

**DRAFT 2020/21 MID-YEAR BUSINESS PLAN DEVIATION FOR THE
JOHANNESBURG METROPOLITAN BUS SERVICES (SOC) Ltd FOR THE
2020/21 FINANCIAL YEAR**

1 STRATEGIC THRUST

Well Governed and Managed City.

2 OBJECTIVE

The purpose of this report is to amend 2020/21 Scorecard of the Johannesburg Metropolitan Bus Services (SOC) Limited (Metrobus) due to operational trends and the impact of market conditions and COVID-19. The purpose of this deviation is to ensure that performance targets remain realistic and achievable in light of all relevant developments realised at mid-year.

3 BACKGROUND AND MOTIVATION

Albeit that in response to the outbreak of the COVID-19 pandemic, a number of performance targets were reduced at the commencement of the fourth quarter of the 2019/20 financial year, such reductions were anticipated to be effective for the remainder of the previous financial year. It was anticipated that with the commencement of the financial year 2020/21 the effects of the pandemic would have significantly reduced and that some level of normalcy would resume. However, current circumstances indicate differently and the levels of economic activity have not and are not anticipated to increase significantly in the short term. In addition, normal schooling has not resumed and is not expected to resume at normal levels at least for the remainder of the current financial year.

The situation as described affects more than 60% of Metrobus commuter segment (workers and students/scholar)

In view of these developments Metrobus has reconsidered the impact hereof on its operations, and identified specific performance indicators where deviation from current

targets is required. Upon approval of deviations as proposed herein, the necessary amendments will be effected to the institutional Service Delivery and Budget Implementation Plan, and Business Plan.

Accordingly, Metrobus would, to the extent of approved deviations; report in 4th Quarter based on adjusted performance targets.

4 PROPOSED DEVIATION AND MOTIVATIONS

Based on performance levels in the first two quarters of the current financial and projections for the remaining two quarters of the financial year the Key Performance indicator that is anticipated to be affected is (i) Average number of Metrobus passenger trips per working day.

Accordingly, Metrobus is proposing the following amendment to its 2020/21 scorecard and targets:

KPI	Annual Target	Q3 Target	Q4 Target	Proposed revised Annual target	Proposed revised Q3 and Q4 targets	Overall Deviation
Average Number of Metrobus Passenger trips per working day	29 925	Current Target: 32 063 Revised Target: 10 000	Current Target: 44 888 Revised Target: 10 000	10 000	10 000	Q3 reduced by 22 063 Q4 reduced by 34 888

5 LEGISLATIVE REQUIREMENT

This report is in accordance with the City's Reporting Protocol for its Municipal Entities.

Based on the assessment of Accounting Officer, the Mayoral Committee will be advised on the process undertaken to reach to the conclusion of the SDBIP adjusted deviation and the outcome thereof. The Executive Mayor and his Mayoral Committee

will then be in a position provide a political guidance and take an official decision on the outcomes of the deviation.

6 FINANCIAL IMPLICATIONS

Metrobus generates revenues from fare collection, private hires, contracts, and a grant subsidy and of which the biggest cost driver is employee costs.

Based on the projected cash-flows, the year-end projections will be as follows:

	Approved Budget	Actuals (As at 31 October 2020)	Forecast (November - June)	Total Projected	Surplus/ (Shortfall)
	R	R	R	R	R
Management fees					
Grant Subsidy	669 859	223 288	446 571	669 859	0
Other Revenue	98 140	13 891	52 946	66 837	31 303
Total Revenue	767 999	237 179	499 517	736 696	31 303
Employee cost	333 763	93 684	238 079	331 763	2 000
Other expenditure excl. interest	371 911	92 457	263 989	356 447	15 465
Total Expenditure	705 675	186 141	502 068	688 210	17 465
Surplus/(deficit) before interest	62 324	51 038	-2 551	48 487	13 838
Interest	62 324	12 984	35 503	48 486	13 838
Surplus/(deficit) after interest	0	38 054	-38 054	0	0

COVID-19 has significantly impacted operations at Metrobus. In addition to the underperformance in revenue during the year, COVID-19 will significantly impact the performance of revenue for the rest of the financial year.

Metrobus has taken steps to to assess the impact of COVID-19 on revenue performance during these uncertain times. The country has been deemed to be in the throes of a second wave of the COVID-19 pandemic. Albeit that regulations pertaining

the second wave have not been announced, the possibility that regulations may be forthcoming which might limit economic activity, and mobility. This development has a direct negative impact on the operations of Metrobus.

7 COMMUNICATION IMPLICATION

This report will be submitted to Group Strategy Policy Coordination and Relations (GSPCR) and Group Governance. It also needs to be considered by the Metrobus Board.

The Council is required in terms of section 44 of the Municipal Systems Act No 32 of 2000 (as amended) to publicise, both internally and to the general public, the key performance indicators and performance management system. Metrobus's Scorecard and KPIs will be communicated to all the stakeholders in a manner prescribed in law.

8 RECOMMENDATIONS

It is recommended:

- (i) The amended Metrobus KPI target for the 2020/21 financial year, as outlined herein is approved.
- (ii) That the proposed change be effective from 3rd Quarter and serve as the target against which performance is reported for the remainder of the financial year.

Compiled by

T. Nathan

Manager Strategy and Business Support (Acting)

 15/2/2021

Approved

L. Gidini

Chief Financial Officer



X. Mhlongo

Managing Director

 P.P

METROBUS 2020/21 FINANCIAL YEAR: MID-YEAR DEVIATION: ANNEXURE A

PRIORITY: Sustainable Service Delivery, Integrated Human Settlements

GDS OUTCOME: An Inclusive, job intensive, resilient, competitive, smart economy that harnesses the potential of citizens

STRATEGIC PRIORITY: Integrated Human Settlements

STRATEGIC PROGRAMME: Customer Service, Stakeholder Engagement and Communication.

Change	KPI No	Key Performance Area	Key Performance Indicator	2018/19 Baseline	2020/21 Target	Q1 target	Q1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
Existing	30	Customer Service, Stakeholder Engagement and Communication	Average number of Metrobus passenger trips per working day	33 237	29 925	19 000	11 886	23 750	14 541	32 063	44 888	38 077	20 840	Questek system generated reports Evidence: -Tickets sales	Annual target revised from 29 925 to 10 000	Current commuter numbers have been negatively affected by the COVID-19 pandemic, resulting in a decrease in two important commuter segments: workers and students who account for circa 65%
Amended KPI as per the proposed Deviation	30	Customer Service, Stakeholder Engagement and Communication	Average number of Metrobus passenger trips per working day	33 237	10 000	-	-	-	-	10 000	10 000	-	-	Questek system generated reports Evidence: -Tickets sales		

GDS OUTCOME: An Inclusive, job intensive, resilient, competitive, smart economy that harnesses the potential of citizens
STRATEGIC PRIORITY: Integrated Human Settlements
STRATEGIC PROGRAMME: Customer Service, Stakeholder Engagement and Communication.

Change	KPI No	Key Performance Area	Key Performance Indicator	2018/19 Baseline	2020/21 Target	Q1		Q2		Q3 Jan-Mar	Q4		Estimated budget	Evidence and Means of verification	Proposed deviation	Motivation for deviation	
						target	actual	target	actual		Apr-Jun	Opex					
																	of Metrobus commuters.