354,447	333,724	18,749	(1,975)
Direct costs	87,147	71,866	92,970	(5,822)	(15,282)
Margin	265,325	282,582	240,754	24,571	(17,256)
Expenses	296,624	258,024	286,841	9,784	(38,600)
Operating result	-31,299	24,558	-46,086	14,787	(55,857)
Interest paid	25,629	24,558	28,025	(2,396)	(1,071)
Total Expenditure	409,400	354,448	407,835	1,565	(54,953)
Surplus / Deficit	-56,928	0	-74,111	17,183	(56,928)

#### Notes on Income Statements

##### Overview

The draft operating budget was rebased over the past three years, and this resulted in a net decrease of R215 million. The operating expenditure budget was overspent by R54, 9 million due to inadequate budget.

Metrobus recorded a deficit amounting to R 55, 9 million for the first six months and the operating budget was overspent by R54, 9 million.

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**Fare revenue.**

A deficit amounting to R 2, 9 million was recorded on fare revenue by midyear. The entity recorded R 38, 9 million against the target fare revenue of R 41, 8 million. The fare revenue is expected to improve in the following quarters due to full implementation of the new AFC system and when the new buses are delivered. In addition, management will continue to make concerted efforts by running blitz and increased inspections as to improve the revenue collection and protection.

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

- Declining economic conditions which have resulted in increased unemployment and less people travelling.
- Shortage of adequate buses to operate the all the trips
- Underperformance in terms of private hires and contracted services

**Diesel costs**

The diesel budget base was increased in the past financial year; however, the increase is still inadequate to run the minimum operation service. During the first six months the diesel budget was overspent by R 5, 1 million.

**Repairs and maintenance**

The total approved budget for repairs and maintenance was exhausted during the period. However, for the entity to continue operating, we have to continue servicing the buses, failure to service the buses may result in serious risks, especially if some of the buses are involved in an accident. In addition, failure to effectively service the buses may result in more buses not being road worth and this will increase the out of commission buses. The budget for repairs and maintenance has not been increased besides management requesting budget increases for the past three years. Repairs and maintenance for this six-month period were R 17, 8 million above budget and this was caused by efforts to reduce the number of out-of-commission buses.

**Asset and liabilities**

The table below reflects the abridged financial position of the entity on 31 December 2024.

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**Abridged Statement of Financial Performance**

Description	31-Dec-24	30-Jun-24	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
<b>Non-Current Assets</b>	522,958	539,391	(16,433)	-3%
<b>Current Assets</b>	36,581	32,664	3,917	12%
<b>Total Assets</b>	<b>559,539</b>	<b>572,055</b>	(12,516)	<b>-2%</b>
<b>Capital &amp; Reserves</b>	(450,795)	(392,178)	-58,618	15%
<b>Non-Current Liabilities</b>	7,470	13,978	(6,509)	-47%
<b>Current Liabilities</b>	1,002,864	950,254	52,610	6%
<b>Total Equity &amp; Liabilities</b>	<b>559,539</b>	<b>572,055</b>	<b>(12,516)</b>	<b>-2%</b>

The overall decrease of R 16, 4 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment and intangible assets.

Current assets reflected a 12% increase from June 2024 because of increase in inventory and prepayments.

**Capital expenditure**

The shareholder approved capital expenditure budget amounting to R 214, 9 million for various capital projects of which R 168 million is for the procurement of buses. The entity managed to spend 7% of the Midyear budget, and this was 4% of the total approved budget. The spending on capital projects was delayed due to delays in user departments finalizing their procurement processes. A total of R 163, 5 million is already committed to purchase of buses.

**Cash flow**

The entity has been experiencing serious cash flow challenges since the last two financial years and this has continued in the current financial year. The cash flow challenges have affected payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on the entity's cash forecast. During the six-month operating period

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the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of suppliers.

The entity reported a positive cash balance of R47 000 influenced mainly by the net cash inflow of R 149, 7 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 7, 6 million

### **Compliance and Internal Control Environment**

There has been an improvement in the internal controls in the finance environment over the past year.

The entity's management of payments of suppliers within 30 days have been severely impacted by cash flow challenges which is being experienced at the city level. As a result, the entity has not managed to pay its suppliers within 30 days as required.

The entity is pleased to report that no fruitless and wasteful expenditure was incurred over this period.

### **Supply Chain Management**

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

### **Strategic Outlook and Business Conditions**

The entity will continue with its focus of being a low-cost provider of public transport going forward; however, this strategy needs to be compensated through proportional investment in a robust revenue collection system, adequate fleet and fuel management systems as well as the replacement the ageing fleet. The harnessing of efficiencies through focussing on well-populated routes and robust marketing of new contract hires will be a major focus area in repositioning the entity to market leadership.

**Mr. Luyanda Gidini CA(SA)**  
**Chief Finance Officer**

#### **1.4 Corporate Profile and Overview of the Entity**

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

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

##### **1.4.1 Metrobus turnaround plan 2013**

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

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

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

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

#### **1.4.2 Migration from Metrobus vision 2020 to vision 2027**

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

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

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

The 2022-23 financial year heralds the first year of vision 2027. The strategy was reviewed by the Board during the latter part of the 2022/23 financial year and forms the basis of the 2024/25 Business Plan. The apex outcome of this new vision is the implementation of a new operating model, and alternative funding model, with concomitant enablers including the following: intelligent transport systems programme and funded fleet procurement.

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



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**1.4.3. Metrobus Fleet**

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

**Table1: Fleet details**

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

**1.4.4 Metrobus scope of operation**

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

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

## **1.5 Strategic Objectives**

### **1.5.1 Overview**

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

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

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

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

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

**Figure 1: Alignment to GDS 2040**



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

**Table 2: Alignment to outcome, outputs, and entity priorities**

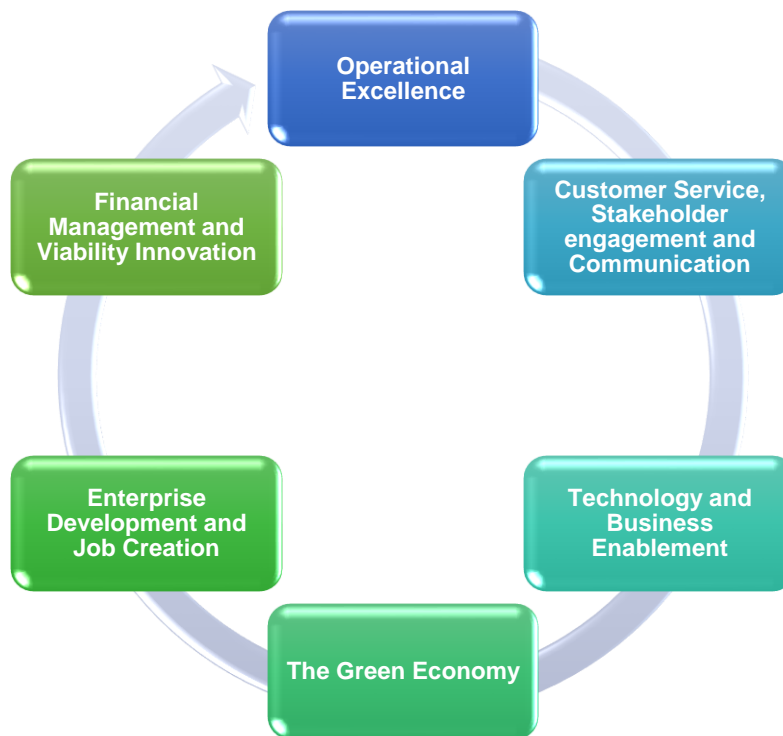
GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	<ul style="list-style-type: none"> <li>• A society characterized by healthy living for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

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

**Figure 2: Metrobus Strategic Programmes**



### 1.5.2 Metrobus Strategic Objectives

#### Metrobus Strategic Goals and Objectives

##### Goal 1

Ensure that Metrobus is viable and sustainable



PEOPLE PERFORMANCE BALANCE

#### Metrobus Strategic Goals and Objectives

##### Goal 2

Ensure effective and efficient bus operations



PEOPLE PERFORMANCE BALANCE

## Metrobus Strategic Goals and Objectives

### Goal 3

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



#### OBJECTIVE 01

Develop and implement a change management plan.



#### OBJECTIVE 02

Ensure labour stability



#### OBJECTIVE 03

Create a healthy organisational culture



#### OBJECTIVE 04

Create a culture of high performance



#### OBJECTIVE 05

Capacitate employees

PEOPLE PERFORMANCE BALANCE

## Metrobus Strategic Goals and Objectives

### Goal 4

Ensure a well governed entity



#### OBJECTIVE 01

Establish and implement integrated enterprise wide business policies and procedures.



#### OBJECTIVE 02

Develop a stakeholder relationship management strategy.



#### OBJECTIVE 04

Identify and manage risks

PEOPLE PERFORMANCE BALANCE

## Metrobus Strategic Goals and Objectives

### Goal 5

Continuously monitor, evaluate and improve service



#### OBJECTIVE 01

Account for resources and results



#### OBJECTIVE 02

Proactively plan for the future



#### OBJECTIVE 04

Monitor and evaluate the strategic plan

PEOPLE PERFORMANCE BALANCE

### 1.6 Strategy 2022-27

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

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

## **2 CHAPTER TWO: GOVERNANCE**

### **2.1 Governance Framework**

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

#### **2.1.1 King IV code of corporate governance**

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

#### **2.1.2 Code of conduct for directors**

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

#### **2.1.3 Ethical Leadership**

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



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

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

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

#### **2.1.4 Board Charter**

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

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

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

2.1.4.2 Provide effective leadership on an ethical foundation.

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

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

2.1.4.5 Disclose real and potential conflicts of interests.

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

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

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

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

## **2.2 The Legislative Framework**

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

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

### **2.2.1 Municipal Finance Management Act, No.56 of 2003**

#### **2.2.1.1 Circular 63**

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

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

## **2.2.2 Municipal Systems Act, No. 32 of 2000**

### **2.2.2.1 Section 93L**

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

## **2.3 Composition, Key Activities and Board Member Remuneration**

### **2.3.1 Board of Directors**

The Metrobus has a unitary Board, which comprises both executive and non-executive directors. At the end of the second quarter, the company had eleven (11) Directors, i.e. nine (09) Non-Executive Directors and two (2) Executive Directors, being the Acting Managing Director and the Chief Financial Officer.

The administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), is in progress.

The entity's Board of Directors are appointed by the City, as the Shareholder. The composition of the Board on the 2024/2025 second quarter was as follows:

**Table 3: Metrobus Board of Directors**

<b>Name</b>	<b>Position</b>
Mr. Charley Pietersen	NED and Board Chairperson
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Ponds Peterson	NED
Ms Faith Irwin	NED
Mr Mervan Ambraal	NED (deceased on 09 November 2024)
Ms Yolandi Erasmus	NED
Mr Simon Masemola	NED

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Ms Samkelisiwe Zwane	NED
Ms Tshepiso Madingoane	NED

**Table 4: Executive Directors are as follows:**

Name	Position
Mr. Bongani Radebe	Acting Managing Director (1 March 2024)
Mr Luyanda Gidini	Chief Financial Officer (19 August 2024)

### 2.3.2 Composition of the Sub Committees

Metrobus Board has three (3) sub-committees, namely the Audit and Risk Committee (ARC) and the Human Resources, Social and Ethics Committees (HRSE), and Service Delivery Committee (SDC). The ARC comprises of five (5) members, three (3) of which are independent audit committee members. The HRSE committee comprises of three (3) non-executive directors and chaired by a non-executive director. The SDC comprises of four (4) Non-Executive Directors and is chaired by a Non-Executive Director. The administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), has been completed.

**Table 5: Composition of Sub Committees**

No.	Audit and Risk Committee (ARC)	Human Resources, Remuneration, Social and Ethics Committee (HRSE)	Service Delivery Committee (SDC)
1.	Ms. Yolandi Erasmus <b>(Chairperson)</b>	Ms. Khanya Sithebe <b>(Chairperson)</b>	Ms. Ponds Peterson <b>(Chairperson)</b>
2.	Mr Simon Masemola	Mr. Hein Toerien	Ms Tshepiso Madingoane
3.	* Ms. Michele Botha	Mr. Mervan Ambraal	Ms. Faith Arwin
4.	* Mr. Wayne Buckley		Ms Samkelisiwe Zwane
5.	* Ms. Gloria Matshusa		
<b>Total</b>	<b>5</b>	<b>3</b>	<b>4</b>

\* Independent Audit Member

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**Table 6: Independent Audit Committee (IAC)**

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

**2.4 Board Activities**

Director’s meetings are held on a quarterly basis and may be called more often if required for special matters requiring consideration on a priority basis. Each time a meeting of the Board or one of its Sub-Committees is convened a specific point is included in the agenda on declaration of interests.

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

During the quarter under review, the Board held two (2) ordinary meetings.

The Board Committees held five (5) ordinary Committee meetings during the second quarter, on the date reflected hereunder:

**Table 7: Board and Sub-Committee meetings held.**

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
<b>Ordinary</b> 17 October 2024 29 November 2024	<b>Ordinary</b> 14 October 2024 27 November 2024	<b>Ordinary</b> 08 October 2024	<b>Ordinary</b> 09 October 2024
		<b>Special</b> 16 October 2024	

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**2.4.1 The attendance of meetings**

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

**Table 8: Board Meetings attendance register**

Name	Designation	Meetings	
		Ordinary Board Meeting 17 October 2024	Ordinary Board Meeting (Post Audit) 29 November 2024
Mr. Charley Pietersen	NED(Chairperson)	✓	✓
Ms. Khanya Sithebe	NED	✓	✓
Mr. Hein Toerien	NED	✓	✓
Ms. Ponds Petersen	NED	✓	✓
Ms Faith Irwin	NED	✓	✓
Mr Mervan Ambraal	NED	✓	—
Ms Yolandi Erasmus	NED	✓	✓
Ms Tshepiso Madingoane	NED	✓	✓
Ms Samkelisiwe Zwane	NED	✓	✓
Mr Simon Masemola	NED	✓	✓
Mr. Bongani Radebe	Acting MD	✓	✓
Mr. Luyanda Gidini	CFO	✓	✓

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**Table 9: Board Sub Committee Meetings attendance register**

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

Name	Designation	Ordinary HRSE Meeting	Ordinary SDC Meeting	Ordinary ARC Meeting	Special HRSE Meeting	Ordinary ARC Meeting (Post Audit)
		08 October 2024	09 October 2024	14 October 2024	16 October 2024	27 November 2024
Mr. Charley Pietersen	NED (Chairperson)	—	—	—	—	—
Ms. Khanya Sithebe	NED	✓	—	—	✓	—
Mr. Hein Toerien	NED	✓	—	—	✓	—
Ms. Ponds Petersen	NED	—	✓	—	—	—
Ms Faith Irwin	NED	—	✓	—	—	—
Mr. Mervan Ambraal	NED	✓	—	—	✓	—
Ms Yolandi Erasmus	NED	—	—	✓	—	✓
Ms Tshepiso Madingoane	NED	—	✓	—	—	—
Ms Samkelisiwe Zwane	NED	—	✓	—	—	—
Mr. Simon Masemola	NED	—	—	✓	—	✓
Ms. Michele Botha	IAC	—	—	✓	—	✓
Mr. Wayne Buckley	IAC	—	—	—	—	✓
Ms. Gloria Matshusa	IAC	—	—	✓	—	✓

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Mr. Bongani Radebe	Acting MD	✓	✓	✓	✓	✓
Mr. Luyanda Gidini	CFO	—	—	—	✓	✓



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**2.4.2 Director and Prescribed Officer Remuneration**

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

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

**Table 10: Board and Independent Member Compensation**

Name	1 <sup>st</sup> QTR.	2 <sup>nd</sup> QTR	Total
Mr. Lemarco Mitchell	16 000	—	16 000
Mr. Charley Pietersen	52 000	76 000	128 000
Ms. Khanya Sithebe	56 000	62 000	118 000
Ms Yolandi Erasmus	34 000	72 000	106 000
Mr. Hein Toerien	52 000	40 000	92 000
Ms. Sharifa Prinsloo	20 000	—	20 000
Ms. Omphemetse Mokgosi	—	—	—
Ms. Lungisile Mkize	20 000	—	20 000
Ms. Ponds Petersen	52 000	42 000	94 000
Ms. faith Irwin	46 000	32000	78 000
Mr. Mervan Ambraal	52 000	20 000	72 000
Mr Simon Masemola	32 000	40 000	72 000
Ms Samkelisiwe Zwane	24 000	32 000	56 000
Ms Tshepiso Madingoane	24 000	32 000	56 000
*Ms. Michele Botha	16 000	16 000	32 000
*Mr. Tony Ferreira	—	—	—

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*Mr. Wayne Buckley	16 000	16 000	32 000
*Ms. Gloria Matshusa	16 000	16 000	32 000

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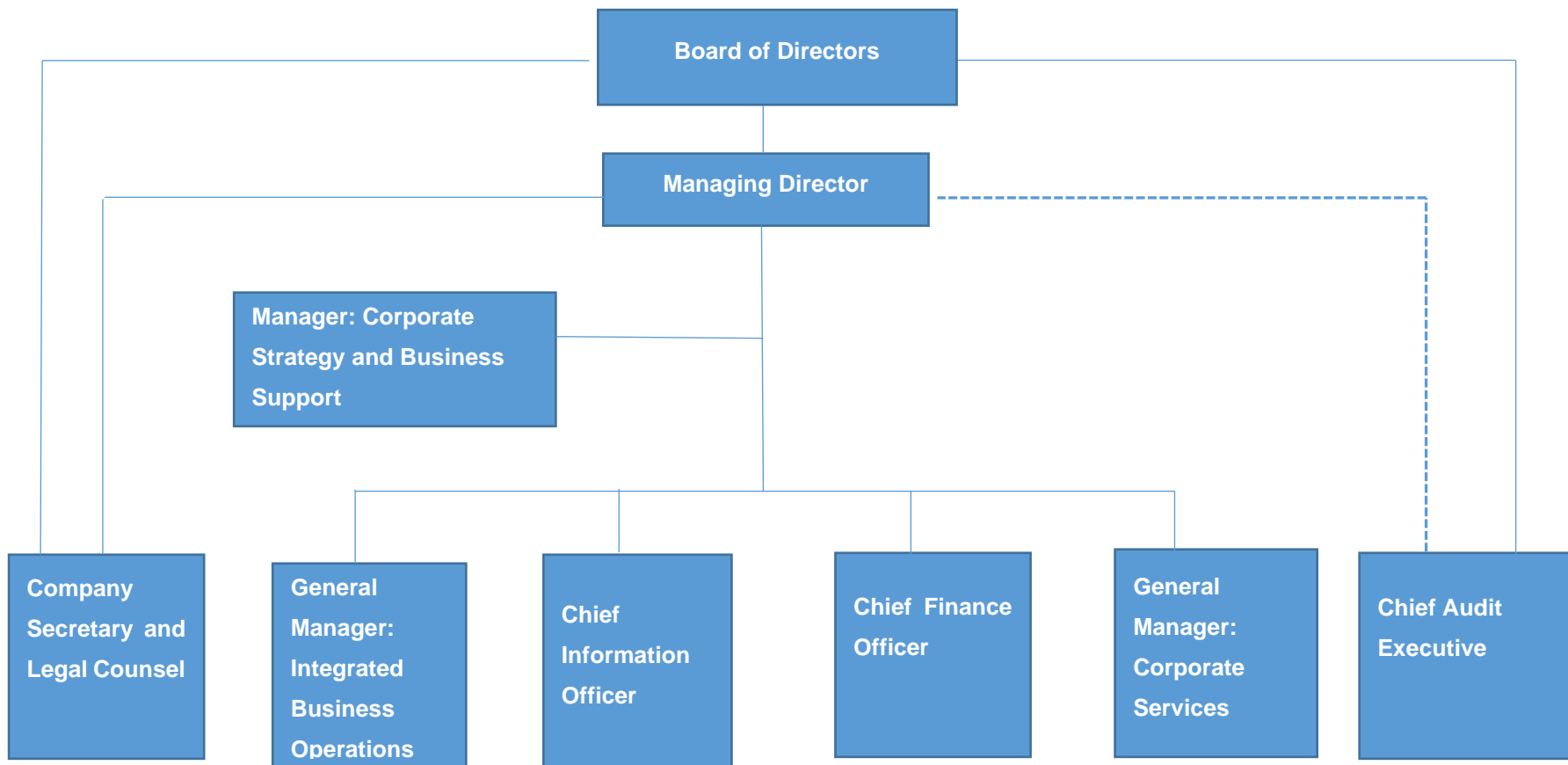
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**Table 11: Executive Compensation**

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Total
Managing Director	Vacant	0	0	0	0
Chief Financial Officer (CFO)	Mr. Gidini Luyanda	R1 674 750,00	R418 687,50	R418 687,50	R837 375
General Manager: Corporate Services	Vacant	0	0	0	0
General Manager: Integrated Business Operations	Ms. Khathi Zandile	R1 674 750,00	R418 687,50	R418 687,50	R837 375
Legal Counsel & Company Secretary	Mr. Sibisi Zibonele	R1 319 499,96	R329 874,99	R329 874,99	R659 749,98
Chief Audit Executive (CAE)	Vacant	0	0	0	0
Chief Information Officer (CIO)	Vacant	0	0	0	0
	<b>TOTAL</b>	<b>R4 668 999,96</b>	<b>R1 167 249,99</b>	<b>R1 167 249,99</b>	<b>R2 334 499,98</b>

## 2.5 High Level Organisational Structure

Figure 3: High Level Organogram

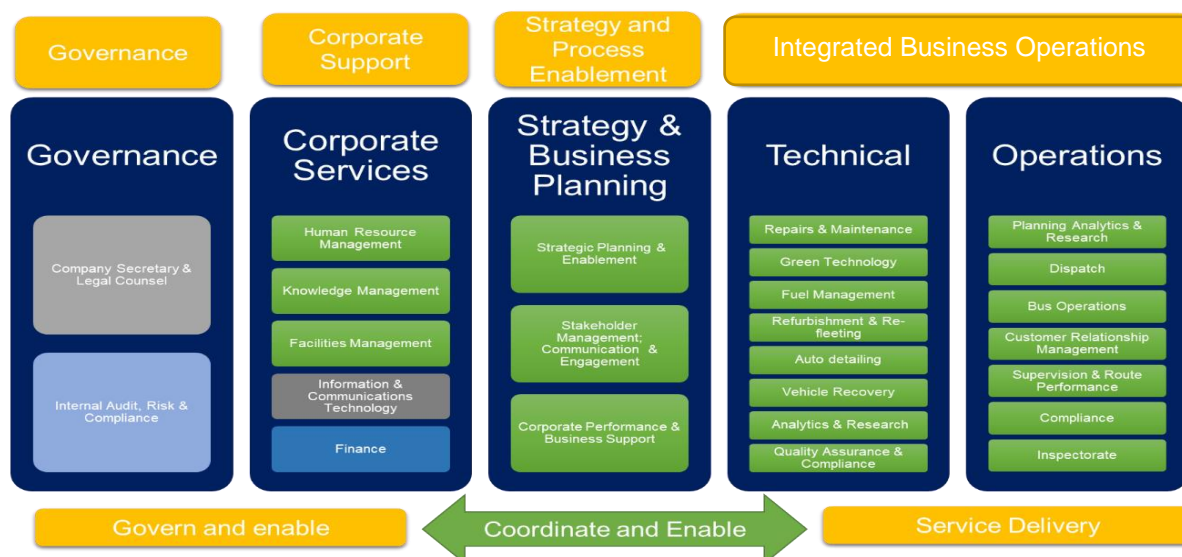


### 2.5.1 High Level Functional Structure

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

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

**Figure 4: Functional Structure**



## **2.6 Risk Management**

### **2.6.1 Overview**

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

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

Risk assessments have proved to be assisting management to identify potential risks, in order to anticipate and uncover circumstances that might have negative impact in the achievement of objectives/ Key Performance Indicators (KPI's) and therefore yield unfavourable results in terms of service delivery. Risk assessment processes have also assisted management in proper planning/alignment of implementation strategies, making informed decisions, as well as ensuring effective and efficient use of resources. The results of these risk assessments have been utilised to take proactive and preventative measures in addressing uncertainties/risks that could hinder achievement of the set goals.

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

### **2.6.2 Risk acceptability**

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

Table 12: Risk acceptability table

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

### 2.6.3 Strategic Risk Register

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

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

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

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

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

## **2.8 ICT Governance**

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

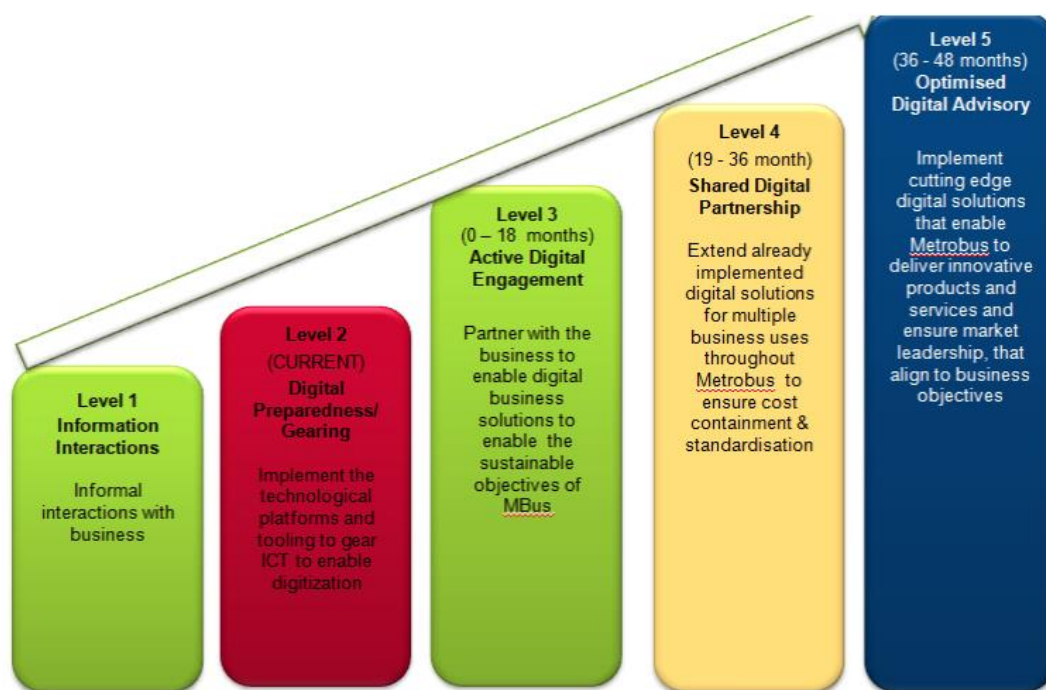
The ICT function continues to manage all its identified risks both on a strategic and operational level. It is key to note that although certain risks have been accepted since these risks are outside of Metrobus's ICT's department's control, management continues to implement mitigation plans against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

### **2.8.1 Overview**

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



Figure 5: Metrobus ICT Maturation Journey



### 2.8.2 Key ICT Projects

Table 13: Current 2024/25 ICT projects for delivery to digitally transform the organisation:

Revenue & Customer Impact	Cost Control and Internal Efficiencies	Risk, Compliance & Security Mitigation
<ul style="list-style-type: none"> <li>Automated Fare Collection – Completed implementation and on pilot phase.</li> <li>HR cloud solution- completed</li> </ul>	<ul style="list-style-type: none"> <li>Access Control/ Time &amp; attendance Solution – completed</li> </ul>	<ul style="list-style-type: none"> <li>ICT Professional Services- completed.</li> </ul>

### 2.8.3 Challenges

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

- High-level of manual business processes.

- Current revenue system is outdated. Automated Fare Collection system is completed and at a testing phase.

## **2.9 Compliance with Laws & Regulations**

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

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

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

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

### **2.9.1 Permits**

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

### **2.9.2 Traffic Fines**

During the quarter under review, twenty-five (25) traffic fine was issued. During the same period in the last financial year eighteen (18) traffic fine was issued to a bus operator. In addition, route inspectors are encouraged to monitor driver behaviour en-route and re-emphasize proper behaviour. Bus operators are responsible for the settling of such fines.

### 2.9.3 Carbon Emissions Compliance

Diesel smoke emissions' testing is a legal requirement and contributes to the continued decrease in CO<sub>2</sub>. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 12 years are the biggest emitters of greenhouse gas. These are the Mercedes Benz 1725, Volvo B7L and Volvo B7R.

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

**Table 14: Carbon emissions test results per bus type**

Bus Type	GOV Spec	MBS Spec	Q1 Opacity	Q2 Opacity
Merc 1725	60%	50%	25%	20%
Euro 5	60%	50%	11%	3%
Euro 3	60%	50%	4%	9%
VOLVO B7L	60%	50%	29%	25%
<b>Average</b>			<b>12%</b>	<b>11%</b>
<b>Annual Average</b>			<b>12%</b>	

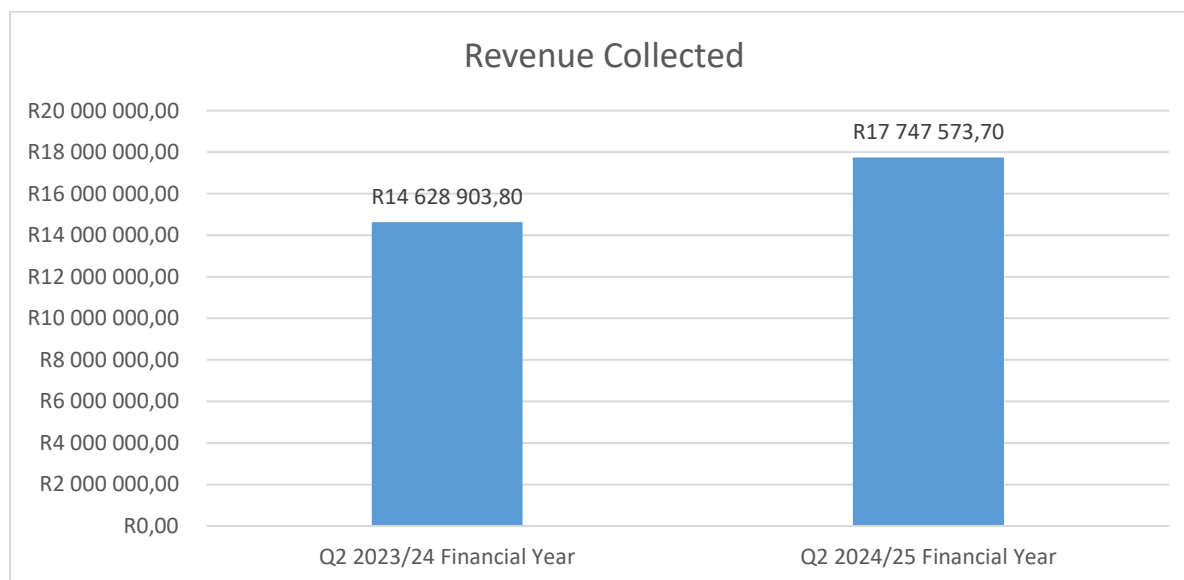
### 3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

#### 3.1 Highlights and Achievements

##### 3.1.1 Revenue Enhancement through Cashless Mobility

Metrobus conducted a stakeholder engagement campaign. The objective of the campaign was to further communicate with commuters around the plans of “Metrobus GoeZ Cashless” campaign. This initiative assisted Metrobus in increased revenue. During the quarter under review, Metrobus collected R17.7 million in revenue, which translates to an 18% increase compared to the revenue collected in the same period last financial year

**Figure 6: Revenue collected**



##### 3.1.2 Economic Transformation

During the period under review, the entity exceeded the target for SMME support. While the target for the quarter under review was to support seventy (70) SMMEs, the actual performance was one hundred and thirteen (113) SMMEs supported with the expenditure in this regard amounting to R115 million.

### 3.1.3 Fatality-Free Service

The entity continued to maintain safe public transportation. During the period under review, the entity operated 1,6 million fatality free kilometres. During the same period last year, the entity operated 1.8 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South Africa’s roads resulting from fatalities involving public transport operations.

### 3.2 Service Delivery Challenges and Mitigation Actions

**Table 15: Challenges and Mitigation Actions**

Challenges	Mitigation
Level of OOC	<ul style="list-style-type: none"> <li>• Continuous implementation of repairs and maintenance policy</li> <li>• Leasing of buses</li> <li>• Implementation of Continuous Operations shift system</li> <li>• Refurbishment of buses</li> </ul>
Budget Rebasing	<ul style="list-style-type: none"> <li>• Alternative revenue sourcing</li> <li>• Alternative funding model</li> <li>• Debt restructuring</li> </ul>
Embedding of Cashless Mobility	<ul style="list-style-type: none"> <li>• Strengthening enforcement Capacity: Inspectorate Training</li> <li>• Collaboration with JMPD</li> <li>• By-Laws enforcement</li> </ul>

### 3.3 Service IDP Policy Objectives

The entity contributes to the City’s IDP Objectives by offering public transportation as measured through the average number of passenger trips per working day. **Annexure A** outlines the entity’s negative performance in this regard for the second quarter of financial year 2024/25.

### 3.4 Response to Strategic Directives

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

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Metrobus contributes to the City’s key strategic priorities to which its response is outlined as follows:

**Table 16: Response to Strategic Directives**

Strategic Priorities	Priority Programmes	Entity Contribution
Good Governance	Combat corruption, fraud, and maladministration.	Metrobus maintains a Fraud Tip-offline which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are undertaken for all supply chain management processes.
Financial Sustainability	Improve and strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. This ensures that citizens are given an opportunity to develop their own destiny. During the 2023/24 financial year, 83% of our commuters were satisfied with the service of Metrobus against a target of 80%.
Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships, and apprenticeships. The current intake in this regard is more than 170.

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

### **3.5 Performance against Service Standards**

The Service Delivery Agreement sets out five (05) service standards between Metrobus and the Shareholder. Metrobus achieved eighty percent (80%) on service standards at Quarter 2. Details on the service standards are attached hereto as **Annexure C**

### **3.6 Performance against Predetermined Objectives**

The Metrobus 2024/25 business plan is aligned to the City's Mayoral priorities. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City's Service Delivery and Budget Implementation Plan as well as a set of Entity strategic levers which serve as programs of action. In terms of the approved 2024/25 Metrobus Business Plan, the entity's performance is measured based on a total of twenty-two (22) key performance indicators. At quarter 2 twenty (20) KPIs were assessed and ten (10) KPIs were achieved. This translates to a 50% achievement level against a target of 85%. The detailed Performance Scorecard is attached as **Annexure B**.

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



### **3.7 Performance against Strategic Deliverables**

#### **3.7.1 Corporate Scorecard 2022-27 Deliverables**

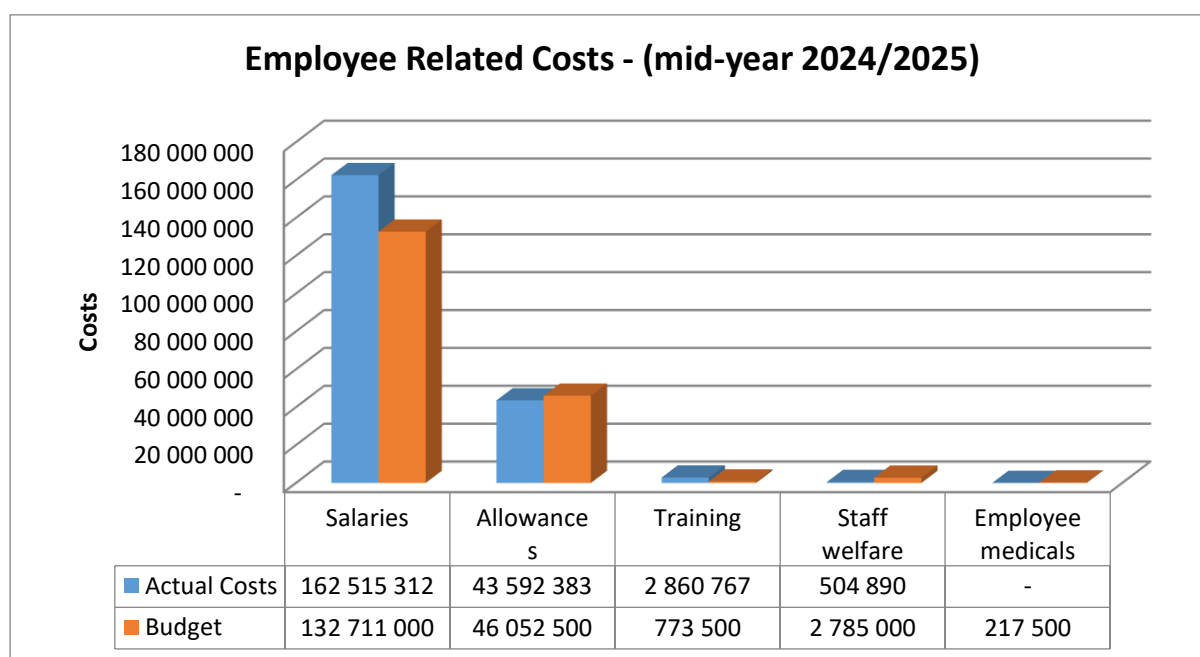
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators have commenced in the 2024/25 financial year.

## 4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

### 4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs on salaries only (including Executives) at the end of the reporting period stood at R 162,515 million against a budget of R132,7 million. The (29,8 million) variance is attributable to the downward adjustment of budget.

**Figure 7: Employee related costs**



### 4.2 Key Vacancies

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

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**Table 17: Vacancies at Executive Management Level**

#	Job title of position	Department	Quantity	Status
1	Managing Director	Office of the MD	1	Interviews have been held to fill the position during the reporting period.
2	Chief Technology Officer (CTO)	ICT	1	Position was advertised in the second quarter of 2024/2025 financial year.
3	Chief Audit Executive (CAE)	Internal Audit and Risk	1	Position was advertised in the second quarter of 2024/2025 financial year.
4	General Manager: Corporate Services	Corporate Services	1	Position was advertised in the second quarter of 2024/2025 financial year.

**Table 18: Vacancies at Senior Management to Middle Management Level**

#	Job title of position	Department	Quantity	Status
6	Manager: Fleet maintenance	Integrated Business Operations (IBO)	One (1)	Position to be advertised in the third quarter of 2024/2025 financial year.
7	Supervisor: Operations	Integrated Business Operations (IBO)	Eight (8)	Shortlisting finalised, unfortunately interviews could not go ahead due to a grievance launched by Organised Labour.
8	Manager: Financial Accounting	Finance	One (1)	Position to be advertised in the third quarter of 2024/2025 financial year.
9	Assistant Management Accountant: Revenue	Finance	One (1)	Shortlisting processes have been held to fill the position during the reporting period.
10	Assistant: Management	Finance	One (1)	Position has been filled during the second quarter of 2024/2025 financial year.

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#	Job title of position	Department	Quantity	Status
	Accountant: Assets (Fixed term employment contract)			
11	Manager: Financial Accounting (Permanent employment contract)	Finance	One (1)	Position to be advertised in the third quarter of 2024/2025 financial year.

#### 4.2.1 Vacancy Rate

The vacancy rate in the entity during the reporting period currently stands at 23,34%. National Treasury Circular 88 stipulates that vacancy rate should not be more than 30% and Metrobus is still below this stipulation.

#### 4.2.2 Staff Turnover Rate

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

During the period under review, eight (8) employees out of a total strength of seven hundred and twenty-four (724) employees left the service of Metrobus. This translates to an average percentage of one comma three eight percent (1, 00%) in staff turnover. This figure comprises of employees who left the Company due to medical boarding, resignations; death; end of employment contract and retirement. It is essential to mention that this percentage is much lower than the Local Government national average of between 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

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**Table 19: Terminations**

Months	No of terminations	Reasons
July 2024	5	1 Retirement & 4 Medical Boarding
August 2024	1	Retirement
September 2024	1	Retirement
October 2024	3	2 Retirement, 1 Medical Boarding
November 2024	2	1 Retirement & 1 Deceased
December 2024	3	3 Retirement

### **4.3 Employment Equity**

During the first half of the 2024/25 financial year, Metrobus demonstrated significant progress in advancing its Employment Equity (EE) and Diversity strategy. The organization prioritized the recruitment of drivers, with a specific focus on increasing female representation and ensuring inclusivity across all racial groups. 126 candidates were strategically assessed by the training department, and a decision was made to prioritize female applicants and underrepresented male candidates from non-representative racial groups.

This approach reflects Metrobus' commitment to building a diverse and inclusive workforce. These appointments, scheduled to commence in January 2025 (third quarter), will not only address critical transport skills gaps but also provide valuable opportunities for underrepresented groups, particularly youth and women. This aligns with Metrobus' dedication to fostering a workplace that values diversity, equity, and inclusion, contributing to the overall goal of building a more equitable society.

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**Table 22: Demographic Profile as of 31 December 2024**

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	2	0	0	0	1	0	0	0	0	0	3
Senior Management	13	1	0	0	3	0	0	0	0	0	17
Professional Qualified and Experienced Specialists and Mid-Management	5	0	0	0	4	0	0	1	0	0	10
Skilled Technical academically qualified and junior management	123	14	2	9	28	0	0	1	0	0	177
Semi-Skilled and Discretionary decision making	311	10	0	0	85	3	1	3	0	0	413
Unskilled and defined decision making	131	6	0	0	11	4	0	0	0	0	152
Temporary employees	8	0	0	0	26	0	0	0	0	0	34
<b>Grand Total</b>	<b>593</b>	<b>31</b>	<b>2</b>	<b>9</b>	<b>158</b>	<b>7</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>806</b>

#### 4.4 Skills Development and Training

##### 4.4.1 Training and Development Programme

During the first half of 2024/25, key focus was placed on enhancing employee performance and organizational effectiveness through targeted training and development initiatives. A comprehensive Performance Management System (PMS) workshop trained 34 employees across Executive, Senior Management, Management, and Specialist levels, ensuring adherence to the PMS policy and the Municipal Staff Regulations of September 2021 (effective July 1, 2023, excluding Chapters 2 and 4).

Policy workshops and new employee onboarding sessions reached 58 participants, including management and labour representatives, addressing critical training needs and improving understanding of Metrobus policies and procedures.

A Relationship Building By Objective (RBO) workshop, implemented in the second quarter, engaged 72 employees (management and labour), fostering stronger working relationships and addressing key organizational challenges, including hygiene issues. In total, 130 employees participated in these training programs.

Moreover, to further enhance the training department's capacity, the resident Skills Development Facilitator (SDF) attended an AgriSETA symposium for training professionals on December 10, 2024, facilitating valuable knowledge exchange and strengthening stakeholder relationships. These initiatives aim to improve organizational effectiveness, operational efficiency, and alignment with strategic objectives.

**Table 21: Skills Development and Training**

Intervention	Gender	Age	Total
Policy Workshop Management and Organised Labour	Male – 14	>35 Above =13	14
		<35 Less = 1	
	Female- 05	>35 Above = 2	02
		< 35 Less = 3	03

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Total			19
Onboarding Bus Operator Training ed Labour (Newly appointed)	<b>Male – 10</b>	<b>&gt;35 Above =10</b> <b>&lt;35 Less = 0</b>	<b>10</b>
	<b>Female- 29</b>	<b>&gt;35 Above = 0</b> <b>&lt; 35 Less = 29</b>	<b>0</b> <b>29</b>
Total			<b>39</b>
Performance Management System (PMS) workshop	<b>Male - 21</b>	<b>&gt;35 Above =20</b> <b>&lt;35 Less = 1</b>	<b>21</b>
	<b>Female- 13</b>	<b>&gt;35 Above = 13</b> <b>&lt; 35 Less = 0</b>	<b>13</b> <b>0</b>
TOTAL			<b>34</b>
RBO Workshop Management and Organised Labour	<b>Male – 28</b>	<b>&gt;35 Above =28</b> <b>&lt;35 Less = 0</b>	<b>28</b>
	<b>Female- 9</b>	<b>&gt;35 Above = 5</b> <b>&lt; 35 Less = 4</b>	<b>05</b> <b>04</b>
Total			<b>37</b>
AgriSETA Symposium	<b>Male – 1</b>	<b>&gt;35 Above =1</b> <b>&lt;35 Less = 0</b>	<b>1</b>
	<b>Female- 0</b>	<b>&gt;35 Above = 0</b> <b>&lt; 35 Less = 0</b>	<b>0</b> <b>0</b>
Total			<b>1</b>
Grand Total			<b>130</b>

**Table 22: Learnership and apprenticeship programme**

Intervention	Gender	Age	Total	Remarks
Learnership	<b>Male-28</b>	18-34	39	1(M) Absconded Total active = 38
	<b>Female- 11</b>			



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Apprenticeship	Male- <b>36</b> Female – <b>28</b>	18-34	64	1(M) Resigned Total active =63
Internship	Male- <b>3</b> Female <b>7</b>	18-34	10	1 (F) Resigned 8 Appointed Total Active = 08
<b>Total</b>			<b>113</b>	<b>109</b>

#### **4.4.2 Apprenticeship Programme**

During the period under review, 14 learners nearing completion of their 3-year trade programs commenced trade test preparation. The organization successfully secured serial numbers, enabling these learners to undergo trade testing by a service provider starting in January 2025. This proactive approach ensures that learners receive two trade test opportunities, funded by the relevant SETA, maximizing their chances of successful certification.

#### **4.4.3 Internship Program**

During the mid-term review, Metrobus continued to nurture talent through its internship program, collaborating with Technical and Vocational Education and Training (TVET) institutions to bridge the skills gap. All interns successfully integrated into their roles, applying their academic knowledge to practical experiences. Sixteen TVET interns contributed to organizational operations, and the additional six additional interns recruited are integrated into the organisation well to support the cashless mobility rollout project. Notably, nine interns were successfully transitioned into permanent positions, showcasing the program's effectiveness in developing a skilled and sustainable workforce. This achievement aligns with Metrobus' commitment to talent management and succession planning, ensuring a strong pipeline of skilled individuals to meet future sector and government needs.

#### **4.4.4 Executive and Management Leadership Development Programme**

Metrobus remains committed to investing in the professional development of its employees. During this mid-term reporting period of 2024/25, the Corporate Services department implemented various initiatives to enhance employee skills and organizational efficiency. These included policy workshops, relationship building by objective (RBO) training, and performance management workshops.

To foster strong working relationships and address organizational challenges, Metrobus implemented a Relationship Building By Objective (RBO) workshop program during the reporting tenure of the 2024/25 financial year.

This initiative engaged 54 employees, including management and labour representatives, to enhance understanding and cooperation. By addressing hygiene issues and other concerns, the RBO program aims to improve the organization's overall performance and alignment with its strategic goals. On 10 December 2024, AgriSETA conducted symposium for training professionals were our resident Skills Development Facilitator (SDF) participated on the program as part of the stakeholder engagement building capacity within the training department.

#### **4.4.5 Skills Levy and Mandatory Grant**

During the period under review, Metrobus successfully recovered rebates totaling R1,985,755.00 from the Agricultural Sector Education and Training Authority (AgriSETA). These rebates were awarded in accordance with the Skills Development Act.

#### **4.5 Performance Management**

During the second quarter, significant progress was made in implementing the performance management system. Training program was conducted to equip managers and employees with the necessary skills and knowledge to effectively apply performance management processes. A deadline of July 31, 2024, was set for the completion of performance reviews to date only three managers complied. While most employees have completed their performance

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agreements, efforts are underway to address any outstanding issues and ensure full compliance with municipal staff regulations and policies.

#### 4.6 Disciplinary Matters

**Table 23: Disciplinary matters**

Depot	Q1 Disciplinary Matters	Q2 Disciplinary Matters
Milpark Depot	2	2
Village Main Depot	4	2
Roodepoort Depot	0	1
Head Office	0	8
<b>Total</b>	<b>6</b>	<b>13</b>

**Table 24: Grievance Matters**

New Grievances	Jul 24	Aug 24	Sept 24	Oct 24	Nov 24	Dec 24	Total
Milpark	1	0	0	0	1	0	2
Village Main	0	0	1	2	0	0	3
Roodepoort	0	0	0	0	0	0	0
Head Office & Gandhi Square	0	0	0	0	0	1	1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>6</b>

#### 4.7 Litigations

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

#### 4.8 Leave & Productivity Management

##### 4.8.1 Leave Management

It is essential to report that employees of Metrobus qualify for 24 Annual Leave days for a five (05) day employee and 27 Annual Leave days for a six (06) day employee in keeping with the

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provisions of the Main Collective Agreement (MCA) concluded under the auspices of the South African Local Government Bargaining Council (SALGBC). Currently, the limit on accrued annual leave as per the MCA is 48 days and the average accrued annual leave stands at twenty-six (26) days.

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

#### **4.8.2 Productivity**

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

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

#### **4.9 Employee Health and Wellness**

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

#### **4.9.1 Psychosocial Support and Counselling Services**

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

The Employee Health and Wellness Programme provides counselling support to employees in a confidential setting who are experiencing personal or work-related problems that may affect their job performance, health, or well-being. During the period under review, July – December 2024 is fifty-eight (58) dealt with internally and eighteen (18) were referred to an external service provider at a total cost of R31 250. Making it a total of seventy-six (76) cases as stipulated in the following categories:

**Table 25: Cases**

Type of cases recorded	Jul	Aug	Sep	Oct	Nov	Dec	Total
Psychosocial support	6	5	6	6	4	3	<b>30</b>
Hospitalisation	7	3	2	2	4	4	<b>22</b>
Application for incapacity leave	2	1	0	0	2	1	<b>6</b>
External Service provider	0	18	0	0	0	0	<b>18</b>
<b>Grand Total</b>	<b>15</b>	<b>27</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>76</b>

Where employees are hospitalized, Metrobus implemented its Hospitalization and Bereavement Policy by purchasing flowers or fruit basket with a well-wishing card and, where an employee passes away a wreath is purchased. An amount of R3000 is donated and employees are transported to the funeral.

Incapacity leave refers to employees who have been assessed and approved by the Incapacity Leave Management Committee for additional paid sick leave if they have exhausted

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80 days 3-year cycle allocated sick leave. These employees are certified by a registered medical practitioner to require more time to recover at home/hospital or are waiting to finalise a medical boarding process as illustrated below:

**Table 26: Incapacity Management**

Type of case	October	November	December
Application for incapacity leave	0	2	1

#### **4.9.3 Occupational health and safety measures**

During the quarter under review, Metrobus continued to focus on ensuring compliance with all prescripts of the Occupational Health and Safety Act and all its related regulations. In view of internal capacity constraints an external independent resource was sourced to ensure that compliance with the Act is ensured. The following essential elements of the maintenance of health and safety were covered:

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

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

#### **4.10 Employee Benefits**

The employee benefits for the period under review amounted to a total of R 46,958,040.52 against a budget of R49,611,000.00 apportioned as per the following table

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**Table 27: Employee Benefits**

	Allowances	Training	Staff welfare	Employee medicals	Totals
<b>Actual Costs</b>	43,345,294	3,779,207	264,716	-	R47,389,216.17
<b>Budget</b>	46,052,500	773,500	2,785,000	217,500	R49,828,500.00
<b>Variance</b>	R2,707,206.42	-R3,005,706.78	R2,520,284.19	R217,500.00	R2,439,283.83

#### 4.11 Occupational Health & Safety Programmes

##### 4.11.1 Safety incidents

**Table 28: Safety incidents**

Incident per Depot	Milpark	Village Main	Roodepoort	Head Office	Man, days lost
	4	1	6	0	15

#### 4.12 Physical Security and Route Patrol Inspectorate

##### 4.12.1 Security Breaches

###### Village Main Depot

- I. On Thursday 31 October 2024, between 05:30 and 08:35. Unknown suspects entered the premises at Village Main Depot and stole an employee’s vehicle from the car park, while security personnel were standing at the gate on the opposite side. The employee opened a theft case with SAPS and also reported that his vehicle was insured and had a tracker fitted.
- II. On Saturday 09 November 2024 between 18:00 and 06:00 (Sunday 10 November 2024), two batteries were stolen from bus 5086 at Village Main Depot.
- III. On Sunday 10 November 2024 between 18:00 and 06:00 on Monday 11 November 2024, two batteries were stolen from bus 2073 at Village Main Depot.

When all three incidents occurred, the same group of security personnel (Shift C) was on duty. Disciplinary action is currently being taken against them.

#### **4.12.2 Route Inspection**

Since the implementation of the cashless system on the 01 October 2024 there has been an improvement in revenue collection. However, an incident involving two inspectors was recorded. The eye on the bus also recorded that the two inspectors failed to properly discharge their inspection duties on the 16 October 2024. Both employees were dismissed from Metrobus.

The inspector supervisor and mobile driver positions were advertised during the last quarter of the previous financial year. The three posts for the supervisor route inspection are currently filled on an acting basis. It is envisaged that their appointment as well as those of mobile drivers will be finalised before the end of quarter 3 of the 2024/2025 financial year.



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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 29: Summary Statement of Financial Position

Description	31-Dec-2024 Actuals R000	30-Jun-2024 Actuals R000	Movement R000	Movement %
<b>Total Assets</b>	<b>559,539</b>	<b>572,055</b>	<b>(12,516)</b>	<b>-2%</b>
<b>Non-Current Assets</b>	<b>522,958</b>	<b>539,391</b>	<b>(16,433)</b>	<b>-3%</b>
Property, Plant & Equipment	453,541	465,769	(12,228)	-3%
Loans to Shareholders	38,210	38,210	0	0%
Intangible Assets	31,207	35,413	(4,206)	-12%
<b>Current Assets</b>	<b>36,581</b>	<b>32,664</b>	<b>3,917</b>	<b>12%</b>
Inventories	25,688	21,150	4,538	21%
Receivables	4,253	2,650	1,602	60%
Prepayment	6,575	8,106	(1,531)	-19%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	65	757	(692)	-91%
<b>Total Equity &amp; Liabilities</b>	<b>559,539</b>	<b>572,055</b>	<b>(12,516)</b>	<b>-2%</b>
<b>Equity &amp; Liabilities</b>				
<b>Capital &amp; Reserves</b>	<b>(450,795)</b>	<b>(392,178)</b>	<b>(58,618)</b>	<b>15%</b>
Share Capital	54,774	54,774	0	0%
Revaluation Surplus	172,157	173,847	(1,690)	-1%
Accumulated Profit(Loss)	(677,727)	(620,799)	(56,928)	9%
<b>Non-Current Liabilities</b>	<b>7,470</b>	<b>13,978</b>	<b>(6,509)</b>	<b>-47%</b>
Interest Bearing Debt	0	0	0	#DIV/0!
Finance lease obligation capital	1,542	8,050	(6,509)	-81%
Retirement Benefit Obligation	5,928	5,928	(0)	0%
<b>Current Liabilities</b>	<b>1,002,864</b>	<b>950,254</b>	<b>52,610</b>	<b>6%</b>
Payables	404,429	419,635	(15,206)	-4%
Loans From Shareholders	551,142	465,830	85,312	18%

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<b>Finance lease obligation capital</b>	10,317	2,267	8,050	355%
<b>Other Financial Liabilities</b>	28,528	55,656	(27,128)	-49%
<b>Provisions</b>	4,745	3,163	1,582	50%
<b>VAT Payable</b>	0	0	0	100%
<b>Deferred Income</b>	3,704	3,704	0	0%

### **5.1.1 Property Plant and Equipment**

Property Plant and Equipment assets decreased by R 12, 2 million (3%) from R 465, 8 million (30 June 2024) to R 453, 5 million as of 31 December 2024 due to the net effect of depreciation charges and capital assets acquired during the period.

### **5.1.2 Intangible assets**

Intangible assets decreased by R 4, 2 million (12%) from approximately R 35, 4 million (30 June 2024) to approximately R 31, 2 million as of 31 December 2024. This was due to normal amortization of intangible assets and intangible assets acquired during the period.

### **5.1.3 Inventory**

Inventory increase by R4, 3 million (20%) from R 21, 2 million (30 June 2024) to R 25, 5 million as of 31 December 2024 due to increased inventory acquired for repairs and maintenance of buses to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels to prevent overstocking and inventory becoming obsolete.

### **5.1.4 Trade payables**

The trade payables decreased by R 15, 2 million (4%). As of 30 June 2024, Metrobus owed over R 419, 6 million and the amount decreased to R 404, 4 million as of 31 December 2024. This was due to increased cash allocations by the city for payment of trade payables. The City is still facing cash flow challenges, and this has led to them not allocating adequate funds to entities.

#### **5.1.5 Loans from shareholders**

The loans from shareholder increased by R 85, 3 million (18%). As of 30 June 2024, Metrobus owed R 465, 8 million to the City. This has increased to R 551, 1 million during the financial period ending 31 December 2024 due to delays in payments caused by the city cash flow challenges.

#### **5.1.6 Prepayments**

Prepayments represent payments made in advance in respect of insurance and bus licenses, this is amortised monthly. Prepayments decreased by R 1, 5 million (19%) from R 8, 1 million (30 June 2024) to R 6, 6 million (31 December 2024) due to armortisation of bus licences.

#### **5.1.7 Finance Lease Obligations**

Finance lease obligations increased by R 8, 1 million (355%). As of 30 June 2024, Metrobus owed R 2, 3 million to the city and this increased to R 10, 3 million due to leasing of buses.

#### **5.1.8 Provisions**

This has increased to R 1, 6 million during the financial period ending 31 December 2024 due to the increased number of employees employed on performance contract. Leave provisions are classified as trade payables and as they are certain and not based on estimates.

#### **5.1.9 Accumulated Losses**

The entity accumulated loss position worsened by R 56, 9 million from R 620, 8 million as at the end of 30 June 2024 to R 677, 7 million as of December 2024. This was driven by the deficit recorded during the period.

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5.2 Statement of Financial Performance and high-level notes

Table 30: Statement of Financial Performance

Financial Performance	Midyear Actual	Midyear Budget	Midyear Prior Year	Midyear Growth to prior year	Midyear Variance to budget
	(R000's)	(R000's)	(R000's)	(R000's)	(R000's)
<b>Revenue</b>	<b>352,473</b>	<b>354,447</b>	<b>333,724</b>	<b>18,749</b>	<b>-1,975</b>
Grants and subsidy	311,383	311,383	299,788	11,595	0
Fare revenue	40,327	41,764	33,130	7,197	-1,437
Sundry revenue	763	1,301	806	-43	-538
<b>Direct costs</b>	<b>87,147</b>	<b>71,866</b>	<b>92,970</b>	<b>-12,882</b>	<b>15,282</b>
Diesel	41,932	38,054	49,575	-7,644	-3,878
Rep & Maintenance	36,347	18,509	27,608	8,739	-17,838
Other	8,868	15,304	15,786	-6,918	6,435
<b>Margin</b>	<b>265,325</b>	<b>282,582</b>	<b>240,754</b>	<b>24,571</b>	<b>17,256</b>
<b>Expenses</b>	<b>296,624</b>	<b>258,024</b>	<b>286,841</b>	<b>9,784</b>	<b>-38,600</b>
Staff	209,473	182,540	200,030	9,443	-26,934
Depreciation	24,002	37,313	26,090	-2,088	13,311
Property expenses	4,305	9,982	470	3,834	5,677
Security	-4	200	9,809	-9,813	204

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Consultants	2,167	1,216	3,662	-1,495	-951
Bad debts	0	0	0	0	0
Bus rental	0	813	0	0	813
Licences buses	5,338	3,784	6,178	-840	-1,554
Insurance	13,999	2,163	16,157	-2,158	-11,837
Legal expenses	4,307	1,599	1,324	2,984	-2,708
Audit fees	4,646	2,674	4,394	253	-1,972
Computer costs	7,580	2,838	9,163	-1,584	-4,742
Marketing	2,488	1,918	6,088	-3,600	-570
Telecommunications	2,422	1,567	1,060	1,362	-856
Other costs	15,901	9,421	2,416	13,485	-6,481
<b>Operating result</b>	<b>-31,299</b>	<b>24,558</b>	<b>-46,086</b>	<b>14,787</b>	<b>55,857</b>
Interest paid	25,629	24,558	28,025	-2,396	-1,071
<b>Total Expenditure</b>	<b>409,400</b>	<b>354,448</b>	<b>407,835</b>	<b>1,565</b>	<b>-54,953</b>
<b>Surplus / Deficit</b>	<b>-56,928</b>	<b>0</b>	<b>-74,111</b>	<b>17,183</b>	<b>56,928</b>

### **5.2.1 Overview**

The draft operating budget was rebased over the past three years, and this resulted in a net decrease of R215 million. The operating expenditure budget was overspent by R54, 9 million due to inadequate budget.

Metrobus recorded a deficit amounting to R 56, 9 million for the first six months and the operating budget was overspent by R54, 9 million.

### **5.2.2 Fare Revenue**

A deficit amounting to R 1, 4 million was recorded on fare revenue by midyear. The entity recorded R 40, 3 million against the target fare revenue of R 41, 8 million. The fare revenue is expected to improve in the following quarters due to full implementation of the new AFC system and when the new buses are delivered. In addition, management will continue to make concerted efforts by running blitz and increased inspections as to improve the revenue collection and protection.

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

- Declining economic conditions which have resulted in increased unemployment and less people travelling.
- Shortage of adequate buses to operate the all the trips
- Underperformance in terms of private hires and contracted services

### **5.2.3 Diesel**

The diesel budget base was increased in the past financial year; however, the increase is still inadequate to run the minimum operation service. During the first six months the diesel budget was overspent by R 5, 1 million.

### **5.2.4 Repairs and maintenance**

The total approved budget for repairs and maintenance was exhausted during the period. However, for the entity to continue operating, we have to continue servicing the buses, failure to service the buses may result is serious risks, especially if some of the buses are involved

in an accident. In addition, failure to effectively service the buses may result in more buses not being road worth and this will increase the out of commission buses. The budget for repairs and maintenance has not been increased besides management requesting budget increases for the past three years. Repairs and maintenance for this six-month period were R 17, 8 million above budget and this was caused by efforts to reduce the number of out-of-commission buses.

#### **5.2.5 Other direct expenses**

Other direct expenses consist of detergents, oils, anti-freeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses for the six-month period were R 6, 4 million below budget due to reduced hiring of equipment.

#### **5.2.6 Staff costs**

The actual staff costs for the six months were R 26, 9 million below budget. The staff budget was also affected by the budget rebase in the previous financial years. Management will continue negotiating budget increases to ensure the staff costs are fully funded. Metrobus is in the process of filling some of the critical vacant positions.

#### **5.2.7 Depreciation and amortization expense**

Depreciation and amortization expense was within budget due to review of useful lives of the non-current assets. A R13, 3 million saving was recorded on depreciation and amortization.

#### **5.2.8 Property Expenses**

Savings of R 5, 6 million were realized on property expenses due to savings on water, electricity, and rental charges by midyear.

#### **5.2.9 Legal Fees**

The legal fees were overspent in the six months by R2, 7 million, this was due to the increased number of legal issues dealt with in the first six months.

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### 5.2.10 Computer Costs

The computer costs were overspent by R 4, 7 million resulting from the purchase of computer licences.

### 5.2.11 Other Costs

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs were R 6, 4 million above the six-month budget due to more repairs and maintenance of buildings and equipment during the period.

## 5.3 Cash flow statement for the period ended 31 December 2024

**Table 31: Summary Cash Flow**

Cash flow Statement	Dec-24	Jun-24
	Projected (R'000)	Actual (R'000)
<b>Net Cash Flow from Operating Activities</b>	<b>(52,849)</b>	<b>179,709</b>
Grants & subsidies	311,383	607,299
Other income	41,090	78,411
<b>Cash received from grants and income</b>	<b>352,473</b>	<b>685,710</b>
Employee costs	(209,473)	(136,250)
Suppliers	(166,859)	(313,208)
Finance costs	(28,990)	(56,544)
<b>Cash paid to employees, suppliers and finance costs</b>	<b>(405,322)</b>	<b>(506,002)</b>
Cash employed in investment activities	(7,568)	(49,806)
Expanding of Capital Base	(7,568)	(35,949)
Purchase of intangible assets	0	(13,858)
<b>Cash from financing activities</b>	<b>59,725</b>	<b>(129,706)</b>
Other financial liabilities	(27,128)	(50,419)
Movement of sweeping account	85,312	(79,400)
Finance lease payments	1,542	113
<b>Net Cash Flow from Activities</b>	<b>(692)</b>	<b>197</b>
<b>Net Increase / (Decrease) in Cash &amp; Bank Balances</b>	<b>(692)</b>	<b>197</b>
<b>Cash &amp; Bank Balances Beginning of the Year</b>	<b>757</b>	<b>561</b>
<b>Cash &amp; Bank Balances End of the Period</b>	<b>65</b>	<b>757</b>



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**Analysis of cash flow**

The entity has been experiencing serious cash flow challenges since the last two financial years and this has continued in the current financial year. The cash flow challenges have affected payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on the entity's cash forecast. During the six-month operating period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected the payment of suppliers.

The entity reported a positive cash balance of R65 000, influenced mainly by the net cash inflow of R 59, 7 million from financing activities. The actual cash spent on capital expenditure for the period was approximately R 7, 6 million.

**5.4 Ratio Analysis**

**Table 32: Ratio Analysis**

Description	30-Sep-24	30-Jun-24	Target
<b>Solvency Ratio</b>	0.55	0.59	0.1
<b>Current ratio</b>	0.04:1	0.03:1	1.5:1
<b>Acid test</b>	0.01:1	0.01:1	1:01
<b>Gearing Ratio* (only considering shareholder loan)</b>	100%	82%	45%
<b>Gearing</b>	181%	168%	45%
<b>Cost coverage ratio</b>	0.1	0.09	0.50
<b>Cost coverage ratio – excluding subsidy</b>	35.95	32.27	182.50
<b>Cost coverage ratio – including subsidy</b>	313.57	300.39	365.00
<b>Employee related costs to total expenditure</b>	51%	47%	40%
<b>Repairs to total expenditure</b>	12%	8%	8%
<b>Repairs to PPE</b>	4%	4%	8%
<b>Interest cover</b>	-1.22	-1.75	1.50
<b>Training spent against skills levy</b>	303%	58%	1%
<b>Total expenditure against budget</b>	116%	120%	100%

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<b>Total capex against budget</b>	4%	100%	100%
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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 worsened from R 392, 2 million (30 June 2024) to R 450, 8 million as of 31 December 2024. The entity's solvency ratio was calculated at 0.55: 1 (2023/24: 0.59: 1).

#### **5.4.2 Liquidity:**

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 551, 1 million (2023/24: R 465, 8 million). The overdraft was due to the accumulated losses over the years resulting from budget shortfalls, purchase of permanent assets with short-term loans and increased operating costs.

### **5.5 Capital Projects & Expenditure**

The shareholder approved capital expenditure budget amounting to R 214, 9 million for various capital projects of which R 168 million is for the procurement of buses. The entity managed to spend 7% of the Midyear budget, and this was 4% of the total approved budget. The spending on capital projects was delayed due to delays in user departments finalizing their procurement processes. A total of R 163, 5 million is already committed to the purchase of buses.

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**Table 33: Summary Capital Projects**

Project Name	Approved Budget (R 000's)	Midyear Budget 50% (R 000's)	YTD Actual (R 000's)	Commitments (R 000's)	YTD (Including commitments) (R 000's)	Midyear Actual spent %	YTD (including commitments) %	Actual spent against total budget %
<b>Overhaul Engine &amp; Gearboxes</b>	5,000	2,500	4,175	825	4,175	167%	167%	84%
<b>Building improvements</b>	3,599	1,800	180	-	180	10%	10%	5%
<b>Furniture &amp; Office Equipment</b>	600	300	165	-	165	55%	55%	27%
<b>IT Equipment</b>	7,250	3,625	1,995	2,097	1,995	55%	55%	28%
<b>Plant &amp; Machinery</b>	1,000	500	1,054	-	1,054	211%	211%	105%
<b>Bus refurbishment</b>	1,000	500	-	-	-	0%	0%	0%
<b>Purchasing of New Buses</b>	168,000	84,000	-	163,571	163,571	0%	195%	0%
<b>AFC</b>	28,500	14,250	-	-	-	0%	0%	0%
<b>Total Capital expenditure</b>	<b>214,949</b>	<b>107,475</b>	<b>7,568</b>	<b>166,493</b>	<b>171,139</b>	<b>7%</b>	<b>159%</b>	<b>4%</b>

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**5.6 Supply Chain Management (SCM) & Compliance Matters**

**5.6.1 Irregular, Fruitless, and wasteful expenditure**

There was Irregular expenditure recorded for six (06) month period of 2024/2025. There was no fruitless and wasteful expenditure; however, any irregular, unauthorized, fruitless and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered. An amount of R150 336 691 was written-off by the council/Board.

**Table 34: Reconciliation of irregular expenditure**

Reconciliation of Irregular Expenditure	2024/25 (R) 000'	2023/24 (R) 000'
<b>Opening Balance</b>	<b>157 169</b>	<b>100 024</b>
<b>Irregular Expenditure by Quarter</b>		
Quarter 1:	0	
Quarter 2:	0	
Quarter 3:		
Quarter 4:		
<b>Comparative: Prior year</b>		2 344
<b>Overspending of Approved Budget</b>		149 037
<b>Written Off</b>	(150 337)	(94 860)
<b>Closing balance</b>	<b>6 832</b>	<b>157 169</b>

**5.6.2 Awards where there were no three quotes.**

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

**5.6.3 Deviations**

There were three (3) deviations approved for mid-year of the 2024/2025 financial year.

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**Table 35: Deviations**

Company Name	Description	Applicable Regulation	Approved Amount (R' 000)
<b>Ebus supplies</b>	Request to appoint a service provider to purchase ink rollers and ratify for the existing procurement of ink rollers.	Where it is impractical or impossible to follow the procurement process Regulation 36 (1) (a) ii) and 1 (b)	150
<b>Tokiso Dispute</b>	Provision for the utilisation of a service provider to conduct dispute settlement facilitation and venue for the relationship building objectives (RBO) meeting	Where In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	172,5
<b>King Khathu</b>	Provision for repairs (Bus collided into a house)	Where there's in case of emergency	960
<b>Total</b>			<b>1 282,5</b>

**5.6.4 Expenditure on BBBEE and SMME's**

During the period under review, procurement amounting to R148 618 459,93 was procured by the organization. The total BBBEE expenditure was R141 535 604,41 which was 95% of the total expenditure. A total number of 113 SMMEs has also been supported up to thus far with a total spend of R115 004 361,48 for the period under review.

**Table 36: BBBEE procurement breakdown**

Details	Spent	
Total Procurement	(R' 000)	148 618
Actual BBBEE Spent	(R' 000)	141 536
% Actual BBBEE Spent	%	95,00%

**Table 37: SMMEs supported.**

	Number of suppliers supported	Amount R'000
Total Procurement	139	148 618

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BBBE Procurement	125	141 536
SMME Supported	113	115 004

**5.6.5 Performance against procurement plan**

**Table 38: Procurement Plan**

Departments	No. of tenders per Department	Not funded	Awaiting bid committee appointment	Specification	Audit Probity (BSC)	Advertising	Evaluation	Audit probity (BEC)	Adjudication	Awarded
Finance	04	0	0	2	0	0	0	1	1	0
IBO: TSD	32	0	0	23	1	3	0	2	1	2
Corporate Services	17	0	15	0	0	0	0	1	1	0
IBO: Ops	07	1	1	5	0	0	0	0	0	0
ICT	02	0	0	2	0	0	0	0	0	0
Office of the MD	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>62</b>	<b>1</b>	<b>16</b>	<b>32</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>2</b>

**5.6.6 Contract Management**

**Table 39: Contract Management**

Departments	No. of contracts Department	active per	Contracts expiring in 3-6< months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	2		0	0	2
IBO	22		4	5	13
Corporate Services	10		5	0	5
ICT	10		4	2	4
Office of the MD	1		0	1	0
<b>Total</b>	<b>45</b>		<b>13</b>	<b>8</b>	<b>24</b>

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## 5.7 Payments

### 5.7.1 Payments within 30 days

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

**Table 40: Reconciliation of invoices outstanding for more than 30 days**

Description		Q1	Q2	Total
		(R000's)	(R000's)	(R000's)
Total payments made	A	366	1,764	2,130
Invoices paid within 30 days	B	158	1,507	1,665
Invoices not paid within 30 days due to invoice issues	C	208	257	465
Invoices paid outside 30 days with no valid reason	D	0		0
Compliance percentage	B/A	43.17%	85.43%	78.17%

## 5.8 Amounts Owed to Metrobus by CoJ and Entities (Intracompany)

**Table 41: Amounts Owed to Metrobus by CoJ and Entities**

Period	Department	Contact person	(R'000)	Comments
Dec-24	JDA	Thabiso Ngoepe	0	Settled
	<b>Total</b>		<b>0</b>	

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

**Table 42: Amounts Owed to Metrobus by CoJ Core Departments**

Period	Department	Contact person	(R 000's)	Comments
Dec-24	Tourism	Zuqhame Matutu	0	Bus hire services
Dec-24	JHB Theatre	Babalwa Mbodla	15	Bus hire services
	<b>Total</b>		<b>15</b>	

**5.10 Amounts owed to Metrobus by CoJ and Entities (Intracompany)**

**Table 43: Amounts owed to Metrobus by CoJ and Entities**

Period	Department	Contact person	(R'000)	Comments
Dec-24	JOSHCO	Khanyi Msomi	67	Bus hire services to be settled.
	<b>Total</b>		<b>67</b>	

**5.11 Amounts owed to Metrobus by CoJ and Entities (Intercompany)**

**Table 44: Amounts owed to Metrobus by CoJ and Entities (Intercompany)**

Period	Department	Contact person	(R'000)	Comments
Dec-24	GCSS	Graeme Ruiters	35 291	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.
Dec-24	Economic Development	Tersia Wessels	0	Bus hire services to be settled.
Dec-24	Social Development	Zahin Anandlal	299	Bus hire services to be settled.
	<b>Total</b>		<b>35 590</b>	



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

**Table 45: Amounts owed by Metrobus to CoJ Core Departments**

Period	Department	Contact person	(R 000's)	Comments
Dec-24	Treasury	Lilian Siala	518 042	Sweeping account
Dec-24	Treasury	Sandile Manondo	28 528	Capital Creditors - CoJ 2016
Dec-24	(GRASS)	Amelia Schoeman	14 000	Insurance (COID)
Dec-24	Revenue CRM	Nyanisi Joseph Nhlapo	26 465	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.
Dec-24	Payroll	Patricia Moseki	203 781	Salaries reimbursement payable to GCSS.
Dec-24	THEATRE	Babalwa Mbodla	417	Hospitality
Dec-24	JHB City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	19	Conference
Dec-24	JPC	Luyanda Nelisa Tyeku	893	Renovations of building occupations
Dec-24	GCSS	Graeme Ruiters	17 605	Security salaries payable to GCSS.
Dec-24	MTC	Khuliso Makhesa	55 266	ICT Equipment and services
	<b>Total</b>		<b>865 016</b>	

## **CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS**

### **6.1 Introduction**

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

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

### **6.2 Staff Establishment**

**Table 46: Staff establishment**

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

### **6.3 Progress against the 2024/25 Internal Audit Plan**

The table below summarizes the IAF’s progress against the 2024/25 Internal Audit Plan.

**Table 47: IAF’s Progress**

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance Report		●	●	●

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	Internal Audit and Co-sourced Partner	Reported at Special ARC and Board Meeting <input type="checkbox"/>		
<b>AFS</b>				
		Reported at Special ARC and Board Meeting		
<b>Q1 Performance Information</b>				
<b>Follow-Up Findings Review</b>		Refer to Section 11		
<b>Quarterly Assessment</b>		Refer to Section 12		
<b>OHS</b>				Management comments outstanding
<b>SCM</b>		To be completed in February 2024		
<b>Stakeholder Management</b>				Management comments outstanding
<b>Fleet Management</b>		To be completed in February 2025		
<b>Q2 Performance Information</b>		To be completed in January 2025		
<b>Financial Discipline</b>		To be completed in March 2025		
<b>Revenue Management</b>				
<b>Fuel Management</b>		To be completed in February 2024		
<b>IT General Controls</b>		To be completed in March 2025		
<b>HR Report</b>		To be completed in April 2025		
<b>Q 3 Performance Information</b>		To be completed in April 2025		
<b>Q 4 Performance Information</b>		To be Completed in August 2025		

**6.4 Progress against Approved Ad-Hoc- Projects**

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

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**Table 48: Progress against Approved Ad-Hoc Projects**

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
(CORP01/2023-2024): Provision for the appointment of a panel of medical, health, and wellness service providers and professionals to Metrobus for a period of thirty-six (36) months as and when required.	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(TSD12/2023-2024): Provision for the appointment of a service provider for gearbox overhaul angle drive and repair of prop shaft on behalf of Metrobus for a period of thirty-six (36) months as and when required.	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(TSD 14/2023-24): Provision for a panel of service providers for the supply and delivery of various Volvo Spares/Parts and related items for three years on as when required basis	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**6.5 Limitation of Scope and Exclusions**




There were limitations of scope identified.

## 6.6 Opinion on Control

### 6.6.1 Rating Summary – Controls Opinion

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

**Table 49: 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 50: 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-Ups

Internal Audit Findings Dashboard on 31 December 2024 (Quarter 2)

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**Table 51: Internal Audit Findings**

Total Findings	Addressed	Not Addressed
40	8	32
% Resolution	25 %	

**6.8 External Audit Findings**

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

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

**Table 52: External Audit Findings**

	Matters that will be reported in the auditor's report and should be addressed urgently
	Matters that should be addressed to prevent material misstatements in the financial statements or material findings on the annual performance report and compliance with legislation in future; also includes matters that significantly affected auditee performance
	Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks

Details	Total Findings			
Findings	56	9	43	4

Total Findings	Addressed	Not Addressed
47	42	5
% Resolution Rate	89%	

**6.9 Overall Quarter Opinion on Controls**

**Table 53: 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 materializing.

**Table 54: Risk Ratings**

<b>Rating</b>	<b>Recommendation</b>
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**

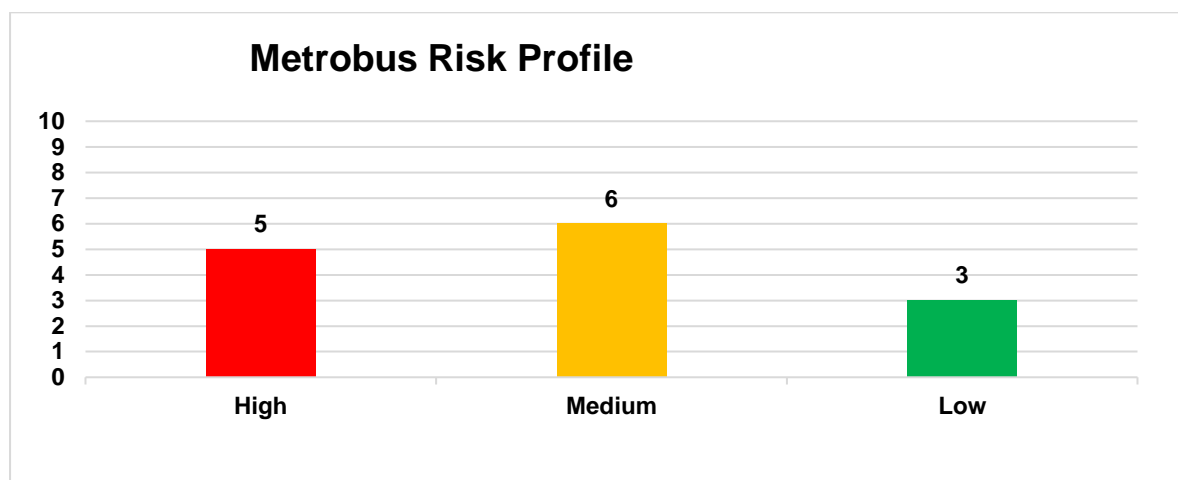
Risk Assessments (Strategic and Operational) have assisted Management to identify potential risks, to anticipate and uncover circumstances that may have an adverse impact on the achievement of KPI's.

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.

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The Risk Division within the Internal Audit Function (IAF) reports monthly to the Executive Management Team (EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2023 Business Plan, and inputs from Management. As of 31 July 2024, a total of 14 strategic risks were identified of which 5 were classified as residually high, 6 classified as residually medium and 3 as residually low as set out below.

**Figure 8: Risk Profile**



The following table provides details of the strategic risks according to the predetermined strategic objectives as of 31 December 2024. There are twenty-four (24) interventions planned for the 2024/25 financial year, whereby nineteen (19) were due at the end of quarter two and thirteen (13) of the interventions were achieved, which represent 54% of overall achievement.

**Table 55: Strategic Risks**

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	4	3	0	2
IBO	6	5	0	3
EMT	7	6	0	4
Finance	5	4	0	3
Corporate Services	1	1	0	1
IT	1	0	0	0
	<b>24</b>	<b>19</b>	<b>0</b>	<b>13</b>
<b>% Overall Achievement: 54%</b>				
<b>Achievement - Planned to Date:68%</b>				



### 6.10.3 Emerging Risks

**Table 56: Emerging Risks**

Risk Description	Risk Rating	Controls
Inability to render transport services due to foreseen and unforeseen events		Development and implementation of business continuity plan which outlines procedures to follow when services are disrupted
Lack of financial sustainability / Inability to continue as a going-concern		Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue generating streams) to be reported quarterly at EMT

### 6.10.4 Progress on Embedded Risks


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

### 6.10.5 Insurance Incidents

There are 268 open claims as of 30 November 2024. Refer to below table.

**Table 57: Insurance Incidents**

Policy Type	Total	90 to 180 days	180 to 365 days	Over 365 days
Motor-Fleet (Sasria)	1	-	-	1
Motor- Metrobus	265	-	31	234
Motor- Red fleet	2	-	1	1
<b>Total</b>	<b>268</b>	<b>0</b>	<b>32</b>	<b>236</b>



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## ANNEXURE A: IDP & SDBIP SCORECARD

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**Priority: Sustainable Service Delivery**

KPI NO.	KEY PERFORMANCE INDICATOR	BASELINE 2023/24	2024/25 ANNUAL TARGET	2024/25 QUARTERLY TARGETS		2024/25 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				Q2 Target	Q2 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	22 425 Metrobus passenger trips per working day	26 000 Average number of Metrobus passenger trips per working day	26 000	22 129	-	37 785	Target not met due to high number of out of commission of buses leading to cancellation of trips	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> </ul>

## ANNEXURE B: METROBUS SCORECARD

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**Program 1: Customer Services, Stakeholder Engagement and Communication**

#	PIP	GDS2040	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to Date	Means of verification and Key Interventions
1	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	74% planned trips completed	80% planned trips completed	80%	73%	65%	69%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	22 425 Metrobus passenger trips per working day	26 000 Metrobus passenger trips per working day	26 000	22 718	22 129	22 426	Target not met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.31 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.16	0.72	0.44	Target met

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		the potential of citizens								
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	100% of service disruptions communicated	100%	100%	100%	100%	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	41% of complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	100%	18%	23%	21%	Target not met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	% Customer satisfaction	83% Customer satisfaction	80% Customer satisfaction	Not Applicable	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)

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		potential of citizens								
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Achievement of service standards	80% Achievement of service standards	100% Achievement of service standards	85%	80%	80%	80%	Target not met

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**Program 2: Innovation and Green Economy**

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to Date	Means of verification and Key Interventions
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy	% Carbon emissions	Maintain hartridge units' measurement at 14%	Maintain hartridge units' measurement at 30%	30%	12%	11%	12%	Target met



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**Program 3 Enterprise Development and Job Creation**

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to Date	Means of verification and Key Interventions
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	157 SMME's supported	140 SMME's supported	70	77	113	113	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	97% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	95%	95%	95%	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	174 EPWP Jobs created	100 EPWP jobs created	50	97	132	132	Target met

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**Program 4: Financial Management, Viability and Sustainability**

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to Date	Means of verification and Key Interventions	
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent on operating budget against approved operating budget	122% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	50% of total opex budget	27%	57%	57%	Target met
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	50% of total capex budget	2%	4%	4%	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on repairs and maintenance to property, plant and equipment	14% spent on repairs and maintenance to property, plant and equipment	8% spent on repairs and maintenance to property, plant and equipment	4%	6%	10%	10%	Target met

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15	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	0% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	50% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	30%	0	0	0	Target met
16	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of valid invoices paid within 30 days	89,81% of valid invoices paid within 30 days	100% of valid invoices paid within 30 days	100%	49,55%	85,43%	78,17%	Target not met

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**Program 5: Operational Excellence**

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to Date	Means of verification and Key Interventions	
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of Internal Audit Findings	49% resolution of Internal Audit Findings	95% resolution of Internal Audit Findings	30%	4%	25%	25%	Target not met
18	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% resolution of AGSA findings	87% resolution of AGSA findings	95% resolution of AGSA findings	100%	89%	89%	89%	Target not met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	79% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90% of quarterly fleet requirement	47%	49%	48%	Target not met
20	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of the strategic risk management action plan findings resolved	88% implementation of the strategic risk management action plan findings resolved	85% implementation of the strategic risk management action plan findings resolved	85%	55%	68%	62%	Target not Met

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21	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	62% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	55%	50%	53%	Target not met
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**Program 6: Technology and Business Enablement**

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q2 Target	Q1 Actual	Q2 Actual	Year to date	Means of verification and Key Interventions
22	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Intelligent Transport System Projects	91% Intelligent Transport System Projects	100% of Intelligent Transport Systems Projects	50%	92%	98%	98%	Target met

## ANNEXURE B1: UNACHIEVED KPI's

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KPI	Unachieved Key Performance Indicator	Proposed Corrective Actions	Responsible Team	Deadline
1	% planned trips completed	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> <li>• Recruitment of bus operators</li> </ul>	Integrated Business Operations	30 March 2025
2	Average number of Metrobus passenger trips per working day	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> <li>• Recruitment of bus operators</li> </ul>	Integrated Business Operations	30 March 2025
5	% complaints resolved within the timelines specified in the customer service charter	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> <li>• Recruitment of bus operators</li> </ul>	Communications and Marketing	30 March 2025
7	% Achievement of service standards	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> <li>• Recruitment of bus operators</li> </ul>	Integrated Business Operations	30 March 2025



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13	% spent on capital budget against approved capital budget	<ul style="list-style-type: none"> <li>• Pre-performance year completion of procurement processes</li> <li>• Robust Vendor management through SLAs</li> </ul>	Finance	30 March 2025
16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> <li>• Validity of Invoices</li> <li>• Vendor Compliance documents</li> <li>• Cash-Flow</li> </ul>	Finance	30 March 2025
17	% resolution of internal Audit Findings	<ul style="list-style-type: none"> <li>• Approved Implementation plan</li> <li>• Performance Contracting</li> </ul>	Internal Audit	ongoing
18	% resolution of AGSA findings	<ul style="list-style-type: none"> <li>• Approved Implementation plan</li> <li>• Performance Contracting</li> </ul>	Internal Audit	ongoing
19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> <li>• Procurement of buses</li> <li>• Leasing of buses</li> <li>• Decrease of Out of Commission of buses</li> </ul>	Integrated Business Operations	30 March 2025

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<b>20</b>	% implementation of the strategic risk management action plan findings resolved	<ul style="list-style-type: none"><li>• Robust performance and consequence management</li></ul>	Internal Audit	ongoing
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# ANNEXURE C: SERVICE STANDARDS

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**Service Standards**

Core Service	Service Standard	Level Target	Q1	Q2
% of scheduled public bus trip arriving on time	90% arrival times		94%	94%
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)		73%	66%
Safety of commuters	100% compliance to health and safety legislation (1) Zero security incidents on buses (2) Zero Fatalities		100%	100%
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations		100%	100%
Response time for walk in queries	All queries acknowledged within 1 hour		All queries acknowledged within 1 hour	All queries acknowledged within 1 hour

## ANNEXURE D: STRATEGIC RISK

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
<b>Programme 1: Customer Services, Stakeholder Engagement and Communication</b>								
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Planned Trips Completed	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	1.1 100% implementation of bus maintenance plans per quarter 1.2 Provision of additional funding by the Shareholder for the implementation of fleet renewal strategy (procurement, refurbishment and leasing of buses)	1.1 Quarterly, 100% to be Reported by 30 June 2025  1.2 30 June 2025	2	1.1 Due to shortfall of funding, it is difficult to fully implement the bus maintenance plans. The teams completed the procurement processes of new buses and the refurbishment. 1.2 The appointment of the service provider for supply and delivery of diesel buses is finalized. The appointment of the service for the refurbishment of buses has also finalized. The department has requested additional funding for the refurbishment process. The department has
	Average number of Metrobus passenger trips per working day							

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
								also advertised for the procurement of electric vehicles. The department has also advertised for the leasing of buses even though there is insufficient funding currently available. The department has requested for additional funding for the leasing of buses.
	Blameworthy Accidents Rate per 100 000 bus kilometers operated	Inability to maintain fatality free operations	Medium	IBO	1.3 Each Bus Operator to attend at least 1 driver refresher training in 24/25 financial year	1.3 Quarterly: % 31 December 2024	1	1.3 The drivers are being re-trained whenever they come back from long leave and sick leave. The department is planning to retrain the more drivers as well as contract drivers.

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Service Disruptions Communicated	Loss of trust and goodwill of commuters	Medium	Strategy	1.4 Implementation of an audit worthy complaint management system 1.5 Adherence to requirements of the Commuter Service Charter in relation to complaint Management 1.6 Implementation of commuter engagement plan	1.4 Quarterly : 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025 1.5 30 September 2024, 1.6 30 September 2024,	3	1.4 What's App channel – complaint management system is implemented. 1.5 Resolution turnaround times as per Commuter Service Charter are not adhered to due to availability of buses. 1.6 Commuters are continuously engaged. Most recent engagement related to implementation of cashless mobility. Commuter Satisfaction surveys conducted on a yearly basis; recent one completed during the fourth quarter of the 2023/24 financial year
	% Complaints resolved within the timelines specified in the Customer Services Charter							



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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
	% Service disruptions communicated	Inability to render transport services due to foreseen and unforeseen events	High	Strategy	1.7 Development and implementation of business continuity plan which outlines procedures to follow when services are disrupted	1.7 Ongoing	1	1.7 Not yet implemented - Following a scheduled Risk workshop (30 Jan 2025) a business continuity will be developed 30 June 2025
	% Customer Satisfaction	Inability to transport passengers	High	IBO	1.8 Implementation and activation of Intelligent Transport Systems (ITS)	1.8 31 December 2024	1	1.8 The Intelligent Transport Systems (ITS) – equipment has been procured and installed. The project is at the piloting stage. The department is still waiting for the system to go on live.
	% Achievement of Service Standards							
<b>Programme 2: Innovation and Green Economy</b>								
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure	% Carbon Emissions	Inability to meet Carbon Emission Targets	Low	IBO	2.1 Emission Testing by an External Service Provider 2.2. Replace Injection Systems after 60 000 Kms (Where	2.1 Quarterly, 100% to be Reported by 30 June 2025 2.2 Quarterly, 100% to be Reported by 30 June 2025	2	2.1 The department has procured its own equipment for emission testing in all the three depots. Training of officials is completed. The

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
supportive of a low carbon economy					Applicable- Category C and D Buses)			department has started conducting the testing. Reports are being generated. The Manager Planning, Analytics and Research will still be trained so as to confirm that proper testing is done.  2.2 Service provider appointed for the injection and pump systems.
Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMME's Supported	Inability to Attract Sufficient SMME's	Low	CFO	3.1 Allocation of budget for SMME Development. 3.2 Increased Supplier awareness in terms of publishing of information	3.1 30 September 2024, 3.2 31 December 2024	2	3.1 The target of 25% of the budget allocated to SMMEs 3.2 Not yet implemented – 31 March 2025

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total Expenditure spent on BBBEE							
	Total Number of EPWP jobs Created	Inability to Provide/Supply Sufficient EPWP opportunity to Alleviate Poverty	Low	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts	3.4 1 31 July 2024	1	3.4 The target EPWP has been achieved. The first cohort commenced employment on 1 September 2024 (72) and the second cohort commenced on 1 October (63).
<b>Programme 4: Financial Management, Viability and Sustainability</b>								

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Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	% Spent against Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction of Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated by the Shareholder	High	CFO	4.1 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.1 Quarterly Reporting: 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025	1	4.1 Performance report for actual spend against budget prepared and reported to EMT quarterly.
	% Spent against Approved Capital Expenditure Budget				4.2 Tenders per Procurement Plan advertised and awarded	4.2 Quarterly: 30 June 2025 (100% of tenders)	1	4.2 Capex projects tenders planned for Q2 have been awarded
	% spent on repairs and maintenance to property, plant and equipment				4.3 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.3 Same as Above-4.1	None has Already Included 4.1	4.3 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
		Lack of financial sustainability / Inability to continue as a going-concern	Medium	EMT	4.4 Development of sustainable models of how the organisation will be taken in the short - long term (exploring other revenue generating streams) to be reported quarterly at EMT	4.4 Quarterly: 30 June 2025	1	4.4 Pricing model for mobile advertising is on the 3 <sup>rd</sup> phase and the project will be completed by 31 December 2024.  Pricing model for private hire is on 25% and will be completed by 31 December 2024.  To date, a total of R1,8 million (Private hire and Park n Ride) revenue was collected
	% reduction in unauthorized irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inadequate financial governance	Medium	EMT	4.5 Tenders awarded subjected to Internal Audit probity reviews 4.6 Continuous implementation of UIFW reduction strategy by reporting UIFW expenditure monthly and on quarterly basis	4.5 As and when required, 100% to be reported on 30 June 2025  4.6 Quarterly: 30 September 2024	2	4.5 Each tender is subject to probity review by Internal Audit - In progress.  4.6 UIFW reduction strategy implemented by continuous review of UIFW and monthly reporting at EMT meetings. R0 UIFW is

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
								reported for the quarter under review
	% of valid invoices paid within 30 days			CFO	4.7 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.7 Quarterly: 100% to be Reported on 30 June 2025	1	4.7 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board – not achieved due to cash allocation from the City.
<b>Programme 5: Operational Excellence</b>								
Improve and Strengthen Financial Position	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	Medium	EMT	5.1 Identify management actions plans which have passed due date for implementation 5.2 Assess the status of resolution on each finding. 5.3 Report on the status of each assessed finding as either addressed or not addressed. 5.4 Revision of action plans to adequately	5.1 – 5.4 Quarterly: 30 June 2025	4	5.1 – 5.4 Internal OPCA during EMT meetings has been implemented to track and monitoring implementation of action plans aiming to resolution of findings. Progress of all the findings is reported monthly.
	% AGSA Findings Resolved							

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
					address identified control deficiencies.			
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens.	% Fleet Available to Operate Scheduled Trips Met	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	5.5 Provision of additional funding by the Shareholder for the implementation of fleet renewal strategy (procurement, refurbishing, and leasing of buses)	5.5 30 June 2025	None has Already Included in 1.1 above	5.5 Not yet due - Funding amounting to R330 million has been allocated to Metrobus for the next three financial years from 2024/25. The department has appointed service providers for procurement of diesel buses and also the refurbishment of buses. Refurbishment will only be done after the approval of additional funding for refurbishment.
<b>Programme 6: Technology and Business Enablement</b>								

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Smart City	% Intelligent Transport System Projects	Lack of digital capacity to support Metrobus operations	Medium	CIO	6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2024/2025 Financial Year by ensuring implementation of the following ITS systems 1. WI-FI in the Bus 100% Complete 2. Fleet Management System 95% Complete 3. Automated fare Collection System(AFC) 60% Complete 4. Fuel Management System (FMS) 0 % Complete	6.1 Quarterly: 1. 30 September 2024, 2.31 December 2024, 3. 31 March 2025 and 4.30 June 2025	1	6.1 1. The WI-FI in the Bus 100% Completed 2.Fleet Management System 97% Complete 3. Automated fare Collection System(AFC) 97% Complete 4. Fuel Management System (FMS) 20 % Complete





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## ANNEXURE E: CIRCULAR 88

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N o	National Treasury Proposed Indicators	Ref No	2022/23 Baseline	2024/25 Targets	Q2 Target	Q1 Actual	Q2 Actual	Target met or not.
1	Number of weekdays scheduled municipal bus passenger trips	TR3.11	3,4 million	6,4 million	1,6 million	1,4 million	1.39 million	Target not met.
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	90%	94%	94%	Target met.
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Target met.
4	Percentage of scheduled municipal bus service stops that are universally accessible	TR5.31	100%	30%	30%	100%	100%	Target met.

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5	Staff vacancy rate	GG 1.21	20%	<30%	<30%	23,34%	23,34%	Target met.
6	Percentage of municipal skills development levy recovered	GG 1.1	100%	100%	100%	100%	100%	Target Met
7	Top Management Stability	GG 1.2	86%	82%	82%	71%	71%	Target not met.
8	Percentage of vacant post filled within 3 months	GG 1.22	100%	100%	100%	10%	10%	Target not met.
9	Audit opinion	GG3.1	Unqualified without material finding	Unqualified without material finding	Unqualified without material finding	N/A	Unqualified with material finding	Target not met
10	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	10 active suspensions longer than three months	10	5	Target met

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## ANNEXURE F: COMPLIANCE CHECKLIST

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
<b>Companies Act No 71 Of 2008</b>					
Financial Statements Sec 30	Company Secretary	Ensure that Annual Financial Statements are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	December	Completed
Directors, company name, registered office, registration number Sec 70	Company Secretary	Ensure that letterheads, website (and records with the Registrar) are up to date and that all official communication reflects this information.  Consent to act as director to be kept on record	10 days after change	10 days after change	Completed

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
Annual Returns to be submitted in terms of Sec 33	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year-end) is submitted to CIPC within 30 days of anniversary date of registration.	Annually by end of the month following the anniversary date of incorporation	May	Annual returns for the financial year ended 30 June 2023 were duly returned. Annual returns for the year ending June 2024 are due for submission by March 2025
Board Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meetings are duly constituted; minutes are taken and filed.	Quarterly	Quarterly	Completed - Board meetings take place quarterly, and minuted. Terms of references are up to date.

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
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 31 July 2024
Auditor appointed	Company Secretary	Auditor consent to appointment and same to be lodged with CIPC	Annually	Annually	A new Board was appointed at the AGM on 31 2024 and upon receiving resolutions of AGM the newly appointed board members will be lodged with CIPC
Register of directors and Officials	Company Secretary	Register of directors and officials to be maintained	Annually	Annually	Documents have been lodged online.
<b>Labour Relations and Employment Law</b>					

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



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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
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"> <li>- Electrical compliance at head office.</li> <li>- More capex for upgrades</li> </ul>
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"> <li>- Contracts are in place.</li> <li>- Training was conducted.</li> <li>- Training committee meets on a regular basis</li> </ul>
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 <sup>th</sup> of each month	Completed

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
Promotion of Equality and Prevention of Unfair Discrimination Act No.52 of 2002	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place
Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("COID")	GM: Corporate Services	Ensure that Act is adhered to - Return of Earnings (W.As.8) and Act is adhered to - lodgement of employee claims	Annually	Ongoing	Completed
Code of conduct of schedule 2 of the Municipal Systems Act	Employees	Declaration of interest	Annually	Annually	Employee declarations of interest for the financial year ending 30 June 2025 were submitted
<b>Finance / Value Added/ Tax Law</b>					

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

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
Protected Disclosures Act, No 26 of 2000 (Whistleblowing Act);	CAE	Management of whistleblowing hotline – reports received and addressed in line with policy	Annually	Monthly	Completed. No disclosures were made during this quarter.
Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA compliant	Annually	Annually	Completed
<b>General laws</b>					
Road Traffic Act	GM: Integrated Business Operations	Ensure that all vehicles' licenses and traffic fines are paid.	Annually	Annually	Completed
Code of Conduct for Municipal Staff Members, (schedule 2 to the	All Departments & Directors and Board Sub-Committees	Ensure that written declarations of interests are recorded	Annually	Annually	Completed

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

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

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	Not yet due
S 88	Accounting Officer / Board	Mid-term report By 20 <sup>th</sup> January each year submit a report on the assessment of the entity to Board and City	Annually	22 January 2025	Not yet due
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS

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	<b>Person /Department Responsible</b>	<b>Activity</b>	<b>Frequency</b>	<b>Due Date</b>	<b>Status</b>
S 106	MD	All delegations reduced to writing	Annually	Annually	Approved 25 April 2024
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	6 December 2024	Submitted
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	30 November 2024	Submitted



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

# **ANNEXURE G: SPECIFIC ISSUES IDENTIFIED**

**City of Johannesburg Metropolitan Municipality**  
**Metropolitan Bus Services (SOC) Ltd**  
**2024/25 Mid-year Performance Assessment Report**

NO	SPECIFIC ISSUES IDENTIFIED	PROPOSED CORRECTIVE ACTIONS	RESPONSIBLE TEAM	DEADLINE	PROGRESS
1	Aging and unreliable bus fleet	Bus leasing (one hundred high-capacity buses). Refurbishment of 30 buses. Procurement of buses.	Executive Management Team	By 31 Merch 2025 By 31 Merch 2025 By 31 Merch 2025	Ongoing
2	Limited financial resources (budget)	Negotiate conditional grants for assets instead of loans.	Executive Management Team	By 31 Merch 2025	Submission made by the entity. Currently under consideration by Group Finance
3	Inefficient routes	Reduce quantity of inefficient routes by 10% through improved planning and stakeholder engagement.	Executive Management Team	By 31 Merch 2025	Not yet due
4	Aging and unreliable fare collection system	Implementation of Automated Fare Collection system	Executive Management Team	On-going implementation	On-going
5	High rate of revenue pilferage	Inspectorate Blitz	Executive Management Team	Completed Ongoing	Completed
6	Inability to track and account for utilization and deployment of buses.	Installation of Intelligent Transport Systems	Executive Management Team	Completed	Completed
7	High debt burden (historical)	Finalise the debt restructuring process.	Executive Management Team	By 31 Merch 2025	Not yet due
8	High cost of operations (fuel costs)	Increase diesel to gas substitution rate.	Executive Management Team	By 31 Merch 2025	Not yet due

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		Installation of CNG infrastructure. Reduction of dead Kilometres			
<b>9</b>	Uncertainty on future funding investment	Increase market share.	Executive Management Team	By 31 Merch 2025	Not yet due
<b>10</b>	Labour instability (contributing factor on public commuter confidence)	Three company- wide roadshows conducted per financial year.  Monthly Labour Management Forum (LMF)	Executive Management Team	On-going implementation  On-going implementation	Engagement forum is functional