

Metrobus

DRAFT BUSINESS PLAN 2021-2022

Metropolitan Bus Services (SOC) Ltd



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METROPOLITAN BUS SERVICES (SOC) LTD

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SIGN-OFF

Feroz Khan Acting Chief Financial Officer Date:	Signature:
Ms Xoliswa Mhlongo Managing Director Date:	Signature:
Mr Derrick Mkhwanazi Chairperson of the Board Date:	Signature:
Councillor Nonhlanhla Helen Makhuba MMC: Transport Date:	Signature:

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GLOSSARY OF TERMS / LIST OF ACRONYMS

Acronym/abbreviation Name/phrase	Acronym/abbreviation Name/phrase
AFS	Annual Financial Statements
AFC	Automated Fare Collection System
AG/AGSA/Auditor General	Auditor General of South Africa
ARC	Audit and Risk Committee
Board	Board of Directors
CNG	Compressed Natural Gas
DDF	Diesel Dual Fuel
DPSA	Department of Public Service and Administration
EAM	Enterprise Asset Management
EE	Employment Equity
ERP	Enterprise Resource Plan
FAR	Fixed Asset Register
FY	Financial Year
GDS	City of Johannesburg 2040 Growth and Development Strategy
ICT	Information and Communications Technology
IDP	Integrated Development Plan
NBV	Net Book Value
OOC	Out of Commission
POPI	Protection of Personal Information Act
PPE	Property, Plant and Equipment
REMCO	Human Resources and Remuneration Committee (REMCO)
SEC	Social and Ethics Committee (SEC)
SHE	Safety, Health and Environment
SDC	Service Delivery Committee
GHTS	Gauteng Household Travel Survey

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In fulfilment of its role as the City of Joburg Municipality's delivery mechanism for the provision of safe and reliable public transportation, and in line with the Joburg Growth and Development Strategy 2040 (GDS2040), the National Public Transport Strategy and the National Development Plan (NDP), Metrobus is guided by the City's strategic intent as operationalized in the City's eleven strategic priorities and its short, medium and long term strategies. Metrobus operates within the confines of all applicable legislation and other important governing instruments including the service delivery agreement, which outlines its scope of operation in agreement with the City of Joburg Municipality. The City's population has doubled since 1996, from 2.59 million to 5.1 million in 2019. The total number of households have also doubled from 959 thousand in 2016 to 1.6 million in 2019. The increased population size and number of households puts pressure on the delivery of services by the City as the demand for services increases as well.

The 2019/20 financial year was the last reporting period in relation to Metrobus Vision 2020: a strategy journey that began in the 2014/15 financial year and sought to implement a Turnaround and Operational Plan for the entity. The turnaround plan consisted of a number of elements including the signing of a Bus Operating Company Agreement between Metrobus and the shareholder (BOCA), procurement of buses, institutional review, conclusion of a new operating model based on the fee per kilometre funding model; and the installation a fleet management system and an Automated Fare Collection System. Progress has been made in terms of institutional review and the purchasing of new buses. Other essential constituent elements of the turnaround plan are not in place.

The 2020/21 financial year heralded the first year of Vision 2025 for the entity. The apex outcome of this new vision is the implementation of a new operating model with its concomitant enablers including programmed fleet procurement for Metrobus, and a fully-fledged role in the Integrated Public Transport Network (IPTN) of the City of Joburg. The approach in this regard is aligned, inter alia, to Transport planning instruments, which include the following:

Strategic vision and approach: A vision and approach is encapsulated in the Strategic Integrated Transport Plan Framework (SITPF), which is reviewed on a ten (10) year cycle and

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is due for review in 2023.

Strategic Integrated Public Transport Network Plan: The department of Transport in the City of Joburg is currently working on a ten-year fundable transport network plan

Public Transport operational plans: Operational plans for transport catchment areas like the North East, Greater Soweto or North West Quadrant of the city have been completed and are currently being verified through surveys. A Metrobus operational plan was completed during the 2013/14 financial year.

Transport Master Plans: Plans for regions, notes or precincts ensure the integration of public transport, non-motorised transport, freight and private vehicles.

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

Key disablers in the entity's critical path to operational success remain firmly on management's radar; these are its continued challenge in relation to meeting revenue targets as well as maintaining the requisite levels of operational reliability through a properly maintained fleet. Consistently dwindling patronage numbers have persisted during the last three financial years, exacerbated in part by unemployment rates which have continued to soar affecting a large part of our commuter base. Employment decreased by 2.2 million in the second quarter of 2020, representing the largest decrease in the history Quarterly Labour Force Survey. Public debt has risen from around R800 Billion in 2008 to R4 Trillion today, in the process rising from about 30% GDP to close to 81%. The impact of COVID19 is anticipated to linger into the 2020/21 financial year contributing to a negative outlook on the financial sustainability of the entity.

The 2019/20 financial year marked a particularly important milestone in the entity's strategic journey through the initiation of the procurement process for the Automated Fare Collection (AFC) System. Albeit that the procurement process could not be complete, traction has been maintained in this regard and it is anticipated that the process will be completed in the 2021/22

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financial year. In addition, the commitment of funding for the procurement of new buses in the next three financial years is a positive development for the entity's capacity to deliver on its mandate.

Towards achieving the milestones that characterise Vision 2025, business plan 2021/22 will retain focus on the following strategy and operational areas:

- Business Continuity in the context of COVID-19
- Corporate Governance
- Leadership Stabilization
- Integrated Public Transport Network readiness
- Implementation of AFC System
- Finalisation of Metrobus Financial Restructuring and implementation of revenue generation strategy
- Implementation of re-fleeting strategy and bus procurement
- Implementation of Repairs and Maintenance Strategy
- Implementation Marketing, Communication and Stakeholder Engagement Strategy
- Implementation of Human Resources and Development Strategy
- Bus procurement, and Bus Refurbishment

Metrobus will continue to monitor its performance against the Shareholder Compact and Key Performance Indicators (KPIs) in a holistic manner through proper consideration of financial measures, customer service measures, learning and growth measures as well as internal process measures. The 2021/22 Business plan is a continuation in the journey of Metrobus towards an efficient operating model which will result in improved levels of financial sustainability for the entity, and a digitally enabled provision of mobility solutions to the citizens of Johannesburg.

2 STRATEGIC OVERVIEW

2.1 Metrobus Vision

"To be a people centred, performance driven provider of an efficient conventional bus service within the Integrated Public Transport Network"

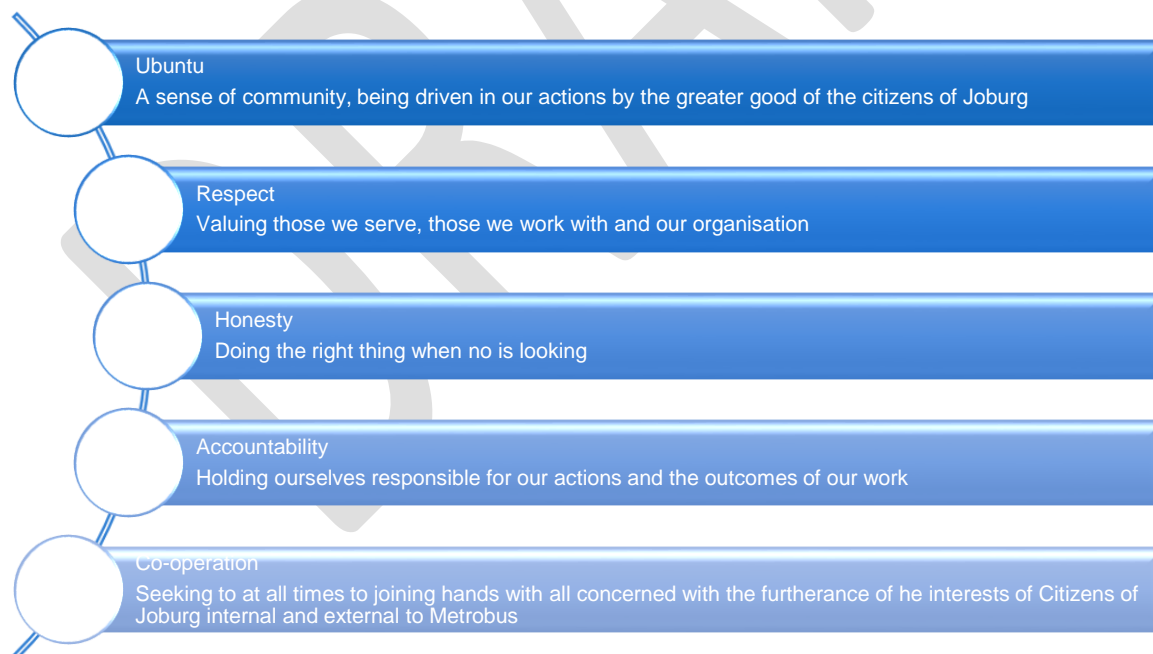
2.2 Metrobus Mission

"To provide customer focused service that is accessible, safe, affordable, reliable and environmentally friendly through an efficient and sustainable bus service"

2.3 Values

Metrobus is cognisant of the importance of its corporate and individual employee character. In this regard, the following values continue to serve as guideposts for our corporate and individual behaviour:

Table 1: Metrobus Values



Ubuntu	A sense of community, being driven in our actions by the greater good of the citizens of Joburg
Respect	Valuing those we serve, those we work with and our organisation
Honesty	Doing the right thing when no is looking
Accountability	Holding ourselves responsible for our actions and the outcomes of our work
Co-operation	Seeking to at all times to joining hands with all concerned with the furtherance of the interests of Citizens of Joburg internal and external to Metrobus

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2.4 Core Mandate and Service Delivery Model

The Johannesburg Metropolitan Bus Services (SOC) Ltd (“Metrobus / the company”) was incorporated in 2000 and is a wholly owned Municipal Entity of the City of Joburg. The City appointed Metrobus in terms of the Service Delivery Agreement to provide bus transport services to the residents of Johannesburg.

Metrobus therefore operates in furtherance of the City of Johannesburg’s legislative mandate concerning public transport and is guided by the periodically reviewed strategic direction of the City of Joburg as derived from the City’s Growth and Development Strategy (GDS40), its five-year horizon Integrated Development Plan as well as its one-year horizon Service Delivery and Budget Implementation Plan (SDBIP).

Metrobus is an important partner of the City of Joburg in support of the Gauteng Province’s Strategic intent of “Growing Gauteng Together 2030”. An approach which intends to provide reliable conventional/inter modal public transportation to facilitate Gauteng “at work”, service the current route configuration which calibrated to support integrated human settlements; maintain a fare policy that is supportive of sustainable development for future generation; decreasing the cost of transportation for commuting households; and drastically reducing private cars on Gauteng’s roads.

Metrobus strategy and business planning is also aligned to the City Transport Strategy whose vision is “A people-centred transport system that is transformed” in pursuit of its priorities of: Transport for economic facilitation; Access to urban opportunities; Congestion management; Modal Shift and safety; Resource Management and Saving space, fuel, emissions and passenger time spent in transit.

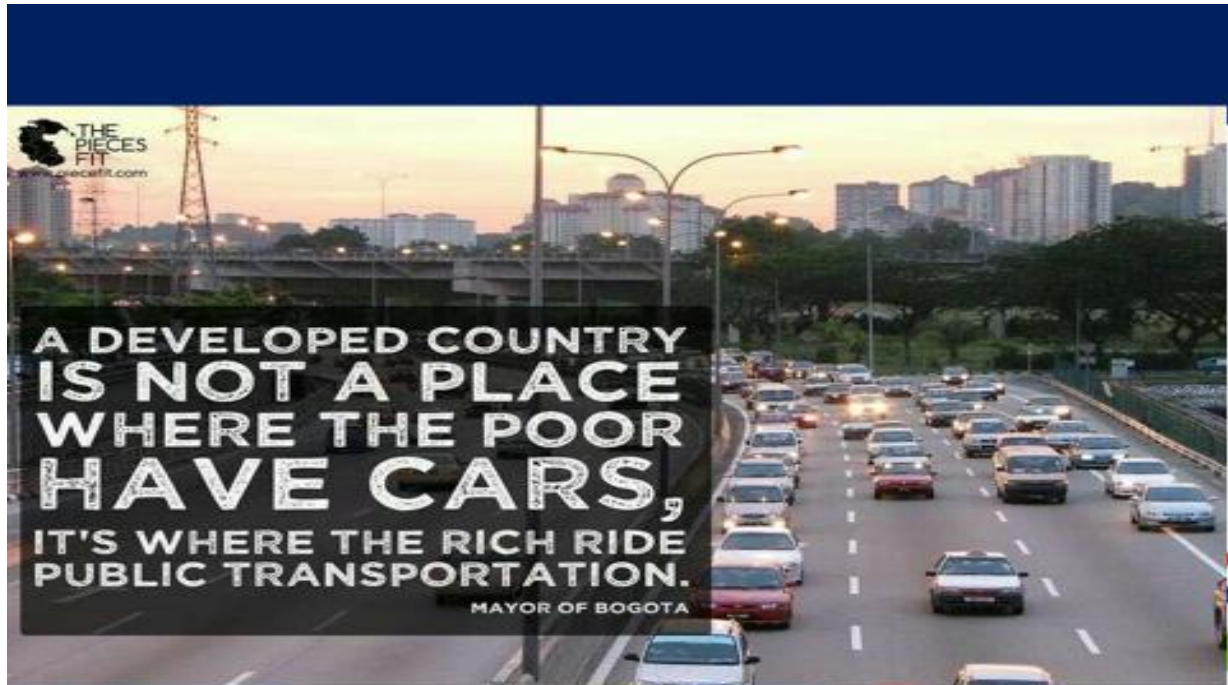
In the broader strategic context, the National Public Transport Strategy and the National Development Plan inform Metrobus Strategy

The main responsibility of Metrobus is to maximise the number of people that use the entity bus service. Increasing the use of public bus transport co-mobility is in fulfilment of the goal of the National Development Plan toward decreasing car usage and encouraging mass gravitation towards the use of co-mobility as a preferred mode of mobility, thus reducing the

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number of vehicles on the road.

Figure 1: Public transport perspective



Metrobus boasts a long history of providing public transport in the City of Johannesburg. It is the second largest municipal bus operator in South Africa and is currently operating 226 routes across the city. Recorded historical performance indicates that Metrobus has reached ridership levels of an average of 42 000-passenger trips per working day in the past. This number has decreased due to a number of internal challenges and external challenges including operational inefficiency, rising levels of unemployment as well as stagnation in the growth of the South African economy, as well as the impact of the COVID19 pandemic.

The City of Johannesburg is one of the greatest cities in the world, Metrobus is proud of the role the entity plays in keeping the City moving, working and growing, contributing to an enhanced quality of life for citizens. Our focus is to continue driving the economy whilst re-calibrating and transforming bus services to meet the needs of the contemporary commuter. We are supporting thousands of employees, scholars, pensioners and the public through competitive fares, thus contributing to a balanced use of household income.

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At the core of the entity's service delivery model is the non-negotiable outcome of meeting customer expectations and delivering on the promise of safe and reliable public bus transportation services. This constitutes a multifaceted business, which, due to the nature of the operational environment, faces continuous change and varying levels of complexity. Metrobus' service delivery model aims to achieve a balance between customer expectations and the cost of delivering attractive, value driven services. Good employee engagement and sound financial management play an equally important role in the effective delivery of services. Towards this end the implementation of deliverables of our Human Recourses and Revenue Generation strategies are key focus areas.

At the centre of our service are our existing scheduled service commuters as well as consumers of our non-scheduled bus service offering. The pace of change and new technology coupled with high customer expectations is forcing many organizations to re-imagine their customer service strategies. Metrobus is no exception. In an era where customer experience has become a defining factor for customers, organizations of all types struggle to find the unique balance between delivery of a service, the cost of delivery and customer expectations, at Metrobus we continue to strive for a workable balance in this regard in the context of our social mandate.

Metrobus understands that the commuter is at the core of our business. Our commuter define what we do and determine if we are successful at what we do every day. Our Marketing, Communications and Stakeholder strategy guides our approach in relation to our stakeholders.

2.5 Legislation and Policy Environment

The Constitution of the Republic of South Africa identifies the legislative responsibilities of different levels of Government with regard, inter alia, to roads and public transport. Transport is a function that is legislated and executed at all levels of government.

As a Municipal Entity providing services in public transportation, Metrobus functions within the ambit of a number of pieces of legislation and a policy context in line with the developmental and strategic objectives of the City of Johannesburg Municipality.

Key among the legislation alluded to above are the following:

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- The Constitution of the Republic of South Africa, 108 of 1996
- National Land Transport Act, 5 of 2009;
- Municipal Systems Act, 32 of 2000;
- Municipal Finance Management Act, 56 of 2003;
- Transport Appeal Tribunal Act, 39 of 1998;
- South African Transport Services Conditions and Service Act, 41 of 1998;
- Urban Transport Act, 1977, Act No 78 of 1977;and
- Administrative Adjudication of Road Traffic Offences Amendment Act, 4 of 2019,
- Consumer Protection Act, 68 of 2008.

In the current context, the overriding policy imperative for public transport is the development of sustainable Integrated Public Transport Networks. Cities such as the City of Johannesburg that receive Public Transport Network Grant (PTNG) funding are required by the conditions of the grant set out in the Division of Revenue Act (DoRA) to compile a financially and fiscally sustainable Integrated Public Transport Network (IPTN). This is an ambitious plan focused mainly on ensuring the seamless provision of transport services that facilitate the economic growth in cities and the per capita economic development of citizens of these cities. Metrobus is an integral player in the Integrated Public Transport Network that is envisaged for the City of Johannesburg.

2.6 Strategic Objectives

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

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

As an entity of the City of Joburg, Metrobus aligns its long-term strategic outlook with the Growth and Development Strategy of the City of Joburg (GDS 2040) and contribute 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

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underpinned by smart infrastructure supportive of a low carbon economy. In this regard efforts will pursue the outputs of improved eco-mobility, sustainable human-settlements and climate change resilience and environmental protection. Outcome three (3) w relates to an inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens. In this regard, efforts will pursue outputs in Job-intensive economic growth, increased competitiveness of the economy and a 'smart' city that is able to deliver quality services to citizens in an efficient and reliable manner.

Figure 2: Metrobus Alignment to GDS 2040



Furthermore, the entity is aligned to the City's strategic priorities and priority programmes and contributes directly to the highlighted priorities and programs below

Table 2: Alignment to City Strategic Priorities and Priority Programs

Strategic Priorities	Priority Programmes	
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

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		and corruption. All employees of the entity declare any interests on an annual basis. Probity processes are undertaken for all supply chain management processes.
Financial Sustainability	Improve and Strengthen the financial position of the City of Joburg Municipality.	This has embarked on the implementation of a revenue generation strategy aimed at generating alternative sources of own revenue in a bid to reduce the current levels of subsidy dependence.
Integrated Human Settlements	Impact the housing market including integrated development and maintenance of houses and hostels. Manage displaced communities and homelessness. Combat illegal land invasion and promote regulated land use. Formalisation of informal settlements and accelerated land use.	Metrobus is poised to contribute to integrated settlements through the provision of reliable public transport, facilitating living working and playing of the citizens of Johannesburg.
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

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		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 200.
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.
Economic Development	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

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		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.
Minimizing the impact of Covid 19	Implement a response to COVID19 that covers the dual role	The entity has developed plans to ensure that it fulfils its dual role of

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	of employer and provider of public services.	employer and provider of public transport services safely in the face of the current pandemic. Plans include the rotation of employees to ensure that minimum numbers are at the workplace at any given time to allow for the implementation of requisite protocols including social distancing. Facilities for the maintenance of hygiene practices is ensured. The loading capacity on buses is constantly being monitored, buses are continuously sanitized.
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Metrobus is an integral part of the City's Economic Growth Cluster, which plays a pivotal role in the promotion of economic development investment. Our role in ensuring sustainable mobility and equitable access are key economic enablers towards economic development and an inclusive and equitable society.

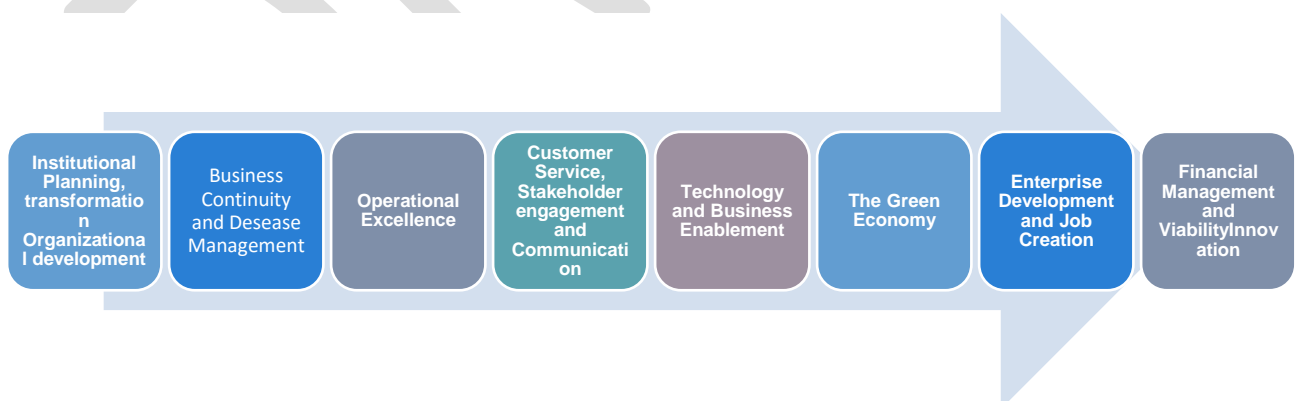
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Figure 3: The City's Economic Growth Cluster



To deliver the Vision and Mission, Metrobus developed eight Strategic Programmes from which strategic objectives are derived on a yearly basis. The strategic programmes are intended to achieve the outcomes of the entity's Vision 2025 strategic outlook.

Table 3: Metrobus Strategic Programmes



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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.

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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

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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 center 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 center 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 endeavor 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.

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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 favorably 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 endeavor will encompass both our physical (offices, depots and Ghandi Square) and mobile workspaces (Buses and other fleet)

2.7 Strategic Enablers

In addition, the entity continues to embark on a number of strategic enablers in various areas of operation including the following:

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2.7.1 Instil a Culture of Service

To create an appealing travel experience, Metrobus continues to embark on customer experience enhancing initiatives guided by, the needs of both current customers and potential customers, and how these needs continue to evolve. Metrobus recognizes that the success of a bus services is closely linked to quality of, and integration with other local services. For current customers, we continuously seek to minimize the disruptions from shortage of buses and drivers through, inter alia, improved scheduling of buses and consistent fleet availability to meet our peak requirements.

2.7.2 Enhance Financial Stewardship and Accountability

Increasing demands on public funds means that spending must be planned to maximize shared benefits across economic, social and environmental platforms. Public Transport is unlikely to ever operate without a subsidy. However, the entity seeks to decrease subsidy dependency levels through own revenue generation.

Fares will always be our most important source of revenue. We continue to pursue fare structure strategies and other options to increase revenue by increasing ridership, also helping meet our transportation mandate. New non-fare revenues will also be pursued to minimize subsidy requirements. Management will continue on the trajectory of implementing strict financial discipline, which ensures compliance with regulations, and implementation of requisite austerity measures.

2.7.3 Improve Efficiencies

Through innovation and rigorous process controls, we contain costs, improve our operational efficiencies, and cost effectiveness. We will consider the long-term benefits, make deliberate strategic choices and allocate resources based on a clear set of priorities.

Capital projects will be completed on time and on budget while meeting high standards for quality. Efficiency will also include rigorous prioritization to invest human resources where they will have greatest benefit, maximizing value for money, and helping sustain quality work over time.

By restructuring, streamlining and standardizing key processes and taking advantage of new technology, we can improve operational efficiencies while maintaining safety and reliability.

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We seek to explore alternative service delivery models, and new partnerships. Communications, marketing, and operations will be aligned to improve collaboration and drive efficiencies throughout the organization.

2.7.4 Investing in Analytics

Enhanced analytical and predictive capabilities will enable better asset management, more accurate ridership forecasting, and ensure that our recommendations for new projects are based on more robust business case development.

Work will be evaluated and prioritized based on business case analyses, which consider up-front costs, long-term economic and transportation benefits, and social and environmental impacts.

We will explore new fare structures, ways to attract more riders, modelling to better predict ridership, adjust schedules to accommodate customers, and complementary services to enhance our offering.

2.7.5 Earn and Maintain Public Trust

Metrobus must continue to earn the trust of all our stakeholders including customers and residents in areas impacted by our services. This involves delivering on our mandate and commitments on time, on budget and with quality. The public expects openness and transparency in order to earn their support for our work. Mutually beneficial and collaborative and mutually beneficial partnerships will be maintained through commuter platforms such the commuter forum which is currently functional.

To operate as a credible and effective entity, we will keep our stakeholders informed and involved, and we will engage in collaborative partnerships. We will make decisions in a timely and transparent manner, and meet our commitments. We will be open and transparent with communities on the benefits and inconveniences of our initiatives proactively engage in dialogue, and incorporate local input where possible. We will also explain how input was incorporated into decisions.

2.7.6 Enhance Internal Capacity

Attracting, retaining and cultivating talented employees is critical to successfully delivering our

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mandate. To ensure we have the right skills and approach, we will adopt best practices in organizational management, and invest in professional training and development.

Planning, communications, marketing, and operations will be aligned to improve service and project delivery. We will seek to build internal talent and expertise, and will invest in change management skills and processes to support the realignment of operations, and changes to our corporate culture. We will undertake succession planning in a way that helps preserve corporate memory through documentation, mentoring and skills transfer so that we provide continuity over time.

2.7.7 Anti-corruption and Fraud

In keeping with the culture instilled by Shareholder, Metrobus has declared fraud and corruption service delivery enemy as it hampers the potential of the entity. Our anti-corruption and anti-fraud campaigns include using Metrobus advertising space to as a platform for the City to communicate messages that discourage fraud and corruption.

On-going anti-fraud and anti- corruption workshops are being conducted, Internal Controls improvement is on-going with the objective of obtaining a clean Audit; On-going risk assessment is performed on a monthly basis.

2.8 Strategic Inflection Points

In order for our strategic intent to be achieved to the benefit of the citizens of Johannesburg, the entity maintains a specific focus on the following:

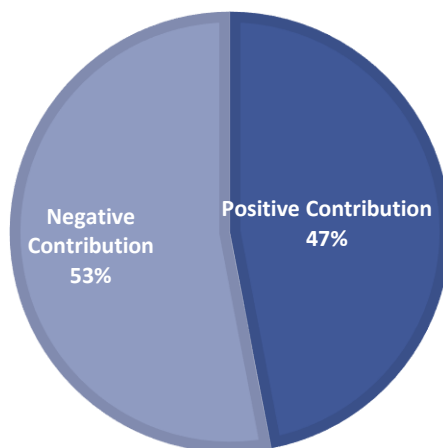
- Route Efficiency: Ability of routes to meet direct operating costs
- Rate of scheduled trips Completed
- Commuter Numbers
- Fare revenue performance

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2.8.1 Route Efficiency

The entity's scope of operation includes 363 routes. Currently, 226 routes are active and 137 are inactive. Only 47% of active routes meet direct operating costs whereas the residual routes do not meet operating costs.

Figure 4: Route efficiency



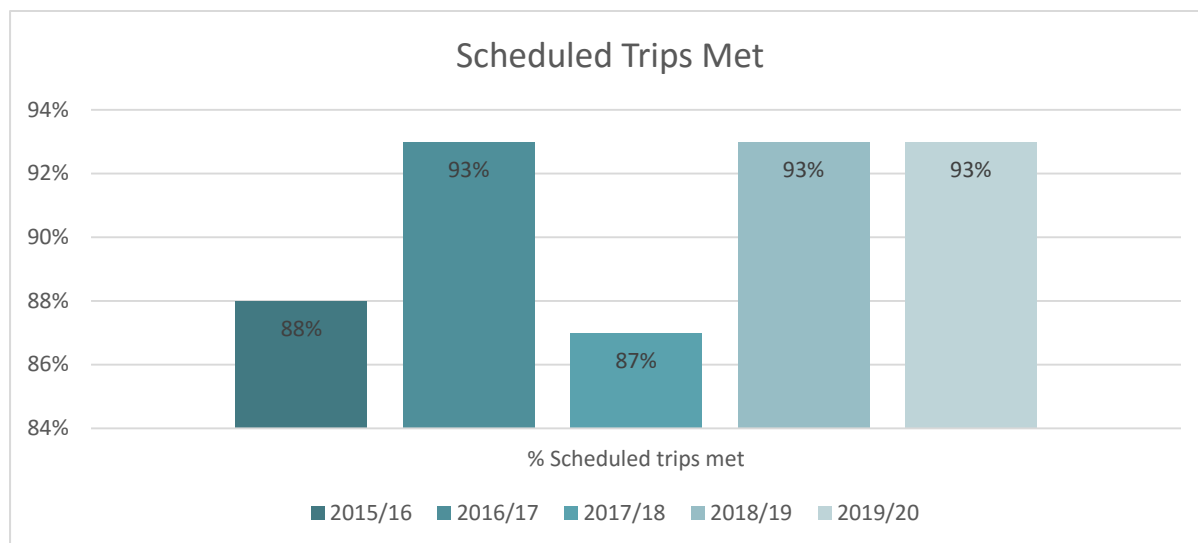
In order to contribute positively to the financial viability of the entity, in excess of 90% of routes must meet direct operating costs.

2.8.2 Scheduled Trips Completed

Successive commuter surveys have indicated that the reliability of our service remains a serious concern for our commuters. Accordingly, the rate at which we complete the trips scheduled is at the core of our operation. The entity has kept a reasonably good record of accomplishment in this regard. However, in order to keep this record despite the inadequacy of our fleet in terms of numbers, the entity has frequently resorted to “sweating” its fleet at a much higher rate than what is accepted as an within the norms of the industry. The downside of this practice is higher costs of repairs and maintenance as well as accelerated ageing of fleet.

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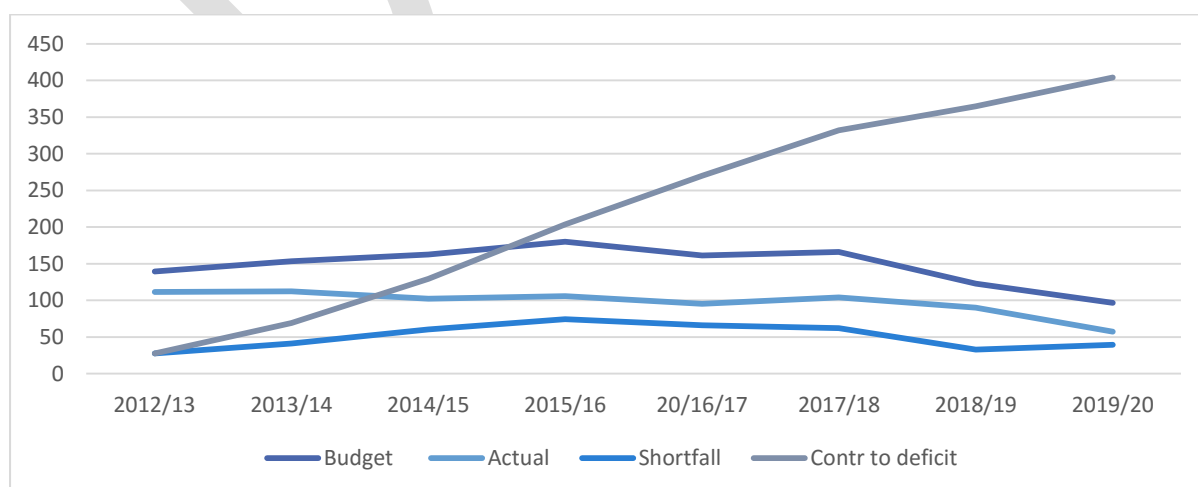
Figure 5: Route efficiency



2.8.3 Fare Revenue Performance

Central to financial viability and sustainability for the entity is the attainment of a proper balance between the level of subsidy and fare revenue. Historically, the entity has been excessively grant dependent. Albeit that due to its mandate, which excludes the profit motive, the entity, must improve the level of fare revenue collection and consistently meet its targets in this regard. The entity has not been successful in this regard. Digitization and the implementation of the Automated Fare Collection System will assist in turning the tide of negative fare collection rates.

Figure 6: Fare Revenue Performance



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2.8.4 Debt Restructuring

The debt restructuring initiative which commenced during the 2019/20 financial year will improve the financial position of the entity by approximately R800m in respect of reduced liabilities, finance charges and capital repayment of loans.

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3 STRATEGIC ANALYSIS

3.1 Overview

In the three financial years preceding the 2021/22 financial year, the focus of strategy in relation to financial sustainability at Metrobus has shifted towards a deliberate balance between sources of revenue in the external environment and sources of value within the Entity. Increasingly the resources and capabilities of the entity are regarded as the main source of competitive advantage and the primary basis for the formulation of revenue generation strategies.

This emphasis on what is termed the resource-based view of an organization represents a substantial shift in thinking about our strategy. Rather than pursuing a monolithic strategy, such as seeking attractive markets and favourable competitive positions, emphasis on internal resources and capabilities has encouraged us first to identify how we are different from other players in the public transport ecology and design strategies that exploit these differences. Accordingly, we recognize that in a world where customer preferences are in a constant state of flux and the identity of customers and the technologies for serving them are changing, a market-focused strategy may not provide the stability and consistency of direction needed to guide strategy over the long term. When the external environment is in a state of flux, the organization itself, in terms of its bundle of resources and capabilities, remains a much more stable basis on which to define its identity and long-term strategy.

Consequently, Metrobus has identified apex resources and strategy enablers that are non-negotiable to its success. These are the following:

- Business Continuity
- Resilient Institutional Capacity
- Labour Peace
- A funded re-fleeting strategy
- An Automated Fare Collection System as a significant constituent element in our Technology enablement
- Fee/km funding model based on a properly determined fee informed by market dynamics and other relevant information.
- Programmed Bus procurement and refurbishment

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- An appropriate energy mix
- A clearly defined role in the Integrated Public Transport Network

The 2021/22 business planning process is, inter alia, informed by the Metrobus Operating Environment which includes market and customer profile, the entity's role in the public transport plan of the City as well as its role in the current public transport eco-system.

The advent of the COVID-19 pandemic has presented a plethora of challenges that require a recalibration of our service offering; a more concerted effort at compliance with the Occupational Health and Safety legislation and COVID-19 related regulations; and preparation to deal with a heightened burden of disease. The pandemic has placed business continuity as a central theme of our strategy.

Among the interventions necessitated by COVID-19 is the need for the entity to enable its employees to Work from Home, this may continue into the next planning cycle due to the possibility of a second wave of COVID19. These challenges have brought into sharp focus matter related to technological enablement. In addition, the introduction of clinical measures into current access control protocols has necessitated the capacitation of a cohort of employees in clinical protocols which have never been part of access control protocols before. An important initiative during the 2021/22 financial year will be sustained change management initiatives aimed at entrenching new ways of working in relation to the pandemic.

A key strategic consideration for the entity is to ensure that a proper balance is maintained between performance management and opportunity management. While ensuring that we are in a position to solve today's challenges and thrive in the current operating conditions, we are cognisant of the need to prepare ourselves for future opportunities.

3.2 Market Overview

The entity operates in four business segments, namely:

- The provision of daily scheduled public transport
- The rendering of private hire transport services;
- The operation of scheduled commercial contracts; and

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- Special contracts for the Gauteng Province's Department of Transport in Eldorado Park.

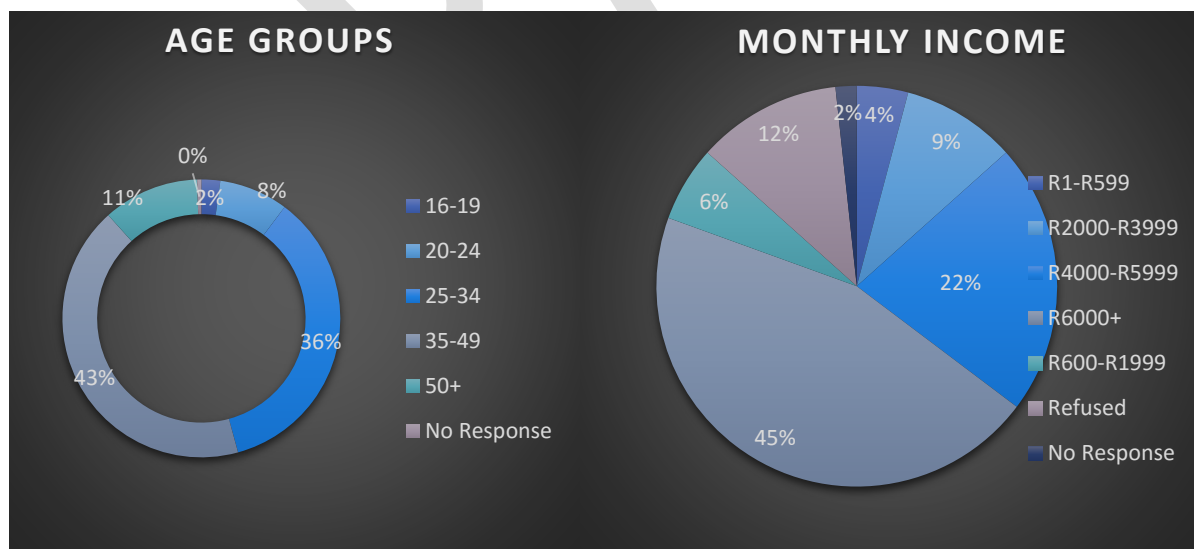
In addition to the above services, and as part of the company's social responsibility, the following services are offered at discounted rates:

- A dedicated service to persons with disabilities;
- Subsidised pensioner services;
- Scholar services; and
- Free transportation to the South African Police Services (SAPS), the Johannesburg Metro Police Department (JMPD) and the South African National Defence Force (SANDF) officers.

3.3 Metrobus Customer Profile

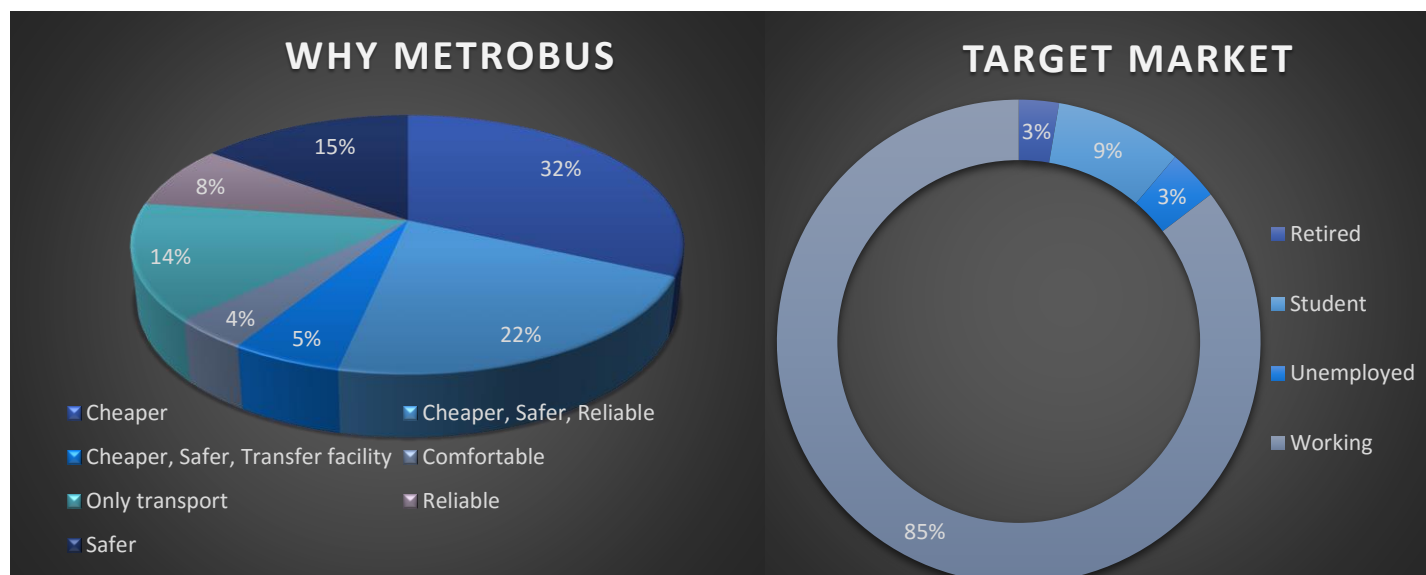
Metrobus periodically conducts a customer survey exploring demographic, behavioural and opinion variables among its commuters. This is pursued in order to ensure that bus service planning is aligned to the requirements, preferences and behavioural patterns customers. Below is the summary of Metrobus Customer Profile.

Figure 7: Metrobus Customer Profile (Source: Metrobus Customer Survey 2019-20)



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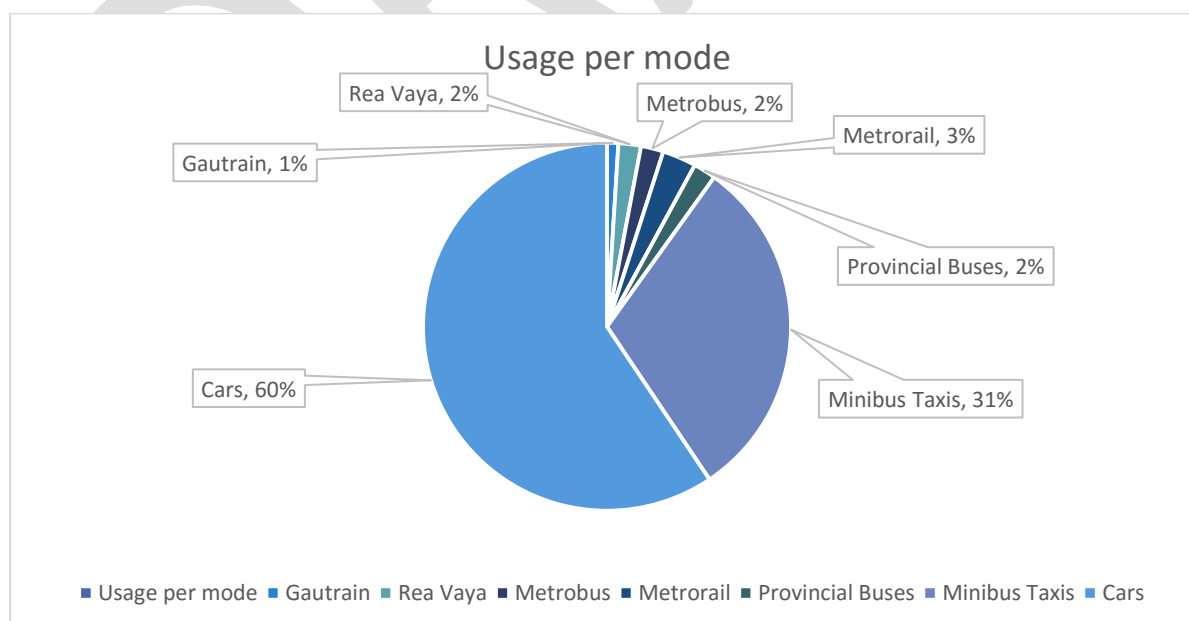
Figure 8: Metrobus Customer Profile (Source: Metrobus Customer Survey 2019/20)



3.4 The Public Transport Eco-System

The public transport eco-system in the City is characterised by a number of transport providers and is currently biased towards non-mass transport systems. A significant modal shift from non-mass to mass public transport is an imperative for sustainable public transport in the city.

Figure 9: Below illustrates usage per mode.



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A potential commuter in the City has a number of modes of travel from which to choose. Depending on the origin, distance, and the destination, options include private vehicle, mini bus taxis, BRT buses, privately owned buses and in some cases commuter rail. Each of these competitive modes has distinct advantages and disadvantages relative to traveling on a Metrobus.

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 services to new areas of captive car users in the South, Southeast, North and North-West of the City.

The Gauteng Household Travel Survey 19/20 indicates as illustrated in figure 10 below, the following Morning Peak period trips according to travel mode.

Figure 10: Morning peak-period trips according to travel mode

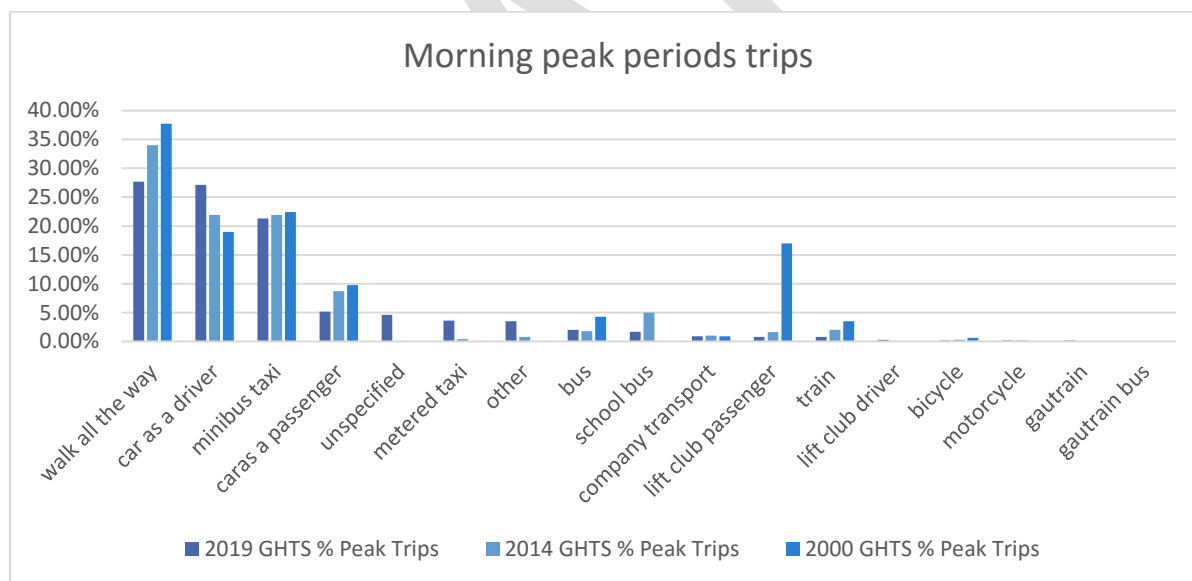


Table 4: Role of Metrobus within the Integrated Transport Plan

Modes	Role
Rail (Gautrain and PRASA)	Mass transit, high volumes, few stops at key nodes

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Rea Vaya BRT	Mass transit, high to medium volumes, dedicated lanes, more frequent stops than rail
Conventional bus (Metrobus and PUTCO)	Medium transit, medium volumes, mostly in mixed traffic but with some public transport priority, frequent stops
Mini bus taxi	Low volume or high volume on short distances, mostly in mixed traffic but with some public transport priority, frequent stops
Tuk tuks, metered taxis	Low volume, last mile, no dedicated routes.

As alluded to earlier, the Metrobus Vision 2025 has as its central theme the readiness of the entity to fulfil its role within the Integrated Public Transport Network (IPTN) of the City of Joburg. While the IPTN is intended to be implemented corridor by corridor over a significant period of time. A differentiated approach for different corridors will be implemented over different time periods. These approaches include:

- **Full IPTN:** All components/elements of an IPTN system implemented.
- **Optimisation:** Some IPTN components/elements including integrated corridor management implemented.
- **Stabilisation:** A few IPTN components/elements implemented.

The IPTN comprises an anchor network (12 Corridors) which is meant to serve as the backbone of the network. A secondary network supports the backbone of the network by providing secondary services. It is estimated that while the Anchor network would probably require 365 000 seats in the peak, the Secondary network would require circa 2 Million seats in the peak. Key milestones in the implementation of the IPTN include the development of a city wide Secondary Network (identification of key routes, best mode and key integration measure and financial implications), as well as the review of the Metrobus Operational Plan in line with the secondary network. These key actions are envisaged for the financial year 2021/22.

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Table 4 (a): Role of Metrobus in the Integrated Public Transport Network

Item NO	IPTN Corridor	Demand per hour	Corridor Length (KM)	Long Term Intervention (2040-)	Interim Solution (2019-2025)
1	Roodepoort to CBD	13 980	25	Rail	Metrobus (MB5)
2	Soweto to CBD via Chris Hani Road	19 589	28	Rail	Extend C2/Provincial subsidised services
3	Soweto to CBD via Soweto Highway	21 847	26	Rail	Continue to operate T1 & T2
4	CBD to Sandton	8 111	15	Rail	Provincial subsidised services/Gautrain new model/Rea Vaya 1C(a) via Louis Botha
5	Alexandra to Sandton	5 258	8	BRT	Rea Vaya Phase 1c (a)
6	Soweto to Roodepoort	5 269	22	BRT	Provincial subsidised services
7	Soweto to Randburg	5 269	27	BRT	Provincial subsidised services
8	Roodepoort to Randburg	4 350	15	BRT	Metrobus (MB4) Provincial subsidised services
9	Tembisa to Sandton	12 155	28	BRT	Rea Vaya Phase 1C extended to Tembisa in co-operation with Ekurhuleni
10	Kaya Sands to Randburg	5 971	20	Articulated Bus	Metrobus
11	Diepsloot to Fourways and Sandton	5 680	14	Articulated Bus	Metrobus
12	CBD to Sandton via Louis Botha Avenue	1 677	17	Articulated Bus	Rea Vaya Phase 1C (a)

Table 4 (b): Role for Metrobus in the IPTN amplified

Primary Corridor	Key Current Routes	Kind of Service
3. Soweto to CBD via Soweto Highway	Liedte & Vrede to CBD	Stabilisation

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Part of secondary Network	Eastgate to CBD	Stabilisation
10. Kaya Sands to Randburg	Kaya Sands to CBD	Stabilisation
1. Roodepoort to CBD	Roodepoort to CBD	Optimisation
8. Roodepoort to Randburg	Roodepoort to Sandton	Optimisation
11. Diepsloot to Fourways and Sandton	Diepsloot/Fourways to Sandton	Optimisation
12. CBD to Sandton via Louis Botha Avenue 9. Tembisa to Sandton	Midrand to CBD routes on Luis Botha	Services terminated when full IPTN (Rea Vaya introduced)

3.5 Service Delivery, Infrastructure Backlog, Past Performance and Future outlook

In keeping with its mandate, the entity considers annual passenger numbers as its litmus test for service delivery and strategic relevance. In this regard, consideration of historical trends in passenger numbers is important. Considering the last eight (8) financial years, the entity has recorded a significant decline in passenger numbers. This must be considered in light of recent research information indicating a significant demand for Metrobus services that is currently not being serviced by the entity. Service delivery backlog at Metrobus is considered to be reflected by the potential number of passengers who could be and, are willing to be serviced by Metrobus but are currently not being serviced due to, inter alia, non-reliability of Metrobus Services; and route network configuration out of sync with passenger demand. However, other socio-economic factors, including the trajectory of growth in the South African economy and unemployment rates, are significant contributory factors.

Currently, youth comprise the second largest commuter segment for Metrobus at 36%. However, it remains a concern that youth unemployment remains high, directly affecting commuter numbers for Metrobus. According to the South Africa Economic Update Report by the World Bank (edition 11: April 2018) the official unemployment rate fell from 27.7 percent in the third quarter of 2017 to 26.7 in the fourth quarter. However, this figure conceals a large exit in the labour force, with the participation rate dropping from 59.9 percent to 58.8 percent between the third and fourth quarters. In addition, the number of employed people declined over that period, with a staggering 21 000 people losing their jobs. Consequently, an additional 503 000 people were deemed economically inactive with 102 000 categorized as discouraged job seekers.

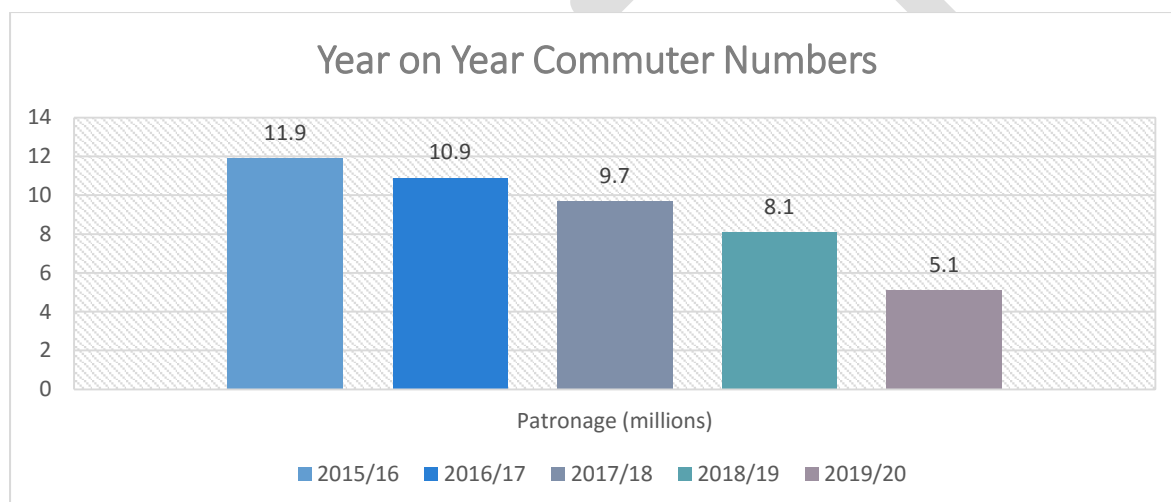
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The South African GDP declined 0.5% year-on-year in the fourth quarter of 2019, after expanding 0.1% in the previous period and compared with market expectations of a 0.1% drop. This was the steepest economic downturn since the fourth quarter of 2009. The impact of unprecedented power blackouts were reflected across sectors including transport.

While the unemployment rate was recorded at 26.55% in 2016, it increased to 27.33% in 2017. The following year saw a marginal decline to 26.96% which increased in 2019 to 27.32%.

The following analysis of the Metrobus Passenger numbers for the last five (5) years indicates a consistent downward trend in passengers ferried.

Figure 11: Metrobus Comparative Commuter Numbers

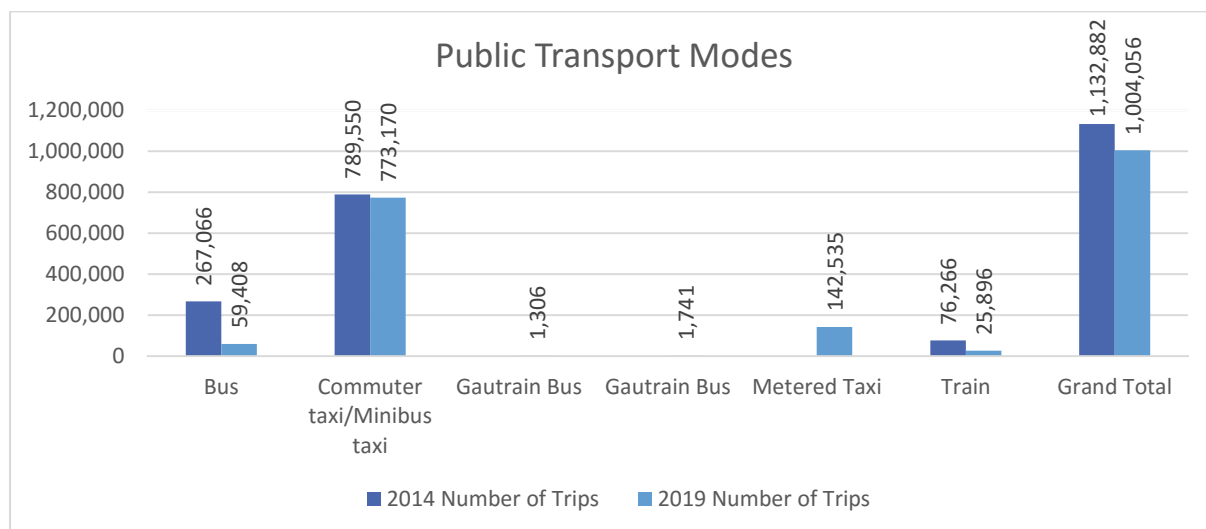


The Gauteng Household Travel Survey indicates a steady decline in the number of trips per public transport mode for the period 2014 to 2019 as illustrated in figure 12 below.

Figure 12: Number of public transport trips: 2014 and 2019 Comparative Analysis

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It is estimated that given information gleaned from a number of information sources including the General Household Survey, the Gauteng Household Travel Survey, and successive Commuter Satisfaction surveys conducted by the entity, Metrobus can, contingent upon the implementation of automated fare collection system, a fee per kilometre modes and programmed refueling, reclaim its passenger numbers.

Infrastructure refers to the basic systems that an organization needs in order to function properly. Infrastructure can include Mass-Transit systems including buses. A holistic comprehension of infrastructure spans not only public works facilities, but also the operating procedures, management practices and developmental policies that interact with societal demand to facilitate, inter alia, the transportation of people and goods. Pre the advent of COVID-19 Metrobus had a peak bus requirement of three hundred and sixty-one (361) fit for purpose buses to enable the entity to operate a reliable bus service and maintain appropriate ridership numbers. The implication of COVID-19 in this regard have been briefly outlined above.

Currently, due to a number of factors including an aged fleet, high frequency of breakdowns the entity is unable to meet the peak bus requirements and the lack of a programmed refueling procurement plan. This situation is exacerbated by the non-existence of intelligent transport systems. Consequently, the entity has a significant backlog in relation to infrastructure. Plans are currently afoot to remedy this situation through, inter alia, the procurement of buses in the next three years as well as the refurbishment of existing fleet.

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The procurement of the Automated Fare Collection System is underway and implementation is scheduled for the financial year 2021/22.

3.5.1.1 Internal and External Environment Analysis

The operations of Metrobus are influenced by a range of factors playing out in the City and across the country. These factors present both opportunities and risks. Our success depends on our ability to recognize these factors, and to develop agile and forward-thinking strategies in tandem with a changing environment. Following periodic scanning of our internal and external environment, consultation with employees, commuters and other industry players, a number of factors were identified which represent a consolidated analysis of our internal and external environment.

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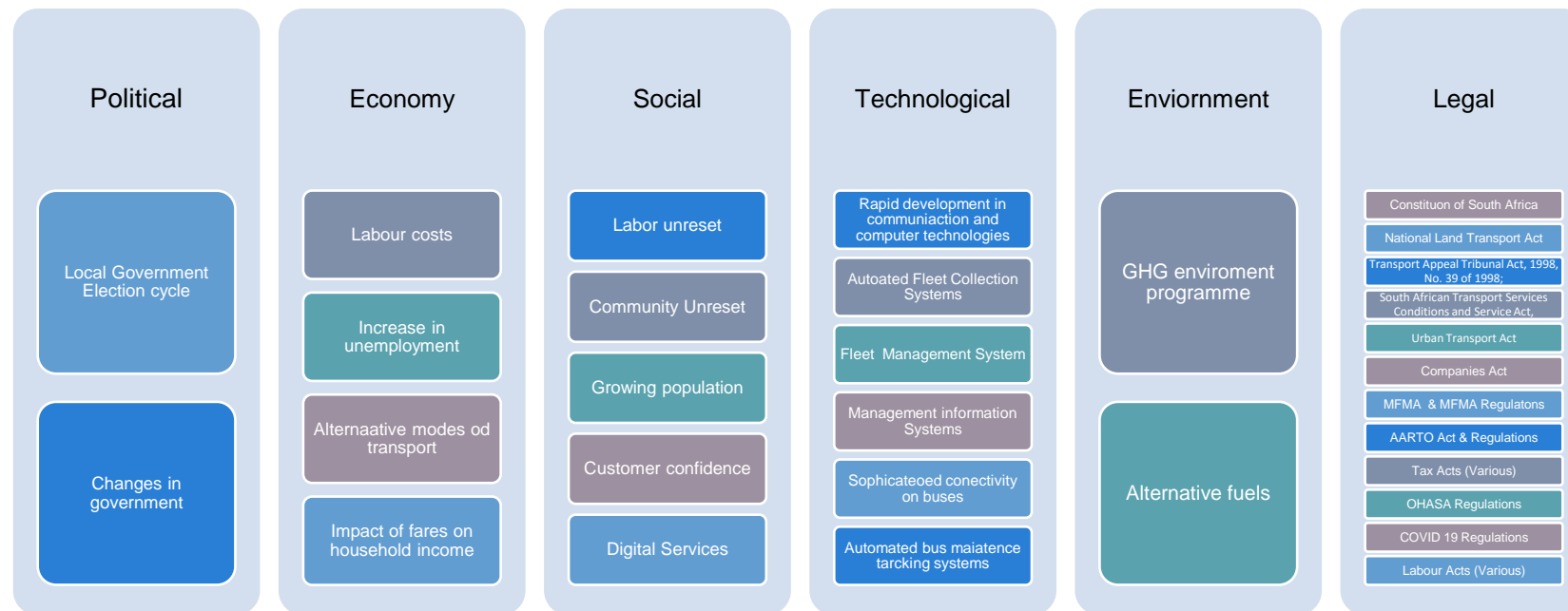
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3.5.2 PESTEL analysis

PESTEL (Political, Economic, Social, Technological, Environmental and Legal) analysis refers to an analysis of the macro (external) forces facing an organisation. The figure below refers to the issues that Metrobus faces

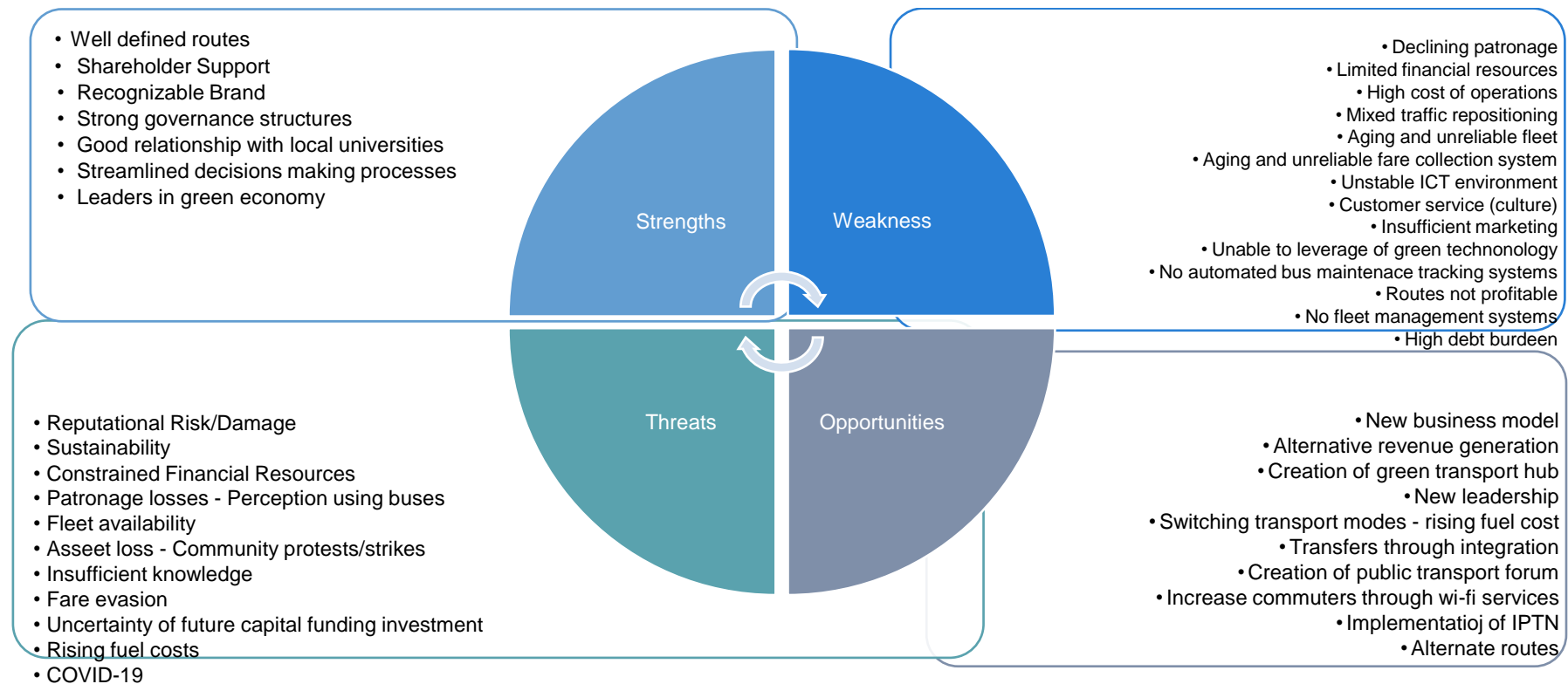
Figure 13: PESTEL Analysis



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3.5.3 SWOT Analysis

Figure 14: SWOT Analysis



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The General Household Travel survey, as illustrated in figure 15 below, reveals some reason for the non-usage of buses as a preferred mode of transport. This information is central in planning the entity's activities and levels of service. In addition, a number of trends and developments inform our planning. Chief among these are the following:

3.5.3.1 Population Growth and Demand for Travel Choices

Transportation remains one of the critical issues in the City of Johannesburg. Demand for frequent, accessible, well integrated transportation options continues to grow, and the projected growth of population in the City will increase total demand for all forms of transportation. Investment is needed, but must be planned carefully to maximize benefits.

The population of the City of Johannesburg is estimated at 5.4 million by 2021 from 4.9 million in 2016. This estimate shows that the City of Johannesburg is growing rapidly. The total number of households has also doubled since 1996, from 959 000 to 1.65million. The population is expected to grow by nine (9) percent over the next five-year period. The major driver of population growth is migration. The City attracts 3 027 migrants per month.

Rising population and increasing economic activity has to be matched by increasing levels of transportation facilities to meet various requirements and needs of diverse segments of the population. Metrobus, through its long-term planning will make sure that the service offering is always on par with the public transport demand in the City of Johannesburg.

3.5.3.2 Cost of Living

Transportation costs are a significant contribution to the Cost of living. It is a factor that influences people's choice on the location where they choose to live and work. Longer commutes are often accepted in order to afford a home purchase. New rapid transit can increase the attractiveness of an area but may cause rental prices in adjacent neighbourhoods to rise. Metrobus and other partners in the City must consider how to mitigate these risks, and design both infrastructure and transport services in a way that enhances equity and access for all. The IPTN secondary Network is poised to mitigate some of these challenges.

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According to the GHTS 19/20 the proportion of household income spent on public transport has increased. Nearly 60% of households spent more than 10% of their income on public transport in 2019, up from 55% in 2014.

3.5.3.3 Environment and Climate Change

Transportation is the largest source of greenhouse gas emissions. Metrobus' contribution to the reduction of carbon emissions is by making the fleet and facilities more energy-efficient, and providing transportation choices that are less energy intensive.

3.5.3.4 Economic Growth and Competitiveness

Cities across the world are in intense competition to attract economic investment and to be cities of choice for a talented and "creative class" workforce. A flexible, efficient, and reliable transportation system is essential to demonstrate that CoJ will enable businesses to be successful, thereby enabling the City to be competitive.

3.5.3.5 Innovations in Technology and Services

New technology-enabled solutions and online social media platforms are emerging which may rapidly change the nature of travel and transportation demand. Real-time information, car sharing, ridesharing, and Uber Technologies are some examples of these innovations. Strategic planning and on-going research on innovation can work to leverage these opportunities to forward the region's transportation goals.

3.5.3.6 Social Responsibility and Community Impact

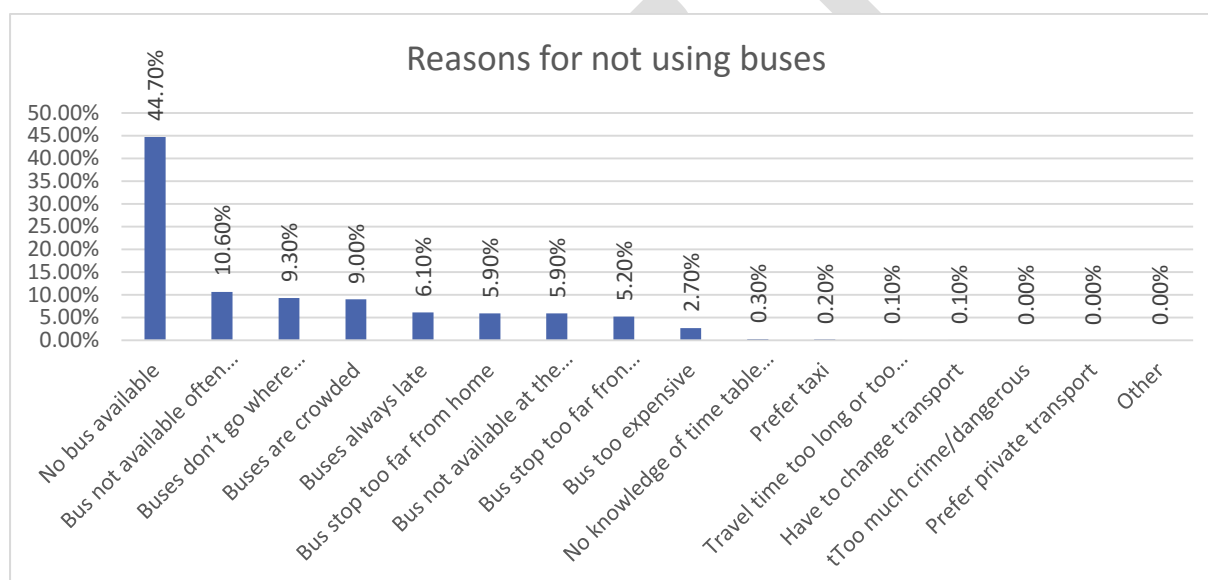
The public transportation industry is facing challenging times. The rising demand for more connected, higher frequency, more appealing travel experiences is placed against a backdrop of concerns over public spending, demand for greater accountability, and increased scrutiny by stakeholders. Spending to improve transportation must be transparent and publicly accountable, and must consider the future operating and maintenance costs. To reconcile the broad range of interests, we must proactively engage stakeholders to build and sustain a consensus-based transportation vision while enhancing economic and social value for communities.

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3.5.3.7 Creating Connections

Most people do not consider the municipal boundaries between where they work, live, and play, and yet these boundaries heavily influence our current transit network. A fully connected transportation system is essential to meeting our needs. We will continue to facilitate collaboration among stakeholders, working to harmonize divergent views and interests. We will pursue technology-based opportunities to further enhance integration. In this way, we create connections across political boundaries and across different modes of transit. We will also build transit in alignment with population growth and provincial planning goals.

Figure 15: Reasons for not used (buses)



3.5.4 Trends in the use of Public Transport and Estimates of Future Demand

The fact that private car and minibus tax modes dominate travel at peak remains a matter of concern. The principal reason why residents are not using higher capacity public transport modes is that these modes are not readily accessible. What is equally worrying is that the average travel time for daily commuting has increased markedly in the last few years, which obviously has implications for economic productivity and personal and family time.

According to the GHTS 19/20, bus users were generally more satisfied (satisfied/very satisfied) (63%) than dissatisfied (dissatisfied/very dissatisfied) (22%) with the available bus services. However, the main attributes of bus services with which users were dissatisfied were the following:

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- Levels of crowding on the bus
- Service frequency during peak and off-peak times
- Facilities at bus stops and ranks

Figure 16: Our Future



Our future must be characterised by, inter alia, the reduction of congestion of our roads and the lessening of the transport cost burden on households. Metrobus is committed to the achievement of these apex National Development objectives. Our improvement of the transport offering will contribute directly to road infrastructure protection, reduction of carbon emission and increasing the productivity and work-life balance for citizens. The GHTS 19/20 confirms that average commuting times have increased over the past 20 years. On a typical working day travel time increased by 17% from 46 minutes in 2014 to 57 minutes in 2019/20. Overall, average travel time over the past 18 years has almost doubled. Travel times are particularly high for public transport trips and have deteriorated markedly for buses.

Over 5000 cars can be removed daily on our roads using 75 buses. An efficiently operated bus services will also contribute to the households paying less on transport costs through economies of scale.

3.6 RISK ASSESSMENT

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

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The company performs Strategic risk assessment annually based on the annual business plan. Preventative and mitigation interventions are monitored and reported on quarterly. The Strategic risk register is reviewed quarterly.

The 2020/21 financial year risk assessment is based mainly on the Key Performance Indicators that outline the scope of the entity's business objectives. In addition, the operations core functions; management's periodic reports; business continuity in the face of COVID-19; Auditor-General reports and Internal Audit reports; as well as risks related to the preparation of the entity to play a meaningful role in the Integrated Public Transport Network of the City, all contributed to the development of our strategic risk universe.

The entity's operating environment is scanned on a continuous basis. New and emerging risks are included in the risk register as when they are identified.

4 STRATEGIC RESPONSE

To deliver on its mandate, Metrobus is committed to transformational servant leadership; efficient stewardship of resources; and alignment to the shareholder strategic intent. We are continuously reviewing institutional arrangements and resourcing ourselves to ensure that we can deliver on our commitments, while appropriately engaging impacted communities. We are developing and refining business processes to make the entity more efficient, enabling us to do more with less. Metrobus strategy explores the current situation highlighted in the environmental analysis, the entity's contribution to the NDP, the GDS and Economic Growth Cluster as well as addressing the entity's current operating environment.

Metrobus strategic response advocates that the entity must move from short term, cost orientated perspective to value creation and sustained delivery of stakeholder and customer expectations, that is, "Shift from Conformance to Performance". This requires a move from focusing on governance compliance to ongoing measurement of performance utilising live data and ICT as an enabler. A move towards agreed longer term measures of continuous increase in stakeholder value through measuring performance from goal, objective, strategy, project to activity level and finally a move from focusing on organisational structure to operating model with a clear understanding of the organisational value chain including customer needs, inputs, activities, outputs and meeting customer expectations.

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Figure 17: Metrobus Transformation Model

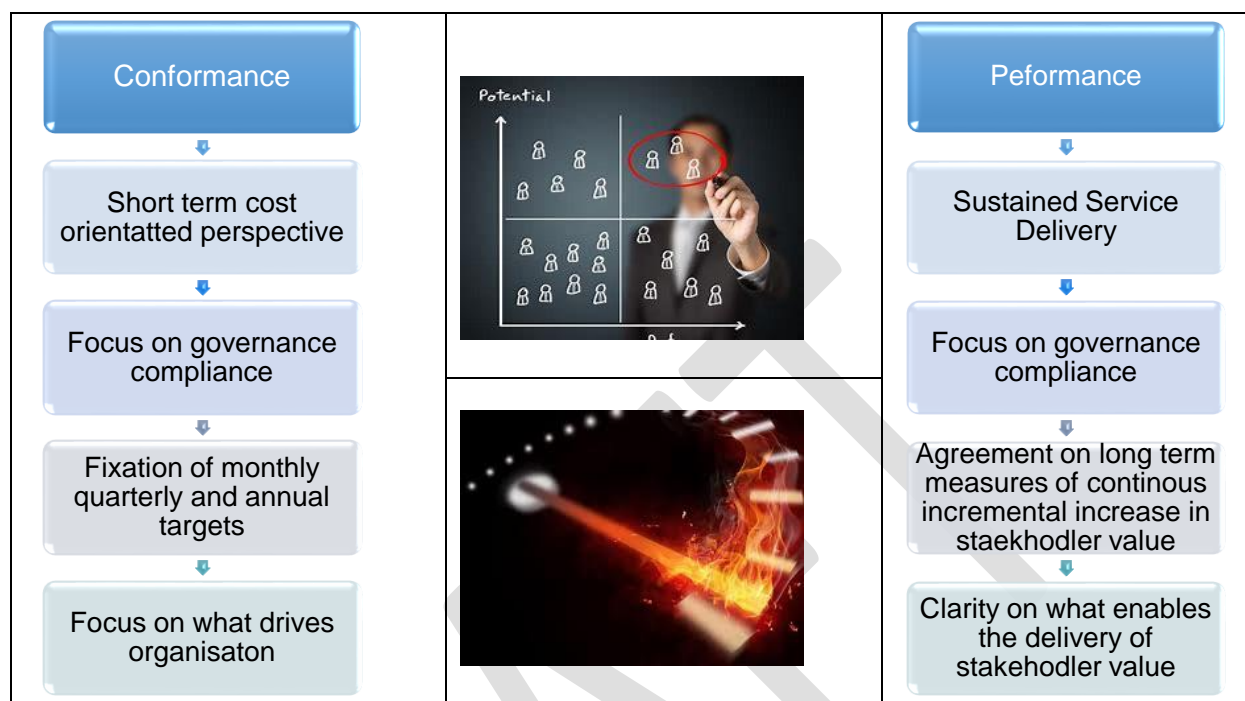


Table 5: Metrobus Efficiency Model

Improving Operational Efficiencies	
Current State	Future State
Business Model	
Subsidy Based	Fee Per Kilometre
Performance Management	Performance And Opportunity Management
Fleet Capacity	
Haphazard re-fleeting	Programmed re-fleeting through funded refueling strategy
Inefficient trip operation costs	Mandate and demand driven trip optimisation
Low route efficiency	High route efficiency
Low Seat Utilization, unmet demand	High seat utilization
Under-utilisation of CNG (Compressed Natural Gas)	High conversion rate between CNG and diesel
Intelligent Transport Systems	

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Improving Operational Efficiencies	
Non-Digitized Mobility	Digital enablement: Mobility-as-a-Service
Human Capital	
Unfunded workforce plan, volatile employee relations	Rationalization of work processes, reskilling, proper costing of organizational structures and stabilization of employee relations

4.1 Key performance areas

The business of Metrobus is premised on eight (8) key performance areas as follows:

- Customer Service, Stakeholder engagement and Communication
- Innovation and Green Economy
- Enterprise Development and Job Creation
- Financial Management, Viability and Sustainability
- Operational Excellence
- Technology, and Business Enablement
- Institutional Planning, Transformation and Organizational Development
- Business Continuity and Disease Management

4.2 Past Performance

Metrobus maintains a performance management system based on the periodic assessment of the following important operational indicators.

Table 6: Past Performance

Details	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Main bus routes	229	229	229	229
Driver shifts	410	410	410	410
Passenger trips	42 703	38 245	33 237	20 665
Annual kilometres operated	11 545 560	10 573 232	9 178 031	6 847 685
Fleet strength	420	420	430	428
Fleet utilization	67%	67%	76%	75%

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Details	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20
Fleet availability	283	283	293	270
Average out of service buses	137	137	136	187
Proportion of scheduled trips cancelled	7%	13%	5%	7%
Average bus occupancy/seat utilization	75%	80%	80%	60%
Performance on pre-determined objectives	65%	67%	73%	71%

4.3 National Treasury MFMA Circular No. 88

National Treasury initiated a process to review, rationalise and streamline the reporting arrangements of metropolitan municipalities at the end of 2013.

As part of the National Treasury process, the Cities Support Programme (CSP) collated the reporting requirements for all metropolitan municipalities and identified 2 572 indicators, requiring 18 467 data elements to be reported upon annually. These indicators are catalogued and analysed according to their location on the results-chain, consistent with the provisions of the Framework for Managing Programme Performance Information (FMPPi) (National Treasury, 2007). This analysis confirmed that the current distribution of indicators is concentrated at the lower end of the results-chain, without sufficient attention and consideration given to higher-level indicators, particularly those at output and outcome level where there is a key logical linkage required to ensure the realisation of government policy and strategic intentions.

The process of indicator consultation has led to the evolution of a tier classification system in terms of readiness for tracking indicators. To indicate whether the indicator is well defined, with a set of methodologies and pre-existing datasets available to begin reporting on these indicators, a tier classification has been introduced. Based on this tier classification system it is determined whether an indicator is ready for implementation as a requirement of planning and reporting. In agreement with stakeholders, all Tier 1 and Tier 2 indicators have been identified for introduction by metropolitan municipalities in the 2018/19 planning and reporting cycle. All Tier 3 and Tier 4 indicators require further work and development prior to

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introduction, but the intention is to progress them up the tiers over time. Metropolitan municipalities able to report on these indicators (or some variation of them) are encouraged to begin doing so even before they become prescribed.

A number of key performance indicators have been determined in terms of Circular 88 tiers 1 and 2. Hereunder an indication of the alignment of Metrobus predetermined objects and alignment to Circular 88.

Table 7: Circular 88

Circular 88 KPI	Alignment With Metrobus Objectives
Percentage share of monthly household income spent on public transport for households using public transport.	While Metrobus contributes to this outcome through its fare structure including discounts, assessment of the effect is outside of the scope of operations of the entity.
Percentage of public transport users indicating that they believe public transport to be safe and reliable.	Metrobus currently measures and reports on this element via a customer satisfaction survey, which is part of the predetermined objectives.
Percentage of persons with disability where access to public transport is difficult	While Metrobus measures the number of commuters ferried, An element indicating the number of persons with disability will be included for measurement.
Percentage of fatal crashes attributable to road and environmental factors	Metrobus currently measures and reports on this element as relates to road factors and not environmental factors.
Road Traffic fatalities per 100 000	Metrobus currently measures and reports on fatalities emanating from our operations.
Average number of fatalities per fatal crash	Metrobus currently measures and reports on fatalities emanating from our operations.

Metrobus Circular 88 indicators are attached hereto as annexure B.

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4.4 Key Performance Indicator Definition

Table 8: Key Performance Indicator Definition

NO	KPI	KPI DEFINITION
1	% Planned trips completed	Operation of pre-determined number of trips
2	Average number of Metrobus passenger trips per working day	Average number of Metrobus passenger trips per working day
3	Blameworthy Accident Rate per 100 000 bus kilometers operated	Rate of accidents attributable to culpability on the part of a Metrobus operator calculated per 100 000 bus kilometres operated
4	Service Disruption Communicated	Changes to normal bus service operation communicated to commuters
5	% of complaints resolved within the timelines specified in the customer service charter	Passenger complaints addressed within specified timelines as per Customer Service Charter
6	% Customer Satisfaction Index	Levels of satisfaction of Metrobus passengers with the entity's bus service provided through the means of a survey
7	% Service standards achieved	Improved service quality through service standards
8	% Carbon Emissions	% of Green House Gas emissions resulting from Metrobus operations
9	Total number of SMMEs supported	Number of SMMEs from whom services and / or products are procured through operational and capital expenditure.
10	% of total expenditure spent on BBBEE	Amount of total procurement expenditure spent on BBBEE enterprises, indicated as a percentage of total procurement
11	Total number of EPWP jobs created	Number of work opportunities created through the Extended Public Works Program.
12	% spent against approved operating expenditure budget	Amount of operating budget spent expressed as a percentage of total budget (quarterly or annually)

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13	% spent against approved Capital expenditure budget	Amount of capital expenditure budget spent expressed as a percentage of total capital expenditure budget (quarterly or annually)
14	% spent against approved repairs and maintenance budget	Amount spent on repairs and maintenance expressed as a percentage of the annual/quarterly repairs and maintenance budget.
15	% of AGSA Audit findings resolved	Resolution of Auditor General South Africa findings resolved in line with the Audit Findings Resolution Plan
16	% of fleet requirement to operate scheduled services	The availability of fit for purpose buses in line with fleet requirements as determined on a quarterly and annual basis
17	% Mitigation actions in the risk registers implemented or up to date	Risk mitigation plans implemented in line with both the operational and strategic risk registers.
18	% of pre-determined objectives achieved	Aggregate level of performance in relation to all key performance indicators.
19	% implementation of Business Continuity Plan (BCP)	Implementation of the approved Business Continuity Plan
20	% implementation of ICT Maturation	Implementation of the four-phase ICT Maturation process.
21	% Employee Satisfaction Index	Employee satisfaction obtained through an independent employee Satisfaction Survey

4.5 Service Standards Charter

An integral part of the City of Johannesburg's Integrated Development Plan is a Service Standards charter which outlines core services rendered to the residents of the city directly by the municipality and through its municipal entities. The charter clearly outlines the requisite service level standard for every core service.

In keeping with the Service Standards Charter, the following are core services rendered by Metrobus and the requisite service level standard:

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Table 9: Service Standards

Core Service	Service Standard Target
% of scheduled public bus trip arriving on time	90%
Bus timetable	90-95% adherence to daily bus schedule (<5 min headway)
Safety of passengers	100% compliance to health and safety legislation 1) Zero security incidents on buses 2) Zero fatalities
	Enforcing of bus seating-standing in line with applicable regulations
Response time for walk in enquiries	All walk in queries acknowledged within 1 hour

4.6 Key Projects and Programs

Table 10: Key Projects and Programs

Project/Program	Mayoral Priority	Impact
Automated Fare Collections (AFC) system and Intelligent Transport Systems	Smart City	Implementation of the AFC includes a number of intelligent transport system components, such as bus tracking.
Bus Refurbishment	Sustainable Service Delivery and Economic Growth	Injection of an additional 5-8 years useful life to buses.
Bus Procurement	Sustainable Service Delivery and Economic Growth	Programmed bus procurement based on a funded refueling strategy.
DDF Optimisation Program	Sustainable Service Delivery and Economic Growth	An increase in the substitution rate from diesel

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Project/Program	Mayoral Priority	Impact
		to Compressed Natural Gas will significantly decrease expenditure on fuel.
Bus Leasing	Sustainable Service Delivery and Economic Growth	Bus leasing, as an alternative method of procuring fleet will ensure a significant improvement in fleet capacity.
Remodelling and Professionalization of Inspectorate (Route Audit)	Sustainable Service Delivery and Economic Growth	Increase of en-route surveillance of operations will have a positive effect on fare revenue collection.
Migration to SAP	Smart City	An integrated ERP system for the Entity
Relocation of the Head Office	Smart City	Compliance with the Occupational Health and safety Act

5 FINANCIAL MANAGEMENT



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5.1 Overview

The Integrated Development Plan of the City of Johannesburg positions the enhancement of financial sustainability as pivotal to the achievement of its developmental agenda. Metrobus seeks to contribute to this important strategic enabler by, inter alia, ensuring responsible and accountable stewardship of its finances as well as implementing austerity measures wherever possible. The apex contribution of Metrobus to the City's financial health is increasing the level of own revenue vis-à-vis subsidy received from the City of Joburg.

5.2 Budget and Sources of funding

The approved budget to fund the 2021/22 business plan is as follows:

Table 11: Metrobus Source of Funding

Expenditure Type	Budget (R 000's)	Funding Source		
		Shareholder Loan	Subsidy	Own Revenue / Reserves
		(R 000's)	(R 000's)	(R 000's)
Operating	791 395	-	702 270	89 125
Capital	244 500	244 500		
Total	1 035 895	244 500	702 270	89 125

5.3 Metrobus Historical Financial Performance

The table below reflects the financial performance of Metrobus since 2015.

Table 12: Historical Financial Performance

Financial Performance	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30 Jun 16	30-Jun-15
	(R 000's)	(R 000's)	(R 000's)	(R 000's)	(R 000's)	(000's)
Revenue: Exchange Trans	68 943	97 114	109 849	111 946	113 352	118 765
Rendering of services	62 941	89 844	104 146	101 061	105 879	102 365
Miscellaneous other revenue		-	-	-	-	-

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Financial Performance	30-Jun-20 (R 000's)	30-Jun-19 (R 000's)	30-Jun-18 (R 000's)	30-Jun-17 (R 000's)	30 Jun 16 (R 000's)	30-Jun-15 (000's)
Actuarial gain (loss)	1 073	-209	2 205	1 687	2 409	12 234
Other income	3 173	5 516	1 567	7 083	3 183	2 549
Interest received - investments	1 756	1 963	1 930	2 115	1 881	1 616
Revenue: Non-Exch. Trans	636 533	546 483	504 438	521 742	432 693	400 637
Government grants and subsidies	636 533	545 463	504 212	506 354	432 693	400 637
Other income	-	1 020	226	5 388	-	-
GPG DoT Grant	-	-	-	10 000	-	-
Total revenue	705 476	643 598	614 287	633 688	546 045	519 402
Expenditure	672 701	670 479	663 371	650 761	575 505	594 359
Employee Cost	298 208	295 562	293 135	299 390	282 554	271 111
Depreciation & Amortisation	61 883	52 235	51 206	64 924	51 374	38 819
Impairment on Assets & Inventory	6 774	7 584	24 586	3 449	1 460	1 878
Finance costs	55 973	60 900	64 718	68 888	36 567	17 871
Rentals & Operating Leases	8 891	7 772	7 383	13 551	17 020	30 507
Debt Impairment	204	334	164	943	226	-
Repairs & Maintenance	81 052	82 870	52 476	48 609	52 682	70 932
Fuel (Buses)	58 235	76 631	74 058	72 605	60 612	75 746
Insurance	14 173	20 736	16 672	5 364	5 328	3 066
General Expenses	87 308	65 855	78 973	73 038	67 681	84 428
Operating deficit	32 775	-26 881	-49 085	-17 073	-29 459	-74 956
Disposal of assets	9 262	663	9 136	2 249	3 517	5 955
Deficit for the year	23 513	-27 545	-58 221	-19 321	-32 976	-80 911

5.3.1 Revenue Performance

Fare revenue and subsidy remain the core sources of funding for Metrobus. Other sources of funding includes interest income, actuarial gains and other non-fare income.

Table 13: Fares vs Subsidy

Revenue/ Total Revenue	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Fare Revenue	10%	14%	17%	16%	19%	20%

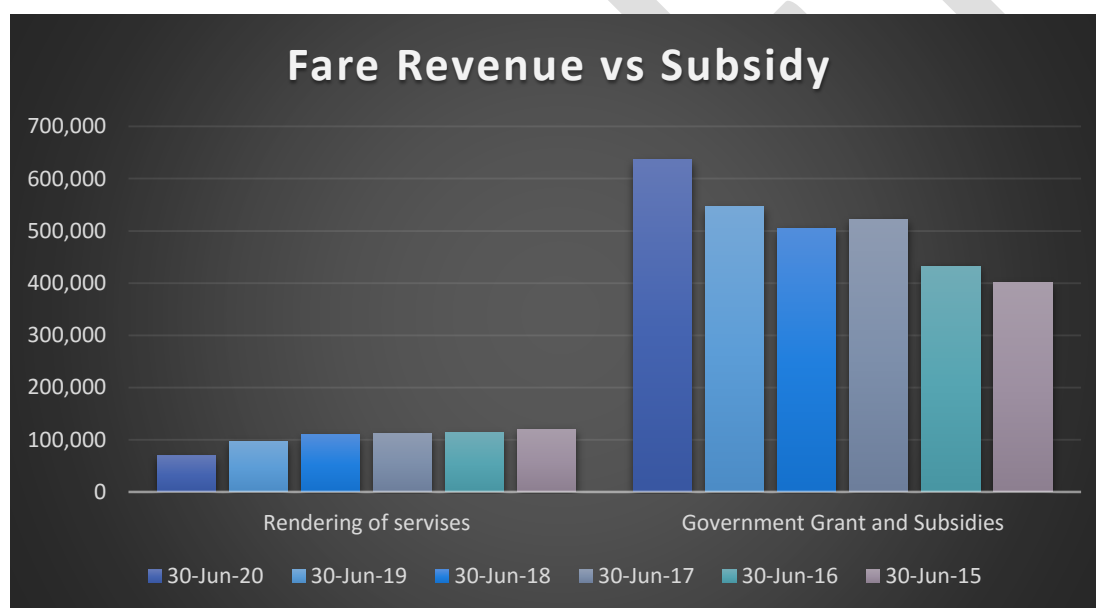
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Revenue/ Total Revenue	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Subsidy	90%	85%	82%	82%	79%	77%
Fare Revenue/ Subsidy	11%	16%	21%	19%	24%	26%

As reflected above, the entity is largely dependent on the provision of a subsidy from its shareholder. While as a public bus operator it is generally not expected that Metrobus' own revenue will be equal to its total expenditures, the current downward trend in own revenue is a matter of concern. The withdrawal of the subsidy will result in the entity being unable to continue its operations.

Figure 18: Subsidy vs Own Revenue since 2015



As reflected above, fare revenue has seen a significant decline since 2015. This can be attributed to a number of factors. Some of these are systemic and others which are once-off shocks (non-systemic) to the system.

Systemic matters which has resulted in the decline in revenue are as follows:

- Declining economic conditions which has resulted in increased unemployment and less people travelling.

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- Underperformance in terms of private hires and contracted services due to the lack of buses as well as the potential uncompetitive fee;
- Significant decline in patronage from 8,1 million to 5,1 million passengers due to the high number of cancelled trips;
- Lack of an automated fare management systems which does not allow Metrobus to accurately measure its revenue;
- Lack of an effective revenue protection service, which has increased the number of fare evaders within the system;
- Cancellation of scheduled trips due to a high number of out of commission buses; and
- High number of out of commission buses due to the age.

The once-off or non-systemic matters are those matters that are specific to the last financial year. These relate to the labour strike in the first quarter of the 2019/20 financial year and the impact of the COVID-19 pandemic. A key driver in fare revenue is the number of passengers and number of trips. With the lockdown and the economic impact of COVID-19 has resulted in a much lower demand for the services of Metrobus. For example, a key customer segment in Metrobus is the learners. This segment represents over 30% of our revenue. With the shut down and late reopening of schools the impact of COVID-19 can be clearly seen. Also, the impact of social distancing rules within public transport has seen a shift in commuters using personal transport as opposed to public transport.

5.3.2 Expenditure Performance

Table 14: Expenditure Analysis

Expenditure/ Tot. Expenditure	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Employee Related Cost	44%	44%	44%	46%	49%	45%
Depreciation & Amortisation	9%	8%	8%	10%	9%	6%
Impairment of assets and inventory	1%	1%	4%	1%	0%	0%
Finance costs	8%	9%	10%	11%	6%	3%
Rentals & Operating Leases	1%	1%	1%	2%	3%	5%

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Table 14: Expenditure Analysis

Expenditure/ Tot. Expenditure	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Debt impairment	0%	0%	0%	0%	0%	0%
Repairs & Maintenance	11%	12%	8%	7%	9%	12%
Repairs & Maintenance Property, Plant and Equipment	12%	13%	8%	7%	9%	26%
Fuel (Buses)	9%	11%	11%	11%	10%	13%
Insurance	2%	3%	2%	1%	1%	1%
General expenses	13%	10%	12%	11%	12%	14%

The table above reflects the ratio of expenditure over the total expenditure for the over the period. While these seem relatively constants, the following matters are worth noting:

- While employee costs remain at 44% of total expenditure, it must be highlighted that the entity has a high vacancy levels. This was reported by the Auditor-General. The high level of vacancy impacts the effective functioning of the entity. While additional funds were allocated for this expenditure, Metrobus could not finalise the appointment process due to COVID-19.
- Depreciation costs have remained relative constant. This is being managed via a revaluation process that is carried out every three years. Major assets are due to be revalued in the 2020/21 financial year.
- Repairs and maintenance costs has increased over the last financial years. The growth in repairs and maintenance costs can be attributed to primarily the age of the fleet of Metrobus. The age of certain bus types far exceed 15 years. This implies that the cost of maintaining these fleets is becoming or has become uneconomical to repair. In addition “new” buses are coming out of their maintenance contracts as a result Metrobus will now bear the costs maintaining these items. Also it must be highlighted that in the 2015/16 financial year, there was a significant cut to the repairs and

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maintenance budget of the entity. This had a material impact on the ability of the entity to maintain its buses and has contributed to the high level of out of commission buses and has impacted service delivery negatively. The table below reflects the running costs of the current fleet

- While diesel costs have decreased significantly in the 2019/20 financial year, this was attributable to the impact of the COVID-19 pandemic, that is, Metrobus has curtailed operations (number of trips) which had a direct impact on the fuel costs. It must be also highlighted that the diesel costs are also impacted by changes to Rand/Dollar Exchange Rate which impacts the price of diesel. The volatility in this exchange rate has a negative impact on the management of diesel costs. Also over the last two years, the entity has experienced high levels of diesel losses. The entity is in the process of upgrading the security measures over diesel and implementing/upgrading the fuel management system.
- Finance cost while constant is a significant burden on the entity. This burden has arisen due to the lack of a proper funding mechanism for the acquisition of assets. The entity is in engagement with the City on the recapitalisation of Metrobus.

Table 15: Running Cost per kilometre

Description	Merc Euro 5	Merc Euro 3	Merc 1725	Volvo B7R	Volo B7TL
Running costs(R/km)	8.78	9.44	17.16	18.96	24.25
Age (Years)	3,5	4	13	17	17

5.3.3 Overall Performance

The historical performance clearly highlights the deficit position that the entity finds itself in. It must be noted that over the last three financial years, the entity has been implementing cost containment measures. The financial surplus for the 2019/20 financial resulted from savings and can be attributed to COVID-19 pandemic as well as the cost containment measures implemented by management.

Overall performance is constrained by the lack of an effective revenue management system,

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high debt burden, as well as lack of adequate bus capacity.

5.4 2021/22 Budget estimate

The 2021/22 income statement is based on the adjusted budget. It should be noted that from a budgeting perspective, 2021 was an unusual year, in that, there was an additional adjustment budget that arose due to the impact of COVID-19. The COVID-19 budget adjustment was approved on 29 May 2020.

For the 2021/22 financial year, Metrobus had an approved estimate amounting to R808 million for both revenue and operating expenditure and R111, 5 million for capital expenditure. The entity is confident that the capital expenditure and operating expenditure will achieve a 100% spending by the end of the current financial year. The capital and operating budget estimate was reduced due to decrease in projected CPI. The capital expenditure was increased in order to accommodate bus re-fleeting. The Metrobus' approved 2021/22 estimate can be summarised as per the table below:

Table 16: Approved estimate – 2020/21

Line item	Original Estimate (R 000's)	Adjustment (R 000's)	Adjusted Budget ((R 000's))
Total revenue	808 193	-16 797	791 395
Total operational expenditure	808 193	-16 797	791 395
Capital expenditure	111 500	133 000	244 500

Metrobus operational and capital expenditure budgets are funded by the following revenue sources:

- Revenue generated by Metrobus,
- Subsidies from the City; and
- Loans from the City

5.5 Metrobus Projected future Income Statements

The table below reflects the budget for the medium term revenue and expenditure framework

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(MTREF)

Table 17: Metrobus MTREF

Projected	2023/24 (R 000's)	2022/23 (R 000's)	2021/22 (R 000's)	2020/21 (R 000's)	2019/20 (R 000's)
Revenue					
Rendering of Services	94 783	90 701	86 877	64 682	62 941
Miscellaneous other revenue	2 452	2 346	2 248	2 155	6 002
Grant	766 264	733 267	702 270	669 859	636 533
Total Revenue	863 499	826 314	791 395	736 696	705 476
Expenditure					
Personnel	(377 511)	(361 255)	(346 029)	(331 763)	(298 208)
Depreciation and amortisation	(70 362)	(67 332)	(64 494)	(61 835)	(61 883)
Finance Costs	(55 172)	(52 796)	(50 571)	(48 486)	(55 973)
Repairs and maintenance	(84 890)	(81 234)	(77 811)	(79 603)	(81 052)
General expenses	(160 409)	(153 500)	(146 941)	(135 357)	(103 177)
Fuels	(86 396)	(82 676)	(79 191)	(54 405)	(58 235)
Insurance expense	(28 759)	(27 521)	(26 358)	(25 247)	(14 173)
Total Expenditure	(863 499)	(826 314)	(791 395)	(736 696)	(672 701)
Operating (Deficit)/Surplus		-	-	-	32 775
Loss on disposal of assets		-	-	-	(9 262)
(Deficit)/Surplus for the year		-	-	-	23 513

The largest portion of the Metrobus revenue comes from a subsidy. As is the case with most public transport entities public transport is subsidised however, the subsidy does not necessarily reflect the economic realities.

The subsidy increases over the past few financial years and for the coming financial years is much lower than the increased costs. Operating costs are expected to increase by inflation related percentage over the next three financial. Revenue from rendering of serves will be severely affected by the COVID19 as customers continue observing social distancing in the first year and probably part of the second year. The new revenue collection system will assist in reducing pilferage and gradually increase the fare collected per kilometre.

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5.6 Metrobus Projected future Balance Sheet and Cash flow statements

Projected Financial Position	2023/24 Budget (R 000's)	2022/23 Budget (R 000's)	2021/22 Budget (R 000's)	2020/21 Budget (R 000's)	2019/20 Actual (R 000's)	2018/19 Actual (R 000's)
Non-Current Assets	1 119 233	993 081	872 139	670 069	624 616	666 098
Property Plant & Equipment	1 000 222	866 543	736 960	636 140	591 863	633 727
Loans to shareholders	36 947	35 356	33 866	32 470	31 131	30 021
Intangible Assets	82 064	91 182	101 313	1 459	1 621	2 349
Current Assets	36 000	34 842	33 770	33 108	28 230	30 715
Inventories	18 538	17 998	17 474	16 965	15 328	19 235
Receivables	5 093	4 945	4 801	4 661	3 082	4 611
Prepayment	6 538	6 348	6 163	6 354	4 772	6 684
Insurance Fund	5 630	5 388	5 161	4 948	4 744	0
Cash & Cash Equivalents	200	163	171	180	304	184
Total assets	1 155 233	1 027 923	905 909	703 177	652 845	696 812
Capital & Reserves	-213 719	-209 379	-204 905	-203 398	-204 033	-224 072
Share Capital	54 774	54 774	54 774	54 774	54 774	54 774
Revaluation Surplus	140 316	144 656	149 130	150 637	150 002	160 167
Accumulated Profit(Loss)	-408 809	-408 809	-408 809	-408 809	-408 809	-439 012
Non-Current Liabilities	415 897	397 988	382 064	392 527	203 741	242 236
Interest Bearing Debt	402 588	385 252	369 865	380 831	193 222	230 770
Retirement Benefit Obligation	13 309	12 736	12 199	11 696	10 519	11 466
Current Liabilities	953 055	839 314	728 750	514 048	653 138	678 647
Payables	120 101	133 446	148 273	164 748	183 054	126 712
Loans From Shareholders	770 447	648 616	527 453	299 764	423 500	508 687
Other Financial Liabilities	44 436	42 604	40 848	39 163	37 549	33 967
Provisions	10 259	7 174	5 017	3 508	2 453	3 026
Deferred Income	7 811	7 475	7 160	6 864	6 581	5 015
Insurance liability						1 240
Total Equity & Liabilities	1 155 233	1 027 923	905 909	703 177	652 845	696 812

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Table 18: Metrobus Statement of Financial Position (MTREF)

Cash Flow Statement	2023/24 Projected (R 000's)	2022/23 Projected (R 000's)	2021/22 Projected (R 000's)	2020/21 Projected (R 000's)	2019/20 Projected (R 000's)
Net Cash Flow from Operating Activities	216 209	157 131	157 007	-121 778	161 930
Grants & subsidies	766 264	733 267	702 270	669 859	636 533
Other income	97 235	93 047	89 125	66 837	68 917
	863 499	826 314	791 395	736 696	705 450
Employee costs	(377 511)	(361 255)	(346 029)	(331 763)	(242 698)
Suppliers	(214 607)	(255 132)	(237 788)	(478 225)	(244 849)
Finance costs	(55 172)	(52 796)	(50 571)	(48 486)	(55 973)
	(647 290)	(669 183)	(634 388)	(858 474)	(543 520)
Cash Employed in Investment Activities	(216 172)	(201 527)	(161 713)	(95 434)	(41 548)
Expanding of Capital Base	(215 930)	(201 300)	(161 500)	(95 230)	(34 032)
Proceeds from sale of PPE					2 601
Movement of insurance fund	(242)	(227)	(213)	(204)	(10 117)
Cash Consequences of Financing Activities		44 388	4 697	217 088	-120 262
Other financial liabilities	(1 832)	(1 756)	(1 684)	(1 615)	(33 966)
Movement of sweeping account					(86 296)
Finance lease payments		-	-	-	-
CASH FLOW FROM ACTIVITIES	37	(8)	(9)	(124)	120
Net Increase / (Decrease) in Cash & Bank Balances	37	(8)	(9)	(124)	120
Cash & Bank Balances Beginning of the Year	163	171	180	304	184
Cash & Bank Balances End of the Period	200	163	171	180	304

Metrobus operates on a sweeping account that is administered by the City of Johannesburg (CoJ) and does not keep bank balances. Any cash profits or losses are consolidated in the CoJ. The cash flows remain erratic being affected by the low revenue base caused by COVID19 pandemic disease, increase in diesel costs, repairs and maintenance costs and

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payments towards leased buses/loans. The organization continues to depend on the overdraft from CoJ to fund its operations and CAPEX.

The largest change in the balance sheet is the acquisition of the new revenue collection system, which has both raised the intangible asset base of the company and increased its liabilities.

5.7 Ratio Analysis

Table 19: Ratio Analysis

	2022/23	2022/23	2021/22	2020/21	2019/20
	Budget	Budget	Budget	Budget	Actual
Profitability Ratios					
Return on Assets (Revenue over assets)	75%	80%	87%	105%	121%
Internally generated revenue as a percentage of total expenditure	11%	11%	11%	9%	10%
Liquidity Ratios					
Current Ratio	4%	4%	5%	6%	4%
Acid-test ratio	2%	2%	2%	3%	2%
Activity ratios (Efficiency ratios)					
Fixed Asset turnover	80%	86%	94%	116%	119%
Debt ratios					
Debt ratio	103%	102%	100%	98%	96%
Long-term debt to equity	-195%	-190%	-186%	-193%	-100%
Growths					
Asset growth	13%	14%	31%	7%	-7%
Overdraft growth	19%	23%	76%	-29%	-17%

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The profitability ratios are expected to marginally increase as revenues will be affected by the negative effects of COVID19.

Liquidity ratio's and debt ratios remain very low. The norm for the current ratio and the acid ratio is 200% and 100% respectively. The ratios remain constant over the projected future; however, the full impact of the bus refurbishment and replacement program will only be felt in the medium term (next 5-10years). The cost of existing debt also decreases these ratios as debt is currently being repaid using the overdraft total debt are thus not reduced.

5.8 Capital Projects

The following are the main Capital projects proposed for 2021/22 financial year ((R 000's)):

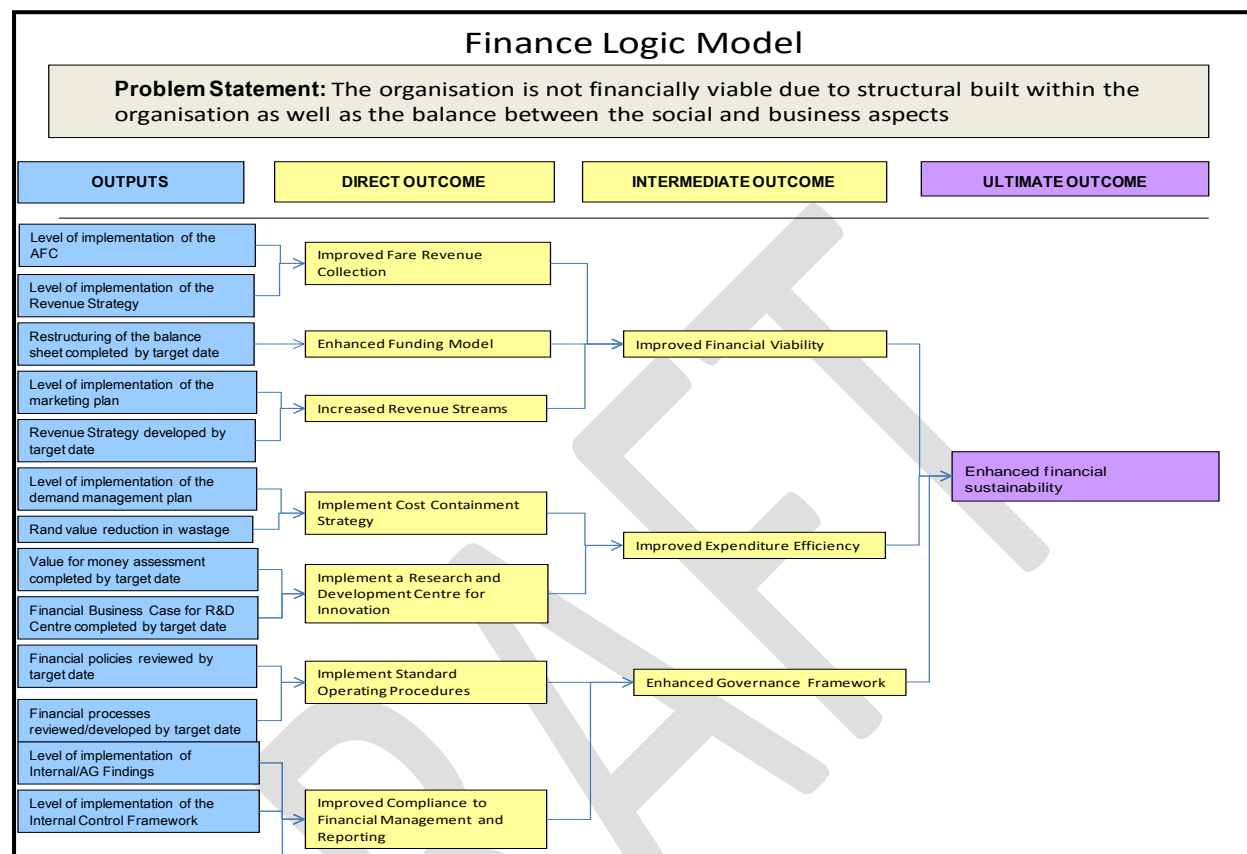
Table 20: Overview of capital projects

Programme or Day-to-Day Programme	Draft Budget 2021/22 (R000's)	Adjustments (R000's)	Adjusted Budget 2021/22 (R000's)	Funding Source
Building - Building Alterations/Upgrade	15 000		15 000	External loans
Bus Refurbishment	25 000		25 000	External loans
Automated Fare Collections Systems	50 000		50 000	External loans
Engine and Gear box refurbishment	8 000		8 000	External loans
Furniture and Office Equipment	4 000		4 000	External loans
IT Equipment, New Computers and Hardware Computer Hardware	7500		7 500	External loans
Plant and Machinery	2000		2 000	External loans
Purchase of buses		133 000	133 000	External loans
GRAND TOTAL	111 500	133 000	244 500	

New capital projects includes the implementation of the new revenue management plan, as well as the purchase of buses.

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In line with the transformation process Metrobus is embarking on a finance logic model provided below:



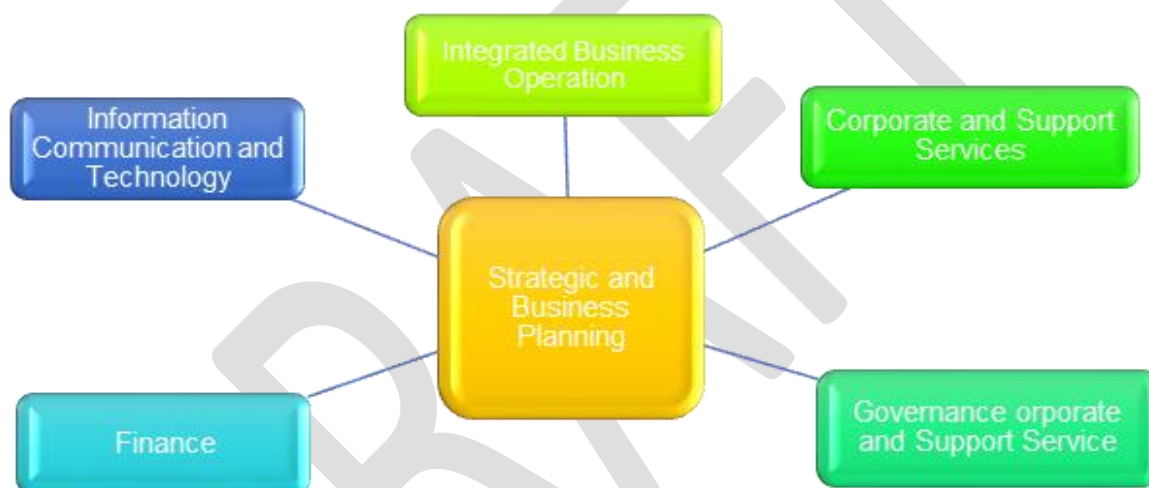
6 MANAGEMENT AND ORGANISATIONAL STRUCTURE

6.1 High Level Overview

Metrobus considers the development and maintenance of appropriate organizational structures as an important element of its integrated human resources strategy. In this regard, the important maxim that structure follows strategy is considered instructive.

Accordingly, the entity's functional structure is designed along five main areas in pursuit of the attainment of strategic objectives, administrative excellence and proper delegation of duties:

Figure 19: Metrobus Functional Design



6.2 Core Functions

Core to the delivery of Metrobus services is the Integrated Business Operations (IBO) Department which includes operations and Technical Services.

The Operations unit of the IBO is responsible for the planning of routes, dispatching of buses, and transportation of the citizenry of Johannesburg, supervision, inspections on route as well as the operation of a dedicated service that ensures the mobility of passengers with disabilities.

The planning or scheduling section of the Operations Department has a huge responsibility to ensure the optimal use of human resources especially bus drivers and assets which in the main refer to the buses. Both of these if not scheduled efficiently can lead to unnecessary

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expenses. In this regard, the entity will have to invest in a software programme, which will allow our planners or schedulers to make changes to our schedules efficiently and quickly. The continued investment in the information technology to automate key operations functions is an important strategic enabler for operational and excellence and financial viability for the entity.

Furthermore, the Operations unit is responsible for compliance with laws and regulations applicable to bus operations and all road users. In this regard, the Department has to ensure that: -

- Buses are operating with valid licenses;
- Route Operating licenses are valid;
- Drivers have the necessary valid licenses and professional driving permits;
- Fines for traffic violations are paid or deferred to the offenders especially bus drivers. If this is not done, then the proxy of the Company could possibly face arrest;
- Buses have valid Certificate of Road Worthiness (COR). Our Technical Services Department ensures that buses are prepared for inspection by the Testing Stations conducting roadworthy tests.
- Annually, fares have to be increased and our fare increase proposal has to be approved by Council before it can be implemented on 1st July every year.

Tasked with ensuring that operational fleet requirement is available is the Technical Services unit of the IBO, which is the entity's support mechanical engineering arm responsible for the regular maintenance and repairs to the entity's fleet. The TSD is tasked, primarily with the Cost effective maintenance of buses i.e. ensuring that the buses are Available to the Operations Division and that the same buses are Reliable (no Breakdowns), and are Environmentally friendly (Clean and Pollution-free), and above all Safe for the commuters, public and our employees.

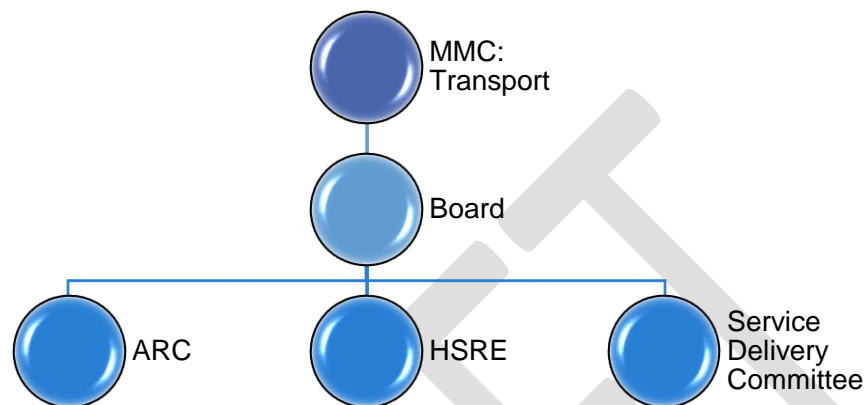
TSD is also charged with implementing, testing and monitoring of the green transport innovation, which Metrobus has introduced with the procurement and conversion of some of the entity's diesel fleet to Diesel Dual Fuel buses.

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6.3 Governing Structure

Metrobus is overseen by a board of directors who account to the Shareholder via the MMC of Transport.

Figure 20: Overall Governance Structure



6.4 Organisation structure

During the financial year 2017/18, the board of directors directed that a review of the organisational structure be embarked upon to ensure that the outcomes envisaged in terms of the Metrobus transformation and turn around agenda are achieved and maintained. Further review took place during the 2018/19 financial year.

Figure 21: High Level Organizational Structure

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Table 21: Overview of Executive

Executive Position		Current Status
1.	Managing Director	The position currently filled, five-year contract commenced on 1 Dec 2019.
2.	Chief Financial officer	Position currently filled on an acting basis effective 05 August 2019
3.	Chief Audit Executive	Position currently filled, five-year contract, commenced on 04 February 2020
4.	Chief Information Officer	Position currently filled, five-year contract commenced on 1 January 2019
5.	General Manager Integrated Business Operations	Vacant
6.	General Manager Corporate Services	Position currently filled, five-year contract, commenced on 1 November 2020
7.	Company Secretary and Legal Counsel	Position currently filled on an acting basis effective 1 March 2020

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Recruitment processes in relation to the positions of general manager: Integrated Business Operations (fusing operations and technical) was commenced in the 2020/21 financial year.

6.5 Capacity analyses

During the 2020/21 financial year focus was, inter alia, on process re-engineering towards efficiency, effectiveness and maximum utilization of human resources. One of the essential outcomes of this process is analysis of capacity not only in relation to numbers of people employed in various positions but the availability of all key skills in all functional areas of the business through focused skills gap analysis. Currently the entity is at a general vacancy rate of 29%.

Ongoing analysis of the capacity of the entity to deliver effectively on its mandate has confirmed the desirability of combining the executive position of operations and technical services into one position. This will ensure congruency of purpose, higher levels of accountability and overall efficiency in the management of Metrobus business operations.

6.6 Employment Equity

The achievement of Employment Equity goals and targets remains an important challenge for Metrobus. The bus industry in general is a male dominated industry. Employers in the industry are generally faced with an oversupply of male employees especially among the previously disadvantaged communities, whilst challenged to be able to attract female employees and owing to the nature and focus of the business, it is even more difficult to attract people with disabilities as well.

Metrobus introduced a female focus internship programme to attract and retain female drivers. This program, since commencement in 2018, has yielded a total of 11 female drivers who upon successful completion of the program have been employed on a full-time basis as bus operators at Metrobus.

Metrobus considers the following as strategic imperatives fundamental to our employment equity plan and ultimately to the achievement of the outcomes envisaged.

- Achieving a representative employee profile at all occupational levels

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- Creating a culture of equity and representivity, appreciation of diversity, and fairness for the benefit of all employees
- Commensurate investment in skills development
- Championing a holistic approach to transformation through optimal performance on employment equity goals and targets as well as other all aspects of the Broad Based Black Economic Equity (B-BBEE)

The transformation agenda at Metrobus as pertains to Employment Equity will focus primarily on the following:

- (i) Acquisition, engagement and retention of appropriate skills representative of all race groups in line with the Employee Assistance Program(EAP), in line with Provincial demographics in all occupational levels;
- (ii) Identification and eradication of systematic and systemic barriers to the achievement of employment equity goals;
- (iii) Management of diversity;
- (iv) Implementation of women and disabled person's advancement programs;
- (v) Implementation of Technical Assistance Guidelines (TAG) on the employment of people with disabilities;
- (vi) Harvesting of all policy and program synergies towards the achievement of a quantitatively and qualitatively equitable work place;
- (vii) Analysis of data;
- (viii) Consultation and dispute resolution;
- (ix) Reporting; and
- (x) Continuous research and development.

6.6.1 Current Demographics

Metrobus Employment Equity Numerical Targets: the projected workforce profile the entity seeks to achieve by the end of 2021 reporting period, based on the total number of employees as at the beginning the calendar year 2020

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Table 22: Projected Workforce Demographics Financial Year 2021/22

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	3	0	0	0	0	0	1	1	0	0	5
Senior Management	10	2	0	2	2	0	0	0	0	0	16
Professionally qualified and experienced specialists and mid-management	3	0	0	0	3	0	0	1	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	100	16	2	12	15	0	0	3	0	0	148
Semi-skilled and discretionary decision making	346	18	0	4	98	4	1	1	0	0	472
Unskilled and defined decision making	44	0	0	0	18	1	0	0	0	0	63

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Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Total Permanent	506	36	2	18	136	5	2	6	0	0	711
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	506	36	2	18	136	5	2	6	0	0	711

6.6.2 Targets and goals

Towards the management of employment equity in the workplace, Metrobus has developed, in line with legislative and best practice requirements, a five (5) year employment equity plan, which is due for review in 2021. According to this plan, the following demographic profile of Metrobus employees is envisaged by 2021.

Metrobus Employment Equity Numerical Goals: the projected workforce profile the entity seeks to achieve by the end of 2021 based on the total number of employees as at the beginning of the employment equity plan which commenced in 2016.

Table 23: Projected Workforce Demographic Financial Year 2021/22

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	4	0	1	0	2	0	0	1	0	0	8
Senior Management	4	1	0	1	3	0	0	0	0	0	10
Professionally qualified and experienced	8	2	1	2	6	1	1	1	0	0	22

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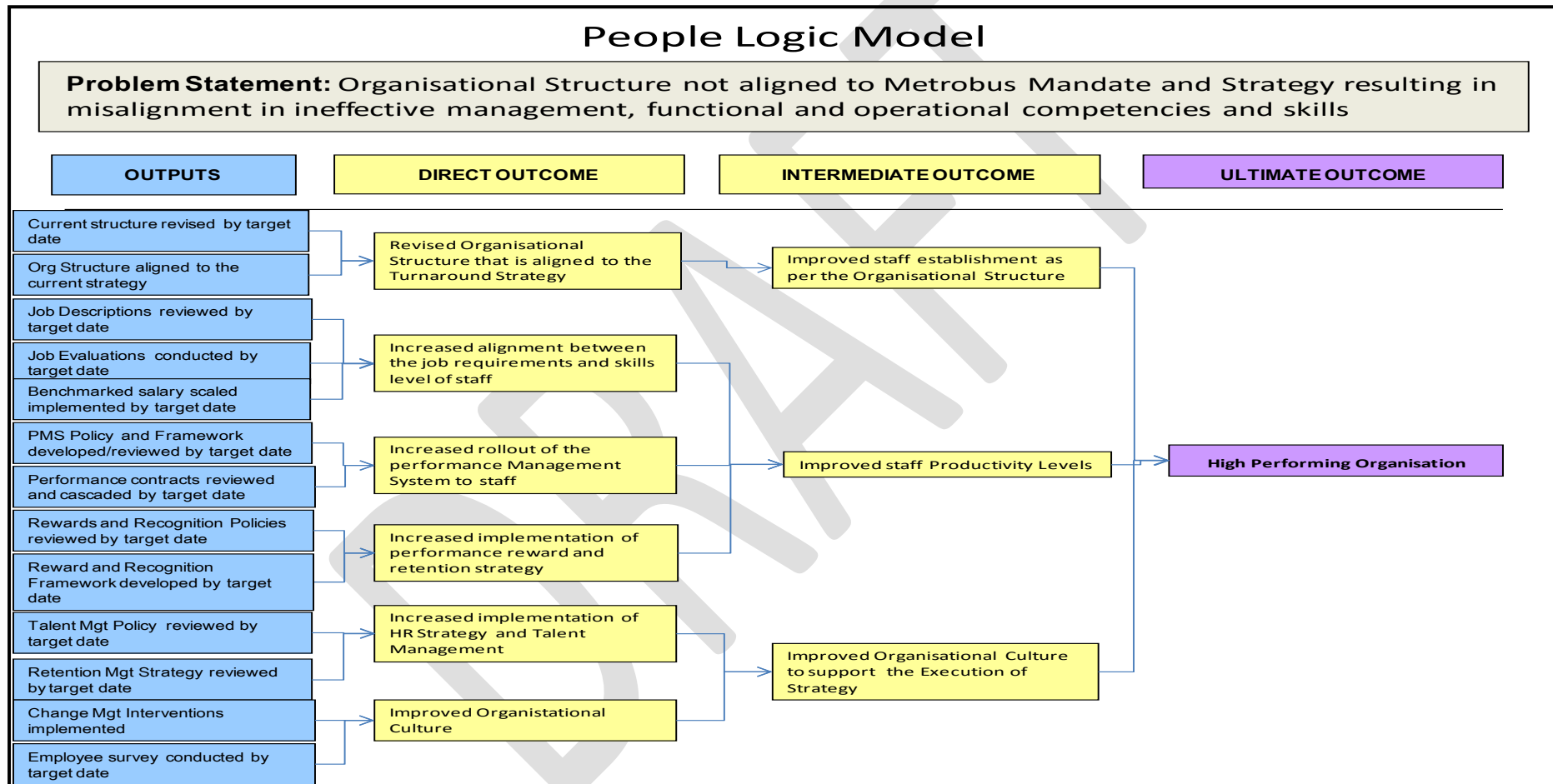
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Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	89	12	4	15	27	2	2	10	0	0	161
Semi-skilled and discretionary decision making	372	29	5	17	163	7	7	11	0	0	611
Unskilled and defined decision making	63	6	2	6	46	2	2	5	0	0	132
Total Permanent	540	50	13	41	247	12	12	29	0	0	944
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	540	50	13	41	247	12	12	29	0	0	944

6.7 Alignment of Organisational Structure to Metrobus Strategy

Metrobus organisational structure is not sufficiently populated to meet the mandate and strategy resulting in misalignment, ineffective management, insufficient functional and operational competencies and skills. Below is the People Logic model that Metrobus will implement in line with the entity's transformation drive.

Figure 22: People Logic Model

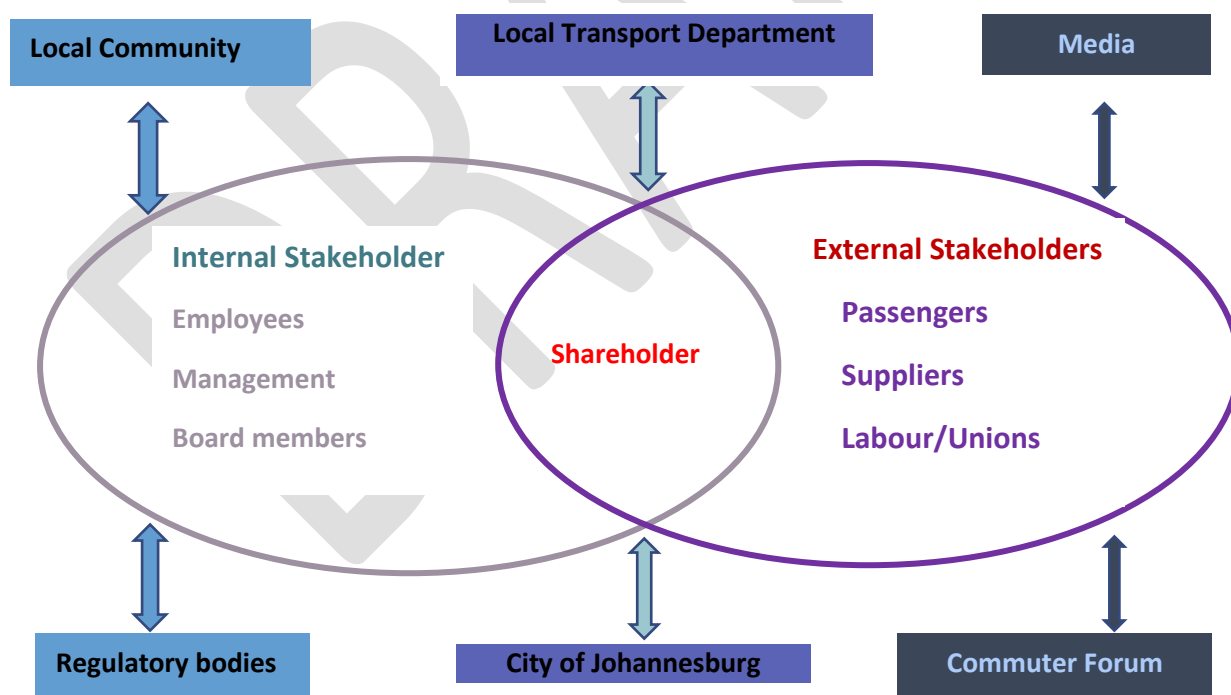


7 COMMUNICATION AND SHAREHOLDER MANAGEMENT

7.1 Stakeholder Matrix

At the centre of Johannesburg Metrobus Company's success lies a clearly defined marketing communication plan underpinned by company's core values. Over the years we have learned that constant engagement with stakeholders is crucial to the success of the business. Metrobus has a clear vision derived from its strategic planning process with emphasis on an effective marketing communications plan geared at stakeholder engagement. Active Stakeholders at Metrobus include, but are not limited to employees, shareholder, passengers, media, regulatory bodies, Unions and boards members. Each stakeholder has a unique perspective on what will make the organisation succeed. Below is a stakeholder matrix for Metrobus;

Figure 23: Metrobus Stakeholder Matrix



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7.2 Communication Plan

Period 2021/22 FYE	Theme	Channel of Delivery	Outcome
Quarter one (July – September)	Company profile & Private hire service	Print media and digital campaigns	Increased customer number for private hire
Quarter two (October – December)	Brand building & Private hire service availability. Maintains cashless	Outdoor/billboards and digital marketing. Radio campaign	Enhancing brand meaning & positioning. private hire & maintaining
Quarter three (January – march)	Highlights and savings on coupon users. Campus exhibitions ie. University and mall campaigns	Caxton based print media and community based radio stations including campus radios	Encouraging commuters to buy coupons and eliminate cash in buses and overall Metrobus touch-points
Quarter four (April – June)	Awareness on bus fare increase & service standards	Caxton based print media and community based radio stations including regional broadcasters	Prepare commuters on impending annual bus fare increases & general brand visibility exercise

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8 AUDIT RESOLUTION

8.1 Internal Audit Overview

The Internal Audit Function (IAF's) mandate stems from Section 62(1)(c)(ii) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) which requires that the Accounting Officer 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) requires that each municipal entity must have an internal audit unit subject to subsection (3). Section 165(2) requires that the internal audit unit of a municipal entity must prepare a risk based audit plan and an internal audit program for each financial year.

The primary objective of the Internal Audit Function (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.

The IAF operates using a co-sourced model with a permanent Chief Audit Executive supported by an Internal Audit Specialist. Currently there are no vacancies within the IAF, other than the risk management specialists. This vacancy is expected to be filled within the second quarter of the 2020/21 Financial Year.

8.2 2020/21 Business Plan and Divisional KPI's

The following table sets out the KPI's that the IAF has been allocated responsibility for the 2020/21 Financial Year.

Table 24: Business Plan KPI's

KPI	Target
% of AGSA and Internal Audit Findings Resolved	100%

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KPI	Target
% mitigation actions in the risk registers implemented or up to date	100%

These KPI's have been reviewed within the Division and the following Divisional KPI's have been set to support the Entity's overall Business Plan.

Table 25: Divisional KPI's

KPI	Targets			
	Q1	Q2	Q3	Q4
100% completion of the Internal Audit Plan	25%	50%	75%	100%
100% of AGSA and Internal Audit Findings Resolved	1 Meeting with Each Executive per Quarter to Discuss AGSA and Internal Audit Findings	Complete Follow Up Audit to Confirm that 50% of AGSA and Internal Audit Findings have been Addressed.	1 Meeting with Each Executive per Quarter to Discuss AGSA and Internal Audit Findings	Complete Follow Up Audit to Confirm that 100% of AGSA and Internal Audit Findings have been Addressed.
100% Implementation of Internal Audit Quality Assurance Improvement Plan				100% Implementation of Internal Audit Quality Assurance Improvement Plan deliverables for the 2021 Financial Year

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8.3 Achievement of 100% of the Internal Audit Plan

The IAF's Annual Plan is based on the strategic and operational risks impacting on Metrobus. The Plan was reviewed and approved by the Audit and Risk Committee of the entity.

8.4 OPCA: Reduction of Internal and External Audit Findings

In order to achieve promote good governance and achieve clean audit, Metrobus will as part of its own and the City's Operation Clean Audit (OPCA) Program executes its work to achieve a clean audit.

The ownership of each finding rests with the Divisional Executive to whom the finding relates. As part of the Operation Clean Audit (OPCA) for Metrobus, internal audit will adopt a partnership-based approach with each Executive. This will entail the following:

- (i) Meetings will be held whereby the root causes of each finding are thoroughly discussed, the recommendations clarified and commitments to address findings reinforced.
- (ii) Monthly follow-up on the status of implementation with management.
- (iii) Follow-up audits with on both internal and external audit findings.
- (iv) Reporting at management meetings on the status of audit findings.
- (v) Quarterly reporting to the various technical and governance committees within the entity as well as the City on the Metrobus OPCA status.
- (vi) In both Quarter 2 and Quarter 4, an audit will be conducted to confirm that the Divisional Executive has implemented the said recommendations. Progress in relation to the implementation of recommendations will be reported quarterly.

8.5 Quality Assurance Improvement Plan

Section 62 (c) of the MFMA requires that Metrobus implements and maintains an efficient and effective system of internal audit operating in accordance with any prescribed norms and standards.

The norms and standards governing the Internal Audit Profession both locally and internationally include the International Standards for the Professional Practice of Internal Auditing (ISPPA) and the Institute of Internal Auditors (IIA), Code of Ethics. ISPPA

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Standard 1312 requires that an external assessment of an IAF be conducted at least once every five (5) years by a qualified, independent assessor or assessment team from outside the organization. The objective of this process is to evaluate the IAF's conformance with the ISPPA and Code of Ethics.

The IAF has committed itself towards conformity with the ISPPA and has planned to conduct an external quality assessment and achieve a "Generally Conform" rating with the ISPPA by the end of the 2022/23 Financial Year.

DRAFT



ANNEXURE A:

**METROBUS 2021/22
PERFORMANCE
SCORECARD**



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ANNEXURE A

Program 1: Customer Services, Stakeholder Engagement and Communication

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget R'000	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of verification
1	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% planned trips completed	87% planned trips completed	90% planned trips completed	OPEX	90%		90%		90%		90%		Trip cancellations report and trips operated report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										
2	Sustainable Economic Development	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Average number of Metrobus passenger trips per working day	38 245 Metrobus passenger trips per working day	10 000 Metrobus passenger trips per working day	OPEX	10 000		8 000		12 000		10 000		Journey analysis report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										
3	Sustainable Service Delivery	An inclusive, Job intensive,	Blameworthy Accident Rate per 100 000	Blameworthy Accident rate at <0.75 per 100 000 bus	Blameworthy Accident rate at <0.75 per	OPEX	<0.75		<0.75		<0.75		<0.75		Blameworthy Accident report and Kilometers operated report	KPI Outcome Validation Sheet

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ANNEXURE A

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget R'000	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of verification
		resilient, competitive and smart economy that harnesses the potential of citizens	bus kilometers operated	kilometers per month	100 000 bus kilometers per month	CAPEX										Performance Information Audit Report
4	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service disruptions communicated	80% of service disruptions communicated	80% of service disruptions communicated	OPEX	80%		80%		80%		80%		Schedule of Service Disruption Notices or Media Statements	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										
5	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% complaints resolved within the timelines specified in the customer service charter	60% of complaints resolved within the timelines specified in the customer service charter	80% of complaints resolved within the timelines specified in the customer service charter	OPEX	80%		80%		80%		80%		Schedule of Social Media, Telephone, Email and Walk-in Reports	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										

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#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget R'000	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of verification
6	Sustainable Service Delivery.	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Customer satisfaction index	68% Customer satisfaction index	70% Customer satisfaction index	OPEX	N/A		N/A		N/A		70%		Survey and Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										
7	Sustainable Service Delivery	An inclusive, Job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of service standards achieved	70% of service standards achieved	80% of service standards achieved	OPEX	80%		80%		80%		80%		Planned and cancelled trips report, timetables, Bus capacity notices; On-board security incidents report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX										

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ANNEXURE A

Program 2: Innovation and Green Economy

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of verification
8	Smart City	Provide a resilient, liveable, sustainable, urban environment – underpinned by smart infrastructure supportive of a low carbon economy.	% Carbon emissions	Maintain hartridge units measurement at 41.5%	Maintain hartridge units measurement at 30%	OPEX									Independent Emissions report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	30%		30%		30%		30%			

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ANNEXURE A

Program 3 Enterprise Development and Job Creation

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Measure of Verification
9	Sustainable Economic Development	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services	Total number of SMMEs supported	50 SMME's supported	50 SMME's supported	OPEX									SMME utilisation Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	10		20		35		50			
10	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of total expenditure spent on BBBEE	30% Expenditure spent on BBBEE	30% expenditure spent on BBBEE	OPEX									Schedule of contracts with BBBEE enterprises	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	30%		30%		30%		30%			
11	Sustainable Economic Development	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Total number of EPWP jobs created	71 EPWP Jobs created	200 EPWP jobs created	OPEX									Schedule of valid EPWP employee/employment contracts	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	50		100		150		200			

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Program 4: Financial Management, Viability and Sustainability

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Measure of Verification
12	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% Spent against approved Operating Expenditure budget	97% spent against approved operating expenditure budget	98% Spent against approved operating expenditure budget	OPEX								Statement of financial performance	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	98% of quarter allocation	98% of quarter allocation		98% of quarter allocation		98% of quarter allocation			
13	Accelerated and visible delivery and re-introduction of co-production in the delivery of basic services	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	95% Spent against approved capex expenditure budget	OPEX								Capex Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	10% of total capex budget	30% of total capex budget		70% of total capex budget		95% of total capex budget			
14	Accelerated and visible delivery and re-introduction of co-production in	An inclusive, job intensive, resilient, competitive and smart	% spent against approved Repairs and	90% spent against approved repairs and	95% spent against approved repairs and	OPEX								Statement of financial performance	KPI Outcome Validation Sheet
						CAPEX	95% of quarterly	95% of quarterly		95% of quarterly		95% of quarterly			

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PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Measure of Verification
	the delivery of basic services	economy that harnesses the potential of citizens	Maintenance budget	maintenance budget		budget		budget		budget		budget			Performance Information Audit Report

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ANNEXURE A – METROBUS PERFORMANCE 2021/22 SCORE CARD

Program 5: Operational Excellence

PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of Verification
15	Improve and strengthen financial position	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of AGSA Audit findings resolved	100% of AGSA Audit findings resolved	100% of AGSA Audit findings resolved	OPEX								Internal Audit Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	0%		30%		70%		100%		
16	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% fleet availability to operate scheduled trips met	79% fleet availability to operate scheduled trips met	90% of quarterly fleet requirement	OPEX								Fleet Availability Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	90% of quarterly fleet requirement		90% of quarterly fleet requirement		90% of quarterly fleet requirement		90% of quarterly fleet requirement		
17	Improve and strengthen	An inclusive, job intensive,	% mitigation actions in the risk	Nil	70% mitigation actions in	OPEX	20%		40%		60%		70%	Risk Register	KPI Outcome

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PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of Verification
	financial position	resilient, competitive and smart economy that harnesses the potential of citizens	registers implemented or up to date.		the risk registers implemented or up to date										Validation Sheet Performance Information Audit Report
					CAPEX										
					OPEX	85% achievement of pre-determined objectives achieved		85% achievement of pre-determined objectives achieved		85% achievement of pre-determined objectives achieved		85% achievement of pre-determined objectives achieved		Aggregate of all KPI performance	Performance Information Audit Report
18	Sustainable service delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% of pre-determined objectives achieved	57% of pre-determined objectives achieved	85% achievement of pre-determined objectives achieved	CAPEX									

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ANNEXURE A – METROBUS PERFORMANCE 2021/22 SCORE CARD

Program 6: Technology and Business Enablement

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Target 2021/22	Budget	Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of Verification
19	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	100 implementation of Business Continuity Plan	New	100% implementation of Business Continuity Plan	CAPEX									BCP Policy implementation report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	50%		60%		80%		100%			
20	Smart City	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% implementation of ICT Maturation	New	Full implementation (100%) of ICT Maturation	CAPEX									ICT Report	KPI Outcome Validation Sheet Performance Information Audit Report
						CAPEX	75% of level 3 Maturation		100% of level 3 Maturation		50% of level 4 Maturation		100% of level 4 Maturation			


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ANNEXURE A – METROBUS PERFORMANCE 2021/22 SCORE CARD

PROGRAM 7: Institutional Planning, Transformation and Organisational Development

#	PIP	GDS2040 Outcome	Key Performance Indicator	Baseline	Performance Budget Target 2021/22		Q1	R'000	Q2	R'000	Q3	R'000	Q4	R'000	Evidence	Means of Verification
21	Sustainable Service Delivery	An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	% employee satisfaction from employee satisfaction index	New	50% employee satisfaction from employee satisfaction index	OPEX										
						CAPEX	N/A		N/A		N/A		50%		Survey outcome report	KPI Outcome Validation Sheet Performance Information Audit Report



ANNEXURE B:

CIRCULAR 88

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ANNEXURE B

CIRCULAR 88 METROBUS 2021/22 BUSINESS PLAN

No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2020/21 Targets	Total Budget R'000	Q1 Target	Q1 R'000 Budget	Q2 Target	Q2 R'000 Budget	Q3 Target	Q3 R'000 Budget	Q4 Target	Q4 R'000 Budget
1	Number of weekday scheduled municipal bus passenger trips	TR3.11		90% planned trips completed	OPEX	90%		90%		90%		90%	
					CAPEX								
2	Percentage of municipality-contracted scheduled bus services 'on time'	TR4.21		90% scheduled bus services 'on time'	OPEX	90%		90%		90%		90%	
					CAPEX								
3	Percentage of municipality-contracted bus fleet that are low entry	TR5.21		100%	OPEX	100%		100%		100%		100%	
					CAPEX								

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No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2021/22 Targets	Total Budget R'000	Q1 Target	Q1 R'000 Budget	Q2 Target	Q2 R'000 Budget	Q3 Target	Q3 R'000 Budget	Q4 Target	Q4 R'000 Budget
4	Percentage of municipal skills development levy recovered	GG1.1	TBD	100% of municipal skills development levy recovered	OPEX								
					CAPEX	25%	-	50%	-	75%	-	100%	-
5	Top management stability (% of days in a year that all S56 positions are filled by fulltime, appointed staff not in acting capacity)	GG1.2		100%	OPEX								
					CAPEX	70%		100%		100%		100%	
6	Staff vacancy rate	GG1.21		< 30%	OPEX								
					CAPEX	< 30%		< 30%		< 30%		< 30%	

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No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2021/22 Targets	Total Budget R'000	Q1 Target	Q1 R'000 Budget	Q2 Target	Q2 R'000 Budget	Q3 Target	Q3 R'000 Budget	Q4 Target	Q4 R'000 Budget
7	Audit opinion	GG3.1	Unqualified with findings	Unqualified with findings	OPEX				Unqualified with no material findings				
					CAPEX								
8	Number of repeat findings	GG3.11		<20% of total number of audit findings	OPEX				<20% of total number of audit findings				
					CAPEX								
9	Number of active suspensions longer than three months	GG5.11		0 active suspensions longer than three months	OPEX	10 active suspensions longer than three months		10 active suspensions longer than three months		5 active suspensions longer than three months		0 active suspensions longer than three months	
					CAPEX								

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No	National Treasury Proposed Indicators	Ref No	2020/21 Baseline	2021/22 Targets	Total Budget R'000	Q1 Target	Q1 R'000 Budget	Q2 Target	Q2 R'000 Budget	Q3 Target	Q3 R'000 Budget	Q4 Target	Q4 R'000 Budget
10	Number of work opportunities through EPWP, CWP and other related infrastructure programmes	GG6.12	71 EPWP Jobs created	200 EPWP jobs created	OPEX	50 EPWP jobs created		100 EPWP jobs created		150 EPWP jobs created		200 EPWP jobs created	

ANNEXURE C:

METROBUS STRATEGIC RISK

SO	Risk Description	IRR	RR	Risk Owner	Interventions/ Actions to improve management of the risk	Action Owner	Progress on Implementation of Intervention/ Action Plans
1.Sustainable financial performance and growth	Inability to collect revenue			MD	1.1 Develop a business case for the establishment of a professional independent inspectorate to be approved by EMT	1.1, 1.2, 1.3 & 1.4 MD	1.1. Completed. The business case has been developed and funding has been secured.
					1.2 Professionalize (Training) and make inspectorate independent		1.2. Not yet completed. Professionalization and training will commence once positions are filled. The recruitment process has commenced.
					1.3 Request additional budget for recruitment		1.3. Completed. Additional budget to capacitate the division has been secured.
					1.4 Capacitate the independent unit		1.4. Not yet completed. The recruitment process is currently in progress.
					1.1 Procure the AFC system	2.1 & 2.2 CIO	2.1 Completed. The Tender closed on 28 February 2020. Subsequently, the tender process was cancelled and will need to be re-advertised.
					1.2 Implementation of the AFC system		This action became redundant
					3.1 Finalize re-fleeting strategy	GM:TSD & GM: OPS	3.1. Completed. The Re-fleeting Strategy has been finalised
					3.2 Request funding for the implementation of the re-fleeting strategy		3.2. Completed. Funding for new buses has already been allocated by the City for the forthcoming Financial Year.

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2. Operationally reliable, affordable, safe and efficient bus service	Inability to meet demand			MD	1.1 Finalise re-fleeting fundable strategy	1.1. & 1.2. GM:TSD GM:OPS	1.1. Completed. The Re-fleeting Strategy has been finalised
					1.2 Request funding for the new buses		1.2. Completed. Funding for new buses has already been allocated by the City for the forthcoming Financial Year.
					2. & 3. Continuous operation of servicing buses	2 & 3. GM:TSD	2&3. Completed. Buses are being continuously maintained and serviced by TSD.
					4.1 Develop of ITS Strategy 4.2 Implement ITS Strategy	4.1 & 4.2 CIO	4.1. Completed. The ITS Strategy has been developed. 4.2 Completed. The ITS strategy activities scheduled for 2019/20 FY has been implemented. AFC procurement was cancelled and funds has been provided to restart the process in the 2020/21-2022 financial year.
3. Building and managing highly efficient, motivated and productive workforce	Inadequate enforcement of good organisational culture by management/ leadership			GM: CS	1. Procurement of an automated time & Attendance System	1. GM: CS	1. Redundant. The Head Office is relating to a new building therefore this action became redundant.
					3.1 Review the Performance Management Policy 3.2 Implement the Performance Management Policy	3.1 & 3.2 GM:CS	3.1.. Completed. 3.2 The PM Policy is subject to on-going implementation

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					4.1 Develop and implement a service standard charter for each department.	4. Executive Management	4. Not yet implemented. To date a service standard charter for each department has not been prepared.
4. Enhanced Customer service, stakeholder engagement and increased communication effectiveness	Limited effectiveness of Communication channel			MD	<p>1.1. Establish a manual customer database</p> <p>1.2. Establish an automated customer database dependent on the implementation of the AFC System and SAP</p>	1.1 & 1.2 Communication Specialist	<p>1.1. Completed. The Communication Specialist Position was vacant between October 2019 and February 2020 and was only filled via a secondment in March 2020. Customer Manual database has been established</p> <p>1.2 Redundant - automated customer database is dependent on AFC and SAP CRM implementation</p>
					2.1 Establish a manual customer database 2.1 Language Translation depending on the demographics	2.1 & 2.2 Communication Specialist	<p>2.1 Completed. The Communication Specialist Position was vacant between October 2019 and February 2020 and was only filled via a secondment in March 2020. Customer Manual database has been established</p> <p>2.2 Not yet implemented</p>
5. Enhanced Customer service, stakeholder engagement and increased communication effectiveness	Insufficient human capital			MD	<p>1.1 Request additional budget for recruitment</p> <p>1.2 Capacitate the Marketing and Comm. Unit</p>	1.1 & 1.2 MD	<p>1.1 Completed. A request for additional budget for recruitment was approved in Q3.</p> <p>1.2 Completed. Marketing and Communications is capacitated with a marketing and Communication Specialist seconded from EMS, permanent graphic designer and Interns. The process to appoint a permanent Marketing and Communications Specialist is underway.</p>

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6. Technology Business Enablement	Inability to procure and implement technologies			MD	1.1 Collaborate with other entities	1.1 & 1.2 CIO	<p>1.1 Completed. Mbus has collaborated with the City of Johannesburg on SAP and MTC on assessment of CCTV Cameras and to date the following has been implemented: SAP 4 HANA Full report on CCTV functionality and enhancement</p> <p>1.2. Completed. IT Plans IT Plans for implementation of SAP and AFC have been finalised</p>
					1.2 Finalise the IT plans for implementation (AFC & SAP)		
					2.1. Request funding for the structure	2.1 CFO	<p>2.1 Completed. A request for additional budget for recruitment was submitted and approved by the City in Q3.</p> <p>2.2. Not yet Completed. The recruitment and selection process for all positions has commenced. In this regard, 3 critical positions will be advertised before the end of June 2020.</p>
					2.2. Capacitate the ICT unit	2.2 CIO	
7. Sustainable financial performance and growth	Inability to effectively manage cost			MD	1.1 Segregate duties within Fuel management value chain	1.1. CFO 1.2 GM:Ops & GM:TSD 1.3. CIO 1.4. GM:TSD 1.5. GM:TSD	<p>1.1 Completed. To date funding has been secured to capacitate the unit to ensure adequate segregation of duties.</p> <p>1.2 Competed. TSD is continually performing exception reporting on Out of Commission (OOC) buses on reporting weekly to Executive Management.</p> <p>1.3. Redundant. Metrobus contracted Metro Trading Company (MTC) to conduct functionality of</p>
					1.2 Proactive exception report		

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				<p>1.3 Increase surveillance on buses in the Depots</p> <p>1.4 Conduct maintenance to include elimination of technical evaporation</p> <p>1.5 Develop a strategy for increasing conversion rate from diesel to CNG</p>		<p>Metrobus surveillance technology. MTC's and Mbus CAPEX budgets to reactive certain CCTV cameras and connect fibre from all depots to the Integrated Operations Centre was not approved at Mid-year budget adjustment (No City CAPEX mid-year request was approved).</p> <p>1.4 Completed. Maintenance of buses is continuing as per existing Maintenance Plans</p> <p>1.5 Completed. A strategy to increase conversion rate was developed through a study collaboration with University of Johannesburg, ICCT and GIZ. This strategy is called DDF Optimisation plan which will be implemented in 2020/21 FY.</p>
				<p>2.1 Request additional budget for recruitment</p> <p>2.2 Fill in vacant positions</p>	<p>2.1 & 2.2 MD:Metrobus</p>	<p>2.1. Completed. 2.2 A request for additional budget for recruitment was approved.</p> <p>2.2 Not yet completed. The recruitment and selection process for all positions is currently in progress.</p>
				<p>3.1 Upgrade to the new hardware for the new MS exchange (email back-up and recoveries)</p> <p>3.2 Replace oracle with SAP S 4 HANA according to the City release strategy for the SAP programme</p>	<p>3.1 & 3.2 CIO</p>	<p>3.1. Completed</p> <p>3.2. Completed. SAP S4 HANA has been implemented within the CoJ according to the City release strategy for the SAP programme;</p>

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8.Technology Business Enablement	Inability to continue operation within the business			MD	<p>1.1, 2.1 & 3. 1. Upgrade to the new hardware for the new MS exchange (email back-up and recoveries); implement firewall once hardware is upgraded.</p> <p>1.2, 2.2 & 3.2. Replace oracle with SAP S 4 HANA according to the City release strategy for the SAP programme; will use City's data centre to address</p>	1.1, 1.2 , 2.1, 2.2, 3.1 & 3.2 CIO	<p>1.1, 2.1 & 3.1 Completed with the exception of the Firewall was</p> <p>1.2, 2.2 and 3.2.Completed. To date HR Module of SAP S4 HANA has been implemented within the City in accordance with to the City release strategy for the SAP programme;</p>
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