

Annual Report 2013



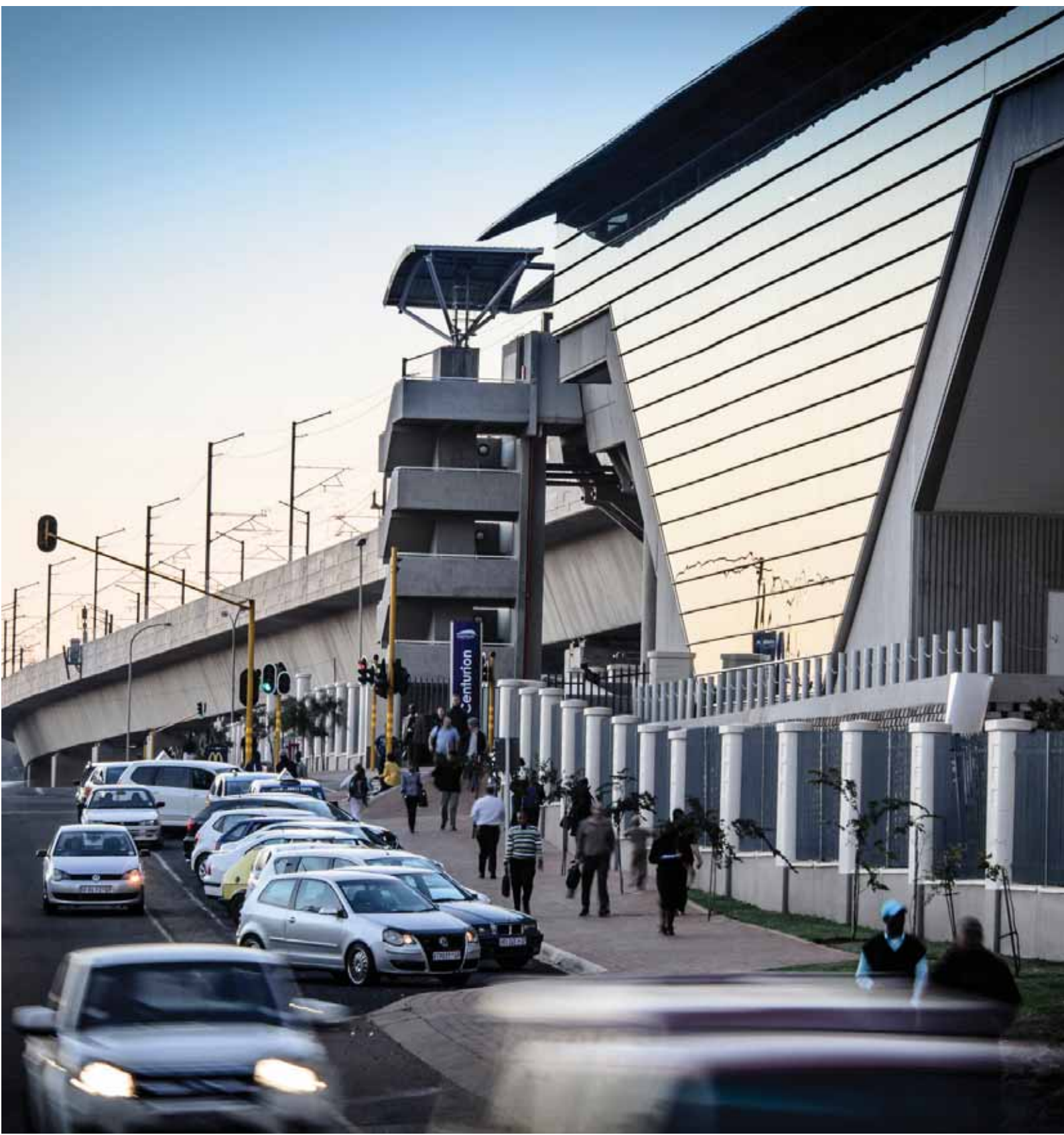
GAUTRAIN MANAGEMENT AGENCY



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SUBMISSION OF MANAGEMENT AGENCY ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

The Accounting Authority of the Gautrain Management Agency hereby presents the GMA Annual Report for the year ended 31 March 2013 to the Executive Authority.

Signed on 30 August 2013 on behalf of the GMA Board

A handwritten signature in black ink, reading "A Mawela".

Mr. A Mawela
Chairperson: GMA Board



PART A : GENERAL INFORMATION







- Registered name of agency: Gautrain Management Agency
- Registered Office address: 22 Milky Way Avenue, Linbro Park, 2090, Johannesburg, South Africa
- Postal Address: PO Box 1266, Kelvin, 2054
- Contact telephone number: 011 086 3500
- Email address: gma@gautrain.co.za
- Website address: www.gautrain.co.za/gma
- External Auditors Information: Auditor General of South Africa
- Bankers Information: ABSA Bank Limited
- Company Secretary: Ms Tebogo Marumo



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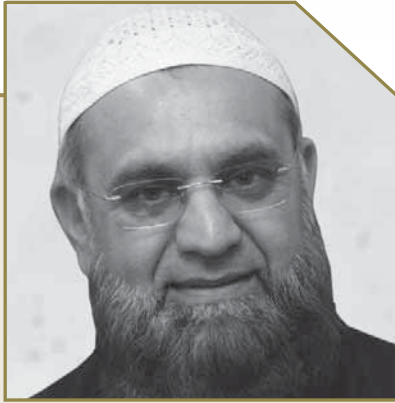
FOREWORD BY THE MEC

Welcome



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Since its inception the Gautrain Management Agency (GMA) has demonstrated its commitment to rigorous corporate governance and transparent financial management. The GMA functions as a Schedule 3c provincial public entity. Its core obligations are to oversee the Concession Agreement with the Concessionaire, the Bombela Concession Company Pty (Ltd), and the achievement of Gautrain's objectives and functions as specified in the GMA Act.

I am glad to report that the GMA Board - as the Accounting Authority - is primarily guided by the Public Finance Management Act. It also embraces generally accepted corporate governance practices, in particular the King III Report on Corporate Governance as well as the Protocol on Corporate Governance in the Public Sector. As a result of this commitment the Board established a Social and Ethics Committee during the 2012/13 financial year.

Essentially, the Gautrain project is aimed at improving long-term, sustainable economic growth; job creation and skills development, and alleviating traffic congestion in Gauteng. It is part of a long term vision, which includes a commitment towards creating and sustaining a new culture of public transport use. Gautrain has changed the perception of public transport in South Africa by providing a reliable, affordable, safe and convenient public transport system in the corridor between Johannesburg and Tshwane and between Sandton and OR Tambo International Airport. In doing so, private vehicle users are persuaded to switch from the congested roads along these corridors to the speed, comfort and predictability of Gautrain.

The challenges now are to continue to attract more private vehicle-users to the Gautrain; to continue to deliver a world class system in terms of availability and punctuality, and to plan for future improvements of and extensions to the Gautrain system. In this regard, the GMA will be guided by the strategic rail framework embodied in 25-Year Integrated Transport Master Plan (ITMP25) released for comment by the Gauteng Department of Roads and Transport.

Key to the ITMP25 is to prioritise public transport with the rail system being the backbone of the network. This will enable a radical shift from private vehicle use to public transport and non-motorised transport, which in turn will reduce congestion, enhance efficiency and promote sustainability. The central challenge is to plan, design, build and operate the proposed improvements and extensions of the Gautrain system and to ensure the integration of the Gautrain system into the broader public transport system in Gauteng.

Through Gautrain, the Gauteng Provincial Government has strengthened existing development nodes in Gauteng; promoted urban restructuring and re-development, and facilitated the revitalisation of the Johannesburg and Tshwane central business districts.

The immediate challenges for the 2014/15 financial year are the finalisation of the tunnel water-ingress dispute with the Concessionaire and the correction thereof; the integration of Gautrain into the broader public transport system of Gauteng; the continuous increase in ridership on the system to reduce the Patronage Guarantee payable by the GMA to the Concessionaire, and the effective management of Gautrain's assets.

I wish to express my earnest appreciation to the national Department of Transport and Gauteng Provincial Treasury for their collaboration in bringing Gautrain to completion with the opening of Park to Rosebank Stations. Similarly, my appreciation goes to the metropolitan councils of Ekurhuleni, Johannesburg and Tshwane; the Airports Company of South Africa; the South African National Roads Agency (SANRAL), and the Passenger Rail Agency of South Africa for their dependable support.

Lastly, I would like to express my gratitude to the GMA Board Chairperson, Mr Abel Mawela; the Board members, and the Board advisory and Committee members for their dedication and commitment in their oversight of the GMA activities during the current financial year. The fact that the GMA has received a clean audit from the Auditor-General is testimony to the important role they play. A final word of thanks goes to the GMA CEO, Mr Jack van der Merwe, and his staff for a year of hard work and dedication. Your contribution helped make the Gautrain an iconic project and the pride of the nation.



Dr Ismail Vadi
MEC for Roads and Transport
August 2013

CHAIRPERSON'S STATEMENT







A core objective of the Gautrain Management Agency (GMA) is to manage, co-ordinate and oversee the Gautrain Project through the implementation of the Concession Agreement between the Gauteng Provincial Government and the Bombela Concession Company (Pty) Ltd. The GMA is furthermore responsible for ensuring that the objectives of the Project are met. These objectives are achieved through being committed to sound corporate governance and responsible financial management. The corporate governance practices are primarily followed as set out in the King III Report as well as the Protocol on Corporate Governance in the Public Sector.

The 2012/2013 financial year saw the commencement of full operations of the Gautrain Service between Park and Hatfield Stations in June 2012. This milestone is important from a contractual perspective because it marks the end of the Development Phase.

Incorporated in the Annual Financial Statement is the Report of the Auditor General to the Gauteng Provincial Legislator on the Financial Statements of the GMA for the year ended 31 March 2013.

The Auditor General expressed that there are no matters to report and as such a clean audit is reported. This is indeed an appropriate indication of the GMA's commitment to sound corporate governance and responsible financial management. My sincere thankfulness and congratulations to the Chief Executive Officer and his staff for their assurance and perseverance throughout the past year that made this possible.

Also included in this year's annual report are descriptions of core business, performance of such core business and the financial statements. Adding to the GMA's sound corporate governance is the GMA Board's activities and achievements during the year under review. These achievements include, inter alia, strategic direction to the GMA and responsibility taken for the adoption of the strategic plan, approval of the GMA's budget and monitoring and implementation of the budget, overseeing the preparation of and approval of the annual financial statements, defining levels of delegation for specific matters with appropriate authority delegated to board committees and the CEO, monitoring compliance with laws, regulations and standards, establishment of Board Committees and approval of their Terms of Reference to ensure that the GMA govern risk adequately and taken responsibility for IT governance.

Having met all these activities to some degree does not come without support and leadership on different spheres and levels, to which much gratitude is owed. Gratitude goes to the National Department of Transport, the Gauteng Provincial Government, the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane and our partners in the Project. These partners are, amongst others, the Airports Company of South Africa and the Passenger Rail Agency of South Africa.

Dr. Ismail Vadi, Gauteng MEC for Roads and Transport, has shown wise leadership and practical assistance during the year. Thank you for your ever-willingness to support the GMA.

Looking forward into the coming financial year, the GMA Board will maintain the highest standards in financial and non-financial reporting. Other actions on which the Board will focus are service excellence, assurance of the Concessionaire's obligations, the management of integration, achieving the Project's SED obligations and the examination of the feasibility of System extensions and expansions.

At the centre of the GMA's development is the aim to provide affordable, safe, reliable and convenient integrated public transport. It is through such aims that we can initiate new opportunities, facilitate new investments, benefit from new markets and seek out new business partnerships as we strive to better the lives of our communities, our families and our nation.

In line with these aims, a strategic thrust of the upcoming year is to ensure sound corporate governance and monitor the policy and legislative environment of Gautrain. Another thrust is to liaise with and promote cooperation between government structures in all spheres of government in relation to Gautrain; and liaise with persons having an interest in the Project.

Lastly, I express my thanks to my fellow Board Members, Committee Members and Executives of the GMA for their dedication and hard work.



Mr. Abel Mawela
Chairperson: GMA Board
August 2013

CHIEF EXECUTIVE OFFICER'S REPORT







During the 2012/13 financial year we saw the completion of the Gautrain Rapid Rail Link System with the certification of Operational Completion Date (OCD2) by the Independent Certifier (IC) and the commencement of the North-South services, from Hatfield Station in Tshwane up to Park in Johannesburg on 7 June 2012.

Since the opening of the full System it has been utilised by an ever growing number of daily commuters. The monthly ridership on the System has increase from 735 623 passenger trips in April 2012 to 1 055 690 passenger trips in March 2013. This is a 45.5% yearly growth. Simultaneously the utilisation of the Gautrain Feeder and Distribution bus service have increase from 176 479 monthly passenger trips in April 2012 to 363 415 passenger trips in March 2013. This represents a yearly increase of 105.9%.

This phenomenal growth in ridership can be attributed to the following factors:

- The quality of services being offered to the commuters and the time saving they experience on a daily basis;
- The punctuality and availability of the service. We are currently operating an average of 6 500 trains per month at an average punctuality level of 99% and an average availability level of 95%; and
- The high levels of safety and security on the total System, including parking areas, stations, and on the trains and buses. We have less than two contact incidences per million passages.

The issue of the excess water ingress into the tunnel section of the system has unfortunately not been resolved. It was deemed to be a retention item by the IC and as such we are awaiting the determination of the water ingress dispute by the Arbitration panel which is expected during November 2013. Only then can we plan a possible way forward and the Concessionaire, Bombela Concession Company (Pty) (Ltd) (BCC) can complete the outstanding retention items, which includes the water ingress issue. This will complete the Development Phase of the project and all our focus can then be on the Operating Phase of the Project.

During the 2012/13 financial year the Concessionaire (BCC) instituted a security plan to address the disruptions caused by cable theft on the system. With the close co-operation of the South African Police Service no major incident of cable theft was experienced during the 2012/13 financial year. The Gautrain System has built up a reputation as an extremely safe and secure environment for the more than 11 million yearly passengers using the system. This is largely due to the tireless work and dedication of the security branch of BCC. I would like to express my congratulations and gratitude for these hard working men and women.

At the heart of the Gautrain Management Agency's (GMA) responsibility is managing a very large and complicated Concession Agreement with the Concessionaire (BCC). During the 2012/13 financial year an amount of R1 763 million was spent on the Project.

During the previous financial year (2011/12) the GMA received an unqualified audit by the Auditor General (AG). Unfortunately the AG had findings of non-compliance with laws and regulations. These related mainly to supply chain management (SCM) issues. In the 2012 annual report the GMA undertook to address these issues.


I am happy to report that for the 2012/13 financial year the GMA received a clean audit from the AG. This could only have been possible through long hours of hard work and GMA officials going the "extra mile" for the organisation.

Some of the major challenges for the 2013/14 financial year are going to be:

- Finalising the tunnel water ingress issue and for BCC to complete all outstanding retention and snag list items of the development period;
- Continuing to deliver a world class commuter and airport service to the people of South Africa. The challenge is to run each and every scheduled train service within the availability and punctuality requirements;
- Continue improving the service offered to the public by addressing capacity constraints of the system, especially during peak hours;
- With the completion of the 25 year Gauteng Integrated Transport Master Plan (ITMP25) the GMA must embark on a process to plan and design future proposed extensions of the existing system and investigate possible sources of funding thereof; and
- For the GMA to complete the process of taking over the GUTRAIN Rapid Rail Link assets from the department. The current fair value (current replacement cost) of the system is estimated at R35.8 billion. For the 2013/14 financial year these assets will be shown in the financial statements of the GMA.

I would like to thank the Board under the leadership of its Chairperson, Mr Abel Mawela, for the commitment, dedication and leadership they have provided to the GMA during the past financial year. It is highly appreciated.

I would like to extend a special word of thanks to MEC Vadi for his visionary leadership and guidance to the GMA during complex negotiations with the Concessionaire and providing strategic direction to the GMA.



E (Jack) van der Merwe
CEO: GMA

MEMBERS OF THE BOARD







- Name and Age : Mr Abel Mawela (51)
- Independence : Independent Non-Executive Member
- Position : Chairperson of the Board
- Date of Appointment : Re-appointed on 01 January 2012
- Qualifications : B Com (Unisa)
 B Com Honours (Unisa)
 MBA (De Montforte)
 Public Private Partnership (PPP) Skills and Competency Certificate (Institute of PPP in Canada)
- Directorships : Director of Molodi Consulting
 Board and Audit Committee Member of the South Africa Board of Sheriffs

 Board, Finance and HR Committee Member of Export Credit Insurance Corporation

 Board and Audit Committee Member of the Gauteng Growth and Development Agency and its subsidiaries
- Professional Memberships : Member of the Black Management Forum (BMF)
 Member of the Institute of Municipal Finance Officers
 Member of the Institute of Directors in Southern Africa (IoDSA)
- Skills, Expertise and Experience : Mr Mawela has occupied various senior positions in Finance Management, Cost Accounting and Management Accounting in both the private and public Sectors. He also has extensive board participation experience, particularly on the Audit Committee as a Chairperson. He has extensive local government experience and was the first CFO of Ekurhuleni Metro. In the electricity distribution industry, he analysed and reviewed various asset valuation models aimed at formulating the Regional Electricity Distribution Models and completed Electricity Ringfencing projects at a number of Municipalities. He actively participated in the various safety strategy formulation and implementation of campaigns that led to the start of the reduction of road crash fatalities during 2008 and 2009. He was active in the first launch of the Administrative Adjudication of Road Traffic Offences.

 Mr Mawela started his entrepreneurial endeavours at the age of nine by selling goods at sports events. He is the founder and Managing Director of Molodi Consulting.



- Name and Age : Ms Doris Dondur (46)
- Independence : Independent Non-Executive Member
- Position : Deputy Chairperson of the Board
- Other Committee Memberships : Chairperson of the Audit and Risk Committee
 Chairperson of the Finance Committee until 23 November 2012
 Member of the Social and Ethics Committee
 Member of the Finance Committee
- Date of Appointment : 01 January 2012
- Qualifications : Bachelor in Accounting Degree (University of Stellenbosch)
 B Com Honours (Unisa)
 CA (SA)
 MBA (University of Stellenbosch)
 International Executive Development Programme (Wits in conjunction with London Business School) Executive Development Programme (University of Nevada, Reno)
- Directorships : Non-Executive Director of the South African National Blood Services (SANBS), Trans Caledon Tunnel Authority (TCTA) Gauteng Growth and Development Agency (GGDA) and Suidwes Investments
- Member of the Board of Trustees of Professional Provident Society (PPS)
- Chairperson of the Audit Committee of the Services SETA, Professional Provident Society (PPS) Holdings and Gauteng Growth and Development Agency
- Member of Audit and Risk Committee of ICASA
- Professional Memberships : Member of the South Africa Institute of Chartered Accountant (SAICA) Disciplinary Panel
- Institute of Directors in Southern Africa (IoDSA)
- Institute of Internal Auditors (IIA)
- Member of the Business Women Association (BWA)



Skills, Expertise and Experience : Ms Dondur has extensive experience in the private and public sectors; having worked at blue chip private sector companies like Woolworths, Foschini and ABI. She gained the public sector experience from her employment at the Office of the Auditor-General as a Senior Manager and later the Provincial Auditor of the Gauteng Province. She was also the CFO of the Gauteng Gambling Board and later left to establish her own Management Consulting Firm.

Ms Dondur has skills in Financial Management, Auditing, IT, Human Resources, People Management, Leadership, Change Management, Labour Relations and Business Coaching.





- Name and Age : Mr Donovan Nadison (48)
- Independence : Independent Non-Executive Member
- Other Committee Memberships : Chairperson of the Social and Ethics Committee
Member of the Audit and Risk Committee
Member of the Finance Committee
- Date of Appointment : Re-appointed on 01 January 2012
- Qualifications : B Social Work (Wits)
Masters in Industrial Psychology (Wits)
Non-Degree PhD Fulbright Scholar at Indiana University
- Directorships : Director of New Africa Consulting
Member of the Board of Trustees of the Walter Sisulu University Foundation and New Africa Youth Trust
Chairperson of the Audit and Risk Sub-Committee of the Walter Sisulu Foundation
Member of the Audit and Risk Committee of the Provincial Treasury in the Free State Province
- Professional Memberships : Member of the Institute of Directors in Southern Africa (IoDSA)
- Skills, Expertise and Experience : Mr Nadison worked as a Management Consultant at Deloitte & Touché Consulting for several years. He was later appointed as the first CEO of the South African Weather Services (SAWS), where he transformed the SAWS into an agency and developed its commercialisation strategy for private users of weather data.

Mr Nadison is the Managing Director of New Africa Consulting that specialises in public sector management, public sector economic and financial planning and modelling. He has developed core competencies in the fields of governance, transaction advisory work, institutional turnaround strategies, value assessment and economic modelling.



Name and Age : Ms Motseoa Alix-Mary Lugemwa (46)

Independence : Independent Non-Executive Member

Other Committee Memberships : Chairperson of the Finance Committee from 23 November 2012
Member of the Audit and Risk Committee
Member of the HR and Remuneration Committee

Date of Appointment : 01 February 2012

Qualifications : B Education (National University of Lesotho)
B Com Accounting (University of Natal)
Post Graduate Diploma in Management Accounting (University of Natal)
MBA in Finance (Manchester Business School in UK) ACMA (UK)
CGMA

Directorships : Board Member of the Pan African Infrastructure Development Fund

Professional Memberships : Member of the Institute of Directors in Southern Africa (IoDSA)
Member of the Chartered Institute of Management Accountants (CIMA) UK; and
Member of the Chartered Global Management Accountants (CGMA)

Skills, Expertise and Experience : Ms Lugemwa gained her extensive experience as a Provincial Accountant General for the Gauteng Provincial Government. She has worked on a number of advisory assignments since leaving government. Among others the implementation of operation clean audit for the Gauteng Departments of Sports, Arts, Culture and Recreation, National Development Agency and ICASA.

Ms Lugemwa is an independent Management Consultant specialising in Financial Management as well as Performance Information (predetermined objectives) in the Public Sector. She has facilitated training on the Standard Chart of Accounts on behalf of the National Treasury. She has acquired experience in People Management, Leadership and Strategic Capability, Assets and Liabilities, Financial Accounting, Risk Management and Supply Chain Management.



- Name and Age : Prof Wellington Dididkulu Thwala (40)
- Independence : Independent Non-Executive Member
- Other Committee Memberships : Member of the Social and Ethics Committee
Member of the Finance Committee
- Date of Appointment : 01 February 2012
- Qualifications : BA Degree (Wits)
Msc Development Planning and Msc Engineering (Wits)
PhD in Civil Engineering (Wits)
- Directorships : Director of Insika Project Management Services
Board Member of the Johannesburg Development Agency (JDA)
Member of the Risk Committee of JDA
Member of the Human Resources Committee of JDA
- Professional Memberships : Member of the Infrastructure Committee of the South African Chamber of Commerce and Industry
Member of the provincial Executive Committee of the Gauteng Black Management Forum
Vice President of South African Council of Project and Construction Management Professions
Editor of the Journal of Construction Project Management and Innovation
Member of the Institute of Directors in Southern Africa (IoDSA)
Member of the South Africa Council of Planners and Chartered Institute of Building
- Skills, Expertise and Experience : Prof Thwala is a professor of Construction Project Management and Masters Programme Coordinator at the Department of Construction Management and Quantity Surveying at the University of Johannesburg. He has varied research interests, which include project management, engineering design management, economic and social infrastructure delivery, operations and production management and business competitive intelligence. He is the founding Director of Insika Project Management Service. He previously worked as a Development Specialist at the Independent Development Trust (IDT).

Prof Thwala has published more than 160 peer-reviewed journals, chapters in books and presented papers at conferences locally and internationally.



- Name and Age : Mr Mogopodi Mokoena (49)
- Independence : Independent Non-Executive Member
- Other Committee Membership : Chairperson of the HR and Remuneration Committee
Member of the Social and Ethics Committee from 1 April 2013
- Date of Appointment : Re-appointed on 01 January 2012
- Qualifications : B Com (Hons) (Unisa)
- Directorships : Chairperson of Gauteng Growth and Development Agency (GGDA)
Chairperson of the Board of INCA Portfolio Managers
- Professional Memberships : Member of the Institute of Directors in Southern Africa (IoDSA)
- Skills, Expertise and Experience : Mr Mokoena started his career as an Assistant National Accountant for the Congress of South African Trade Unions. He later joined the National Education Coordinating Committee as a National Accountant. He moved to the auditing firm, Douglas and Velcich (CA) SA. He was an Internal Auditor of the Johannesburg City Council and moved to the Department of Housing and Local Government where he served as an advisor to the MEC and was later appointed as the Director of Strategic Management. He was appointed to the post of Director General for the Gauteng Provincial Government from 2000 until 2008.

In 2009 Mr Mokoena joined African Access Holdings as the Group Managing Director. He has experience in various fields, ranging from financial management and auditing, policy development, strategic planning, urban development, programme management and general management.





- Name and Age : Mr Mzolisi Nkumanda (47)
- Independence : Independent Non-Executive Member
- Other Committee Membership : Member of the Audit and Risk Committee
- Date of Appointment : Re-appointed as the Committee Member of the Audit and Risk Committee on 01 January 2012
 Appointed as the Independent Non-Executive Member on 01 April 2013
- Qualifications : B Com (Accounting) (Unisa)
 Higher Diploma in Tax Law (UJ)
 Masters in Business Leadership (Unisa)
- Directorships : Corporate Governance Advisor / Board Secretary of the South African Institute of Professional Accountants
 Member of the Sirdar Governance Panel
 An associate/Consultant to D' bete Cosec and Archives (Pty) Ltd, a black female owned corporate governance consulting firm
- Professional Memberships : Member of the Institute of Directors in Southern Africa (IoDSA)
 Member
- Skills, Expertise and Experience : Mr Nkumanda began his career at Standard Bank in 1993 where he was appointed as a trainee in the Accounting Division. He was later appointed in the Bank's Tax Department before joining Sentrachem in 1995 as Tax Manager. Between 1998 and 2004 he worked in the tax departments of Deloitte and Touche and PwC. He briefly worked at Barloworld in 2004 as a Tax Consultant before joining SAA in 2005 as Head of Group Taxation. In 2007 he was appointed by Hudaco Industries, a JSE listed company, as Group Company Secretary and was also responsible for Group Taxation, Group Employee Benefits and Group Transformation including Hudaco Foundation and Group BEE Initiatives. He left Hudaco in 2009 to start his own business.
 Mr Nkumanda is currently with Orlando Pirates Football Club serving as Company Secretary and Corporate Governance Officer.



Name and Age : Mr Elzer (Jack) van der Merwe (64)

Independence : Executive Member

Position : Chief Executive Officer

Other Committee Membership : Member of the Finance Committee
Member of the Social and Ethics Committee
Member of the HR and Remuneration Committee

Date of Appointment : Re-appointed on 01 January 2012

Qualifications : BSC Civil Engineering (University of Pretoria)
BSC Civil Engineering Honours (University of Pretoria)

Professional Memberships : President of African Association of Public Transport (UATP)
Vice President, Executive Board Member and Policy Board Member of the International Association of Public Transport (UITP)
Chairperson of the Steering Committee of the Gauteng Transport Integration Plan
Project Director of Aerotropolis
Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience : Mr van der Merwe has been providing a distinguished service to the public transport sector for than 41 years of which some of the highlights were his appointment in 1994 as the team leader of the Strategic Management Team tasked with developing, structuring and establishing the new Department of Public Transport and Roads in Gauteng that he headed until 2004. During that period he represented the Department on various national forums and professional bodies such as the Ministerial Conference of Ministries of Transport, the Committee of Transport Officials and the Chairperson of the Gauteng Urban Transport Board. He was appointed as the Project Leader of the Gautrain Rapid Rail Link Project, which is one of the ten Blue IQ long term economic development projects of the Gauteng Province. He provided solutions to many challenges and ensured that Gautrain became a project of national significance .

Mr van der Merwe is currently the CEO of the Gautrain Management Agency that is mandated to manage, coordinate and oversee the Gautrain Rapid Rail Link Project. He was also appointed in 2011 by the MEC for Roads and Transport to head a special team of experts tasked with developing a 25-year Integrated Transport Master Plan for the Gauteng Province. He has delivered countless papers on the development and the execution of PPP contracts locally and internationally and he is recognised as an international expert in Public Transport and Project Management.



PART B : STRATEGIC OVERVIEW







1. INTRODUCTION

The Gautrain Rapid Rail Link is a state-of-the-art rapid rail network for Gauteng. The rail connection comprises two links, one between Tshwane (Pretoria) and Johannesburg and the other between OR Tambo International Airport and Sandton. Apart from the four terminus stations on these two links, six other stations are linked by some 80 kilometres of rail along the completed route.

Phase 1 of Gautrain, linking Sandton and the airport, was completed shortly before the 2010 FIFA World Cup in June 2010, while the second and final phase, the Johannesburg-Tshwane link, was completed in mid-2012. This completion was marked by the achievement of Operating Commencement Date 2 (OCD 2) on 7 June 2012. The Phase prior to this date is known as the Development Phase. OCD 2 also marks the commencement of the full Operating Phase.

The Gautrain is primarily aimed at improving economic growth, creating jobs and alleviating traffic congestion in Gauteng. It is part of a longer-term vision, which includes a commitment towards creating and sustaining a new culture of public transport use.

Gautrain is developed as a Public Private Partnership (PPP) and as such must comply with all the requirements and regulations of the Public Finance Management Act (PFMA). This, inter alia, required the completion of comprehensive feasibility studies in which value for money, affordability and risk transfer were important components. The PPP is manifested in a Concession Agreement (CA) concluded between the Gauteng Provincial Government and a private sector company, Bombela Concession Company (Pty) Ltd (Concessionaire), in September 2006. The CA grants the rights, and sets out the concomitant obligations to the Concessionaire, to design, build, partly finance and operate the Gautrain System over a phase of 19½ years.

The Gautrain Management Agency (GMA) was established in terms of the GMA Act No. 5 of 2006 (GMA Act) to manage the implementation of Gautrain and the relationship with the Concessionaire. The overall goal of the GMA is to manage, co-ordinate and oversee Gautrain and, as an objective, to enhance its integration with other transport services and public transport plans.

The strategic focus of the GMA over the first three years of its operational existence from 2009 has been on the completion of the Development Phase of Gautrain. Prior to this, the Province's Support Team (PST) and the Concessionaire closely monitored the timeframes and the delivery schedules. Furthermore the PST has continued to support the GMA in the oversight of the Development Phase and the year subsequent during which all snag list works and retention items are to be completed. In the current financial year, the focus moved to the Operating Phase of Gautrain and the GMA is required to play a different role in overseeing this phase, providing strategic direction and oversight in ensuring that Gautrain operates in a sustainable manner with clear commitment to governance and overarching Provincial Government's economic and social imperatives. The GMA Act and the CA have guided the GMA's actions.

2. VISION, MISSION AND VALUES

Vision

The vision of the GMA is to:

“Provide an accessible, safe, reliable and affordable passenger transport system that will follow an integrated approach, use state-of-the-art technologies, change the culture of public transport usage, and enable people to move freely within the Gauteng Province”.

Mission

The mission of the GMA is to:

“Manage, co-ordinate, and oversee the Gautrain Rapid Rail Link through the implementation of the CA between the Gauteng Provincial Government and the Concessionaire”.

The following key focus areas have been identified to give effect to the GMA vision and mission:

- Integration of Gautrain with systems and development initiatives in Gauteng;
- Expanding the Gautrain System;
- Service excellence;
- Promotion of Socio-Economic Development;
- Completion of the Development Phase; and
- Financial sustainability and governance.

Values

The GMA is guided by the following values:

- *Openness, honesty and transparency* - We are open, honest and transparent in our dealings with all stakeholders;
- *Professionalism* - We act in a professional manner in providing a safe, reliable, affordable, quality service to all;
- *Fairness and integrity* - We treat all the stakeholders fairly and maintain the highest integrity at all times;
- *Excellence* - We strive for excellence and quality in everything we do; and
- *Accountability and responsibility* - We are accountable and responsible for delivering a friendly and professional service.





3. STRATEGIC OUTCOMES AND ORIENTED GOALS

The GMA's Strategic Outcome and Oriented Goals for the 2012/13 Financial Year were as follows:

Strategic Outcome 1:

Assist the Province in implementing Gautrain and achieving its objectives	
Strategic Oriented Goal	To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters.

Strategic Outcome 2:

Manage the relationship between the Province and the Concessionaire in terms of the CA and ensure that the interests of the Province are protected	
Strategic Oriented Goal	To assure that the obligations of the Concessionaire are met and that the CA is managed for the optimal benefit of Gauteng Province, its residents and visitors.

Strategic Outcome 3:

Manage the assets relating to Gautrain and promote their preservation and maintenance	
Strategic Oriented Goal	To ensure sound financial management of all the GMA revenue sources and safeguard the assets of Gautrain.

Strategic Outcome 4:

Manage the finances of Gautrain and the financial securities provided by the Concessionaire.	
Strategic Oriented Goal	To ensure sound financial management of all the GMA revenue sources and safeguard the assets of Gautrain.

Strategic Outcome 5:

Enhance the integration of the Gautrain System with other transport services and public transport plans	
Strategic Oriented Goal	To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders.

Strategic Outcome 6:

Monitor the achieving of the Socio-Economic Development (SED) targets for Gautrain.	
Strategic Oriented Goal	To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of Black Entities and Small, Medium and Micro Enterprises.

4. LEGISLATIVE AND OTHER MANDATES

The GMA is a Gauteng Provincial Public Entity that derives its mandate primarily from the GMA Act. The GMA Act enjoins the GMA to manage, co-ordinate and oversee Gautrain.

In managing, co-ordinating and overseeing Gautrain, the GMA has to:

- a) Assist the Province in implementing Gautrain and achieving the project objectives;
- b) Act on behalf of the Province in managing the relationship between the Province and Concessionaire in terms of agreements in the CA and ensure that the interests of the Province are protected;
- c) Manage assets relating to Gautrain and promote their preservation and maintenance;
- d) Manage the finances of Gautrain and the financial securities provided by concessionaires;
- e) Liaise with and promote co-operation between government structures in all three spheres of government in relation to the Project; liaise with persons having an interest in Gautrain;
- f) Promote and maximise the Socio-Economic Development (SED) and Broad-Based Black Economic Empowerment (BBBEE) objectives of the Province in relation to Gautrain;
- g) Monitor the policy and legislative environment of Gautrain; and
- h) Enhance the integration of the Gautrain System with other transport services and Public Transport Plans.

The GMA has been established in terms of the GMA Act and listed under Schedule 3(c) of the Public Finance Management Act (PFMA) as a Provincial Public Entity.

Legislative mandates of the GMA arise principally from the following:

- The Gautrain Management Agency Act, No 5 of 2006 (GMA Act);
- Public Finance Management Act, Act 1 of 1999 (PFMA);
- The Gauteng Transport Infrastructure Act, Act 8 of 2001 (GTIA);
- The Treasury Regulations and Section 76 of the PFMA; and
- The National Land Transport Act, Act 5 of 2009 (NLTA).

In addition to the legislative frameworks, the Policy and Strategic Frameworks impacting on the functions of the GMA include the following:

- The Medium Term Strategic Framework (MTSF);
- The New Growth Path (NGP);
- The National Development Plan (NDP);
- Gauteng Employment, Growth and Development Strategy (GEGDS);
- Gauteng 25 Year Integrated Transport Master Plan (GITMP);
- Gauteng Transport Implementation Plan – 5 Year (GTIP5);
- Presidential Infrastructure Coordinating Commission (PICC).



5. MANAGEMENT OF THE CONCESSION AGREEMENT AND BRIEF HISTORIC OVERVIEW


The GMA Act enjoins the GMA “to act on behalf of the Province in managing the relationship between the Province and Concessionaire in terms of agreements in the Concession Agreement (CA) and ensure that the interests of the Province are protected”. In order to give effect to this objective, the GMA must ensure that it has the resources and the experience-based knowledge of the CA to monitor and report on the activities of the Concessionaire and to carry out the Province’s obligations under the CA as far as it is mandated to do so.

The CA is itself an extremely complex Public Private Partnership Agreement with a total of 385 contracts, sub-contracts, schedules and financing agreements between many public and private stakeholders. It was concluded in September 2006 and involved a two-phase Development Phase when the Gautrain was designed, constructed and integrated into a working rail system capable of carrying passengers between the 10 stations, as well as an Operating Phase of 15 years up to September 2026 when the Concession Period comes to an end.

The GMA is thus structured into areas of key competencies of technical and commercial, finance, legal, marketing and communications functional areas, all of which relate to the main requirements of the GMA Act and the CA.

Although the obligations to develop, operate and maintain the Gautrain System are transferred to the Concessionaire, there remain some key obligations and risks of the Province that must be managed by the GMA. Of these, ensuring the completion of Gautrain to the specification is the key Development Phase obligation for the period under review. In this same year, the Operating Phase focused of the GMA centred on the successful operation of the Services and the continued growth of passenger numbers and reduction of the Patronage Guarantee.

There is a Patronage Guarantee that formed part of the Gautrain from inception and formed part of the approval by National Treasury and the Cabinet in 2006. The Patronage Guarantee is not to cover a potential shortfall of passengers but rather a mechanism by which the Concessionaire can be assured of covering its operating, maintenance and the private sector portion of the capital costs (the so-called Minimum Required Total Revenue or MRTR). The fundamental approach is that Government would financially support the Concessionaire for patronage revenue below a certain level. Above that level and below the Concessionaire’s forecast there is no financial support. The Patronage Guarantee is a function of the number of passengers using the system, the fares they pay, their origin and destinations, the distances they travel, and the number of ancillary services (such as the buses and station parking) they use, as well as the amount of time for users to migrate from private to public transport. For the purposes of the requisite approvals in 2006, an affordability assessment was made in 2006. This had a maximum patronage guarantee of R590 million per annum in 2005 terms (approximately R890 million in 2012 terms).



This was modelled as a worst case scenario and the system is in very early stages of the operations and is in what is known as the ramp up period. The absence of the e-tolling system that is part of the Gauteng Freeway Improvement Programme is estimated to have had a negative impact on ridership on the Gautrain. This Annual Report gives a summary of the areas of activity of the GMA in the period from 1 April 2012 to 31 March 2013 as well in the achievement of the Annual Performance Plan targets.

6. GAUTRAIN MANAGEMENT PARTNERING GOALS

As a Public-Private-Partnership project, the GMA requires co-operation and synergy among the Parties involved. To promote this, a Partnering Charter was developed to guide the Parties in a joint focus.

Partnering behaviour and co-operation by the signatories of the Partnering Charter ensures timely resolution of the various Project-related issues under consideration and commitment to working together in the true spirit of co-operation, honesty, transparency and trust to successfully develop, operate and maintain Gautrain to the benefit of all.

The Parties recognise that partnering requires special effort from everyone. All Parties committed to put in place structures and processes that will promote partnering and help employees to work in a non-adversarial environment.

The Parties agreed that Project-related problems would be identified early and resolved quickly in the best interests of Gautrain.

All Parties commit to meeting the required Socio-Economic Development objectives and to working together to develop the skills and expertise of South African employees, including historically disadvantaged individuals.

7. GMA STAKEHOLDER MANAGEMENT

The GMA stakeholder management programme supports its strategic objectives by interpreting and influencing both the external and internal environments and by creating positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives. The programme is a process and control mechanism that is planned and guided by stakeholder management within government, businesses, organisations and other related projects. Managing stakeholders includes stakeholder identification, stakeholder analysis and stakeholder engagement.



The GMA implements on-going formative and evaluative research to monitor key stakeholder issues, opinions, needs, demographics and the most appropriate medium for communication with stakeholders. This facilitates positive profiling of Gautrain and the GMA, allowing superior manageability amongst the relevant stakeholders.

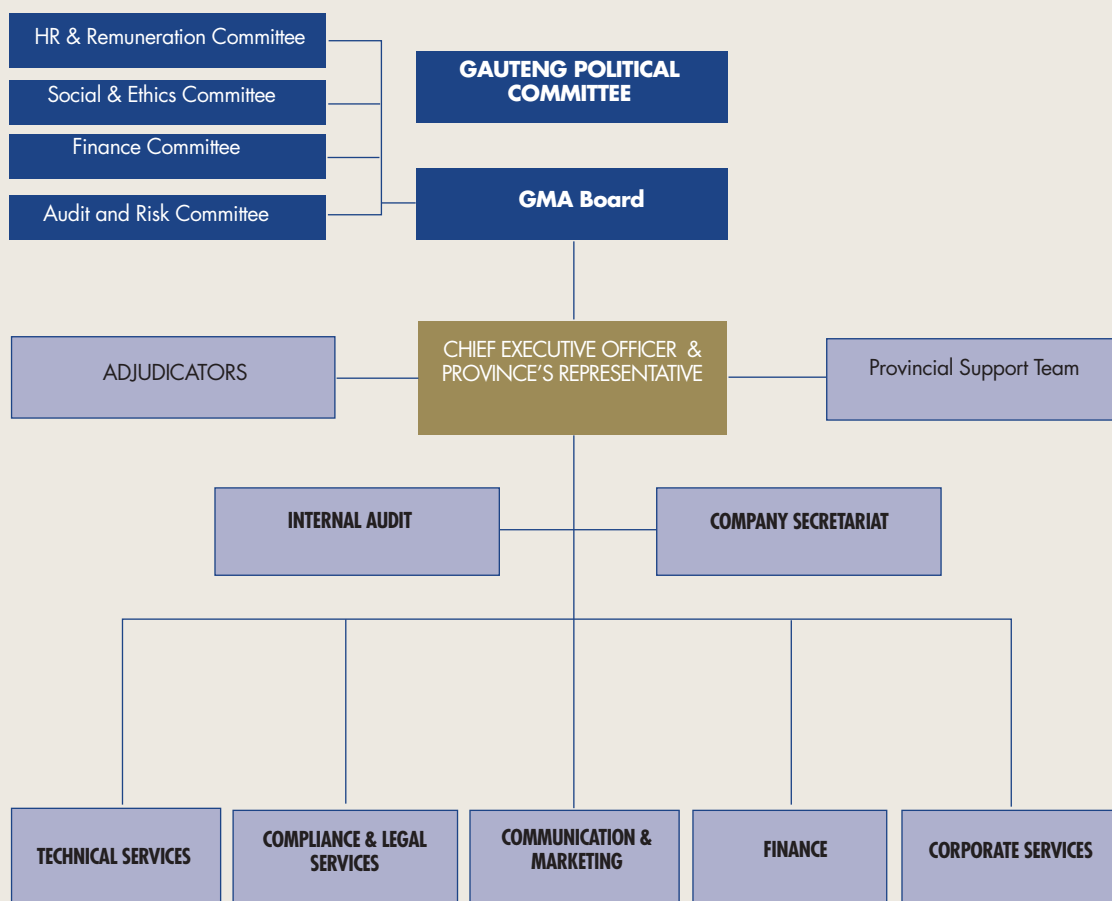
The table below reflects the main GMA stakeholders, although the list is not exhaustive. It should also be noted that there are a number of non-government stakeholders that are consulted on an ad-hoc basis.

Table 1: GMA stakeholders

Key Stakeholders	Brief Description of Relationship
MEC for Roads and Transport	The MEC is the Executive Authority for the GMA in terms of the GMA Act.
Gauteng Provincial Legislature	The GMA provides reports and feedback to the legislature via the Portfolio Committee on Roads and Transport.
Gauteng Department of Roads and Transport.	The Provincial department is responsible for long-term transport planning in the Province as well as resource allocation.
National Department of Transport	The National Department has various programmes and key strategic infrastructure projects identified to achieve its long-term goals.
National Treasury	Because Gautrain is a PPP, National Treasury needs to monitor it closely based on the existing procedure.
Public Rail Agency of South Africa	PRASA is responsible for the substantial part of passenger rail transport services in Gauteng, which includes the Metrorail commuter rail services.
Metropolitan Councils and Municipalities	Municipalities are responsible for spatial planning in their areas of jurisdiction and have significant public transport systems and integration needs.
Airports Company of South Africa	ACSA is an important stakeholder as the airport link is an important part of the Gautrain System.
Bombela Concession Company	Bombela is the Company with which the Province has signed the CA setting out, amongst others, the service levels to be provided by the Gautrain.
The users of the Gautrain	The public users are also the fare-paying passengers who must receive the service levels committed to in the CA. Communication to this group and marketing of the services is essential.

8. GMA'S ORGANISATIONAL STRUCTURE

In order to execute its roles and responsibilities, the GMA developed an organisational structure that will assist in the management of Gautrain. The structure includes various independent adjudicators to monitor and verify performance against determined indicators and targets. The GMA structure emanated from the fact that Gautrain has evolved from the Development Phase to the Operational Phase and that the GMA now has to transform from a project-driven entity into a corporate organisation. The diagram below sets out the organisational structure of the GMA.



Graph 1: GMA's organisational structure

PART C : PERFORMANCE







STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION for the year ended 31 March 2013

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2013.

The Gautrain Management Agency's performance information for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 264.

The performance information of the entity set out on page 264 to page 270 were approved by the Board.

Mr. Jack van der Merwe
Chief Executive Officer, Gautrain Management Agency
30 August 2013

1. OVERVIEW OF THE YEAR

1.1 CLOSE OUT OF THE DEVELOPMENT PHASE

The most significant aspect of the year under review is that the Independent Certifier (IC) certified that the Operation Commencement Date 2 (OCD 2) was achieved on 7 June 2012 despite the fact that the tunnel works was not completed as the water ingress was still above the specified limit. The IC decided to deal with this shortcoming by registering it as a retention item on the list of Snag List Works and Retention Items. The Province informed the IC that it did not agree with this and reserved its rights pending the outcome of the Water Ingress Arbitration, which is due in November 2013.

Although OCD 2 signifies the end of the Development Phase in terms of the CA it does not mean that all work has been successfully concluded. One year is provided to complete Retention Item and Snag List Works. These items on the OCD 2 list of Snag List Works and Retention Items thus need to be concluded by 6 June 2013. There are, however, a relatively large number of retention items and snags remaining from the Extended Phase 1 (EP 1) list, which should have been completed on 1 August 2012, but which are now expected to be completed the same time as the OCD 2 list. Of the original number of 53,902 snags and retention items on the EP1 list, 118 remained open at the end of March 2013. Of the original 5,490 items on the OCD 2 list, 82 were open on 31 March 2013. These open items include some of the more difficult items requiring considerable effort to close out.

During March 2013 it became clear that not all items on the above lists would in fact be closed out by 6 June 2013. Contractually it will then be necessary to determine a new final date for closure once the full list of outstanding items is known. The first two items on the EP 1 list are the Retention Items dealing with the Water Ingress in the tunnel which is now the subject of an Arbitration. The outcome of this Arbitration will only be known in November 2013. Depending on this outcome and possible further work in the tunnel, the IC will only then be able to consider issuing the Certificate of Final Completion.

The other items that will most likely not be concluded by 6 June 2013 include:

- Waterproofing of Viaduct Expansion Joints;
- Track tolerances outside the tunnel. The track tolerances inside the tunnel still need to be agreed on and also the remedy which will then determine the time needed to complete;
- Bull nose sheeting at Rosebank Station canopies;
- Certain utilities in the Tshwane area and especially the documentation around all utilities;
- Intermittent signal loss-of-control under certain circumstances;
- The design of the required headway between trains; and
- Certain software issues at the TVMs.



It is anticipated that most of the above and other outstanding items will be concluded well before November 2013. The only outstanding item that will then remain the improvement of wet utilities inside the Water Management Corridor in the dolomitic areas situated mainly in Centurion. This is scheduled for completion in 2014.

During the year under review the defects in the Marlboro Station Parking Garage were corrected by demolishing and replacing the original structure. Where parking shortages are experienced at a number of stations, studies are being undertaken to address these shortcomings. At Rhodesfield Station 104 additional parking spaces were added in the past year and a further extension is under consideration.

Apart from the Water Ingress Arbitration several other arbitrations/disputes are in progress, including the Sandton Cavern arbitration, the Land Discrepancies arbitration, the Gauteng Transport Infrastructure Act (GTIA) arbitration and the Delay and Disruption claim. All of these are disputes with the Concessionaire. There is also an outstanding dispute with the IC.

1.2 OPERATIONS PHASE

The 2012/13 Financial Year saw the commencement of full operations of the Gautrain Services between Park Station in Johannesburg and Hatfield in Tshwane. This milestone is important from a contractual perspective because it marks the end of the Development Phase. However, as important, is the impact on the passengers, who could finally travel by train and bus across the full extent of the Gautrain System. The opening of Park Station in Johannesburg saw the demand for the train and bus services increase dramatically on the System and daily average passenger trips on the train have increased from 26,000 at the beginning of the financial year in April 2012 to 42,000 at the end of March 2013. The monthly number of passenger trips passed 1 million in October 2012 and have grown consistently after the Christmas break. The increase in average daily bus trips was marked, going up from around 9,000 per day in April 2012 to over 18,000 a day to March 2013. Over 350,000 passenger trips were made on Gautrain buses in the month of March 2013.

The table below shows the change in the number of train passenger trips from the previous financial year. The table differentiates between the General Passenger Service (GPS) and the Airport Passenger Service (APS). The former grew very strongly as a result of the opening of the whole System while the airport service showed that it had reached a stage of maturity characterised by slower growth and the existing economic situation.

Table 2: Change in train passenger trips

Financial Year	2011/2012	2012/2013	% Change
Total Pax Rail	6 663 727	11 002 502	65%
Total Pax APS	1 582 357	1 687 009	7%
Total Pax GPS	5 081 370	9 315 493	83%

The table below shows the change in the number of passenger bus trips from the previous financial year.

Table 3: Change in bus passenger trips

Financial Year	2011/2012	2012/2013	% Change
Total Pax Trips (DFDS)	1 438 271	3 508 025	144%

This was achieved with an operational efficiency provided by the Operator and the Concessionaire that met and exceeded targets of availability and punctuality of 98% and 97% of all trips made. Safety and security targets were also met and exceeded, increasing customer confidence in the Gautrain and in public transport in general. Incidences of cable theft did occur but on a much smaller scale than in the previous financial year, largely as a result of improved security plans implemented by the Concessionaire in close cooperation with the SAPS and the GMA.

From a Socio-Economic Development perspective all targets were met and most were exceeded.

The SED performance of the Concessionaire up to the end of March 2013 can be summarised as follows:

- An amount of about R5 720 million was spent on procurement from and sub-contracting to Black Entities (BEs), compared to an obligation of R2 750 million. Approximately 405 BEs have benefitted from Gautrain to date;
- An amount of around R2 970 million was spent on procurement from and sub-contracting to New BEs, compared to an obligation of R1 505 million. Approximately 125 New BEs have benefitted from Gautrain to date;
- An amount of about R1 450 million was spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of R 350 million. Around 320 SMMEs have benefitted from Gautrain to date;
- South African materials, plant and equipment were procured, to a total value of approximately R3 690 million, compared to an obligation of R1 960 million;
- Around 36 200 local direct jobs were created or sustained and an estimated total of 126 700 direct, indirect and induced jobs up to the end of March 2013;
- Unskilled staff and semi-skilled staff have to date attended about 16 480 courses to improve their skills levels; and
- Top management, senior management, middle management attendant around 3 540 training courses.



Customer satisfaction ratings remained high with a Net Promoter Score of 93 at the end of March 2013. Various integration initiatives were completed, particularly in the improvement of information and accessibility around the Park Station precinct where Gautrain, Rea Vaya, Metrobus and PRASA services intersect.

The year was not without its challenges. The certification of OCD 2 by the Independent Certifier (IC) was, in the view of the Province, in error and prejudicial to its interests. Primary among these is the fact that the Water Ingress into the tunnel drainage systems remains unsatisfactory and outside of the contractual specification. The tunnel Water Ingress remains a Dispute between the Parties and is currently serving before Arbitration Federation of Southern Africa (AFSA) with a determination expected in November 2013.

Operational challenges related to the higher than expected demand for train trips as well as overcrowding on certain links between Tshwane and Johannesburg during peak hours in the morning and afternoon. This required the introduction of additional eight-car train sets before the forecasted time.

Notwithstanding the increased demand, the Patronage Guarantee for the Financial Year remained high at R830 million. Reducing this will be a key challenge for the coming years.

2. CLOSE-OUT OF THE DEVELOPMENT PHASE

The Development Phase is the phase during which the design, construction and integration of the Gautrain was undertaken and intended to be completed by the Concessionaire. It ended on 7 June 2012 with the certification, by the IC, of OCD 2.

2.1 Contractual matters

Contractual matters (sometimes referred to as 'commercial matters'), cover the conduct of the Parties in regard to their respective contractual rights and obligations as provided for in terms of the CA.

2.1.1 Contractual Matters' performance

a) **Monitoring objective**

The Contractual Matters team's specific monitoring objective has been to ensure that the provisions of the CA are satisfactorily performed by each Party.

The Province's Representative has always been informed of every non-conformance and has decided on the course of action to be adopted.

b) Performance indicators

There are a number of key performance indicators that the Contractual Matters team used to ensure that it is appropriately and adequately monitoring the performance by the Parties of the CA. These are:

- Attendance and/or review of minutes of each of the functional area meetings held between the Parties;
- A weekly review with all Province's Support Team (PST) managers (Concession Development Manager's meeting);
- Review of all incoming correspondence / reports of a contractual nature;
- Review of the Provincial Quality System;
- Monthly Contractual Matters meeting with the Provincial Construction Assurance team;
- Monthly Variations progress meeting to track progress of all variations to Gautrain;
- Weekly meetings with the Province's Legal Team;
- Attendance at the Province's Representative's weekly Exco meetings; and
- Attendance at the weekly Project Exco meeting held between the Parties.

c) Overview of the 2013 year

i) Activities

Contractual related activities that took place during the year under review included:

- The formulation of Disputes for Arbitration (reported separately below);
- Assurance of the correctness and completeness of all items of outstanding works on the Concessionaire's schedule of Retention Items and Snag List Works for OCD 2 as certified by the IC;
- Management of the extension of the expiry dates for the Retention Bond and the Performance Bond;
- Establishment and management of an international panel of grouting experts to advise the Province on repairs to the tunnels in respect of excessive water ingress;
- Evaluation and preparation of a Statement of Defence to the Concessionaire's Delay and Disruption Dispute;
- Negotiation of an agreement of the Final Statement including the close-out of the Utilities Works and as-built drawings ;
- Objection to the IC's certification of the Interim Payment Certificate for Contract Month 67;
- Formulation and lodgement of a Dispute with the Independent Certifier in regard to its certification of OCD 2;
- Advice on and analysis of a number of Operations Phase issues and Disputes;
- Review of the Operating Phase Insurances for Gautrain and agreeing the Province's share of the savings in regard thereto; and



- Review of the PST close-out reports.

ii) Contractual issues

At the end of the Development Phase, the Province registered 22 matters that are in contention between the Parties. Of these, 10 are/were the subject of a Dispute. Of these, two have been determined by arbitration, seven are currently in arbitration and one is in the amicable settlement stage of the Dispute Resolution Process.

The status of the Disputes to date:

- RoD (Province) – referred to and determined by arbitration;
- GTIA (Province) – referred to arbitration;
- Sandton Cavern (Province) – referred to arbitration;
- Land Discrepancies (Province) – referred to arbitration;
- Delay and Disruption (Concessionaire) – referred to arbitration;
- Conditions for the certification of OCD 2 (Province) – determined by arbitration in favour of the Province;
- Progress Exception Reports (Province) – agreed to incorporate with Delay and Disruption claim;
- Non-compliances with Specification (Province) – with the CEOs;
- Concessionaire's non-compliance with the DRB determination of 10 June 2011 (Province) – combined with the Water Ingress Dispute (see below); and
- Water Ingress Dispute (Province) – currently in arbitration.

iii) Project Events

The following Project Events were claimed by the Concessionaire:

- The Concessionaire submitted its Delay and Disruption Submission in three tranches in July/August 2009. This is purported to contain a number of Project Events. This is now a Dispute currently in arbitration;
- The Concessionaire informed the Province that tests conducted on the Site in the vicinity of viaduct 13 (E-W airport link, north of Modderfontein Road, on the Heartlands Property), indicated the presence of possible Unknown Pre-Existing Contamination (UPEC). Province needs to be convinced that this is an UPEC and has in several correspondences advised the Concessionaire accordingly;
- The Concessionaire formally notified the Province in its letter dated 8 July 2009 (received by Province on 10 July 2009) of a Project Event that occurred during July 2009 (national strikes that adversely affect the Concessionaire are Project Events);

- The Concessionaire reported an event where Physical Damage occurred on 16 July 2009 due to a pipe burst in the vicinity of the Burnett Street bridge;
- The Concessionaire has notified the Province that there were two occurrences of a Delay in the Relocation of Utilities; for a Sasol gas pipeline and for services on the West Street bridge in the City of Johannesburg; and
- The Concessionaire has notified the Province of a Third Party Breach by the Airports Company of South Africa (ACSA) at the OR Tambo International Airport Station. The Concessionaire has not yet substantiated its contention in this regard.

iv) Events likely to cause a delay

The Province received 156 Notices from the Concessionaire of 'events likely to cause a delay' during the Development Phase.

v) Notices issued to the Concessionaire

The Province issued 84 notices to the Concessionaire during the Development Phase. Besides the normal notices in respect of Province's Variation Notices, most of the remainder of the notices refer to objections by the Province to the Concessionaire's performance of its obligations under the CA.

vi) Correspondence

During the year, over 1,000 letters were received from the Concessionaire, most of which were contractual and/or commercial in nature.

The Province issued over 400 letters during the same period, the majority of which were responses to letters received from the Concessionaire.

vii) Reports

The Concessionaire submitted the following regular monthly reports to Province during the year in accordance with its obligations under the CA:

- Executive Project Risk Management Report;
- Development Programme Progress;
- Monthly Progress Report;
- Socio-Economic Development Performance Report;
- Communications Report; and
- Utilities Report.



The contents of each of the regular reports are reported upon separately, by each of the responsible managers within the PST.

viii) Meetings


The following meetings were held between the Parties during the year, on a monthly basis (unless otherwise noted):

- Progress;
- Design – Alternating bi-weekly informal and formal meetings;
- Land;
- Utilities;
- Construction;
- Risk Management – Quarterly;
- Development Programme;
- Communications – Weekly;
- Quality;
- Health and Safety;
- Milestones Planning and Preparation;
- Environmental:
 - Gauteng Department of Agriculture and Rural Development
 - Project Environmental Co-ordination
 - Environmental Management Committee (EMC)
- Variations;
- Independent Certifier;
- Independent Socio-Economic Monitor;
- Dispute Resolution Board; and
- Reliability, Availability, Maintainability and Safety (RAMS).

The Project meetings referred to above do not include the regular liaison meetings the Parties held with a number of third parties and with affected communities. The list also does not include all the ad hoc meetings between the Parties aimed at clarifying specific issues.

2.2.2 Socio-Economic Development

Over and above the design, construction, commission, operation and maintenance of the Gautrain Project,



specific Socio-Economic Development (SED) objectives were defined. Skills development forms the backbone of the SED strategy of the Gautrain Project. It includes the equity participation of black persons and black women in the entities created for the project, participation of Black Empowerment Entities and Small, Medium and Micro Enterprises in procurement and sub-contracting, enhancing local content, participation by Historically Disadvantaged Individuals (HDIs) and women in management, contribution to employment equity and a human resource development strategy.

The competitive bidding process was used to solicit commitment by the Bombela Concession Company (Pty) Ltd (Concessionaire) to SED objectives. This was established through agreed total and monthly SED obligations for 21 SED elements, which were included in the Concession Agreement.

The Concession Agreement makes provision for the appointment of an Independent Socio-Economic Monitor (ISEM). The ISEM is appointed jointly by the Gautrain Management Agency (GMA) and the Concessionaire. The purpose of the ISEM is to perform an independent verifying role to validate compliance by the Concessionaire with its contracted SED obligations.

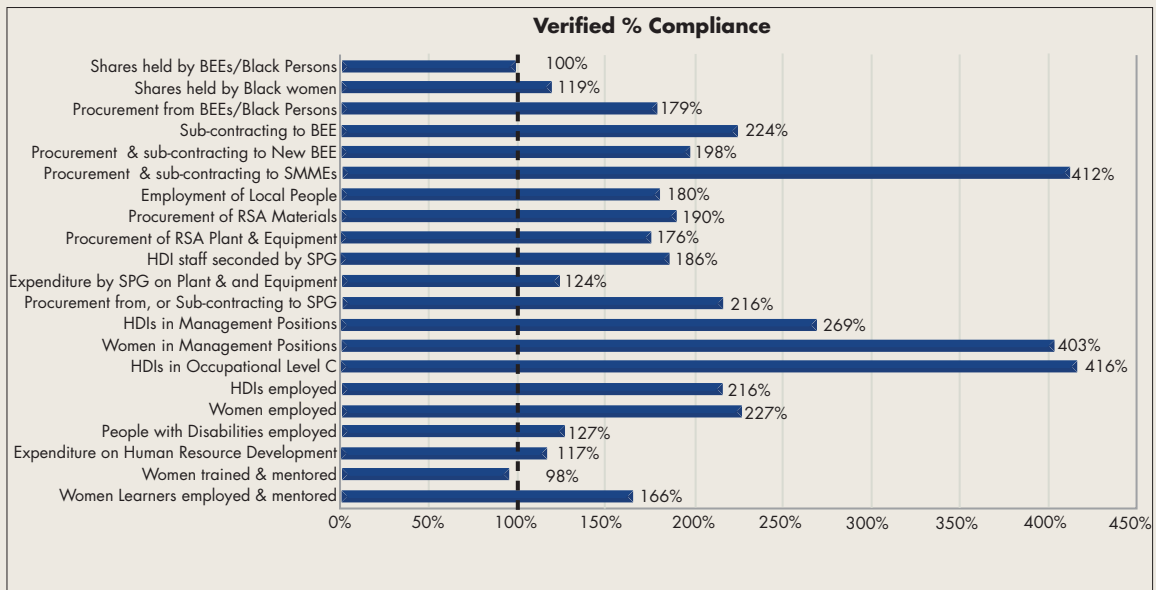
The Concessionaire must submit Monthly SED Reports to the Province and the ISEM within 45 calendar days after the end of each Contract Month. The Monthly SED Report provides details on the achievements of the Concessionaire and its sub-contractors with regards to its SED obligations, positive developments, areas of concern, challenges and interventions introduced.

The ISEM verifies the SED achievements claimed by the Concessionaire and submits Monthly ISEM Reports on its findings to the Province and the Concessionaire about five weeks after receipt of the Monthly SED Reports.

The ISEM has completed its verification of the achievements claimed by the Concessionaire up to end of March 2013.

2.2.2.1 Achievements of the Concessionaire to date

The ISEM has completed its verification of the SED achievements claimed by the Concessionaire for each month from Month 0 to Month 78 (March 2013). The verified SED performance of the Concessionaire as contained in the Monthly ISEM Reports up to the end of March 2013 is summarised in the graph below.



Graph 2: Verified SED performance of the Concessionaire up to the end of March 2013

It is evident from the Monthly ISEM Reports that the Concessionaire has exceeded most of its SED Obligations and significant performance is shown in the categories of procurement and sub-contracting, local employment, employment of Historically Disadvantaged Individuals (HDIs), women, and the participation of HDIs and women in management positions.

The commitment of the Concessionaire is not only limited to the total quantum, but also to monthly quantum. The SED performance of the Concessionaire up to the end of March 2013 can be summarised as follows:

- An amount of more than R5 720 million was spent on procurement from, and sub-contracting to BEs, compared to an obligation of R2 750 million. A total of 405 BEs have benefited from the project to date;
- An amount of more than R2 970 million was spent on procurement from, and sub-contracting to New BEs, compared to an obligation of R1 505 million. More than 125 New BEs have benefited from the project to date;
- An amount of more than R1 450 million was spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of R350 million. A total of 320 SMMEs have benefited from the project to date;
- South African materials, plant and equipment were produced, to a total value of more than R3 690 million, compared to an obligation of R1 960 million;
- More than 36 200 local direct jobs were created or sustained, and an estimated total of 126 700 direct, indirect and induced jobs up the end of March 2013;

- Bombela and its sub-contractors created, amongst other:
 - 36 200 jobs were created for local people, i.e. South African citizens, compared to an obligation of more than 20 100.
 - 31 160 jobs were created for HDIs, compared to an obligation of 14 420.
 - 4 100 jobs were created for women, compared to an obligation of 1 800.
 - 240 jobs were created for people with disabilities, compared to an obligation of more than 190.
- From the local employment figure of 36 200 jobs:
 - jobs created for HDIs: 85.9%,
 - jobs created for HDIs in Occupational Level C: 10.4%,
 - jobs created for HDIs in Management Positions: 2.1%,
 - jobs created for Youth: 59%,
 - jobs created for Women: 10.5%,
 - jobs created for Women in Management Positions: 1.0%, and
 - jobs created for People with Disabilities: 0.7%.
- Unskilled staff and semi-skilled staff attended to date more than 16 480 courses to improve their skills levels; and
- Top management, senior management, middle management and junior management of Bombela attended to date more than 3 540 training courses.

It is evident from the achievements that since the commencement of the project, BEs – and similarly New BEs and SMMEs – have benefited from the project.

A vast number of claims by the Concessionaire have been verified by the ISEM. The analyses of the monthly SED performance i.e. obligations, claimed achievements and verified achievements, entail the capturing an enormous amount of data, which includes, amongst other, more than 1 000 data items.





2.2.3 Land acquisition and management

Land acquisition and management is regulated by the requirements of the GTIA. The Member of the Executive Committee (MEC) for Roads and Transport in Gauteng acts as the administrating officer under the GTIA and, where possible, the MEC has delegated the day-to-day administration of several of the processes to the Directorate Design Department within the Department of Road and Transport. Under the CA, certain responsibilities were delegated to the Concessionaire that can now be regarded as having been fulfilled since operations have commenced. The GMA has also taken over, on behalf of the Department, those management functions associated with the Land that forms part of Gautrain, particularly that of managing the rail reserve.

The Department's main responsibility during the Development Phase, from a land perspective, was the acquisition and proclamation of the rail reserve and overseeing those technical and administrative processes involved as per the GTIA. Since 2004, members of the Department, with the assistance of members of the PST, have planned and executed the land acquisition and management processes. This working relationship between the Department and the PST was established primarily to assist the Department with the necessary knowledgeable human resources (technical, legal and administrative). In the planning stages of Gautrain, it was estimated that around 1,000 properties would need to be acquired and this represented almost 20 times the number that the Department handled annually at the time.

Initially, a team of nine people was used to assist in the management and administrative processes. This excluded the technical support people utilised throughout the process from teams in other divisions within PST. The team now consists of four people, with two assisting the GMA full-time in the legal disputes between the Province and the Concessionaire. The other team members are assisting with the finalisation and co-ordination of all outstanding legal and administrative functions under the GTIA; a task that requires constant monitoring of information to and from third parties, such as the Deeds Office, to ensure the complete transfer of Land to the Province. Another important part of this administrative function involves the transfer of knowledge and skills to both the Department and the GMA.

Staff of the GMA form part of the team and are actively involved in the expropriation of further land identified for increasing the capacity of existing parking areas. The Department supports the GMA with knowledge regarding the management and protection of the rail reserve as the protection of road reserves has been a function handled by the Department for many years.

2.2.3.1 Land acquisition and management's performance

The last of the contractually required land for Gautrain was handed to the Concessionaire during August 2008 and this allowed the Land acquisition team to focus its attention on finalising the administrative processes associated with the registration, management and protection of the rail reserve. This includes the major activities listed below, all of which have been completed except the last transfers and servitude registrations that have

yet to be finalised:

- Continuation of stakeholder interactions;
- Final publication of the design process in terms of the GTIA;
- Transfer of properties and registration of servitudes;
- Auditing of property files;
- Attending to the proclamation of the rail reserve and access roads;
- Finalisation of expropriated property claims and settlements (including matters referred to court);
- Assessing development applications affecting the rail reserve; and
- Input to Project disputes.

The GMA, together with the Department, introduced a monitoring system to oversee two primary objectives. The first is the finalisation of the administrative actions as part of the land acquisition process, and the second is ensuring that the relevant people are empowered to take the processes forward when PST is no longer involved.

Monitoring of the individual actions took place on a bi-weekly basis. The actions being monitored had as a basis the relevant sections of the GTIA. The process is virtually complete and the following conclusions on the process are relevant:

- All planning reports have been completed and approvals published;
- The rail reserve has been proclaimed in totality;
- The process, through the State Attorney's office, continues with the Deeds Office to register the acquired properties in the name of the Province. This process is almost complete;
- The file auditing process, which closely follows the property transfer process, is for all intents and purposes complete; and
- 24 compensation court cases remain outstanding.

The land acquisition and management team has successfully completed the tasks that it set out to do almost ten years ago, and specifically those outstanding matters listed a year ago. With the end of the Development Phase, the GMA must continue putting mechanisms and procedures in place to protect and expand the rail reserve as necessary. Pressure on the parking capacity at many of the Gautrain stations has led to the GMA exploring ways to increase the number of parking bays for Gautrain and securing additional land as required.





2.4 Utilities management

2.4.1 Known and Unknown Utilities

Utility Management activities during past financial year focused on the finalisation of outstanding works and documentation. Although good progress has been made, the Concessionaire is still not able to reach finality on the number of unaffected utilities out of the total number of 839 Known Utilities included in the CA. The same applies to the number of Unknown Utilities, of which 353 were notified and 365 were reported in the monthly progress reports.

Table 4: Bombela Joint Venture Contractor's (BCJV) progress over the past year

Responsibility	Procedure / Action Description	Time To Complete ALL Utilities Close-Outs		
		BCJV Estimated Completion Date	Outstanding (Percentage) March 2012	Outstanding (Percentage) March 2013
Construction Assurance	Construction Completion	31 May 2013	3%	0.7%
	Remedial Works	31 May 2013	10%	87%
	QA/QC Documents agreed by Province	31 May 2013	100%	25%
	As Built Drawings signed off by Utility Owner	31 May 2013	35%	17%
	Bills of Quantity	31 May 2013	73%	57%
	Utility Owner Handovers	31 May 2013	82%	18%
Utilities Team	Design Review (Remedial Works)	31 March 2013	100%	0%
	Review of Handover Packs (per Utility to Province)	31 May 2013	99%	57%
	Review of Utility Owner Costs & Final Payment	31 May 2013	100%	95%
Water Management Plan Works Between Reserve and Corridor				
Utilities Team	Review of Water Management plan	-	100%	0%
	Investigation / Risk Assessment	TBC	100%	55%
	Design Review	TBC	100%	100%
Construction Assurance	Construction Complete	TBC	100%	100%

Although final figures for the purpose of the Final Statement were submitted for agreement by the Parties, the Concessionaire is still obliged to ensure that all the requirements of the CA will be complied with. In this report it is accepted that the Water Management Corridor (WMC) works in the Centurion dolomite area will be completed after the final Utilities Close-Out.

2.4.1.1 Water Management Corridor (WMC)

The Concessionaire only upgraded the utilities encountered in the rail reserve, in terms of the WMP in the dolomitic areas in Centurion. Currently the Concessionaire is in the process of finalising a risk assessment of the wet utilities between the rail reserve and the WMC boundaries. Of the 88 affected utilities, 25 have already been assessed and should be upgraded, 44 still have to be assessed and 15 have been upgraded or are of sufficient standard.

2.4.2 Civil design review

The Province Design Review team's task is to respond to the designs submitted for review by the Concessionaire in terms of the relevant provisions of the CA.

The bulk of all design submissions for the Gautrain remain those for civil designs. In the period from the signing of the CA to the end of this financial year, 7,541 primary civil design submissions, including civil comment responses, have been submitted by the Concessionaire for review by the Province.

2.4.2.1 Timelines and achievements

The achievement of OCD 2 on 7 June 2012 should have signalled the end of design submissions from the Concessionaire. However, a fairly significant number of design submissions and comment responses have been dealt with during the year under review.

The new design submissions received during the year under review totalled 70 packages and 75 'issued for construction' packages, primarily for the reconstruction of the Marlboro Station parkade that had to be demolished and rebuilt and the additional parking provided at Rhodesfield Station.

There are 56 reviews still to be responded to by the Concessionaire, as follows:

Normal Reviews	15
Utilities	14
Tunnel Remedial Works	15
Marlboro Parkade repairs	10
Rhodesfield Station, additional parking	2

With the exception of the utilities reviews, all other reviews should be closed out before 6 June 2013.



2.4.2.1 The System Commissioning process

The System Commissioning process was effectively completed on 7 June 2012 when OCD 2 was achieved.

All that remains is the closing out of the final Retention Items and Snag Works List, for which a period of 12 months is allowed following the achievement of OCD 2. It is, however, clear that not all snags and retention items will be closed out by 6 June 2013 and that a new completion date will have to be agreed on in line with the CA. It should, however, be noted that the first two items on the Retention Items and Snag List relate to the Water Ingress Dispute of which the outcome will only be known in November 2013.

Day-to-day inspections, including snagging and de-snagging activities carried out by the contractors, are done when and where necessary by delegates of the observers, comprising the Turnkey Contractor (TKC), the IC and Province.

2.4.2.2 Civil design review's performance

The original decision to keep the average days within which to complete a review as low as possible and within the range of 20–30 days was unchanged for the year under review.

During the 2012/2013 financial year, for each of the months the average days taken to complete a review varied between 10 and 97 days with a mean of 19,8 days.

The quantitative achievements of Civil Design Review since the signing of the CA on 28 September 2006 and during the past financial year include:

Table 5: Quantitative achievements of Civil Design Review

ASPECT	6½ YEARS SINCE SIGNING OF CA	YEAR ENDING 31 MAR 2013
Primary design reviews (complete packages)	3, 869	70
Assessment of Concessionaire's Comment Responses	3, 682	111
Assessment of Issued for Construction (IFC) packages	3, 891	75
Assessment of FTIFC packages (included in above total of IFC packages)	1, 061	6

2.4.3 Civil construction assurance

In this final year of civil construction monitoring and assurance, the Civil Construction Assurance Management (CAM) continued to provide to the PST the assurance that the constructed elements of Gautrain conformed to the CA and the Schedules, the relevant Codes and Standards and the various specifications as provided in the approved Reports and Drawings. Where any of the works as constructed and delivered were non-conforming or deviated from requirements, the necessary prescribed and approved procedure was activated to enable the GMA to address the unacceptable or non-conforming work.

2.4.3.1 Section 1 – Tunnel section Marlboro Portal to Park Station

a) Sandton Station

All civil construction work was completed with the exception of snag closure work.

At the end of March 2013, 39 snags – defects of a minor nature – still needed to be finalised and closed out in the Boogertman Report. This independent report was prepared by a reputable firm of architects to scope the unacceptable quality and non-conforming work delivered at Sandton Station. This rectification work is still being executed by the Concessionaire and is scheduled to be closed out in April 2013.

At Emergency Shafts E6 and E7 final de-snagging inspections have been completed and all snags closed with the exception of the British Tunnelling Society (BTS 508.3) works, which includes the stopping of water seepage through the shotcrete concrete tunnel lining by a liquid latex product injection and other methods and which are still in progress.

The installation of new traffic signals at the intersection of Rivonia Road and the Gautrain Sandton Station Public Transport Interchange Entrance was successfully completed, commissioned and handed over to Johannesburg Roads Agency (JRA).

The modifications of escalator handrails and balustrades at all the stations were completed and closed out.

b) Rosebank Station

All civil construction work was completed with the exception of eight snags at the three street-entrance canopies. These include the canopy bull nose sheeting and adjacent flashing and sheeting rectification works.





At the southern cut and cover section at the start of the Tunnel Boring Machine (TBM) tunnel, the Oxford Road backfill and layer works for the road reinstatement settled severely. This necessitated the removal by excavation of the non-compliant backfilled material and the total reconstruction of the road. This rehabilitation was completed and successfully handed over.

The bus canopies on the eastern side of Oxford Road alongside the Gautrain parking garage did not comply with service standards. The modifications were completed and closed-out.

The rehabilitation of the Oxford Road and Baker Street intersection was completed and handed over to JRA.

At Emergency Shafts E3, E4 and E5 final de-snagging inspections were completed and all snags closed with the exception of the BTS 508.3.

c) Park Station

All civil works and snags at the station were completed with the exception of snag-closure work in the tunnel.

Additional paved walkways at the Pavilion entrance were requested and this work was completed successfully.

The reinstatement of the storm water drainage and sewer main in Smit, Eloff and Wolmarans Streets was completed, tested and handed over to the JRA and Johannesburg Water. All road markings were reinstated as per JRA requirements.


The car park shades and canopies damaged in a severe storm on the top level parking area were replaced and final inspection completed successfully.

Road works on Juta and Sutherland streets were completed, de-snagged and handed over to JRA successfully.

Emergency shafts E1 and E2 final de-snagging inspections were completed and all snags closed, with the exception of BTS 508.3.

d) Tunnel section and tunnel work plan

The Concessionaire stopped their remedial works in the tunnel between Park Station and Shaft E2 during March/April 2012. This work and the results thereof is now part of the Water Ingress Dispute which is currently in arbitration.



Province appointed a contractor to do water measurements in the tunnel during the period December 2012 to February 2013. Additional water inflow measurements at the catch-pits will be done during April or May 2013.

Snag inspections were done regularly to close open civil items. Numerous items were transferred to the BTS 508.3 snag list.

e) Tunnel Roof Seepage – British Tunnelling Society (BST) 508.3 Process

Tunnel-sealing work (injection work) is on-going in the section of tunnel from Park Station up to Marlboro Portal to meet the specification of the British Tunnelling Society (BTS) 508.3 applicable to Gautrain.

Bombela Venture (CJV) reports the current progress of work to be at 94.5% completion and that the completion date is the end June 2013. The original completion date was December 2012.

The Province is not satisfied with the works and has conveyed this formally to the Concessionaire in several letters. Snag inspections have been done from Park Station to Sandspruit pump station with 360 snags still open. The progress by BCJV is slow also due to the limited working hours allowed (engineering hours only) on the operational rail system.

2.4.3.2 Section 2 - OR Tambo International Airport to Marlboro Portal

a) Rhodesfield Station

The extension of the parking area at Rhodesfield Station was completed in December 2012. A total of 116 parking bays were added.

b) Marlboro Station

GMA, having had problems with the design of the parking garage, issued a non-conformance notice in 2008 and the Concessionaire implemented various actions to rectify the structure. In 2012 the total structure was rejected and demolished. The reconstruction work was completed on programme with phase 1 completed in October 2012 and phase 2 at the end of March 2013, with only minor snags outstanding. The full parking garage is now operational again.





2.4.3.3 Section 3 – Midrand

All work had been previously completed. Minor outstanding work, such as the provision of shade-net canopies that had been omitted at Midrand Station’s disability parking, was completed. The only open snag on this section is for the Viaduct expansion joints remedial work and completion is projected for end August 2013.

2.4.3.4 Section 4 – Centurion, Pretoria to Hatfield

Due to the later start date of construction work on this section, closing of snags continued during the period under review.

2.4.3.5 Closure of snag list works

The status as at end of March 2013 for the closure of snag list works is below:

Table 6: Extended Phase 1 Snag Close-Out Status – End of March 2013

	Number Issued	Number Open
High Level Retention Items And Snag List	48	7
DD3 (Civils): Construction Section 3 - The Tunnel section Park Station to Marlboro portal	2,580	9
Sandton Station	2,458	39
DD5 (Civils): Construction Section 5 - Linbro Park to the Brakfontein Interchange.	2,640	0
DD6A (Civils): Construction Section 6a - Brakfontein to before start of Viaduct 5 at John Vorster Ave, Centurion	578	0
DD6&7 - Construction Section 6 and 7 - Brakfontein to Pretoria to Hatfield	31,864	56
Viaduct Erection Team	7,012	0
Mechanical and Electrical	2,407	0
Electrical and Mechanical	3,688	0
Automatic Fare Collection	620	0
Environmental	10	7
Totals	53,905	118
% Closed	99.78%	
% Open	0.22%	

Table 7: OCD 2 Snag Close-Out Status – End of March 2013

	Number Issued	Number Open
High Level Retention Items And Snag List	39	25
DD3 (Civils): Construction Section 3 - The Tunnel section Park Station to Marlboro portal	3,932	9
Mechanical and Electrical	1,330,1	0
Electrical and Mechanical	126	1
Automatic Fare Collection	59	45#
Environmental	4	2
Totals	5,490	82
% Closed	98.51%	# Transferred to OCD 2
% Open	1.49%	

Although the number of snags open is a very small percentage of the total number of snags issued, they are in many cases the more difficult snags and considerable effort is required to close out all snags. As mentioned before, not all snags will be closed out by 6 June 2013, one year after OCD 2, and a new date will have to be determined.

2.4.3.6 Conclusion

CAM has successfully executed its monitoring and assurance mandate for the Gautrain Project and will in the coming year conclude outstanding work items. An important support function will still be the technical assistance provided to the engineering, commercial and legal teams in the outstanding disputes.

2.4.4 Electrical and Mechanical Assurance Systems

The PST Electrical and Mechanical (E&M) section is responsible for all the E&M and Mechanical and Electrical Systems (M&E or CV reviews). The team carries out the Design Reviews of all the E&M and M&E Systems. In addition, this team is responsible for the Installation Assurance function, as well as Testing and Commissioning assurance of all the E&M and M&E Systems.



The PST's E&M team works with all the technical Bombela family companies, namely, Bombela E&M JV (E&M JV), Bombela CJV, Bombela Turnkey Contractor (TKC), the Concessionaire and the Bombela Operating Company (BOC), as well as the Railway Safety Regulator (RSR).

2.4.4.1 Key achievements

- Number of E&M submissions received for review since Gautrain began: 1,160;
- Number of E&M reviews issued: 1,147;
- Number of M&E submissions received for review: 1,054;
- Number of M&E reviews issued: 1,053; and
- Number of Technical Disciplines dealt with: 13.

2.4.4.2 Electrical and Mechanical Assurance Systems' performance

The objective of the E&M Systems is to provide a reliable, high availability, maintainable, safe, state-of-the-art high technology platform to ensure the efficient and smooth operation of the Gautrain. This enables the Operator to offer the desired level of customer service.

The team has also carried out Installation Assurance. The objective of Installation Assurance is to ensure that the E&M Systems as installed, tested and commissioned, comply with the CA, the Province Requirements and the Concessionaire's Proposal, as well as local standards and specifications, and international standards of best practice with regard to the particular sub-system.

2.4.4.3 Electrical and Mechanical Assurance reports

The team compiles monthly and quarterly reports on the status of Gautrain. There was substantial progress during the year in the design and installation of the various subsystems as described below.

2.4.5 Gautrain Electrical and Mechanical Systems

The Gautrain E&M Systems cover the following:

a) Signalling System

The Signalling System is a specialised electronic and computer-based system that regulates the safe and efficient movement of trains by means of the 'distance-to-go' principle. The on-board Automatic Train Protection (ATP) monitors the speed and distance travelled. If the driver of the train does not adhere to the movement authority, the ATP system will intervene by means of a warning and/or braking of the train.

Installation, Testing and Commissioning of the Signalling System was completed in 2011. Extended Phase 1, which is the full Gautrain route excluding Sandton to Park, was achieved on 2 August 2011 and full OCD 2, including Sandton to Park, was achieved on 7 June 2012.

There are three significant snags that are still being addressed.

- The first is the 180 seconds headway compliance issue, which has a major impact on train service frequency;
- The second snag is the intermittent signalling loss-of-control and degradation of Signalling System robustness in the event of lightning strikes. This causes System failures that lead to delayed trains and consequent degraded service. The Concessionaire's contractors are working to resolve this; and
- The third is the so-called ATP zero target speed indication. In this case, the ATP goes into zero target speed forcing the driver to slow down to a very slow pace until the train reaches the next balise (electronic transponder), which restores the ATP to normal line speed. This occurs mainly in the Marlboro area. This affects runtime and service frequency and the Concessionaire is working on resolving the problem.

b) Track work for the depot and mainline

Trackwork for the full Gautrain route is complete except for snags that are being resolved.

c) Depot equipment

Depot Equipment is the specialised equipment, both stationary and mobile, used to carry out efficient maintenance of the rolling stock, trackwork and lineside equipment. The Depot Equipment category reached the end of March 2013 with most of the equipment operational and satisfactorily performing its intended work. The exceptions are the large main line ballast tamper and the grinders which are currently under repair and should be operational end May 2013.

d) Rolling stock

The rolling stock on the Gautrain is Bombardier's Electrostar, which has been designed to operate at a speed of 160 km/h. It has been adapted where necessary to meet the Gautrain's specific requirements. Ninety-six such cars have been manufactured. The first 15 were built in the United Kingdom and imported into South Africa, while the remaining 81 were assembled in South Africa at the UCW Partnership in Nigel.





e) Telecommunications System

A dependable Telecommunications System is essential for the successful operation of a Rail Transportation System. Passengers rely on the Telecommunication System for provision of information regarding normal and abnormal events, emergency situations, etc. Furthermore, centralised control would be impossible without telecommunications as it provides the control centre operators with 'eyes and ears' throughout the System as well as serving as the data communication backbone for all Monitoring and Control Systems.

Installation for the entire Telecommunications System is complete. Testing and commissioning is complete with some snags remaining. The OCD 1 Tunnel Radio as originally installed suffered from high signal noise levels and was subsequently replaced with the same type of equipment as that installed in the OCD 2 tunnel. This uses optical fibre-fed repeaters and provides a much improved radio signal quality in the tunnel. There were also areas of inadequate radio coverage in the aboveground section and as a result, three new radio sites were installed and commissioned to improve coverage.

f) Automatic Fare Collection System

The Automatic Fare Collection (AFC) System is designed to manage fare media sales, fare collection and to control the ingress and egress of paying passengers of the Gautrain. The AFC System provides integrated vending and collection of fares for buses, parking and train facilities associated with the Gautrain.

The AFC System has generally functioned satisfactorily during the period of review. The installation of additional Ticket Vending Machines (TVMs) at OR Tambo International Airport Station, Rhodesfield and Centurion Stations is complete. The TVMs for Park and Hatfield Stations were due for completion during April 2013.

The National Department of Transport has published regulations that make it compulsory for all transport operators to use bank-issued Europay, Master and Visa (EMV) cards as tickets for all travel except single-journey tickets. All transport operators, including the Gautrain, are compelled to be compliant within five years from July 2011, i.e. July 2016. This is a big challenge to the operation of the Gautrain AFC System. The GMA is currently considering how to redesign and upgrade the System.

g) Traction Power and Distribution System

The Gautrain System's traction power is derived from two separate 88kV Eskom feeds that power four 40MVA 2x25kV single-phase transformers at the main propulsion substation. Power is distributed along the alignment via a double-feeder Overhead Contact Distribution System (OCDS) with five remote Auto Paralleling Stations that further feed the OCDS as well as balancing the load.

The problems experienced earlier with tunnel disconnect switches have been resolved and the system is working satisfactorily.

h) Mechanical Systems

The Mechanical Systems of the Gautrain consist of the various Lifts, Escalators, Pumping Systems, Heating, Ventilation and Air-Conditioning (HVAC) Systems, Tunnel Ventilation and Fire-Fighting Systems.

All the Mechanical Systems of Gautrain are now fully complete. All required airflow velocities for smoke clearing in the tunnels, as required by the various fire scenarios, have been achieved. Emergency shaft pressurisation requirements have been fully achieved.

Detailed attention has been paid to the tunnel water Pumping Systems in view of the considerable water inflows still being experienced. The pumping station at emergency shaft E2, which is at the low point for the tunnel section of maximum inflow, has been closely examined particularly for sound design, capacity and reliability.

i) Certifier Shaft Spacing close-out report

Certifier, the Notified Body selected by the Concessionaire to do the compliance audit of tunnel emergency shaft spacing, conducted the final audit in November 2012. The report, which is expected to provide acceptance of the tunnel safety, including the shaft-spacing aspect, is still awaited.

2.4.5.1 Snag List Works and Retention Items

All the E&M Systems are fully functional except for snags. There is a monthly forum with the Concessionaire to ensure that the remaining snags are resolved within the Contractual Phase. The most significant of these E&M snags are:

- Technical justification for the non-provision of derailment containment;
- Track tolerances outside construction limits;
- Signalling 180-seconds headways;
- The intermittent signalling loss-of-control issue; and
- The ATP zero target speed indication.





3. OPERATIONS AND MAINTENANCE PERFORMANCE

This portion of the report deals with the Operating Phase which commenced for the full Gautrain System on 7 June 2012.

The GMA set itself performance targets in its Strategic Plan for the year of reporting and the degree of its achievement of these targets is set out in detail in the Annual Performance Information Report in Part E of this Report. From an Operations and Maintenance perspective the principal targets relate to the function of the GMA to:

- Monitor and manage the performance of the Concessionaire against obligations arising from the CA;
- Assure the quality of such performance;
- Procure additional measures that ensure the security of the Gautrain System and reliability of service;
- Ensure measures are in place to assure minimal service interruption throughout the Concession Period;
- Increase the capacity of the System; and
- Increase ridership and apply the Performance Monitoring System.

The sections below provide a narrative of key outcomes for the year in reporting and readers are referred to Part E for the Annual Performance Information Report.

3.1. Communication and marketing

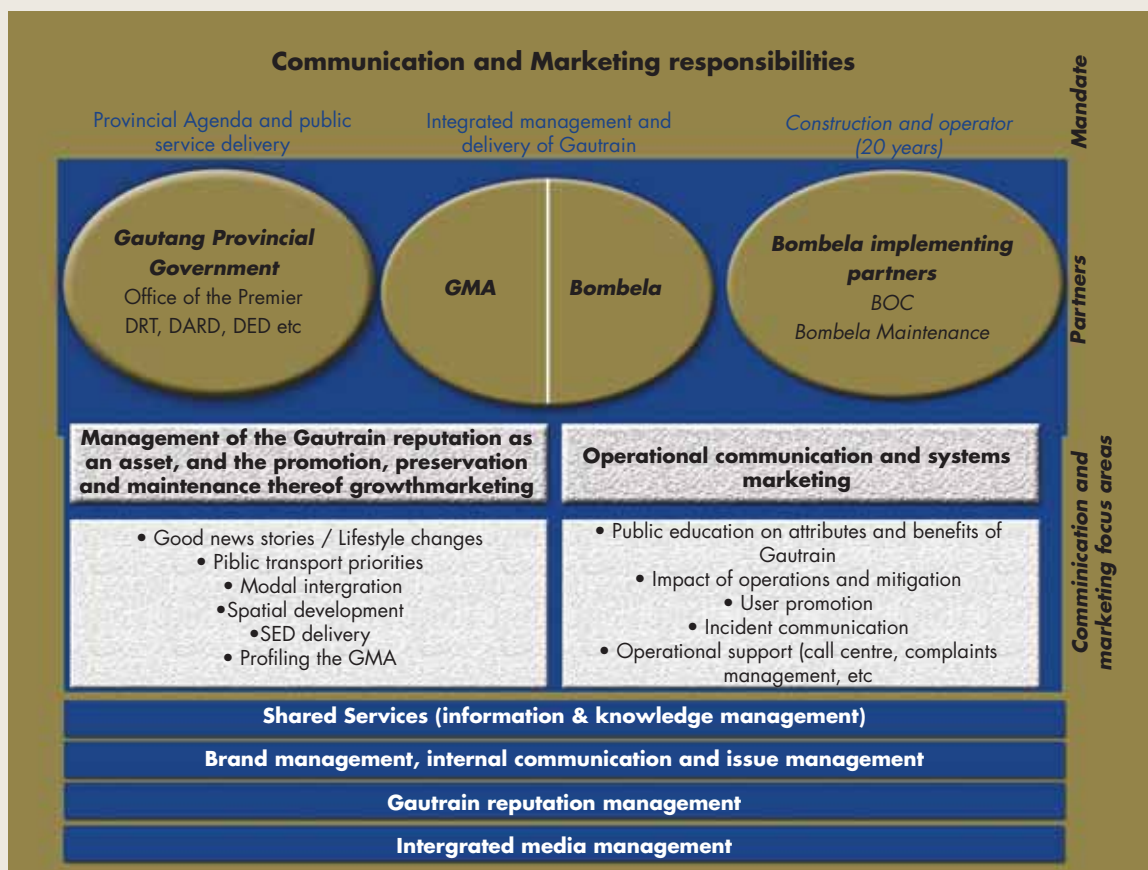
Communication and marketing, as a function of the GMA, has been an integral element in the Development Phase and continues to play a critical role in the Gautrain's Operation Phase.

Given the ever-changing environment in which the GMA operates, the aim of the communication and marketing department is to be pro-active in its approach to managing the reputation of the Gautrain and GMA. As such, communication about and marketing of the Gautrain is a strategic process that ties in with the objectives, brand and reputation of Gautrain.

As many parties play a role in ensuring successful communication, an overarching integrated communication and marketing strategy has been developed. The purpose of this strategy is to direct all communication and marketing activities and clearly outline the respective responsibilities of the GMA and the Concessionaire. According to this strategy, which is reviewed annually, six-month implementation plans are drawn-up twice a year.

This integrated communication and marketing strategy is a holistic approach that not only focuses on the Gautrain's reputation but also on 'growth and retention marketing' towards ridership increase. It profiles the Gautrain as, inter alia, a world-class integrated public transport service.

Strategic focus areas to sustain excellence in responsible and sustainable brand and reputation management are Freedom, Relationships and Pride.



Graph 3: Communication and marketing responsibilities

3.1.1 Quantitative reporting as per the GMA strategic plan

The communication and marketing mandate is, firstly, to manage the Gautrain brand and reputation as an asset, and the promotion, preservation and maintenance thereof. To implement the mandate, the GMA's aim is to ensure that the Gautrain is positioned as a world-class integrated public transport service through responsible and sustainable brand and reputation management. Secondly, in collaboration with growth marketing, the department works towards the increase of ridership.



The reputation of the GMA and Gautrain have been quantitatively managed through the analysis of:

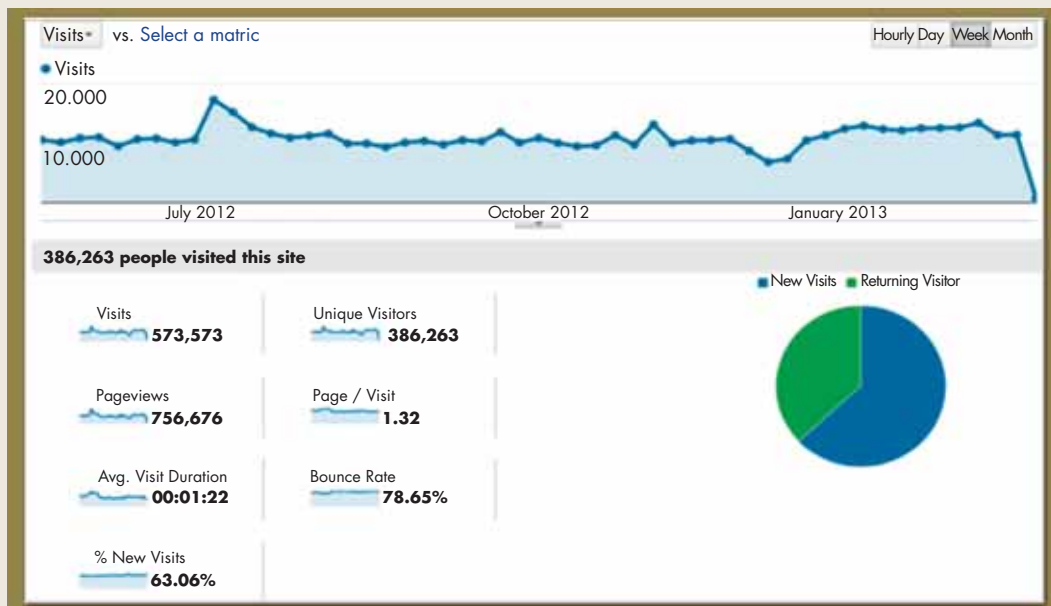
- Web management and online services;
- Social media;
- Mobile Apps;
- Traditional media; and
- Unauthorised brand usage.

a) Web management and online services

Various websites fulfil different functions for the Gautrain and the GMA. The GMA is profiled by www.gautrain.co.za/gma, which had 11,643 visitors during the reporting period. For employees, the internal GauChat serves the function of keeping them updated with Gautrain and social information and also about business policies and procedures. GauChat had approximately 30,000 visits during the reporting year.

Catering for the next generation of ridership is the Kids' Station for children and MyTrain for scholars and teenagers. Together these had approximately 25,000 visits during the reporting period.

The main Gautrain website, which is the landing page for both the commuter site and the Gautrain site, consists of About, Construction and Newsroom. It was continuously updated and had about 700,000 visits during the reporting period.



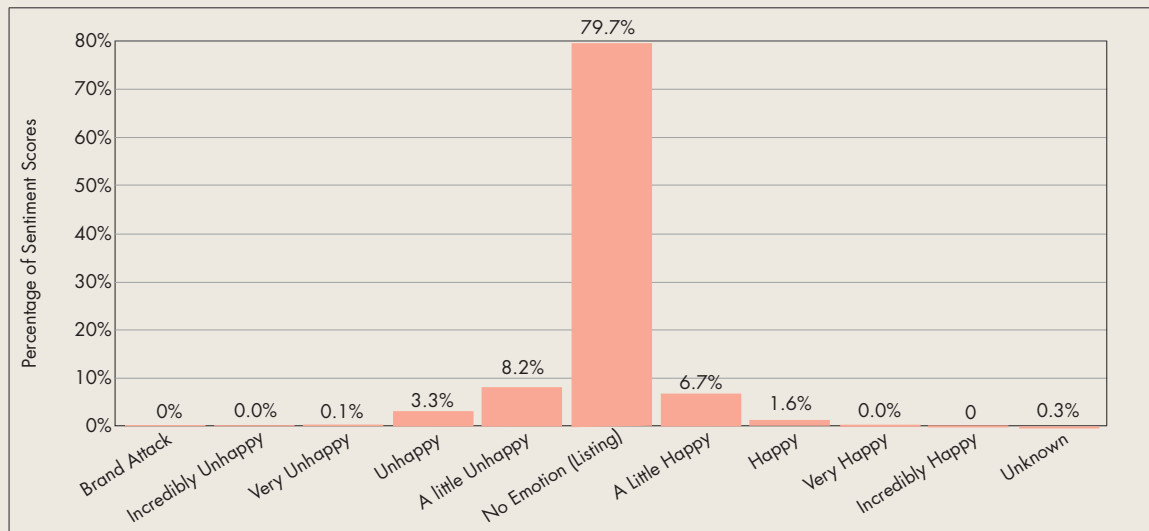
Graph 4: Gautrain website hits from 1 April 2012 to 31 March 2013

b) Social media

As a primary medium through which to communicate with and receive messages from stakeholders, social media has become a vital tool in managing the reputation of the Gautrain and its daily operations. Analysis thereof, which mainly deals with operational issues, considers the elements of sentiment, volume and source.

Considering Facebook, Twitter and other platforms, there were 95,272 comments during the period under review. Twitter made up 73% of these comments, Facebook 11% and others 16%.

The graph below shows that most listings (79.7%) were mentions of the Gautrain without any sentiment attached. At 8.2%, commentators were 'a little unhappy' and 6.7% were 'a little happy'.



Graph 5: Gautrain social media sentiment from 1 April 2012 to 31 March 2013

The table below indicates the highest number of comments per sentiment and its topic per month. Note that, as the percentage of comments with no sentiment was so high, these comments are not considered in the table below. The table thus shows the most prevailing sentiment, excluding the 'no comment'.





Table 8: Highest number of comments per sentiment and its topic per month

	Most prevailing sentiment	Percentage comments	Topic
2012			
April	Positive	17%	Opening of Park Station
May	Positive	18%	Efficiency of Gautrain
June	Negative	9%	Bribery allegations Operations
July	Negative	18%	Detainment of commuters caught chewing gum
August	Negative	12%	Fare costs Operations
September	Negative	12%	Belief that Gautrain does not serve the masses Operations
October	Negative	10%	Operations – especially bus services
November	Negative	15%	Fare costs Operations – especially bus services
December	Positive	14%	Reduced bus fares Appreciation for Gautrain’s existence
2013			
January	Positive	12%	Reduced bus fare People’s regard for Gautrain
February	Negative	10%	Operations Over-crowding Patronage guarantee
March	Negative	13%	Operations Behaviour of security staff

c) Mobile Applications

Gautrain has developed three mobile applications. These are the timetable, stations and bus stop finder and fare calculator. They have been successful in placing operational information into the hands of passengers. Updates to the apps have been fare pricing, timetables and bus routes. Each revision improves with slight tweaks to the user interface, making it more intuitive for the user.

The total download numbers for the three Gautrain apps are shown below:

- iPhone: 52,588
- Android Google Play: 33,027
- Android Samsung: 4,352
- BlackBerry: 89,086
- BlackBerry 10: 1,889
- J2Me: 188
- Windows: 1,535

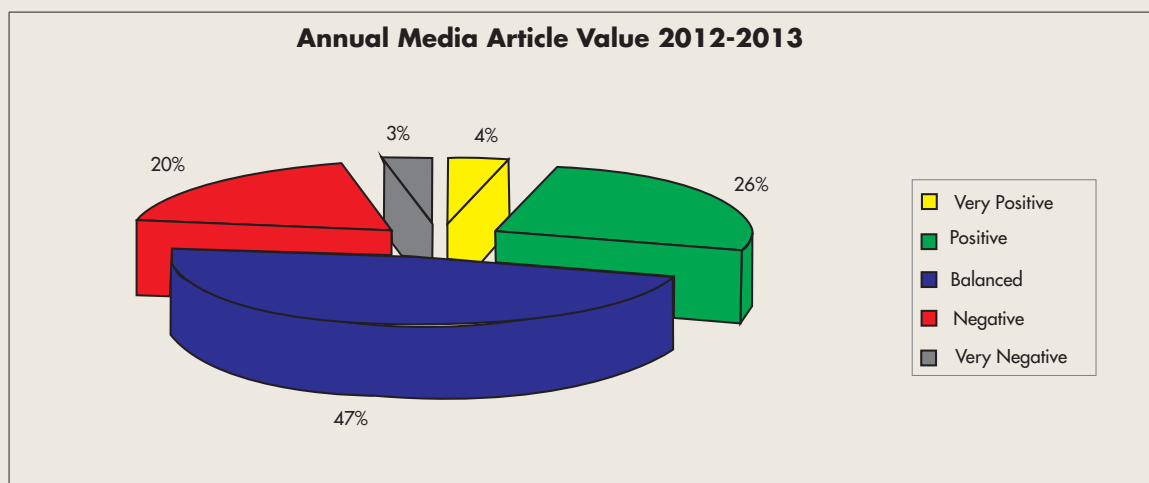
d) **Traditional media**

Media relations, and analysis thereof, are continuous and intensive in broadcast, print and on-line media.

A total of 3,175 media reports were received in relation to Gautrain during the period under review. Their contribution (in communication value) to the reputation of Gautrain amounts to about R131 million.

- Sentiment of articles

The sentiment of articles for the period under review was balanced (47%), with 26% positive and 20% negative. Most positive reports were about SED. Negative reports focused on operations (capacity problems and disruptions due to cable theft), public transport (metro rail accident) and the competition commission investigation into construction bid rigging during 2010.



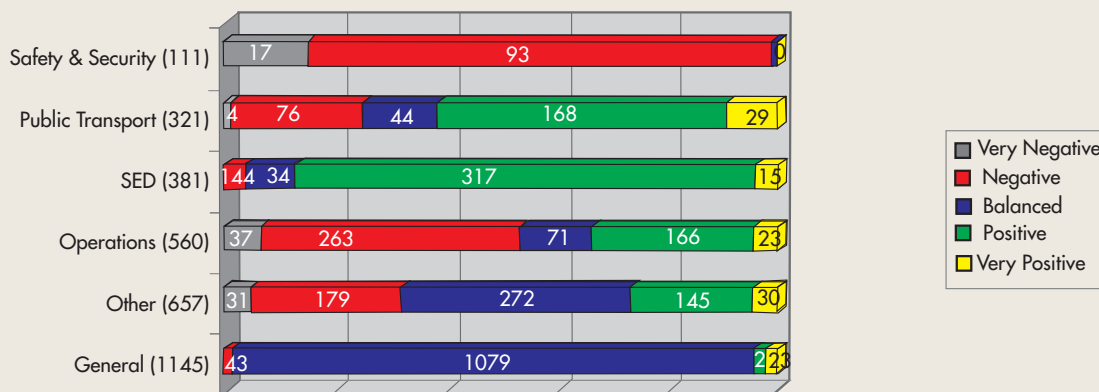
Graph 6: Article sentiment for the 3,175 articles received during reporting period



- Frequency and sentiment of topics

Amongst the 3,175 articles received, most (1,145) were about 'Gautrain in general'. This includes station positions, the route, cost, etc. Another topic directly related to the Gautrain is 'operations' with 560 articles. Many (263) of these 560 articles were negative. Of the 111 articles received about 'safety and security', 93 were negative.

Annual Media Topic Frequency 2012-2013



Graph 7: Article topic frequency for the 3,175 articles received during reporting period

e) Reputation management

- Brand Fit audit

During July 2012 a Brand Fit audit was conducted to identify like-minded individuals within the non-user market of the Gautrain with the aim of increasing ridership in this sector. With the knowledge gained from this audit, targeted marketing and awareness campaigns were formulated.

- Reputation audit

To determine the perceptions of the Gautrain in the eyes of its different stakeholders, a reputation audit was conducted in February 2013. The main finding of the audit was that the Gautrain has a good reputation. It received a 76% overall positive reputation score. A few comments about the Gautrain brand and reputation are shown in table below.

Table 9: Response scores on reputation audit questionnaire statements

Questionnaire statement	Response score
Gautrain's brand represents technological progressiveness	82
I am proud that South Africa has Gautrain	87
I am likely to support Gautrain	85
I see Gautrain as a mode of public transport	80
Gautrain facilitates improvement and accessibility in the Johannesburg and Tshwane corridor	80
I believe Gauteng has benefited from Gautrain	85

- Unauthorised brand usage

Managing the Gautrain brand is a priority in the communication and marketing mandate, which requires the Management of the Gautrain brand (reputation) as an asset, and the promotion, preservation and maintenance thereof. To implement this mandate, a detailed and comprehensive corporate identity manual has been developed and is shared by relevant internal and external parties to ensure that the brand is applied correctly.

Usage of the Gautrain brand is closely monitored to detect unauthorised usage thereof. Examples of incorrect and/or unauthorised brand usage are:

- Brand application on clothing, vehicles and security devices is often incorrect;
- Incorrect logo usage in emails from the Gautrain Call Centre and other parties; and
- Third parties using Gautrain's branding without approval.

All deviations from the correct usage of the Gautrain brand are first addressed directly with the relevant party and rectification is requested. Unauthorised branding is also discussed in monthly traffic meetings as part of the risk management assessment.





3.1.2 Qualitative reporting as per the GMA strategic plan

The qualitative narrative below explains how communication and marketing have added value in terms of the mandate and mission during the year under review. The narrative includes both communication and marketing deliverables.

- Customer Satisfaction Survey

Bi-annual reviews of the Customer Satisfaction Survey were achieved.

- Customer Comments Report

Monthly reviews of the Customer Comments Report were achieved.

a) Events

Events are often good opportunities to showcase an organisation and its deliverables. At the launch of the Gautrain History Book Gauteng Premier, Nomvula Mokonyane, MEC of Gauteng Roads and Transport Ismail Vadi, GMA Board Chairperson Abel Mawela and the CEO Jack van der Merwe launched the award winning Gautrain History Book on 31 October 2012.

Other events throughout the period included interaction with stakeholders such as disability forums, business tourism, youth and various schools, the Gauteng Department of Roads and Transport and the Gauteng Tourism Authority.

Presentations were also made to many stakeholders, such as the Youth Marketing Presentation – a motivational presentation directed at scholars and other students.

b) Exhibitions

Through growth marketing, in the form of exhibitions, the GMA continuously promoted Gautrain at industry exhibitions, tourism attractions, shopping malls, businesses and other places of interest. A total of 21 exhibitions were held. GMA and Gautrain brochures were distributed at these exhibitions targeting groups such as travel and tourism, disability forums and youth in construction.



c) General site visits

The GMA hosted site visits by stakeholders ranging from schools to Provincial Government departments in response to on-going requests for engagement with the Gautrain. These were well received. It hosted seven such events during the period under review.

d) Marketing

To promote both morning and afternoon off-peak ridership, various growth marketing 'activations on Gautrain' were employed. These activations, aimed at increasing ridership, also aimed to position the Gautrain as a lifestyle choice.

During October 2012 'activations on Gautrain' included activations to promote literacy. To achieve this, as well as position Gautrain as a lifestyle choice, the concept of a Story Train for pre-school children was developed (morning off-peak), and five pilot trains ran to and from Johannesburg to Pretoria. The Story Train concept was enthusiastically received.

Other growth marketing initiatives included:

- Gautrain and University of Pretoria – First Year Welcome Initiative. The Department of Marketing Management at the University of Pretoria celebrated the arrival of its 2013 first-year marketing students in collaboration with the Gautrain on 5 February 2013;
- The GMA has engaged in a 12-month campaign with the Caxton online community newspaper and entertainment websites: www.looklocal.co.za. This will create awareness of activities in and around the Gautrain System, especially highlighting malls, entertainment nodes and other attractions along the route;
- www.myGautrain.co.za - a new lifestyle and social media website that will link to existing applications is being developed to support the above initiative. The intention is to create awareness of the enormous possibilities when using Gautrain as a lifestyle choice. A route-mapping and research function will be linked to this feature;
- The Supplier Package - this website will allow suppliers and cultural places of interest the opportunity to offer value-adds or create awareness of product offerings to Gautrain commuters and potential commuters;
- Tourism Brochure - a brochure that depicts the inspiring landmarks commuters view during their Gautrain journey. The brochure highlights cultural and tourism sites near and around the station and on bus routes through a route-mapping process;
- The mini history brochure is also handed to people interested in knowing more about the development of the Gautrain; and
- Approximately 14 different corporate advertisements were placed in outdoor, print, radio and online platforms during the period under review.



Some 122,620 copies of the tourism brochure were inserted in the March 2013 edition of the Sandton Chronicle and the Pretoria Record East as an Easter awareness campaign for domestic tourism.

e) Visual documentation

With the Gautrain having completed the Development Phase, there is less construction and thus less opportunity for visual documentation. Deliverables on this function has thus decreased dramatically.

Still photography was taken relating to the water ingress, the Gautrain History Book launch, as well as photographs of passengers and GMA employees.

There is also video footage of transport integration and the Disability Feedback Forum.

All photographs and videos are captioned and archived. The Gautrain image gallery has 22,398 photos categorised into 1,116 albums.

f) Documentation of history

Both the Gautrain History Book and the Gautrain History Video were completed and released during the period under review.

3.2 Train operations

The main objective of the Train Operational System is to operate trains according to an agreed Operating Plan that translates Passenger Demand into Rail Service Capacity (timetable and train set configuration). It is important that adequate Rail Service Capacity is available to satisfy the actual Passenger Demand and demand growth in the introductory and growth phases of the Gautrain's commercial lifecycle.

The Train Services in operation are:

- The east-west Airport link – Airport Passenger Service from OR Tambo International Airport Station to Sandton Station APS;
- A General Passenger Service (GPS) from Rhodesfield Station to Sandton Station; and
- A GPS between Hatfield and Rosebank Stations before 07 June 2012. This service was extended to Park Station from 07 June 2012, when OCD 2 was achieved.

The GMA succeeded in working with the Concessionaire in reducing the impact of service interruptions and in applying the contractual penalties arising from the Performance Monitoring System (PMS) as and when these did occur. The required reviews and meetings related to these functions did take place, with the exception of the review of an interruption and recovery plan prepared by the Concessionaire which is still in progress.

The growth in rail Passenger Demand, mainly on the GPS, in the year under review was exceptional, but. The Airport Service, which is directly linked to business activities, experienced no growth due to existing economic condition.

Train availability and punctuality is managed through an agreed timetable, which provides the parameters for the PMS. The monthly aggregated performance on both availability and punctuality were above the required norms for the review period. The operating plan was updated with all the rail capacity changes and reviewed.

3.2.1 Passenger Demand

The train passenger numbers or matched trips** for the financial year are summarised in the table below in terms of total passengers per service and a further breakdown in the average number of passengers per weekday or weekend and public paid holidays (PPH). It is noted that Park Station commenced with commercial services on 7 June 2012 when the section between Rosebank and Park opened for train operations. The opening supported further growth in Passenger Demand.

*(**A 'matched trip' is where the AFC System matched all rail entries and exits by ticket, sequential number and time.)*

A table, Passenger Trips per Financial Year, is provided but cannot be viewed as year-on-year growth given the staggered manner in which the Gautrain services were implemented. A better indication of such growth is the month-on-month average weekday passenger trips, which is approximately 58% between April 2012 and March 2013 in the graph below.

Table 10: Passenger trips per financial year

Financial Year	2011/2012	2012/2013	% Change
Total Pax Rail	6 663 727	11 002 502	65%
Toatal Pax APS	1 582 357	1 687 009	7%
Total Pax GPS	5 081 370	9 315 493	83%



The broad medium-term tendencies in rail Passenger Demand are:

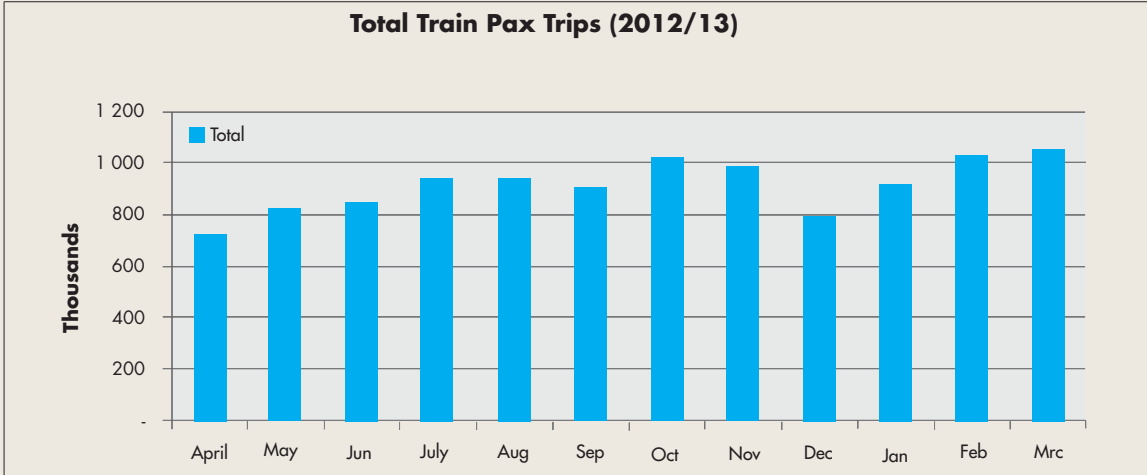
- The Passenger Demand is sensitive to seasonal factors (business activities and holiday periods) as reflected in the months of August to September (business) and December to January (holiday) as per graph Total Train Passenger Trips below;
- The growth phase in the lifecycle is confirmed, given that the average weekday Passenger Demand at the end of the financial year was the highest to date. This growth is mainly on the north-south rail service in both directions – see graph Average General Passenger Service Trips It is noted that the contra-flow direction (morning northbound) is growing at a higher rate but from a low base;
- Weekend demand matured and is stable with occasional increases or decreases due to special events or holiday periods; and
- The passenger numbers on the Airport Service are not growing and tend to be marginally lower on a comparative basis where it can be compared with the previous year. This tendency correlates with economic conditions, information received from the ACSA regarding the number of incoming and out-going passengers and a related drop in business activities – see graph Average Airport Passenger Trips.

Note - Average weekday passenger trips are the best indicator of sustainable passenger growth as it is neutral to the number of days in a month or the influence of weekend days vs. weekdays.

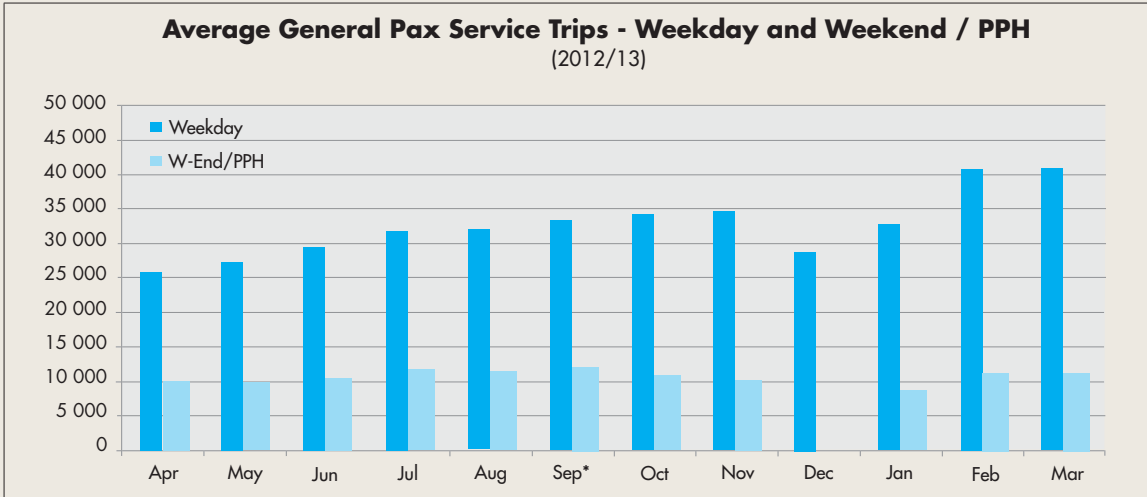
Table 11: Total train trips

TABLE-Train Passenger Flows (Trips: FY-2012/13)													
Pax Flows	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total to Date
2012/13													
Train Total	725 623	823 585	852 812	937 525	947 282	910 214	1 024 202	984 951	790 882	918 754	1 030 992	1 055 690	11 002 502
2012/13													
General Pax	586 116	682 509	712 298	794 711	802 552	760 533	870 498	839 543	657 686	797 248	900 110	911 689	9 315 493
Average	25 821	27 058	29 245	31 357	31 850	33 115	34 079	34 413	28 697	32 725	40 538	40 825	
Weekday Average	10 111	9 693	10 440	11 650	11 317	11 941	10 836	10 306	10 858	8 588	11 170	11 335	
Weekend/PPH													
2012/13													
Airport Pax	139 507	141 056	140 514	142 814	144 740	149 681	153 704	145 408	133 196	121 506	130 882	144 001	1 687 009
Average	5 443	5 091	5 275	5 069	5 242	5 747	5 434	5 375	4 981	4 318	5 221	5 444	
Weekday Average	3 461	3 301	3 237	3 478	3 369	3 681	3 591	3 396	3 349	2 947	3 309	11 335	
Weekend/PPH													

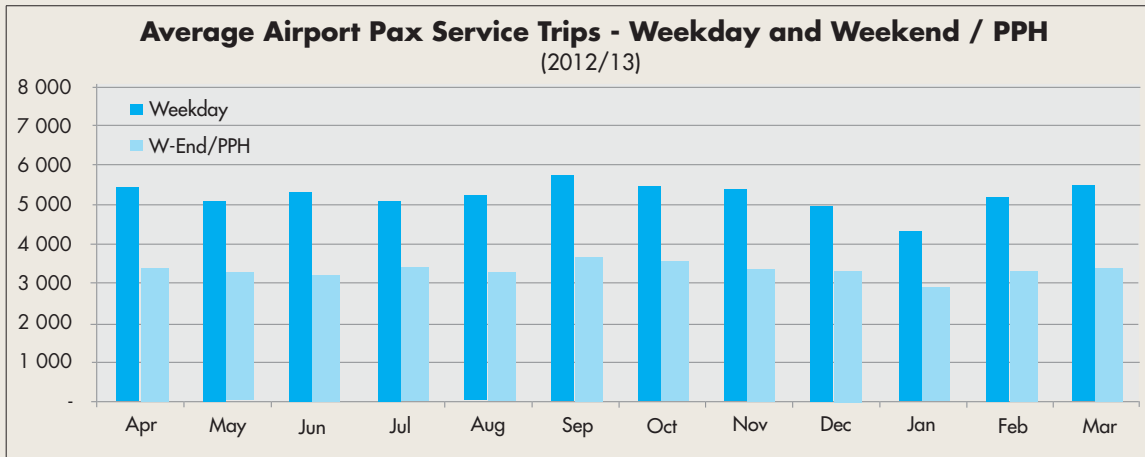
* Public Paid Holiday(s) on Month / + Operating Commencement Date 2 (07 June 2012)



Graph 8: Total train passenger trips



Graph 9: Average General Passengers Service trips



Graph 10: Average Airport Service trips

3.2.2 Train Availability and Punctuality

Train availability and punctuality is managed through an agreed timetable that provides the parameters for the PMS. The monthly aggregated performance on both availability and punctuality were above the required norms for the financial year.

In contrast to the aggregated performance achieved, there were a number of days where the daily performance of the rail service was below the performance norm due to technical failures. The major impacts are:

- 1 September 2012 works train failure on the single-track section between Rosebank and Sandton Stations;
- 1 November 2012 during degraded mode, the bogey wheel of a rail car of the Airport train derailed on the turnout at Sandton Station; and
- 9 and 20 March 2013 signal cable theft incidents.

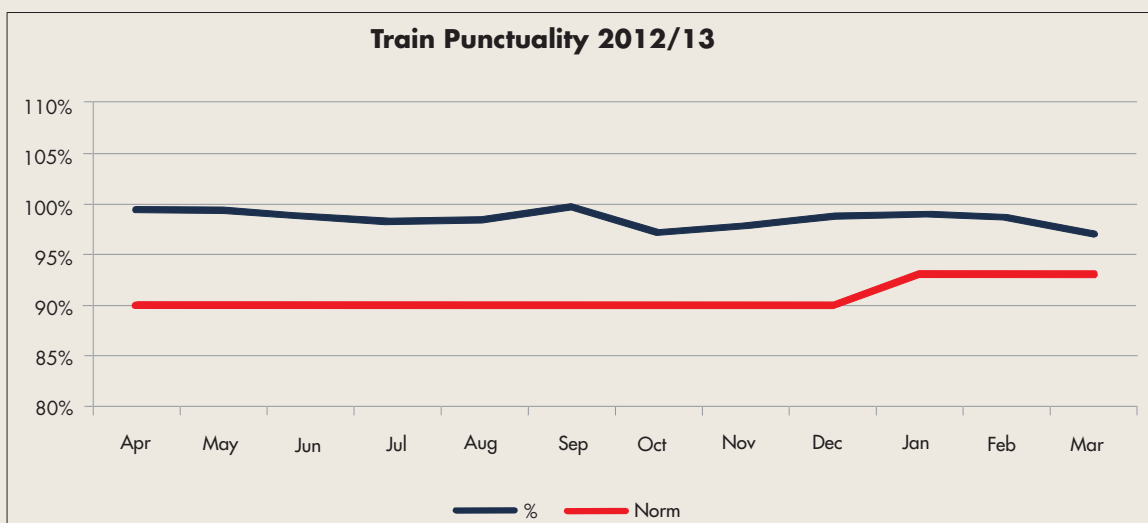
Recent analysis of failures on the Rail System indicated an increase of signal-related problems. This is, however, monitored and most of the signal-related problems are related to the signal snag list works which are currently receiving attention.

Train availability was consistently above the specified norm of 95% (up to December) and 98% during the reporting period.



Graph 11: Train availability

Train punctuality was also consistently above the specified norm of 90% (up to December) and 93% during the reporting period.



Graph 12: Train punctuality

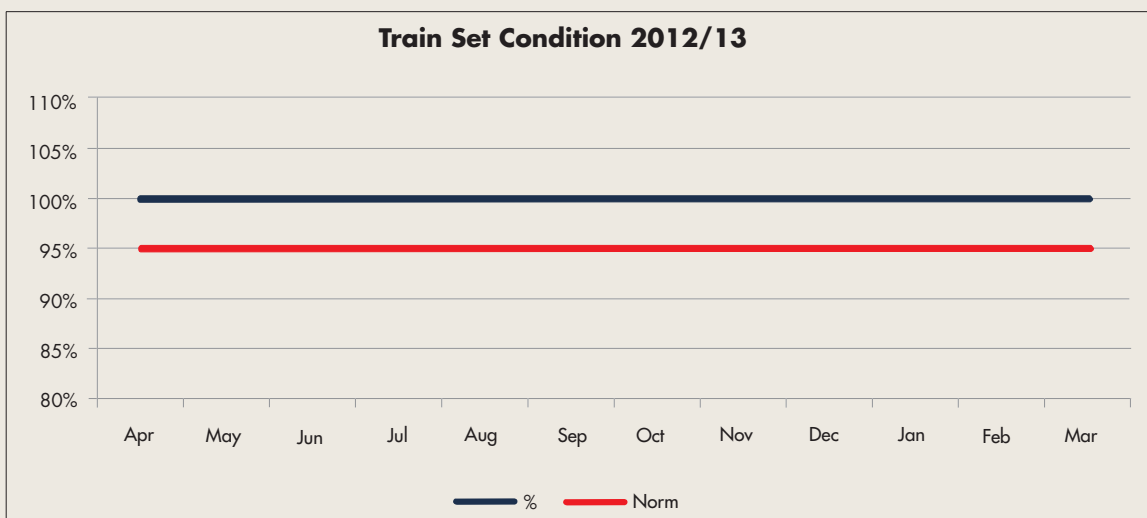


3.2.3 Train Sets Cleanliness and Condition

The cleanliness and condition of the train sets in operation were above the required performance norms – see graphs below.



Graph 13: Train set cleaning



Graph 14: Train set condition

3.3 Feeder and distribution operations

The main objective of the Dedicated Feeder and Distribution Services (DFDS) or bus service is to operate buses effectively and efficiently on weekdays (business days) to and from Gautrain Stations to support the growth of ridership on the trains. It also assists the Train System in terms of an alternative (contingency) in case of an operations problem in operating a full end-to-end rail service.

The growth in demand for the DFDS in the year under review exceeded expectations. The demand was stimulated by the promotion of a R1 per trip that was available from mid-December 2012 to January 2013. In contrast with the previous year, there were no strikes or labour unrest to destabilise usage and this contributed to the strong performance.

The DFDS operated only on business days. During the year under review, certain special events over weekends were supported with a bus service, mostly on a promotional basis and in line with the principle that it must support the train service.

Performance measures such as punctuality, condition and cleanliness remained consistently above the performance targets.

3.3.1 Dedicated Feeder and Distribution Service Operations or Bus Service

There were a total of 24 bus routes in operation until 6 June 2012 when the rail section between Rosebank and Park Stations commenced with commercial services. Since then, a total of 25 routes were operated when the Parktown route from Park Station was added. On 25 March 2012 a number of route changes, a consolidation and the adding of two routes were implemented. There were 26 routes in operation at the end of the financial year.

3.3.2 Passenger Demand

The Passenger Demand for the DFDS improved significantly during the year as summarised in the table below. A table is also provided indicating the number of passenger trips per financial year. However, it is noted that although passenger numbers over two financial years are provided, it cannot be viewed as year-on-year growth given the staggered manner in which the Gautrain services were implemented. A better indication of such growth is the month-on-month average weekday passenger trips, which is approximately 80% in the period under review, see the graph DFDS Average Daily Demand below.





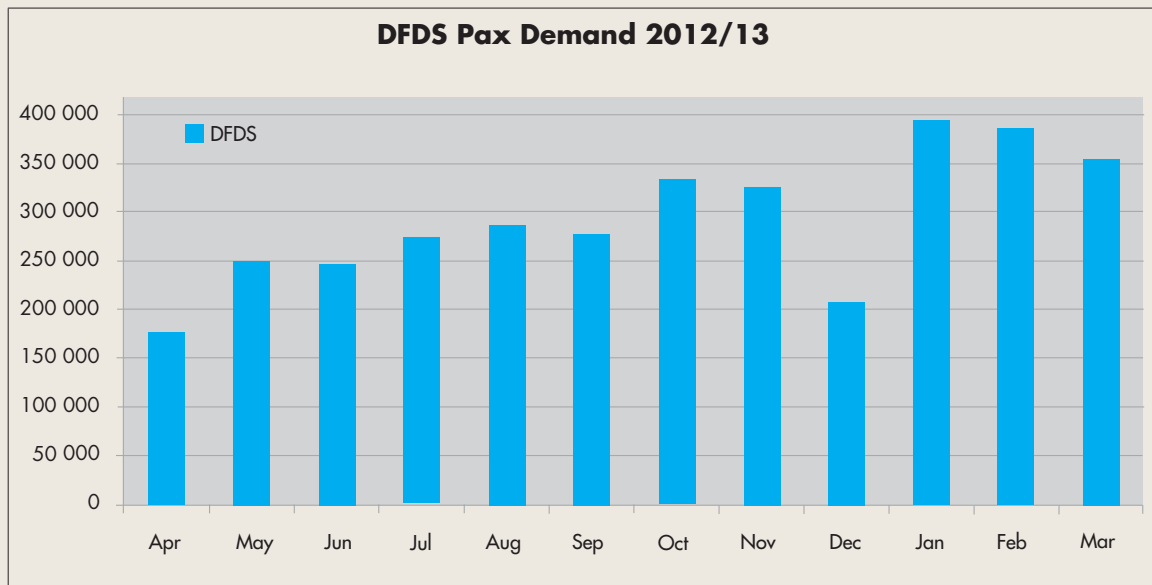
Table 12: Passenger demand

Dedicated Feeder and Distribution Services Pax Flows (2012/13)													
Pax Flows	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total to
2012/13													Date
DFDS Total Pax	176 479	249 603	246 471	273 257	287 035	276 726	334 049	324 378	207 330	394 149	385 133	353 415	3 508 025
Average Weekday	9 804	11 346	11 737	12 421	13 047	14 565	14 524	14 744	11 518	17 916	19 257	18 601	

* Public Paid Holiday(s) in Month / + Operating Commencement Date 2 (07 June 2012)

Table 13: Growth of DFDS or bus service passengers per financial year

Financial Year	2011/2012	2012/2013	% Change
Total Pax Trips (DFDS)	1 438 271	3 508 025	144%

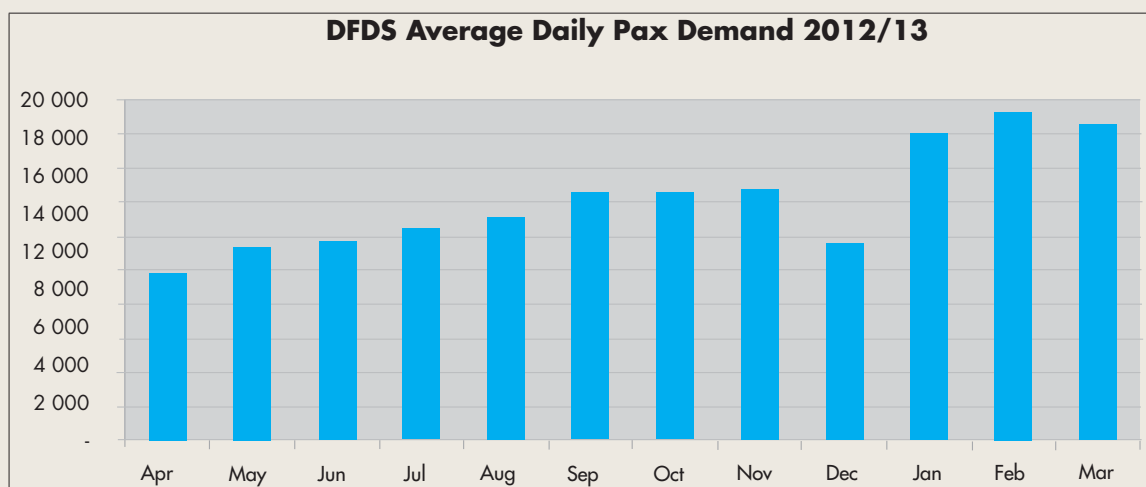


Graph 15: DFDS or bus service passenger demand

General trends regarding Passenger Demand for the DFDS in the year are summarised as follows:

- The demand for the DFDS is sensitive to seasonal factors, such as the school holidays with limited substitution by leisure travellers in these periods;
- Monthly demand for the DFDS is impacted by the number of business days;
- Growth in DFDS passengers depends on the growth in number of train passengers, the introduction of new bus routes and, lately, the unavailability of adequate parking at some of the Gautrain Stations; and
- Strikes in the transport industry.

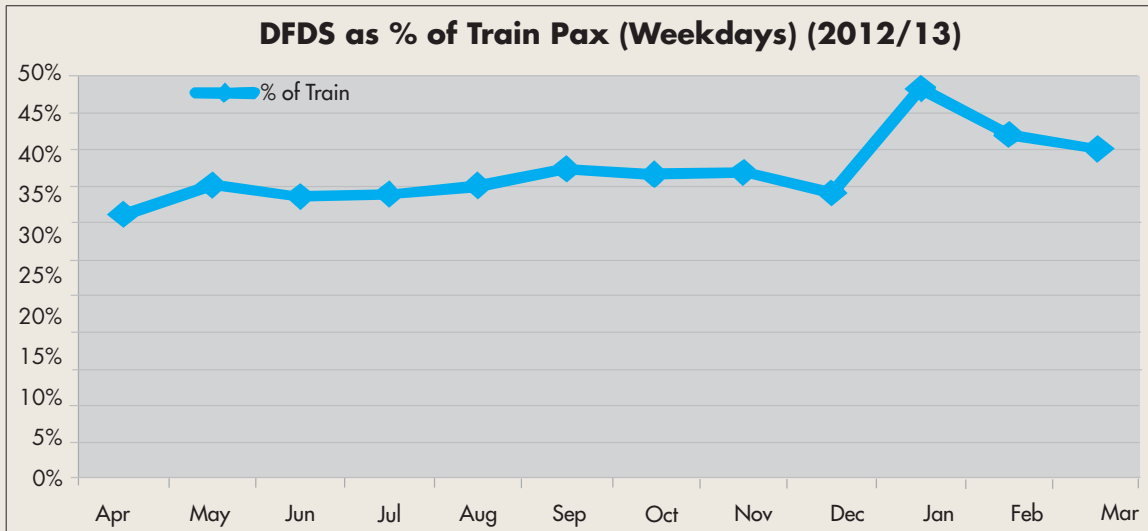
The DFDS or bus service Passenger Demand in the peak period is satisfactory but there is low demand in the off-peak period. It is important to emphasise that the provision of bus services in off-peak periods is necessary for the Gautrain's medium- to long-term success in providing a reliable end-to-end public transport system. This also allows the Gautrain to integrate with other public transport providers.



Graph 16: DFDS average daily demand

The number of bus passengers as a percentage of train passengers remains in a narrow band of between 35% and 38%, but this changed positively in December 2012 and January 2013 as a result of the bus promotion – see graph DFDS as Percentage of Train Passengers.





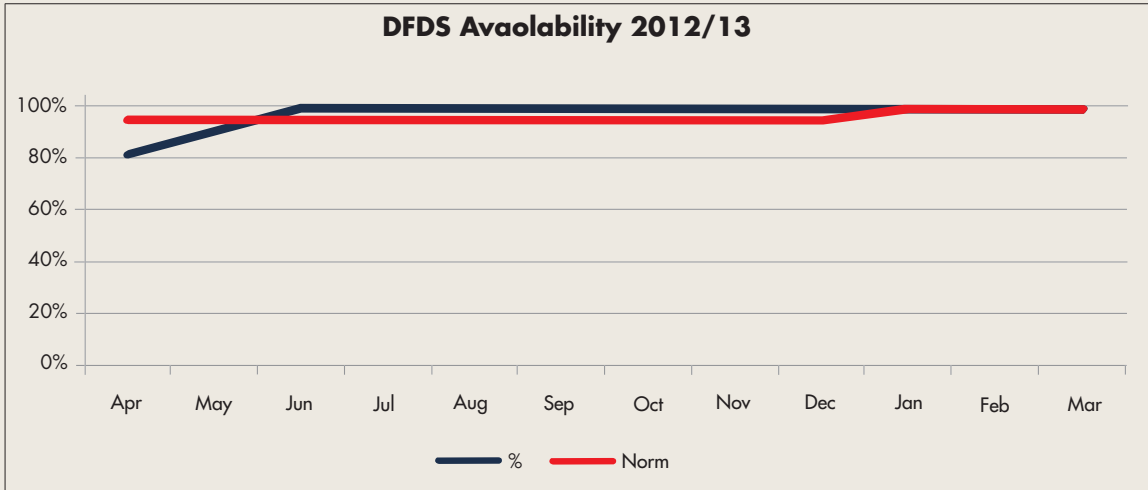
Graph 17: DFDS - Percentage of train passengers

3.3.3 Availability and Punctuality

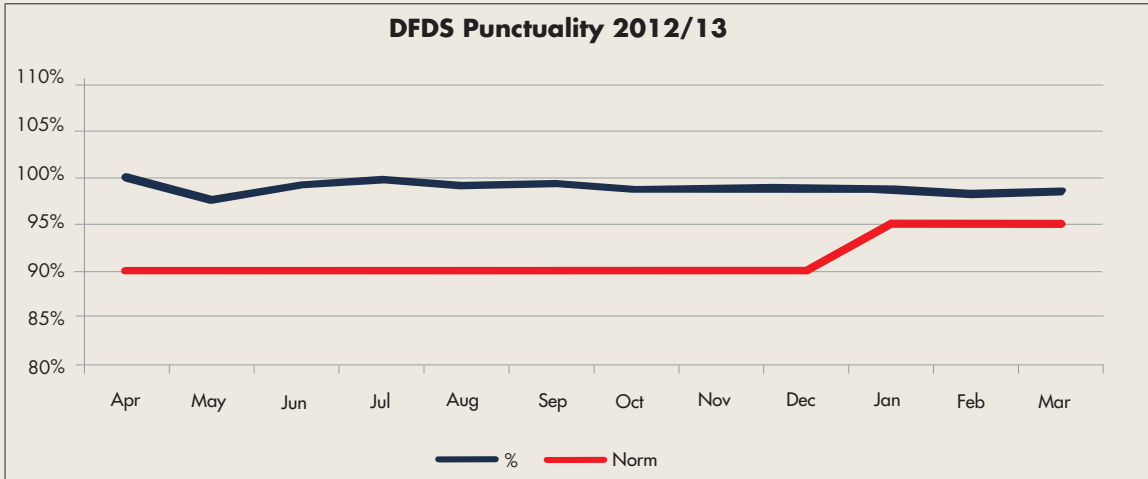
DFDS availability and punctuality is managed with an agreed timetable that provides the parameters for the PMS.

The monthly aggregated performance on the DFDS availability was below its target in April due to strike actions during the previous year – see graph 'DFDS Availability 2012/13'. The DFDS punctuality for services operated was above the required norm for the review period – see graph 'DFDS Punctuality 2012/13'. The performance standard for availability and punctuality increased to 99% and 95% respectively in January 2013.





Graph 18: DFDS availability



Graph 19: DFDS or bus service punctuality





3.4 Station operations

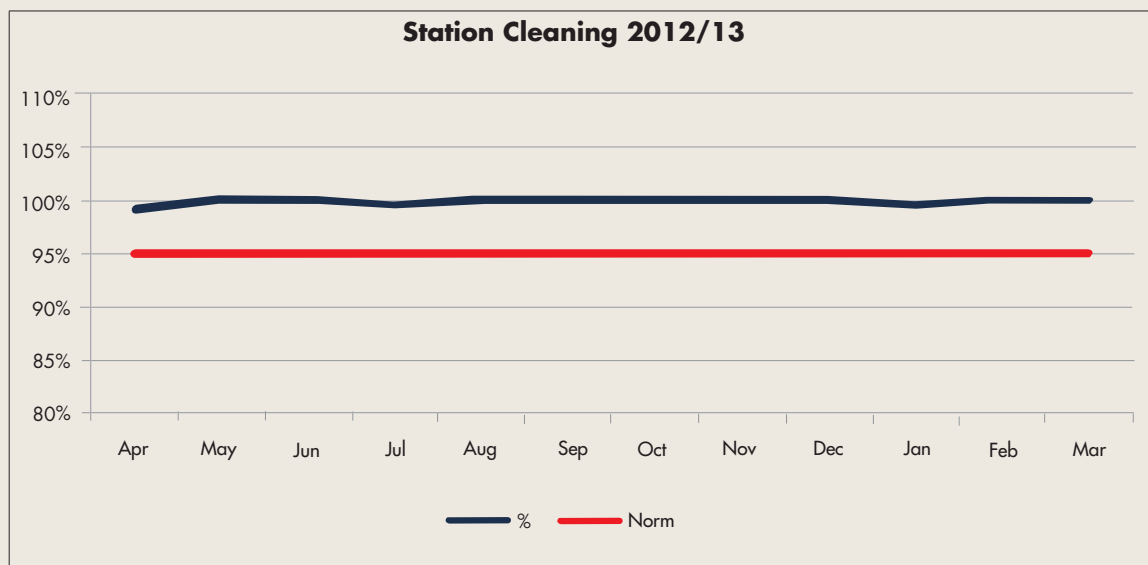
The Concessionaire has an obligation according to the CA to manage station operations on the Gautrain System. The GMA provides assurance that the set performance targets are met.

The achieved monthly targets are rated against the pre-determined CA performance targets and the PMS is applied where targets are not met.

3.4.1 Passenger facilities

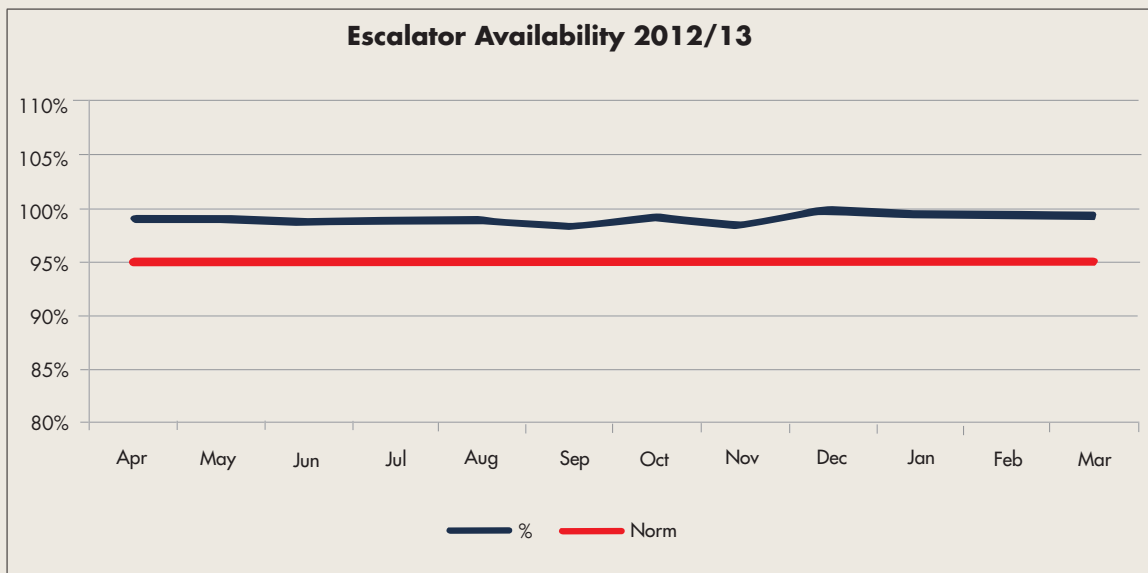
Passenger facilities at stations, such as platforms, access to platforms, access control gates, real time information availability, facilities and circulation areas, operate well and meet the expectations of the general Gautrain users. As part of the Annual Performance Plan targets, Passenger Information Displays (PIDS) were installed at all stations in the unpaid concourses. Non-conformance reports are compiled monthly to alert the Concessionaire to equipment and facilities that are not functioning and areas that need urgent attention. This adds value to the Gautrain System.

The condition and cleanliness of station facilities are monitored continuously to ensure compliance as this impacts directly on the Gautrain user.

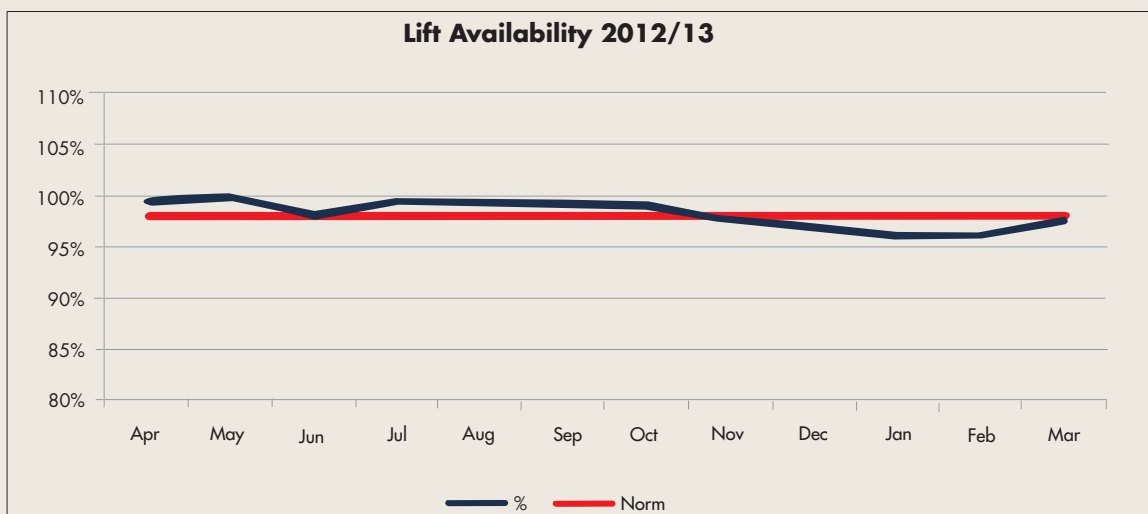


Graph 20: Station cleaning 2012/2013

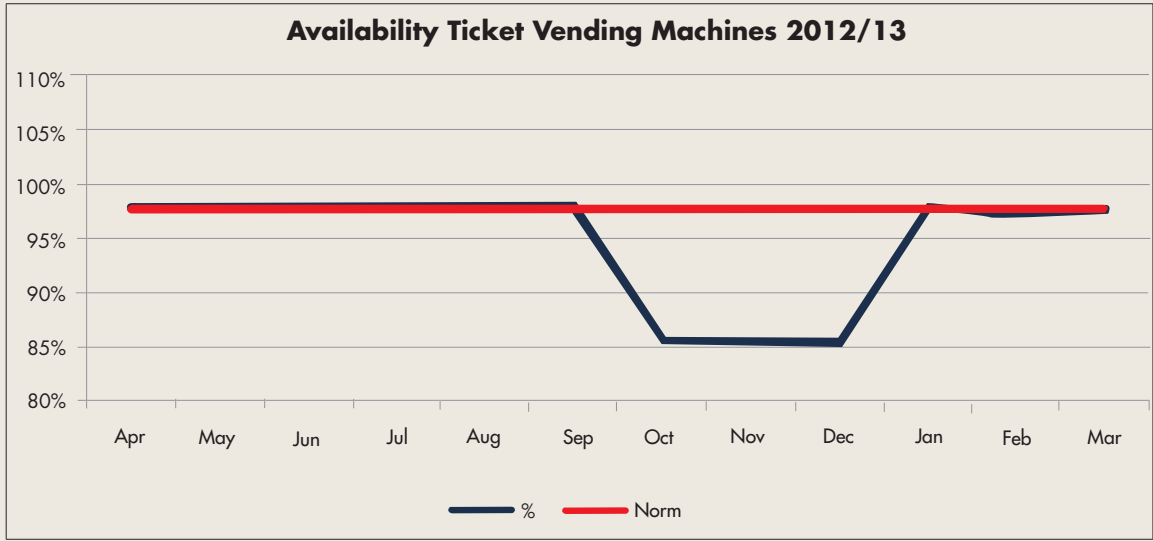
Certain aspects such as the availability of escalators, lifts and Ticket Vending Machines (TVM) are monitored on an on-going basis as the target performance norms of 95% and 98% are not always met. The Concessionaire, through non-conformance reports and its improved maintenance plans, is committed to addressing these matters. The plans are discussed at the monthly Performance Committee and Maintenance meetings.



Graph 21: Escalator availability 2012/2013



Graph 22: Lift availability 2012WW/2013



Graph 23: Ticket Vending Machine Availability 2012/2013



The Concessionaire installed additional TVMs during the past year to reduce the congestion at stations such as Sandton and OR Tambo International Airport. The installation and implementation will be completed by the end of April 2013.

The movement and flow of passengers through the System are monitored daily to determine areas of overcrowding and how these can be addressed.

3.4.2 Station Impact Area Operations

Station Impact Area Operational Plans relate to the operation of stations within their precincts and with other public and private transport providers such as municipal buses and private taxis. These were implemented at all stations with assigned responsibilities. The roll-out of the process needs to be developed further to obtain the buy-in of all external stakeholders (e.g. municipalities and their structures). Internal stakeholders adhere to the plan, thereby making station operations relatively easy.

GMA continues with the process of integrating transport operations at all stations. Success was achieved at Park Station with the integration of Gautrain services, the facilities of the Passenger Rail Agency of South Africa (PRASA) and City of Johannesburg Metrobus and Bus Rapid Transit (BRT) services.

The development of the City of Tshwane BRT station next to Hatfield Station will improve public transport integration when it becomes operational in 2014. Discussions with PRASA to include the Hartbeesfontein Station are in process.

The authorisation of metered taxis by municipalities is still an issue that needs to be resolved before these taxis can be accommodated at Gautrain Stations. Law enforcement by metro police and crime prevention by police in surrounding areas and drop-off zones requires attention. Regular meetings are taking place with the Concessionaire, GMA and Gautrain stakeholders, such as Metropolitan Councils, PRASA and ACSA, to coordinate traffic management, passenger flows, transport integration, safety and security, and other common matters.

3.4.3 Parking

The take-up of parking at stations is higher than the expected percentage of passengers making use of park-and-ride facilities. Although the number of parking bays at stations at the start of Operations was based on the expected demand during Year 5, this was already exceeded in the past year during business days at Pretoria, Centurion, Midrand and Rhodesfield Stations. An additional 104 parking bays were completed at Rhodesfield Station by the Concessionaire in December 2012. Processes are in place to make provision for further expansion of parking at Rhodesfield, Midrand, Centurion and Pretoria Stations. The need for additional parking at the stations is continuously monitored.



3.4.4 Development of station areas

GMA is pleased with the property development industry's response to the introduction of the Gautrain System. Various major developments are planned or are already taking place around Rosebank, Sandton, Midrand, Centurion and Pretoria Stations. The planning divisions of the metropolitan authorities also confirm this.

GMA continues to co-operate with owners of properties around stations to promote high-density mixed-land-use developments (transit-oriented development). Developers are increasingly interested in linking directly to the Gautrain Stations to maximise the convenience of access to stations.

3.5 Performance management

There is a comprehensive Performance Regime specified in the CA penalising non-adherence to pre-defined performance norms or standards of the critical elements on the Gautrain System. Non-conformance to these standards results in an operating fee deduction. The CA makes provision for external causes and certain conditions that are outside the control of the Concessionaire, to be considered for relief subject to an acceptable motivation.

3.5.1 Objective

The objective of the Performance Regime is to assure a predefined service standard that is designed to be attractive to certain users or target markets. A Performance Monitoring Committee (PMC) is responsible for reviewing the Concessionaire's performance and validating the applicable monthly penalty percentage.

3.5.2 Performance of performance management

Monthly PMC meetings were held to review the Concessionaire's performance against the set norms. The committee validated the penalty percentage, which is the input to determine the monthly operating fee deduction. The operating fee is the monies payable by the Concessionaire to the Operator to operate and maintain the System - see table Penalty Percentage as validated by the PMC.



Table 14: Summary of the Performance Measurement Groups: Penalty percentage as validated by the Performance Monitoring Committee.

Major Performance Measurement Groups	Penalty Percentage Weight	PENALTY PERCENTAGE SUMMARY PER MEASUREMENT GROUP - EP1/OCD2													
		Apr'12	May'12	Jun'12	Jun'12 EP1 (01-06 June)	Jun'12 OCD2 07 30 June)	Jul'12	Aug'12	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13	Feb'13	March
PP1 Train Operation Service Group	60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP2 Feeder & Distribution Group	10%	4.00%	4.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP3 Customer Feedback Group	3%	0.50%	0.00%	0.00%	0.50%	0.25%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%
PP4 Security Group	20%	0.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%
PP5 Cleanliness and Damage Repair	7%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	1.00%	1.50%	0.50%	1.00%	1.00%	0.50%
Penalty Percentage (PP)		4.50%	4.00%	5.00%	0.50%	0.25%	5.25%	0.00%	0.50%	1.00%	1.75%	5.50%	1.00%	1.00%	1.00%



The security targets changed due to contractual benchmarking requirements based on actual performance. The two measurements are physical safety of passengers and safety of passengers' property. These changes were:

- Passengers' property changed on 7 June 2012 and 1 January 2013. The norms changed from 7 to 3.5 (June 2012) to 2.2 (January 2013) incidents per million passengers transported.
- To date there were no physical safety incidents within the Gautrain System and the norm changed from three to one incident per million passengers transported.

Performance norms for train and bus availability and punctuality increased, according to the contract, in January 2013.

No formal 'external cause' case was considered or assessed by the PMC in the review period. It is noted that Project Events were declared by the Concessionaire, especially when cable theft incidents occurred that could have impacted on the performance of the Train Service. Due to the recovery on those specific days it was not necessary for the PMC to grant relief.

Areas of concern that are monitored by the PMC are availability of lifts and TVMs. TVM availability improved compared with the previous year and the Concessionaire is attending to problem areas. The infrastructure condition standard was not met for two months in the last quarter. The GMA is conducting regular inspections and issuing non-conformance reports to the Concessionaire, not only in an effort to assure that service standards are maintained, but also to bridge the limitations of the Penalty Regime.

3.6 Systems capacity

Gautrain System capacity is divided into Rail Service capacity, DFDS capacity and the Park and Ride capacity. The focus in this overview is short to medium term capacity interventions and demand optimisation. Medium to long term capacity aspects are covered under planning for future capacity expansion and extensions to the System.

The GMA's broad objectives to capacity and demand management including system utilisation assurance are:

- The overall provision of sufficient capacity to promote access and to capitalise on the demand growth momentum of passengers;
- Promote the use of available Rail Service Capacity in the underutilised directions by amongst others the introduction of bus routes that will support it;
- To carefully introduce additional rail service capacity on the most crowded directions to sustain growth;
- The continuous optimisation of the buses and the planning of new DFDS routes;
- Promote the introduction of corporate shuttles, especially where bus routes will not be effective;
- The role of fares to influence demand patterns to improve the utilisation of Gautrain; and
- The integration with other public transport.

Capacity and demand management is overseen by two committees:

- The Rail Service Capacity Committee focusing on trains and parking (Park and Ride) capacity; and
- A Bus Service Planning Committee (BSPC) focusing on bus routes.

3.6.1 Rail Service Capacity

The Rail Service Capacity Committee meets every quarter and considers the recommendations of the Concessionaire's updated Service Capacity Utilisation Management Plan (SCUMP). All quarterly SCUMPs were submitted, reviewed and discussed.

The quarterly meeting is further enhanced with a bi-weekly capacity meeting with the Concessionaire to monitor passenger demand, parking tendencies and agreed initiatives. This approach is effective at present given fluctuations in passenger demand patterns and growth.

Rail Service Capacity refers to the number of passenger spaces (seats and allowable standing space). The capacity enhancements that were implemented in the financial year are listed below.

- **Service capacity interventions - north / south service (Hatfield to Park).**

At the beginning of the financial year the train set capacity deployment in the peak periods (morning and afternoon) on the North – South service were 6 x 4-car train sets and 2 x 8-car train sets (a total of 8 train sets) to maintain 12 minute frequencies in both directions. The replacement of 4-car train sets with 8-car train sets in the year was implemented as follows:

- A third eight-car train set was introduced on 2 May 2012 in the peak periods in anticipation of the start-up of e-toll (e-toll did not materialise).
- A fourth eight-car train set was introduced on 25 September 2012 (Concessionaire's initiative) to sustain the ramping up of passenger demand momentum. This was only for the morning peak period.

- **Service capacity interventions - east / west Airport service (OR Tambo International Airport to Sandton)**

Airport service capacity was increased on Sunday afternoons (or on a Paid Public Holiday if it is a long weekend) from two to three trains per hour per direction. This service commenced on 20 May 2012.

Airport service frequencies were increased on Mondays (weekday) from three to four trains per hour per direction in the period 08:30 to 10:30. This change was effected on 3 September 2012.



• **Other Rail Service capacity interventions**

Temporary rail service capacity changes were agreed and implemented in anticipation of passenger demand changes and summarised below:

- Peak period frequencies were introduced an hour earlier over the Easter weekend and the two weekends before Christmas;
- Reduced rail service capacity on weekdays (a combination of fewer 8-car trains and lower service frequencies) during the Christmas holidays; and
- Increased rail service capacity (increase of two to three trains per hour per direction) on certain weekend days in December as well as on the Easter weekend for leisure travellers.

The capacity committee is in the process of finalising the principles that will guide temporary rail service capacity increases for a year that will provide for longer lead times and assist with the proper planning and communication of these service changes.

Since the beginning of the 2013 calendar year several overcrowding incidents occurred on the North – South train service on weekdays in both the morning and afternoon peak period. The increase in demand experienced was significant, approximately an 18% increase above previous best levels. The capacity requirement compared with the original 15-year capacity plan is already at year 10. The result of this is that the current physical rail service capacity capabilities of the System including demand management options are currently under consideration.

The Concessionaire submitted a remedial plan with a proposal to improve the utilisation of available rail service capacity as a priority. This will not necessarily address the current overcrowding. The finalisation of the remedial plan with the introduction of more Rail Service capacity will be completed early in the next financial year.

3.6.2 Dedicated Feeder and Distribution Service capacity

The objective of the Gautrain DFDS is to make the train ridership effective and efficient. The overall capacity focus is improved route coverage that supports the trains. Therefore, route utilisation and optimisation of existing routes and the considering of new routes are evaluated on an on-going basis. The BSPC is responsible for bus service capacity.

The number of bus routes in operation varies marginally and is detailed below:

- 24 Bus routes were in operation until 6 June 2012 after OCD 2 was achieved. The temporary Johannesburg CBD route that originally operated from Rosebank changed to operate from Park Station and a new route to Park Town was added;
- 25 Bus routes were in operation from 7 June 2012 until 24 March 2013; and
- 26 Bus routes were in operation from 25 March 2013 to date.

The route changes and the introduction of new routes as agreed in the BSPC were implemented on 25 March 2013 after operating licences were obtained at the end of February 2013. The new routes introduced are:

- UNISA / Groenkloof route that will support counter flow train demand from the South and increase the area coverage of the Gautrain; and
- The Emperor's Palace route that will also support counter flow train demand from the east to South African Airways terminal as well as access to Rhodesfield Station, where the Park and Ride is full.

The Johannesburg CBD route was extended and includes the banking district. There are currently 26 bus routes in operation after two routes were consolidated at Pretoria and two routes added.

The BSPC commenced with a new planning cycle for bus service improvement. The public change and needs requests are considered and incorporated where possible. The further expansion of bus services will be difficult given the constraint of bus availability for further optimisation opportunities but options such as the provision of shuttle services will be explored.

It is further noted that there is good co-operation and interface with the three municipalities regarding bus services. The main purpose is coordination and integration to prevent the duplication of bus services.

3.6.3 Park and Ride capacity

The Park and Ride facility at Gautrain stations (except at OR Tambo International) varies from over extended on weekdays to adequate. Steady increases were recorded at all stations during the year. The capacity that was provided for is based on a five-year expected demand. The responsibility to monitor the usage of the Park and Ride sites is that of the Rail Service Capacity Committee.

The problem stations where no surplus capacity is available on weekdays (business days) are Rhodesfield, Pretoria, Centurion and Midrand. This will impact on lower growth of rail passengers due to the limited access via parking.

The GMA with the Concessionaire, embarked on short-term measures to enhance parking availability and improve traffic flow and access to and from the Gautrain System. This included the optimisation of existing layouts and the provision of dedicated parking bays for motor cycles.





The increases in the parking capacity at Rhodesfield that was provided and is planned for are:

- An additional 104 parking spaces provided at the beginning of December 2012; and
- Planning and design for the construction of a further 156 parking bays at Rhodesfield which is in an advanced stage.

The introduction of the new Emperor's Palace bus route will provide amongst others access to Rhodesfield station, if users are prepared to park and transfer from Gautrain by bus.

The GMA is investigating alternative options for the provision of additional parking capacity over the medium term. Other solutions that are under consideration are tariff structure changes for Park and Ride, the adding of DFDS services and to capitalise on integration opportunities with other public transport providers. An investigation of the feasibility of linking available shopping centre parking capacity with Gautrain bus routes is in progress.

3.7 Fares and fare evasion management

3.7.1 Fare objectives

The objective of the Province in relation to fares in general is to maximise patronage of the General Passengers and Airport Passengers on Gautrain, whilst at the same time being mindful of the required income to be realised.

The fare structure aims to promote the use of the Gautrain System by making it price attractive to its target markets and to sustain the shift from private vehicle users to the Gautrain.

3.7.2 Annual fare increase

The annual increase is agreed according to a procedure and timeline prescribed in the Concession Agreement and guided by a ticketing schedule. The fare adjustment was finalised after several engagements with the Concessionaire and an internal working group.

Other assurance criteria were that:

- The fares agreed upon are sustainable with future Consumer Price Index (CPIX) movements;
- It may be used to influence customer behaviour; and
- It is balanced with the income to be realised.

Fare changes were based on the fares agreed in 2011/2012 and indexed with the CPIX (6.2%), demand characteristics such as the travel distances and lessons learnt. The highlights of the fare increase “pay as you go” (or stored travel rights) is summarised below:

- General Passenger Service tariff increase varies between 4% and 8%;
- Airport Passenger Service increase varies between 8% and 9.5%;
- No increase (2nd year) in the bus fare for both the rail and non-rail user; and
- Increase in parking tariff of 20% for the first day of use (daily user) and 6.3% from the second day onwards.

Gautrain applies rounding to fares with the result that the increase in rail fare percentages varies.

3.7.3 Period products

There are two period products or discount products aimed at regular users on the General Passenger Service. The discount is based on the pay as you go fare product value for a certain origin and destination and detailed below:

- 10-trip ticket (offer +/- 10% saving on the single train trip fare) valid for 7 days from first use, and
- 44-trip ticket (offer +/- 20% saving on a single train trip fare) valid for 35 days from first use.

Period products are only refundable under exceptional circumstances or to the extent that Gautrain cannot fulfil its obligations towards a user. The lower usage in certain months like December is due to seasonal factors such as the summer holiday when users prefer the pay as you go payment method. The current use of period products in relation to pay as you go is stable and lower than expected.

3.8 Asset maintenance, management and assurance

Assets and Maintenance forms part of the Operations and Maintenance sub-unit within the Technical Department. The Assets and Maintenance section is primarily responsible for assuring that the Concessionaire is maintaining and managing assets as per CA. The Concessionaire’s maintenance standards must at least meet the recommended standards set by the Original Equipment Manufacturers (OEM). In cases where no information or inadequate information is available from OEMs for this type of railway, the applicable standards must meet and exceed the Network Rail Standards for Track, Overhead Catenary Distribution System (OCDS) and Railway Group Standards for Rolling Stock, as well as adhere to good industry practice.

The Gautrain Assets are classified into two types, i.e. core and non-core railway. The core railway consists of the following high-level sub-systems:



- AFC;
- Communications;
- OCDS;
- Power Supply and Distribution;
- Signals;
- Tracks;
- Radios;
- Close Circuit Television (CCTV) cameras;
- Rolling Stock; and
- Depot Facilities.

The Concessionaire subsidiary Bombela Maintenance Company (BMC) is responsible for the maintenance of the core Railway System.

The non-core Railway System consists of the following high-level sub-systems:

- Passenger Conveyor Systems (lifts and escalators);
- Tunnel Ventilation System;
- Heating Ventilation and Air-Conditioning;
- Plumbing and De-watering System;
- Fire Protection System;
- Electrical Medium and Low Voltage Systems;
- Power Back Up Systems;
- Station and Tunnel Management System;
- Station Access Control Management System;
- Emergency vehicles; and
- Building maintenance.

The Concessionaire subsidiary Bombela Operating Company (BOC) is responsible for the maintenance of the non-core Railway System.



It is critical for the Concessionaire to keep all assets in a good state of repair to achieve and exceed the following System performance measurements:

- Train service availability;
- Train set condition;
- Station condition;
- Lift availability;
- Escalator availability;
- Dedicated Feeder and Distribution Services (DFDS) or bus service availability;
- DFDS condition;
- Availability of Ticket Vending Machines; and
- System infrastructure condition.

Assuring the implementation of the Asset Management and Maintenance Plan is achieved through the following measures:

- Reviewing comments by GMA on the Monthly Asset and Maintenance Reports submitted by the Concessionaire;
- Reviewing comments by GMA on the Annual Maintenance Repair and Replacement report;
- Conducting station condition and cleanliness inspections on site, both planned and unplanned;
- Submitting non-conformance reports based on non-compliance matters identified during GMA staff inspections;
- Informal e-mails and verbal communication;
- Monthly meetings discussing the review comments and other matters; and
- On-site visits.

The following achievements from the year under review are highlighted:

- The Concessionaire has improved the Gautrain System's maintenance by further implementation of the Assets Management and Maintenance Plan and the service-affecting failures have stabilised at an acceptable level;
- The station condition and cleanliness maintenance inspection score cards were concluded and approved by the GMA and the Concessionaire;
- Revised System Infrastructure Condition Score Cards, particularly the method of measuring the Track Quality Index, was approved by the GMA and the Concessionaire;
- The train sets that were out of service due to accident damage have been repaired and commissioned back to service. Therefore, a total of 24 train sets are available for service;



- PIDs have been installed at all stations. Commissioning is completed and trip information is available to passengers at the station unpaid concourse;
- Relocation and installation of additional TVMs are complete in all stations. Commissioning is scheduled for completion by 30 April 2013;
- Service-affecting signalling failure incidents of various systems have been stabilised due to effective action plans implemented by the Concessionaire; and
- Most of Operations Commencement Date Phase 2 (OCD 2) and Extended Phase 1 (EP 1) high-level snags have been finalised and only a few snags are outstanding. However, some of outstanding snags are important and complicated. Major System-wide snags were incorporated into the OCD 2 list. The target finalisation date for both the Retention Item and Snag Lists is 6 June 2013 but it is already evident that this date will have to be extended.

3.8.1 Asset Management, Maintenance and Assurance’s performance

The performance indicators were set to assist GMA to ensure reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters.

Over the past financial year, the set targets for the Annual Performance Plan (APP) for the Assets and Maintenance section were achieved as shown in the table below:

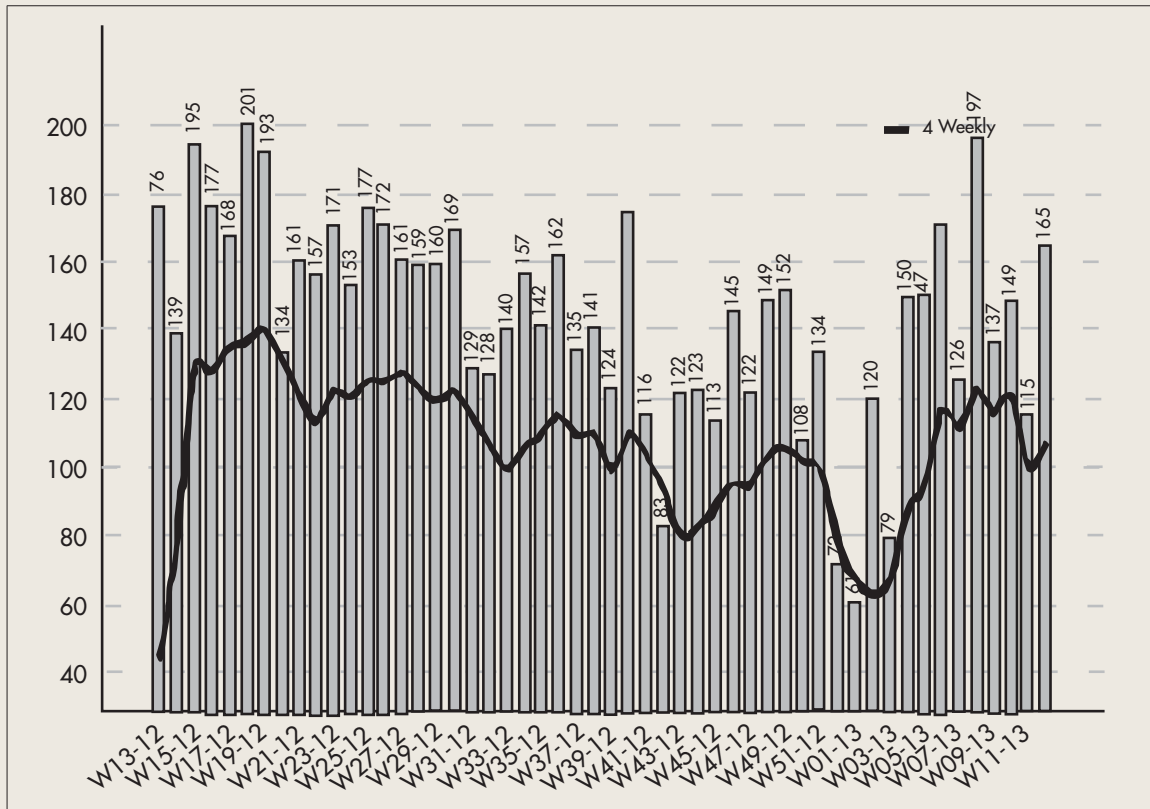
Table 15: Achieved targets of Asset Management, Maintenance and Assurance

Performance Indicator	Planned Annual Target	Achieved Output
Scheduled site inspections	12	12
Number of ad-hoc site inspections conducted	12	12
Number of non-compliance reports submitted	12	12
Reviews of the monthly asset report	12	12

The Gautrain System’s performance is monitored by conducting station condition and cleanliness inspections on a monthly basis. Non-conformances are reported to the Concessionaire for rectification. In addition, the Concessionaire submits monthly reports on the state of good repair of assets.

The annual targets for conducting on-site and ad-hoc inspections were met as required by the APP. Furthermore, the targets for the non-compliance reports and reviewing the monthly assets and maintenance reports were met as per the plan.

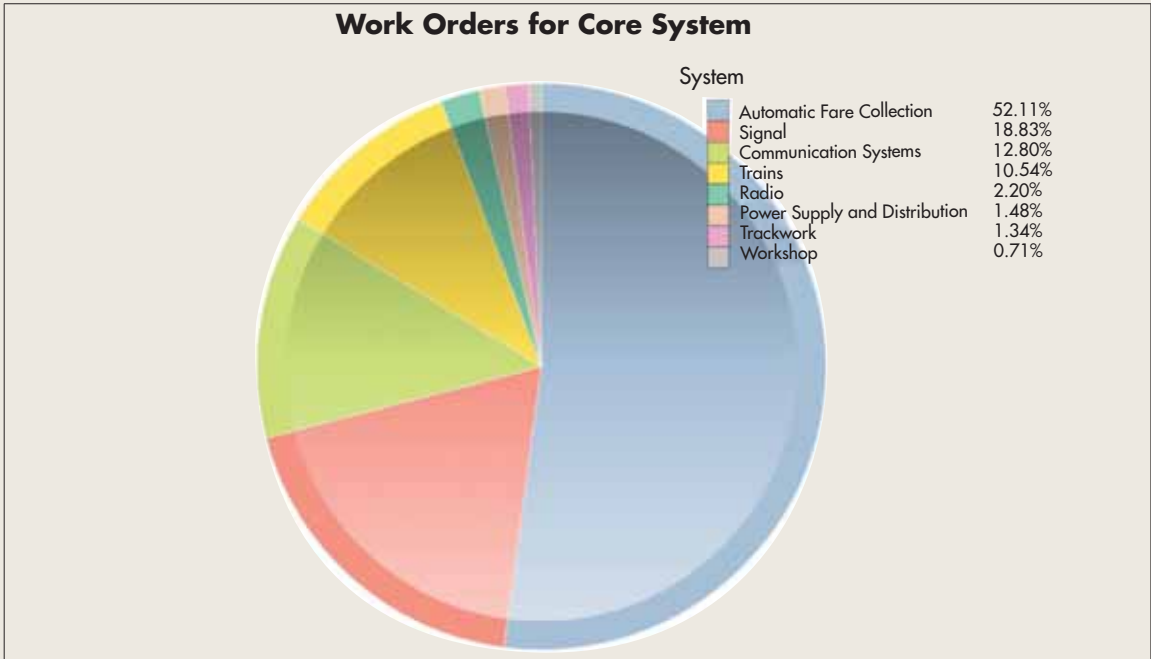
The total number of service-affecting failures for the complete System is still fluctuating, but reduced towards the end of the third quarter as shown in graph below. The overall trend is starting to increase due to the high number of AFC incidents. The Concessionaire has put action plans in place to address the causes.



Graph 24: Total number of service requests

The number of service requests for the core System is fluctuating and particularly for the AFC Systems which remain particularly high and are still outside the acceptable norms as shown in the graph below. Solutions to resolve the relative instability for the communications and the signalling sub-systems are implemented continuously. Action plans provided by the Concessionaire to resolve the problems have been implemented and improvements have been noticed. The Concessionaire recently employed the services of a team of specialists to audit the effectiveness of the action plans.

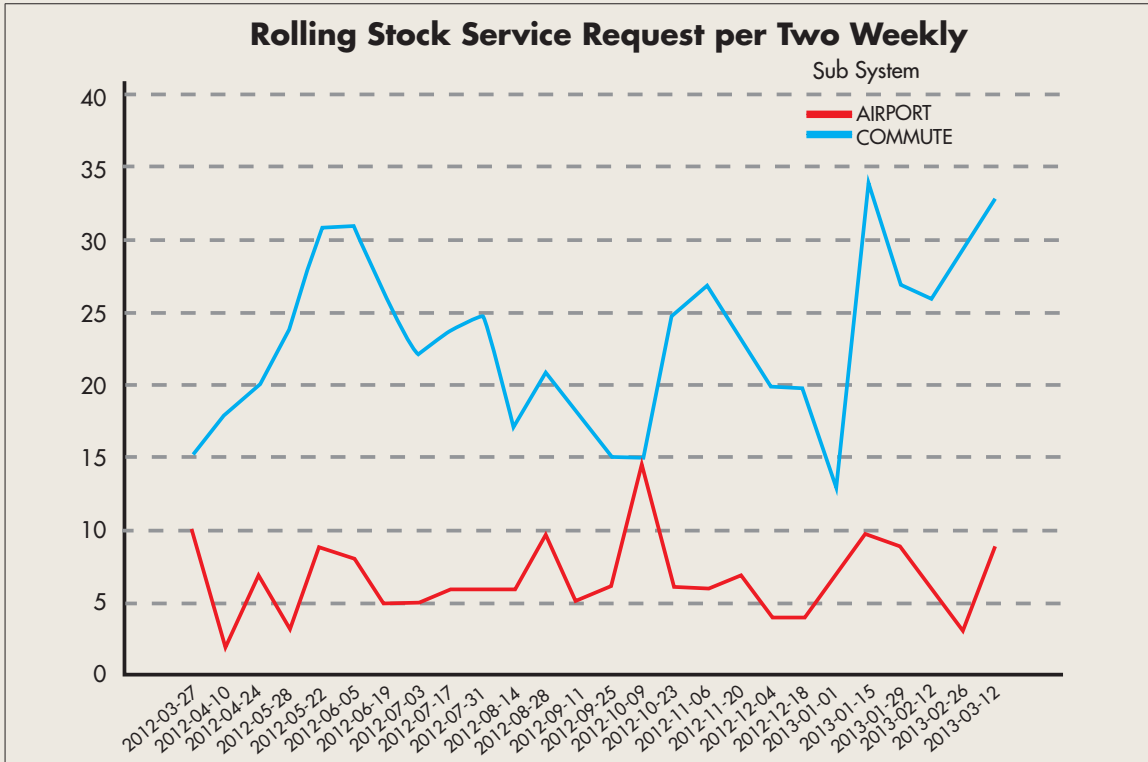
Total works orders created for the core System over the 12 months are shown in the graph below. The AFC System is still the main contributor to the number of works orders, followed by the Signalling and Communications Systems respectively.



Graph 25: Distribution of works orders of the core System for 12 months

The overall trend of the AFC service requests stabilised during the last year, however it started to increase again in the last three months of the financial year. The increase was caused by the relatively high number of incidents, due to Automatic Fare Gates service requests and the TVM's software problem. Software problems caused the TVMs to operate in the degraded mode for the period of time reflected in the monthly report. New software has not yielded the desired results and the Concessionaire has proposed the installation of an updated version.

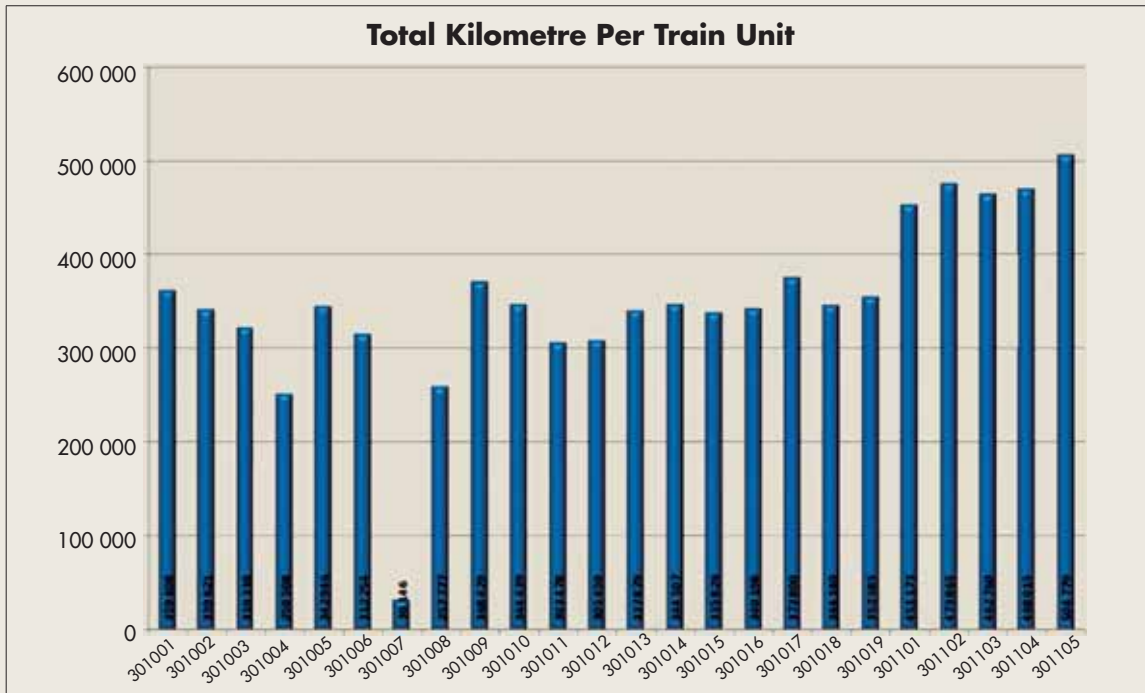




Graph 26: Number of rolling stock service requests created

The total distance travelled by trains since OCD 1 is illustrated in the next graph. The Airport Service train sets recorded a higher kilometres than the General Passenger Services train sets. The train sets with the lowest kilometres were out of service due to accident damage.






Graph 27: Total kilometres travelled by unit train sets

Two-weekly service requests created on the Closed Circuit Television System over the 12-month period are fluctuating. Fixed and pan-tilt-zoom cameras are the main contributors to the total number of service requests. The blades that need to be reset cause camera failures. However, new firmware to reset the blade automatically has been implemented at three locations. The Concessionaire has set its own availability target of 99% for all types of cameras. Maximum availability of cameras is vital for the Security System to be effective in safeguarding passengers and property within the Gautrain System.

The two-weekly service requests for the Signalling System over the 12-month period indicate an increase in number of service requests over the last two months of the year of reporting. The System fails in the safe mode and therefore does not affect the service. The Concessionaire has made good progress with the implementation of action plans to reduce the rate of occurrence of Signalling System incidents.

The track section between Rosebank and Park Stations that was affected during the tunnel remedial work was rectified. However, track-induced noise and vibrations have re-surfaced. The available grinding machine has been out of service since September 2012 and the Concessionaire has committed to repair it by the end of April 2013.



The ride quality index is within acceptable norms. However, the ride quality for the east-west line has been gradually degrading due to lack of tamping on both the tangent track and switches. The Concessionaire is manually tamping in all areas where incidents from the track geometry measurements are reported.

The total number of works orders for the non-core System indicates a high number of works orders created for lifts and escalators, indicating low reliability of the Passenger Conveyor System. The reliability of lifts should improve after the Concessionaire commences its renewal programme for shaft lifts on 13 April 2013.

3.8.2 Conclusion

The Concessionaire has made a considerable improvement in the implementation of the Assets Management and Maintenance Plan. However, the following maintenance challenges need to be resolved by implementing effective action plans:

- Instantaneous freezing of TVMs at the stations. The Concessionaire is planning to install the software patch Version 13, which will resolve the freezing of the TVMs;
- Loss of connection between Electronic Funds Transfer (EFT) and banks due to the Global System for Mobile Communications network. The Concessionaire has installed an Asymmetric Digital Subscriber Line (ADSL) in Sandton as a pilot site to complement the network;
- Station lifts are out of service for extended periods of time. The Concessionaire is giving high priority to this issue;
- Signalling problems due to loss of control of interlocking, resulting in train delays. The Concessionaire has employed the services of the team of Signalling Systems specialists to resolve these problems;
- Slow response by the Concessionaire to non-conformances raised by the GMA after inspections at the stations. The Concessionaire has initiated a formal response to the non-conformance reports; and
- Degrading ride quality due to the backlog in track maintenance, i.e. no tamping machines available for the tangent track and switches.

The maintenance reporting has improved significantly since the Extended Phase 1. However, areas that require improvements include the following:

- The civil works infrastructure management plan submitted by the Concessionaire has been reviewed. The final plan is to be submitted by the Concessionaire by the end of April 2013;
- The System Infrastructure Condition Score Cards, particularly the method of measuring the Track Quality Index, have been finalised and implemented; and
- The Concessionaire and GMA have agreed in principle that a way must be found to properly report on the condition of the assets, particularly the useful lives of assets.



3.9 System security

The safety and security of passengers in the Gautrain System is of paramount importance. The Concessionaire has, according to the CA, an obligation to provide a safe and secure environment to passengers using the Gautrain System. The GMA provides assurance that the security performance targets as outlined in the CA are met.

The performance targets in terms of the CA are measured as the percentage of incidents per million passenger journeys. The PMS is applied when the performance targets are exceeded. The categories of security incidents are as follows:

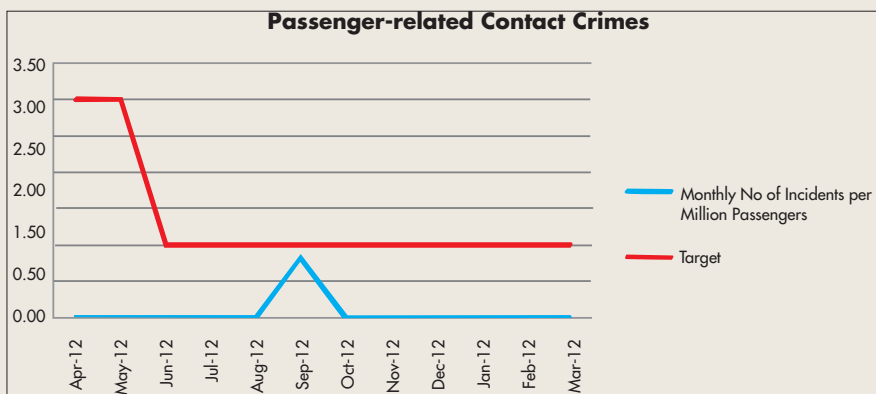
- Physical Security of Passengers – the number of incidents of assault or bodily injury to any person whilst in the System, resulting from the conduct of any other person on the Gautrain System of a criminal nature; and
- Safety of Passengers’ Property – the number of incidents of loss of or damage to personal property belonging to any person whilst in the System, resulting from the conduct of a criminal nature of any other person in the System.

System security also includes the reporting of incidents that occur in the rail reserve. The reporting of Rail Reserve Events (RRE) does not form part of the performance targets in terms of the CA but the incidents have the potential to cause service interruptions.

3.9.1 System Security’s performance

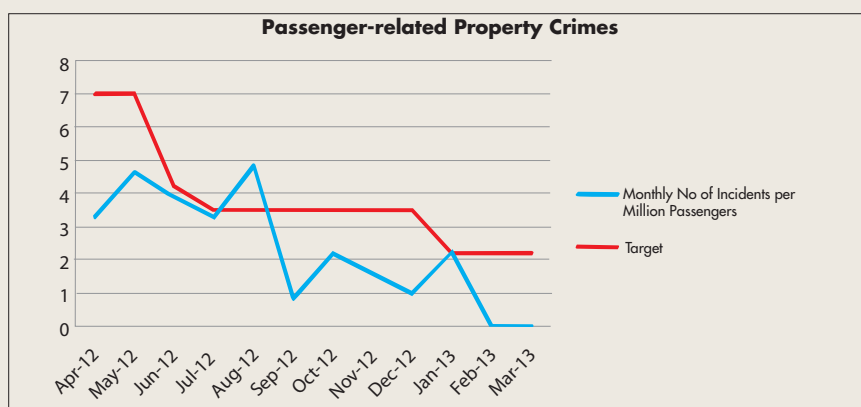
The GMA monitors the monthly security performance targets of the Concessionaire. The reported incidents are analysed and mitigation measures instigated to minimise the risk to the System’s security.

The security of the System has improved despite the adjustments of performance targets over the 12 months under review. The performance target for passenger-related contact incidents (Physical Security of Passengers) was adjusted in June 2012, as per the CA, from a target of three to one incident per million passenger journeys.



Graph 28: Passenger-related contact crimes

The performance target for passenger-related property incidents (Safety of Passengers' Property) has also been adjusted, as per the CA. The original target of seven incidents per million passenger journeys was reduced to 3.5 in June 2012 and to 2.2 incidents per million passenger journeys in January 2013.



Graph 29: Passenger-related property crimes

The incidents related to the Rail Reserve Events (RRE) are reported monthly and analysed. Cable theft remains the biggest threat. The GMA and the Concessionaire work together to minimise incidents and reduce the impact on the System performance. During the year of reporting the Concessionaire implemented, at its own cost, on-going operational measures to reduce the cable theft and these were largely successful. Discussions with the Concessionaire are on-going to explore additional capital investment in security measures that could be implemented along the rail reserve.

The decision was taken by the GMA not to proceed with the creation of the Gautrain as a National Key Point given the high costs and adverse service implications for passengers that would have been incurred as a result.

The assessment of the Gautrain System on applying for National Key Point status was conducted as outlined in the APP. Discussions were held with the South African Police Services (SAPS) and a report with recommendations was compiled. It was recommended that it would not be practical for the Gautrain System to acquire National Key Point status.



Graph 30: Rail reserve crimes reported

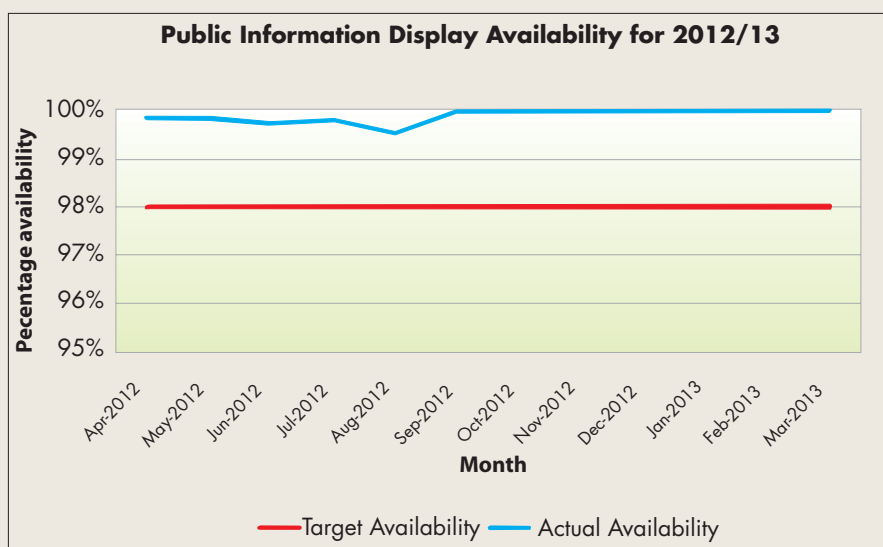


3.10 Passenger information and communication

Communication with passengers occurs in a number of ways. The timetable is the most important information transferred to passengers in the normal running of the services. It exists in hard copy form at stations and its availability is measured on a monthly basis as part of the PMS.

It also exists in electronic form on mobile phone applications and on the website as do bus routes and timetables.

Passenger Information Displays (PIDs) on all station platforms provide valuable information on the next train arrival time and during the reporting year new PIDs were installed on all major station concourses to communicate information on train arrivals to passengers still to pass through the fare gates. The PID availability was consistently in excess of the specified norm as shown in the graph below:



Graph 31: Public Information Display availability for 2012/2013

The fare increases were communicated well in advance of the date of implementation in June 2012.

Communication on incidents improved through the year of reporting as the Concessionaire and the Operator adapted to lessons learned from unsatisfactory customer management in early incidents. The use of the Voice Communication System in trains and at stations improved and the Concessionaire implemented an SMS service providing information on the Services.

Responses to calls to the Call Centre were within specified times as measured by the PMS.

Feedback from customers was obtained by an Independent Market Researcher in accordance with the requirements of the CA with monthly surveys aggregated into the contractual bi-annual reports. The surveys sort responses to monitor key metrics such as comfort, value for money and other categories as shown in the table below.

Table 16: Key customer satisfaction metrics

	Year to date n=4450	Jan-June 2012 N=1 080	July - Dec 2012 n=1 080	October 2012 n=180	Nov 2012 n=180	Dec 2012 n=180	January 2013 n=180	February 2013 n=180	March 2013 n=180
Bus punctuality	8.7	9.3	9.3	9.7	9.5	9.3	9.3	9.2	9.4
Gautrain punctuality	9.3	9.4	9.4	9.3	9.5	9.2	9.5	9.5	9.5
Safe/secure	9.2	9.3	9.3	9.3	9.5	9.3	9.6	9.5	9.3
Comfortable	9.2	9.2	9.2	9.3	9.4	9.2	9.4	9.4	9.1
Claen	9.4	9.3	9.3	9.4	9.5	9.3	9.4	9.4	9.4
Easy and Quick	9.3	9.4	9.4	9.4	9.4	9.3	9.5	9.5	9.3
Info provision	9.1	9.1	9.1	9.4	9.4	9.3	9.4	9.5	9.4
Service staff	9.2	9.2	9.2	9.4	9.2	9.2	9.3	8.3	9.3
Value for money	8.9	9.2	9.2	9.2	9.1	9	9.3	9.2	9.1
NPS	89	83	83	95	95	96	94	92	93

Although not a formal requirement the surveys show demographics of users of the Services as shown in the graph below for the east-west and north-south Services of the Gautrain.






Graph 32: Demographics of users for the east-west and north-south services

3.11 Integration management of the Gautrain with the government's transport system

The integration of the Gautrain System with other public transport services remains one of the primary objectives of the Gautrain Management Agency (GMA). The GMA advocates the co-ordination of transport activities to maximise the efficiency of public transport services and contribute to the economic growth and development of Gauteng.

The GMA has developed the following strategic objectives to enhance the integration of the Gautrain System:

- Stakeholder engagement – support all current stakeholder engagements in Gauteng with the Province and the three metropolitan municipalities;
- Spatial Integration – assist the integration of strategic spatial initiatives related to the Gautrain with the urban form by the exercise of rights under the Gauteng Transport GTIA;
- Station integration – ensure effective facilitation of integration with other modes of transport at Gautrain Stations;
- Feeder and Distribution Services Integration – ensure the integration of Gautrain feeder and distribution services with municipal bus and minibus taxi services; and
- Ticketing Interoperability – ensure the development of a regime of public transport ticket interoperability.



The effective engagement with stakeholders facilitates the alignment of existing public transport services as well as transport plans. The integration improvements are set for implementation and future transport plans are integrated at the Planning Phase. The duplication of public transport services has been circumvented. The GMA participates in committees spearheaded by the Gauteng Department of Roads and Transport and in co-ordination meetings organised with the three metropolitan municipalities where integration initiatives are planned and implemented.

The interface of the Gautrain System with the PRASA at four stations enhances passenger movements and facilitates seamless transfer to various modes of public transport. The improvement of accessibility, integrated ticketing and communication can improve the passenger experience.

The Gautrain System has attracted the development of areas along the alignment, especially the densification of areas around the stations. Engagement with stakeholders remains a priority to facilitate the integration of public transport through network integration, integrated ticketing, integrated information and communication, as well as to improve the safety and quality of transport services.

3.12 Integration management performance

The GMA, contributed to the committee meetings, co-ordination meetings and other public transport engagements during the financial year. The integration committees include the Province's Rail Steering Committee and the Public Transport Integration Committee. The co-ordination meetings are held quarterly with the City of Johannesburg, City of Tshwane, Ekurhuleni Metropolitan municipalities, PRASA and the ACSA.

The integration initiatives focussed on the following areas:

- a) Station integration;
- b) Network integration;
- c) Operational integration;
- d) Integrated information and communication;
- e) Integrated land and transport planning; and
- f) Integrated ticketing.



a) Station integration

The interface of the Gautrain Stations with PRASA enables the seamless transfer of public transport passengers. The Station Impact Area Operational Plan provides for various modes of transport at the stations and the management thereof. This allows passengers at the stations to choose various modes of public transport, including buses, taxis and shuttles.

The opening of the Gautrain's Park Station on 7 June 2012 provided a convenient passenger transfer node between Gautrain, PRASA, Rea Vaya and Metrobus. The accessibility of public transport at Park Station has been improved through bus route changes, signage improvements and alignment of timetables. The Gautrain Station at Park interfaces with the PRASA station and Rea Vaya station to enhance integration, improve the passenger experience and provide safe transfer between various transport modes.

b) Network integration

Network integration has been achieved through the physical interface of the Gautrain Stations with its DFDS, PRASA, BRT stations, municipal buses and taxis at Park Station. The City of Tshwane is at an advanced stage with the planning of the Tshwane Rapid Transit (TRT). The TRT station opposite Hatfield Station has been completed. The proposed TRT route from Pretoria CBD to Hatfield will provide a feeder service to the Gautrain Hatfield Station. The GMA participates in the consultation forums of the TRT project.

The Gautrain bus routes have been changed to improve the integration with other public transport services and enhance the feeder and distribution services. An additional route to Emperor's Palace at Ekurhuleni Metropolitan Municipality was introduced to alleviate the parking capacity constraints at Rhodesfield Station. The municipality is in the process of planning their BRT service and integration with the Gautrain System will be considered after consultation.

The Marlboro shuttle service operated by Alexandra Taxi Solutions continues to provide an excellent quality of service from Marlboro Station to Linbro Business Park. There are plans to extend the shuttle service to other areas after consultation with the stakeholders.

c) Operational integration

Information regarding the operations of the Gautrain System is shared with the municipalities and PRASA. The provisions in the Station Impact Area Operational Plan are consulted to implement integration improvements effectively at the stations. The law enforcement challenges at the stations are dealt with in consultation with the municipal departments.



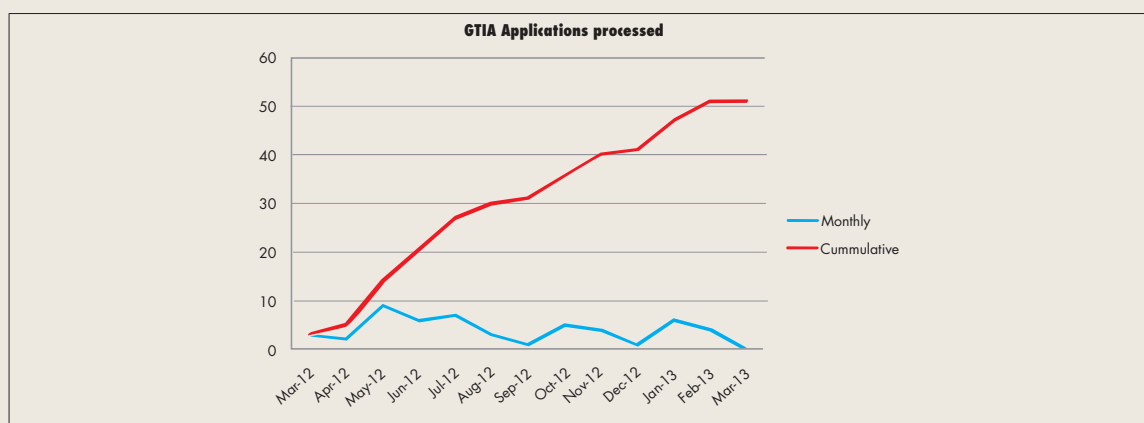
A number of Gautrain Stations have experienced parking capacity constraints. At the stations where the Gautrain System interfaces with PRASA, there is an opportunity for joint park-and-ride planning and development. The GMA embarked on a feasibility study for additional parking sites around the Gautrain Stations and along the bus routes. The feasibility study report is expected to analyse options available in the provision of parking capacity and encourage the use of public transport.

d) Integrated information and communication

The integration of public transport information and communication is required. The integration of public transport routes at Park Station has highlighted a need for an integrated public transport information and communication platform. The GMA in conjunction with the City of Johannesburg completed the design of an integrated transport map for Park Station. The information provided to commuters includes various modes of public transport, origins, destinations and frequency of public transport services. The implementation of this pilot project is envisaged in the first quarter of the new financial year.

e) Integrated land and transport planning

Applications to develop areas around Gautrain Stations and other public transport routes have been received by the GMA from the municipalities. The development framework continues to encourage the densification of areas around major economic nodes and public transport routes. The majority of development applications are in the vicinity of Rosebank, Sandton, Midrand, Centurion and Pretoria Stations. The development applications are handled in terms of section 46 of the Gauteng Transport Infrastructure Act 8 of 2001 (GTIA).



Graph 33: GTIA applications processed



f) Integrated ticketing

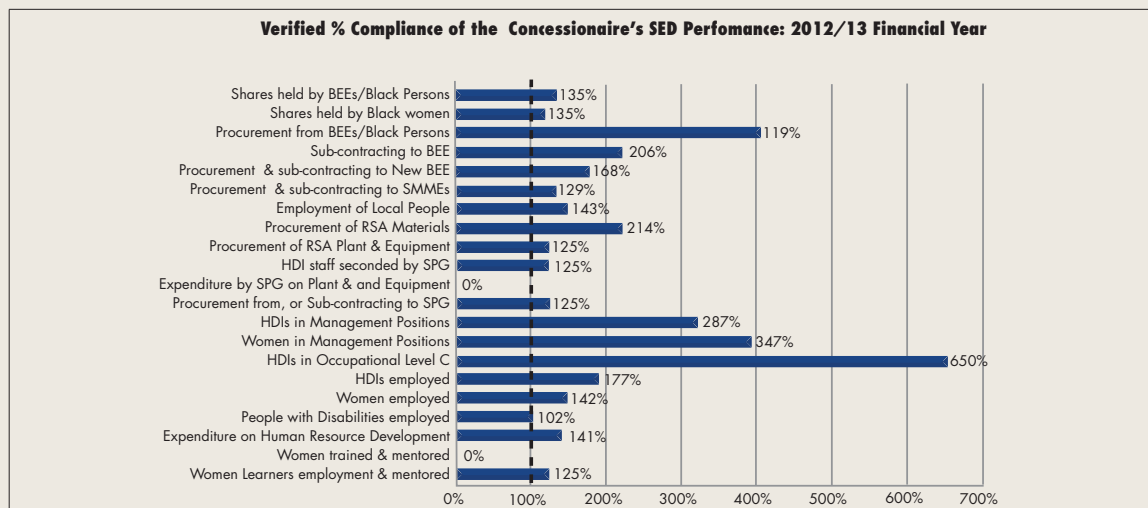
The interoperability of the Automatic Fare Collection (AFC) System has been discussed by the GMA and the Concessionaire and there have been numerous engagements and presentations on possible solutions. The integration of the AFC with other public transport service providers and compliance with national requirements are the guiding principles in the interaction between the Parties.

3.13 Socio-Economic Development performance of Concessionaire against obligations: 2012/13

The monthly SED achievements claimed by the Concessionaire within 45 calendar days after the end of each month are verified by the ISEM and reported on within five weeks of receiving the Concessionaire's monthly SED report. The SED achievements for the period April 2012 to March 2013 are based on the verification of the ISEM.

Various meetings were held in the period April 2012 to March 2013, which include, amongst others, 12 monthly Concessionaire's progress meetings, 12 meetings with the ISEM, 12 ISEM progress meetings, and various ad-hoc meetings with the Concessionaire, its business units and the ISEM.

The Gautrain continued to make a significant impact on socio-economic development. The verified SED performance of the Concessionaire for the financial year 2012/13 is summarised in the graph below.



Graph 34: Verified SED performance of the Concessionaire for the financial year 2012/13

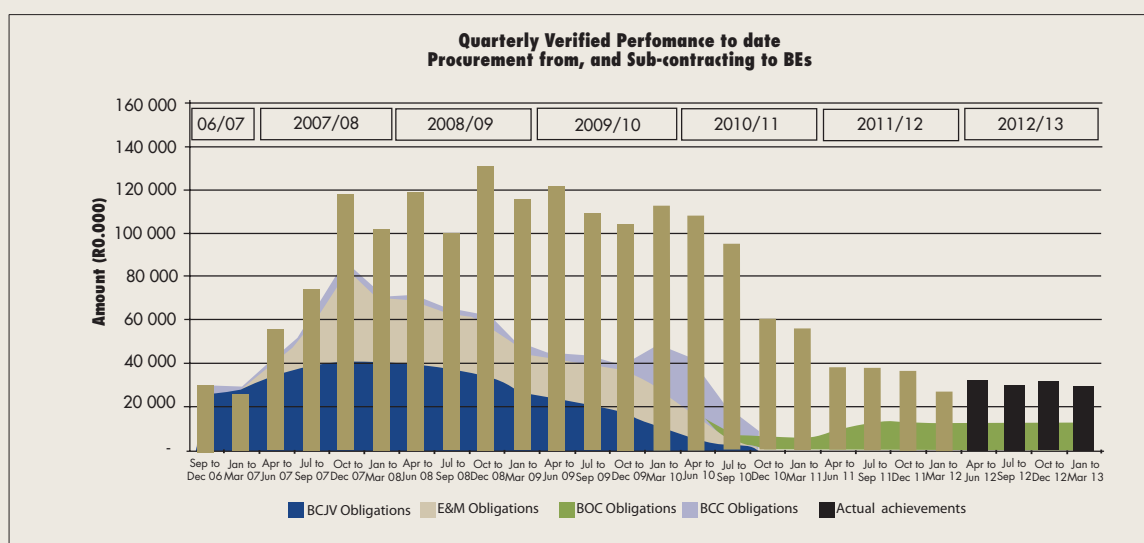
It is evident that the Concessionaire has continued to exceed its obligations for the financial year. However, it seems the Concessionaire has fulfilled its obligations and has no further obligations / commitments during the Operating Phase in the following elements:

- Expenditure by Strategic Partnership Group on Plant and Equipment; and
- Women trained and mentored.

The SED performance in the 12-month period from April 2012 to March 2013 can be summarised as follows:

- Black persons are holding 25% shares in the Concession Company and the Operating Company;
- Approximately R330 million has been spent on procurement from, and sub-contracting to Black Entities (BEs), compared to an obligation of around R150 million;
- About R230 million has been spent on procurement from, and sub-contracting to New BEs, compared to an obligation of approximately R140 million; and
- Around R35 million has been spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of about R25 million.

The SED performance to date with regards to the procurement and sub-contracting from BEs is shown in the graph below. Although it is evident from the figure that the activities of the Concessionaire stabilised during the 2012/13 financial year, the Concessionaire is still significantly exceeding its obligations in the Operating Phase.



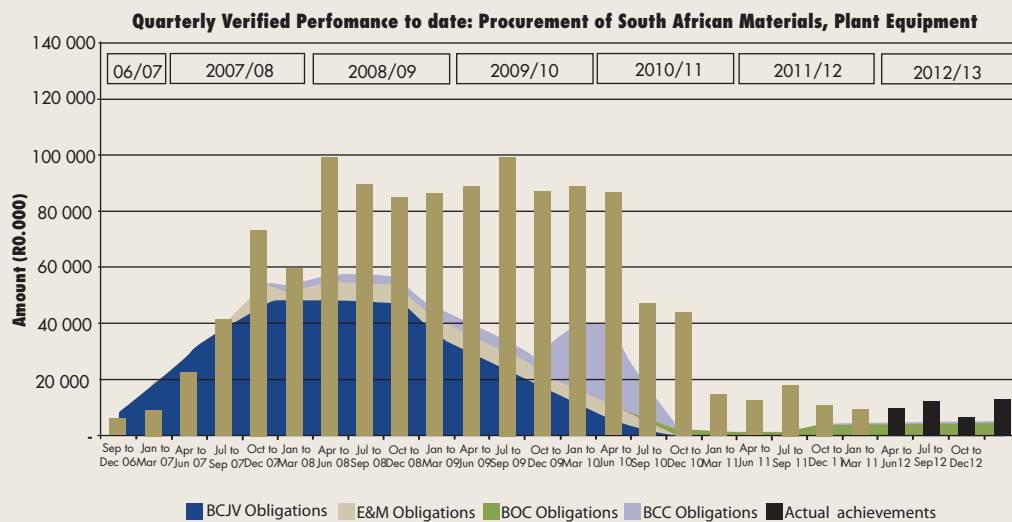
Graph 35: Procurement from and sub-contracting to Black Entities

The GMA's SED strategy ensures the Concessionaire's commitment to utilise local resources optimally and



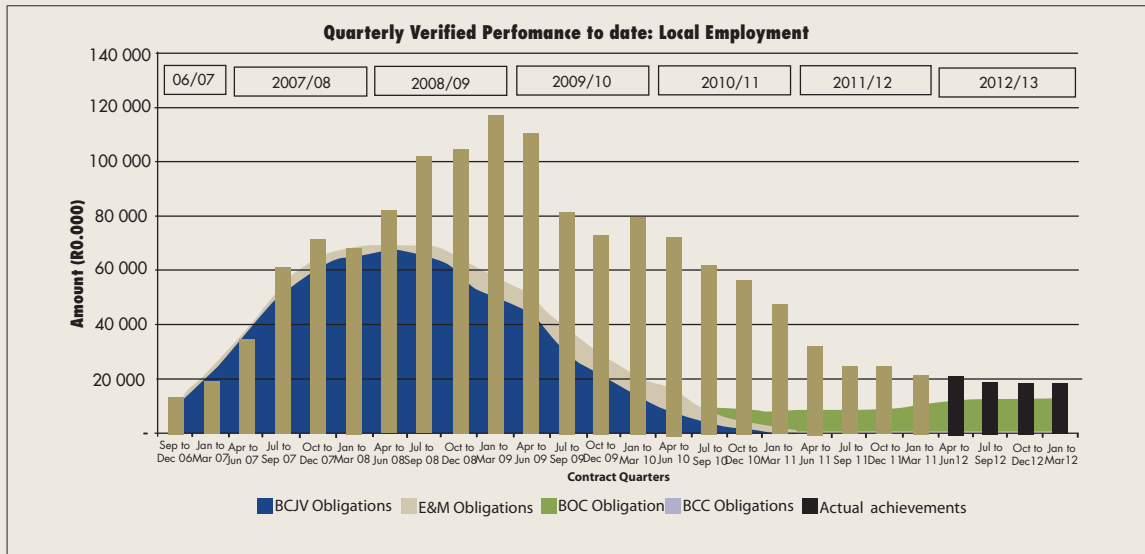
develop local skills. The performance of the Concessionaire in this regard is summarised in the graphs below. It is evident that, with regards to the utilisation of local resources, the Concessionaire has significantly exceeded its obligations. In summary, the Concessionaire has up to the end of March 2013:

- Procured South African materials, plant and equipment to the value of approximately R120 million, compared to an obligation of about R55 million;
- Created 1 800 jobs for local people, compared to an obligation of 1 300;
- Created 1 630 jobs created for Historically Disadvantaged Individuals (HDIs), compared to an obligation of 920;
- Created 480 jobs created for women, compared to an obligation of 340; and
- Created 20 jobs created for people with disabilities, which equals the obligation of 20.



Graph 36: Procurement of South African materials, plant and equipment





Graph 37: Local employment

The Concessionaire has also significantly exceeded its obligations with regards to expenditure on training. An amount of approximately R4.2 million was verified in respect of Human Resource Development, compared to the obligation of about R2.9 million.

The Concessionaire also finalised the Women’s Learnership and Mentoring Programme during the reporting period.

The Concessionaire has made significant efforts to ensure that its SED obligations are met and has, on average, significantly exceeded these obligations. It is evident that, to date and also in this financial year, Gautrain has made a significant impact on SED in Gauteng and in South Africa.

3.14 Planning for future capacity and extensions / expansions

As an output to the APP, a quality assurance procedure was developed for the planning of System Network Extensions / Expansions and detailed studies/ analyses were carried out on how to increase capacity of the System.

The following are the main achievements regarding possible expansions/extensions to the System for the year as support to the annual performance plan:

- A nodal study was completed that identified sub-regions with all their characteristics, categorised and described them, and identified the potential for Gautrain Stations and Gautrain DFDS;



- A pre-feasibility study is in an advanced stage for possible Gautrain expansions;
- A list of potential projects has been drawn up, categorised and classified for Gautrain expansions e.g. additional parking, new stations, etc. on the Gautrain System;
- An internal five-year rail operational capacity and demand strategy plan was completed;
- Positioning of a possible new station at Samrand;
- Information has been exchanged with the Gauteng Integrated Transport Master Plan (ITMP) Steering Committee;
- The GMA has commenced with systems to appoint consultants for eligible projects; and
- Capacity enhancements.

3.14.1 Objectives:

The GMA's broad objectives on capacity management and utilisation assurance are:

- The overall provision of sufficient capacity to promote access and to capitalise on the demand growth momentum of passengers;
- Promoting the use of available Rail Service Capacity in the under-utilised directions by, amongst others, the introduction of supporting bus routes;
- The introduction of additional rail capacity on the most overcrowded routes to sustain growth;
- The continuous optimisation of existing bus routes and consideration of new routes;
- Supporting the introduction of corporate shuttles, especially where bus routes will not be effective;
- Integration with other public transport nodes; and
- Route and bus optimisation.

Gautrain System capacity is divided into Rail Service Capacity, Bus Service Capacity and Park-and-Ride Capacity.

3.14.2 Rail service capacity

The capacity enhancements are driven by short-term quarterly Service Capacity Utilisation Management Plans (SCUMP), medium-term planning through the five-year rolling SCUMP and long-term planning by means of expansion plans.

In the review period the following was implemented:

- Increased service frequencies to and from OR Tambo International Airport on Sunday afternoons as well as on Monday mornings;
- Additional eight-car trains were added on business days in the peak period; and
- Timetable changes.

Other rail service capacity enhancements that are under consideration for the next year include:

- Reconfiguration of train seating to improve utilisation of available seating and standing space on the General Passenger Service (GPS); and
- Procurement of additional rail cars.

3.14.3 Bus capacity

The capacity enhancements that were implemented in the review period include:

- Extended bus routes at Hatfield Station, Centurion Station, Midrand Station and Johannesburg Park Station;
- New bus routes implemented at Rhodesfield Station and Pretoria Station;
- Routes combined in Pretoria CBD;
- A route replacement at Rosebank;
- Improved bus GPS System that does not restrict vehicles to a specific route; and
- The switching of the articulated buses from Pretoria CBD to Johannesburg CBD.

Possible new bus routes were identified and are being analysed for implementation. This will require additional buses.

3.14.4 Park-and-ride capacity

A study is in an advanced stage for possible park-and-ride facilities that could increase bus ridership, as well as use of parking other than Gautrain parking. Possibilities of obtaining additional land for and /or developing station parking at Hatfield, Pretoria, Centurion, Midrand and Rhodesfield Stations are also being explored.

3.14.5 Gautrain expansions

A pre-feasibility study is in an advanced stage for possible Gautrain System expansions. A request for tenders will go out early in the 2013/14 financial year for a feasibility study to be carried out.





4. HEALTH, SAFETY, ENVIRONMENT

The Safety, Health, Environment and Quality Management (SHEQ) department of the GMA performs an assurance function in the areas of occupational health and safety, environmental management and quality with regard to the Concessionaire's performance in accordance with the CA. In the event that the Concessionaire's performance is found to be unsatisfactory and after communication to the Concessionaire, appropriate action that may include SHEQ audits, is taken to leverage the necessary improvement from the Concessionaire.

To effectively perform its assurance role, the GMA maintains on-going relationships with the Concessionaire, the Operator and its subcontractors and provides continual guidance to the Concessionaire on a continual basis for more effective reporting, meetings and management plans.

Information received from the Concessionaire assists the GMA in its assurance function, which includes review and comment on the Concessionaire's management plans, monthly reports including SHEQ statistics, and monthly Gautrain Project meetings.

Regular System inspections also assist in the GMA's assurance function.

In addition, in accordance with the external audit requirement of the Gauteng Department of Agriculture and Rural Development (GDARD), independent environmental auditors conduct an Annual Environmental Compliance audit. This audit provides the GMA with assurance in terms of the Concessionaire's implementation and effectiveness of the Environmental Management Plans (EMPs) and Environmental Management System (EMS).

The GMA SHEQ department is also responsible for ensuring that the Technical department has an efficient and effective Quality Management System, which comprises documented processes and procedures. This system defines the way in which the Technical department conducts, controls, monitors and improves both its assurance and corporate functions and responsibilities. The development and improvement of these processes and procedures is on-going and done in conjunction with subject matter experts within the Technical department. The SHEQ department is responsible for audit compliance of these processes and procedures where necessary.

Whilst the Gautrain is now fully operational, certain high-level environmental snags and retention items remain. The SHEQ department is actively involved in monitoring the close-out of these items.

The development, training, awareness, implementation and monitoring of a Safety, Health and Environmental Management System for the GMA to ensure compliance with the Occupational Health and Safety Act, No 85 of 1993 (OHSA), and the National Environmental Management Act, No 107 of 1998 (NEMA), is also the responsibility of the SHEQ Department.

4.1 Health, Safety and Environment's performance

With the establishment of the GMA, the APP contained objectives to ensure that a Corporate Quality Management System, for corporate functions of the GMA, and a Quality Assurance System to manage the Concessionaire's performance against the CA, were developed and approved within the reporting period in accordance with the requirements of the International Quality Management Standard, ISO 9001.

A number of procedures for the GMA's Safety, Health and Environment Management System (SHE) were developed during the reporting period to ensure compliance with the OHSA and the NEMA. These have been developed in accordance with the requirements of the Occupational Health and Safety Management Assessment Series OHSAS 18001 and the EMS Standard ISO 14001.

In total, 32 procedures for the Technical department, either relating to quality assurance of the Concessionaire or corporate functions or SHE, were planned for the reporting period. All of these procedures, including associated documents, were developed and approved.

The introduction of these procedures within the GMA ensures that the way in which the Technical department conducts its assurance and corporate functions is properly defined. This allows the GMA to manage and provide guidance to the Concessionaire effectively and efficiently with regard to the operations of the Gautrain System.

4.2 Safety, health and environment statistics

During the reporting period no SHE incidents were reported. The Lost Time Injury Frequency Rate for the GMA therefore remained at zero.

4.3 Transfer of knowledge

At the end of October 2012, full SHEQ responsibility was handed over to the GMA by the SHEQ personnel of the PST. The PST compiled the SHEQ close-out report for the Development Phase that was finalised in February 2013. The report provides a summary of the assurance strategy that the Province followed to monitor the performance of the Concessionaire in terms of the CA during the Development Phase.

4.4 Occupational Health and Safety

4.4.1 Concessionaire's Occupational Health and Safety statistics

The statistics received by the GMA, provided by the Concessionaire, include only the BOC, the Operator, and do not include its subcontractors, the BMC and Mega Express. The GMA also receives statistics from CJV. It does not receive any safety statistics from the Concessionaire.



During the reporting period BOC recorded five lost-time injuries for the month of November 2012 and CJV reported one for February 2013. The 12-month rolling Lost Time Injury Frequency Rate for BOC is currently 2.3 and 0.88 for CJV.

Requests have been made to the Concessionaire to provide the safety and health targets and, in particular, the lost-time injury targets but, to date, these have not been provided to the GMA.

4.4.2 Review of reports

Information in terms of occupational health and safety is currently obtained from the Concessionaire's monthly progress reports and statistical reports. However, the information provided is very limited and not sufficient for the GMA's SHEQ department to perform the assurance function adequately.

The Concessionaire has recognised the need for more detailed reporting and is in the process of finalising a Safety, Health and Quality Report. This initiative is welcomed as it will greatly assist the GMA in its assurance role and also help the Concessionaire in planning its safety and health activities. This is expected to be finalised during the first quarter of the 2013/14 financial year.

In the event of incidents that require further investigation, the GMA reviews and provides comments on the reports compiled by BOC.

4.4.3 Meetings

In August 2013, the Concessionaire initiated a SHEQ Steering Committee, which holds meetings that the GMA is invited to attend every second month.



4.4.4 The Concessionaire's Occupational Health and Safety Systems

The Operator's Occupational Health and Safety Management Plan, which addressed both the OHSA requirements as well as the requirements of the Railway Safety Regulator for the Operating Phase, was reviewed by the GMA in the previous reporting period and found to be acceptable. This management plan is still in operation but will be reviewed by the Operator, along with the plans of subcontractors, during the 2013/2014 period.

During the reporting period, the BMC SHEQ department made progress in producing a SHEQ Management System and is in the process of OHSAS 18001 certification. Certification is expected towards the end of May 2013.

4.5 Environmental

The GMA needs to be assured that the Concessionaire is complying with its obligations in terms of the CA insofar as environmental management is concerned. The CA, in general terms, requires that all necessary consents be obtained and complied with by the Concessionaire, in accordance with legal requirements.

The GMA SHEQ manager has continued to manage the GMA's interests on Gautrain.

4.5.1 The Concessionaire's System's development and implementation

Systems development has continued during the reporting period, mainly in accordance with the Operations and Maintenance (O&M) EMP.

Gautrain's Record of Decision (RoD) also requires that the Concessionaire achieves ISO 14001 certification within three years of the start of operations. There has been a delay due to resource constraints. However, new personnel have been appointed, which will assist in this process. The Concessionaire has advised that the certification process is expected to be completed by July 2013. Province has advised the Concessionaire that this would be in non-compliance of the RoD as the deadline is 7 June 2013.

During the reporting period, the BMC SHEQ Department focused on producing a SHEQ Management System and is in the process of ISO 14001 certification. Certification is expected towards the end of May 2013.

4.5.2 Meetings

The Project Environmental Co-ordination (PEC) committee meetings continued throughout the reporting period until 22 November 2012 when the aforementioned SHEQ committee meeting replaced them.



4.5.3 Review of Reports

Valuable environmental information is gathered by reviewing the Concessionaire's monthly progress reports as well as the Operator's monthly Environmental Report.

The Operator is now producing an Environmental Dashboard Report on a monthly basis into which the GMA provided extensive input to the format and content. The Operator's monthly performance is being monitored closely by the GMA SHEQ Manager to ensure that the Operator fulfils its CA obligations.

4.5.4 Annual Environmental Report

During March 2013, the Concessionaire submitted the Annual Environmental Status Report to the GMA for the period 2011/2012. This report is a condition of Gautrain's RoD and includes specific conditions relating to the reporting requirements. Once comments provided by the GMA and other parties have been incorporated into the report, it will be submitted to the GDARD.

4.5.5 Environmental snag list works programme

The GMA SHEQ Manager is following an assurance-based approach in the close-out of snags related to OCD 1, EP 1 and OCD 2. The Province has been actively involved in the TKC-managed process to close-out snags. The total number of snags and retention items at the start of the financial year was 57, which was reduced to 16 by the end of March 2013 out of an initial total of 306 environmental issues/concerns. The GMA has requested expected completion dates of the final 16 snags to ensure that these are closed-out by early June 2013.

4.5.6 External independent environmental audit

In accordance with the amended RoD requirement, the Environmental Compliance Audit for 2012 was conducted by Shangoni Management Services (Pty) Ltd in November 2012. The aim of this audit was to verify the Concessionaire's implementation and the effectiveness of the Environmental Management Plan (EMP) and the Environmental Management System (EMS) for Gautrain. A total of 22 minor non-conformances and four observations were recorded during the audit.

The follow-up audit was conducted during March 2013 and a further two non-conformances, one major and one minor, were recorded. The table below is a summary of clearance of outstanding non-conformances from previous Environmental Compliance Audits, including November 2012 (source: Shangoni Management Services (Pty) Ltd, Gautrain Rapid Rail Link – Environmental Compliance Follow-up Audit Report – December 2012).



Table 17: Clearance of outstanding non-conformances from previous Environmental Compliance Audits

Area	Total of previous non-conformances	Major			Major			Observation			% Not Cleared	% Partially cleared	% Cleared
		Not cleared	Partially cleared	Cleared	Not Cleared	Partially cleared	Cleared	Not Cleared	Partially cleared	Cleared			
Document Review & General Station non-conformances	19	0	6	2	2	3	1	3	1	1	26.3%	52.6%	21.1%
Midrand Bus Depot & Surrounds	9	1	0	0	4	3	1	0	0	0	55.6%	33.3%	11.1%
Moderfontein	2	2	0	0	0	0	0	0	0	0	100%	-	-
Snake Valley and Centurion Areas	7	0	0	0	0	1	5	0	0	1	-	14%	86%
Midrand IRS Yard & Train Workshop (BMC activities)	6	0	0	2	0	0	4	0	0	0	-	-	100%
Rhodesfield Station	2	0	0	0	0	0	1	0	0	1	-	-	100%
Rosebank Station	5	0	0	0	2	0	3	0	0	0	40%	-	60%
E2 Shaft	1	0	0	0	1	0	0	0	0	0	100%	-	-
Total	51	3	6	4	9	7	15	3	1	3	29.4%	27.5%	43.1%

The main areas of improvement include the establishment of the necessary EMS documentation and the setting of measurable environmental objectives, targets and action plans.

4.5.7 Environmental review of designs

The GMA continued to review and close out comments or provide further comments on comment responses from the Concessionaire. A total of 27 designs and comment responses were attended to during the reporting period.

The Concessionaire's designs contain a number of contraventions of environmental legislation and the GMA, through formal communication channels, is challenging these.

4.5.8 Water discharge

During the reporting period, the water discharge volumes have been reported to the GMA in the monthly environmental reports. Water discharge volumes should be taken at four catchment areas as stipulated by the Department of Water Affairs (DWA). However, the GMA is concerned that the Concessionaire is not providing sufficient monitoring information and thus not assuring the GMA that it is operating in compliance with the Water Use Licence (WUL) and the limits stipulated by the DWA in January 2011.



The application submitted in December 2011 by the Concessionaire for an Integrated WUL for the Operating Phase is still under consideration by the DWA. GMA representatives met with the DWA during February 2013 and it was established that two issues were delaying the issuing of the licence. The Concessionaire is currently in discussion with the DWA to resolve these issues.

There was considerable focus on water-related issues by the Province and the Operator, including water discharges from the tunnels, minor incidents of the water quality discharged from the tunnels in the receiving watercourses, and major incidences in the water quality corroding the concrete in constructed culverts in the Modderfontein area. Heartlands have now taken the decision to line the culvert in this area, which will assist in protecting the Gautrain structure.

4.5.9 Internal and external environmental applications

The Environmental Authorisation (EA) for the Concessionaire's application in terms of Section 24G of the NEMA was received from GDARD on 5 July 2012, thereby closing the application. The CJV have provided feedback on its challenges regarding compliance to the conditions of the EA which have been submitted to the GDARD by the Province. Feedback is awaited.

During July 2012, the GMA submitted comments to the Draft Environmental Impact Assessment (EIA) for the "Construction of a Dual Carriageway across a Portion of the Remainder of Portion 1 of the Farm Waterval 5 IR as well as the Construction of an Attenuation Pond, Silt Trap and New Culvert Bridge on the Same Farm Portion". The Final EIA report was received during September 2012 and the GMA submitted comments directly to the GDARD early in October 2012. The EA, including some of the GMA's comments, was received from the GDARD in January 2013.

4.5.10 Environmental Legal Compliance Audit

The Environmental Legal Compliance Audit, initiated by the Independent Environmental Control Person (IECP), was conducted during October and November 2012. The draft audit reports were circulated during December and the GMA submitted initial comments in December 2012. Further comments were submitted to the IECP by February 2013 and the GMA expects to receive the second draft audit reports during April 2013.

4.5.11 Appointment of the Independent Environmental Consultant

The O&M EMP stipulates that an Independent Environmental Consultant (IEC) shall be appointed for the Operating Phase of Gautrain. This will be a shared appointment between the Concessionaire and the GMA. Discussions regarding this appointment have taken place and draft terms of reference have been compiled.

4.5.12 Red data species

At the Esther Park wetland specialists have been able to locate the Red Data species again, after they were unable to locate this species during the 2011/2012 reporting period. This is crucial as the survival of the species is a specific condition in the RoD.

4.5.13 Noise and Vibration Monitoring

Noise and vibration monitoring by the Operator in terms of the O&M EMP has continued in the reporting period. The results are that the trains have been shown by the Concessionaire to be operating within the noise limit requirements as specified in the RoD, the O&M EMP and SANS 10103. These limits were accepted by the GDARD in the previous reporting period.

4.5.14 Environmental non-compliance

The following non-compliances were identified during the reporting period:

- Monitoring boreholes are not protected;
- Diesel leak and no bundling at the Modderfontein signalling container;
- Fuel leak and inappropriate bundling design at train stations;
- Seepage into the northern and southern attenuation ponds at the Depot;
- Oil spillages found on BMC contractors track maintenance equipment;
- Vegetation die-back through Modderfontein (unseasonal loss of foliage);
- Erosion damage noted within the rail reserve;
- Riverbed at Sandspruit at the discharge point eroding and requires permanent stabilisation;
- Oil trap covers at Train Depot designs queried;
- Requirement for a permanent sampling position at all permanent discharge positions – E 2;
- Poor water quality at Antwerp Road possibly affecting Gautrain structures;
- Erosion due to flooding at Swartspruit damaging permanent structures;
- Erosion due to flooding at Viaduct 2 damaging permanent structures;
- Oil trap maintenance at Bus and Train Depot not being conducted as required;
- Mature alien trees within the rail reserve (OCD 2) not removed by contractor during the Construction Phase;
- Compliance Notice issued by the City of Johannesburg regarding excessive noise levels at the Sandton Station;
- Serious erosion at the culvert at the north-western side of the Depot access road;



- Diesel spillages at the backup generators at Pretoria and Midrand Stations;
- Contamination at E&M subcontractor's yard at the Train Depot;
- Lack of weed control on slopes inside the rail reserve; and
- Capacity of sewer lines queried for emergency switch-over in tunnels.

4.6 Quality

4.6.1 The Concessionaire's System development and implementation

The Operator's revised Quality Management Plan (QMP) was received in September 2012 and comments submitted by the GMA in October 2012. BOC is currently reassessing its processes. The revised QMP will be issued by the end of April 2013.

The ISO 9001 certification process is progressing well and it is expected that final certification will be obtained in June 2013.

The Operator's Procurement Plan, including management of subcontractors, remains outstanding.

During the reporting period, the BMC SHEQ department has focused efforts on producing a SHEQ Management System and is currently in progress with ISO 9001 certification, which is expected towards the end of May 2013.

4.6.2 Quality statistics

The GMA does not receive information/statistics regarding quality from the Concessionaire. The introduction of the aforementioned Safety, Health and Quality Report will assist the GMA to perform its assurance role effectively.



5. DISPUTES AND CLAIMS

As could be expected in a project of this magnitude, the Concessionaire and the GMA have certain differences that culminated in disputes, which are being handled in accordance with the provisions of the CA.

All disputes relating to Gautrain are dealt with in terms of the procedures set out in Schedule 10 of the CA. Disputes are classified into two categories i.e. Development Phase disputes and Operations Phase disputes.

As at 31 March 2013, the Province had registered seven matters pertaining to the Development Phase that are still in contention between the Parties. Six of these matters have been referred to arbitration and one is being dealt with by the CEOs of the GMA and the Concessionaire.

These disputes relate to:

- Gauteng Transport Infrastructure Act (Province) – referred to arbitration;
- Progress Exception Reports (Province) – referred to arbitration;
- Sandton Cavern (Province) – referred to arbitration;
- Land Discrepancies (Province) – referred to arbitration;
- Delay and Disruption (Concessionaire) – referred to arbitration;
- Water Ingress in Tunnels – DRB decision referred to arbitration; and
- Clauses 13 and 14 – to be dealt with by the CEOs.

With regard to Operating Phase matters, the following have been registered by the Province:

- Patronage Revenue Reports – dealt with by CEOs;
- Rail Service Capacity – Notice of Dispute to be issued;
- Dedicated Feeder and Distribution Services Deduction – negotiation for amicable settlement underway;
- Communication and Marketing Deductions – negotiation for amicable settlement underway;
- Responsibility for security – negotiation for amicable settlement underway; and
- Advertising Rights on the Gautrain System – negotiation for amicable settlement underway.

In respect of the certification of OCD 2, the Province has declared a dispute with the Independent Certifier (IC) and the pursuit of this dispute will depend largely on the outcome of the Water Ingress arbitration. Province has also declared a dispute with the IC regarding the certification of a milestone after OCD 2 in the absence of the final statement.



6. VARIATIONS

When the Operating Commencement date was certified by the IC on 6 June 2012, it signalled the end of the Development Phase. Any variation agreed between the Parties subsequent to this date would fall under the Operating Phase regime as prescribed in the CA. This regime differs substantially from the Development Phase regime where TKC, with its civil and electro- and mechanical sub-contractors, were responsible for executing any variation works at a fixed price and accepting all risks.

During the Operating Phase, the Concessionaire and its Operator will be responsible for implementing variations to the services rendered in terms of the CA. In the case of variation works of a capital nature, the Concessionaire has to follow an open market tender process and obtain the approval of the GMA in respect of:


- The form and requirements of a proposed tender;
- The form of contract and the tendering process; and
- The selection of and the qualifying criteria for contractors and sub-contractors.

Whilst this process is more transparent, it places a burden on the both the GMA and the Concessionaire with regards to procurement which was, during the Development Phase, taken care of by the Concessionaire's TKC.

All Development Phase variations were closed out by the end of the financial year, except those forming part of disputes between the GMA and the Concessionaire.

Irrespective of the timing and scope of a variation to the Concession Specification, when the Parties agree to such change, all details regarding the financial and non-financial elements have to be considered and set out in a Variation Memorandum.



Platform A  ↗

Platform B  ↙


GAUTRAIN
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centurion Locality Map



GAUTRAIN





PART D : CORPORATE GOVERNANCE







1. INTRODUCTION

The Gautrain Management Agency (GMA) is committed to sound Corporate Governance Principles and is primarily guided by generally accepted Corporate Governance Practices, in particular the Code of Corporate Practices and Conduct set out in the King Report (King III) as well as Protocol on Corporate Governance in the Public Sector. These practices seek to ensure that the GMA's mandate is fulfilled with due consideration of responsible decision making, accountability, effective and ethical leadership, as well as fairness and transparency whilst monitoring performance and compliance with statutory requirements.

GMA has been established in terms of the GMA Act and listed under Schedule 3 (c) of the Public Finance Management Act (PFMA) as a Provincial Public Entity.

2. PORTFOLIO COMMITTEES

Portfolio Committees exert oversight over government policy, actions, legislature and budgets by holding the Provincial Executives (MECs) to account.

The GMA has during the period under review presented the annual report, quarterly performance reports and the budgets to the following Portfolio Committees of the Gauteng Provincial Legislature:

- Roads and Transport
- Finance
- Standing Committee on Public Accounts (SCOPA)
- Standing Committee on Gender, Youth and People with Disabilities (GEYODI)

The GMA has also responded to questions posed by Members of the Gauteng Provincial Legislature, National Parliament and National Council of Provinces.

3. EXECUTIVE AUTHORITY

The Gauteng MEC for Roads and Transport is the Executive Authority of the GMA and the GMA Board (Board) is the Accounting Authority. The working relationship between the Executive Authority and the Accounting Authority is defined and set out in the Service Level Agreement. The Service Level Agreement sets out the mandate of the Accounting Authority as contemplated in the GMA Act and the PFMA and it also aligns the objectives of the Accounting Authority with the objectives of the Executive Authority. During the period under review, the Service Level Agreement was updated and presented to the MEC for inputs.

In accordance with the GMA Act, the MEC may issue a written directive to the GMA if the MEC is of such a view that such action is necessary to ensure that the strategic or economic interests of the Province or Government in relation to the Gautrain are implemented. The MEC undertakes to provide the resources required to enable the GMA to meet any such directives.

The MEC has the power to appoint and dismiss Members of the Board. Four Members of the Board including the Chief Executive Officer were re-appointed on 1 January 2012 and three new Members were appointed during January and February 2012 by the MEC. Another new Member was appointed on 1 April 2013. Interactions between the MEC and the Board were improved and during the period under review the MEC and the Board's engagements were as follows:

Table 18: Board Engagements

Date of the meeting and / or event	Key issues discussed
10 April 2012	MEC welcomed the Board Members and shared with them the political imperatives of the Gauteng province; Matters affecting the Gautrain e.g. Water Ingress, Delay and Disruption Claim, Patronage Guarantee, Safety and Security etc; Communication channels between the MEC and the Board. An agreement was reached that the MEC will meet with the Chairperson of the Board and the CEO quarterly before the Board meeting so that the Chairperson can provide feedback to the Board.
21-22 August 2012 (GMA Lekgotla and the Risk Management Workshop)	MEC's key note address; Five-year Gauteng Transport Implementation Plan (GTIP5).
12 November 2012 (MEC meeting with the Chairperson of the Board and the CEO)	Filling of vacant positions in the Board; Feedback on matters arising from the interaction with the Board in April and August 2012.
11 February 2013 (MEC meeting with the Chairperson of the Board and the CEO)	UITP World Congress to be held in Geneva, Switzerland, from 26 to 30 May 2013; Remuneration Policy for the GMA Board and Board Committees; Assignments given to the Accounting Authority and the Chief Executive Officer by the Executive Authority.



In accordance with the GMA Act, the GMA must submit quarterly reports to the MEC no later than 30 days after the end of the quarter. The quarterly reports provide an overview and record of all major strategic activities, actual and expected revenue and expenditure and the performance of the GMA.

During the period under review the following reports and / or documents were submitted to the MEC and his inputs were incorporated in the finalisation of the reports:

Table 19: Reports Submitted

Reports and / or Documents submitted to the MEC	Date of submission
Annual Report for the 2011/12 Financial Year	Approved by the Board on 27 July 2012 and submitted to the MEC on 30 August 2012
First Quarterly Performance and Performance Information Report for the 2012/13 Financial Year	Submitted to the MEC on 31 July 2012
Second Quarterly Performance and Performance Information Report for the 2012/13 Financial Year	Submitted to the MEC on 25 October 2012
Strategic Plan and MTEF Budget Allocations for 2013/14 to 2015/16	Approved by the Board on 26 September 2012 and submitted to the MEC on 28 September 2012
Annual Performance Information Plan for the 2013/14 Financial Year	Approved by the Board on 26 September 2012 and submitted to the MEC on 30 September 2012
Service Level Agreement between the MEC and the GMA for the 2013/14 Financial Year	Approved by the Board on 26 September 2012 and submitted to the MEC on 28 September 2012
Board Charter	Approved by the Board on 26 September 2012 and submitted to the MEC on 28 September 2012
Third Quarterly Performance and Performance Information Report for the 2012/13 Financial Year	Submitted to the MEC on 22 January 2013
Fourth Quarterly Performance and Performance Information Report for the 2012/13 Financial Year	Submitted to the MEC on 25 April 2013



4. ACCOUNTING AUTHORITY / BOARD

In accordance with the PFMA, the Board is the Accounting Authority of the GMA. The Board is the focal point of governance and retains full and effective control over the GMA. The Board exercises its fiduciary duties and responsibilities of an Accounting Authority in accordance with the PFMA. The roles and responsibilities of the Board are set out in the Board Charter.

3.1 Composition of the Board

The Board consists of independent Non-Executive Members who are appointed by the Gauteng MEC for Roads and Transport. The Non-Executive Members are independent because they are not involved in the daily running of the GMA, they are not professional advisors to the GMA, and they are not material suppliers of the GMA. The Chief Executive Officer is a Member of the Board by virtue of his Office and he is also appointed by the MEC for Roads and Transport after consultation with the Board. In line with the best practice the roles of the Chairperson of the Board and the Chief Executive Officer are separate. The Chairperson and the Deputy Chairperson of the Board are appointed by the MEC.

In terms of the GMA Act, Members of the Board are appointed for a period of three years and are eligible for reappointment provided they serve no more than two terms.

Four Board Members including the CEO are serving their second term and four members are serving their first term. Members of the Board at the date of the report are as follows:

- Mr Abel Mawela as the Chairperson of the GMA Board;
- Ms Doris Dondur as the Deputy Chairperson of the GMA Board;
- Mr Donovan Nadison;
- Mr Mogopodi Mokoena;
- Prof Wellington Thwala;
- Ms Motseoa Lugemwa;
- Mr Mzolisi Nkumanda; and
- Mr Jack van der Merwe as the CEO of the GMA.

Details of the Board Members' qualifications, directorships, areas of expertise and professional memberships are presented in this section starting page 21 of this report i.e. "Members of the Board".



Changes in the composition of the Board during the period under review are highlighted as follows:

- The Chairperson of the Board, Ms Amanda Nair, resigned on 31 May 2012;
- Mr Abel Mawela was appointed the Acting Chairperson of the Board from 1 June 2012 and confirmed as the Chairperson of the Board on 12 November 2012;
- Ms Doris Dondur was appointed the Deputy Chairperson of the Board on 12 November 2012; and
- Mr Mzolisi Nkumanda was appointed as a Member of the Board from 1 April 2013.

The Board is, in terms of the GMA Act, supported by five Advisors who are nominated by their respective organisations and appointed by the MEC for Roads and Transport. During the year under review, the Board Advisors were as follows:

- Mr Tumi Moleke from the National Treasury;
- Mr Jan-David de Villiers from the National Department of Transport;
- Mr Kennedy Kaposha from the Gauteng Provincial Treasury; and
- Mr Sanele Zondo from the Gauteng Department of Roads and Transport.

The functions of the Advisors are to advise the Board with reference to the interests, views and policies of their respective organisations. The Advisors are not Board Members and are not entitled to vote at the Board meetings. All Senior Executive Managers including the Chief Financial Officer have a standing invitation to all Board meetings.

3.2 Board charter

The Board Charter regulates how the Board and individual Members of the Board discharge their responsibilities according to the principles of good governance. The Charter aims to ensure that all Board Members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct. It also entails the division of responsibilities at the Board level and between the Board and Management. The Board Charter was reviewed during the year under review to ensure compliance with the best practices and was submitted to the MEC.

A summary of the roles and responsibilities of the Board as set out in the Board Charter are as follows:

- Provide strategic direction to the GMA and take responsibility for the adoption of the Strategic Plan;
- Approve the GMA's budget and monitor the implementation of the Budget;
- Oversee the preparation of and approve the annual financial statements;
- Define levels of delegation for specific matters with appropriate authority delegated to Board Committees and the CEO;
- Monitor compliance with laws, regulations and standards;

- Establish Board Committees and approve their Terms of Reference;
- Ensure that the GMA governs risk adequately through risk management systems and processes;
- Responsible for the IT governance; and
- Ensure the integrity of the annual report and approve it;

The Board has conducted its affairs and discharged its duties and responsibilities in accordance with its Charter. A summary of the main responsibilities discharged by the Board and the approvals made by the Board during the period under review is as follows:

- Annual Report for the 2011/12 Financial Year;
- Strategic Plan for the 2013/14 to 2015/16;
- MTEF Budget allocations for the 2013/14 to 2015/16;
- Materiality and Significance Framework for the 2013/14 Financial Year;
- Annual Performance Plan for the 2013/14 Financial Year;
- Board Charter;
- Terms of Reference of the Board Committees;
- Delegation of Authority Framework;
- Quarterly Reports; and
- Policies and Key Documents.

3.3 Board meetings

The Board Plan determines what activities the Board is expected to undertake during the year. The Board Plan is prepared annually and updated regularly to facilitate purposeful and effective meetings. The Board Plan also ensures that all key matters are scheduled for attention over the course of the year. Teleconference facilities are made available during Board meetings for Board Members who are unable to attend meetings to enable their participation in the discussions. During the period under review, there were seven scheduled meetings, two special meetings as well as the two-day GMA Lekgotla and Risk Management Workshop were held. The Board held a further Risk Management Workshop during the period under review. A meeting attendance schedule is set out below.





Table 20: Board Meetings

Name of Board Members	Number of meetings attended plus the GMA Board Lekgotla
Ms Amanda Nair - Chairperson ¹	2 out of 11
Mr Abel Mawela - Chairperson	10 out of 11
Ms Doris Dondur - Deputy Chairperson	11 out of 11
Mr Donovan Nadison	10 out of 11
Mr Mogopodi Mokoena	9 out of 11
Mr Jack van der Merwe - CEO	11 out of 11
Ms Motseoa Lugemwa	11 out of 11
Prof Wellington Thwala	11 out of 11
Name of Board Advisors	Number of meetings attended plus the GMA Board Lekgotla
Mr Tumi Moleke - Board Advisor	4 out of 11
Mr Jan-David de Villiers - Board Advisor	5 out of 11
Mr Kennedy Kaposi - Board Advisor	2 out of 11
Mr Sanela Zondo - Board Advisor	3 out of 11


1 - Resigned as the Chairperson of the GMA Board on 31 May 2012.

3.4 Board Evaluation

The Board conducts regular evaluations of its performance, performance of its Committees and the governance processes that support the Board's work.

During the period under review, the implementation of the action plan to address the findings from the evaluation of the Board and Board Committees for the 2011/2012 financial year was monitored and most of the recommendations have been implemented. An independent evaluation of the Board was performed during the period under review. Matters considered in the evaluation were as follows:

- Composition of the Board;
- Role and responsibilities of the Board;
- Effectiveness of Board meetings;
- Board orientation and developments; and
- General observations.



The review indicated that the Board was functioning effectively and is committed to address the challenges identified. The action plan to address these challenges will be developed and monitored during the next review period.

3.5. Delegation of Authority

The Board retains effective control over the operations of the GMA through a well developed governance structure that provides a framework for delegation. Board Committees facilitate the discharge of Board responsibilities and provide an in-depth focus on specific areas. Board Committees regularly report to the Board in terms of their agreed mandate. The Board also delegates authority to the Chief Executive Officer to manage the business and affairs of the GMA. Management's performance is monitored through effective and regular reporting against the approved strategy and budget. In line with the Board Charter there are certain matters that are reserved for Board approval, for example, Strategic Plan and Budget, Annual Report and Financial Statement, terms of reference of Board Committees, etc.

A Delegation of Authority is reviewed periodically to ensure it remains aligned and relevant in relation to the rapid growth of the GMA. The Delegation of Authority does not reduce the responsibility of the Board to discharge its statutory and common law duties.

5. BOARD COMMITTEES

The Board is the foundation of the GMA's corporate governance systems and is accountable and responsible for the GMA's performance. The Board retains effective control through a clear governance structure and has established Committees to assist it. The Board Committees do not have executive powers unless the Board delegates any of its powers to the Committee or the PFMA requires that the Committee should exercise such powers.

Board Committees have the Terms of Reference which set out the Committees' roles and responsibilities, compositions, meeting requirements and the authority. To ensure that the Terms of Reference of the Committees remain appropriate and comply with the best practice, they are reviewed and approved by the Board annually. The Chairpersons of the Board Committees present their reports, which summarise the activities of the Committees, to the Board at each Board meeting including the recommendations made to the Board in accordance with their Terms of Reference. All Board Committee meetings are held before the Board meetings to ensure that all critical issues discussed at the Board Committees are brought timeously to the attention of the Board.



During the period under review, the Board reviewed and approved the Terms of Reference of the following Committees:

- Audit and Risk Committee;
- Finance Committee;
- HR and Remuneration Committee; and
- Social and Ethics Committee.

There is a formal process used in the appointment of Board Committee Members and the final approval is made by the Board. Board Committees are chaired by Non-Executive Members of the Board. Board Advisors and technical experts may also be appointed by the Board to serve on the Board Committees.

The term of office of the Board Committee Members is in line with the term of office of the Board. During the period under review, two Committee Members resigned.

4.1 Audit and Risk Committee Report

The Audit and Risk Committee is constituted in terms of Section 76 and 77 of the PFMA, Regulation 27.1.1 of the Treasury Regulations and Section 19 (1) (b) of the GMA Act. The roles and responsibilities of the Committee are set out in its Terms of Reference. During the period under review the Committee adopted the Terms of Reference which were approved by the Board.

4.1.1 Role and responsibilities of the Committee

The Committee has conducted its affairs and discharged its duties and responsibilities in accordance with its Terms of Reference. A summary of the main responsibilities discharged by the Committee during the period under review is as follows:

Table 21: Main responsibilities discharged

Financial statements and accounting practices	Reviewed the accounting practices and the annual financial statements of the GMA for the year ended 31 March 2013.
Internal financial controls	Reviewed the reports of both internal and external auditors detailing their concerns arising from their audits and requested appropriate responses from management.

Internal Audit	Reviewed the internal audit charter. Considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan.
Risk Management	Reviewed the quarterly risk register. Considered the risk tolerance and appetite.
IT Governance	Considered and the IT strategy and Disaster Recovery Plan.
Annual Report	At its meeting held on 20 May 2013, considered and recommended the Annual Report for approval by the Board.
Going concern statement	Considered the going concern status of the GMA on the basis of the annual financial statements and the information available to the committee and recommended the going concern status for adoption by the Board.
Legal compliance	Reviewed quarterly reports on legal compliance and litigation.
Policies and key documents	Reviewed policies and key documents.

4.1.2 Composition of the Audit and Risk Committee

As at 31 March 2012, the Committee consisted of four Independent Non-Executive Members (three Board Members and one Committee Member). The Committee is also supported by one Board Advisor and chaired by an Independent Non-Executive Member of the Board. The Chief Executive Officer, Chief Financial Officer, Head of the Internal Audit, Representatives from the Office of the Auditor-General and other Senior Executive Managers have a standing invitation to Committee meetings.

Changes in the composition of the Audit and Risk Committee during the period under review are as follows:

- Mr Abel Mawela was appointed the Acting Chairperson of the Board from 01 June 2012 and therefore resigned as the Chairperson of the Audit and Risk Committee; and
- Ms Doris Dondur was appointed the Acting Chairperson of the Audit and Risk Committee on 19 June 2012 effective from 01 June 2012. She was confirmed as the Chairperson of the Audit and Risk Committee on 23 November 2012.

As at 31 March 2013, Members of the Audit and Risk Committee were as follows:

- Ms Doris Dondur - Chairperson of the Committee;



- Mr Donovan Nadison;
- Ms Motseoa Lugemwa; and
- Mr Mzolisi Nkumanda.

4.1.3 Meetings

In this review period, the Committee held five scheduled meetings and two special meetings. The purpose of one of the special meetings was to review the Annual Report for the 2011/2012 Financial Year and recommend it to the Board for approval. One of the scheduled meetings was a combined meeting with the GMA Finance Committee to discuss the Annual Financial Statements for year ended 31 March 2012. The Committee held a closed session with the Internal Audit Unit and representatives from the Office of the Auditor-General. The attendance of Committee Members at these meetings is shown below:

Table 22: Meetings

Name of Committee Members	Number of meetings attended
Mr Abel Mawela - Chairperson ¹	2 out of 2
Ms Doris Dondur - Chairperson	7 out of 7
Mr Donovan Nadison	7 out of 7
Ms Motseoa Lugemwa	7 out of 7
Mr Mzolisi Nkumanda	7 out of 7
Name of Board Advisor	Number of meetings attended
Mr Kennedy Kaposi - Board Advisor	2 out of 7

1 - Resigned as the Chairperson of the Committee on 31 May 2012.

4.1.4 Assessment of the Committee's performance

During the period under review, the performance of the Committee was assessed against its role and responsibilities set down in its Terms of Reference with the assistance of an independent service provider. The assessment indicated positive results and the committee committed itself to areas of improvement identified.

4.2 Finance Committee Report

The Finance Committee is constituted in terms of Section 19 (1) (b) of the GMA Act. The role and responsibilities of the Committee are set out in its Terms of Reference. During the period under review the Committee adopted the Terms of Reference which were approved by the Board.

4.2.1 Role and responsibilities of the Committee

The Committee has conducted its affairs and discharged its duties and responsibilities in accordance with its Terms of Reference. A summary of the main responsibilities discharged by the Committee during the period under review is as follows:

Table 23: Roles and responsibilities

Finance Policy	Reviewed the Finance Policy.
Supply Chain Management	Monitored progress with regard to the auditing findings relating to procurement irregularities identified by the Auditor-General during the 2011/12 Financial Year.
Delegation of Authority Framework	Reviewed the Delegation of Authority Framework.
GMA Budget	Considered the GMA Budget for the 2013/14 Financial year.
Quarterly Financial Statements	Reviewed quarterly financial statements.
Annual Financial Statements	Reviewed together with the Audit and Risk Committee, the accounting practices and the annual financial statements of the GMA for the year ended 31 March 2013.
Management of the finances of Gautrain and the financial securities provided by the Concessionaire	Progress report on the management of the finances of Gautrain and the financial securities provided by the Concessionaire was noted.
Asset Management	Monitored the implementation of the project plan for the Transfer of the Gautrain System Assets from the Department of Roads and Transport to the GMA.
Concessionaires' Performance Monitoring System and Patronage Reports	Reviewed the Concessionaires' Performance and Monitoring System and Patronage Reports. These reports give the highlights of the achievements and the challenges faced in the operation of the Gautrain.



4.2.2 Composition of the Finance Committee

As at 31 March 2012, the Committee consisted of five Independent Non-Executive Members (four Board Members and one Committee Member). The Committee is also supported by three Board Advisors and chaired by an Independent Non-Executive Member of the Board. The Chief Executive Officer, Chief Financial Officer and other Senior Executive Managers have a standing invitation to Committee meetings.

Changes in the composition of the Finance Committee during the period under review are as follows:

- Ms Doris Dondur resigned as the Chairperson of the Committee on 23 November 2012;
- Ms Motseoa Lugemwa was appointed the Chairperson of the Committee on 23 November 2012;
- Prof Cosmas Ambe resigned as a Committee Member on 30 January 2013; and
- Mr Abel Mawela resigned as a Member of the Committee on 31 May 2012 when he resumed his responsibilities as the Acting Chairperson of the Board from 1 June 2012.

4.2.3 Meetings

For the period under review, the Committee held five scheduled meetings and one of the meetings was a combined meeting with the Audit and Risk Committee to discuss the Annual Financial Statements for the year ended 31 March 2012. A meeting attendance schedule is set out below:

Table 24: Meeting attendance

Name of Committee Members	Number of meetings attended
Ms Doris Dondur - Chairperson ¹	5 out of 5
Ms Motseoa Lugemwa ²	1 out of 1
Mr Donovan Nadison	5 out of 5
Prof Wellington Thwala	5 out of 5
Prof Cosmas Ambe ³	4 out of 5
Mr Abel Mawela ⁴	2 out of 2
Mr Bolokang Lengane	4 out of 5
Mr Jack van der Merwe	5 out of 5
Name of Board Advisors	Number of meetings attended
Mr Tumi Moleke	1 out of 5
Mr Sanele Zondo	0 out of 5
Mr Jan-David de Villiers	0 out of 5

- 1 - Ms Doris Dondur resigned as the Chairperson of the Finance Committee on 23 November 2012 when she resumed her duties as the Chairperson of the Audit and Risk Committee on 23 November 2012.
- 2 - Ms Motseoa was appointed as a member and Chairperson of the Committee on 23 November 2012
- 3 - Prof Cosmas Ambe resigned as a Member of the Committee on 30 January 2013.
- 4 - Mr Abel Mawela resigned as a Member of the Committee on 31 May 2012 when he resumed his duties as the Acting Chairperson of the Board.

4.2.4 Assessment of the Committee's performance

During the period under review, the performance of the Committee was assessed in accordance with its Terms of Reference with the assistance of an independent external advisor. As a result of that assessment, the Committee is satisfied it has complied with its Terms of Reference. Areas of improvement will be addressed in the next review period.





4.3 Human Resources and Remuneration Committee Report

The HR and Remuneration Committee is constituted in terms of Section 19 (1) (b) of the GMA Act. The role and responsibilities of the Committee are set out in its Terms of Reference. During the period under review the Committee adopted the Terms of Reference which were approved by the Board.

4.3.1 Role and responsibilities of the Committee

The Committee has conducted its affairs and discharged its duties and responsibilities in accordance with its Terms of Reference. A summary of the main activities discharged by the Committee during the period under review is as follows:

Table 25: Roles and responsibilities

Human Resources Policies	Reviewed the Human Resources Policies and Procedure to ensure that they are aligned to the strategic intent of the GMA and also to ensure that the best practices are applied in the development of the new Policies.
HR Strategy and Plan	Considered the Revised HR Strategy. Monitored the HR Strategy Plan.
HR Quarterly Report	Reviewed the HR Quarterly Reports. Monitored progress with regard to the audit findings relating to HR matters identified by the Auditor-General during the 2011/12 Financial Year.
GMA Remuneration	Considered salary increases for the 2012/13 Financial Year and the bonuses for the 2011/12 Financial Year. Considered the Reward Philosophy and Strategy. Details in respect of the Reward Philosophy and Strategy are setout in Part 3 of this Annual Report.
Employee Benefits	Considered and reviewed the implementation of the Group Retirement and the Medical Aid Scheme.
Performance Management	Monitored the implementation of the integrated performance management system.
Skills and Knowledge Transfer Plan	Monitored progress with regard to the implementation of the Skills and Knowledge Transfer Plan from the Provincial Support Team (PST) to the GMA Staff.

4.3.2 Composition of the committee

As at 31 March 2012, the Committee consisted of four Members namely, two Independent Non-Executive Board Members, one Independent Committee Member and the Chief Executive Officer. The Chief Executive Officer attends meetings but recuses himself when issues relating to his own remuneration are discussed. The Committee is chaired by an Independent Non-Executive Member of the Board. The Senior Executive Manager responsible for the Human Resources Unit has a standing invitation to Committee meetings.

One of the Committee Members, Mr Alvin Rapea, resigned as a Member of the Committee in June 2012.

4.3.3 Meetings

During the year under review, the Committee held four scheduled meetings and two special meetings. A meeting attendance schedule is set out below:

Table 26: Meeting attendance

Name of Committee Members	Number of meetings attended
Mr Mogopodi Mokoena - Chairperson	6 out of 6
Ms Motseoa Lugemwa	5 out of 6
Mr Alvin Rapea ¹	2 out of 2
Ms Sebina Hlapolosa	6 out of 6
Mr Jack van der Merwe	6 out of 6

1 - Mr Alvin Rapea resigned from the HR and Remuneration Committee in June 2012

4.3.4 Assessment of the Committee's performance

During the period under review, the performance of the Committee was assessed against its role and responsibilities set down in its Terms of Reference with the assistance of an independent external advisor. Positive results were identified and areas of improvement will be addressed.



4.4 Social and Ethics Committee Report

The Committee is constituted as a statutory committee of the Board in terms of sections 72(4) and (5) of the Companies Act, 2008. The role and responsibilities of the Committee are set out in its Terms of Reference. The Committee became operational from April 2012 and adopted its Terms of Reference which were approved by the Board. The Committee performs an oversight and monitoring role in partnership with other Board Committees to ensure that the GMA conducts its business in an ethical manner.

4.4.1 Role and Responsibilities of the Committee

The Committee has conducted its affairs and discharged its responsibilities in accordance with its Terms of References. A summary of the main activities discharged by the Committee during the year under review is as follows:

Table 27: Main activities

Social and Economic Development	Reviewed Whistle Blowing Reports on a quarterly basis.
Good Corporate Citizenship	Provided oversight to the two Social and Investment (SIP) Projects namely TRAC and Boipatong Memorial and Youth Centre. The Committee visited the two projects during October 2012 and January 2013. The Chairperson of the Committee also attended the Annual General meeting of TRAC during March 2013.
Code of Ethics	Reviewed the Code of Business Conduct and Ethics for staff and also Board and Board Committees.
Communication with stakeholders	Reviewed the integrated Communication and Marketing Strategy.
Reports presented to the Committee	Reviewed quarterly reports on Communication and Marketing activities, Legal Compliance, whistleblowing, HR, Environment Health and Safety.
Training and development of Committee Members	Committee Members attended the IoDSA workshops on Social and Ethics Committee. The Social and Ethics Workshop presented by Prof Deon Rossouw from the Ethics Institute of South Africa was also conducted to review and enhance the Committee's Terms of Reference.

4.4.2 Composition of the committee

As at 31 March 2012, the Committee consisted of five Members namely, four Independent Non-Executive Board Members and the Chief Executive Officer. The Chairpersons of other Board Committees are also Members of the Committee to avoid overlaps. All Senior Executive Managers have a standing invitation to Committee meetings.

The Chairperson of the HR and Remuneration Committee was appointed a Member of the Committee with effect from 01 April 2013.

4.4.3 Meetings

During the year under review, the Committee held four scheduled meetings. A meeting attendance schedule is set out below:

Table 28: Meeting attendance

Name of Committee Members	Number of meetings attended
Mr Donovan Nadison - Chairperson	4 out of 4
Ms Doris Dondur	4 out of 4
Mr Abel Mawela ¹	1 out of 1
Prof Wellington Thwala	4 out of 4
Mr Jack van der Merwe	4 out of 4

- 1 - Mr Abel Mawela resigned from the Social and Ethics Committee when he resumed his duties as the Acting Chairperson of the Board.

4.4.4 Assessment of the Committee's performance

During the period under review, the performance of the Committee was assessed against its role and responsibilities set down in its Terms of Reference with the assistance of an independent external advisor. As a result of that assessment, the Committee is satisfied that it has complied with its Terms of Reference.



6. CONFLICT OF INTEREST

Potential conflicts are appropriately managed to ensure that Board and Board Committee Members have no conflicting interests between their obligations to the GMA and their personal interests. Board and Board Committee Members are required to complete the conflict of interest forms annually. Conflict of interest forms are also completed at all meetings of the Board and Board Committees by Members, Management and other attendees.

7. BOARD REMUNERATION

In accordance with the GMA Act, the MEC for Roads and Transport must in consultation with the MEC for Provincial Treasury determine the remuneration structure of the Non-Executive Board and Board Committee Members. For the period under review the remuneration policy for Non-Executive Board and Board Committee Members was approved by the MEC for Roads and Transport in consultation with the MEC for Provincial Treasury. The structure of the remuneration is based on the following:

- Attendance fees in respect of meetings, workshops and other events, paid in accordance with the National Treasury rates;
- Board retainer paid due to the nature and the activities of the Gautrain; and
- Travelling and other relevant expenses associated with attending meetings, workshops and other events are reimbursed by the GMA.

The remuneration of Board and Board Committee Members for the year ended 31 March 2013 is disclosed in the Annual Financial Statements.



8. INDUCTION AND TRAINING

Information packs including the GMA Act, the Board Charter, Service Level Agreement, GMA Annual Reports, GMA's Organisational Structure, Policies and Key Documents, Terms of Reference of the Board Committees, Minutes of the GMA Board and Board Committees etc are provided to all new Board and Board Committee Members. During the period under review, no appointment was made to the Board and Board Committees.

As the demands and the responsibilities of the Boards increases, Board Members are challenged to keep their knowledge and expertise up to date and relevant to their current duties. All Board and Board Committee Members are members of the Institute of Directors in Southern Africa (IoDSA).

During the period under review, the Board and Board Committee Members participated in the following workshops and / or courses:

- Social and Ethics Workshop;
- Principles of Corporate Governance;
- Remuneration Workshop for Directors;
- 2012 Risk Laboratory Conference;
- Being a Director Part 1 and 2; and
- Workshop on Predetermined Objectives.

9. COMPANY SECRETARIAL FUNCTION

The Company Secretary is responsible for developing and maintaining the procedures and processes required for the proper administration of Board and Board Committee proceedings. The Company Secretary advises the Board and Board Committees on their role and responsibilities and also corporate governance matters. The Company Secretary oversees the induction of new Board and Committee Members, appointment and evaluation of the Board and Board Committees as well as their on-going training.



10. RISK MANAGEMENT

The Risk Register encapsulates both enterprise- and operational-related risk into one document. The Gautrain Management Agency (GMA) has embarked on an Enterprise-Wide Risk Management approach that would capture all levels of risk, internal and external, to the organisation.

Risks are continuously identified, evaluated, mitigated, monitored, reviewed by all business units within the GMA and reported on a 'bottom-up' basis through each department. As each risk is identified it is allocated to a person in the respective department who is responsible for the day-to-day management thereof and recorded in a risk register that contains the descriptions, assessments and mitigating actions of all risks identified.

The report below briefly summarises the risk management activities within the Gautrain Management Agency (GMA) and provides an update on the most significant risks and the broad mitigation thereof.

An Executive Risk Management Report is prepared by the GMA on a quarterly basis and includes all operational risks and internal risks related to the GMA.

10.1 Assessment of risk

All risks identified are assessed in terms of probability and impact in terms of the GMA risk management policy of the GMA as provided in the two tables below:

Table 29: Impact rating scale

5	Major	Substantial impact on GMA
4	Significant	Considerable impact
3	Some/Moderate	Some impact
2	Insignificant	Minimal impact
1	None	No impact

Table 30: Probability rating scale

5	Almost certain	75-100%
4	Real chance	50-75%
3	Medium	25-50%
2	Improbable/Low	1-25%
1	Occurs rarely	0-1%

A risk score is determined by multiplying the probability with the greater score of either of the impacts. For example, a risk with a very high probability (score 5) and a high impact (score 4) will score $5 \times 4 = 20$.

10.2 Overview of most significant risks for the financial year ending March 2013

The top risks identified by the GMA are synthesised in the table below. The broad mitigation actions indicated are all underpinned by more detailed actions and allocation of responsibilities in the risk register, which is an internal document used for the day-to-day management of risks.

Table 31: Top risks

No	Description	P	I	SC	Owner	Broad Mitigation Measures
1	Capacity constraints limiting reduction in patronage guarantee.	4	5	20	GMA: Technical	Develop and implement together with Concessionaire key capacity enhancements to meet demands.
2	Total System Security insufficient to avoid theft and damage.	4	4	16	GMA: Technical	Negotiations on-going for improvement of Gautrain security with Concessionaire.
3	Adequate CAPEX availability to ensure Gautrain System improvements for increase demand.	4	4	16	GMA: Technical	Continuous development of plans and awareness of requirements to relevant management. Continuous implementation of plans to ensure demand is managed.
4	Technical service interruptions of the Gautrain System.	4	4	16	GMA: Technical	Follow-ups with Concessionaire on actions to address Gautrain System interruptions through individual discussions and monthly meetings. Conduct physical inspections and audits.
5	Service disruptions to Train / DFDS / Stations due to labour actions.	4	4	16	GMA: Technical/ Communication	GMA constantly engaging Concessionaire on potential bus/service strikes and progress.



11. INFORMATION TECHNOLOGY GOVERNANCE

As reliance on Information Technology (IT) increases, it is vital that systems are developed, implemented and maintained to ensure that the technology assists the GMA in fulfilling its functions. IT is therefore an enabler that allows the business to transact and communicate effectively and professionally.

In the 2012/2013 financial year, the GMA IT sub-unit has had great success in ensuring that the IT environment of the GMA meets acceptable standards and embraces best practices and good governance. Furthermore, major milestones related to strategic IT initiatives and stabilising the GMA IT environment have been achieved this financial year.

Although the Board is ultimately responsible for IT governance, the responsibility for the implementation and monitoring of the IT governance framework has been delegated to Management.

The GMA subscribes to King III compliance principles and therefore commits to adhering thereto. During the year under review, the GMA has successfully aligned its IT operations to the principles recommended in King III. In addition to operational governance processes, the following best practices have been successfully implemented:

An IT governing structure has been established where all applicable IT matters are channelled through the GMA Management committee. The IT Quarterly reports produced are dealt with at the Audit and Risk Board Committee. These reports outline the current status of IT projects, update on the implementation of the IT Strategy, challenges as well as general feedback on IT matters, in particular:

- An IT strategy was developed based on objectives and initiatives derived from the GMA Strategy;
- A detailed risk matrix has been developed and aligned with the GMA business risk register; and
- Significant IT matters, including policy approvals, are dealt with by the GMA Audit and Risk Committee.



11.1 The GMA IT strategy

Technology has become the foundation for achieving most business goals, particularly those addressing efficiency and effectiveness. To ensure that the GMA IT is positioned to meet the needs of the business, a direct line-of-sight between IT and the business has to be monitored and periodically recalibrated. The GMA has therefore developed an IT strategy that covers the following strategic goals:

- **Deliver customer-focused IT service**

Customer focus is fundamental to acceptable service delivery standards and understanding as well as satisfying customers' needs. The GMA IT sub-unit has planned a number of initiatives to achieve this.

- **Alignment of business systems to IT infrastructure**

IT infrastructure management assures proper functioning and optimum allocation of IT resources. It adds to the productivity of the organisation and helps the various departments to conduct their business. The GMA IT sub-unit will ensure that the implemented and future systems are aligned with the current and planned IT infrastructure.

- **Ensure adequate and effective IT continuity**

IT continuity must be ensured to enable the organisation to recover effectively from a disaster. The disaster recovery plan is a critical aspect of business continuity to allow for maximum uptime. During this 2012/2013 financial year submitted, IT successfully implemented the defined disaster recovery plan for the GMA.

- **Build an IT environment that is effective, efficient, secure and cost effective**

There has been much improvement in some of the strategic initiatives, planned over three years that underpin technology deployment in the year under review.

The crux of technology deployment would be underpinned by a number of strategic initiatives. These initiatives have been planned for over a period of three years, and there has been good improvement in some of the areas in this financial year.

- **Standardise IT policies and procedures that are compliant with applicable legislation and standards**

Policies and procedures are at the centre of implementing feasible IT governance principles. IT governance ensures that the use of IT is in the best interests of all stakeholders and that the organisation complies with IT and information-related legislation and corporate governance. In this financial year, the IT sub-unit developed all the procedures for the IT Policy Manual, ensuring that they are adequately aligned to the GMA strategy and compliant with all applicable legislation and standards. The standards will be further reviewed for adequacy in supporting the IT operational environment.



- **Ensure adequate and effective risk management**

The IT sub-unit subscribes to the GMA risk identification and management approach and takes an active and proactive role in managing IT risks. The sub-unit aims at fully understanding and improving the risk management processes while effectively managing identified IT risks.

- **Implement green IT**

With climate change as a key concern for corporate entities across the world, the GMA IT seeks to improve the utilisation of resources and minimisation of wastage in a number of areas. Reduction of paper wastage will be addressed by promoting a paperless environment and improving printing energy utilisation.

11.2 IT continuity planning

The GMA Information Technology Policy and best practice provide that an IT Disaster Recovery Plan and procedures should be maintained within the IT environment to ensure an acceptable recovery time and continuity of business operations in the event of a disaster.

The GMA IT sub-unit has successfully implemented the applicable IT continuity planning processes and the Disaster Recovery Plan and Disaster Recovery Procedures have been presented to the Audit and Risk Board Committee. The process includes, amongst others, backup procedures, schedules and rotation of backup media for data and information resources; Backup Media Off-site Storage and periodic testing of backup media, monitoring of backup media and retention controls on backup software.

11.3 Overall information technology key achievements

- The IT strategy was developed based on objectives and initiatives derived from the GMA Strategy;
- IT monthly and quarterly reports, which include significant IT matters, are developed and discussed at relevant IT governance structures;
- New printing infrastructure has been implemented with 'Follow-Me-Printing' capabilities that reduces paper wastage and increases printer availability;
- A unified Threat Management System has been implemented to safeguard the IT Systems from intrusion;
- A Disaster Recovery plan has been developed and was presented to the Audit and Risk Board Committee. An off-site disaster recovery site has been established and the recovery test runs have been successful;
- All IT procedures have been developed to complement the approved IT Policy;
- A Helpdesk System has been implemented to record and track IT support activities;
- Prince 2 Project Management Methodology has been adopted for current and future IT projects; and
- Implementation of the IT Continuity planning processes.



12. INTERNAL AUDIT

In line with the Public Finance Management Act (PFMA), Gautrain Management Agency (GMA) has a fully-fledged, in-house, independent Internal Audit function. Internal Audit reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee (ARC) of the Board.

In conformance with the ARC Charter and the Internal Audit Charter, the ARC approved a three-year rolling Strategic Internal Audit Plan, which included a one-year (2012/2013) Annual Internal Audit Plan. The risk-based Annual Internal Audit Plan, which is aligned with the strategic plan, covers all key risks facing GMA and all the approved audit reviews were completed by March 2013.

Apart from high-risk areas, the Annual Internal Audit Plan also included cross-functional auditable areas such as the Annual Performance Plan, Quarterly Stakeholder Key Controls Dashboard, follow-up on Auditor-General findings and other audit reviews assessing the adequacy and effectiveness of internal controls, governance and risk management processes.

The ARC receives internal audit reports on a quarterly basis. Internal Audit also sits on the GMA Management Committee, which is an internal forum that shapes policy and gives direction on strategic matters.





13. COMPLIANCE, FRAUD AND CORRUPTION

The Compliance and Legal Services Unit of the GMA continuously monitors and reviews the legislative and regulatory environment within which GMA operates in order to ensure compliance. To this end, new and existing legislation as well as any amendment thereof, which may have an impact on the business and operations of GMA, are reported on every quarter. Where necessary, remedial steps that are required to address non-compliance or deficiencies are taken.

In pursuit of good governance and in line with its commitment to zero tolerance on fraud, corruption, theft and maladministration, GMA has, inter alia, reviewed its Fraud Prevention Policy and has developed and implemented the Whistle-Blowing Policy. GMA has appointed an independent service provider to provide dedicated fraud hotlines services in an effort to curtail and eradicate any conduct that is buttressed by fraud, corruption, theft and maladministration. The Fraud Hotline number is 0800 6 FRAUD (0800 637 283)

The foregoing controls are aimed at:

- Raising the level of awareness regarding fraud, corruption, theft, maladministration and financial misconduct, among the GMA employees and stakeholders; and
- Giving guidance and directives vis-a'-vis the reporting and handling of any incidents of fraud, corruption, theft, maladministration and financial misconduct within the GMA.

During the period under review, the GMA also developed and implemented the Disaster Management Plan, which provides for a meaningful, planned, co-ordinated, organised and disciplined joint action in the event of any emergency or disaster having an impact on GMA or its operations.

14. SOCIAL INVESTMENT PROGRAMMES

With regard to social investment programmes, Gautrain currently supports two projects: the Boipatong Memorial and Youth Centre and TRAC South Africa.

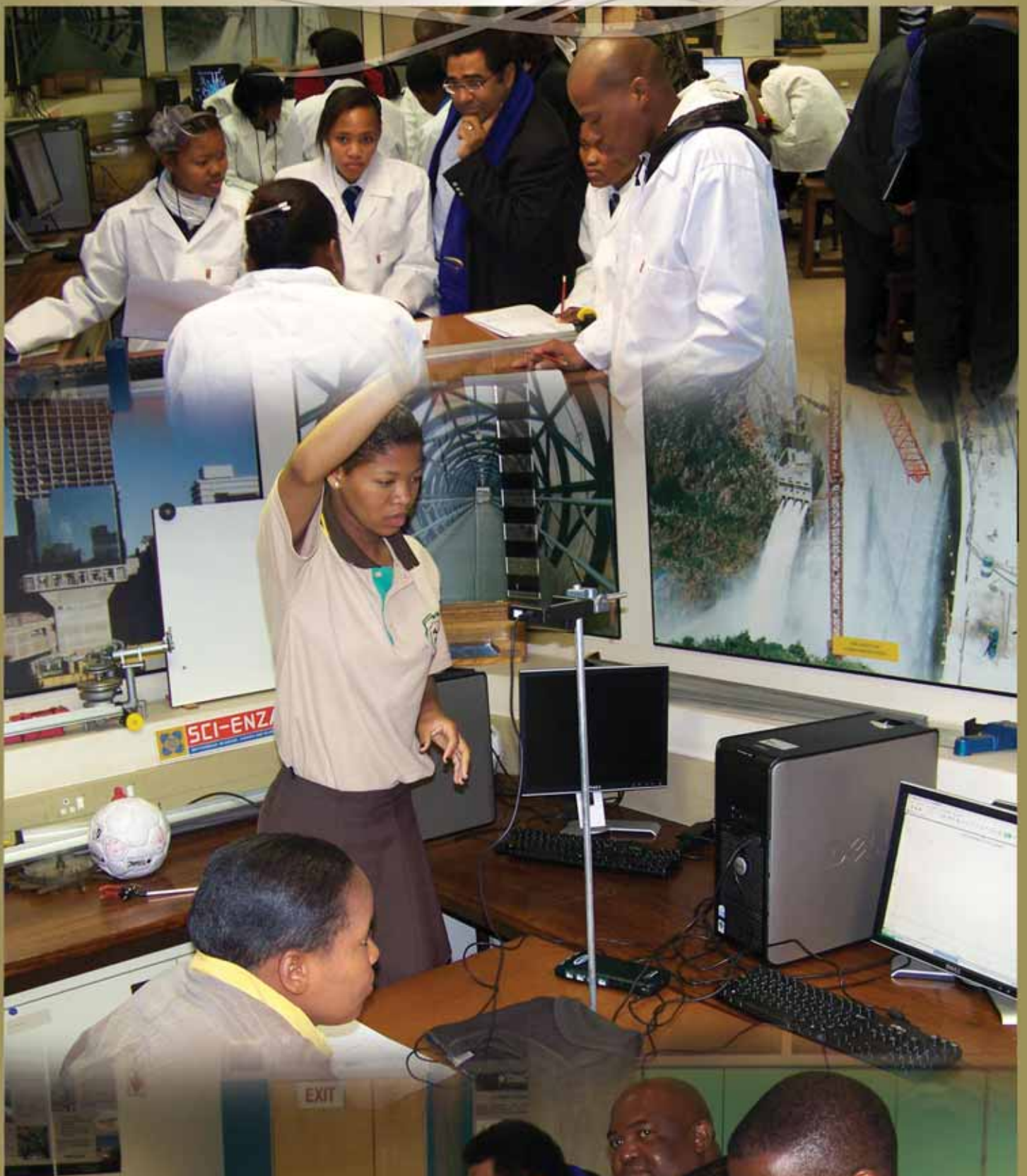
• **Boipatong Memorial and Youth Centre**

The memorial and youth centre will tell the story of Boipatong as well as serve the community as an interactive space to encourage community healing and youth development. Construction is well underway. During the period under review, the GMA Social and Ethics Committee made two visits to the site.

• **TRAC South Africa**

TRAC South Africa is a national, non-profit programme, the objective of which is to support science and technology education in South African secondary schools. The GMA Board approved an additional amount of R3 878 980 for TRAC for a three-year period. The GMA Social and Ethics Committee visited TRAC during June 2012. The Committee was satisfied with the impact the TRAC-SA Programme has on students in terms of their future plans after completing matric. The TRAC-SA Programme also a huge benefit to students who do not have adequate science facilities at their schools.

There has been an increase in the number of TRAC learners interested in pursuing science at universities.





PART E : HUMAN RESOURCES MANAGEMENT







1. INTRODUCTION

The nature of the Gautrain Management Agency's (GMA) business is such that its success is largely due to the experience, commitment and dedication of its personnel. The approved GMA Strategic Plan reflects the continuing improvement in the alignment and integration of the business of the GMA with its mandate, vision, mission and values. It is anticipated that within the period of the approved Strategic Plan, the GMA's value offerings, human capital, organisational culture as well as processes and systems will place the organisation in a position to carry out its mandate, thus supporting its continued relevance and sustainability. It is for this reason that the Human Resources (HR) sub-unit of the GMA had to position its policies, practices and systems to align with the strategic direction of the GMA business.

Over the past two-years, the HR sub-unit's major focus has been on the recruitment and appointment of competent personnel, the transfer of knowledge from the professional teams of service providers to the appointed personnel, the development and establishment of all required business systems, policies, procedures and practices to ensure a successful GMA taking up its leadership role to the Operating Phase of Gautrain. Inevitably, the HR sub-unit had to fine-tune its strategy to align it with the GMA Strategic Plan to ensure that HR Strategy supports and enables the GMA to continue carrying out its mandate.

2. THE GMA HUMAN CAPITAL MANAGEMENT

2.1 The GMA Human Resources Strategy

An assessment of the Human Resources service delivery model and capability demonstrated over the past years have revealed that, while the HR sub-unit has played a pivotal support role in the establishment of the GMA, it is yet to realise the role it can play in proactively guiding the business towards excellence in people management. It has also been clear that the HR sub-unit has to consider enhancing internal capacity and realigning policies, procedures and practices as strategic human resource imperatives.

The HR sub-unit has therefore redefined its role to that of a strategic business partner. This redefinition will enhance the HR sub-unit's ability to contribute strategically towards the overall realisation of GMA's strategy, while displaying best practice in all aspects of HR delivery, as well as augmenting its ability to develop credibility and effectiveness in relationships with all stakeholders.

The Human Resources Mission was formulated as follows:

"To ensure a dynamic and successful Agency, which delivers exceptional performance and services through well qualified and optimally developed, engaged and motivated personnel".

In achieving its mission, five strategic themes have been identified:

- *HR Strategic Theme One:* World-class Human Resources Service Delivery to the GMA;
- *HR Strategic Theme Two:* A dynamic and successful Agency through its astute leadership;
- *HR Strategic Theme Three:* Results-driven organisation;
- *HR Strategic Theme Four:* Well-qualified and optimally-developed people; and
- *HR Strategic Theme Five:* Engaged and motivated people.

The implementation plan of the strategy is guided by the priorities of the business. The timelines to implement the initiatives are informed by the current maturity stage of the GMA, in terms of human resources management and business. The implementation of the HR initiatives and interventions is primarily designed to optimise the organisation's HR performance. It has also been recognised and endorsed by management that critical to the successful implementation of the HR strategy is ownership of the human resources processes by the GMA line management.

2.2 Implementation of an integrated Performance Management System

Organisational effectiveness is a key measure in an organisation's success and sustainability. As the GMA transformed from the Development Phase to a corporate business, it became necessary to review the existing Performance Management System and to implement a new integrated system.

The philosophy applicable in the new system is based on the scorecard principles in terms whereof corporate goals are cascaded to business units and then further down to the individual level. This approach focuses the business on 'what is achieved' on the job, and on 'how it was achieved'. A focus on 'how it was achieved'. (i.e. performance goals) ensures that the goals of employees are linked with what the organisation is trying to achieve. Employees are therefore able to see the link between their work and how they contribute to the overall success of the vision.

The newly implemented Performance Management System ensures:

- Planning of work and setting of expectations through performance contracting;
- Continuous monitoring of performance;
- Periodical rating of performance in a formal process; and
- Appropriate rewarding of good performance.



The added benefits that emanated from the implementation of an integrated Performance Management System were the development of the GMA strategy map and the mapping of the value chains for each business unit.

The GMA is certain that with the new system:

- A performance culture will be established;
- People will be aligned to the strategy, and
- There will be focused people development and improved business performance.

2.3 The GMA Reward Philosophy

The GMA Reward Philosophy consists of a set of beliefs that underpin the organisation and govern reward policies and provide the foundation for the guiding principles that determine how reward processes operate. These principles guide all reward decisions and practices within GMA to ensure that salary grading for the assigned jobs is equitable and competitive.

Through its reward strategy, GMA strives to provide its employees with a compensation package that is in line with the organisation's strategy and values, through a combination of salary, bonus opportunities, recognition awards and non-financial rewards and benefits. The principle of 'performance-based remuneration' is one of the cornerstones of the reward philosophy. This philosophy is also underpinned by sound remuneration management and governance principles, which will be promoted throughout GMA to ensure consistent application.

The emphasis of the GMA reward philosophy and strategy is to:

- Attract, motivate and retain the right employees who will deliver business success;
- Offer a holistic employee value proposition;
- Ensure that the sum total of all the elements of the rewards offering is competitive, well defined, branded and communicated in such a way that employees can value it;
- Optimise the return on investment of remuneration and benefits by balancing the reward offering in terms of financial and non-financial compensation;
- Create sustainable employee satisfaction and engagement; and
- Ensure that the GMA complies with corporate governance guidelines in the way that remuneration is managed.

2.4 The GMA Leadership and Management Development Programme

As part of the implementation of the approved Human Resources strategy under the theme 'Ensure a dynamic and successful Agency through its astute leadership', the HR sub-unit commenced with the implementation of the Leadership and Management Development Programme. This initiative aims at developing sustainable leadership capacity and capability that are crucial to the on-going delivery of service by the GMA and, most importantly, to the building and retention of talent.

Leadership and management development is at the core of a successful and sustainable organisation. It provides the organisation with the competitive advantage and the ability to achieve its goals. The purpose of the GMA Leadership and Management Development programme is therefore to:

- Offer a coherent framework that brings together the principles of leadership and management within the GMA;
- Develop a culture that supports employees in enabling them to provide the highest possible standard of performance; and
- Develop sustainable capacity and capability of leaders and managers that are crucial to the on-going delivery of service, improvement and effectiveness, whilst enhancing job performance and staff morale.





3. HUMAN RESOURCES STATISTICS FOR THE PERIOD 1 April 2012 to 31 March 2013.

3.1 The GMA Workforce Profile as at 31 March 2013

Overall the GMA has a diverse workforce, representative of the South African population.

Table 32: Employees per occupational level, distributed by race, gender and people with disabilities

Occupational Level	Male			Sub Total	Female			Sub Total	Total	Age Group			Total	
	A	C	I		W	A	C			I	W	<35		35-55
Top Management	0	0	0	1	0	0	0	0	1	0	0	1	1	
(F-Band)	0	0	1	1	0	0	0	0	1	0	0	1	1	
Senior Management	1	0	1	1	3	0	0	0	3	1	1	1	3	
(E-Band)	1	0	1	1	3	0	0	0	3	1	1	1	3	
Professionals	5	1	0	2	8	7	0	1	10	18	3	15	0	18
(D-Band)	5	1	0	2	8	7	0	1	10	18	3	15	0	18
Skilled	3	0	2	0	5	2	2	0	6	11	2	8	1	11
(C-Band)	3	0	2	0	5	2	2	0	6	11	2	8	1	11
Semi-skilled	2	0	0	0	2	5	0	0	5	7	2	5	0	7
(B-Band)	2	0	0	0	2	5	0	0	5	7	2	5	0	7
Unskilled	0	0	0	0	0	1	0	0	1	1	0	1	0	1
(A-Band)	0	0	0	0	0	1	0	0	1	1	0	1	0	1
Total	11	1	3	4	19	15	2	1	4	41	8	30	3	41
Employees with disabilities	0	0	1	0	1	0	0	0	0	1	0	1	0	1

3.2 Recruitment

The GMA employed a total of 10 new recruits in the 2012/2013 financial year of which 70% were female and 30% male. Of these 80% were Black employees (i.e. African, Coloured and Indian) and 20% White.

Table 33: Recruitment for the period under review

Gender & Race	Male				Sub Total	Female				Sub Total	Total
	A	C	I	W		A	C	I	W		
OCCUPATIONAL LEVEL											
Senior Management (E-F Band)	0	0	0	0	0	1	0	0	0	1	1
Professionals (D-Band)	1	0	0	0	1	3	0	0	1	4	5
Skilled (C-Band)	2	0	0	0	2	1	0	0	1	2	4
Semi-skilled (B-Band)	0	0	0	0	0	0	0	0	0	0	0
Unskilled (A-Band)	0	0	0	0	0	0	0	0	0	0	0
Total	3	0	0	0	3	5	0	0	2	7	10





Table 34: Employment and vacancies by salary bands – vacancy rate as per 31 March 2013

Paterson Bands	Number of Posts	Number of Posts Filled	Vacancy Rate
Senior Management (E-F Bands)	8	4	50%
Professionals (D-Band)	23	18	22%
Skilled (C-Band)	22	11	50%
Semi-skilled (B-Band)	7	7	0%
Unskilled (A-Band)	1	1	0%
TOTAL	61	41	33%

Vacancy rate

The recruitment plan was to complete the process of populating the structure by the end of the 2012/2013 financial year. The HR sub-unit successfully embarked on a recruitment drive to fill the positions that were open from the beginning of the year. A number of positions were subsequently created during the financial year. The vacancy rate is therefore mainly due to either resignations or newly approved posts.

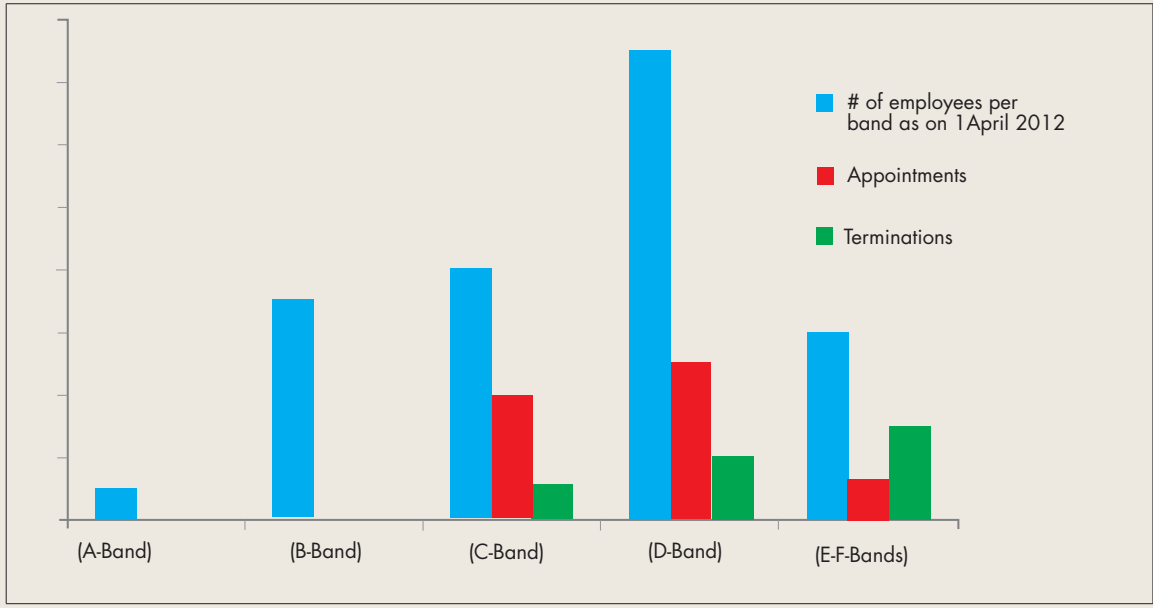
The average vacancy rate as at 31 March 2013 is 33% as indicated in the table above.



3.3 Staff movement

Table 35: Annual turnover rates by salary band for the period under review

PATERSON BAND	# of employees per band as on 1 April 2012	Appointments	Terminations	Turnover rate
Unskilled and defined decision making. (A-Band)	1	0	0	0%
Semi-skilled and discretionary decision making. (B-Band)	7	0	0	0%
Skilled Technical, Junior Management; Supervisors. (C-Band)	8	4	1	13%
Professionally qualified and experienced specialists and mid-management. (D-BAND)	15	5	2	13%
Senior Management. (E-F BANDS)	6	1	3	17%
TOTAL	37	10	6	3%



Graph 38: Annual turnover rates by salary band for period under review

Table 36: Reasons for staff leaving the GMA

Termination Type	Number	% Total
Resignations	5	12%
Settlement	1	2%



3.4 Employment equity

The table below provides a summary of the total number of employees by gender and race and people with disabilities in each of the occupational bands as on 31 March 2013.

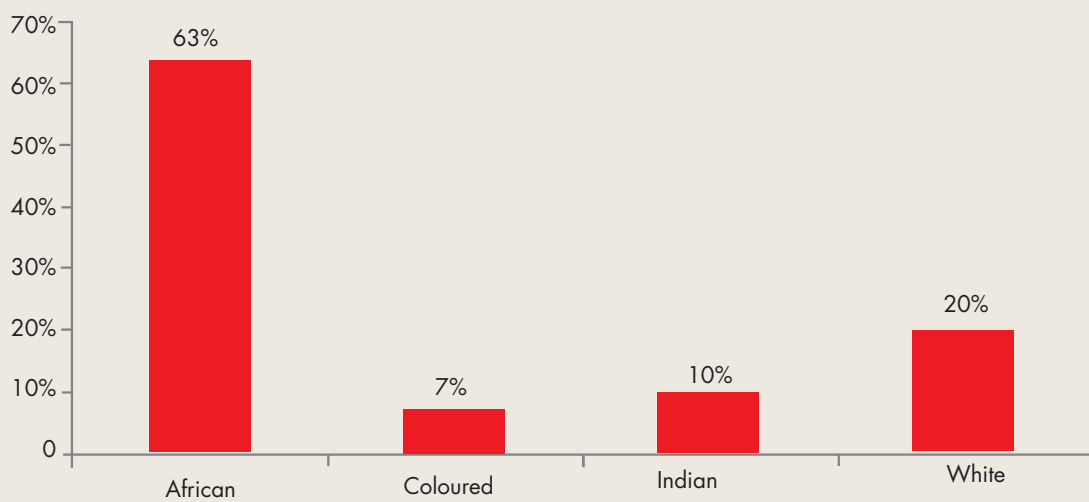
Table 37: Total number of employees

Gender and Race OCCUPATIONAL LEVEL	Male				Sub Total	Female				Sub Total	Total
	A		I			C		W			
	A	C	I	W		A	C	I	W		
Top Management (F-Band)	0	0	0	1	1	0	0	0	0	0	1
Senior Management (E-Band)	1	0	1	1	3	0	0	0	0	0	3
Professionals (D-Band)	5	1	0	2	8	7	0	1	2	10	18
Skilled (C-Band)	3	0	2	0	5	2	2	0	2	6	11
Semi-skilled (B-Band)	2	0	0	0	2	5	0	0	0	5	7
Unskilled (A-Band)	0	0	0	0	0	1	0	0	0	1	1
Total	11	1	3	4	19	15	2	1	4	22	41
%	27%	2%	7%	10%	46%	36%	5%	2%	10%	54%	100%
Employees with disabilities	0	0	1	0	1	0	0	0	0	0	2.4%

	Age Group			Total
	<35	35-55	>55	
Top Management (F-Band)	0	0	1	1
Senior Management (E-Band)	1	1	1	3
Professionals (D-Band)	3	15	0	18
Skilled (C-Band)	2	8	1	11
Semi-skilled (B-Band)	2	5	0	7
Unskilled (A-Band)	0	1	0	1
Total	8	30	3	41
%	20%	73%	7%	100%
Employees with disabilities	0	1	0	2.4%



The GMA has achieved an overall Employment Equity ratio of 80% Black employees (Africans, Coloureds and Indians), to 20% White, and the GMA's gender ratio of 54% females to 46% males.



Graph 39: Employment equity



3.5 Skills development

Human Resources sub-unit has made efforts to strengthen links between personnel development, performance management and other aspects of human resources management. The GMA experienced a general increase in staff training requests and development interventions during this financial year. This is attributed to the initiative to ensure that skills requirements, as per the requested training in accordance with the personal development plans, are achieved as planned.

The table below indicates that the training plans have been far exceeded and the majority of beneficiaries are at professional and skilled levels, which demonstrates that there is a pool of individuals being developed for senior roles.

Table 38: Training beneficiaries per quarter for period under review

Occupational Level	Q1	Q2	Q3	Q4	TOTAL
Senior Management (E- F Band)	0	3	1	1	5
Professionals (D-Band)	1	6	3	7	17
Skilled (C-Band)	3	5	15	4	27
Semi-skilled (B-Band)	1	1	4	7	13
Unskilled (A-Band)	0	0	8	1	9
Total	5	15	31	20	71



PART F : ANNUAL FINANCIAL STATEMENTS







GAUTRAIN MANAGEMENT AGENCY ABBREVIATIONS

for the year ended 31 March 2013

CA	Concession Agreement
DoRA	Division of Revenue Act
EPI	Extended Phase 1
GMA	Gautrain Management Agency
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MTEF	Medium Term Expenditure Framework
OCD 1	Operational Commencement Date Phase 1
OCD 2	Operational Commencement Date Phase 2
PAYE	Pay As You Earn Tax
PFMA	Public Finance Management Act (Act No.1 of 1999), as amended
PPPFA	Preferential Procurement Policy Framework Act (Act No.5 of 2000)
PRA	Performance Reserve Account
PST	Provincial Support Team (Transaction Advisors to the Gautrain Project)
SED	Socio-Economic Development
SIP	Social Investment Programme

GAUTRAIN MANAGEMENT AGENCY

ADMINISTRATIVE INFORMATION

for the year ended 31 March 2013

Domicile

Republic of South Africa

Nature of Principal Activities

The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (Act No. 1 of 1999), as amended (PFMA), reporting to the Member of Executive Council (MEC) of the Gauteng Department of the Roads and Transport. The mandate of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd.

The vision of the GMA is to provide an accessible, safe, reliable and affordable passenger transport system that will follow integrated, state-of-the-art technologies, change the culture of public transport usage and enable people to move freely within the Gauteng Province.

Board Members

- | | |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ms. A Nair | - Chairperson - Re-appointed on 1 January 2012, Resigned 31 May 2012 |
| Mr. A Mawela | - Deputy Chairperson - Re-appointed on 1 January 2012,
- Appointed as Acting Chairperson on 1 June 2012 and
- Confirmed as Chairperson on 12 November 2012 |
| Ms. D Dondur | - Appointed on 1 January 2012,
- Appointed as Deputy Chairperson on 12 November 2012 |
| Mr. E van der Merwe | - Chief Executive Officer - Re-appointed on 1 January 2012 |
| Mr. M Mokoena | - Re-appointed on 1 January 2012 |
| Mr. D Nadison | - Re-appointed on 1 January 2012 |
| Ms. M Lugemwa | - Appointed on 1 February 2012 |
| Prof. W Thwala | - Appointed on 1 February 2012 |

Postal Address

P O Box 1266
Kelvin
2054
South Africa

Physical Address

44 Grand Central Boulevard
Grand Central ext. 1
Midrand
1685
South Africa



GAUTRAIN MANAGEMENT AGENCY ADMINISTRATIVE INFORMATION

for the year ended 31 March 2013

Chairperson	Ms. A Nair Mr. A Mawela	- (1 April 2012 - 31 May 2012) - Acting Chairperson (1 June 2012 - 11 November 2012) - Chairperson (12 November 2012 - 31 March 2013)
Chief Executive Officer	Mr. E van der Merwe	
Chief Financial Officer	Ms. K Muthen	- (1 April 2012 - 21 July 2012)
Acting Chief Financial Officer	Mr. W Dachs Mr. I Scott	- (21 July 2012 - 31 January 2013) - (1 February 2013 - 31 March 2013)
Secretary	Ms. T Marumo	
Banker	Absa Bank Limited	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No. Website: E-mail:	+27 11 086 - 3500 www.gautrainpo.co.za info@gautrainpo.co.za

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY MEMBERS OF THE BOARD

for the year ended 31 March 2013

The Board is responsible for the preparation of the annual financial statements.

The annual financial statements conform with Generally Recognised Accounting Practices (GRAP) and the reporting requirements of the Public Finance Management Act (Act No.1 of 1999), as amended (PFMA) and fairly present the state of affairs of the GMA as at the end of the financial year and the results of its operations and cash flows for the period under review.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

INTERNAL AND ACCOUNTING CONTROLS

The Board Members are ultimately responsible for the internal controls of the GMA. Management enables the Board Members to meet these responsibilities.

In order for the Board Members to discharge their responsibilities, management has developed and maintained a risk management policy and an effective and efficient system of internal control.

The system of internal control is designed to provide reasonable assurance of the integrity and reliability of the financial statements of the GMA and to adequately safeguard, verify and maintain accountability for funds and assets.

Management and the Audit and Risk Committee of the Board have implemented a risk management policy and regularly review the risk register and the system of internal control. These are monitored and improved or amended as the GMA's operating conditions change.

The system of internal control includes a comprehensive budgeting and reporting system operating within strict deadlines, the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Systems and controls are monitored throughout the GMA by the various committees of the Board.

As part of the system of internal controls, the GMA's internal audit function was staffed by three personnel during the year under review. Under the direction of the Executive Manager: Internal Audit, the internal audit team conducted the audit reviews in accordance with the plan as approved by the Audit and Risk Committee of the Board. The internal audit plan was co-ordinated with the Auditor-General's coverage plan.



GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY MEMBERS OF THE BOARD

for the year ended 31 March 2013

Based on the information and explanations provided by management and the internal auditors, the Board Members are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with GRAP and to maintain accountability for the GMA's assets and liabilities. Nothing has come to the attention of the Board Members to indicate that a breakdown in the functioning of these controls, resulting in material loss to the GMA, has occurred during the year and up to the date of this report.

GOING CONCERN

The use of the going concern basis of accounting is appropriate because at the date of approval of the annual financial statements, the Board Members do not believe that there are any material uncertainties related to events or conditions that may cast significant doubt about the ability of the GMA to continue as a going concern.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Board consists of five non-executive committee members, four of whom are Board Members and one member who is a Non-Board Member. The committee meets at least four times per annum. The committee ensures effective communication between the Board, internal audit and the Auditor-General. The Auditor-General and the internal audit have independent access to the Audit and Risk Committee.

The Audit and Risk Committee operates within the framework of formal terms of reference and has discharged its responsibilities for the year, in compliance with its terms of reference.

ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with accounting policies as set out in the Disclosure Notes to the Annual Financial Statements and are supported by judgements, estimates and assumptions in compliance with GRAP.

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY MEMBERS OF THE BOARD

for the year ended 31 March 2013

The annual financial statements for the year ending 31 March 2013 set out on pages 200 to 260 were approved on 30 July 2013 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



MR. A MAWELA

GMA: BOARD CHAIRPERSON



MR. E VAN DER MERWE

GMA: CHIEF EXECUTIVE OFFICER



GAUTRAIN MANAGEMENT AGENCY REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2013

The Audit and Risk Committee has pleasure in submitting this report in respect of the 2013/13 Financial Year of the GMA, as required by the Treasury Regulations 27.1.7 and 27.1.10(b) and (c) issued in terms of sections 51 (1) (a)(ii) and 79(4)(d) of the Public Finance Management Act (PFMA).

1. AUDIT AND RISK COMMITTEE MEMBERS AND MEETING ATTENDANCE

The GMA Audit and Risk Committee Members are listed hereunder.

Name of Audit and Risk Committee Member	Qualifications	Position and Independence	Date of Appointment	Number of meetings attended
Mr Abel Mawela	B Com B Com Honours MBA	Chairperson from 01/04/2013 until 19/05/2013 Independent Non-Executive Board Member	Re-appointed as Chairperson on 01/01/2012 until 19/05/2012	2 out of 2
Ms Doris Dondur	Bachelor in Accounting B Com Honours CA (SA) MBA International Executive Development Programme Executive Development Programme	Acting Chairperson from 19/05/2013 until 23/11/2013 Chairperson from 23/11/2013 Independent Non-Executive Board Member	Re-appointed as Committee Member on 01/01/2012 Appointed as Acting Chairperson on 19/05/2012 Appointed Chairperson on 23/11/2012	7 out of 7
Mr Donovan Nadison	BA Social Work MA Industrial Social Work	Independent Non-Executive Board Member	01/01/2012	7 out of 7

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2013

Ms Motseoa Lugemwa	BA Ed B Com Accounting Postgraduate Diploma: Management Accounting MBA in Finance ACMA (UK)	Independent Non-Executive Board Member	01/02/2012	7 out of 7
Mr Mzolisi Nkumanda	B Com Higher Diploma in Tax MBL	Independent Non-Executive Committee Member Appointed as an Independent Non-Executive Board Member from 01 April 2013	Re-appointed on 01/01/2012	7 out of 7

The Chief Executive Officer, Chief Financial Officer, Internal and External Auditors have a standing invitation to all Committee meetings. Some of the other Senior Executive Managers also attend Committee meetings by invitation.

During the period under review, the Audit and Risk Committee held five scheduled meetings and two special meetings. The Audit and Risk Committee also held separate meetings with the Internal and External Auditors.

2. AUDIT AND COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee has complied with its responsibilities in terms of the Treasury Regulations and the Public Finance Management Act. During the period under review, the Audit and Risk Committee has adopted formal terms of reference, as its charter and was approved by the Board.

The Audit and Risk Committee has discharged all its responsibilities as contained in its charter.



GAUTRAIN MANAGEMENT AGENCY REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2013

3. EFFECTIVENESS OF SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT

Section 51(1)(a)(i) of the PFMA states that the Accounting Authority must ensure that the public entity has and maintains effective, efficient and transparent systems of financial, risk management and internal control.

The Audit and Risk Committee is responsible for the oversight of risk management and the reviews of the internal controls and risk management systems. Reviews of the effectiveness of the system of internal controls were conducted and they covered financial, operational and compliance controls and risk assessment. The Quarterly Risk Registers that summarises both the enterprise and the operational-related risks were considered and reviewed by the Audit and Risk Committee and the Accounting Authority. Two risk assessments were conducted during August 2012 and March 2013.

An overview of the most significant risks for the 2012/13 Financial Year is discussed in detail under the corporate governance section of this report.

4. INTERNAL AUDIT

The GMA has an in-house and independent Internal Audit function. The Audit and Risk Committee considers and recommends the Internal Audit Charter to the Accounting Authority for approval. The Audit and Risk Committee reviews and approves the Internal Audit Plan. The Audit and Risk Committee has considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan. The Audit and Risk Committee has reviewed significant matters reported by the internal audit and the adequacy of the corrective actions taken by the GMA management in response to the significant internal and external audit findings.

5. QUALITY OF MANAGEMENT AND MONTHLY / QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee reports that during the period under review, monthly and quarterly management reports were presented to enable them to:

- Monitor the integrity, accuracy and reliability of the financial position of the GMA;
- Review the management accounts of the GMA and provide the Accounting Authority with an authoritative and credible view of the financial position of the GMA;
- Review the disclosure in the financial reports of the GMA and the context in which statements on the financial health of the GMA are made; and
- Review all material information presented together with the management accounts.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2013

6. SUMMARY OF THE MAIN ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has discharged its responsibilities in terms of its terms of reference as follows:

- Reviewed the annual financial statements and the annual report for the 2012/13 Financial Year for recommendation to the Accounting Authority;
- Approved the internal audit charter for recommendation to the Accounting Authority;
- Approved the internal audit plan;
- Reviewed the internal audit reports;
- Approved policies and key documents for recommendation to the Accounting Authority;
- Reviewed quarterly reports on the following:
 - Interim financial statements;
 - Information Technology;
 - Risk Management;
 - Legal Compliance and Litigation;
 - GMA's performance against predetermined objectives.
- Evaluated the effectiveness of the risk management and the internal controls system;
- Verified the independence of the external auditors;
- Reviewed the terms of engagement of the external auditors;
- Reviewed the capacity within the internal audit unit.

7. EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee wishes to indicate that it performed a review on the annual financial statements focusing on:

- Significant financial reporting judgments and estimates contained in the
- annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made
- have been set properly in context;
- Quality and acceptability of, and any changes in accounting policies
- and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted differences resulting from
- the audit;
- Reflection of unusual circumstances or events and management's



GAUTRAIN MANAGEMENT AGENCY REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2013

- explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations and revaluations;
- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers; and
- The basis for the going concern assumption.

The Audit and Risk Committee reviewed the Draft Annual Financial Statements and the Draft Annual Report for the 2012/13 Financial Year for recommendation to the Accounting Authority at its meeting held on 20 May 2013.

8. CONCLUSION

The Audit and Risk Committee is delighted to accept the conclusions and the unqualified audit opinion of the Auditor-General on the Annual Financial Statements.

Ms Doris Dondur
Chairperson of the Audit and Risk Committee
30 August 2013

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE BOARD

for the year ended 31 March 2013

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2013.

GENERAL REVIEW

The GMA has been established in terms of the GMA Act, Act 5 of 2006, and listed under Schedule 3C of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA), as a Provincial Public Entity. The overall objective of the GMA is to manage, co-ordinate and oversee the Concession Agreement and to enhance the integration of the Gautrain Project with other public transport services and other public modes of transport.

FINANCIAL OVERVIEW

The financial overview of the GMA is comprehensively disclosed in the annual financial statements.

FINANCIAL RESULTS

The summary of the financial results of the GMA for the year ended 31 March 2013 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)	2013	2012
Total Revenue (*)	391 205	335 929
Total Expenditure	286 052	287 237
Net surplus for the year	172 835	103 436
Restricted Project Funds	1 218 348	1 927 868
Project Expenditure utilising restricted project funds	1 763 843	1 446 834
Total Assets	1 533 132	1 429 158

(*) Non-Exchange Transactions only

GOING CONCERN

The Board has considered all the facts and has reason to believe that the GMA will continue to operate as a going concern in the year ahead.



GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE BOARD

for the year ended 31 March 2013

APPRECIATION

The Board wishes to express its appreciation to all parties who participated and assisted during the year under review, and especially the following:

- i. The Gauteng Provincial Government, MEC Dr. Ismail Vadi and the Gauteng Department of Roads and Transport;
- ii. The GMA staff and the Board Members for their dedication and commitment;
- iii. Professional Bodies who rendered services to the Board;
- iv. The Independent Audit and Risk Committee Member;
- v. The Media fraternity; and
- vi. The Public in general.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTRAIN MANAGEMENT AGENCY

for the year ended 31 March 2013

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Gautrain Management Agency set out on pages 200 to 260, which comprise statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gautrain Management Agency as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.



GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTRAIN MANAGEMENT AGENCY

for the year ended 31 March 2013

Additional matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

8. The supplementary information set out on pages 44 to 136 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 264 to 270 of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTRAIN MANAGEMENT AGENCY

for the year ended 31 March 2013

Internal control

14. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. I did not identify any significant deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-General

Johannesburg

31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF FINANCIAL POSITION

as at 31 March 2013

	Notes	2013 R '000	2012 R '000
ASSETS			
Current Assets		1 529 007	1 427 661
Cash and Cash Equivalents	2	1 493 820	1 418 856
Receivables (Exchange Transactions)	3.1	35 187	8 805
Non-Current Assets		4 125	1 497
Property, Plant and Equipment	4	2 795	1 257
Intangible Assets	5	160	240
Receivables (Exchange Transactions)	3.2	1 170	-
TOTAL ASSETS		1 533 132	1 429 158
LIABILITIES			
Current Liabilities		1 751 505	1 820 406
Accrued Expenses	6	429 455	105 231
Finance lease liability	7	42	-
Other Liabilities (Exchange Transactions)	8	605 600	598 637
Obligations Arising from Restricted SIP Funds	9.1	101 297	104 597
Obligations Arising from Restricted PRA Funds	9.2	35 061	-
Obligations Arising from Restricted Project Funds	10	295 803	841 298
Bonus and Leave Pay Provisions	11	5 286	4 978
Other Provisions	12	278 961	165 665
Non-Current Liabilities		40	-
Finance lease liability	7	40	-
TOTAL LIABILITIES		1 751 545	1 820 406
Accumulated Deficit		(218 413)	(391 248)
TOTAL NET ASSETS		1 533 132	1 429 158

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2013

	Notes	2013 R '000	2012 R '000
REVENUE			
Revenue from Non-Exchange Transactions	13	391 205	335 929
Government Grants		391 205	335 929
Revenue from Exchange Transactions	14	67 682	54 744
Finance Income		67 552	54 705
Other Income		130	39
TOTAL REVENUE		458 887	390 673
EXPENDITURE			
		286 052	287 237
Board Member and Committee Member Remuneration	16	1 532	1 330
Employee Costs	15 & 17	34 005	24 654
Depreciation	18	574	291
Amortisation	18	163	18
Operational Expenditure	19	249 778	260 944
NET SURPLUS FOR THE YEAR		172 835	103 436



GAUTRAIN MANAGEMENT AGENCY STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

	Accumulated Surplus R '000	Total Amount R '000
Balance as at 31 March 2011	(494 684)	(494 684)
Net Surplus for the year	103 436	103 436
Balance as at 31 March 2012	(391 248)	(391 248)
Net Surplus for the year	172 835	172 835
Balance as at 31 March 2013	(218 413)	(218 413)

GAUTRAIN MANAGEMENT AGENCY

CASH FLOW STATEMENT

for the year ended 31 March 2013

	Notes	2013 R '000	2012 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 710 453	2 321 133
Grant Income		1 598 711	2 219 545
Interest Received		74 387	57 542
Operating Period Penalty Income		3 491	11 126
Net PRA Receipts		33 750	1
Restricted Insurance Proceeds Account Receipts		1	-
Faulty Bus Validators		85	-
Insurance Claim Receipts		28	34
Zonkizizwe Mitigating Cost Receipts		-	28 538
Bus Saving Receipts		-	2 303
SIP Receipts		-	2 044
Payments		(1 633 418)	(1 635 317)
Project Expenditure		(1 315 161)	(1 350 175)
Board Member and Committee Member Remuneration		(1 681)	(1 413)
Employee and Related Costs		(34 999)	(24 012)
External Audit Fees		(1 961)	(1 619)
SIP Expenditure		(7 707)	(1 902)
Operating Expenditure		(271 909)	(256 196)
Net cash from operating activities	20	77 035	685 816
CASH FLOWS FROM INVESTING ACTIVITIES			
		(2 070)	(1 097)
Acquisition of Property, Plant and Equipment		(2 226)	(849)
Proceeds from sale of Property, Plant and Equipment		250	-
Acquisition of Intangible Assets		(94)	(248)
Net cash from financing activities		(1)	-
Finance Lease Payments		(1)	-
Net increase in cash and cash equivalents		74 964	684 719
Cash and cash equivalents at beginning of the year		1 418 856	734 137
Cash and cash equivalents at end of the year		1 493 820	1 418 856

Included in the Cash Flow Statement is the GMA operational revenue and expenditure per Statement of Financial Performance and restricted revenue and expenditure per Note 9 and 10 on a cash basis.



GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2013

	BUDGET	ACTUAL AMOUNTS ON A COMPARABLE BASIS	PROJECT FUNDS FROM PRIOR PERIOD	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS
Notes	2013 R '000	2013 R '000	2013 R '000	2013 R '000
Final Budget Appropriation	1 598 711	1 598 711	-	-
Approved Budget	737 711	737 711	-	-
Adjustment Budget	861 000	861 000	-	-
Payments	1 598 711	1 628 032	299 934	270 613
Project Expenditure	1 207 506	1 315 161	299 934	192 279
Construction Costs	133 856	218 111	189 488	105 233
Land Costs	1 000	111 079	110 079	-
Operating Payment/ Patronage Guarantee	927 641	985 604	-	(57 963)
System Improvements	145 009	367	367	145 009
Operating and Support Costs	391 205	312 871	-	78 334
Employee and Related Costs	45 500	36 680	-	8 820
Operating Expenditure	76 550	48 741	-	27 809
GMA Capex Costs	6 000	2 320	-	3 680
PST Consultant Costs	126 211	107 249	-	18 962
Legal and Commercial Claims	127 676	106 077	-	21 599
Independent Monitor Costs	9 268	11 804	-	(2 536)
Net Receipts/ Budget Surplus 21	-	(29 321)	299 934*	270 613**

* R 299 934 million was spent from funds for the Project Expenditure which was delayed to the current year.

** Thus the GMA has a surplus of R 270 613 million (R 299 934 less R 29 321) on the current year's Approved Budget

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

The Gautrain Management Agency (GMA) has been established in terms of the GMA Act and listed under Schedule 3C of the Public Finance Management Act as a Provincial Public Entity. The overall objective of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement in a Public-Private Partnership between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd.

BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including any directives, interpretations and guidelines issued by the Accounting Standards Board (ASB), and in accordance with the Public Finance Management Act. The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. Assets, liabilities, revenues and expenses have not been off-set except where off-setting is required or permitted by a Standard of GRAP. The accounting policies have been applied consistently in all material aspects, unless otherwise indicated. The details of any changes are explained in the relevant policy notes.

Additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the relevant legislative requirements of the PFMA.

The Cash Flow Statement is prepared on the direct cost method.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the annual financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions in the process of applying the accounting policies and in reporting assets, liabilities, income and expenses. These judgements, estimates and assumptions affect the amounts represented in the annual financial statements and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future financial periods affected.



GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continued

USE OF ESTIMATES AND JUDGEMENTS - continued

Significant areas of estimation, complexity and critical judgements in applying accounting policies that have a material effect on the amounts recognised or disclosed in the financial statements are:

- **Non-capitalisation of the Gautrain System**
Complexity and critical accounting judgement is used not to capitalise the Gautrain System. The Concession Agreement is entered between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd. Thus the future economic benefits or service potential will flow to the Gauteng Department of Road and Transport, in its capacity as the representative department of the Province, in relation to the Gautrain Rapid Rail Link Project.
- **Useful lives**
Significant judgement is used in estimating the period over which an asset is expected to be available for use by the GMA.
- **Provisions**
The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date.
- **Impairment of receivables**
Significant judgement is used in estimating the impairment of receivables based on past payment history, risk profile, credit reputation and market information.

PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand (ZAR), which is the GMA's functional currency. All financial information presented in South African Rand has been rounded to the nearest thousand, (R'000).

Transactions in currencies other than the GMA's reporting currency are initially recorded at the exchange rate applicable on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the Statement of Financial Performance, or disclosed in the disclosure notes to the financial statements if they relate to ring-fenced Project activities.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling on the date of the Statement of Financial Position. Unrealised differences on monetary assets and liabilities are recognised in the Statement of Financial Performance in the period in which they occurred.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continued

PRESENTATION CURRENCY - continued

Any foreign exchange variance incurred during the year relating exclusively to Schedule 12 Milestones (Schedule of General Milestones and Key Milestones), as defined in the Concession Agreement, certified for payment are recognised in the Statement of Financial Position at year end as an asset or liability, and are disclosed in the disclosure notes to the financial statements.

COMPARATIVE INFORMATION

- **Current year comparatives (Budget)**
Budget information in accordance with GRAP 1 and 24, has been provided in these annual financial statements.
- **Prior Year comparatives**
Where necessary comparative figures have been adjusted to conform to the changes in the presentation in the current year.

GOING CONCERN ASSUMPTION

These annual financial statements were prepared based on the expectation that the GMA will continue to operate as a going concern for at least the next 12 months.

1.2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION & MEASUREMENT

Property, plant and equipment are resources controlled by the GMA as a result of past events and are recognised in the Statement of Financial Position only when:

- It is probable that future economic benefits or service potential associated with the asset will flow to the GMA; and
- The cost or fair value can be reliably measured.

All items of property, plant and equipment that qualify for recognition as assets are measured at cost. Where an asset is acquired at no cost, or at a nominal cost, its cost is its fair value at the date of acquisition.

Costs for acquired assets include:-

- The items purchase price, including import duties and non-refundable taxes, after deducting any trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended by management;



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for the year ended 31 March 2013

1.2 PROPERTY, PLANT AND EQUIPMENT - continued

INITIAL RECOGNITION & MEASUREMENT - continued

- The initial estimates of the costs of dismantling and removing the item and restoring the site on which it is located, for which the GMA incurs this obligation either when the item is acquired or as a consequence of having used the item during a particular period.

The cost of self-constructed assets is determined using the same principles as those applied for an acquired asset and includes the cost of materials, direct labour and other resources incurred in constructing the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and an initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

SUBSEQUENT EXPENDITURE

Subsequent costs, such as replacement costs, are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the GMA and the cost of the item can be reliably measured. The carrying amount of parts of items that are replaced is derecognised in accordance with derecognition provisions.

All other costs such as day-to-day servicing and small parts are treated as 'repairs and maintenance' and are expensed to the Statement of Financial Performance during the financial period in which they are incurred.

DEPRECIATION

After recognition as an asset, the GMA applies the cost model as its accounting policy. An item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised in the Statement of Financial Performance and is calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is calculated on the cost less the expected residual value of an item of property, plant and equipment, and commences when an asset is available for use.

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for the year ended 31 March 2013

1.2 PROPERTY, PLANT AND EQUIPMENT - continued

DEPRECIATION - continued

The range of estimated useful lives of items of property, plant and equipment are as follows:

- | | |
|----------------------|-----------|
| - Motor vehicles | 5-8 years |
| - Office Equipment | 6 years |
| - Computer Equipment | 3-4 years |

Depreciation methods, useful lives and residual values are re-assessed annually and adjusted if necessary at the end of each reporting period.

IMPAIRMENT

The GMA assesses at each reporting date whether there is indication that any item of property, plant and equipment may be impaired. If such an indication exists, the GMA estimates the recoverable service amount of the asset. In assessing whether there is any indication that an asset may be impaired, the GMA considers both external and internal sources of information.

The recoverable service amount is the higher of the asset's fair value less costs to sell, and its value in use. Value in use is the present value of the asset's remaining service potential. If either of these amounts exceeds the asset's carrying value, the asset is not impaired, and it is not necessary to determine the other amount.

If the asset's carrying value exceeds its recoverable service amount, the asset is impaired. The carrying amount of the asset is then reduced to its recoverable service amount and this reduction is the impairment loss which is charged as an expense to the Statement of Financial Performance.

REVERSAL OF IMPAIRMENT

The GMA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the GMA estimates the recoverable service amount of that asset.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.



GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.2 PROPERTY, PLANT AND EQUIPMENT - continued

REVERSAL OF IMPAIRMENT - continued

If a reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

DERECOGNITION

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in the Statement of Financial Performance when the item is derecognised.

1.3 INTANGIBLE ASSETS

INITIAL RECOGNITION & MEASUREMENT

Intangible Assets are classified as non-monetary assets without physical substance and are only recognised when:

- It is probable that future economic benefits or service potential associated with the asset will flow to the GMA; and
- The cost or fair value of the asset can be reliably measured.

For those intangible assets with a definite useful life:

- Amortisation is recognised in the Statement of Financial Performance and is calculated on a straight line basis over the estimated useful life of each part of the intangible asset;
- Amortisation is determined from the date the intangible asset is available for use.

Initial expenditure incurred is recognised and capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

All intangible assets of the GMA have been capitalised on the basis of the costs incurred in order to acquire and bring the assets into use.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.3 INTANGIBLE ASSETS - continued

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is recognised and capitalised only when the costs incurred increase the future economic benefits embodied in the specific asset to which it relates.

All other subsequent expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

AMORTISATION

All items of intangible assets are measured at historic cost less accumulated amortisation and accumulated impairment losses.

The range of estimated useful lives are as follows:

- Computer Software 2-4 years
- Computer Licenses Over the period of the license

Amortisation methods and useful lives are reassessed annually and adjusted if necessary at the end of each reporting period.

Amortisation is recognised in the Statement of Financial Performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

IMPAIRMENT

Intangible assets with an indefinite useful life or an intangible asset not yet available for use are tested annually for impairment by comparing the carrying amount with the recoverable service amount of the intangible asset. Different intangible assets may be tested for impairment at different times.

If the intangible asset's carrying value exceeds its recoverable service amount, the intangible asset is impaired. The carrying amount of the asset is then reduced to its recoverable service amount, and this reduction is the impairment loss which is charged as an expense to the Statement of Financial Performance.



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1.3 INTANGIBLE ASSETS - continued

REVERSAL OF IMPAIRMENT

The GMA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the GMA estimates the recoverable service amount of that asset.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

DERECOGNITION:

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use.

The gain or loss arising from the derecognition of an intangible asset is determined by comparing the proceeds from disposal with the carrying amount of the intangible asset, and is recognised in the Statement of Financial Performance when the item is derecognised.

1.4 PROVISIONS AND OTHER LIABILITIES

A provision is a liability of uncertain timing or amount.

Provisions are recognised as liabilities when the GMA has a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate is determined by management judgement, supplemented by experience of similar transactions and in some instances reports from independent experts.

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1.5 OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

Liabilities are present obligations of the GMA arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential.

PROJECT FUNDING AND EXPENDITURE

Financial transactions relating directly to the Project do not impact on the Statement of Financial Performance. Government funding received for the Project is ring-fenced and applied solely to Project expenditure incurred. This is due to the fact that the GMA cannot benefit from these funds in pursuit of its objectives. Financial transactions relating to the Project are disclosed in the notes to the financial statements under 'Obligations Arising from Restricted Project Funds'.

All government funding received for the Project is requested from Provincial Treasury based on management's best estimate of Project disbursements to be incurred for the period. To the extent that funding received is in excess of Project expenditure actually incurred for the year under review, it is classified as income received in advance of obligations yet to be incurred and recognised in the Statement of Financial Position as a liability.

1.6 OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

Liabilities are present obligations of the GMA arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential.

SIP FUNDING AND EXPENDITURE

Over the duration of the Development Period, until the contractual OCD 2 date of the end of March 2011, the Concessionaire made a series of Social Investment Programme (SIP) contributions to the SIP Fund Account held by the GMA, thereby fulfilling its SIP obligations in terms of amended SED 07, Schedule 22 of the Concession Agreement. These funds have been earmarked for social investment spend by the GMA on projects approved by the Gautrain Political Committee, with an additional focus of funds on education in the science and engineering fields.

The Gautrain Political Committee has since approved the development of urban renewal projects in the townships of Boipatong and Kagiso and the support of TRAC SA, promoting skills development, thereby fully committing the SIP funds entrusted to the GMA. The SIP funds are ring-fenced for spend on these approved SIP projects and during the course of the financial year, the GMA continued with disbursements towards two of the three approved projects.



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1.7 OBLIGATIONS ARISING FROM RESTRICTED PERFORMANCE RESERVE ACCOUNT (PRA) FUNDS

Liabilities are present obligations of the GMA arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential.

PERFORMANCE RESERVE ACCOUNT FUNDING AND EXPENDITURE

During the prior financial year, the GMA opened the Performance Reserve Account (PRA) which is funded by the Concessionaire. This account has become fully operational after OCD 2. The purpose of this account is to provide a funding mechanism for Performance Deductions imposed on the Concessionaire for performance below performance measures specified in Schedule 1 Part 3 of the Concession Agreement, for operations after the commencement of OCD 2.

After OCD 2, the Concessionaire has paid all actual total revenue earned into the account until the prescribed balance was reached. All funds in excess of the prescribed balance are withdrawn by the Concessionaire, through the issue of an invoice to the GMA for payment of the excess amount. Only the prescribed balance is maintained in the PRA for the monthly withdrawal by the GMA of Performance Deductions imposed on the Concessionaire after OCD 2. The funds in this account are ring-fenced, as no other payments from or to the PRA are allowed, except as permitted by and in accordance with the Concession Agreement and as briefly summarized above.

1.8 FINANCE LEASES

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the GMA through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured at initial recognition at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

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1.8 FINANCE LEASES - continued

MEASUREMENT - continued

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

DERECOGNITION

The finance lease liabilities are derecognised when the GMA's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the GMA no longer expects any economic benefits or service potential to flow from the asset.

1.9 CONTINGENCIES AND COMMITMENTS

The GMA does not recognise a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

A contingent liability is:

- A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GMA; or
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits; or
- Service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Transactions are classified as commitments where the GMA commits itself to future transactions or if the items will result in the acquisition of an asset.



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1.10 REVENUE (Non-Exchange Transactions)

GOVERNMENT GRANTS

Government grants comprise gross inflows of economic benefits, and are recognised as revenue when it is probable that future economic benefits will flow to the GMA and the fair value of those benefits can be reliably measured. Grants are recognised when there is reasonable assurance that they will be received, or when there is legal obligation for the grant to be paid and only to the extent that the GMA has complied with any of the stipulations or conditions, if any, attached to the grant.

Grant funding received as an agent of the government, and applied to settle Project expenditure and liabilities, does not give rise to an increase in the revenue of the GMA, and is disclosed separately in the notes to the financial statements. The GMA cannot benefit from this grant funding in the pursuit of its objectives.

The portion of grant funding received, over which the GMA exercises control and discretion, or from which the GMA benefits in the pursuit of its objectives in managing the Concession Agreement and overseeing its operations, is recognised as revenue in the Statement of Financial Performance in the same period in which the GMA qualifies to receive the grant.

1.11 REVENUE (Exchange Transactions)

Revenue from exchange transactions is recognised on the accrual basis of accounting when it is probable that future economic benefits will flow to the GMA and those benefits can be reliably measured.

FINANCE INCOME

Finance income is recognised as it accrues, in the Statement of Financial Performance on a time proportionate basis using the effective interest rate method.

Finance income comprises of interest income on funds invested.

OTHER INCOME

Other income is recognised on the accrual basis when it is probable that future economic benefits will flow to the GMA and these benefits can be reliably measured.

1.12 FINANCE EXPENSES

All finance costs are recognised in the Statement of Financial Performance using the effective interest rate method.

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for the year ended 31 March 2013

1.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are benefits that are to be paid by the GMA within 12 months after the reporting date and are presented on an undiscounted basis. Short-term employee benefits in the GMA include salaries, pension contributions and short-term compensated absences such as paid annual leave and paid sick leave.

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during the reporting period, the GMA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as:

- A liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GMA recognises the excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund to the GMA; and
- As an expense in the Statement of Financial Performance.

SHORT-TERM COMPENSATED ABSENCES

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. The GMA recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the GMA.

The GMA measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, lapse if the leave entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the GMA. The GMA recognises the cost of non-accumulating leave as and when employees take sick leave. The GMA does not consider the obligation arising from unused non-accumulating compensated absences as material, and therefore does not recognise a liability or expense in relation to these types of absences, as employee service does not increase the amount of the benefit.

BONUS, INCENTIVE AND PERFORMANCE RELATED PAYMENTS

- The GMA recognises a liability and an expense for the expected cost of bonus, incentive and performance related payments when it has a present legal or constructive obligation to make such payments as a result of past events; and a reliable estimate of the obligation can be made.



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ACCOUNTING POLICIES

for the year ended 31 March 2013

1.13 EMPLOYEE BENEFITS - continued

POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAN

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during a reporting period, the GMA shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the GMA shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or not in accordance with the GMA Supply Chain Management Policy, the PFMA, the National Treasury Regulations, the PPPFA, State Tender Board Act or any other applicable legislation providing for procurement procedures. Such expenditure is accounted for in the Statement of Financial Performance. Where recoverable and not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised. Such expenditure is accounted for as expenditure in the Statement of Financial Performance and where recoverable treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

1.16 TAXES AND LEVIES

The GMA does not account for any taxes and levies, except for PAYE tax, deducted from employee salaries and paid over to SARS. If any other taxes or levies are required by law, then these will be collected on behalf of the government of other party in an agency capacity and would not be accounted for as revenue in the financial statements of the GMA.

1.17 TAXATION

The GMA's income is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act.

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1.18 RELATED PARTIES

A related party to the GMA is a person or entity with the ability to control or jointly control the GMA, or exercise significant influence over the GMA and vice versa, or an entity that is subject to common control, or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the GMA, but is not in control over those policies. A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The GMA operates in an economic environment where relationships exist throughout the public sector, because:

- Public entities and departments are subject to the overall direction of an executive government or council, and ultimately parliament, and operate together to achieve the policies of the government;
- Departments frequently conduct activities necessary for the achievement of different parts of their responsibilities and objectives through separately controlled entities, and through entities over which they have significant influence.

In respect of entities, other government entities or appointed members of the government, only parties under the Executive Authority of the MEC of Gauteng Department of Roads and Transport are regarded as related parties of the GMA. The Gauteng Department of Roads and Transport, and its trading entities are therefore related parties of the GMA.

In respect of persons, a member of management of the GMA, is regarded as a related party of the GMA. Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the GMA, including all members of the governing body of the GMA, key advisors of the governing body with the authority and responsibility for planning, directing and controlling the activities of the GMA, and the senior management team of the GMA, including the Chief Executive Officer.

If the GMA has been party to any related party transactions during the reporting period covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, in order to enable users to understand the potential effect of the relationship on the financial statements. Only transactions not at arm's length are disclosed and materiality is considered in terms of the disclosure of these transactions.

The GMA shall disclose the remuneration of management per person and in aggregate, for each class of management.



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1.19 SUBSEQUENT EVENTS

Events after the reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the Financial Statements are authorised for issue, and are treated as follows:

- The GMA shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date, and
- The GMA shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

1.20 BUDGET INFORMATION

The GMA includes an additional financial statement on comparison of budget amounts and actual amounts arising from the execution of the Budget in its annual financial statements, together with disclosure of the reasons for material differences between the approved budget, final budget and actual amounts. This reporting disclosure assists the GMA to discharge its accountability obligations and enhances the transparency of the financial statements, by demonstrating compliance with the approved budget for the financial year, for which the GMA is held publicly accountable.

The Statement of Comparison of Budget and Actual Amounts presents separately, for each level of governance oversight, the approved and final budget amounts and the actual amounts on a comparable basis to the budget. The budget adopts a cash basis of accounting, whilst the financial statements are prepared on the accrual basis of accounting. In order to assist users in understanding the application of the budget, the GMA includes a separate reconciliation of actual amounts on a comparable basis to the budget, to the actual amounts in the financial statements (net surplus in the Statement of Financial Performance). The GMA is committed to expend funds and operate within the limits of its approved budget allocation.

1.21 FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, other receivables, liabilities (accruals) and other payables.

INITIAL RECOGNITION

The GMA recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the GMA becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the GMA classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

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1.21 FINANCIAL INSTRUMENTS - continued

INITIAL RECOGNITION - continued

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

INITIAL MEASUREMENT

When a financial instrument is recognised, the GMA measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

DERECOGNITION

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
 - a) Significant risks and rewards are transferred to another party; or
 - b) Despite having retained significant risks and rewards, the GMA has transferred control of the asset to another GMA.
- A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.



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1.21 FINANCIAL INSTRUMENTS - continued

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

OFFSETTING

The GMA does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

IMPAIRMENT

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The GMA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets held at amortised cost:

The GMA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the GMA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate i.e. the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised as an expense in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised as an expense in the Statement of Financial Performance.

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1.21 FINANCIAL INSTRUMENTS - continued

Financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

a. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value.

Cash and cash equivalents comprise cash at the bank including deposits held at call with banks. These are short-term, highly liquid investments, readily convertible into known amounts of cash, held with registered banking institutions, and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank including deposits held on call with banks.

b. RECEIVABLES

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

A provision for impairment of other receivables is made when there is objective evidence that the GMA will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of any debtor, probability that the debtor will be bankrupt or under financial reorganisation, and default or delinquency in payments, are considered indicators that the receivable is impaired, and that a provision should be raised.

The provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest rate and is recognised in the Statement of Financial Performance. Uncollectable debts are written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.



GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.21 FINANCIAL INSTRUMENTS - continued

c. OTHER PAYABLES

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.22 FINANCIAL RISK MANAGEMENT

The entities activities expose it to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

The GMA Board has overall responsibility for the establishment and oversight of the GMA's Risk Management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the GMA's risk management policies. The Committee reports regularly to the Members of the Board on its activities. The GMA's risk management policies and systems are established to identify and analyse the risks faced by the GMA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the GMA's activities. The GMA has a fundamental objective in maintaining a disciplined and constructive control environment in which all appointed officials understand their roles and obligations in relation to the GMA's overall risk management framework, policy, systems and processes.

This policy presents information about the GMA's exposure to each of the above risks, the GMA's objectives, policies and processes for measuring and managing risk and the GMA's management of capital. Further quantitative disclosures are included in the Notes to the annual financial statements.

(A) CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(i) Deposits

The GMA limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least A. Management does not expect any counterparty to fail to meet its obligations with regards to GMA deposits.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.22 FINANCIAL RISK MANAGEMENT - continued

(B) LIQUIDITY RISK

Cash flow forecasting is performed on a monthly basis. This rolling forecast is monitored for liquidity requirements to ensure the GMA has sufficient cash to meet the Project's monthly financial obligations as they fall due. Surplus cash held is invested in an interest bearing current account.

(C) MARKET RISK

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The GMA ensures that it reviews its cash management strategies to ensure finance income is maximised.

(i) Foreign Exchange Risks

In terms of the Schedule 12 Milestone payments, the GMA is not exposed to any foreign exchange risk, as National Treasury has accepted full responsibility for foreign exchange variances (loss) that the Gautrain Project is exposed to on the translation effect of the foreign denominated components, Euro and Pound, of payments certified.

(ii) Price Risks

The GMA does not hold equity security and is therefore not exposed to equity security price risk. The GMA is also not exposed to any commodity price risk.

(iii) Interest Rate Risks

As the GMA has no significant interest-bearing assets, the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

1.23 NEW STANDARDS AND INTERPRETATIONS

(A) Early adoption of Standards and Interpretations: Approved But Not Effective in the Current Year

The following Standards of GRAP have been approved by the Minister of Finance but are not yet effective for the year ended 31 March 2013. The GMA has however, decided to early adopt these Standards of GRAP in accordance with Directive 5 on Determining the GRAP Reporting Framework.

The GMA has chosen to early adopt the following Standards of GRAP and has applied it in formulating the GMA's Accounting Policy relating to the Employee Benefits.

- GRAP 25: Employee Benefits



GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.23 NEW STANDARDS AND INTERPRETATIONS - continued

(B) New Standards and Interpretations: Approved But Not Effective in the Current Year and Not Yet Adopted

The following new/ revised standards are not yet effective for the year ended 31 March 2013, and have not been applied in preparing these annual financial statements.

Standards of GRAP	Details of the Amendment to the Standards and the Anticipated Impact Thereof	Financial Period
GRAP 18: Segment Reporting	The new standard establishes principles for reporting financial information by segments. Management's assessment indicates that the new standard will have no impact.	To be determined by the Minister. (Issued in February 2011)
GRAP 20: Related Party Disclosure	The new standard ensures that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The impact of this is currently being assessed by management.	To be determined by the Minister. (Issued in June 2011)
GRAP 105: Transfer Of Functions Between Entities Under Common Control	New standard of GRAP the objective of which is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. This statement will impact the GMA's financial statements in the following financial year when the Gautrain Rapid Rail Link System is transferred from the accounting records of the Department of Roads and Transport and to the GMA.	To be determined by the Minister. (Issued in November 2010)

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2013

1.23 NEW STANDARDS AND INTERPRETATIONS - continued

Standards of GRAP	Details of the Amendment to the Standards and the Anticipated Impact Thereof	Financial Period
GRAP 106: Transfer Of Functions Between Entities Not Under Common Control	New standard of GRAP dealing with the establishment of accounting principles for the acquirer in a transfer of functions between entities not under common control. Management's assessment indicates that the new standard will have no impact.	To be determined by the Minister. (Issued in November 2010)
GRAP 107: Mergers	New standard of GRAP dealing with the establishment of accounting principles for the combined entity and combining entities in a merger. Management's assessment indicates that the new standard will have no impact.	To be determined by the Minister. (Issued in November 2010)



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
2. CASH AND CASH EQUIVALENTS		
Bank Balance - Current Account	1 356 216	1 313 604
Social Investment Programme Funds	102 684	105 252
Performance Reserve Account Funds	34 920	-
TOTAL	1 493 820	1 418 856

Cash and cash equivalents consists of all cash balances of the GMA's various bank accounts held with Absa Bank Limited.

There are restrictions on the SIP funds (R102,6 million) which are restricted funds that may only be used for identified and authorised social investment projects.

During the prior year, the GMA opened the Performance Reserve Account which is funded by the Concessionaire. This account has become fully operational after OCD 2 (7 June 2012). The purpose of this account is to provide a funding mechanism for performance deductions (penalties) imposed on the Concessionaire for performance below performance measures specified in Schedule 1 Part 3 of the Concession Agreement, for operations after the commencement of OCD 2. The funds in this account are ring-fenced, as no other payments from or to the Performance Reserve Account are allowed, except as permitted by and in accordance with the Concession Agreement.

The Insurance Proceeds account was opened in the current financial year by the GMA for the receipt of insurance proceeds to the Concessionaire as a result of successful insurance claims from the Gautrain System pursuant to Schedule 18 of the Concession Agreement. No insurance proceeds were received during the current financial year. At the end of March 2013, this account had a balance of R299.33, after earning interest and deducting bank charges. These funds are restricted.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
3. RECEIVABLES (EXCHANGE TRANSACTIONS)		
3.1 Receivables (Exchange Transactions) - Current assets		
Accrued Income	15 596	8 760
Accrued Interest Income	5 696	5 963
Accrued Interest Income - SIP Funds	415	456
Accrued Penalty Income	155	848
Accrued Bus Savings	9 320	1 382
Accrued Interest on Bus Savings	10	10
Accrued Compensation for Faulty Bus Validators	-	96
Insurance Claim	-	5
Other Receivables	12 334	-
DRT Support Costs	12 291	-
Shared Cost Receivable	43	-
Prepayments	7 257	45
Licenses and Subscriptions	39	45
Marketing Initiatives	7 218	-
TOTAL	35 187	8 805
3.2 Receivables (Exchange Transactions) - Non-Current assets		
Deposit	1 170	-
Rental deposit	1 170	-
TOTAL	1 170	-



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

4. PROPERTY, PLANT AND EQUIPMENT

SUMMARY	2013			2012		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated Depreciation	Carrying Value	Cost/ Valuation	Accumulated Depreciation	Carrying Value
Motor Vehicles	625	145	480	1,328	484	844
Office Equipment	1 892	187	1 705	103	33	70
Computer Equipment	923	313	610	439	96	343
TOTAL	3 440	645	2 795	1 870	613	1 257

Reconciliation - 2013	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Motor Vehicles	844	-	144	28	192	480
Office Equipment	70	1 789	-	-	154	1 705
Computer Equipment	343	520	25	-	228	610
Carrying Value - 2013	1 257	2 309	169	28	574	2 795

Leased assets to the value of eighty four thousand rand is included in Office Equipment above. The carrying value of the leased assets is eighty three thousand rand. The terms of the lease are disclosed in Note 7.

Reconciliation - 2012	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Motor Vehicles	554	486	-	-	196	844
Office Equipment	54	29	-	-	13	70
Computer Equipment	91	334	-	-	82	343
Carrying Value - 2012	699	849	-	-	291	1 257

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

5. INTANGIBLE ASSETS

	2013			2012		
	R'000	R'000	R'000	R'000	R'000	R'000
SUMMARY	Cost/ Valuation	Accumulated Depreciation	Carrying Value	Cost/ Valuation	Accumulated Depreciation	Carrying Value
Computer Software	398	238	160	315	75	240
TOTAL	398	238	160	315	75	240

Reconciliation - 2013	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Computer Software	240	83	-	-	163	160
Carrying Value - 2013	240	83	-	-	163	160

Reconciliation - 2012	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Computer Software	-	258	-	-	18	240
Carrying Value - 2012	-	258	-	-	18	240



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
6. ACCRUED EXPENSES		
Accrued Project Expenditure	409 086	80 375
Accrued SIP Expenditure	1 802	1 111
Accrued Operational Expenditure	18 567	23 745
TOTAL	429 455	105 231

	2013		
	R'000	R'000	R'000
7. FINANCE LEASE LIABILITY	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases			
Within one year	48	6	42
Within two to five years	42	2	40
Later than five years	-	-	-
Total Finance lease liability	90	8	82
Less: Amount due for settlement within 12 months (current portion)	(48)	(6)	(42)
TOTAL	42	2	40

The average lease term is 2 years and the average effective borrowing rate is 8.5% (linked to prime interest rate). All leases have fixed repayment terms.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
8. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)		
Foreign Exchange Liability	605 600	598 637
TOTAL	605 600	598 637
RECONCILIATION - Movement during the year:		
Opening Balance	598 637	552 244
Additions	6 963	46 393
Reversed/(Utilised) during the year	-	-
Closing Balance	605 600	598 637

The foreign exchange liability arises as a result of the translation effect on the foreign denominated components of the Milestone payments (Euro and Pound) in place over the life of the Project.



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
9. OBLIGATIONS ARISING FROM RESTRICTED FUNDS		
9.1 OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS		
(SIP INCOME RECEIVED IN ADVANCE)		
Social Investment Programme Fund (SIP)	101 297	104 597
TOTAL	101 297	104 597
RECONCILIATION - Movement during the year:		
(Includes all accrued income and expenditure)		
Obligation at the beginning of the year	104 597	100 088
Add: Interest Income	5 097	5 478
Add: Contributions Received	-	2 044
Less: Expenditure	(8 397)	(3 013)
Obligation at the end of the year	101 297	104 597
9.2 OBLIGATIONS ARISING FROM RESTRICTED PRA FUNDS		
(Includes all accrued income and expenditure)		
Restricted Performance Reserve Account	35 061	-
TOTAL	35 061	-

The Performance Reserve Account is funded by the Concessionaire. These funds are ring-fenced and restricted, as no other payments from or to the Performance Reserve Account are allowed, except as permitted by and in accordance with the Concession Agreement. The purpose of this account is to provide a funding mechanism for performance deductions (penalties) imposed on the Concessionaire for performance below performance measures specified in Schedule 1 Part 3 of the Concession Agreement, for operations after the commencement of OCD 2.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (PROJECT INCOME RECEIVED IN ADVANCE)		
Provincial Grants:		
MTEF Equitable Shares	284 032	811 557
Additional MTEF Equitable Shares	-	26 015
Private Sector		
Bus Savings	11 771	3 726
TOTAL	295 803	841 298
Reconciliation of movement during the year:		
Obligation at the beginning of the year	841 298	360 264
Add: Project Funds received during the year - capital	1 218 348	1 927 868
Less: Project Expenditure paid during the year - capital	(1 763 843)	(1 446 834)
Obligation at the end of the year	295 803	841 298
10.1 PROJECT FUNDS RECEIVED DURING THE YEAR		
Project income earned (includes all accrued income)		
Public Sector	1 207 506	1 883 616
DORA - Conditional Grants	-	5 300
MTEF - Equitable Shares	1 207 506	1 852 301
Additional MTEF - Equitable Shares	-	26 015
Private Sector	10 842	44 252
Performance Deductions	2 797	11 892
Zonkizizwe Mitigating Operating Cost	-	28 538
Compensation for Faulty Bus Validators	(11)	96
Interest on Bus Savings	118	41
Bus Savings	7 938	3 685
Total	1 218 348	1 927 868



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR		
Project expenditure incurred (includes all accrued expenditure)		
Schedule 12 Milestones	506 901	555 241
Variation Milestones	(3 966)	3 389
Concessionaire Variations	4 811	17 923
Variation Proposal Costs	-	24 468
Operating Period Variation	28 424	26 946
Forex Variance - Variation Milestones	-	(3 570)
Forex Variance - Concessionaire Variation Milestones	-	(1 359)
Construction of the K60 Access Road	3 547	14 911
Land Expropriation Costs	226 813	208 837
Patronage Guarantee	831 363	-
Extended Phase 1 Operating Payment	165 871	597 624
Additional Services Payment	-	1 376
System Improvements	34	750
Project Notices	45	114
Infrastructure	-	184
Total	1 763 843	1 446 834

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
10.3 Analysis of the Movement during the year:		
National - DORA Conditional Grants		
Obligation at the beginning of the year	-	-
Add: Current year receipts	-	5 300
Less: Project Expenditure	-	(5 300)
	-	-
Provincial - MTEF Equitable Shares		
Obligation at the beginning of the year	811 557	-
Add: Current year receipts	1 207 506	1 852 301
Less: Project Expenditure	(1 735 031)	(1 040 744)
	284 032	811 557
Provincial - Additional MTEF Equitable Shares		
Obligation at the beginning of the year	26 015	360 264
Add: Current year receipts	-	26 015
Less: Project Expenditure	(26 015)	(360 264)
	-	26 015
Other Private Sector Income		
Obligation at the beginning of the year	3 726	-
Add: Zonkizizwe Mitigating Operating Cost	-	28 538
Add: Performance Deductions	2 797	11 892
Add: Compensation for Faulty Bus Validators	(11)	96
Add: Interest on Bus Savings	118	41
Add: Bus Savings	7 938	3 685
Less: Project Expenditure	(2 797)	(40 526)
	11 771	3 726



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
11. BONUS AND LEAVE PAY PROVISION		
Leave Pay Provision	615	759
Bonus Provision	4 671	4 219
TOTAL	5 286	4 978
Leave Pay Provision		
Reconciliation - Movement during the year:		
Opening Balance	759	220
Less: Provision utilised or reversed	(759)	(215)
Add: Increase in Provision	615	754
Closing Balance	615	759
Bonus Provision		
Reconciliation - Movement during the year:		
Opening Balance	4 219	-
Less: Provision utilised or reversed	(4 219)	-
Add: Increase in Provision	4 671	4 219
Closing Balance	4 671	4 219

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
12. OTHER PROVISIONS		
Land Provision	248 544	135 719
Operating Period Variation Provision	30 417	29 946
TOTAL	278 961	165 665
Land Provision		
Reconciliation - Movement during the year:		
Opening Balance	135 719	14 689
Less: Provision Utilised	(103 021)	(78 736)
Less: Provision Reversed	(3 271)	(2 487)
Add: Increase in Provision	219 117	202 252
Closing Balance	248 544	135 719
Operating Period Variation Provision		
Reconciliation - Movement during the year:		
Opening Balance	29 946	-
Less: Provision Utilised	(27 185)	-
Less: Provision Reversed	(50)	-
Add: Increase in Provision	27 706	29 946
Closing Balance	30 417	29 946



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
13. REVENUE FROM NON-EXCHANGE TRANSACTIONS		
MTEF Funding	391 205	335 929
TOTAL	391 205	335 929
14. REVENUE FROM EXCHANGE TRANSACTIONS		
Finance Income	67 552	54 705
Other Income	130	39
Insurance claim	24	39
Profit on sale of fixed assets	106	-
TOTAL	67 682	54 744

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

15. EXECUTIVE MANAGEMENT REMUNERATION

	2013					
	R'000					
	Basic Salary	Company Contributions	Leave paid	Acting Allowances	Bonus & Lump Sums	Total Remuneration
Jack van der Merwe (CEO)#	2 369	367	-	-	2 831	5 567
William Dachs (SEM: Technical) *	1 130	104	1	195	244	1 674
Karen Muthen (CFO) **	919	82	70	-	767	1 838
Ntheri Magoai (SEM: Legal)	1 289	123	-	58	-	1 470
Happy Molefe (SEM: Corporate Services) ***	1 239	1	36	-	-	1 276
Marius van der Westhuyzen (Acting SEM: Technical) ****	162	18	-	44	-	224
TOTAL	7 108	695	107	297	3 842	12 049

Bonuses are paid in arrears, thus the amounts disclosed above related to bonuses paid in the prior financial period.

* William Dachs resigned on 31 January 2013

** Karen Muthen resigned on 31 December 2012

*** Happy Molefe was appointed on 1 April 2012 and resigned on 31 January 2013

**** Marius van der Westhuyzen's remuneration is for the two months

The CEO's bonus payment were in arrears for 1 year 10 months. Thus the bonus payments are for the period 1 June 2010 - 31 May 2011 as well as 1 June 2011 to 31 March 2012.

CFO	Karen Muthen (1 April 2012 - 21 July 2012)
Acting CFO	William Dachs (21 July 2012 - 31 Jan 2013)
	Ian Scott (1 February 13 - 31 March 13) (Consultant). Consulting fees of three hundred and three thousand rand was paid during the period.
SEM Corporate Services	Happy Molefe (1 Apr 12 - 31 Jan 13)
Acting SEM Corporate Services	Ntheri Magoai (1 Feb 13 - 31 Mar 13)
SEM Technical	William Dachs (1 Apr 12 - 31 Jan 2013)
Acting SEM: Technical	Marius van der Westhuyzen (1 Feb 13 - 31 Mar 13)



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

15. EXECUTIVE MANAGEMENT REMUNERATION - continued

	2012					Total Remuneration
	Basic Salary	Company Contributions	Leave paid	Acting Allowances	Bonus & Lump Sums	
Jack van der Merwe (CEO)	2 269	121	-	-	1 427	3 817
William Dachs (SEM: Technical)	1 155	2	-	-	115	1 272
Karen Muthen (CFO)	1 100	2	-	-	-	1 102
Ntheri Magoai (SEM: Legal)*	219	-	-	-	-	219
TOTAL	4 743	125	-	-	1 542	6 410

Bonuses are paid in arrears, thus the amounts disclosed above related to bonuses paid in the prior financial period.

* Ntheri Magoai was appointed on 1 February 2012

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board Member Remuneration

Names of Board Members	2013 R'000			
	Retention Fees	Board Fees	Travel Expenses	Total Remuneration
Ms A Nair (Chairperson)*	-	-	-	-
Mr A Mawela (Chairperson)**	165	117	5	287
Ms D Dondur (Deputy Chairperson) ***	90	103	2	195
Mr M Mokoena	90	93	3	186
Mr D Nadison	90	98	2	190
Ms M Lugemwa	90	95	2	187
Prof W Thwala	90	112	6	208
TOTAL	615	618	20	1,253

* Resigned on 31 May 2012

** Appointed as Acting Chairperson on 1 June 2012 and confirmed as the Chairperson on 12 November 2012

*** Appointed as Deputy Chairperson on 12 November 2012

Audit & Risk Committee Remuneration

Names of Audit & Risk Committee Members	Attendance Fees	Travel Expenses	Total Remuneration
Mr A Mawela *	13	1	14
Ms D Dondur (Chairperson)*	40	1	41
Mr M Nkumanda	37	1	38
Mr D Nadison	27	1	28
Ms M Lugemwa	27	1	28
TOTAL	144	5	149

* Mr Mawela was appointed as Acting Chairperson of the Board on 1 June 2012, Ms Dondur was appointed as Acting Chairperson of the Audit and Risk Committee on the 19 June 2012 and as Chairperson of the Audit and Risk Committee on the 23 November 2012.

Other GMA Committee Members' Remuneration - 2013

Other GMA Committees include the Finance, HR & Remuneration and Social & Ethics Committees.

TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2013

1 532



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION - continued

2012
R'000

Board Member Remuneration

Names of Board Members	Retention Fees	Board Fees	Travel Expenses	Total Remuneration
Ms A Nair (Chairperson)**	-	-	-	-
Mr S Khumalo (Deputy Chairperson)*	68	-	3	71
Mr A Mawela (Deputy Chairperson)**	90	71	7	168
Mr M Mokoena**	90	83	6	179
Dr S Moodley*	68	45	3	116
Mr D Nadison**	90	86	4	180
Dr M Neluheni*	67	67	6	140
Mr D Sekgobela*	67	23	4	94
Ms D Dondur***	23	21	1	45
Ms M Lugemwa****	15	11	-	26
Prof W Thwala****	15	10	1	26
TOTAL	593	417	35	1 045

* Board Members' contract ended on 31 December 2011

** Board Members re-appointed on 1 January 2012

*** Board Members appointed on 1 January 2012

**** Board Members appointed on 1 February 2012

Audit & Risk Committee Remuneration

Names of Audit & Risk Committee Members	Attendance Fees	Travel Expenses	Total Remuneration
Mr A Mawela (Chairperson)**	37	3	40
Ms D Dondur***	18	1	19
Mr M Nkumanda**	30	1	31
Mr D Nadison**	7	1	8
Mr D Sekgobela*	4	1	5
TOTAL	96	7	103

* Committee Member's contract ended on 31 December 2011

** Committee Members re-appointed on 1 January 2012

*** Committee Member appointed on 1 January 2012

Other GMA Committee Members' Remuneration - 2012

Other GMA Committees include the Finance, HR & Remuneration and Social & Ethics Committees.

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TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2012

1 330

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

17. EMPLOYEE COSTS

Salaries, bonuses and allowances	30 593	19 695
Increase/(Decrease) in Leave Provision	(144)	538
Increase/(Decrease) in Bonus Provision	453	4 219
Leave paid	260	-
Lump sum Payment	658	-
Provident Fund Contributions	1 572	-
Employer Contributions	609	192
Casual Workers	4	10

TOTAL

34 005

24 654

18. DEPRECIATION AND AMORTISATION COSTS

Property, Plant and Equipment	574	291
Intangible Assets	163	18

TOTAL

737

309



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
19. OPERATIONAL EXPENDITURE		
Consultant Costs	211 967	224 123
Operational Support Costs	5 989	3 191
Technical Costs, Communication & Public Relations & Land Procurement	83 871	107 524
Legal Costs	2 013	4 353
Financial Support Costs	886	802
Commercial Costs	119 208	108 253
Independent Monitor Costs	10 405	20 325
Independent Environmental Costs	2 455	3 041
Independent Certifier Costs	5 836	13 216
Independent Socio-Economic Monitor Costs	2 114	4 068
Dispute Resolution Board Costs	419	2 495
Travel, Accommodation, Entertainment & Subsistence	359	433
Recruitment Costs	193	1 513
Loss of assets due to theft	25	-
Other Staff Related Costs	41	121
Training & Membership Fees	781	368
Maintenance Costs	43	74
Audit Fees	3 119	1 020
Co-sourced Internal Audit Services	127	248
Marketing and Communication initiatives	1 395	-
Other Consultant Costs	10 008	1 092
Building rent and utilities	6 139	5 581
Office running costs	2 064	1 703
Insurance Costs	302	169
Advertising Costs	580	357
IT Related Costs	833	569
Exhibition Costs	79	21
Corporate Affairs	899	732
TOTAL	249 778	260 944

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
20. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS		
Net Surplus per the Statement of Financial Performance	172 835	103 436
Adjusted for non-cash movements:		
Amortisation	163	18
Depreciation	574	291
Loss of assets due to theft	25	-
Profit on sale of asset	(106)	-
Write-off on motor vehicle costs	28	-
Increase/(decrease) in current liabilities	(68 973)	587 020
Increase in non-current liabilities	40	-
Increase in receivables	(27 551)	(4 949)
Net cash inflows from operating activities	77 035	685 816

Included in the Cash Flow Statement is the GMA operational revenue and expenditure per Statement of Financial Performance and restricted revenue and expenditure per Note 9 and 10 on a cash basis.



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
21. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE		
Net Surplus per the Statement of Financial Performance	172 835	103 436
Adjusted for:		
Amortisation	163	18
Depreciation	574	291
Loss of assets due to theft	25	-
Profit on sale of asset	(106)	-
Write-off on motor vehicle costs	28	-
Increase/(decrease) in current liabilities	(68 973)	587 020
Increase in non-current liabilities	40	-
Increase in receivables	(27 551)	(4 949)
Cash flows from operating activities	77 035	685 816
Net cash from investing activities	(2 070)	(1 097)
Acquisition of Property, Plant and Equipment	(2 226)	(849)
Sale of Property, Plant and Equipment	250	-
Acquisition of Intangible Assets	(94)	(248)
Net cash from financing activities	(1)	-
Finance Lease Payments	(1)	-
Net increase in cash and cash equivalents	74 964	684 719
Less: Increase in income from non-government funding	(104 285)	(99 686)
Interest income	(74 387)	(57 543)
Faulty Validators	(85)	-
Operating period penalty income	(3 491)	(11 126)
Motor vehicle sold	(250)	-
Zonkizizwe mitigating cost receipts	-	(28 538)
Bus saving receipts	-	(2 303)
Net Insurance Proceeds Receipts	-	-
Net SIP fund receipts	7 707	(142)
Net PRA receipts	(33 750)	-
Insurance receipts	(28)	(34)
Net Surplus/ (deficit) before Project Funds from previous period	(29 321)	585 033
Plus: Project Funds from previous period	299 934	-
Net Surplus per the Final Budget Appropriation	270 613	585 033

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

21. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE - continued

The period covered by the approved budget is the same as the period covered by the financial statements. The GMA adopted a cash basis of accounting for the preparation of the approved budget, whilst the financial statements are prepared on an accrual basis of accounting.

The approved budget for the 2012-13 financial year has not been exceeded. The net budget surplus of R 270,613 million is committed in full.

The GMA had an underspend on Project Expenditure. Construction Costs and System Improvements were not spent timeously. Further, the GMA had an overspend on the Patronage Guarantee cost, which is as calculation of the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. Management had budgeted for the best estimate given the scarcity of reliable past evidence and comparatives. The underspend is committed in full as disclosed in Note 6, 10 and 12.

The GMA also had an underspend on Operational Expenditure, due to the office move which was envisaged to take place in March 2013 and delayed to April 2013, savings made by the PST and Legal & Commercial Consultants and vacancies that were not timeously filled.

22. CHANGE IN ESTIMATES

During the period under review the estimated useful life of vehicles were increased from 5 years to 8 years and laptops were increased from 3 years to 4 years due to the change in management's intention.

	Depreciation on original estimate	Depreciation on revised estimate	Impact of change in estimate
	R '000	R '000	R '000
Depreciation expense for the year	499	420	79
Motor Vehicles	242	191	51
Computer Equipment	257	229	28
Accumulated Depreciation as at 31 March 2013	537	458	79
Motor Vehicles	196	145	51
Computer Equipment	341	313	28

The change in estimate resulted in a decrease of seventy nine thousand rand in the depreciation charge to the Statement of Financial Performance for the year under review.



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

23. CONTINGENCIES AND COMMITMENTS

23.1 COMMITMENTS

At year end the commitments relating to development expenditure were mainly due to the completion of the Gautrain Rapid Rail Link Project, land expenditure for land proclaimed and expropriated for the railway line, and Operating Period Variations. These expenses has been raised as a liability presented in Note 10 - Obligations Arising from Restricted Project Funds, and in Note 12 - Other Provisions.

Patronage Guarantee is paid on a monthly basis to the Concessionaire. The amount paid is the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. It is foreseen that the Patronage Guarantee will be paid for the next 12 months. GMA is unable to provide a reliable estimate of the Patronage Guarantee for the next year, however the Patronage Guarantee payment for the 2012-13 Financial year is disclosed in Note 10.

	Contract End date	2013 R '000
Contractual Commitments		
E-mails archiving, spam filter, antivirus scanning	Nov 2015	306
Network & Internet Services	Nov 2013	239
Project Wise Maintenance & Support Service	Nov 2013	310
Managed printing solution - maintenance contract	Nov 2017	1 272
Landline - Telephone Line at new GMA Office	Apr 2015	391
Server Upgrade	Mar 2015	2 073
Cellular voice and data services	Jan 2015	746
Consulting Services	Time Driven	1 583
Employee Benefits	Per annum	2 318
Feasibility Study for Park & Ride and ride sharing sites	Apr 2013	358
Gautrain system assets transfer consultants	May 2013	4 433
Lease for GMA office premises	Apr 2020	55 063
		69 092

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

23.2 LITIGATION AND CONTINGENCIES

Delay & Disruption Claim

The Province has, since late 2007 when the Concessionaire indicated that it was intending to submit a "Delay and Disruption" claim to the Province, requested details of such a claim in order that it may be placed in a position to evaluate the merits or otherwise of the claim. The Concessionaire issued a Notice of Dispute to the Province in September 2009.

In July 2011 the Concessionaire submitted its Statement of Claim to AFSA for determination by arbitration in respect of compensation and extension of time relating to the alleged "Province's failure to perform its obligations under the Concession Agreement and amongst other consequences, the delay and disruptions arising from this". The Province responded with its Statement of Defence in May 2012.

On 2 May 2013 the Concessionaire submitted an amended Statement of Claim. The hearing is anticipated to commence in 2015. The GMA has not made any provisions in this financial year for the Delay and Disruption Claim, and will continue to review this decision on an on-going basis as the arbitration develops.

Land Discrepancy

The Province contends that it had to acquire additional land for the construction of the Gautrain system, which was contractually the obligation of the Concessionaire. The arbitration hearing is scheduled for August 2013. The amount in respect of the claims which would represent income due to the Province yet to be finalised and no provision has therefore been made in this financial year.

Sandton Cavern Dispute

The Province contends that in 2006, the Concessionaire motivated that the design and construction variation for Sandton Station ("Sandton Cavern") would lead to cost savings due to the Province. In late 2008, once the construction of the Sandton Station Cavern was complete, the Concessionaire contended that the variation resulted in an additional cost to the Province and not a cost saving. The Province subsequently amended its contention to a nil-cost variation.

The arbitration hearing commenced during July - August 2012 on the merits of the Dispute. In October 2012, the tribunal determined that the Province's contention for a nil-cost variation was unsuccessful and that the hearing should proceed to determine the quantum of the Dispute (i.e. either an additional cost or a cost saving). Accordingly, the hearing resumed in December 2012 - but was not finalised.

The quantum hearing re-commenced on the 24 May 2013. The GMA has not made any provisions in this financial year and will continue to review this decision on an on-going basis.



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

24. RELATED PARTY TRANSACTIONS

Non-Executive Board Members and Board Committee Members:

The total value of remuneration of the Non-Executive Board Members including the Audit and Risk Committee Members are disclosed in Note 16. The GMA did not enter into any other transactions with Non-Executive Board Members including the Audit and Risk Committee Members.

Executive Management:

The total value of remuneration of Executive Management is disclosed in Note 15. The GMA did not enter into any other transaction with Executive Management.

Executive Authority: MEC of the Gauteng Department of Roads and Transport:

During the financial year under review, the GMA did not enter into any transactions with, nor facilitate any projects on behalf of, entities under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport.

Gauteng Department of Roads and Transport

The GMA provided project management capacity to assist the Department with its capital expenditure programme to the value of R 12,291 million rand. These transactions were at arm's length. As at 31 March 2013 R 12,291 million rand was outstanding from the Gauteng Department of Roads and Transport. Subsequent to year end a payment of R 11,339 million was received.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT		
<p>The GMA's financial instruments consist mainly of cash at bank and cash equivalents, other receivables and other payables. The bank deposits and bank balances, receivables and payables approximate their fair value due to the short term nature of these instruments.</p> <p>The fair values together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position as detailed below.</p>		
Financial assets - at carrying value		
Cash and cash equivalents	1 493 820	1 418 856
Accrued income	15 596	8 760
Prepaid expenses	7 257	44
Other receivables	12 334	-
Rental Deposit	1 170	-
TOTAL	1 530 177	1 427 660
Financial liabilities - at carrying value		
Accrued Expenses	429 455	-
Finance lease liability	82	104 597
Other Liabilities	605 600	-
Obligations Arising from Restricted SIP Funds	101 297	841 298
Obligations Arising from Restricted PRA Funds	35 061	598 637
Obligations Arising from Restricted Project Funds	295 803	105 231
TOTAL	1 467 298	1 649 763



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued		
Fair value of financial instruments:		
Financial assets at fair value:		
Cash and cash equivalents	1 493 820	1 418 856
Accrued income	15 596	8 760
Prepaid expenses	7 257	44
Other receivables	12 334	
Rental Deposit	1 170	-
TOTAL	1 530 177	1 427 660
Financial liabilities held at amortised cost:		
Accrued Expenses	429 455	105 231
Finance lease liability	82	-
Other Liabilities	605 600	598 637
Obligations Arising from Restricted SIP Funds	101 297	104 597
Obligations Arising from Restricted PRA Funds	35 061	-
Obligations Arising from Restricted Project Funds	295 803	841 298
TOTAL	1467 298	1 649 763
The revenue and expenses that are included the Statement of Financial Performance are detailed below per category of financial instrument:		
Income from Cash and Cash Equivalents		
Finance Income	67 552	54 705
TOTAL	67 552	54 705

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Financial Instruments

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade receivables and other receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' have been accepted. Other receivables consist of accrued interest and prepayments, upon which credit risk is limited as interest is receivable from banks with rating of 'A' and prepayments are minimal.

At 31 March 2013, the GMA did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Fair Value of Financial Instruments

The carrying amounts of the following financial instruments, approximate their fair value due to the fact that these instruments are predominantly short term nature.

- Cash and cash equivalent bank balances with commercial interest rates.
- Other receivables - due to the short term nature of GMA's receivables, amortised cost approximates its fair value.
- Other payables - are subject to normal trade credit terms and short payment cycles. The cost of other payables approximates its fair value.

No financial instrument is carried at an amount in excess of its fair value.

RISK MANAGEMENT

Interest rate risk management

The GMA does not have significant interest-bearing assets, and therefore the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk management

The GMA is not exposed to any foreign exchange risk relating to the certified Schedule 12 Milestones, as National Treasury has accepted responsibility for the foreign exchange risk relating to foreign component of milestone payments.

The Gautrain Project has limited its exposure to any foreign exchange risk relating to the payment of Variation Milestones, as predetermined fixed hedge rates have been agreed by both the Province and the Concessionaire .

During the period under review the following foreign exchange variances were reported:

	2013 R '000	2012 R '000
Foreign Exchange Gain	-	4 929
Foreign Exchange Losses	-	-
NET EFFECT	-	4 929



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Liquidity risk management

The GMA manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

The maturity profiles of the financial instruments are summarised as follows:

MATURITY PERIOD	2013 R '000		
	0 - 12 Months	1 - 5 Years	> 5 Years
Financial Assets			
Accrued income	15 596	-	-
Prepaid expenses	7 257	-	-
Rental Deposit	-	-	1 170
Financial Liabilities			
Accrued Expenses	429 455	-	-
Finance lease liability	42	40	-
Other Liabilities	605 600	-	-
Obligations Arising from Restricted SIP Funds	101 297	-	-
Obligations Arising from Restricted PRA Funds	35 061	-	-
Obligations Arising from Restricted Project Funds	295 803	-	-

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Market risk sensitivity analysis

The table below shows the results of a sensitivity analysis on the surplus for the period and changes in net assets for reasonable possible changes in the risk variables. Management has estimated that a 25% increase/ decrease in the foreign exchange rate, represents a reasonable possible change in the risk variable.

	2013 R '000	
	Accumulated Surplus	Net Assets
- 25% decrease in foreign exchange rate	(151 400)	(151 400)
+ 25% increase foreign exchange rate	151 400	151 400
NET EFFECT	-	-

The sensitivity of the finance income to changes in interest rates are illustrated below. Management has estimated that a 100 basis points increase/ decrease represents a reasonable possible change in the risk variable and the changes in interest rates for the past 2 years was only changed once by the South African Reserve Bank by a decrease in 50 basis points.

	2013 R '000	
	Accumulated Surplus	Net Assets
Interest rate increase of 100 basis points	14 222	14 222
Interest rate decrease of 100 basis points	(14 222)	(14 222)

Qualification

The sensitivity analysis is based on market conditions at reporting date and may vary at the time that any actual market movement occurs.



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

26. SUBSEQUENT EVENTS

Other than the matter disclosed in Note 29 the GMA does not have any other subsequent events to report requiring adjustment or disclosure in the financial statements for the year ended 31 March 2013.

27. GOING CONCERN

At 31 March 2013 the GMA Board has every reason to believe that the GMA has adequate resources in place to continue in operation for the foreseeable future.

	2013 R '000	2012 R '000
28. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE; AND CRIMINAL OFFENCES		
28.1 IRREGULAR EXPENDITURE		
Opening Balance	-	-
Add: Irregular Expenditure - current year (Employee Benefits)	1 840	-
Add: Irregular Expenditure - current year (Printers and maintenance contract)	1 182	-
Less: Amounts not recoverable	(3 022)	-
Irregular Expenditure awaiting condonation	-	-
Details of Irregular Expenditure - Current Year (not condoned and not recoverable)		
Incident		
Irregular expenditure was incurred as a result of the Employee Benefits Tender being non-compliant with Treasury Regulations. This contract was terminated at the end of March 2013 to avoid future Irregular Expenditure	1 840	-
Irregular expenditure was incurred as a result of the Printers and Maintenance Tender being non-compliant with Treasury Regulations due to the submission of an invalid B-BBEE certificate	1 182	-

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

	2013 R '000	2012 R '000
28.2 FRUITLESS AND WASTEFUL EXPENDITURE		
Opening Balance	-	-
Add: Fruitless and Wasteful Expenditure - current year	11	-
Less: Amounts not recoverable	(11)	-
Fruitless and Wasteful Expenditure to be recovered	-	-
Details of Fruitless and Wasteful Expenditure - Current Year (not recoverable)		
Incident		
The expenditure relates to a payment made for a cancelled disciplinary session. The expenditure was not recoverable.	11	-
28.3 LOSSES THROUGH CRIMINAL CONDUCT		
Details of Losses through Criminal Conduct - Current Year		
Incident		
Three laptops were stolen on separate occasions outside the GMA office from GMA employees. The carrying value of these assets were twenty five thousand rand. The incidents were reported and the respective insurance claims were received by the GMA.	25	-



GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

29. OTHER DISCLOSURE: GAUTRAIN SYSTEM ASSETS

The Gautrain System assets are accounted for by the Gauteng Department of Road and Transport, in its capacity as the representative department of the Province, in relation to the Gautrain Rapid Rail Link Project. The Gautrain System assets are consequently disclosed as completed assets in the financial statements of the Department. The occurrence of OCD 2 has signalled the end of the Project's Development Period.

The GMA has embarked on a project to componentise the Gautrain System and formulate an accounting treatment for the transfer and take-on of these assets. The transfer is envisaged to take place before the end of the next financial year. The transfer will enable the GMA to take full accountability for the Gautrain System assets, in support of its objectives and functions as defined in the Gautrain Management Agency Act.

Subsequent to the componentisation of the Gautrain System assets, the GMA has received the approval of the Executive Authority: MEC for the Gauteng Department of Road and Transport, for the transfer of the Gautrain System assets and liabilities, to the GMA effective 1 July 2013, in accordance with the Public Finance Management Act, Section 42 and the Gautrain Management Agency Act, Section 31.

At the end of March 2013, the total value of the Gautrain System assets based on historical cost was R 29,5 billion. This amount is disclosed in the annual financial statements of the Gauteng Department of Roads and Transport.



PART :
ANNUAL PERFORMANCE REPORT





GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT - 2012/13 Financial Year

PERFORMANCE OBJECTIVE	PERFORMANCE OUTCOMES	PERFORMANCE INDICATORS	PERFORMANCE TARGETS	PERFORMANCE OUTPUTS	PLANNED TARGET				ACTUAL OUTPUT				VARIANCE TOTAL	REASONS FOR VARIANCES				
					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3			Q4	TOTAL		
SERVICE EXCELLENCE - TO PROVIDE AN ACCESSIBLE, SAFE, RELIABLE AND AFFORDABLE PASSENGER TRANSPORT SYSTEM	Assist the Province in implementing the project and achieving project objectives	To procure additional measures that ensure the reliability of service. To secure the Gautrain System and ensure additional measures that ensure the reliability of service. To procure additional measures that ensure the reliability of service. To ensure measures are in place to minimize service interruption. To ensure measures are in place to ensure minimal service interruption throughout the Concession Period.	<p>1. Consistent application of parity obligations with the Concession Agreement.</p> <p>2. Development of a service interruption protocol by BCC.</p> <p>3. Assess the pros and cons of becoming a National Key Point.</p> <p>4. Implement additional security measures around the rail reserve and the Gautrain System in collaboration with BCC.</p> <p>5. Develop quality assurance procedures to manage performance against the CA.</p>	<p>1.1. Reduction in service interruptions, through monthly application of penalties.</p> <p>2.1. Complete review of BCC's strategy, systems and procedures to address service interruption, and submit comments to BCC.</p> <p>2.2. Complete review of the Operations and Maintenance Recovery plan.</p> <p>3.1. Review assessment conducted by SAPs.</p> <p>3.2. Conduct a cost-benefit analysis of becoming a National Key Point.</p> <p>4.1. Cost-sharing of additional security measures implemented.</p> <p>5.1. Development and approval by Quality Steering Committee of agreed procedures by close of the financial year.</p>	<p>1.1. a. Monthly Performance Committee Meetings held.</p> <p>1.1. b. Number of monthly penalties applied.</p> <p>2.1. a. One formal review conducted (Q1).</p> <p>2.2. a. One formal review conducted (Q1).</p> <p>3.1. a. One assessment review conducted (Q2).</p> <p>3.2. a. One cost-benefit analysis conducted (Q2).</p> <p>4.1. a. Payment of a once-off capex cost.</p> <p>4.2. a. Payment of monthly opex costs.</p>	3	3	3	3	12	2	3	3	3	11	1	Meetings for November and December were held in the same month. In total cover 12 months.	
						3	3	3	3	12	2	3	3	4	12	0	Bombela does have a process in place for service interruptions. GMA is of the opinion that this should be expanded and approved. This is currently the basis of discussion between the two parties.	
						0	0	0	0	0	1	1	0	0	0	1	0	GMA management investigated the possibility of becoming a national Key Point and submitted it's findings to the GMA Board on 22 August 2012. The GMA Board decided that it would not be practical to apply for National Key Point status.
						0	1	0	0	1	0	1	0	0	1	0	0	Negotiations are still ongoing between Province and the Concessionaire regarding the payment of a once off Capex cost by Province.
						0	1	0	0	1	0	1	0	0	1	0	12	Province has taken a contractual stand not to become involved in funding monthly security operational costs. Concessionaire is currently covering the monthly security operational cost.
						1	0	0	0	1	0	0	0	0	0	0	1	Initially reported in Q1 but revised and finalised in Q3
						0	1	0	0	1	0	1	0	0	1	0	0	Procedure could not be completed in time due to resource constraints
						0	0	0	0	0	1	0	0	0	0	0	1	Procedure could not be completed in time due to resource constraints.
						0	1	0	0	1	0	1	0	0	1	0	0	This procedure is included in the System Improvement Assurance Procedure.
						0	0	0	0	0	1	0	0	0	1	0	0	
						0	0	0	0	0	1	0	0	0	1	0	0	
						Performance Management of the Concessionaire, and implementation of Quality Assurance Systems.	To monitor and manage the performance of the Concessionaire against obligations arising from the CA, and assure the quality of such performance.	<p>6.1. Scheduled site inspections conducted.</p> <p>6.2. Adhoc site inspections conducted.</p> <p>6.3. Reports of non-compliance made to Concessionaire.</p>	<p>6.1. a. Scheduled site inspections conducted (FY).</p> <p>6.2. a. Number of adhoc site inspections conducted (FY).</p> <p>6.3. a. Number of non-compliance reports submitted (FY).</p>	<p>3</p>	<p>0</p>							
3	3	3	3	12	3							3	3	3	12	0		
3	3	3	3	12	2							3	3	4	12	0		

GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT - 2012/13 Financial Year

PERFORMANCE OBJECTIVE	PERFORMANCE OUTCOMES	PERFORMANCE INDICATORS	PERFORMANCE TARGETS	PERFORMANCE OUTPUTS	PLANNED TARGET				ACTUAL OUTPUT				VARIANCE TOTAL	REASONS FOR VARIANCES						
					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3			Q4	TOTAL				
					1	0	0	0	1	0	1	0			0	1	0			
<p>ASSIST THE PROVINCE IN IMPLEMENTING THE PROJECT AND ACHIEVING PROJECT OBJECTIVES</p> <p>ASSURANCE OF THE CONCESSIONAIRE'S CONTRACTUAL OBLIGATIONS</p> <p>Act on behalf of the Province in managing the relationship between the Province and concessionaire in terms of concession agreements in managing the interests of the Province are protected</p>	<p>To monitor and manage the performance of the Concessionaire against obligations arising from the CA, and assure the quality of such performance.</p> <p>Performance Management, and implementation of Quality Assurance and Systems.</p>	7. Conduct audits of the Revenue & Patronage Reports and Performance Management System.	7.1. Completion of once-off audit of the Revenue & Patronage Reports and Performance Management System (PMS) by close of first quarter of the FY. 7.2. Conduct further ad-hoc audits of PMS as and when required.	7.1. a. Once-off audit of PMS conducted (Q1). 7.2. a. Number of ad-hoc audits of PMS conducted (FY).	1	0	0	0	1	0	1	0	0	0	0	0	Draft report was first reported in Q1 and moved to Q2 when the final report was received.			
		8. Review monthly Operations Reports submitted by Concessionaire.	8.1. Monthly review of the following reports: a. Security Report. b. Fare Evasion Report. c. Asset Report. d. Origin and Destination Matrix Report e. Usage of Dedicated Feeder and Distribution Systems and Non-Train Services Report. f. Customer Comments Report. g. Performance Measures & Performance Monitoring System.	8.1. a. Number of reviews (FY): b. Security Report. c. Fare Evasion Report. d. Asset Report. e. Origin and Destination Matrix Report f. Usage of Dedicated Feeder and Distribution Systems and Non-Train Services Report. g. Customer Comments Report. h. Performance Measures & Performance Monitoring System.	3	3	3	3	12	2	3	3	4	12	0	0	0			
		9. Develop with the Concessionaire a "longlist" of possible external extensions of the system (including routes) assess identified options, reach agreement on selection of feasible and suitable opportunities, and commence planning for approved projects.	9.1. Conduct high-level options analysis and identify comprehensive list of possible extension projects by close of 2nd quarter. 9.2. Conduct detailed analysis and modelling on alternatives by close of 3rd quarter and recommend a short-list of projects for consideration and approval for feasibility studies. 9.3. Undertake full feasibility studies on approved projects.	9.1. a. Long-list of extensions developed (Q2). 9.2. a. Shortlist of projects identified and recommended (Q3). 9.3. a. Initiation of feasibility studies (Q4).	0	1	0	0	1	0	0	1	0	1	0	0	1	0		
		10. Identify and seek implementation with Concessionaire, of capacity enhancing important system efficiency and alternatives.	10.1. Periodically review, revise and agree Capacity Plans with Concessionaire. 10.2. Monitor capacity requirements and implementation of changes agreed between parties through attendance at monthly Capacity meetings.	10.1. a. Bi-annual revision and approval of revised Train Operating Plan. b. Bi-annual revision and approval of revised Bus Operating Plan. 10.2. a. Number of Rail Service Capacity Committee meetings attended. b. Number of Bus Service Capacity Committee meetings attended.	1	0	1	0	2	0	0	2	0	1	1	2	0	0	OC22 was only certified on 7/06/2012 thus there could only be one review during the financial year.	
		11. Participate in monthly Performance Committee meetings with the Concessionaire where the performance regime and other related performance matters are discussed.	11.1. Monthly attendance at Performance Committee meetings.	11.1. a. Number of Performance Committee meetings attended.	3	3	3	3	12	2	3	3	3	11	1	1	1	1	Meetings for November and December were held in the same month. In total covered 12 months.	
		12. Ensure accurate application of performance deductions.	12.1. Perform technical and mathematical verification of monthly performance deduction.	12.1. a. Number of performance deduction verifications performed.	3	3	3	3	12	2	3	3	4	12	0	0	0	0	No meeting was held in January	
		13. Participate in EMC meetings held with regular representatives from the relevant government authorities - GDARD, DWA, SEC, BCC and IEC.	13.1. Monthly attendance at Environmental Management (EMC) meetings.	13.1. a. Number of EMC meetings attended.	3	3	3	3	12	0	0	0	0	0	12	0	0	0	It was agreed at the February 2012 Project Environmental Coordination (EMC) Meeting that there is no longer a need for the GDARD/Gautrain liaison meeting due to the fact that no further applications are required and that there is only one in progress with the GDARD, relating to the K103	
		14. Participate in Project Environmental Coordination for the operational period and the GDARD meetings.	14.1. Monthly attendance at Project Environmental Coordination (PEC) meetings.	14.1. a. Number of PEC meetings attended.	3	3	3	3	12	2	3	2	2	9	3	3	3	3	No meetings were held in December - short month and the March meeting ran in to April	
		15. Ensure delivery of reports by the Environmental Management Committee and the Independent Environmental Control Person.	15.1. Ensure quarterly reporting in the Gautrain Project Progress Report (formerly DOKA).	15.1. a. Inclusion of environmental management report in quarterly Gautrain Progress Report.	1	1	1	1	4	0	1	1	2	4	0	0	0	0	The draft report for Q1 was initially recorded in Q1	
		16. Ensure the specification for the water-ingress is met by Dombela.	16.1. Review of the water-ingress joint measurements reported. 16.2. Obtain IC Certification for OCDII which will indicate that the specification for water-ingress has been met.	16.1. a. Performance of review of water-ingress joint measurements reported. 16.2. b. IC Certification issued.	1	0	0	0	1	1	0	0	0	1	0	0	0	0	0	

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					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4						
					TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL						
ASSURANCE OF THE CONCESSIONAIRE'S CONTRACTUAL OBLIGATIONS	Act on behalf of the Province in managing the relationship	17. Ensure the Concessionaire performs a Biannual Customer Satisfaction Survey.	17.1. Review the Customer Satisfaction Survey on a Biannual basis.	Biannual review of the Customer Satisfaction Survey.	0	1	0	1	2	0	1	0	1	2	0			
		18. Obtain monthly customer feedback reports from Concessionaire.	18.1. Review the monthly Customer Comments Report.	Monthly review of the Customer Comments Report.	3	3	3	3	12	3	3	3	3	12	0			
	Monitoring of Communication with the Public	19. Monitor and report unauthorised brand usage.	19.1. Detect and maintain a record of unauthorised brand usage, and report quarterly to the Concessionaire on such incidents.	19.1. a. Quarterly report on unauthorised brand usage.	Quarterly report on unauthorised brand usage.	1	1	1	1	4	1	0	1	2	4	0		
		Completion of the Development Period	20. Obtain the Certificate of Final Completion issued by the IC when all works are completed.	20.1. Acquire the Certificate of Final Completion issued by the IC within 12 months after OCDD.	Certificate of Final Completion acquired.	0	0	0	1	1	0	0	0	0	0	1	1	CCD2 was only certified on 7/06/2012. Certificate of Final Completion can only be issued on 6 June 2012. (One year retention period)
	21. To obtain the Safety Permit of Final Completion issued by the (National) Railway Safety Regulator.		21.1. Obtain the Safety Permit of Final Completion issued by the (National) Railway Safety Regulator within 12 months after OCDD.	21.1. a. Safety Permit of Final Completion acquired.	0	0	0	1	1	0	0	0	1	1	0	0		
	Completion of the Litigation Execution (Cpex)		22. To obtain revised performance bonds.	22.1. Obtain revised performance bonds from the Concessionaire.	22.1. a. Revised performance bonds acquired.	1	0	0	0	1	1	0	0	1	2	1	0	
			23. Prosecute claims that Province has against the Concessionaire.	23.1. Prepare and submit a quarterly report of claims that Province has against the Concessionaire and the status thereof to the CEO.	23.1. a. Quarterly Claims Reports submitted.	1	1	1	1	4	1	0	1	2	4	0	0	
	Manage assets relating to the Project and Promote their preservation and maintenance.	Litigation Management (Cpex)	24. Defend claims that the Concessionaire has against Province.	24.1. Prepare and submit a quarterly report of claims that Province has against the Concessionaire and the status thereof to the CEO.	24.1. a. Quarterly Claims Reports submitted.	1	1	1	1	4	1	0	1	2	4	0		
			25. Track all contractual non-compliance or disputes in order to monitor status of resolution.	25.1. Contractual Matters Report updated and reported on a monthly basis.	25.1. a. Monthly Contractual Matters Report.	3	3	3	3	12	2	1	1	1	5	7	Before OCDD up to June reported monthly. Then changed to quarterly.	
		Increase Ridership.	Litigation Management (Cpex)	26. Development of the claim against the Concessionaire for operations related disputes.	26.1. Development of claim by close of the financial year.	26.1. a. Development of claim by close of the financial year.	0	0	0	1	1	0	0	0	1	1	0	
27. Monitor passenger demand trends on a monthly basis.				27.1. Produce monthly report on passenger demand/ridership.	27.1. a. Monthly passenger demand report.	3	3	3	3	12	3	3	3	3	12	0		
Manage the finances of the Project and the financial securities provided by the Concessionaire			28. Analyse demand data and identify opportunities for interventions to increase demand.	28.1. Quarterly demand analysis conducted and interventions to optimize demand identified.	28.1. a. Quarterly Demand Analysis.	Quarterly Demand Analysis.	1	1	1	1	4	1	1	1	1	4	0	
			29. Conduct feasibility and cost-benefit analysis of interventions identified, and implement approved interventions.	29.1. Interventions to increase demand analyzed quarterly.	29.1. a. Number of interventions to increase demand analyzed per quarter.	1	1	1	1	4	1	1	1	1	4	0		
To monitor passenger demand and identify possible interventions to increase ridership.	To track all non-compliance contractual matters in respect of operations related issues, in order to declare disputes and test dispute resolution, or to monitor performance by Bombela, to resolve or to defend claims by Bombela.	29.2. Implementation of interventions to increase demand.	29.2. b. Number of interventions to increase demand implemented.	Number of interventions to increase demand implemented.	0	1	0	1	2	0	1	1	1	3	1			
		30. Assess effectiveness of interventions.	30.1. Conduct an annual analysis of the effectiveness of interventions implemented.	30.1. a. Annual analysis of effectiveness of interventions.	0	0	0	1	1	0	0	0	1	1	0	0		
To monitor passenger demand and identify possible interventions to increase ridership.	To track all non-compliance contractual matters in respect of operations related issues, in order to declare disputes and test dispute resolution, or to monitor performance by Bombela, to resolve or to defend claims by Bombela.	30.2. Obtain and analyze annually customer feedback on interventions implemented.	30.2. b. Annual analysis of customer feedback on effectiveness of interventions.	Annual analysis of customer feedback on effectiveness of interventions.	0	0	0	1	1	0	0	0	1	1	0			

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					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3			Q4	TOTAL	
					0	1	0	0	1	0	0	0			0	0	0
ASSURANCE OF THE CONCESSIONAIRE'S CONTRACTUAL OBLIGATIONS	Budget Management	31. Perform a monthly cash-flow analysis to spend against monthly and annual Budget.	31.1. Monthly cash flow analysis performed.	31.1. a.	Monthly cash flow analysis performed.	3	3	3	3	12	3	3	3	3	12	0	Analysis are done monthly and quarterly
		32. Submit a monthly funding request based on expenditure forecasted for the month, to Provincial Treasury to enable payment of actual expenditure for the month.	32.1. Submission of monthly funding request to Provincial Treasury.	32.1. a.	Monthly funding request submitted.	3	3	3	3	12	3	3	3	3	3	12	
Manage the finances of the Project and the financial securities provided by the Concessionaire	Budget Management	33. Revise the budget quarterly by performing re-allocations between cost categories, without impacting on the total budget appropriation.	33.1. Quarterly analysis and revision of the budget within total budget parameters.	33.1. a.	Quarterly budget analysis and revision as required.	3	3	3	3	12	3	3	3	3	12	0	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		34. Confirm or re-appropriate the budget by submitting a revised budget amount to the GDR and Provincial Treasury by the end of the 2nd Quarter accompanied by a motivation for additional funds requested (if any).	34.1. Submit confirmation of annual budget, or re-appropriation to GDR and Provincial Treasury by end of 2nd Quarter of the financial year (October).	34.1. a.	Budget confirmation/ re-appropriation submitted in Q2.	0	1	0	0	1	0	1	0	1	0	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	Asset Management	35. Revision of the GMA's asset management policy to include the CA provisions relating to the System Assets, and to provide for the monthly management of the System assets.	35.1. Perform revision of the asset management policy by the close of the 2nd quarter of the financial year.	35.1. a.	Asset management policy revision by Q2.	0	1	0	0	1	0	0	0	0	1	1	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		36. Componentisation of the system to the level of detail acceptable for reporting of the assets in the GMA's books, in line with GRAP standards, and all other applicable legislation and directives.	36.1. Contain System componentised and components valued at cost by close of the financial year.	36.1. a.	Completion of exercise to componentize and value Contain System by Q4.	0	0	0	1	1	0	0	0	0	0	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	Asset Management	37. Approval from the MEC for transfer of the System assets to the GMA, and capitalization of the full system in the GMA's books.	37.1. Seek and obtain MEC's approval for transfer of the System assets to the GMA by close of the financial year.	37.1. a.	MEC's approval obtained by close of Q4.	0	0	0	1	1	0	0	0	0	1	1	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		38. Develop and implement HR administration systems to ensure the effective supervision and management of employees.	38.1. HR Administration Systems developed and implemented by the close of Quarter 3.	38.1. a.	HR Administration Systems implemented by close of Q3.	0	0	1	0	1	1	0	1	0	0	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	People Management (HR)	39. Develop and implement a reward and remuneration strategy for the GMA.	39.1. Reward and remuneration strategy developed, approved and implemented by the close of Quarter 2.	39.1. a.	Reward and remuneration strategy implemented by close of Q2.	0	1	0	0	1	0	1	0	0	1	1	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		40. Develop and implement a performance management and employee remedial system to ensure satisfactory delivery by employees against GMA objectives in line with employment contract.	40.1. Performance Management System developed and implemented by the close of Quarter 2.	40.1. a.	Performance Management System implemented.	0	1	0	0	1	1	0	1	0	0	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	People Management (HR)	41. Develop, implement and monitor a skills and equity development plan for the GMA.	41.1. Unit Managers develop Individual Development Plans (IDPs) for employees.	41.1. a.	IDPs developed in Quarter 1.	1	0	0	0	1	0	1	0	0	1	1	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		42. Develop processes to ensure the transfer of knowledge and skills amongst GMA staff, and from consultants (PST) to the GMA.	42.1. HR Unit to develop consolidated GMA Development Plan (GDP), obtain CEO approval, and obtain budgetary approval (CFO).	42.1. a.	GDP developed and approved by close of Quarter 2.	0	1	0	0	1	1	0	0	1	0	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	People Management (HR)	43. Develop a succession plan for the GMA to ensure business continuity in the event of loss of scarce and critical skills.	43.1. Monitor and report training and development undertaken monthly against GDP.	43.1. a.	Monthly Employee Development Report.	0	0	3	3	6	0	0	3	3	6	0	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		44. Capacitate the Agency with suitably skilled, qualified and competent staff.	44.1. Annually report on the workforce profile of the GMA to the Board.	44.1. a.	Workforce Profile Report	0	0	0	1	1	1	0	1	0	1	2	
Manage the finances of the Project and the financial securities provided by the Concessionaire	People Management (HR)	44. Develop a succession plan for the GMA to ensure business continuity in the event of loss of scarce and critical skills.	44.1. Unit Managers must report initiatives undertaken to ensure knowledge and skills transfer in the monthly Employee Development report.	44.1. a.	Monthly Employee Development Report.	0	0	3	3	6	0	0	3	3	6	0	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		45. Develop a succession plan for the GMA to ensure business continuity in the event of loss of scarce and critical skills.	45.1. GMA Succession Plan developed by the end of the financial year, covering key management planning.	45.1. a.	Succession plan developed.	0	0	0	1	1	1	0	0	0	1	1	
Manage the finances of the Project and the financial securities provided by the Concessionaire	People Management (HR)	46. Develop a succession plan for the GMA to ensure business continuity in the event of loss of scarce and critical skills.	46.1. Business Continuity Plans developed for each business unit, and each business area within business units.	46.1. b.	Business Continuity Plans developed.	0	5	0	0	5	0	0	0	0	5	5	Revision of policy reported in Q2, was found not to have covered the Asset transfer from Province and withdrawn. Process timeline has shifted and the asset transfer process, as agreed with AG and Provincial Treasury has been approved for implementation in July 2013
		47. Develop a succession plan for the GMA to ensure business continuity in the event of loss of scarce and critical skills.	47.1. Vacant positions filled by close of the financial year.	47.1. a.	Number of vacant positions filled.	0	0	0	11	11	11	0	0	0	10	10	

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					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
					TOTAL				TOTAL						
ASSURANCE OF THE CONCESSIONAIRE'S CONTRACTUAL OBLIGATIONS	To ensure that new GMA Board members undergo an induction course, to ensure Board exercise its fiduciary duties in accordance with good governance, to ensure an input on the effectiveness of the Board, to plan and aim for a transformation in corporate reporting from a focus on financial information to a concept where all types of relevant information are reported on the GMA's quality, performance, values and impact are reported on in a comprehensive way.	45. Develop a stakeholder management strategy and plan.	45.1. Develop a stakeholder management strategy and plan as required by KingIII.	45.1. a. Stakeholder Management Strategy and Plan.	0	1	0	0	1	0	1	0	0	1	0
		46. Develop and implement a plan to govern and manage interaction with 3rd Parties.	46.1. 3rd Party relationship plan developed by the close of the first quarter to guide relationship building and maintenance of relationships with key third parties.	46.1. a. 3rd Party Relationship Plan.	1	0	0	0	1	0	1	0	0	1	0
Manage the finances of the Project and the financial securities provided by the Concessionaire	To direct and guide the execution of the GMA's responsibilities against its mandate, and to the assure the quality of such Corporate Quality Management.	47. Develop quality assurance procedures for corporate functions of the GMA.	47.1. To develop quality assurance procedures for corporate functions of the GMA by the close of the third quarter of the financial year.	47.1. Quality Assurance Procedures developed and approved (Q3):	0	0	0	1	1	0	0	0	0	0	1
		48. Schedule an induction programme for new Board Members, and the adequate transfer of skills from current members to ensure that the new GMA Board Members undergo an induction programme.	48.1. Develop an induction programme for new Board Members during the first quarter of the financial year.	48.1. a. Induction programme developed by close of Q1.	1	0	0	0	1	1	0	0	0	1	0
Monitor the policy and legislative environment of the Project	Effective Governance and Oversight.	49. Board and Board Committees to convene a minimum of four times per year as per the relevant charters.	49.1. Convene a minimum number of Board and Board Committees per year as per the relevant charters (name).	49.1. Convene the following number of meetings held: a. Minimum of four Board meetings to be held for the FY. b. Minimum of two Audit and Risk Committee meetings. c. Minimum of two Finance Committee meetings. d. Minimum of two HR and Remuneration Committee meetings.	0	1	0	1	2	1	2	1	2	6	4
		50. Ensure that the Board undergoes a self appraisal annually, and effectively appraise its performance, to ensure the transparency and efficacy of the Board.	50.1. Conduct a Board self-assessment or independent evaluation annually.	50.1. a. Annual Board assessment or evaluation.	0	1	0	1	1	1	0	0	1	1	4
ASSURANCE OF THE CONCESSIONAIRE'S CONTRACTUAL OBLIGATIONS	To ensure that new GMA Board members undergo an induction course, to ensure Board exercise its fiduciary duties in accordance with good governance, to ensure an input on the effectiveness of the Board, to plan and aim for a transformation in corporate reporting from a focus on financial information to a concept where all types of relevant information are reported on the GMA's quality, performance, values and impact are reported on in a comprehensive way.	51. Framework for Integrated Reporting for the GMA in line with the King III Code of Governance.	51.1. Develop a plan/ framework for integrated reporting for the GMA by close of the financial year.	51.1. a. Framework (Plan) for Integrated Reporting developed.	0	0	0	1	1	0	0	0	0	0	1
		52. To ensure that the Board exercises its fiduciary duties in accordance with good corporate governance principles.	52.1. To ensure that the Board exercises its fiduciary duties in accordance with good corporate governance principles.	52.1. To ensure that the Board exercises its fiduciary duties in accordance with good corporate governance principles.	0	0	0	0	0	0	0	0	0	0	0

GMA's Management Committee (MCA) has reviewed the updated version of an Integrated Reporting Framework will be revised in the 2013/2014 financial year. Marco has, however, reviewed the current structure of the Annual Report to include items pertaining to Sustainability, Social, Ethics, Environmental, Governance, Stakeholder Management, IT Governance, etc.

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					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3			Q4	TOTAL						
FINANCIAL SUSTAINABILITY AND GOVERNANCE	Monitor the policy and legislative environment of the Project	To ensure that adequate financial controls and systems are in place to ensure reliable, accurate, and complete financial information, adequate safeguarding and efficient utilization of funds and assets.	To ensure the economic, financial, operational, legislative, regulatory and political environment the GMA operates in, to identify risks facing the GMA, and to ensure that key controls or action plans are in place to address these risks.	52. Use of a Financial Model and Quality Assurance process to review the completeness of revenue and patronage figures reported by the Concessionaire, the Provincial Government and the Concessionaire's guarantee liability of Province.	52.1. Process monthly revenue and patronage numbers through the GMA FG financial model to verify the accuracy of the invoiced Patronage Guarantee payable to the Concessionaire.	3	3	3	3	12	3	3	3	3	12	0						
				53. Manage payments and creditors efficiently.	53.1. Produce a monthly report that tracks the number and value of payments received for the month, and settlement within the GMA's terms of payment.	3	3	3	3	12	3	3	3	3	3	3	12	0				
				54. Report on actual spend against budget (Variance Analysis) and a Risk Register to the Finance Committee, Audit & Risk Committee and the Board.	54.1. Quarterly Revised Cash flow Forecast and Cash flow Variance Analysis report produced.	1	1	1	1	4	1	1	1	1	4	1	1	1	4	0		
				55. Report on asset management activities, implementation of controls and risk register commitments to the ARC & Finance Committee.	55.1. Quarterly asset management report produced.	1	1	1	1	4	1	1	1	1	4	1	1	1	4	0		
				56. Report on procurement activities, tenders, deviations, supply chain controls and improvements to the Finance Committee, Audit & Risk Committee.	56.1. Quarterly supply chain management report produced.	1	1	1	1	4	1	1	1	1	4	1	1	1	4	0		
				57. Perform mandatory financial reconciliations.	57.1. Monthly reconciliations performed.	1	0	0	0	1	3	3	3	3	12	0	0	0	0	12	11	Previously reported quarterly but done on a monthly basis. Now reported monthly.
				58. Revise finance policies & submit to the Board for approval.	58.1. Annual revision of the financial policies.	1	0	0	0	1	1	0	0	1	0	0	0	0	1	0		
				59. Report on the procurement plan to the National Treasury.	59.1. Annual procurement plan on 1 September to National Treasury.	0	1	0	0	1	0	0	0	1	0	0	0	0	1	0		
				60. Update the Internal Audit Plan & submit to the ARC for approval.	60.1. Annual revision and approval of the internal audit plan.	1	0	0	0	1	1	0	0	1	1	0	0	0	1	0		
				61. Update the Internal Audit Charter and submit to the Audit and Risk Committee for approval.	61.1. Annual review and approval of the Internal Audit Charter.	1	0	0	0	1	1	0	0	1	1	0	0	0	1	0		
				62. Report on the progress against the internal audit plan to the CEO and the Audit & Risk Committee.	62.1. Quarterly Progress Reports.	1	1	1	1	4	0	1	1	4	0	1	1	2	4	0		
				63. Submit Stakeholder Key Control Review to ARC.	63.1. Quarterly Stakeholder Key Control Review assessed by the AG.	1	1	1	1	4	1	1	1	4	1	1	1	1	4	0		
64. Submit of PFMA compliance review to Provincial Treasury.	64.1. Quarterly PFMA compliance review to Provincial Treasury.	1	1	1	1	4	1	1	1	4	1	1	1	1	4	0						
65. Report on legislation impacting the GMA's operations, and on the GMA's compliance with applicable legislation to the ARC.	65.1. Quarterly Compliance and Litigation report produced.	1	1	1	1	4	1	1	1	4	1	1	1	1	4	0						
66. Report on the risks facing the GMA to the Audit & Risk Committee.	66.1. Quarterly Project Risk Register updated.	1	1	1	1	4	1	1	1	4	1	1	1	1	4	0						
66.2. Quarterly GMA Institutional Risk Register updated.	66.2. Quarterly GMA Institutional Risk Register updated.	1	1	1	1	4	1	1	1	4	1	1	1	1	4	0						
67. Implement security access control technologies and mechanisms to protect network, servers and information.	67.1. Implement unified threat management (UTM) systems to do intrusion detection and prevention, secure and control access to network and servers and protect against viruses and malware.	1	1	0	0	1	0	1	0	1	0	1	0	0	1	0						
68. Implement new server infrastructure to ensure maximum uptime and information availability.	68.1. Implement new and reliable servers and technology to improve server uptime and information availability in case of disaster.	1	0	1	0	1	0	0	1	1	0	0	0	0	1	0						
69. Develop & implement IT Policies based on GMA's requirements, and as relevant to GMA's requirements.	69.1. Develop and implement IT policies and procedures, including a disaster recovery plan for the GMA.	1	1	0	0	2	1	1	0	2	1	1	0	0	2	0						
70. Report monthly on IT services and performance to the relevant senior manager responsible for IT.	70.1. Monthly IT systems and services performance report produced.	3	3	3	3	12	3	3	3	12	3	3	3	3	12	0						
71. Report on IT services and performance to executive management and/or relevant IT committee.	71.1. Quarterly IT systems and services performance report produced.	1	1	1	1	4	0	1	1	4	0	1	1	2	4	0						
72. Implement IT related infrastructure and services for the new GMA Head Office to be ready by the time of occupation.	72.1. Implement IT related technologies to establish the necessary infrastructure for the new GMA Head Office.	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0						
		Implemented IT related infrastructure for new GMA Head Office.	Implemented IT related technologies to establish the necessary infrastructure for the new GMA Head Office.	72.1. b.	Implement IT related technologies to establish the necessary infrastructure for the new GMA Head Office.	0	0	0	0	1	0	0	0	0	1	0						

GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT - 2012/13 Financial Year

PERFORMANCE OBJECTIVE	PERFORMANCE OUTCOMES	PERFORMANCE INDICATORS	PERFORMANCE TARGETS	PERFORMANCE OUTPUTS	PLANNED TARGET				ACTUAL OUTPUT				VARIANCE		REASONS FOR VARIANCES		
					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL		TOTAL	
					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL		TOTAL	
CORPORATE GOVERNANCE	Ensuring Ethics, and Preventing Fraud and Corruption.	73. Maintain an Irregular, Fruitless and Wasteful Expenditure Register and complete register as and when an incident or transaction occurs.	73.1. Quarterly submission of entries in the register during the quarter to the Audit and Risk Committee for noting.	Submission to ARCC on entries in the Register.	1	1	1	1	4	1	1	1	1	4	0		
		74. Maintain a Fraud and Corruption Register and complete register as and when an incident occurs.	74.1. Quarterly submission of entries in the register during the quarter to the Audit and Risk Committee for noting.	Submission to ARCC on entries in the Register.	1	1	1	1	4	1	0	1	2	4	0		
		75. Maintain an Incidents Register and complete register as and when an incident occurs.	75.1. Quarterly submission of entries in the register during the quarter to the Audit and Risk Committee for noting.	Submission to ARCC on entries in the Register.	1	1	1	1	4	1	0	2	1	4	0		
		76. Maintain a Gifts Register, and complete for all gifts received above R500 in value.	76.1. Quarterly submission of entries in the register during the quarter to the Audit and Risk Committee for noting.	Submission to ARCC on entries in the Register.	1	1	1	1	4	1	1	1	1	4	0		
		77. Representation and participation in meetings of the Gautrain Public Transport Integration Committee (GPTIC).	77.1. Attendance at GPTIC meetings. NOTE: These meetings have now been replaced with the Integrated Transport Master Plan Steering Committee Meetings.	Number of meetings attended. (6 meetings pa).	2	1	1	2	6	3	3	3	2	11	5		
		78. Investigate, plan and implement additional mini-bus shuttle services as part of the feeder and distribution system to the train service.	78.1. Additional mini-bus shuttle services implemented.	Number of additional feeder shuttle services implemented.	1	0	0	1	2	0	0	1	1	2	0		Additional Mini-bus routes implemented. Awaiting approval for Greenstone and Woodmead routes.
PUBLIC TRANSPORT INTERACTION	Integration	79. Provision of additional directional and way-finding signs and outside all Gautrain Station precinct.	79.1. Additional directional and way-finding signage provided.	Number of station precincts where additional directional and way-finding has been provided.	10	0	0	0	10	3	2	5	0	10	0		
		80. Representation and participation in Provincial and Municipalised integration planning committees.	80.1. Attendance at Provincial and municipal integration planning meetings.	Number of meetings attended. (6 meetings pa).	1	2	2	1	6	3	3	2	2	10	4		
		81. Monitor SED programmes, and independent verification of SED achievements by the Concessionaire.	81.1. Monthly review of reporting by the Independent Socio-Economic Monitor (ISEM) on its monitoring and reviewing tasks in respect of verification of SED achievements.	Monthly ISEAM Reports.	6	6	6	6	24	6	6	6	6	24	0		
		82. Monitor and report achievement against targets.	82.1. Achievement of the following employment targets:	Number of direct jobs created for Historically Disadvantaged Individuals (HDIs). Number of direct jobs for local people. Estimated number of total jobs created. Number of direct jobs for women. Number of direct jobs for people with disabilities (PWD's).	230 : 230 : 230 : 230 : 920 300 : 320 : 330 : 330 : 1280 1 600 : 1700 : 1780 : 1780 : 6860 85 : 80 : 85 : 80 : 330 4 : 5 : 5 : 5 : 19	483 : 428 : 429 : 422 : 1762 536 : 468 : 467 : 460 : 1931 1877 : 1620 : 1800 : 1700 : 6997 144 : 118 : 120 : 121 : 503 5 : 4.5 : 5 : 5 : 19.5	842 : 651 : 137 : 173 : 0.5										
		83. Monitor and report achievement against targets.	83.1. Achievement of the following annual procurement targets set for the Gautrain Project:	Purchasing of South African Materials, Plant & Equipment (R'000).	1 4000 : 4200 : 8700 : 8800 : 45700	30543 : 37120 : 19835 : 40167 : 127665	81965										
		84. Monitor and report achievement against targets.	84.1. Achievement of the following annual sub-contracting targets set for the Gautrain Project:	Procurement from and sub-contracting to BEE's (R'000). Procurement from and sub-contracting to new BEE's (R'000). Procurement from and sub-contracting to SWME's (R'000).	37 300 : 37300 : 23400 : 23400 : 121400 34200 : 34200 : 21500 : 21500 : 111400 7100 : 7100 : 4500 : 4500 : 23200	93912 : 87070 : 39302 : 87013 : 361015 56771 : 56123 : 45901 : 95447 : 251495 9814 : 10364 : 8921 : 10609 : 39708	239615 : 140095 : 16508										
SOCIO - ECONOMIC DEVELOPMENT	Socio Economic Development	85. Monitor and manage the allocation of SIP Funds received to projects approved by the GPC.	85.1. Monitor the progress on approved SIP Projects, as well as the manner in which funds have been expended to fulfil project objectives.	Review progress report or funding request on each project and provide summary of review to the CEO.	-	-	-	-	-	-	-	-	-	-	No KPI planned to be achieved.		
		85.2. Manage the allocation of funds requested or required, after evaluation of project progress against the economic and social objectives of the project.	85.2. Manage the allocation of funds requested or required, after evaluation of project progress against the economic and social objectives of the project.	Transfer funds to each Project after obtaining approval from the CEO.	-	-	-	-	-	-	-	-	-	-	-	No KPI planned to be achieved.	





LIST OF ACRONYMS AND ABBREVIATIONS

ACSA	Airports Company of South Africa
AFC	Automatic Fare Collection
AFSA	Arbitration Federation of Southern Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ATP	Automatic Train Protection
BBBEE	Broad-based Black Economic Empowerment
BEs	Black Entities
BOC	Bombela Operating Company
BRT	Bus Rapid Transit
CA	Concession Agreement
CAM	Construction Assurance Management
CCTV	Closed Circuit Television
CDM	Concession Development Management
CEO	Chief Executive Officer
CJV	Civil Joint Venture
Concessionaire	Bombela Concession Company (Pty) Ltd
CV	Contingent Valuation
DoRA	Division of Revenue Act
DFDS	Dedicated Feeder and Distribution Services or bus service
DRB	Dispute Resolution Board
DWA	Department of Water Affairs
EA	Environmental Authorisation
EIA	Environmental Impact Assessment
E&M	Electrical and Mechanical
EMP	Environmental Management Plan
EMS	Environmental Management System
EMV cards	Electro, Master and Visa
EP	Extended Phase
GDARD	Gauteng Department of Agriculture and Rural Development
GMA	Gautrain Management Agency
GPS	General Passenger Service
GRAP	Generally Recognised Accounting Practice
GTIA	Gauteng Transport Infrastructure Act
HDI	Historically Disadvantaged Individuals
HR	Human Resources

HVAC	Heating, Ventilation and Air-Conditioning
IC	Independent Certifier
IEC	Independant Environmental Consultant
IECP	Independent Environmental Control Person
IFC	Issued for Construction
ITMP	(Gauteng) Integrated Transport Master Plan
ISEM	Independent Socio-Economic Monitor
JRA	Johannesburg Roads Agency
M&E	Mechanical and Electrical
MEC	Gauteng Member of the Executive Council for Roads and Transport
MTEF	Medium Term Ependiture Framework
OCD	Operating Commencement Date
OCDS	Overhead Contact Distribution System
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturers
PEC	Project Environmental Co-ordination
PFMA	Public Finance Management Act
PIDS	Passenger Information Displays
PMC	Performance Monitoring Committee
PMS	Performance Monitoring System
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act (Act no 5 of 2000)
PRA	Perfomance Reserve Acoount
PRASA	Passenger Rail Agency of South Africa
Province	Gauteng Provincial Government
PST	Province's Support Team
PVN	Project Variation Notice
RAMS	Reliability, Availability, Maintainability and Safety
RoD	Record of Decision
RRE	Rail Reserve Events
SED	Socio-Economic Development
SHEQ	Safety, Health, Environment and Quality
SMMEs	Small, Medium and Micro Enterprises
SMT	Strategic Management Team
SIP	Social Investment Programm
TBM	Tunnel Boring Machine
TKC	Turnkey Contractor
TRT	Tshwane Rapid Transit



TVM	Ticket Vending Machine
VAT	Value Added Tax
UPEC	Unknown Pre-Existing Contamination
WMC	Water Management Corridor



GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA



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