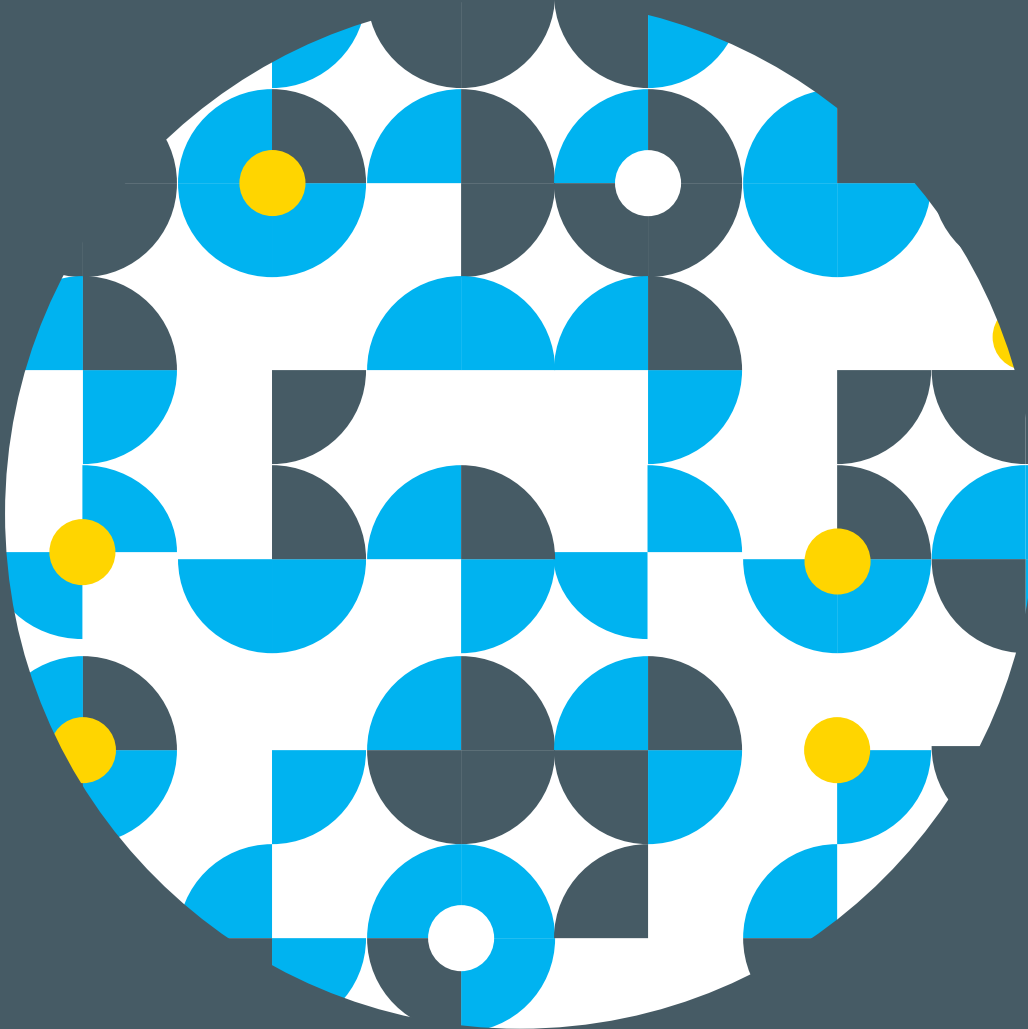


Be moved



prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA



Passenger Rail Agency of South Africa

Corporate Plan

2022/2025

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CONTENTS

A	VISION	8	B	ADDRESSING SHAREHOLDER REQUIREMENTS OVER THE MTEF PERIOD	23
	MISSION	8		Directives To Align With The Deliverables	
	VALUES	8		Of The Minister Of Transport's Compact	23
	LEGISLATIVE AND OTHER MANDATES	9		STRATEGIC PILLARS TO ADDRESS THE ALIGNMENT OF PRASA'S PRIMARY MANDATE WITH THE COMPACT WITH THE MINISTER OF TRANSPORT	25
	Legislative mandate	9		Rebuilding corridors for consistent good services with passengers at the centre	25
	Governmental plans and policies informing the corporate plan	9		Metrorail	28
	Economic reconstruction and recovery plan	9		Communication and Marketing for rebuilding service lines	38
	Priorities of the national development plan and the sixth administration	9		Station recovery and revitalisation functionality	39
	2022 State of the nation address	10		MLPS	42
	Other policies and acts	10		Autopax	42
	Proposed new legislation	10		Enhancing operational and workplace safety and security	43
	Addressing the world bank's analysis of prasa's strategy	11		Operational safety	43
	Response to world bank findings	11		Security plan	44
	PRASA's role in the economy	12		Modernisation of infrastructure, rolling stock and stations	46
	Socioeconomic impact:	12		New rolling stock fleet renewal	46
	Overview of the impact of the destruction of assets	13		Resignalling programme	48
	Cost of not recovering the system	16		Depot modernisation programme	49
	Performance in 2021/22	16	C	PILLARS ADDRESSING THE SECONDARY MANDATE AND ENABLING OPERATIONS	52
	Swot analysis	17		Pursue financial gains through revenue enhancements and cost reduction	54
	PESTLE analysis	18		Revenue enhancement from the property portfolio	54
	Autopax	18		Trade-offs	55
	STRATEGIC INTENT	20			
	Pillars for the strategy execution	20			
	Pillars covering prasa's primary mandate	20			
	Pillars addressing the secondary mandate and enabling operations	21			

Excellence in performance across all areas of the business with a focus on enabling operations 57

Legal, compliance and insurance	57
Audit improvements	57
Supply chain management	58
Research	58

People priorities addressing employees and stakeholders 58

Employee priorities	58
Stakeholder priorities	59

Facilitate the transition to a digitally enabled organisation 60

Prasa transformational journey	61
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D FINANCIAL PLANS 63

Consolidated Statement Of Financial Performance	63
Consolidated Statement Of Cash Flow	65
Consolidated Statement Of Financial Position	66

CAPITAL BUDGET FOR THE MTEF PERIOD 67

RISK MANAGEMENT PLAN 68

Strategic Risks And Mitigations For 2021/22	68
Emerging Strategic Risks And Mitigation Measures For 2022/23	72

E PERFORMANCE PLAN FOR THE MTEF PERIOD ALIGNED WITH THE PERFORMANCE COMPACT WITH THE MINISTER OF TRANSPORT 74

F PRASA BOARD OF CONTROL 81

PRASA EXECUTIVE MANAGEMENT 85

EXECUTIVE SUMMARY

In his 2022 State of the Nation Address, President Cyril Ramaphosa emphasised government's imperative to rebuild the state and restore trust and pride in public institutions. This is directly related to the Passenger Rail Agency of South Africa (PRASA) as its main focus over the period ahead, as outlined in this plan, is to rebuild. In terms of our rail network, where rebuilding entails making significant infrastructure investments with the objective of reconstructing railway corridors and improving security around them.

The 2022-2025 Corporate Plan is centred on achieving the performance outcomes set by the Minister of Transport, which are in line with PRASA's primary mandate. In this regard, the outcomes "Increased access to affordable and reliable transport", "Industrialisation and exports", and "Social cohesion and safer communities" are supported by the three pillars of PRASA's primary mandate:

1. Rebuilding corridors for consistent, good services with the passenger at the centre.
2. Modernising infrastructure, rolling stock and stations.
3. Enhancing operational and workplace safety, as well as security covering assets and people.

Whereas the 2021-2024 Corporate Plan focused on the recovery of rail corridors, it has since become clear that PRASA needs to focus on rebuilding and/or reconstructing after the extensive destruction of the passenger rail network in 2020. Modernising and upgrading infrastructure are incorporated into PRASA's plans to rebuild. Reconstruction work is estimated to cost R6 billion over three to four years, with priority given to the busiest corridors.

To mitigate the impact of no rail services, PRASA has adopted an approach to reopen lines with limited operations as soon as minimum safety requirements are met. This is done while work continues on restoring lines to full operation. However, ongoing vandalism at substations and the theft of signalling equipment and rail tracks have hampered reconstruction efforts. This has resulted in having to revise the scope and timelines for corridor recovery.

To continue rebuilding the Western Cape Central Line, which is prioritised as one of our busy corridors, illegal settlements need to be removed, a complex process that involves costly legal intervention and intergovernmental coordination. This example also illustrates that part of rebuilding corridors entails focusing on enhancing the value proposition for passengers in terms of the availability of trains and buses; and the predictability, reliability, affordability, safety and security of services.

Lines that were reopened with limited services in 2021/22 include Pretoria to Mabopane, Pretoria to Saulsville, Cape Town to Bellville via Goodwood, Cape Town to Simon's Town, and Cape Town to Retreat via Athlone.

In 2022/23, PRASA plans to reopen seven additional lines with limited operations: Pretoria to Pienaarspoort, Johannesburg to Naledi, Pretoria to Germiston and Johannesburg, Johannesburg to Leralla, Durban to Umlazi, and two sections of the Western Cape Central Line (between Cape Town and Bellville via Sarepta and extending the service from Cape Town to Langa up to Nyanga). In all of these seven lines, either in parts or as a whole, service will be provided with PRASA's newly acquired electric multiple units (EMUs), which comprise six coaches.

The agency also intends to complete several lines in 2022/23. These include: Pretoria to Mabopane, Pretoria to Pienaarspoort, Pretoria to Saulsville, Johannesburg to Naledi, Cape Town to Simon's Town and Cape Town to Retreat via Athlone. In addition to overhead traction equipment (OHTE), substations and perway, the signalling, telecommunications and the bulk of stations on the line are expected to be operational.

Following its successful application to the Companies and Intellectual Property Commission (CIPC), the business rescue process of Autopax is currently under way. An evaluation conducted by the business rescue practitioners indicated that the company's business plan is feasible and sustainable, however, this is largely dependent on shareholder funding and support.

Mainline passenger services (MLPS) are dependent on repairs to Transnet's infrastructure as well as reliable locomotives. Services recommenced in December 2021 after locomotives were leased, however, because of the low reliability levels of the Transnet network, services have been of poor quality. In 2022/23, the focus for MLPS will be on peak-period trains between Johannesburg and Eastern Cape (East London and Gqeberha), and from Johannesburg to Musina. The Gqeberha service will be combined with East London up to Bloemfontein.

PRASA's Operational Safety department continues to build on its work in 2021/22, with the aim of achieving a three-year safety permit. The agency is working closely with the Railway Safety Regulator to reopen its service lines in adherence with the regulator's standards.

The agency's security plan is the foundation on

which it will rebuild, with Metrorail as a priority. The protection of new assets such as substations and signal rooms is critical; these are now being protected by walling and enhanced security technology. External security companies will help PRASA in the deployment of physical security personnel for a period of 12 months while the agency's own security staff are trained and new security technology is introduced.

Ongoing modernisation programmes include the rolling stock fleet renewal programme, by Gibela at the factory in Dunnottar (Gauteng). The factory has been significantly impacted by constrained global supply chains and lockdown restrictions because of the COVID-19 pandemic, and the public unrest in July 2021. Global supply chain constraints, specifically for components, are expected to continue into 2022/23. The factory currently produces up to four EMUs per month. This is expected to increase to five per month from 2023/24, subject to available components and a stable political environment.

The resignalling programme is moving to KwaZulu-Natal as the tender evaluation is finalised in 2022/23. Additional projects in the signalling environment include moving towards the electronic authorisation of trains when signalling systems are not working, improving optical transmission networks, reducing GSM-R network redundancy to build in resilience and operational handheld radios linked to the GSM-R, which is standard for railway communication.

Several pillars that support PRASA's mandate have been adjusted from the 2021-2024 Corporate Plan. All of the agency's departments have prioritised between three and five key deliverables for the financial year, which are aligned with available funding. These are:

- Pursue financial gains through revenue enhancements and costing improvements. The pillar also covers the agency's secondary mandate (property development, alternative revenue sources and improvements to the cost structure of the organisation).
- Performance excellence in all areas of the business to enable operations through legal, compliance and insurance; improving governance and addressing audit findings; reducing irregular and fruitless and wasteful expenditure; improving procurement efficiencies; and conducting research to provide customer insight.
- Prioritise people, including employees and stakeholders, with greater responsiveness to gender-based violence and femicide (GBVF).
- Transition to a digitally enabled organisation with a focus on stabilising the organisation's ICT infrastructure, and enhancing its productivity tools and SAP enterprise system.

From an operational expenses perspective, PRASA's financial position is precarious. While the agency is asset rich, it is poor in financial resources. In 2022/23, the organisation plans to develop and detail trade-offs to improve its financial position, as well as use capital to unlock revenue streams.

There was an increase in capital expenditure in 2021/22, although it was lower than anticipated. Commitments to spending over the 2022/23 MTEF period are significant; they include the rolling stock renewal programme, and the resignalling and general overhaul programmes. The corridor rebuild programme is expected to be accelerated from 2022/23 and should continue in the outer years of the MTEF period, provided

an expeditious resolution is reached on the National Treasury directive (issued 25 February 2022) that suspended procurement.

The agency's procurement system has been identified as an emerging risk. This will be mitigated through building fit-for-purpose organisational structures, increasing leadership stability and management control, reviewing policy and procedures, using human resources more efficiently and considering co-sourcing to create capacity for the execution of key projects.

Another emerging risk that has been identified is PRASA's inability to implement and maintain an effective security strategy and plan. To address this, the agency is in the process of securing adequate funding over the MTEF to execute its security plan. The introduction of technology to augment physical security will also play a role in mitigating the security risk.

PRASA's annual performance plan is aligned with the performance compact of the Minister of Transport. The performance targets for the 2022/23 MTEF period take into consideration the constraints and uncertainties faced by the agency and are in line with the requirements of National Treasury's framework for programme performance management.

Part A

Strategic overview

Vision

Mission

Values

Legislativ and other mandate

Situational Analysis



VISION

Be a recognised provider and manufacturer of safe and reliable public passenger services and products.

MISSION

Provide safe, predictable, consistent, affordable and quality commuter rail, long-haul passenger rail and long-haul intercity bus services.

VALUES



Fairness and Integrity

Treating our customers and our colleagues the same as we would like to be treated.



Service Excellence

Provide the kind of services that meet and exceed customers expectations.



Performance Driven

Developing the ability to venture into new areas of opportunity whilst offering quality products to our customers.



Safety

Ensuring our customers and colleagues enjoy their journey and arrive safely and refreshed.



Communication

Sharing information with our customers and colleagues in an open and honest way



Teamwork

Working together with our customers to achieve a common goal and recognising each other's strengths and contribution.

LEGISLATIVE AND OTHER MANDATES

Legislative mandate

PRASA is a schedule 3B national government business enterprise reporting to the Minister of Transport. It derives its mandate from the Legal Succession to the South African Transport Services Act (1989), as amended.

PRASA's main objective and business is to ensure, in consultation with the Department of Transport, that rail commuter services and long-haul passenger rail and bus services are provided within, to and from South Africa in the public interest.

PRASA's secondary objective and business is to generate income by exploiting its assets. In carrying out its objectives and business, PRASA ensures due regard for key government social, economic and transport policy objectives, including the National Development Plan and the national land transport strategic framework.

Governmental plans and policies informing the corporate plan

Economic reconstruction and recovery plan

To mitigate the impact of the COVID-19 pandemic, in 2020, government introduced the economic reconstruction and recovery plan, which aims to create a sustainable, resilient and inclusive economy by tackling unemployment and inequality. Passenger and railway transportation are central to helping communities access employment opportunities. As the economy recovers, PRASA's ability to provide commuters and passengers with an effective and efficient

transport system is pivotal for economic growth, and for alleviating poverty and unemployment.

The economic reconstruction and recovery plan has three phases: engage and preserve; recover and reform; and reconstruct and transform. This is directly linked to PRASA in that the agency must ensure that its employees and passengers are protected through compliance to health and safety legislation and COVID-19 regulations; that its rail network is rebuilt to enable the recovery of corridors (infrastructure and stations); and that its fleet is modernised while embracing transformation objectives.

Priorities of the National Development Plan and the sixth administration

The imperatives considered by government and the stakeholder for PRASA, as informed by the National Development Plan and priorities of the sixth administration, are:

- Providing public transport solutions that respond to the needs of travellers.
- Providing reliable, safe and affordable transport.
- Improving accessibility and connectivity for marginalised communities.
- Providing public transport development solutions for rural communities.
- Supporting economic growth and spatial development through the provision of access to major employment areas.
- Contributing to a reduction in emissions and to cleaner cities.

2022 State of the Nation Address

In the 2022 State of the Nation Address, the president said that one of government's priorities is the large-scale roll out of critical infrastructure. This priority is supported by the rebuilding of PRASA's rail network and security infrastructure, as well as its modernisation programme. In turn, this supports the priority of creating jobs and supporting livelihoods.

In 2022/23, PRASA plans to reopen seven additional lines with limited operations and complete three corridors for full operational services that were reopened with limited operations in 2021/22.

As a state-owned entity, PRASA will be impacted by government's proposed central shareholder model and will fully participate in this endeavour.

Other policies and acts

Other legislation and policies that inform PRASA's mandate are the:

- National Land Transport Act (2009).
- National Railway Safety Regulator Act (2002).
- National Rail Policy White Paper.
- Public transport strategy.

Proposed new legislation

New legislation that will impact PRASA include the:

- National Rail Bill.
- Economic Regulation of Transport Bill.
- Railway Safety Regulator Bill.



Addressing the World Bank's analysis of PRASA's strategy

National Treasury engaged the World Bank in August 2020 to provide technical and financial support to PRASA. The report on the engagement, which was received in November 2020, acknowledged the unprecedented challenge that PRASA faces in addressing the wave of theft, vandalism and destruction at the onset of the COVID-19 pandemic. The World Bank indicated that the restoration phase would require a clear mandate, a defined and attainable timeline, and a focus only on those key areas necessary to restore priority services in a safe, reliable and affordable manner.

Though it indicated that recovery planning from most divisions was sound, the report stated that the scope of PRASA's recovery plan is too broad. The report reads: "Taken as a whole, it would be unrealistic of the organisation to satisfy all the specified objectives in the timeframes suggested even in normal times." In light of the disastrous conditions under which PRASA is operating, the World Bank recommended the postponement of work in some less critical areas. It also highlighted that a far greater managerial focus on defined priority actions is required while other proposed areas of improvement are laudable but should not be prioritised.

Response to World Bank findings

In 2021/22, the scope and scale of recovery became much clearer. In addition, ongoing theft and vandalism, especially in Gauteng, made it clear that the recovery programme required the rebuilding of rail infrastructure. Examples include the theft of rail tracks (perway) on the Daveyton to Dunswart line and further damage

to substations on the Pretoria to Pienaarspoort line. As such, timelines needed to be adjusted to address the additional scope.

As an interim measure to alleviate the urgent need for rail transport, PRASA will introduce minimum services such as phased electrical train services (for example, operating a single line instead of two lines).

To reprioritise and refocus on the rebuilding of rail infrastructure, this corporate plan focuses on three to five priorities that can mainly be executed internally, given the limited funding available for operational spending.

In terms of long-haul services, as indicated by the World Bank, recovery plans have been developed for Autopax and are in development for MLPS. These plans are based on robust market analyses and evaluations of social and/or economic benefits. For MLPS, the ability to provide a consistent reliable service over the Transnet network will determine where services will be provided.

As also indicated in the World Bank report, the security of assets and people must be the foundation of PRASA's rebuilding efforts. The security plan outlined in this corporate plan is based on this principle, and includes an assessment of the technologies that can be deployed while ensuring that the internal protection of staff and facilities are optimally addressed. Part of the security strategy that is still under consideration entails a walling solution to close off rail operating tunnels. Designs of the walls, which were completed in 2021/22, are under review to establish the best options within the amount of funding available from government.

PRASA'S role in the economy

Transport is an economic facilitator and public transport, specifically, is critical in maximising productivity and competitiveness. An efficient public transport system is key to achieving economic connectivity, particularly in major urban centres. This is achieved through the efficient connection of businesses with labour. Other economic benefits of public transport include connecting people with community resources, medical care and education.

The provision of safe, accessible and affordable public transport infrastructure is essential for socioeconomic development in South Africa. In this context, public rail transport provides people with affordable access to the job market and, as such, helps reduce unemployment, inequality and poverty. In South Africa, commuter access to rail transport has been limited for decades as a result of race-based spatial development.

In addition, commuter services are only rendered in the major metropolitan areas of Gauteng, KwaZulu-Natal and Western Cape, and to a lesser extent in Eastern Cape. Access to long-haul services has also been historically limited because of dispersed population patterns and rapid urbanisation after apartheid.

PRASA's economic contribution is reflected in the following areas:

- The station programme, which involves rebuilding, upgrading and revitalising stations with an increased focus on community involvement and commercial opportunities. For example, with the completion of the Mabopane Station commercial complex in Gauteng, space will be provided for about 2 200 traders. Similar approaches have

been adopted across PRASA's rebuilding programme.

- Free Wi-Fi and access to safe and reliable train services provides access to employment, schooling, and other critical economic facilities.
- Transport costs are reduced by 60% to 70% compared to other modes of transport such as minibus taxis.
- EMUs emit less carbon and have capacity for up to 1 200 passengers per trip and, theoretically, reduce road congestion by up to 100 minibus trips. In addition to their increased capacity, EMUs are faster than previous trains and provide a higher standard of service to commuters. EMUs have the capability to automatically detect faults and have breaking sensors when approaching any objects to prevent accidents.
- Increased security in and around stations reduce crime at stations, depots, infrastructure and networks, and create secure corridors that are central to communities.
- Societal needs are addressed by recruiting community members from areas surrounding stations for projects.

Socioeconomic impact:

- As a general rule, for every rand spent on transport infrastructure, the impact should yield at least three times as much in private sector spending.
- The planned capex of R59 billion over the medium term will result directly in at least R150 billion in economic activity. It is anticipated that the resumption of services will have an even greater multiplier effect.
- Studies in the United States show that for the equivalent of every R25 billion spent on public transport, about 13 000 jobs are supported.

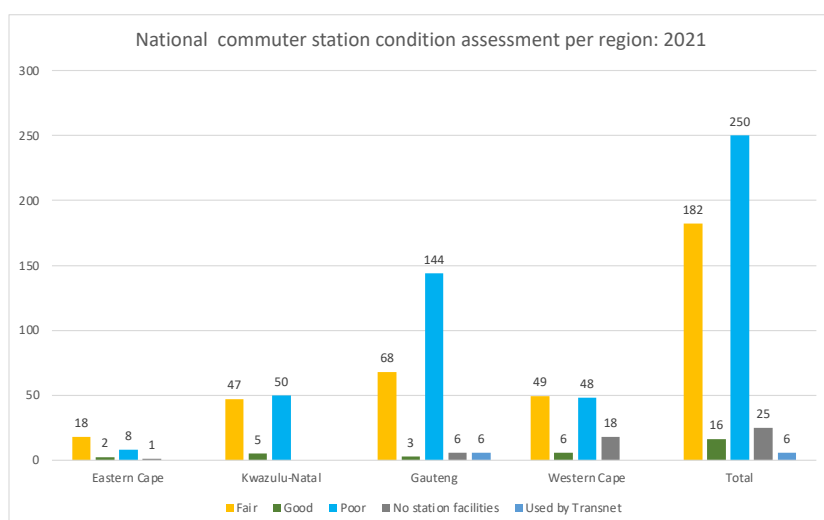
In South Africa, with the price sensitivity of low-income communities, increased spending on rail will result in a significantly higher number of jobs supported. PRASA employs about 17 000 people and creates many more jobs in the private sector, including high-tech employment, training and development (for example, work at the Gibela factory and the resignalling programme). It is important to note that the creation of jobs also flows from investments beyond direct contracts.

- On a basic route such as Mabopane to Pretoria, at the current low fares, rail trips result in savings to commuters of about R42 per day, translating to savings of about per month, which is between 15% and 20% of the monthly income of average users. At full capacity and based on historical user patterns, PRASA calculates total savings between R400 million and R500 million per year for communities. Across the Metrorail system, direct commuter savings at full recovery levels are estimated to amount to as much as between R8 billion and R9 billion per year.
- From an environmental perspective, rail has a significantly smaller (four to five times) carbon footprint than other means of transportation. The new EMUs have a much lower impact on the environment than other modes of transport.
- In the US between 2006 and 2011, residential property was an average of 42% more valuable if located near a high-frequency transit service, which translated to higher tax revenue for cities. This pattern is likely to emerge in the South African context, a good example being the value of property around the Gautrain.

Overview of the impact of the destruction of assets

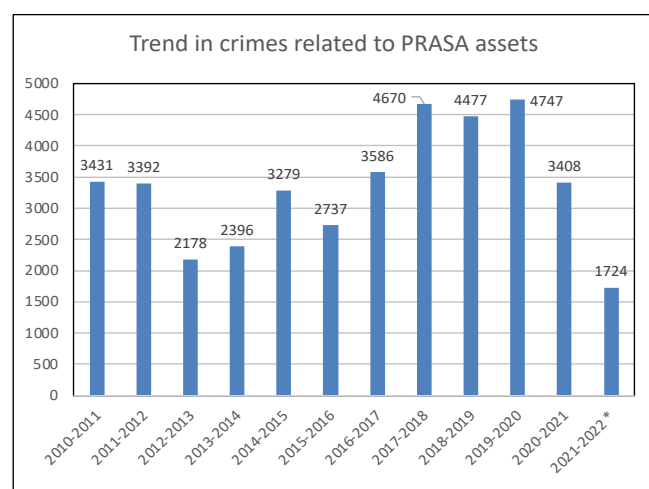
The unprecedented vandalism and theft of PRASA's assets since 2020, preceded by several years of management instability, have resulted in the near collapse of South Africa's commuter rail network. The damage caused by theft and vandalism to the PRASA network has left most of our stations in a state of disrepair. At present, in the 10 priority corridors there are just 121 stations with limited functionality, with 114 stations severely damaged and in need of rebuilding.

Status of stations on priority lines or corridors				
Line	Level of vandalism on stations	Total number of stations	Functional stations	Non-functional stations
Central Line	Severe	21	1	20
Cape Town to Simon's Town	Minor	39	39	0
Pretoria to Mabopane	Severe	23	5	18
Pretoria to Saulsville	Medium	9	5	4
Pretoria to Pienaarspoort	Medium	24	6	18
Pretoria to Kaalfontein	Severe	6	0	6
Johannesburg to Leralla	Severe	20	7	13
Johannesburg to Daveyton	Severe	12	0	12
Johannesburg to Naledi	Minor	15	9	6
Durban to Umlazi	Minor	14	14	0
Durban to KwaMashu	Medium	13	9	4
East London to Berlin	Medium	18	14	4
Port Elizabeth to Uitenhage	Medium	10	6	4
East London to Johannesburg / Port Elizabeth to Johannesburg	Medium	11	6	5
		235	121	114



Vandalism and theft on the PRASA network

Over the past year, most of the malicious damage to property and theft was aimed at signalling and cabling, while damage to and theft of perway (track) components continues. When looking at total asset-related crimes, it is immediately clear that the impact of vandalism and theft began well before COVID-19 lockdown restrictions were enforced. The number of asset-related crime occurrences, which mostly include theft and malicious damage, more than doubled between 2012/13 and 2019/20. While the number of occurrences decreased since the start of the 2020/21, the relative value of the damage and theft increased significantly, resulting in a total cost of recovery of electrical, signalling and perway equipment and infrastructure amounting to R6.4 billion.



Calculation of the cost of vandalism and theft

The cost of cable theft and vandalism on the PRASA network can be quantified in terms of direct and indirect costs, meaning these crimes result not only in the cost of repairing or replacing equipment, but the resulting loss of revenue and work hours.

With reasonable confidence, we are able to calculate the economic cost to the South African economy in terms of four effects:

- Direct cost of recovery.
- Loss of fare revenue.
- Additional daily transport costs for commuters.
- Cost to the economy.

Direct cost of recovery

Although the theft of electrical and signalling equipment was not limited to the lockdown period (it had been escalating in recent years, partly because of the strength in commodity prices), the lockdown period brought with it increased and widespread theft and vandalism. The direct cost of recovering stolen or damaged infrastructure amounts to an estimated R6.4 billion, mainly emanating from the theft of electrical and signalling equipment. More than 1 100km of electrical and signalling equipment and about 40km of perway were damaged or stolen. The direct cost of replacing stolen infrastructure, which often comes with peripheral damage to other equipment, places a significant burden on PRASA's budget, including operational expenditure.

Cost of delays to the economy

In recent years, theft and vandalism has accounted for about 50% of delays and resulted in a further 20% of cancellations of scheduled trips. When looking only at delayed trains, approximately one-third of delays can directly be attributed to the theft of cables and signalling equipment and vandalism. Even before the situation PRASA currently finds itself in, this affected between 40 million and 60 million paid passenger trips per year.

On average, a 60-minute delay amounts to the loss of between 40 million and 60 million person hours. In many instances, this results in a direct loss of hourly wages for most shift workers. At a minimum hourly wage of R20/h (conservative estimate), if only one-third of workers experienced delays, this would amount to about R400 million per year in lost wages.

Cost of not recovering the system

The direct cost to PRASA and government of the theft and vandalism is estimated to be R6.4 billion, however, it is the direct and indirect costs to commuters that comprise the bulk of the overall cost to the economy. The direct loss of income, because of higher transport costs and loss of person hours to delays, costs commuters between R4 billion and R5 billion per year. Delays have shifted commuters away from rail as a viable option over the past decade. An efficient PRASA that provides a consistently good service, unhindered by theft and vandalism, will result in significant savings in the economy.

Performance in 2021/22

The main factors that resulted in PRASA's poor performance in 2021/22 have been identified as follows:

- The COVID-19 pandemic, which impacted employees, especially during the third wave (June-August 2021), and PRASA contractors and service providers.
- The public unrest in KwaZulu-Natal and

Gauteng in July 2021 caused major disruptions to services, required additional security deployment in PRASA's three main regions, and disrupted contractors' work on the rolling stock fleet renewal and recovery programmes.

- Autopax's situation deteriorated because of the subsidiary's proposed organisational structure not having materialised. The Department of Transport, National Treasury and the Board put Autopax in business rescue. The financial support that PRASA was able to provide to Autopax resulted in a worsened financial position for the agency.
- Transnet, PRASA's main creditor, has withdrawn services across all regions since August 2021. Discussions between the shareholder, National Treasury and Transnet are ongoing to find an amicable solution.
- There have been unrealistic expectations around the agency's ability to get to the construction phase because of procurement constraints.

SWOT analysis

An assessment of PRASA's environment in terms of strengths, weaknesses, opportunities and threats (SWOT) are as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> Continued support for PRASA's modernisation programme through the provision of capital grants. Ability to articulate challenges and solutions. Shared service model supported by management and the Board of Control. Commitment of staff to improve operations. Board stability and leadership. EMUs to provide a quality service. 	<ul style="list-style-type: none"> Inability to prioritise and sequence plans to ensure attainable timelines to implement capital programmes, especially the rebuilding of destroyed service. Inability to address the wave of theft, vandalism and destruction. Budget constraints, with personnel costs amounting to 52% of expenditure. Loss of commuters and passenger base, resulting in loss of revenue. Procurement processes have long lead times. Lack of technical and engineering capacity to implement capital programme and maintenance. Limited in-house capacity and capability. Irregular expenditure and inadequate asset management and verification processes. An open network that allows vandalism, theft, fare evasion and trespassing. Inadequate asset management and verification. One-year safety permit.
Opportunities	Threats
<ul style="list-style-type: none"> Renewal of assets in addition to resignalling, fleet renewal and depot modernisation for improved services. Building of closed operating tunnels that will protect assets, commuters and staff. Implementation of operational changes that better serve commuter and passenger needs. Use of property and other assets to alleviate some of the pressure on operational expenditure. Promotion of the economic benefit of rail services. Appointment of transactional advisers and technical capacity for megaprojects. Building of partnerships with other state-owned entities. Review of the organisational design and business model. Building core competencies. 	<ul style="list-style-type: none"> Theft and vandalism. Actions of competitors in public transport when rail services recover and market grows. Illegal occupation of PRASA land and reserves. Political unrest. Severely constrained global supply chains that impact the rolling stock renewal programme, the resignalling programme, and the procurement of ICT equipment and commodities such as steel and copper. Uncertainty about the COVID-19 pandemic in terms of how much longer it will go on. Increasing fuel prices. Threat of war in Eurasia.

PESTLE analysis

An analysis of the political, economic, social, technological, legal and environmental (PESTLE) situation reveals the following:

Political	Economic
<ul style="list-style-type: none"> There is political support for passenger rail effectiveness and reliability. 	<ul style="list-style-type: none"> Economic growth remains stifled between 0.5% and 2%. There is a need to rebuild passenger rail transport in South Africa after the COVID-19 pandemic. There is an insufficient/unstable supply of electricity.
Social	Technological
<ul style="list-style-type: none"> Rapid urbanisation. Passenger safety and security concerns need to be addressed. 	<ul style="list-style-type: none"> The rail system is outdated and faces signalling challenges, which affects operations. Cyberattacks. Data fraud and theft. Disruptive technologies.
Environmental	Legal
<ul style="list-style-type: none"> Rail transport has a lower carbon footprint than other modes. Extreme weather events. Modal shift from road to rail can reduce the number of road accidents. 	<ul style="list-style-type: none"> Legislation facilitating rail transport includes the Legal Succession to the South African Transport Services Act (1989) and the Railway Safety Regulator Act (2002).

Autopax

Autopax exists to service the primary mandate of PRASA, which is to provide, in consultation with the Department of Transport, for long-haul passenger rail and bus services within, to and from South Africa in terms of the principles set out in section 23 of the Legal Succession to the South African Transport Services Act (1989). Autopax has ambitions of assuming leadership in long-distance road-based passenger transport solutions. This is supported by its mission of providing

preferred, sustainable, high-quality, seamless and affordable road passenger transport services. However, the subsidiary has been faced with several operational, financial and leadership challenges in the years prior to 2021. Leadership challenges have been addressed with the appointment of a Chief Executive Officer (CEO) in September 2020 and a permanent Board in November 2020.

Autopax is struggling to meet ever-increasing passenger expectations for a high-quality, affordable and reliable bus service. This is reflected in by the decrease in the subsidiary's customer satisfaction index. In the process of developing a turnaround plan to return the Autopax to financial sustainability, its leadership is confronted with the challenge of managing current business operations while creating and implementing a viable, forward-looking strategy for the subsidiary.

The revised business model, which was approved by the Autopax Board of Directors in February 2021, could not be implemented

because of a lack of funding. Nonetheless, the approved business model responds to the short-term goal of stabilising and reviving operations, and addresses the medium- to long-term objectives of rebuilding services to achieve financial sustainability, and generating organic growth towards eventually exploring diversification into other markets.

To assist with the implementation of Autopax's turnaround plan and protect the company from liquidation, the Board of Directors requested that Autopax be placed under business rescue. The application was successful and Autopax has been in business rescue since November 2021.

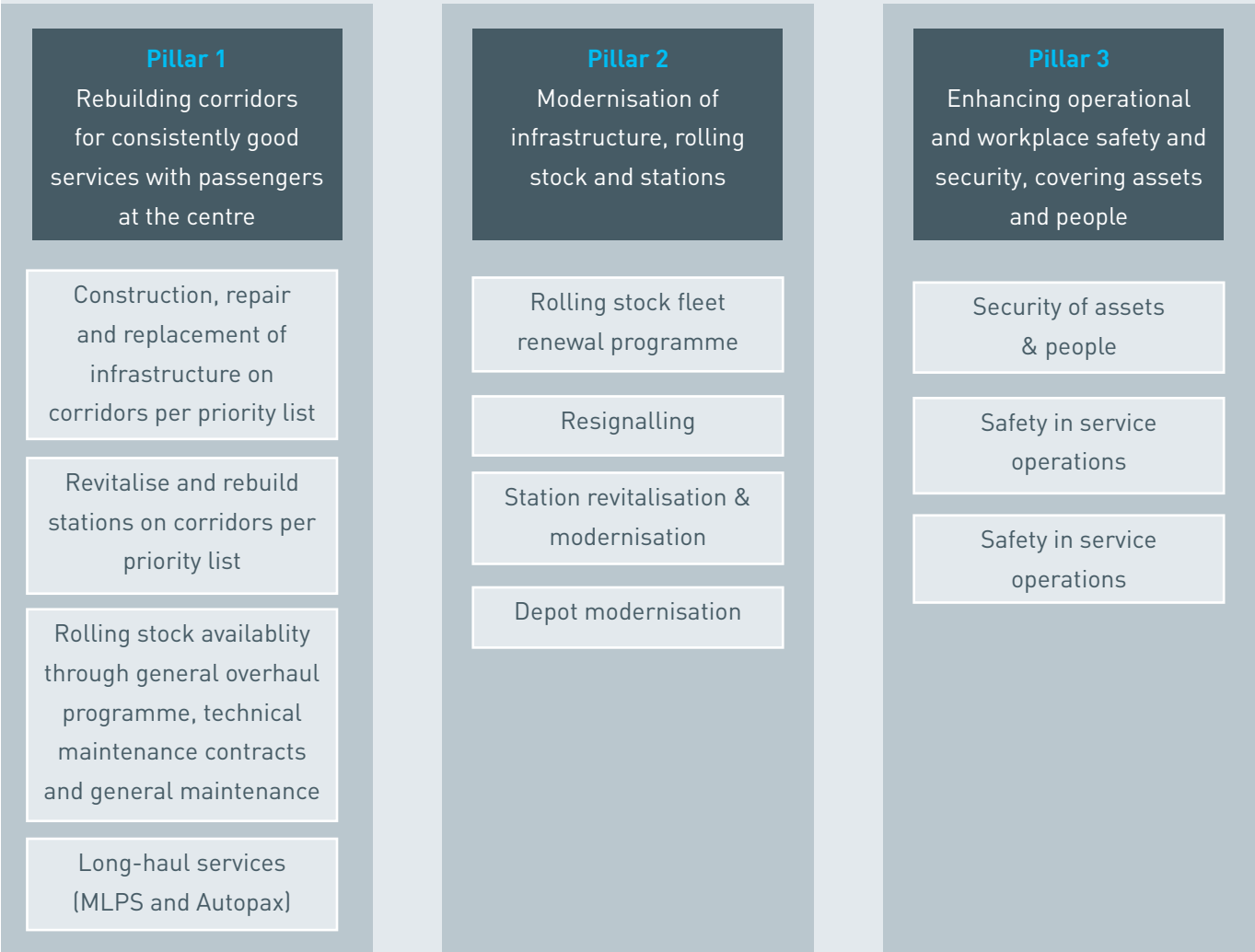
STRATEGIC INTENT

PRASA’s strategic intent is to be recognised as a provider and manufacturer of safe and reliable public transport services and products.

Pillars for the strategy execution

The eight pillars reflected in the previous corporate plan have been refined for the 2022/23 MTEF period. Initially, the development of the eight pillars entailed a consultative process whereby all of PRASA’s entities and departments were given the opportunity to participate in planning. However, this presented challenges in 2021/22 such as overlaps, duplications and dependencies between pillars. The pillars have, accordingly, been reorganised to ensure a clear link with the shareholder’s requirements. The revised pillars are as follows:

Pillars covering PRASA’s primary mandate



Pillars addressing the secondary mandate and enabling operations

Pillar 4

Pursue financial gains through revenue enhancements and costing improvements

Property development

Alternative revenue sources

Cost structures and improvement

Pillar 5

Excellence in performance across all areas of the business with a focus on enabling operations

Legal, compliance and insurance

Finance
Supply chain management (SCM)

Research

Pillar 6

People priorities:
Addressing employees and stakeholders

Employees

- Performance management
- Consequence management
- Skills and training
- Gender responsiveness

Stakeholders

- GBVF
- Procurement through businesses owned by women, youth or people with disabilities
- Communications with communities and other stakeholders

Pillar 7

Enable transition to a digitally enabled organisation

Stabilisation

- Infrastructure
- Security
- Augmenting skills

Rebuilding

- SAP
- Productivity tools

Part B:

Achieving shareholder requirements

- Addressing shareholder requirements over the MTEF period
- Strategic pillars to address the alignment of PRASA's primary mandate with the compact with the Minister of Transport



ADDRESSING SHAREHOLDER REQUIREMENTS OVER THE MTEF PERIOD

Directives to align with the deliverables of the Minister of Transport's compact

Several areas in the minister's compact require PRASA to achieve performance targets in terms of its mandate, specifically the primary mandate.

The ministerial outcomes applicable to PRASA's primary mandate are:

- Increased access to affordable and reliable transport.
- Industrialisation, localisation and exports.

These outcomes cover the following capital programmes of PRASA: the rolling stock fleet

renewal programme, the station revitalisation and modernisation programme, the resignalling programme, the general overhaul programme for Metrorail and MLPS, rebuilding the Western Cape central line, restoring the Mabopane to Pretoria service in Gauteng, and rebuilding corridors in order of set business priorities.

In addition, the operational side of the primary mandate is linked to PRASA's security plan and rollout, where funded. This includes: the safety and security of passengers, employees and assets; and the maintenance of the rolling stock (train sets) required to improve the overall performance of Metrorail and MLPS.

The table below shows the ministerial outcomes, PRASA's deliverables for the minister and links to the seven pillars.

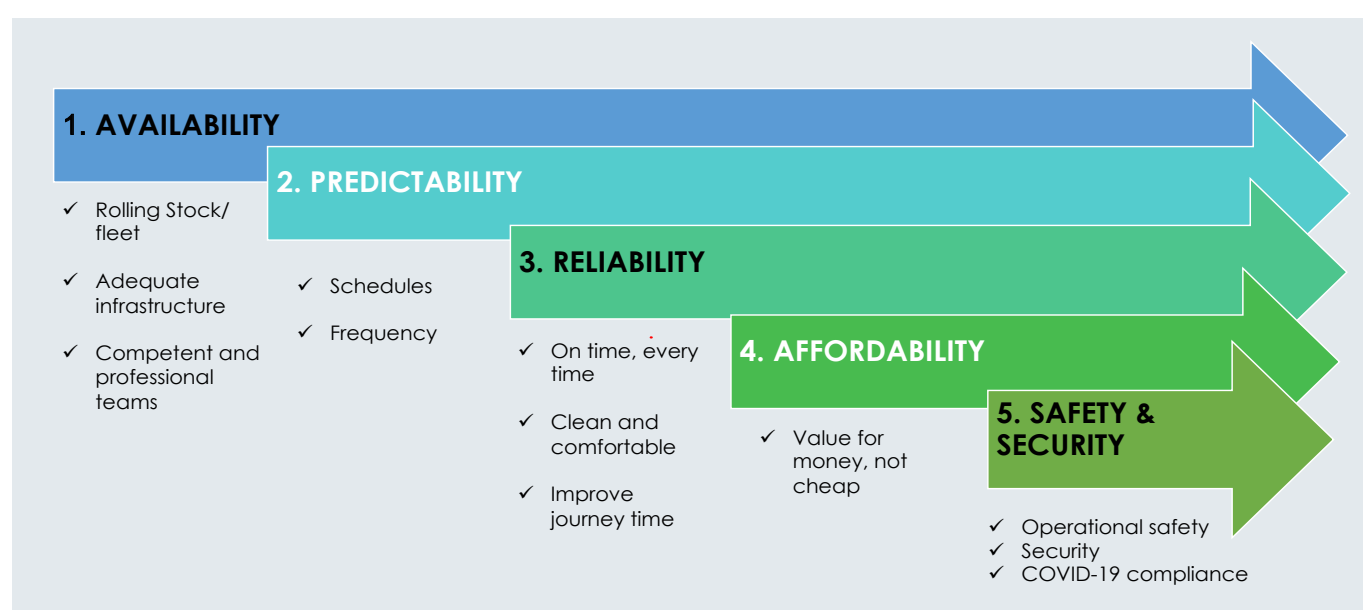
Outcome of minister	Shareholder deliverable	PRASA pillar
Increased access to affordable and reliable transport	Rolling stock fleet renewal programme	
	a) Deployment of EMUs to corridors	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
Industrialisation, localisation and exports	b) New EMU delivery according to the contract	Pillar 2: Modernisation of infrastructure, rolling stock and stations
	c) Local content delivery as per contract	
Increased access to affordable and reliable transport	Station revitalisation and rebuilding	Pillar 2: Modernisation of infrastructure, rolling stock and stations
	Resignalling programme	Pillar 2: Modernisation of infrastructure, rolling stock and stations

Outcome of minister	Shareholder deliverable	PRASA pillar
Increased access to affordable and reliable transport	Security of assets and people	Pillar 3: Enhancing operational and workplace safety and security, covering assets and people
	General overhaul programme	Pillar 2: Modernisation of infrastructure, rolling stock and stations
	Train sets (operational and configured correctly)	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
	Rail passenger trips	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
	Recovery of the Mabopane corridor (Gauteng)	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
	Recovery of the central line (Western Cape)	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
	Recovery of priority corridors	Pillar 1: Rebuilding corridors for consistent good services with passengers at the centre
Social cohesion and safer communities	Safety occurrences	Pillar 3: Enhancing operational and workplace safety and security, covering assets and people
	Security occurrences	Pillar 3: Enhancing operational and workplace safety and security, covering assets and people

STRATEGIC PILLARS TO ADDRESS THE ALIGNMENT OF PRASA'S PRIMARY MANDATE WITH THE COMPACT WITH THE MINISTER OF TRANSPORT

Rebuilding corridors for consistent good services with passengers at the centre

The value proposition to rail passengers is depicted below



The end result for passengers is to build a new PRASA in line with the Passenger Service Charter



PASSENGER SERVICE CHARTER

The Passenger Service Charter provides a set of aspirational norms and standards for service quality across all PRASA brands that include Metrorail, Premier Classe, Translux, Shosholoza Meyl, and City to City. We endeavor to provide you with:

SAFETY AND SECURITY

- Investigate reported incidents within 24h
- Cooperate fully with law enforcement and prosecutorial agencies.
- Provide an independent whistleblower telephone line and email facility.
- Publicly publish the outcomes of investigations once they are concluded.
- Maintain our infrastructure, trains and vehicles in accordance with legal prescripts.

CUSTOMER INFORMATION

- Disseminate service information across multiple platforms.
- Publish the most up to date timetables.
- Inform customers of service disruptions within 10 minutes of a verified disruption.
- Publish up to date fare structures.
- Provide adequate and clear signage within and around each station or stop.
- Provide timetable information and a map of services at each station and stop.
- Provide service information on-board all our services.
- Ensure that every Customer Services personnel, and information desk has the most up to date information about the status of our services.
- Obtain information from customers on how to improve dissemination of information.

SERVICE RELIABILITY

- Departure and arrival times will not deviate from the timetable by more than 10 minutes.

- Where services deviate by more than 10 minutes from the published times, this will not be more than 10% of services provided in any given year.
- Passengers will be informed of any timetable deviation through all our official platforms.
- Where possible, an alternative service will be provided in case the primary service is experiencing a failure of more than 3 hours.
- Where external factors affect the punctuality and reliability of services, we will make every effort to minimise the inconvenience to customers.
- We will publish performance on service reliability on a weekly basis across all our official information platforms.

CLEANLINESS AND CONDITIONS OF FACILITIES AND VEHICLES

- Stations will be cleaned daily.
- Our trains and buses will be cleaned daily.
- Out of service ablution facilities, lifts ramp, escalators, broken windows, station lighting, floor tiles, roller shutter doors and manhole covers and other unserviceable installations will be repaired within 72 hours of a reported incident.

JOURNEY COMFORT

- Daily inspections will take place to ensure that all our trains and vehicles have adequate ventilation, heating and lighting.
- Our drivers have been fully trained in safe driving techniques to maximize customer comfort.
- All our trains and vehicles are driven with proper regard to the comfort and safety of our customers.
- Crowding does not exceed 5 persons per square metre.

JOURNEY CONVENIENCE

- We will provide ticketing infrastructure that allows payment across multiple fare media.

- We will coordinate our timetable with other operators to ensure that, at designated interchange facilities, where we have services with headways of more than one hour, the departure and arrival of our services allow for connection with other major services.
- We will maximise the number of available outlets to purchase journey tickets or load fare media. Tickets are available at stations and appointed agents, whose names and locations are available from our website (www.prasa.com).
- We will make every effort to match seat availability to customer demand.
- Seat reservation is only available on selected services that include Autopax, Premier Class, Shosholoza Meyl (Sitter and Sleeper) travel classes.

UNIVERSAL ACCESSIBILITY

- We will make every effort to ensure a high level of accessibility of our stations and stops at selected stations and stops.
- Selected stations will provide facilities for persons with reduced mobility.

CUSTOMER COMMENTS AND COMPLAINTS

- Our employees will treat our customers in a courteous, respectful and fair manner in line with our Code of Conduct and established values.
- All our Customer Care Officials are clearly identifiable wearing full uniform with name badges bearing the company logo.
- We will respond within 72 hours to customer complaints and suggestions.

Scan the QR code to access the full Passenger Charter on the our website.

www.prasa.com

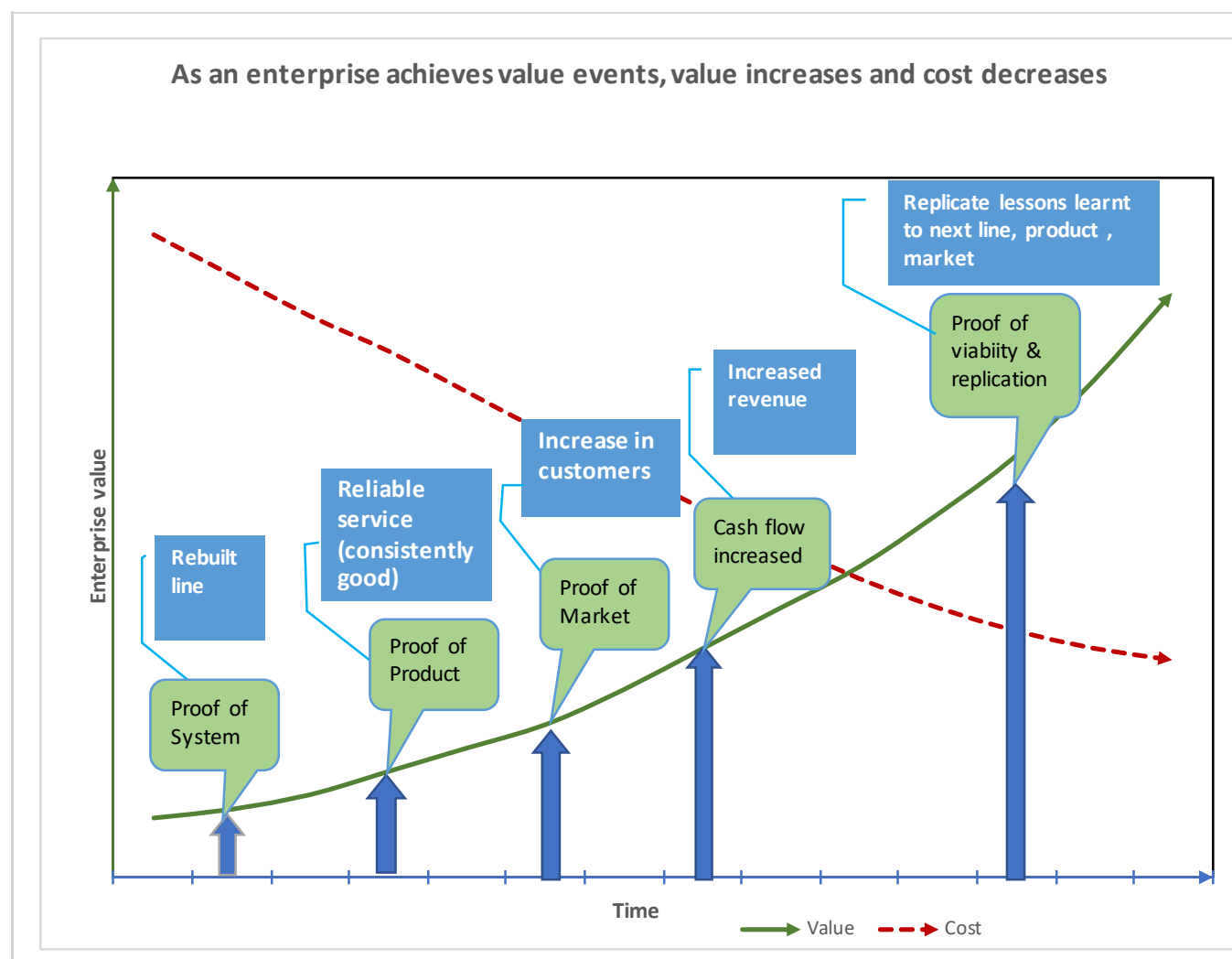
0800 65 63 63 (toll-free)

 @PrasaGroup

 Prasa Group



To achieve the value proposition for commuters and passengers, a value event approach has been adopted, which forms part of PRASA's rebuild. Each event, or phase, creates viability on the journey, from rebuilding to operational capability. PRASA's value and credibility is expected to increase as phases are completed, which will be proven by evidence-based performance. The value event process is depicted in the following figure.



While revenue will not exceed costs for commuter and passenger transport, the economic value will. PRASA needs to rebuild its corridors in the wake of the destruction of rail assets over the years. In most cases, this means a total rebuild of all infrastructure. For example, the Mabopane to Pretoria line basically needs to be rebuilt as a new line, representing proof of technology, with authorisation of the Railway Safety Regulator.

Once commercial services are introduced, providing a consistently good service, proof of product /service is achieved. Proof of market will be attained with return of commuters and passengers with an increase in revenue. This framework also helps us learn from and replicate implementation for the next set of corridors.

Metrorail

Metrorail has defined priority corridors for recovery in terms of volume of commuters using its services prior to April 2020. With the introduction of new assets, PRASA will be able to provide a consistently good (reliable) service in these corridors.

We are striving to open services for commuters as soon as possible. There are two levels of service: minimum service for resumption and full service introduction.

Minimum service for resumption:

- Minimum service refers to the reopening of an electrical service line (for example, Pretoria to Saulsville) with access for passengers that adheres to the minimum standards for safety, compliance and a limited number of stations with basic facilities for passengers.
- Limited operations are provided with a minimum service.
- Train services are provided in peak periods with trains running in both directions.
- Critical infrastructure to resume services are completed to levels that enable train operations – mainly OHTE, perway (tracks) and stations – with basic functionality.

Full service introduction:

- Full services are introduced when the infrastructure rebuild is completed. This mainly entails the completion of signalling that enables higher frequencies of train services during peak and off-peak periods in line with commuter demand.
- All major stations are fully functional.
- Footbridges and walling can still be in construction.
- Service is in full compliance with safety regulations and standards.

Constraints affecting the rebuilding programme

PRASA has identified the following constraints that are likely to affect the rebuilding programme:

- Lack of security at corridors is still a major risk. The deployment of additional security staff has been identified as an interim measure. The security plan intends to augment security deployment with security technology that reduces the requirement for additional field deployments.
- Continued vandalism and theft require project plans to be adjusted to make provision for items that were not in the original scope. Examples of this are:
 - o The Naledi and Pienaarspoort lines, where substations have been vandalised.
 - o Vandalism of most stations continues.
 - o The extent of perway replacement on the Daveyton line increased significantly, which required more time to repair.
- The National Treasury directive (issued 25 February 2022) that suspended procurement is a major constraint, as PRASA was already struggling to conclude contracts for construction. The directive advised that:
 - o Tenders advertised before 16 February 2022 be finalised in terms of procurement regulations.
 - o Tenders advertised on or after 16 February 2022 be held in abeyance.
 - o No new tenders be advertised.
- Projects in 2022/23 on the corridor rebuild programme will not be severely affected by the directive, however, preparation for work on prioritised corridors in 2023/24 will be impacted if the directive remains in place for several months. Discussions with National Treasury in this regard have commenced.

To mitigate delays in the reintroduction of services in corridors, PRASA is focusing on the following:

- Introducing a minimum single electrified line per service line to improve the frequency of services.
- A sole supplier solution is being pursued to mitigate additional time required to repair, restore or rebuild signalling systems, specifically in Gauteng and Western Cape.

Corridor plans for 2022/23

The table below shows a summary of the prioritised corridors for 2022/23, when construction is expected to be completed, and operational readiness, which includes approval from the Railway Safety Regulator for services to commence.

Region	Corridor	Service Line	Section	Reopening of Minimum service with limited operations 2021/22	Reopening of Minimum service with limited operations 2022/23	Full service with increased train frequencies
GP	North	Pretoria - Mabopane		Jan-22		Oct-22
GP	North	Pretoria - Pienaarspoort			May-22	
GP	North	Pretoria - Saulsville		Mar-22		Oct-22
GP	North	Pretoria - Germiston - Johannesburg			Dec-22	
GP		Johannesburg - Leralla			Dec-22	
GP		Germiston - Daveyton				
GP		Johannesburg - Naledi			May-22	Feb-23
WC	Central	Cape Town - Chris Hani / Kapteinsklip (Central Line)			Jan-23	May-23
			Langa - Pinelands	Mar-22		
			Langa - Nyanga		Jul-22	
			Cape Town - Bellville via Sarepta		Jul-22	
WC	Central	Cape Town - Bellville (via Goodwood)		Mar-22		May-23
WC	South	Cape Town - Simon's Town		Feb-22		Feb-23
WC	South	Cape Town - Retreat via Athlone		Feb-22		Feb-23
KZN	Central				Apr-22	

New EMUs will be used in the reopening of corridors with a minimum service level. For full service introduction, part or all the services will incorporate the new EMUs based on the sets required for a full service and sets delivered through the rolling stock fleet renewal programme.

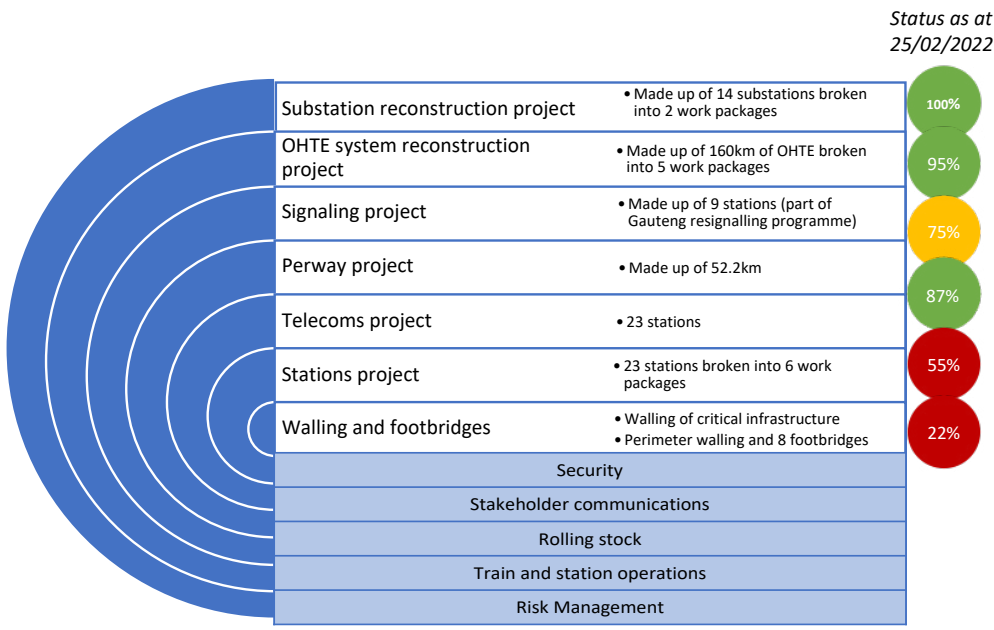
The plans for the corridors with minimum services prioritised for 2022/23 are all based on limited operations, introduced for the specific service line with one of the double lines with OHTE restored. To introduce a full service, the other line's OHTE needs to be completed, the substations restored, signalling replaced, telecommunications completed and most stations made functional.

The diagrams per corridor reflect the scope of work per area, as well as support requirements that include security deployment, stakeholder communications, rolling stock, train operations, station operations and risk management. The status of completion as at 25 February 2022 for each area is indicated in the circles on the right.



Pretoria to Mabopane

The electrical service with limited operations were re-opened on 15 January 2022 using the EMU's in both directions, stopping at 5 stations.

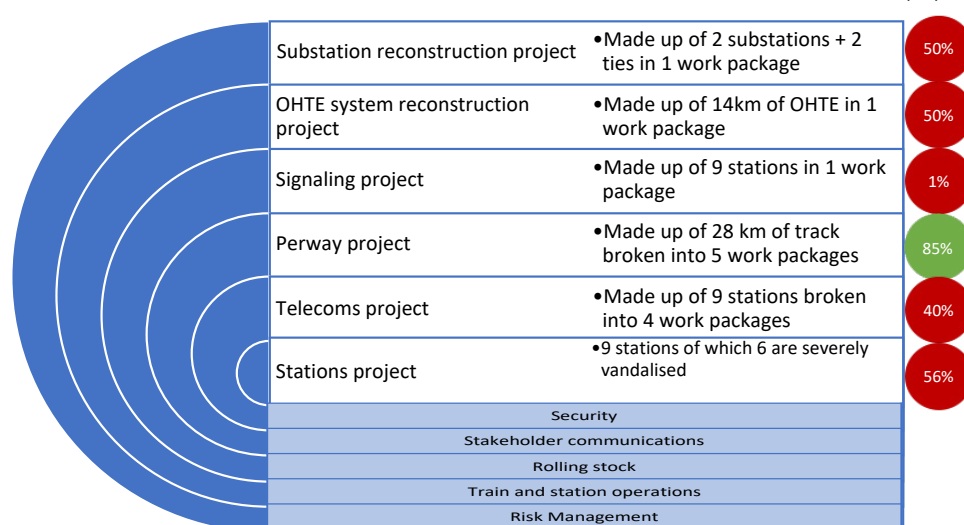


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Pretoria to Saulsville

The service line has been in operations since 2020 with the old fleet. Due to construction from the Mabopane line on the intersecting section with this line, operations were on hold for about two months and commenced on 15 November 2021. An EMU service was introduced on 15 February 2022.

Status as at
25/02/2022

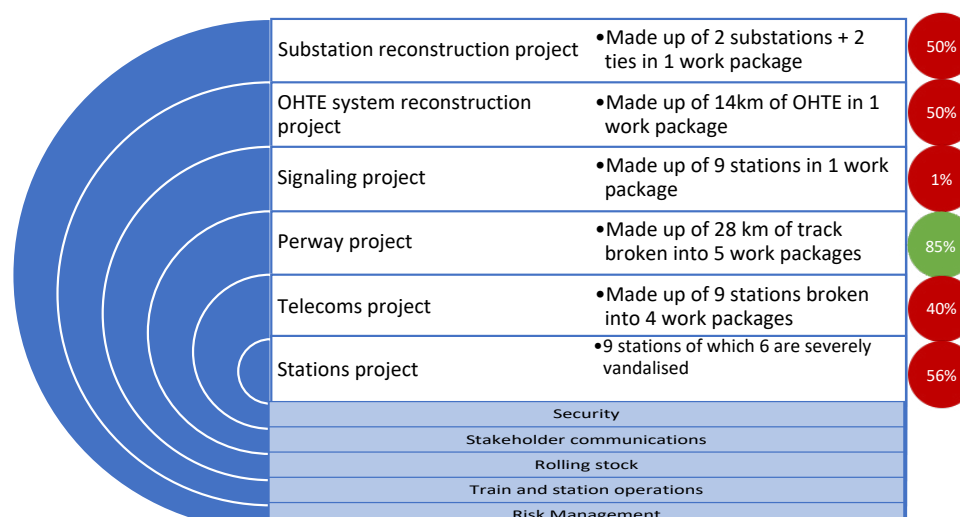


3

Pretoria to Pienaarspoort:

This service line is being rendered with diesel traction. The introduction of a minimum electrical service is expected in May 2022, with the current number of stations and one line electrified.

Status as at
25/02/2022

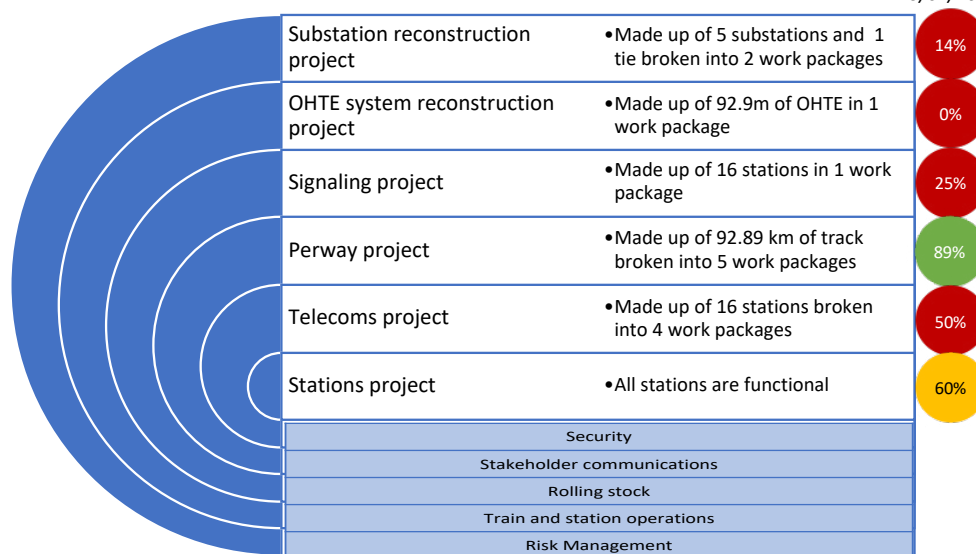


4

Johannesburg to Naledi

This service has been rendered with diesel traction since 2020 with six trips per day. A minimum electrical service is expected to be introduced in May 2022 with the current number of stations and one line electrified.

Status as at
25/02/2022

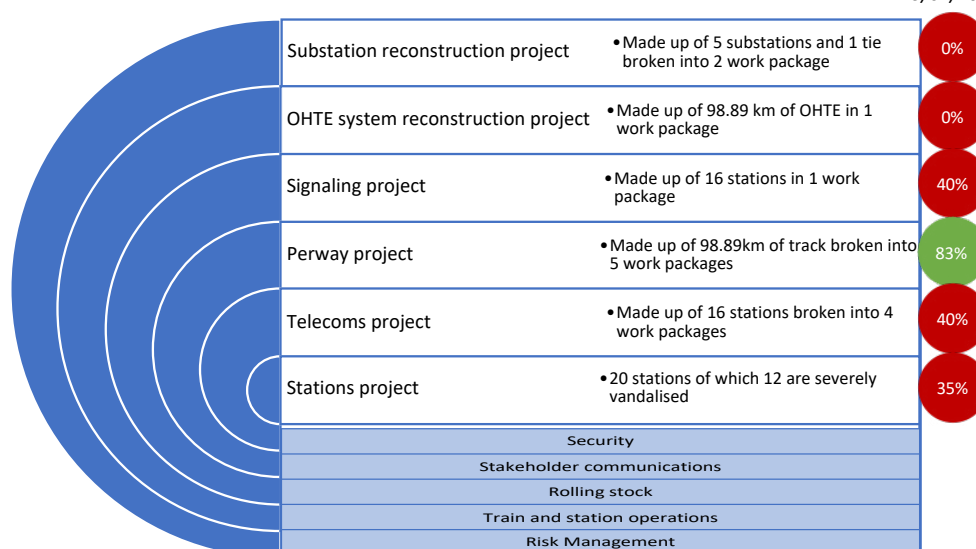


5

Johannesburg to Leralla

This service is rendered with diesel traction. A minimum electrical service is expected by December 2022.

Status as at
25/02/2022



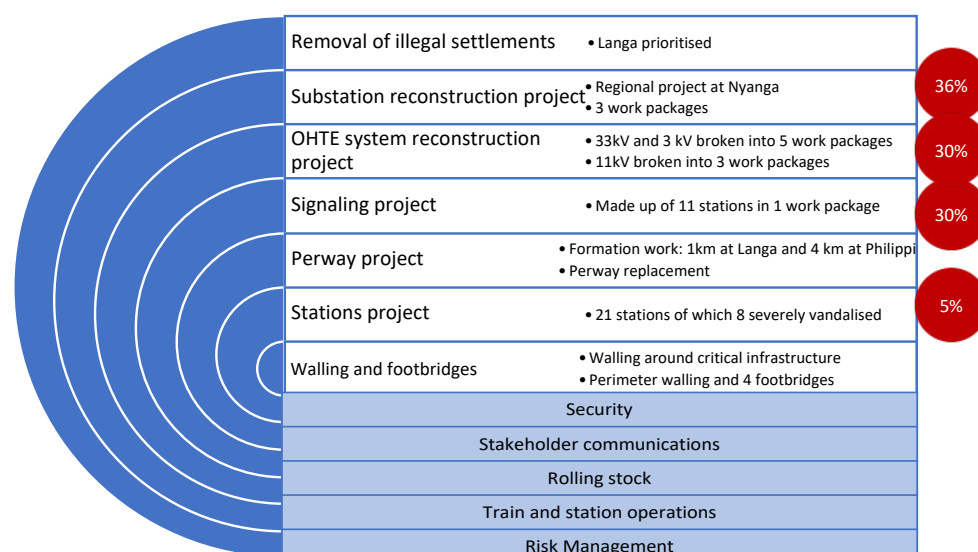
6

Central line: Cape Town to Khayelitsha and Kapteinsklop

Minimum service resumption on the central line is dependent on the removal of illegal settlements. There have been delays in achieving this through the various government entities at the national, provincial and local levels. Legislative issues related to removing settlements have also caused delays.

To mitigate this, an approach has been adopted to reopen sections of the central line, with a service up to Langa having been introduced in February 2021. A service between Cape Town and Pinelands will be introduced in March 2022 and two further sections (Cape Town to Bellville via Sarepta and an extension of the service between Cape Town and Langa up to Nyanga) by July 2022. The area around Philippi Station, where there are settlements on the rail, requires new construction of the perway that can only be properly scoped once the settlements are removed.

Status as at
25/02/2022

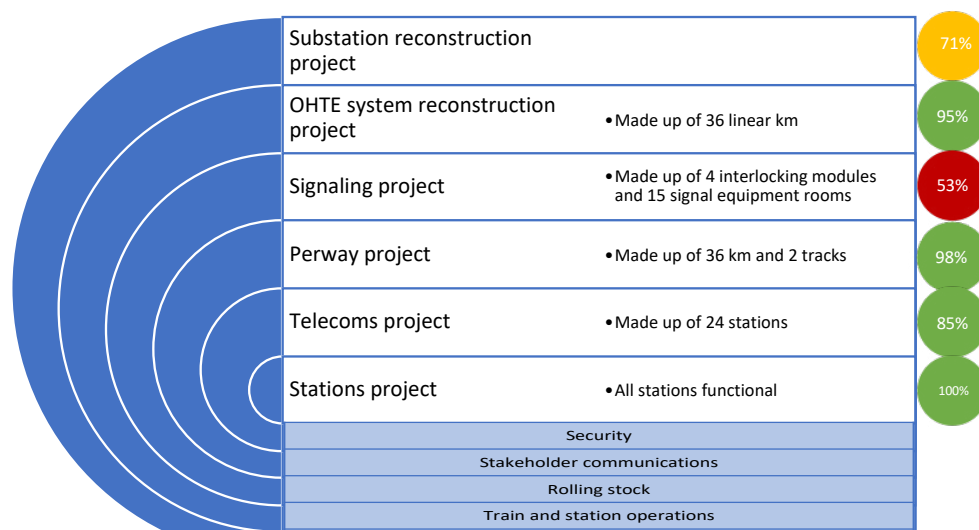


7

Cape Town to Simon's Town

Authorisation from the Railway Safety Regulator was granted from February 2022 for minimum service levels using the new EMUs during peak and off-peak periods. Full services are expected to be reintroduced by February 2023.

Status as at
25/02/2022

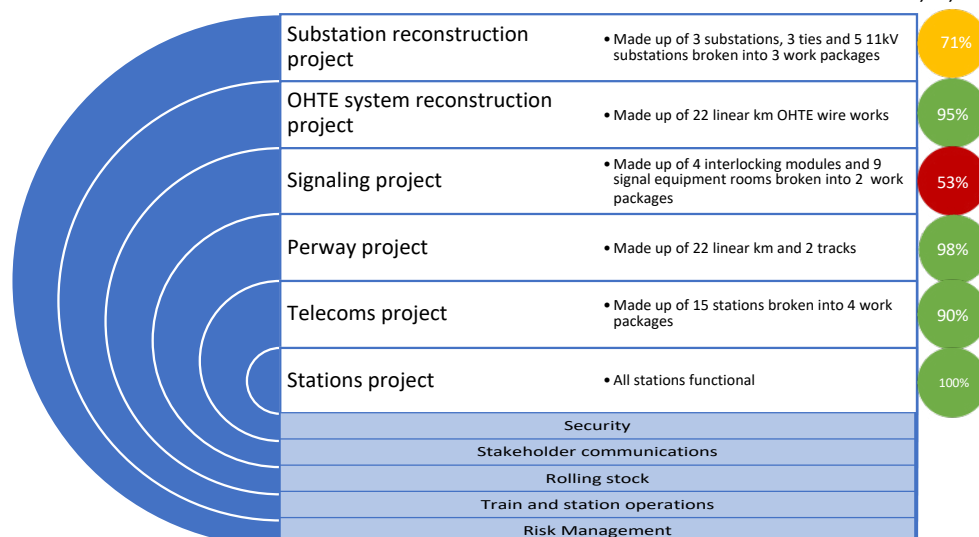


8

Cape Town to Retreat via Athlone

The Railway Safety Regulator authorised peak and off-peak services using the new EMUs from February 2022. Full services are expected to be reintroduced by February 2023

Status as at
25/02/2022

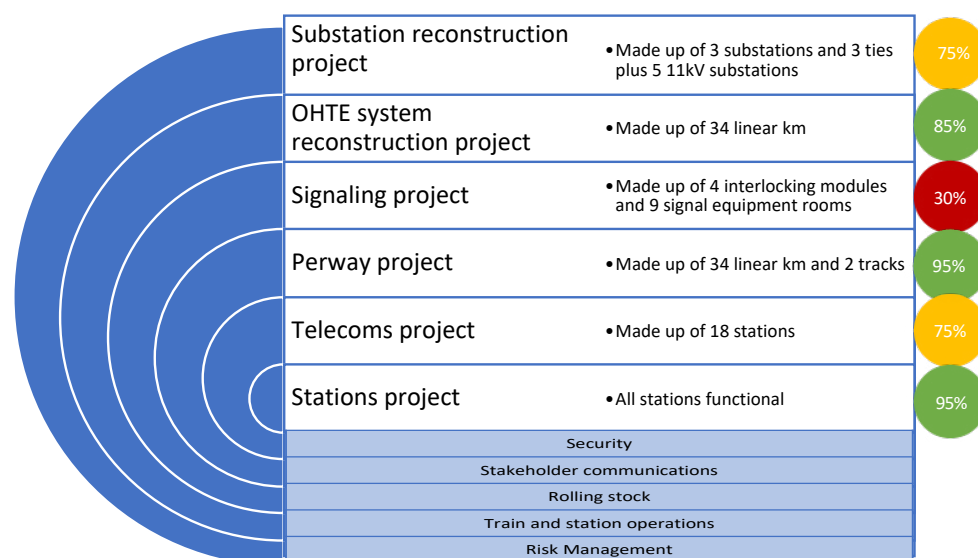


9

Cape Town to Bellville via Goodwood

Authorisation from the Railway Safety Regulator to provide minimum services from March 2022 is in progress. It is expected that full services will be reintroduced by May 2023.

Status as at
25/02/2022

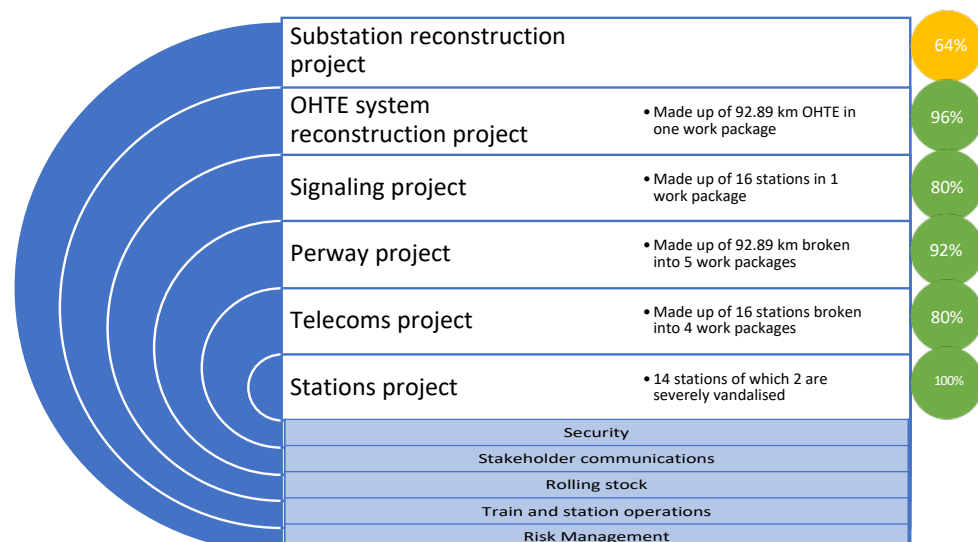


10

Durban to Umlazi

The line is currently in operation, however, improved services using the new EMUs is expected to be introduced from April 2022. The re-introduction of an electrical service from Durban to KwaMashu will also be scheduled for 2022/23.

Status as at
25/02/2022



Eastern Cape

Eastern Cape will be allocated two locomotives for each corridor, with delivery expected on 11 April 2022. The preparation time prior to the commencement of commercial services is six weeks.

East London to Berlin: The corridor has been allocated 25kV electric locomotives that have not been operating because of continual OHTE cable theft and vandalism. One leased locomotive will be allocated until a long-term solution for acquiring diesel locomotives has been finalised. Services are expected to resume no later than May 2022.

Gqeberha to Uitenhage: This line has been operating with diesel traction but services were affected by the withdrawal of Transnet locomotives. Arrangements are being made to share locomotives leased to MLPS for commuter services. Services are expected to resume no later than May 2022.

Rollout priorities after 2022/23

PRASA Rail's priorities over the MTEF period, in addition to full completion of lines listed for 2022/23 are as follows:

Gauteng	Western Cape	KwaZulu-Natal
New Canada to Residensia	Cape Town to Strand	Durban to KwaMashu
Daveyton to Germiston	Cape Town to Stellenbosch	Kelso to Reunion
Kwesine to Germiston	Belville to Wellington	Durban to Crossmoor
Johannesburg to Randfontein		Durban to Pinetown
Springs to Dunswart		
Germiston to New Canada		
Crown to Westgate (ring)		
Booyesen to Faraday (ring)		
Pretoria to Koedoespoort		
Springs to Nigel		

Business readiness

The completion of corridor rebuilding is followed by the process of obtaining authorisation from the Railway Safety Regulator to operate. A commercial service is preceded by off-peak operations with paying passengers on board, followed by peak operations with passengers on board. This is followed by obtaining a full commercial licence, where PRASA Rail is authorised to run trains according to a timetable.

Key activities leading to full commercial service are:

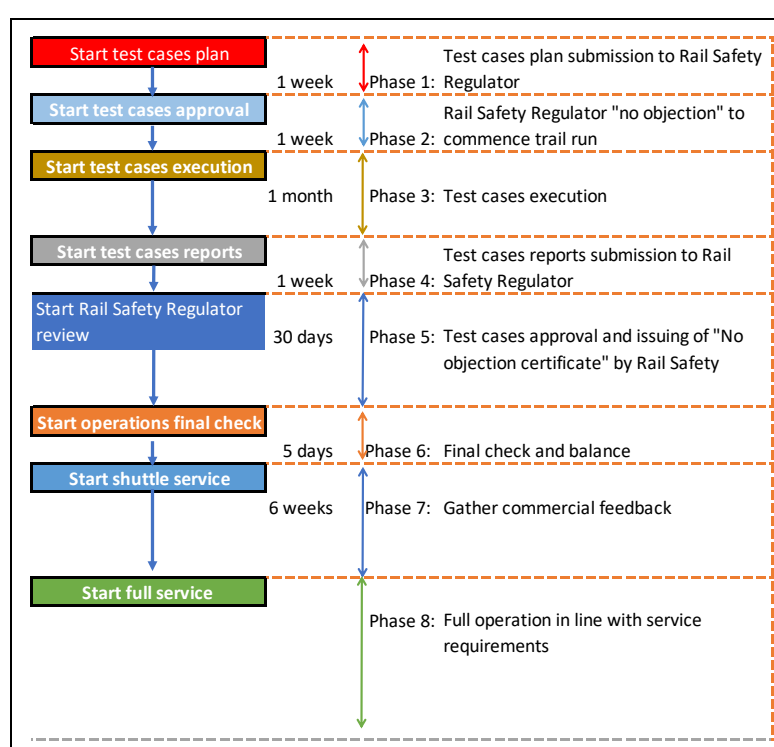
- No objection to train certification process.
- No objection to the trial run test case results.
- No objection to run off-peak operations.
- No objection to run peak operations.
- No objection to full commercial licenced service.

The train certification process confirms that train design, development and production by

Gibela meet all agreed-upon safety and operation parameters. An independent assessor acting on behalf of PRASA, along with PRASA engineers, verifies and validates all parameters prior to the Railway Safety Regulator's review process. Once the regulator is satisfied that all parameters meet all safety and operational requirements, a no-objection certificate is issued, allowing PRASA to start trial operations.

The requirements of these trials are based on the need for PRASA to demonstrate to the regulator and commuters, and any other interested parties, its readiness to operate and maintain the passenger railway with the new EMUs in a safe, efficient, reliable and sustainable manner. After obtaining authorisation from the regulator, PRASA needs to prove its ability to consistently provide a good service from off-peak operations until a full commercial service licence is issued.

The process for preparation for trial operations is as follows:



Communication and marketing for rebuilding service lines

The dilemma in PRASA is that the funding for advertising campaigns is not available. There is, however, an opportunity to incorporate communications and marketing in each corridor recovery project. The actions from marketing and communications through this opportunity will focus on:

Priority theme	
Actions	Support corridor initiatives Communicate developments, key milestones and activities within a corridor
Tactics/Tools	<ul style="list-style-type: none"> • Press releases • Opinion pieces • Media briefings • Media tours • Videos
Messaging	PRASA is rebuilding, corridor by corridor <ul style="list-style-type: none"> • Resumption of services/corridors • Showcasing revamped stations and infrastructure • Educational campaigns on what it takes to rebuild corridors • Women in Rail programme

Station recovery and revitalisation functionality

The majority of Metrorail stations are in a significant state of disrepair. The focus in 2022/23 will be on implementation to ensure that, in total, 202 stations will be improved under the various programmes as even some functional stations require improved functionality.

The appointment of consultants and prequalification for the appointment of contractors have been based on the priority corridor approach. The first phase is to restore functionality, and the next phase is the total improvement of stations and upgrading.

The detail of the work per line on stations is as follows:

Region	Line	Stations	Vandalism impact			Scope of Work	Completion of Functionality	Completion of Upgrade
			Minor	Medium	Severe			
GP	Johannesburg to Naledi	15	6	4	5	Stations and platform lighting; access control facility; functional ticket office; safe platform surface; waiting facilities/ shelters functional public ablution; universal accessibility; statutory and information signage; access control; retail facility parking and signage.	3 stations by March 2022 (Phefeni, Phomolong and Croesus). 2 stations by May 2022 (Longdale and Braamfontein)	Sep-22
	Johannesburg to Leralla	20	2	6	12		Jul-22	Dec-22
	Johannesburg to Daveyton	12	1	1	10		Sep-22	Mar-23
	Pretoria to Mabopane	22	1	4	17		Mar-22	Jun-22
	Pretoria to Saulsville	9		3	6		Jul-22	Sep-22
	Pretoria to Pienaarspoort	7		2	5		Aug-22	Nov-22
	Pretoria to Kaalfontein	3			3		Aug-22	Nov-22

Region	Line	Stations	Vandalism impact			Scope of Work	Completion of Functionality	Completion of Upgrade
			Minor	Medium	Severe			
KZN	Durban to Umlazi	14	9	3	2	Improvement on ticket office buildings, station buildings, general station lighting, shelters and ablution facilities	6 stations by Jul 2022;	3 stations by Oct 2022; 3 stations by Jan 2023; 8 stations by Aug 2023
	Durban to KwaMashu	13	4	3	6	Total refurbishment and improvement of the stations, lighting, shelters, ABT for protection services	5 stations by Jul 2022;	1 station by Aug 2022; 5 stations by Oct 2022; 1 station by Jan 2023; 7 stations by Aug 2023
WC	Central Line	21	1	12	8	Stations and platform lighting; access control facility; functional ticket office; safe platform surface; waiting facilities/ shelters functional public ablution; universal accessibility; statutory and information signage; access control; retail facility parking and signage.	Jun-22	Sep-22
EC	East London	16 and 2 halts	7	6	3	Station and platform lighting, access control facilities, functional ticket office, safe platform surface, waiting shelters, functional public ablutions, universal accessibility, statutory and information signage.	Phase 1: Oct 2022 (3 stations)	Phase 2: Jul 2023; East London station upgrade Mar 2024

Region	Line	Stations	Vandalism impact			Scope of Work	Completion of Functionality	Completion of Upgrade
			Minor	Medium	Severe			
	Gqerberha	10	6		4	Provision of guard houses and cleaner's stores, commuter waiting rooms and shelters, ticket offices, rubbish bins, provide PRASA signage	4 stations severely vandalised by Oct 2022	5 stations by Jul 2023; Port Elizabeth station upgrade by Sep 2024
MLPS	Johannesburg to East London	6	2		4	Guard houses, cleaner stores, rubbish bins, signage, waiting rooms, shelters and ticket office		Jul-23
	Johannesburg to Gqeberha	5	4		1			Aug-24

MLPS

MLPS only operates Eastern Cape routes because of the non-availability of electric locomotives and continuous theft and vandalism of OHTE and signalling cable on the Transnet network.

Diesel traction services are rendered by a private supplier with a leasing contract of 11 months in place (December 2021 to November 2022). The Stadler acquisition arrangements are in progress, with the quick win being to finalise negotiations around six locomotives that are already in South Africa.

Actions to enable a better MLPS include:

- Acquisition of shunting diesel locomotives.
- Arrangements with the manufacturer, legal and liquidators for AFRO diesel locomotives.
- Rightsizing of the fleet and general overhaul programme with corporate branding.
- Upgrade and maintenance of station facilities.
- Engagement with Transnet to adopt a strategy of diesel-only traction on the Eastern Cape corridors and a mutual response to network failures. In addition, an agreement needs to be reached on dedicated lines to be improved for passenger trains.

In 2022/23, MLPS will be limited to the Johannesburg to East London, Bloemfontein to Gqeberha and Johannesburg to Musina routes, using diesel traction for peak periods such as:

- Easter weekend.
- June-July school holidays.
- December-January holiday period.
- Special trains on a hire basis.

Expansion to other lines, such as Johannesburg to Cape Town and Johannesburg to Durban, would be dependent on Transnet's ability to repair its infrastructure.

Autopax

Key to achieving the short-term turnaround goals is rationalising serviced routes, rightsizing the staff complement, consolidating functions for improved service efficiencies and replacing obsolete and redundant buses.

Even with its turnaround plan, it is projected that Autopax will require financial assistance in the medium term. This excludes initiatives under consideration by the business rescue practitioners. It must also be taken into consideration that Autopax has an unfunded mandate from government. Most of its services are rendered to the vulnerable and economically deprived communities living in rural areas. Autopax services link these communities to major metropolitan areas and give them access to trade, training and health facilities.

The subsidiary has been in business rescue since November 2021. The business rescue practitioners evaluated Autopax's business plan and are of the view that it is feasible and sustainable but will be dependent on financial support from the shareholder to recapitalise its fleet, and fund voluntary severance packages and the one-off payment of historical debt.

Autopax is implementing its revised operating model, which will culminate in Autopax becoming a division of PRASA rather than remaining a subsidiary. The dormant Autopax company will be kept for strategic purposes and could be used to house a strategic partner.

Enhancing operational and workplace safety and security

Operational safety

The operational safety initiatives address operational safety, directives of the Railway Safety Regulator, and occupational health and safety.

Following PRASA's loss of credibility with the Railway Safety Regulator, communities and passengers, the case for increasing rail safety is grouped into three main areas:

Legal and regulatory compliance	Protection of revenue	Reputational risk
Railway Safety Regulator improvement directives	Service disruption leading to lost revenue	Public harm
Railway Safety Regulator prohibition directives	Legal and regulatory penalties	Pandemic super spreader
Risk of Railway Safety Regulator withdrawing PRASA's operating permit	Increased cost of insurance	Eroded patronage base
Risk of imprisonment	Litigation costs	
	Third-party claims	
	Costs associated with injury on duty, overtime, etc	

The specific interventions to be undertaken by the department are:

Priority actions for 2022/23

- Embed and maintain the culture of safety and the safety management system through measures such as training, and reward and recognition.
- Evaluate and monitor the performance of all the safety management system components to graduate to a three-year safety permit regime.
- Implement occurrence management processes such as reporting, investigation and analysis capabilities.
- Establish and maintain a robust human factors management programme to manage safety critical grades employees and their work environment.
- Adopt multiple processes to promote and improve the awareness and knowledge of rail safety among employees, passengers and communities by supporting the established safety inspectorate function. This includes proactive measures to ensure operational and technical requirements.

Priority actions for 2023/24

- Introduce technology to monitor and control human interventions in the management of rail safety and maintain the three-year safety permit regime. This includes automated points in shunting yards, the integration of the operations and assets condition monitoring systems, and the use of prediction and prevention analytics.
- Move the organisation to safety maturity level 3, in which railway safety risks are fully defined and understood throughout the organisation.
- Introduce the semi-automated system to reduce human errors.

Priority actions for 2024/25

- Ingrain a mature safety culture and robust safety management system where employees are trained and supported by the processes and systems, are motivated to look for ways to improve safety, and are incentivised to provide ideas to improve safety.
- Ensure that the safety management system is continually optimised through research and development for ways to reduce the frequency and impact of railway operations accidents. This includes the use of prediction and prevention technology.

Security plan

In June 2021, PRASA appointed a Group Chief Security Officer with a team of specialists to stabilise and analyse security within the organisation. They confirmed that the 2020/21 security plan needed to be adjusted. They also analysed the skills of the 3 100 newly insourced protection officials.

Immediate action taken by the Group Chief Security Officer and the team of specialists included:

- Identifying infrastructure needs.
- Assessing presidential projects relating to Tshwane and Western Cape.
- Managing and integrating security with PRASA, and aligning it with the business functions (PRASA Technical and PRASA Corporate Real Estate Solutions [CRES]).
- Ensuring stability in operations; the protection of infrastructure, commuters and revenue;

and the uniformity of security services.

- Analysing and assessing security technology throughout PRASA infrastructure and its requirements (substations, relay rooms, stations and high sites).
- Aligning Railway Safety Regulatory requirements with rail security operations.
- Auditing security skills.
- Establishing five units within PRASA security:
 - o Business intelligence, which deals with investigations, vetting, training, cyber security and whistleblower protection.
 - o Business enablement, which deals with the alignment of PRASA CRES and PRASA Technical's security needs.
 - o Security technology, which deals with CCTV, access control, revenue security, security technology and technology specialists.
 - o Logistics and operations, which deals with project scope, specifications and security needs.

- o VIP and exec care security operations, which deals with security assets and firearm control, accreditation, training requirements, uniforms and compliance.

Walling to protect assets

As a result of the distances of corridors, the need to erect high, impenetrable walls on either side, as well as the stringent strength and security requirements, the proposed erection of walls around corridors carries a significant cost. Engineering teams are evaluating designs to assess whether changes will result in more affordable walling.

The proposed walling has a lifespan up to 50 years, depending on the strength level specified. By protecting PRASA's assets, it will enable trains to run on time, reduce the occurrence of railway safety incidents, and significantly reduce fare evasion.

A way forward will be determined as soon as the evaluation of these designs is concluded. This is expected to be done by early 2022/23.

Progress on security for presidential corridors

Security tenders were awarded in November 2021 and 320 intervention units were deployed on 1 December 2021 along the Mabopane to Pretoria line in accordance with the PRASA security strategy to protect infrastructure. Not a single incident of theft or vandalism was recorded in December 2021, proving that the specialists' assessments and recommendations from June 2021 were correct.

National Treasury approved a shortened tender process for intervention units to deal with evictions and relocations along the Western Cape central line. Deployments as per the

specifications and assessments for the Western Cape central line will be aligned with the necessary intervention units for March 2022. The blueprint of the Mabopane security plan will be followed.

Assessment of security technology

The office of the Acting Group Chief Security Officer requested a team of security specialists to attend to security technology nationally. The team identified and assessed security technology over a period of 70 days and drew up specifications to cover technologies to be integrated to ensure uniformity and to build capacity. Skills transfer and a turnkey security plan will allow the transfer of original equipment manufacturer devices to allow PRASA to conduct services and management internally.

Security enhancements

Meetings continue to be held with the security cluster. Several successful joint operations have been conducted, resulting in multiple arrests for crimes against the state. This has led to a reduction in crime as the perpetrators have been denied bail. Partnerships will continue to be strengthened in 2022 through memorandums of understanding. Additional memorandums of understanding are being drawn up to assist with operations within PRASA and joint operations in the field. This includes intelligence and additional training for insourced security personnel who have been identified for skill-set enhancement.

Phase 2 (2022/23)

Phase 2 of the PRASA security strategy will focus on security technology and control, and the skills development of insourced security personnel. Outsourced security providers will be phased out over a period of 12 months, allowing a streamlined security department to function with

limited external support. Security technology will be used in both infrastructure and operations. PRASA business functions will be assisted by PRASA security.

Focus areas for Phase 2 include:

- Upgrading control rooms identified in 2021 with security technology, taking an approach of “prevention is better than cure”.
- Identifying insourced security employees and employees throughout the organisation for skills development. Training partners and skills development plans have been developed and will be implemented in 2022/23.
- PRASA corporate security is developing an integrated plan to allow communities to take part in protecting the agency’s infrastructure. PRASA is looking at the development of cooperatives within regions as part of the expansion of the security plan. Programmes are also under way with the military veterans and will continue in 2022/23.

Phase 3 (2023/24)

Phase 3 of the security plan will seek to expand security within PRASA’s business operations. As PRASA comes back online throughout its network, PRASA security will be the basis of all operations. As PRASA operations intensify and the business grows, PRASA security will grow with the business. PRASA security and business operations will need to work together not only to manage crime, but also to collect revenue. With the anticipated increase in sales and passenger numbers, there is also likely to be an increase in organised crime. Technology-driven security systems will be deployed and upgraded in alignment with PRASA business operations. This will allow the monitoring of crime within PRASA infrastructure and crime driven by syndicates.

The increase in PRASA operations is expected to result in an increase in commuter security operations. This not only considers petty crime both at stations and on trains, but syndicates operating in the PRASA environment. It is important to safeguard commuters in line with the security strategy. Reporting points and hotline communications will be established in 2023/24 to allow commuters affected by crime to receive immediate assistance from PRASA security personnel. Increased joint operations with the South African Police Service will allow for reporting points to be established, and help with opening cases and arresting and charging perpetrators.

Security technology will be assessed continually throughout the 2021-2024 period. With the anticipated increase in stability and security capacity, technologies such as body cameras and drones will be introduced. By putting technology at the forefront of PRASA’s operations, the operational field requirement will be reduced. Early warning systems and operational planning will enable the collection of evidence, as well as help with general patrols.

Modernisation of infrastructure, rolling stock and stations

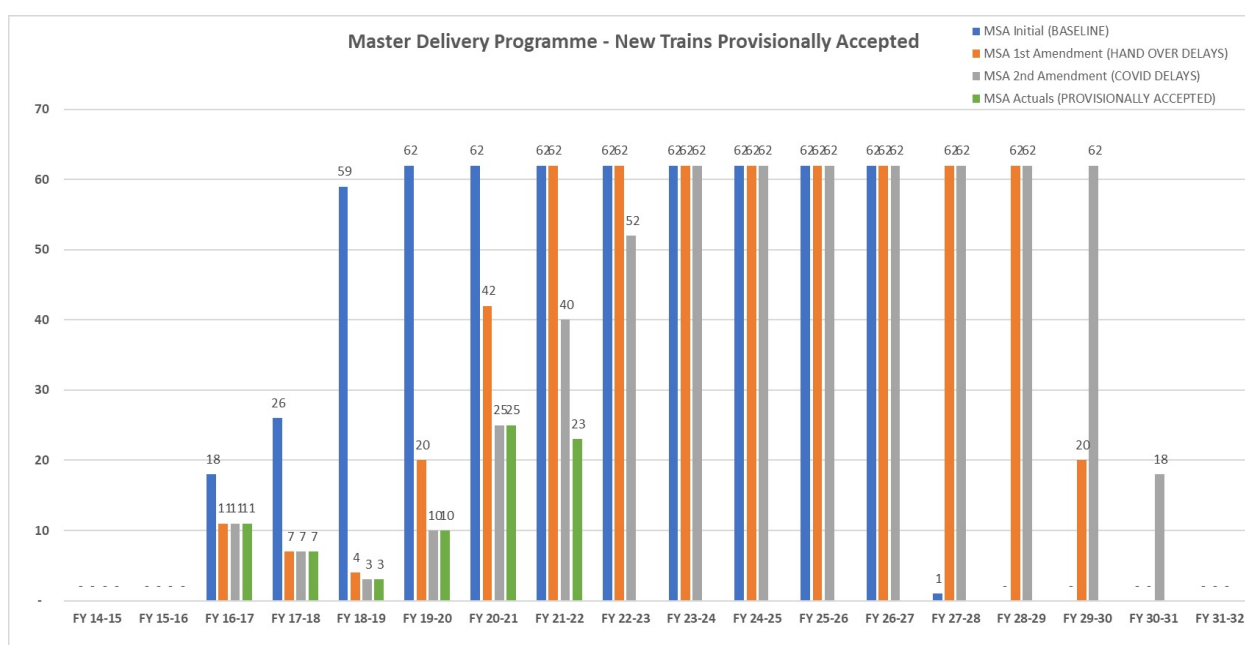
New rolling stock fleet renewal

The first phase consisted of Gibela manufacturing 20 trains in Lapa, Brazil. Of these, 18 were for operations and the others for testing. By September 2017, PRASA had provisionally accepted all 18 trains, which were in operation between the Pienaarspoort and Pretoria stations. In January 2018, Gibela began manufacturing at the Dunnottar factory. Just as manufacturing at the factory was gaining traction, the COVID-19

pandemic struck and the factory closed for the duration of lockdown level 5 (end March to end April 2020). The factory's foreign and local supply chain was also significantly affected, and the impact added manufacturing complexity. The conclusion of the extension-of-time contract is subject to the finalisation of penalties from PRASA for proven delays prior to the emergence of COVID-19 and an advance payment requirement from the supplier. The Department

of Transport and National Treasury are included in the finalisation of these items.

By the end of December 2021, PRASA had received and provisionally accepted 79 new trains. The following graph shows the contractual manufacture supply agreement (MSA) master programme, the projected impact of COVID-19 and actual deliveries as at 31 December 2021.



Gibela was unable to deliver four new train sets per month by the end of December 2021. The decrease in production was as a result of COVID-19, and was exacerbated by the civil unrest in July 2021 and the National Union of Metalworkers of South Africa strike in October 2021. Gibela aims to deliver a minimum of four new train sets per month, and once part of its production line is enhanced, may deliver five new train sets per month from 2023/24.

Rollout of new trains

The regional allocation of new EMUs received as at January 2022 is:

Region	Number of EMU sets	Corridors in operation with EMU train sets
GP	58	Pretoria to Mabopane, operating with 2 sets Pretoria to Saulsville, operating with 1 set
WC	12	Southern corridor (Simon's Town and Retreat), operating with 2 sets
KZN	9	
Total	79	

The corridors that will have EMUs in operation in part or for full service are:

2021/22:

Pretoria to Mabopane; Pretoria to Saulsville; Cape Town to Bellville via Goodwood; Cape Town to Simon's Town; and Cape Town to Retreat via Athlone.

2022/23:

Pretoria to Pienaarspoort; Pretoria to Germiston to Johannesburg; Johannesburg to Leralla; Johannesburg to Naledi; Cape Town to Bellville via Sarepta; and Durban to Umlazi. The service between Cape Town and Langa is expected to be extended to Nyanga by July 2022.

Resignalling programme

The contract for the resignalling of the Gauteng region is set to come to an end early in 2022/23, whereas the contract for resignalling in Western Cape closed with the de-scoping of the central line installations as a result of the illegal settlements on the line and its safety implications. Procurement has begun for the completion of the signalling work on the central line and a decision is expected by March 2022.

Several signalling projects are in the pipeline:

- KwaZulu-Natal PRASA train control system design and construction.
- Gauteng and Western Cape optical transmission network design and construction.
- National GSM-R redundancy network design and construction.
- National electronic authorisation system design and construction.
- Gauteng and Western Cape PRASA train control system design and construction.
- National GSM-R operational portable handheld radios supply and maintenance.

The tender specifications were written with strong local economic development targets, and with stringent performance management regimes, including self-performing mechanisms and penalties. An estimated 1 000 new jobs are expected to be created across the signalling and telecommunications programme over the lifespan of the projects.

PRASA's efforts will benefit the industry through:

- Job creation.
- The implementation of world-class leading technology adapted to local requirements.
- The development and training of local resources on world-class systems and operations, thereby increasing local skills capacity.
- Financial stimulus to localised small, medium and micro enterprises (SMMEs) and communities.
- The export of knowledge and equipment to other countries, especially in Africa.

PRASA's signalling programme efforts will benefit the economy through:

- Creating jobs.
- Achieving economic prosperity through the effective and efficient provision of safe, reliable and high-capacity mobility that promotes a more interconnected society.
- Contributing to decreased travel time and increased commuter volumes, which has the potential to lead to significant growth in productivity and assist in alleviating poverty by providing integrated access to workforces and markets.
- Creating a meaningful capital injection, which will stimulate the development of local SMMEs and involve communities.

Depot modernisation programme

The depot modernisation programme is five years behind schedule. There is a dire need to expedite this programme as depots need the capacity to stage and maintain new EMUs. Staging capacity is aligned with the contract with Gibela. The following table reflects the requirements of each depot for staging capacity, where the EMU is a six-car train set.

Region	Depot	EMU allocation	Staging capacity for EMUs	
			Current	Depot end state
Gauteng	Wolmerton	62*	72**	131***
	Braamfontein	202*	114**	179***
	Benrose			
KwaZulu-Natal	Durban and Springfield	101*	114**	176***
Western Cape	Salt River	197*	42**	176***
	Paarden Eiland (PRASA land)		30**	35**
	Paarden Eiland (Transnet Freight Rail land)		-	52**
Eastern Cape	Gqeberha and East London	38*	-	38*
TOTAL		600 *	424** (equivalent)	839*/**/** (dominant)
* Depot facility agreement, April 2014 ** Staging master plan for the 2030 Metrorail fleet, December 2012 *** Concept studies (2012)				

Four depots are in various stages of procurement for work to commence in 2022/23, while another three are on hold because of a court order. If an out-of-court solution can be reached, it will allow the three depots' consulting contracts to proceed in 2022/23.

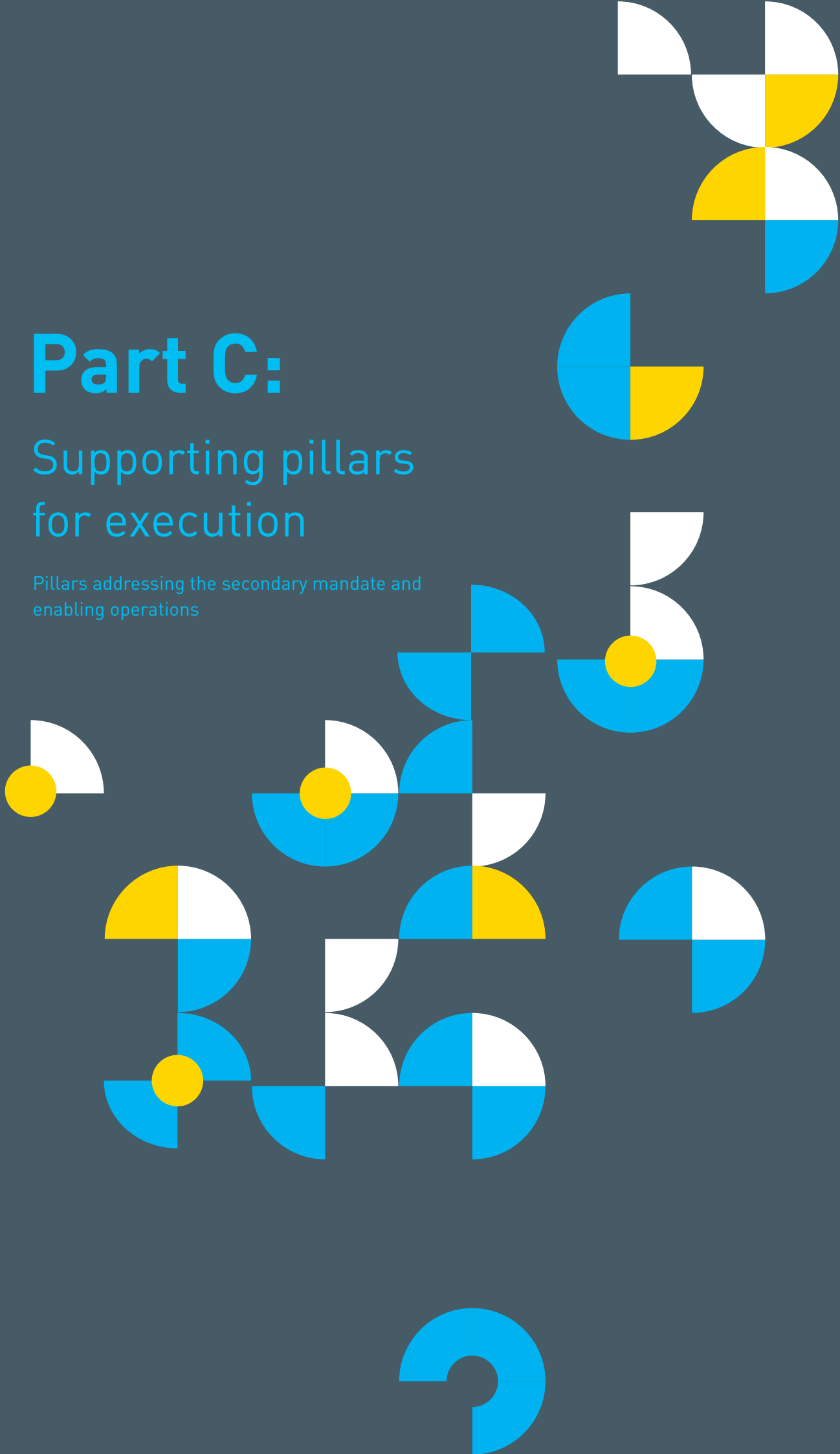
Depot	Type of contract	Estimated commencement	Estimated completion date
Wolmerton	Turnkey	Beginning of Q3 2022/23	Q4 2024/25
Benrose	Turnkey	Beginning of Q3 2022/23	Q3 2025/26
Braamfontein	Consulting	Beginning of Q3 2022/23	Q2 2026/27
Paarden Eiland	Turnkey	Beginning of Q1 2022/23	Q3 2022/23
Salt River*	Consulting	2023/24	
Springfield*	Consulting	2023/24	

Depot	Type of contract	Estimated commencement	Estimated completion date
Durban*	Consulting	2023/24	
East London	Consulting	Q3 2022/23	2025/26
Bloemfontein**	Consulting	2023/24	2025/26
Port Elizabeth**	Consulting	2023/24	2025/26
Culemborg**	Consulting	2023/24	2025/26
<p>* Tender on hold as a result of a court interdict. An internal procurement process review is under way to determine the best way to proceed.</p> <p>** Dependent on the transfer of land from Transnet. A 10-year lease application with Transnet is in progress as an interim arrangement.</p>			

Part C:

Supporting pillars for execution

Pillars addressing the secondary mandate and
enabling operations



PILLARS ADDRESSING THE SECONDARY MANDATE AND ENABLING OPERATIONS

Pillar 4

Pursue financial gains through revenue enhancements and costing improvements

Property development

Alternative revenue sources

Cost structures and improvement

Pillar 5

Excellence in performance across all areas of the business with a focus on enabling operations

Legal, compliance and insurance

Finance
SCM

Research

Pillar 6

People choices addressing employees and stakeholders

Employees

- Performance management
- Consequence management
- Skills and training
- Gender responsiveness

Stakeholders

- GBVF
- Procurement through businesses owned by women, youth or people with disabilities
- Communications with communities and other stakeholders

Pillar 7

Enable transition to a digitally enabled organisation

Stabilisation

- Infrastructure
- Security
- Augmenting skills

Rebuilding

- SAP
- Productivity tools

As per the compact with the Minister of Transport, the alignment of other indicators with the PRASA pillars in supports of the primary mandate is:

Ministerial outcome	Shareholder indicators	PRASA pillar
Social cohesion and safer communities	GBVF plans	Pillar 6: People choices addressing employees and stakeholders (external)
Functional, efficient and integrated government	<ul style="list-style-type: none"> Irregular expenditure Fruitless and wasteful expenditure 	Pillar 5: Excellence in performance across all areas of the business with a focus on enabling operations
Functional, efficient and integrated government	Audit opinion	Pillar 5: Excellence in performance across all areas of the business with a focus on enabling operations
Functional, efficient and integrated government	Consequence management for corruption and misconduct	Pillar 6: People choices addressing employees and stakeholders
Functional, efficient and integrated government	Ethics committee	Pillar 5: Excellence in performance across all areas of the business with a focus on enabling operations
Across all areas	Gender responsiveness	Pillar 6: People choices addressing employees and stakeholders
Functional, efficient and integrated government	Stakeholder plan	Pillar 6: People choices addressing employees and stakeholders (external)
Functional, efficient and integrated government	Performance agreements for staff	Pillar 6: People choices addressing employees and stakeholders

PRASA reports to the shareholder on all of the above indicators on a quarterly or biannual basis, as per the shareholder compact, in addition to the indicators included for each executive in PRASA.

Pursue financial gains through revenue enhancements and cost reduction

The agency’s operational cash flow constraints lead to fruitless and wasteful expenditure as a result of interest on accounts not paid, as well as suppliers not being paid within 30 days. As a result, the pursuit of financial gains through revenue enhancement and cost reduction is a priority. Revenue enhancement focuses mainly on the property portfolio, including investments through the Intersite special purpose vehicle. However, revenue enhancement alone is not enough, and measures will be undertaken to reduce costs while the various service lines are reinstated.

Revenue enhancement from the property portfolio

From the station upgrade programme, the following projects are prioritised:

- **Park Station:** Upgrading of infrastructure and the reconfiguration of the commercial area and platform 19.
- **Isipingo Station:** Completion of project and installation of tenant.
- **Mabopane concourse:** Repair of commercial concourse from vandalism in 2020.
- **Pretoria luxury bus facility:** Redevelopment of the luxury coach facility.
- **Germiston Station:** Redevelopment of the commercial area of the station.

Under the Intersite special purpose vehicle, the following projects are in the pipeline for the MTEF period:

Property buyback of development leases:	
<ul style="list-style-type: none">• 2022/23: Capital of R269m with R26m rental income Umgeni Development No 1 (Pty) Ltd<ul style="list-style-type: none">› Tenant: CTM› Capex R50m (revenue R4m per year)› (6 months: R2m)• Umgeni Development No 2 (Pty) Ltd<ul style="list-style-type: none">› Tenant: Zebbies› Capex R22m (revenue R1.6m per year)› (6 months: R804k)• Umgeni Development No 4 (Pty) Ltd<ul style="list-style-type: none">› Tenant: Jonsson Workwear Depot› Capex R32m (revenue R2.3m per year)› (9 months: R1.7m)• Bellstar Centre, Bellville Station<ul style="list-style-type: none">› Capex R165m (revenue R22m per year)• An additional 7 development lease buybacks are under review in 2023/24.	R26m (2022/23)

Property co-investments through Intersite	
<ul style="list-style-type: none"> 2022/23: An investment of R71m will yield additional revenue of R10.6m in 2023/24 <ul style="list-style-type: none"> Umgeni Development No 5 (Pty) Ltd, Jay Shrees (capex R8.4m/50%, revenue R700k) Umgeni Development No 6 (Pty) Ltd, Sedgars Home (capex R16m/50%, revenue R1.3m) Umgeni Development No 7 (Pty) Ltd, Builders Express (capex R30m/50%, revenue R2.3m) Goodwood Station development social housing (capex R95m/20%, revenue R5.1m) Tippet building conversion (Park Station), residential (capex R12m/20%, revenue R1.2m) 	R10.6m (2023/24)
<ul style="list-style-type: none"> 2023/24: An investment of R74m will yield additional revenue of R7.4m in 2024/25 and CTS development will produce R28m additional revenue based on co-investment from 2021/22 <ul style="list-style-type: none"> South station building, Park Station – residential and commercial (capex R37m/20%, revenue R3.7m) Firgrove Retail (capex R37m/20%, revenue R3.7m) 	R7.4m (2024/25) R28m (2024/25)
<ul style="list-style-type: none"> 2024/25: Co-investment of R176m is required for additional revenue of R17.6m in 2025/26 <ul style="list-style-type: none"> Elsies River social housing (capex R76m/20%, revenue: R8m) Hatfield residential development (capex R48m/20%, revenue R4.8m) Koedoespoort residential development (capex R48m/20%, revenue R4.8m) 	R17.6m (2025/26)

Trade-offs

For several years, PRASA's budget ran at an operational deficit, which resulted in the non-payment of suppliers and an outstanding debt of R4.1 billion, excluding Autopax's historical debt of R579 million. Rebuilding PRASA's infrastructure is expected to take at least five years. This entails not simply reviving the old PRASA with consistently bad services, but a new PRASA that provides consistently good services – which means trains that run on time, that are seldom cancelled, and that are clean and safe.

In addition, because commuters have been using alternative transport for more than two years, it will take time to reclaim market share and

gain credibility so that the public recognises a new PRASA that consistently provides quality services. The reopening of the Mabopane line and the services provided on it will act as the benchmark for the recovery of commuter numbers and the delivery of the products PRASA has promised.

At the start of its term, the Board of Control indicated that management needed to find solutions for the quagmire the agency was in. Management responded by working on several scenarios to alleviate the shortage of cash for operations. These seek to rationalise PRASA without creating an operational vacuum when more lines are reopened, and to use capital to

unlock revenue to increase available cash. Short overviews of the principles of each scenario, to be completed in the first quarter of 2022/23, are provided below.

Scenario 1: Save us from extinction

This scenario is based on a break-even budget for all areas of the business. Some of the likely effects are listed below.

- Limited cleaning of non-operational service lines and stations could lead to no cleaning being done at all.
- Limited support staff in the execution of projects will increase administrative and compliance risk.
- Limited training is available for critical grades as per legislative requirements by the Railway Safety Regulator. Training for engineering staff to maintain their professional memberships is not possible. Only training for a few specific critical categories of jobs has taken place over the past four or five years, whereas about 1.5% of total personnel costs should be allocated for staff training.
- Obtaining professional assistance with asset verification in infrastructure and rolling stock will not be possible
- PRASA's ICT environment is severely constrained. Server capacity is insufficient and at maximum capacity. There is also no server to host an upgraded SAP system. The trend in IT is away from owning infrastructure and towards buying "infrastructure as a service". Newer software solutions are mostly cloud based, which will incur operational expenditure.
- Disaster recovery is a requirement of the King IV Report on Corporate Governance and the Department of Public Service and Administration's IT governance framework.

PRASA does not have capacity for disaster recovery (for any application), and there is no disaster recovery in place for the network with dual links.

- Limited work is being done to manage human capital in terms of the review and development of organisational structures, job profiling, grading, and skills and competency matching. Not executing these areas results in poor performance because of unmatched skills, under- or over-resourcing, and unnecessary payments. This also hinders the filling of critical vacancies.

Scenario 2: Every cent counts

In addition to looking at cost savings, there is also a need to explore additional revenue resources and consider how to unlock capital to drive revenue. The options are:

- Property: Buyback of development leases with potential R26 million per year for an investment of R269 million.
- Property: Co-investments through Intersite. For 2022/23, an investment of R71 million has a potential return of R10.6 million per year from 2023/24; for 2023/24, an investment of R74 million has a potential return of R7.4 million from 2024/25; and for 2024/25, an investment of R176 million has a potential return of R17.6 million per year from 2025/26.
- Investment in staff in legal, insurance and compliance. Projected spending of R7.7 million will result in an estimated R52 million decrease in expenditure on legal and insurance claims.

A combination of scenarios 1 and 2 will be developed further to address PRASA's operational expenditure shortfall.

Excellence in performance across all areas of the business with a focus on enabling operations

Legal, compliance and insurance

PRASA's legal costs emanating from insurance, litigation, contracting and contract management issues of capital programmes are high, and these are not the agency's only concerning legal matters. To reduce these costs significantly, the department will focus on reducing the cost of litigation by entrenching governance and compliance, overseeing the finalisation of capital expenditure and operational expenditure contracts, stabilising its insurance environment, and simplifying the labour relations strategy by prioritising internal resolutions.

Code of ethics

PRASA's code of conduct is based on the principle that ethics or integrity is the foundation of corporate governance. The underpinning principles governing ethical conduct and good corporate governance include responsibility, accountability, fairness and transparency. Obeying the law, both in letter and in spirit, is the foundation on which PRASA's ethical standards are built. All employees are expected to respect and obey the laws and regulations through which PRASA operates. The Governance, Social and Ethics Committee of the Board of Control deals with matters related to ethics, and reports on this biannually to the shareholder.

Audit improvements

PRASA has had three successive disclaimer audit outcomes with findings issued by the Auditor-General of South Africa (AGSA). These findings

are broadly categorised as qualifications and significant findings; and material irregularities, which were issued during the 2018/19 audit cycle.

In addressing these outcomes, PRASA has established and maintains an Operation Clean Audit task team, with representation from various parts of the business. The task team has a dual mandate of addressing the external audit findings and ensuring sustainable improvement in the control environment. In this regard, the task team has developed, implemented and maintains an audit action plan, which is reviewed annually to include findings from the preceding audit outcome, and is premised on a root cause analysis approach. To date, 83% of the 2018/19 and 65% of the 2019/20 audit findings have been resolved.

Despite the progress that has been registered in the implementation of the audit action plan, as audited for assurance by Group Internal Audit, the AGSA has noted that the plan is ineffective. To address this, the task team will implement interventions and measures that include:

- Optimally resourcing the implementation of the audit action plan.
- Allowing for sufficient time between the statutory audits and the implementation of remedial measures.
- Workshopping the action plans to address the audit findings with managers and employees concerned.
- Insisting on sustained follow-up audits by Group Internal Audit well in time prior to the external audit being undertaken.
- Assessing, on an ongoing basis, why controls are not effective (why repeat or similar findings occur where remedial actions have been implemented).

The Board has made irregular expenditure an area of focus. Every entity and department must clear irregularities via the Chief Procurement Officer, then the Loss Control Oversight Committee to the Group CEO for submission to the Audit and Risk Committee, the Board of Control and, if necessary, to National Treasury. The agency aims to address the bulk of previous irregular expenditure before its 2021/22 audit and progress from a disclaimer audit outcome to an unqualified outcome over the next two financial years.

Supply chain management

Supply chain management had difficulties awarding tenders and not following SCM and procurement processes. PRASA's SCM policies and processes are outdated, and as a result, SCM turnaround times are long. Multiple standing bid committees created bottlenecks in the system, resulting in long turnaround times for evaluating tenders and causing delays in decision-making and project delivery.

To address these challenges, the agency will seek to build capacity by appointing external service providers for complex multidisciplinary projects; partnering with other state-owned enterprises; and ensuring SCM is staffed with the capabilities, expertise and all the technical and rail industry knowledge required. In addition, SCM policies, processes and systems will be reviewed in an effort to create efficiency in the business while ensuring compliance with the Preferential Procurement Policy Framework Act (2000) and National Treasury processes.

Research

Through market research and development, PRASA will aim to grow and improve. This will

enable the agency to better understand its market; and customer needs, travel patterns and affordability levels. This will enable it to develop new and improved products and services to fit these needs. The research unit will determine the viability of service enhancements and additional offerings for service lines through conducting research directly with potential customers. The unit will partner and collaborate with other divisions, business units and regions to develop interventions that are customer centric to improve operations and provide services that will retain existing customers and acquire new ones.

People priorities addressing employees and stakeholders

Employee priorities

In line with the recommendations of the AGSA, the Human Capital Management department conducted an "as-is" structures review to ensure that the business develops and signs off on organisational structures, and to account for all employees on the payroll system. The project revealed that roughly 85% of the structures across the business were approved. It was also part of the Railway Safety Regulator's requirements to submit approved structures.

Human Capital Management recently conducted an internal qualifications audit. The project is expected to be finalised in 2022/23, followed by a skills audit to identify the existing set of skills and knowledge the organisation needs now and in the future. Because PRASA needs to embrace technology and respond swiftly to the evolving environment in which the business operates, it is imperative for the business to refocus its strategy and direction. The skills audit is expected to:

- Provide PRASA with a clear understanding of employees' skills, capabilities and abilities.
- Take advantage of previously unidentified skills in the workforce.
- Redeploy employees to roles in which they are better placed to use their full range of skills.
- Assign the right people to the right projects.

PRASA is compelled to develop its workforce through training, including providing bursaries to allow employees to further their studies and become more productive. This is expected to contribute to the success of the business. The department is investigating new avenues for training as, for several years, limited funding has resulted in only certain critical grades being trained.

PRASA envisages an integrated wellness strategy that encompasses awareness on GBVF. This is also a requirement for the safety permit from the Railway Safety Regulator. However, funding for a service provider to assist PRASA employees with wellness and matters of GBVF is a major stumbling block in the execution of the strategy. In addition to this focus on employees, PRASA's security rollout is expected to provide a secure environment in which all commuters and passengers can be safe from harm.

In 2022/23, Human Capital Management will focus on:

- Conducting the skills audit with an external service provider to ensure that employees are matched to the right positions and fully used where there is a shortage of capabilities and expertise within the business. Employees will be reassigned if necessary.
- Conducting the organisational structures review to ensure that all employees are accounted for.
- Conducting performance management, which is conducted in line with the performance cycle to build an agile and resilient workforce.
- Improving employee relations and ensuring that employee relations processes are designed to correct behaviours instead of punishing employees.
- Reviewing conditions of service.
- Merging with the Transnet Bargaining Council. The proposed name of this new entity is the National Rail, Ports, Pipeline and Associated Industries Employers' Association of South Africa.

Stakeholder priorities

With a strategic focus on "improving customer experiences through ensuring service excellence", the corporate stakeholder relations management plan highlights and provides approaches and activation points that are aimed at:

- Building and maintaining positive relationships with key stakeholder groups and customers.
- Supporting regional initiatives and projects with relevant stakeholder interventions.
- Strengthening parliamentary liaison and stakeholder management services.
- Restoring stakeholder confidence and improving relations between PRASA and its stakeholders.
- Instilling community ownership of PRASA's assets and infrastructure.
- Establishing forums and steering committees comprising relevant government departments, state-owned enterprises, PRASA divisions and regions to inform, consult, engage and update key industry bodies on the developments that affect them or PRASA.
- Informing, engaging and consulting relevant national and local government bodies and

safety regulators about PRASA's service resumption, initiatives and projects.

- Initiating partnerships with local municipalities to improve conditions for communities and empower community beneficiaries.
- Fostering alignment with and encouraging support for PRASA projects with relevant local government departments, municipalities, state-owned enterprises and rail industry bodies.

Facilitate the transition to a digitally enabled organisation

Operational budget constraints posed challenges in the ICT environment, particularly a lack of resources, capabilities and capacity to carry out ICT-related projects throughout the business. Some of these will be addressed in 2022/23 with the delivery of laptops, printers and mobile

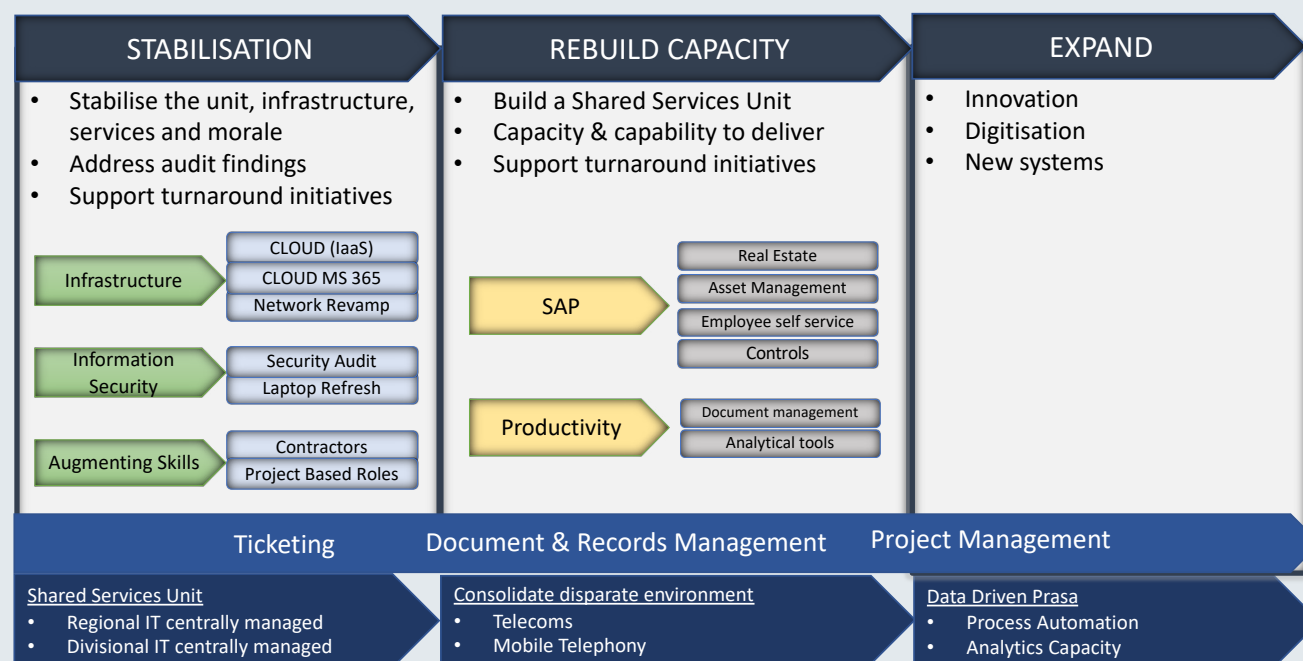
devices. Most of the stabilisation tenders for systems upgrades are in progress, although specification development needs to be improved to rebuild the ICT environment.

PRASA business units require automation to recover from more than a decade of poor capability development. The strategic ICT priorities are:

- Create a responsive, secure and resilient IT infrastructure.
- Strengthen IT governance, security and risk management.
- Capacitate the ICT environment with competent and capable people to create a high-performance ICT team.
- Innovate and digitise through 4IR initiatives.
- Build a content and information systems engine.

PRASA transformational journey

The following diagram depicts how PRASA plans to address ICT challenges to remain a competitive transport rail system provider enabled by technology, and in so doing provide better services. The critical success factors for ICT to provide innovative solutions to the business are the availability of budget, resources and capabilities to enable business success. PRASA's envisaged ICT transformational journey illustrates the requirements to stabilise, rebuild and expand the ICT environment to support and enable the business to achieve its objectives.



To address some of the challenges the business is facing, particularly in the rail operations environment, PRASA is compelled to invest in cloud technology. Investment in the right technology, such as business intelligence and the internet of things, will enable PRASA to optimise rail operations to enhance customer experience. This is in line with developments in the rail industry globally – modern passenger rail services offer a seamless service, and passengers want a rail experience that is comfortable and easy to shop for. The technology PRASA invests in needs to provide a more customer-centric approach, and integrate, optimise and automate business intelligence solutions to provide commuters with an effective, modern, world-class service.

Part D:

Financial information

Financial Plans

Capital budget for the MTEF period

Risk management plan



FINANCIAL PLANS

Consolidated statement of financial performance

PRASA GROUP Statement of Financial Performance			
Description	Total		
	2022/23	2023/24	2024/25
	R'000	R'000	R'000
Rental income	736 726	804 706	899 988
Fare revenue	655 548	1 035 395	1 095 770
Government subsidy	7 240 066	7 515 518	7 853 036
Other income	98 684	84 659	142 379
Total Revenue	8 731 024	9 440 278	9 991 173
Personnel costs (existing personnel)	(5 873 365)	(6 062 697)	(6 263 843)
Training	(37 583)	(46 020)	(47 630)
Material	(280 783)	(290 556)	(302 895)
Energy	(757 110)	(989 577)	(1 033 940)
Municipality costs	(451 827)	(487 432)	(511 859)
Leases	(360 233)	(376 140)	(387 410)
Maintenance	(841 878)	(932 227)	(964 777)
Communication	(51 032)	(55 328)	(57 783)
Insurance claims/Self-insurance	(305 318)	(318 905)	(333 223)
Insurance premiums	(375 816)	(392 540)	(410 187)
Audit fees: External	(34 983)	(36 540)	(38 191)
Audit fees: Internal	(15 000)	(16 469)	(18 016)
Professional services	(109 370)	(60 981)	(52 095)
TCO	(106 950)	(96 832)	(101 171)
Legal fees	(61 989)	(65 415)	(69 026)
Security services	(1 165 747)	(421 178)	(440 124)
Health and risk	(274 721)	(319 437)	(333 030)
On board services: Cost of trading	-	-	(0)
Travel and accommodation: Other	(27 422)	(28 569)	(29 815)
Travel and accommodation: Staff	(33 810)	(40 508)	(42 191)
Auxiliary transport	(778)	(812)	(849)
Bank charges, penalties and levies	(8 244)	(8 608)	(9 002)
Office expenditure	(6 050)	(6 831)	(6 883)
Publication and marketing	(13 681)	(16 562)	(17 304)
Printing costs	(9 666)	(10 363)	(11 098)
Haulage costs	(81 801)	(85 441)	(89 278)
Computer costs	(190 601)	(204 947)	(214 061)
Operational readiness non-capital expenditure	-	-	-
Management fees	(10 384)	(12 411)	(13 065)

Consolidated statement of financial performance (Continued)

PRASA GROUP Statement of Financial Performance			
Description	Total		
	2022/23	2023/24	2024/25
	R'000	R'000	R'000
Research costs	-	-	-
Other Operating costs	(172 790)	(182 490)	(189 864)
Total operating expenditure	(11 658 931)	(11 565 816)	(11 988 608)
OPERATING SURPLUS OR (SHORTFALL) BEFORE INTEREST	(2 927 907)	(2 125 538)	(1 997 434)
Finance income	828 416	878 741	781 237
Finance cost	-	-	-
OPERATING SURPLUS OR (SHORTFALL) BEFORE DEPRECIATION	(2 099 491)	(1 246 797)	(1 216 197)
Capital subsidy & grants amortisation	12 618 475	15 768 394	19 257 064
Depreciation	(2 899 028)	(3 182 803)	(3 446 683)
Loss/Profit on disposal of assets	(61 038)	(31 536)	(34 231)
Impairment losses/gain	(59)	(64)	(69)
Net grant, depreciation, impairment and loss	9 658 351	12 553 992	15 776 080
OPERATING SURPLUS OR (SHORTFALL)	7 558 860	11 307 194	14 559 883

Consolidated statement of cash flow

PRASA GROUP Statement of Financial Performance			
Description	Total		
	2022/23	2023/24	2024/25
	R'000	R'000	R'000
Operating cash flow			
Net earnings	7 558 860	11 307 194	14 559 883
Depreciation & amortization	2 960 124	3 214 402	3 480 984
Interest expense	-	-	-
Interest income	(828 416)	(878 741)	(781 237)
Other non-cash Items	(12 605 208)	(15 754 503)	(19 242 529)
Changes in working capital (mainly increase in creditors)	3 016 533	1 442 539	1 433 442
Cash from operations	101 893	(669 108)	(549 457)
Interest expense	-	-	-
Interest Income	828 416	878 741	781 237
Net cash used from operating activities	930 309	209 633	231 780
Investing cash flow			
Acquisition of property, plant and equipment	(12 519 485)	(15 548 606)	(18 833 715)
Prepayment for capital expenditure			
Acquisition of intangible asset	(57 146)	(122 100)	(165 651)
Acquisition of investment property	(41 844)	(97 688)	(257 697)
Cash from investing	(12 618 475)	(15 768 394)	(19 257 064)
Financing cash flow			
Capital subsidy and grants received	12 618 475	12 936 309	13 517 272
Cash from financing	12 618 475	12 936 309	13 517 272
Net Increase (decrease) in cash	930 309	(2 622 452)	(5 508 011)
Opening cash balance	23 503 672	24 433 981	21 811 528
Closing cash balance	24 433 981	21 811 528	16 303 517

Consolidated statement of financial position

PRASA GROUP Statement of Financial Performance			
Description	Total		
	2022/23	2023/24	2024/25
	R'000	R'000	R'000
Current assets	26 855 716	24 023 631	18 307 153
Inventory	466 266	442 953	420 805
Trade and other receivables from exchange transactions	1 063 508	877 189	690 870
Prepayments	891 961	891 961	891 961
Cash and cash equivalents	24 433 981	21 811 528	16 303 517
Non-current assets	63 129 598	74 696 429	89 490 108
Property, plant and equipment	50 594 666	63 037 119	78 507 076
Intangible assets	83 947	97 799	146 224
Prepayments	5 821 890	4 929 929	4 037 969
Investment property	4 725 085	4 822 773	5 080 471
Non-current receivables from non-exchange transactions	1 904 009	1 808 808	1 718 368
Total assets	89 985 314	98 720 060	107 797 260
Current liabilities	8 140 027	9 381 952	10 592 904
Trade and other payables from exchange transactions	7 839 388	9 072 294	10 273 956
Provisions for outstanding claims	300 639	309 658	318 948
Non-current liabilities	2 683 113	3 004 493	2 769 401
Operating lease liability	1 213 176	1 490 384	1 209 536
Non-current provisions	1 465 032	1 508 983	1 554 253
Defined benefit plan obligations	4 905	5 125	5 612
Net assets	79 162 174	86 333 614	94 434 955
Accumulated surplus / (deficit)	23 656 852	34 964 046	49 523 929
Non-cash reserves	4 248 258	4 248 258	4 248 258
Capital fund/deferred government grant	51 257 064	47 121 310	40 662 768

CAPITAL BUDGET FOR THE MTEF PERIOD

The capital investment budget for the MTEF period shows the capital grants earmarked for the rolling stock fleet renewal programme, the resignalling programme and the general overhaul programme. The remaining portion of the grant for other capital programmes supports the shareholder's requirements to rebuild corridors; revitalise and modernise stations, rolling stock components, depot equipment and machinery; conduct heavy maintenance of rolling stock; and invest in security technologies to augment physical security. Of note is the requirement for investment in ICT systems as one of the drivers of governance and an enabling factor for a more efficient and productive organisation.

Capital programme	2022/23 R'000	2023/24 R'000	2024/25 R'000	Total MTEF R'000
PRASA Corporate	8 024 337	9 078 672	10 302 352	27 405 361
Rolling stock fleet renewal programme (Specific and exclusive funds)	6 801 794	6 908 676	7 218 941	20 929 411
Signalling and telecommunications programme (Earmarked funds)	935 846	1 789 704	2 516 292	5 241 842
Information and communications technology systems	239 672	247 917	262 656	750 245
Asset protection: Group Security projects	47 025	132 375	304 463	483 863
Property Portfolio (CRES)	641 066	499 278	957 967	2 098 311
Station revitalisation and modernisation	553 152	279 446	373 428	1 206 026
Workplace improvement programme, (incl. depot facilities)	64 656	179 332	534 994	778 982
Real estate asset management	7 500	3 000	6 000	16 500
Energy renewable programme	15 758	37 500	43 545	96 803
PRASA Technical	3 953 072	6 190 444	7 996 745	18 140 261
General overhaul of Metrorail coaches (Earmarked funds)	1 400 589	1 659 427	1 733 951	4 793 967
Refurbishment of Smejl coaches (Earmarked funds)	78 974	190 620	199 181	468 775
Depot modernisation	451 309	1 274 100	3 166 770	4 892 179
Western Cape: Central Line recovery	517 475	750 678	0	1 268 153
Gauteng: Mabopane line recovery	467 487	0	0	467 487
Corridor rebuild programme	655 242	1 924 568	2 379 598	4 959 407
Rolling stock (machinery, equipment and technical maintenance support)	355 025	349 645	431 523	1 136 193
Locomotives & shunting vehicles	24 722	34 093	53 772	112 587
Motherwell rail extension	1 500	6 000	30 000	37 500
Other: Office furniture and equipment	750	1 313	1 950	4 013
Grand Total	12 618 475	15 768 394	19 257 064	47 643 933
2023/24 and 2024/25 are indicative of ramping up of execution of projects and not only allocated capital funding				

RISK MANAGEMENT PLAN

The main objectives of enterprise risk management are to:

- Enable the business through embedding risk management in decision-making.
- Strengthen governance by inculcating an appropriate risk culture that maintains a balance between conformity and performance.
- Strengthen organisational resilience by ensuring that business/operational continuity and disaster management plans are an essential part of organisational planning and development.
- Support key projects by subjecting them to risk assessments.
- Enhance operational efficiencies and effectiveness through the implementation of a quality management system.
- Facilitate addressing all the qualifications and significant findings by the AGSA.

12.1 Strategic risks and mitigations for 2021/22

Risk description	Risk mitigation and implementation timeline				
		2021/22	RAG	2022/23	2023/24
Financial sustainability and working capital constraints	<ul style="list-style-type: none"> • Finalise the funding model • Address revenue leakages • Implement cost-containment and revenue-enhancement initiatives 	<ul style="list-style-type: none"> • Address revenue leakages • Implement cost-containment and revenue-enhancement initiatives 		Finalise the funding model	
Loss or suspension of the operating permit	<ul style="list-style-type: none"> • Maintain a safety management system • Address the state of infrastructure • Maintain effective security plans 	<ul style="list-style-type: none"> • Maintain a safety management system • Address the state of infrastructure • Maintain effective security plans 		Address the state of infrastructure	Address the state of infrastructure

Risk description	Risk mitigation and implementation timeline				
		2021/22	RAG	2022/23	2023/24
Skills and capacity to deliver on the mandate	<ul style="list-style-type: none"> • Finalise and implement the operating model • Undertake a skills audit and address the skills gap • Outsource to other state-owned enterprises and third-party service providers 	<ul style="list-style-type: none"> • Finalise and implement the operating model • Undertake a skills audit and address the skills gap • Outsource to other state-owned enterprises and third-party service providers 		<ul style="list-style-type: none"> • Finalise and implement the operating model • Undertake a skills audit and address the skills gap • Outsource to other state-owned enterprises and third-party service providers 	Embed the operating model
Encroachment into rail infrastructure and rail reserves	Implement and maintain a responsive stakeholder management plan	Implement and maintain a responsive stakeholder management plan		Implement and maintain a responsive stakeholder management plan Undertake evictions in line with applicable legal prescripts	
Theft, vandalism and destruction of the infrastructure	<ul style="list-style-type: none"> • Implement an effective security plan • Rehabilitate and modernise infrastructure • Implement the walling project 	<ul style="list-style-type: none"> • Implement an effective security plan • Rehabilitate and modernise infrastructure • Implement the walling project 		<ul style="list-style-type: none"> • Rehabilitate and modernise infrastructure • Implement the walling project 	<ul style="list-style-type: none"> • Rehabilitate and modernise infrastructure • Implement the walling project

Risk description	Risk mitigation and implementation timeline				
		2021/22	RAG	2022/23	2023/24
Non-compliance with the prescripts of the Public Finance Management Act (1999) and National Treasury regulations	Maintain an effective compliance management programme	Maintain an effective compliance management programme		Maintain an effective compliance management programme	Maintain an effective compliance management programme
Contingent liabilities	Focused legal strategy to address contingent liability-related matters	Focused legal strategy to address contingent liability-related matters			
Ineffective asset management	<ul style="list-style-type: none"> • Implement and embed asset management life cycle principles • Assign accountability and responsibility for asset management at appropriate levels • Implement appropriate asset management systems/tools 	<ul style="list-style-type: none"> • Implement and embed asset management life cycle principles • Assign accountability and responsibility for asset management at appropriate levels 		<ul style="list-style-type: none"> • Reperform physical asset verification • Implement appropriate asset management systems/tools 	

Risk description	Risk mitigation and implementation timeline				
		2021/22	RAG	2022/23	2023/24
Going concern status of Autopax	<ul style="list-style-type: none"> • Conclude on whether to divisionalise or retain Autopax in its current form • Approve and implement a short-term strategy for Autopax • Develop and implement a medium- to long-term strategy for Autopax • Appoint an industry expert to advise the Minister of Transport on the future business model of Autopax 	<ul style="list-style-type: none"> • Conclude on whether to divisionalise or retain Autopax in its current form • Approve and implement a short-term strategy for Autopax • Develop and implement a medium to long-term strategy for Autopax • Appoint an industry expert to advise the Minister of Transport on the future business model of Autopax 	Autopax has been placed in business rescue		
Adverse impact of COVID-19	<ul style="list-style-type: none"> • Establish a COVID-19 task team and steering committee to monitor and manage COVID-19-related issues • Obtain shareholder support for COVID-19-related expenses • Consider COVID-19 implications in planning and execution 	<ul style="list-style-type: none"> • Establish a COVID-19 task team and steering committee to monitor and manage COVID-19-related issues • Obtain shareholder support for COVID-19-related expenses • Consider COVID-19 implications in planning and execution 			

Emerging strategic risks and mitigation measures for 2022/23

Risk description	Risk mitigation and implementation timeline			
		2022/23	2023/24	2024/25
Ineffective supply chain management (procurement) system	<ul style="list-style-type: none"> Implement fit-for-purpose structure, leadership stability and management control Redesign and overhaul the entire supply chain management system, including policy and procedures, staffing and the implementation of an appropriate procurement IT system (Procure to Pay) Implement the contract management framework Consider co-sourcing to capacitate the execution of key projects 	<ul style="list-style-type: none"> Implement fit-for-purpose structure, leadership stability and management control Redesign and overhaul the entire supply chain management system, including policy and procedures, staffing and the implementation of an appropriate procurement IT system (Procure to Pay). Implement the contract management framework Consider co-sourcing to capacitate the execution of key projects 	Fully embed the implementation of the IT system	
Inability to implement and maintain an effective security strategy and plan	<ul style="list-style-type: none"> Secure adequate funding for the security plan over the MTEF period as a minimum Introduce technical security measures to complement and reduce the costs of physical security Wall certain corridors and key installations as needed 	<ul style="list-style-type: none"> Secure adequate funding for the security plan over the MTEF period as a minimum Introduce technical security measures to complement and reduce the costs of physical security 	Wall certain corridors and key installations as needed	Continue with the walling project

Part E:

PRASA performance compact

Performance plan for the MTEF period aligned with the performance compact with the Minister of Transport



Performance plan for the MTEF period aligned with the performance compact with the Minister of Transport

PRASA's performance plan is set within an uncertain environment, which could affect delivery. The following uncertainties have been identified with mitigations to be undertaken:

- The security of corridors for 12 months is based on the use of additional external security personnel while internal protection officials are retrained and reskilled. Technology will also be acquired to augment their deployment. The costs for this are not fully provided for in the allocation of operational funding for 2022/23. Previous funding has been depleted through costs associated with emergency security measures during the civil unrest in July 2021. Security deployment will be adjusted in line with the level of funding available and any renewed risk of vandalism or theft.
- Continued vandalism and theft that require project plans to be adjusted to make provision for items not in the original scope increase timelines and costs. To mitigate delays in the introduction of services in corridors, PRASA will focus on introducing a minimum of one electrified line per service line to improve the frequency of services.
- Any repair, replacement or reinstallation of signalling systems will result in delays. To mitigate this, a single-source supplier solution will be pursued.
- National Treasury's directive from 25 February 2022, which requires tenders advertised on or after 16 February 2022 to be re-advertised, is a major constraint for accelerating tender awards for construction. This affects all procurement, especially that of a supplier to assist with complex projects and tenders for priority corridors that must be concluded in 2022/23. In addition, tenders for rolling stock equipment such as rotating machinery, wheels and long-term contracts for components and spares will affect the agency's ability to increase the number of correctly configured operational train sets. To avoid major delays, a resolution is required within two months.
- There is a market shortage of microchips and semiconductors, which affects signalling, rolling stock programmes and IT. For this a conservative approach to timelines were included.
- The removal of illegal settlements between Langa and Philippi in Western Cape requires several government entities to play their roles in completing the implementation protocol so that the Housing Development Agency may commence. Delays outside of PRASA's control will continue to affect the ability to make progress in this regard. PRASA will aim to minimise the impact of these delays by opening sections of the line before the illegal settlements are removed.

Outcome indicator of Minister of Transport	Performance indicator	#	Performance for 2020/21	Estimated performance for 2021/22	Deliverables for the MTEF period		
					2022/23	2022/23	2024/25
New rolling stock	Number of EMU train sets provisionally accepted per year	1	25	30	40	52	62
General overhauls of Metrorail and MLPS coaches	General overhauls (GO) of Metrorail coaches completed per year, including heavy outsourced maintenance	2	0	0	Total 100 Metrorail coaches (Heavy maintenance – 88 coaches and GO – 12 coaches	Total: 578 Metrorail coaches (Heavy maintenance – 457 coaches and GO 121 coaches)	Total 509 Metrorail coaches (Heavy maintenance – 298 coaches GO – 193 coaches Wrecks – 18 coaches
	General overhauls (GO) MLPS coaches completed per year, including heavy outsourced maintenance	3	0	0	Total 20 MLPS coaches (Heavy maintenance – 20 coaches and GO – 0 coaches	Total 77 MLPS coaches (Heavy maintenance - 65 coaches and GO 12 coaches	Total 64 MLPS coaches (Heavy maintenance - 39 coaches, GO 22 coaches and 3 wrecked coaches)
Rollout of new EMUs	Service lines or sections of a service line with operations in part or full with new EMUs	4	Pienaarspoort to Pretoria	6	7 service lines with operation with new EMUs	7 more service lines reopened or launched with full services with some level of operation with EMU's.	7 more service lines reopened or launched with full services with some level of operation with EMU's.

Outcome indicator of Minister of Transport	Performance indicator	#	Performance for 2020/21	Estimated performance for 2021/22	Deliverables for the MTEF period		
					2022/23	2022/23	2024/25
Operational configured train sets	Number of correctly configured operational train sets, including new EMUs, general overhauls, heavy repairs and maintenance	5	83	130 (including 54 EMUs)	194 (including 90 EMUs)	290 (including 142 EMUs)	377 (including 203 EMUs)
Revitalisation and rebuild/modernisation of stations	Number of stations revitalised through improving functionality, rebuilding or commercialisation	6	0	7	58	76	82

Outcome indicator of Minister of Transport	Performance indicator	#	Performance for 2020/21	Estimated performance for 2021/22	Deliverables for the MTEF period		
					2022/23	2022/23	2024/25
Rail signalling improvement programme	Status of the project phase(s) for the Western Cape central line resignalling and KwaZulu-Natal resignalling contract	7	22 interlocking commissions in Gauteng and Western Cape	Tender for the design, supply, implementation, testing, commissioning and maintenance of the KwaZulu-Natal train control system advertised	Western Cape: Completion of the central line resignalling programme (subject to the removal of illegal settlements)	KwaZulu-Natal: Award contract, finalise the predesign, and begin design and validation	KwaZulu-Natal: Finalise the design to commence installation
		8			KwaZulu-Natal: Complete the evaluation and adjudication for the resignalling programme		
Secure and protect rolling stock and rail infrastructure to prevent vandalism	Level of implementation complete on the security plan	9	PRASA integrated security plan approved in September 2020	External security intervention deployed to augment insourced security during skills development programme	80% implementation of the security plan for: supporting technology for security (CCTV, access control and e-guarding);	Establish reporting points and hotline communications in conjunction with the South African Police Service Deploy body cameras and drone technology within established and capacitated control rooms	Continual improvement and deployment; reduce operational personnel through established technology at the frontline (early warning detection and operational planning)

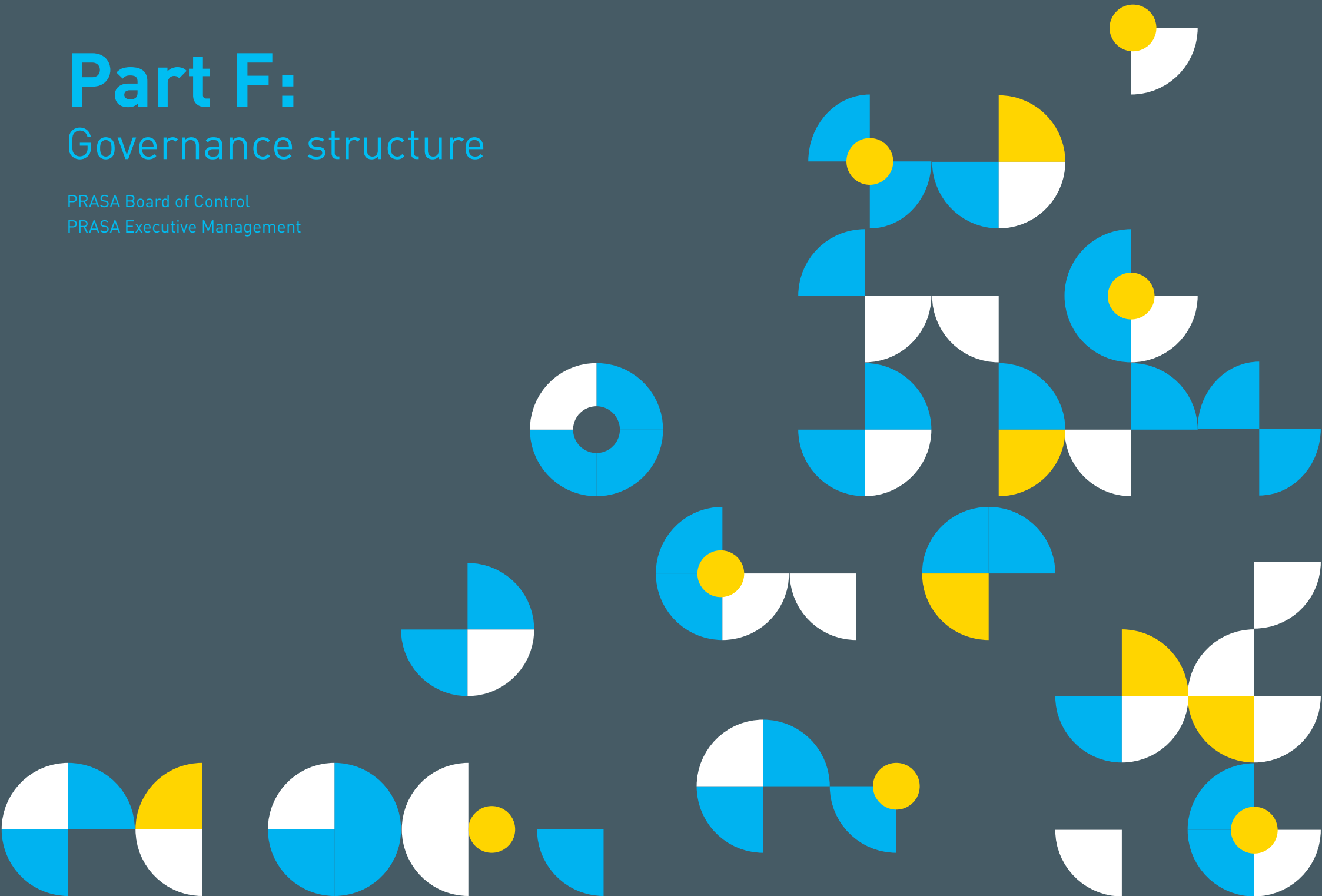
Outcome indicator of Minister of Transport	Performance indicator	#	Performance for 2020/21	Estimated performance for 2021/22	Deliverables for the MTEF period		
					2022/23	2022/23	2024/25
Localisation in programme of rolling stock expansion and upgrade	Localisation in programme of rolling stock expansion as per the Gibela manufacturing and supply agreement	10	--	Manufacturing and supply agreement level of local content at 43%	Manufacturing and supply agreement level of local content at 50%	Manufacturing and supply agreement level of local content at 55%	Manufacturing and supply agreement level of local content at 65%
Rail passenger trips	Number of passenger trips per year	11	6.7 million	16.7 million	26.08 million	58.29 million	85.92 million
Safety occurrences	Number of safety occurrences reported to the Railway Safety Regulator (categories A to L) per year	12	147	1 140	Fewer than 1 083	Fewer than 1 028	Fewer than 977
Security occurrence	Number of security occurrences reported to the Railway Safety Regulator (categories 1 to 9) per year	13	3 387	2 330	Fewer than 2 970	Fewer than 2 673	Fewer than 2 405

Outcome indicator of Minister of Transport	Performance indicator	#	Performance for 2020/21	Estimated performance for 2021/22	Deliverables for the MTEF period		
					2022/23	2022/23	2024/25
Presidential line recovery: Mabopane to Pretoria	Level of operations on the Mabopane line as per the deadline	14	Operations not resumed	Reopen electrical services stopping at 5 stations at hourly intervals	Commence operating a service with signalling in Q3	Full completion, including foot bridges and walling	
Presidential line recovery: Central line	Level of operations on the central line or sections of the central line as per the deadline	15	Operations not resumed	Completion of the electrification of the Langa to Pinelands line and an electrical service (without signalling) in operation	Reopening of the Cape Town to Bellville via Sarepta line with minimum level of standards by Q2, and extending the services beyond Langa to Nyanga	Reopening of the Cape Town to Bellville via Sarepta line with minimum level of standards by Q2, and extending the services beyond Langa to Nyanga	Commence operating with signalling on the central line to Khayelitsha and Kapteinsklip
Metrorail corridor recovery	Number of additional service lines in operation with minimum or full standards	16	17 service lines in operation with only a few trains in peak periods	6 service lines reopened with minimum electrical service levels	7 service lines reopened with minimal electrical services or completed for full services with signalling	8 service lines reopened with minimum electrical services or completed with full services with signalling	9 service lines reopened with electrical services or completed with full services with signalling
Depot modernisation programme	Status of depot contracts, whether turnkey or consulting (designs)	17	0 contracts awarded	0 contracts awarded	4 depot contracts commence	5 depot projects in progress and 2 depot contracts commence	7 depot projects in progress and 2 depot contracts commence

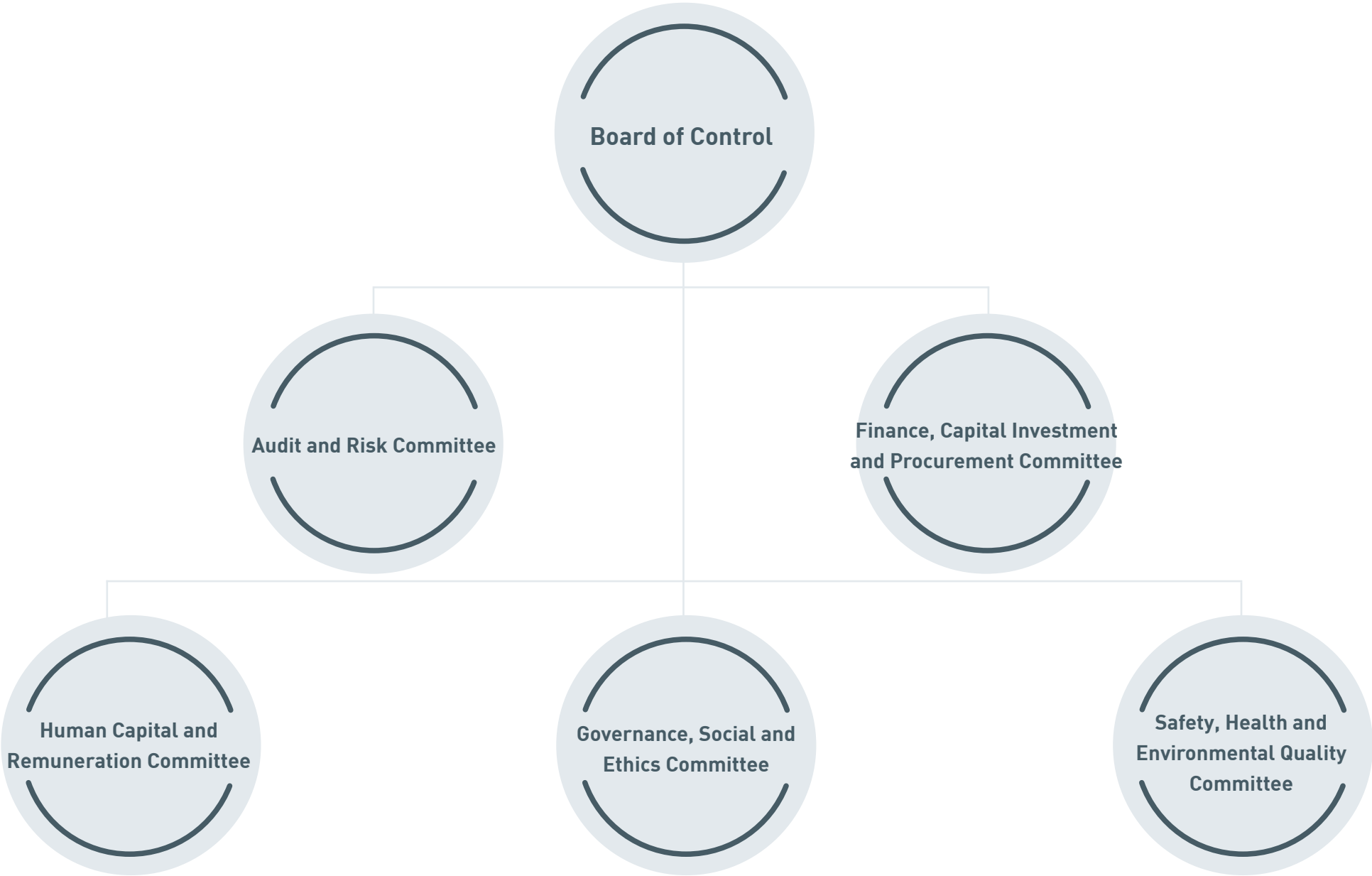
Part F:

Governance structure

PRASA Board of Control
PRASA Executive Management



PRASA BOARD OF CONTROL





L Ramatlakane
(Chairperson)



TN Mpye



DK Mohuba



X George



S Sethene



N Nokwe-Macomo



M Mukhuba



T Zulu



N Makaepea

Committees

Audit and Risk

Ms TN Mpye (Chairperson)
Mr M Mukhuba
Advocate S Sethene

Finance, Capital Investment and Procurement

Ms N Nokwe-Macoma (Chairperson)
Mr X George
Mr T Zulu
Mr N Makeapea

Human Capital and Remuneration

Advocate S Sethene (Chairperson)
Mr DK Mohuba
Ms N Nokwe-Macoma

Safety, Health and Environmental Quality

Mr DK Mohuba (Chairperson)
Ms TN Mpye
Mr M Mukhuba

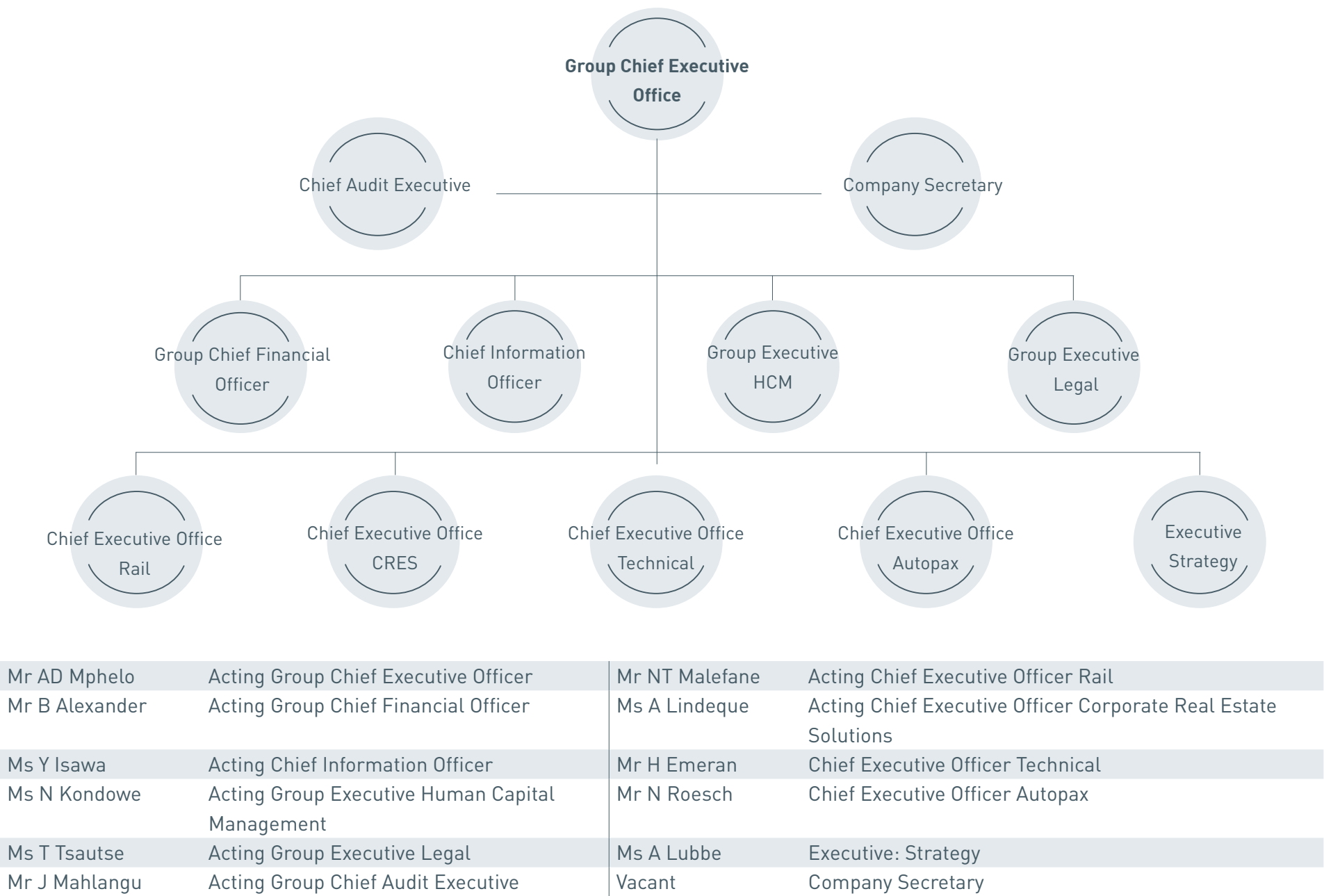
Governance, Social and Ethics

Mr L Ramatlakane (Chairperson)
Ms TN Mpye
Advocate S Sethene
Mr DK Mohuba
Ms N Nokwe-Macoma

Member of Board of Control	Age	Qualifications	Areas of expertise	Board positions outside of PRASA
Mr L Ramatlakane Chairperson	68	Graduate Certificate in Advanced Governance and Leadership; Graduate Diploma in Good Governance Policy and Public Leaders	Policy development, transport and logistics, strategic planning, conflict resolution, mediation and negotiation. Member of Parliament and served on the Portfolio Committee of Public Service and Administration, Portfolio Committee of Police, Standing Committee of Appropriations, Portfolio Committee of Monitoring and Evaluation, and Portfolio Committee on Transport	
Ms TN Mpye	37	CA (SA)	Finance, taxation, auditing and commercial law	
Mr DK Mohuba	56	BA Pedagogics Degree, Bachelor of Education (B.Ed.), Executive Development Programme Certificate, MBA	Marketing and communications, education and leadership development, morality and ethics	South African Broadcasting Corporation
Mr X George	50	Masters Degree (Development Economics), Executive MBA from the Netherlands' Postgraduate School of Business	Human capital, policy development, legislation and regulations, financial management and programme management. Experience at all spheres of government	
Advocate S Sethene	47	Bachelor of Social Science (Law), Bachelor of Social Science (Honours, International Relations), LLB	Constitutional law, construction law, environmental law, media law, local government/municipal law, procurement law	
Ms N Nokwe-Macamo	60	MSc Petro-Chemical Engineering, Certificate in International Management, Certificate in Finance and Accounting, Global Executive Development Programme	Strategic leadership, business development, corporate governance, investment analysis, stakeholder relationship management, risk management, innovation, and mergers and acquisitions	

Member of Board of Control	Age	Qualifications	Areas of expertise	Board positions outside of PRASA
Mr M Mukhuba	36	B.Tech Mechanical Engineering, Post-graduate Degree in Business Administration, and certificates in Project Management and Business Management	Rail industry, railway operations, rail manufacturing	Endecon, Strategic Partners Africa, Tswara Ganany Development, SABC, Sephaku Holdings
Mr T Zulu	49	BCom (Honours, Economics)	Policy and strategy development, stakeholder coordination and engagement, research development, project management, macroeconomic and statistical analysis.	
Mr N Makaepea	45	BA, BA (Honours, Political Science), BA (Honours, History), Masters in Public Policy Management	Transport policy, rail regulation, rail operations and oversight, cooperative governance and compliance, policy research, strategy development	

PRASA EXECUTIVE MANAGEMENT



Executive	Race	Age	Years at PRASA	Highest qualification	Areas of expertise	Directorship(s)
Mr AD Mphelo	African	51	Appointed 1/07/2020	BSc (Computer Science) Honours	ICT, consulting, strategy, strategic relationship building, sales	Anthrocom (Pty) LTD, trustee of EWT Company
Ms Y Isawa	Asian	52	7	MSc (Information Systems) MBA Higher Education Diploma	ICT strategy, ICT optimisation, enterprise architecture, systems implementation, ICT governance, ICT security	
Mr B Alexander	White	55	10	BCom BCom (Honours) CA (SA), MBA	Corporate finance, strategy, investments, treasury, infrastructure, real estate, resources, advisory, public and private sector	Intersite Investments Assets SOC LTD, Drenen Trust (being deregistered), Drenen Farming CC (being deregistered), D, B & G Farms CC (being deregistered), BJ Alexander Trust
Ms N Kondowe	African	52	28	NDP Human Resources Certificate Labour Relations Organisational Development and Change Executive Development Global Executive Development	Human capital management, strategy development, talent management, employee relations, performance management, payroll administration, change management, organisational design and facilitation	

Executive	Race	Age	Years at PRASA	Highest qualification	Areas of expertise	Directorship(s)
Mr NT Malefane	African	47	28	Certificates in Business Management, Operations Management, Business Continuity, General Management and Management Development	Train operations, incident investigations, rail operations	
Ms A Lindeque	White	54	23	MSc Real Estate, Property Development, Property Management, Property Finance	Property management, property development, feasibility studies, property finance and investment	
Mr H Emeran	Coloured	51	22	Masters in Philosophy (Transport)	Rail network planning and engineering, rail strategy and policy, public transport planning, project management	
Mr N Roesch	White	61	Appointed 1/09/2021	BCompt (Honours)	Transport management, financial management, operations management	
Ms A Lubbe	White	59	32	BSc (Mathematical Sciences), MBL and MSc (Managing Organisational Performance)	Statistics, strategy, organisational performance, project management, research	
Mr J Mahlangu	African	58	11	CIA, AGA (SA), BCompt (Honours), BSc	Auditing, accounting, financial management, risk management	

