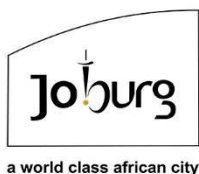


Metrobus

Fourth Quarter Performance Assessment Report 2024/25

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

RP 2142



Head Office

Physical Address: Transportation House,
No 1 Raikes Road, Braamfontein, 2001
Postal Address: P O Box 1787, Johannesburg, 2001
Tel: 011 403 4300

www.mbus.joburg.org.za

Private hire Service

011 832 3135 /6/7

Call Centre

Tel: 0860 JOBURG (562 874)
Email: busqueries@joburg.org.za

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

COMPANY INFORMATION

Registration number: : 2000/004704/30

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

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

Telephone number: : (011) 403-4300

Fax number: : (011) 403-1613

Website: : <https://mbus.joburg.org.za>

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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




Metrobus


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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2024/25 Quarter Four Performance Assessment Report

APPROVAL:

Luyanda Gidini CA(SA)		28 July 2025
Name & Surname	Signature	Approval Date
Chief Financial Officer		

Dr Bongani Radebe		29 July 2025
Name & Surname	Signature	Approval Date
Managing Director		

Charley Pietersen		30 July 2025
Name & Surname	Signature	Approval Date
Board Chairperson		

Name & Surname	Signature	Approval Date
MMC		

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GLOSSARY OF TERMS / LIST OF ACRONYMS

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

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

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

I am honoured, on behalf of the Board, to present the 2024/25 fourth quarter Metrobus Performance Assessment Report. The Board has noted with concern the downward trend in the overall performance of the entity over the first three quarters of the financial year in contrast to the trend recorded in the previous financial year where improvement in performance was recorded consistently over the first three quarters. In this regard, management has committed to several mitigation measures specifically dealing with the key performance indicators where performance targets have not been achieved. These mitigation measures are collectively intended to ensure an overall improvement in the performance of the entity. While these mitigation measures are systematic in nature, a number of systemic performance disablers remain a concern, key among which are declining budgetary allocations, negative financial implications emanating from the current financial model, couples with the non-resolution of the question of the review of the current funding model.

The entity continues to record an upward trend in revenue collection largely as a result of the implementation of cashless mobility. A variety of opportunities remain in reach of the entity, key among which are continued enhancement of revenue generation through a concerted effort at collection and protection of revenue through enforcement targeted at both employees and commuters. The introduction of electric vehicles as part of the energy mix will ensure that the entity makes significant strides towards the goal of a green economy for the City. The procurement of thirty-four (34) buses, the delivery of which is scheduled to be completed in January of 2026 will contribute towards improving the reliability of services. However, in view of additional buses required to reach requisite levels of fit-for-purpose buses and the declining budget allocations from the City, the entity is currently considering alternative avenues of procuring more buses. Progress has also been recorded in making certain that the entity is positioned to pursue the generation of revenue through alternative streams such as private hire and mobile advertising opportunities. In this regard, the process of establishing proper costing structures which will inform proper pricing of these services has been completed. During the period under review, the entity recorded a 5% decline in performance in comparison with the same period last year.

Quarter 4 2023/24	Quarter 4 2024/25
60% Against a target of 85%	55% Against a target of 85%

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Albeit that the target relating to the resolution of external audit findings is commendable, the board remains concerned with the non-achievement of targets relating to the resolution of internal audit findings. The board notes the initiatives engaged towards a turnaround in this regard including meetings of the Operation Clean Audit Committee of the executive. Through the Board's Audit and Risk Committee, progress on the implementation of the entity's audit plan remains under constant monitoring.

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 against a target of 80% completed during quarter three. It is commendable that during the period under review, the entity operated a total of 1,5 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 consistently meets its engagement and reporting requirements with the shareholder and continues to receive governance support from the shareholder.

The entity has recorded an achievement level of 55% against a target of 85% for its pre-determined objectives during the period under review.

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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 485, 5 million as of 30 June 2025.

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 485, 5 million as of 30 June 2025. In this quarter, the entity achieved 126% of its capex expenditure target. Performance against predetermined objective was recorded at 55% 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. Furthermore, the labour management and engagement forum remain active, ensuring the labour stability.

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

Dr Bongani Radebe
Managing Director

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1.3 Chief Financial Officer's Report

Introduction

The fourth quarter 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 30 June 2025.

Abridged Statement of Financial Performance

Description	Q4 30-June-25			YTD 30-June-25			Variances		
	Actual	Budget	Prior year	Actual	Budget	Prior year	Q4 To budget	Q4 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	213,588	189,875	168,906	734,991	759,498	671,212	23,714	44,682	(24,508)
Direct costs	48,919	43,511	45,057	167,425	174,045	185,758	(5,407)	(3,861)	6,621
Margin	164,670	146,363	123,849	567,566	585,453	485,454	18,306	40,821	(17,887)
Expenses	154,091	134,084	171,502	613,377	536,337	575,762	(20,007)	17,410	(77,040)
Operating result	10,578	12,279	-47,653	-45,811	49,116	-90,307	(1,701)	58,231	(94,927)
Interest paid	9,514	12,279	12,449	45,832	49,116	55,479	2,765	2,935	3,284
Total Expenditure	212,525	189,875	229,008	826,633	759,498	816,999	(22,650)	16,483	(67,135)
Surplus / Deficit	1,064	0	-60,102	-91,643	0	145,787	1,064	61,166	(91,643)

Notes on Income Statements

Overview

The approved operating budget was increased by R52, 0 million of which the subsidy budget was increased by R36, 9 million and fare revenue was increased by R15, 1 million. The approved budget had been drastically reduced through budget rebase over the past three years. The increase in budget was not enough to reverse the effects of the budget rebase in the past years. Management had requested an operating budget increase of R167, 9 million, only R52, 0 million was awarded, of which only R36, 9 million was from subsidies with rest to be raised internally.

The operating expenditure budget was overspent by R67, 1 million due to inadequate budget and failing to meet internal revenue targets. Metrobus recorded a deficit amounting to R91, 6 million for the twelve months ending 30 June 2025.

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Fare Revenue

A deficit amounting to R 5, 5 million was recorded on fare revenue for the quarter. The entity recorded R 18, 7 million against the target fare revenue of R 24, 3 million. The fare revenue is expected to improve in the following quarter 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 was increased by R57, 0 million (YTD: R37, 9m) during the 2024/25 budget adjustment period. The increase was more than the request that management had submitted. During the quarter, savings amounting to R14, 1 million (YTD: R50, 5m) were realised on the diesel budget.

Repairs and maintenance

The repairs and maintenance budget was fully utilized during the period. Initially, management requested R71.1 million to address the aging bus fleet and reduce the number of out-of-commission buses, but the approved budget was cut from R37.0 million to R29.2 million. Maintaining the fleet is essential to avoid risks, particularly accidents involving poorly serviced buses, and to prevent an increase in unroadworthy vehicles. As a result, the repairs and maintenance budget was overspent by R17, 7 million (YTD: R38, 9m) during the quarter. The repairs and maintenance costs were incurred on reducing the number of out-of-commission buses.

Asset and liabilities

The table below reflects the abridged financial position of the entity at 30 June 2025.

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Abridged Statement of Financial Performance

Description	30-Jun-25	30-Jun-24	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	540,255	539,391	864	0%
Current Assets	32,368	32,664	-296	-1%
Total Assets	572,623	572,055	568	0%
Capital & Reserves	(485,510)	(392,178)	-93,333	24%
Non-Current Liabilities	7,470	13,978	(6,509)	-47%
Current Liabilities	1,050,664	950,254	100,409	11%
Total Equity & Liabilities	572,623	572,055	568	0%

The overall increase of R 0, 8 million with respect to non-current assets is driven primarily by the net off of assets acquired and normal depreciation and amortisation of property plant and equipment and intangible assets.

Current assets reflected a 1% decrease from June 2024 because of utilisation of inventory.

The current liabilities have increased due to increase in trade payables and the sweeping account overdraft. The entity faced significant challenges in getting cash flow allocations from the city, as a result, both the trade payables and sweeping account grew significantly.

Summary Capital Projects

The capital budget was adjusted from R214, 9 million to R97, 9 million, this budget is for various capital projects of which R 33 million is for the procurement of buses. The entity spent 126% of the total approved budget. This figure is an estimate as most of the capital projects are still being finalised.

Cash flow

The company has been experiencing serious cash flow challenges for the last two financial years, and this has continued in the current financial year. The cash flow challenges have affected payment to suppliers and the 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 nine-month operating period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and these affected payments to the suppliers.

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 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.

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.

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Table 1: Fleet details

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

1.4.4 Metrobus scope of operation

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

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

1.5 Strategic Objectives

1.5.1 Overview

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

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

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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 a distinct Intelligent Transport System which involves the following.

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

Figure 1: Alignment to GDS 2040

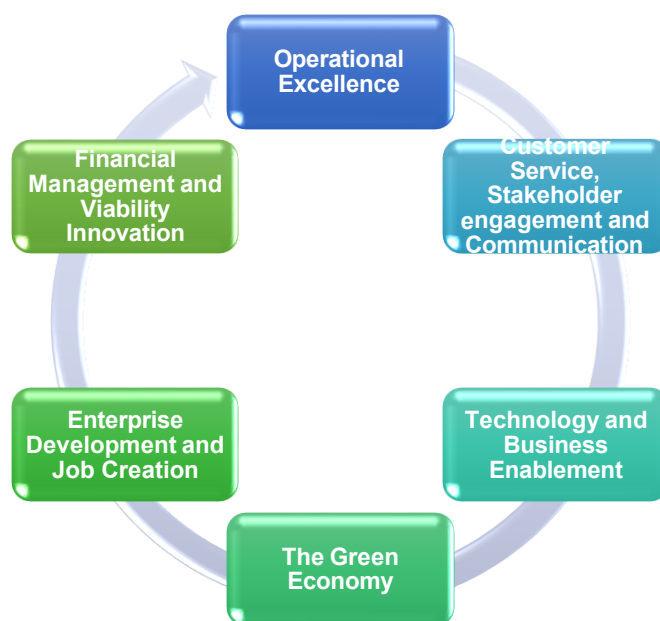


In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below.

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

GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	<ul style="list-style-type: none"> A society characterized by healthy living for all. A safe and secure city A city characterized by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> Energy mix is based on the use of CNG as alternative energy. Preferential procurement Transportation supportive of a growing economy Technology: introduction of technology with capacity for smart commuter interface, operator behavior monitoring, general positional surveillance of buses and automated fare collection Adherence to service level standards.
An inclusive, job intensive, resilient, competitive, and smart economy that harness the potential of citizens	<ul style="list-style-type: none"> Job-intensive economic growth Promotion and support to informal and micro business 	<ul style="list-style-type: none"> Extended job opportunities through EPWP Development and support of SMME's

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



OBJECTIVE 01

Improve revenue generation



OBJECTIVE 02

Develop and implement a cost reduction plan



OBJECTIVE 03

Improve the liquidity and solvency position of Metrobus.



OBJECTIVE 04

Implement sound financial management practices.

PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 2

Ensure effective and efficient bus operations



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 3

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



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 4

Ensure a well governed entity



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

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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 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 fourth quarter, the company had eleven (11) Directors, i.e. nine (09) Non-Executive Directors and two (2) Executive Directors, being the Managing Director and the Chief Financial Officer.

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

Table 3: Metrobus Board of Directors

Name	Position
Mr. Charley Pietersen	NED and Board Chairperson
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Ponds Peterson	NED
Ms Faith Irwin	NED
Ms Yolandi Erasmus	NED
Mr Simon Masemola	NED
Ms Samkelisiwe Zwane	NED
Ms Tshepiso Madingoane	NED

Table 4: Executive Directors are as follows:

Name	Position
Dr Bongani Radebe	Managing Director
Mr Luyanda Gidini	Chief Financial Officer

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 three (3) 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 (Chairperson)	Ms. Khanya Sithebe (Chairperson)	Ms. Ponds Peterson (Chairperson)
2.	Mr Simon Masemola	Mr. Hein Toerien	Ms Tshepiso Madingoane
3.	* Ms. Michele Botha	Ms. Faith Arwin	Ms Samkelisiwe Zwane
4.	* Mr. Wayne Buckley		
5.	* Ms. Gloria Matshusa		
Total	5	3	3

* Independent Audit Member

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 the 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).

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During the quarter under review, the Board held two (2) meetings, one (1) ordinary meeting and one (1) Special meeting and two Board strategy sessions.

The Board Committees held three (3) ordinary Committee meetings and one (1) special meeting during the fourth 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
Ordinary 24 April 2025	Ordinary 14 April 2025	Ordinary 11 April 2025	Ordinary 15 April 2025
Special 24 June 2025	Special 12 June 2025		
Strategic Session 08 April 2025 09 April 2025			

2.4.1 The attendance of meetings

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

Table 8: Board Meetings attendance register

Name	Designation	Meetings			
		Board Strategy Session Day 1	Board Strategy Session Day 2	Ordinary Board Meeting	Special Board Meeting
				24 April 2025	24 June 2025
Mr. Charley Pietersen	NED(Chairperson)	✓	✓	✓	✓
Ms. Khanya Sithebe	NED	✓	✓	✓	✓
Mr. Hein Toerien	NED	✓	✓	✓	✓
Ms. Ponds Petersen	NED	✓	✓	✓	✓
Ms Faith Irwin	NED	✓	✓	✓	✓
Ms Yolandi Erasmus	NED	✓	✓	✓	✓

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Ms Tshepiso Madingoane	NED	✓	✓	✓	✓
Ms Samkelisiwe Zwane	NED	✓	✓	✓	✓
Mr Simon Masemola	NED	✓	✓	✓	✓
Dr. Bongani Radebe	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 ARC Meeting	Ordinary Meeting	SDC	Special ARC Meeting
		11 April 2025	14 April 2025	15 April 2025		12 June 2025
Mr. Charley Pietersen	NED (Chairperson)	—	—	—		—
Ms. Khanya Sithebe	NED	✓	—	—		—
Mr. Hein Toerien	NED	✓	—	—		—
Ms. Ponds Petersen	NED	—	—	✓		—
Ms Faith Irwin	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	—	—	—		✓
Mr. Nison Khosa	IAC	—	—	—		✓

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Dr. Bongani Radebe	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	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Mr. Lemarco Mitchell	16 000	—	—	—	16 000
Mr. Charley Pietersen	52 000	76 000	34 000	66 000	228 000
Ms. Khanya Sithebe	56 000	62 000	56 000	70 000	244 000
Ms Yolandi Erasmus	34 000	72 000	56 000	90 000	252 000
Mr. Hein Toerien	52 000	40 000	40 000	56 000	188 000
Ms. Sharifa Prinsloo	20 000	—	—	—	20 000
Ms. Omphemetse Mokgosi	—	—	—	—	—
Ms. Lungisile Mkize	20 000	—	—	—	20 000
Ms. Ponds Petersen	52 000	42 000	34 000	70 000	198 000
Ms. faith Irwin	46 000	32000	32 000	56 000	166 000
Mr. Mervan Ambraal	52 000	20 000	—	—	72 000
Mr Simon Masemola	32 000	40 000	32 000	65 000	169 000
Ms Samkelisiwe Zwane	24 000	32 000	32 000	56 000	144 000
Ms Tshepiso Madingoane	24 000	32 000	32 000	56 000	144 000
*Ms. Michele Botha	16 000	16 000	8 000	—	40 000

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*Mr. Tony Ferreira	—	—		—	—
*Mr. Wayne Buckley	16 000	16 000	8 000	32 000	72 000
*Ms. Gloria Matshusa	16 000	16 000	8 000	32 000	72 000
*Mr Nison Khosa	—	—	—	16 000	16 000

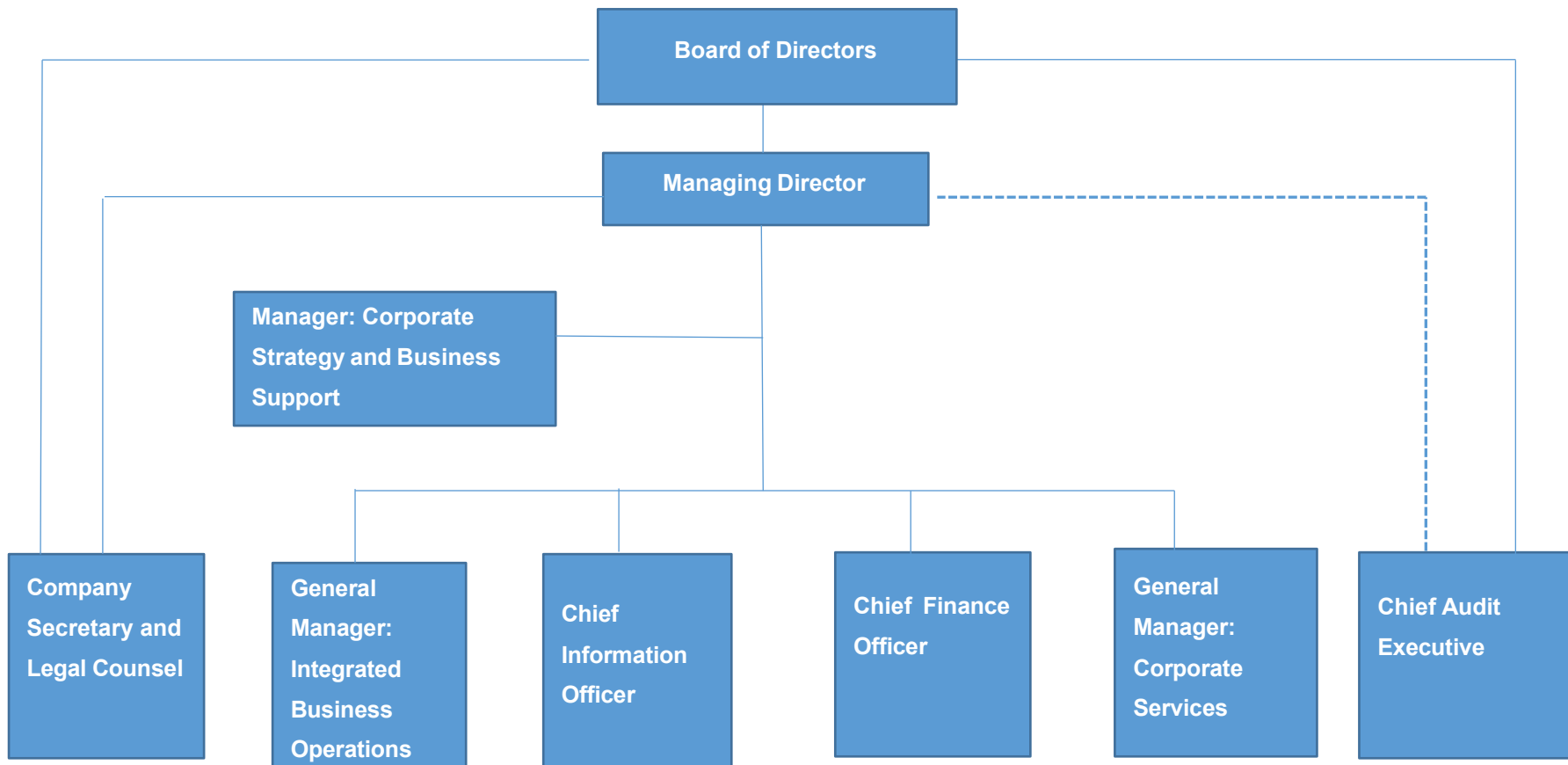
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Table 11: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Managing Director	Dr. Bongani Radebe	R2 809 244.00	R0.00	R0.00	R234 103.66	R702 311.00	R936 414.66
Chief Financial Officer (CFO)	Mr. Gidini Luyanda	R1 781 917.00	R445 479.25	R445 479.25	R445 479.25	R445 479.25	R1 781 917.00
General Manager: Corporate Services	Vacant	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
General Manager: Integrated Business Operations	Ms. Khathi Zandile	R1 781 917.00	R445 479.25	R445 479.25	R445 479.25	R445 479.25	R1 781 917.00
Legal Counsel & Company Secretary	Mr. Sibisi Zibonele	R1 403 935.00	R350 983.75	R350 983.75	R350 983.75	R350 983.75	R1 403 935.00
Chief Audit Executive (CAE)	Vacant	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
Chief Information Officer (CIO)	Vacant	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
	TOTAL	R4 967 769.00	R1 241 942.25	R1 241 942.25	R1 241 942.25	R1 241 942.25	R5 904 183.66

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

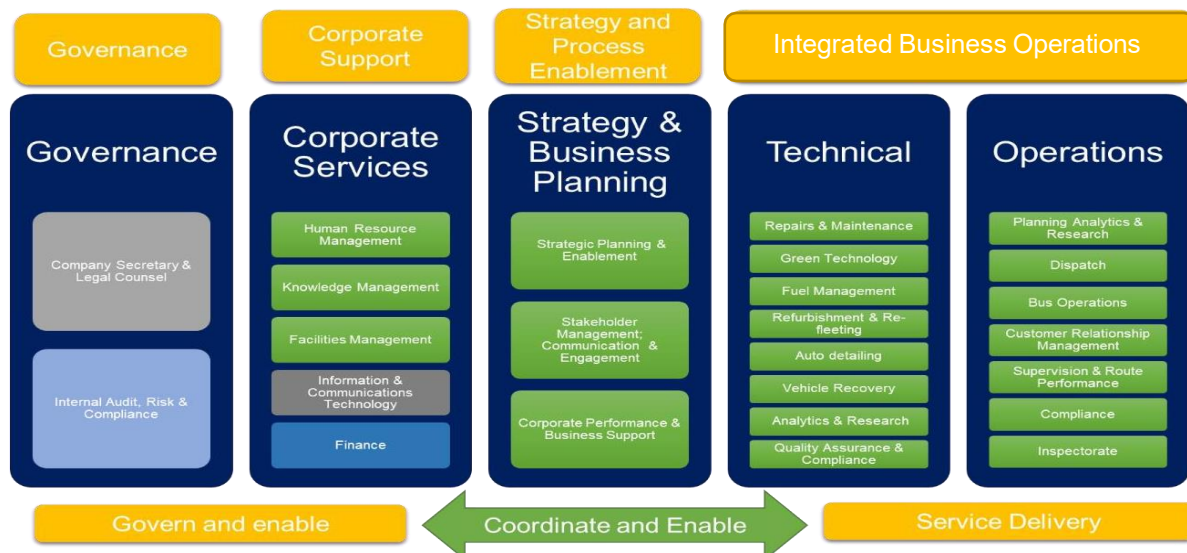


2.5.1 High Level Functional Structure

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

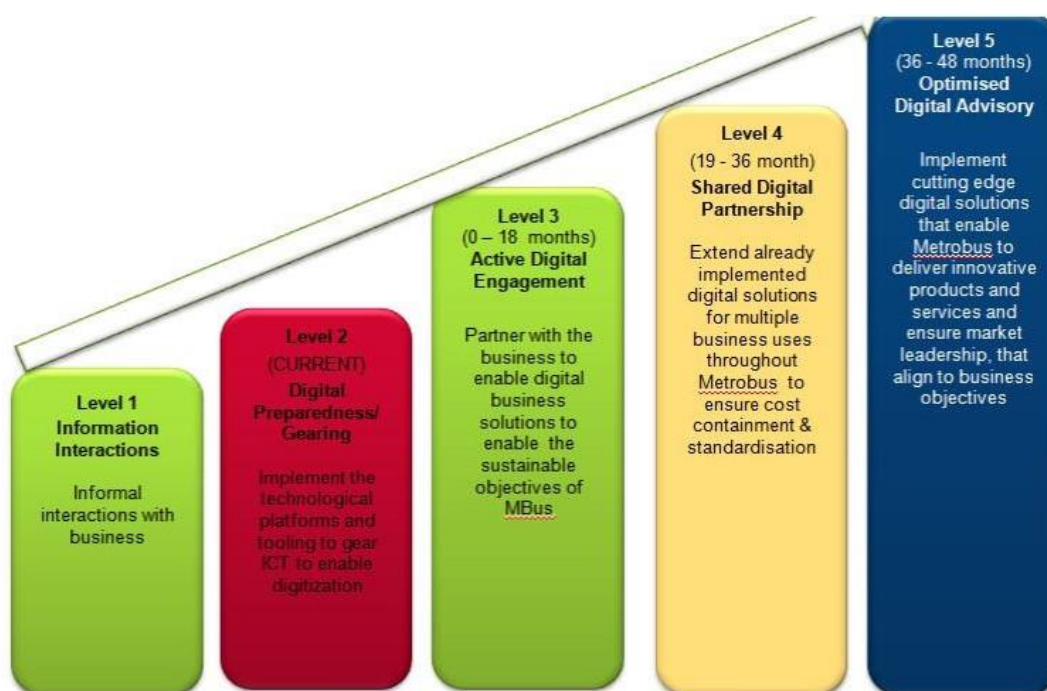
The proper functioning and governance of Information and Communications Technology (ICT) remains a key enabler of a number of the strategic objectives of the entity. The entity is facing a number of ICT challenges, which emanate from ICT infrastructure. Most of the challenges are being resolved except 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"> Automated Fare Collection – Completed HR cloud solution- completed 	Access Control/ Time & attendance Solution – completed	<ul style="list-style-type: none"> ICT Professional Services- completed.

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, thirty-seven (37) traffic fines was issued. During the same period in the last financial year twenty-seven (27) 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 CO₂. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and 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	Q3 Opacity	43 Opacity
Merc 1725	60%	50%	25%	20%	28%	29%
Euro 5	60%	50%	11%	3%	5%	10%
Euro 3	60%	50%	4%	9%	4%	21%
VOLVO B7L	60%	50%	29%	25%	23%	68%
Average			12%	11%	11%	21%
Annual Average			14%			

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 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 one hundred and forty (140) SMMEs, the actual performance was one hundred and sixty-nine (169) SMMEs supported with the expenditure in this regard amounting to R216 million.

3.1.2 Fatality-Free Service

The entity continued to maintain safe public transportation. During the period under review, the entity operated 1,5 million fatality free kilometres. During the same period last year, the entity operated 1.9 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.

3.1.3 Metrobus Customer Satisfaction Survey

On an annual basis, Metrobus conducts a customer satisfaction survey to determine the level of passenger satisfaction with Metrobus service as well as areas of improvement. A report on the results of the Survey was completed, providing a deeper understanding of the needs, preferences and travel behaviours of customers who require accessible services. The survey highlighted that 82% of the passengers are satisfied with the service, this is against a target of 80%.

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

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 fourth 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. 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

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		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.
Safer City	A safer city by introducing ward-based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.

Active and engaged citizenry	Community based planning and enhanced community engagement, including mayoral imbizos.	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.
Sustainable Economic Growth	Development and support of SMME's.	On an annual basis the entity allocates a predetermined quantum of its capital expenditure and operational expenditure budgets for the specific benefit of SMME's. In addition, a basket of non-financial support measures is directed at the development of SMME's.
Sustainable Environmental Development	Decrease the level harmful of emissions on the environment and introduce environmentally friendly practices	The entity has developed standards against which greenhouse gas emissions are assessed, which forms part of the predetermined objectives of the entity. Plans are currently being implemented to ensure that more compressed natural gas is utilized for the operations of the entity.
Smart City	Smart City	The entity is currently implementing a number of Intelligent Transport Systems towards the development of a Smart City. These include the "dial-a-bus" platform as well as the "Eye-one-the-bus" platform which will respectively ensure that commuters are more active in the planning of their journeys and that the entity is able to monitor its fleet on a real time basis.

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 four. 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 four twenty (20) KPIs were assessed and eleven (11) KPIs were achieved. This translates to a 55% 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 of valid invoices paid within 30 days, percentage resolution of internal findings, percentage resolution of AGSA 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

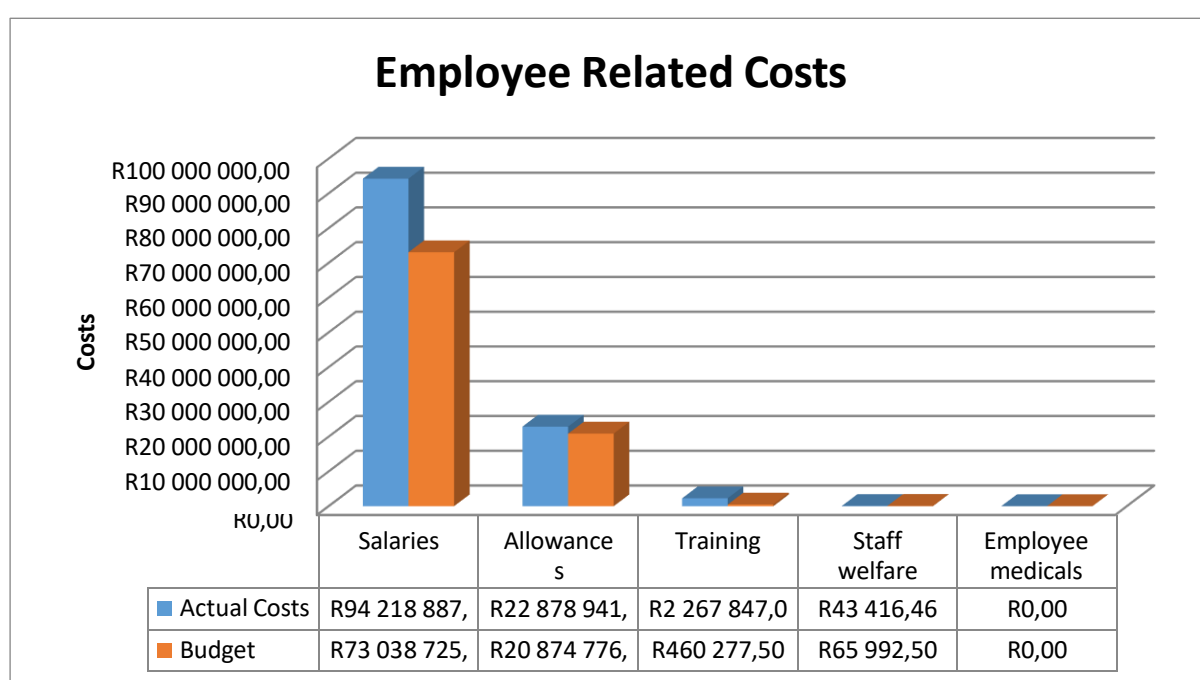
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators have commenced in the 2024/25 financial year.

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 R94,2 million against a budget of R73,0 million. The R21,2 million variance is attributable to the downward adjustment of budget at mid-year.

Figure 6: 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 three vacancies at Executive Management level as follows:

Table 17: Vacancies at Executive Management Level

#	Job title of position	Department	Quantity	Status
1	Chief Technology Officer (CTO)	ICT	1	Position has been advertised and shortlisting conducted; it is safe to estimate that the position can be filled before the end of the first quarter of 2025/2026 financial year.
2	Chief Audit Executive (CAE)	Internal Audit and Risk	1	90% of all recruitment processes finalised. It is safe to estimate that the position can be filled before the end of the first quarter of 2025/2026 financial year.
3	General Manager: Corporate Services	Corporate Services	1	Position has been advertised and interviews conducted; it is safe to estimate that the position can be filled before the end of the first quarter of 2025/2026 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.

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During the period under review, eight (08) 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 coma five two 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).

Table 18: Terminations

Months	No of terminations	Reasons
April 2025	Two (2)	<ul style="list-style-type: none">One (1) Retirement & One (1) Dismissal
May 2025	One (1)	<ul style="list-style-type: none">One (1) Retirement
June 2025	Five (5)	<ul style="list-style-type: none">Three (3) Retirement, One (1) Medical Boarding & One (1) Dismissal

4.3 Employment Equity

During the quarter under review, Metrobus achieved a significant milestone with the confirmation of the Managing Director's appointment, a strategic placement that directly aligns with our approved Employment Equity Plan targets. This pivotal appointment underscores our commitment to fostering a representative leadership team.

Beyond this key achievement, active work is in progress to further advance our diversity and inclusion goals. Recruitment processes are currently underway for other critical executive positions, including General Manager: Corporate Services, Chief Audit Executive, and Chief Technology Officer. These appointments are being meticulously managed to specifically address and reinforce our Employment Equity targets.

In terms of compliance and reporting, Metrobus successfully met regulatory timelines by submitting its 2023-24 Employment Equity report on January 15, 2025, a testament to our ongoing commitment to transparency and accountability.

Furthermore, the Employment Equity and Skills Development Forum (EE/SD) convened on June 27, 2025, demonstrating our continued engagement with key stakeholders. While comprehensive representation was achieved, we note that representatives for people with disabilities and non-designated groups were absent on this occasion, highlighting an area for ongoing focus in future engagements.

These collective efforts, encompassing both completed milestones and dedicated work in progress, are designed to steadfastly reinforce Metrobus's commitment to cultivating a diverse, equitable, and inclusive workplace, thereby contributing to a more just and representative society.

Table 19: Demographic Profile

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	0	0	0	1	0	0	0	0	0	4
Senior Management	8	0	0	0	5	0	0	0	0	0	13
Professional Qualified and Experienced Specialists and Mid-Management	10	1	0	0	6	0	0	0	0	0	17
Skilled Technical academically qualified and junior management	100	16	2	11	15	0	0	3	0	0	147
Semi-Skilled and Discretionary decision making	313	12	0	4	98	3	1	1	0	0	432

Unskilled and defined decision making	102	0	0	0	16	1	0	0	0	0	119
Temporary employees	10	0	0	0	32	0	0	0	0	0	42
Grand Total	546	29	2	15	173	4	1	4	0	0	774

4.4 Skills Development and Training

4.4.1 Training and Development Programme

During the quarter under review, Metrobus demonstrated its unwavering commitment to employee development and strict adherence to the Skills Development Act. A significant milestone achieved was the successful rollout of the EPWP Training Program, designed to equip all EPWP beneficiaries with accredited vocational training. To date, 89 out of 132 employees have successfully completed modules in minor vehicle body maintenance, service brakes, lubrication, vehicle service procedures, and vehicle recovery.

Furthermore, our dedication to professional growth has extended to key governance areas. Two Chief Audit Executive staff members continued their professional development in governance, ensuring enhanced oversight. Additionally, a comprehensive Supply Chain Management (SCM) workshop was conducted, specifically designed to empower all employees serving on bid committees with the necessary knowledge and skills.

Table 20: Skills Development and Training

Intervention	Gender	Age	Total
EPWP Vocational Program	Male – 38	>35 Above =38	38
		<35 Less = 0	
	Female- 51	>35 Above = 48	48

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Intervention			Gender	Age	Total
				< 35 Less = 3	3
Global Internal Audit Standard			Male – 1	>35 Above =1	1
				<35 Less = 0	0
			Female- 1	>35 Above = 1	1
				< 35 Less = 0	0
SCM Workshop			Male – 25	>35 Above =16	16
				<35 Less = 9	9
			Female- 20	>35 Above = 15	15
				< 35 Less = 5	5
Total					136

Table 21: Learnership and apprenticeship programme

Intervention	Gender	Age	Total	Remarks
Learnership	Male-6	18-34	9	Total active = 9
	Female- 3			
Apprenticeship	Male- 38	18-34	72	Total active =72
	Female – 34			
Total			81	81

4.4.2 Apprenticeship Programme

Metrobus continues to play a vital role in creating opportunities for youth to participate on the youth programs geared towards championing the skills development initiatives and create talent pipeline. Metrobus partnered with Automotive Industry Development Corporation (AIDC) to host (9) learners for diesel mechanic trade who commence placement in February 2025 at Milpark and Village Main depot.

4.4.3 Internship Program

Metrobus's strategic focus on talent management and succession planning was realized through a productive internship program with TVET institutions. The program effectively integrated interns into the organization, with eight (8) TVET interns contributing to broader operations and six (6) interns specifically supporting the cashless/AFC rollout.

4.4.4 Executive and Management Leadership Development Programme

During the quarter, Metrobus invested in Executive Development and Management through key initiatives. Specifically, two Chief Audit Executive staff members participated in professional development focused on enhancing their governance expertise.

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 quarter under review, all managers and specialist who are on performance management have been reviewed, and the Performance MS review committee will finalise the outcome of the PMS scores for all who are eligible for performance bonus.

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4.6 Disciplinary Matters

Table 22: Disciplinary matters

Depot	Q1 Disciplinary Matters	Q2 Disciplinary Matters	Q3 Disciplinary Matters	Q4 Disciplinary Matters
Milpark Depot	2	2	2	0
Village Main Depot	4	2	0	0
Roodepoort Depot	0	1	0	0
Head Office	0	8	0	0
Total	6	13	2	0

Table 23: Grievance Matters

New Grievances	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Milpark	1	1	0	0	2
Village Main	1	2	1	1	5
Roodepoort	0	0	1	0	1
Head Office & Gandhi Square	0	1	1	2	4
Total	2	4	3	3	12

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 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 Program offers confidential counseling support for employees dealing with personal or work-related challenges that could impact on their performance, health, or overall well-being. In addition to this, the program organizes events aimed at educating employees on how to maintain a healthy work-life balance and promoting a healthier lifestyle. During the quarter under review, forty-seven (47) cases were attended to as articulated below:

Table 24: Cases

Type of cases recorded	Number
Psycho-social support	17
Hospitalisation	12
Death of an Employee	0
External Service provider services	18
Total	47

Where employees are hospitalized, Metrobus implemented its Hospitalization and Bereavement Policy by purchasing flowers or fruit baskets 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.

4.9.2 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 R25,190,204.64 against a budget of R21,401,046.96 apportioned as per the following table

Table 25: Employee Benefits

4.11 Occupational Health & Safety Programmes

	Allowances	Training	Staff welfare	Employee medicals	Totals
Actual Costs	R22,878,941.15	R2,267,847.03	R43,416.46	R0.00	R25,190,204.64
Budget	R20,874,776.96	R460,277.50	R65,992.50	R0.00	R21,401,046.96

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Variance	-R 2,004,164.19	-R 1,807,569.52	R 22,576.04	R 0.00	-R 3,789,157.68
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4.11.1 Safety incidents

Table 26: Safety incidents

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

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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 27: Summary Statement of Financial Position

Description	30 Jun-2025 Projected R000	30-Jun-2024 Actuals R000	Movement R000	Movement %
Total Assets	572,623	572,055	568	0%
Non-Current Assets	540,255	539,391	864	0%
Property, Plant & Equipment	482,301	465,769	16,533	4%
Loans to Shareholders	38,210	38,210	0	0%
Intangible Assets	19,744	35,413	(15,669)	-44%
Current Assets	32,368	32,664	(296)	-1%
Inventories	21,107	21,150	(43)	0%
Receivables	2,730	2,650	80	3%
Prepayment	8,428	8,106	322	4%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	103	757	(654)	-86%
Total Equity & Liabilities	572,623	572,055	568	0%
Equity & Liabilities				
Capital & Reserves	(485,510)	(392,178)	(93,333)	24%
Share Capital	54,774	54,774	0	0%
Revaluation Surplus	172,157	173,847	(1,690)	-1%
Accumulated Profit(Loss)	(712,442)	(620,799)	(91,643)	15%
Non-Current Liabilities	7,470	13,978	(6,509)	-47%
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%
Current Liabilities	1,050,664	950,254	100,409	11%
Payables	510,950	419,635	91,315	22%
Loans From Shareholders	472,703	465,830	6,873	1%
Finance lease obligation capital	10,317	2,267	8,050	355%

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Other Financial Liabilities	50,090	55,656	(5,566)	-10%
Provisions	2,900	3,163	(264)	-8%
VAT Payable	0	0	0	100%
Deferred Income	3,704	3,704	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets increased by R16, 5 million (4%) from R 465, 8 million (30 June 2024) to R 482, 3 million as of 30 June 2025 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 15, 7 million (44%) from approximately R 35, 4 million (30 June 2024) to approximately R 19, 7 million as of 30 June 2025. This was due to normal amortization of intangible assets and intangible assets acquired during the period.

5.1.3 Inventory

Inventory decreased marginally during the period. 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 increased by R 91, 3 million (22%). As of 30 June 2024, Metrobus owed over R 419, 6 million and the amount increased to R 4510, 9 million as at 30 June 2025. This was due to decreased 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 the entities. Most of the outstanding amounts are related party transactions with the city and its entities.

5.1.5 Loans from shareholders

The loans from shareholder increased by R 6, 9 million (1%). As at 30 June 2024, Metrobus owed R 465, 8 million to the City. This has increased to R 472, 7 million during the financial period ending 30 June 2025 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 increased by R 0, 3 million (4%) from R 8, 1 million (30 June 2024) to R 8, 4 million (30 June 2025) due to purchase 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 decreased to R 2, 9 million during the financial period ending 30 June 2025 due to performance incentives that were paid during the period. These provisions do not include leave provisions, as they are classified as trade payables. Leave provisions are certain and not based on estimates and therefore they are classified separately.

5.1.9 Accumulated Losses

The entity accumulated loss position worsened by R 91, 6 million from R 620, 8 million as at the end of 30 June 2024 to R 712, 4 million as at 30 June 2025. 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 28: Statement of Financial Performance

	A	B	C	D	E	F	G	H	I
Financial Performance	Quarter 4 Projected	Quarter 4 Budget	Quarter 4 Prior Year	YTD Projected	YTD Budget	YTD Prior Year	Quarter 4: Budget Variance	Quarter 4: Growth to prior year	YTD Variance to budget
Revenue	213,588	189,875	168,906	734,991	759,498	671,212	23,714	44,682	-24,508
Grants and subsidy	192,585	164,915	157,617	659,660	659,660	607,299	27,670	34,969	0
Fare revenue	19,396	24,266	19,075	78,684	97,065	73,080	-4,870	322	-18,381
Sundry revenue	1,607	693	-7,786	-3,354	2,773	-9,167	913	9,392	-6,127
Direct costs	48,919	43,511	45,057	167,425	174,045	185,758	5,407	3,861	-6,621
Diesel	19,118	33,252	21,532	82,506	133,010	95,352	14,134	-2,414	50,504
Repairs & Maintenance	24,986	7,306	16,990	67,860	29,226	63,247	-17,680	7,996	-38,634
Other	4,815	2,952	6,535	17,059	11,810	27,159	-1,862	-1,721	-5,249
Margin	164,670	146,363	123,849	567,566	585,453	485,454	18,306	40,821	-17,887
Expenses	154,091	134,084	171,502	613,377	536,337	575,762	20,007	-17,410	77,040
Staff	119,409	94,440	109,057	426,347	377,759	393,847	-24,969	10,352	-48,588
Depreciation	8,373	18,656	18,101	70,171	74,625	57,005	10,283	-9,728	4,454
Property expenses	3,548	2,346	9,174	10,068	9,383	12,540	-1,202	-5,626	-686

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Security	0	100	6,777	-4	400	20,727	100	-6,777	404
Consultants	3,463	325	866	8,141	1,300	4,773	-3,138	2,597	-6,841
Bad debts	0	0	0	0	0	0	0	0	0
Bus rental	-4,447	2,476	0	0	9,904	0	6,923	-4,447	9,904
Licences buses	2,467	2,449	2,166	10,363	9,795	9,464	-18	301	-568
Insurance	0	4,702	1,368	21,168	18,807	17,526	4,702	-1,368	-2,361
Legal expenses	486	2,171	4,410	9,577	8,686	7,540	1,686	-3,925	-891
Audit fees	708	1,388	522	5,416	5,552	5,313	680	186	136
Computer costs	1,122	1,516	7,527	9,935	6,062	18,870	394	-6,405	-3,873
Marketing	2,885	482	3,209	5,293	1,929	12,428	-2,403	-324	-3,364
Telecommunications	3,591	176	2,288	6,469	705	4,105	-3,415	1,303	-5,764
Other costs	12,486	2,858	6,036	30,433	11,431	11,625	-9,629	6,451	-19,002
Operating result	10,578	12,279	-47,653	-45,811	49,116	-90,307	-1,701	58,231	-94,927
Interest paid	9,514	12,279	12,449	45,832	49,116	55,479	2,765	-2,935	3,284
Total Expenditure	212,525	189,875	229,008	826,633	759,498	816,999	-22,650	-16,483	-67,135
Surplus / Deficit	1,064	0	-60,102	-91,643	0	-145,787	1,064	61,166	-91,643

5.2.1 Overview

The approved operating budget was increased by R52, 0 million of which the subsidy budget was increased by R36, 9 million and fare revenue was increased by R15, 1 million. The approved budget had been drastically reduced through budget rebase over the past three years. The increase in budget was not enough to reverse the effects of the budget rebase in the past years. Management had requested an operating budget increase of R167, 9 million, only R52, 0 million was awarded, of which only R36, 9 million was from subsidies with rest to be raised internally. The operating expenditure budget was overspent by R67, 1 million due to inadequate budget and failing to meet internal revenue targets. Metrobus recorded a deficit amounting to R91, 6 million for the nine months ending 30 June 2025.

5.2.2 Fare Revenue

A deficit amounting to R 4, 9 million (YTD: R18, 4m) was recorded on fare revenue for the quarter. The entity recorded R 19, 4 million against the revised target fare revenue of R 24, 3 million. The fare revenue is expected to improve in the following financial as we realise the benefits of the new AFC system and new buses. 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 was increased by R57, 0 million (YTD: R37, 9m) during the 2024/25 budget adjustment period. The increase was more than the request that management had submitted. During the quarter, savings amounting to R14, 1 million (YTD: R50, 5m) were realised on the diesel budget.

5.2.4 Repairs and maintenance

The approved budget for repairs and maintenance was fully utilized during the period. Management initially submitted a repairs and maintenance budget of R71.1 million, reflecting the need for additional attention to the aging bus fleet and the goal of reducing the number of buses out of commission. However, the original budget allocation of R37.0 million was unexpectedly reduced to R29.2 million. To ensure continued operations, it is crucial to maintain the fleet, as failing to do so could pose significant risks, particularly in the event of an accident involving a poorly serviced bus. Additionally, insufficient servicing could lead to an increased number of buses being deemed unroadworthy, exacerbating the number of out-of-commission vehicles. Despite management's repeated requests for budget increases over the past three years, the repairs and maintenance budget has not been adjusted. As a result, the repairs and maintenance budget was overspent by R17, 7 million (YTD: R38, 9m) during the quarter. The repairs and maintenance costs were incurred on reducing 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 third quarter were marginally above budget due to increased tyre costs.

5.2.6 Staff costs

The staff costs budget was increased by R15.0 million, bringing the total employee-related costs to R365.1 million. However, this amount is insufficient to cover the full year's requirements. Furthermore, this approved budget is lower than the previous financial year's budget of R393.1 million. For the fourth quarter, staff costs were marginally overspent by R24, 9 million (YTD: R48, 6m) The staff costs budget has also been impacted by the budget rebase from previous financial years. Management will continue to negotiate for additional budget increases to ensure that staff costs are fully funded. Metrobus is also in the process of filling critical vacant positions.

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5.2.7 Depreciation and amortization expense

Depreciation and amortization expense was within budget. A R10, 3 million (YTD: R4, 4m) savings were realized. Depreciation is non-cash and does not impact on cash flow.

5.2.8 Insurance Charges

The insurance charges realized a saving amounting to R4, 7 million (YTD: -R2, 4m), the YTD budget was caused by underbudgeting of the insurance internal charges by the city.

5.2.9 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 9, 6 million (YTD: R19, 0m) above budget due to more repairs and maintenance of buildings and equipment during the period.

5.3 Cash flow statement

Table 29: Summary Cash Flow

Cash flow Statement	Jun-25	JUN-24
	Projected	Actual
	((R'000))	((R'000))
Net Cash Flow from Operating Activities	67,531	179,709
Grants & subsidies	659,660	607,299
Other income	75,331	78,411
Cash received from grants and income	734,991	685,710
Employee costs	(426,347)	(136,250)
Suppliers	(184,085)	(313,208)
Finance costs	(57,028)	(56,544)
Cash paid to employees, suppliers and finance costs	(667,460)	(506,002)
Cash employed in investment activities	(71,034)	(49,806)
Expanding of Capital Base	(71,034)	(35,949)
Purchase of intangible assets	0	(13,858)
Cash from financing activities	2,849	(129,706)
Other financial liabilities	(5,566)	(50,419)
Movement of sweeping account	6,873	(79,400)
Finance lease payments	1,542	113
Cash Flow From Activities	(654)	197

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Net Increase / (Decrease) in Cash & Bank Balances	(654)	197
Cash & Bank Balances Beginning of the Year	757	561
Cash & Bank Balances End of the Period	103	757

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 the payment of our suppliers and the 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 nine-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 R103 000, influenced mainly by the net cash inflow of R 67, 5 million, from operating activities. The actual cash spent on capital expenditure for the period was approximately R 71, 0 million.

5.4 Ratio Analysis**Table 30: Ratio Analysis**

Description	30-Jun-25	30-Jun-24	Target
Solvency Ratio	0.54	0.59	0.1
Current ratio	0.04:1	0.03:1	1.5:1
Acid test	0.01:1	0.01:1	1:01
Gearing Ratio* (only considering shareholder loan)	84%	82%	45%
Gearing	185%	168%	45%
Cost coverage ratio	0.1	0.09	0.5
Cost coverage ratio – excluding subsidy	34.74	32.27	182.50
Cost coverage ratio – including subsidy	326.02	300.39	365.00
Employee related costs to total expenditure	52%	47%	40%
Repairs to total expenditure	10%	8%	8%
Repairs to PPE	6%	4%	8%
Interest cover	-1.00	-1.75	1.50

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Training spent against skills levy	238%	58%	1%
Total expenditure against budget	109%	120%	100%
Total capex against budget	198%	100%	100%

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

5.4.1 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 485, 5 million as at 30 June 2025. The entity's solvency ratio was calculated at 54% (2023/24: 59%).

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 of approximately R 472, 7 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 capital budget was adjusted from R214, 9 million to R97, 9 million, this budget is for various capital projects of which R 33 million is for the procurement of buses. The entity spent 126% of the total approved budget. This figure is an estimate as most of the capital projects are still being finalised.

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Table 31: Summary Capital Projects

Project Name	Adjusted Budget (R 000's)	Q1-Q3 Actual (R 000's)	Quarter 4 Budget 25% (R 000's)	Quarter 4 Actual (R 000's)	YTD spent Actual (R 000's)	Commitments (R 000's)	YTD spent including commitment (R 000's)	Q4 spent Actual on total budget %	YTD spent excluding commitments on total budget %	% Spent including commitments on total budget %
Overhaul Engine & Gearboxes	13 000	6 895	3 250	1 485	8 380	2 676	11 056	46%	64%	85%
Building improvements	3 599	180	900	3 320	3 500	-	3 500	369%	97%	97%
Furniture & Office Equipment	1 500	917	375	905	1 821	-	1 821	241%	121%	121%
IT Equipment	7 250	4 092	1 813	1 003	5 095	-	5 095	55%	70%	70%
Plant & Machinery	2 000	1 054	500	986	2 040	-	2 040	197%	102%	102%
Bus refurbishment	8 800	1 485	2 200	5 048	6 532	2 375	8 908	229%	74%	101%
Purchasing of New Buses	33 295	-	8 324	95 709	95 709	69 230	164 939	1150%	287%	495%
AFC	28 500	-	7 125	-	-	-	-	0%	0%	0%
Total Capital expenditure	97 944	14 622	24 486	108 456	123 078	74 281	197 359	443%	126%	202%

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5.6 Supply Chain Management (SCM) & Compliance Matters

5.6.1 Irregular, Fruitless, and wasteful expenditure

There is no Irregular expenditure recorded during the 2024/2025 financial year. 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. R150 336 691 and a further R6 957 281.67 was written off by the council/Board. However, the amount of 157 090 304 will be removed from the write-offs.

Table 32: Reconciliation of irregular expenditure

Reconciliation of irregular expenditure	2024/25 (R) 000'	2023/24 (R) 000'
Opening Balance	157 640	100 024
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	
Quarter 3:	0	
Quarter 4:	0	
Comparative: Prior year		2 344
Overspending of Approved Budget (Opex)	10 799	149 937
Overspending of Approved Budget (Capex)		196
Written Off	(157 090)	(94 860)
Closing balance	11 350	157 640

5.6.2 fruitless and Wasteful write-off

An amount of R208 244.72 was written off by the council/Board

Table 33: Reconciliation of Fruitless and Wasteful Expenditure

Recon of Fruitless & Wasteful Expenditure	2024/25 (R) 000'	2023/24 (R) 000'
Opening Balance	208	389
Irregular Expenditure by Quarter		
Quarter 1:	0	
Quarter 2:	0	

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Quarter 3:	0	
Quarter 4:	0	
Comparative: Prior year		
Written Off	(208)	(181)
Closing balance	0	208

5.6.3 Awards where there were no three quotes.

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

5.6.4 Deviations

There were seven (7) deviations approved for the 2024/2025 financial year.

Table 34: Deviations

Company Name	Description	Applicable Regulation	Approved Amount
Ebus supplies	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)	R150 000
Tokiso Dispute	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)	R172 500
King Khathu Solutions (PTY)Ltd	The repairs to the house on Carter street Foresthill, no 75 village main whereby Metrobus collided into a house	In an emergency Regulation 36(1)(a)(i)	R960 296
SABOA (South African bus operator association)	Payment for annual SABOA membership fee for employees from IBO department	If such goods or services are produced or available from a single provider Regulation 36(1)(a)(ii)	R300 000
SAGE Intacct Licences	Payment for the provision to renew the SAGE software licences and	In any other exceptional case where it is impractical or impossible to follow the official procurement process	R3 800 000

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	support for a period of 12 months	Regulation 36(1)(a)(v)	
Tokiso Dispute Settlement (PTY)Ld	Payment for the continuation for facilitation for relationship building by objective (RBO) workshop	In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R77 797
Government Directory	Appointment of a service provider to render advertorial and marketing services on behalf of Johannesburg Metrobus on the Government pages	In any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a)(v)	R12 644
Total			R5 473 237

5.6.5 Expenditure on BBBEE and SMME's

During the period under review, procurement amounting to R284,736,106.15 was procured by the organization. The total BBBEE expenditure was R273,752,696.82 which was 96% of the total expenditure. A total number of 169 SMMEs has also been supported up to thus far with a total spend of R216 177 979,38 for the period under review.

Table 35: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	284 736
Actual BBBEE Spent	(R' 000)	273 752
% Actual BBBEE Spent	%	96,00%

Table 36: SMMEs supported.

	Number of suppliers supported	Amount R'000
Total Procurement	189	284 736
BBBE Procurement	1883	273 752

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SMME Supported	169	216 178
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5.6.6 Performance against procurement plan

Table 37: Procurement Plan

Departments	No. of tenders per Department	Not funded	Appoint ment	Specification	Evaluation	Audit probity (BEC)	Adjudication	Awarded
Finance	4	1		1			2	
IBO: TSD	32	3		17	6		2	4
Corporate Services	18		15	1				2
IBO: Operations	7	1	1	5				
ICT	2			1		1		
Office of the MD	1						1	
Total	64	5	16	25	6	1	5	6

5.6.7 Contract Management

Table 38: 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		9	0	13
Corporate Services	10		5	0	5
ICT	10		4	2	4
Office of the MD	1		0	1	0
Total	45		13	8	24

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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 39: Reconciliation of invoices outstanding for more than 30 days

Description		Q1 (R000's)	Q2 (R000's)	Q3 (R000's)	Q4 (R000's)	Total (R000's)
Total payments made	A	1,320	1,764	1,512	863	5,459
Invoices paid within 30 days	B	654	1,507	1,339	768	4,268
Invoices not paid within 30 days due to invoice issues	C	666	257	173	95	1,191
Invoices paid outside 30 days with no valid reason	D	0	0	0	0	0
Compliance percentage	B/A	49.55%	85.43%	88.56%	88.99%	78.18%

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

Table 40: Amounts Owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Jun-25	JDA	Thabiso Ngoepe	0	Settled
Jun-25	JHB Theatre	Babalwa Mbodla	15	Bus hire services
	Total		15	

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

Table 41: Amounts Owed to Metrobus by CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Jun-25	Tourism	Zuqhame Matutu	0	Bus hire services
Jun-25	Coj Transport Department	Banele Mazwi	9	Bus hire.
Jun-25	Coj Transport Department	Andre Van Nie Kerk	20 542	Bus refurbishments
Total			20 551	

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

Table 42: Amounts owed to Metrobus by CoJ and Entities

Period	Department	Contact person	(R'000)	Comments
Jun-25	JOSHCO	Khanyi Msomi	67	Bus hire services to be settled.
	Total		67	

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

Table 43: Amounts owed to Metrobus by CoJ and Entities (Intercompany)

Period	Department	Contact person	(R'000)	Comments
Jun-25	Economic Development	Nthabiseng Kotlolo	17	Bus hire.
Jun-25	Community Development (Sports and Recreation)	Norrain Van Wyk	45	Bus hire.

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Jun-25	Office of the Mayor	Graeme Ruiters	7	Bus hire.
Jun-25	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.
Jun-25	Social Development	Zahin Anandlal	299	Bus hire services to be settled.
	Total		35 659	

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

Table 44: Amounts owed by Metrobus to CoJ Core Departments

Period	Department	Contact person	(R 000's)	Comments
Jun-25	Treasury	Lilian Siala	446 176	Sweeping account
Jun-25	Treasury	Sandile Manondo	0	Capital Creditors - CoJ 2016
Jun-25	(GRASS)	Amelia Schoeman	3 148	Insurance (COID)
Jun-25	Revenue CRM	Nyanisi Joseph Nhlapo	26 465	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.
Jun-25	Payroll	Patricia Moseki	380 521	Salaries reimbursement payable to GCSS.
Jun-25	THEATRE	Babalwa Mbodla	457	Hospitality
Jun-25	JHB City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	25	Conference
Jun-25	CRRM	Wendy Mangena	23 000	Monthly Revenue Service Charges
Jun-25	JPC	Luyanda Nelisa Tyeku	893	Renovations of building occupations
Jun-25	GCSS	Graeme Ruiters	38 491	Security salaries payable to GCSS.
Jun-25	MTC	Khuliso Makhesa	68 342	ICT Equipment and services

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Total	987 518	
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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 45: 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 46: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance Report		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	Internal Audit and Co-sourced Partner	Reported at Special ARC and Board Meeting		
AFS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Reported at Special ARC and Board Meeting		
Q1 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follow-Up Findings Review		Refer to Section 11		
Quarterly Assessment		Refer to Section 12		
OHS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SCM		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stakeholder Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fleet Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q2 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Discipline		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenue Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IT General Controls		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HR Report		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q 3 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Q 4 Performance Information		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:

Table 47: Progress against Approved Ad-Hoc Projects

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
(IBO003/2023-2024); Provision for the appointment of a service provider	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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for workshop tools to Metrobus as an when required for a period of thirty-six (36) months.				
FIN01/2023-2024): Provision for the appointment of a panel of service providers for office consumables including cleaning materials, groceries, and promotional items to Metrobus for a period of thirty-six (36) months as and when required.	Metrobus Internal Audit			
(CORP019/2024-2025): Provision of Driving Bus Simulators, Road Safety & Learning Management System (LMS) Solution for Metrobus.	Metrobus Internal Audit			

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 48: 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 49: 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 30 June 2025

Table 50: Internal Audit Findings

Total Findings	Addressed	Not Addressed
59	26	33
% Resolution	44%	

6.8 External Audit Findings

6.8.1 Progress on Resolution of External Audit Findings

The following is a summary of the findings that were issued by the AGSA in relation to the 2023/24 Regularity Audit:

Table 51: 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	54	9	41	4

Total Findings	Addressed	Not Addressed
54	48	6
% Resolution Rate	89%	

6.9 Overall Quarter Opinion on Controls

Table 52: 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 53: Risk Ratings

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

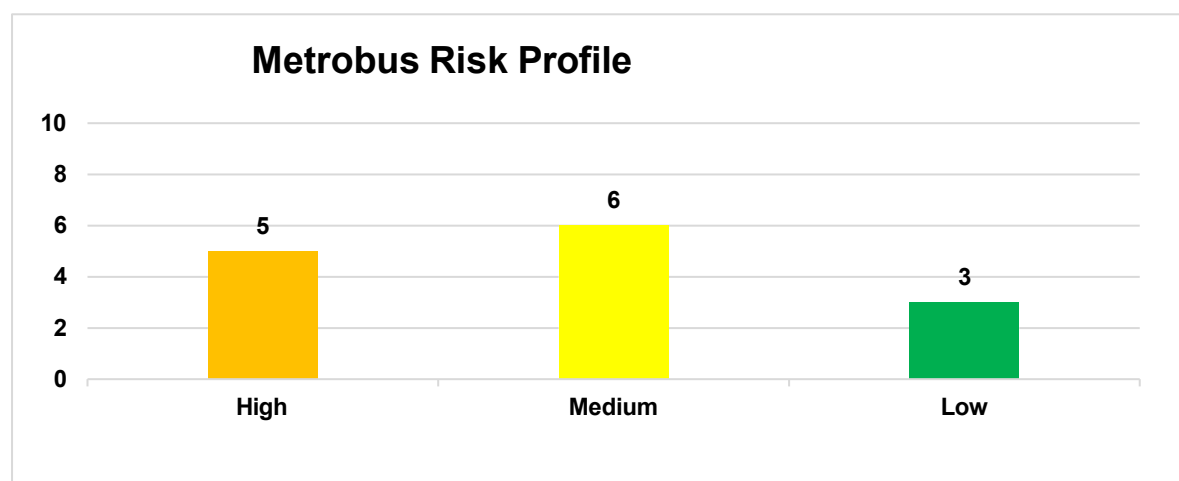
6.10.2 Strategic Risks

Risk Assessments (Strategic and Operational) have assisted Management in identifying 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 the achievement of the set goals.

The Risk Division within the Internal Audit Function (IAF) reports monthly to the Executive Management Team (EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2023 Business Plan, and inputs from Management. As 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 7: Risk Profile



The following table provides details of the strategic risks according to the predetermined strategic objectives as of 31 July 2024. There are 24 interventions planned for the 2024/25 financial year, whereby 23 were due at the end of quarter 4, 1 intervention was considered as risk accepted due to cash constraints from the City to pay all invoices within 30 days. Therefore, 16 out of 23 of the interventions have been achieved, which represent 70% of the overall achievement and achievement as at the end of the quarter.

Table 54: Strategic Risks

Division	Total	Due to Date	Risk Accepted	Addressed
Strategy	4	4	0	2
IBO	6	6	0	3
EMT	7	7	0	6
Finance	5	4	1	3
Corporate Services	1	1	0	1
IT	1	1	0	1
	24	23	0	16
% Overall Achievement: 70%				
Achievement - Planned to Date: 70%				

6.10.3 Emerging Risks

Table 55: Emerging Risks

Risk Description	Risk Rating	Controls	Progress
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	Risk workshop has been conducted. A comprehensive enterprise-wide Business Continuity Plan will be able tabled for approval on 30 June 2025
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	Implementation of approved 24/25 turnaround strategy which aims to target other revenue stream from private hire services

6.10.4 Progress on Embedded Risks


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

6.10.5 Insurance Incidents

There are 252 open claims. Refer to below table.

Table 56: Insurance Incidents

Policy Type	Total	90 to 180 days	180 to 365 days	Over 365 days
Motor-Fleet (Sasria)	1	-	-	1
Motor- Metrobus	250	-	16	234
Motor- Red fleet	1	-	-	1
Total	252	0	16	236



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)
				Q4 Target	Q4 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	21 455	-	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"> Procurement of buses Leasing of buses Decrease of Out of Commission of buses

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	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Target met or not
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%	66%	66%	68%	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	22 412	22 455	22 188	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	0.61	0,19	0,42	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%	Not assessed. No disruptions occurred during the quarter	100%	N/A
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%	42%	31%	29%	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	80%	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	82%	82%	Target met

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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%	80%	80%	Target not met

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Program 2: Innovation and Green Economy

#	PI P	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Target met or not
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%	11%	21%	14%	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	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Target met or not
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	140	77	113	144	169	169	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%	96%	96%	96%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	174 EPWP Jobs created	100 EPWP jobs created	100	97	132	128	125	125	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	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Target met or not
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	100% of total opex budget	27%	57%	86%	109%	109%	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	100% of total capex budget	2%	4%	17%	126%	126%	Target 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	% 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	8%	6%	10%	12%	15%	15%	Target met

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		potential of citizens										
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	10%	0	0	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%	89,00%	89%	78,18%	Target not met

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Program 5: Operational Excellence

	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Target met or not
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	95%	4%	25%	40%	44%	44%	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%	74%	85%	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%	48%	48%	Target not met
20	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses	% implementation of the strategic risk management action plan	88% implementation of the strategic risk management action plan	85% implementation of the strategic risk management action plan findings resolved	85%	55%	68%	68%	78%	78%	Target not met

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		the potential of citizens	findings resolved	findings resolved								
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%	55%	55%	54%	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	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q3 Actual	Year to date	Target met or not
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	100%	92%	98%	99%	100%	100%	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"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	30 September 2025
2	Average number of Metrobus passenger trips per working day	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	30 September 2025
5	% complaints resolved within the timelines specified in the customer service charter	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Communications and Marketing	30 September 2025
7	% Achievement of service standards	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses • Recruitment of bus operators 	Integrated Business Operations	30 September 2025

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16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> • Validity of Invoices • Vendor Compliance documents • Cash-Flow 	Finance	30 September 2025
17	% resolution of internal audit findings	<ul style="list-style-type: none"> • Approved Implementation plan • Performance Contracting 	Internal Audit	ongoing
18	% resolution of AGSA audit findings	<ul style="list-style-type: none"> • Approved Implementation plan • Performance Contracting 	Internal Audit	ongoing
19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> • Procurement of buses • Leasing of buses • Decrease of Out of Commission of buses 	Integrated Business Operations	30 September 2025
20	% implementation of the strategic risk management action plan findings resolved	<ul style="list-style-type: none"> • Robust performance and consequence management 	Internal Audit	ongoing

ANNEXURE C: SERVICE STANDARDS

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Service Standards

Core Service	Service Level Standard Target	Q1	Q2	Q3	Q4
% of scheduled public bus trip arriving on time	90% arrival times	94%	94%	94%	94%
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)	73%	66%	66%	66%
Safety of commuters	100% compliance to health and safety legislation (1) Zero security incidents on buses (2) Zero Fatalities	100%	100%	100%	100%
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations	100%	100%	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	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour

ANNEXURE D: STRATEGIC RISK

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Programme 1: Customer Services, Stakeholder Engagement and Communication								
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% Planned Trips Completed	Inability to Meet Scheduled Services and Collect Revenue	High	IBO	1.1 100% implementation of bus maintenance plans per quarter 1.2 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, bus refurbishment and leasing. Additional budget has been requested. 1.2 The service provider has been appointed for the procurement of diesel buses. The department has requested additional funding for the refurbishment process. The
	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
								procurement of electric buses and bus leasing is at BAC stage.
	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 contract drivers.
	% 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 2025, 1.6 30 June 2025,	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 Automated Fare Collection system.
	% 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
								Commuter Satisfaction surveys are conducted on a yearly basis; recent one completed during the fourth quarter of the 2024/25 financial year
	% 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 30 September 2025	1	1.7 Not yet finalised - A comprehensive enterprise-wide Business Continuity Plan is in the process of being developed and to be finalised by the 30 September 2025
	% Customer Satisfaction	Inability to transport passengers	High	IBO	1.8 Implementation and activation of Intelligent Transport Systems (ITS)	1.8 30 April 2025	1	1.8 The Intelligent Transport Systems (ITS) – equipment have been procured and installed. The project is at the piloting stage.
	% Achievement of Service Standards							
Programme 2: Innovation and Green Economy								

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
Provide a resilient liveable sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	% Carbon Emissions	Inability to meet Carbon Emission Targets	Low	IBO	2.1 Emission Testing by an External Service Provider 2.2. Replace Injection Systems after 60 000 Kms (Where Applicable- Category C and D Buses)	2.1 Quarterly, 100% to be Reported by 30 June 2025 2.2 Quarterly, 100% to be Reported by 30 June 2025	2	2.1 The IBO department has procured its own equipment for emission testing in all the three depots and all the officials responsible for testing have been trained. Emission testings' are conducted quarterly and reports are been generated. 2.2 Service provider has been appointed for the injection and pump systems.

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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
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 30 June 2025	2	3.1 The target of 25% allocation to SMMEs has been met.
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total Expenditure spent on BBBEE							3.2 The target for awareness and development is not met due to insufficient budget.
	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	The target to be shifted to 2025/2026 financial year.
Programme 4: Financial Management, Viability and Sustainability								
Accelerated and visible service delivery and re-introduction of co-production in	% Spent against Approved Operating	Failing to meet set Targets Resulting in Non-Achievement of Performance	High	CFO	4.1 Actual spend against budget reported by Executive quarterly and performance	4.1 Quarterly Reporting: 30 September 2024, 31 December 2024, 31	1	4.1 Performance report for actual spend against budget prepared and

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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
the delivery of basic services	Expenditure Budget	Objectives resulting in the reduction of Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated by the Shareholder			management implemented for non-performance	March 2025 and 30 June 2025		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 Q4 have been awarded. Year To Date Performance report for actual spend against budget is prepared and reported to EMT quarterly.
	% 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 as 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 Service provider appointed for pricing model (private hire services and mobile advertising) is at the final stage of completion.
	% 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 reported for the quarter under review

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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
	% 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
Programme 5: Operational Excellence								
Improve and Strengthen Financial Position	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	Medium	EMT	5.1 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 address identified control deficiencies.	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
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 as Already Included in 1.1 above	5.5 Not yet due - Funding has been allocated to Metrobus for the next three financial years from 2024/25. The service provider has been appointed for the procurement of diesel buses. The department has requested additional funding for the refurbishment process. The procurement of electric buses and bus leasing is at BAC stage.
Programme 6: Technology and Business Enablement								
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	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

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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
					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			System 100% Complete 3. Automated fare Collection System (AFC) 100% implemented, Go-Live 01 July 2025 4. Fuel Management System (FMS) 80 % Complete



ANNEXURE E: CIRCULAR 88

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N o	National Treasury Proposed Indicators	Ref No	2023/24 Baseline	2024/25 Targets	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target met or not.
1	Number of weekdays scheduled municipal bus passenger trips	TR3.11	5 561 516	6 400 4000	1 600 000	1 453 959	1 394 129	1 389 526	1 288 307	Target not met.
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	90%	94%	94%	94%	94%	Target met.
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Target met.
4	Percentage of	TR5.31	100%	30%	30%	100%	100%	100%	100%	Target met.

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	scheduled municipal bus service stops that are universally accessible									
5	Staff vacancy rate	GG 1.21	20%	<30%	<30%	23,34%	23,34%	23,34%	23,34%	Target met.
6	Percentage of municipal skills developmen t levy recovered	GG 1.1	100%	100%	100%	100%	100%	100%	100%	Target Met
7	Top Manageme nt Stability	GG 1.2	86%	82%	82%	71%	71%	71%	71%	Target not met.
8	Percentage of vacant post filled	GG 1.22	100%	100%	100%	10%	10%			Target not met.

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	within 3 months									
9	Audit opinion	GG3.1	Unqualified with material finding	Unqualified without material finding	N/A	N/A	Unqualified with material finding	N/A	N/A	N/A
10	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	0 active suspensions longer than three months	10	5	5	5	Target not met

ANNEXURE F: COMPLIANCE CHECKLIST

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Companies Act No 71 of 2008					
Financial Statements Sec 30	Company Secretary	Ensure that Annual Financial Statements are submitted to Registrar of companies (CIPC) together with the annual returns.	Annually by end of the month following the anniversary date of incorporation	December	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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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual Returns to be submitted in terms of Sec 33	Company Secretary	Ensure that annual return (comprising full details of company: directors; auditors; company secretary and financial year-end) is submitted to CIPC within 30 days of anniversary date of registration.	Annually by end of the month following the anniversary date of incorporation	May	Annual returns for the financial year ended 30 June 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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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Annual General Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meeting is duly constituted; all members are represented; minutes are taken and filed.	Annually	Within 6 months of year end	AGM took place on 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 July 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.
Labour Relations and Employment Law					
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.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
					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.
Occupational Health and Safety Act No. 85 of 1993	GM: Corporate Services	Ensure execution that a safe and hygienic working environment is maintained	Annually	Annually	A plan was developed to deal with adverse findings: <ul style="list-style-type: none"> - Electrical compliance at head office.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
		and that the Act is displayed in the workplace.			- More capex for upgrades
Skills Development Act No.97 of 1998 as amended by the Skills Development Act, 2003	GM: Corporate Services	Ensure that the Works Skills Plan is submitted and implemented	Annually	April	WSP in place - Contracts are in place. - Training was conducted. - Training committee meets on a regular basis
Unemployment Insurance Act No.32 of 2003	GM: Corporate Services	Ensure that all returns are submitted to the Commissioner (by the 26th of each month).	Annually	26 th of each month	Completed
Promotion of Equality and Prevention of Unfair	GM: Corporate Services	Ensure that requirements are met and that the Metrobus Code is adhered to.	Annually	Annually	In place

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Discrimination Act No.52 of 2002					
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
Finance / Value Added/ Tax Law					
Value Added Tax No. 89 of 1991	Chief Financial Officer	Submit relevant returns to the Receiver by the 25th of every month. (If submitted by EFT the due date is the 31 of each month.)	Annually	End of each month	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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.
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.

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Financial Intelligence Centre Act, No 38 of 2001	Chief Financial Officer	All service providers FICA compliant	Annually	Annually	Completed
General laws					
Road Traffic Act	GM: 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 Municipal Systems Act No 32 of 2000)	All Departments & Directors and Board Sub-Committees	Ensure that written declarations of interests are recorded	Annually	Annually	Completed
Protection of Personal Information Act	CIO	Ensure all personal information (employees, bidders, contractors etc.) is treated with the necessary	Annually	Annually	Completed and ongoing

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
		safeguards to ensure compliance with Act			
National Archives and Records Services of South Africa Act	GM: Corporate Services	Ensure there is a records management system, and documents are stored in the manner, and for the required time frame, as per legislation	Annually	Annually	Completed and ongoing
National Road Traffic Act 93 of 1996 and chapter VIII of National Road Traffic Regulations of 2000	GM: Operations	Transportation of dangerous goods as classified in terms of SABS code of practice (SANS 0228:2012);	Annually	Annually	Completed
Environment					

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
Petroleum Products Act	GM Integrated Business Operations.	Ensure tanks and dispensing done in line with requirements	Annually	Annually	Completed
Agreements / Licenses etc.					
Service Delivery Agreement with City (SDA)	MD	Ensure that the Metrobus mandate is complied with.	Annually	Annually	Completed
Municipal Finance Management Act No.56 of 2003 – the said Act cross references the following Acts which should also be taken into account when determining compliance:					
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	submitted
S 88	Accounting Officer / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Annually	22 January 2025	Submitted
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS
S 106	MD	All delegations reduced to writing	Annually	Annually	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

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	6 December 2024	Submitted
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	30 November 2024	Submitted
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					
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: REMEDIAL PLAN FOR NON-PERFORMANCE

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NO	Specific Issues Identified	Proposed Corrective Actions	Responsible Team	Deadline
1	Surplus/ Deficit	<ul style="list-style-type: none"> Since 2021/22, there have been over R250 million budget cuts. However, the operational costs have increased significantly, especially diesel costs (which are affected by international pricing challenges) and employee related costs. We have implemented cashless systems from 1 October 2024, and we have seen approximately over 33% increase in our weekly revenue collection levels. The procurement of new buses in the current and next financial year will also ensure that we increase our passenger numbers and revenue collection levels. The entity is also currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally. 	Metrobus EMT and the Transport Department	30 September 2025
2	Liquidity, and Solvency	<ul style="list-style-type: none"> The entity's insolvent position is based on the procurement of long-term assets using short-term facilities (overdraft). Due to this financing mismatch, the entity will continue to struggle to overcome its financial position given that the company is mandated to break-even and not be profit-making (since the City provides a subsidy for its operations). There was an exercise undertaken by Group Finance (Treasury Department) in 2021/22 to convert liabilities into equity for; Metrobus, City Power, Pikitup and MTC. However, the City abandoned the process due to the taxation costs which 	Metrobus EMT and the Transport Department	30 September 2025

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		<p>would arise as a result. We are still awaiting confirmation from the Treasury Department on whether other financing options will be considered.</p> <ul style="list-style-type: none"> The entity is currently in discussions with the Office of the City Manager and the Transport Department to restructure the company and seek alternative grants both provincially and nationally. 		
3	Service delivery standards	<ul style="list-style-type: none"> Procurement of buses Leasing of buses Decrease of Out of Commission of buses Recruitment of bus operators 	Integrated Business Operations	31 December 2025
4	AGSA findings	<ul style="list-style-type: none"> Approved Implementation plan Performance Contracting 	Internal Audit	ongoing
5	Internal audit findings	<ul style="list-style-type: none"> Approved Implementation plan Performance Contracting 	Internal Audit	ongoing
6	Non-compliance	<ul style="list-style-type: none"> Operational improvements through route adjustments and fleet maintenance Customer service improvements 	Metrobus EMT	30 September 2025

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7	Valid invoices paid within 30 days	<ul style="list-style-type: none">• The City is currently experiencing cash-flow issues which is hindering the entity's ability to pay suppliers on time.• Regular communication to the Treasury Department requesting for sufficient cash allocations to pay service providers will be undertaken.	Finance	30 September 2025
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ANNEXURE H: SPECIFIC ISSUES IDENTIFIED

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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 30 September 2025 By 31 December 2025 By 30 June 2025	Ongoing
2	Limited financial resources (budget)	Negotiate conditional grants for assets instead of loans.	Executive Management Team	By 31 December 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 30 September 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 December 2025	Not yet due
8	High cost of operations (fuel costs)	Increase diesel to gas substitution rate.	Executive Management Team	By 31 December 2025	Not yet due

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		Installation of CNG infrastructure. Reduction of dead Kilometres			
9	Uncertainty on future funding investment	Increase market share.	Executive Management Team	By 31 December 2025	Not yet due
10	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