



**We don't just drive buses; we transport people and grow the economy. Customer time, safety, comfort and satisfaction remain our highest priorities.**

## **METROBUS 2020/21 DRAFT BUSINESS PLAN**

**Johannesburg Metropolitan Bus Services (SOC) Limited  
Registration Number: 2000/004704/07  
("Metrobus")**

**2020/21 DRAFT (2) BUSINESS PLAN  
Submission: 4 March 2020**

**Sign Off:**

<p><b>Ms Xoliswa Mhlongo</b></p> <p><b>Acting Managing Director's</b></p> <p><b>Signature:</b> _____</p>	<p><b>Date:</b></p> <p>_____</p>
<p><b>Mr Derrick Mkhwanazi</b></p> <p><b>Chairperson of the Board</b></p> <p><b>Signature:</b> _____</p>	<p><b>Date:</b></p> <p>_____</p>
<p><b>Councillor Nonhlanhla Helen Makhuba</b></p> <p><b>MMC: Transport</b></p> <p><b>Signature:</b> _____</p>	<p><b>Date:</b></p> <p>_____</p>

## Contents

<b>CHAPTER 1: Executive Summary</b> .....	<b>1162</b>
<b>CHAPTER 2: STRATEGIC OVERVIEW</b> .....	<b>1163</b>
2.1 Metrobus Vision.....	1163
2.2. Metrobus Mission .....	1163
2.3 Values.....	1163
2.4 Core Mandate and Service Delivery Model .....	1163
2.5 Legislation and Policy Environment .....	1164
2.6 Strategic Objectives .....	1165
<b>CHAPTER 3: STRATEGIC ANALYSIS</b> .....	<b>1171</b>
3.1 Service Delivery, Infrastructure Backlog, Past Performance and Future outlook .....	1173
3.2 Environmental Analysis.....	1175
3.3 Risk Assessment.....	1178
<b>CHAPTER 4: STRATEGIC RESPONSE</b> .....	<b>1181</b>
4.1 Key performance areas .....	1181
4.2 Past Performance.....	1182
4.3 Corporate Scorecard .....	1182
4.4 Key Performance Indicator Definition .....	1183
4.5 Service Standards Charter.....	1183
<b>CHAPTER 5: FINANCIAL IMPACT</b> .....	<b>1184</b>
5.1 Budget and Sources of Funding .....	1184
5.2 CAPITAL PROJECTS .....	1190
<b>CHAPTER 6: Management and Organisational Structure</b> .....	<b>1192</b>
6.1 Organisation structure .....	1193
6.2 Executive Management Team .....	1193
6.3 Capacity analyses .....	1193
6.4 Employment Equity.....	1194
<b>CHAPTER 7: Communication and Stakeholder Management</b> .....	<b>1198</b>
7.1 Stakeholder engagement.....	1198
7.2 Communication Plan.....	1199
<b>CHAPTER 8: Audit Resolution</b> .....	<b>1222</b>

**GLOSSARY OF TERMS / LIST OF ACRONYMS**

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

## CHAPTER 1: Executive Summary

In keeping with its role as the City of Joburg Municipality's delivery arm for the provision of safe, and reliable public transportation, Metrobus is guided by the City's strategic intent as operationalized in the City's nine strategic priorities and its short, medium and long term strategies. Metrobus operates within the confines of all applicable legislation and other important guiding instruments including the service delivery agreement which outlines its scope of operation in relation to the City of Joburg Municipality. Chief among the driving forces behind the entity's operational priorities are the needs of its stakeholders. The entity continues to draw goodwill from its well established brand which has become an almost iconic feature of the lives of the people of the City.

Key disablers in the entity's critical path to operational success remain; these are its continued challenge in relation to meeting revenue targets as well as maintaining the requisite levels of operational reliability through a properly maintained fleet. This trend has resulted in consistently dwindling patronage numbers.

The 2019/20 financial year was intended to mark a particularly important milestone in the entity's strategic journey as encapsulated in its Vision 2020. The 2019/20 financial year marked a particularly important milestone in the entity's strategic journey through the initiation of the procurement process for the Automated Fare Collection (AFC) System. In this regard the commitment of funding for the Automated Fare Collection system as well as the procurement of new buses for the next three financial years indicates a significant turning point.

Towards achieving the milestones outlined in Vision 2020 and the 2020/21 business plan, the following strategy and operational areas will remain in sharp focused during the 2020/21 financial year:

- Leadership Stabilization
- Implementation of AFC System
- Finalisation of Metrobus Financial Restructuring
- Implementation of re fleet strategy and bus procurement
- Marketing and Communication
- ICT Infrastructure improvement
- Implementation of Human Resources Strategy
- Bus procurement, and Bus Refurbishment

Metrobus will continue to monitor its performance against Shareholder Compact and Key Performance Indicators (KPIs) in a holistic manner through proper consideration of financial measures, customer service measures, learning and growth measures as well as internal process measures. The 2020/21 Business plan is a continuation in the journey of Metrobus towards an efficient operating module which will result in improved levels of financial sustainability for the entity, as well as new heights in service delivery.

## CHAPTER 2: STRATEGIC OVERVIEW

### 2.1 Metrobus Vision

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

### 2.2. Metrobus Mission

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

### 2.3 Values

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



### 2.4 Core Mandate and Service Delivery Model

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

## 4.1164

mandate concerning public transport and is guided periodically by the strategic direction of the City of Joburg as derived from the Integrated Development Plan and the Provincial Growth and Development Strategy. Integrated Transport Plan is amongst some of the key strategic objectives of the City, where Metrobus has a pivotal role to play as a provider of public transport.

The main social responsibility of Metrobus is to maximise the number of people that use the entity bus service. Increasing bus use is good for the community as transport plays a key role in addressing social exclusion and giving people access to work. It is also good for the environment as more people can travel by bus than in a private car, reducing the number of vehicles on the road.

Metrobus has had a long history of providing public transport in the City of Johannesburg. It is the second largest municipal bus operator in South Africa and is currently operating 229 routes from which Metrobus in the past could transport up to 42 000 passengers daily.

The City of Johannesburg is one of the greatest cities in the world, Metrobus is proud of the role the entity plays in keeping it moving, working and growing which in turn makes life in the City better. Our focus is to achieve this while rebuilding and transforming bus service for the millions of people that we transport presently and for future generations. We are supporting thousands of employees, scholars, pensioners and the general public thus stimulating vital economic growth.

At the core of the entity's service delivery model is the non-negotiable outcome of meeting customer expectations and delivering on the promise of safe and reliable public bus transportation services. This constitutes a multifaceted business which, due to the nature of the operational environment, faces continuous change and varying levels of complexity. Metrobus' service delivery model aims to achieve a balance between customer expectations and the cost of delivering attractive service that has value. Good employee engagement and sound financial management play an equally important role in the effective delivery of service.

At the centre of our service are our existing and potential customers. The pace of change and new technology coupled with high customer expectations is making many organizations develop or rethink their customer service strategies. In an era where customer experience has become a defining factor for customers, organizations of all types struggle to find the unique balance between delivery of a service, the cost of delivery and customer expectations.

Metrobus understands that the customer is at the core of our business. Our customers define what we do and determine if we are successful at what we do every day.

### 2.5 Legislation and Policy Environment

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

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

Key among the legislation alluded to above are the following:

- National Land Transportation Act (no 5 of 2009)
- Transport Appeal Tribunal Act, 1998
- South African Transport Services Conditions and Service Act (no 41 of 1998)

## 4.1165

- Urban Transport Act (no 78 of 1977)
- Administrative Adjudication of Road Traffic Offences Amendment Act (no 4 of 2019)

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

Metrobus is an integral player in the Integrated Public Transport Network that is envisaged for the City of Johannesburg.

### 2.6 Strategic Objectives

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

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

The entity's business imperatives are guided by the City's strategic priorities as formulated in the Growth and Development Strategy 2040 ("the GDS 2040"). In turn, these imperatives are aligned with the City's medium and short-term programmes emanating from the five (5) year IDP and annual Service Delivery and Budget Implementation Plans (SDBIP).

Metrobus contributes to the City's four (4) key strategic priorities and three cluster GDS Outcomes.

**Priority 1:** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.

**Priority 2:** Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.

**Priority 3:** Create a culture of enhanced service delivery with pride.

**Priority 6:** Create a City that responds to the needs of citizens, customers, stakeholders and businesses

#### **Growth and Development Strategy (GDS) Outcomes**

**Outcome 1:** Improved quality of life and development-driven resilience for all.

**Outcome 2:** Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy.

**Outcome 3:** An inclusive job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens

**Outcome 4:** A high performing Metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.

Metrobus falls under the City’s Economic Growth Cluster which is central to the promotion of economic development and investment. Sustainable mobility and equitable access are essential factors in developing and facilitating a successful economy and inclusive society.



The City has further crystallised its strategic direction into key priorities and corresponding priority programmes to guide its work into the short to medium term:

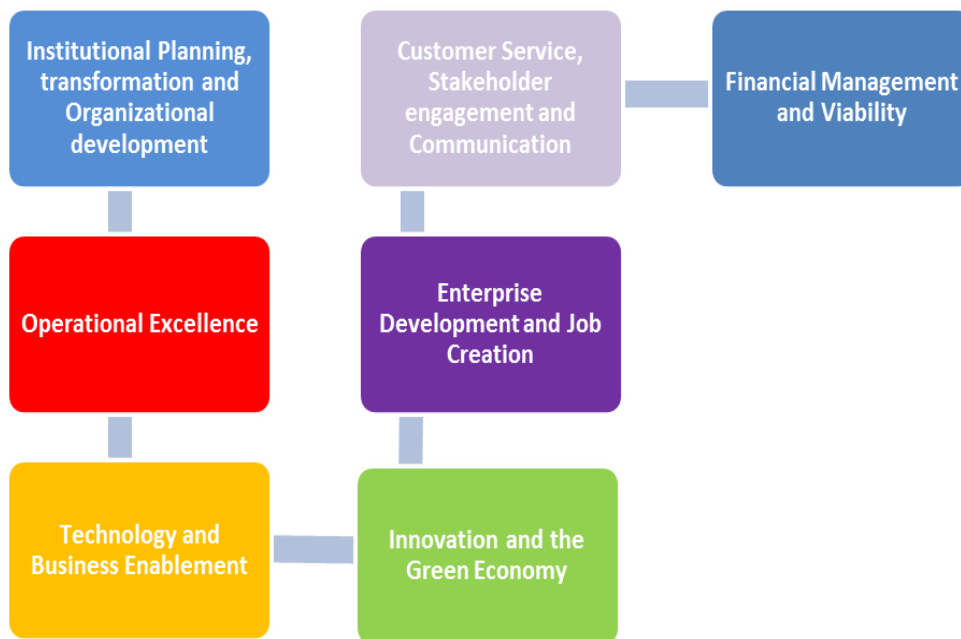
STRATEGIC DIRECTION	
STRATEGIC PRIORITIES	PRIORITY PROGRAMMES
Financial Sustainability	Accelerated and visible service delivery and re-introduction of co-production in the delivery of basic services
Good Governance	Improve and strengthen financial position
Sustainable Economic Development	Impact the housing market including the integration, development and maintenance of hostels and flats
Job Opportunity and Job Creation	A safer city by introducing ward based policing (Joburg 10) and effective law enforcement

4.1167

Integrated Human Settlements	Job opportunities and creation
Sustainable Service Delivery	Development and support of SMME's
Active and Engaged Citizenry	Community Based Planning and enhanced community engagement including Mayoral Imbizos
Smart City	Managed displaced communities and homelessness
	Combat drug and substance abuse
	Combat corruption, fraud and maladministration
	Combat illegal land invasion and promote regulated land use
	Formalisation of informal settlements and accelerated rapid land release

In the context Metrobus, commuter transport services remain pivotal to the realization and harnessing all new urban opportunities the City regeneration strategy presents. Mobility and access deprivation is a component of social exclusion. Inadequate or unequal public transport opportunities compromise the ability of some residents to access all the opportunities available.

**2.6.1** To deliver the Vision and Mission, Metrobus developed seven Strategic Programmes from which strategic objectives are derived on a yearly basis. The strategic programmes are intended to achieve the outcomes of the entity's Vision 2020 strategic outlook.



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

A key component to this strategic objective is not only ensuring we have the technical skills needed to operate buses, but also increasing the business acumen of our people so we can improve our overall performance.

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

We will recruit employees who are motivated to serve others. Our training and development will be biased towards behaviours and actions that drive customer satisfaction and a culture of service. This culture of service will be instilled and reinforced with appropriate performance management systems and incentives.

**Strategic Objective 2: Enable people and processes with technology for service delivery, agility and customer focus**

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

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

Customers desire real-time updates, more frequent communication and more rapid responses and resolutions to issues and the forms the basis for technology enablement.

The entity requires ICT infrastructure that ensures the technology used by business is functional, efficient and effective whether the desired outcome is business improvement, mobility or communication and collaboration, Metrobus needs the right kind of infrastructure to support our vision.

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

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

Whether it's the way buses are serviced or the process by which we recruit and select employees, we will find ways to improve our effectiveness. Inventory can be better managed to improve revenue cash flow. Projects and programs must deliver the intended results on time and on budget, whether we are installing a new technology application or overhauling an engine. And those who work on and manage projects must be accountable for delivering on scope, schedule and budget.

Our focus over the next five years will be to consistently deliver a high level of operating efficiency and productivity.

**Strategic Objective 4: Arrive on time, in a clean, road worthy bus, operated legally and by a courteous, customer centric employee.**

Metrobus will at the very least meet customer service standards and endeavour to exceed these in a quest to move South Africa positively

**Strategic Objective 5: Continuously improve a culture of safety and security**

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

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

As we continue this transformation, we will work with NOSA and our industry peers to develop improved metrics that help us gauge our progress and make better decisions.

To further improve, we must find better ways to identify and remove barriers to safety so we can reduce accidents and injuries.

**Strategic Objective 6: Decrease Metrobus contribution to GHG emissions**

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

Conversion of the existing fleet to diesel dual fuel and ensuring that all new buses operate on renewable energy in the main. This will have the greater outcome of changing Johannesburg’s rating favourably in terms of high emitters of GHG.

**Strategic Objective 7: Achieve fare revenue collection targets and improve expenditure efficiency**

Key among operational tactics will be to collect all revenue that is due to Metrobus and consolidate the collection capacity in order to decrease the cost thereof. Business efficiencies will be implemented to contain the cost of doing business.

**Strategic Objective 8: Develop and implement a sustainable re-fleeting and refurbishment plan**

Metrobus would work with the shareholder to ensure that its fleet is kept viable through a proper re-fleeting strategy and plan.

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

**Instil a Culture of Service**

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

**Enhance Financial Stewardship and Accountability**

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

## 4.1170

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

### **Improve Efficiencies**

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

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

By restructuring, streamlining and standardizing key processes and taking advantage of new technology, we can improve operational efficiencies while maintaining safety and reliability. We seek to explore alternative service delivery models, and new partnerships. Communications, marketing, and operations will be aligned to improve collaboration and drive efficiencies throughout the organization.

### **Investing in Analytics**

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

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

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

### **Earn and Maintain Public Trust**

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

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

### **Enhance Internal Capacity**

Attracting, retaining and cultivating talented staff is critical to successfully delivering our mandate. To ensure we have the right skills and approach, we will adopt best practices in organizational management, and invest in professional training and development.

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

### **Anti-corruption and Fraud**

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

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

## **CHAPTER 3: STRATEGIC ANALYSIS**

In the three financial years preceding the 2020/21 financial year, the focus of strategy analysis at Metrobus has shifted from the sources of profit in the external environment to the sources of profit within the Entity. Increasingly the resources and capabilities of the entity became regarded as the main source of competitive advantage and the primary basis for the formulating strategy. This emphasis on what is termed the resource-based view of an organization represents a substantial shift in thinking about strategy. Rather than organizations pursuing similar strategies, as in seeking attractive markets and favourable competitive positions, emphasis on internal resources and capabilities has encouraged organizations first to identify how they are different from their competitors and design strategies that exploit these differences. Accordingly, in a world where customer preferences are volatile and the identity of customers and the technologies for serving them are changing, a market-focused strategy may not provide the stability and constancy of direction needed to guide strategy over the long term. When the external environment is in a state of flux, the organization itself, in terms of its bundle of resources and capabilities, may be a much more stable basis on which to define its identity.

Accordingly, Metrobus has identified apex resources and strategy enablers that are non-negotiable to its success as being:

- A funded refueling strategy
- Automated Fare Collection System
- Fee/km funding model
- Bus procurement and refurbishment

The 2020/21 business planning process is, inter alia, informed by the Metrobus Operating Environment which includes market and customer profile, its role in the public transport plan of the City as well as its

role in the current public transport eco-system.

**Market Overview**

The entity operates in four business segments, namely:

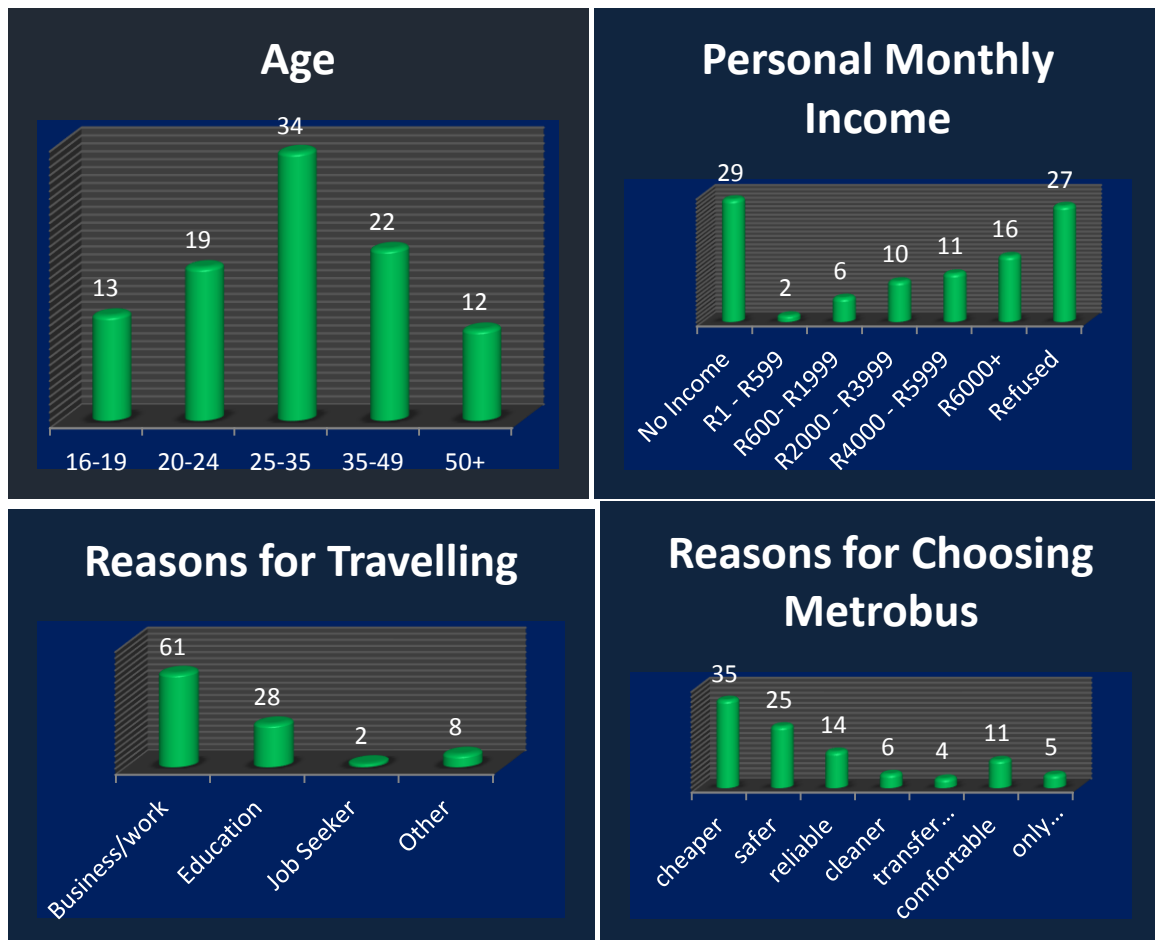
- The provision of daily scheduled public transport
- The rendering of private hire transport services;
- The operation of scheduled commercial contracts; and
- Special contracts for the Gauteng Province’s Department of Transport in Eldorado Park.

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

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

**Metrobus Customer Profile**

Metrobus collects and analyses demographic and customer survey in order to ensure that bus service planning is aligned to the basic requirements of the customers. Below is the summary of Metrobus Customer Profile.



Source: Metrobus Customer Survey 2018

### Customer Profile

- 56% of customers are female (44% male) and average age is 30 years old.
- 44% of customers have income and 29% have no income
- Average income is below R6000 per month.
- Business travel and commuting account for 61% of customers, while Scholars account for 28%.

### Public Transport Eco-System

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

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

### Role of Metrobus within the Integrated Transport Plan

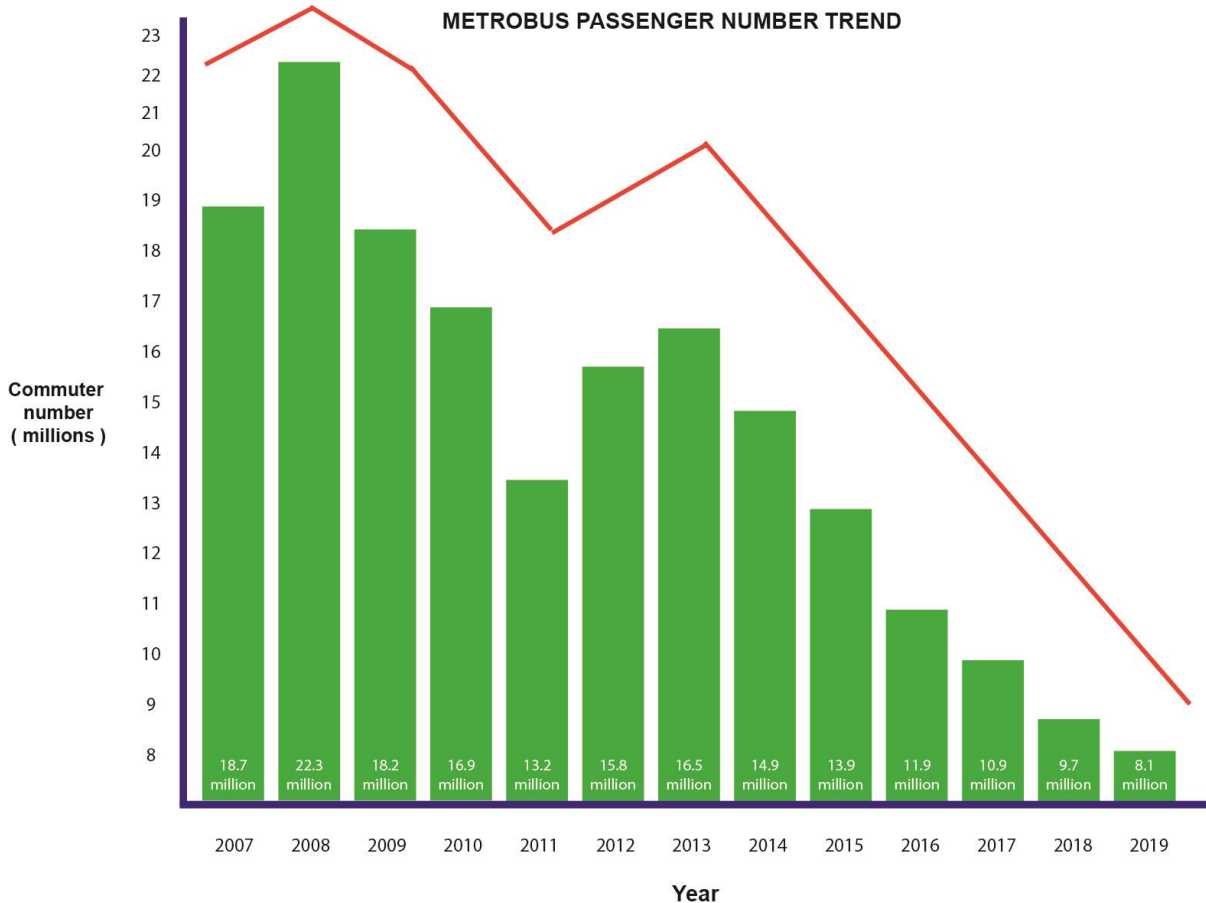
Modes	Role
<b>Rail (Gautrain and PRASA)</b>	Mass transit, high volumes, few stops at key nodes
<b>Rea Vaya BRT</b>	Mass transit, high to medium volumes, dedicated lanes, more frequent stops than rail
<b>Conventional bus (Metrobus and PUTCO)</b>	<b>Medium transit, medium volumes, mostly in mixed traffic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

### 3.1 Service Delivery, Infrastructure Backlog, Past Performance and Future outlook

In keeping with its mandate, the entity considers annual passenger numbers as its litmus test for service delivery. In this regard, consideration of historical trends is important. Considering the last eight (8) financial years the entity has recorded a significant decline in passenger numbers. This must be considered in light of recent researched information indication a significant demand for Metrobus services that is currently not being serviced by the entity. Service delivery backlog at Metrobus is considered to be reflected by the potential numbers of passengers who could be and, are willing to be serviced by Metrobus but are currently not being serviced due to, inter alia, non-reliability of Metrobus Services.

#### 4.1174

The following analysis of the Metrobus Passenger numbers for the last thirteen (13) years indicates a consistent downward trend in passengers ferried during the years 2008 to 2011 and also from 2013 to date.



The trends in passenger numbers translates to an average 5% decline year on year over the period, with an average loss of 818 000 passengers per year increasing to an average loss of 1.4 million passengers a year in the last five years.

It is anticipated that given information gleaned from a number of information sources including the General Household Survey, the Gauteng Household Travel Survey, and successive Commuter Satisfaction surveys conducted by the entity, Metrobus can, contingent upon the implementation of automated fare collection system, a fee per kilometre modes and programmed re-fleeting, reclaim its passenger numbers at least back to levels recorded in 2010.

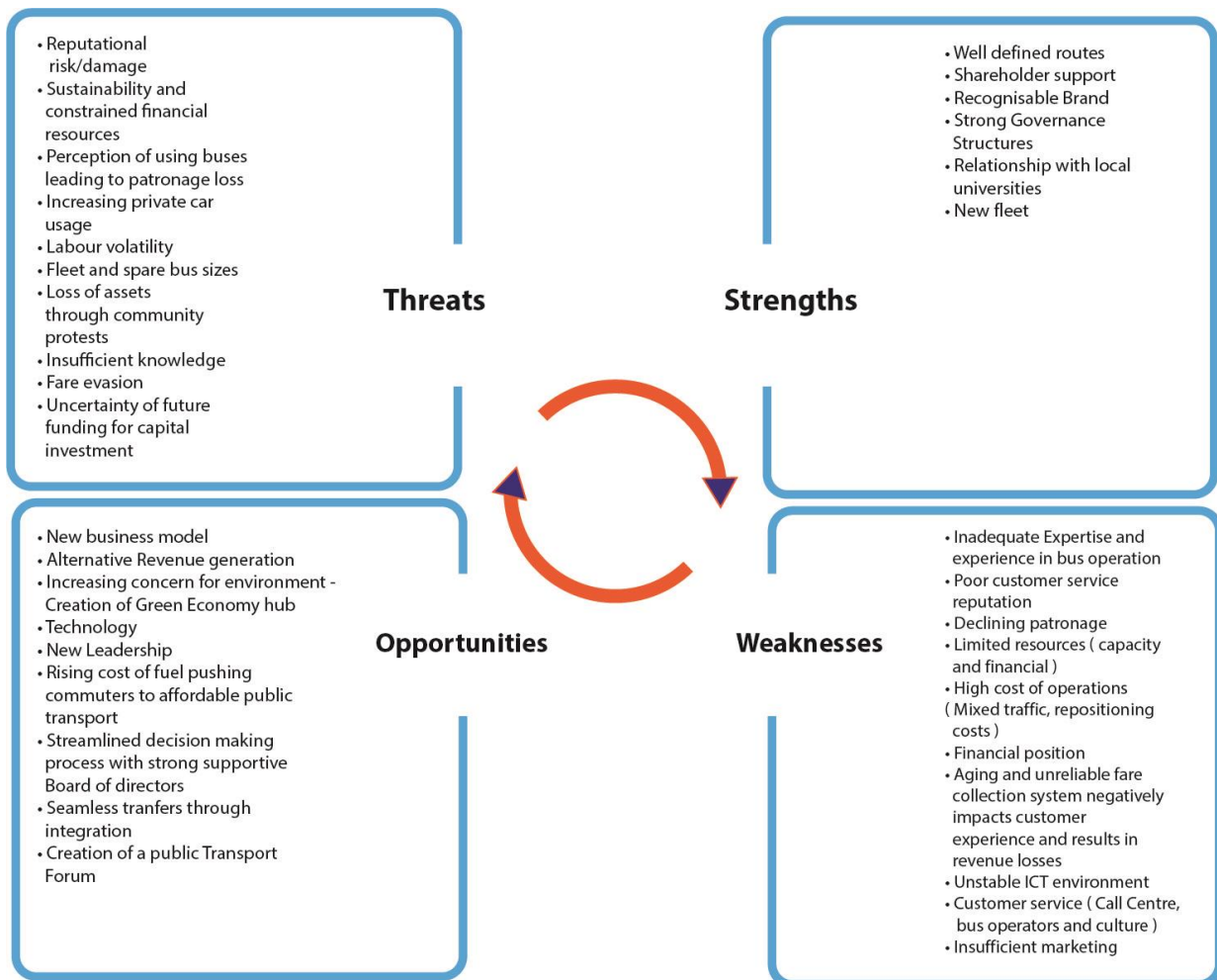
Infrastructure refers to the basic systems that an organization needs in order to function properly. Infrastructure can include Mass-Transit systems including buses. A comprehension of infrastructure spans not only public works facilities, but also the operating procedures, management practices and developmental policies that interact with societal demand to facilitate, inter alia, the transportation of people and goods. Metrobus has a peak bus requirement of three hundred and sixty-one (361) fit for purpose buses to enable the entity to operate a reliable bus service and maintain appropriate ridership numbers. Currently, due to a number of factors including an aged fleet, high frequency of breakdowns the entity is unable to meet the peak bus requirements and the lack of a programmed re-fleeting procurement plan. This situation is exacerbated by the non-existence of intelligent transport systems. Consequently, the entity has a significant backlog in relation to infrastructure. Plans are currently afoot

to remedy this situation through the procurement of buses in the next three years as well as the refurbishment of existing fleet. The procurement of the Automated Fare Collection System is underway and implementation is scheduled for the financial year 2020/21

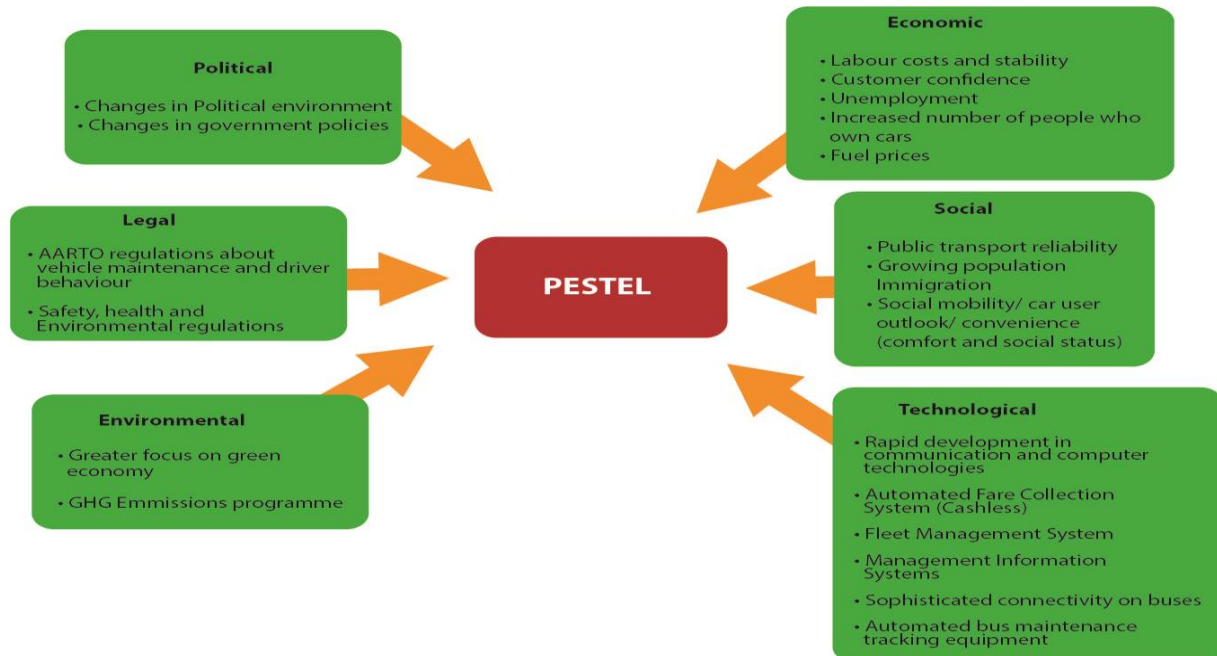
### 3.2 Environmental Analysis

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

#### 3.2.1 SWOT ANALYSIS



### 3.2.2 PESTEL ANALYSIS



In addition, a number of trends and developments inform our planning. Chief among these are the following:

### 3.2.3 Population Growth and Demand for Travel Choices

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

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

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

### 3.2.4 Cost of Living

Cost of living is closely tied to transportation, because the perceived affordability of transportation and housing impacts decisions on where people choose to live, work, and how far they travel. Longer commutes are often accepted in order to afford a home purchase. New rapid transit can increase the attractiveness of an area but may cause rental prices in adjacent neighbourhoods to rise. Metrobus and other partners in the City must consider

how to mitigate these risks, and design both infrastructure and transport service in a way that enhances equity and access for all.

### **3.2.5 Environment and Climate Change**

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

### **3.2.6 Economic Growth and Competitiveness**

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

### **3.2.7 Innovations in Technology and Services**

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

### **3.2.8 Social Responsibility and Community Impact**

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

### **3.2.9 Creating Connections**

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

### **3.2.10 Trends in the use of Public Transport and Estimates of Future Demand**

The 2014 Household Travel Survey shows that the modes of transport for daily commuting from home to work are private car (48.4 percent), minibus taxi (29.3 percent), walking all the way (11.1 percent), bus (2.9 percent), train (2.4 percent), lift club (1.7 percent), and other (4.2 percent). Travel by bus has dropped.

The fact that private car travel is on the increase is a matter of concern. The principal reason why residents are not using higher capacity public transport modes is that these modes are not readily accessible. What is equally worrying is that the average travel time for daily commuting has increased

## 4.1178

markedly in the last few years, which obviously has implications for economic productivity and personal and family time.

According to the 2014 Gauteng Household Travel Survey (GTHS) published in March 2016, bus users were generally more satisfied (satisfied/very satisfied) (63%) than dissatisfied (dissatisfied/very dissatisfied) (22%) with the available bus services. However, the main attributes of bus services with which users were dissatisfied were the following:

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

### 3.3 RISK ASSESSMENT

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

The company performs Strategic risk assessment annually, reviewed on a quarterly basis. The current assessment concentrated on the KPI's that support the entity's business objectives and the core function of the divisions, managements reports, Auditor-General reports and Internal Audit reports. Risks which may impact on the achievement of the strategic objectives are identified and monitored through the period. New emerging risks are included in the risk register as when they are identified.

Reference No.	Strategic Objectives	Risk Description	Interventions/ Actions to improve management of the risk
1	Sustainable financial performance and growth	Inability to collect revenue	1.1. Develop a business case for the establishment of a professional independent inspectorate to be approved by board 1.2. Professionalise (Training) and make inspectorate independent  1.3. Request additional budget for recruitment 1.4. Capacitate the independent unit
			2.1. Procure the AFC system 2.2. Implementation of the AFC system

4.1179

Reference No.	Strategic Objectives	Risk Description	Interventions/ Actions to improve management of the risk
			3. 1.Finalise refleetting fundable strategy 3.2 Request funding for the strategy
2	Operationally reliable, affordable, safe and efficient bus service	Inability to meet demand	1.1. Finalise refleetting fundable strategy 1.2. Request funding for the strategy
			2. &3. Continuous operation of servicing buses
			4.1. Develop of ITS Strategy 4.2. Implement ITS Strategy
3	Building and managing highly efficient, motivated and productive workforce	Inadequate enforcement of good organisational culture by management/ leadership	1. Procurement of an automated time & Attendance System
			3.1 Review the performance management policy 3.2 Implement the performance management policy
			4. Develop and implement a service standard charter for each department.
4	Enhanced Customer service, stakeholder engagement and increased communication effectiveness	Limited effectiveness of Communication channels	1.1. Establish a manual customer database 1.2. Establish an automated customer database dependent on the implementation of the AFC System and SAP
			2.1. Establish a manual customer database 2.2. Language Translation depending on the demographics
5	Enhanced Customer service, stakeholder engagement and increased communication effectiveness	Insufficient human capital	1.1. Request additional budget for recruitment 1.2. Capacitate the Marketing and Comm. Unit
6		Inability to procure and	1.1. Collaborate with other entities 1.2. Finalise the IT plans for implementation (AFC &SAP)

4.1180

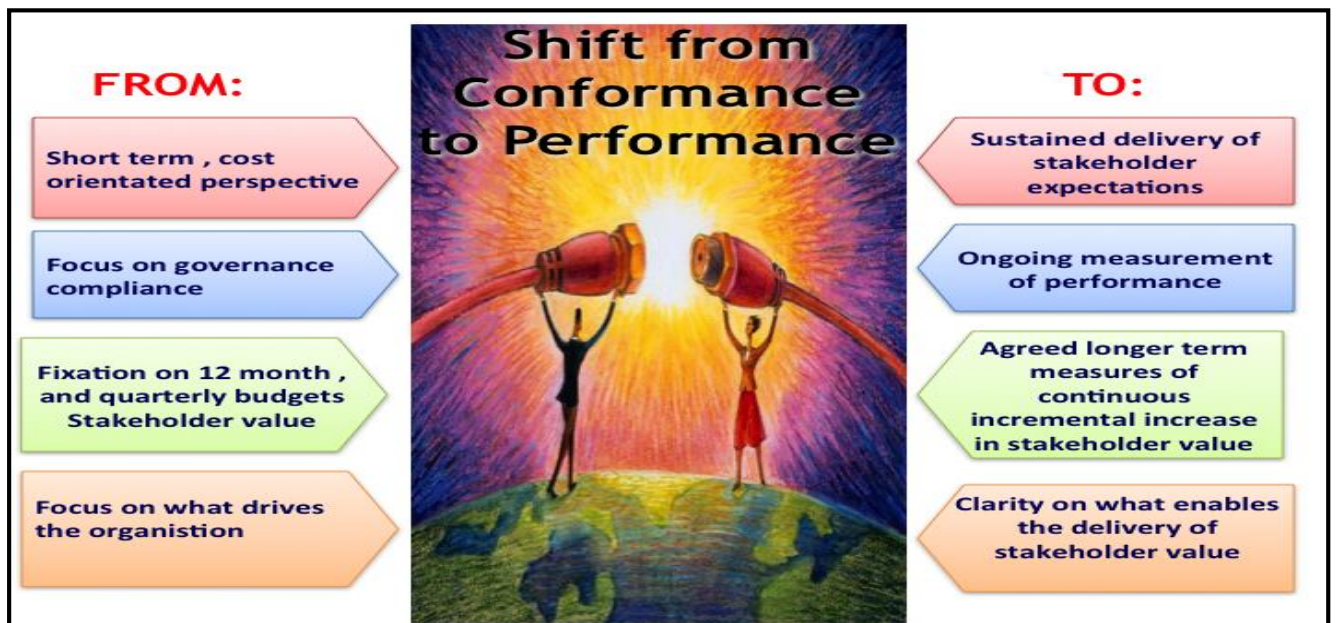
Reference No.	Strategic Objectives	Risk Description	Interventions/ Actions to improve management of the risk
	Technology Business Enablement	implement technologies	2.1. Request funding for the structure 2.2. Capacitate the ICT unit
7	Sustainable financial performance and growth	Inability to effectively manage cost	1.1. Segregate duties within Fuel management value chain 1.2. Proactive exception report 1.3. Increase surveillance on buses in the Depots 1.4. Conduct maintenance to include elimination of technical evaporation 1.5. Develop a strategy for increasing conversion rate from diesel to CNG  2.1. Request additional budget for recruitment 2.2. Fill in vacant positions  3.1. Upgrade to the new hardware for the new MS exchange (email back-up and recoveries) 3.2. Replace oracle with SAP S 4 HANA according to the City release strategy for the SAP programme
8	Technology Business Enablement	Inability to continue operation within the business	1.1, 2.1 & 3. 1. Upgrade to the new hardware for the new MS exchange (email back-up and recoveries); implement firewall once hardware is upgraded. 1.2, 2.2 & 3.2. Replace oracle with SAP S 4 HANA according to the City release strategy for the SAP programme; will use City's data centre to address

## 4: STRATEGIC RESPONSE

To deliver on the mandate, Metrobus must transform itself. We are restructuring and resourcing ourselves to ensure that we can deliver on the commitments, while appropriately engaging impacted communities. We are developing and refining business processes to make the entity more efficient, enabling us to do more with less. Metrobus strategy explores the current situation highlighted in the environmental analysis, the entity's contribution to the NDP, the GDS and Economic Growth Cluster as well as addressing the entity's current operating environment.

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

### Metrobus Transformation Model



### 4.1 Key performance areas

The operation of Metrobus are premised on five (5) key performance areas as follows:

- Service Delivery
- Innovation and Green Economy
- Enterprise Development and Job Creation
- Financial Management, Viability and Sustainability
- Technology and business management

## 4.2 Past Performance

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

	Actual 2016/17	Actual 2017/18	Actual 2018/19	Projected 2019/20
Pre-determined objectives	57%	67%	70%	
Main Bus Routes	229	229	229	229
Driver Shifts	410	410	410	410
Passenger trips	42 703	38 245	33 237	24 950
Annual Kilometres operated	11 545 560	10 573 232	9 178 031	8 597 204
Fleet Strength	420	420	430	429
Fleet utilization	67%	67%	76%	75%
Fleet Availability	283	283	293	270
Average out of Service buses	137	137	136	187
Proportion of scheduled trips cancelled	7%	13%	5%	11%
Average bus occupancy/seat utilization	75%	80%		
Performance on Predetermined Objectives				

## 4.3 Corporate Scorecard

4.3.1 The scheme of Metrobus corporate scorecard is based on the key performance areas as indicated above and further outlines key performance indicators per performance area with baselines and clear targets.

The Metrobus Corporate Scorecard is attached hereto as annexure A.

### 4.3.2 National Treasury MFMA Circular No. 88

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

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

The process of indicator consultation has led to the evolution of a tier classification system in terms of readiness for tracking indicators. To indicate whether the indicator is well-defined, with a set of methodologies and pre-existing datasets available to begin reporting on these indicators, a tier classification has been introduced. On the basis of this tier classification system it is determined whether an indicator is ready for implementation as a requirement of planning and reporting. In agreement with stakeholders, all Tier 1 and Tier 2 indicators have been identified for introduction by metropolitan municipalities in the 2018/19 planning and reporting cycle. All Tier 3 and Tier 4 indicators require further work and development prior to introduction, but the intention is to progress them up the tiers over time. Metropolitan municipalities able to report on these indicators (or some variation of them) are encouraged to begin doing so even before they become prescribed.

## 4.1183

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

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

### 4.3.3 Entity Scorecard

### 4.4 Key Performance Indicator Definition

The Metrobus Corporate Scorecard defines all Key performance indicators. See Annexure A.

### 4.5 Service Standards Charter

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

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

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

## CHAPTER 5: FINANCIAL IMPACT

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

### 5.1 Budget and Sources of Funding

The approved budget to fund the 2020/21 business plan is as follows:

	Budget	Funding Source		
Description	R'000	R'000	R'000	R'000
Description		S/holder Loan	Subsidy	Own Revenue / Reserves
OPEX	754 832	-	618 094	136 738
CAPEX	126 950	126 950		

#### 5.1.1 Metrobus Historical Performance

YEAR 2019/20	Increase / (Decrease)	YEAR 2018/19	Increase / (Decrease)	YEAR 2017/18
Adj Budget R'000	%	Actual R'000	%	Actual R'000

#### Revenue

Rendering of Services	130 033	45%	89 844	-14%	104 146
Miscellaneous other revenue	2 308	-72%	8 291	45%	5 703
Grant	672 868	23%	545 463	8%	504 212
<b>Total Revenue</b>	<b>805 209</b>	<b>25%</b>	<b>643 598</b>	<b>5%</b>	<b>614 061</b>

#### Expenditure

Personnel	-349 563	18%	-295 562	1%	-293 135
Depreciation, amortisation & Impairment	-59 343	14%	-52 235	-31%	-75 792
Finance Costs	-59 812	-2%	-60 900	-6%	-64 718
Repairs and maintenance	-95 301	15%	-82 870	58%	-52 476
General expenses	-147 390	81%	-81 545	-6%	-86 295
Diesel	-70 349	-8%	-76 631	3%	-74 058
Insurance expense	-23 451	13%	-20 736	24%	-16 672
<b>Total Expenditure</b>	<b>-805 209</b>	<b>20%</b>	<b>-670 479</b>	<b>1%</b>	<b>-663 145</b>
Operating (Deficit)/Surplus	-	-100%	-26 881	-45%	-49 085
Loss on disposal of assets and liabilities	-	-100%	-663	-93%	-9 136

## 4.1185

	-		-	
(Deficit)/Surplus for the year	-	-100%	-27 545	-53%
				-58 221

- Rendering of Services refers to revenue generated from the daily scheduled trips.
- Miscellaneous other revenue refers to revenue that the entity generates from other sources such as advertising corporate contracts and provincial contracts.

### 5.1.2 2019/20 Adjustment Budget

The 2019/20 income statement is based on the adjusted budget. The adjustment budget report is submitted in terms Section 28 of the Municipal Finance Management Act (MFMA). In order to comply with this Section, the Metrobus would like to adjust its approved 2019/20 revenue, operational expenditure and capital expenditure budgets.

Metrobus had an approved budget amount to R701 million for both revenue and operating expenditure and R93 million for capital expenditure. The entity is confident that the capital expenditure and operating expenditure will achieve a 100% spending by the end of the current financial year.

The Metrobus' approved 2019/20 budget can be summarised as per the table below:

**Table 5.1: Approved budget – 2019/20**

Line item	Original Budget (R'000)	Adjustment (R'000)	Adjusted Budget (R'000)
Total revenue	701 003	104 206	805 209
Total operational expenditure	701 003	104 206	805 209
Capital expenditure	93 490	52 800	146 290

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

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

**Table 5.2: Increases of key line items over the past four years**

Description	Total Increase	Average Annual Increase
Total expenditure	12%	3%
Personnel costs	5%	1%
Diesel	28%	7%
R&M	57%	14%
Grant (Subsidies)	26%	7%
Rendering of service (Fare revenue)	-15%	-4%

The historical performance clearly highlights that over the past three (3) financial years the company has suffered huge financial losses. This is mainly attributable to the actual fare revenue received by the Company which was lower than budgeted for the increasing costs of repairs and maintenance as well as the expenditure on diesel.

The cost of repairs and maintenance has significantly increased over the three-year period. The increase in the maintenance costs is as a result of the aged fleet.

The cost of diesel and bus parts contributes to the negative financial situation experienced by the company. The volatility and steady weakening of the rand affects the cost of diesel and bus parts. In general diesel has increased by 7% over the three-year period.

Two key projects namely the implementation of the new revenue management plan and procurement of new buses is in progress.

### 5.1.3 Metrobus Projected Future Income Statements

Projected

	YEAR 2022/23 R'000	YEAR 2021/22 R'000	YEAR 2020/21 R'000
Rendering of Services	151 376	144 168	137 051
Miscellaneous other revenue	2 669	2 542	2 427
Grant	839 064	793 656	748 612
<b>Total Revenue</b>	<b>993 109</b>	<b>940 366</b>	<b>888 090</b>

Expenditure

Personnel	-455 006	-428 047	-402 688
Depreciation and amortisation	-72 105	-68 671	-62 429
Finance Costs	-77 364	-73 680	-70 372
Repairs and maintenance	-110 217	-104 969	-100 257
General expenses	-169 935	-161 683	-153 665
Diesel	-81 360	-77 486	-74 008
Insurance expense	-27 122	-25 830	-24 671
<b>Total Expenditure</b>	<b>-993 109</b>	<b>-940 366</b>	<b>-888 090</b>

## 4.1187

Operating (Deficit)/Surplus	-	-	-
Loss on disposal of assets and liabilities	-	-	-
(Deficit)/Surplus for the year	-	-	-

The largest portion of the Metrobus revenue comes from a subsidy. As is the case with most public transport entities public transport is subsidised however the subsidy does not necessarily reflect the economic realities. The subsidy increases over the past few financial years and for the coming financial years is much lower than the increased costs. Furthermore, since the subsidy did not dramatically increase when mainly diesel increased three years ago costs the inflation related increases currently are from a lower base which exacerbates the losses suffered by Metrobus. Operating costs are expected to increase by inflation related percentage over the next three financial years and the acquisition of new buses will also ensure that Metrobus meets its cost commitments even if the rand further weakens. The dramatic increase in fare revenue will be achieved through the acquisition of a new fare collection system which will both reduce pilferage and increase the fare collected per kilometre.

### 5.1.4 Metrobus Projected Future Balance Sheet and Cash flow statements

YEAR 2022/23 Adj Budget Budget R'000	YEAR 2021/22 Adj Budget Budget R'000	YEAR 2020/21 Adj Budget Budget R'000	YEAR 2019/20 Adj Budget Budget R'000	%	YEAR 2018/19 Actual Actual R'000	
				Change		

#### Assets

#### NON-CURRENT ASSETS

	860 844	796 087	798 917	734 451	15%	666 098
FIXED ASSETS	680 353	654 247	645 442	652 966	5%	633 727
Loans to shareholders	32 178	31 547	30 928	30 322	2%	30 021
Intangible Assets	148 313	110 293	122 547	51 164	3118%	2 349

#### CURRENT ASSETS

	28 521	30 212	32 086	34 163	17%	30 721
Inventories	13 742	15 269	16 965	18 850	-3%	19 235
Trade Debtors	4 945	4 801	4 661	4 525	-3%	4 618
Prepayment	5 978	6 163	6 354	6 550	-3%	6 684
Insurance Fund	3 693	3 808	3 925	4 047	#DIV/0!	-
Cash & Cash Equivalents	163	171	180	190	5%	184
<b>Total assets</b>	<b>889 365</b>	<b>826 299</b>	<b>831 003</b>	<b>768 614</b>	15%	<b>696 818</b>

#### Equity & Liabilities

#### CAPITAL & RESERVES

	-250 409	-235 496	-233 990	-232 468	5%	-224 460
Share Capital	54 774	54 774	54 774	54 774	0%	54 774
Revaluation surplus	134 217	149 130	150 637	152 158	-8%	160 167
Accumulated Profit(Loss)	-439 401	-439 401	-439 401	-439 401	0%	-439 401

4.1188

<b>NON-CURRENT LIABILITIES</b>	386 132	377 864	387 759	313 229	44%	242 236
Interest Bearing Debt	374 200	366 050	376 063	301 648	46%	230 770
Retirement Benefit Obligation	11 932	11 813	11 696	11 581	1%	11 466
Finance lease obligation capital					0%	

<b>CURRENT LIABILITIES</b>	753 642	683 931	677 234	687 853	2%	677 802
Trade Creditors	58 363	68 662	80 779	95 034	-38%	126 712
Loans from Shareholders	647 561	569 521	552 567	550 687	12%	508 687
Finance lease obligation current	-	-	-	-	0%	-
VAT Payable	-	-	-	-		0
Other Financial Liabilities	39 321	37 448	35 665	33 967	0%	33 967
Provisions	3 707	3 465	3 238	3 026	0%	3 026
Deferred Income	4 691	4 836	4 985	5 139	-8%	5 410
Insurance fund liability						
<b>Total equity &amp; liabilities</b>	<b>889 365</b>	<b>826 299</b>	<b>831 003</b>	<b>768 614</b>	<b>16%</b>	<b>695 578</b>

	YEAR 2022/23 Projected R'000	YEAR 2021/22 Projected R'000	YEAR 2020/21 Projected R'000	YEAR 2019/20 Projected R'000	YEAR 2018/19 Actual R'000
<b>Net Cash Flow from Operating Activities</b>	<b>17322</b>	<b>72881</b>	<b>90546</b>	<b>35407</b>	<b>-1161</b>
Grants & subsidies	839 064	793 656	748 612	672 868	545 463
Other income	154 045	146 710	139 478	132 341	93 346
	993 109	940 366	888 090	805 209	638 809
Employee costs	-455 006	-428 047	-402 688	-349 563	-291 015
Suppliers	-443 417	-365 758	-324 484	-360 427	-288 055
Finance costs	-77 364	-73 680	-70 372	-59 812	-60 900
	-975 787	-867 485	-797 544	-769 802	-639 970
<b>Cash Employed in Investment Activities</b>	<b>-105 393</b>	<b>-81 614</b>	<b>-168 548</b>	<b>-148 279</b>	<b>-17 416</b>
Expanding of Capital Base	-101 700	-81 500	-168 430	-146 290	-23 262
Movement of insurance fund	-3 693	-114	-118	-1 989	5 845
<b>Cash Consequences of Financing Activities</b>	<b>88 063</b>	<b>8 725</b>	<b>77 993</b>	<b>112 878</b>	<b>18 585</b>
Other financial liabilities	10 022	-8 229	76 113	70 878	-28 841
Movement of sweeping account	78 041	16 954	1 880	42 000	48 216
Finance lease payments	-	-	-	-	-790
<b>CASH FLOW FROM ACTIVITIES</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>6</b>	<b>7</b>
<b>Net Increase / (Decrease) in Cash &amp; Bank Balances</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>6</b>	<b>7</b>
Cash & Bank Balances Beginning of the Year	171	180	190	184	177

## 4.1189

Cash & Bank Balances End of the  
Period

163

171

180

190

184

Metrobus operates on a sweeping account that is controlled by the City of Johannesburg (CoJ) and does not keep bank balances. Any cash profits or losses are consolidated in the CoJ. The cash flows remain erratic being affected by the low revenue base increase in diesel costs and repairs and maintenance costs and payments towards leased buses/loans. The organization continues to depend on the overdraft from CoJ to fund its operations and CAPEX.

The largest change in the balance sheet is the acquisition of new buses which has both raised the asset base of the company and increased its liabilities.

### 5.1.4: Ratio Analysis

	<b>2022/23</b>	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Projected</b>	<b>Actual</b>
<b>Profitability Ratios</b>					
Return on Assets (Revenue over assets)	146%	144%	138%	123%	102%
Internally generated revenue as a percentage of total expenditure	16%	16%	16%	16%	15%
<b>Liquidity Ratios</b>					
Current Ratio	4%	4%	5%	5%	5%
Acid-test ratio	2%	2%	2%	2%	2%
<b>Activity ratios (Efficiency ratios)</b>					
Fixed Asset turnover	69%	70%	73%	81%	98%
<b>Debt ratios</b>					
Debt ratio	128%	129%	128%	130%	132%
Long-term debt to equity	-154%	-160%	-166%	-135%	-108%
<b>Growths</b>					
Asset growth	8%	-1%	8%	10%	-
Overdraft growth	14%	3%	0%	8%	-

## 4.1190

The major contributing factor to the ratios above is the acquisition of new buses and the increased fares anticipated due to the implementation of a new fare collection system.

The profitability ratios are expected to increase although revenue as a percentage of assets is expected to decrease because of the current low asset base.

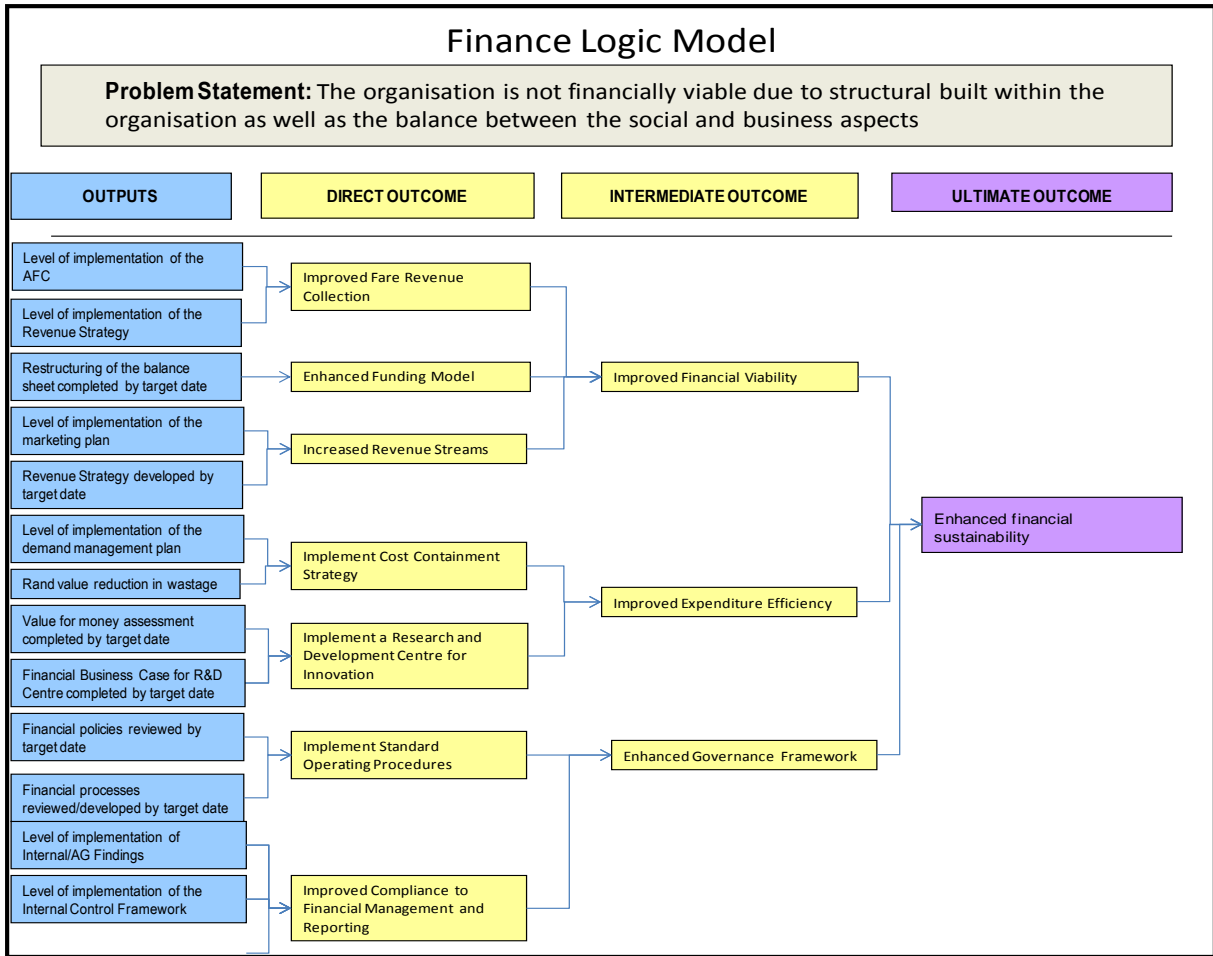
Liquidity ratio's and debt ratios remain very low. The norm for the current ratio and the acid ratio is 200% and 100% respectively. The ratios remain fairly constant over the projected future; however, the full impact of the bus refurbishment and replacement program will only be felt in the medium term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

## 5.2 CAPITAL PROJECTS

The following are the main Capital projects proposed for 2020/21 financial year (R'000):

Name of project	Adjusted Budget Budget	Funding Source
Furniture and Office Equipment	450	External loans
Plant and machinery	1 500	External loans
IT Equipment, New Computers and Hardware Computer Hardware	14 400	External loans
Building - Building Alterations/Upgrade	14 580	External loans
Engine and Gear box refurbishment	7 500	External loans
Cashless Ticketing System, Bus CCTV, on board machine (AFC)	85 000	External loans
Bus Refurbishment	25 000	External loans
Gas station infrastructure	9 000	External loans
3 x Tow trucks	6 000	External loans
Dynamometer	4 000	External loans
Borehole pump		External loans
Bus washing machine (Overhauling)	1 000	External loans
Brake testing machine		External loans
CCTV cameras for head office		External loans
GRAND TOTAL	168 430	External loans

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



## CHAPTER 6: Management and Organisational Structure

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

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

- Operations;
- Technical Services;
- Strategic and Business Planning;
- Corporate and Support Services; and
- Governance

Central to the fulfilment of Metrobus responsibility is the Operations Department and the Technical Services Department.

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

The planning or scheduling section of the Operations Department has a huge responsibility to ensure the optimal use of human resources especially bus drivers and assets which in the main refer to the buses. Both of these if not scheduled efficiently can lead to unnecessary expenses. In this regard, the entity will have to invest in a software programme which will allow our planners or schedulers to make changes to our schedules efficiently and quickly. The continued investment in the information technology to automate key operations functions is an important strategic enabler for operational and excellence and financial viability for the entity.

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

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

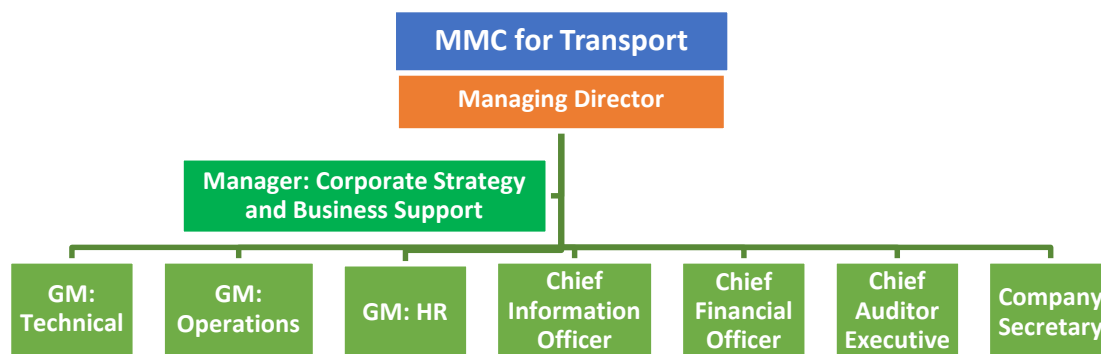
Tasked with ensuring that operational fleet requirement is available is the Technical Services Department (TSD) which is the organization's support mechanical engineering arm responsible for the regular maintenance and repairs to the entity's fleet. The TSD is tasked, primarily with the Cost effective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

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

## 6.1 Organisation structure

During the financial year 2017/18 the board of directors directed that a review of the organisational structure be embarked upon to ensure that the outcomes envisaged in terms of the Metrobus transformation and turn around agenda are achieved and maintained. Further review took place during the 2018/19 financial year, However the implementation of the new structure cannot materialise as envisaged due to budget cuts resulting from the 2018/19 midyear budget downward adjustment.

### High Level Organizational Structure



## 6.2 Executive Management Team

During the 2019/20 financial year, of the total of eight (8) executive positions, only the Company Secretary, the General Manager Technical and the Chief Information Officer were filled by permanent appointees. In the intervening period, permanent appointments have been made in the position of Managing Director as well as that of Chief Audit Executive. Albeit that the new structure is balanced in terms of the executive management team. The challenge remains for Metrobus to acquire the right skills at supervisory, middle management and specialist levels in order to sustain the functions that will drive the change programmes for a future Metrobus.

## 6.3 Capacity analyses

During the 2019/20 financial year focus was, inter alia, on process re-engineering towards efficiency, effectiveness and maximum utilization of human resources. One of the essential outcomes of this process is analysis of capacity not only in relation to numbers of people employed in various positions but the availability of all key skills in all functional areas of the business through focused skills gap analysis. Currently the entity is at a vacancy rate of 26%. This will continue unabated in view of budgetary constraints.

Ongoing analysis of the capacity of the entity to effectively deliver on its mandate has confirmed the desirability of combining the executive position of operations and technical services into one position. This will ensure congruency of purpose, higher levels of accountability and overall efficiency in the management of Metrobus business operations. This approach will be implemented in the financial year 2020/21.

## 6.4 Employment Equity

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

Metrobus introduced a female focus programme to attract and retain female drivers and this programme needs to be supported with funding to ensure expansion and success.

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

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

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

1. Acquisition, engagement and retention of appropriate skills representative of all race groups in line with EAP Provincial demographics in all occupational levels
2. Identification and eradication of systematic and systemic barriers to the achievement of employment equity goals.
3. Management of diversity
4. Implementation of women and disabled person's advancement programs
5. Implementation of Technical Assistance Guidelines (TAG) on the employment of people with disabilities
6. Harvesting of all policy and program synergies towards the achievement of a quantitatively and qualitatively equitable work place
7. Analysis of data
8. Consultation and dispute resolution
9. Reporting
10. Continuous research and development

### 6.4.1 Current Demographics

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

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	3	0	0	0	0	0	1	1	0	0	5
Senior Management	10	2	0	2	2	0	0	0	0	0	16
Professionally qualified and experienced specialists and mid-management	3	0	0	0	3	0	0	1	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	100	16	2	12	15	0	0	3	0	0	148
Semi-skilled and discretionary decision making	346	18	0	4	98	4	1	1	0	0	472
Unskilled and defined decision making	44	0	0	0	18	1	0	0	0	0	63
Total Permanent	506	36	2	18	136	5	2	6	0	0	711
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	506	36	2	18	136	5	2	6	0	0	711

### 6.4.2 Targets and goals

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

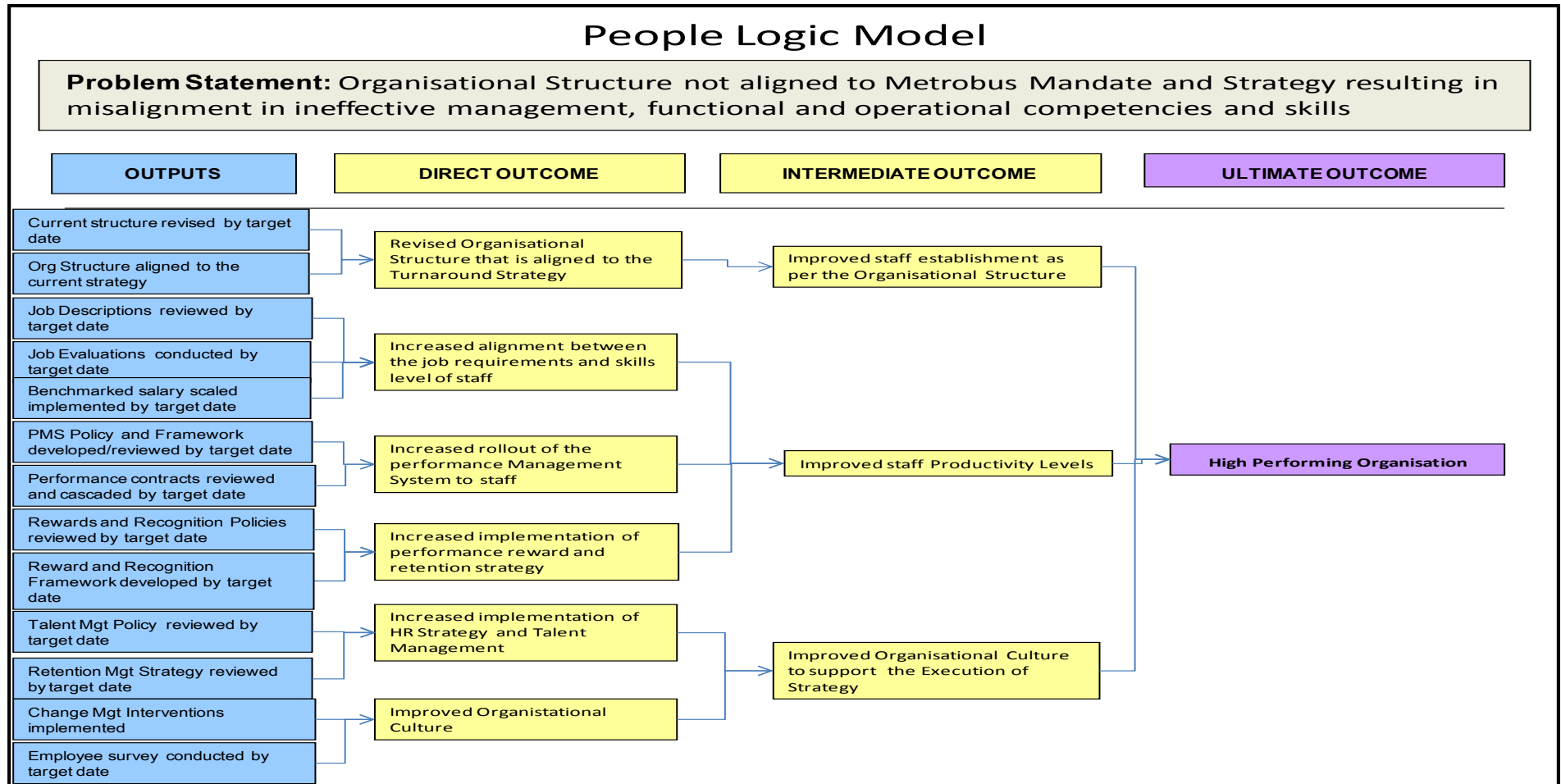
Metrobus Employment Equity Numerical Goals: *the projected workforce profile the entity seeks to achieve by the end of 2021 based on the total number of employees as at the beginning of the employment equity plan which commenced in 2016.*

4.1196

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	4	0	1	0	2	0	0	1	0	0	8
Senior Management	4	1	0	1	3	0	0	0	0	0	10
Professionally qualified and experienced specialists and mid-management	8	2	1	2	6	1	1	1	0	0	22
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	89	12	4	15	27	2	2	10	0	0	161
Semi-skilled and discretionary decision making	372	29	5	17	163	7	7	11	0	0	611
Unskilled and defined decision making	63	6	2	6	46	2	2	5	0	0	132
Total Permanent	540	50	13	41	247	12	12	29	0	0	944
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Grand Total	540	50	13	41	247	12	12	29	0	0	944

### 6.4 Alignment of Organisational Structure to Metrobus Strategy

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



## CHAPTER 7: Communication and Stakeholder Management

### 7.1 Stakeholder engagement

At the heart of the Metrobus approach to stakeholder engagement is a commitment to building relationships of trust, respect and integrity with all our stakeholders over the long term. Metrobus understands that stakeholders are not homogenous; they are varied and have different needs and expectations therefore cannot be treated in the same way and that communication approaches and programmes cannot be generic. The overall goal is to provide an outstanding customer experience which involves improvements in customer communication tools, safety and security improvements and embedding a strong customer service philosophy within Metrobus workforce

#### 7.1.1 Stakeholder engagement will focus on the following:

- Strengthening the position of Metrobus increasing awareness of the improved service and to drive ridership.
- Increase public understanding, awareness and support of the public transport to the City of Johannesburg
- Strengthen engagement and awareness within Metrobus as well as City's programs and milestones and vision of Metrobus creating proud, informed and connected workforce.
- Establish the mechanisms, processes and procedures for stakeholder participation having due regard for the special needs of illiterate and/or disabled people, women and other disadvantaged groups
- Create awareness and utilization of the anti-corruption hotline, commuter forum and mobile app.

#### 7.1.2 Engagement risks within Metrobus include:

- Conflict between participating stakeholders;
- Unwillingness to engage;
- Participation fatigue;
- Creating expectations of change that the organisation is unwilling or unable to fulfil;
- Disruptive stakeholders;
- Uninformed stakeholders; and
- Disempowered stakeholder

#### 7.1.3 The entity's Stakeholder Participation Forums include:

- Board and Sub-Committee Meetings;
- Union/Management meetings;
- Local Labour Forum (Union Management Committee);
- Commuter Forum;
- Other users: modalities of engagement are currently under consideration
- Employee communication road shows at the depots; and
- Oversight Committee Meetings such as the Group Performance Advisory Committee; Group Risk Audit Committee; Section 79 Transportation Committee; Economic Growth Cluster; Chairperson's quarterly meeting

## 7.2 Communication Plan

Metrobus key stakeholders, their importance to our sustainability and key messages have been mapped out in preparation for the development of a communication plan. A communication plan has been developed to illustrate the engagement with each respective Stakeholder. The table below highlights the different Stakeholders and how communication in daily operations and/or matters of strategy (“On-going Engagements”) will be achieved.

**Table 7.2: Communication Plan**

Stakeholder	Message or Purpose	Mechanism
Commuters	<ol style="list-style-type: none"> <li>1. To keep them informed on Metrobus service</li> <li>2. Timely response to commuter concerns and complaints.</li> <li>3. Lost Property</li> <li>4. Problems with tags or smart card</li> <li>5. Get feedback on customer issues and how performance needs to be improved.</li> </ol>	<ol style="list-style-type: none"> <li>1. Commuter Forum Meetings</li> <li>2. Memoranda on buses</li> <li>3. Memoranda through the media</li> <li>4. Website</li> <li>5. Road shows at strategic points such as Ghandi Square.</li> <li>6. Walk in Centres (e.g. Ghandi Square)</li> <li>7. Call Centre</li> <li>8. Social media</li> <li>9. Banners</li> <li>10. Customer satisfaction surveys</li> <li>11. Street Pole Adverts and billboards</li> </ol>
Organised Groups	To provide them with balanced and objective information to assist them in understanding the successes, challenges and possible solutions and proactive measures or targets to meet key performance areas.	<ol style="list-style-type: none"> <li>1. Website</li> <li>2. Media</li> </ol>
Staff/ Employees	<p>Strengthen awareness of programs within Metrobus, milestones and vision of Metrobus thus creating proud, informed and connected workforce.</p> <p>Performance Management</p> <p>Creating culture of ethical and accountable conduct.</p>	<ol style="list-style-type: none"> <li>1. Managing Director’s Road shows to all Depots and the head office.</li> <li>2. Human Resources Department Road shows to all Depots.</li> <li>3. Memoranda on notice boards at head office and all Depots</li> <li>4. Through engagements with Organised Labour as the employees’ representatives.</li> <li>5. Departmental meetings</li> <li>6. Performance assessment sessions</li> </ol>
Media	Monitoring the media and responding to critical matters will also take priority to ensure that Metrobus restores its reputation.	<ol style="list-style-type: none"> <li>1. Media responses</li> <li>2. Media briefings</li> <li>3. Media releases</li> <li>4. Interviews</li> </ol>

## 4.1200

	Use media to assist Metrobus in communicating service related issues.	
Service Providers	<ol style="list-style-type: none"> <li>1 Contractual obligation, performance management.</li> <li>2. Update on new laws and regulations</li> <li>3. Fraud and Corruption</li> </ol>	<ol style="list-style-type: none"> <li>1. Service Agreement signing meetings</li> <li>2. Performance assessment meetings</li> <li>3. Briefing sessions</li> </ol>
Shareholder	<ol style="list-style-type: none"> <li>1. For approval</li> <li>2. For information</li> <li>3. For strategic direction, guidance and advice.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quarterly reports;</li> <li>2. Meeting engagements such as Cluster meetings, Mayoral Committee meetings, Extended Executive Management meetings (“EEMT”) (chaired by the City Management)</li> <li>3. Engagement and attending to requests from City departments and MMC.</li> </ol>
Board of Directors	<ol style="list-style-type: none"> <li>1. For approval</li> <li>2. For information</li> <li>3. For strategic direction, guidance and advice</li> <li>4. The Board should ensure ethical leadership and Metrobus that the company is and is seen to be a responsible corporate citizen.</li> <li>5. The Board has a responsibility to govern stakeholder relations.</li> <li>6. The Board should ensure the integrity of integrated reporting and disclosure.</li> <li>7. The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.</li> </ol>	<ol style="list-style-type: none"> <li>1. Board Reports in Board meetings</li> <li>2. In writing to the Board- dissemination by email, hand delivered correspondence.</li> </ol>

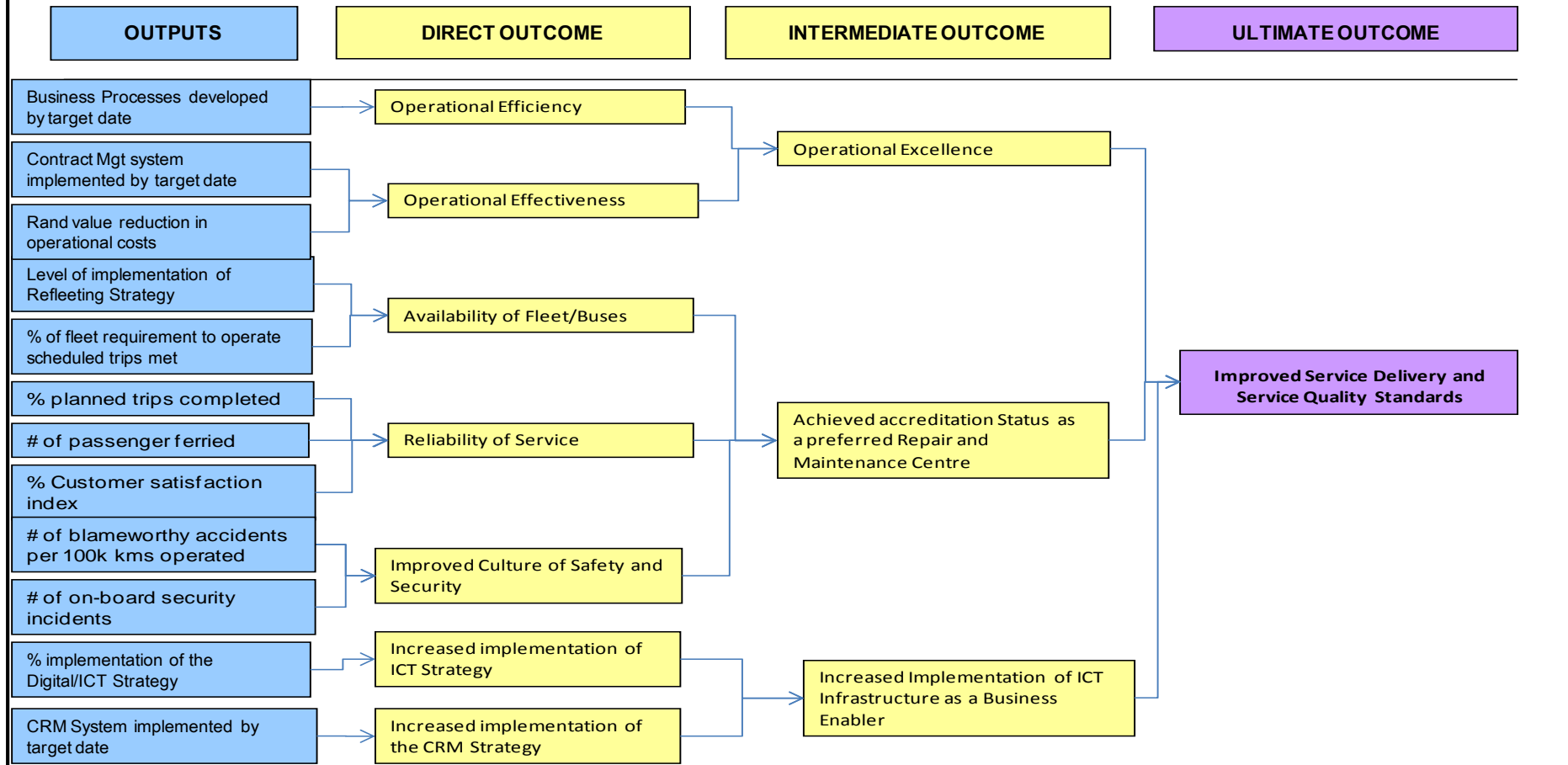
### 7.2.1 Communication Engagement Outputs and Action Plan

Metrobus will systematically monitor and evaluate the overall quality of the stakeholder engagement, and the owners of engagements shall evaluate the quality of the respective engagements.

The monitoring and evaluation of outputs (the action plan) and outcomes (the results of decisions and actions) should be integrated with overall sustainability performance monitoring and evaluation.

## Business Processes Logic Model

**Problem Statement:** Low levels of service delivery and customer service as a result of limited resources and capacity, aged and unreliable and unavailable infrastructure and fleet, obsolete technology, poor systems, low revenues, non-responsive policies and procedures and a poor organisational culture



**ANNEXURE A: METROBUS SCORECARD**

**2020/21 Priority Implementation Plan**

<b>KEY PRIORITIES</b>													
<b>National outcome: An efficient, effective and development-oriented public service</b>													
<b>Johannesburg 2040 outcome: An equitable and inclusive society with high quality of life.</b>													
PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme		2020/21 Quarterly performance targets				Evidence	Means of verification
						Capex	Opex	Q1	Q2	Q3	Q4		
<b>PROGRAMME 1: CUSTOMER SERVICE, STAKEHOLDER ENGAGEMENT AND COMMUNICATION</b>													
1	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	Economic growth Operational excellence, increased reliability and accessibility	% planned trips completed	87%	90%	Assessment of current environment (personnel, maintenance capacity, scheduling capacity) Capacitate Technical Services Department in order to deliver on operational requirement			90%	90%	90%	90%	Operations quarterly reports Questek system generated and Qmerit reports

4.1203

2	Ensure pro-poor development that addresses inequality and poverty; and provides meaningful redress	Operational excellence, increased reliability and accessibility	Average number of Metrobus passenger trips per working day	38 245	45 000	Improve fleet management and driver behaviour			45 000	42000	42 000	51 000	Operations quarterly reports	Questek system generated reports
3	Create a culture of enhanced service delivery with pride.	Improved passenger safety	Accident rate per 100 000 kms operated (blameworthy accidents)	Accident rate: <0.75 per 100,000 bus-km per month.	<0.75	Reduction of blameworthy accidents through ongoing bus driver training and fleet maintenance			Accident rate: <0.75	Accident rate: <0.75	Accident rate: <0.75	Accident rate: <0.75	Operations quarterly reports	Monthly Depot Accident report
4	Ensure pro-poor development that addresses inequality and poverty; and provides meaningful redress	Improved passenger safety	Number of on-board security incidents	Zero Number of on-board security incidents	Zero	Monitor and / avoid hot spots			Zero	Zero	Zero	Zero	Operations quarterly reports	Monthly Security incidents report
5	Create a City that responds to the needs of citizens,	High levels of Customer	% of service disruptions	80% of service disruptions	95%	Implement Communication strategy			95%	95%	95%	95%	Operations quarterly reports	Cancelled trips and communications report

4.1204

	customers, stakeholder and businesses.	satisfaction	communicated	communicated										
6		High levels of Customer satisfaction	Percentage of complaints resolved within the timelines specified in the customer service charter	60% of complaints resolved within the timelines specified in the customer service charter	80% of	Improved customer complaints handling process			80%	80%	80% of	80% of	Operations quarterly reports	Complaints handling system report
7		High levels of Customer satisfaction	% Customer satisfaction index	68% Customer satisfaction index	65%	Improved customer engagements and service quality			N/A- Annual Activity performed in the fourth quarter	N/A	N/A	70% Annual Activity performed in the fourth quarter	Annual customer survey	Customer satisfaction index
8	Create a culture of enhanced service delivery with pride.	Better Service Quality	% of service standards achieved	70% of service standards achieved	80%	Close monitoring of service standards			70%	75% of	80% of	80%	Operations quarterly reports on service standards	Service standards report
<b>National outcome: An efficient, effective and development-oriented public service</b>														
<b>Johannesburg 2040 Outcome: Enhanced, quality services and sustainable environmental practices.</b>														

4.1205

PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme	2020/21 Quarterly performance targets				Evidence	Means of verification	
<b>PROGRAMME 2: INNOVATION AND THE GREEN ECONOMY</b>													
						Capex	Opex	Q1	Q2	Q3	Q4		
9	Preserve our resources for future generations	Decreased Carbon Footprint	% decrease in carbon emissions	Maintain hartridge units measurement at 41.5%	30%	Carbon emissions programme : Monthly hartridge units testing			30%	30%	30%	30%	Independent measurement report
<b>National outcome: An efficient, effective and development-oriented public service</b>													
<b>Johannesburg2040 outcome: An honest, transparent and responsive local government that prides itself on service excellence.</b>													
PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme	2020/21 Quarterly performance targets				Evidence	Means of verification	
<b>PROGRAMME 3: ENTERPRISE DEVELOPMENT AND JOB CREATION</b>													
No						Capex	Opex	Q1	Q2	Q3	Q4		
10	Promote economic development	Completeness of revenue	Total number of SMMEs	50 SMMEs supported	60	SMME support programmes			30	40	50	60	SMM E quarterly SMME database

4.1206

	ment and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.		supported										progress report	
11	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	Safe and secure bus service	% of total expenditure spent on B-BEEE	30% of total expenditure spent on B-BEEE	30%	Supply Chain policy adherence		30%	30%	30%	30%	B-BEEE quarterly progress report	B-BEEE database	
12	Promote economic development and	Capacitated, committed and performance	Total number of EPWP	71 EPWP jobs created	100	EPWP support programmes		15	50	75	100	EPWP quarterly progress	EPWP database	

4.1207

	attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	driven employees	jobs created										report f	
--	--	------------------	--------------	--	--	--	--	--	--	--	--	--	----------	--

4.1208

OPERATIONAL DAY TO DAY

National outcome: An efficient, effective and development-oriented public service														
Johannesburg 2040 outcome: An honest, transparent and responsive local government that prides itself on service excellence														
No.	PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme		2020/21 Quarterly performance targets				Evidence	Means of verification
PROGRAMME 4: FINANCIAL MANAGEMENT, VIABILITY AND SUSTAINABILITY														
No							Capex R'000	Opex R'000	Q1	Q2	Q3	Q4		
13	Enhancing our financial sustainability	Financial viability and sustainability	% Spent against approved Operating Expenditure Budget per quarter	97% total spending	98% annual Spent	Disciplined expenditure management			98%	98%	98%	98%	Finance quarterly report	Quarterly and Annual financial reports
14		Financial viability and sustainability	Number of annual leave days balance per employee	36 annual leave days balance per employee	24	Quarterly management of annual leave			36	30	26	24	Human Resources Department quarterly report	Leave liability report
15		Financial viability and sustainability	% Spend against approved capital budget	95% Spend against approved capital budget	95%	Monitoring of CAPEX on a monthly basis			30%	50%	70%	95 %	Finance quarterly report	Capital expenditure report

4.1209

16		Financial Viability and sustainability	% spent against approved Repairs and Maintenance budget	New Indicator	85%	Proper Contract management			100% of quarterly budget	100% of quarterly budget	100% of quarterly budget	100% of quarterly budget	Finance quarterly report	Quarterly and Annual financial reports
----	--	--	---	---------------	-----	----------------------------	--	--	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--

**National outcome: An efficient, effective and development-oriented public service**  
**Johannesburg 2040 outcome: An honest, transparent and responsive local government that prides itself on service excellence**

**PROGRAMME 5: OPERATIONAL EXCELLENCE**

KPI	PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme		2020/21 Quarterly performance targets				Evidence	Means of verification
							Capex	Opex	Q1	Q2	Q3	Q4		
17	Create an honest and transparent City that fights corruption.		% of Auditor-General South Africa (AGSA) Audit findings resolved	81% AGSA Audit findings resolved	100%	100% implementation of AGSA findings and recommendations with no repeat findings			30%	30%	70%	100%	Internal audit quarterly reports	Audit findings Tracker audited by Internal Audit
18	Create a culture of enhanced service delivery with pride	Well maintained assets Operational excellence, increased reliability and accessibility	% of fleet requirement to operate scheduled trips met	83% of fleet requirement to operate scheduled trips met	90%	Implement Repairs and maintenance plan Establish reliability unit			90%	90%	90%	90%	Technical Services Departmental quarterly report	Monthly technical fleet availability report
19	Create an honest and transparent	Good clean governance with a focus on	% mitigation actions in	Nil	70%	Identification and mitigation of risks			20%	40%	60%	70%	Internal audit quarterly report	Audit and Risk Committee

4.1210

	City that fights corruption.	eliminating corruption	the risk registers implemented or up to date			across all Departments								approving risk registers
20	Create an honest and transparent City that fights corruption.	Good clean governance with a focus on eliminating corruption	% of pre-determined objectives achieved	57%	85%	Strategy improvement plans	-	-	85%	85%	85%	85% of	Quarterly performance assessment report	Internally audited portfolio of evidence file

**National outcome: An efficient, effective and development-oriented public service**  
**Johannesburg 2040 outcome: Enhanced, quality services and sustainable environmental practices.**

**PROGRAMME 6: TECHNOLOGY AND BUSINESS ENABLEMENT**

KPI	PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme		2020/21 Quarterly performance targets				Evidence	Means of verification
							Capex	Opex	Q1	Q2	Q3	Q4		
21	Create a culture of enhanced service delivery with pride.	Well maintained assets	100% implementation of Business Continuity Plan (BCP)	New	100%	Implement ICT strategy			50%	50%	80%	100%	ICT quarterly report	Implementation Plan
22	Create a culture of enhanced service delivery with	Operational excellence, increased reliability and accessibility	% User satisfaction index	50%	70 %	Improve customer experience, meet service standards			N/A-	N/A	N/A	70%	ICT services catalogue with clear services standards	User satisfaction survey report

4.1211

	pride delivery with pride.													and SOPs	
<b>National outcome: An efficient, effective and development-oriented public service</b> <b>Johannesburg 2040 outcome: Enhanced, quality services and sustainable environmental practices.</b>															
<b>PROGRAMME 7: INSTITUTIONAL PLANNING, TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>															
KPI	PIP	Metrobus Key Performance Outcome	Key Performance Indicator	Baseline	Target 2020/21	Key Interventions	2020/21 Budget per programme		2020/21 Quarterly performance targets				Evidence	Means of verification	
							Capex	Opex	Q1	Q2	Q3	Q4			
23	Create a culture of enhanced service delivery with pride.	Capacitated, committed and performance driven employees	% employee satisfaction index	New	50%	On-going engagements with employees			N/A-	N/A	N/A	50%	Employee satisfaction survey	Employee satisfaction survey report	

## ANNEXURE B: TECHNICAL INDICATOR DESCRIPTION

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
<b>PROGRAMME 1: CUSTOMER SERVICE, STAKEHOLDER ENGAGEMENT AND COMMUNICATION</b>											
1	% planned trips completed	Operate a certain number of scheduled trips	To ensure that Metrobus bus service is reliable and efficient	Questek system generated and Qmerit reports	(Number of planned trips – Number of trips completed)/ Number of planned trips.	N/A	The indicator measures reliability and efficiency	Quarterly – cumulative at year end	No, continues without change from the previous year	To operate 90% of scheduled services to transport City of Johannesburg travelling on Metrobus routes.	GM: Operations
2	Average number of Metrobus passenger trips per working day	Number of passengers to be transported per quarter translated into daily trips.	Number of passengers to be transported per quarter translated into daily trips.	Questek system generated reports	Total number of passenger per month/ total number of working days	N/A	The indicator measures reliability and efficiency	Quarterly – cumulative at year end	No, continues without change from the previous year	45 000 Metrobus passenger trips per working day	GM: Operations
3	Accident rate per 100 000 kms operated (blameworthy accidents)	Number of blameworthy bus accidents that could have been avoided for every 100 000 kms travelled for all	To reduce number of accidents that could have been avoided or prevented	Monthly depot accident report	(Number of blameworthy accidents/ (number of kilometres travelled/10 0 000)	N/A	Number of bus accidents reported less non-blameworthy accidents in terms of the number of	Quarterly – Cumulative at year end	No, continues without change from the previous year	Accident rate: <0.75 per 100 000 bus kms per month	GM: Operations

4.1213

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
		operational buses					kilometres travelled				
4	Number of on-board security incidents	Number of on-board security incident reported	To improve passenger safety	Reports on on-board security incidents	Total number of on-board security incident reported	N/A	Reports on on-board security incidents	Quarterly – cumulative at year end	No, continues without change from the previous year	Zero number of on-board security incidents	GM: Operations
5	% of service disruptions communicated	Changes to normal bus service operation communicated to commuters	To ensure that Metrobus passengers are informed on time about service disruptions for them to make alternative transport arrangements	Cancelled trips and communication report	(Number of bus service changes – Number of bus service changes communicated)/ Number of bus service changes.	N/A	Changes to normal bus service operation communicated to commuters	Quarterly – cumulative at year end	No, continues without change from the previous year	95% of service disruptions communicated	GM: Operations
6	Percentage of complaints resolved within the timelines specified in	Passenger complaints addressed within specified timelines	To ensure that complaints received at the Group call centre are resolved on time.	Complaints handling system report	(Number of passenger complaints received – Number of passenger complaints	N/A	Number of customer complaint resolved as a percentage of total customer	Quarterly – cumulative at year end	No, continues without change from the previous year	80% of complaints received at the group call centre resolved on time	Manager: Communications

4.1214

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
	the customer service charter				resolved)/ Number of passenger complaints received.		complaints received.				
7	% Customer satisfaction index	% of customers satisfied with Metrobus service from a sample used for customer satisfaction survey.	To ensure that Metrobus deliver on its mandate of providing bus service to the City of Johannesburg citizens.	Customer satisfaction survey	Weighted average of the service related questions * % of the much satisfied customer in that question.	N/A		Annual	No, continues without change from the previous year	To at least achieve 65% of customer satisfaction	GM: Operations
8	% of service standards achieved	Better service quality	Close monitoring of service standards	Service standards report	Total number of service standards target met/ total number of service standards*100	N/A	Percentage of achieved service standard	Quarterly – cumulative at year end	No, continues without change from the previous year	80% of service standards achieved	GM: Operations

**PROGRAMME 2: INNOVATION AND THE GREEN ECONOMY**

4.1215

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
9	% carbon emissions	% of Green House Gas emitted from Metrobus operating bus fleet	To ensure that Metrobus implements plans which are aimed at reducing carbon emissions emitted by Metrobus bus fleet.	Independent measurement report	Average % emissions for a particular bus type	N/A	The indicator measures the environmental impact of Metrobus	Quarterly – cumulative at year end	No, continues without change from the previous year	Maintain hartridge units measurement at 30% or below	GM: Technical Service
<b>PROGRAMME 3: ENTERPRISE DEVELOPMENT AND JOB CREATION</b>											
10	Total number of SMMEs supported	Number of SMMEs whose services and / or products were procured.	To enhance contribution of Metrobus to economic growth and development by ensuring inclusive and active participation of SMMEs in the economy	Procurement records	Number of SMMEs used excluding Intercompany transactions	N/A	The indicator measures Metrobus' contribution to Economic Development	Quarterly – cumulative at year end	No, continues without change from the previous year	60 SMMEs supported	Chief Financial Officer
11	% of total expenditure spent on B-BEEE	Amount of total procurement expenditure spent on BBBEE,	To enhance contribution of Metrobus to economic growth and development by	Procurement records	(Amount paid to BBBEE / Total Payments excl.	N/A	The indicator measures progress made by Metrobus on ensuring that	Quarterly – cumulative at year end	No, continues without change from the	30% of total expenditure allocated for BBBEE	Chief Financial Officer

4.1216

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
		indicated as a percentage	ensuring inclusive and active participation of BBBEE in the economy		Intercompany transactions ) x 100		it is operating a green fleet		previous year		
12	Number of EPWP jobs created	Number of EPWP work opportunities created		Human resources employee list	Total Number of hired EPWP	N/A		Quarterly – cumulative at year end	No, continues without change from the previous year	100 EPWP jobs created	GM: Corporate Service
<b>PROGRAMME 4: FINANCIAL MANAGEMENT, VIABILITY AND SUSTAINABILITY</b>											
13	% Spent against approved Operating Expenditure Budget per quarter	Amount of operating budget spent expressed as a percentage of total budget (quarterly or annually)	To track expenditure patterns to ensure that operating budget allocated is fully utilised	Income Statements	(Amount spent / Budgeted amount ) x 100	N/A	The indicator measures budget adherence ensuring that the budgeted OPEX is not exceeded or under spent	Quarterly – cumulative at year end	No, continues without change from the previous year	98% OPEX budget spent against approved operating expenditure budget	Chief Financial Officer

4.1217

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
14	Number of annual leave days balance per employee	Number of leave days accrued to an employee	To monitor leave liability	Leave liability report	In the leave report no employees should exceed targeted number per quarter	N/A	The indicator monitors annual leave taken by employees	Quarterly – cumulative at year end	No, continues without change from the previous year	24 annual leave days balance per employee	GM: Corporate Service
15	% Spend against approved capital budget	Amount of capital expenditure budget spent expressed as a percentage of total capital expenditure budget (quarterly or annually)	To track capital patterns to ensure that budget allocated is fully utilised	Income Statements	(Amount spent / Budgeted amount ) x 100	N/A	The indicator measures budget adherence ensuring that the budgeted CAPEX is fully spent	Quarterly – cumulative at year end	No, continues without change from the previous year	95% CAPEX budget spent against approved budget	Chief Financial Officer
16	% spent against approved Repairs and Maintenance budget	Amount of repairs and maintenance budget spent expressed as a percentage of repairs and maintenance budget		Income Statements	(Amount spent / Budgeted amount ) x 100	N/A	The indicator measures budget adherence ensuring that the budgeted REPAIRS AND MAINTENAN	Quarterly – cumulative at year end	New	85% repairs and maintenance spent against budget	Chief Financial Officer

4.1218

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
							CE is fully spent				
<b>PROGRAMME 5: OPERATIONAL EXCELLENCE</b>											
17	% of Auditor-General South Africa (AGSA) Audit findings resolved	Resolve audit findings in the Management report produced by the AGSA	To ensure that all audit findings and control deficiencies realised in the previous year's audit are addressed	Audit findings matrix and Internal audit reports	(Number of AGSA audit findings resolved/ total number of AGSA findings from the previous year) x 100	N/A	The indicator measures the extent to which Metrobus addresses control deficiencies	On-going	No, continues without change from the previous year	100% of AGSA findings resolved	Internal Audit Specialist
18	% of fleet requirement to operate scheduled trips met	Metrobus operational buses are maintained at 90% of the operational fleet requirement.	To ensure that Metrobus fulfils its mandate of providing bus service and adheres to scheduled services	TSD quarterly reports	(Number buses that are out of commission/ fleet requirement) X100	N/A	The indicator measures the extent to which non-operational buses affects service delivery (provision of bus services)	Cumulative	No, continues without change from the previous year	90% of fleet requirement to operate scheduled trips	GM: Technical Service
19	% mitigation actions in the risk registers	Progress on made in implementing mitigation actions	To ensure that all risks identified are mitigated and /or reduced	Risk management reports	(Number of AGSA audit findings resolved/ total number	N/A	The indicator measures the extent to which Metrobus	Achievement at year end (Cumulative)	No, continues without change from the	70% mitigation actions in the risk registers implemented or up to date	Internal Audit Specialist

## 4.1219

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
	implemented or up to date	highlighted in the risk registers			of AGSA findings from the previous year) x 100		addresses control deficiencies		previous year		
20	% of pre-determined objectives achieved			Internally audited portfolio of evidence file		N/A				85% of pre-determined objective achieved	Strategic Support
<b>PROGRAMME 6: TECHNOLOGY AND BUSINESS ENABLEMENT</b>											
21	100% implementation of Business Continuity Plan (BCP)	Implement the approved Business Continuity Plan	To ensure that Metrobus has enabling ICT strategy that complies with DPSA Framework	ICT quarterly report		N/A	The indicator ensure that ICT business continuity for Metrobus operations		No, continues without change from the previous year	100% implementation of Business Continuity Plan (BCP)	Strategic Support
22	% User satisfaction index	Measure for user satisfaction obtained through Customer Satisfaction Survey	To improve internal ICT user satisfaction with services provided by ICT	User satisfaction survey report		N/A	The indicator ensure that ICT services enables the operations of the business		No, continues without change from the previous year	70% user satisfaction index achieved	Chief Information Officer
<b>PROGRAMME 7: INSTITUTIONAL PLANNING, TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>											

4.1220

No	Key Performance Indicator	Short Definition	Purpose	Source/ Collection of data	Method of calculation	Data Limitation	Type of Indicator	Calculation Type	New Indicator	Desired Performance	Indicator Responsibility
23	% employee satisfaction index	Measure for employee satisfaction with Metrobus working environment obtained through Employee Satisfaction Survey	To improve working environment within Metrobus	Employee satisfaction survey report		N/A			No, continues without change from the previous year	50% Employee Satisfaction Index achieved	GM: Corporate Service

**ANNEXURE C: SERVICE STANDARDS**

On an annual basis all City of Johannesburg’s entities including Metrobus enter into a Service Delivery Agreement (SDA) in respect of the Municipal Services rendered by the Municipal entities on behalf of the City. The SDA serves to outline and strengthen the accountability of the entities to the City with respect to the service delivery mandate of the entities. Below are service standards for Metrobus as agreed:

Core Service	Service Level Standard				
	Annual Target	Q1 Target	Q2Target	Q3 Target	Q4 Target
% of scheduled public bus trip arriving on time	95% arrival times	90% arrival times	90% arrival times	90% arrival times	90% arrival times

4.1221

<b>Bus timetable</b>	95-100% adherence to daily bus schedule (<5 min headway)	90-100% adherence to daily bus schedule (<5 min headway)	90-100% adherence to daily bus schedule (<5 min headway)	90-100% adherence to daily bus schedule (<5 min headway)	90-100% adherence to daily bus schedule (<5 min headway)
<b>Safety of commuters</b>	100% compliance to health and safety legislation	100% compliance to health and safety legislation	100% compliance to health and safety legislation	100% compliance to health and safety legislation	100% compliance to health and safety legislation
	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations	Enforcing of bus seating-standing in line with applicable regulations
<b>Response time for walk in queries</b>	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour

## CHAPTER 8: AUDIT RESOLUTION

The Auditor General South Africa (AGSA) raised 24 findings for the financial year ended 2019/18. The findings were categorised into the following.

Category	Number of findings
ANNEXURE A: Matters affecting the auditor's report	5
ANNEXURE B : Other important matters	13
ANNEXURE C : Administrative matters	6
<b>Total</b>	<b>24</b>

Consequently, at the end of Quarter 2 of 2019/20, there were 31 unresolved external Audit Findings. The balance of the findings is made up by 7 (seven) unresolved findings from the 2017/18 financial year audit and 24 (twenty-four) from the 2018/19 financial year audit. Internal Audit has commenced with follow up reviews on the findings which will form part the audit plan going forward.