

Metrobus

Performance Report: Fourth Quarter Financial Year 2022/23

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



a world class African city



METROBUS

Head Office

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

www.mbus.joburg.org.za

Private hire Service

011 832 3135 /6/7

Call Centre

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

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



mbus.joburg.org.za



[@MetrobusJoburgCity](https://www.facebook.com/MetrobusJoburgCity)



[@JoburgMetrobus](https://twitter.com/JoburgMetrobus)



[@JoburgMetrobus](https://www.instagram.com/JoburgMetrobus)

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

COMPANY INFORMATION

Registration number: : 2000/004704/07

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

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

Telephone number: : (011) 403-4300

Fax number: : (011) 403-1613

Website: : www.mbus.co.za

Bankers: : Standard Bank of SA Limited

Auditors: : Auditor General South Africa (AGSA)

MISSION

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

VISION

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

CORE VALUES

CO-OPERATION

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

ACCOUNTABILITY

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

HONESTY

Doing the right thing even when no one is looking.

RESPECT

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

UBUNTU

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



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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report


APPROVAL:

Patrick Matanhire
Name & Surname
Acting Chief Financial Officer


Signature

22/07/2023
Approval Date

Luyanda Gidini CA(SA)
Name & Surname
Acting Managing Director


Signature


22 July 2023
Approval Date

Lemarco Mitchell (ARC Chairperson)
Name & Surname
Board Chairperson

p.p. 
Signature

22/07/2023
Approval Date

ANTHEA LEITCH
Name & Surname
MMC

PP 
Signature

25/07/23
Approval Date

TABLE OF CONTENTS

COMPANY INFORMATION.....	1
1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE	13
1.1 Chairperson’s Foreword.....	13
1.2 Managing Director’s Report	16
1.3 Chief Financial Officer’s Report.....	18
1.4 Corporate Profile and Overview of the Entity.....	21
1.4.1 Metrobus turnaround plan 2013	21
1.4.2 Migration from Metrobus vision 2020 to vision 2027	22
1.4.3. Metrobus Fleet	23
1.4.4 Metrobus scope of operation.....	23
1.5 Strategic Objectives	23
1.5.1 Overview	23
1.5.2 Metrobus Strategic Objectives.....	26
1.6 Metrobus Strategy 2022-27.....	30
2 CHAPTER TWO: GOVERNANCE	31
2.1 Governance Framework.....	31
2.1.1 King IV code of corporate governance	31
2.1.2 Code of conduct for directors	31
2.1.3 Ethical Leadership.....	31
2.1.4 Board Charter	32
2.2 The Legislative Framework	33
2.2.1 Municipal Finance Management Act, No.56 of 2003	33
2.2.2 Municipal Systems Act, No. 32 of 2000	34
2.3 Composition, Key Activities and Board Member Remuneration.....	34
2.3.1 Board of Directors	34

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

2.3.2	Composition of the Sub Committees	35
2.4	Board Activities	36
2.4.1	The attendance of meetings.....	37
2.4.2	Director and Prescribed Officer Remuneration	41
2.5	High Level Organisational Structure.....	44
2.5.1	High Level Functional Structure	45
2.6	Risk Management.....	46
2.6.1	Overview	46
2.6.2	Risk acceptability	47
2.6.3	Strategic Risk Register.....	48
2.7	Anti-corruption and Fraud Investigations (including forensic investigations).....	48
2.8	ICT Governance	48
2.8.1	Overview	49
2.8.2	Key ICT Projects	50
2.8.3	Challenges.....	51
2.9	Compliance with Laws & Regulations	51
2.9.1	Permits.....	51
2.9.2	Traffic Fines	52
2.9.3	Carbon Emissions Compliance	52
3	CHAPTER THREE: SERVICE DELIVERY PERFORMANCE	54
3.1	Highlights and Achievements	54
3.1.1	Commuter Engagement.....	54
3.1.2	Economic Transformation.....	56
3.1.3	Fatality-Free Service	56
3.1.4	Customer Satisfaction Survey	56
3.2	Service Delivery Challenges and Mitigation Actions.....	56

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

3.3 Service IDP Policy Objectives	57
3.4 Response to Strategic Directives	57
3.5 Performance against Service Standards	59
3.6 Performance against Predetermined Objectives	59
3.7 Performance against Strategic Deliverables	60
3.7.1 Business Plan 2022/23 Strategic Response.....	60
3.7.2 Corporate Scorecard 2022-27 Deliverables.....	60
4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT ..	61
4.1 Employee Remuneration (Total Costs including Executives)	61
4.2 Key Vacancies	61
4.2.1 Vacancy Rate.....	63
4.2.2 Staff Turnover Rate.....	63
4.3 Employment Equity	63
4.4 Skills Development and Training	64
4.3.1 Training and Development Programmes	64
4.3.2 Apprenticeship Programme.....	65
4.3.3 Internship Programme.....	65
4.3.4 Learnership Programme for Bus Drivers	66
4.3.5 Subsidised Education.....	66
4.3.6 Executive and Management Leadership Development Programme	66
4.5 Performance Management.....	66
4.6 Disciplinary Matters and Outcomes.....	67
4.7 Litigations	67
4.8 Leave & Productivity Management.....	68
4.8.1 Leave Management	68
4.8.2 Productivity	68

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

4.9	Employee Wellness	69
4.9.1	Psychosocial Support and Counselling Services.....	69
4.9.2	Education and Outreach Programme	70
4.9.3	Occupational health and safety measures.....	70
4.10	Employee Benefits	71
4.11	Occupational Health & Safety Programmes	71
4.11.1	Safety incidents.....	71
4.12	Physical Security and Route Patrol Inspectorate.....	72
4.12.1	Security Breaches	72
4.12.2	Route Inspection	72
4.13	Security Cameras	72
5	CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE	73
5.1	Statement of Financial Position and Exposure	73
5.1.1	Property Plant and Equipment.....	74
5.1.2	Intangible assets.....	74
5.1.3	Inventory	75
5.1.4	Receivables.....	75
5.1.5	Prepayments	75
5.1.6	Interest bearing debt (Non-current liabilities)	75
5.1.7	Trade payables.....	75
5.1.8	Loans from shareholders	76
5.1.9	Other financial liabilities	76
5.1.10	Provisions.....	76
5.1.11	Accumulated Losses	76
5.2	Statement of Financial Performance and high-level notes.....	77
5.2.1	Overview	79

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.2.2 Fare Revenue	79
5.2.3 Diesel	79
5.2.4 Repairs and maintenance.....	79
5.2.5 Other direct expenses	79
5.2.6 Staff costs.....	80
5.2.7 Depreciation and amortization expense.....	80
5.2.8 Property expenses.....	80
5.2.9 Leasing of buses	80
5.2.10 Insurance charges	80
5.2.11 Finance charges / Interest paid.....	80
5.2.12 Marketing Expenses	81
5.2.14 Other costs	81
5.2.15 Year to date performance	81
5.3 Cash flow statement for the period ended 31 March 2023	82
5.4 Ratio Analysis	82
5.4.3 Solvency:.....	83
5.4.4 Liquidity:	83
5.5 Capital Projects & Expenditure.....	83
5.6 Supply Chain Management (SCM) & Compliance Matters).....	86
5.6.1 Irregular, Fruitless and wasteful expenditure	86
5.6.2 Awards where there were no three quotes	87
5.6.3 Deviations	87
5.6.4 Expenditure on BBBEE and SMME's	89
5.6.5 Performance against procurement plan.....	90
5.6.6 Contract Management.....	90
5.7 Payments.....	91
5.7.1 Payments within 30 days.....	91

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.8 Amounts Owed By and To Government Departments and Public Entities	91
5.9 Amounts Owed to Metrobus by CoJ and Entities (Intercompany).....	91
5.10 Amounts Owed by Metrobus to CoJ Core Departments (Intercompany Liabilities).....	92
CHAPTER 6: INTERNAL & EXTERNAL AUDIT FINDINGS	93
6.1 Introduction	93
6.2 Staff Establishment	93
6.3 Progress against the 2022/23 Internal Audit Plan.....	94
6.4 Progress against Approved Ad-Hoc- Projects	94
6.4 Limitation of Scope and Exclusions	94
6.5 Opinion on Control	95
6.5.1 Rating Summary – Controls Opinion	95
6.5.2 Rating Summary – Detailed Audit Findings	95
6.6 Follow up of IAF and AGSA Findings	95
6.6.1 Progress on Internal Audit Findings and Reviews 2021/22.....	95
6.7 External Audit Findings	97
6.7.1 Progress on Resolution of External Audit Findings-2021/22.....	97
6.8 Overall Quarter Opinion on Controls	97
6.9 Risk Management	97
6.9.1 Risk Methodology.....	97
6.9.2 Strategic Risks	98
6.9.3 Emerging Risks.....	100
6.9.4 Progress on Embedding Risks	100
6.9.5 Insurance Incidents	100
ANNEXURE A: IDP & SDBIP SCORECARD	101
ANNEXURE B: METROBUS SCORECARD	103
Program 1: Customer Services, Stakeholder Engagement and Communication	104

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 2: Innovation and Green Economy	106
Program 3 Enterprise Development and Job Creation	107
Program 4: Financial Management, Viability and Sustainability.....	108
Program 5: Operational Excellence.....	110
Program 6: Technology and Business Enablement.....	112
ANNEXURE B1: UNACHIEVED KPI's	113
ANNEXURE C: SERVICE STANDARDS	116
ANNEXURE D: STRATEGIC RISK.....	118
ANNEXURE E: CIRCULAR 88.....	126
ANNEXURE F: COMPLIANCE CHECKLIST.....	129
ANNEXURE G: BUSINESS PLAN 2022/23 STRATEGIC RESPONSE.....	144

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

1 CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE

1.1 Chairperson's Foreword

I am honored, on behalf of the Board, to present the 2022/23 Metrobus fourth quarter performance assessment report. The term of the new Board commenced in earnest with a diagnostic appraisal of challenges and opportunities that beset the entity over time. Albeit that a number of operational, strategic and systemic challenges spanning the entire value chain of the entity remain, the board is optimistic that some traction can be achieved towards realizing key strategic objectives including operational excellence and financial sustainability.

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

2021-22 QUARTER 4	2022-23 QUARTER 4
89%	52% (Unaudited)

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

From an operations point of view, underperformance in relation to Capex spending was noted. This is closely related to delays in the implementation of planned Intelligent Transport Systems which is a capex line item where the bulk of capex funds are allocated. Through the Service Delivery Committee, the Board continues to monitor performance in this regard closely. During the fourth quarter, performance in relation to the payment of suppliers within thirty days increased by 6.48% from quarter 3 levels, reaching an average of 98.54% at quarter 4 against a target of 100%.

The Board continues to view the entity's technology enablement trajectory as an important enabler of business excellence going forward. In this regard, the cancellation of the City led procurement of the Automated Fare Collection (AFC) System necessitated urgency on the part of the entity to secure an interim solution to ensure that capacity to collect fares remains

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

functional and technologically enhanced to meet current demands, and to attract and retain a new cohort of contemporary commuters. Installation of the Automated Fare Collection System is currently underway, with projected full functionality by the end of quarter 2 of the 2023/24 financial year.

The entity fulfills its mandate primarily through the provision of reliable transportation. This is measured through the rate of successful completion of planned trips. In this regard, the entity recorded 86% performance level against a target of 90% completed trips at the end of quarter 4. During the period under review, the entity operated a total of 2 052 523 kilometers and fatality free mobility.

In pursuit of mutually beneficial relations with our stakeholders, 20 000 possible commuters were directly engaged during our marketing campaigns in quarter 4. The Commuter Forum remains functional and active and assists the entity in its planning and delivery of services. The entity is consistently meeting its engagement and reporting requirements with the shareholder and continues to receive governance support from the shareholder.

The entity has recorded an achievement level of 52% against a target of 85% for its pre-determined objectives at quarter 4.

The overall financial position of the entity is characterized by technical insolvency and remains a concern. The net liability position of Metrobus has improved during the financial year. The net liability position declined from R 200, 6 million (30 June 2022) to R 262, 1 million as at 30 June 2023.

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

The Board remains committed to advancing the interests of the entity, ensuring continuous improvement of its performance and service offering and proper stewardship of the entity in

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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 period under review.

Ms. Chinelle Stevens
Board Chairperson

1.2 Managing Director's Report

For the 2022/23 financial year, Metrobus' overriding objectives of financial sustainability and operational excellence remain unaltered. This includes continuous analysis of cost drivers to identify operational and systemic inhibitors of performance excellence. Digitisation; harnessing of efficiencies and the automation and standardisation of processes remain key enablers in this regard.

During the quarter under review, the operating environment was enhanced through collaborations aimed at reducing the number and cost of uneconomic kilometres. In the period under review, strategic collaborations were activated with both private and public sector parties. The entity concluded a Memorandum of Understanding with the Department of Correctional Services (Leeuwkop Correctional Service Facility) regarding layover facilities for thirty five buses operating the Sunninghill route. By securing this layover facility, monthly cost savings are estimated at R3.9 million.

In pursuit of a green economy for the City, the decongestion of public roads remains a priority. Through a collaboration with the Westgate Mall in the west of Johannesburg, 300 parking bays were secured for the purposes of allowing motorists to park their cars and use the bus for their commute into various business districts of the City. In terms of the Integrated Public Transport Network, the Roodepoort to Johannesburg CBD route has one of the highest commuter yields. This initiative will attract commuters.

Strides in digitisation continue with urgency. Planned technology includes advanced vehicle tracking, monitoring of technical condition of fleet, real time tracking of buses, monitoring of driving behaviour, comprehensive CCTV with face recognition, commuter app, scheduling and dispatching. These functionalities are part of the "eye on the bus" system which is currently underway.

One of the key priorities in operational improvements is to accelerate decarbonisation of the fleet by increasing use of Compressed Natural Gas, reduce diesel consumption and optimise other green fuel technologies as outlined in the fleet renewal strategy. The Centre for Excellence is critical in facilitating this and will be used to leverage on capabilities of various external partners to support our green initiatives and innovation.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Performance results in quarter 4 indicate that service levels continue to recover from the effect of the Pandemic. The entity successfully completed 9 339 more passenger trips than in the same period in the 2021-22 financial year. At quarter 4 of the previous financial year, the entity ferried 80 1819 passengers, this increased to 1 364 333 passengers at quarter 4 of 2022-23 financial year.

It is anticipated that technology that is scheduled for implementation on buses will assist in turning the tide on revenue losses. The benefits that will flow from this must be augmented by the deployment of more buses to allow the entity to access opportunity in private hire and other contracted services. The net liability position declined from R 200, 6 million (30 June 2022) to R 262, 1 million as at 30 June 2023.

During the quarter under review, the entity's target on Capex expenditure was 100%. The actual performance however was 99%. Although the implementation of projects was notably speeded up during quarter 4. The entity achieved fifty two percent (52%) of predetermined objectives against a target of eighty-five percent (85%) and eighty percent (80%) of service standards. Performance against predetermined objectives is detailed in Annexure B of this report. The entity remains committed to delivering a bus service with superior safety, customer service and financial excellence

Mr. Luyanda Gidini
Acting Managing Director

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

1.3 Chief Financial Officer's Report

Introduction

The quarter 4 report was prepared on a going concern basis, it is assumed that the entity will continue to operate for the foreseeable future, meeting its financial obligations when they become due.

Revenue and Expenditure Performance

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

Abridged Statement of Financial Performance

Description	Q4 30-Jun-23			YTD 30-Jun-23			Variances		
	Actual	Budget	Prior year	Actual	Budget	Prior year	Q4 To budget	Q4 Prior year	YTD To budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	141 818	156 870	172 277	635 650	627 481	550 863	(15 053)	(30 459)	8 169
Direct costs	38 811	24 857	-8 791	165 054	99 426	144 892	(13 954)	(47 602)	(65 628)
Margin	103 007	132 014	181 068	470 596	528 055	405 971	(29 007)	(78 061)	(57 459)
Expenses	154 507	120 855	121 658	487 789	483 419	469 747	(33 652)	(32 849)	(4 369)
Operating result	-51 500	11 159	59 410	-17 192	44 636	-63 776	(62 659)	(110 910)	(61 828)
Interest paid	14 964	11 159	6 609	45 460	44 636	29 164	(3 805)	(8 355)	(824)
Total Expenditure	208 282	156 870	119 476	698 302	627 481	643 803	(51 411)	(88 806)	(70 821)
Surplus / Deficit	-66 464	0	52 801	-62 652	0	-92 940	(66 464)	(119 265)	(62 652)

Notes on Income Statements

The approved operating budget was rebased by the City during the 2021/22 Adjustment Budget period, this resulted in a budget reduction of R 153, 3 million on operating budget. During mid-year budget adjustment of 2022/23 financial year, the entity's budget was reduced by R62. These adjustments had serious negative implications on the operations. Metrobus budget was exhausted by end of May 2023 and a decision was approved to continue operating without sufficient budget so as to continue servicing the customers. As a result, Metrobus recorded a deficit of R 66, 5 million and the budget was overspent by R51, 4 million for the quarter ended 30 June 2023. The operating expenditure budget was overspent by R 70, 8 million for the financial year ended 30 June 2023 due to reduction on budget and trying to provide minimal service to the customers. The fare revenue recorded a surplus of R 0, 8 million

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

for quarter four of the financial period. The entity recorded R 14, 3 million on fare revenue against the target of R 13, 6 million for the quarter.

Negative factors affecting revenue collections includes the following:

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

Asset and liabilities

The table below reflects the abridged financial position of the entity as at quarter four financial period.

Abridged Statement of Financial Performance

Description	30-Jun-23	30-Jun-22	Movement	Movement
	(R000's)	(R000's)	(R000's)	(%)
Non-Current Assets	533 709	542 811	(9 102)	-2%
Current Assets	32 068	26 752	5 316	20%
Total Assets	565 777	569 564	(3 787)	-1%
Capital & Reserves	(262 139)	(200 626)	-61 513	31%
Non-Current Liabilities	54 955	114 129	(59 173)	-52%
Current Liabilities	772 961	656 061	116 900	18%
Total Equity & Liabilities	565 777	569 564	(3 787)	-1%

The overall decrease of R 9, 1 million with respect to non-current assets is driven primarily by the normal depreciation and amortisation of property plant and equipment and intangible assets and acquisition of property, plant and equipment and intangible assets. Current assets reflected a 20% increase from June 2022 because of increase in inventory and prepayments.

Cash flow

The entity has been experiencing serious cash flow challenges from the second to the fourth quarter financial period. Starting from quarter 3 the City and its entities were faced cash flow challenges and this has resulted in Metrobus not getting adequate cash to pay the creditors. 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 will then avail funds to the entity based on entity's cash forecast. During the financial

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

The entity reported a positive cash balance of R 77 000 influenced mainly by the net cash inflow of R15, 5 million from operating activities and R 18, 4 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 34, 1 million excluding commitments.

Compliance and Internal Control Environment

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

Supply Chain Management

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

Strategic Outlook and Business Conditions

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

Mr. Patrick Matanhire
Acting Chief Finance Officer

1.4 Corporate Profile and Overview of the Entity

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

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

1.4.1 Metrobus turnaround plan 2013

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

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

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

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

1.4.2 Migration from Metrobus vision 2020 to vision 2027

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

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

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

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

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

1.4.3. Metrobus Fleet

The current fleet of Metrobus buses stands at 381 and below is a table depicting the fleet by make and model.

Table1: Fleet details

Fuel Type	Asset Group	Milpark	Roodepoort	Village Main	Total
Diesel	Merc Benz 1725/59	49	5	32	86
	Merc Benz Euro 3	14	7	4	25
	Volvo B7L	42	7	39	87
	VOLVO B7R	9		1	10
Diesel Total		114	19	76	208
Duel Fuel	Merc Benz 1725/DDF	24	5		29
	Merc Benz Euro 5	55	36	54	144
Duel Fuel Total		79	41	54	173
Total		193	60	130	381

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:

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

As an entity of the City of Joburg, Metrobus has aligned its long-term strategic imperatives with the Growth and Development Strategy of the City of Joburg (GDS 2040) and contributes directly to outcome two and three of the Growth and Development strategy 2040. Outcome two (2) relates to the provision of a resilient and liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy. In relation to the GDS outcome 2, it is noteworthy that South Africa has launched the country's first Green Transport Strategy (GTS) to promote a transport system that is environmentally friendly and helps boost economic growth and create jobs. In South Africa, the transport sector is reported to be the most rapidly growing source of greenhouse gas (GHG) emissions, and its continued growth is expected to have an increasing impact on biodiversity, air quality, land resources and water quality. The industry accounts for over 90% of total emissions. For its part, out of a total of three hundred and eighty three (383) buses as at March 2023, the entity operated one hundred and seventy four (174) dual fuel buses which significantly reduced its greenhouse emissions. The entity will persist with its efforts in this regard by maintaining an energy mix that is supportive of a green economy.

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

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

Figure 1: Alignment to GDS 2040

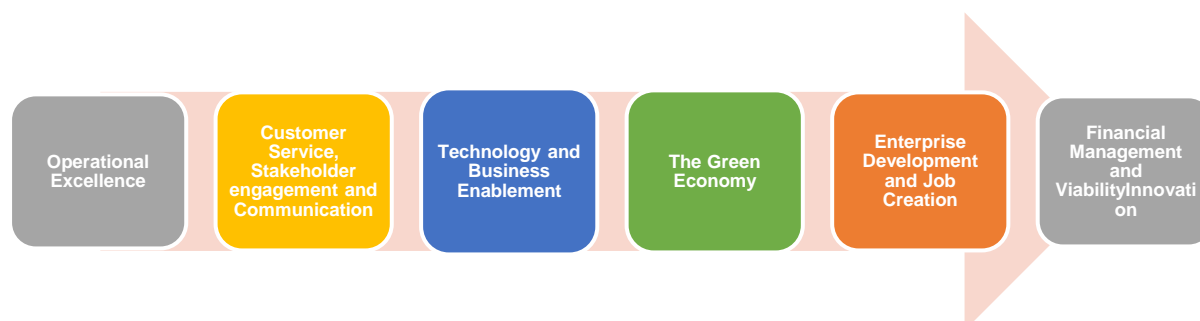


In line with the Growth and Development Strategy 2040 outcomes to which the entity contributes, related outputs find expression specific entity priorities as outlined below

Table 2: Alignment to outcome, outputs and entity priorities

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

Figure 2: Metrobus Strategic Programmes



1.5.2 Metrobus Strategic Objectives

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

Strategic Objective 1: To acquire, develop, and retain talent in a fit-for-purpose organizational structure that will deliver on our Mission.

A key component to this strategic objective is not only ensuring that we have the technical skills needed to operate a bus service, but also increasing the business acumen of our people towards improvement of our overall performance.

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

We will strive to recruit employees who are motivated to serve others. Our training and development will be biased towards behaviors and actions that drive customer satisfaction and a culture of service. This culture of service will be instilled and reinforced with appropriate performance management systems and incentives. The Metrobus Human Resources Development Strategy outlines key programs and interventions regarding this strategic objective

Strategic Objective 2: To enable employees, commuters and processes with technology for efficient service delivery, agility and consumer centricity

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

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

Customers desire real-time updates, communication that is more frequent and more rapid responses and resolution of issues. This capability forms the basis for our approach to technology enablement.

The entity requires ICT infrastructure that ensures the technology used by business is functional, efficient and effective whether the desired outcome is business improvement, mobility or communication and collaboration, Metrobus requires the right kind of infrastructure to support our vision. The digitization program of which the Automated Fare Collection system is a significant constituent element is the key enabler towards the achievement of this strategic objective.

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

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

Whether it is the way buses are serviced or the process by which we recruit and select employees, we will find ways to improve our effectiveness. Inventory can be better managed to improve revenue cash flow. Projects and programs must deliver the intended results on

time and on budget, whether we are installing a new technology application or overhauling an engine. In addition, those who work on and manage projects must be accountable for delivering on scope, schedule and budget.

Our focus over the next five years will be to consistently deliver a high level of operating efficiency and productivity. The Metrobus Operational Efficiency Models is intended towards the achievement of this strategic objective.

Strategic Objective 4: To promote enterprise development and job creation

In this regard, the entity participates fully in the programs geared towards the creation of jobs. The entity employs a number of citizens of Johannesburg in line with the Extended Public Works Program. A significant portion of expenditure of both Opex and Capex is spent on the Small, Medium and Macro enterprises. In addition, the entity conducts programs to assist designated enterprises with procurement compliance procedures.

Strategic Objective 5: To achieve accredited status as preferred repair and maintenance centre of Diesel Dual Fuel Buses

Metrobus is regarded as a leader in the transport industry in relation to the usage of Diesel Dual Fuel buses. As an early adopter of this technology, the entity has learnt a number of valuable lessons and is in a position to establish itself as a preferred repair and maintenance centre of Diesel Dual Fuel buses. The entity has collaborated with highly regarded organizations and academic institutions towards the acquiring of knowledge in this regard.

Strategic Objective 6: To arrive on time, in a clean, road worthy bus, operated legally and by a courteous, customer centric employee.

Metrobus will at the very least meet customer service standards as contracted with the parent municipality and endeavour to exceed these in a quest to move Johannesburg progressively.

Strategic Objective 7: To continuously improve a culture of safety and security

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

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

As we continue this transformation, we will work with partners and our industry peers to develop improved metrics that help us gauge our progress and make better decisions. In order to improve further, we must find better ways to identify and remove barriers to safety so we can reduce accidents and injuries. In pursuit of the broader objectives of the Service Delivery Agreement entered into between Metrobus and its parent municipality, the entity adheres to a set of service standards measured on a monthly basis which encompasses the thrust of this objective.

Strategic Objective 8: To decrease Metrobus contribution to GHG emissions

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

Continue the conversion of the existing fleet to diesel dual fuel and ensuring that all new buses operate on sustainable energy as a matter of choice. This will have the greater outcome of changing Johannesburg’s rating favourably in terms of its high GHG emitter status.

Strategic Objective 9: To achieve fare revenue collection targets and improve expenditure efficiency

Key among operational tactics is to maintain the “no-cash-on-hand” culture while technologically enabling our collection capacity. Business efficiencies will be implemented to contain the cost of doing business.

Strategic Objective 10: To implement a sustainable re-fleeting and refurbishment plan

Metrobus will implement an investment worthy re-fleeting strategy and plan to ensure that its fleet is kept viable and fit for purpose.

Strategic Objective 11: Develop and maintain Business Continuity plans including plans aimed at ensuring continued functionality and resilience in relation to COVID19.

Metrobus has reviewed its Occupational Health, Wellness and Safety Strategy to ensure that the workplace is safe from hazards including COVID19. This endeavour will encompass both our physical (offices, depots and Ghandi Square) and mobile workspaces (Buses and other fleet)

1.6 Metrobus Strategy 2022-27

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

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

2 CHAPTER TWO: GOVERNANCE

2.1 Governance Framework

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

2.1.1 King IV code of corporate governance

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

2.1.2 Code of conduct for directors

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

2.1.3 Ethical Leadership

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

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

- Professionalism
- Transparency
- Pride
- Diversity
- Fairness

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

2.1.4 Board Charter

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

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

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

2.1.4.2 Provide effective leadership on an ethical foundation.

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

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

2.1.4.5 Disclose real and potential conflicts of interests.

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

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

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

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

2.2 The Legislative Framework

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

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

2.2.1 Municipal Finance Management Act, No.56 of 2003

2.2.1.1 Circular 63

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

2.2.2 Municipal Systems Act, No. 32 of 2000

2.2.2.1 Section 93L

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

2.3 Composition, Key Activities and Board Member Remuneration

2.3.1 Board of Directors

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

The City, in its role as shareholder, appoints the entity's Board of Directors. The composition of the Board during the fourth Quarter of the Financial Year 2022/2023 was as follows:

Table 3: Metrobus Board of Directors

Name	Position
Ms. Chinelle Stevens	NED; and Chairperson
Mr. Lemarco Mitchell	NED
Mr. Charley Pietersen	NED
Ms. Khanya Sithebe	NED
Mr. Hein Toerien	NED
Ms. Patricia Jacobs	NED
Ms. Sharifa Prinsloo	NED
Ms. Tiphany Harmse	NED
Ms. Omphemetse Mokgosi	NED
Ms. Lungisile Mkize	NED
Ms. Ponds Peterson	NED
Mr Luyanda Gidini	ED, Acting Managing Director (November 2022)
Mr Patrick Matanhire)	ED, Acting Chief Financial Officer (December 2022)

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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 seven (7) members, four (4) of which are independent audit committee members. The HRSE committee comprises of three (3) non-executive directors and chaired by a non-executive director. The SDC comprises of four (4) Non-Executive Directors and is chaired by a Non-Executive Director. The administrative process of de-registering the directors who resigned or have retired and registering new members with the Companies and Intellectual Property Commission (CIPC), has been completed.

Table 4: Composition of Sub Committees (newly appointed- 01 Mar 2023)

No.	Audit and Risk Committee (ARC)	Human Resources, Remuneration, Social and Ethics Committee (HRSE)	Service Delivery Committee (SDC)
1.	Mr. Lemarco Mitchell (Chairperson)	Ms. Khanya Sithebe (Chairperson)	Mr. Charley Pietersen (Chairperson)
2.	Ms. Patricia Jacobs	Mr. Hein Toerien	Ms. Sharifa Prinsloo
3.	Ms. Lungisile Mkize	Ms. Ponds Peterson	Ms. Tiphany Harmse
4.	* Ms. Michele Botha		Ms. Omphemetse Mokgosi
5.	* Mr. Joshua Antonio Ferreira		
6.	* Mr. Wayne Buckley		
7.	* Ms. Gloria Matshusa		
Total	7	3	4

* Independent Audit Member

Table 5: Independent Audit Committee (IAC)

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

2.4 Board Activities

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

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

During the quarter under review, the Board held four (4) meetings. Two (2) meetings were ordinary and two (2) special meetings.

The Board Committees held six (6) meetings during the quarter under review. Four (4) meetings were ordinary and two (2) were special meetings. The dates of meetings are reflected in table hereunder:

Table 6: Board and Sub-Committee meetings held

Board Meeting	Audit and Risk Committee	Human Resources, Social and Ethics Committee	Service Delivery Committee
[Ordinary] 19 April 2023 15 May 2023	[Ordinary] 17 April 2023 26 April 2023	[Ordinary] 09 May 2023	[Ordinary] 24 April 2023
[Special] 31 May 2023 29 June 2023	[Special] 29 May 2023 26 June 2023		
[Strategic Session] 16 May 2023, 17 May 2023, 26 May 2023			

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

2.4.1 The attendance of meetings

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

Table 7: Board Meetings attendance register

Name	Designation	Meeting						
		Ordinary Board Meeting 19 April 2023	Ordinary Board Meeting 15 May 2023	Board Strategy Session (Day 1) 16 May 2023	Board Strategy Session (Day 2) 17 May 2023	Board Strategy Session (Day 3) 26 May 2023	Special Board Meeting 31 May 2023	Special Board Meeting 29 June 2023
Ms. Chinelle Stevens	NED (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Mr. Lemarco Mitchell	NED	✓	✓	✓	✓	✓	✓	✓
Mr. Charley Pietersen	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Khanya Sithebe	NED	✓	✓	✓	✓	✓	✓	✓
Mr. Hein Toerien	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Patricia Jacobs	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Sharifa Prinsloo	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Tiphany Harmse	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Omphemetse Mokgosi	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Lungisile Mkize	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Ponds Petersen	NED	✓	✓	✓	✓	✓	✓	✓
Ms. Michele Botha	IAC	—	—	✓	✓	✓	—	—
Mr. Tony Ferreira	IAC	—	—	✓	✓	✓	—	—
Mr. Wayne Buckley	IAC	—	—	✓	✓	✓	—	—
Ms. Gloria Matshusa	IAC	—	—	✓	✓	✓	—	—

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Mr. Luyanda Gidini	Acting MD	✓	✓	✓	✓	✓	✓	✓
Mr. Patrick Matanhire	Acting CFO	✓	✓	✓	✓	✓	✓	✓

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Table 8: Board Sub Committee Meetings attendance register

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

Name	Designation	Ordinary ARC Meeting 17 April 2023	Ordinary SDC Meeting 24 April 2023	Ordinary ARC Meeting 26 April 2023	Ordinary HRSE Meeting 09 May 2023	Ordinary ARC Meeting 29 May 2023	Special ARC Meeting 26 June 2023
Ms. Chinelle Stevens	NED (Chairperson)	—	—	—	—	—	—
Mr. Lemarco Mitchell	NED	✓	—	✓	—	✓	✓
Mr. Charley Pietersen	NED	—	✓	—	—	—	—
Ms. Khanya Sithebe	NED	—	—	—	✓	—	—
Mr. Hein Toerien	NED	—	—	—	✓	—	—
Ms. Patricia Jacobs	NED	✓	—	✓	—	✓	✓
Ms. Sharifa Prinsloo	NED	—	✓	—	—	—	—
Ms. Tiphany Harmse	NED	—	✓	—	—	—	—
Ms. Omphemetse Mokgosi	NED	—	✓	—	—	—	—
Ms. Lungisile Mkize	NED	✓	—	✓	—	✓	✓

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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 9: Board and Independent Member Compensation

Name	1 st .QTR.	2 nd QTR	3 rd QTR	Total	
Ms. Yongama Pamla	R48 000	R50 000	R32 000	R130 000	
Mr. Tumelo Mlangeni	R68 000	R80 000	R44 000	R192 000	
Dr. Lawrence Kok	R76 000	R58 000	R46 000	R180 000	
Ms. Gloria Matshusa	R68 000	R54 000	R44 000	R166 000	
Ms. Judith Shiwundlana	R68 000	R38 000	R44 000	R150 000	
Dr. Olwethu Sipuka	R68 000	R78 000	R44 000	R190 000	
Mr. Lita Mbokotho	R76 000	R78 000	R66 000	R220 000	
Ms. Simphiwe Mamvura	R52 000	R66 000	R52 000	R170 000	
Mr. Simphiwe Dzengwa	R78 000	R60 000	R46 000	R184 000	
*Ms. Keamogetswe Ruiters	R8 000	R16 000	R16 000	R40 000	
*Ms. Refilwe Morajane	R16 000	R16 000	R16 000	R48 000	
New Board Members: Appointed 1 March 2023					
Name	1 st .QTR.	2 nd QTR	3 rd QTR	4 th QTR	Total
Ms. Chinelle Stevens	—	—	R16 000	120 000	R136 000
Mr. Lemarco Mitchell	—	—	R12 000	154 000	R166 000

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Mr. Charley Pietersen	—	—	R12 000	94 000	R106 000
Ms. Khanya Sithebe	—	—	—	—	—
Mr. Hein Toerien	—	—	R12 000	R92 000	R104 000
Ms. Patricia Jacobs	—	—	—	R108 000	R108 000
Ms. Sharifa Prinsloo	—	—	R12 000	R92 000	R104 000
Ms. Tiphany Harmse	—	—	R12 000	R92 000	R104 000
Ms. Omphemetse Mokgosi	—	—	R12 000	R92 000	R104 000
Ms. Lungisile Mkize	—	—	R12 000	R116 000	R128 000
Ms. Ponds Peterson	—	—	—	R92 000	R92 000
*Ms. Michele Botha	—	—	—	R56 000	R56 000
*Mr. Joshua Antonio Ferreira	—	—	—	R56 000	R56 000
*Mr. Wayne Buckley	—	—	—	R56 000	R56 000
*Ms. Gloria Matshusa	—	—	—	R56 000	R56 000

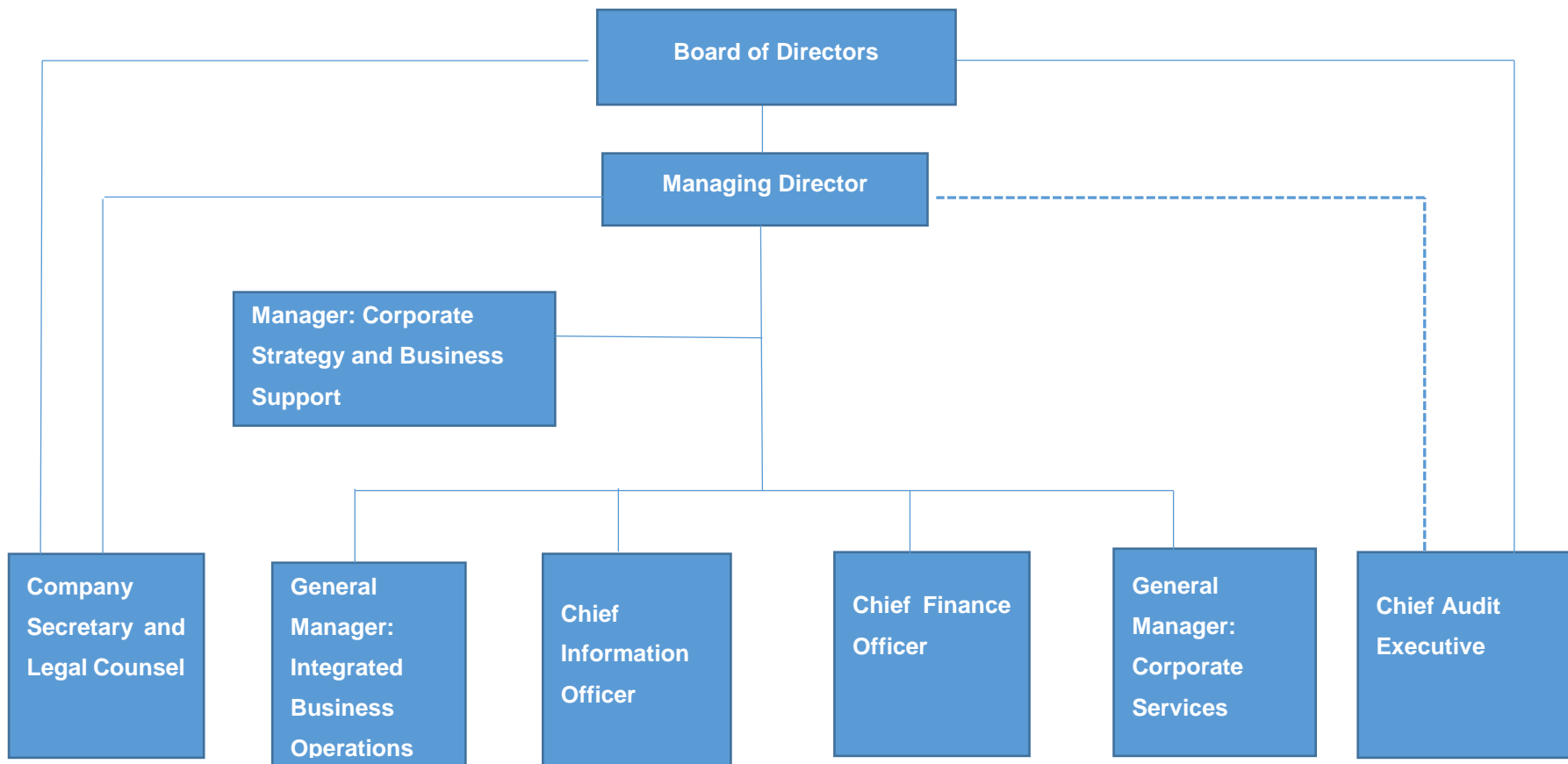
City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Table 10: Executive Compensation

Executive Position	Incumbent	Annual Package	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Managing Director	Ms Mhlongo Xoliswa	R2 100 000	R525 000	R525 000	R525 000	R525 000	R2 100 000
Chief Financial Officer (CFO)	Mr Gidini Luyanda	R1 650 000	R412 500	R412 500	R412 500	R412 500	R1 650 000
General Manager: Corporate Services	Mr Lebelo Phillip	R1 600 000	R400 000	R400 000	R400 000	R400 000	R1 600 000
General Manager: Integrated Business Operations	Ms Khathi Zandile	R1 650 000	R412 500	R412 500	R412 500	R412 500	R1 650 000
Legal Counsel & Company Secretary	Mr Sibisi Zibonele	R1 300 000	R325 000	R325 000	R325 000	R325 000	R1 300 000
Chief Audit Executive (CAE)	Mr Haffejee Yaasir	R1 400 000	R350 000	R350 000	R350 000	R350 000	R1 400 000
Chief Information Officer (CIO)	Vacant	0	0	0	0	0	0
	TOTAL	R9 700 000	R2 425 000	R2 425 000	R2 425 000	R2 425 000	R9 700 000

2.5 High Level Organisational Structure

Figure 3: High Level Organogram

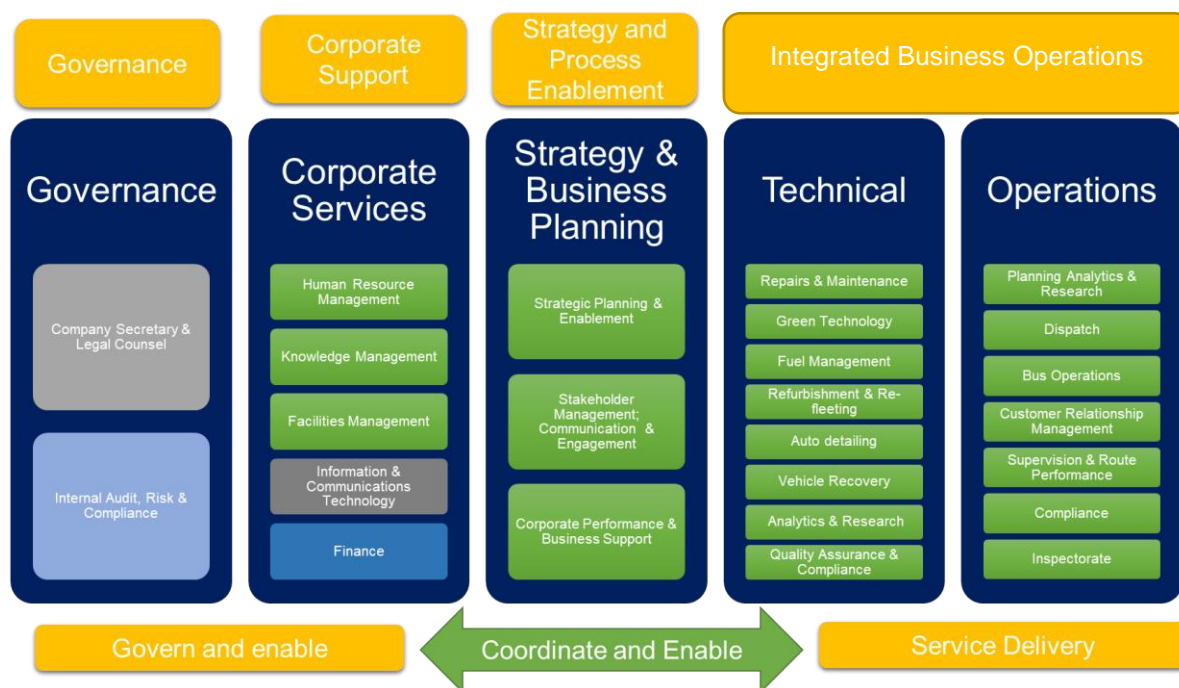


2.5.1 High Level Functional Structure

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 11: Risk acceptability table

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

2.6.3 Strategic Risk Register

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

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

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

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

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

2.8 ICT Governance

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

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

In collaboration with Internal Audit, the risk register has been updated and progress is reported on a quarterly basis. Below are critical elements outlined for work done in ICT Governance,

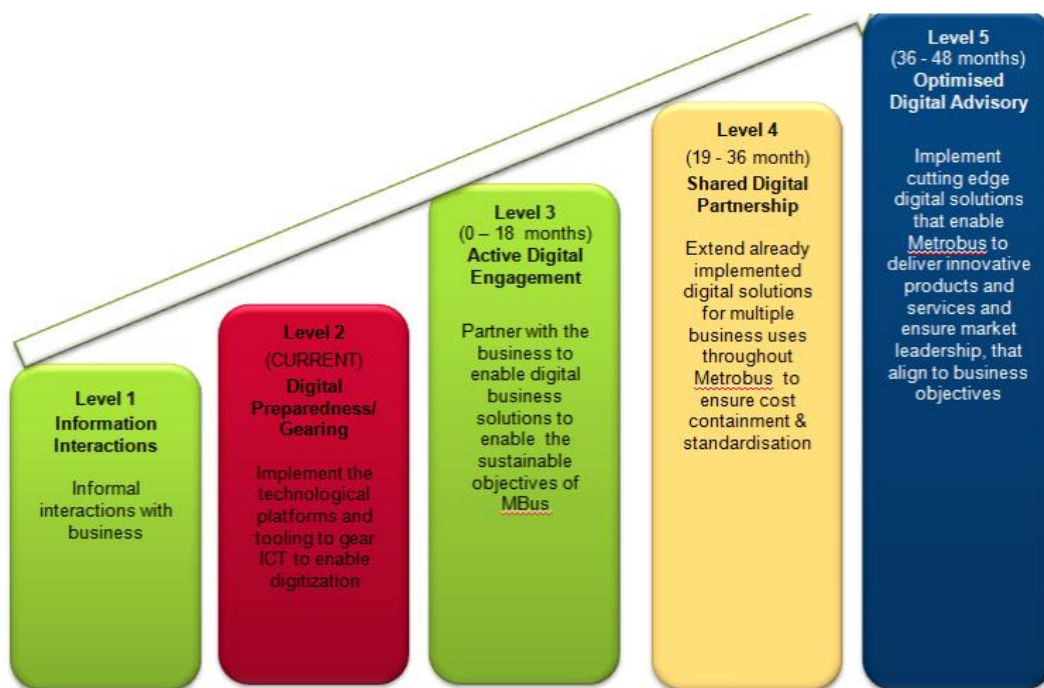
which is in line with COBIT5 and ITIL:

- Operational and Strategic Risk registers are currently updated on regular basis.
- Audit findings: currently on par per all mitigation plans
- Risks Accepted are explained below:
 - I. AFC replacement system related risks as this is being run by Transport department. All the old 'way- fare' system risks have been accepted; as nothing can be done about those risks currently until the system is replaced, by the city.
 - II. Backup systems are being procured and waiting for the hardware to be delivered for implementation.
 - III. The service desk is being implemented but it is gradually adopted as most of the Metrobus users are struggling with utilizing technology

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 12: Current 2022/23 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 – Cancelled Interim - Automated Fare Collection- Completed Wi-Fi in the Bus- completed 	<ul style="list-style-type: none"> Interim ERP – Completed PABX Telephone Systems – Completed Intelligent Transport System (ITS) including “Eye-on-the-bus”- completed 	<ul style="list-style-type: none"> Disaster Recovery – estimated-date- end of quarter 4 Backups – 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. The entity urgently requires the AFC procurement process to be concluded

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

2.9.3 Carbon Emissions Compliance

Diesel smoke emissions' testing is a legal requirement and contributes to the continued decrease in CO₂. Cleaner diesel is key to reducing the world's emissions and the Hartridge smoke meter₂ has been designed to meet measure the levels of emissions. Diesel Exhaust Smoke meters, and also referred to as opacity meters, detect and measure the amount of light blocked in a sample of smoke emitted by diesel engines from our buses (and used for other combustion engines too). The Hartridge meter readout displays the smoke density giving a measure of the efficiency of combustion. This makes the smoke meter an excellent diagnostic tool to ensure proper maintenance of diesel engines for improved fuel economy and protection of the environment.

Metrobus carbon emissions reduction programme involves maintaining pumps, turbos and injectors, in order to ensure that emissions are below 30%. Metrobus Hartridge units increased (measure of carbon emissions emitted) from 11% in the previous quarter to an average of 24% for all bus types. Metrobus' green fleet has a major contributing effect in the achievement of this objective. Metrobus's fleet above the age of 12 years are the biggest emitters of greenhouse gas. These are the Mercedes Benz 1725, Volvo B7L and Volvo B7R.

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

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2022/23 Q4 Performance Report

Table 13: Carbon emissions test results per bus type

Bus Type	GOV Spec	MBS Spec	Q1 Opacity %	Q2 Opacity %	Q3 Opacity %	Q3 Opacity %
Merc 1725	72,50%	50%	16%	30%	25%	22%
Euro 5	72,50%	50%	19%	5%	9%	2%
Euro 3	72,50%	50%	5%	20%	0%	10%
VOLVO B7L	72,50%	50%	15%	44%	62%	20%
Weighted Average			11%	25%	21%	11%
Annual Weighted Average			17%			

3 CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 Highlights and Achievements

3.1.1 Commuter Engagement

3.1.1.1 Rand Easter Show

Metrobus participated on the Rand Easter Show 2023 edition. A platform from which public sector entities interact its customers and potential stakeholders in a relaxed environment.

Under the stewardship of MMC Kunene the entity attracted the interest of over 20 000 visitors at the show over a period of four days. The Executive Mayor also took the opportunity to visit Metrobus exhibition booth including the bus on display in the company of the Entity's Managing Director, Mr. Gidini. Metrobus used the platform to promote the imminent digitisation drive including free Wi-Fi on business, Eye-on-the-Bus initiative including the Automated Fare Collection System.



3.1.1.2 Career Exhibition at the Air Show

Metrobus took part in the South African National Airbase Museum in Centurion, where over 3000 matriculates from various schools across Gauteng were transported to the venue with all costs covered by TETA for a period of two days. The exhibition also included members of the general public. The event attracted over 100 000 attendees. The brand was exposed to multiple potential corporate clients including students taking interest in careers that the entity offers.



3.1.2 Economic Transformation

During the period under review, the entity significantly exceeded the target for SMME support. While the target for quarter 4 was to support fifty (50) SMMEs, the actual performance was one hundred and thirty four (134) SMMEs supported amounting to R203 million.

3.1.3 Fatality-Free Service

The entity continues to maintain safe public transportation. During the period under review, the entity operated 2 million fatality free kilometres. During the same period last year, the entity operated 2.1million kilometres fatality free. This is a significant achievement particularly in relation to the ongoing loss of lives on South African roads resulting from fatalities involving public transport operations.

3.1.4 Customer Satisfaction Survey

On an annual basis, Metrobus conducts a customer satisfaction survey to determine the level of passenger satisfaction with Metrobus service as well as areas of improvement. A report on the results of the Survey was completed, providing a deeper understanding of the needs, preferences and travel behaviours of customers who require accessible services. The survey highlighted that 73% of the passengers are satisfied with the service, this is against a target of 70%. However, this reflects a 5% decline in commuter satisfaction. Reasons for the decline include non-arrival of buses.

3.2 Service Delivery Challenges and Mitigation Actions

Table 14: Challenges and Mitigation Actions

Challenges	Mitigation
Level of OOC	<ul style="list-style-type: none">• Approval and implementation of repairs and maintenance policy• Leasing of buses• Implementation of Continuous Operations shift system• Refurbishment of buses

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

3.3 Service IDP Policy Objectives

The entity contributes to the City’s IDP Objectives by offering public transportation as measured through the average number of passenger trips per working day. **Annexure A** outlines the entity’s positive performance in this regard for the fourth quarter of financial year 2022/23

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 15: Response to Strategic Directives

Strategic Priorities	Priority Programmes	Entity Contribution
Good Governance	Combat corruption, fraud and maladministration.	Metrobus maintains a Fraud Tip-off line which allows members of the public as well as employees to report fraud and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2022/23 Q4 Performance Report

		undertaken for all supply chain management processes.
Financial Sustainability	Improve and Strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
Energy Mix	Improved eco-mobility	Energy mix based on the use of CNG as alternative energy
Sustainable Service Delivery	Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services.	Accelerated service delivery remains a priority, the needs of communities are constantly surveyed through various platforms including a commuter forum, and a commuter satisfaction survey conducted on an annual basis. This ensures that citizens are given an opportunity to develop their own destiny.
Job Opportunity and creation	Creation of job opportunities	The entity employs a number of citizens on the Extended Public Works Program as well as internships, leaderships and apprenticeships. The current intake in this regard is more than 180.
Safer City	A safer city by introducing ward based policing (Joburg 10) and effective by-law enforcement. Combat illegal land invasion and promote regulated land use.	Metrobus maintains a cohort of route inspectors, which, inter alia, ensures that passengers are ferried safely, and that Metrobus buses remain safe zones for all commuters.
Active and engaged citizenry	Community based planning and enhanced community engagement, including mayoral imbizos.	The entity has established a commuter forum, which serves as a platform for engagement with commuters. The forum meets on a quarterly basis.

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2022/23 Q4 Performance Report

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

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 4. Details on the service standards are attached hereto as **Annexure C**

3.6 Performance against Predetermined Objectives

The Metrobus 2022/23 business plan is aligned to the City's Mayoral priorities. To ensure the achievement of strategic outcomes, Metrobus has developed a Corporate Scorecard premised on the City's Service Delivery and Budget Implementation plan as well as a set of Entity strategic levers which serve as programs of action. In terms of the approved 2022/23 Metrobus Business Plan, the entity's performance is measured on the basis of a total of twenty

two (22) key performance indicators. At quarter 4 twenty one (21) KPIs were assessed and eleven (11) KPIs were achieved. This translates to a 52% achievement level against a target of 85%. The detailed Performance Scorecard is attached as **Annexure B**.

The unachieved KPIs include: percentage planned trips completed, percentage achievement of service standards, percentage spent on capital budget against approved capital budget, percentage of valid invoices paid within 30 days, percentage resolution of AGSA findings, and percentage Intelligent Transport System Projects. 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 Business Plan 2022/23 Strategic Response

Annexure G outlines strategic responses envisaged to support the performance of the entity and the progress made in this regard.

3.7.2 Corporate Scorecard 2022-27 Deliverables

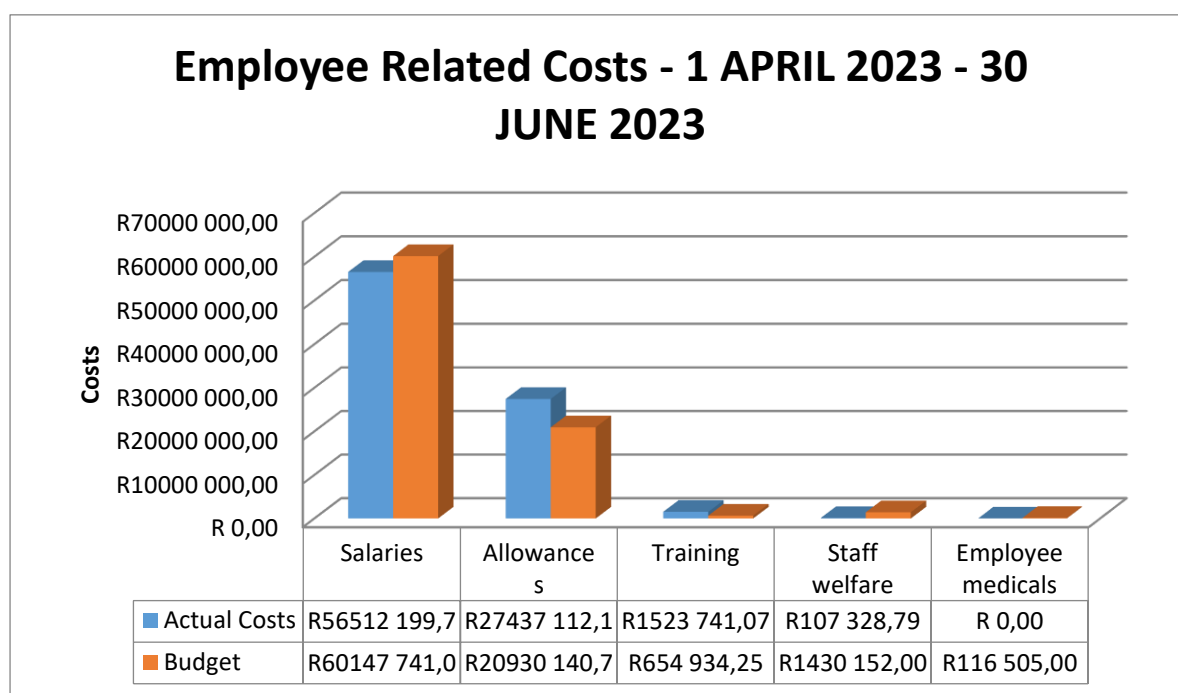
The Metrobus corporate strategy 2022-27 was developed and approved under the stewardship of the Board. Management is seized with cascading the deliverables flowing from this plan into input and output indicators which will be commencing with in the 2023/24 financial year.

4 CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT

4.1 Employee Remuneration (Total Costs including Executives)

Total employee costs (including Executives) at the end of the reporting period stood at R85, 6 million against a budget of R83, 2 million. During quarter 3 the total employee cost were R74, 2 million.

Figure 6: Employee related costs: Quarter 4



4.2 Key Vacancies

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

City of Johannesburg Metropolitan Municipality**Metropolitan Bus Services (SOC) Ltd****2022/23 Q4 Performance Report**

Table 16: Vacancies at Executive Management Level

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

Table 17: Vacancies at Senior Management to Middle Management Level

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

4.2.1 Vacancy Rate

The vacancy rate in the Company during the reporting period currently stands at 28, 3%. National Treasury Circular 88 stipulates that vacancy rate should not be more than 30% and Metrobus is still below this stipulation.

4.2.2 Staff Turnover Rate

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

During the quarter under review, six (6) employees out of a total strength of seven hundred and forty eight (748) employees left the service of Metrobus. This translates to an average percentage of 0.69% in staff turnover. This figure comprises of employees that left the Company due to medical boarding, resignations; and retirement. It is essential to mention that this percentage is much lower than the Local Government national average of between 5% - 10% Staff Turnover Rate as reported by MCI Consultants (6th Annual HR Recruitment Trend Survey).

4.3 Employment Equity

For the quarter under review, no new employees appointments have been made to advance the employment equity targets instead in the new quarter the entity commence with the regressing emanating from the resignation of the CAE effective 31 June 2023 at top management level occupational level. However, with the new recruitment drive of EPWP beneficiaries we have made improvement on the employment of the employees with disability by adding to our disability targets which contributes to the employment equity transformation and inclusion agenda.

Table 18: Demographic Profile as at 30 June 2023

Occupational Level	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	3	0	1	0	2	0	0	0	0	0	6
Senior Management	11	1	0	1	0	0	0	0	0	0	13
Professional Qualified and Experienced Specialists and Mid-Management	6	0	0	0	5	0	0	1	0	0	12
Skilled Technical academically qualified and junior management	91	14	2	9	15	0	0	2	0	0	133
Semi-Skilled and Discretionary decision making	342	11	0	0	92	3	1	3	0	0	452
Unskilled and defined decision making	121	0	0	0	9	0	0	0	0	0	130
Temporary employees	2	0	0	0	0	0	0	0	0	0	2
Grand Total	576	26	3	10	123	3	1	6	0	0	748

4.4 Skills Development and Training

4.3.1 Training and Development Programmes

Employees and youth programmes initiatives at Metrobus focusing on Employee development initiatives, continued with the implementation of the training interventions as planned for the youth development programmes interventions such as artisan development programmes and professional driver learnership programme. The advertisement of the Forty (40) apprentices

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2022/23 Q4 Performance Report

as funded by AgriSETA for a period of three years was advertised on June 2023 with the plan for them to commence with the programme on July 2023.

During the period under review, eighty seven (87) employees benefited from the training interventions as outlined below.

Table 19: Skills Development and Training

#	Intervention	Gender	Age	Total
1	Break Down Crew Training	Male-13	>35 Above	14
		Female- 1	>35 Above	1
2	Plan and Prepare Meeting Communication	Male- 18	18 – 34	18
		Female- 32	>35 Above	32
3	SCM Training	Male -15	18 – 34	09
			>35 Above	12
		Female -1	>35 Above	1
	TOTAL			87

4.3.2 Apprenticeship Programme

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

4.3.3 Internship Programme

All interns placed at Metrobus continues with their institutional learning continues with the programme. During the quarter under review, twenty one (21) comprising TVET and University interns that are placed at Metrobus in collaborations between the Technical Vocational and

Education Training (TVET) and UJ University are deployed at various departments to acquire practical experience as part on job learning.

4.3.4 Learnership Programme for Bus Drivers

Currently, in relation to Professional Bus Driving Learnership measures has been put in place to do remedial actions for the outstanding learners who have been deemed competent on certain modules commenced in June 2023 with the end date of July 2023 as part of the requirements from the SETA's.

4.3.5 Subsidised Education

During the quarter under review, no employees benefited due to budget constraints and cuts across the business which also impacted immensely on the allocation of Sub Education funds

4.3.6 Executive and Management Leadership Development Programme

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

4.5 Performance Management

All employees who are subject to the signing of performance agreements have entered into performance contracts and assessments are conducted in line with applicable policies. Corporate Services continues to monitor and communicate relevant milestones in the performance management system in order to assist employees with compliance to the policy.

4.6 Disciplinary Matters and Outcomes

Table 20: Disciplinary matters

Depot	Balance from previous quarter Disciplinary matters	New Disciplinary Matters	Old Grievances	New Grievances	Total
Milpark Depot	3	2	8	10	23
Village Main Depot	1	8	2	3	14
Roodepoort Depot	0	0	1	3	4
Head Office	4	2	0	0	6

Table 21: Grievance Matters

New Grievances	April 2023	May 2023	June 2023	Total
Milpark	5	2	3	10
Village Main	2	1	0	3
Roodepoort	2	1	0	3
Head Office	0	0	0	0

4.7 Litigations

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

4.8 Leave & Productivity Management

4.8.1 Leave Management

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

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

4.8.2 Productivity

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

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

4.9 Employee Wellness

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

4.9.1 Psychosocial Support and Counselling Services

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

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

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

There were ten (10) employees who were hospitalized in the quarter under review, In the event of any Metrobus employee including the executive level employees for a period of not less than a day. Employees receive support and over and above that, Metrobus purchases flowers or fruit basket with a well-wishing card as part of the hospitalization and bereavement policy.

During the quarter under review, thirteen (13) cases were dealt with and the matters can be divided in the following categories:

Table 22: Cases

Type of cases recorded	April	May	June
Indebtedness	4	0	2
Trauma debriefing	0	0	2
Hospitalisation	0	8	2
Death of an employee	0	1	1
Alcohol and Substance Abuse	1	0	1
Immediate family psychosocial support	0	1	0
TOTAL	05	10	08

4.9.2 Education and Outreach Programme

Different platforms are used to disseminate information, in partnership with the Inova Institute a total number of one hundred and eighty three (183) of employees participated in the following health and wellness activities:

- High Blood Pressure and Cholesterol testing
- BMI Testing
- HIV/ AIDS testing
- Dietary planning

The screening service took place on the 3 Major Depots, Millpark, Village Main and Roodepoort.

4.9.3 Occupational health and safety measures

During the period under review, Metrobus continued to focus on ensuring compliance with all prescripts of the Occupational Health and Safety Act and all its related regulations. In view of internal capacity constraints an external independent resource is currently being sourced to ensure that compliance with the Act is ensured. The following essential elements of the maintenance of health and safety will be included as part of the external resources scope of work. It is envisaged that the resource will be in place by the end of third quarter

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

4.10 Employee Benefits

The employee benefits for the period under review amounted to a total of R85 580 381, 76 against a budget of R83 162 968, 00 apportioned as per the following table:

Table 23: Employee Benefits as at 30 June 2023

	Allowances	Training	Staff welfare	Employee medicals	TOTALS
Actual Costs	R56 512 199,72	R27 437 112,18	R1 523 741,07	R107 328,79	R85 580 381,76
Budget	R60 147 741,00	R20 930 140,75	R654 934,25	R1 430 152,00	R83 162 968,00
Variance	R 3 635 541,28	-R 6 506 971,43	-R 868 806,82	R 1 322 823,21	R-2 417 413,76

4.11 Occupational Health & Safety Programmes

4.11.1 Safety incidents

During the reporting period, two safety incidents were reported and man-days lost as a result of this incident is a total of three.

- One incident was from head office cause of incident is slip and fall
- One from Milpark depot cause of the incident is assault.

4.12 Physical Security and Route Patrol Inspectorate

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

4.12.1 Security Breaches

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

4.12.2 Route Inspection

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

4.13 Security Cameras

The cameras that have been installed at all Metrobus facilities are not able to be remotely viewed at the temporary control room as there appears to be no link between the depots and Head Office. A process is underway to renew the service and maintenance contract through Metropolitan Trading Centre (MTC) and this would address the shortcoming relating to the monitoring of the cameras.

5 CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

5.1 Statement of Financial Position and Exposure

Table 24: Summary Statement of Financial Position

Description	30-Jun-2023 Actuals R000	30-Jun-2022 Actuals R000	Movement R000	Movement %
Total Assets	565 777	569 564	(3 787)	-1%
Non-Current Assets	533 709	542 811	(9 102)	-2%
Property, Plant & Equipment	482 485	507 876	(25 391)	-5%
Loans to Shareholders	33 047	33 047	0	0%

City of Johannesburg Metropolitan Municipality

Metropolitan Bus Services (SOC) Ltd

2022/23 Q4 Performance Report

Intangible Assets	18 177	1 889	16 289	862%
Current Assets	32 068	26 752	5 316	20%
Inventories	23 040	19 295	3 745	19%
Receivables	2 067	3 784	(1 716)	-45%
Prepayment	6 884	3 366	3 518	104%
Cash & Cash Equivalents	77	307	(231)	-75%
Total Equity & Liabilities	565 777	569 564	(3 787)	-1%
Equity & Liabilities				
Capital & Reserves	(262 139)	(200 626)	(61 513)	31%
Share Capital	54 774	54 774	0	0%
Revaluation Surplus	164 580	163 802	778	0%
Accumulated Profit(Loss)	(481 494)	(419 202)	(62 291)	15%
Non-Current Liabilities	54 955	114 129	(59 173)	-52%
Interest Bearing Debt	46 901	106 075	(59 173)	-56%
Retirement Benefit Obligation	8 054	8 054	(0)	0%
Current Liabilities	772 961	656 061	116 900	18%
Payables	165 156	125 723	39 433	31%
Loans From Shareholders	542 413	478 307	64 106	13%
Other Financial Liabilities	59 173	45 715	13 458	29%
Provisions	3 478	3 570	(92)	-3%
VAT Payable	(0)	5	(5)	100%
Deferred Income	2 741	2 741	0	0%

5.1.1 Property Plant and Equipment

Property Plant and Equipment assets decreased by R 25, 4 million (5%) from R 507, 8 million (30 June 2022) to R 533, 7 million as at 30 June 2023 due to normal depreciation and capital assets acquired during the period.

5.1.2 Intangible assets

Intangible assets increased by R 16, 3 million (852%) from approximately R 1, 8 million (30 June 2022) to approximately R 18, 2 million as at 30 June 2023. This was due to acquisition of new intangible assets (Eye on the bus and Wi-Fi on the bus) and normal amortization of intangible assets.

5.1.3 Inventory

Inventory increased by approximately R 3, 7 million (19%) from R 19, 3 million (30 June 2022) to R 23, 0 million as at 30 June 2023 due to increased inventory purchased to reduce the out of commission buses. The inventory list is reviewed monthly to avoid overstocking and obsolescence. When purchasing inventory, the entity uses the minimum and maximum stock levels in order to prevent overstocking and inventory becoming obsolete.

5.1.4 Receivables

Receivables decreased by approximately R 1, 7 (45%) from R 3, 8 million (30 June 2022) to R 2, 1 million as of 30 June 2023. This was due to payments made by customers during the period.

5.1.5 Prepayments

Prepayments represents payments made in advance in respect insurance and bus licenses. This is amortised monthly. Prepayments increased by R 3, 5 million (104%) from R 3, 4 million (30 June 2022) to R 6, 9 million (30 June 2023) due to an increase in the number of buses renewed and increase in license fees charges.

5.1.6 Interest bearing debt (Non-current liabilities)

The interest-bearing debt decreased by R 59, 2 million (56%) from R 106, 1 million (30 June 2022) to R 46, 9 million (30 June 2023) due to loan repayments. This amount is made of loans given by the City to the entity for purchase of buses.

5.1.7 Trade payables

Trade payables position increased by R 39, 4 million (31%). As at 30 June 2022, Metrobus owed over R 125, 7 million. This has increased to R 165, 2 million (30 June 2023). The decrease in trade payables is due to payments of most suppliers during the period.

5.1.8 Loans from shareholders

The loan from shareholder position increased by R 64, 1 million (13%). As at 30 June 2022, Metrobus owed R 478, 3 million to the City. This has increased to R 542, 4 million during the financial period ending 30 June 2023 due to delays in payments caused by the city cash flow challenges. The entity and the City Treasury department are currently in the process of finalizing the debt-to-equity process which requires the Board and Council approval before it is finalized. This has the potential to significantly change the solvency structure of the entity once completed.

5.1.9 Other financial liabilities

Other financial liabilities position increased by R 13, 5 million (29%). As at 30 June 2022 Metrobus owed R 45, 7 million to the City and this increased to R 59, 2 million (30 June 2023) due to delays in repayments during the period.

5.1.10 Provisions

The provisions for performance bonuses decreased by R 92 000 (3%). At 30 June 2022, the provisions for bonuses were R 3, 6 million. This has decrease to R 3, 4 million during the financial period ending 30 June 2023 due to payments made to some of the middle level managers. Leave provisions are classified as trade payables as they are certain and not based on estimates.

5.1.11 Accumulated Losses

The entity has accumulated loss position worsened by R 62, 3 million from R 419, 2 million as at the end of 30 June 2022 to R 481, 5 million as at 30 June 2023. This was driven by the deficit of R 62, 7 million made during the financial year period.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.2 Statement of Financial Performance and high-level notes

Table 25: Statement of Financial Performance

Descriptions	A Q4 Actual (R000's)	B Q4 Budget (R000's)	C Q4 Prior Year (R000's)	D YTD Actual (R000's)	E YTD Budget (R000's)	F Prior Year YTD (R000's)	A - B Q4 2024 Variance to Budget (R000's)	A - C Q4 Variance to Prior Year (R000's)	D - E YTD Variance to Budget (R000's)
Revenue	141 818	156 870	172 277	635 650	627 481	550 863	(15 053)	(30 459)	8 169
Grants and subsidy	126 732	142 732	167 461	570 927	570 927	517 074	(16 000)	(40 729)	0
Fare revenue	14 342	13 550	4 727	63 006	54 198	43 554	792	9 615	8 808
Sundry revenue	744	589	-	1 718	2 357	-9 765	155	655	(639)
Direct costs	38 811	24 857	-8 791	165 054	99 426	144 892	(13 954)	(47 602)	(65 628)
Diesel	24 991	12 210	3 465	101 788	48 839	67 152	(12 781)	(21 526)	(52 949)
Rep & Maint.	10 964	7 846	-13 973	38 393	31 384	57 131	(3 118)	(24 938)	(7 009)
Other	2 856	4 801	1 718	24 873	19 203	20 609	1 945	(1 138)	(5 669)
Margin	103 007	132 014	181 068	470 596	528 055	405 971	(29 007)	(78 061)	(57 459)
Expenses	154 507	120 855	121 658	487 789	483 419	469 747	(33 652)	(32 849)	(4 369)
Staff	85 580	83 279	82 520	340 348	333 118	337 963	(2 301)	(3 060)	(7 230)
Depreciation	22 762	16 906	24 965	59 500	67 622	58 266	(5 857)	2 203	8 122
Property expenses	3 718	3 596	1 610	7 769	14 383	8 442	(123)	(2 108)	6 614
Security	5 715	82	-	11 620	326	-153	(5 634)	(5 715)	(11 294)
Consultants	6 229	862	867	8 396	3 448	3 987	(5 367)	(5 362)	(4 948)

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Bad debts	-	-	-	-	-	948	0	0	0
Bus rental	-	375	-1 948	-	1 500	-	375	(1 948)	1 500
Licences buses	3 616	2 070	2 817	10 991	8 279	10 558	(1 546)	(799)	(2 711)
Insurance	9 925	3 159	8 200	9 925	12 637	12 107	(6 765)	(1 724)	2 712
Legal expenses	-122	282	514	1 233	1 127	3 695	403	636	(106)
Audit fees	-142	1 362	975	4 639	5 447	4 545	1 503	1 116	807
Computer costs	4 397	1 078	2 004	5 344	4 310	2 606	(3 320)	(2 393)	(1 033)
Marketing	1 919	2 945	-1 179	11 412	11 779	10 593	1 026	(3 098)	367
Telecommunications	-649	813	169	1 220	3 254	790	1 463	818	2 034
Other costs	11 558	4 047	145	15 391	16 188	15 401	(7 511)	(11 413)	797
Operating result	-51 500	11 159	59 410	-17 192	44 636	-63 776	(62 659)	(110 910)	(61 828)
Interest paid	14 964	11 159	6 609	45 460	44 636	29 164	(3 805)	(8 355)	(824)
Total Expenditure	208 282	156 870	119 476	698 302	627 481	643 803	(51 411)	(88 806)	(70 821)
Surplus / Deficit	-66 464	-0	52 801	-62 652	-0	-92 940	(66 464)	(119 265)	(62 652)

5.2.1 Overview

The approved operating budget was rebased by the City during the 2021/22 Adjustment Budget period, this resulted in a budget reduction of R 153, 3 million on operating budget. During mid-year budget adjustment of 2022/23 financial year, the entity's budget was reduced by R62. These adjustments had serious negative implications on the operations. Metrobus budget was exhausted by end of May 2023 and a decision was approved to continue operating without sufficient budget to continue servicing the customers. As a result, Metrobus recorded a deficit of R 62, 7 million and the budget was overspent by R51, 4 million and R70, 8 million for the for the quarter and financial year ended 30 June 2023 respectively.

5.2.2 Fare Revenue

The fare revenue recorded a surplus of R 0, 8 million for quarter four financial period. The entity recorded R 14, 3 million against the target fare revenue of R 13, 6 million, this was mainly due to the budget which was reduced during the adjustment budget period.

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

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

5.2.3 Diesel

Diesel costs for the fourth quarter was R 12, 8 million above budget. The 2022/23 diesel budget was reduced by R 20 million during the 2022/23 budget rebase. The diesel budget for the financial year was overspent by R 52, 9 million. Management made several presentations to the city to have the diesel budget increased but this was not approved.

5.2.4 Repairs and maintenance

Repairs and maintenance for the fourth quarter were R 3, 1 million above budget and this was caused by efforts made by management to reduce out of commission buses. The repairs and maintenance budget were reduced by R 12, 1 million during the 2022/23 budget rebase. The entity continues to make concerted efforts aimed at reducing the number of out of commission buses.

5.2.5 Other direct expenses

Other direct expenses consist of detergents, oils, antifreeze, tyre expenses, hire of equipment and fleet costs for small vehicles. Other direct expenses budget for the fourth quarter were underspent by R 1, 9 million.

5.2.6 Staff costs

The actual staff costs for the quarter financial period were R 2, 3 million above budget. It should be highlighted that the staff cost budget was reduced by R 47, 0 million during the 2021/22 budget rebase resulting in the entity not having adequate funds to fill all the vacant positions. Since 2021/22 the budget base used for formulation of staff cost budgets for subsequent years was inadequate. Several efforts were made by management to correct this anomaly, but this was not approved. Metrobus is in the process of filling some of the most of the critical vacant positions.

5.2.7 Depreciation and amortization expense

Depreciation and amortization expense by the fourth quarter was R 5, 9 million above budget, however the year to date expenditure is well within budget.

5.2.8 Property expenses

The property expenses budget was overspent by R 123 000 due to the increased usage of electricity resulting from the cold weather.

5.2.9 Leasing of buses

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

5.2.10 Insurance charges

Insurance charges for the fourth quarter was overspent by R 6, 8 million due to the low budget allocated from the City.

5.2.11 Finance charges / Interest paid

Finance charges were R 3, 8 million above budget for the period due to the increase on shareholder. Finance charges on loans are paid on a quarterly basis.

5.2.12 Marketing Expenses

Marketing expenses for the fourth quarter were R 1, 0 million overspent due to increasing marking and marketing materials purchased.

5.2.13 Security Charges

Security charges for the fourth quarter were overspent by R 5, 6 million. Efforts by management to increase the security expenditure budget was not approved by the City.

5.2.14 Other costs

Other expenses include repairs and maintenance of buildings and equipment, operating lease charges, bank charges, membership fees and stationery. Other costs was R 7, 5 million above budget by the fourth quarter as more repairs and maintenance of buildings and equipment were carried during the period.

5.2.15 Year to date performance

The entity recorded a deficit amounting to R 62, 7 million for the financial year ending 30 June 2023. The collections in fare revenues were R 8, 8 million above budget.

Total expenditure was R 70, 8 million (11%) above budget due to reduced budget. Whilst there was overspending on the budget on diesel costs (R 52, 9m), security charges (R11, 3m), staff costs (R 7, 2m), repairs and maintenance (R 7, 0m), other direct costs (R 5, 7m), consultants charges (R 4, 9m) and bus licenses (R 2. 7m). The overspending was offset by the savings from depreciation expenses (Noncash R8, 1m), property expenses (R 6, 6m), Insurance charges (R2, 7m), and telecommunication costs (R2, 0m). As a result, the entity recorded a surplus amounting R 62, 7 million.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.3 Cash flow statement for the period ended 30 June 2023

Table 26: Summary Cash Flow

Cash flow	30-Jun-23	30-Jun-22
	Prelim	Actual
	(R'000)	(R'000)
Net Cash Flow from Operating Activities	15 489	(73 495)
Grants & subsidies	570 927	517 074
Other income	64 724	48 152
Cash received from grants and income	635 650	565 226
Employee costs	(340 348)	(363 716)
Suppliers	(234 353)	(245 842)
Finance costs	(45 460)	(29 164)
Cash paid to employees, suppliers and finance costs	(620 161)	(638 722)
Cash employed in investment activities	(34 110)	(34 800)
Expanding of Capital Base	(34 110)	(1 094)
Cash from financing activities	18 390	108 518
Other financial liabilities	(45 715)	(41 431)
Movement of sweeping account	64 106	149 949
Cash Flow From Activities	(231)	(220)
Net Increase / (Decrease) In Cash & Bank Balances	(231)	223
Cash & Bank Balances Beginning of the Year	307	84
Cash & Bank Balances End of the Period	77	307

Analysis of cash flow

The entity has been experiencing serious cash flow challenges from the second to the fourth quarter financial period. Starting from quarter 3 the City and its entities were faced cash flow challenges and this has resulted in Metrobus not getting adequate cash to pay the creditors. 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 will then avail funds to the entity based on entity's cash forecast. During the financial the City had experienced some cash flow challenges resulting in less funds allocated to Metrobus and this affected payment of sum of the suppliers.

The entity reported a positive cash balance of R 77 000 influenced mainly by the net cash inflow of R15, 5 million from operating activities and R 18, 4 million from financing activities. Actual cash spent on capital expenditure for the period was approximately R 34, 1 million excluding commitments.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.4 Ratio Analysis

Table 27: Ratio Analysis

Description	30-Jun-23	30-Jun-22	Target
Solvency Ratio	0.46:1	0.29:1	0.1
Current ratio	0.04:1	0.05:1	1.5:1
Acid test	0.01:1	0.01:1	01:01
Gearing Ratio* (only considering shareholder loan)	106%	101%	45%
Gearing	299%	284%	45%
Cost coverage ratio	9%	6%	50%
Cost coverage ratio – excluding subsidy	32.93	23.62	182.50
Cost coverage ratio – including subsidy	331.35	326.74	365.00
Employee related costs to total expenditure	49%	54%	40%
Repairs to total expenditure	7%	8%	8%
Repairs to PPE	4%	-3%	8%
Interest cover	-0.38	-1.42	1.50
Training spent against skills levy	108%	41%	1%
Total expenditure against budget	111%	102%	100%
Total capex against budget	99%	74%	100%

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

5.4.3 Solvency:

Solvency is a measure of a company's ability to service its debts. The net liability position of Metrobus has improved during the financial year. The net liability position declined from R 200, 6 million (30 June 2022) to R 262, 1 million as at 30 June 2023. The entity's solvency ratio was calculated at -0.46: 1 (2021/22: -0.3: 1).

5.4.4 Liquidity:

Liquidity ratio measures the company's ability to pay off current debt obligations using its current assets. The entity was overdrawn on its sweeping account by approximately R 542, 4

million (2021/22: R 478, 3 million). The overdraft was due to the accumulated losses over the years resulting from fare revenue shortfall as well as capital expenditure incurred with respect to a new fleet procurement of buses that was procured in prior years.

5.5 Capital Projects & Expenditure

The shareholder approved capital expenditure budget amounting to R 37, 0 million for various capital projects of which R 30 million was for the ICT projects that includes eye on the bus project. The entity managed to spend R 21, 9 million (237%) against the target of R 9, 3 million for the fourth quarter. The total spent to total budget for the financial year period was 99%. The spending on capital projects was delayed due to delays in user departments finalizing their procurement processes.

City of Johannesburg Metropolitan Municipality
 Metropolitan Bus Services (SOC) Ltd
 2022/23 Quarter 4 Performance Assessment Report

Table 28: Summary Capital Projects

Project Name	Approved Budget (R 000's)	Q3 (YTD) Actual (R 000's)	Quarter 4 Budget (R 000's)	Quarter 4 Actual (R 000's)	YTD spent (R 000's)	Q4 spent on Q4 budget %	% Spent against total budget %
Plant, tools, equipment & Furniture	2 000	-	500	1 789	1 789	358%	89%
IT Equip, New Computers and Hardware Computer	30 000	13 369	7 500	16 333	29 702	218%	99%
Engine and Gear box refurbishment	5 000	1 183	1 250	3 790	4 973	303%	99%
Total Capital expenditure	37 000	14 552	9 250	21 913	36 465	237%	99%

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.6 Supply Chain Management (SCM) & Compliance Matters)

5.6.1 Irregular, Fruitless and wasteful expenditure

Irregular expenditure (Cumulative) recorded for the 2022/2023 financial period ending on 30 June 2023 amounts to R 2 365 697, 19 (Q1: R1,1m, Q2: R1,1m Q3: R0,1; Q4:0). Total prior year irregular expenditure amounted to R2 999 792, 95. Fruitless and wasteful expenditure amounted to R10 243, 61 during the period under review. Any irregular, unauthorized, fruitless and wasteful expenditure which might not have been reported will be disclosed immediately as and when discovered.

Table 29: Reconciliation of irregular expenditure

RECON OF IRREGULAR EXPENDITURE	2022/23 (R) 000'	2021/22 (R) 000'
Opening Balance	337 704	288 467
Irregular Expenditure by Quarter		
Quarter 1 :	1 122	
Quarter 2:	1 078	12 107
Quarter 3:	165	
Quarter 4:		
Prior year - (Unaudited)		2 999
Overspending of Approved Budget		34 131
Written Off		
Closing balance	340 069	337 704

Table 30: Details of Irregular expenditure by 30 June 2023

Company Name	Description of Incident	Status	Amount (R) 000'
Afrirent	AGSA Finding: Regulation 36 contract was irregular from the centralized contract at the City.	Investigation will be done at City Level.	1 647
Avis	AGSA Finding: Regulation 36 contract was irregular from the centralized contract at the City.	Investigation will be done at City Level.	553
			2 365

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

AGSA	Interest paid on overdue amount	To be determined	10
-------------	---------------------------------	------------------	-----------

5.6.2 Awards where there were no three quotes

Below are awards where less than three (3) quotes were obtained approved for the period under review:

Table 31: Awards where there were no three quotes

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
Margen Industrial Supplies	Request for Fire Forensic Investigator.	Procurement above R30k that were advertised. At least RFQ should have been placed twice on the website.	195,5
South African United Against Cancer	Wellness walk against Cancer.	Services procured from a single source service provider, such as participation in events organised by state institutions, non-profit organisations.	30

5.6.3 Deviations

There were six (06) deviations approved for the 2022/2023 financial year period.

Table 32: Deviations

Company Name	Description	Applicable Regulation	Approved Amount (R) 000'
E-Bus	Procurement of ink rollers for the wayfarer machines	Where such goods or services are produced or available from a single provider only.Regulation 36 (1) (a) (ii)	200

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Chippa Training Academy Refueo Security JV	Procurement of security and inspection services.	Where such goods or services are procured in an emergency or in case where it is impractical or impossible to follow official procurement processes. Regulation 36 (1) (a) (ii) and (v)	41 000
Tokiso	Utilization of facilitation services	Where such goods or services are procured in an emergency or in case where it is impractical or impossible to follow official procurement processes. Regulation 36 (1) (a) (i) and (v)	66
Tokiso	Utilization of facilitation services	Where such goods or services are procured in an emergency or in case where it is impractical or impossible to follow official procurement processes. Regulation 36 (1) (a) (i) and (v)	63
Bahwiti Investment CC	Provision for the supply, delivery, fitment and balancing of tyres and maintenance services	Where such goods or services are produced or available from a single provider only. Regulation 36 (1) (v) (b)	7 442
Olitzki Property Holdings and other service providers	Provision of service providers to provide office leasing services and related services	Where such goods or services are procured in any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a) (v)	9 409
Iron Montain	Storage Facility	Where such goods or services are procured in any other exceptional case where it is impractical or impossible to follow the official procurement process. Regulation 36 (1) (a) (v) and 1b	221

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Total	58 201
--------------	---------------

5.6.4 Expenditure on BBBEE and SMME's

Total procurement for the 2023/2023 financial year period amounted to R210 889 428, 01 was procured by the organization. The total BBBEE expenditure was R204 741 209, 68 which was 97.0% of the total procurement expenditure. A total number of 134 SMMEs has been supported with a total spend of R202 311 456, 37 for the 2022/2023 financial period. Actual spent on operational expenditure (OPEX) amounted to R195 732 955, 7 while Capital Expenditure (Capex) amounted to R15 156 472, 33 of total procurement.

Table 33: BBBEE procurement breakdown

Details	Spent (R' 000)
Total Procurement	210 889
Actual BBBEE Spent	204 741
% Actual BBBEE Spent	97,0%

Table 34: SMMEs supported

	Number of supplier supported	AMOUNT R'000
Total Procurement	145	210 889
BBBEE Procurement	141	204 741
SMME Supported	134	202 311

Table 35: Actual Spent on Opex and Capex

Details	Spent (R' 000)
Total Procurement	210 889
Actual Spent on Opex	195 733

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Actual Spent on Capex	15 156
-----------------------	--------

5.6.5 Performance against procurement plan

Table 36: Procurement Plan

Departments	No. of tenders per Department	Not funded	Appointment	Specification	Audit Probability (BSC)	Advertising	Pre Evaluation	Evaluation	Audit probity (BEC)	Adjudication	Awarded
Finance	4	1	1							0	2
TSD	26	8	4					2		2	9
Corporate Services	14	5	3	3				0	0	1	1
Operations	14	4	9								0
ICT	11	6	2								3
Office of the MD	6		5								1
Total	75	24	24	3				2	0	3	13

5.6.6 Contract Management

Table 37: Contract Management

Departments	No. of active contracts per Department	Contracts expiring in 3-6< months	Contracts expiring in >6-12 months	Contracts expiring in >12 months
Finance	2	0	0	2
IBO	30	1	3	26
Corporate Services	9	0	3	6
ICT	9	1	1	7
Office of the MD	1	0	0	1
Total	51	2	7	42

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5.7 Payments

5.7.1 Payments within 30 days

Table 38: Reconciliation of invoices outstanding for more than 30 days

Description		Q1	Q2	Q3	Q4	Total
		(R000's)	(R000's)	(R000's)	(R000's)	(R000's)
Total payments made	A	124 626	122 334	128 479	131 851	507 290
Invoices paid within 30 days	B	120 017	111 285	118 277	129 932	479 511
Invoices not paid within 30 days due to invoice issues	C	4 609	11 049	10 202	1 919	27 779
Invoices paid outside 30 days with no valid reason	D	0	0	0	0	0
Compliance percentage	B/A	96.30%	90.97%	92.06%	98.54%	94.52%

5.8 Amounts Owed By and To Government Departments and Public Entities

Period	Department	Contact person	(R'000)	Comments
Jun-23	Community Development	Evans Mokwatedi	299	Amount owed by Mayor's Office. Still awaiting payment
Jun-23	GCSS	Graeme Reuters	7	Amount owed by Mayor's Office. Still awaiting payment
Jun-23	Department of Transport	Benny Makgoga	0	Amount owed by Department of Transport.
	Total		306	

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

Period	Department	Contact person	(R'000)	Comments
Jun-23	GCSS	Graeme Ruiters	32 047	This is part of the balance owed by the City due to Post-Retirement Medical Aid Benefit and is evaluated on annual basis. This is not expected to flow to the entity as this benefit is managed by the City.
	Total		32 047	

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

Period	Department	Contact person	(R 000's)	Comments
Jun-23	Treasury	Lilian Siala	524 329	Sweeping account
Jun-23	Treasury	Sandile Manondo	106 075	Capital Creditors - CoJ 2016
Jun-23	(GRASS)	Amelia Schoeman	0	Insurance
Jun-23	Revenue CRM	Nyanisi Joseph Nhlapo	367	Water disputer with City's Revenue Shared Services.
Jun-23	Payroll	Andre Kemp	24 271	Salaries reimbursement payable to GCSS.
Jun-23	GCSS	Graeme Ruiters	2 324	Security salaries payable to GCSS.
Jun-23	GCSS	Graeme Ruiters	0	FLEET : Fuel
	Total		657 369	

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 39: Staff establishment

Name of Person	Position
Yaasir Haffejee	Chief Audit Executive
Serame Mothupi	Internal Audit Specialist
Lebogang Mokoena	Specialist: Risk and Compliance

6.3 Progress against the 2022/23 Internal Audit Plan

The table below summarizes the IAF's progress against the 2022/23 IA Plan for Quarter 4.

Table 40: IAF's Progress

Name of Internal Audit Project	Performed By	Fieldwork Completed	Audit Report Issued	Audit Project Status
Annual Performance Report	Metrobus IAF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AFS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reported at Special ARC and Board Meeting				
Q1 Performance Information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follow Up Findings Review		Refer to Section 11		
Quarterly Assessment		Refer to Section 12		
OHS		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SCM		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stakeholder Management		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fleet		Co Sourced	<input type="checkbox"/>	<input type="checkbox"/>

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 41: Progress against Approved Ad-Hoc Projects

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

6.4 Limitation of Scope and Exclusions




There were no material limitations of scope identified.

6.5 Opinion on Control

6.5.1 Rating Summary – Controls Opinion

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

Table 42: Opinion rating summary

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

6.5.2 Rating Summary – Detailed Audit Findings

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

Table 43: Summary classification of audit findings

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

6.6 Follow up of IAF and AGSA Findings

6.6.1 Progress on Internal Audit Findings and Reviews 2021/22

As at 30 June 2023, 44% of findings (net of accepted findings) have been addressed. A total of three findings relating to Metrobus’s AFC system which can only be resolved upon the procurement of a comprehensive system

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Category	Total	Accepted	Addressed	YTD Achievement	Details of Not Achievement
Fuel and Fleet Management	6	0	3	50%	Fleet Management Policy, Servicing of Buses, Bus Inspections
HR	3	0	1	33%	The item that is required, is the review of Policies emanating from previous financial years and conclusion of performance reviews and contracts
Revenue	6	1 AFC	0	0%	Wayfarer System needs to be replaced with AFC POS System to be Implemented Segregation of Duties Account Reconciliation
SCM	1	0	0	0%	30 Day Payment
Financial Discipline	2	0	1	50%	Inconsistent Reconciliation (Also Confirmed in Revenue)
IT	4	2 SAP, AFC	2	100%	Not Applicable
Stakeholder Management	5	0	3	60%	Manual Customer Database, not Regularly Updated, KPI 5 will be reviewed quarterly.
OHS	7	0	2	14%	All remaining findings were re-reported in Q 2. They have a projected time frame for Q 4 to be addressed.
Total	34	3	12	44% Net of Accepted Findings	

6.7 External Audit Findings

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

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

Most findings included within the AGSA report related to errors identified within the Annual Financial Statements. As at the end of Q 4, 82% of all findings have been addressed. 3 findings related to Metrobus’s AFC system have been accepted as they are contingent on the procurement of a new AFC. Progress on matters reported within Annexure A, has been limited and several actions are expected to be addressed by the end of September 2023.

6.8 Overall Quarter Opinion on Controls

Overall Rating of Internal Controls	Description
Partially adequate	☹️

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

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

6.9 Risk Management

6.9.1 Risk Methodology

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

Table 44: Risk Ratings

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

6.9.2 Strategic Risks

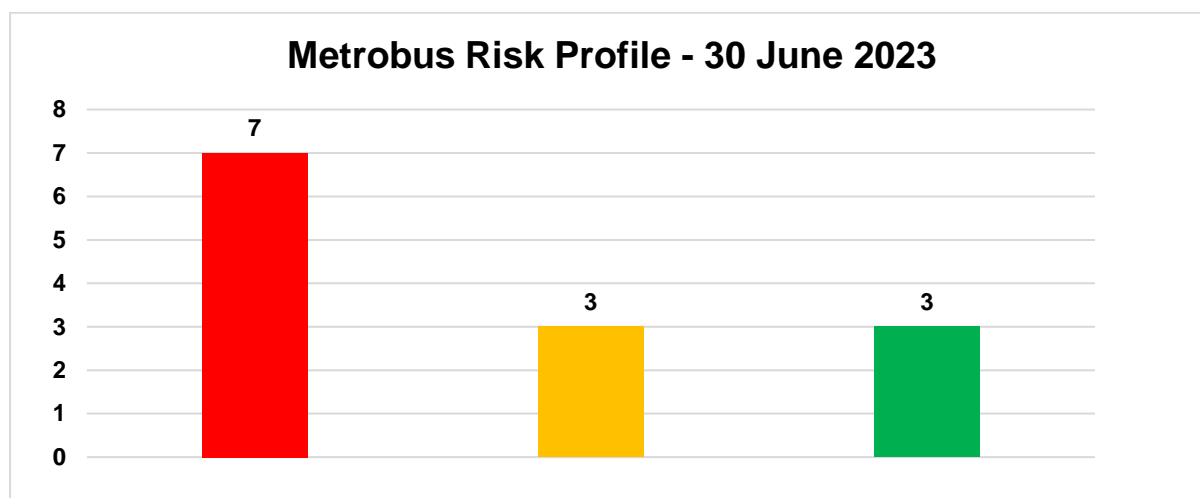
Risk Assessments (Strategic and Operational) have assisted Management to identify potential risks, in order to anticipate and uncover circumstances that may have an adverse impact on the achievement of KPI's.

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

The Risk Division within the Internal Audit Function (IAF) reports monthly to the Executive Management Team(EMT) and quarterly to the Audit and Risk Committee (ARC) and are guided by IAF and AGSA findings, the 2022 Business Plan and inputs from Management. On 01 July 2022 a total of 13 Strategic Risks were identified of which 7 were classified as residually very high, 3 classifies as medium and s as residually low.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

The graph below illustrates the classification of the identified risks as at 31 December 2022.



The table below provides details of the strategic risks according to the predetermined strategic objectives as at 30 June 2023. There are 26 interventions planned for the 2022/23 Financial Year, of which 19 were completed as at 30 June 2023.

Table 45: Strategic Risks

Division	Total	Addressed	Not Achieved
Strategy	2	2	None
IBO	6	3	Maintenance Plans Replacing Fuel Injection Systems Driver Refresher Training
Internal Audit	9	8	AOPO for Q4 Will be Completed in July 2023
Finance	6	4	<100% of Tenders Advertised <80% of BBBEE Spend Achieved
Corporate Services	2	2	None
ICT	1	0	Eye on Bus only installed on buses which are operational and AFC not Implemented
Total Interventions	26	19	

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

6.9.3 Emerging Risks

Risk Description	Risk Rating	Controls
Insurance Contract SLA with Aon Current Expired as at 30 June 2022.		The COJ is currently resolving this via its SCM Processes. There is no timeframe communicated with regards to this matter.

6.9.4 Progress on Embedding Risks

Tracking and monitoring of the interventions due have been conducted for all the departments and the operational risk registers have been updated accordingly.

6.9.5 Insurance Incidents

There are currently 309 Open Claims on Buses (See Table Below for a breakdown of its composition). It is important that documentation relevant to the 36 claims highlighted below (Metrobus Responsibility) is submitted timeously. Upon, the re-activation of the insurance SLA, these claims, can then be timeously approved processed.

Total Claims Open	Service Provider Advices Awaited	Litigation	Insurer Advices Awaited	Client Advices Awaited	3rd Party Claim	Admin
309	2	2	1	36	10	258

ANNEXURE A: IDP & SDBIP SCORECARD

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Priority: A City that gets the basic right									
KPI NO.	KEY PERFORMANCE INDICATOR	BASELINE	2022/23 ANNUAL TARGET	2022/23 QUARTERLY TARGETS		2022/23 TOTAL BUDGET '000		Comments on progress (incl. justification for non-achievement)	Proposed tangible plan of actions (Mitigations)
				Q4 Target	Q4 Actual	Capex	Opex		
	Average number of Metrobus passenger trips per working day	13 793 Metrobus passenger trips per working day	15 000 Average number of Metrobus passenger trips per working day	15 000	22 739	-	38 618		

ANNEXURE B: METROBUS SCORECARD

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
1	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	90% planned trips completed	90% planned trips completed	90%	92%	92%	89%	89%	91%	Target not met
2	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	13 793 Metrobus passenger trips per working day	15 000 Metrobus passenger trips per working day	15 000	18 074	18 887	19 378	22 739	19 724	Target met
3	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Blameworthy Accident Rate per 100 000 bus kilometers operated	Blameworthy Accident rate at 0.26 per 100 000 bus kilometers per month	Blameworthy Accident rate at <0.75 per 100 000 bus kilometers per month	<0.75	0.13	0.13	0.41	0.29	0.23	Target met
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	100% of service disruptions communicated	95% of service disruptions communicated	80%	100%	100%	100%	100%	100%	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

5	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	100% of complaints resolved within the timelines specified in the customer service charter	80% of complaints resolved within the timelines specified in the customer service charter	80%	92%	100%	88%	90%	93%	Target met
6	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction	78% Customer satisfaction	70% Customer satisfaction	N/A	Not Assessed	Not Assessed	Not Assessed	73%	73%	Target met
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Achievement of service standards	100% Achievement of service standards	100% Achievement of service standards	100%	100%	100%	80%	80%	90%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 2: Innovation and Green Economy

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units measurement at 16%	Maintain hartridge units measurement at 30%	30%	11%	25%	21%	11%	17%	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 3 Enterprise Development and Job Creation

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	125 SMME's supported	50 SMME's supported	50	68	91	118	134	134	Target met
10	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of total expenditure spent on BBBEE	88% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	30%	79%	97%	97%	97%	93%	Target met
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	220 EPWP Jobs created	200 EPWP jobs created	200	185	185	175	175	175	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 4: Financial Management, Viability and Sustainability

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions	
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent on operating budget against approved operating budget	105% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	100% of total opex budget	22%	24%	52%	110%	110%	Target met
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on capital budget against approved capital budget	74% spent on capital budget against approved capital budget	100% spent on capital budget against approved capital budget	100% of total capex budget	1%	2%	52%	99%	99%	Target not met
14	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent on repairs and maintenance to property, plant and equipment	New	8% spent on repairs and maintenance to property, plant and equipment	8%	1%	2%	6%	8%	8%	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

15	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	New	50% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	10%	0	0	0	0	0	Target met
16	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of valid invoices paid within 30 days	New	100% of valid invoices paid within 30 days	100%	96,30%	90,97%	92,06%	98,54	94,52%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 5: Operational Excellence

PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
17	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	New	100% resolution of Internal Audit Findings	100%	26%	32%	39%	44%	44%	Target not met
18	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	70% resolution of AGSA findings	100% resolution of AGSA findings	100%	76%	76%	76%	82%	82%	Target not met
19	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	174% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	90% of quarterly fleet requirement	96%	91%	87%	88%	91%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

20	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of the strategic risk management action plan findings resolved	75% implementation of the strategic risk management action plan findings resolved	100% implementation of the strategic risk management action plan findings resolved	100%	67%	83%	83%	83%	83%	83%	Target not Met
21	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	89% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	85%	85%	65%	60%	52%	70%	70%	Target not met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Program 6: Technology and Business Enablement

#	PIP	GDS 2040 Outcome	Key Performance Indicator	Baseline 2021/22	2022/23 Target	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year to Date	Means of verification and Key Interventions
22	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Intelligent Transport System Projects	New	100% of Intelligent Transport Systems Projects	100%	0	38%	86%	86%	86%	Target not met

ANNEXURE B1: UNACHIEVED KPI's

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

19	% fleet availability to operate scheduled trips met	<ul style="list-style-type: none"> • Procurement Planning 	<ul style="list-style-type: none"> • Pre-performance year completion of procurement processes
20	% implementation of the strategic risk management action plan findings resolved	<ul style="list-style-type: none"> • Approved Risk register with an implementation plan • Performance Contracting 	<ul style="list-style-type: none"> • Robust performance and consequence management
22	% Intelligent Transport System Projects	<ul style="list-style-type: none"> • End User Support • Vendor Management • Project Management 	<ul style="list-style-type: none"> • End-user engagement • SLA Management

ANNEXURE C: SERVICE STANDARDS

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Service Standards

Core Service	Service Level Standard Target	Q1	Q2	Q3	Q4
% of scheduled public bus trip arriving on time	90% arrival times	93%	94%	92%	94%
Bus timetable	90-100% adherence to daily bus schedule (<5 min headway)	92%	92%	89%	86%
Safety of commuters	100% compliance to health and safety legislation (1) Zero security incidents on buses (2) Zero Fatalities	100%	100%	100%	100%
Safety of commuters	Enforcing of bus seating-standing in line with applicable regulations	100%	100%	100%	100%
Response time for walk in queries	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour

ANNEXURE D: STRATEGIC RISK

City of Johannesburg Metropolitan Municipality
 Metropolitan Bus Services (SOC) Ltd
 2022/23 Quarter 4 Performance Assessment Report

Key Performance Outcome	Key Performance Indicator	Risk Description	Risk Indicator	Residual Risk Exposure	Risk Owner	Interventions/ Actions to improve management of the risk	Time Scale	Progress to Date
Programme 1: Customer Services, Stakeholder Engagement and Communication								
A city that gets the basic right Business friendly	% Planned Trips Completed Average number of Metrobus passenger trips per working day	Inability to Meet Scheduled Services and Collect Revenue	SR 1	Very High	IBO	1.1 100% implementation of Bus Maintenance Plans per Quarter 1.2 Communicate 100% of security incidents to JMPD	1.1 Quarterly, 100% to be Reported by 30 June 2023 1.2 Daily, 100% to be Reported by 30 June 2023	1.1 Not Achieved <u>Inability to meet scheduled services</u> - Currently there is a challenge of bus unavailability. Most of the buses are old. However, there is a plan to procure new buses in the upcoming financial year. <u>Collection of revenue</u> – the department is still waiting for the finalisation of the recruitment of inspectorate. 1.2 Achieved To date there has been no security incidents reported.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

A city that gets the basic right	Blameworthy Accidents Rate per 100 000 bus kilometres operated	Inadequate Enforcement of good organisational culture by Management/Leadership	SR2	Very High	IBO	1.3 100% of all Drivers, who did not attend driver refresher training in the 2021/22 Financial Year attending a Refresher Training Course	1.3 30 September 2023	Not Achieved <i>Progress</i> Driver refresher training has been taken place on an ongoing basis. . More training to be conducted and anticipated to have been finalised by the 30 September 2023.
Business friendly	% Service Disruptions Communicated	Inadequate /Limited Effectiveness of Existing and Future Communication Channels	SR3	Medium	Strategy	1.4 All Complaints Recorded in Manual Complaints Register for follow up and resolution 1.5 100% of Complaints resolved within the timelines specified in the Customer Service Charter	1.4 and 1.5 Daily 100% to be Reported by 30 June 2023	Achieved 1.4 & 1.5 All Complaints Recorded <i>Progress</i> To date Metrobus has reported a 100% Achievement of this target.
A city that gets the basic right	% Complaints resolved within the timelines specified in the Customer Services Charter							
A city that gets the basic right	% Customer Satisfaction Index	Inadequate Enforcement of good organisational culture by Management/Leadership	SR2	Very High	IBO	1.6 Proposal for free Wi-Fi on busses submitted to EMT	1.5 Ongoing	Achieved Wi-Fi___33 is being installed in all operational buses.
A city that gets the basic right	% Customer Service Standards					1.6. Same as 1.4		
Programme 2: Innovation and Green Economy								

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

Smart City	% Carbon Emissions	Inability to meet Carbon Emission Targets	SR 4	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 2023 2.2 Quarterly, 100% to be Reported by 30 June 2023	2.1 Achieved Emissions testing is being concluded quarterly and reported in the business plan. 2.2 Not Achieved Progress Currently, due to budgetary constraints, this process is not being 100% implemented.
Programme 3: Enterprise Development and Job Creation								
An inclusive city	Total number of SMME's Supported	Inability to Attract Sufficient SMME's	SR 5	Low	CFO	3.1 Allocation of Budget for SMME Development. 3.2 80% Spend Against Budget. 3.3 1 Supplier Awareness Communications Regarding Fronting and the Consequences Thereof Published	3.1 1 July 2022, 3.2 30 June 2023, 3.3 31 December 2022	3.1 Achieved 3.2 Not Achieved Less than 80% Spent 3.3. Achieved Progress A communication on fronting was published on Instagram in December 2022.
An inclusive city	% of Total Expenditure spent on BBBEE							

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

An inclusive city	Total Number of EPWP Opportunities Created	Inability to Provide/Supply Sufficient EPWP Jobs to Alleviate Poverty	SR 6	Very High	Corporate Services	3.4.1 Update Plan for EPWP personnel to ensure alignment with current budget and any COJ Prescripts 3.4.2 Conclude 1 Engagement with CoJ Parks and Recreation	3.4.1 - 3.4.2 31 July 2022	<p>3.4.1 Achieved</p> <p>The Metrobus target set by the City for EPWP is 100 and Metrobus currently provides 197 opportunities for EPWP participants. Therefore the target has been exceeded.</p> <p>3.4.2 Achieved</p> <p>Engagement with JCPCZ took place, and they recently informed Metrobus that they will not allow its participation on cooperatives.</p>
Programme 4: Financial Management, Viability and Sustainability								
A city that gets the basic right	% Spent against Approved Operating Expenditure Budget	Failing to meet set Targets Resulting in Non-Achievement of Performance Objectives resulting in the reduction	SR 7	Very High	CFO	4.1 Actual Spend against Budget Reported by Executive Quarterly and Performance Management	4.1 Quarterly: 30 September 2022, 31 December 2022, 31 March 2023	<p>4.1 Achieved</p> <p>To date monthly and quarterly reports were prepared since the</p>

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

		of Grant Funding from the Shareholder				implemented for Non-Performance	and 30 June 2023 100% to be Reported on 30 June 2023	commencement of the financial year.
A city that gets the basic right	% Spent against Approved Capital Expenditure Budget					4.2 100% of all Tenders per Procurement Plan advertised and awarded	4.2 30 June 2023	Not Completed
A city that gets the basic right	% spent on repairs and maintenance to property, plant and equipment					4.3 Same as Above- 4.1		
A city that gets the basic right	% reduction in unauthorised irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Inability to comply with laws and regulations	SR 10	Very High	Internal Audit	4.4 100% of all Tenders Awarded subjected to Internal Audit Probity Reviews	4.4. As and when required, 100% to be Reported on 30 June 2023	4.4. Achieved 100% of all tenders subject to probity evaluated.
A city that gets the basic right	% of valid invoices paid within 30 days				CFO	4.5 Quarterly review of Metrobus's actual performance against this requirement reported Monthly to EMT	4.5. Monthly, 100% to be Reported on 30 June 2023	4.5. Achieved To date monthly reports have been.
Programme 5: Operational Excellence								

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

A city that gets the basic right	% Resolution of Internal Audit Findings	Inability to address all findings issued by both Internal and External Audit	SR 8	Medium	Internal Audit	5.1 Quarterly Review of Internal and External Audit Findings, Reported in the Quarter Metrobus Business Performance Reports	5.1 Quarterly: 30 September 2022, 31 December 2022, 31 March 2023 and 30 June 2023	5.1 Achieved in all months since commencement of the financial year.
A city that gets the basic right	% AGSA Findings Resolved							
A city that gets the basic right	% Fleet Available to Operate Scheduled Trips Met	Inability to Meet Scheduled Services and Collect Revenue	SR 1	Very High	IBO	5.2 Same as 1.1 Above		
A city that gets the basic right	% implementation of the strategic risk management action plan findings resolved	Inability to address all identified Risks	SR 8	Medium	Internal Audit	5.3 Quarterly Review of Actual against Planned Risk Management Interventions, Reported in the Quarter Metrobus Business Performance Reports	5.3 Quarterly: 30 September 2022, 31 December 2022, 31 March 2023 and 30 June 2023	5.3 Achieved in all months since commencement of the financial year
Programme 6: Technology and Business Enablement								

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

<p>A city that gets the basic right</p>	<p>% Intelligent Transport System</p>	<p>Inability to continue with Operations within Metrobus</p>	<p>SR 9</p>	<p>Very High</p>	<p>Acting CIO</p>	<p>6.1 Implementation of all deliverables for the ICT Strategy applicable to the 2022/23 Financial Year</p>	<p>6.3 30 June 2023</p>	<p>6.3 The ITS projects have already embarked and the service provider has started working. The projects are: 1. Eye on the Bus is being installed in all operational buses. ICT is currently running the change management program and training to all the users. 2. Wi-Fi is being installed on all operational buses. 3. Implementation of an interim AFC solution - has not yet been implements</p>
---	---------------------------------------	--	-------------	------------------	-------------------	---	-------------------------	---

ANNEXURE E: CIRCULAR 88

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2022/23 Targets	Q4 Target	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target met or not
1	Percentage of municipal bus services 'on time'	TR4.21	100%	90% scheduled bus services 'on time'	90%	93%	94%	92%	94%	Target met
2	Number of scheduled public transport access points added	TR5.11	Zero	Zero	Zero	Zero	Zero	Zero	zero	Target met
3	Percentage of scheduled municipal bus service stops that are universally accessible	TR5.31	94%	90%	90%	100%	100%	100%	100%	Target met
4	Staff vacancy rate	GG1.21		< 30%	< 30%	28.03%	28.03%	28.03%	28.03%	Target met
5	Audit opinion	GG3.1	Unqualified with findings	Unqualified with findings	N/A	N/A	Unqualified with findings	N/A	N/A	Target met

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

6	Number of repeat findings	GG3.11	42% of total number of audit findings	<20% of total number of audit findings	N/A	N/A	N/A	N/A	N/A	
7	Number of active suspensions longer than three months	GG5.11	0 active suspensions longer than three months	0 active suspensions longer than three months	0 active suspensions longer than three months	0	0	0	4	Target not met
8	Percentage of vacant posts filled within 3 months	GG1.22	100%	100%	100%	100%	100%	90%	90%	Target not met

ANNEXURE F: COMPLIANCE CHECKLIST

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

	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 2021 were duly returned. Annual returns for the financial year ended 30 June 2022 were duly returned.
Board Meetings	Company Secretary	Ensure that: meetings take place; terms of reference are up to date and adhered to; meetings are duly constituted; minutes are taken and filed.	Quarterly	Quarterly	Completed - Board meetings take place quarterly, and minuted. Terms of references are up to date.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

	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.

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

	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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 88	Accounting Officer / Board	Mid-term report By 20 th January each year submit a report on the assessment of the entity to Board and City	Annually	20 Jan	2021/22 Mid-term report duly submitted. 2022/23 Mid-term report duly submitted
S 104	MD	Any non-compliance with MFMA responsibilities reported to City	Annually	Annually	Completed – disclosed and reported in Annual report and AFS
S 106	MD	All delegations reduced to writing	Annually	Annually	Not yet due
S 111	Finance - CFO	SCM Policy and implementation thereof	Annually	Annually	Policy in place and an update was approved in July 2018.
S 116	MD	Report to Board regularly on major supply contracts which the entity has entered into	Annually	Annually	Complied with as and when required

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

	Person /Department Responsible	Activity	Frequency	Due Date	Status
S 116(1)	Finance - CFO	All contracts concluded after compliance with SCM processes and in writing	Annually	Annually	Ongoing
S 121 /122 / Co Act	Board	Annual Report to City – ensure AR meets minimum reporting requirements of MFMA and Co Act.	Annually	October 30	Report not due
S 126	CFO	Submit annual financial statements to AG for auditing	Annually	October 30	Submission not due
S 165 / 166	MD / Board	Internal Audit Unit and Audit Committee	Annually	Annually	Compliant – Unit and Committee in place and functional
Circular 68 UIFW	CFO	Expenditure declarations	Quarterly	Quarterly	Completed
Broad Based Black Economic Empowerment Act No. 53 of 2003					

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

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

ANNEXURE G: BUSINESS PLAN 2022/23 STRATEGIC RESPONSE

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

No	Mayoral Priorities	Identified issues	Present situation (reality)	Interventions(Solutions)	Mitigation measures	Time frame	Progress
1	A Business Friendly	Aging and unreliable bus fleet	59% of our bus fleet older than 15 years (industry norm is 12 years).	Bus leasing (one hundred high capacity buses). Refurbishment of 30 buses. Procurement of 50 buses.	Presentation of the fleet renewal strategy to the relevant structures to solicit funding	By 30 September 2023 By 30 September 2023 By 30 September 2023	<p>Metrobus went out on an open tender more than thrice with the intention to appoint a service provider for leasing of buses. In the last appointment, the companies recommended were non-compliant in terms of specifications. Metrobus is in the process of requesting approval to deviate from the normal SCM processes in order to enter into leasing agreement, for a number of buses, for a period of 18 months.</p> <p>The signed deviation item is complete and was forwarded to Finance Department (SCM Section) on the 5 Dec 2022. Received a message from Manager Finance that the current funding available is R3 Million. In this case there would be a shortfall that have to be addressed prior to the appointment of new service providers.</p> <p>Item for the cancellation of the previous appointment was still in the office of the MD.</p> <p>Metrobus is in the process of finalising the specifications for the bus body refurbishment and the conversion of diesel dedicated buses to gas dedicated buses. The specifications for both the bus body refurbishment and conversion of dedicated diesel buses to gas dedicated buses were finalised and forwarded to SCM Section early in October 2022 to be considered by the BSC Committee for approval. Received a message on the 24 Nov 2022 that the Bus Refurbishment appointment letters (for members presenting the specifications) are still with the CFO and not yet reached the office of the MD. Furthermore I was informed members of the BSC Committee have to</p>

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

							<p>undergo a vetting process from GFIS (City) prior to the meeting been convened.</p> <p>Regarding the procurement of new buses, the specifications committee is in the process of engaging the market by submitting a request for information (RFI) to gather information on the following :-</p> <ul style="list-style-type: none"> • Investigation of new technology – electric buses. • Infrastructure to be in place these type of buses • What is available in the market • Timelines for manufacturing the buses • Availability of stock • Operation and capital cost of ownership <p>It is expected that the above information will provide the committee with sufficient information to submit Bid specifications for advertisement by end of January 2023.</p> <p>The RFI specifications were forwarded to SCM Section beginning of Nov 2022 for advertisement. SCM Section requested a meeting with IBO Department in preparation for advertisement. The meeting was held to agree on the specifications for the RFI. The process was finalised and the item was ready for advertisement. To date the RFI have not been advertised.</p>
2	A well run city	Limited financial resources (budget)	“Technically insolvent”	Negotiate conditional grants for assets instead of loans.	Stakeholder engagement and involvement.	By 30 September 2023	Debt restructuring process (conversion of debt to equity) has been finalised by Metrobus and the Treasury Department. It needs to be presented and approved by the ARC and Board in October 2022. The financial model process will be finalised once a service

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

							provider has been appointed. There has been delays in the finalisation of the appointment of the panel of financial service providers due to the unavailability of BAC Members. Recommendation and approval will be sought from the ARC and Board in January 2023 Recommendations for appointment were made by the BAC during December 2022.
3	A city that gets the basic right	Inefficient routes	53% of our routes not efficient.	Reduce quantity of inefficient routes by 10% through improved planning and stakeholder engagement.	Change management, communication and stakeholder engagement.	By 30 September 2023	<p>Metrobus will be finalizing the MOU with UJ -Peets to assist the entity in Route Optimization study. Meeting between the entity and UJ-Peets will only be held on 11 October 2022. The timelines on deliverables will only be set after this meeting.</p> <p>The MOU between Metrobus and UJ-Peets is still to be finalised. The MOU was received from UJ and comments from the Company Secretary (Metrobus) were received on the 6 December 2022. The IBO Department still have to peruse the document and comment on the role of the Technical Task Team.</p> <p>6 To date Metrobus has also received data collection protocol document detailing the project. The project is composed of two parts. The first part evaluates the technical and the economic aspects of the Battery Electric Buses (BEB) relative to the respective routes by utilizing the techno-economic assessment (TEA) methodology. The second part evaluates the environmental aspects of the BEB by utilizing a Life Cycle Assessment (LCA) methodology.</p> <p>In the meantime Metrobus had an opportunity to ride on UJ's first electric bus which is now operational,</p>

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

							running between the Doornfontein campus and the residences.
4	A Smart City	Aging and unreliable fare collection system	The current fare collection system is obsolete, not usable anymore, out of warranty and support.	Lease interim fare collection system	Stakeholder engagement and involvement. Change management.	By 30 September 2023	The interim fare collection system proposed by MTC was too expensive and unaffordable mainly due to it being a joint solution between Metrobus and the Department of Transport. Metrobus continued to utilizing the service of KubaPay, the service provider currently servicing and maintaining the old system. The procurement of the Permanent AFC by the City has been cancelled. Metrobus is perusing the procurement of Interim solution the appointment is expected in January 2023
5	A city that gets the basic right	High rate of revenue pilferage	Minimum of 50% of revenue not accounted for.	Inspectorate Spots Blitz CCTV	Stakeholder engagement and involvement. Change management.	By 30 September 2023	Recruitment process of inspectors has already commenced and must be finalized by end October 2022. Competency assessment for recruitment of inspectors was finalized on 14 December 2022. The interviews will be conducted in January 2023. The appointment of the inspectors will be finalized by February 2023. Joint operational blitz between Metrobus and JMPD will only commence as from 3 October 2023. The Joint Operational Blitz between Metrobus and JMPD was conducted on the 18 October 2022. Thereafter another Joint Operational Blitz between MMC Transport, Metrobus and JMPD was conducted on the 16 November 2022. ICT Department will be installing the CCTV cameras by end of November 2022. The Eye on the Bus Project has already commenced. The project will entail the following:

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

							<p>7 The installation of the CCTV Camera is part and parcel of the eye on the bus projects which is one of the digitization projects to transform Metrobus from its current state. The service provider is being appointed by MTC from its panel of smart city. Some of the feature's that comes with this project are: Bus Scheduling, Driver behaviour, Passenger count, Fleet Management, Surveillance cameras, Passenger app and Fuel management. This is a converged and integrated solution. Metrobus will also have the access to APN to be able to integrate with any system of our choice. The project is in progress and it is anticipated that the solution will be fully implemented and tested by the end of February 2023.</p>
6	A Smart City	Inability to track and account for utilization and deployment of buses	Less than 100% of planned scheduled services implemented (Currently on 87%).	Installation of Fleet Management System	Stakeholder engagement and involvement. Change management.	By 30 September 2023	<p>Installation of the tracking system to the buses will be completed by end Nov 2022. Eye on the bus will also be in place.</p> <p>Refer to comments above.</p>
7	A Smart City & A city that gets the basic right	High rate of out of commission of bus fleet (OOC)	36% of bus fleet in OOC	Installation of automated bus maintenance tracking system	Training of staff. Change management.	By 30 September 2023	<p>Most of the fleet is old and over the years there has not been infusion of new fleet. The buses that have been on OOC for a long period were then deregistered. Of the total of 416 there were 32 buses that were deregistered.</p> <p>Filling of the vacant technical posts is critical Technical staff rotated to address capacity challenges. Lack of capacity at the SCM Section to deal with the huge demand of spares within the workshops.</p>

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

8	A well run City	High debt burden (historical)	“Technically insolvent”	Finalise the debt restructuring process.	Stakeholder engagement and involvement.	By 30 September 2023	See comments in 2 above
9	A well run City & An Inclusive City	High cost of operations (fuel costs)	Currently on 11-12% of the overall OPEX budget	<p>Increase diesel to gas substitution rate.</p> <p>Installation of CNG infrastructure.</p> <p>Reduction of dead Kilometres</p>	<p>Change management.</p> <p>Communication.</p> <p>Training of staff.</p> <p>Stakeholder engagement</p>	By 30 September 2023	<p>As part of the New Refurbishment program, Metrobus is in the process of converting the diesel-dedicated buses into gas-dedicated buses. Service Provider appointed to supply and deliver CNG. The Service Provider have started filling the gas to buses from Roodepoort Depot.</p> <p>To date 17 buses have been fuelled with gas. These buses are refilled with gas at the service provider’s filling station until the daughter station at Milpark depot have been serviced and COC complied. Albeit that this has been one of the strategic enablers more urgent engagement with the current CNG suppliers to ensure appropriate infrastructure for ease of access. In this regard, a mobile station is being erected at the Roodepoort depot, while buses from the Village Main depot can utilize a facility within five kilometres from the depot. While this will lead to financial savings it will also reduce reliance on diesel which is more expensive.</p> <p>MOU has been signed between Metrobus and Department of Correctional Services (Gauteng Region) for parking 36 buses in the parking lot of Leeuwkop Management Area for the next twelve months. This will result in the reduction of dead kilometers. This will result in a savings of R3 920 932 per month.</p> <p>Bus Drivers operating the route from Ghandi Square to Sunninghill and Soweto to Sunninghill attended the</p>

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

							induction training during the October and November 2022 at Leeuwkop in preparation to park the buses. The handover of the project will be finalised early next year. Metrobus will start parking the buses at Leeuwkop Correctional Service immediately after the handover event.
10	A well run City	Uncertainty on future funding investment	Budget re- based by 153M in just one financial period.	Increase market share.	Change management. Communication. Training of staff. Stakeholder engagement	By 30 Sept 2023	The increase in market share is dependent on the following factors: Finalisation of the AFC project which is being run by the Transport department. This is will increase the market share by ensuring the integrity, accuracy and completeness of the revenue collected. Purchase of new buses and bus leases will increase the number of passengers that we can service, therefore increasing our market share. Vacant positions filled will increase market share through better services being provided which will increase passenger numbers. Introduction of the “eye on the bus” and other intelligent IT systems in the company.
11	A well run City	Labour instability (contributing factor on public commuter confidence)		Three company- wide roadshows conducted per financial year. Implemented RBO resolutions where feasible.	Change management. Communication. Training of staff. Stakeholder engagement.		The Labour Management Forum has met consistently and issues on the agenda are getting resolved Interviews have begun to take place with OL participating as observers RBO will take place by February 2023. Maiden training on collective bargaining processes in LG took place

City of Johannesburg Metropolitan Municipality
Metropolitan Bus Services (SOC) Ltd
2022/23 Quarter 4 Performance Assessment Report

				Monthly LMF			
--	--	--	--	-------------	--	--	--

