

Metrobus

Third Quarter Performance Assessment Report 2024/25

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



Head Office

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Closed on Sunday and Public Holidays



COMPANY INFORMATION

Registration number: : 2000/004704/30

Registered address: : Transportation House;
1 Raikes Road;
Braamfontein;
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Postal address: : PO Box 1787;
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Telephone number: : (011) 403-4300

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Website: : www.mbus.co.za

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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



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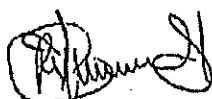
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APPROVAL:

X Mwandla

Name & Surname

Chief Financial Officer (Acting)



Signature

24/04/2025

Approval Date

Luyanda Gidini

Name & Surname

Managing Director



Signature

24/04/2025

Approval Date

Charley Pietersen

Name & Surname

Board Chairperson



Signature

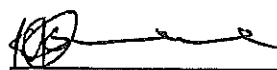
24/04/2025

Approval Date

Kenny Kumene

Name & Surname

MMC



Signature

25/04/2025

Approval Date

City of Johannesburg Metropolitan Municipality
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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 third 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 10% decline in performance in comparison with the same period last year.

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Quarter 3 2023/24	Quarter 3 2024/25
65% Against a target of 85%	55% Against a target of 85%

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 1,6 million kilometers of fatality-free mobility.

The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity 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.

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 454, 9 million as of 31 March 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 454, 9 million as of 31 March 2025.

In this quarter, the entity achieved 17% 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 third 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 31 March 2025.

Abridged Statement of Financial Performance

Description	Q3 31-Mar-25			YTD 31-Mar-25			Variances		
	Actual	Budget	Prior year	Actual	Budget	Prior year	Q3 To budget	Q3 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	168,929	189,875	168,582	521,402	569,624	502,306	(20,945)	348	(48,222)
Direct costs	31,359	43,511	47,731	118,506	130,534	140,700	12,153	16,372	12,028
Margin	137,571	146,363	120,851	402,896	439,090	361,605	8,792	(16,720)	36,193
Expenses	162,661	134,084	117,419	459,285	402,253	404,260	(28,577)	(45,242)	(57,033)
Operating result	-25,090	12,279	3,432	-56,389	36,837	-42,654	37,369	28,522	93,226
Interest paid	10,689	12,279	15,005	36,317	36,837	43,030	1,590	4,317	520
Total Expenditure	204,708	189,875	180,155	614,109	569,624	587,991	(14,834)	(24,553)	(44,485)
Surplus / Deficit	-35,779	0	-11,574	-92,707	0	-85,685	35,779	24,205	92,707

Notes on Income Statements

Overview

The operating budget was increased by R52.0 million, with R36.9 million allocated to the subsidy budget and R15.1 million to fare revenue. However, the increase was insufficient to offset the effects of significant budget reductions over the past three years. Management requested a R167.9 million increase, but only R52.0 million was approved. As a result, the operating expenditure budget was overspent by R44, 5 million, driven by inadequate funding and unmet revenue targets. Metrobus recorded a deficit of R92, 7 million for the nine months.

Fare Revenue

A deficit amounting to R 5, 3 (YTD: R13, 5m) million was recorded on fare revenue for the quarter. The entity recorded R 18, 9 million against the revised 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 third quarter, savings amounting to R11, 8 million were realised on the diesel budget.

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. While repairs and maintenance during this

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three-month period were within budget, the year-to-date spending exceeded the budget by R20.9 million, largely due to efforts aimed at reducing the number of out-of-commission buses.

Asset and liabilities

The table below reflects the abridged financial position of the entity at 31 March 2025.

Abridged Statement of Financial Performance

Description	31-Mar-25	30-Jun-24	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	494,069	539,391	(45,323)	-8%
Current Assets	38,824	32,664	6,160	19%
Total Assets	532,892	572,055	(39,163)	-7%
Capital & Reserves	(486,574)	(392,178)	-94,397	24%
Non-Current Liabilities	7,470	13,978	(6,509)	-47%
Current Liabilities	1,011,996	950,254	61,742	6%
Total Equity & Liabilities	532,892	572,055	(39,163)	-7%

The overall decrease of R 45, 3 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment and intangible assets. Current assets reflected a 19% increase from June 2024 because of increase in inventory and prepayments.

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 managed to spend 17% of the total approved budget. The spending on capital projects was delayed due to delays in user departments finalizing their procurement processes. A total of R 33, 5 million is already committed on the purchase of buses and engine overhauling.

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 has affected payment of suppliers and normal running of the business. The City is responsible for managing the cash flow of the city and its entities. Any funds deposited into the bank by any

entity is swept into the City's bank account on the same day. The city is supposed to avail funds to the entity based on the entity's cash forecast. During the nine-month operating period the City experienced some cash flow challenges resulting in less funds being allocated to Metrobus and this affected payment of 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.

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1.4.3. Metrobus Fleet

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

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.

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 the most rapidly growing source of greenhouse gas (GHG) emissions, and its continued growth is expected to have an increasing impact on biodiversity, air quality, land resources and water quality. Industry accounts for over 90% of total emissions. For its part, out of a total of three hundred and eighty-two (382) buses, the entity operated one hundred and seventy-four (174) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

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

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

Figure 1: Alignment to GDS 2040



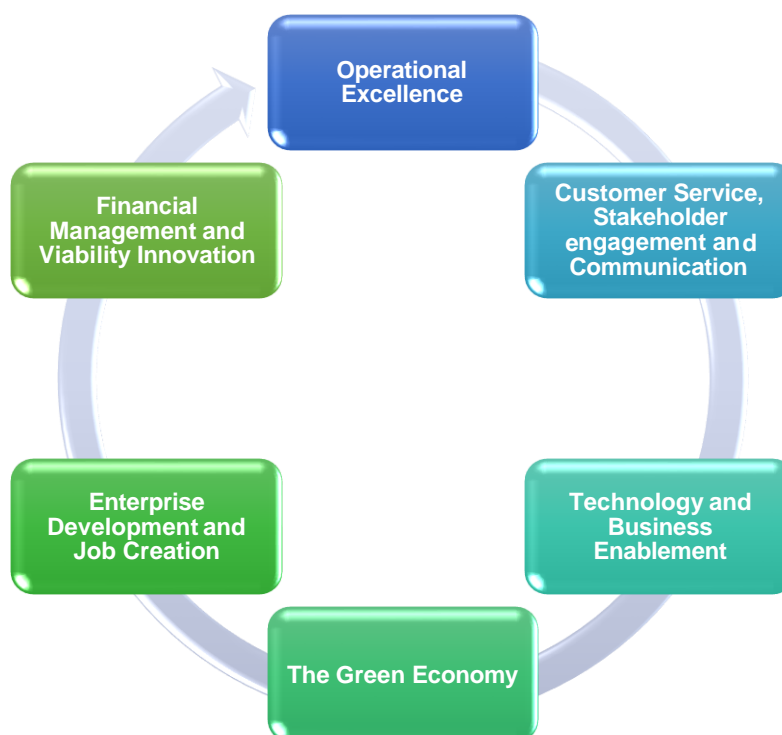
In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below.

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

GDS/Long Term Outcomes	GDS/Long Term Outputs	Entity Contribution/ Entity Priorities
Provide a resilient, livable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.	<ul style="list-style-type: none"> • 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
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Figure 2: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

Metrobus Strategic Goals and Objectives

Goal 1

Ensure that Metrobus is viable and sustainable



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 2

Ensure effective and efficient bus operations



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 3

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



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives

Goal 4

Ensure a well governed entity



PEOPLE PERFORMANCE BALANCE

Metrobus Strategic Goals and Objectives



1.6 Strategy 2022-27

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

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

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

The Board and management of Metrobus are committed to the highest standard of corporate governance, accountability, transparency, fairness, and integrity. Having examined the controls, the Board is satisfied that every effort is being made by management to comply with all material aspects of the relevant legislations. The Metrobus Board of Directors and executive management team subscribe to the governance principles set out in the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, circular 63 of the MFMA and the King IV code. The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that 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 third 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 administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), is in progress.

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

Table 3: Metrobus Board of Directors

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

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Ms Tshepiso Madingoane	NED
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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 declaration of interests.

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

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

The Board Committees held three (3) ordinary Committee meetings and one (1) special meeting during the third 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 23 January 2025	Ordinary 15 January 2025	Ordinary 10 January 2025	Ordinary 13 January 2025
Special 11 February 2025		Special 22 January 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	
		Ordinary Board Meeting	Special Board Meeting
		23 January 2025	11 February 2025
Mr. Charley Pietersen	NED(Chairperson)	✓	✓

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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	✓	✓
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 10 January 2025	Ordinary SDC Meeting 13 January 2025	Ordinary ARC Meeting 15 January 2025	Special HRSE Meeting 22 January 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	—	—	✓	—
Dr. Bongani Radebe	MD	✓	✓	✓	✓

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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	Total
Mr. Lemarco Mitchell	16 000	—	—	16 000
Mr. Charley Pietersen	52 000	76 000	34 000	162 000
Ms. Khanya Sithebe	56 000	62 000	56 000	174 000
Ms Yolandi Erasmus	34 000	72 000	56 000	162 000
Mr. Hein Toerien	52 000	40 000	40 000	132 000
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	128 000
Ms. faith Irwin	46 000	32000	32 000	110 000
Mr. Mervan Ambraal	52 000	20 000	—	72 000
Mr Simon Masemola	32 000	40 000	32 000	104 000
Ms Samkelisiwe Zwane	24 000	32 000	32 000	88 000
Ms Tshepiso Madingoane	24 000	32 000	32 000	88 000
*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	40 000
*Ms. Gloria Matshusa	16 000	16 000	8 000	40 000

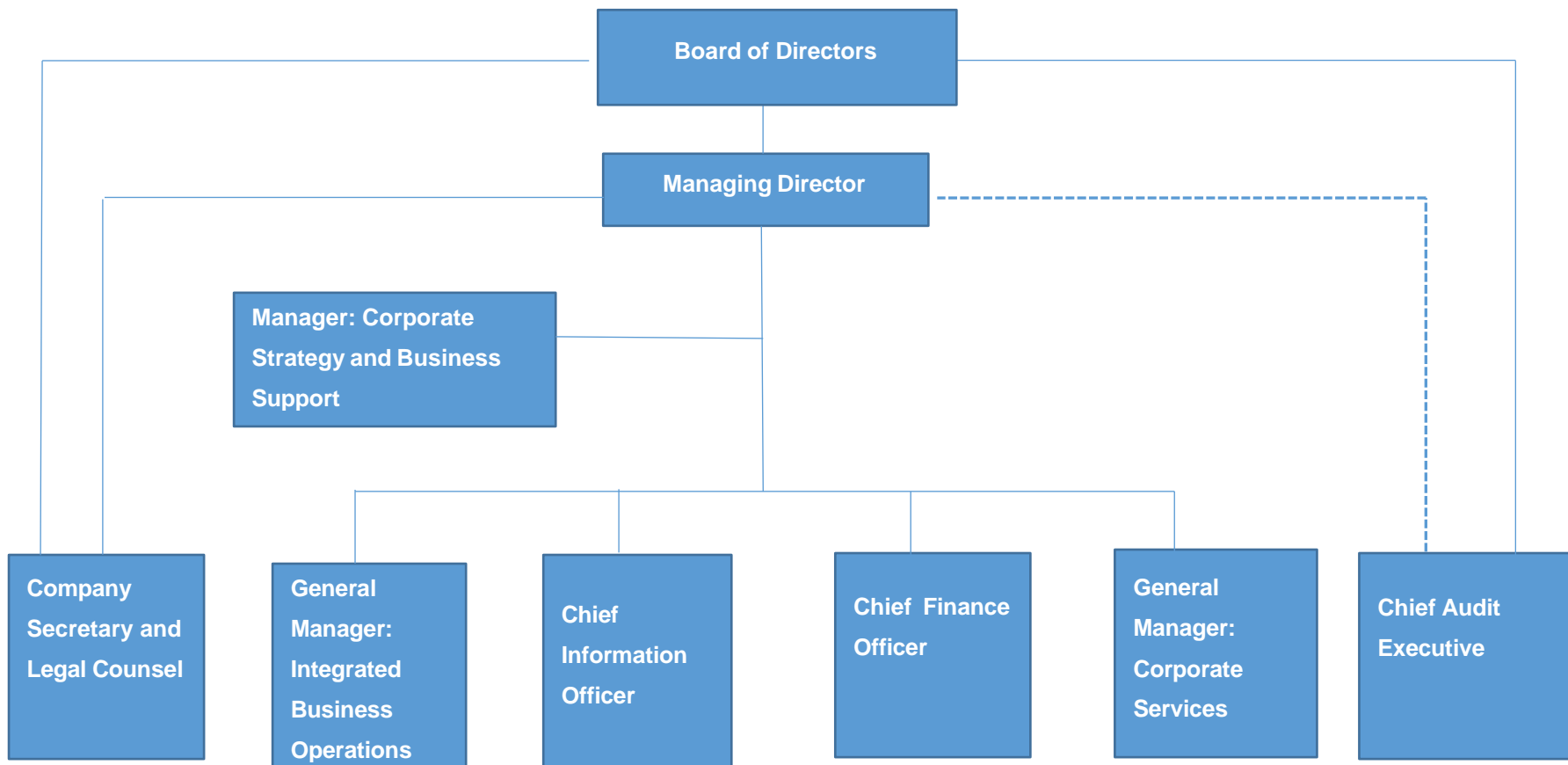
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Table 11: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Total
Managing Director	Vacant	R0.00	R0.00	R0.00	R0.00	R0.00
Chief Financial Officer (CFO)	Mr. Gidini Luyanda	R1,781,917.00	R445,479.25	R445,479.25	R445,479.25	R1,336,437.75
General Manager: Corporate Services	Vacant	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	R1,336,437.75
Legal Counsel & Company Secretary	Mr. Sibisi Zibonele	R1,403,935.00	R350,983.75	R350,983.75	R350,983.75	R1,052,951.25
Chief Audit Executive (CAE)	Vacant	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
	TOTAL	R4,967,769.00	R1,241,942.25	R1,241,942.25	R1,241,942.25	R3,725,826.25

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

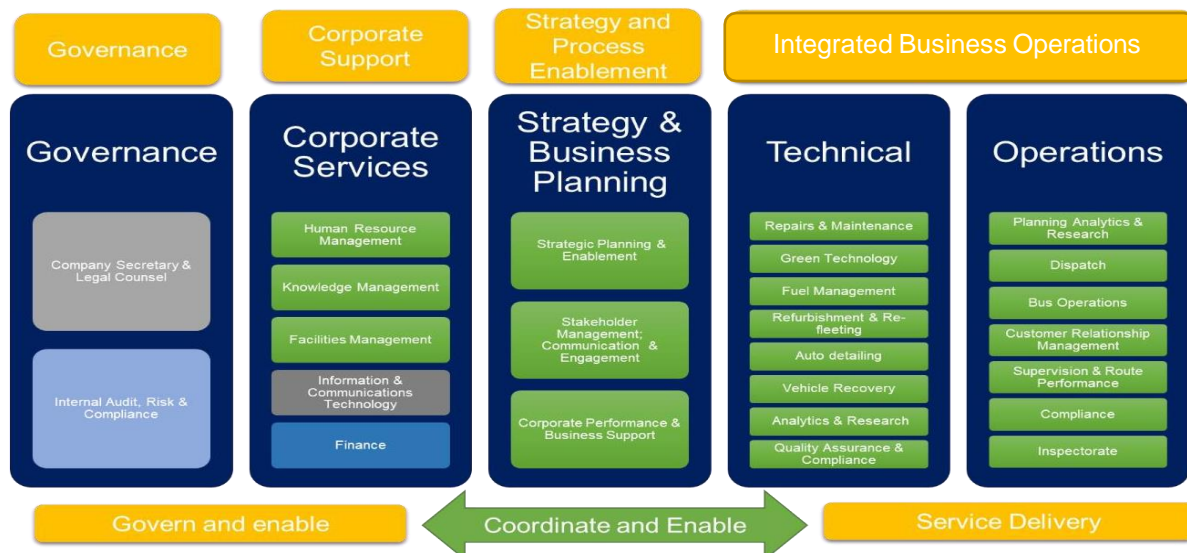


2.5.1 High Level Functional Structure

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

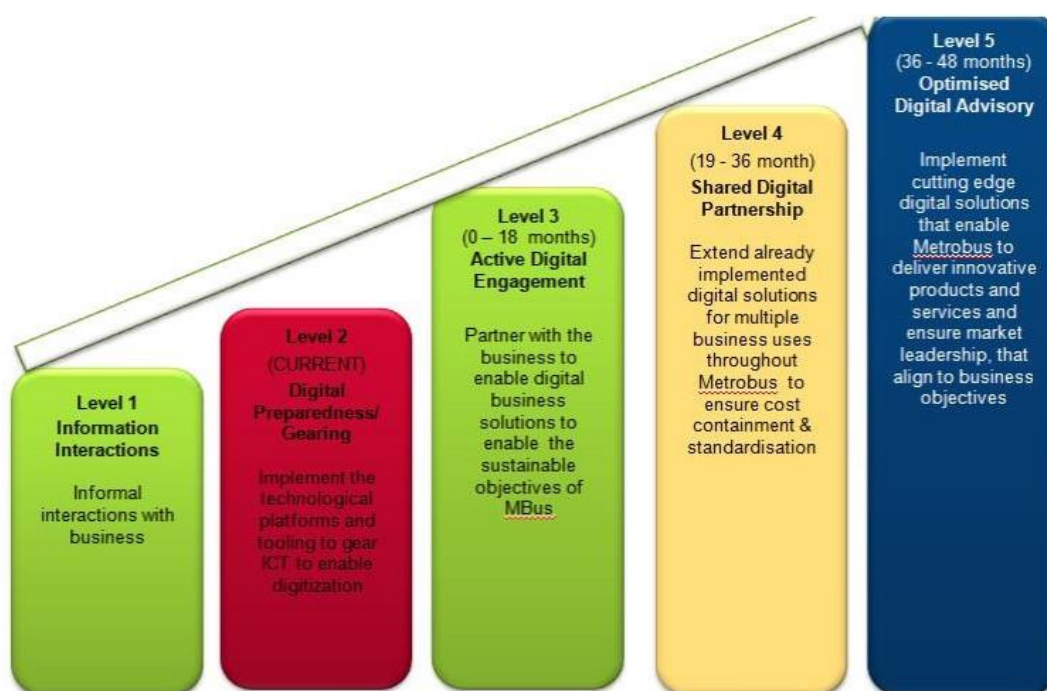
The proper functioning and governance of Information and Communications Technology (ICT) remains a key enabler of a number of the strategic objectives of the entity. The entity is facing a number of ICT challenges, which emanate from ICT infrastructure. Most of the challenges are being resolved except 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 implementation and on pilot phase. HR cloud solution- completed 	<p>Access Control/ Time & attendance Solution – completed</p>	<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, fifty-seven (57) traffic fines was issued. During the same period in the last financial year twenty-one (21) 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
Merc 1725	60%	50%	25%	20%	28%
Euro 5	60%	50%	11%	3%	5%
Euro 3	60%	50%	4%	9%	4%
VOLVO B7L	60%	50%	29%	25%	23%
Average			12%	11%	11%
Annual Average			11%		

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 five (105) SMMEs, the actual performance was one hundred and forty-four (144) SMMEs supported with the expenditure in this regard amounting to R165 million.

3.1.2 Fatality-Free Service

The entity continued to maintain safe public transportation. During the period under review, the entity operated 1,6 million fatality free kilometres. During the same period last year, the entity operated 1.7 million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South Africa's roads resulting from fatalities involving public transport operations.

3.2 Service Delivery Challenges and Mitigation Actions

Table 15: Challenges and Mitigation Actions

Challenges	Mitigation
Level of OOC	<ul style="list-style-type: none"> • 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 third 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 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-	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter

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	production in the delivery of basic services.	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

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		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” planform 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 three. 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 three 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 spent on capital budget against approved capital budget, percentage of valid invoices paid within 30 days, percentage resolution of internal 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

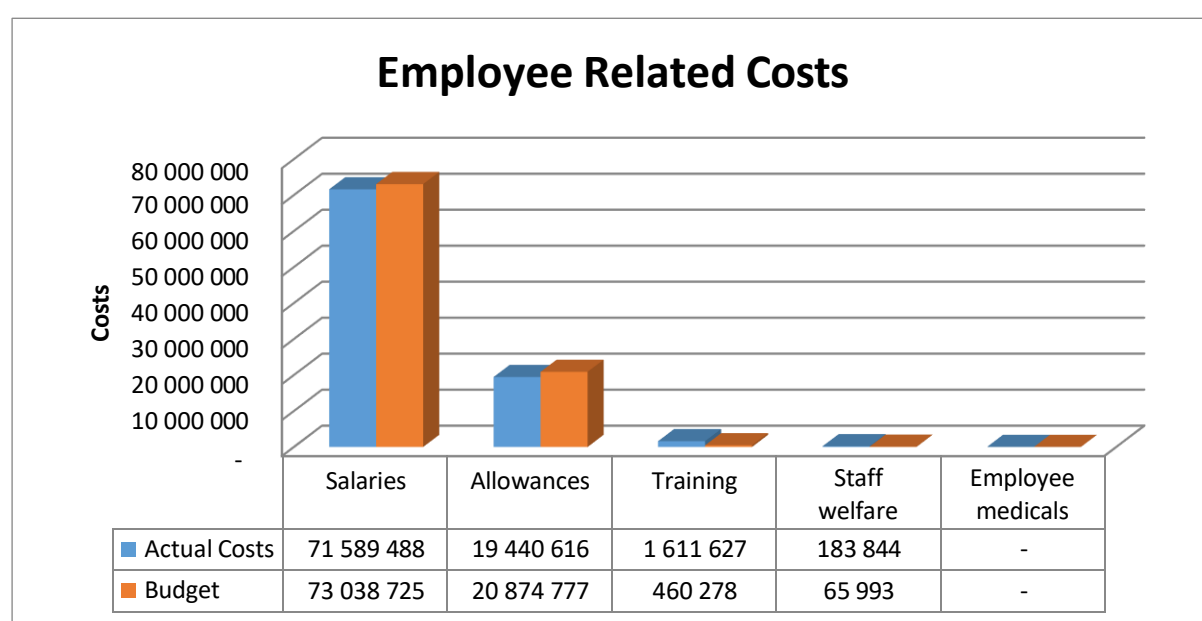
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators have commenced in the 2024/25 financial year.

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 R71,6 million against a budget of R 73,0 million. The R1,4 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:

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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 ready for shortlisting, it is safe to estimate that the position can be filled by the end of the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
2	Chief Audit Executive (CAE)	Internal Audit and Risk	1	Interviews and vetting assessments have taken place to fill this position, it is safe to estimate that the position can be filled before the end of the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
3	General Manager: Corporate Services	Corporate Services	1	Position has been advertised and ready for shortlisting, it is safe to estimate that the position can be filled by the end of the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.

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Table 18: Vacancies at Senior Management to Middle Management Level

#	Job title of position	Department	Quantity	Status
1	Manager: Operations	Integrated Business Operations (IBO)	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
2	Manager: Fleet maintenance	Integrated Business Operations (IBO)	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
3	Supervisor: Operations	Integrated Business Operations (IBO)	Eight (8)	Positions affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
4	Manager: Financial Accounting	Finance	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
5	Assistant Management Accountant: Revenue	Finance	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.
6	Assistant: Management Accountant: Assets	Finance	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.

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#	Job title of position	Department	Quantity	Status
7	Manager: Financial Accounting	Finance	One (1)	Position affected by the newly imposed moratorium, to be advertised in the fourth quarter of 2024/2025 financial year subject to the lifting of the recruitment moratorium.

4.2.1 Vacancy Rate

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

4.2.2 Staff Turnover Rate

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

During the period under review, eleven (11) employees out of a total strength of seven hundred and eighty-five (785) employees left the service of Metrobus. This translates to an average percentage of one coma three eight percent (1, 00%) in staff turnover. This figure comprises of employees who left the Company due to medical boarding, resignations; death; end of employment contract and retirement. It is essential to mention that this percentage is much lower than the Local Government national average of between 5% -10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey, MCI Consultants).

Table 19: Terminations

Months	No of terminations	Reasons
January 2025	6	1 Retirement & 5 Medical Boarding
February 2025	1	Resignation
March 2025	4	1 Resignation, 1 Medical Boarding & 2 Retirement

4.3 Employment Equity

During the quarter under review, Metrobus demonstrated its commitment to diversity and inclusion by submitting the 2023-24 Employment Equity report on schedule (January 15, 2025) and continuing recruitment for key executive positions (General Manager: Corporate Services, Chief Audit Executive, and Chief Technology Officer) with equity as a priority. While the EE/SD Forum meetings (January 24 and March 14, 2025) had broad stakeholder involvement, representation gaps were noted. To address skills gaps and improve opportunities for underrepresented groups (youth and women), Metrobus plans strategic appointments from March 2025, contingent on the lifting of a moratorium. Six (6) EE/SD representatives participated in Central Employment and disability meetings in March. These actions reflect ongoing efforts to create a more diverse and equitable workplace.

Table 20: Demographic Profile as of 31 March 2025

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

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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

Metrobus made substantial strides this quarter in its strategic pursuit of becoming a leading learning organization. Specifically, the entity developed the governance skills of two (2) Chief Audit Executive staff (January 2025), engaged 32 employees in a Relationship Building Workshop (January 29th, 2025), facilitated the qualification of 24 youth as artisans, and supported 19 employees through subsidized education approvals. This progress reflects Metrobus's dedication to ongoing employee development and Skills Development Act compliance.

Table 21: Skills Development and Training

Intervention	Gender	Age	Total
Relationship Building By Objective workshop	Male – 28	>35 Above =28	28
		<35 Less = 0	
	Female- 4	>35 Above = 3	3
		< 35 Less = 1	1
Global Internal Audit Standard	Male – 1	>35 Above =1	1
		<35 Less = 0	

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	Female- 1	>35 Above = 1 < 35 Less = 0	1 0
Total			34

Table 22: Learnership and apprenticeship programme

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

4.4.2 Apprenticeship Programme

During the quarter under review, Metrobus maintained its dedication to fostering youth opportunities through skills development initiatives and talent pipeline enhancement. Noteworthy accomplishments include a strategic partnership with the Automotive Industry Development Corporation (AIDC), facilitating the placement of nine (9) learners in diesel mechanic trades, commencing in February 2025 at the Milpark and Village Main depots. Furthermore, a cohort of twenty-four (24) apprentices successfully completed their trade test qualifications, all of whom have been certified as competent artisans and are now transitioning out of the program.

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/AFCS rollout. Importantly, nine interns were successfully placed into permanent roles, demonstrating the program's vital

role in developing a skilled and sustainable workforce to meet future sector and government demands.

4.4.4 Executive and Management Leadership Development Programme

During the third 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. Furthermore, a Relationship Building Workshop was conducted on January 29th, 2025, with 32 delegates in attendance.

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 third quarter, 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.

4.6 Disciplinary Matters

Table 23: Disciplinary matters

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

Table 24: Grievance Matters

New Grievances	Quarter 1	Quarter 2	Quarter 3	Total
Milpark	1	1	0	2
Village Main	1	2	1	4
Roodepoort	0	0	1	1
Head Office & Gandhi Square	0	1	1	2
Total	2	4	3	9

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, fifty-six (56) cases were attended to as articulated below:

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Table 25: Cases

Type of cases recorded	January	February	March	Categories/Interventions
Psychosocial support	6	8	6	Continuous Immediate Family interventions, Trauma Counselling and ill health support
Functional Assessment	1	0	3	Implementation of a gradual return to work strategy
Hospitalisation	4	8	5	Implementation of the Bereavement and Hospitalisation Policy
Managerial referrals	2	3	3	Absenteeism and Poor Work Performance
Medical Boarding Application	0	1	0	Insurance submission for Assessment and investigation waiting for outcome
Medically discharged employees	5	0	1	Employment terminated due to ill health Referral to a financial advisor for Retirement preparedness
Total	18	20	18	56

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 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:

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- 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 R19 440 616.00 against a budget of R20 874 777,00 apportioned as per the following table

Table 26: Employee Benefits

	Allowances	Training	Staff welfare	Employee medicals	Totals
Actual Costs	R 19 440 616.00	R 1 611 627.00	R 183 844.00	R 0.00	R 21 236 087.00
Budget	R 20 874 777.00	R 460 278	R 65 993.00	R 0.00	R116,505.00
Variance	R 1 434 161.46	-R 1 151 349.71	-R 117 851.17	R 0.00	R 116,505.00

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

Table 27: Safety incidents

Incident per Depot	Milpark	Village Main	Roodepoort	Head Office	Man, days lost
	3	4	1	1	11

4.12 Physical Security and Route Patrol Inspectorate

4.12.1 Security Breaches

Village Main Depot

- I. On Friday 10 January 2025 at approximately 02:25am, there was a shooting incident at Village Main Depot. A stray bullet went through the window of the guardroom (Main Gate) and landed inside the guardroom. There was one security guard who was standing outside the guardroom when the incident happened but fortunately no-one was injured.
- II. On Monday 13 January 2025, Ms N. Majikija went to Village Main Depot at approximately 23:00. The security guards on duty at the time (Shift C), confirmed to her that everything was in order. On the morning of Tuesday 14 January 2025, when the day shift took over at 06:00, they discovered that there were two batteries that were stolen from the breakdown truck. The night shift security (Shift C) said that they did not see or hear anything on that night. This is the fourth incident that has occurred while the same group of security personnel (Shift C) was on duty. Disciplinary action is currently being taken against them.

4.12.2 Route Inspection

The introduction of the Inspection teams has had a significant positive contribution on the revenue collection at Metrobus. The inspector supervisor and mobile driver positions were advertised during the last quarter of the previous financial year. The three posts for the supervisor route inspection are currently filled on an acting basis. Interviews for the three (3) vacant supervisor positions were conducted on the 4th of March 2025. The positions are expected to be filled before the end of the 4th quarter of the 2024 / 2025 financial year depending upon the lifting of the recruitment moratorium.

- I. On the 21st of February 2025, an inspection team working on the Centurion / Pretoria routes wrote a disciplinary report against a bus operator (Mr A. Tsimba) for failing to stop for inspectors and for accepting cash for Metrobus services, in contravention of the Memorandum on Cashless payments for Metrobus services.

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5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 28: Summary Statement of Financial Position

Description	31-Mar-2025 Projection R000	30-Jun-2024 Actuals R000	Movement R000	Movement %
Total Assets	560,591	572,055	(11,464)	-2%
Non-Current Assets	517,434	539,391	(21,957)	-4%
Property, Plant & Equipment	450,120	465,769	(15,648)	-3%
Loans to Shareholders	38,210	38,210	0	0%
Intangible Assets	29,104	35,413	(6,309)	-18%
Current Assets	43,156	32,664	10,493	32%
Inventories	29,990	21,150	8,840	42%
Receivables	6,284	2,650	3,633	137%
Prepayment	6,847	8,106	(1,258)	-16%
Insurance Fund	0	0	0	0%
Cash & Cash Equivalents	35	757	(722)	-95%
Total Equity & Liabilities	560,591	572,055	(11,464)	-2%
Equity & Liabilities				
Capital & Reserves	(454,905)	(392,178)	(62,728)	16%
Share Capital	54,774	54,774	0	0%
Revaluation Surplus	172,157	173,847	(1,690)	-1%
Accumulated Profit(Loss)	(681,837)	(620,799)	(61,038)	10%
Non-Current Liabilities	7,927	13,978	(6,051)	-43%
Interest Bearing Debt	0	0	0	#DIV/0!
Finance lease obligation capital	1,542	8,050	(6,509)	-81%
Retirement Benefit Obligation	6,385	5,928	457	8%
Current Liabilities	1,007,569	950,254	57,315	6%
Payables	429,879	419,635	10,244	2%
Loans From Shareholders	532,136	465,830	66,306	14%
Finance lease obligation capital	8,050	2,267	5,784	255%

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Other Financial Liabilities	28,528	55,656	(27,128)	-49%
Provisions	5,272	3,163	2,109	67%
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 decreased by R 15, 6 million (3%) from R 465, 8 million (30 June 2024) to R 450, 1 million as of 31 March 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 6, 3 million (18%) from approximately R 35, 4 million (30 June 2024) to approximately R 29, 1 million as of 31 March 2025. This was due to normal amortization of intangible assets and intangible assets acquired during the period.

5.1.3 Inventory

Inventory increase by R8, 8 million (42%) from R 21, 2 million (30 June 2024) to R 29, 9 million as of 31 March 2025 due to increased inventory acquired for repairs and maintenance of buses to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels to prevent overstocking and inventory becoming obsolete.

5.1.4 Trade payables

The trade payables increased by R 10, 2 million (2%). As of 30 June 2024, Metrobus owed over R 419, 6 million and the amount increased to R 429, 9 million as at 31 March 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 entities.

5.1.5 Loans from shareholders

The loans from shareholder increased by R 66, 3 million (14%). As of 30 June 2024, Metrobus owed R 465, 8 million to the City. This has increased to R 532, 1 million during the financial period ending 31 March 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 decreased by R 1, 3 million (16%) from R 8, 1 million (30 June 2024) to R 6, 8 million (31 March 2025) due to armortisation of bus licences.

5.1.7 Finance Lease Obligations

Finance lease obligations increased by R 5, 8 million (255%). As of 30 June 2024 Metrobus owed R 2, 3 million to the City and this increased to R 8, 1 million due to leasing of buses.

5.1.8 Provisions

This has increased to R 2, 1 million during the financial period ending 31 March 2025 due to the increased number of employees employed on performance contract. Leave provisions are classified as trade payables and as they are certain and not based on estimates.

5.1.9 Accumulated Losses

The entity accumulated loss position worsened by R 61, 0 million from R 620, 8 million as at the end of 30 June 2024 to R 681, 8 million as at March 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 29: Statement of Financial Performance

Descriptions	A Q3 Projection (R000's)	B Q3 Budget (R000's)	C Q3 Prior Year (R000's)	D YTD Projection (R000's)	E YTD Budget (R000's)	F Prior Year YTD (R000's)	A - B Q3 2025 Variance to Budget (R000's)	A - C Q3 Variance to Prior Year (R000's)	D - E YTD Variance to Budget (R000's)
Revenue	173,280	189,875	168,582	525,753	569,624	502,306	(16,594)	4,699	(43,871)
Grants and subsidy	155,692	164,915	149,894	467,075	494,745	449,682	(9,223)	5,798	(27,670)
Fare revenue	18,712	24,266	20,875	59,039	72,799	54,005	(5,554)	(2,162)	(13,760)
Sundry revenue	-1,124	693	-	-361	2,080	-1,381	(1,817)	(1,124)	(2,441)
Direct costs	29,729	43,511	47,731	116,876	130,534	140,700	13,783	(18,002)	13,658
Diesel	19,872	33,252	24,244	61,804	99,757	73,819	13,380	(4,372)	37,953
Rep & Maintenance	6,447	7,306	18,649	42,794	21,919	46,257	860	(12,203)	(20,874)
Other	3,410	2,952	4,837	12,278	8,857	20,624	(457)	(1,428)	(3,421)
Margin	143,552	146,363	120,851	408,877	439,090	361,605	2,812	22,701	30,213
Expenses	136,263	134,084	117,419	432,888	402,253	404,260	(2,179)	18,844	(30,635)
Staff	92,826	94,440	84,759	302,299	283,319	284,789	1,614	8,066	(18,980)
Depreciation	11,983	18,656	12,814	35,985	55,969	38,904	6,673	(831)	19,984
Property expenses	3,166	2,346	2,895	7,471	7,037	3,366	(820)	270	(434)
Security	-0	100	4,141	-4	300	13,950	100	(4,142)	304
Consultants	3,015	325	245	5,181	975	3,907	(2,690)	2,769	(4,206)

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Bad debts	-	-	-	-	-	-	0	0	0
Bus rental	1,667	2,476	-	5,002	7,428	-	809	1,667	2,426
Licences buses	2,563	2,449	1,120	7,900	7,346	7,298	(114)	1,443	(554)
Insurance	7,169	4,702	-	21,168	14,105	16,157	(2,467)	7,169	(7,063)
Legal expenses	4,784	2,171	1,805	9,091	6,514	3,129	(2,612)	2,978	(2,577)
Audit fees	650	1,388	397	5,296	4,164	4,791	738	253	(1,133)
Computer costs	909	1,516	2,180	8,488	4,547	11,343	607	(1,272)	(3,942)
Marketing	-389	482	3,131	2,099	1,447	9,219	872	(3,521)	(652)
Telecommunications	746	176	757	3,168	529	1,817	(569)	(11)	(2,639)
Other costs	7,177	2,858	3,173	19,743	8,573	5,590	(4,319)	4,004	(11,170)
Operating result	7,288	12,279	3,432	-24,011	36,837	-42,654	4,991	3,857	60,848
Interest paid	11,398	12,279	15,005	37,027	36,837	43,030	881	(3,607)	(190)
Total Expenditure	177,390	189,875	180,155	586,791	569,624	587,991	12,484	(2,765)	(17,167)
Surplus / Deficit	-4,110	0	-11,574	-61,038	0	-85,685	4,110	7,464	61,038

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 a budget increase of R167, 9 million budget only R52, 0 million was awarded. The operating expenditure budget was overspent by R17, 2 million due to inadequate budget and failing to meet revenue targets.

Metrobus recorded a deficit amounting to R 61, 0 million for the nine months and the operating budget was overspent by R17, 2 million.

5.2.2 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

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 third quarter, savings amounting to R13, 4 million 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. While repairs and maintenance during this three-month period were within budget, the year-to-date spending exceeded the budget by R20.9 million, largely due to efforts aimed at 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 third quarter, staff costs were marginally below budget due to the recent budget adjustment, however, the year-to-date staff costs were above budget by R18, 9 million. 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 due to review of useful lives of the non-current assets. A R6, 7 million (YTD: R19, 9m) savings were recorded on depreciation and amortization.

5.2.8 Insurance Charges

The insurance charges were overspent by R2, 4 million (YTD: R7, 1m), this was caused by underbudgeting of the insurance internal charges by the city.

5.2.9 Legal Fees

The legal fees were overspent in the third quarter by R2,6 million (YTD: R2, 6m), this was due to the increased number of legal issues dealt with in this quarter.

5.2.10 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 4, 3 million (YTD: R11, 2m) above the third quarter due to more repairs and maintenance of buildings and equipment during the period.

5.3 Cash flow statement for the period ended 31 March 2025

Table 30: Summary Cash Flow

	31-Mar	30-Jun
	2025	2024
Net Cash Flow from Operating Activities	(25,146,530)	179,708,688
Grants & subsidies	467,074,503	607,298,947
Other income	58,678,508	78,411,492
	525,753,011	685,710,439
Employee costs	(302,298,927)	(136,249,851)
Suppliers	(210,071,081)	(313,207,857)
Finance costs	(38,529,533)	(56,544,043)
	(550,899,541)	(506,001,751)
Cash Employed in Investment Activities		

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	(14,028,000)	(49,806,453)
Expanding of Capital Base	(14,028,000)	(35,948,873)
Expanding of Intangible Base	0	(13,857,580)
Cash Consequences of Financing Activities	38,452,636	(129,705,634)
Other financial liabilities	(27,127,995)	(50,419,264)
Movement of sweeping account	66,305,947	(79,399,546)
Finance lease payments	(725,316)	113,176
CASH FLOW FROM ACTIVITIES	(721,894)	196,601
Net Increase / (Decrease) in Cash & Bank Balances	(721,894)	196,601
Cash & Bank Balances Beginning of the Year	757,115	560,514
Cash & Bank Balances End of the Period	35,221	757,115

Analysis of cash flow

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

The entity reported a positive cash balance of R35 000, influenced mainly by the net cash inflow of R 38, 4 million, from financing activities. The actual cash spent on capital expenditure for the period was approximately R 14, 0 million.

5.4 Ratio Analysis

Table 31: Ratio Analysis

Description	31-Mar-25	30-Jun-24	Target
Solvency Ratio	0.55	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)	85%	82%	45%
Gearing	181%	168%	45%

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Cost coverage ratio	0.1	0.09	0.5
Cost coverage ratio – excluding subsidy	36.72	32.27	182.50
Cost coverage ratio – including subsidy	327.26	300.39	365.00
Employee related costs to total expenditure	52%	47%	40%
Repairs to total expenditure	10%	8%	8%
Repairs to PPE	2%	4%	8%
Interest cover	-0.65	-1.75	1.50
Training spent against skills levy	331%	58%	1%
Total expenditure against budget	103%	120%	100%
Total capex against budget	14%	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 454, 9 million as of 31 March 2025. The entity's solvency ratio was calculated at 0.55: 1 (2023/24: 0.59: 1).

5.4.2 Liquidity:

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 532, 1 million (2023/24: R 465, 8 million). The overdraft was due to the accumulated losses over the years resulting from budget shortfalls, purchase of permanent assets with short-term loans and increased operating costs.

5.5 Capital Projects & Expenditure

The 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 managed to spend 17% of the total approved budget. The spending on capital projects was

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delayed due to delays in user departments finalizing their procurement processes. A total of R 33, 5 million is already committed on the purchase of buses and engine overhauling.

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Table 32: Summary Capital Projects

Project Name	Adjusted Budget(R 000's)	Midyear Actual (R 000's)	Quarter 3 Budget 25%(R 000's)	Quarter 3 Actual (R 000's)	YTD spent Actual (R 000's)	Commitments (R 000's)	YTD spent including commitment (R 000's)	Q3 spent Actual on total budget %	YTD spent excluding commitments on total budget %	% Spent including commitments on total budget %
Overhaul Engine & Gearboxes	13,000	4,175	3,250	2,720	6,895	834	7,728	84%	53%	59%
Building improvements	3,599	180	900	-	180	-	180	0%	5%	5%
Furniture & Office Equipment	1,500	165	375	752	917	-	917	200%	61%	61%
IT Equipment	7,250	1,995	1,813	2,097	4,092	-	4,092	116%	56%	56%
Plant & Machinery	2,000	1,054	500	-	1,054	-	1,054	0%	53%	53%
Bus refurbishment	8,800	-	2,200	3,338	3,338	3,794	7,132	152%	38%	81%
Purchasing of New Buses	33,295	-	8,324	-	-	28,865	28,865	0%	0%	87%
AFC	28,500	-	7,125	-	-	-	-	0%	0%	0%
Total Capital expenditure	97,944	7,569	24,486	8,906	16,475	33,493	49,968	36%	17%	51%

5.6 Supply Chain Management (SCM) & Compliance Matters

5.6.1 Irregular, Fruitless, and wasteful expenditure

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

Table 33: Reconciliation of irregular expenditure

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

5.6.2 Awards where there were no three quotes.

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

5.6.3 Deviations

There were six (6) deviations approved for the nine months of the 2024/2025 financial year.

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Table 34: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
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)	150
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)	172,5
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
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
SAGE Intacct Licences	Payment for the provision to renew the SAGE software licences and support for a period of 12 months	In any other exceptional case where it is impractical or impossible to follow the official procurement process Regulation 36(1)(a)(v)	R3 800
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
Total			5 461

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5.6.4 Expenditure on BBBEE and SMME's

During the period under review, procurement amounting to R219 676 373,78 was procured by the organization. The total BBBEE expenditure was R211 199 862,00 which was 96% of the total expenditure. A total number of one hundred and forty-four (144) SMMEs has also been supported up to thus far with a total spent of R164 693 694,19 for the period under review.

Table 35: BBBEE procurement breakdown

Details		Spent
Total Procurement	(R' 000)	219 676
Actual BBBEE Spent	(R' 000)	211 200
% Actual BBBEE Spent	%	96,00%

Table 36: SMMEs supported.

	Number of suppliers supported	Amount R'000
Total Procurement	146	219 676
BBBE Procurement	137	211 200
SMME Supported	144	164 693

5.6.5 Performance against procurement plan

Table 37: Procurement Plan

Departments	No. of tenders per Department	Appointment	Specification	Audit Probity (BSC)	Evaluation	Audit probity (BEC)	Adjudication	Awarded
Finance	4		2			1	1	
IBO: TSD	29		18	4	1	1	1	4
Corporate Services	16	13		1			1	1

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IBO: Operations	8		8					
ICT	3		2	1				
Office of the MD	0							
Total	60	13	30	6	1	2	3	5

5.6.6 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

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.

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

Description		Q1	Q2	Q3	Total
		(R000's)	(R000's)	(R000's)	(R000's)
Total payments made	A	366	1,764	1,512	3,642
Invoices paid within 30 days	B	158	1,507	1,339	3,004
Invoices not paid within 30 days due to invoice issues	C	208	257	173	638
Invoices paid outside 30 days with no valid reason	D	0	0	0	0
Compliance percentage	B/A	43.17%	85.43%	89.00%	82.48%

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
Mar-25	JDA	Thabiso Ngoepe	0	Settled
Mar-25	JHB Theatre	Babalwa Mbodla	15	Bus hire services
	Total		15	

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
Mar-25	Tourism	Zuqhame Matutu	0	Bus hire services
Mar-25	Coj Transport Department	Banele Mazwi	9	Bus hire.
Mar-25	Coj Transport Department	Andre Van Nie Kerk	5 580	Bus refurbishments
Total			5 589	

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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
Mar-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
Mar-25	Economic Development	Nthabiseng Kotlolo	17	Bus hire.
Mar-25	Community Development (Sports and Recreation)	Norrain Van Wyk	45	Bus hire.
Mar-25	Office of the Mayor	Graeme Ruiters	7	Bus hire.
Mar-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.
Mar-25	Social Development	Zahin Anandlal	299	Bus hire services to be settled.
	Total		35 659	

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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
Mar-25	Treasury	Lilian Siala	518 042	Sweeping account
Mar-25	Treasury	Sandile Manondo	14 434	Capital Creditors - CoJ 2016
Mar-25	(GRASS)	Amelia Schoeman	17 896	Insurance (COLD)
Mar-25	Revenue CRM	Nyanisi Joseph Nhlapo	26 465	CoJ CRM Agency fees including Water disputes with City's Revenue Shared Services.
Mar-25	Payroll	Patricia Moseki	320 644	Salaries reimbursement payable to GCSS.
Mar-25	THEATRE	Babalwa Mbodla	417	Hospitality
Mar-25	JHB City Parks & Zoo	Setlalekgosi Mirriam Mokgoasa	19	Conference
Mar-25	CRRM	Wendy Mangena	26 465	Monthly Revenue Service Charges
Mar-25	JPC	Luyanda Nelisa Tyeku	893	Renovations of building occupations
Mar-25	GCSS	Graeme Ruiters	22 704	Security salaries payable to GCSS.
Mar-25	MTC	Khuliso Makhesa	55 266	ICT Equipment and services
Total			1 003 245	

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		
Q2 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"/>	Management comments outstanding
Stakeholder Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fleet Management		<input type="checkbox"/>	<input type="checkbox"/>	Management comments outstanding
Q2 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Discipline		To be completed in April 2025		
Revenue Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Management		<input type="checkbox"/>	<input type="checkbox"/>	Management comments outstanding
IT General Controls		<input type="checkbox"/>	<input type="checkbox"/>	Management comments outstanding
HR Report		To be completed in May 2025		
Q 3 Performance Information		To be completed in April 2025		
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
FIN02/2023-2024): Provision for the appointment of a panel of service providers for stores consumables (inventory) for Metrobus for a period of thirty-six (36) months as and when required	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TDS16/2024-2025- Provision for a panel of Service Provider(s) to provide bus leasing to Metrobus for a period of 36 months.	Metrobus Internal Audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.5 Limitation of Scope and Exclusions




There were limitations of scope identified.

6.6 Opinion on Control

6.6.1 Rating Summary – Controls Opinion

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

Table 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 31 March 2025

Table 50: Internal Audit Findings

Total Findings	Addressed	Not Addressed
50	20	30
% Resolution	40%	

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:

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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	40	14
% Resolution Rate	74%	

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

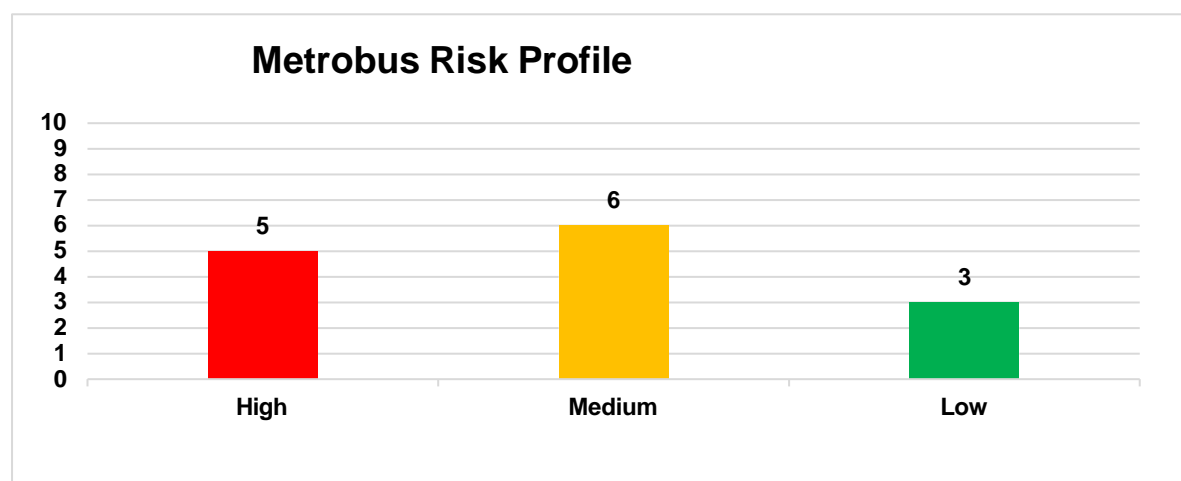
6.10.2 Strategic Risks

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 19 were due at the end of quarter 3 and 13 of the interventions have been achieved, which represent 54% of the overall achievement.

Table 54: Strategic Risks

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

6.10.3 Emerging Risks

Table 55: Emerging Risks

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

6.10.4 Progress on Embedded Risks


Tracking and monitoring 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 as of 31 March 2025. 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)
				Q3 Target	Q3 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	22 425 Metrobus passenger trips per working day	26 000 Average number of Metrobus passenger trips per working day	26 000	22 412	-	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	Q3 Target	Q1 Actual	Q2 Actual	Q3 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%	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	22 421	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	0.50	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%	100%	Target met
5	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	41% of complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	100%	18%	23%	42%	28%	Target not met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the	% Customer satisfaction	83% Customer satisfaction	80% Customer satisfaction	Not Applicable	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)	Not Assessed (due in Q4)

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

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Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 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%	11%	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	Q3 Target	Q1 Actual	Q2 Actual	Q3 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	105	77	113	144	144	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%	95%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	174 EPWP Jobs created	100 EPWP jobs created	75	97	132	128	128	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	Q3 Target	Q1 Actual	Q2 Actual	Q3 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	75% of total opex budget	27%	57%	86%	86%	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	75% of total capex budget	2%	4%	17%	17%	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the	% 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	6.4%	6%	10%	12%	12%	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	20%	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%	82,48%	Target not met

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Program 5: Operational Excellence

	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q3 Target	Q1 Actual	Q2 Actual	Q3 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	70%	4%	25%	40%	40%	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	50%	89%	89%	74%	74%	Target 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%	Target not met
20	Improve and strengthen	An inclusive, job intensive, resilient, competitive and smart economy that	% 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	85%	55%	68%	68%	54%	Target not Met

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	financial position	harnesses the potential of citizens	findings resolved	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%	53%	Target not met

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Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2023/24	2024/25 Target	Q3 Target	Q1 Actual	Q2 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	75%	92%	98%	99%	99%	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 June 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 June 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 June 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 June 2025

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13	% spent on capital budget against approved capital budget	<ul style="list-style-type: none"> • Pre-performance year completion of procurement processes • Robust Vendor management through SLAs 	Finance	30 June 2025
16	% of valid invoices paid within 30 days	<ul style="list-style-type: none"> • Validity of Invoices • Vendor Compliance documents • Cash-Flow 	Finance	30 June 2025
17	% resolution of internal 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 June 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
% of scheduled public bus trip arriving on time	90% arrival times	94%	94%	94%
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)	73%	66%	66%
Safety of commuters	100% compliance to health and safety legislation (1) Zero security incidents on buses (2) Zero Fatalities	100%	100%	100%
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations	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

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 and the refurbishment. 1.2 The appointment of the service provider for supply and delivery of diesel buses is finalized. The appointment of the service for the refurbishment of buses has also finalized. The department has requested additional funding for the refurbishment
	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
								process. The department has also advertised for the procurement of electric vehicles. The department has also advertised the leasing of buses even though there is insufficient funding currently available. The department has requested additional funding for the leasing of buses.
	Blameworthy Accidents Rate per 100 000 bus kilometers operated	Inability to maintain fatality free operations	Medium	IBO	1.3 Each Bus Operator attends 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. Unfortunately, with the appointment of contract drivers, the department has experienced

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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
								accidents. The department is planning to retrain the contract drivers. The number of accidents caused by contract drivers has drastically reduced.
	% Service Disruptions Communicated	Loss of trust and goodwill of commuters	Medium	Strategy	1.4 Implementation of an audit worthy complaint management system 1.5 Adherence to requirements of the Commuter Service Charter in relation to complaint Management 1.6 Implementation of commuter engagement plan	1.4 Quarterly : 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025 1.5 30 September 2024, 1.6 30 September 2024,	3	1.4 What's App channel – complaint management system is implemented 1.5 Resolution turnaround times as per Commuter Service Charter are not adhered to due to availability of buses 1.6 Commuters are continuously engaged. Most recent engagement related to implementation of cashless mobility. Commuter Satisfaction surveys conducted on a
	% 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
								yearly basis; recent one completed during the fourth quarter of the 2023/24 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 June 2025	1	1.7 Not yet implemented - Risk workshop has been conducted. A comprehensive enterprise-wide Business Continuity Plan will be able tabled for approval on 30 June 2025
	% Customer Satisfaction	Inability to transport passengers	High	IBO	1.8 Implementation and activation of Intelligent Transport Systems (ITS)	1.8 31 March 2025	1	1.8 The Intelligent Transport Systems (ITS) – equipment has been procured and installed. The project is on the piloting stage. The department is still waiting for the system to go on live.
	% 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 department has procured its own equipment for emission testing in all the three depots. Training of officials is completed. The department has started conducting the testing. Reports are being generated. The Manager Planning, Analytics and Research will still be trained so as to confirm that proper testing is done. 2.2 Service provider has been appointed for the injection and pump systems.
Accelerated and visible service delivery and re-introduction of	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	3.1 30 September 2024, 3.2 31 March 2025	2	3.1 The target of 25% of the budget allocated to SMMEs 3.2 Not yet

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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
co-production in the delivery of basic services					Supplier awareness in terms of publishing of information			implemented – 31 March 2025
An inclusive job intensive, job intensive, resilient, competitive and smart economy that harnesses the potential of its citizens	% of Total Expenditure spent on BBBEE							
	Total Number of EPWP jobs Created	Inability to Provide/Supply Sufficient EPWP opportunity to Alleviate Poverty	Low	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts	3.4 1 31 July 2024	1	3.4 The target EPWP has been achieved. The first cohort commenced on 1 September 2024 (72) and the second cohort commenced on 1 October (63).
Programme 4: Financial Management, Viability and Sustainability								

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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	% Spent against Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction of Grant Funding from the Shareholder - Lack of alternative plans when budgets cuts are initiated by the Shareholder	High	CFO	4.1 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.1 Quarterly Reporting: 30 September 2024, 31 December 2024, 31 March 2025 and 30 June 2025	1	4.1 Performance report for actual spending against budget prepared and reported to EMT quarterly
	% Spent against Approved Capital Expenditure Budget				4.2 Tenders per Procurement Plan advertised and awarded	4.2 Quarterly: 30 June 2025 (100% of tenders)	1	4.2 Capex projects tenders planned for Q3 have been awarded
	% spent on repairs and maintenance to property, plant and equipment				4.3 Actual spend against budget reported by Executive quarterly and performance management implemented for non-performance	4.3 Same as Above-4.1	None has Already Included 4.1	4.3 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board

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

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Key Performance Outcome	Key Performance Indicator	Risk Description	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Number of Interventions	Progress to Date
								reported for the quarter under review
	% of valid invoices paid within 30 days			CFO	4.7 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.7 Quarterly: 100% to be Reported on 30 June 2025	1	4.7 In progress, monthly / quarterly performance reports are submitted to EMT, ARC and Board – not achieved due to cash allocation from the City
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	5.1 – 5.4 Quarterly: 30 June 2025	4	5.1 – 5.4 Internal OPCA during EMT meetings has been implemented to track and monitoring implementation of action plans aiming to resolution of findings. Progress of all the findings is reported monthly.
	% AGSA Findings Resolved							

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

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



ANNEXURE E: CIRCULAR 88

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N o	National Treasury Proposed Indicators	Ref No	2023/24 Baseline	2024/25 Targets	Q3 Target	Q1 Actual	Q2 Actual	Q3 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	Target not met.
2	Percentage of municipal bus services 'on time'	TR4.21	93%	90%	90%	94%	94%	94%	Target met.
3	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	Target met.
4	Percentage of scheduled municipal bus service stops	TR5.31	100%	30%	30%	100%	100%	100%	Target met.

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

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			material finding						
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	5 active suspensions longer than three months	10	5	5	Target met

ANNEXURE F: COMPLIANCE CHECKLIST

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

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

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

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

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

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

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

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

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 65(2)	CFO	Payment declarations	Monthly	Monthly	Completed
S 85 86	MD	Open and operate at least one bank account and submit details to City	Annually	Annually	Completed
S 87	Board / CFO	Submit proposed Budget to City	150 days before start of FY	End Feb	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

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

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	Person /Department Responsible	Activity	Frequency	Due Date	Status
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 June 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 June 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	Capex	<ul style="list-style-type: none"> There has been delays in the procurement of buses, however a reputable service provider has been appointed and the delivery of the first batch of fleet is expected to arrive by end of April 2025. The full delivery is expected in December 2025. 	Finance	31 December 2025
4	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
5	AGSA findings	<ul style="list-style-type: none"> Approved Implementation plan Performance Contracting 	Internal Audit	ongoing
6	Internal audit findings	<ul style="list-style-type: none"> Approved Implementation plan Performance Contracting 	Internal Audit	ongoing

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7	Non-compliance	<ul style="list-style-type: none"> Operational improvements through route adjustments and fleet maintenance Customer service improvements 	Metrobus EMT	30 June 2025
8	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 June 2025



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