

Annual Report 2014



GAUTRAIN MANAGEMENT AGENCY



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SUBMISSION OF THE GAUTRAIN 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 2014 to the Executive Authority.

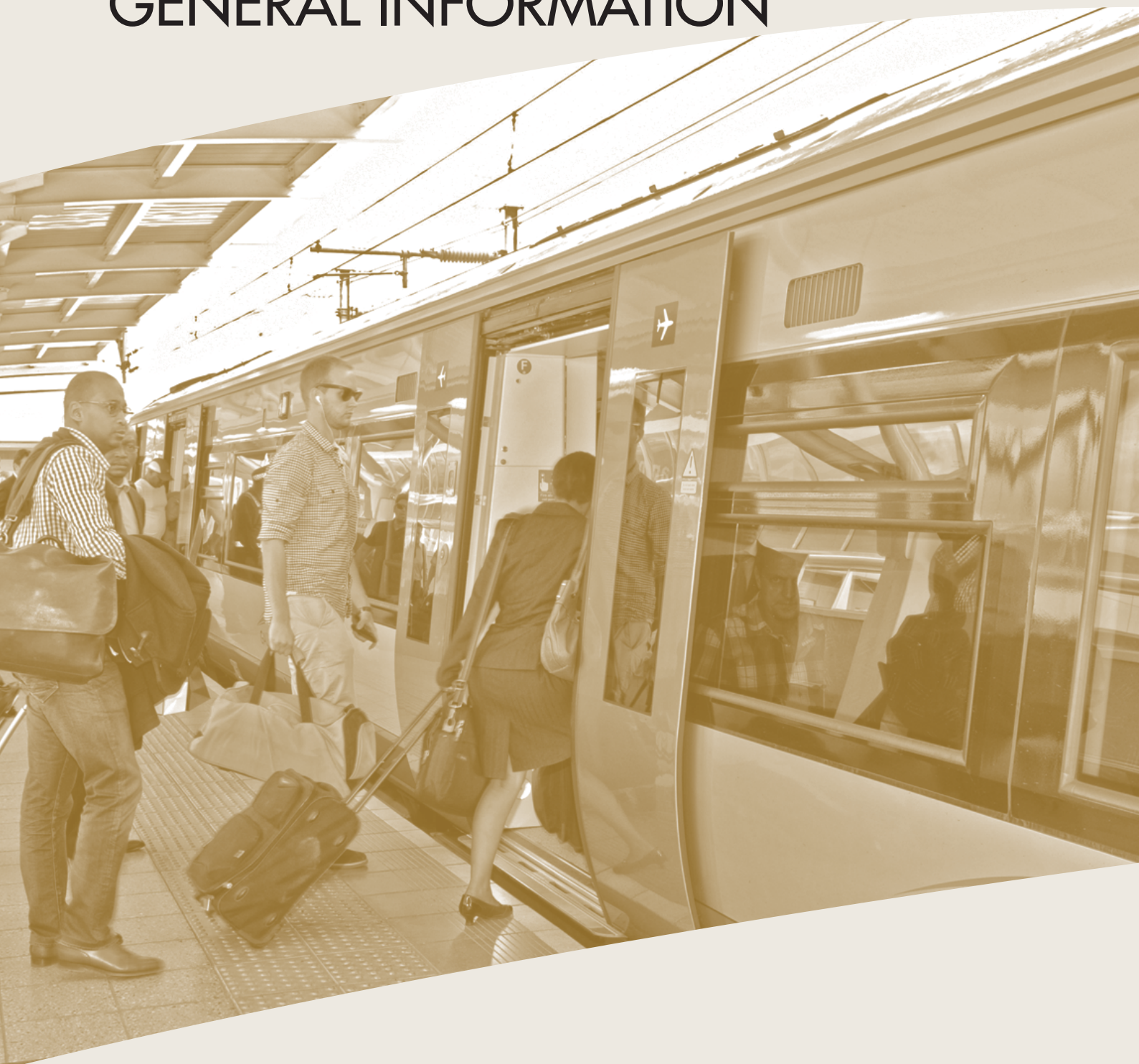
Signed on 30 August 2014 on behalf of the GMA Board.

A handwritten signature in black ink that reads "A Mawela". The signature is written in a cursive style with a period at the end.

Mr. A Mawela
Chairperson: GMA Board



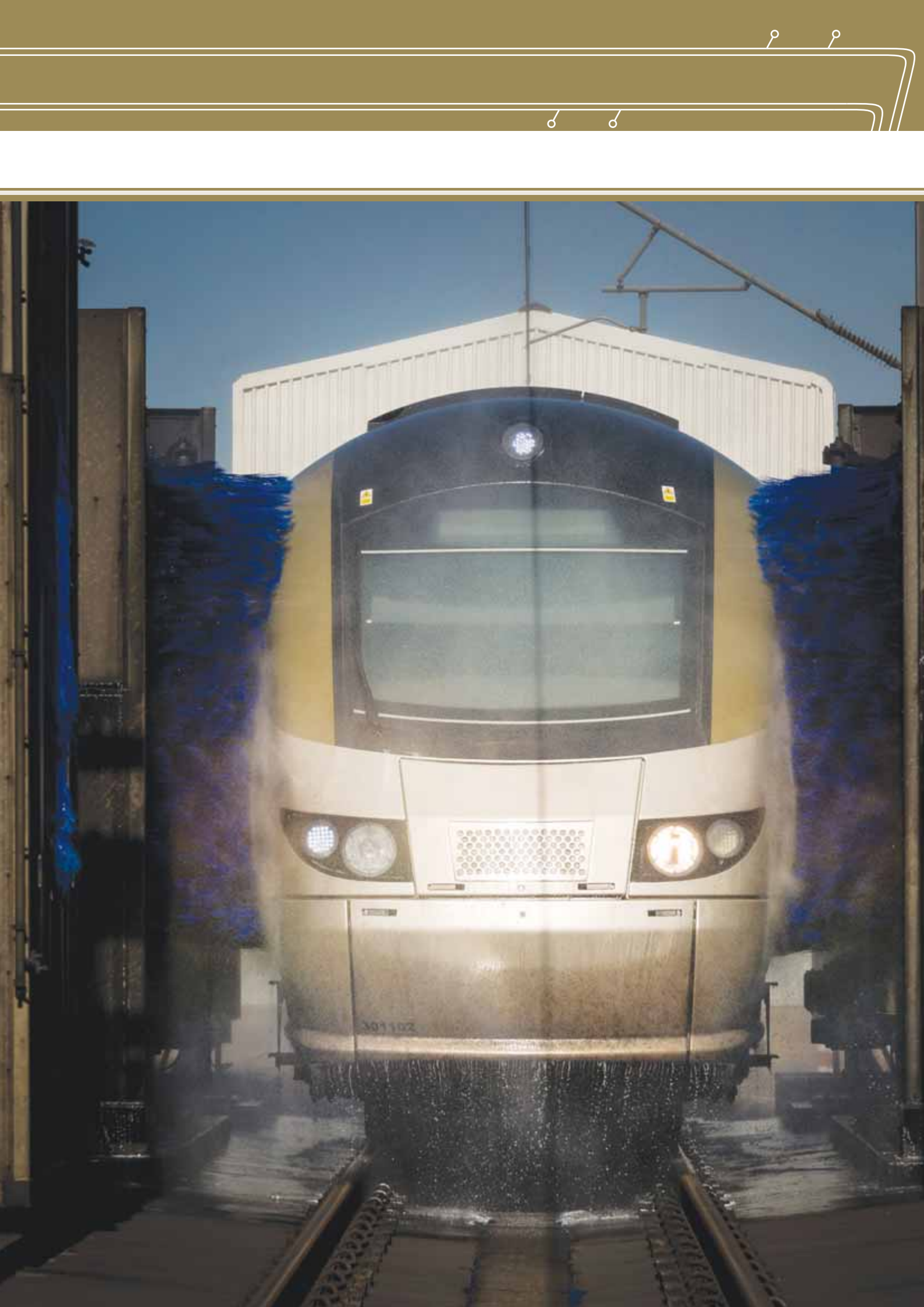
PART A: GENERAL INFORMATION





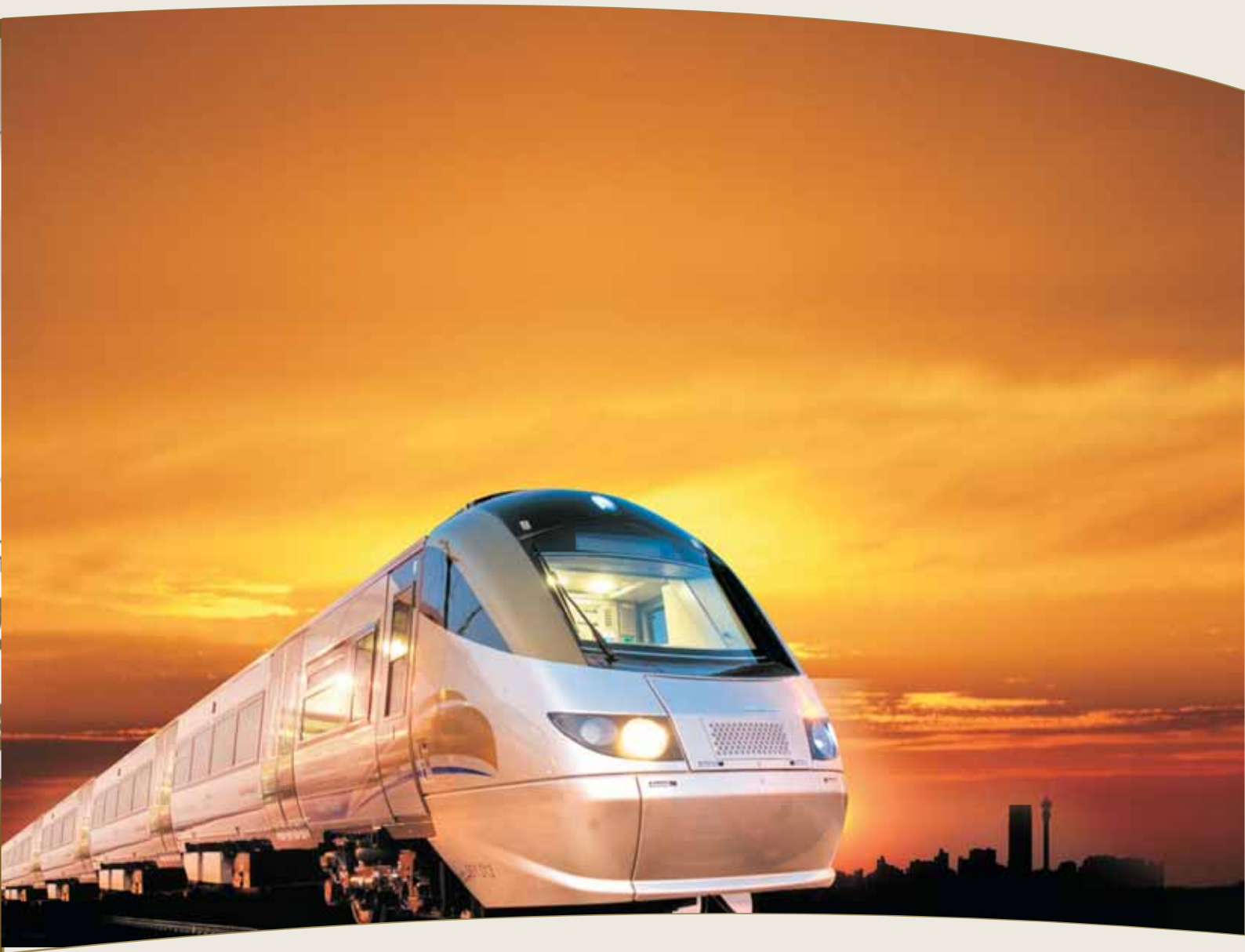
GENERAL INFORMATION

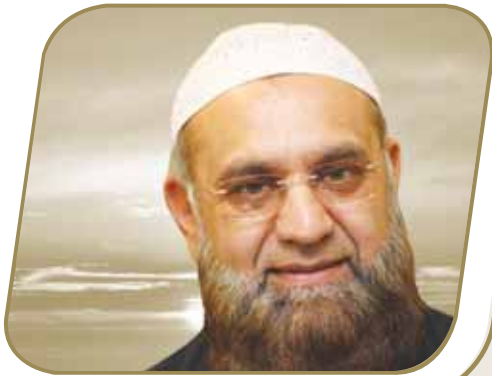
- Registered name of agency: Gautrain Management Agency
- Registered office address: 44 Grand Central Boulevard, Midrand, Johannesburg
- Postal address: PO Box 1266, Kelvin, 2054
- Contact telephone number: 011 086 3500
- Email address: gma@gautrain.co.za
- Website address: www.gautrain.co.za/gma
- External auditors information: Auditor General of South Africa
- Bankers information: ABSA Bank Limited
- Company Secretary: Ms Tebogo Marumo



FOREWORD BY THE MEC







The Gautrain Project continues to be part of the long term vision of creating and sustaining a new culture of public transport. Gautrain is a leading economic enabler of economic growth that renders job creation and improved living standards. One of the strategic objectives of Gautrain is the improvement of accessibility and mobility in the Johannesburg-Tshwane corridor. By providing a safe and convenient public transport system in this corridor, Gautrain continues to change the landscape of the Province and the perceptions of public transport in the country.

The Gautrain Management Agency (GMA) has continually demonstrated its commitment to prudent financial management and corporate governance that is important for the achievement of Gautrain's strategic objectives. I am proud 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 Protocols on Corporate Governance in the Public Sector. As a result of this commitment during the 2013/2014 financial year, the Board through the Social and Ethics Committee, approved a selection criteria for the Social Investment Projects to be funded by Gautrain Management Agency.

Gautrain has continued to make significant efforts to ensure that its Socio-Economic Development (SED) obligations are met. The Gautrain project has made a significant impact on SED in Gauteng. The achievement of the SED performance in the current financial year is as follows: a 25 percent shareholding by black persons in the Bombela Concession Company; a number black entities benefitted from the project through subcontracting and procurement, and 3 200 direct local jobs have been created and sustained.

The Gautrain Provincial Government, in partnership with the private sector, has strengthened existing development nodes in Gauteng and enhanced service delivery to the public. The property market has realised the integral value that Gautrain adds to spatial development. Undoubtedly, Gautrain has become a catalyst for a new urban form and mixed mode development.

The challenges moving forward 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 the future expansions and extensions. The latter is guided by the strategic rail framework embodied in the 25-Year Integrated Transport Master Plan.

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 the oversight of the GMA activities during the financial year. For the GMA to have received a clean audit from the Auditor-General is testimony to the important role they play and their commitment to prudent financial management and good corporate governance.

Lastly, I would like to thank the Department of Transport and the Gauteng Provincial Treasury for their continued support and collaboration. My gratitude goes to the Metropolitan Councils of Ekurhuleni, Johannesburg and Tshwane; the Airports Company of South Africa, and the Passenger Rail Agency of South Africa for consistent collaboration. A final word of thanks goes to GMA CEO, Mr Jack van der Merwe and his staff for a year of hard work and dedication. Your contribution helped make Gautrain the pride of the nation.



Dr. Ismail Vadi
Gauteng MEC for Roads and Transport

CHAIRPERSON'S STATEMENT







Gautrain Management Agency (GMA), through Gautrain has continued to contribute to the Gauteng Provincial Government's commitment of actively promoting public transport to support amongst others accelerated economic growth, development and infrastructure delivery with more emphasis on quality service delivery and good governance.

In the year under review, the focus of the GMA was to provide strategic direction and oversight in ensuring that Gautrain operates in a sustainable manner with clear commitment to governance and in support of Provincial Government's economic and social imperatives.

The 2013/2014 financial year saw a dramatic increase in the number of passenger trips over the previous reporting periods. The number of daily train passenger trips on weekdays was almost 60 000 by end of March 2014. This was achieved with an operational efficiency provided by both the GMA and the Concessionaire. GMA received the approval of the Executive Authority; MEC of Roads and Transport for the transfer of the Gautrain System assets from the Department of Roads and Transport to GMA effective from 01 July 2013. The Gautrain System assets were disclosed as completed assets in the annual financial statements of the GMA for the current financial year.

Also included in this year's annual report are the descriptions of the GMA's core business, performance report and the financial statements. Adding to the GMA's sound corporate governance is the GMA's Board activities and achievements during the year under review. These achievements include strategic direction of 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, monitoring compliance with laws, regulations and standards, establishment of Board Committees and approval of their reference to ensure that the GMA govern and mitigate risks adequately.

Looking forward into the 2014/2015, the GMA will focus on the following:

- Increasing in service capacity by optimising operations and rolling stock
- The Network Extension Plan, by doing a feasibility study on network extensions and future development.
- It further includes the development of Heartland Station and the planning and design for Samrad Station, with the intention of enhancing ridership in the medium and long-term.
- Continuing to promote and maximize Socio-Economic Development and BBBEE objectives of the Province in relation to the Project;
- Continue managing the financial exposure of the GMA in terms of the Concession Agreement;
- Continue managing the finance of the Project and the financial securities provided by the Concessionaires and manage assets relating to the Project and promote their preservation and maintenance.
- Continuing to enhance the integration of the Project with other transport services and public transport plans; and
- Continue managing the system's assets in terms of its life cycle.

The GMA Board will continue to maintain the highest standards in financial and non-financial reporting. In line with these aims, the strategic thrust of the upcoming year is to continue ensuring sound corporate governance and monitor the policy and legislative environment of the GMA.

Gratitude goes to the MEC for Transport and Roads, Dr Ismail Vadi, the Gauteng Province and the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane. I would like to express my gratitude to my fellow Board Members, Committee Members and the Executive Management of the GMA for their dedication and commitment during the year under review.

In closure I want to bring tribute to the late Nelson Rolihlahla Mandela and keep his words alive. He once said that 'it always seems impossible until it's done'. Let us at the GMA, honour those words by living it every day in bringing an integrated public transport system to Gauteng.

A handwritten signature in black ink that reads "Mawela." The signature is written in a cursive, flowing style.

Mr. Abel Mawela
Chairperson: GMA Board

CHIEF EXECUTIVE OFFICER'S OVERVIEW







The 2013/2014 financial year has again been an exciting and eventful year for the Gautrain Management Agency (GMA).

During the financial year the GMA embarked on a project to componentise the Gautrain Rapid Rail Link System assets and formulate an accounting treatment for the transfer and take-on of these assets. The GMA received approval from the Member of the Executive Council (MEC), Dr Ismail Vadi, for the transfer of these assets, effective 1 July 2013, from the Department of Roads and Transport.

The transfer has enabled the GMA to take full accountability for the System assets, in support of its objectives and function as defined in the Gautrain Management Act (Act 5 of 2006). The total assets are disclosed in this year's Annual Financial Statements to the value of R 34,673,309.00 billion. The process was very complex and time consuming and I would like to thank the members of the GMA team who, together with members of Provincial Treasury and the Office of the Auditor General, worked tirelessly to complete the task.

Taking into consideration the challenges associated with transferring and accounting for these System assets, the achievement of a clean audit from the Auditor General, for a second year running, is indeed an honour for the GMA. This could only have been achieved through a clear governance framework, dedicated staff, oversight and direction from the GMA Board and its Committees and the support from the Department and the MEC.

One of the main goals of the Gautrain System has always been to promote the use of public transport through the process of making public transport a mode-of-choice for the people of Gauteng. This would only be achieved if commuters, who had a variety of choices, were to choose the Gautrain System as their preferred mode of choice. During 2013 nearly 75% of our commuters were people who had changed from using their private vehicles on the Gauteng road network to using the Gautrain. In the initial planning it was expected that this high percentage swing from private vehicle usage to public transport usage would only be achieved in 2020.

The dispute between the GMA and the Bombela Concession Company on the water ingress into the Gautrain tunnel was adjudicated through a process of the Arbitration Foundation of South Africa. On 23 November 2013 the following award was made: the Concessionaire (Bombela Concession Company) was ordered to perform remedial works in the section of the tunnel between Park Station and Emergency Shaft E2 and to pay damages to the Province for the section of the tunnel from Rosebank Station to the Marlboro Portal. The Concessionaire is currently developing a detailed plan for the required remedial works and the actual construction work should start during the 2014/2015 financial year.

The Concession is now in the operational phase of the Project where all efforts are focused on running a commuter rail service which is operated within the required norms of punctuality and availability. During the 2013/2014 financial year the total number of passenger trips grew by 24% compared with the previous financial year. This is an exceptional growth supported by external factors such as frequent fuel price increases and the introduction of the e-tolls in Gauteng.

During the year a total of 13,639,059 rail passengers and 4,559,432 bus passengers were transported on the System. The feeder and distribution buses were utilised by 33.4% of rail passengers which is very high in comparison to overseas systems. The train service was operated constantly above the availability norm of 98.5% and at the punctuality of 94.0%. I would like to congratulate the Bombela Concession Company and especially the Bombela Operating Company on delivering a public transport system to the people of Gauteng on a continuous and high quality bases throughout the year.

This constant growth in ridership has put the System under pressure during the peak periods, especially in the morning peak. As a result of this, various rail service capacity increases are being considered and implemented. Some of these interventions are revised seating arrangements in the trains, introduction of additional eight-car trains during the peak periods and introducing a short-turn train service between Centurion and Sandton Stations. Furthermore, additional parking is being provided at various Stations.

During the 2013/2014 financial year the Gauteng Department of Roads and Transport completed a 25-year Integrated Transport Master Plan (ITMP25) for the Gauteng Province, which was approved by the Provincial Executive Council during November 2013. The ITMP25 will shape transport and land-use planning in the Province for the next 25 years and has the following key recommendations that will have a profound impact on the GMA:

- Rail will form the backbone of the public transport system in the Province; and
- The land-use type for residential developments in the area between Tshwane, Ekurhuleni, Johannesburg and Lanseria will be densified housing settlements with mixed land use and transit oriented developments.

This densified land-use scenario will create large numbers of commuters with a high demand for public transport. Two new rail corridors have been identified, linking Mamelodi (in the East) to Pretoria East, Samrand, Sunninghill, Cosmo, Ruimsig, Roodepoort to Naledi in Soweto (in the West) and an East – West link between Honeydew, Randburg, Sandton, Rhodesfield to Boksburg. A team of experts will be appointed during the 2014/2015 financial year to support the GMA in investigating the feasibility of such routes and to undertake the necessary environmental studies. The necessary funding for these extensions will have to be developed and explored.

During the financial year the Passenger Rail Agency of South Africa (PRASA) finalised the contract for the modernisation of its rolling stock with the Gibela Consortium setting up a factory in Gauteng to manufacture a total of 600 Alston trains. This has opened up the possibility to consider this exciting new technology when planning the future extensions of the Gautrain System.

Some of the major challenges for the 2014/2015 financial year are going to be:

- Starting with the implementation of the tunnel rectification plan;
- Finalising the necessary legal documents for the Delay and Disruption claim by Bombela;
- Completing the construction of the extension to the OR Tambo International Airport station platform;
- Completing the extension of parking capacity at various Stations, including the work at the Centurion Station;
- Start the procurement process of acquiring additional rolling stock for the System;
- Progressing with the feasibility studies on the proposed new ITMP25 rail corridors;
- Continue to deliver a world class commuter and airport service to the people of South Africa. The challenge is to run every scheduled train service within the availability and punctuality requirements; and
- Continue improving the service offered to the public by addressing capacity constraints of the System, especially during the peak periods.

I would like to express my appreciation to the GMA Board under the able leadership of Mr. Abel Mawela, for their guidance and leadership during the 2013/2014 financial year.

To the team at the GMA, thank you for your dedication and hard work. This year has been a year of team work which has been reflected in the successes we have achieved.

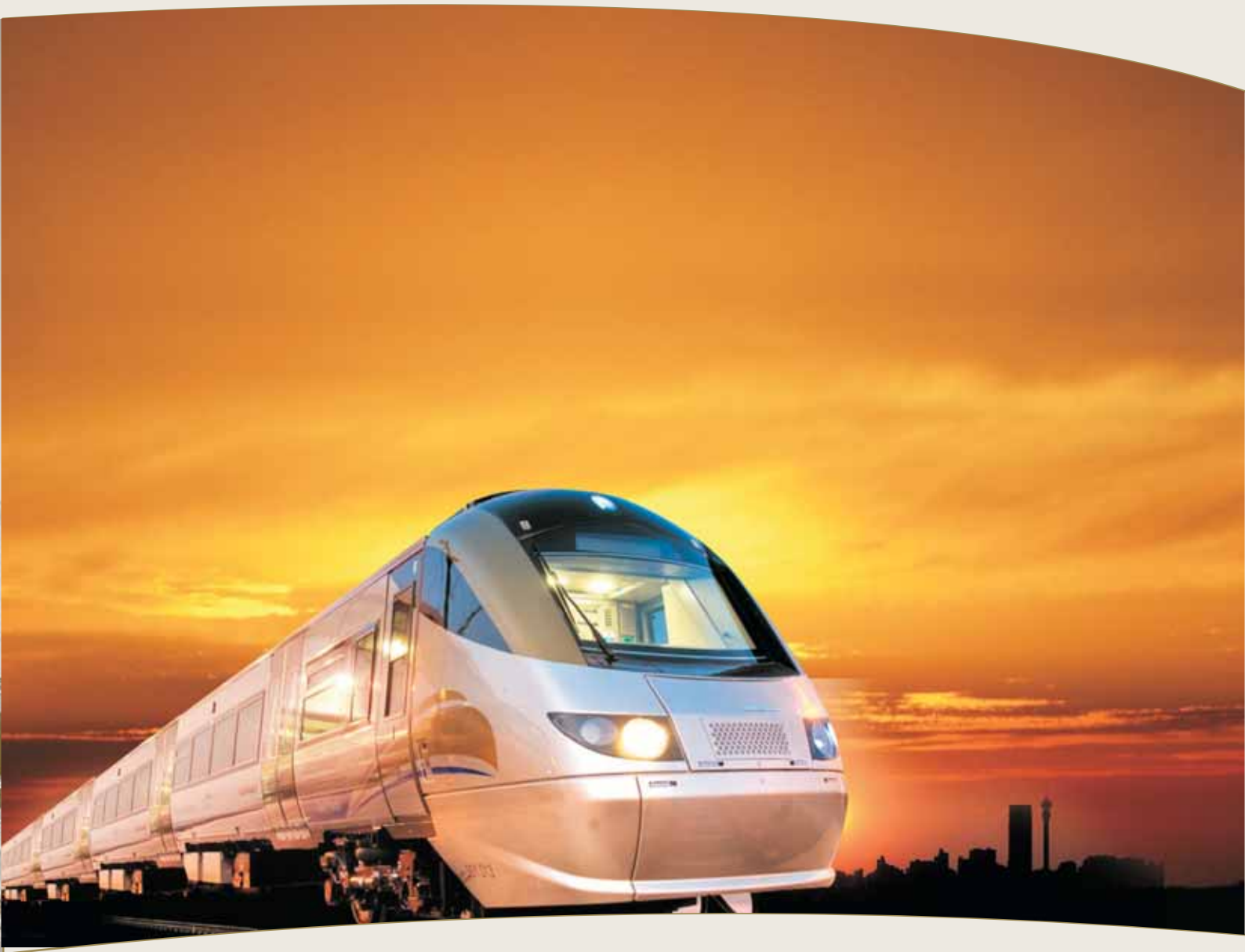
Finally a word of thanks to MEC Dr. Ismail Vadi for his vision and drive to make Gauteng a better place for all and to ensure that Gautrain stays the pride of the nation.



E (Jack) van der Merwe
CEO: GMA

MEMBERS OF THE BOARD







Name and Age	: Mr Abel Mawela (53)
Independence	: Independent Non-Executive Member
Position	: Chairperson of the Board
Date of Appointment	: 01 January 2012
Qualifications	: B Com (Unisa) B Com Honours (Unisa) MBA (De Montforte) Certified Director (IoDSA)
Directorships	: Director of Molodi Consulting Board and Audit Committee Member of the South Africa Board of Sheriffs, Finance and HR Committee Member of Export Credit Insurance Corporation Board and Audit Committee Member of the Innovation Hub - a subsidiary of the Gauteng Growth and Development Agency
Professional Memberships	: Member of the Institute of Municipal Finance Officers, Member of the Institute of Directors in Southern Africa (IoDSA)
Skills, Expertise and Experience	: Mr Mawela brings a unique perspective to the financial controls and overall corporate governance within the entity. He is proud of the healthy audit status achieved so far and views this seriously; the GMA serves as a public institution and, as a custodian of taxpayers' money, is accountable to all South Africans. The success of the Gautrain, as a greenfield project and the first of its kind not only in South Africa but in Africa as a whole, is a source of pride to Mr Mawela. He believes that whilst the train provides a world-class transport solution it is more importantly a major economic development project for not only Gauteng but the entire country. Testimony to this are the skyscrapers that are seen developing along its rail line, and particularly next to its stations. The board has commissioned an Economic Impact Assessment Study, which he believes will illustrate the phenomenon extensively.



Name and Age	: Ms Doris Dondur (47)
Independence	: Independent Non-Executive Member
Position	: Deputy Chairperson of the Board
Committee Membership	: Chairperson of the Audit and Risk Committee Member of the Social and Ethics Committee Member of the Finance and Asset Committee
Date of Appointment	: 01 January 2012
Qualifications	: Bachelor of Accounting degree (University of Stellenbosch) B Compt. Honours (Unisa) CA (SA) MBA (Stellenbosch University) International Executive Development Programme (University of the Witwatersrand, 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 SA Civil Aviation Authority Trustee of the Professional Provident Society (PPS) Holdings Trust
Professional Memberships	: Member of the South Africa Institute of Chartered Accountants (SAICA) Fellow of the Institute of Directors in Southern Africa (IoDSA) Member of the Institute of Internal Auditors (IIA)
Skills, Expertise and Experience	: Ms Dondur has extensive experience in the private and public sectors having worked at blue-chip private sector companies including Woolworths, Foschini and ABI. Her public sector experience was gained through her employment at the Office of the Auditor-General as a senior manager and later as provincial Auditor of the Gauteng Provincial Government. Ms Dondur was also the CFO of the Gauteng Gambling Board and has established her own management consultancy company. She 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 (49)
- Independence : Independent Non-Executive Member
- Committee Membership : Chairperson of the Social and Ethics Committee
Member of the Audit and Risk Committee
Member of the Finance and Asset Committee
- Date of Appointment : 01 January 2012
- Qualifications : Bachelor of Arts in Social Work (University of Witwatersrand).
Master of Arts in Social Work (University of the Witwatersrand)
Non-Degree PhD Fulbright Scholar at Indiana University
- Directorships : Director of New Africa Consulting
New Africa Youth Trust Trustee
Northern Areas Trust Trustee
Member of the Board of Trustees of the Walter Sisulu University Foundation
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
Member of the Office of the Premier Audit Committee in the Free State Province
Chairperson of The Business Place Network
Independent Director of the Industrial Development Corporation's Agency Development and Support (IDC ADS) Committee
- Professional Membership : Member of the Institute of Directors in Southern Africa (IoDSA)
- Skills, Expertise and Experience : Mr Nadison is the Managing Director of New Africa Consulting, which 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. He has worked as a management consultant at Deloitte & Touche Consulting and was the first CEO of the South African Weather Services.



Name and Age	: Ms Motseoa Alix-Mary Lugemwa (47)
Independence	: Independent Non-Executive Member
Committee Membership	: Chairperson of the Finance and Asset Committee 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 KwaZulu-Natal) Post Graduate Diploma in Management Accounting (University of KwaZulu-Natal) MBA in Finance (Manchester Business School, UK) ACMA (UK) CGMA
Directorship	: 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 extensive experience as a Provincial Accountant General for the Gauteng Provincial Government and has worked on a number of advisory assignments since leaving government. Ms Lugemwa is an independent management consultant specialising in financial management in the public sector. 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 Didibhuku Thwala (41)
- Independence : Independent Non-Executive Member
- Committee Membership : Member of the Social and Ethics Committee
Member of the Finance and Asset Committee
- Date of Appointment : 01 February 2012
- Qualifications : MSc Development Planning and MSc Engineering (University of the Witwatersrand)
PhD in Civil Engineering (University of the Witwatersrand)
- Directorships : Board Member, Human Resources Committee, Audit and Risk Committee the Johannesburg Development Agency (JDA)
Board Member, Development Committee Member of Johannesburg Social Housing (JOSHCO)
Board Member, Human Resources Committee, Audit and Risk Committee
Member of the Cross Border Road Transport Agency (CBRTA)
- Professional Memberships : Member of the Black Management Forum (BMF)
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 Quality Surveying at the University of Johannesburg. He has a variety of research interests, including 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 180 peer-reviewed journal articles and book chapters and has presented papers at both local and international conferences.



- Name and Age : Mr Mogopodi Mokoena (50)
- Independence : Independent Non-Executive Member
- Committee Membership : Chairperson of the HR and Remuneration Committee
Member of the Social and Ethics Committee
- Date of Appointment : 01 January 2012
- Qualifications : B Com Hons in Local Government Accounting (University of South Africa)
- Directorships : INCA Portfolio Managers (IPM)
Gauteng Growth and Development Agency (GGDA) and its various subsidiaries
NARELI Investment Holdings
TITC International
- Professional Membership : Member of the Institute of Directors in Southern Africa (IoDSA)
- Skills, Expertise and Experience : Mr Mokoena began his career as Assistant National Accountant for the Congress of South African Trade Unions in 1989. In 1991 he joined the National Education Coordinating Committee as National Accountant and later moved to auditing firm Douglas and Velcich (CA) S.A. In 1994, he joined the Johannesburg City Council as an Internal Auditor and was later seconded to the Gauteng Department of Housing and Local Government, where he became Director of Strategic Management. In 1996, the Greater Johannesburg Northern Metropolitan Council appointed him Strategic Executive: Finance (City Treasurer).

Two years later Mr Mokoena became Head of the Gauteng Department of Housing and Land Affairs. During his tenure he served as a Council member of the University of the Witwatersrand and of the Institute of Municipal Finance Officers. In 2000, he was appointed Director General for the Gauteng Provincial Government and from 2009–2012 he was Group Managing Director of African Access Holdings. Over the years, he has served as Chairman of the Board for Blue IQ Holdings and its subsidiary, The Innovation Hub (PTY) Ltd, GGDA and INCA Portfolio Managers.

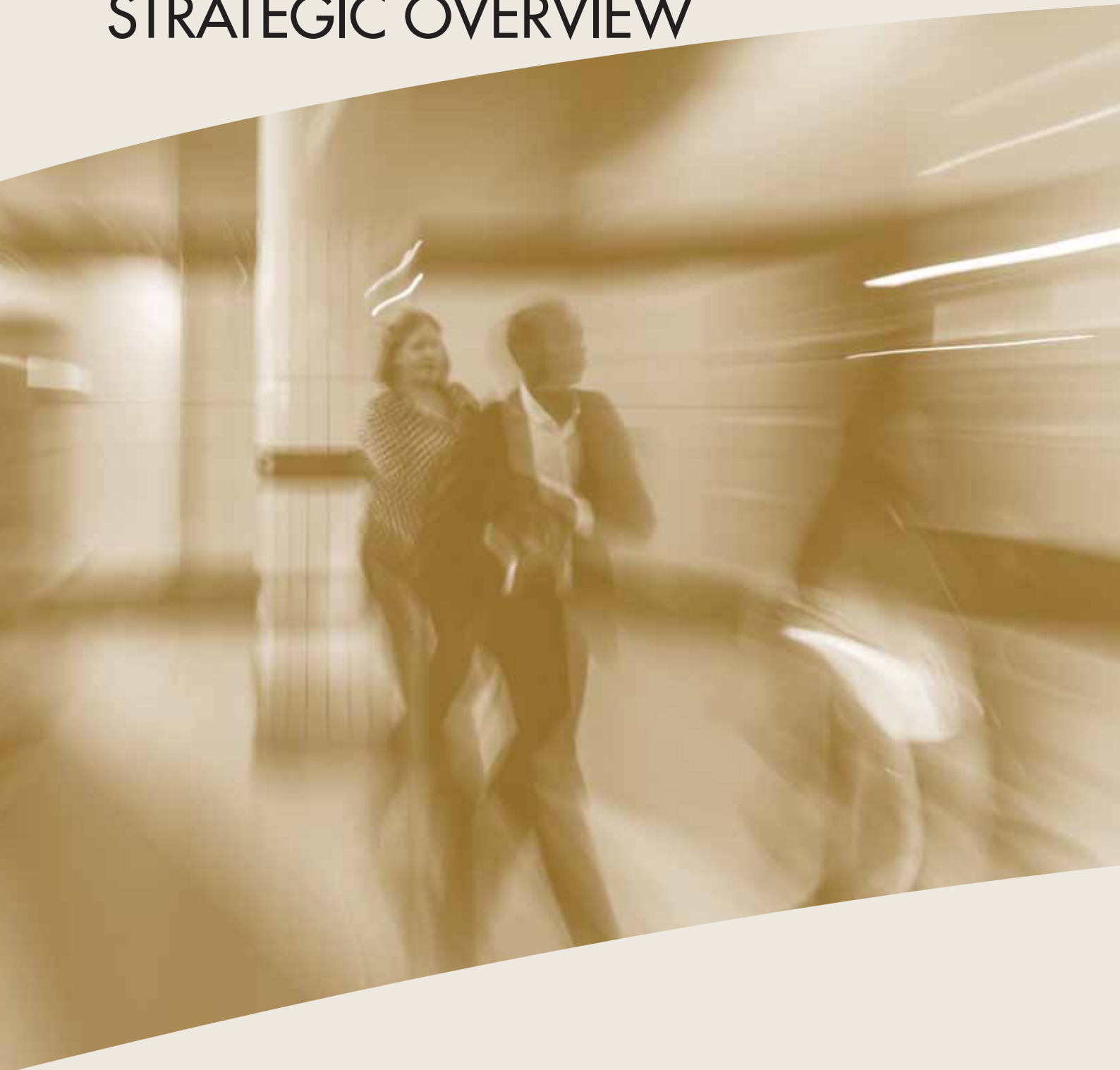


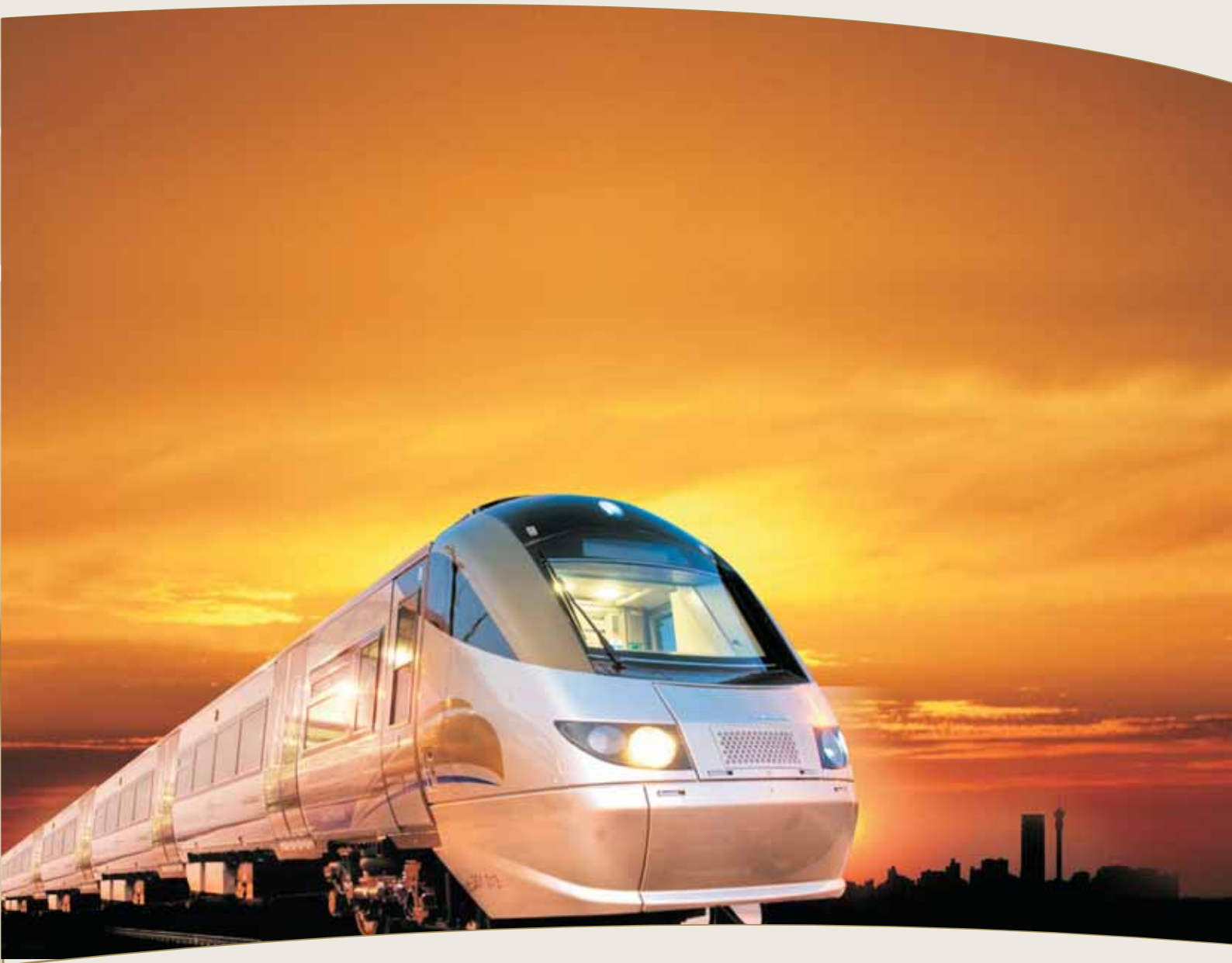
Name and Age	: Mr Mzolisi Nkumanda (50)
Independence	: Independent Non-Executive Member
Committee Membership	: Member of the Audit and Risk Committee
Date of Appointment	: 01 April 2013
Qualifications	: B Com (Accounting) (University of South Africa) Higher Diploma in Tax Law (University of Johannesburg) Masters in Business Leadership (University of South Africa)
Directorships	: Director Nkumanda Management Services (Pty) Ltd Non-Executive Director Kerilite (Pty) Ltd
Professional Membership	: Member of the Institute of Directors in Southern Africa (IoDSA)
Skills, Expertise and Experience	: Mr Nkumanda has more than 20 years' experience in the corporate world, having worked at blue-chip companies including Standard Bank, Barloworld, Deloitte, PwC and Hudaco Industries. He has served, amongst others, as Group Company Secretary of a listed company where he was responsible for Group Transformation, Group Taxation and Group Employee Benefits, and was trustee of three benefits funds and two BEE trusts. He has also served as Head of Group Tax at South African Airways. Mr Nkumanda spent more than six years at Deloitte and PwC as a tax consultant. He has served as an independent non-executive board member at the South African Institute of Professional Accountants, and a member of the Sirdar Governance Panel. Mr Nkumanda is currently an independent consultant specialising in corporate governance, and serves as the Company Secretary at Orlando Pirates.



Name and Age	: Mr Elzer (Jack) van der Merwe (65)
Independence	: Executive Member
Position	: Chief Executive Officer
Committee Membership	: Member of the Finance and Asset Committee Member of the Social and Ethics Committee Member of the HR and Remuneration Committee
Date of Appointment	: 01 January 2012
Qualifications	: BSc Civil Engineering (University of Pretoria) BSc Civil Engineering Honours (University of Pretoria)
Professional Memberships	: President of the African Union of Public Transport (UATP) Vice-President, Executive Board Member and Policy Board Member of the 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 served the public transport sector for more than 41 years. Highlights of his career include 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 that he headed until 2004. During this period he represented the Gauteng Department of Transport and Public Works on various national forums and professional bodies. Mr Van der Merwe was appointed 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 ensured that the Gautrain became a project of national significance and a pride of the nation. He is the CEO of the Gautrain Management Agency that is mandated to manage, coordinate and oversee the Gautrain Rapid Rail Link Project. Mr Van der Merwe was appointed by the MEC for Roads and Transport in 2011 to head a special team of experts tasked with developing a 25-year integrated transport Master Plan for the Gauteng Province. He has delivered numerous papers on the development and execution of PPP contracts locally and internationally and is recognised as an international expert in public transport and project management.

PART B: STRATEGIC OVERVIEW





1. STRATEGIC OVERVIEW

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 (ORTIA) 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 one of the Project, linking Sandton and the airport, was completed just prior to the 2010 FIFA World Cup in June 2010, while the second and final phase, the Johannesburg-Tshwane link, was completed mid-2012.

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

The Gautrain Project illustrates the Province's commitment to promoting public transport and supports the government's priorities, which include:

- Accelerated economic growth, development and infrastructure delivery with an emphasis on job creation;
- Quality service delivery;
- Good governance;
- SMME development;
- Investment in Broad-Based Black Economic Empowerment;
- Convergence of public-private partnerships; and
- Promotion of tourism.

The Gautrain Project 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 that comprehensive feasibility studies had to be completed 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, operate and maintain the Gautrain System over a period of 19 ½ years.

The Gautrain Management Agency (GMA) was established in terms of the Gautrain Management Agency Act (Act 5 of 2006) to manage the implementation of the Project and the relationship with the Concessionaire. The overall goal of the GMA is to manage, coordinate and oversee the Gautrain Project and to enhance the integration of the Project with other transport services and public transport plans.

1.1. 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”.

1.2. Mission

The Mission of the GMA is to:

“Manage, coordinate, and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement between the Gauteng Provincial Government and the Bombela Concession Company (Pty) Ltd”.

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

- Integration of the Gautrain with systems and development initiatives in Gauteng;
- Expanding the Gautrain system;
- Service excellence;
- Promotion of Socio-Economic Development (SED);
- Completion of the Development Phase and commencement of the Operating Commencement Date 2 (OCD 2); and
- Financial sustainability and governance.

1.3. 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.

- Accountability and Responsibility

We are accountable and responsible for delivering an efficient and effective public transport service.



1.4. Strategic outcomes orientated goals

The GMA's Strategic Outcomes and Orientated Goals for the 2013/2014 Financial Year are as follows:

Strategic Outcome 1:

Assist the Province in implementing the Project and achieving the Project objectives.	
Strategic Orientated 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:

Act on behalf of the Province in managing the relationship between the Province and the Concessionaire in terms of the Concession Agreement and ensure that the interests of the Province are protected.	
Strategic Orientated Goal	To ensure that the obligations of the Concessionaire are met and that the Concession Agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors.

Strategic Outcome 3:

Manage the finances of the Project and the financial securities provided by the Concessionaire and manage the assets relating to the Project and promote their preservation and maintenance.	
Strategic Orientated Goal	To ensure sound financial management of all the GMA revenue sources and safeguard the assets of the Project.

Strategic Outcome 4:

Ensure sound Corporate Governance and monitor the policy and legislative environment of the Project.	
Strategic Orientated Goal	To enhance the management of the Concession Agreement through entrenching an environment of strong Corporate Governance and Legal Compliance.

Strategic Outcome 5:

Liaise with and promote cooperation between government structures in all three spheres of government in relation to the Project and liaise with persons interested in the Project.	
Strategic Orientated Goal	To promote a robust, cooperative and productive environment with all relevant structures of government and stakeholders.

Strategic Outcome 6:

Promote and maximise the SED and the BBBEE objectives of the Province in relation to the Project.	
Strategic Orientated Goal	To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of the Black Entities and Small, Medium and Micro Enterprises in the Province.

Strategic Outcome 7:

Enhance the integration of the Project with other transport services and Public Transport Plans.	
Strategic Orientated Goal	To promote a robust, cooperative and productive environment with all relevant structures of government and stakeholders.

2. 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, coordinate and oversee the Gautrain.

In managing, coordinating and overseeing the Gautrain, the GMA has to:

- Assist the Province in implementing the Gautrain Project and achieving the project objectives;
- Act on behalf of the Province in managing the relationship between the Province and the Concessionaire in terms of agreements in the Concession Agreement and ensure that the interests of the Province are protected;
- Manage assets relating to the Gautrain and promote their preservation and maintenance;
- Manage the finances of the Gautrain and the financial securities provided by the Concessionaire;
- Liaise with and promote cooperation between government structures in all three spheres of government in relation to the Project;
- Liaise with persons interested in the Gautrain;
- Promote and maximise the SED and Broad-Based Black Economic Empowerment (BBBEE) objectives of the Province in relation to the Gautrain;
- Monitor the policy and legislative environment of the Gautrain; and
- 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 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, No 1 of 1999 (PFMA);
- The Gauteng Transport Infrastructure Act, No 8 of 2001 (GTIA);
- The Treasury Regulations and Section 76 of the PFMA; and
- The National Land Transport Act, No 5 of 2009.

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);
- The Public Service Corporate Governance of Information and Communication Technology Policy Framework;
- The Public Sector Integrity Management Framework; and
- Protocol on Corporate Governance in the Public Sector.

3. 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 an extremely complex PPP 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, financial, 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 the Gautrain to the specifications is the key Development Phase obligation for the period under review. The Operating Phase focus of the GMA is centred on the successful operation of the Services, the continued growth of passenger numbers and reduction of the Patronage Guarantee. The introduction of additional rail capacity was a new focus for the GMA given the dramatic increase in passenger demand. This additional capacity was in the form of eight-car train sets operating in the Peak Periods but, in future, capacity and demand management will increasingly be required across all aspects of the Gautrain Services.

There is a Patronage Guarantee that formed part of the Gautrain from inception and was 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). The fundamental approach is that the 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 R915 million in 2013 terms).

This was modelled as a worst-case scenario and, while the system is maturing in terms of steady growth in passengers using the commuter rail services, it is still in what is known as the ramp-up period. The introduction of the e-tolling system has had a welcome and positive 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 2013 to 31 March 2014 as well in the achievement of the Annual Performance Plan targets.

4. GMA PARTNERING GOALS

As a Public Private Partnership project, the GMA requires cooperation 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 cooperation by the signatories of the Partnering Charter ensures timely resolution of the various Project-related issues under consideration. This requires working together in the spirit of cooperation, honesty, transparency and trust to successfully develop, operate and maintain the Gautrain to the benefit of all.

Recognise that partnering requires effort from all, the Parties have committed to putting 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 the Gautrain.

All Parties have committed to meeting the required SED objectives and to working together to develop the skills and expertise of South African employees, including historically disadvantaged individuals.

5. GMA STAKEHOLDER MANAGEMENT

The GMA's 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 the 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 a number of non-government stakeholders are consulted on an ad-hoc basis.

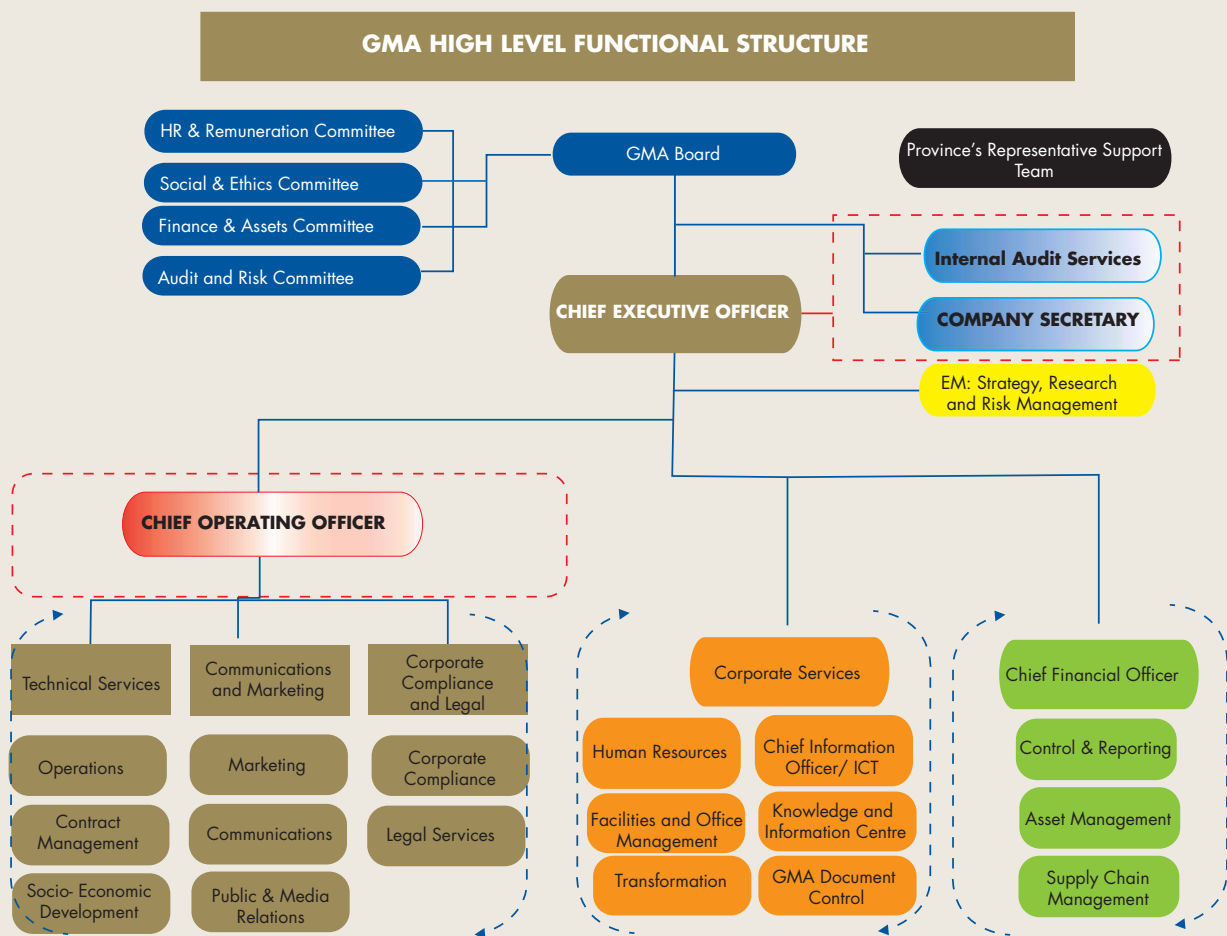


Table 1: GMA stakeholders

Key Stakeholders	Brief Description of Relationship
Gauteng 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 the Project is a PPP, National Treasury needs to monitor it closely based on existing procedures.
Public Rail Agency of South Africa	PRASA is responsible for the substantial part of Gauteng's passenger rail transport services, which include 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 are essential.

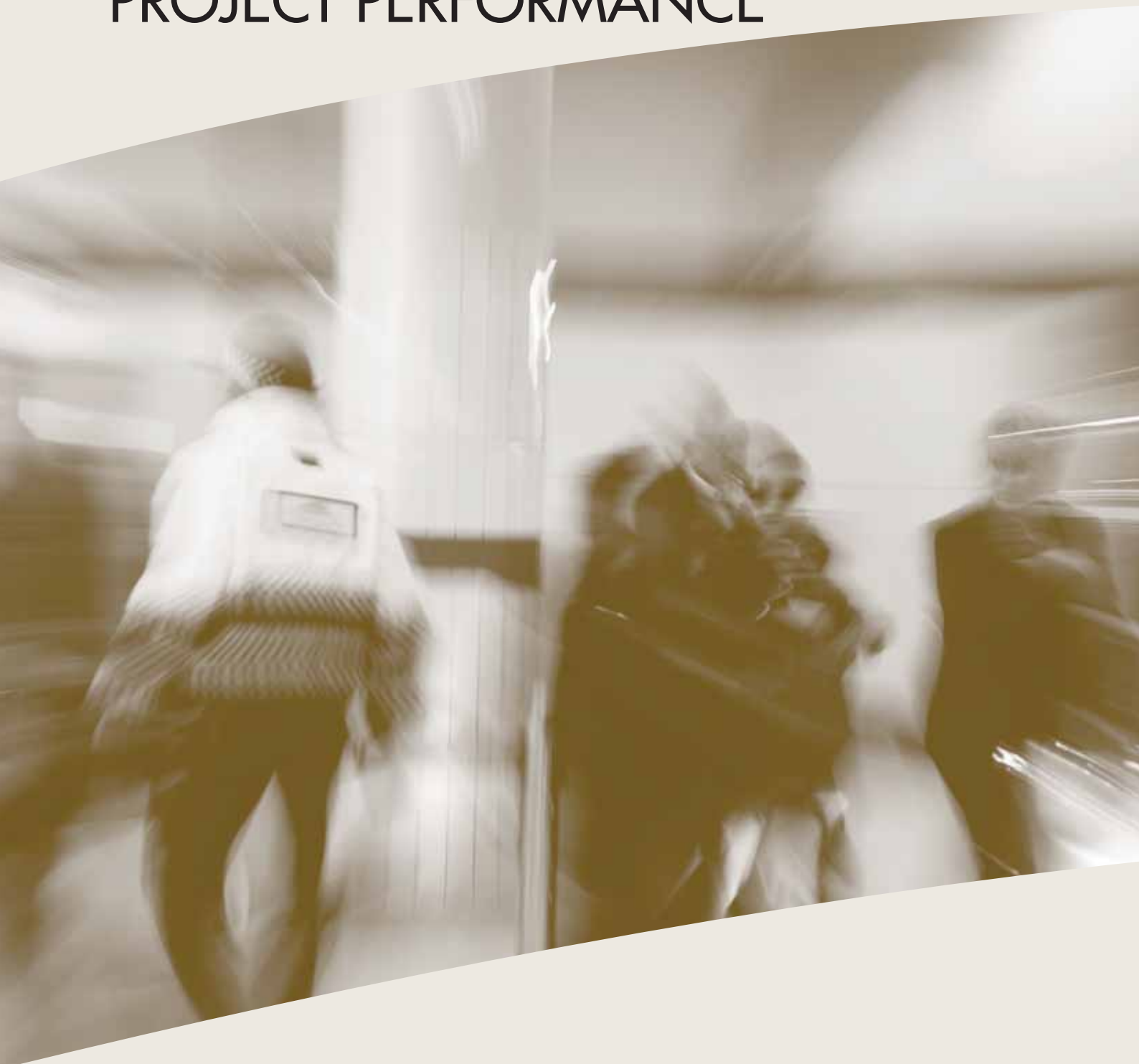
6. ORGANISATIONAL STRUCTURE

In order to execute its roles and responsibilities, the GMA developed an organisational structure that will assist in the management of the Gautrain. The structure includes various independent adjudicators to monitor and verify performance against determined indicators and targets. The GMA structure emanated from the Gautrain’s evolution from the Development Phase to the Operating Phase, requiring the GMA to transform from a project-driven entity into a corporate organisation. Graph 1 below sets out the organisational structure of the GMA.



Graph 1: GMA organisational structure

PART C: PROJECT PERFORMANCE





STATEMENT OF RESPONSIBILITY BY CEO

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 2014.

The Gautrain Management Agency's performance information for the year ended 31 March 2014 have been examined by the external auditors and their report is presented on page 166.

The performance information of the entity set out on page 228 to page 237 was approved by the Board.



Mr. Jack van der Merwe
Chief Executive Officer, Gautrain Management Agency
30 August 2014

1. OVERVIEW OF THE YEAR

1.1. Gautrain strategic overview

Gautrain 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 One of the Project, linking Sandton and the airport, was completed shortly before the FIFA World Cup in June 2010, while the second and final phase, the Johannesburg-Tshwane link, was completed mid-2012. This completion was marked by the achievement of Operation Commencements Date (OCD) 2 on 7 June 2012.

The phase prior to this date is known as the Development Phase. OCD 2 also marked the commencement of the full Operating Phase.

The Gautrain Project is primarily aimed at increasing economic growth, creating jobs and alleviating traffic congestion in Gauteng. It is part of a longer-term vision, which includes commitment to creating and sustaining a culture of public transport use. The Gautrain Project 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, 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 period of 19½ years.

The Gautrain Management Agency (GMA) was established in terms of the GMA Act (Act 5 of 2006) to manage the implementation of the Project and the relationship with the Concessionaire. The overall goal of the GMA is to manage, coordinate and oversee the Gautrain Project and, as an objective, to enhance its integration with other transport services and public transport plans.

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.

The mission of the GMA is to manage, coordinate, 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 following key focus areas have been identified to give effect to the GMA vision and mission:

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

In the current financial year, the focus of the GMA was on providing strategic direction and oversight in ensuring that the Gautrain operates in a sustainable manner with clear commitment to governance and in support of Provincial Government's economic and social imperatives.

The GMA Act and the CA have guided the GMA's actions. The activities of the GMA can be divided into two broad areas. The first is ensuring that the massive capital investments made in the Development Phase have resulted in a system built and integrated to the world-class standards and specifications necessary to operate the services to an exacting set of performance targets over a long period of time. This "close out" of the Development Phase involves both the routine completion of snag list items typical of infrastructure projects and the prosecution and defence of disputes with the Concessionaire about whether the System is completed to specification or not and whether the Province is liable for any damages to the Concessionaire in terms of the CA. The second is ensuring that the Operating Phase delivers the envisaged benefits of punctual and reliable train and bus services to users and that the assets are maintained in a sustainable condition. This involves a range of activities, including performance and financial oversight, communication and marketing, environmental and quality assurance, commercial and litigation management, in addition to the corporate governance required for a complex mega-project such as the Gautrain.

1.2. Overview of the year

1.2.1. Close out of the development phase

The Extended Phase One (EP 1) and the Second Operating Commencement Date (OCD 2) were achieved on 2 August 2011 and 7 June 2012 respectively and, although good progress was made with resolving outstanding issues over the last quarter, there were still three snags remaining from the original 53, 905 snags in the case of EP 1 and 32 of the original 5, 490 in the case of OCD 2 at the end of the reporting period. Most of the snags are close to being resolved and were therefore closed out. Noteworthy items that must still be closed out are:

- The water ingress in the tunnel from Park Station to shaft E 2, which became the subject of an arbitration award. At the end of November 2013, the Tribunal in the arbitration gave the ruling that the Concessionaire must repair the tunnel to the original specification, which the Tribunal confirmed was correct. This work may take several years to complete. The CA specifies that the Certificate of Final Completion, which in essence signifies the end of the Development Period, can only be issued by the Independent Certifier upon completion of the Retention Items and Snag List Works and therefore only after this item has been completed and closed.
- The water tightness of the lining in the tunnel and, more specifically, with British Tunneling Specification 508-related applications in the tunnel as a whole emanating from a previous Dispute Resolution Board (DRB) ruling. The Tribunal recently ruled that this specification was not applicable. It was agreed that when the Independent Certifier is satisfied with the structural safety and integrity the item can be closed and the Province will deal with it further in the damages the Tribunal said it may claim for the tunnel as a whole.
- Track tolerances is one of the more important outstanding items and includes a substantial amount of work. Two aspects, namely tamping outside the tunnel and the installation of gauge clips, have been completed.
- There are a number of snags open in connection with Automatic Fare Collection (AFC). Many refer to the introduction of a further software revision, Vs14.1. The other matter is the Auto Reload and Auto Renew where certain information needs to be provided before a final decision on implementation can be made.
- Two environmental snags remain open. The one is the fitting out of a grassed culvert with a concrete lining at the request of the City of Tshwane. The other is the issuing of a Water Use Licence from the Department of Water Affairs (DWA). Further measurements were required which have been done by an independent service provider and the response from the DWA is awaited.
- Remedial work is yet to be done on a number of utilities in the Tshwane area and documentation is outstanding on many of the Project's utilities.
- There are outstanding issues between Concessionaire and the Johannesburg Roads Agency (JRA) on Centenary Way in Modderfontein, which prevents the takeover of the road by JRA.
- The 180-seconds headway compliance is another outstanding snag. The Province recently commented on the Phase Two report from Concessionaire with the result that it needs to revise its report and address a few new matters that arose.
- The handover of certain elements at the Sandton Station to the City of Johannesburg (including the Johannesburg Property Company), which is a snag, was achieved after the end of the reporting year.
- Several solutions were applied to address the intermittent signalling loss of control. These are being monitored and

if the current positive results continue up to the end of April, this item will be closed. The signalling robustness in the case of lightning snag was recently closed.

- The problem of cracks in the tunnel track slab is also an outstanding snag and Concessionaire has commissioned several investigations into the matter over the past few years. Final agreement has not been reached between Bombela, the Independent Certifier and the Province as to the final remedy. The Province's view is that all cracks wider than 2mm must be grouted with an epoxy.

This water ingress was the subject of a final and binding order by a tribunal of the Arbitration Foundation of Southern Africa (AFSA) that the Concessionaire is to apply remedial works to reduce water flows in the tunnel between Park Station and Escape Shaft E2 to the specified levels. The Concessionaire has acknowledged the order and is planning the works, which will take significant time to complete if done under operational conditions. The costs of such works belong entirely to the Concessionaire.

An agreement between the Province and the Concessionaire was concluded that regulated the improvement of wet utilities inside the Water Management Corridor in the dolomitic areas in mainly Centurion. This is scheduled for completion in 2014.

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 arbitration and the Delay and Disruption claim. These are all disputes with the Concessionaire. There is also an outstanding dispute with the Independent Certifier who certified that the System was complete notwithstanding that the tunnel water ingress was above specified levels.

1.2.2. Operating Phase

The 2013/2014 Financial Year saw a dramatic increase in the number of passenger trips over the previous reporting period. The General Passenger Service increased by 28% from 2012/2013 and has more than doubled from the 2011/2012 year. The Airport Service exhibited the more limited growth expected of a mature system (the Airport Service has been operational since June 2010) and the overall year-on-year growth was thus slightly under 24%. The Dedicated Feeder and Distribution Services (DFDS or bus services) also saw very strong growth of almost 30% year on year. In absolute terms, the Gautrain carried an additional 2,6 million train passengers and 1 million bus passengers in the current year when compared to the previous 12 months. Table 2 sets this out in detail.

Table 2: Passenger growth

Service Type	RAIL			DFDS	PARKING
	Airport Passengers	General Passenger	Total	Bus Total	Parking Entries
FY 12/13	1,687,009	9,315,493	11,002,502	3,508,025	1,883,304
FY 13/14	1,705,988	11,933,071	13,639,059	4,559,432	2,134,498
% Change	1.13%	28.10%	23.96%	29.97%	13.34%

The monthly number of train passenger trips exceeded 1,2 million in October 2013 and neared 1,4 million in March 2014. The number of daily train passenger trips on weekdays was almost 60,000 by the end of March 2014.

This was achieved with an operational efficiency provided by the Operator and the Concessionaire that met and exceeded targets of availability and punctuality for 98% and 97% of all trips respectively.

Safety and security targets were also met and exceeded, increasing customer confidence in the Gautrain and in public transport in general. The safety of passengers and of the System itself remained at excellent levels.

The Concessionaire has improved the management of assets from previous reporting years and thus has stabilised service-affecting failures to acceptable levels. The Concessionaire is continually implementing enhancements to improve the performance of the AFC system. Fare evasion was well below the required level and never exceeded 0,05% in any month.

From a Socio-Economic Development perspective (SED), all targets were met and most were exceeded. The SED performance of the Concessionaire up to the end of March 2014 can be summarised as follows:

- An amount of R649.6 million was spent on procurement from, and sub-contracting to BEs, compared to an obligation of R277 million. A total of 58 BEs have benefited from the project during the Operating Period to date.
- An amount of R458.7 million was spent on procurement from, and sub-contracting to New BEs, compared to an obligation of R254.5 million. 15 New BEs have benefited from the project during the Operating Period to date.
- An amount of R68.5 million was spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of R53.5 million. 38 SMMEs have benefited from the project during the Operating Period to date.
- South African materials, plant and equipment were produced, to a total value of R221.5 million, compared to an obligation of R104.6 million.
- 3,200 local direct jobs were created or sustained, and an estimated total of 11 200 direct, indirect and induced jobs during the Operating Period up the end of March 2014.
- Bombela and its sub-contractors created, amongst other:
 - 3,200 jobs were created for local people, i.e. South African citizens, compared to an obligation of 2,300.
 - 2,970 jobs were created for HDIs, compared to an obligation of 1,630.
 - 860 jobs were created for women, compared to an obligation of 590.
 - 40 jobs were created for people with disabilities, compared to an obligation of 34.
- From the local employment figure of 3,200 jobs:
 - jobs created for HDIs: 92.8%,
 - jobs created for HDIs in Occupational Level C: 20.7%,
 - jobs created for HDIs in Management Positions: 4.1%,
 - jobs created for Youth: 59%,
 - jobs created for Women: 26.9%,
 - jobs created for Women in Management Positions: 2.2%, and
 - jobs created for People with Disabilities: 1.3%.

From a System expansion perspective, planning of System Network Extensions and Expansions, the following are the main achievements regarding possible capacity enhancements:

- A nodal study and pre-feasibility study was completed and included in the 25-Year Gauteng Integrated Transport Master Plan (ITMP 25). These documents will serve as a guideline for a feasibility study for future extensions;
- The Gautrain System Capacity Assessment Report was updated in March 2014 and summarises the key aspects for asset expansions up to 2026;
- Positioning of a possible new station at Samrand and Modderfontein was identified;
- Several Province's Variation Notices were issued to commence with System expansions including an extension to the platform at OR Tambo International Airport Station;
- An investigation regarding park-and-ride possibilities to support the Gautrain was completed and portions of plan are in the process of implementation;
- A significant number of additional train sets were deployed to carry the increased number of passengers travelling in the morning and afternoon peak periods; and
- The GMA is engaged in a process to develop a business case, technical specification and financial model for the procurement of additional rail cars.

One of the key performance areas for the GMA was implementing a marketing and communication plan where communication activities are structured so as to optimise the provision of clear, unbiased and technically correct messages. This holistic approach to communication includes stakeholder communication, the development of a database for communication initiatives, branding, marketing and the implementation of a focused media campaign. Highlights among the plan's successes are that the various Gautrain websites had over 220,000 visits in the reporting period. On Facebook, Twitter and other platforms there were 61,722 mentions of the Gautrain during the year and over 130,000 mobile apps were downloaded with timetable, fare and bus service information directly accessible to users. Tourism, lifestyle and general information brochures were produced and widely distributed, contributing to the increased awareness and usage of the Gautrain.

The year was not without its challenges. The various disputes with the Concessionaire have progressed but not reached final resolution. The capacity of the System is under unexpected strain given the higher-than-forecast peak period travel patterns and capital expenditure on acquiring new rolling stock will be prioritised in the next year.

Notwithstanding the increased demand, the Patronage Guarantee for the Financial Year remained high at R1,035 million as the Minimum Required Total Revenue due under the CA peaked after the start of the Operating Phase. Reducing this will be a key challenge in the coming years.



2. DEVELOPMENT PHASE

2.1. Contractual matters

2.1.1. Overview of the 2014 year

a) Scope of the contractual matters report

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

The period covered by this report is part of the period following the Development Phase (which ended on 7 June 2012 with the achievement of OCD 2) when all outstanding contractual matters including snags in the works should have been completed. This period was foreseen in the CA as being no longer than 12 months after OCD 2, but this has not been the case for the reasons stated below.

b) Structure

Contractual matters are dealt with across the full structure of GMA supported by the Province's Support Team. These contractual matters arise from time to time in all of the functional areas covered in this report.

c) Significant activities performed during the Development Phase

During the reporting period, the Contractual Matters Unit has been responsible for the following:

- Correspondence amounting to, on average, nearly 20 contractual letters per month since the Effective Date;
- Coordination of the Province's Legal Unit and liaison with the GMA's legal services section as required from time to time;
- Contractual and commercial management and assistance across GMA Units functional areas, particularly regarding the Variations Unit, the Development Programme Unit, the Utilities Unit and the Land Unit;
- Management of between 30 and 50 significant contractual issues (including Disputes) that are/were in contention between the Parties – a few of which have been successfully resolved;
- Management of a number of arbitration proceedings on behalf of the Province:
 - Responsibility for procuring Record of Decision (RoD) (resolved);
 - Completion requirements for OCD 2 (resolved);
 - Land discrepancies (current – consolidated with the Delay and Disruption Dispute below);
 - Sandton Cavern (current);
 - Water Ingress into Tunnels (resolved); and
 - Delay and Disruption Claim (current).
- Management of several administrative contractual matters such as:
 - Notices;
 - Events likely to cause a delay;
 - Project events;
 - Disputes;
 - Collateral agreements; and
 - Key contracts.

- Management of the overall Project Insurances programme;
- Management of the securities held by the Province in support of the GMA i.e. the Retention Bond and the Performance Bond); and
- Contractual and commercial input to the GMA.

2.1.2. Performance against objectives

a) Monitoring objective

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

b) Performance indicators

The Contractual Matters Unit used a number of key performance indicators to ensure that it is appropriately and adequately monitoring the Parties' performance regarding the CA's provisions. As well as attendance and/or review of minutes of each of the functional area meetings held between the Parties, these include:

- Review all incoming correspondence of a contractual nature;
- Monthly Variations progress meeting to track progress of all Variations to the Project;
- Weekly meetings with the Province's legal unit;
- Attendance of the Province's Representative's weekly EXCO meetings;
- Attendance of the weekly Project EXCO meeting held between the Parties; and
- To wrap up the above; regular review of the contractual matters register (including Disputes register) with the Province's Risk Manager.



c) Overview of the 2014 Year

- Activities

Significant contractual issues worked on by the Contractual Matters Unit during the year under review include:

- The formulation and arbitration of Disputes;
- 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 Independent Certifier;
- Manage the extension of the expiry dates for the Retention Bond and the Performance Bond;
- Evaluation and preparation of an Amended Statement of Defence to the Concessionaire's Amended Statement of Claim in the Delay and Disruption Dispute;
- Formulate and lodge a Dispute with the Independent Certifier in regard to its certification of OCD 2;
- Advice on, and analysis of, a number of Operating Phase issues and Disputes;
- Review the close-out reports; and
- Final resolution of the Water Ingress Dispute with an Award dated 23 November 2013.

- Contractual issues

At the end of the Development Phase, the Province registered 22 matters that are in contention between the Parties. Of these, 10 were the subject of a Dispute: Four have been determined predominantly in Province's favour by arbitration (compared with two in 2013), three are currently in arbitration (compared with seven in 2013), two have been consolidated into existing arbitrations (compared with one in 2013) and one is still in the amicable settlement stage of the Dispute Resolution Process (unchanged from 2013).

A new Dispute was notified by the Province in 2014 against the Independent Certifier for its certification of OCD 2.

The status of the Disputes to date:

- The Record of Decision (RoD) Dispute was resolved by a 20 January 2011 arbitration award;
- The Dispute between the Parties on their responsibilities under the Gauteng Transport Infrastructure Act (GTIA) is in arbitration;
- The Dispute on the costs of the Sandton Cavern is in arbitration;
- The Dispute on Land Discrepancies has been consolidated with the Delay and Disruption Dispute by agreement;
- The Delay and Disruption Dispute is in arbitration;
- The Dispute on the conditions for the certification of OCD2 was resolved by an arbitration award on 19 April 2012;
- The Dispute on the Progress Exception Reports has been incorporated into the Delay and Disruption Dispute by agreement ;
- The Dispute on various non-compliances with the Specification is with the CEOs of the Parties;
- The Dispute on non-compliance with a Dispute Resolution Board's determination of 10 June 2011 was combined with the Water Ingress Dispute and resolved by an arbitration award in Province's favour;
- The Water Ingress Dispute was resolved by an arbitration award in Province's favour; and
- The Dispute on the Independent Certifier's Certification of OCD 2 has not been resolved and the Province has indicated that it will refer the Dispute to arbitration.

2.1.2.1. Unknown Pre-Existing Contamination

The Concessionaire informed the Province that tests conducted on the site in the vicinity of viaduct 13 (North of Modderfontein Road, on the Heartlands Property on the East-West rail line) indicate the presence of possible Unknown Pre-Existing Contamination (UPEC). Province needs to be convinced that this is UPEC and has in several correspondences advised the Concessionaire accordingly. The costs associated with UPEC are a Project Event.

The Concessionaire has approached the Province with a claim for the costs incurred in dealing with the alleged UPEC. The Province has declined the claim on the basis that the matter does not fall within the ambit of UPEC in the CA and that the matter has prescribed.

2.2. Utilities management

2.2.1. Known and Unknown Utilities

Utility management activities during the past financial year focused on the finalisation of outstanding works and documentation. Table 3 depicts the finality on the number of unaffected known and unknown utilities was reached.

Table 3: Bombela Civil Joint Venture (BCJV) Contractor's progress over the past year

Procedure/Action		Time To Complete ALL Utilities Close-Outs		
Responsibility	Description	BCJV Estimated Completion Date	Outstanding (Percentage) March 2013	Outstanding (Percentage) March 2014
Construction Assurance	Construction Completion	Completed	0,7%	
	Remedial Works	09 May 2014	87%	1.3%
	QA/QC Documents agreed by Province	16 May 2014	25%	8.2%
	As Built Drawings signed off by Utility Owner	16 May 2014	17%	3.5%
	Bills of Quantity	23 May 2014	57%	24%
Utilities Unit	Utility Owner Handovers	16 May 2014	18%	4.8%
	Design Review (Remedial Works)	Completed		
	Review of Handover Packs (per Utility to Province)	30 May 2014	57%	52%
Water Management Plan Works Between Reserve and Corridor				
Utilities Unit	Review of Water Management Plan	Completed	0%	
	Investigation/Risk Assessment	Completed	55%	
	Design Review – Sewer		100%	29%
	Design Review – Storm Water		100%	49%
	Design Review – Water		100%	21%

Table 3: Bombela Civil Joint Venture (BCJV) Contractor's progress over the past year (continued)

Procedure/Action		Time To Complete ALL Utilities Close-Outs		
Responsibility	Description	BCJV Estimated Completion Date	Outstanding (Percentage) March 2013	Outstanding (Percentage) March 2014
Construction Assurance	Construction – Package 1	06 June 2014	100%	60%
	Construction – Package 2	Suspended	100%	90%
	Construction – Package 3	23 Sept 2014	100%	95%
	Construction – Package 4		100%	100%
	Construction – Package 5		100%	100%
	Construction – Package 6		100%	100%

A Final Statement Agreement was signed at the end of September 2013 regulating the manner and timing for completion of the outstanding utility documentation and the Concessionaire is obliged to prove that all the requirements of the CA have been complied with, specifically in respect of Utility Owner acceptance and final utility cost. The utilities themselves have been completed with the exception of the Snag List Works covered in the section above.

The construction and other costs incurred in the upgrading of all wet utilities within the Water Management Corridor (WMC) in the Centurion dolomite area will be covered in terms of the CA's provision for unknown utilities but only after the above requirements for utilities in general have been met.

The estimated final completion date of the utility works requirements in terms of the CA as reported by the Concessionaire in the table above was not achieved in the current reporting year but will be completed in the 2014/2015 reporting period. The GMA supported by the Province's Support Team (PST) will review and verify all the information still to be submitted.

2.2.2. Water Management Corridor

The Concessionaire upgraded all the utilities encountered in the rail reserve only, in terms of the Water Management Plan. The Concessionaire is in the process of design finalisation and construction of the wet utilities between the rail reserve and the Water Management Corridor WMC. This is necessary to protect the various structures from infiltration of liquids from the wet Utilities into the dolomites close to or under these structures.

The work in the WMC is expected to be completed in the 2014/2015 reporting period.

3. OPERATION AND MAINTENANCE PERFORMANCE

3.1. Communication and Marketing

The Gautrain Project generates significant stakeholder interest. People are interested for reasons including political, personal, financial, technical, environmental, and as users. Supporters and opponents are included among the stakeholders.

Because of this interest, the communication activities in the communication and marketing plan are structured to provide clear, unbiased and technically correct messages. This holistic approach towards communication includes stakeholder communication, the development of a database for communication initiatives, branding, marketing and the implementation of a focused media campaign.

The communication and marketing strategy focuses on the Gautrain in general and its various attributes and characteristics. It also profiles the Gautrain as a total integrated public transport service that is safe and secure, predictable, reliable and comfortable – for people on the move. The Gautrain is positioned as a key infrastructure project that contributes to alleviating traffic congestion and assists with public transport transformation.

To achieve all this, Communication and Marketing's core focus is on positioning the Gautrain as a world-class integrated public transport service.

3.1.1. Structure of the Communication and Marketing Unit

To reach the monitoring and operational objectives described above, the Communication and Marketing function is structured into several functions:

- Research, issue management and crisis communication;
- Stakeholder management;
- Media management, including social media and writing;
- Web management;
- Social media;
- Marketing communications, including branding, events, exhibitions, publications, presentations and advertising;
- Internal communication;
- Project reporting – quarterly and annually;
- Event management; and
- Project site visits for key stakeholders.

3.1.2. Stakeholders who interacted with the Gautrain

- Internal stakeholders;
- Commuters;
- Project partners;
- Government stakeholders;
- Interested and affected parties;
- Public; and
- Mass media (traditional and social).

Welcome

GAUTRAIN
FOR PEOPLE ON THE MOVE



With consideration of research outcomes, the mission of the Unit and key strategic issues affecting the mission, the following objectives were set for the period under review:

- To create awareness amongst relevant target publics about government delivery in terms of the Gautrain;
- To create awareness amongst relevant target publics about the GMA's corporate governance;
- To manage stakeholders through communication and marketing activities;
- To promote the Gautrain's SED delivery amongst relevant target publics;
- To create awareness amongst relevant target publics about public transport integration; and
- To change public transport usage amongst relevant target publics.

3.1.5. Performance against Objectives

The following communication and marketing activities were implemented to achieve the set objectives during the financial year under review:

3.1.5.1. Web management and online services

- Websites

Various websites fulfil different functions for the Gautrain and the GMA:

- 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 866,713 visits during the reporting period;
- The GMA is profiled by www.gautrain.co.za/gma, which had 18,782 visitors during the reporting period;
- The Gauchat informs employees of available positions and keeps them updated about the Gautrain, the GMA and social information. Gauchat had 16,568 visits during the reporting year; and
- Catering for the next generation of ridership is the Kids' Station for younger children and MyTrain for those at school. Together these had 27,517 visits during the reporting period.

- Social media

As a primary medium through which to communicate with and receive feedback from commuters and stakeholders, social media has become a vital tool in managing the online reputation and presence of the Gautrain brand and its daily operations. Analysis thereof mainly deals with operational issues, educating commuters and, where possible, mitigating operational risks.

On Facebook, Twitter and other platforms there were 61,722 mentions of the Gautrain during the 2013/2014 financial year.

- Twitter made up 43,844 of these mentions, and
- Facebook 7,053 mentions.

- Mobile application

The Gautrain has one official mobile app that consists of timetable, stations, bus tracker, fare calculator and bus stop finder. This has been used to place operational information into the hands of the passengers. Updates to the app have included the weekend timetable bus route and app disclaimer.



The total numbers for the Gautrain app downloads for 1 April 2013 to 3 March 2014 are shown below:

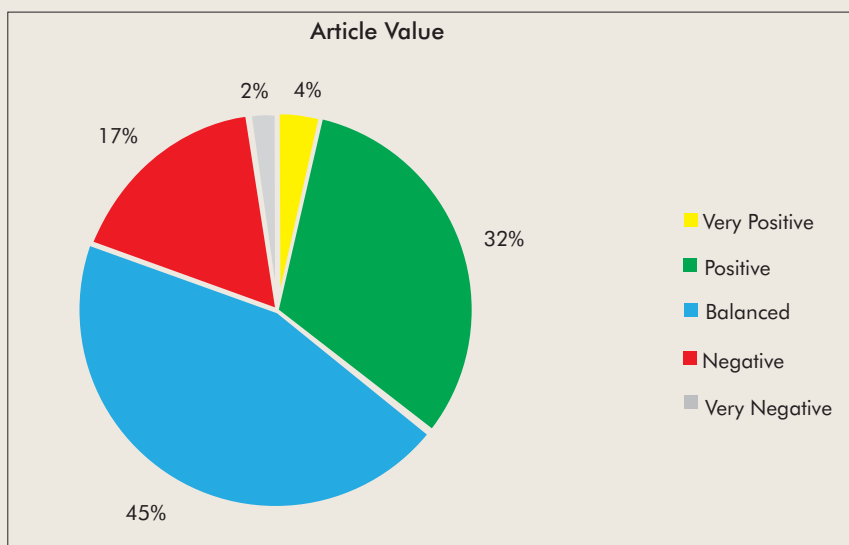
- iPhone: 34,061;
- Android Google Play: 40,005;
- Android Samsung: 1,166;
- BlackBerry: 36,104;
- BlackBerry 10: 10,119; and
- Windows: 12,031.

3.1.5.2. Media relations

The Gautrain's Communication and Marketing Unit has a healthy and professional relationship with the media, both broadcast and print. Its collaboration with various media results in vast public education and buy-in for the Gautrain.

A total of 4,574 media reports related to the Gautrain during the period under review. The contribution in communication value added to the reputation of the Project amounts to almost R244 million.

The value of articles as per Graph 2, were mostly positive (32%) and balanced (45%).



Graph 2: Value of articles

Reports on SED, operations, public transport, the plans for extensions and expansions of the System and the positive effect the Gautrain has had on infrastructure development contributed to the positive ratings. The many general mentions of the train and e-tolling, as well as references to using the train services to and from the memorial service for the late President Nelson Mandela were the main contributors to the balanced articles.

In terms of the negative reports, most articles were about operational issues. The Unit is in constant liaison with the relevant parties to address these issues.

3.1.5.3. External communication

The GMA had a community radio advertising campaign that was implemented with Gauteng-based community radio stations.

As part of promoting and creating awareness about the Gautrain, the GMA placed an advertisement and a message from the CEO in the Themba and Thembi Rides Gautrain children's book. The book has been distributed to various libraries and all primary schools in South Africa.

An advertisement was placed in the Earth Day edition of Business Day to promote the Gautrain brand.

3.1.5.4. Internal communication

A cultural and internal communication audit was conducted amongst staff with the objective of determining the cultural and communication satisfaction of GMA employees. The questionnaire was distributed to 63 staff members. The audit informed the internal communication plan that will be implemented in the new financial year.

During the month of November, a Movember campaign was undertaken to raise funds for prostate cancer research and the money raised was donated to the Cancer Association of South Africa (CANSA).

An internal communication plan was developed and approved. The first issue of an internal newsletter, GMA Signals, was distributed to all staff. Gauchat, an internal communication platform, has been constantly updated to inform staff of activities related to the Gautrain.

3.1.5.5. Events

In the period under review:

- The GMA held a media roundtable with the objective of educating the media about issues related to the Gautrain. Although no publicity was expected from the event, 49 positive articles were received;
- Various Gautrain Book Clubs were held with well-known authors, including Deon Meyer, Zakes Mda and Redi Tlhabi;
- The Gautrain Travel Agents Ambassador Programme took place twice; and
- A bespoke event with the travel trade industry was held to enable the Gautrain to become more active in this industry.

3.1.5.6. Site visits and presentations

During the period under review, 25 site visits were held. Site visits are usually supported by a presentation about the Gautrain.

3.1.5.7. Exhibitions and conferences

The Gautrain participated in eight exhibitions and conferences during the year under review.

3.1.5.8. Marketing and related advertising

Since November 2011 the Unit has engaged in formulating a marketing strategy and plan with the aim of, inter alia, increasing revenue. The process entailed various workshops and consultations.

- Lifestyle marketing online

The Caxton Looklocal webpages aim to encourage passengers and potential new riders to use the Gautrain System not only to commute for work but also for leisure purposes. The online focus was that potential passengers can find the relevant information anywhere at any time. Since campaign exists mostly online, it enables commuters to access the information freely. Various advertising banners on www.looklocal.co.za direct the readers to the main online feature pages that contain all the required information.

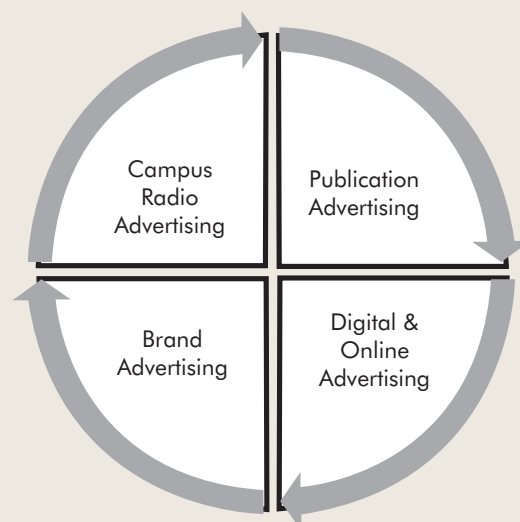
- Tourism brochure

An updated brochure that depicts awe-inspiring views and landmarks that can be seen on Gautrain journeys, as well as the station themes, was printed and distributed at stations, to hospitality groups and at the Tourism Indaba. The brochure highlights cultural and tourism sites near and around the stations and on bus routes.

- General brochure

The GMA developed a general brochure with a brief history of the Gautrain project. It illustrates the major milestones that were achieved during the developmental and operational phases. The GMA Marketing and Communication Unit uses this brochure at exhibitions, activations and events to educate the public about the history of the train, the Project and the System.

- Marketing advertisements



- Campus radio advertising

The GMA had the opportunity to flight six different advertisements on the following campus radio stations: Tuks FM, Voice of Witwatersrand, Tshwane FM and University of Johannesburg FM. The Gautrain's name was mentioned 1,400 times on all four radio stations.

- Magazine advertising

A total of seven double-page advertisements in six different airline magazines were placed in the 2013/2014 financial year, which depicted Gautrain routes, Gautrain bus routes and various tourist attractions around Gauteng.

- Lifestyle magazine

A total of 11 double-page advertisements in six lifestyle magazines were placed and these will continue in the 2014/2015 financial year.

- Caxton publications

The Caxton community newspapers are the only free newspapers distributed to households in the various catchment areas of the Gautrain System. A total of 372,931 copies of the Gautrain map with various tourist attractions were printed and inserted in these community newspapers.

- Digital and online media

The Caxton Looklocal Gautrain webpages are aimed at encouraging commuters to use the Gautrain System for leisure activities. The webpages feature buses to various sporting events and games, the Big Night Out and the Gautrain Radisson Blu, which offers a 10% discount on lunchtime meals if commuters present their Gold Card.

- Digital interactive advertising

The GMA promoted Gautrain services on digital platforms located at 12 different high-foot-traffic locations such as the airport and shopping malls and casinos around Gauteng. There are 12 10-second adverts in rotation every day on 12 digital boards across Gauteng.

- Advertising on airport trays

Millions of travellers are exposed to the Gautrain brand at South Africa's airports and security check points through advertising on airport trays. At the checkpoints all travellers make a mandatory stop and invariably notice the message being promoted. Advertisements on airport trays were placed at Cape Town International Airport and King Shaka International Airport in Durban amongst others.

3.1.5.9. Visual documentation of the project development

Photographs are frequently taken of the Gautrain System, developments and events. These are archived and uploaded to the image gallery with relevant captions. The image gallery holds 33,141 images.

3.1.5.10. Reporting

Quarterly project reports were done and submitted to the Gauteng Department of Roads and Transport.

3.2. Train operations

The objective of the Train Operational System is to operate trains according to an agreed Operating Plan that, amongst others, translates passenger demand into rail service capacity, in terms of service frequencies and train set configurations, at an acceptable and agreed-on service level. The approach is to align the service supply with the service demand,

satisfying the actual passenger demand and at the same time supporting the demand growth momentum in a sustainable manner in the present ramp-up phase of the Gautrain's commercial lifecycle.

The train services in operation are:

- The East-West Airport link – Airport Passenger Service (APS) between OR Tambo International Airport Station and Sandton Station;
- A General Passenger Service (GPS) between Rhodesfield Station and Sandton Station; and
- A GPS between Hatfield Station and Park Station.

The total number of passenger trips grew by 24% compared with the previous financial year, mainly driven by increases experienced by the GPS. See the table Passenger trips per financial year below.

The growth in general passenger demand in the year under review was exceptional and supported by external factors such as frequent increases in the fuel price and the introduction of the Gauteng e-toll in the second half of the Financial Year. However, this growth has meant that GPS service on the North/South link is under pressure in the provision of adequate rail service capacity, especially the Southbound direction in the morning peak period.

In contrast, the APS experienced marginal growth, which is assumed to be a reflection of the slowdown in general business activities in the local economy.

Table 4: Passenger trips per financial year

RAIL			
Service Type	Airport	General Passenger	Total
FY 12/13	1,687,009	9,315,493	11,002,502
FY 13/14	1,705,988	11,933 071	13,639,059
% Change	1.13%	28.10%	23.96%

Train availability and punctuality is managed through an agreed timetable, which provides the parameters for the Performance Monitoring System (PMS). The monthly aggregated performance on both availability and punctuality were above the required norms for the year.

The first five-year rolling demand forecast plan was updated by the Concessionaire to assist in short- and medium-term rail service capacity planning. A comprehensive updated Operating Plan was submitted at the end of the financial year indicating the current status of all the rail capacity changes.

3.2.1. Passenger demand

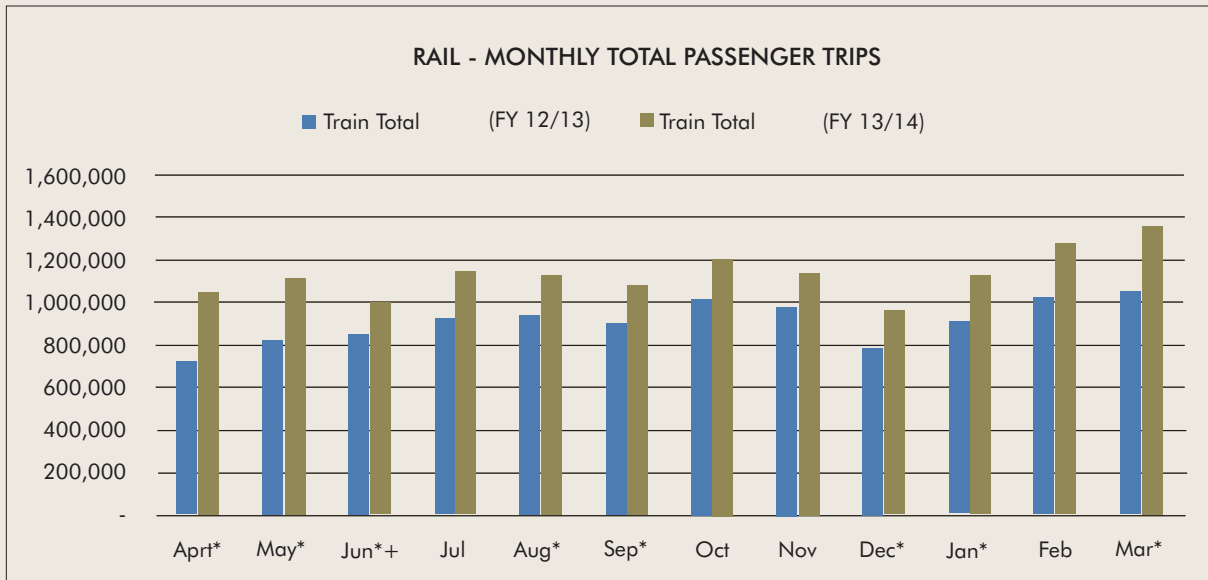
The comparable train passenger numbers or matched trips** for the past two financial years are summarised in tables below. These include total passenger trips, total passengers per service and a further breakdown in the average number of passengers per weekday or weekend and public paid holiday (PPH) days. These figures are further illustrated in graph format.

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

Table 5: Train passenger trips

TABLE - Train Passenger Flows (GPS and APS)													
Pax Flows	Apri*	May*	Jun* +	Jul	Aug	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
Train													
Total (FY 12/13)	725,623	823,565	852,812	937,525	947,292	910,214	1,024,202	984,951	790,882	918,754	1,030,992	1,055,690	11,002,502
Train													
Total (FY 13/14)	1,053,870	1,120,562	1,005,478	1,146,837	1,134,225	1,087,693	1,212,560	1,139,603	969,314	1,132,007	1,275,433	1,361,477	13,639,059
Change %	42%	36.1%	17.9%	22.3%	19.7%	19.5%	18.4%	15.7%	22.6%	23.2%	23.7%	29.0%	23.96%

Public paid Holiday(s) in month / * Operating Commencement date 2 (07 June 2012)/ Contract Year 2 Commenced (07 June 2013)



Graph 3: Total train passenger trips – monthly, all rail services

The total passenger trips for both the APS and the GPS increased by 24% (see Table 5). This growth was achieved mainly by passenger increases experienced by the GPS (see Table 6).

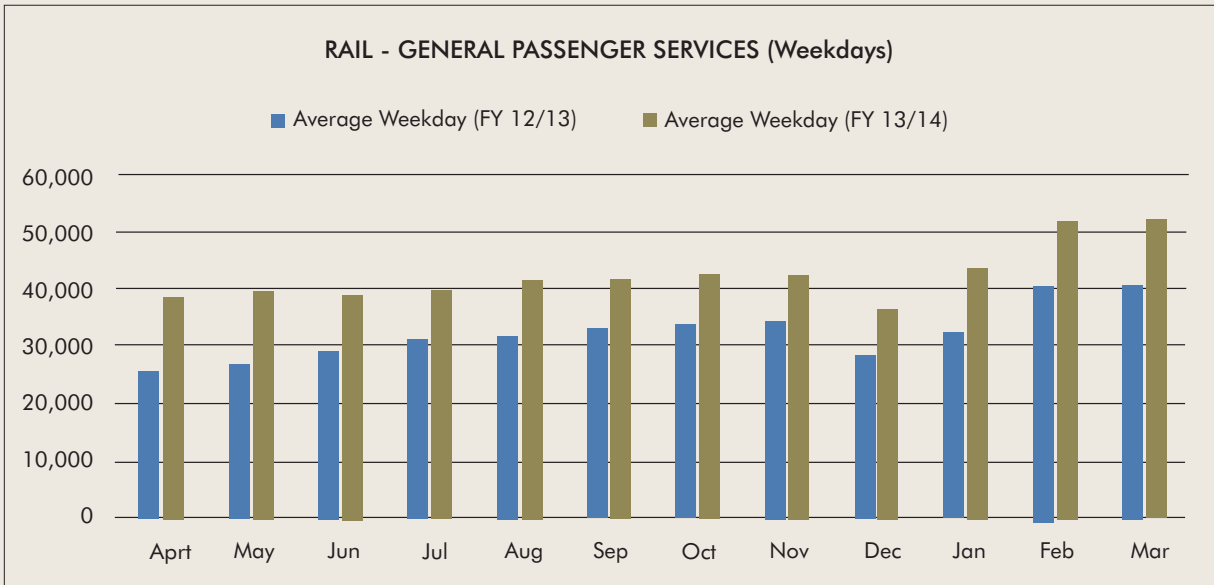
The month-on-month growth of the GPS’s average weekday trips levelled out in the period June to July (school holiday) but resumed a steady growth until November. In January a significant step-up in higher demand can be observed, even though the month was partially negatively influenced by the summer holiday slowdown (see Graph 4).

The GPS average weekend and PPH month-on-month growth is marginal and regarded as being in the matured phase of the commercial lifecycle. However, higher numbers than the previous year were recorded in the period November 2013 to March 2014. March in particular benefitted from a special weekend promotion (see Graph 5).

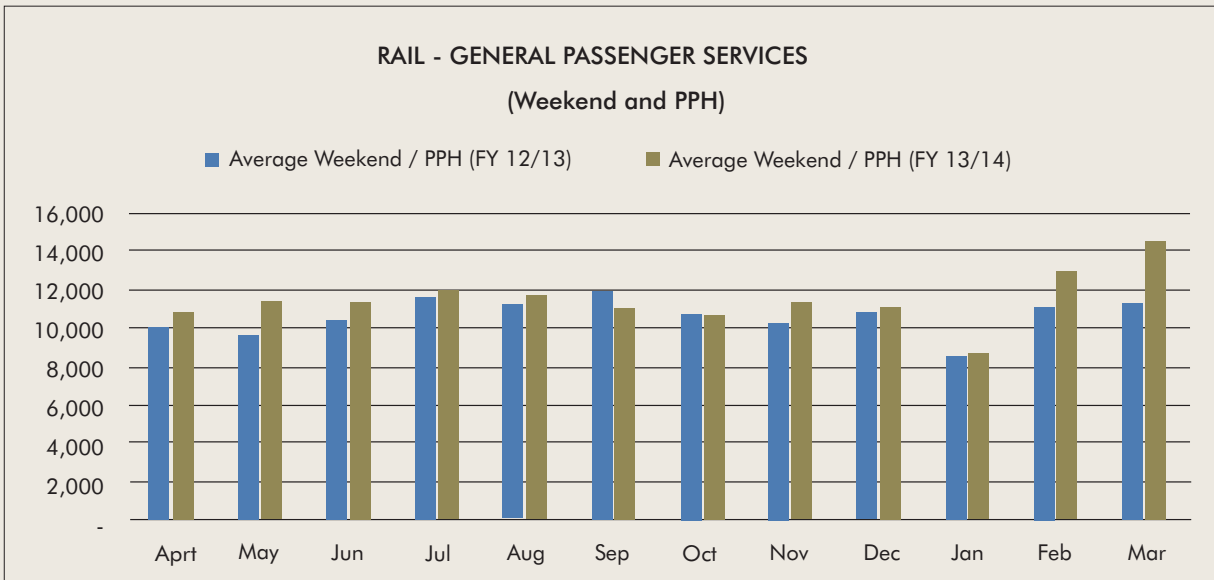


Table 6: Passenger flows – General Passenger Service

Pax Flows (General Passenger Service)	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
FY 2012/13													
GPS	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
FY 2013/14													
GPS	911,787	978,568	868,489	1,007,600	989,693	941,156	1,064,773	992,392	827,755	1,005,266	1,139,169	1,206,423	11,933,071
% Change	55.6%	43.4%	21.9%	26.8%	23.3%	23.7%	22.3%	18.2%	25.9%	26.1%	26.6%	32.3%	28.10%
Average Weekday (FY 12/13)	25,821	27,058	29,245	31,357	31,850	33,115	34,079	34,413	28,697	32,725	40,538	40,825	32,477
Average Weekday (FY 13/14)	38,756	39,771	39,097	39,640	41,513	41,511	42,562	42,380	36,503	43,701	51,755	52,282	42,456
% Change	50.1%	47.0%	33.7%	26.4%	30.3%	25.4%	24.9%	23.1%	27.2%	33.5%	27.7%	28.1%	30.7%
Average Weekend / PPH (FY 12/13)	10,111	9,693	10,440	11,650	11,317	11,941	10,836	10,306	10,858	8,588	11,170	11,335	10,687
Average Weekend / PPH (FY 13/14)	10,878	11,511	11,422	11,984	11,791	11,093	10,732	11,380	11,183	8,756	13,008	14,617	11,529
% Change	7.6%	18.7%	9.4%	2.9%	4.2%	-7.1%	-1.0%	10.4%	3.0%	1.9%	16.5%	29.0%	7.9%
* Public Paid Holiday(s) in Month / + Operating Commencement Date 2 (07 June 2012) / Contract Year 2 Commenced (07 June 2013)													



Graph 4: Average General Passengers Service trips - weekdays



Graph 5: Average General Passengers Service trips – weekends and PPHs

The monthly detail of the APS demand compared with the previous financial year is provided in Table 7

The APS average weekday demand for the first eight months stayed steady and even dropped compared with the previous Financial Year before recovering in the period December to March, resulting in a mere +1.5% year-on-year increase (see Graph 6). The slight recovery will be monitored in the next financial year to determine if it is sustainable.

The APS average demand on weekends and PPHs (see Graph 7) was marginally lower compared with the previous Financial Year. However, it correlates with the weekday service demand level, where higher levels than the previous year were recorded from November to March.

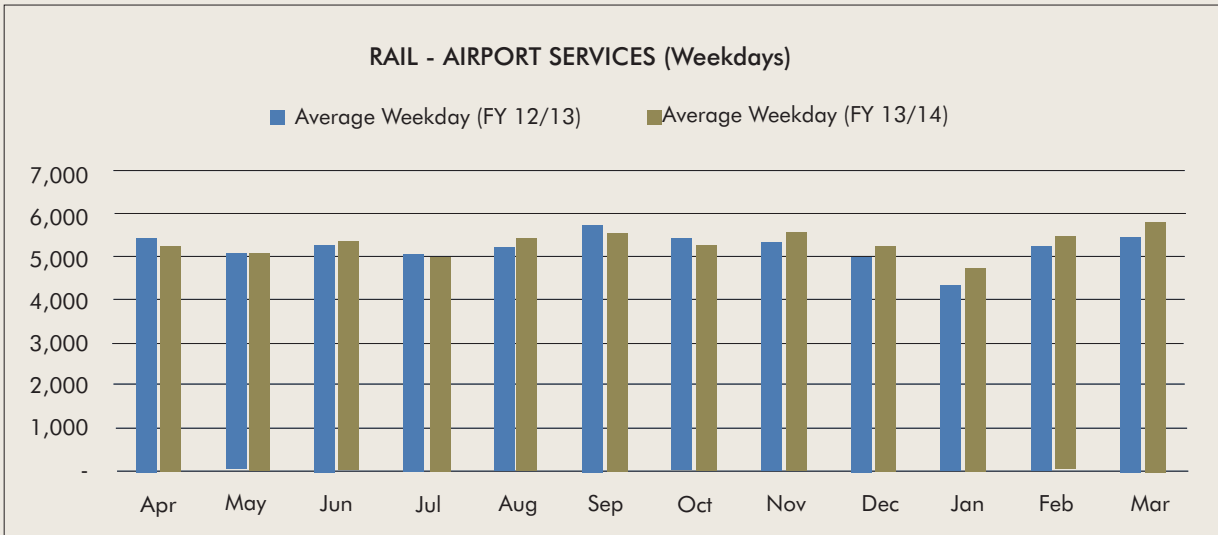
The APS demand trend suggests that the service is in its matured state and is dependent on business activities and leisure travel. Several options are under consideration to improve the service offered to its target markets, providing scope for growth. The negotiation of the introduction of two earlier and later train services on weekdays between Sandton Station and OR Tambo International Airport Station is progressing and will be implemented when contractual agreement is finalised. There is also an on-going discussion with the Concessionaire to improve the service offered to international visitors.



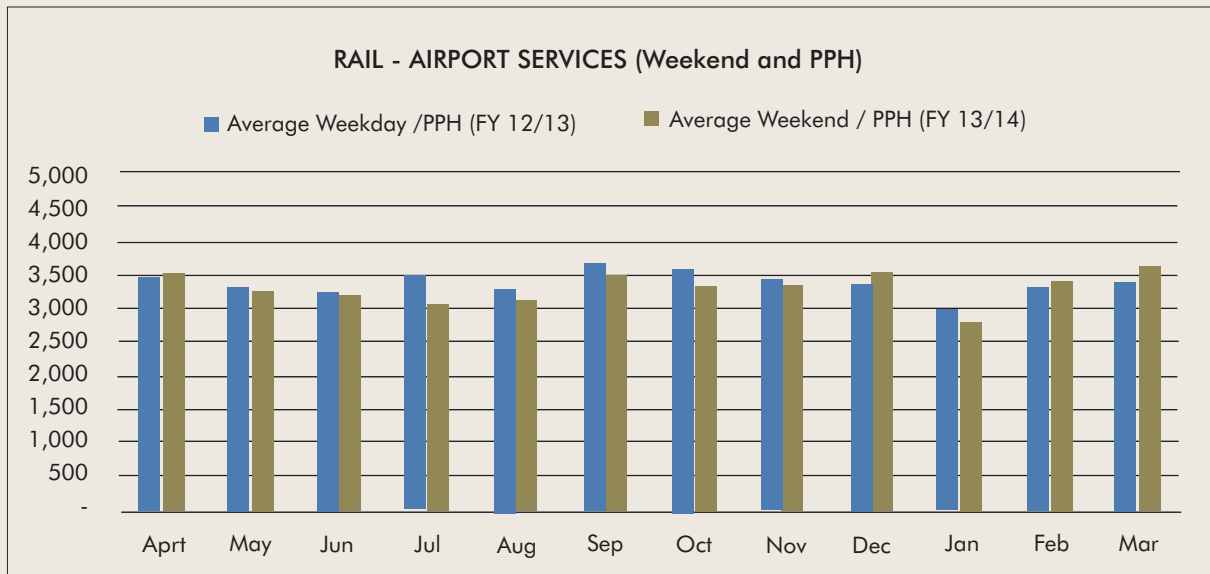
Table 7: Passenger flows – Airport Passenger Service

Pax Flows (Airport Service)	Apr*	May*	Jun*	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
FY 2012/13													
APS	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
FY 2013/14													
APS	142,083	141,994	136,989	139,237	144,532	146,537	147,787	147,211	141,559	126,741	136,264	155,054	1,705,988
% Change	1.8%	0.7%	-2.5%	-2.5%	-0.1%	-2.1%	-3.8%	1.2%	6.3%	4.3%	4.1%	7.7%	1.13%
Average Weekday (FY 12/13)	5,443	5,091	5,275	5,069	5,242	5,747	5,434	5,375	4,981	4,317	5,221	5,444	5,220
Average Weekday (FY 13/14)	5,257	5,116	5,353	4,976	5,393	5,564	5,270	5,568	5,200	4,700	5,443	5,748	5,299
% Change	-3.4%	0.5%	1.5%	-1.8%	2.9%	-3.2%	-3.0%	3.6%	4.4%	8.9%	4.3%	5.6%	1.5%
Average Weekend / PPH (FY 12/13)	3,461	3,301	3,237	3,478	3,269	3,681	3,591	3,396	3,349	2,947	3,309	3,381	3,367
Average Weekend / PPH (FY 13/14)	3,520	3,272	3,208	3,098	3,127	3,526	3,322	3,365	3,564	2,804	3,425	3,644	3,323
% Change	1.7%	-0.9%	-0.9%	-10.9%	-4.3%	-4.2%	-7.5%	-0.9%	6.4%	-4.8%	3.5%	7.8%	-1.3%

* Public Paid Holiday(s) in Month / + Operating Commencement Date 2 (07 June 2012) / Contract Year 2 Commenced (07 June 2013)



Graph 6: Average Airport Service trips - weekdays



Graph 7: Average Airport Service trips – weekends and PPHs

The broad medium-term tendencies in rail demand are:

- The passenger demand is sensitive to seasonal factors (business activities and holiday periods);
- The growth phase in the lifecycle for the GPS has been confirmed, given that the average weekday passenger demand for March 2014 is the highest achieved to date. The growth is mainly on the North-South service in both directions;
- Weekend demand has matured and is stable with occasional increases or decreases due to special events and/or holiday periods; and

- The passenger numbers on the Airport Service are not growing but higher demand levels could be observed in the near future. The service performance is linked to the business cycle and economic activity.

Average weekday passenger trips are the best indicator of sustainable passenger growth (it is neutral to the number of days in a month or the influence of weekend days versus weekdays).

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 (see Graphs 8 and 9). The figures provided represent the performance achieved for the previous Financial Year.

In contrast to the aggregated performances achieved, there were a number of days where the daily performance of the rail service was significantly below the performance norm due to service failures. The major incidents that can be correlated with the performance figures are:

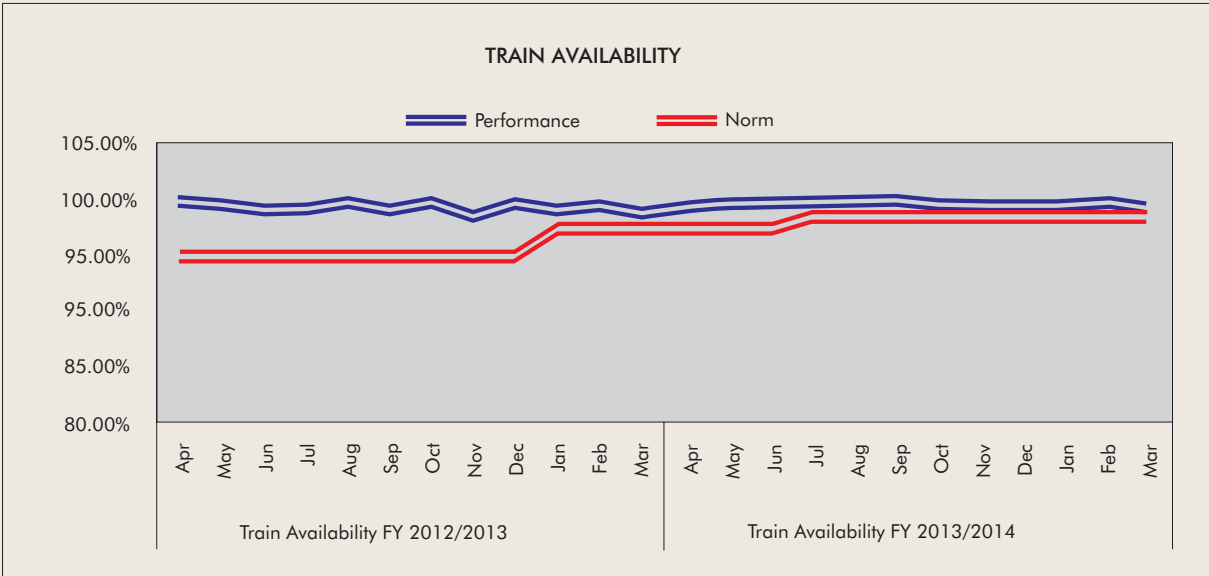
- 04 April 2013 – a tree fell on the Overhead Catenary Distribution System that supplies power to the train between Pretoria and Hatfield stations. The North/South train service was temporarily suspended on the affected section;
- 11 June 2013 – a rolling stock failure between Pretoria and Hatfield stations necessitated the temporary suspension of the train service between these stations to allow for the safe transfer of passengers to another train set;
- 13 November 2013 – the train service between Sandton and Rosebank stations was temporarily suspended due to the tunnel ventilation system failing its availability test;
- 06 March 2014 – train service was temporarily suspended between Rosebank and Sandton stations as well as Sandton and Marlboro stations due to the unavailability of electric power at these stations and for the tunnel management systems. Both the Airport and the North/South Services were suspended over the affected sections. There was load shedding on that day, which Eskom declared as an emergency. The emergency power system apparently also failed, or alternatively the correct procedures were not followed to prevent the service disruption (no final report has yet been submitted by the Concessionaire); and
- 16 March 2014 – the Airport Service was temporarily suspended due to a works train en-route to the Midrand Depot failing in the section between Rhodesfield and Marlboro stations during engineering hours.



Where possible, bus services were provided by the Concessionaire as an alternative to users in the above instances. It is further noted that the Concessionaire demonstrated a strong commitment to protecting passenger safety by suspending train services, particularly given that there are severe penalties to be paid.

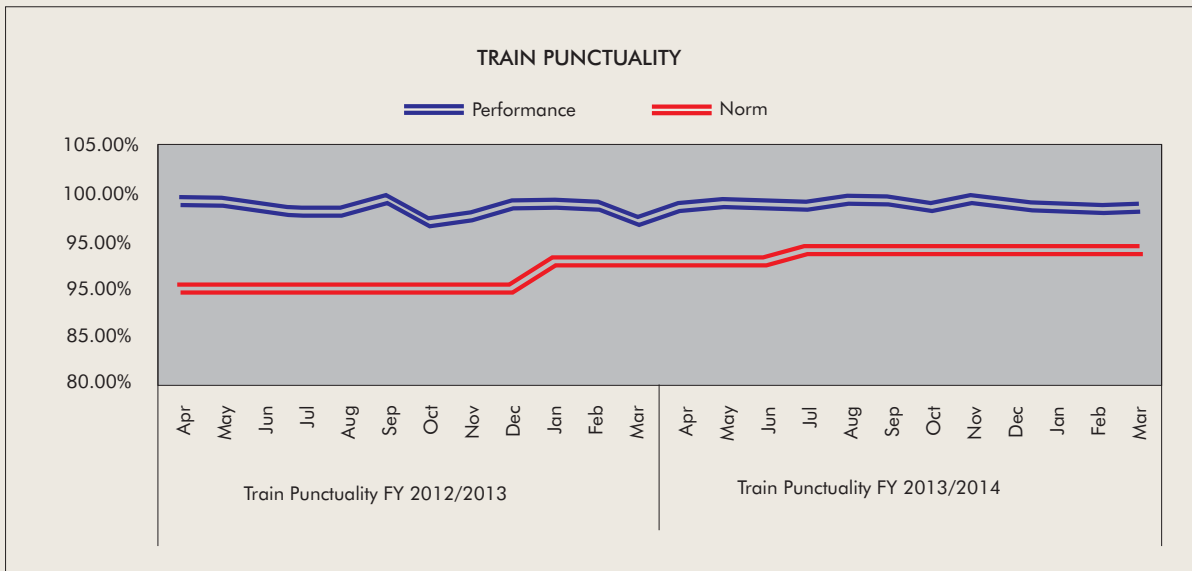
The Concessionaire improved on the number of signal-related failures impacting negatively on the train service since the previous Financial Year. Unfortunately, there was an increase in rolling-stock-related delays and failures. This indicates that the rail system is coming under pressure, especially with the additional rolling stock requirements to operate eight-car train sets in the peak periods.

Train availability was consistently above the latest specified norm of 97.5% and 98.5%.



Graph 8: Train availability

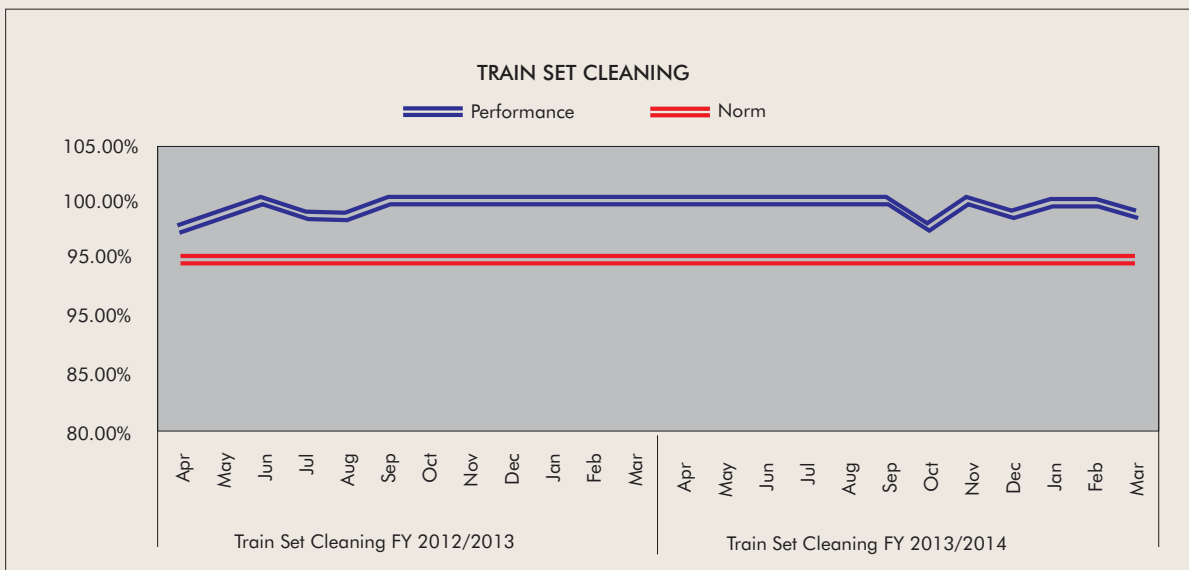
Train punctuality was consistently above the latest specified norm of 93% and 94% for the financial year. There was, however, a deterioration in performance compared with the previous year, which is a clear sign that the Concessionaire compromises punctuality in favour of availability (the punctuality-required performance norm is less strict than availability).



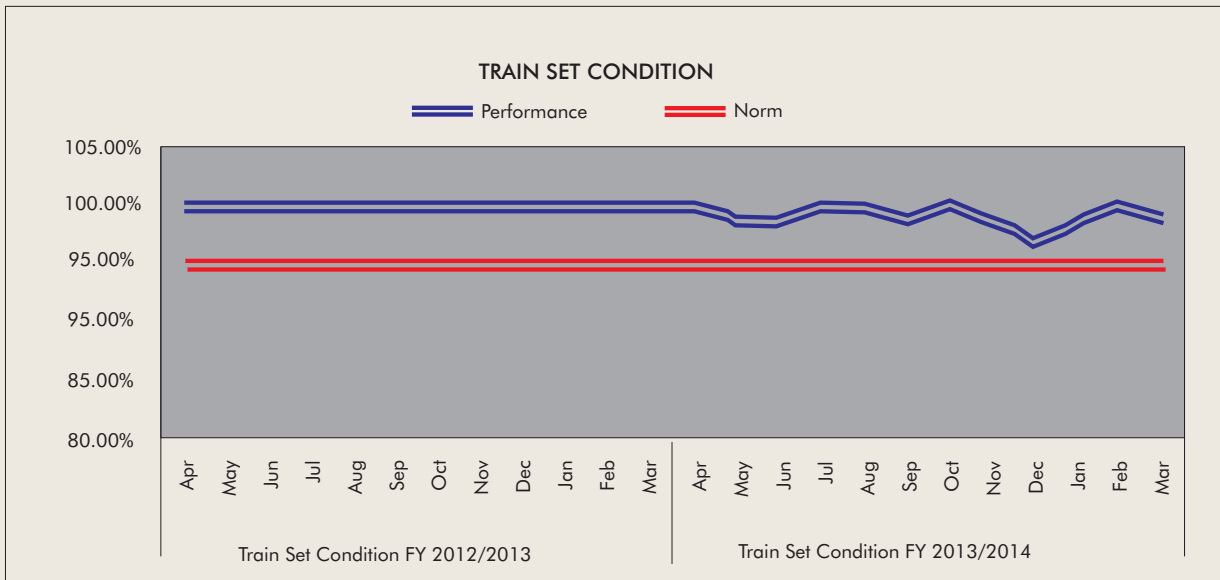
Graph 9: Train punctuality

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 10 and 11). However, there was a slight deterioration compared with the previous year. At a number of forums, the GMA expressed to the Concessionaire its dissatisfaction with the observed condition of the train sets.



Graph 10: Train set cleaning



Graph 11: Train set condition

3.3. Feeder and distribution operations

The Gautrain DFDS, or bus services, operates on business days and provides some services for special events over weekends so as to promote awareness and usage of the service.

The main objective of the service is to operate buses effectively and efficiently on weekdays (business days) to and from Gautrain Stations and support the growth of train ridership. It also assists the train operational system in terms of an alternative (contingency) when there is a problem in operating a full end-to-end rail service.

The growth in demand for the service in the year under review exceeded expectations (see Table 8). The demand accelerated further after the promotion of a R1 per trip fare applicable from December 2013 to mid-January 2014. This exercise was a repeat of the previous year's promotion over a different period.



Table 8: Growth of bus service or bus service passengers per financial year

SERVICE TYPE	BUS TOTAL
FY 12/13	3,508,025
FY 13/14	4,559,432
% Change	29.97%

A number of route changes, including consolidation and the addition of routes, were implemented at the end of the previous financial year (25 March 2013). At present there are 26 routes in operation on weekdays/business days. Some changes were made to routes due to engagement with users. There are currently also three regular bus routes in operation over weekends, of which two are on a pilot basis.

There was a bus drivers' strike early in the financial year (19–26 April 2013). It was an industry-wide protected strike and the Concessionaire declared a Project Event within the provisions of the CA.

Performance measures such as punctuality, condition and cleanliness remained consistently above the performance targets. Bus availability (number of services) is, however, under pressure in the peak periods due to several factors, such as an increase in road congestion around the Gautrain stations.

3.3.1. Passenger demand

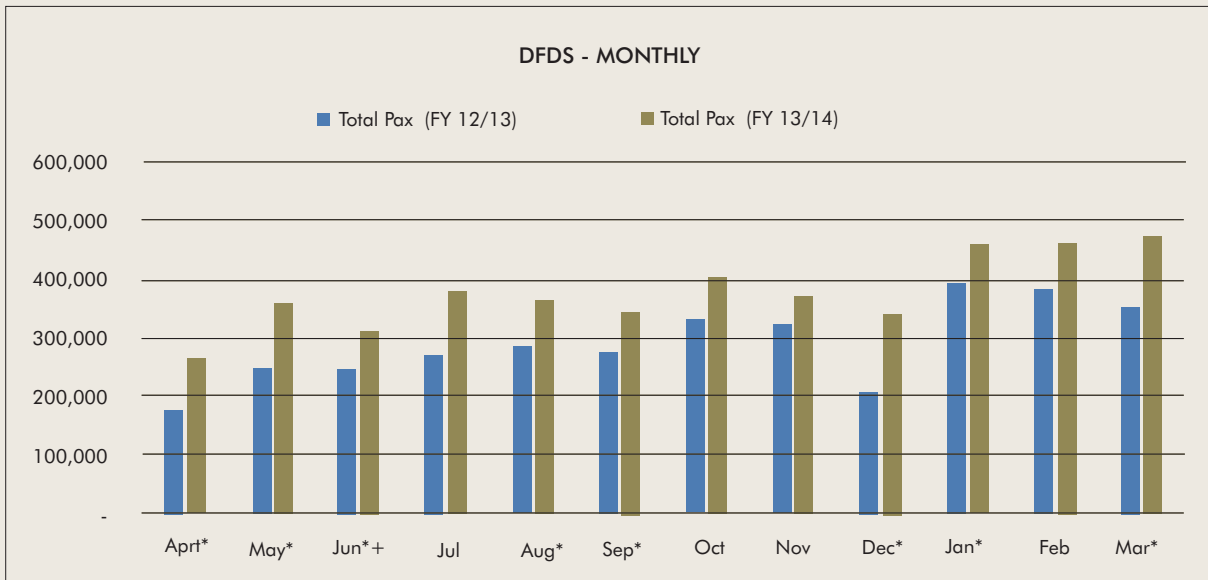
The Passenger Demand for the DFDS, or bus services, improved significantly during the year as summarised in Table 9 and in Graph 12.



Table 9: Passenger demand

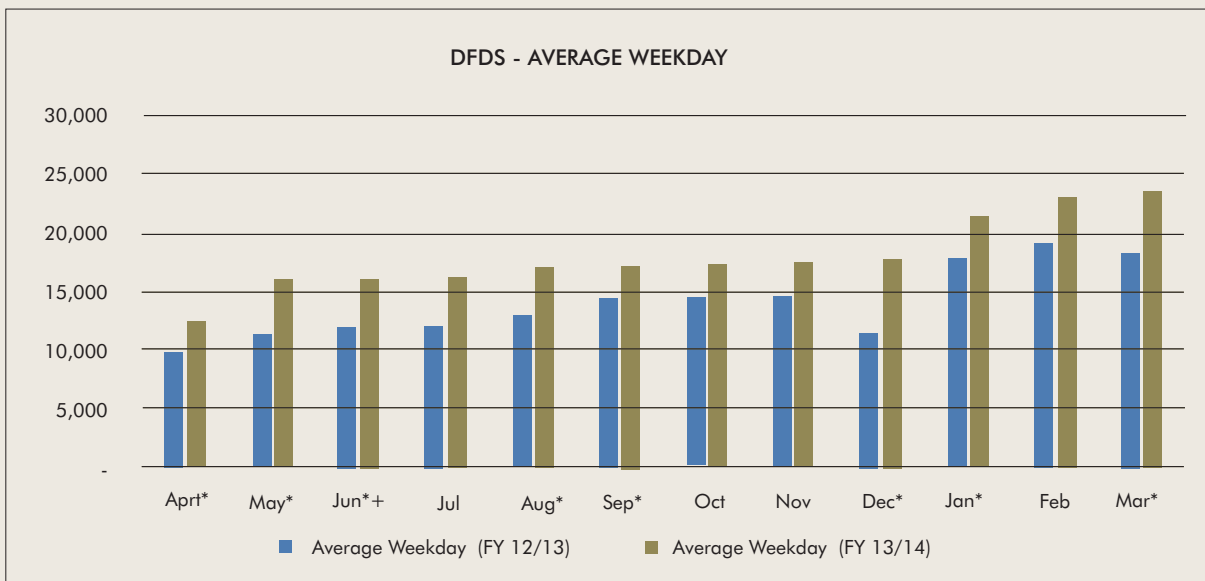
Dedicated Feeder and Distribution Services (DFDS) Pax Flows													
Pax Flows	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
Total Pax (FY 12/13)	176,479	249,603	246,471	273,257	287,035	276,726	334,049	324,378	207,330	394,149	385,133	353,415	3,508,025
Total Pax (FY13/14)	264,707	363,947	312,137	382,172	364,270	344,228	407,037	372,989	341,820	461,375	465,929	478,821	4,559,432
% Change	50.0%	45.8%	26.6%	39.9%	26.9%	24.4%	21.8%	15.0%	64.9%	17.1%	21.0%	35.5%	29.97%
Average Weekday (FY12/13)	9,804	11,346	11,737	12,421	13,047	14,565	14,524	14,744	11,518	17,916	19,257	18,601	14,123
Average Weekday (FY 13/14)	12,605	16,543	16,428	16,616	17,346	17,211	17,697	17,761	17,991	21,970	23,296	23,941	18,284
% Change	28.6%	45.8%	40.0%	33.8%	33.0%	18.2%	21.8%	20.5%	56.2%	22.6%	21.0%	28.7%	29.5%

* Public Paid Holiday(s) in Month / + Operating Commencement Date 2 (07 June 2012) / Contract Year 2 Commenced (07 June 2013)



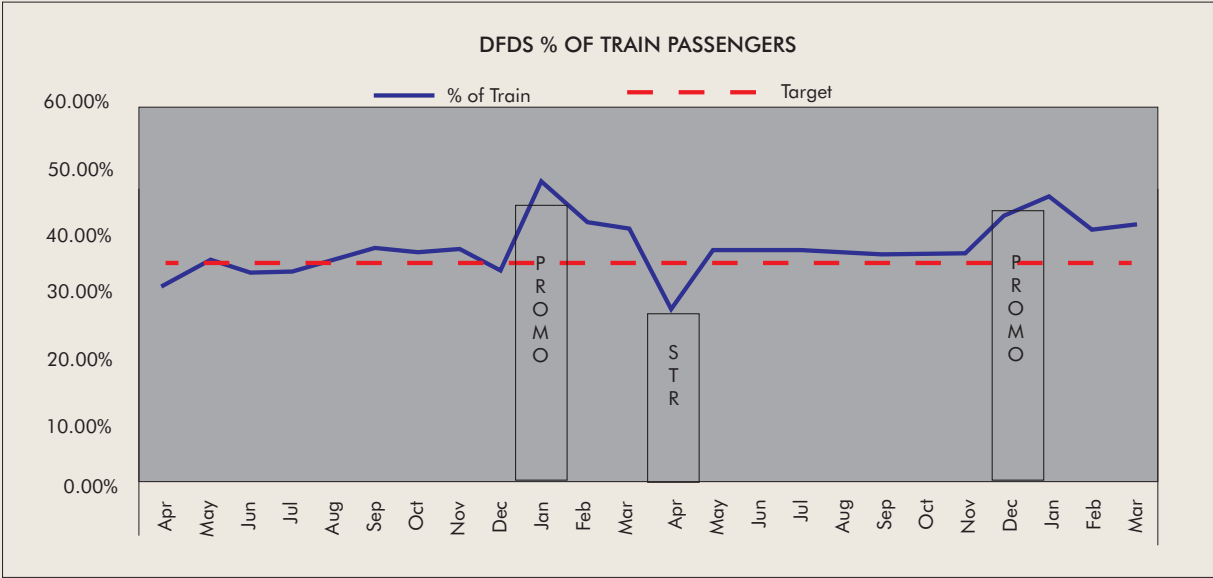
Graph 12: DFDS or bus service monthly passenger demand

The utilisation levels of the bus service capacity offering in the peak periods are satisfactory, but the services are underutilised in off-peak periods. It is important to emphasise that the provision of bus services in off-peak periods is a prerequisite for the Gautrain’s medium- to long-term success in providing a reliable end-to-end public transport system or solution. This also allows the Gautrain to integrate with other public transport providers. Furthermore, it provides an alternative access to stations where parking space is often unavailable.



Graph 13: DFDS or bus service average daily demand

Bus passenger numbers as a percentage of train passengers are provided over two financial years (see Graph 14). The positive impact or higher usage with the two bus promotions can clearly be seen in the graph. After the bus driver strike (STR), the bus passengers as a percentage of train passengers did not reach above 40% until the promotions (PROMO) in late 2013, which had the positive effect of increasing the percentage to levels above 40% from January 2014 to the end of the financial year.



Graph 14: DFDS - Percentage of train passengers

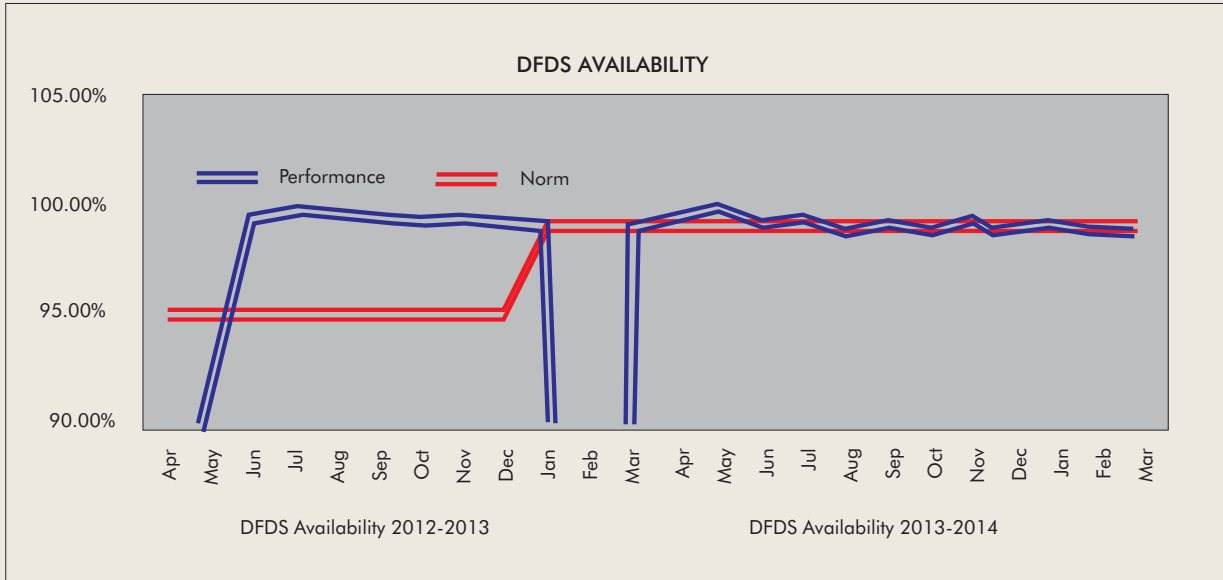
General trends regarding passenger demand for the bus service in the year under review are summarised as follows:

- The demand for the bus service is sensitive to seasonal factors, such as the school holidays with limited substitution by leisure travellers in these periods;
- Monthly demand for the bus service is impacted by the number of business days;
- Growth in bus service passengers depends on the growth in number of train passengers, the introduction of new bus routes and the unavailability of adequate parking at most of the Gautrain stations; and
- Bus driver strikes have serious consequences given that demand levels take a long time to recover.

3.3.2. DFDS availability and punctuality

DFDS or bus service availability and punctuality are managed with an agreed timetable that provides the parameters for the PMS.

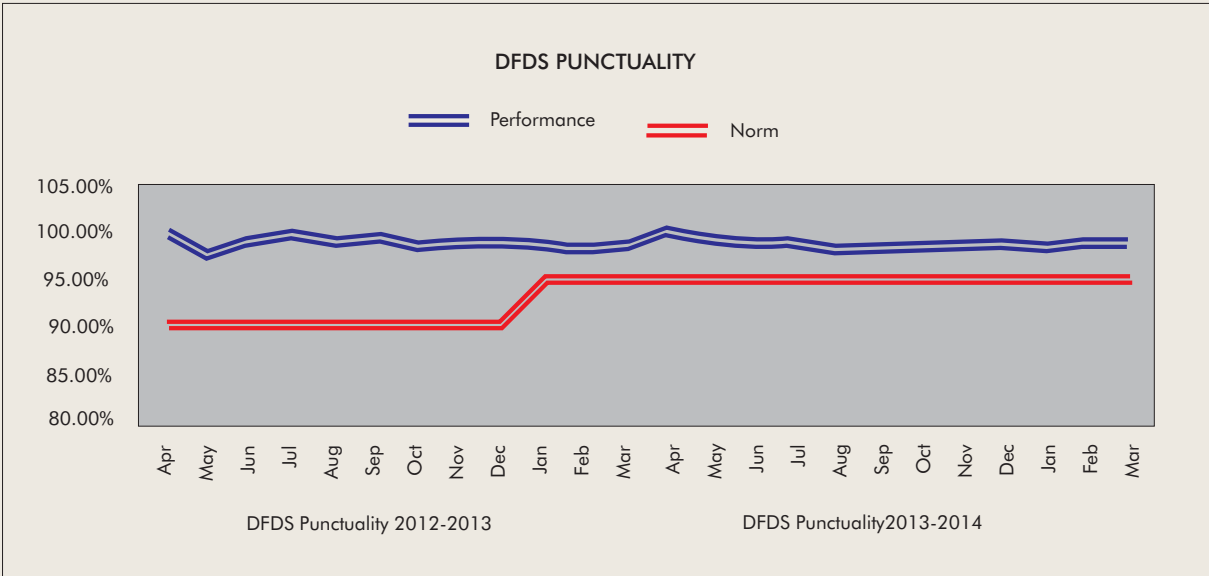
The monthly aggregated performance on the 2013 bus service availability was below its target in April due to a bus driver strike (see Graph 15). The bus punctuality for services operated was above the required norm for the review period (see Graph 16). The performance norm for availability and punctuality increased substantially to 99% in January 2013.



Graph 15: DFDS or bus service availability



Sustaining the exceptional level of bus availability became difficult in the last quarter of the financial year. This was mainly due to an increase in congestion on roads around stations, traffic lights that were out of order and road works, including works related to new bus rapid transit systems. The turnaround times of buses are being monitored and the non-performing routes are discussed at meetings of the Bus Service Planning Committee.



Graph 16: 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 for hygiene, condition and equipment availability are met.

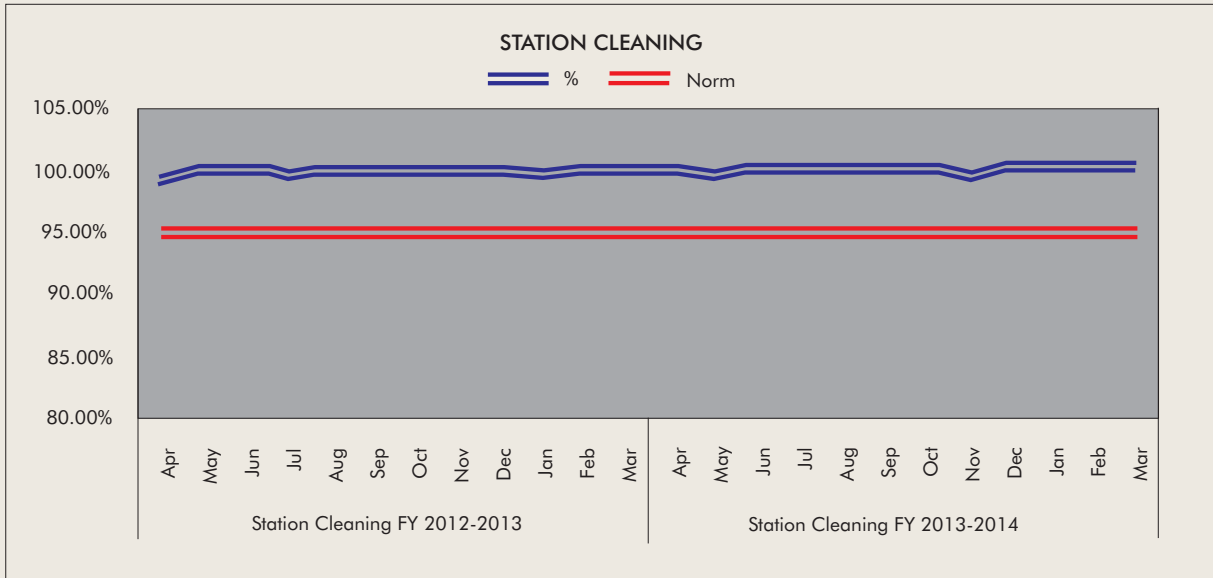
The achieved monthly targets are rated against the pre-determined CA performance targets and the PMS is applied where targets are not met.

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 user. Non-conformance reports are compiled monthly to alert the Concessionaire to equipment and facilities that are not functioning and areas that need urgent attention and add value to the System.

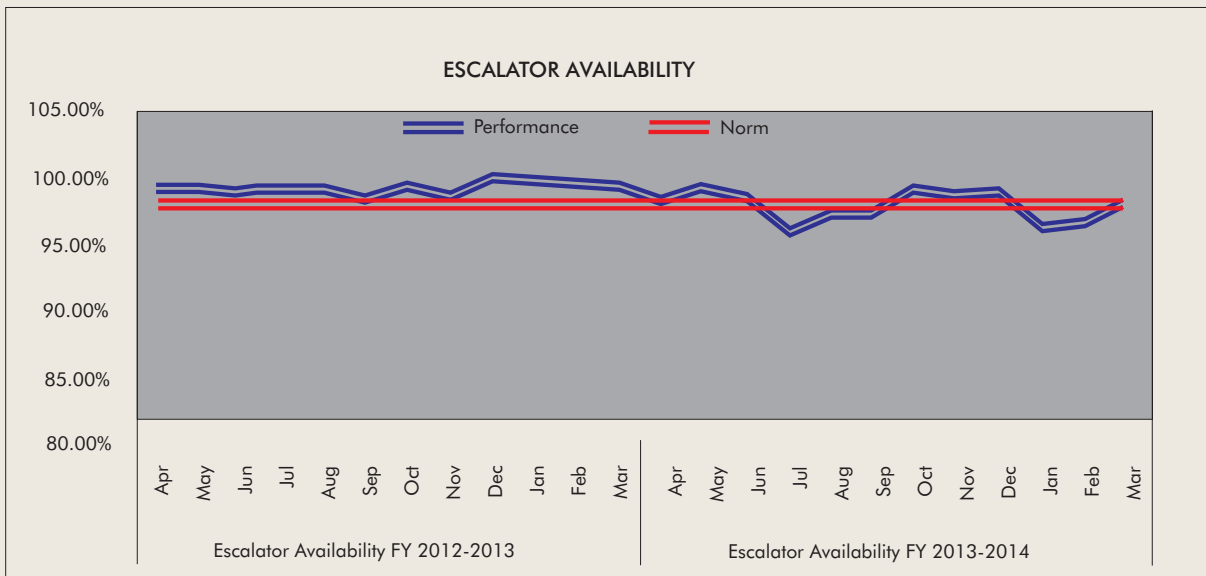
The condition and cleanliness of station facilities are monitored continuously to ensure compliance as this impacts directly on the Gautrain user.

In addition to the monthly verification of the concessionaire's station cleanliness, an adhoc detailed inspection of the individual scorecards for Park Station was conducted in May 2013. No material deviations from the agreed processes and performance calculations were found.

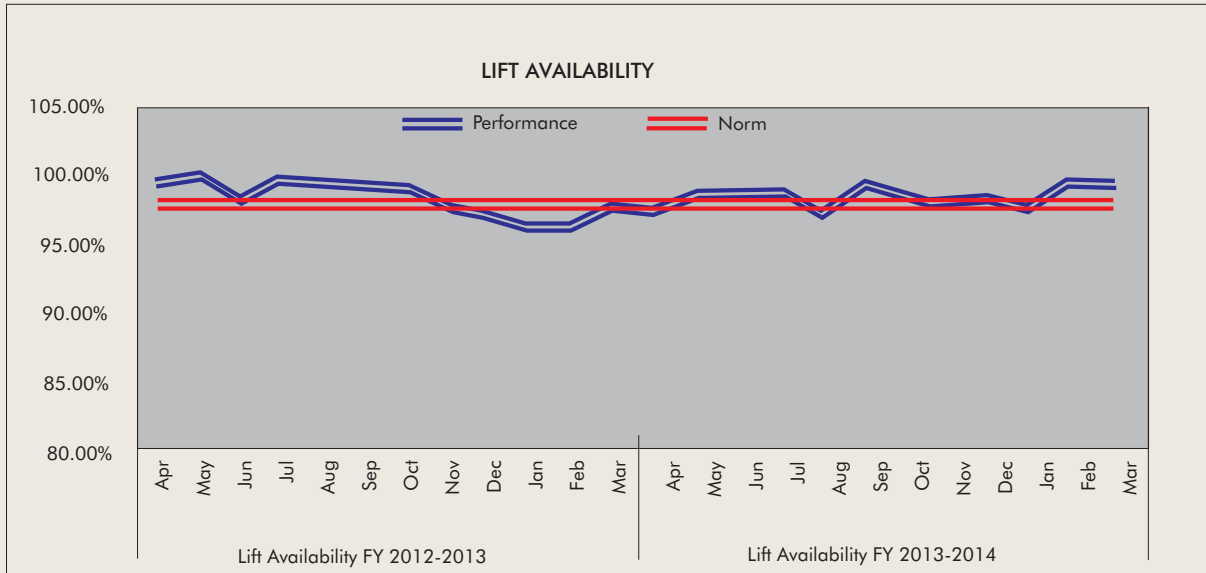


Graph 17: Station cleaning 2012/2013

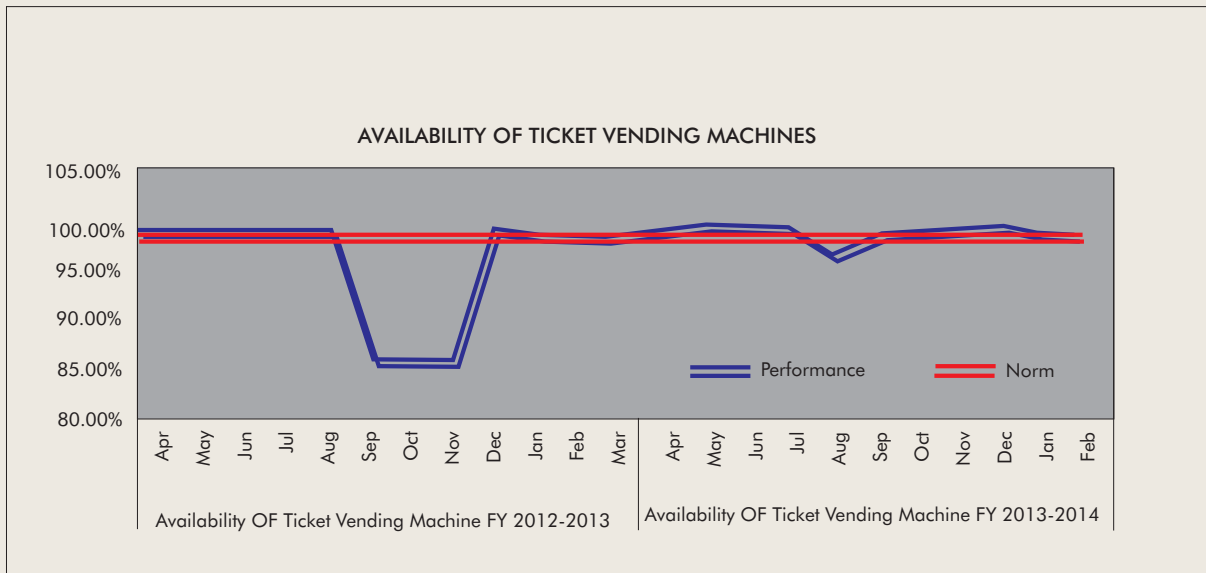
Certain aspects such as the availability of escalators, lifts and Ticket Vending Machines (TVM) are monitored on an on-going basis as the target performance norm of 98% is not always met. The Concessionaire, through non-conformance reports and its improved maintenance plans, is committed to addressing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



Graph 18: Escalator availability 2012/2013



Graph 19: Lift availability 2012/2013



Graph 20: Ticket Vending Machine availability 2012/2013

The additional TVM that were installed at the end of the previous financial year assisted in reducing the long queues experienced in peak periods, especially on Mondays and at month end.

The movement and flow of passengers through the System is monitored continuously to determine areas of overcrowding and plans are made to address it.

3.5. Performance management

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

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

3.5.1. Performance of performance management

Monthly Performance Monitoring Committee (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 10).

Several performance norms changed in the financial year with the commencement of contract year two and are summarised below:

- The security target for passengers' property changed in June 2013 from 2.2 to 1.44 incidents per million passengers transported in a particular month;
- The benchmark for physical safety remained at one given that no incidents occurred;
- The performance norm for train availability changed from 97.5% to 98.5%; and
- The punctuality norm changed from 93% to 94%.

Table 10: penalty Percentage as validated by the PMC

Major Performance Measurement Groups	Penalty Percentage Weight	Apr '13	May '13	Jun '13	Jul '13	Aug '13	Sep '13	Oct '13	Nov '13	Dec '13	Jan '14	Feb '14	Mar '14
	FY 13/14	Q1			Q2			Q3			Q4		
PP1 Train Operational 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%
PP2 Feeder & Distribution Group	10%	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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP4 Security Group	20%	0.00%	5.00%	0.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP5 Cleanliness and Damage Repair Group	7%	0.00%	0.00%	0.00%	0.50%	1.00%	1.00%	0.50%	0.00%	0.50%	1.00%	1.00%	0.00%
Penalty Percentage (PP)	Total	0.50%	5.00%	0.00%	5.50%	6.00%	1.00%	0.50%	0.00%	0.50%	1.00%	1.00%	0.00%

No request for relief based on a Project Event was considered or assessed by the PMC in the review period. It is noted that, although several Project Events were declared by the Concessionaire, those possibly relevant to the PMC did not cause a monthly aggregated underperformance and did not require the PMC to grant relief.

The PMC gave a once-off relief for DFDS availability in January 2014 due to an external cause after supporting information was provided by the bus operator.

The areas of concern monitored by the PMC during the year include the availability of lifts and escalators. The availability of TVMs improved in comparison with the previous year. The infrastructure condition standard was not met for one month due to the fact that the measurements were not done by the Operator. There was also a spate of security non-conformances for three months (May, July and August 2013) including the theft of passenger vehicles. The situation was rectified after interventions by the Concessionaire. In general, the performance of security related to passengers (property and personal safety) within the Gautrain boundaries is exceptional.

The overcrowding threshold for the morning peak period on the North/South train service exceeded its norm from January to March 2014. No penalty was levied due to the overcrowding and rail service capacity management process and compliance with this by the Concessionaire.

The GMA is conducting regular inspections and issuing non-conformance reports to the Concessionaire, not only in an effort to ensure that service standards are maintained, but also to bridge some of the limitations of the Penalty Regime.

3.6. Systems capacity

System capacity is divided into rail service capacity, DFDS or bus service capacity and the park-and-ride capacity. The focus in this overview is on the short- to medium-term capacity interventions supported by demand optimisation. Medium- to long-term capacity aspects are covered under planning for future capacity (expansion) and extensions.

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

- The overall provision of sufficient capacity to promote access and capitalise on the demand growth momentum of passengers;
- To promote the use of available rail service capacity in the underutilised directions;
- To carefully introduce additional rail service capacity on the most crowded directions to sustain medium-term growth;
- The continuous optimisation of the bus system and the planning of new bus routes, with a particular focus on contraflow passenger demand;
- To promote the introduction of corporate shuttles, especially where bus routes would not be effective;
- The role of fares in influencing demand patterns to improve the utilisation of the System; and
- The integration with other public transport.

Capacity and demand management is overseen by two committees:

- The Service Capacity Utilisation Management Committee focusing on trains and parking (Park and Ride) capacity; and
- A Bus Service Planning Committee 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). The capacity enhancements that were implemented in the year under review are listed below.

- Service capacity interventions – North/South service (Hatfield Station to Park Station)
 - A fifth eight-car train set in the morning peak period and fourth eight-car train set in the afternoon peak period were introduced on 29 April 2013 on the North/South service; and
 - A sixth eight-car train set in the morning peak period and fifth eight-car train set in the afternoon peak period were introduced on 20 August 2013 on the North/South service.
- Service capacity interventions – East/West Airport service (OR Tambo International Airport Station to Sandton Station)
 - There were no rail service capacity changes made to the APS. The Airport cars are made available for the morning Westbound general passengers in the peak period.

3.6.2. DFDS capacity

The objective of the Gautrain DFDS or bus service is to support the train ridership effectively and efficiently. The overall capacity focus is on improved route coverage that supports the train. Therefore, route utilisation and optimisation of existing routes and the consideration of new routes are evaluated on an on-going basis. The Bus Service Planning Committee is responsible for bus service capacity.

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

- 26 bus routes on weekdays are in operation at present;
- The new Emperors Palace route from Rhodesfield Station also operates over weekends; and
- Two pilot weekend routes were implemented in December 2013. One is in the Pretoria CBD and one in Rosebank covering tourist attractions such as museums and the zoo.

It is further noted that cooperation with the three municipalities in which the Gautrain bus services operate is on a sound footing. The main purpose is coordination and integration to prevent, amongst others, the duplication of bus services.



3.6.3. Park-and-ride capacity

The park-and-ride (parking) facilities at Gautrain stations (except at OR Tambo International Airport) varies from over-extended on weekdays to adequate. Steady increases were recorded at all Stations during the year. The capacity provided for is based on a five-year expected demand. The committee responsible for managing and monitoring the usage of the park-and-ride facilities at stations is the Rail Service Capacity Committee.

The problem Stations where no surplus capacity is available on weekdays (business days) are Rhodesfield, Pretoria, Centurion and Midrand. Parking areas that are occasionally full, especially on Mondays, are at Park and Rosebank stations. The unavailability of parking could result in lower growth of rail passengers due to the limited access via parking.

The GMA with the Concessionaire is implementing several short-term measures to enhance parking availability and improve traffic flow and access to and from the System. These include the optimisation of existing layouts and the provision of dedicated parking bays for motorcycles.

3.7. Fares and fare evasion management

The Province's objective in relation to fares is to maximise patronage of the GPS and APS, mindful of the required income to be realised.

The fare structure aims to promote the use of the System through making the price attractive to its target markets, to sustain the shift from private vehicle use to the Gautrain and to improve the overall utilisation of the rail service capacity.

3.7.1. Annual fare increase

The annual fare increase is agreed according to a procedure and timeline prescribed in the CA and guided by a ticket schedule. The fare adjustment was finalised after several engagements with the Concessionaire and an internal process within the GMA.

Other assurance criteria are that the fares agreed upon are sustainable with future Consumer Price Index movements; may be used to influence customer behaviour and should be balanced with the income to be realised; and may address fare anomalies.

Fare changes were based on the fares agreed in 2012/2013 and indexed with a weighted average increase of 6.7%. The highlights of the fare increase "pay as you go" (or stored travel rights) is summarised below:

- GPS tariff increases vary between 5% and 9% in peak periods and weekend/PPH off-peak period;
- The introduction of a reduced weekday off-peak tariff of -15% on the pay-as-you-go tariff;
- APS increases vary between 8% and 9%;
- No increase (third year) in the bus fare for both the rail and non-rail user; and
- Increase in parking tariff of 25% (R12 to R15) for the first day of use (daily user) and a reduction of between 10% and 20% from the second day onwards.

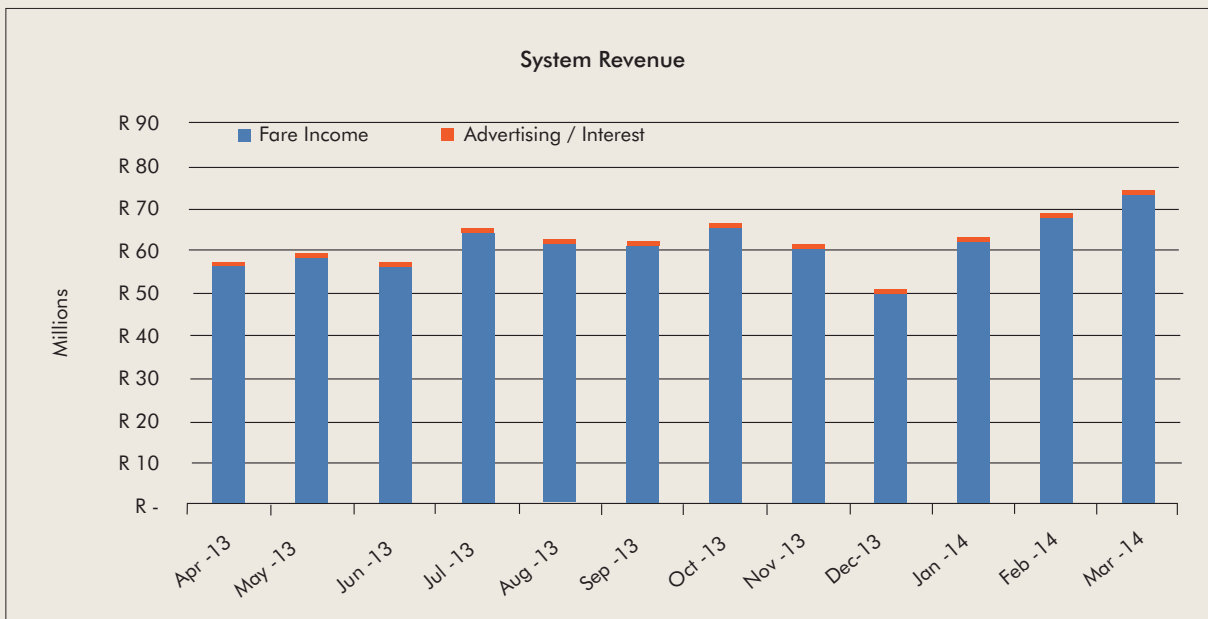
There are two period products or discount products aimed at regular users on the GPS. The discount is based on the pay-as-you-go fare product value for a certain origin and destination and is detailed below:

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

3.7.2. Fare income

The Concessionaire receives the income derived from the system and is responsible for income protection via the fare evasion management plan.

Graph 21 is indicative of the monthly income for the year under review . Income levels are directly influenced by the daily patronage usage of the system, the number of days and the combination of weekday, weekend and public paid holidays in a particular month. March 2014 recorded the highest income to date and is aligned with the higher activity level experienced. The GMA is responsible for ensuring that all income is recorded and that income protection actions, such as fare evasion prevention, are done by the Concessionaire.



Graph 21: – Indicative System Revenue



3.7.3. Fare evasion management

The purpose of fare evasion management is primarily to secure all fare revenue for services rendered and to minimise the monthly Patronage Guarantee payable. A secondary objective is to maintain a safe and secure environment for paying passengers.

Fare evasion surveys are the responsibility of the Concessionaire and executed according to a Fare Management Plan and procedures specified in the CA. The Concessionaire cannot change the plan without the GMA's approval.

Table 11: Fare evasion rate

FARE EVASION RATE (FER) - 2013/2014												
	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly FER	0.03%	0.03%	0.00%	0.05%	0.03%	0.05%	0.02%	0.01%	0.01%	0.01%	0.10%	0.00%
Fare Evasion Norm	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Quarterly Applicable FER*	0.07%	0.07%	0.07%	0.02%	0.02%	0.02%	0.04%	0.04%	0.04%	0.03%	0.03%	0.03%

* Quarterly Fare Evasion Rate applied in determining the PG is based on the previous quarter

The measured monthly fare evasion rate on the System in the review period never exceeded 0.07% and is within the norm of 4.0% (see Table 11). The visibility of Fare Evasion Actions and security staff on the System assists the Concessionaire in maintaining the low level of fare evasion.

3.8. Asset maintenance, management and assurance

Maintenance of the GMA assets is a critical element in operating the Gautrain System. The GMA assures that the Concessionaire maintains and manages the assets as stated in the CA and also complies with recommended standards set by the Original Equipment Manufacturers (OEM), Network Rail Standards for Track and Overhead Catenary Distribution System (OCDS), Railway Group Standards for Rolling Stock and adheres to good industry practice.

The Gautrain assets are classified into two types, i.e. core and non-core railway.

Bombela Maintenance Company (BMC) is responsible for the maintenance of the core railway system and Bombela Operating Company (BOC) is responsible for the maintenance of the non-core railway system.

3.8.1. System performance measures

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

- Train service availability;
- Lift availability;
- Escalator availability;
- Bus availability; and
- Availability of ticket machines.

The Concessionaire is responsible for managing the sub-system regarding:

- Train set cleanliness and condition;
- Station condition cleanliness and condition;
- Bus availability cleanliness and condition; and
- System infrastructure condition.

Asset Management and maintenance assurance by the GMA is achieved through the following measures:

- Reviewing the Concessionaire's Monthly Asset and Maintenance Reports;
- Reviewing the Concessionaire's Annual Maintenance Repair and Replacements;
- Conducting Station condition and cleanliness inspections;
- Submitting non-conformance reports based on non-compliances identified during inspections;
- Informal communication;
- Monthly meetings; and
- On-site visits.

The following achievements are highlighted from the past financial year:

- The Concessionaire has improved the management of assets thus stabilising service-affecting failures to acceptable levels. The Concessionaire continually implements enhancements to improve the performance of the AFC system;
- The Concessionaire formally responds to the Station condition and cleanliness non-conformances and the execution of repairs;
- The Concessionaire attends to the latent defect notifications arising from the annual Civil Works Infrastructure Management System inspections;
- The new switch tamping machine has been delivered and the commissioning process has begun; and
- ADSL lines have been installed in all stations except Midrand to improve communication between EFT and banks.



3.8.2. Performance against the annual performance plan

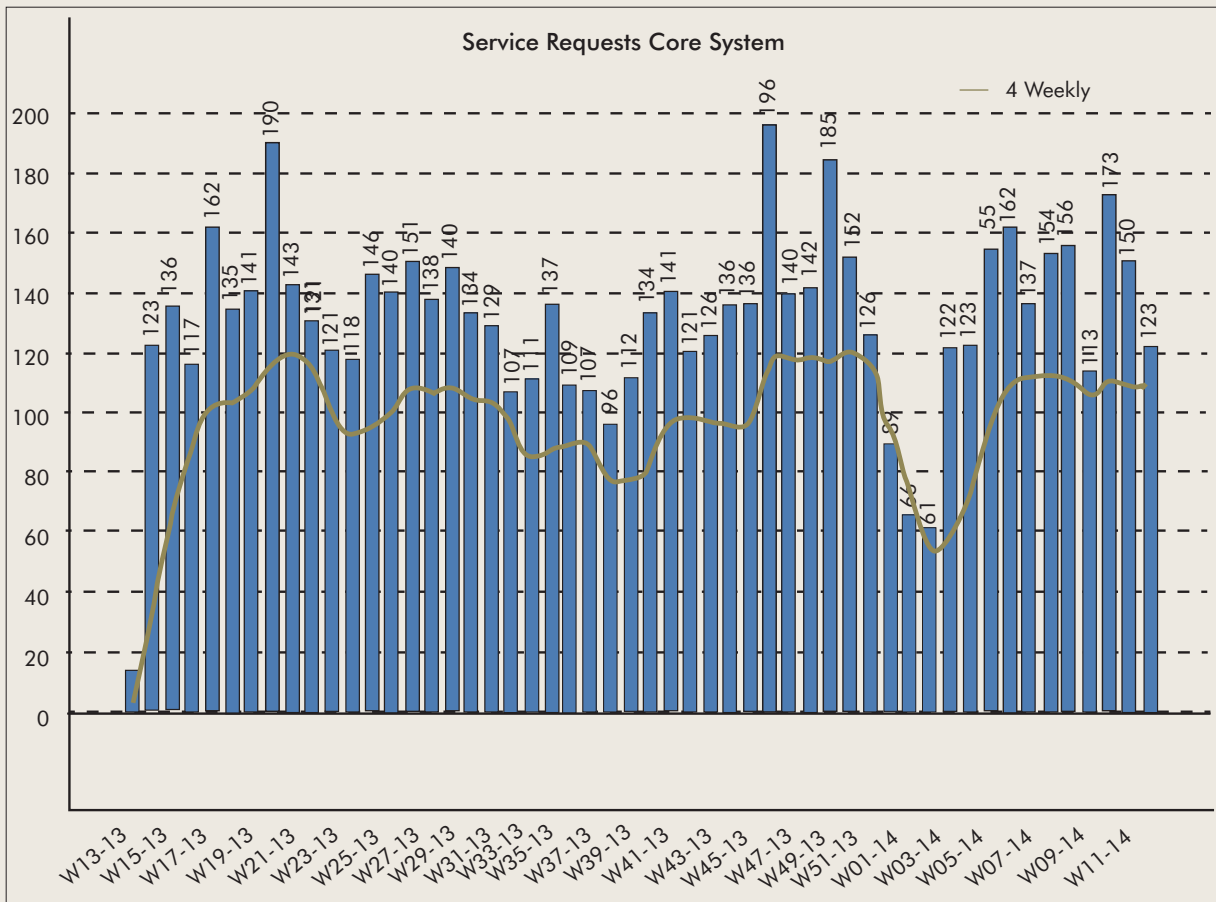
The Annual Performance Plan (APP) target of ensuring a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters was met as indicated in the table 12 below.

Table 12: Performance against the Annual Performance Plan

Performance Indicator	Planned Annual Target	Achieved Output
Scheduled system review	12	12
Number of station inspections and non-compliance reports submitted	80	93
Reviews of the monthly asset report	12	12
Review of monthly maintenance report	12	12

The system performance is monitored by conducting physical Station condition and cleanliness inspections and submitting non-conformance reports on a monthly basis. The Concessionaire reports on all these matters as well as the state of good repair of assets.

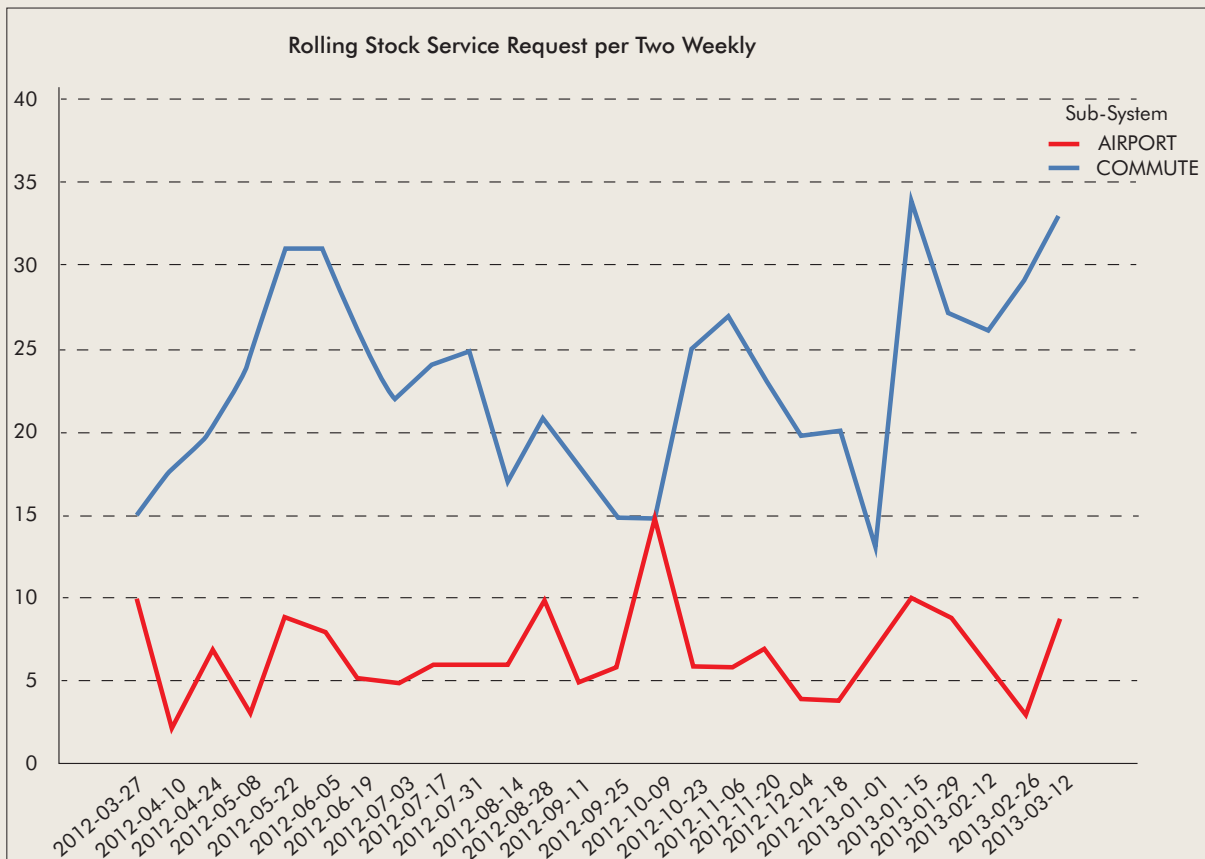
The total number of service requests generated for the entire System is shown in Graph 22. Although the total number of service-affecting failures for the System is still fluctuating the trend did stabilise. Service orders are generated from the maintenance information management system (Maximo). The Concessionaire has put plans of action in place to address the main causes.



Graph 22: Total number of service requests

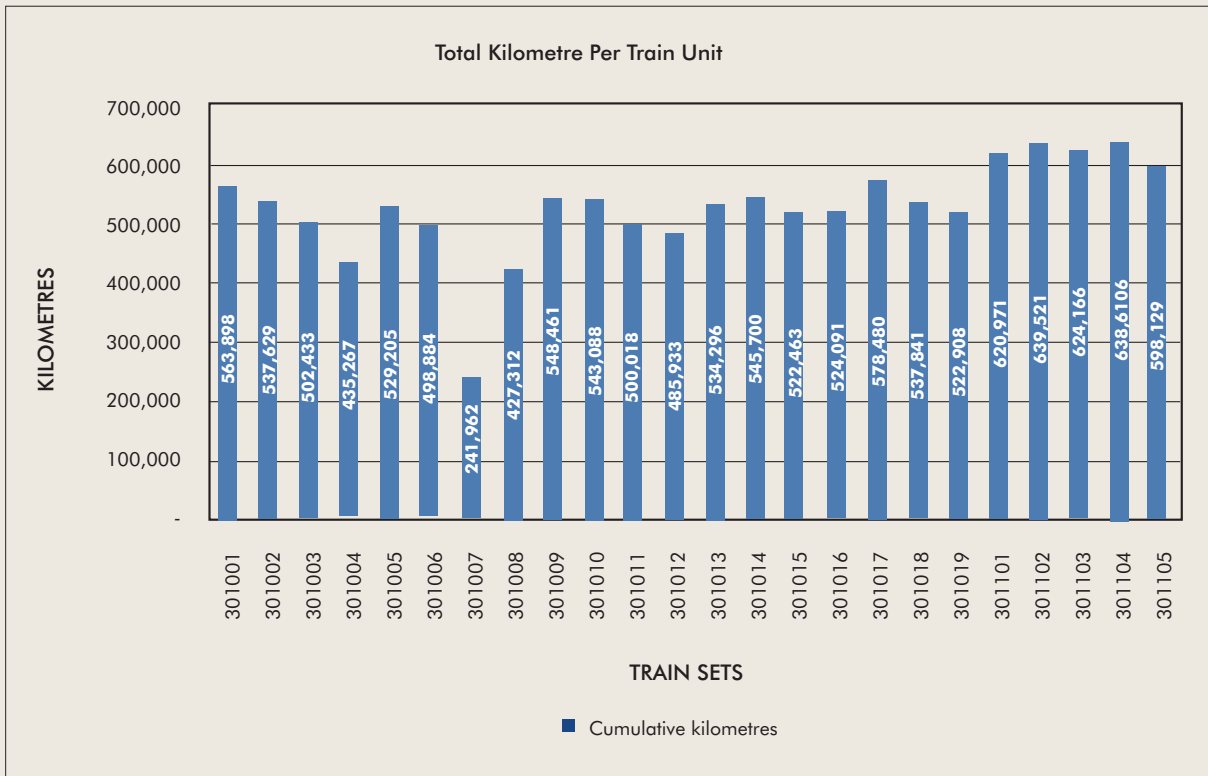
The AFC sub-system, critical to the Gautrain System, is the highest contributor to the total number of service requests. This aspect gets the required attention from the Concessionaire.

Rolling stock service requests are shown in Graph 23. Although the number of incidents for both GPS and the APS fluctuates, more service requests are generated for the GPS due to the higher number of rail cars available for GPS and the higher take-up of passengers. The Concessionaire has implemented plans of action to address the main problem areas.



Graph 23: Number of rolling stock service requests created

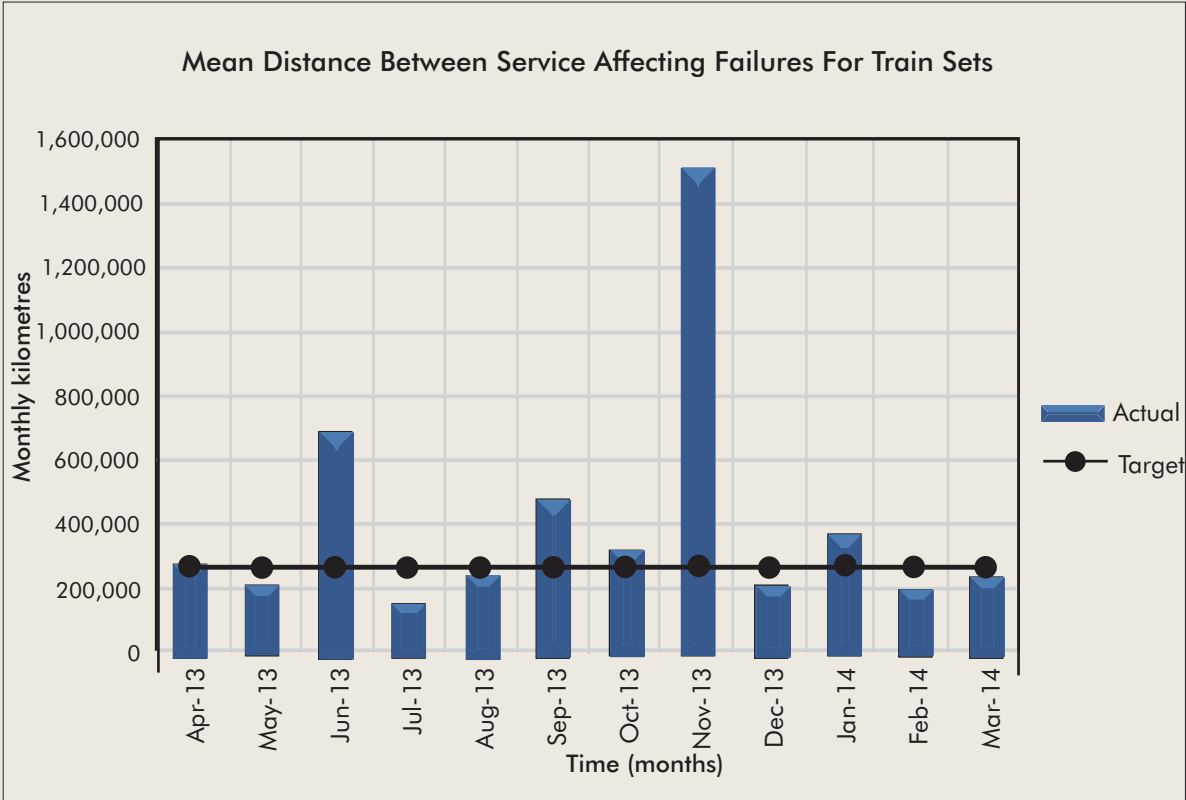
The total distance travelled by train sets since OCD 1 is shown in Graph 24. The APS train sets have the highest mileage in comparison to the GPS train sets because they have been service longer and there are fewer of them. The train set with the lowest mileage was out of service for a long time due to accident damage.



Graph 24: Total kilometres travelled by unit train sets

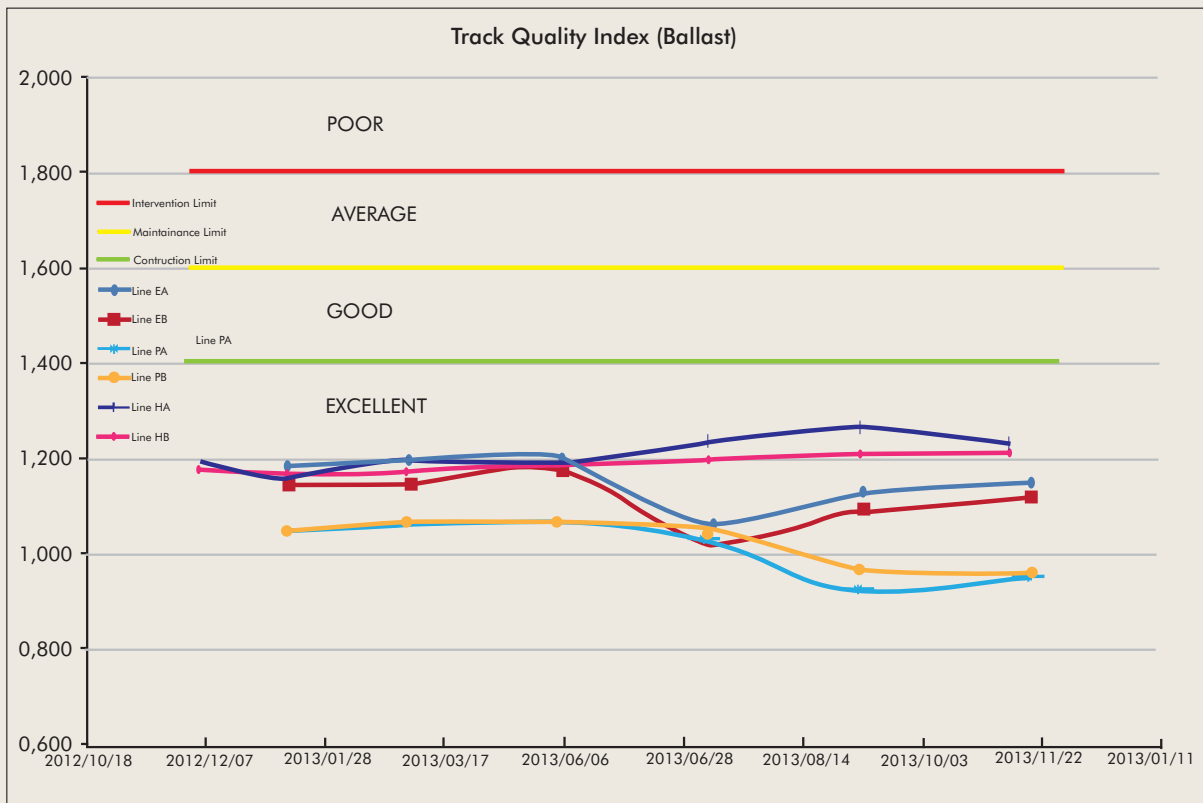


The mean distance between service-affecting failures is shown in Graph 25. The target, as mutually agreed, is not consistently met by the Concessionaire. A main contributing factor is door failure due to passengers tampering with the doors and the fact that the door is one of the most used parts of a train.



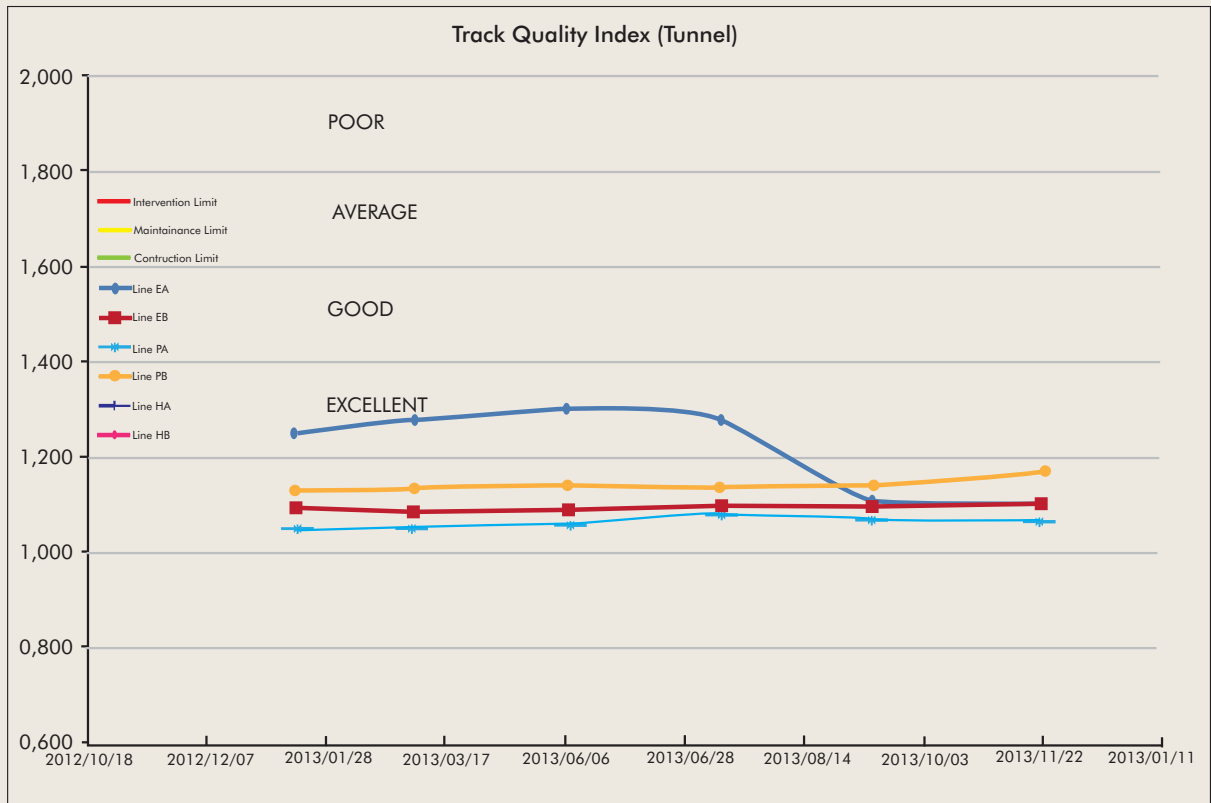
Graph 25: Mean distance between service-affecting failures for train sets

The track quality index is reported using the revised limits for both ballasted (Graph 26) and tunnel (Graph 27) sections. The results show that the ride quality is good for both sections.



Graph 26: Track quality index for the ballast section

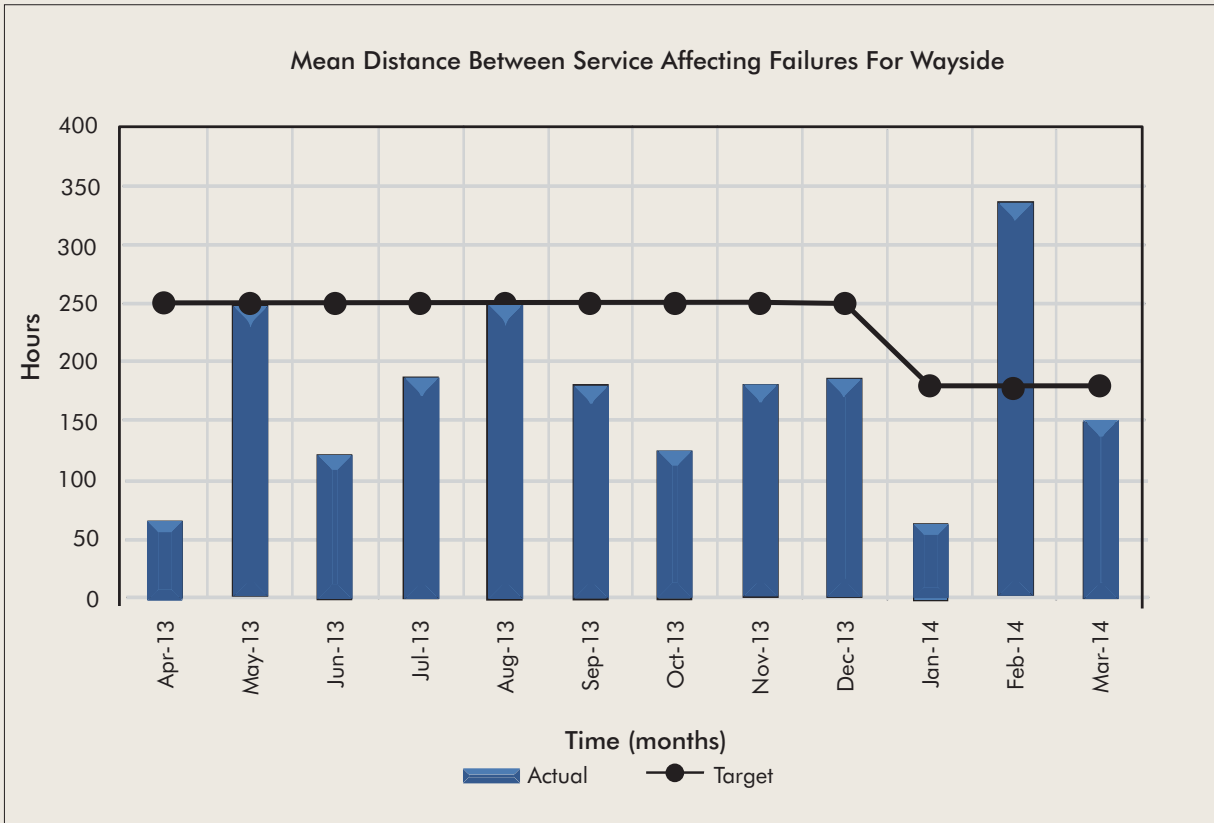




Graph 27: Track quality index for the tunnel section

The ride quality of the System is within acceptable norms. Areas where the ride quality is occasionally not acceptable are attended to on an on-going basis by the Concessionaire. Manual tamping was done on the switches whilst the switch tamping machine was out of order, where exceedances from the track geometry measurements were reported. With the availability of the new switch tamping machine improvements in this regard is expected.

The mean distance between service-affecting failures for wayside is shown in Graph 28. The target is not consistently met by the Concessionaire but action plans are implemented to improve the situation.

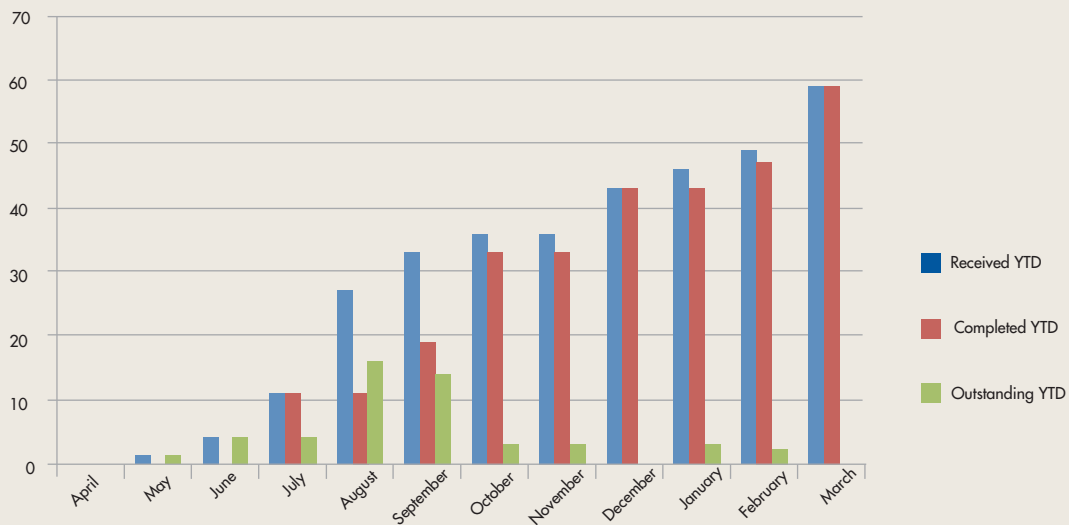


Graph 28: Mean distance between service-affecting failures for wayside



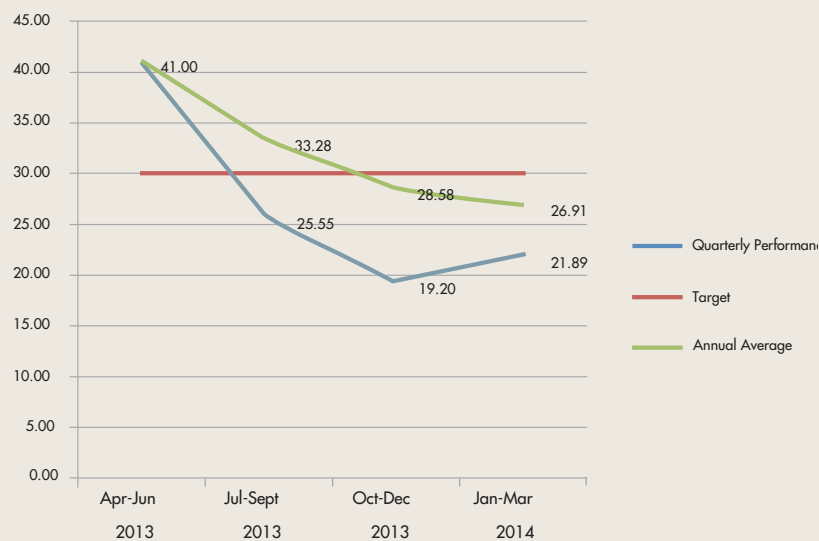
3.9. Land acquisition and way leave management

The GMA facilitates the Gauteng Transport Infrastructure Act applications as part of the protection of the Gautrain assets that are within the rail reserve. Graphs 29 and 30 indicate the number of applications received for the 2013/2014 financial year and the performance thereof.



Graph 29: GTIA applications

The GMA has maintained an average annual target of 30 calendar days for the processing of GTIA applications. The GTIA applications are assessed in consultation with the Concessionaire and the Gauteng Department of Roads and Transport.



Graph 30: GTIA applications performance

3.10. System security

The Gautrain System maintained a high level of system security during the 2013/2014 financial year. The GMA provides assurance that the agreed security targets are achieved. The final benchmark for security performance targets was implemented during July 2013. The performance targets for the Physical Security of Passengers (PC4 S1) and Safety of Passengers' Property (PC4 S2) are measured as the percentage of the number of incidents per million passengers.

The GMA provides assurance of the System's security through the following measures:

- Reviewing the monthly security reports and compiling comments on security incidents;
- Monitoring the Concessionaire's performance against targets, applying penalties when the targets are exceeded and evaluating proposed security enhancements;
- Evaluating the Concessionaire's adherence to operational processes and procedures;
- Facilitating the assessment of GTIA applications; and
- Carrying out physical inspections and/or audits.

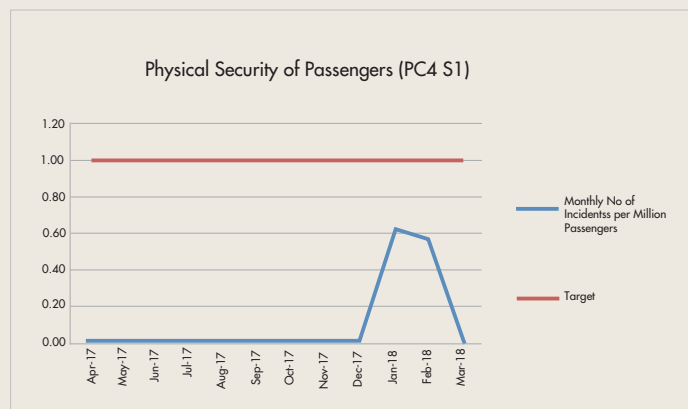


3.10.1. System security performance

The following performance was achieved by the Concessionaire in relation to the security performance targets:

- Physical security of passengers (PC4 S1)

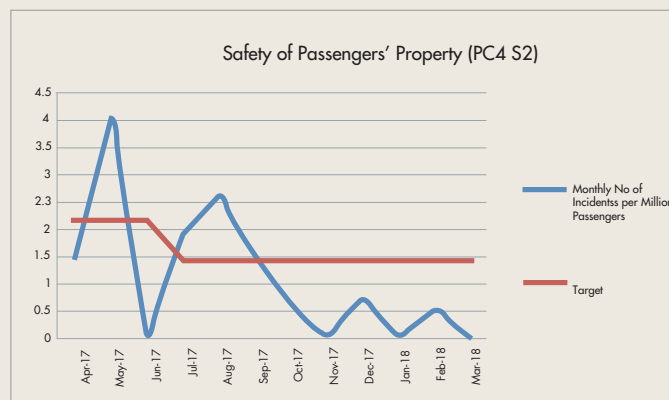
The performance target for the PC4 S1 is one, measured as the number of incidents per million passengers. There were only two PC4 S1 incidents reported during the financial year, one in January 2014 and one in February 2014. These incidents did not exceed the performance threshold for the month. The Concessionaire is implementing corrective measures to prevent re-occurrence. See Graph 31



Graph 31: Physical security of passengers

- Safety of passengers' property (PC4 S2)

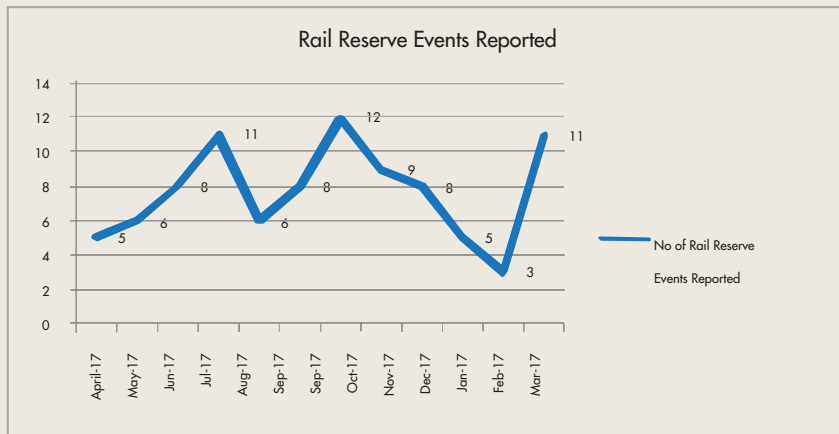
The performance target for the PC4 S2 is 1.44, measured as the number of incidents per million passengers. There were three months in the first half of the financial year where the performance targets were exceeded. The majority of the incidents were vehicle thefts inside the station precincts. The level of performance improved in the second half of the financial year after the implementation of preventative measures by the Concessionaire. The GMA and the Concessionaire are working together with other stakeholders to minimise security risks in the System. (see Graph 32)



Graph 32: Safety of passengers' property

- Rail Reserve Events (RRE)

As seen in Graph 33, the RRE showed an improvement from October 2013 to February 2014. However, there was an exponential increase in March 2014. The majority of these incidents were trespassing and vehicle accidents. The Concessionaire has a process for managing these events and planned security enhancements will assist in the mitigating of RRE.



Graph 33: Rail Reserve Events

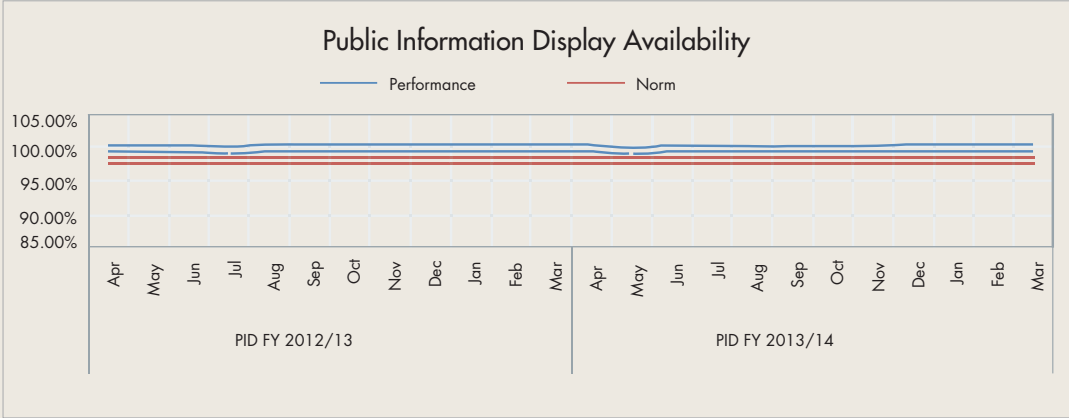
3.11. Passenger information and communication

Communication with passengers occurs in a number of ways. The timetable is the most important source of 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.

The Gautrain timetable is also available electronically on mobile phone applications and on the website as are the bus routes and timetables.



Passenger Information Displays (PIDs) on all Station platforms give valuable information on the arrival time of the next train and, during the reporting year, new PIDs were installed on all major Station concourses to communicate valuable information on train arrivals to passengers yet to pass through the fare gates. The PID availability was consistently in excess of the specified norm as shown Graph 34.



Graph 34: Public Information Display availability for 2013/2014

The fare increases were communicated well in advance of the date of implementation in June 2013.

Communication on incidents improved through the year of reporting as the Concessionaire and the Operator adapted to lessons learned from unsatisfactory customer management in earlier 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 quarterly reports. The surveys sought responses to monitor key metrics such as comfort, value for money and other categories as shown in Table 13.

	Jan - June 2013 n+1 140	July - Dec 2013 n=1 200	October 2013 n=200	Nov 2013 n=200	Dec 2013 n=200	January 2014 n=200	February 2014 n=200	March 2014 n=200
Bus punctuality	8.8	9.3	9.4	9.3	9.3	9.3	9.1	9.0
Gautrain punctuality	9.5	9.5	9.4	9.6	9.4	9.4	9.3	9.3
Safe/secure	9.5	9.6	9.5	9.7	9.5	9.5	9.4	9.4
Comfortable	9.3	9.4	9.4	9.6	9.4	9.5	9.1	9.2
Clean	9.4	9.4	9.4	9.6	9.4	9.5	9.3	9.3
Easy and Quick	9.4	9.5	9.5	9.6	9.5	9.5	9.4	9.4
Info provision	9.4	9.4	9.3	9.6	9.4	9.4	9.3	9.4
Service staff	9.2	9.2	9.1	9.1	9.3	9.3	9.1	9.2
Value for money	9	9.1	9.1	9.3	9.3	9.2	9.2	9.2
NPS	94	95	94	99	94	97	87	91

Measured against benchmark score
 ● score has decreased ● score maintained ● score has increased

Table 13: Key customer satisfaction metrics

3.12. 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 GMA's primary objectives. The GMA advocates the coordination 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 GTIA;
- Station integration – ensure effective facilitation of integration with other modes of transport at Gautrain Stations;
- Feeder and Distribution Services or Bus 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.

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. Duplication of public transport services has been circumvented. The GMA participates in committees spearheaded by the Gauteng Department of Roads and Transport and in coordination meetings organised with the three metropolitan municipalities where integration initiatives are planned and implemented.

The interface of the Gautrain System with the Passenger Rail Agency of South Africa (PRASA) at four stations enhances passenger movements and facilitates seamless transfer to various modes of public transport. 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.

3.12.1. Integration management performance

The GMA, in accordance with the APP, contributed to the committee meetings, coordination meetings and other public transport engagements during the financial year. The integration committees include the Provincial Rail Steering Committee and the Public Transport Integration Committee. Coordination meetings are held quarterly with the City of Johannesburg, City of Tshwane, Ekurhuleni Metropolitan municipalities, PRASA and the Airports Company of South Africa (ACSA).

The integration initiatives focused 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 a mode of public transport, including buses, taxis and shuttles.

The Gautrain's Park Station provides a convenient passenger transfer node between the Gautrain, PRASA, Rea Vaya and Metrobus. 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.

The Gautrain's Pretoria Station will also provide a convenient passenger transfer node between the Gautrain, PRASA, and A RE YENG (Tshwane Bus Rapid Transit) when it becomes operational in 2014.

Planning is progressing well with the Ekurhuleni Metropolitan Municipality Bus Rapid Transit (BRT) routes and the future integration with Rhodesfield Station.

b) Network integration

Network integration has been achieved through the physical interface of the Gautrain with its DFDS or bus service, PRASA, BRT stations, municipal buses and taxis at Park Station. The City of Tshwane is at an advanced stage with the implementation of the first phase of A RE YENG. The A RE YENG station opposite Hatfield Station has been completed. The proposed A RE YENG 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 A RE YENG project.

The Gautrain bus routes were adjusted to improve the integration with other public transport services and enhance the feeder and distribution services. Two additional routes over weekends to the zoos in Johannesburg and Tshwane have been introduced.

The City of Johannesburg is in the process of expanding its BRT service and integration with the Gautrain System will be considered during 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. Plans to extend the shuttle service to the Woodmead area was approved 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 experience parking capacity constraints and at the stations where the Gautrain System interfaces with PRASA there is an opportunity for joint park-and-ride planning and development. The GMA has completed a feasibility study for additional parking sites around the Gautrain stations and along the bus routes. It is also looking at ways to implement some park-and-ride sites and to encourage the use of public transport.

d) Integrated information and communication

The integration of public transport information and communication is essential and the GMA is working with the various metropolitan authorities to integrate the transport information communicated to commuters. The project with the City of Johannesburg that was launched in the previous year was well received by the public.

e) Integrated land and transport planning

Applications to develop areas around Gautrain stations and along the Gautrain route as well as other public transport routes have been received by the GMA. 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 GTIA.

f) Integrated ticketing

The process of finalising the upgrade and enhancement of the AFC system continues. The main purpose is to comply with the national requirements of interoperable fare systems that enable passengers to move seamlessly between different public transport providers. Functionalities such as web and/or near field communication enablement have been added. The overall objective is to improve the service experience, improve access to the System and to support passenger growth.

The focus for the year was on reaching agreement with the Concessionaire on how and which enhancements would be procured, as well as the project structure. The procurement plan for an interoperable system makes provision for at least two phases:

- A pilot (rail only) between OR Tambo International Airport (ORTIA) and Sandton Stations targeting airport passengers; and
- To extend the interoperable ability to the total Gautrain System. Buses and parking will be included.

A variation notice was issued to the Concessionaire to procure the upgrades on an open tender basis. An interim project structure was developed but will only be finalised in the new financial year after a risk analysis. The AFC upgrade is complex given, amongst others, that it records the main System income streams for the GMA within a concession arrangement. It also provides critical planning and performance-related information.



3.13. Socio-Economic Development performance of Concessionaire against obligations: 2013/2014

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 detail 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.

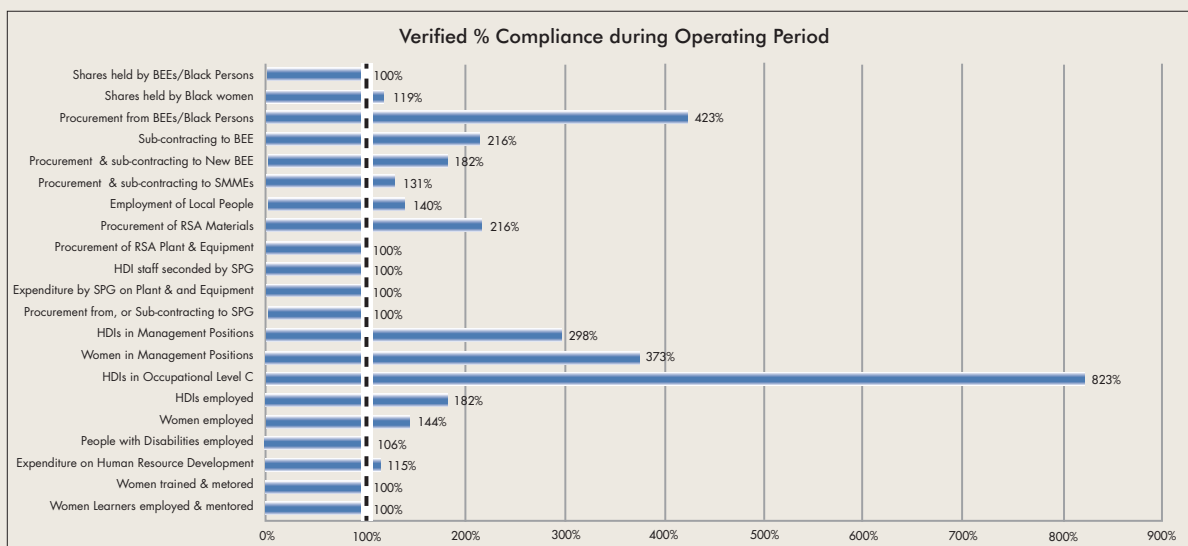
The ISEM has completed its verification of the achievements claimed by the Concessionaire up to end of March 2014.



3.13.1. Achievements of the Concessionaire to date

The ISEM has completed its verification of the SED achievements claimed by the Concessionaire from Month 70 (July 2012) to Month 90 (March 2014). The verified SED performance of the Concessionaire as contained in the Monthly ISEM Reports up to the end of March 2014 is summarised in the Graph 35 below.

This verified performance is summarised in the graph below.



Graph 35: Verified compliance during Operating Phase

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. However, it seems that the Concessionaire has fulfilled its commitments and has no further obligations / commitments during the Operating Period in the following elements:

- Procurement of RSA plant and Equipment;
- HDI staff seconded by SPG;
- Expenditure by SPG on Plant and Equipment;
- Procurement from, or Sub-contracting to SPG;
- Women trained and mentored; and
- Women Learners employed and mentored.

The commitment of the Concessionaire is not only limited to the total quantum, but also to monthly quantum. The SED performance of the Concessionaire during the Operating Period up to the end of March 2014, can be summarised as follows:

- An amount of R649.6 million was spent on procurement from, and sub-contracting to BEs, compared to an obligation of R277 million. A total of 58 BEs have benefited from the project during the Operating Period to date.
- An amount of R458.7 million was spent on procurement from, and sub-contracting to New BEs, compared to an

- obligation of R254.5 million. 15 New BEs have benefited from the project during the Operating Period to date.
- An amount of R68.5 million was spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of R53.5 million. 38 SMMEs have benefited from the project during the Operating Period to date.
- South African materials, plant and equipment were produced, to a total value of R221.5 million, compared to an obligation of R104.6 million.
- 3,200 local direct jobs were created or sustained, and an estimated total of 11,200 direct, indirect and induced jobs during the Operating Period up the end of March 2014.
- Bombela and its sub-contractors created, amongst other:
 - 3,200 jobs were created for local people, i.e. South African citizens, compared to an obligation of 2,300.
 - 2,970 jobs were created for HDIs, compared to an obligation of 1,630.
 - 860 jobs were created for women, compared to an obligation of 590.
 - 40 jobs were created for people with disabilities, compared to an obligation of 34.
- From the local employment figure of 3,200 jobs:
 - jobs created for HDIs: 92.8%,
 - jobs created for HDIs in Occupational Level C: 20.7%,
 - jobs created for HDIs in Management Positions: 4.1%,
 - jobs created for Youth: 59%,
 - jobs created for Women: 26.9%,
 - jobs created for Women in Management Positions: 2.2%, and
 - jobs created for People with Disabilities: 1.3%.

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.

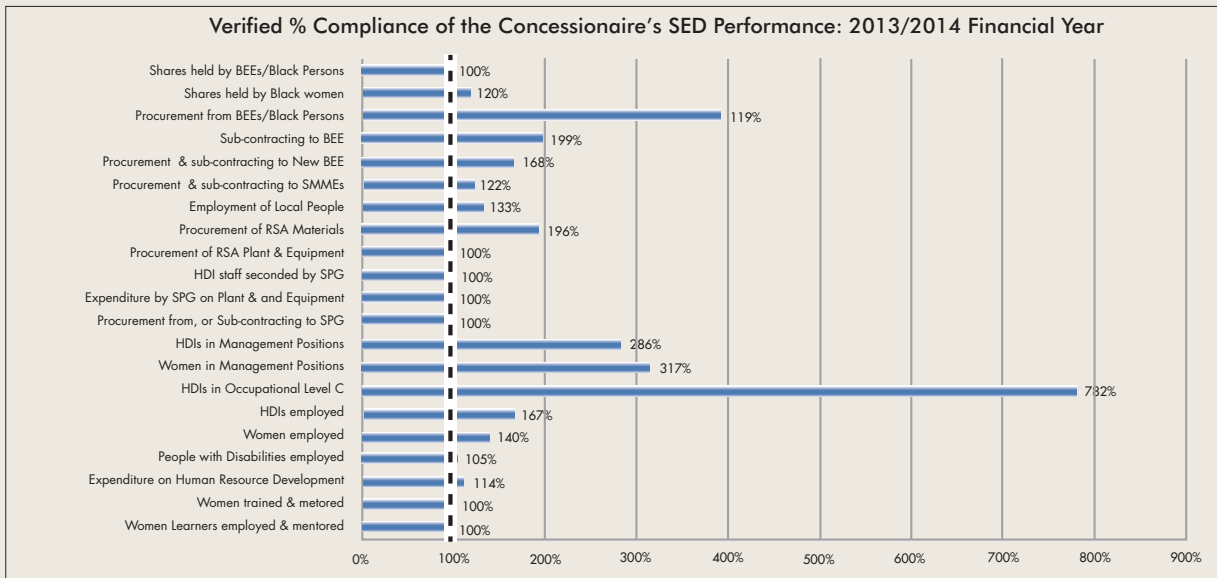
A vast number of claims by the Concessionaire have been verified by the ISEM. The analyses of the monthly SED performance i.e. obligations, claimed achievements and verified achievements, entail the capturing an enormous amount of data, which includes, amongst other, more than 1,500 data items.

3.13.2. SED performance of Concessionaire against obligations: 2013/2014

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 about 5 weeks after receiving the monthly SED report of the Concessionaire. The SED achievements for the period April 2013 to March 2014 are based on the verification of the ISEM.

Various meetings were held in the period April 2013 to March 2014, which include, amongst other, 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 Rapid Rail Link project continued to make a significant impact on socio economic development. The verified SED performance of the Concessionaire for the financial year 2013/2014 is summarised in Graph 36 below.



Graph 36: Verified compliance of the Concessionaire's SED performance

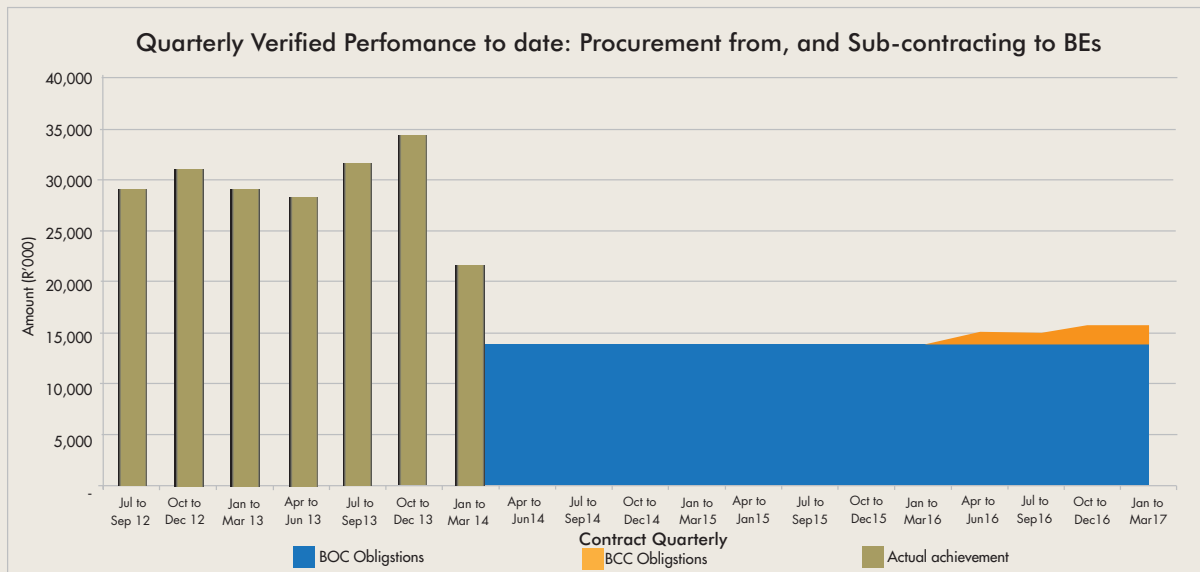
It is evident that the Concessionaire has continued to exceed its obligations for the financial year. However, it seems that the Concessionaire has fulfilled its commitments and has no further obligations / commitments during the Operating Period in the following elements:

- Procurement of RSA plant and Equipment;
- HDI staff seconded by SPG;
- Expenditure by SPG on Plant and Equipment;
- Procurement from, or Sub-contracting to SPG;
- Women trained and mentored; and
- Women Learners employed and mentored.

The SED performance in the twelve-month period from April 2013 to March 2014 can be summarised as follows:

- Black persons are holding 25% shares in the Concession Company and the Operating Company. Black Women are holding 4.48% in the Concession Company and 4.49% in the Operating Company.
- R382.5 million has been spent on procurement from, and sub-contracting to BEs, compared to an obligation of R161.6 million.
- R263.9 million has been spent on procurement from, and sub-contracting to New BEs, compared to an obligation of R148.2 million.
- R38.6 million has been spent on procurement from, and sub-contracting to SMMEs, compared to an obligation of R31.3 million.

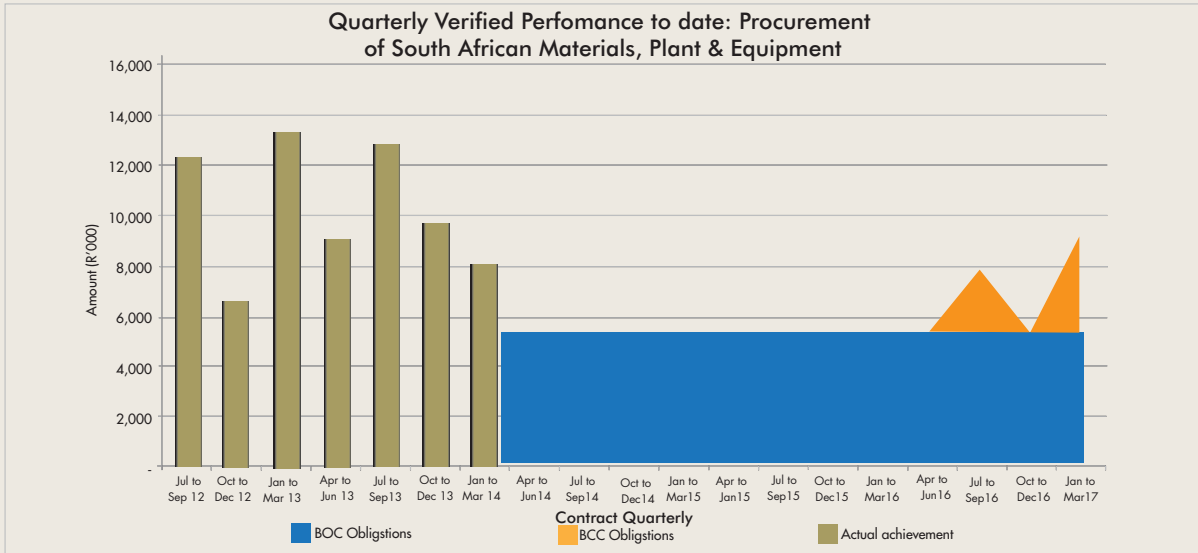
The SED performance to date with regards to the procurement and sub-contracting from BEs is shown in the following graph. Although it is evident from Graph 37 below that the activities of the Concessionaire have stabilised during the commencement of the Operating Period, the Concessionaire is still significantly exceeding its obligations.



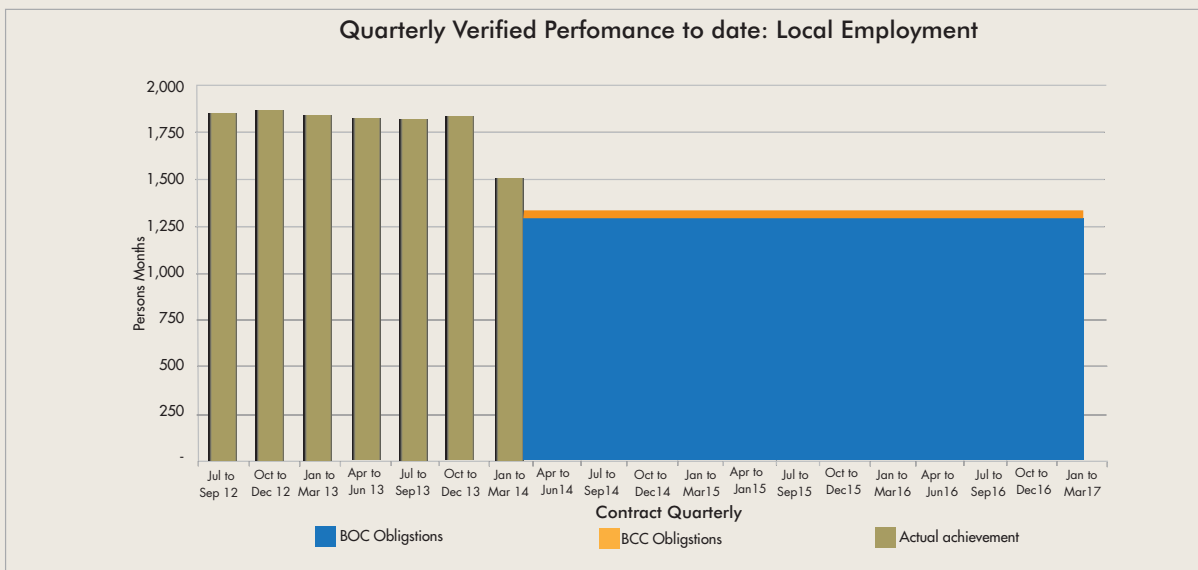
Graph 37: Quarterly verified performance to date: procurement from, and sub-contracting to BEs

Gautrain’s SED strategy ensures the Concessionaire’s commitment to optimally utilise local resources 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 that the Concessionaire has significantly exceeded its obligations. In summary, the Concessionaire has up to the end of March 2014:

- procured South African materials, plant and equipment to the value of R124.4 million, compared to an obligation of R60.9 million, see Graph 38 and
- As per Graph 39, the Concessionaire and its sub-contractors have created 1,800 jobs for local people, compared to an obligation of 1,300.
 - 1,690 jobs created for Historically Disadvantaged Individuals (HDIs), compared to an obligation of 940.
 - 500 jobs created for women, compared to an obligation of 340.
 - 20 jobs created for people with disabilities, equals the obligation of 20.



Graph 38: Quarterly verified performance to date: procurement of South African materials, plant and equipment



Graph 39: Quarterly verified performance to date: local employment

The Concessionaire has also significantly exceeded its obligations with regards to training. An amount of R3.8 million was verified on Human Resource Development, compare to the obligation of R3.2 million.

The Concessionaire has made significant efforts to ensure that its SED obligations are met during the Operating Period. They have on average significantly exceeded their SED obligations. It is evident that to date and also in this financial year, the Gautrain Project has made a significant impact on Socio-Economic development in Gauteng, and for that matter, in South Africa.

3.14. Planning for future capacity and extensions/expansions

The following are the main achievements regarding possible capacity enhancements, extensions/expansions to the Gautrain System:

- A nodal study and pre-feasibility study were completed and included in the 25-Year Gauteng Integrated Transport Master Plan (ITMP 25). These documents will serve as a guideline for a feasibility study for future extensions;
- The Gautrain System Capacity Assessment Report was updated in March 2014 and summarises the key aspects for asset expansions up to 2026;
- Positioning of a possible new station at Samrand and Modderfontein (covering expansions to the system);
- The GMA has issued various Project Variation Notices (PVNs) to Bombela to commence with system expansions based on the availability of Capital Expenditure;
- An investigation regarding park-and-ride possibilities to support the Gautrain was completed and portions of plan are in the process of implementation;
- Capacity enhancements are dealt with on an on-going basis. Various PVNs were issued to increase existing train capacity; and
- The GMA is engaged in a process to develop a business case, technical specification and financial model for the procurement of additional rail cars.

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 DFDS or bus routes and consideration of new routes;
- Supporting the introduction of corporate shuttles, especially where bus routes would not be effective; and
- Integration with other public transport.

Primary System capacity is divided into rail service capacity, bus service capacity and park-and-ride capacity. Secondary capacity is divided into station capacity and rail network capacity.

3.14.2. Rail service capacity

The capacity enhancements are driven by short- and medium-term planning through the five-year rolling SCUMP plan as well as long-term planning by means of strategic expansion plans.

Rail service capacity enhancements under consideration include:

- Reconfiguration of train seating to improve utilisation of available seating and standing space on the GPS train service;
- The extension of the ORTIA platforms where construction is due to commence in the next financial year;

- The procurement of additional rail cars;
- The expansion of the train depot to accommodate the staging of additional rail cars;
- The introduction of a train service between Centurion and Sandton stations; and
- Earlier and later train service on business days between Sandton and ORTIA stations.

3.14.3. Bus capacity

The capacity enhancements under consideration for the DFDS include:

- Procurement of additional buses; and
- Identification of new bus routes for implementation when additional buses are available.

3.14.4. Park-and-ride capacity

A new form of park-and-ride is under investigation. This is a system in which commuters can park off-site from the rail stations and be ferried to the station by some form of shuttle service. The advantages for the commuter are lower costs and increased availability of parking. The system aims to use under-utilised parking at commercial sites such as shopping malls near Gautrain stations and on an existing bus route.

For existing park-and-ride facilities at Gautrain stations the following initiatives were undertaken:

- Land was obtained for additional parking at Centurion and Rhodesfield stations;
- The design and construct tenders for additional parking at Rhodesfield and Midrand stations were prepared and work is to start in the second half of 2014;
- Design and construct tenders for improvements to Hatfield Station parking were prepared and work is due to start in the first second of 2014;
- Detailed designs and tender documents are in process of preparations to increase parking at Rosebank station parking; and
- Investigations are in process to obtain land for parking at or nearby other Gautrain stations.



3.14.5. Rail network capacity

A process has been started, as part of the Gautrain System Capacity Assessment, of analysing the rail network capacity based on existing and projected demand.

3.14.6. Station capacity

Station capacity based on existing and projected demand is being analysed as part of the Gautrain System Capacity Assessment. This includes lifts, stairways, escalators and fare gates. Additional land for the future Samrand Station was procured and discussions are taking place regarding the construction of a future station at Modderfontein.

3.14.7. Gautrain extensions

The GTIA25 was approved. A Request for Proposals for a feasibility study for future extensions to the Gautrain System was finalised.

3.15. Health, safety, environment and quality

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 order to effectively perform its assurance role, the GMA maintains on-going relationships with the Concessionaire, reviews and comments on plans and reports submitted, attends Gautrain Project meetings and conducts regular System inspections.

In addition, in accordance with the external audit requirement of the Gauteng Department of Agriculture and Rural Development (GDARD) an Annual Environmental Compliance audit is conducted by independent environmental auditors to highlight areas of concern, achievement and/or non-compliance and assists the GMA in its strategic planning of environmental assurance interventions.

The GMA Technical Department's Quality Management System (QMS) is kept up to date with developments.

Whilst the Gautrain is now fully operational, the closing out of certain high-level environmental snags and retention items are actively monitored.

The Safety, Health and Environmental (SHE) Management System for the GMA is managed 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.

3.15.1. GMA health, safety, environmental and quality performance

3.15.1.1. Health, safety and quality

The Annual Performance Plan contained an objective to compile a plan that dealt with the monitoring and review of procedures within the Technical Department. A number of gaps were identified in the current QMS and, as a result, four extra procedures relating to the performance of the Concessionaire and Security were compiled, approved and implemented. The overall plan was accepted and approved by the Board.

In terms of the provisions of Section 16(2) of the OHSA, the CEO (the employer) may assign senior employees to assist in ensuring compliance with the provisions of the Act. Therefore, all Senior Executive Managers have been, or are in the process of being, legally appointed in this regard.

With the GMA's move to new office premises in April 2013 there was a need to re-elect Health and Safety Representatives. Through a formal process two representatives were appointed, sent for Safety, Health and Environment (SHE) Representative training and appointed to the Health and Safety Committee.

In June 2013 the Concessionaire produced its first monthly Integrated Safety, Health, Environment and Quality (SHEQ) report, which greatly assisted the GMA in its assurance function and through the formal review process many suggestions and/or questions have been posed by the GMA to assist the Concessionaire in improving the quality of the information provided in subsequent reports.

3.15.1.2. Environmental

The GMA needs to be assured that the Concessionaire is complying with its obligations in terms of the CA. The GMA's assurance interventions included:

- During the Development Phase, Project Environmental Committee (PEC) meetings were held monthly. Due to the legislative requirements relating to environmental matters, the GMA reconvened the monthly PEC meetings and this led to:
 - Guidance provided to the Concessionaire to improve the monthly Environmental Dashboard Report to ensure that from a sustainability perspective all environmental matters, including resource usage, waste management and recycling, are recorded and reported;
 - The Concessionaire is currently revising the Operations and Maintenance Environmental Management Plan (O&M EMP);
 - Commencement of environmentally-focused awareness sessions by the Operator for its staff; and
 - During the Development Phase, Environmental Management Committee (EMC) meetings of representatives of various government departments, authorities and municipalities were held. These meetings were disbanded when the Gautrain became operational. The GMA has, through agreement at the PEC meetings, initiated a presentation with the former members of the EMC. This purpose of the presentation was to provide an overview of the Gautrain environmental matters, their status and to share plans for future interventions through the Operating Phase.

- A proactive approach to its assurance functions through on-site inspections of health, safety and environmental aspects. These inspections, along with the reviews of the SHEQ Integrated Report, the Environmental Dashboard Report and involvement in the PEC meetings, have allowed the GMA to take a more structured approach to its environmental assurance function.
- When the Concessionaire has completed its review of the O&M EMP, the GMA will review the revised draft and submit it to the GDARD for approval. As the Gautrain is now fully operational, the O&M EMP's operational compliance to the Water Use Licence and the relevant conditions of the Records of Decision must be ensured.
- The appointment of the Independent Environmental Consultant (IEC) in accordance with the current O&M EMP was made jointly by the Concessionaire and GMA by way of a Memorandum of Understanding.
- The O&M EMP specifies various reports and monitoring to be undertaken during the Operations and Maintenance Phase for review prior to being forwarded to the GDARD. The following environmental monitoring reports were reviewed by the GMA during the reporting year:
 - Ground Bourne Noise and Vibration Monitoring;
 - Airborne Noise Monitoring, which resulted in the Freedom Park area being reclassified from a rural to an urban area;
 - Train Noise Measurement Reports and the Independent Acoustic Expert's Certificates;
 - Vegetation and Pests Survey;
 - Vegetation Assessment; and
 - Bi-Annual Water Monitoring Programme.
- The Concessionaire's Application for an Integrated Water Use Licence (IWUL), is still under consideration by the Department of Water Affairs (DWA). The new licence is expected to be issued during the early part of the 2014/2015 reporting period.
- The GMA has expressed its concern at PEC meetings that the Annual Environmental Status Report is long overdue. The Record of Decision (RoD) requires that this report be submitted to the GDARD at the end of September of each year.
- The RoD for the Gautrain specifies that an external environmental compliance audit must be conducted on an annual basis with a follow-up audit three months after the initial audit to assess the closure of non-conformances.
- The GMA reviewed and commented on four external Environmental Impact Assessment (EIA) processes in the past year in order to protect the interests of the Gautrain in terms of any new developments next to or in the vicinity of the Gautrain Rail Reserve.
- The Gautrain parking facilities are either at full capacity or are projected to be so in the very near future. Environmental screening studies have been conducted for the Pretoria, Centurion, Midrand and Rhodesfield Stations.
- Significant progress has been made in addressing the Province's environmental issues/concerns as part of the Snag List Works programme. This has been due to a concerted effort by all parties to close out outstanding items.
- The status of the reported environmental snags and defect items at the end of March 2014 is shown below in table 14:



Table 14: Environmental snags and defect items at the end of March 2014

Phase	Type	Open Items at end 2012/2013	Items closed during 2013/2014	Open Items at end 2013/2014
EP 1	Snags	6	5	1
OCD 1	Defects	7	2	5
OCD 2	Snags	3	2	1
TOTAL		16	9	7

- The Environmental Legal Compliance Audit Report initiated by the former Independent Environmental Control Person (IECP) was concluded for the Development Period. The GMA has categorised and rated the findings in terms of risk to the Gautrain and is working to a focused plan of action to obtain assurance from the Concessionaire of its actual compliance and/or non-compliance.

3.15.2. Concessionaire health, safety, environmental and quality performance

Throughout the reporting period, the Concessionaire has recognised the need to improve its overall management of SHEQ issues and the recent Annual Environmental Audit has also highlighted this. The appointment of a SHEQ Manager at the Operator in the early part of the year and a SHEQ Manager at the Concessionaire towards the end of the reporting year was welcomed by the GMA.

During April 2014, the Bombela Maintenance Company (BMC) achieved ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Safety) certification in accordance with International standards. The Operator achieved certification to ISO 9001 and ISO 14001 in July/August of 2014. The Gautrain RoD required that the Concessionaire achieved ISO 14001 certification by 7 June 2013. Due to resource constraints this deadline was not met. However, the GMA understands that the Concessionaire notified the GDARD that it would not meet its deadline.

The introduction of the monthly Integrated SHEQ Report, the improvements to the Environmental Dashboard Report and continued attendance by the Concessionaire of the monthly PEC meetings has enabled good working relationships, communication and assisted the GMA in its assurance function.

Safety statistics are now provided to the GMA on a monthly basis. The 12-month rolling Lost Time Injury Frequency Rate (LTIFR) for the Operator at the end of March 2014 is at 1.98, which equates to a 0.32 decrease on the previous year's figure and for BMC 0.84.

As certain snags and retention items remain from the Development Phase, the Civils Joint Venture (CJV) is continuing with some construction-related works and therefore still has employees working on this. The CJV reported no LTIs throughout the period and therefore the 12-month rolling LTIFR is currently at zero, as opposed to the previous year's rate of 0.88.

The BOC has recently appointed a company to provide a legal register, in which all applicable legislation will be provided and any updates and/or amendments communicated on a monthly basis.

Table 15 below describes the major non-conformances that have not been closed-out by the Concessionaire since 2010.

Table 15: Major non-conformances that have not yet been closed-out by the Concessionaire

Year recorded	Description of non-conformance
2010	Seepage of diesel or oil is currently taking place on the side walls of the attenuation dam on the north-western side of the Depot.
2011	Environmental emergencies response plan has not been signed off or tested. The operational procedure related to off-loading of diesel was not available during the audit. Rehabilitation of the rail reserve at Modderfontein requires further attention. Planted grass species and trees are dying off. Contaminated soil was used during the construction and filling of the rail reserve.
2013	BOC management of non-conformance. Environmental responsibilities (BOC and BMC/MEX Interface Management) not clearly defined. Compliance with environmental legal requirements. Training on the BOC Environmental Management System for operators and maintenance personnel. Environmental emergency management. Annual Environmental Report not submitted to GDARD. Environmental Monitoring Reporting parameters not formalised in the EMS. Reporting to DWA in terms of the IWUL. Rehabilitation and erosion-control practices.

3.16. Disputes and claims

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

All disputes relating to the 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. Developmental Phase disputes and Operating Phase disputes.

The Development Period disputes are dealt with in the sections related to the Development Period.

With regard to Operating Phase matters, the following items have been prioritised with engagements with the concessionaire:

- Patronage Revenue Reports;
- DFDS deductions – for amicable settlement currently being discussed with BCC;
- Communication and marketing deductions – settled;
- Responsibility for security of the rail reserve;
- Advertising rights on the Gautrain System – Discussion ongoing; and
- GTIA

With regard to the GMA declared dispute with the IC, as a result of the IC's irregular certification of OCD 2, the Water Ingress ruling in favour of the Province has paved the way for a dispute to be pursued against the IC.

3.17. Variations

As a Provincial public entity as defined in section one of the Public Finance Management Act, the GMA is exclusively mandated to amongst others, manage, coordinate and oversee the Gautrain Rapid Rail System.

This responsibility includes variations to the Concession Specification during the Operating Phase as prescribed in the CA.

During the period under review, the GMA issued the Concessionaire with a number of Province's Variation Notices. These include the increase of parking bays for commuters at Centurion, Rhodesfield and Midrand stations, as well as the improvement of traffic flows at Hatfield Station. The Concessionaire was also requested to commence with the process to extend the platforms at ORTIA Station to accommodate four rail coaches in a train set instead of the existing two rail coaches.

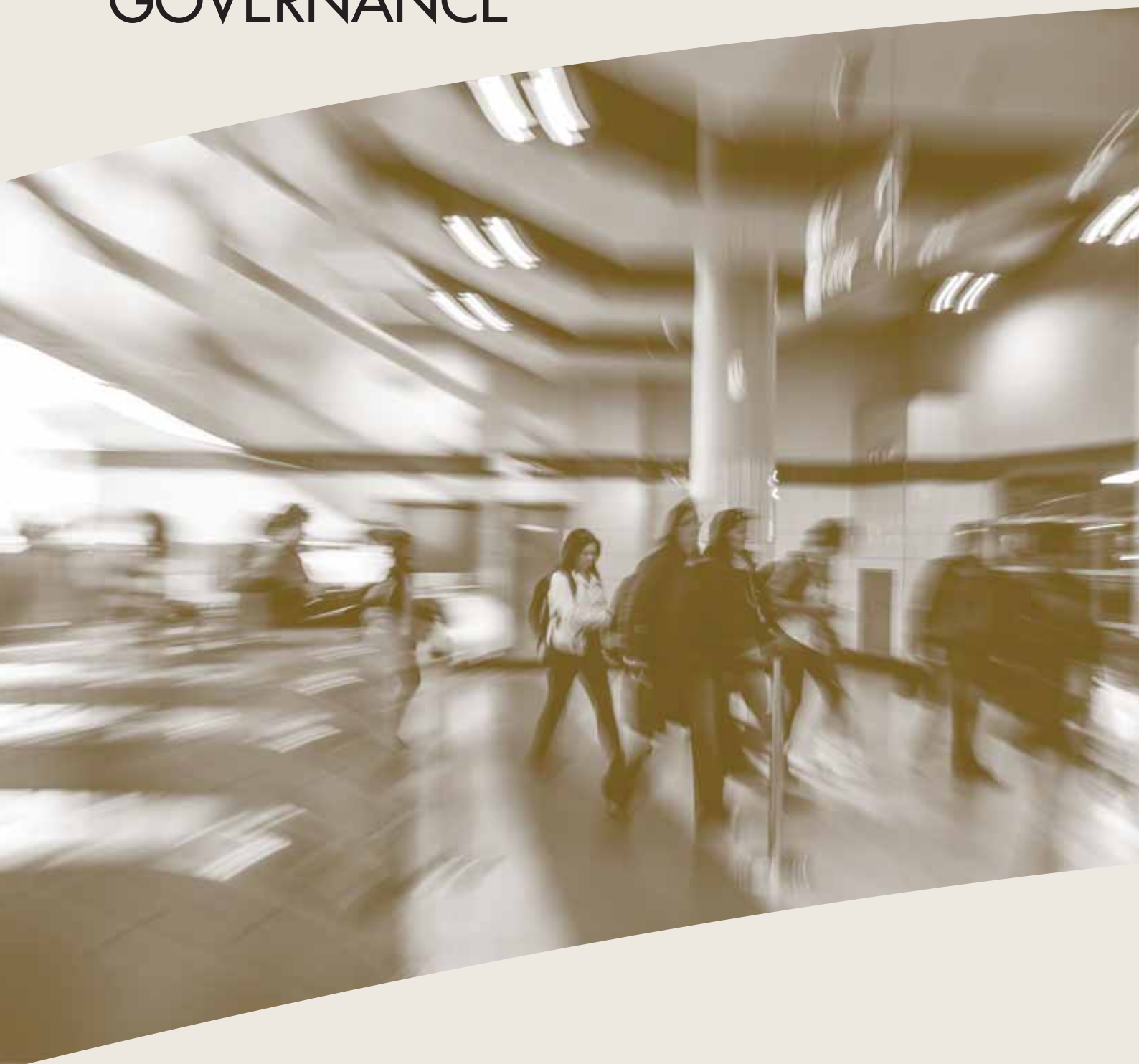
Unlike the Development Phase where the Turnkey Contractor was responsible for procuring works of a capital nature, an open market tender process has to be followed during the Operating Phase. The Parties developed a three-stage process for the planning, tender and execution phases of Variations to mitigate each party's risk and to reduce the time until implementation.

A number of Variations impacting on the capacity of the System were started and partly implemented, e.g. the early introduction of eight-car trains to cope with demand during peak periods and the re-arrangement of seating in the rail coaches.

Variations for additional marketing services and the free passage offered riders to attend the Nelson Mandela memorial service were also implemented.

All financial and non-financial elements to be agreed between the Parties have to be detailed in a Variation Memorandum and each Variation has to be confirmed or consented to by the GMA. This requirement as set out in clause 63 of the CA remains for the remainder for the Operating Phase.

PART D: GOVERNANCE





1. CORPORATE GOVERNANCE

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

The GMA was 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.

1.1. Portfolio committees and terms of reference

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 budget to the following portfolio committees of the Gauteng Provincial Legislature:

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

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

1.2. Executive authority

The Gauteng MEC for Roads and Transport is the Executive Authority of the GMA and the GMA 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 set 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 he or she is of such a view that such action is necessary to ensure the strategic or economic interest of the Province or Government in relation to the Gautrain Project. The MEC undertakes to provide the resources required to enable the GMA to meet any such directives.

The MEC's interaction with the Board is strengthened through the MEC's meetings with the Chairperson of the Board and the CEO and with the Board as a whole. Table 16 notes these meetings during the period under review.

Table 16: MEC's interaction with the Board

Date of meeting and/or event	Key issues discussed
25 July 2013	<ul style="list-style-type: none"> a) Secondment of Technical Staff to the Department of Roads and Transport; b) The development of the Aerotropolis; c) Possible devolution of functions related to Passenger Rail Services to Gauteng Provincial Government; d) Evaluation of the Board for the 2012/2013 financial year; and e) GMA Lekgotla and Risk Management Workshop from 28 to 30 August 2013.
28 August 2013 (GMA Lekgotla and the Risk Management Workshop)	<p>MEC's keynote address focused on the following:</p> <ul style="list-style-type: none"> a) Gautrain System Expansion and Extensions; b) National Government's concern about the capacity to deliver mega projects; c) Relationship between the Gauteng Department of Roads and Transport and the GMA; d) Gauteng's 25-Year Integrated Master Plan; e) Focus on Supply Chain Management; and f) Five-year Gauteng Transport Implementation Plan (GTIP5).
04 February 2014 (MEC meeting with the Chairperson of the Board and the CEO)	<ul style="list-style-type: none"> a) Filling of vacant positions on the Board; and b) Feedback on matters arising from the interaction with the Board in August 2013.
13 March 2014 (MEC meeting with the Chairperson of the Board, Chairperson of the HR and Remuneration Committee and the CEO)	<ul style="list-style-type: none"> a) Renewal of the CEO's Contract of Employment - feedback from the Board meeting held on 19 February 2014; b) Attendance by GMA Board Members of an international conference in Dubai from 27 to 30 April 2014; c) Official opening of Boipatong Memorial and Youth Centre Project; and d) Joint workshop between the GMA and the Gauteng Department of Roads and Transport.

In accordance with the GMA Act, the GMA must submit quarterly reports to the MEC not later than 30 days after the end of the quarter. These reports provide an overview and record of all major strategic activities, actual and expected revenue and expenditure as well as the performance of the GMA.

The table below lists the reports and/or documents submitted to the MEC during the period under review. His inputs were incorporated in all final versions.

Table 17: Reports and documents submitted to the MEC

Reports and/or Documents submitted to the MEC	Date of submission
Annual Report for the 2012/13 Financial Year	Approved by the Board on 30 July 2013 and submitted to the MEC on 30 August 2013
First Quarterly Performance and Performance Information Report for the 2013/14 Financial Year	Submitted to the MEC on 25 July 2013
Second Quarterly Performance and Performance Information Report for the 2013/14 Financial Year	Submitted to the MEC 30 October 2013
Strategic Plan and MTEF Budget Allocations for the 2014/15 to 2016/17	Approved by the Board on 26 September 2013 and submitted to the MEC on 30 September 2013
Annual Performance Information Plan for the 2014/15 Financial Year	Approved by the Board on 26 September 2013 and submitted to the MEC on 30 September 2013
Service Level Agreement between the MEC and the GMA for the 2014/15 Financial Year	Approved by the Board on 26 September 2013 and submitted to the MEC on 30 September 2013
Board Charter for the 2014/15 Financial Year	Approved by the Board on 26 September 2013 and submitted to the MEC on 30 September 2013
Third Quarterly Performance and Performance Information Report for the 2013/14 Financial Year	Submitted to the MEC on 03 February 2014
Fourth Quarterly Performance and Performance Information Report for the 2013/14 Financial Year	Submitted to the MEC on 30 April 2014

1.3. Accounting authority

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.

1.4. Board

The Board consists of independent Non-Executive Members appointed by the Gauteng MEC for Roads and Transport. These Members are independent because they are not involved in the daily running of the GMA, are not professional advisers to the GMA, and are not material suppliers of the GMA. The Chief Executive Officer (CEO) is a Member of the Board by virtue of his office and is appointed by the MEC for Roads and Transport after consultation with the Board. In line with best practice, the roles of the Chairperson of the Board and the CEO 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 not more than two terms. Three Board Members including the CEO are serving their second term and three members are serving their first term.

Details of the Board Members' qualifications, directorships, areas of expertise and professional memberships are presented in Part A of this report.

In terms of the GMA Act, the Board is 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:

- 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 Board meetings. All Senior Executive Managers, including the Chief Financial Officer, have a standing invitation to all Board meetings.

1.5. 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 best practices.

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

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

- Establish Board Committees and approve their terms of reference;
- Ensure that the GMA governs risks adequately through risk management systems and processes;
- Responsible for the Information and Communications Technology (ICT) governance; and
- Ensure the integrity of the annual report and approve it.

A summary of the main approvals made by the Board during the period under review is as follows:

- Annual Report for the 2012/13 financial year;
- Strategic Plan for 2014/15 to 2016/17;
- MTEF Budget allocations for 2014/15 to 2015/16;
- Materiality and Significance Framework for the 2014/15 financial year;
- Annual Performance Plan for the 2014/15 financial year;
- Service Level Agreement between the MEC and the GMA for the 2014/15 financial year;
- Board Charter for the 2014/15 financial year;
- Delegation of Authority Framework for the 2014/15 financial year;
- Quarterly reports; and
- Policies and key documents.

1.6. Board meetings

The Board Plan determines what activities the Board is expected to undertake during the year. The Plan is prepared annually and updated regularly to facilitate purposeful and effective meetings. It ensures that all key matters are scheduled for attention over the course of the year. Teleconference facilities are made available during Board meetings to enable Members who are unable to physically attend to participate in the discussions. During the period under review, five scheduled meetings and five special meetings of the Board were held as well as the three-day GMA Lekgotla and Risk Management Workshop. The MEC attended part of the Lekgotla. A meeting attendance schedule is shown in table 18 below:

Table 18: Board meetings

Names of Board Members	Number of meetings attended plus the GMA Board Lekgotla
Mr Abel Mawela - Chairperson	11 out of 11
Ms Doris Dondur - Deputy Chairperson	9 out of 11
Mr Donovan Nadison	8 out of 11
Mr Mogopodi Mokoena	11 out of 11
Mr Jack van der Merwe - CEO	11 out of 11
Ms Motseoa Lugemwa	9 out of 11
Prof Wellington Thwala	11 out of 11
Mr Mzolisi Nkumanda	11 out of 11
Names of Board Advisors	Number of meetings attended plus the GMA Board Lekgotla
Mr Tumi Moleke- Board Advisor	1 out of 11
Mr Jan-David de Villiers - Board Advisor	4 out of 11
Mr Kennedy Kaposi - Board Advisor	1 out of 11
Mr Sanele Zondo - Board Advisor	0 out of 11

1.7. Board evaluation

Boards need to monitor and improve their performance continuously. This can be achieved through evaluation, which provides a valuable feedback mechanism for improving Board effectiveness, maximising its strengths and highlighting areas for future development. Regular evaluations can also pinpoint weaknesses, improve communication and identify training needs.

During the year under review, a self-assessment questionnaire was used to assess the performance of the Board. Matters considered in the assessment include:

- Composition of the Board;
- Roles and responsibilities of the Board;
- Board meetings and procedure;
- Reporting responsibilities;
- Relationship with Board Committees;
- Interactions with Management;
- Training and development; and
- General observations.

The overall assessment of the Board and Board Committees was positive. The following areas for improvement were identified:

- Enhancing diversity of skills within GMA Board and its Committees;
- The involvement of the Board Advisors; and
- Exposure to public transport and rail workshops and conferences.

An action plan has been developed to address the above areas. The Board and the Board Committees will monitor the implementation of the action plan during the 2014/15 Financial Year.

1.8. Delegation of authority framework

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 in-depth focus on specific areas. These committees regularly report to the Board in terms of their agreed mandate. The Board also delegates authority to the CEO 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, certain matters are reserved for Board approval, for example, the strategic plan and budget, annual report and financial statement, terms of reference of Board committees, etc.

The Delegation of Authority Framework 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.

1.9. Board committees

Board committees have Terms of Reference that set out their roles and responsibilities, compositions, meeting requirements and authority. To ensure that the Terms of Reference of the Committees remain appropriate and comply with 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 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 and Asset Committee;
- HR and Remuneration Committee; and
- Social and Ethics Committee.

A formal process is used in the appointment of Board Committee Members and 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 committees.

The term of office of the Board committee members is in line with the term of office of the Board.

1.9.1. Audit and Risk Committee

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. During the period under review the committee adopted the Terms of Reference approved by the Board.

A summary of the responsibilities of the committee, its composition and the meeting schedule for the period under review are presented in Part F of this report, i.e. Annual Financial Statements.

1.9.1.1. Assessment of the Committee's performance

During the period under review, the Committee used the self-assessment questionnaire to assess its performance. Refer to 1.7.

1.9.2. Finance and Asset Committee

The Finance and Asset 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 approved by the Board.

1.9.2.1. Role and responsibilities of the Finance and Asset 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 set out in table 19 below.

Table 19: Responsibilities of the Finance and Asset Committee

Finance Policy	Reviewed the Revised Finance Policy.
Supply Chain Management	<ul style="list-style-type: none"> Reviewed the Revised Supply Chain Management Policy. Monitored progress with regard to the audit findings relating to procurement irregularities identified by the Auditor-General during the 2012/13 financial year.
Delegation of Authority Framework	Reviewed the delegation of authority framework.
GMA Budget	Considered and recommended the GMA Budget for approval by the Board.
Quarterly Financial Statements	Reviewed quarterly financial statements.
Annual Financial Statements	Reviewed, together with the Audit and Risk Committee the accounting policies, practices and the annual financial statements of the GMA for the year ended 31 March 2014;
Management of the finances of the Gautrain Project and the financial securities provided by the Concessionaire	Considered progress reports on the management of the finances of the Project and the financial securities provided by the Concessionaire.
Asset Management	<ul style="list-style-type: none"> Monitored the implementation of the project plan for the transfer of the Gautrain Rapid Rail Link System Assets from the Department of Roads and Transport to the GMA. Reviewed the Position Paper on the Transfer of the Gautrain Rapid Rail System to the GMA including componentisation of the Gautrain Rapid Rail System Assets. Reviewed the Asset Management Policy.
Concessionaire's Performance Monitoring System and Patronage Reports	Reviewed the Concessionaire's Performance and Monitoring System and Patronage Reports. These reports highlight the achievements and the challenges faced in the operation of the System.

1.9.2.2. Composition of the Finance and Asset Committee

As at 31 March 2014, the committee consisted of five Independent Non-Executive Members (four Board Members and one Committee Member) and the Chief Executive Officer. The committee is also supported by three Board Advisors. It is chaired by an Independent Non-Executive Member of the Board. The Chief Financial Officer and other Senior Executive Managers have a standing invitation to committee meetings.

1.9.2.3. Meetings

For the period under review, the committee held four scheduled meetings. A combined meeting was held with the Audit and Risk Committee to discuss the Annual Financial Statements for the year ended 31 March 2014 and this was followed by a combined workshop to discuss the position paper on the transfer of the Gautrain Rapid Rail System to the GMA. A meeting attendance schedule is set out in table 20 below.

Table 20: Finance and Asset Committee meetings

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

1.9.2.4. Assessment of the Committee's performance

During the period under review, a self-assessment questionnaire was used to assess the performance of the Committee. Refer to 1.7.

1.9.3. HR and Remuneration Committee

The HR and Remuneration Committee is constituted in terms of Section 19 (1) (b) of the GMA Act. During the period under review, the committee adopted the Terms of Reference approved by the Board.

1.9.3.1. Role and responsibilities of the HR and Remuneration Committee

The committee has conducted its affairs and discharged its duties and responsibilities in accordance with its Terms of Reference. The main activities discharged by the committee during the period under review are summarised in table 21 below.

Table 21: Responsibilities of the HR and Remuneration Committee

Human Resources Policies	The committee reviewed the Human Resources Policies and Procedures to ensure that they are aligned to the strategic intent of the GMA and also to ensure that best practices are applied in the development of the new policies.
HR Strategy and Plan	Considered and recommended the Revised HR Strategy for approval by Board. Monitored the HR Strategy Plan.
HR Quarterly Report	<ul style="list-style-type: none"> The committee reviewed the HR Quarterly Reports. Monitored progress with regard to the audit findings relating to HR matters identified by the Auditor-General during the 2012/13 financial year.
GMA Remuneration	<ul style="list-style-type: none"> Considered and recommended salary increases and performance bonuses for the 2012/13 financial year. Considered and recommended the Reward and Remuneration Philosophy to the Board for approval.
Employee Benefits	Considered and reviewed the implementation of the Group Retirement and the Medical Aid schemes.
Performance Management	Monitored the implementation of the integrated performance management system.

1.9.3.2. Composition of the committee

As at 31 March 2014, the committee consisted of four members, namely two Independent Non-Executive Board Members, one Independent Committee Member and the Chief Executive Officer. The CEO 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.



1.9.3.3. Meetings

During the year under review, the committee held four scheduled meetings and three special meetings. A meeting attendance schedule is set in table 22 below.

Table 22: HR and Remuneration Committee meetings

Name of Committee Members	Number of meetings attended
Mr Mogopodi Mokoena - Chairperson	7 out of 7
Ms Motseoa Lugemwa	7 out of 7
Ms Sebina Hlapolosa	7 out of 7
Mr Jack van der Merwe	7 out of 7

1.9.3.4. Assessment of the Committee's performance

During the period under review, a self-assessment questionnaire was used to assess the performance of the Committee. Refer to 1.7.

1.9.4. Social and Ethics Committee

The committee is constituted as a statutory committee of the GMA in respect of its statutory duties in terms of sections 72(4) and (5) of the Companies Act, 2008. The committee, which performs an oversight and monitoring role in partnership with other Board committees to ensure that the GMA conducts its business in an ethical manner, adopted the Terms of Reference approved by the Board.

1.9.4.1. Role and responsibilities of the Social and Ethics 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 set out in table 23 below.

Table 23: Responsibilities of the Social and Ethics Committee

Enhancing the composition of the committee	<ul style="list-style-type: none">The Chairpersons of other GMA Board Committees are Members of the Committee.All Senior Executive Managers have a standing invitation to all Committee meetings.
Code of Ethics	Code of Ethics reviewed.
Corporate Citizenship	The committee provided oversight to the two Social and Investment Projects, namely TRAC-SA and Boipatong Memorial and Youth Centre. The Committee visited the two projects during October 2012 and January 2013. The Chairperson of the Committee attended the Annual General meeting of TRAC-SA in March 2014.

Table 23: Responsibilities of the Social and Ethics Committee - continues

Training and development	Members of the committee and management attended the Social and Ethics Committee workshop presented by the Ethics Institute of South Africa on 30 April 2013.
Communication with stakeholders	Considered and recommended the integrated Communication and Marketing Strategy for approval to the Board.
Quarterly Reports presented to the Committee	Reviewed quarterly reports on communications activities, legal compliance, whistleblowing, HR, SHE Incidents, B-BEE Procurement Spend and gifts and hospitality register.

1.9.4.2. Composition of the Social and Ethics Committee

As at 31 March 2014, the committee consisted of five members, namely four Independent Non-Executive Board Members and the Chief Executive Officer. All Senior Executive Managers have a standing invitation to committee meetings.

1.9.4.3. Meetings

During the year under review, the committee held four scheduled meetings and a one-day workshop. A meeting attendance schedule is set out in table 24 below.

Table 24: Social and Ethics Committee meetings

Name of Committee Members	Number of meetings attended
Mr Donovan Nadison - Chairperson	5 out of 5
Ms Doris Dondur	5 out of 5
Mr Mogopodi Mokoena	4 out of 5
Prof Wellington Thwala	5 out of 5
Mr Jack van der Merwe	5 out of 5

1.9.4.4. Assessment of the Committee's performance

During the period under review, a self-assessment questionnaire was used to assess the performance of the Committee. Refer to 1.7.

1.10. Conflict of interest

Potential conflicts are appropriately managed to ensure that Board and Board Committee Members have no conflict between their obligations to the GMA and their personal interests. Board and Board Committee Members are required to complete 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.

1.11. 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 Members and Board Committee Members. The structure of the remuneration is based on the following:

- Attendance fees in respect of meetings, workshops and other events, are paid in accordance with the National Treasury rates;
- A Board retainer is paid due to the nature and activities of the Gautrain Project; 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 2014 is disclosed in Part F of this report, i.e. Annual Financial Statements.



1.12. Induction and training

Information packs provided to all new Members of the Board, Board Committee and Management include the GMA Act, the Board Charter, Service Level Agreement, GMA Annual Reports, GMA's Organisational Structure, Policies and Key Documents and the Terms of Reference of the Board Committees, Minutes of the GMA Board and Board Committees. During the period under review, three new Members of Management were appointed.

As the responsibilities of the Board increase, Board Members are challenged to keep their knowledge and expertise up to date and relevant to their current duties. All Members of the Board, Board Committees and Management 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:

- Social and Ethics Committee Workshop on 30 April 2013, presented by Prof Rossouw from the Ethics Institute of South Africa and attended by Members of the Committee and Management;
- Position Paper on the Transfer of the Gautrain Rapid Rail System to the GMA including componentisation of the Gautrain Rapid Rail System Assets;
- UITP World Congress in Geneva, Switzerland, from 26 to 30 May 2013;
- Third Annual Audit Conference from 21 to 22 October 2013;
- ICT Governance Workshop presented by the IoDSA on 13 November 2013;

1.13. 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 ensures that Board and Board Committees procedures are complied with and advises the Board and Board Committees on 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. During the period under review, the Board Charter, Service Level Agreement and the Terms of Reference of Board Committees were reviewed and approved by the Board.

1.14. Risk management

The Risk Register encapsulates both enterprise- and operational-related risk into one document. The GMA has embarked on an Enterprise-Wide Risk Management approach to capture all levels of risk, both 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 it is recorded in a risk register that contains the descriptions, assessments and mitigating actions of all identified risks.

The report below briefly summarises the risk management activities within the GMA and provides an update of 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.

1.14.1. Assessment of risks

All identified risks are assessed in terms of probability and impact in terms of the risk management policy of the GMA as provided in the table below.

Table 25: Impact rating scale

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

Table 26: 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 $5 \times 4 = 20$.

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

The top risks identified by the GMA are synthesised in table 27 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 27: Top risks

No	Description	P	I	SC	Owner	Broad Mitigation Measures
1	Capacity constraints limiting reduction in patronage guarantee.	4	5	20	GMA: Technical	<p>TRAINS</p> <ul style="list-style-type: none"> • A seventh 8-car train set will be implemented in April 2014. • PVN 025 – current train seating arrangements are being investigated to determine the provision of additional capacity by removing the third seat in each row. • Extension of early and late car train set in ORTIA to be implemented by the end of May 2014. • CV24 – Short Turns issued: A modelling exercise is being carried out on turning trains between Centurion and Sandton stations to alleviate peak-hour traffic. <p>PARKING</p> <ul style="list-style-type: none"> • PVN 021 Rhodesfield Parking Expansion issued. Construction to start by mid-June 2014 • PVN 024 Midrand parking issued. Construction to start by mid-June 2014. • Centurion land was expropriated for additional parking to be constructed in the 2014/2015 budget year.
2	Total System Security insufficient to avoid theft and damage.	4	4	16	GMA: Technical	<ul style="list-style-type: none"> • Security proposal and enhancements developed jointly by the GMA and the Concessionaire with independent inspections and audits. • Concessionaire proposal for security enhancements to System to be implemented during 2014. CAPEX and security performance deductions were made available. • Receive monthly updated security plans from Concessionaire and attend monthly security meetings.

Table 27: Top risks - (continued)

No	Description	P	I	SC	Owner	Broad Mitigation Measures
3	Insufficient Concessionaire communication and marketing resulting in loss of revenue.	4	4	16	GMA: Marketing and Communication	<ul style="list-style-type: none"> •Fortnightly Communication forum meeting with Concessionaire. New marketing budget developed and approved for marketing initiatives.
4	Public does not get timeously informed of service interruptions.	4	4	16	GMA: Marketing and Communication	<ul style="list-style-type: none"> •GMA to review Concessionaire incident recovery protocol and provide additional assurance on plan. GMA to constantly quality-assure Concessionaire incident protocol. • GMA, through a twitter service, to track comments made by the public.
5	ICT services within the stations and tunnels.	4	4	16	GMA: Technical	<ul style="list-style-type: none"> • ICT service provider appointed. Works to begin by May 2014.
6	Lack of sufficient capacity and expertise within the GMA legal unit. Insufficient expertise to manage the current litigation.	3	3	9	GMA: Legal and Compliance	<ul style="list-style-type: none"> • Current restructuring of legal department with resource plan. • Additional panel of external attorneys appointed. •Four key appointments made: Executive Manager Compliance, 2 Legal Advisors and an Admin Support.

1.15. ICT

ICT continues to play a critical and strategic role in supporting the vision and objectives of the GMA. At the core of this ICT role lies the continuous support services, which provide the foundation for all other ICT activities. While providing continuous support, ICT also has to provide strategic insight and support the business by deploying systems that will automate and make the GMA more efficient and effective. Governing all these processes is the Corporate Governance of ICT Framework (CGICT) as prescribed by the Department of Public Service and Administration.

During the past financial year, the ICT unit undertook several significant projects that yielded exceptional results. The successful completion of these projects is testimony to the dedication and commitment of the ICT staff in assisting the GMA to meet its strategic objectives.

1.15.1. ICT governance

The main focus on governance for this financial year was to develop all the necessary frameworks and set up the foundation on how ICT services will be delivered within an environment that meets acceptable standards and embraces best practices and good governance. During the year under review, the GMA has successfully developed and implemented the following governance-related frameworks as per the DPSA CGICT:

- ICT Governance Charter;
- Corporate Governance of ICT Policy;
- Governance and Management of ICT Framework;
- ICT Portfolio Management Framework;
- Information Security Plan; and
- Updated ICT policy to align with the ICT corporate governance requirements.

1.15.2. Office relocation

During April 2013 the GMA relocated to new offices in Midrand, Gauteng. The role of the ICT unit was to ensure that the necessary infrastructure was set up at the new office before occupancy. The design principles used for the new infrastructure were simple: implement state-of-the-art infrastructure to reduce down-time and ensure reliable performance, sustainability and scalability.

The infrastructure implemented included:

- CAT 6 data cabling;
- VOIP telephone system; and
- Server room designed equivalent to a Tier III server room.

Apart from implementing the new infrastructure, the biggest task was to relocate the servers and related networking equipment to the new office. The move was completed within the three-day scheduled time frame and no data or equipment was lost or damaged during the move.

1.15.3. New server implementation

New server technologies have been implemented to bring the GMA's ICT system in line with the latest trends in technology. The key objective was to implement servers that are sustainable for a number of years to provide a low total cost of ownership.

Technologies implemented include the following:

- High performance, energy star compliant server hardware that is scalable both in performance as well as storage capacity;
- Latest version Microsoft server software;
- Server Virtualization based on Microsoft Hyper-V technology;
- Multi-server E-mail system based on Microsoft Exchange technology; and
- Microsoft management software that allows for the monitoring and maintaining of the server environment.

1.15.4. Disaster Recovery Plan

An updated Disaster Recovery Plan was approved by the GMA Board on 20 November 2013. The updated plan is a significant improvement and more complete than the previous plan. It has been implemented and scheduled testing is being conducted. Training of the Disaster Recovery team and simulation testing is scheduled for the first quarter of the 2014/2015 financial year.



1.15.5. Business systems

A number of business systems have been implemented, or are in the process of being implemented, to allow for a more streamlined and efficient working environment:

1.15.6. Electronic Document Management System

An enhanced Electronic Document Management System is being developed and will be implemented on a system called ProjectWise. ProjectWise was used extensively during the development period of the Gautrain Project but needs to be re-deployed to accommodate new requirements of the GMA and the Gautrain Project. The design of the enhanced system is guided strictly by GMA and legislative requirements.

- **Archibus**

Archibus is an asset management system developed by Archibus Solutions Centre and is used to track and report on all Gautrain assets. The system interfaces with the Concessionaire's maintenance system (Maximo) to import the relevant Gautrain system assets.

- **ArcGIS**

ArcGIS is a Geographic Information System and is used to plot and manage all Gautrain assets and services in a graphical/aerial map view. It also displays other relevant information in relation to the rail reserve such as property information and municipal infrastructure/utility services.

- **SICUBED**

SICUBED is an HR system used to manage human capital in an organisation. Functionality of the system includes performance management, talent management, training management, recruitment and employee detail management.

- **General ICT operations and maintenance activities**

To effectively support business processes at the GMA, several tasks are executed on a regular basis to ensure the smooth delivery of services in the environment.



1.15.7. General Maintenance

- System investigations and impact analyses regarding potential changes or enhancements required by business units;
- Responding to audit requests, queries and findings;
- Performing daily system checks in all environments to ensure all systems are available and stable;
- Ensuring that all systems are backed up according to the schedules and storing tapes off site;
- Security monitoring of the ICT infrastructure, which includes virus attacks and operating system vulnerabilities and exploits;
- Monitoring all network (LAN and WAN) activity on a regular basis to ensure the provision of high availability and adequate capacity;
- Assessing vulnerabilities of infrastructure and remediating potential weaknesses.
- Providing desktop support to the GMA staff;
- Maintenance and performance tuning of the email infrastructure, as well as ensuring high availability of the email system; and
- Monitoring and managing internal and external service level agreements.

1.16. Internal Audit

In line with the PFMA, the GMA has a fully-fledged, in-house, independent Internal Audit function. Internal Audit reports administratively to the CEO 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 that included a one-year (2013–2014) Operational Annual Audit Plan. The risk-based Annual Audit Plan, which is aligned with the GMA Strategic Plan, covers all key risks facing the GMA and all the approved audit reviews were completed by March 2014.

Apart from high-risk areas, the Annual 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, risk management and governance processes.

Internal Audit reports progress against plan on a quarterly basis to the ARC. It also sits on the GMA Management Committee, which is an internal top management forum that shapes policy and gives strategic direction.

1.17. Compliance, fraud and corruption

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

In this regard, a Compliance Universe and a Compliance Framework were developed for the GMA. These outline the statutory obligations of the GMA as well as the parameters within which it operates.

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

These controls are aimed at:

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

1.18. Social investment programmes

- Social Investment Policy

The revised GMA Social Investment Policy (SIP) was approved by the Board on 30 July 2013.

The SIP Evaluation Committee was formed to evaluate all received applications for funding. The Committee, chaired by the Communication and Marketing unit, also comprises representatives from the Legal, Finance and Internal Audit committees, who audit the evaluation process. The following are the current approved SIP projects for the GMA:

- TRAC South Africa

TRAC (Technology and Research Activity Centre) South Africa is a national, non-profit physical science intervention programme to support and uplift science, applied mathematics and technology education in urban and rural previously disadvantaged South African secondary schools.

The GMA Board approved additional funding of R3,878,980 for TRAC-SA for a three-year period in November 2011.

- TRAC's successes

Emadweleni High School and Letsibogo Girls' High had a 100% pass rate in Physical Science for the November 2013 examination. The average percentage pass rate of all the schools from the Gautrain TRAC laboratory was 92.2%. This was an increase of 14.8% in comparison with the 77.4% of 2012.

The November 2013 average percentage for Physical Science at these schools was 58.5%, an increase of 14.4% from 44.4% in 2012. The percentage of learners who achieved 60% and more for Physical Sciences increased by 25.2%, from 15.9% in 2012 to 41.1% in 2013. In 2012 only five learners obtained a distinction for Physical Science. This number increased to 34 learners in 2013, which represents 16.4 % of the entire Grade 12 class of 2013.

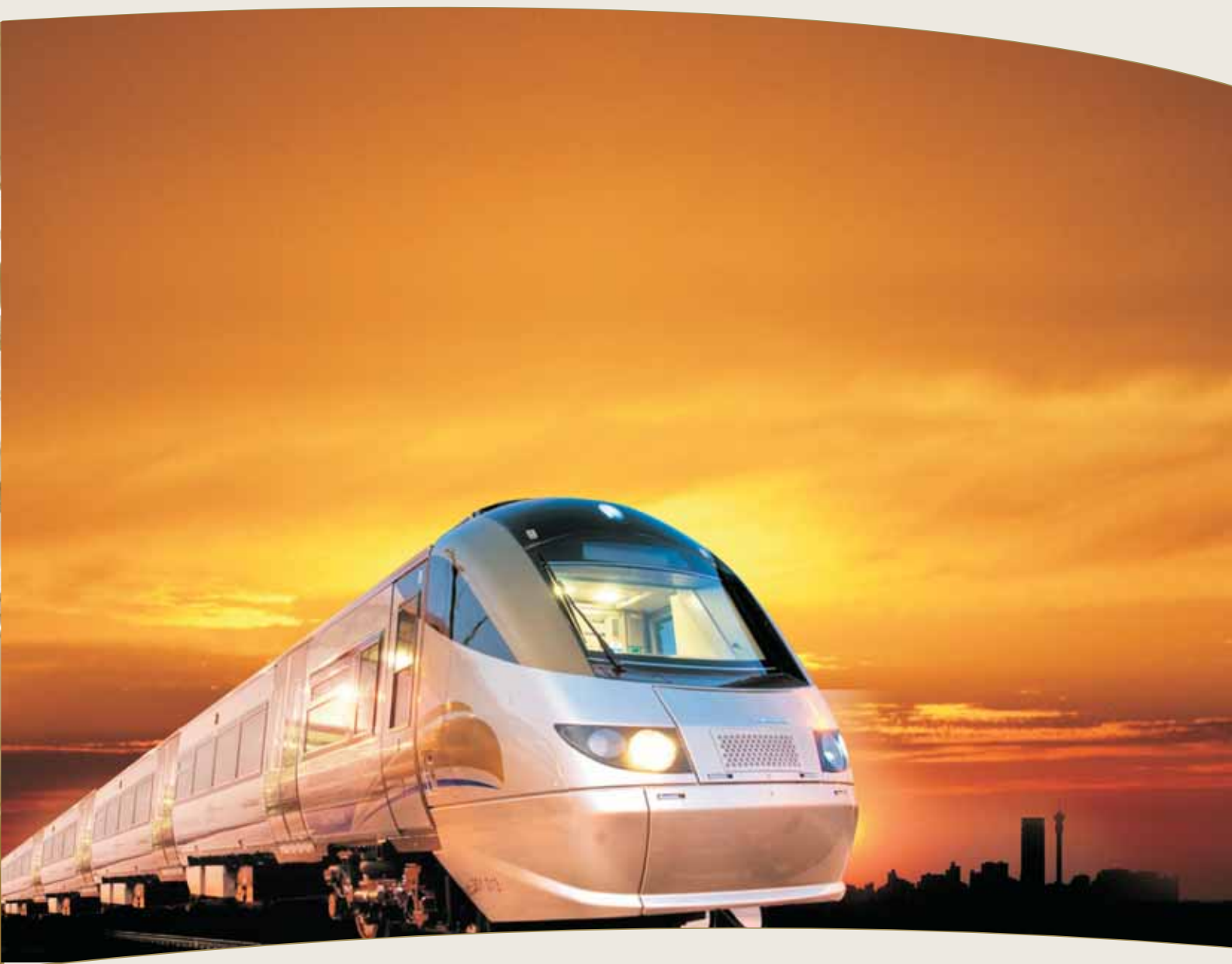


- Boipatong Memorial and Youth Centre

The Gautrain contributed to building the Boipatong Memorial and Youth Centre, which is an exhibition centre and a symbolic memorial for the Boipatong massacre that took place on 17 June 1992. It will be used as a multipurpose centre with a multimedia centre, offices, workshop spaces, a memorial garden and an arts and exhibition centre.

PART E: HUMAN RESOURCE MANAGEMENT

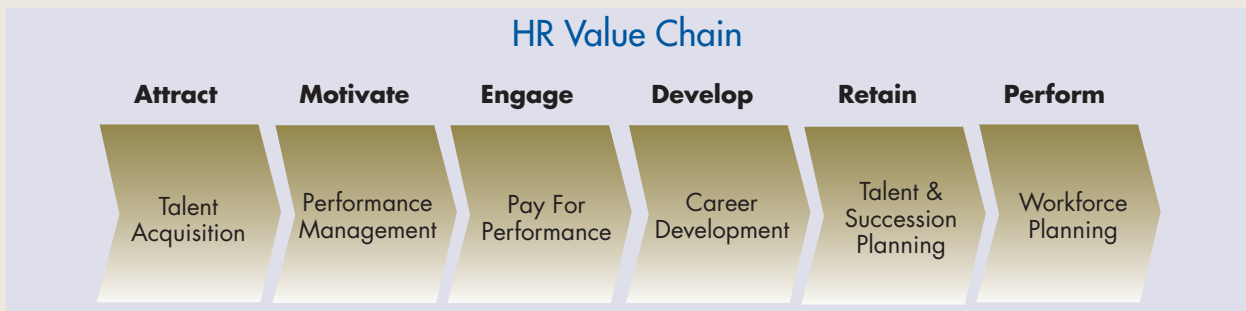




1. INTRODUCTION

Over the past two years, Human Resource's major focus has been on the recruitment and appointment of highly skilled leadership and staff, the transfer of knowledge from the professional teams of service providers to the appointed staff, leadership development and formalising of corporate governance structures. All required business systems, policies, procedures and practices have been set up to ensure success in the Operating Phase.

The HR Value System's core objective is to assist the GMA in improving its performance by ascertaining and applying the full capabilities of its staff. The lifecycle of HR processes, from Talent Acquisition through to Workforce Planning focuses on delivering a set value aligned with a key strategic objective of the GMA.



Graph 40: HR Value chain

2. GMA HUMAN CAPITAL MANAGEMENT

Human capital management is an essential part in the growth and success of any business. The GMA strives to provide its employees with clearly defined and consistently communicated performance expectations. It also rates, rewards and hold employees accountable for achieving specific business goals as aligned with its Strategy.

2.1. The GMA human resources strategy

HR has a responsibility to enhance internal capacity and realign policies, procedures and practices as strategic human resource imperatives.

The Human Resources sub-unit has redefined its role to that of a strategic business partner. This redefinition will enhance HR's ability to contribute strategically, displaying best practice in all aspects of HR delivery, as well as improving its effectiveness in relationships with all stakeholders.

The Human Resources Mission has been 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”

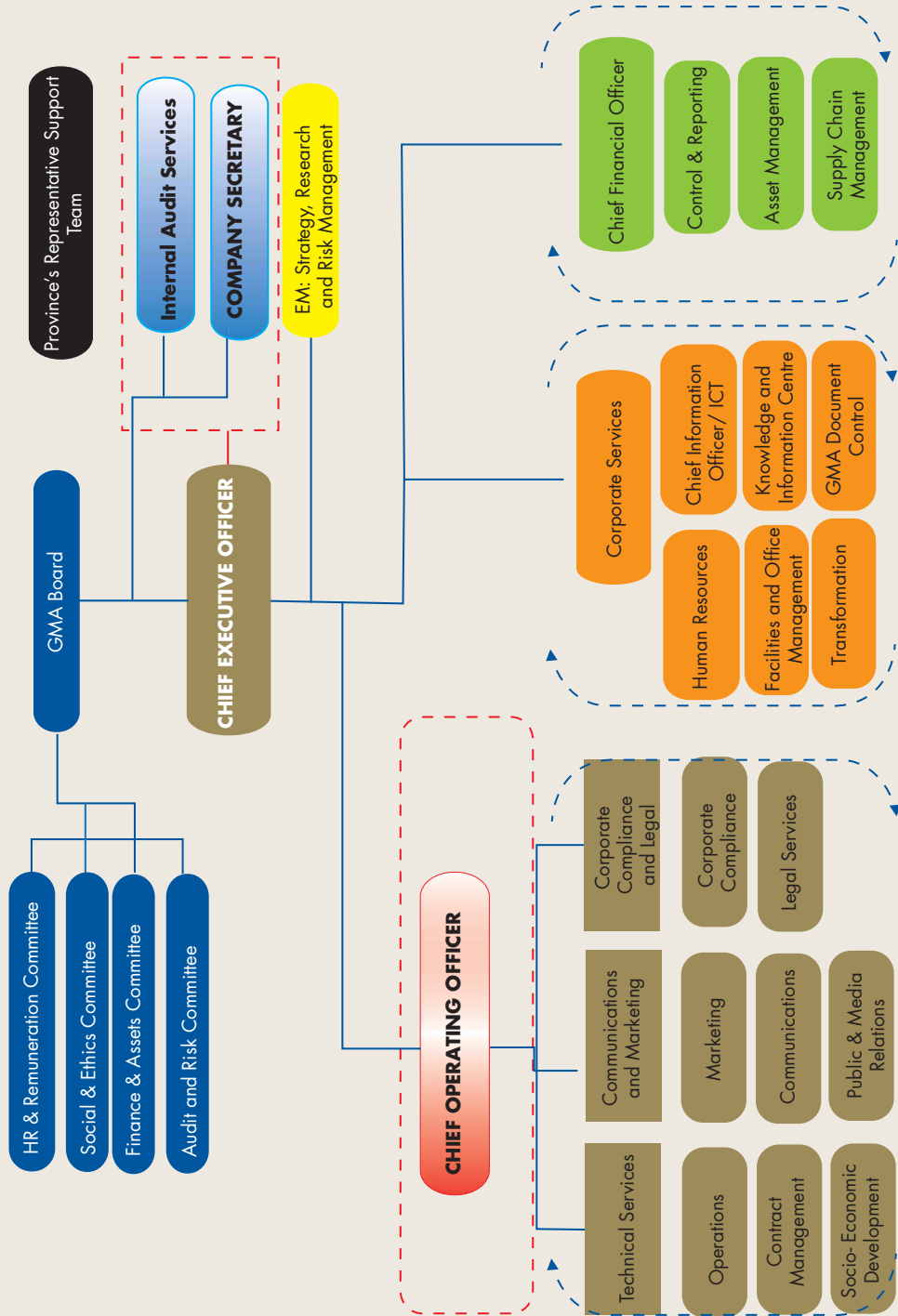
Five Strategic Themes have been identified to underpin the notion of creating a high-performing organisation:

- 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 and the timelines of initiatives are informed by the maturity stage of the GMA in terms of human resources management and business.



GMA HIGH LEVEL FUNCTIONAL STRUCTURE



Graph 41: GMA Organisational Structure

2.2. Implementation of an integrated performance management system

As part of the GMA's drive for excellence, it is vital to challenge employees continuously and to develop their skills optimally. A state-of-the-art integrated Human Capital System from Recruitment to Payroll with Performance and Talent Management in-between, links employees to the business operations of the GMA through process and workflow.

Acknowledging that the future is about mitigating risk and turning opportunity to success, the GMA has implemented an integrated Human Capital System that enables the automation of all critical performance management and HR functions and allows immediate responses to government, management and employee requests for information and reports.

The benefits of acquiring an integrated solution for the Human Capital Management process can be summarised as follows:

- Assists in career management and planning and improves staff retention;
- Automated performance planning, contracting and reviews for managers and employees reduces tedious paperwork;
- Track HR strategic implementation;
- Improved employee communication especially about policies; and
- Greater employee empowerment, transparency and self-service.

The GMA is certain that with the new system:

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

2.3. The GMA leadership 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 has begun facilitating the implementation of the Leadership Development Programme. GMA Management have undergone a 12-month programme to develop sustainable leadership capacity and capability that are crucial to the on-going delivery of service by the GMA and to building and retaining talent.

The purpose of the GMA Leadership and Management Development programme is 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.

2.3.1. Talent mapping process

The GMA's Integrated Talent Management Strategy and Succession Framework focuses on the development of a succession plan for the organisation to thrive in the transition period. In the process of acquiring the necessary talent, thus adding value to the GMA, the HR sub-unit has conducted training of Management on talent mapping and commenced with the structured process that maps employees according to their potential, performance and suitability to their role.

The talent management process aims to:

- Streamline the GMA so that it focuses on core, value-adding work;
- Assess the effectiveness of the GMA;
- Create talent pools to manage people's capabilities against the GMA's requirements for the success of the business;
- Set up a process to attract, develop and retain people in accordance with established career paths; and
- Develop a succession plan preparing successors to take on vital leadership roles when the need arises.

The GMA has designed and developed a performance management system to implement talent mapping across the organisation and align individual efforts to organisational goals.



2.4 HR statistics for the period 1 April 2013 to 31 March 2014

The GMA workforce profile as at 31 March 2014

Overall the GMA has a diverse workforce, representative of the South African population. The table below summarises employees per occupational level, distributed by race, gender and people with disability.

Table 28: Total number of employees per occupational level, gender, population group, disability status as per the Department of Labour.

NB: The total number for gender and race must correspond with the total number for the age groups

Gender	Male			Female			Sub Total	Total	Age Group				
	A	C	I	W	A	C			I	W	<35	35-55	>55
Occupational Level	1	0	0	1	2	0	0	2		0	1	1	Total
Top Management (F-Band)					2								2
Senior Management (E-Band)	1	0	1	2	4	0	2	8		0	7	1	8
Professionals (D-Band)	7	1	0	3	11	8	0	22		6	14	2	22
Skilled (C-Band)	4	0	2	0	6	8	2	20		8	12	0	20
Semi-skilled (B-Band)	3	0	0	0	3	5	0	8		0	7	1	8
Unskilled (A-Band)	0	0	0	0	0	3	0	3		0	3	0	3
Total	16	1	3	6	26	26	2	63		14	44	5	63
%	25%	2%	5%	10%	41%	41%	3%	100%		22%	70%	8%	100%
Employees with disabilities	0	0	1	0	1	0	0	2		0	1	1	2

2.5. Recruitment

The GMA employed 26 new recruits in the financial year 2013/2014 of which 65% were female and 35% male. Of these, 73% were Black employees (i.e. African, Coloured and Indian) and 27% White. See table 29.

Table 29: Recruitment

Gender and Race	Male				Sub Total	Female				Sub Total	Total
	A	C	I	W		A	C	I	W		
OCCUPATIONAL LEVEL											
Senior Management (E-F Band)	1	0	0	1	2	2	0	0	2	4	6
Professionals (D-Band)	3	0	0	0	3	2	0	0	1	3	6
Skilled (C-Band)	1	0	0	2	3	7	0	0	1	8	11
Semi-skilled (B-Band)	1	0	0	0	1	0	0	0	0	0	1
Unskilled (A-Band)	0	0	0	0	0	2	0	0	0	2	2
Total	6	0	0	3	9	13	0	0	2	17	26

2.6. Vacancy rate

In December 2013, the GMA Board approved additional 15 positions in the revised organisational structure, which seeks to capacitate the GMA to deliver on its mandate. The vacancy rate of 27% as at 31 March 2014 includes additional positions and resignations. See table 30.

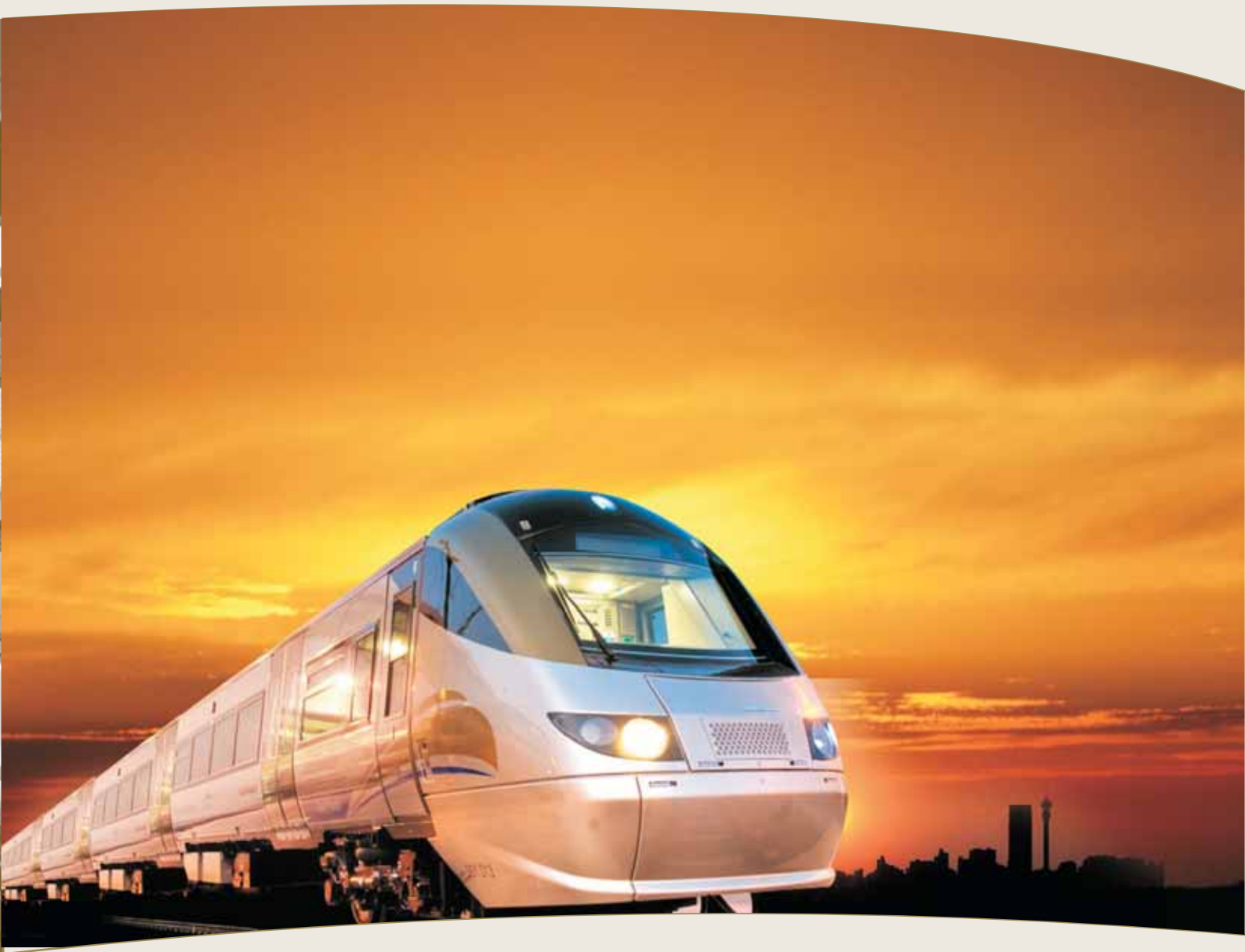
Table 30: Vacancy rate

Paterson Bands	Number of Posts	Number of Posts Filled	Vacancy Rate
Senior Management (E-F Bands)	12	10	17%
Professionals (D-Band)	40	22	45%
Skilled (C-Band)	23	20	13%
Semi-skilled (B-Band)	8	8	0%
Unskilled (A-Band)	3	3	0%
TOTAL	86	63	27%



PART F : FINANCIAL INFORMATION





GAUTRAIN MANAGEMENT AGENCY ABBREVIATIONS

CA	Concession Agreement
DoRA	Division of Revenue Act
DRT	Gauteng Department of Roads and Transport
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 1 of 1999), as amended
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
PRA	Performance Reserve Account
Project	Gautrain Rapid Rail Link Project
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 2014

Domicile	Republic of South Africa	
Nature of Principal Activities	<p>The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department of Roads and Transport.</p> <p>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.</p> <p>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.</p>	
Board Members	<p>Mr. A Mawela</p> <p>Ms. D Dondur</p> <p>Mr. E van der Merwe</p> <p>Mr. M Mokoena</p> <p>Mr. D Nadison</p> <p>Ms. M Lugemwa</p> <p>Prof. W Thwala</p> <p>Mr M Nkumanda</p>	<ul style="list-style-type: none"> - Re-appointed on 1 January 2012, - Confirmed as Chairperson on 12 November 2012 - Appointed on 1 January 2012, - Appointed Deputy Chairperson on 12 November 2012 - Chief Executive Officer - Re-appointed on 1 April 2014 - Re-appointed on 1 January 2012 - Re-appointed on 1 January 2012 - Appointed on 1 February 2012 - Appointed on 1 February 2012 - Appointed on 1 April 2013
Postal Address	Physical Address	
P O Box 1266 Kelvin 2054 South Africa	44 Grand Central Boulevard Grand Central ext. 1 Midrand 1685 South Africa	
Chairperson	Mr. A Mawela	
Chief Executive Officer	Mr. E van der Merwe	
Acting Chief Financial Officer	Mr. I Scott	- (1 April 2013 - 31 August 2013)
Chief Financial Officer	Mr. P Mabena	- (1 September 2013 - 31 March 2014)
Company Secretary	Ms. T Marumo	
Banker	Absa Bank Limited	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No.	+27 11 086 3500
	Website:	www.gautrain.co.za
	E-mail:	info@gautrain.co.za

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 March 2014

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 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 annual 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 annual 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.

During the period under review the Gautrain System assets were transferred to the GMA from the Gauteng Department of Roads and Transport. Management implemented strong internal controls to ensure accurate reporting of these assets. Systems and controls are monitored throughout the GMA by the various committees of the Board. The functional oversight of the Finance Committee has been extended to include oversight of the Gautrain System assets and is now called the Finance and Asset Committee.

As part of the system of internal controls, the GMA's internal audit function which was staffed by three personnel has increased to four 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.

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 annual financial statements in accordance with GRAP and to maintain sound 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.

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 March 2014

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 to operate as a going concern.

AUDIT AND RISK COMMITTEE

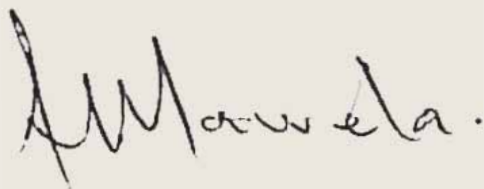
The Audit and Risk Committee of the Board consists of five non-executive committee members, all of whom are Board Members. The committee meets at least four times per annum. The committee ensures effective communication between the Board, internal audit and the Auditor-General. The Auditor-General and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

The Audit and Risk Committee operates within an approved charter 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 Notes to the Annual Financial Statements and are supported by judgements, estimates and assumptions in compliance with GRAP.

The annual financial statements for the year ending 31 March 2014 set out on pages 167 to 226 were approved on 30 July 2014 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 2014

The Audit and Risk Committee has pleasure in submitting this report in respect of the 2013/14 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

As at 31 March 2014, the Committee consisted of four Independent Non-Executive Members. The Committee is also supported by one Board Advisor. The role of Board Advisors is discussed in Part D of this Report i.e. Corporate Governance. The Committee is chaired by an Independent Non-Executive Member of the Board.

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 four scheduled meetings and two special meetings. One special meeting coincided with the combined workshop with the Finance and Asset Committee to discuss the position paper on the transfer of the Gautrain Rapid Rail System from the Gauteng Department of Roads and Transport to the GMA. The Audit and Risk Committee also held separate meetings with Internal and External Auditors.

The GMA Audit and Risk Committee Members and their attendance at meetings are listed in the table below:

Table 1: Audit and Risk Committee Members and Meeting Attendance

Name of Audit and Risk Committee Member	Qualifications	Position and Independence	Date of Appointment	Number of meetings attended
Ms Doris Dondur	Bachelor in Accounting Degree (University of Stellenbosch) B Compt. 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)	Chairperson Independent Non-Executive Board Member	01 January 2012	6 out of 6
Mr Donovan Nadison	BA Social Work (Wits) Masters of Arts in Social Work (Wits) Non(Degree PhD Fulbright Scholar at Indiana University)	Independent Non-Executive Board Member	01 January 2012	5 out of 6

GAUTRAIN MANAGEMENT AGENCY
REPORT OF THE AUDIT AND RISK COMMITTEE
for the year ended 31 March 2014

Name of Audit and Risk Committee Member	Qualifications	Position and Independence	Date of Appointment	Number of meetings attended
Ms Motseoa Lugemwa	B Education (National University of Lesotho) B Com Accounting (University of Natal) Postgraduate Diploma Management Accounting (University of Natal) MBA in Finance (Manchester Business School in UK) ACMA (UK) CGMA	Independent Non-Executive Board Member	01 February 2012	6 out of 6
Mr Mzolisi Nkumanda	B Com Accounting (Unisa) Higher Diploma in Tax Law (UJ) MBL (Unisa)	Independent Non-Executive Board Member	01 January 2012	6 out of 6
Name of Board Advisor	Qualifications	Position	Date of Appointment	Number of meetings
Mr Kennedy Kaposwa	Bachelor of Accountancy (University of Malawi) ACMA (UK) CGMA FCCA (UK)	Chief Director: Accounting Services: Gauteng Provincial Treasury	01 January 2012	0 out of 6

2. AUDIT AND RISK 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 adopted its terms of reference which were approved by the Board.

The Audit and Risk Committee has discharged all its responsibilities as contained in the terms of reference.

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 Register that summarises

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2014

both the enterprise and the operational-related risks were considered and reviewed by the Audit and Risk Committee and the Accounting Authority. One risk assessment was conducted during August 2013. .

An overview of the most significant risks for the 2013/14 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 MONTHLY AND QUARTERLY MANAGEMENT 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.

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 2013/14 Financial Year for recommendation to the Accounting Authority for approval;
- Reviewed the internal audit charter for recommendation to the Accounting Authority for approval;
- Approved the internal audit plan;
- Reviewed and approved the internal audit reports;
- Reviewed policies and key documents for recommendation to the Accounting Authority for approval;
- Reviewed quarterly reports on the following:
 - Interim financial statements;
 - Information Communication Technology;
 - Risk Management;
 - Legal Compliance and Litigation;
 - Transfer of the System Assets to the GMA;
 - Fraud Hotline; and
 - GMA's performance against predetermined objectives.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2014

- 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; and
- Reviewed the capacity within the Finance 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 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 2013/14 Financial Year for recommendation to the Accounting Authority at its meeting held on 22 May 2014.

8. CONCLUSION

The Audit and Risk Committee is delighted to accept the conclusions and unqualified audit opinion of the Auditor-General on the Annual Financial Statements.



Ms Doris Dondur
Chairperson of the Audit and Risk Committee

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE BOARD

for the year ended 31 March 2014

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2014.

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 1 of 1999) (PFMA), as a Provincial Public Entity and has been operational since 1 January 2009. 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 2014 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)	2014	2013
Total Non Exchange Revenue - Government Grants	314,136	391,205
Total Non Exchange Revenue - Transfer of Assets(*)	34,673,309	-
Total Expenditure (**)	1,174,665	286,052
Net surplus for the year (*)	33,890,553	172,835
Restricted Project Funds	1,373,983	1,218,348
Project Expenditure utilising restricted project funds	1,118,331	1,763,843
Total Assets (*)	35,080,137	1,533,132

(*) There has been a significant change from the prior year due to the Gautrain System assets being transferred to the GMA on 1 July 2013. The transfer has a substantial impact on the Statement of Financial Position and Performance of the GMA.

(**) There has been a significant change from the prior year due to the depreciation of the Gautrain System assets that were transferred to the GMA on 1 July 2013. The change in the depreciation has a substantial impact on the total expenditure in the Statement of Financial Performance.

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.

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 and GMA;
- iv. The media fraternity; and
- v. The public in general.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE
ON GAUTRAIN MANAGEMENT AGENCY
for the year ended 31 March 2014

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Gautrain Management Agency set out on pages 167 to 226, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The board of directors, which constitutes 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.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON GAUTRAIN MANAGEMENT AGENCY

for the year ended 31 March 2014

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 2014, 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.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Significant uncertainties

8. With reference to note 24.3 to the financial statements, the Gautrain Management Agency is the defendant or plaintiff in various court cases. The ultimate outcome of these matters cannot presently be determined and, therefore no provision for any liability that may result has been made in the financial statements.

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 on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic objectives presented in the annual performance report of the public entity for the year ended 31 March 2014:
- Strategic Objective 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance on pages 230 to 231.
 - Strategic Objective 2: To assure that the obligations of the Concessionaire are met and that the concession agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors on pages 230 to 231.
 - Strategic Objective 3: To ensure sound financial management of all GMA revenue sources and safeguard the assets of the Project on pages 232 to 233.
 - Strategic Objective 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance on pages 232 to 235.
 - Strategic Objective 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders on pages 234 to 235.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON GAUTRAIN MANAGEMENT AGENCY for the year ended 31 March 2014

- Strategic Objective 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of BE's and SMME's in the Province on pages 234 to 235.
- Strategic Objective 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies on pages 236 to 237.

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned strategic objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives.

Additional matter

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on pages 228 to 237 for information on the achievement of planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters.
18. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE
ON GAUTRAIN MANAGEMENT AGENCY
for the year ended 31 March 2014

Internal control

19. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Johannesburg
30 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL POSITION
as at 31 March 2014

	Notes	2014 R '000	2013 R '000
ASSETS			
Current Assets		1,233,078	1,529,007
Cash and Cash Equivalents	2	1,184,880	1,493,820
Receivables (Exchange Transactions)	3.1	48,198	35,187
Non-Current Assets		33,847,059	4,125
Property, Plant and Equipment	4	33,465,774	2,795
Heritage Assets	5	3,295	-
Intangible Assets	6	3,887	160
Receivables (Exchange Transactions)	3.2	374,103	1,170
TOTAL ASSETS		35,080,137	1,533,132
LIABILITIES			
Current Liabilities		762,197	1,110,844
Accrued Expenses	7	100,871	430,070
Finance Lease Liability	8	155	42
Obligations Arising from Restricted SIP Funds	9	88,208	101,297
Obligations Arising from Restricted Project Funds	10	551,455	295,803
Provisions	11	21,508	283,632
Non-Current Liabilities		645,800	640,701
Finance Lease Liability	8	68	40
Obligations Arising from Restricted Concessionaire Funds	12	38,245	35,061
Other Liabilities (Exchange Transactions)	13	607,487	605,600
TOTAL LIABILITIES		1,407,997	1,751,545
Accumulated Surplus/(Deficit)		33,672,140	(218,413)
TOTAL NET ASSETS		35,080,137	1,533,132

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2014

	Notes	2014 R '000	2013 R '000
REVENUE			
Revenue from Non-Exchange Transactions	14	34,987,445	391,205
Government Grants		314,136	391,205
Transfer of Assets		34,673,309	-
Revenue from Exchange Transactions	15	77,773	67,682
Finance Income		76,576	67,552
Other Income		1,197	130
TOTAL REVENUE		35,065,218	458,887
EXPENDITURE			
Board Member and Committee Member Remuneration	16	1,717	1,532
Employee Costs	17 & 18	43,261	34,005
Depreciation	19	939,363	574
Amortisation	19	315	163
Finance Costs		12	-
Operational Expenditure	20	189,997	249,778
NET SURPLUS FOR THE YEAR		33,890,553	172,835

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF CHANGES IN NET ASSETS
 for the year ended 31 March 2014

	Accumulated Surplus R '000	Total Amount R '000
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)
Net Surplus for the year	33,890,553	33,890,553
Balance as at 31 March 2014	33,672,140	33,672,140

GAUTRAIN MANAGEMENT AGENCY
CASH FLOW STATEMENT
for the year ended 31 March 2014

	Notes	2014 R '000	2013 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,595,182	1,710,453
Grant Income		1,424,943	1,598,711
Interest Received		71,506	74,387
Operating Period Penalty Income		1,906	3,491
Net PRA Receipts		1,173	33,750
Restricted Insurance Proceeds Account Receipts	12	94,506	1
Faulty Bus Validators		-	85
Insurance claim from Insurance Proceeds Account		1,108	-
Insurance claim GMA		40	28
Payments		(1,887,999)	(1,633,418)
Project Expenditure		(1,547,125)	(1,315,161)
Board Member and Committee Member Remuneration		(1,787)	(1,681)
Employee and Related Costs		(41,027)	(34,999)
External Audit Fees		(2,495)	(1,961)
SIP Expenditure		(19,502)	(7,707)
Insurance payments to Concessionaire	12	(93,398)	-
Insurance payments to GMA	12	(1,108)	-
Operating Expenditure		(181,557)	(271,909)
Net cash from operating activities	21	(292,817)	77,035
CASH FLOWS FROM INVESTING ACTIVITIES			
		(16,024)	(2,070)
Acquisition of Property, Plant and Equipment		(12,107)	(2,226)
Proceeds from sale of Property, Plant and Equipment		49	250
Acquisition of Intangible Assets		(3,966)	(94)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(99)	(1)
Finance Lease Payments		(99)	(1)
Net increase in cash and cash equivalents		(308,940)	74,964
Cash and cash equivalents at beginning of the year		1,493,820	1,418,856
Cash and cash equivalents at end of the year		1,184,880	1,493,820

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, 10 & 12 on a cash basis.

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2014

Note: 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.

	BUDGET	ACTUAL	FUNDS FROM	DIFFERENCE
	2014	2014	PRIOR PERIOD	BETWEEN
	R '000	R '000	2014	FINAL BUDGET
			R '000	AND ACTUAL
				AMOUNTS
				2014
				R '000
Notes				
Final Budget Appropriation	1,424,943	1,424,943	-	-
Approved Budget	801,943	801,943	-	-
Adjustment Budget	623,000	623,000	-	-
Payments	1,424,943	1,788,252	434,569	71,260
Project Expenditure	1,106,807	1,545,704	422,281	(16,616)
Construction Costs	-	398,904	398,904	-
Land Costs	-	867	867	-
Operating Payment/ Patronage Guarantee	980,000	1,035,906	-	(55,906)
Operating Period Variations	30,177	35,708	21,996	16,465
System Improvements	96,630	74,319	514	22,825
Operating and Support Costs	318,136	242,548	12,288	87,876
Employee and Related Costs	50,849	45,359	-	5,490
Operating Expenditure	72,591	48,489	2,910	27,012
GMA Capex Costs	7,005	15,765	9,378	618
PST Consultant Costs	58,055	41,178	-	16,877
Legal and Additional Commercial Costs	125,636	86,338	-	39,298
Independent Monitor Costs	4,000	5,419	-	(1,419)
Net Receipts/ Budget Surplus	22	(363,309)	434 569*	71 260**

* R 435 million was spent from funds for projects which were deferred to the current year.

** Thus the GMA has a surplus of R 71 million (R 434 569 less R 363 309) on the current year's approved budget.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

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 SIGNIFICANT 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.

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 annual financial statements are:

- Capitalisation of the Gautrain System assets (GRAP 17, 31 & 103)

The Concession Agreement is entered between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd and establishes a Public-Private Partnership. Bombela Concession Company (Pty) Ltd has a mandate to operate and maintain the Gautrain System over a period of time using the Gautrain System assets. These assets must be returned to the GMA in a predetermined condition. Complexity and critical accounting judgement is used in applying the recognition criteria of an asset, when capitalising and componentising the Gautrain System assets.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continued

- **Infrastructure assets (GRAP 17, 31 & 103)**

The infrastructure components' fair value was determined by allocating the total cost to the components using bench mark engineering principles to ensure a fair and accurate cost distribution based on a depreciable replacement value. The total cost of infrastructure assets was determined using actual payments made during the construction of the Gautrain System assets. The cost was adjusted by construction indices until the take-on date of receiving the asset.

The condition of the asset components was assessed upon transfer to determine if an impairment event existed which may affect the transfer value. The evaluation is of a subjective nature and thus it was performed by an expert in the rail industry.

The estimated useful lives and residual values are reviewed, taking cognisance of the forecasted commercial and economic realities and benchmarking of accounting treatments in the specific industries where these assets are used.

- **Land and servitudes (GRAP 17, 31 & 103)**

GMA only has the right of use of the land acquired to enable construction and to operate the system. The ownership of the land resides with the Gauteng Provincial Government. Management applied significant judgement and estimation to measure the right of use. Land acquired to enable construction of the infrastructure assets is carried at a nominal value.

Management applied significant judgement and estimation to measure servitudes. Servitudes are recognised by the GMA at a nominal value per servitude.

- **Useful lives and residual values (GRAP 17, 31 & 103)**

Significant judgement is used in estimating the period over which an asset is expected to be available for use by the GMA and its residual value. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

- **Provisions (GRAP 19)**

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 (GRAP 104)**

Significant judgement is used in estimating the impairment of receivables based on past payment history, risk profile, credit reputation and market information.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continued

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 annual 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 occurred.

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 annual 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 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.2 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION & MEASUREMENT

The policies for property, plant and equipment is applicable to property, plant and equipment managed by the Concessionaire under the Concession Agreement.

The cost of an item of property, plant and equipment is recognised as an asset 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.

All items of property, plant and equipment that qualify for recognition as assets are measured at cost. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as 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;
- 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.

Purchased software that is integral to the functionality of related equipment is included in the cost of the related equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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 and depreciated separately.

Items of capital work-in-progress are measured at cost less impairment losses. The cost of capital work-in-progress assets includes costs of material, direct labour and any other costs directly attributable to bringing the asset to a condition where it is ready for its intended use. Capital work-in-progress is ready for its intended use once a hand over certificate is issued, and at this point capital work-in-progress is recognised as an item of property, plant and equipment.

Subsequent 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.

GAUTRAIN MANAGEMENT AGENCY
ACCOUNTING POLICIES
for the year ended 31 March 2014

1.2 PROPERTY, PLANT AND EQUIPMENT - continued

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.

The depreciation charge for each period is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset.

The initial assessments of the useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Gautrain System Assets	
- Land	Infinite
- Infrastructure assets	5-100 years
- Plant and equipment	10-35 years
- Rolling stock	35 years
- Buses	10 years

Item	Average useful life
GMA Assets	
- Motor vehicles	5-8 years
- Office Equipment	6-12 years
- Computer Equipment	3-5 years
- Furniture & Fittings	6-12 years
- Lease Improvements	Over the period of the lease
- Lease assets	Over the period of the lease

Leasehold improvements on premises occupied under operating leases are written off over their expected useful lives or, where shorter, the term of the lease.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful lives of assets are based on management's estimation.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in the Statement of Financial Performance when the item is derecognised.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.2 PROPERTY, PLANT AND EQUIPMENT - continued

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.

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 HERITAGE ASSETS

Heritage assets are culturally significant resources. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

A heritage asset shall not be depreciated but GMA shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, GMA shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.4 INTANGIBLE ASSETS - continued

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 must be 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 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.5 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's judgement, supplemented by experience of similar transactions and in some instances reports from independent experts.

1.6 OBLIGATIONS ARISING FROM RESTRICTED 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.

OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

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 annual financial statements under 'Obligations Arising from Restricted Project Funds'.

All government funding received for the Project is requested from Gauteng 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.

OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

Over the duration of the Development Period, until the contractual Anticipated Completion Date 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.6 OBLIGATIONS ARISING FROM RESTRICTED FUNDS - continued

OBLIGATIONS ARISING FROM RESTRICTED PERFORMANCE RESERVE ACCOUNT (PRA) FUNDS

The Performance Reserve Account (PRA) 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 (penalties) imposed on the Concessionaire for performance below the pre-defined performance measures specified in the Concession Agreement.

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 summarized above.

OBLIGATIONS ARISING FROM RESTRICTED INSURANCE PROCEEDS ACCOUNT

The Insurance Proceeds account is used for the receipt of insurance proceeds to the Concessionaire as a result of successful insurance claims from the Gautrain System assets pursuant to Schedule 18 of the Concession Agreement. The insurance claims are then paid to the Concessionaire from this account after deducting GMA's share of the insurance claim. These funds are restricted, as no other payments from or to the Insurance Proceeds Account are allowed, except as permitted by and in accordance with the Concession Agreement.

1.7 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.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.7 FINANCE LEASES - continued

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.

1.8 CONTINGENCIES AND COMMITMENTS

The GMA does not recognise a contingent liability but discloses details of any contingencies in the notes to the annual 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.

1.9 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 annual 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.10 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.

1.11 FINANCE EXPENSES

All finance costs are recognised in the Statement of Financial Performance using the effective interest rate method.

1.12 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, bonuses 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.12 EMPLOYEE BENEFITS - continued

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.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.13 OPERATING LEASES

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under an operating lease shall be recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

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 or other party in an agency capacity and would not be accounted for as revenue in the annual 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 and objectives of 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 annual 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.

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 annual 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.

GAUTRAIN MANAGEMENT AGENCY

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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 annual 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 annual 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 annual 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.

GMA classifies a financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset and a residual interest.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.21 FINANCIAL INSTRUMENTS - continued

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 entity.
- 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.

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 Statement of Financial Performance.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

for the year ended 31 March 2014

1.21 FINANCIAL INSTRUMENTS - continued

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 in the Statement of Financial Performance.

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.

GAUTRAIN MANAGEMENT AGENCY

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1.21 FINANCIAL INSTRUMENTS - continued

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 administration, 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.

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, assets and liabilities. Further quantitative disclosures are included in the Notes to the annual financial statements.

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for the year ended 31 March 2014

1.22 FINANCIAL RISK MANAGEMENT - continued

(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 the GMA deposits.

(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 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.

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ACCOUNTING POLICIES
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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 2014. 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 apply the following Standards of GRAP in formulating its Accounting Policy for Related Parties.

- GRAP 20: Related Party Disclosure

(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 2014, 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 32: Service Concession Arrangements: Grantor	The new standard prescribes the accounting for service concession arrangements by the grantor, a public sector entity. The impact of this is currently being assessed by management.	To be determined by the Minister. (Issued in August 2013)
GRAP 105: Transfer Of Functions Between Entities Under Common Control	The new standard of GRAP establishes the accounting principles for the acquirer and transferor in a transfer of functions between entities 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 106: Transfer Of Functions Between Entities Not Under Common Control	The new standard of GRAP deals 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)

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Standards of GRAP	Details of the amendment to the Standards and the anticipated impact thereof	Financial Period
GRAP 107: Mergers	The new standard of GRAP deals 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)
GRAP 108: Statutory Receivables	The new standard of GRAP deals with the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Management's assessment indicates that the new standard will have no impact.	To be determined by the Minister. (Issued in September 2013)

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2. CASH AND CASH EQUIVALENTS

	2014 R '000	2013 R '000
Bank Balance - Current Account	1,058,963	1,356,216
Social Investment Programme Funds	87,842	102,684
Performance Reserve Account Funds	37,823	34,920
Insurance Proceeds Account	252	-
TOTAL	1,184,880	1,493,820

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 Account, Performance Reserve Account Funds and the Insurance Proceeds Account Funds. Please refer to 1.6 in the accounting policy for more detail.

3. RECEIVABLES (EXCHANGE TRANSACTIONS)

3.1 Receivables (Exchange Transactions) - Current assets

	2014	2013
Accrued Income	25,861	15,596
Accrued Interest Income	4,860	5,696
Accrued Interest Income - SIP Funds	366	415
Accrued Penalty Income	-	155
Accrued Bus Savings	20,623	9,320
Accrued Interest on Bus Savings	12	10
Other Receivables	22,054	12,334
DRT Support Costs	12,033	12,291
Short-term portion of settlement agreement	10,000	-
Shared Cost Receivable	21	43
Prepayments	283	7,257
Operating Expenditure	283	7,257
TOTAL	48,198	35,187

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	2014 R '000	2013 R '000
3. RECEIVABLES (EXCHANGE TRANSACTIONS) - continued		
3.2 Receivables (Exchange Transactions) - Non-Current assets		
Deposit	1,200	1,170
Rental deposit	1,170	1,170
Interest accrued on rental deposit	30	-
Gautrain System assets - Prepayments	280,236	-
Long-term portion of settlement agreement	92,667	-
TOTAL	374,103	1,170

4. PROPERTY, PLANT AND EQUIPMENT

Gautrain System assets	33,449,945	-
GMA assets	15,829	2,795
	33,465,774	2,795

4.1 Gautrain System assets

	2014			2013		
	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value
Land	4,379	-	4,379	-	-	-
Infrastructure assets	29,719,741	810,078	28,909,663	-	-	-
Plant and equipment	434,024	15,007	419,017	-	-	-
Rolling stock	4,017,464	89,743	3,927,721	-	-	-
Buses	205,636	20,972	184,664	-	-	-
Office equipment	288	56	232	-	-	-
Furniture & fittings	5,279	1,010	4,269	-	-	-
	34,386,811	936,866	33,449,945	-	-	-

GAUTRAIN MANAGEMENT AGENCY
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for the year ended 31 March 2014

4. PROPERTY, PLANT AND EQUIPMENT - continued

4.1 Gautrain System assets - continued

Reconciliation - 2014	Opening Balance	Transfers	Disposals	Write-off	Depreciation	Closing Balance
Land	-	4,379	-	-	-	4,379
Infrastructure assets	-	29,719,741	-	-	810,078	28,909,663
Plant and equipment	-	434,024	-	-	15,007	419,017
Rolling stock	-	4,017,464	-	-	89,743	3,927,721
Buses	-	205,636	-	-	20,972	184,664
Office equipment	-	288	-	-	56	232
Furniture & fittings	-	5,279	-	-	1,010	4,269
Carrying Value - 2014	-	34,386,811	-	-	936,866	33,449,945

Gautrain System assets were transferred to the GMA on 1 July 2013. Refer to note 30 for detail.

GMA only has the right to use the land acquired to enable construction and operate the Gautrain System. GMA cannot dispose of the land nor can it use the land for any other purpose other than operating the Gautrain System. The ownership of the land resides with the Gauteng Provincial Government. Land is thus recognised at a nominal value of R1 per square meter.

Reconciliation - 2013

The Gautrain System assets were disclosed as completed assets in the financial statements of the Gauteng Department of Roads and Transport for the 2012-13 financial year. Refer to note 30.

GAUTRAIN MANAGEMENT AGENCY
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for the year ended 31 March 2014

4. PROPERTY, PLANT AND EQUIPMENT - continued

4.2 GMA assets

SUMMARY	2014			2013		
	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value
Motor vehicles	625	223	402	625	145	480
Office equipment	3,521	740	2,781	1,808	186	1,622
Computer equipment	3,978	1,033	2,945	923	313	610
Furniture & fittings	2,768	459	2,309	-	-	-
Leasehold improvements	7,740	567	7,173	-	-	-
Leased office equipment	311	92	219	84	1	83
TOTAL	18,943	3,114	15,829	3,440	645	2,795

Reconciliation - 2014	Opening Balance	Additions	Transfers	Write-off	Depreciation	Closing Balance
Motor vehicles	480	-	-	-	78	402
Office equipment	1,622	1,246	466	-	553	2,781
Computer equipment	610	2,498	624	39	748	2,945
Furniture & fittings	-	762	2,006	-	459	2,309
Leasehold improvements	-	7,740	-	-	567	7,173
Leased office equipment	83	228	-	-	92	219
Carrying Value - 2014	2,795	12,474	3,096	39	2,497	15,829

Gautrain System assets were transferred to the GMA on 1 July 2013, including furniture and fittings, computer equipment & office equipment for the use of GMA.

The terms of the leased office equipment is disclosed in note 8. All other GMA assets are owned by the GMA and are not secured.

GAUTRAIN MANAGEMENT AGENCY
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4. PROPERTY, PLANT AND EQUIPMENT - continued

4.2 GMA assets - continued

Reconciliation - 2013	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Motor vehicles	844	-	144	28	192	480
Office equipment	70	1,705	-	-	153	1,622
Computer equipment	343	520	25	-	228	610
Leased office equipment	-	84	-	-	1	83
Carrying Value - 2013	1,257	2,309	169	28	574	2,795

The terms of the leased office equipment is disclosed in note 8. All other GMA assets are owned by the GMA and are not secured.

5. HERITAGE ASSETS

5.1 Gautrain System assets

	2014			2013		
	R'000 Cost/Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value	R'000 Cost/Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value
Infrastructure Heritage Asset	3,295	-	3,295	-	-	-
	-	-	-	-	-	-
	3,295	-	3,295	-	-	-

Reconciliation - 2014	Opening Balance	Transfers	Disposals	Write-off	Depreciation	Closing Balance
Infrastructure Heritage Asset	-	3,295	-	-	-	3,295
Carrying Value - 2014	-	3,295	-	-	-	3,295

Gautrain System assets were transferred to the GMA on 1 July 2013, including the heritage asset. Refer to note 30 for detail.

The fair value of the heritage asset approximates the carrying value of the heritage asset. The heritage asset comprises of an old shed at the Pretoria Station. The shed has been painted and is in a good condition.

GAUTRAIN MANAGEMENT AGENCY
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5. HERITAGE ASSETS - continued

5.1 Gautrain System assets - continued

Reconciliation - 2013

The Gautrain System assets were disclosed as completed assets in the financial statements of the Gauteng Department of Roads and Transport for the 2012-13 financial year. Refer to note 30.

6. INTANGIBLE ASSETS

Gautrain System assets
GMA assets

	2014 R '000	2013 R '000
	1	-
	3,886	160
	3,887	160

6.1 Gautrain System assets

SUMMARY	2014			2013		
	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value
Servitudes	1	-	1	-	-	-
TOTAL	1	-	1	-	-	-

Reconciliation - 2014	Opening Balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing Balance
Servitudes	-	1	-	-	-	1
Carrying Value - 2014	-	1	-	-	-	1

Gauteng Department of Roads and Transport has transferred the use of 795 servitudes to the GMA which are recognised at a nominal value of R 1 per servitude. These servitudes will not be depreciated as they are recognised at a nominal value.

Reconciliation - 2013

The Gautrain System assets were disclosed as completed assets in the financial statements of the Gauteng Department of Roads and Transport for the 2012-13 financial year. Refer to note 30.

GAUTRAIN MANAGEMENT AGENCY
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6. INTANGIBLE ASSETS - continued

6.2 GMA assets

SUMMARY	2014			2013		
	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value	R'000 Cost/ Valuation	R'000 Accumulated Depreciation	R'000 Carrying Value
Computer Software	4,200	553	3,647	398	238	160
Work-in-Progress	239	-	239	-	-	-
TOTAL	4,439	553	3,886	398	238	160

Reconciliation - 2014	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Computer Software	160	3,802	-	-	315	3,647
Work-in-Progress	-	239	-	-	-	239
Carrying Value - 2014	160	4,041	-	-	315	3,886

Reconciliation - 2013	Opening Balance	Additions	Disposals	Write-off	Depreciation	Closing Balance
Computer Software	240	83	-	-	163	160
Carrying Value - 2013	240	83	-	-	163	160

7. ACCRUED EXPENSES

	2014 R '000	2013 R '000
Accrued Project Expenditure	84,474	409,086
Accrued SIP Expenditure	-	1,802
Accrued Operational Expenditure	15,605	18,567
Leave Accrual	792	615
TOTAL	100,871	430,070

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8. FINANCE LEASE LIABILITY

Amounts payable under finance leases

Within one year	169	(14)	155
Within two to five years	70	(2)	68
Later than five years	-	-	-
Total Finance lease liability	239	(16)	223
Less: Amount due for settlement within 12 months (current portion)	(169)	14	(155)

TOTAL

70

(2)

68

The average lease term is 2 years and the average effective borrowing rate is 9% (linked to prime interest rate). All leases have fixed repayment terms.

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.

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	2014 R '000	2013 R '000
9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS		
Social Investment Programme Fund (SIP)	88,208	101,297
TOTAL	88,208	101,297
Reconciliation - Movement during the year: <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	101,297	104,597
Add: Interest Income	4,611	5,097
Less: Expenditure	(17,700)	(8,397)
Obligation at the end of the year	88,208	101,297
10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS		
Provincial Grants:		
MTEF Equitable Shares	278,259	284,032
Private Sector		
Settlement Agreement	250,000	-
Bus Savings	23,196	11,771
TOTAL	551,455	295,803
Reconciliation of movement during the year:		
Obligation at the beginning of the year	295,803	841,298
Add: Project Funds received during the year - capital	1,373,983	1,218,348
Less: Project Expenditure paid during the year - capital	(1,118,331)	(1,763,843)
Obligation at the end of the year	551,455	295,803

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	2014 R '000	2013 R '000
10.1 PROJECT FUNDS RECEIVED DURING THE YEAR		
Project income earned (includes all accrued income)		
Public Sector	1,110,807	1,207,506
MTEF Equitable Shares	1,110,807	1,207,506
Private Sector	263,176	10,842
Performance Deductions	1,751	2,797
Compensation for Faulty Bus Validators	-	(11)
Interest on Bus Savings	122	118
Bus Savings	11,303	7,938
Settlement Agreement	250,000	-
Total	1,373,983	1,218,348
10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR		
Project expenditure incurred (includes all accrued expenditure)		
Schedule 12 Milestones	79,663	506,901
Variation Milestones	2,774	(3,966)
Concessionaire Variations	-	4,811
Operating Period Variation	14,531	28,424
Construction of the K60 Access Road	(165)	3,547
Land Expropriation Costs	(10,106)	226,813
Additional land transferred to GMA	(131)	-
Patronage Guarantee	1,031,732	831,363
Extended Phase 1 Operating Payment	-	165,871
System Improvements	-	34
Project Notices	33	45
Total	1,118,331	1,763,843

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10.3 Analysis of the movement during the year:

Provincial - MTEF Equitable Shares

	2014 R '000	2013 R '000
Obligation at the beginning of the year	284,032	811,557
Add: Current year receipts	1,110,807	1,207,506
Less: Project Expenditure	(1,116,580)	(1,735,031)
	278,259	284,032

Provincial - Additional MTEF Equitable Shares

Obligation at the beginning of the year	-	26,015
Less: Project Expenditure	-	(26,015)
	-	-

Other Private Sector Income

Add: Obligation at the beginning of the year	11,771	3,726
Add: Performance Deductions	1,751	2,797
Add: Compensation for Faulty Bus Validators	-	(11)
Add: Interest on Bus Savings	122	118
Add: Bus Savings	11,303	
Add: Settlement Agreement	250,000	7,938
Less: Project Expenditure	(1,751)	(2,797)
	273,196	11,771

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11. PROVISIONS	2014 R '000	2013 R '000
Land Provision	6,230	248,544
Operating Period Variation Provision	8,597	30,417
Bonus Provision	6,681	4,671
TOTAL	21,508	283,632

Provisions are raised due to the degree of estimation used to measure the obligations. The outflow of resources are expected to be within 12 months.

Land Provision

Reconciliation - Movement during the year:

Opening Balance	248,544	135,719
Less: Provision Utilised	(160,066)	(103,021)
Less: Provision Reversed	(82,476)	(3,271)
Add: Increase in Provision	228	219,117
Closing Balance	6,230	248,544

Operating Period Variation Provision

Reconciliation - Movement during the year:

Opening Balance	30,417	29,946
Less: Provision Utilised	(20,096)	(27,185)
Less: Provision Reversed	(10,321)	(50)
Add: Increase in Provision	8,597	27,706
Closing Balance	8,597	30,417

Bonus Provision

Reconciliation - Movement during the year:

Opening Balance	4,671	4,219
Less: Provision utilised or reversed	(5,110)	(4,219)
Add: Increase in Provision	7,120	4,671
Closing Balance	6,681	4,671

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	2014 R '000	2013 R '000
12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS		
Obligations arising from:		
- Restricted Performance Reserve Account Funds	37,992	35,061
- Restricted Insurance Proceeds Funds	253	-
	38,245	35,061
Obligations arising from Restricted Performance Reserve Account Funds		
<i>(Includes all accrued income and expenditure)</i>		
Restricted Performance Reserve Account	37,992	35,061
TOTAL	37,992	35,061

The Performance Reserve Account is funded by the Concessionaire. The balance to be maintained in the account is calculated in terms of the Concession Agreement. 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 the Concession Agreement.

Obligations arising from Restricted Insurance Proceeds Funds		
Restricted Insurance Proceeds Account	253	-
TOTAL	253	-
Reconciliation - Movement during the year:		
<i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	-	-
Add: Interest Income	253	-
Add: Insurance Claim Received	94,506	-
Less: Insurance Claim Paid - Concessionaire	(93,398)	-
Less: Insurance Claim Paid - GMA	(1,108)	-
Obligation at the end of the year	253	-

The Insurance Proceeds account is used for the receipt of insurance proceeds to the Concessionaire as a result of successful insurance claims from the Gautrain System assets pursuant to Schedule 18 of the Concession Agreement. These funds are restricted. During the period a claim of R 94,506 million was received. After deducting GMA's portion the remaining R 93,398 million was paid over to the Concessionaire.

GAUTRAIN MANAGEMENT AGENCY
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	2014 R '000	2013 R '000
13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)		
Operating Lease Liability	1,803	-
Foreign Exchange Liability	605,684	605,600
TOTAL	607,487	605,600
Foreign Exchange Liability		
Reconciliation - Movement during the year:		
Opening Balance	605,600	598,637
Additions	84	6,963
Closing Balance	605,684	605,600

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.

Operating Lease Liability
Reconciliation - Movement during the year:

Opening Balance	-	-
Additions	1,803	-
Closing Balance	1,803	-

The operating lease liability will not be recovered in the next 12 months. Refer to note 24 on details of the operating lease.

GAUTRAIN MANAGEMENT AGENCY
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	2014 R '000	2013 R '000
14. REVENUE FROM NON-EXCHANGE TRANSACTIONS		
MTEF Funding	314,136	391,205
Transfer of Gautrain System asset and other assets	34,673,309	-
TOTAL	34,987,445	391,205
15. REVENUE FROM EXCHANGE TRANSACTIONS		
Finance Income	76,576	67,552
Other Income	1,197	130
Insurance claim GMA	40	24
Insurance claim from Insurance Proceeds Account	1,108	-
Profit on sale of fixed assets	49	106
TOTAL	77,773	67,682

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16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board Member Remuneration

Names of Board Members

	2014 R '000			
	Retention Fees	Board Fees	Travel Expenses	Total Remuneration
Mr A Mawela (Chairperson)	180	117	2	299
Ms D Dondur (Deputy Chairperson)	90	125	4	219
Mr M Mokoena	90	137	7	234
Mr D Nadison	90	107	2	199
Ms M Lugemwa	90	124	4	218
Prof W Thwala	90	109	8	207
Mr M Nkumanda	90	58	1	149

TOTAL

720 777 28 1,525

Audit & Risk Committee Remuneration

Names of Audit & Risk Committee Members

	Attendance Fees	Travel Expenses	Total Remuneration
Ms D Dondur (Chairperson)	41	1	42
Mr M Nkumanda	24	1	25
Mr D Nadison	24	1	25
Ms M Lugemwa	20	1	21

TOTAL

109 4 113

Other GMA Committee Members' Remuneration - 2014

Other GMA Committees include the Finance and Assets, HR & Remuneration and Social & Ethics Committees.

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TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2014

1,717

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16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION - continued

Board Member Remuneration

Names of Board Members	2013 R '000			Total Remuneration
	Retention Fees	Board Fees	Travel Expenses	
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 2013, Ms Dondur was appointed as Acting Chairperson of the Audit and Risk Committee on 19 June 2012 and as Chairperson of the Audit and Risk Committee on 23 November 2012.

Other GMA Committee Members' Remuneration - 2013

Other GMA Committees include the Finance and Assets, HR & Remuneration and Social & Ethics Committees.

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TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2013

1,532

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17. EXECUTIVE MANAGEMENT REMUNERATION

	2014 R '000					Total Remuneration
	Basic Salary	Company Contributions	Leave paid	Acting Allowances	Bonus & Lump Sums	
Jack van der Merwe (CEO)	2,713	322	-	-	1,849	4,884
Preston Mabena (CFO) *	841	98	-	-	-	939
Ntheri Magoai (SEM: Legal)	1,371	158	-	133	218	1,880
Marius van der Westhuyzen (Acting SEM: Technical)	1,109	124	28	304	167	1,732
Dr. Barbara Jensen (SEM: Communications & Marketing)**	261	31	-	-	-	292
Pam Mahlawe (SEM: Corporate Services)***	845	99	-	-	-	944
TOTAL	7,140	832	28	437	2,234	10,671

Bonuses are paid in arrears, thus the amounts disclosed above related to bonuses paid in the prior financial period.

* Preston Mabena was appointed as CFO on 1 September 2013.

** Dr. Barbara Jensen was appointed as SEM: Communications & Marketing on 1 February 2014.

*** Pam Mahlawe was appointed as SEM: Corporate Services on 8 August 2013.

Acting CFO Ian Scott (1 Apr 13 - 31 Aug 13) (Consultant). Consulting fees of R 553 ('000) was paid during the period.

Acting SEM Corporate Services Ntheri Magoai (1 Apr 13 - 7 Aug 13)

Acting SEM: Technical Marius van der Westhuyzen (1 April 2013 - 31 Mar 14)

William Dachs (SEM: Technical) received a bonus of R292 ('000) related to the prior financial year.

Happy Molefe (SEM: Corporate Services) received a bonus of R248 ('000) related to the prior financial year.

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17. EXECUTIVE MANAGEMENT REMUNERATION - continued

	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 2013 - 31 March 2013) (Consultant). Consulting fees of R303 ('000) was paid during the period.
SEM Corporate Services	Happy Molefe (1 Apr 2012 - 31 Jan 2013)
Acting SEM Corporate Services	Ntheri Magoai (1 Feb 2013 - 31 Mar 2013)
SEM Technical	William Dachs (1 Apr 2012 - 31 Jan 2013)
Acting SEM: Technical	Marius van der Westhuyzen (1 Feb 2013 - 31 Mar 2013)

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	2014 R '000	2013 R '000
18. EMPLOYEE COSTS		
Salaries, bonuses and allowances	37,557	30,593
Increase/(Decrease) in leave accrual	178	(144)
Increase/(Decrease) in bonus provision	2,010	453
Leave paid	81	260
Lump sum payment	-	658
Provident Fund Contributions	2,827	1,572
Employer Contributions	600	609
Casual Workers	8	4
TOTAL	43,261	34,005
19. DEPRECIATION AND AMORTISATION COSTS		
Depreciation	939,363	574
Gautrain System assets	936,866	-
GMA assets	2,497	574
Amortisation	315	163
GMA assets	315	163
TOTAL	939,678	737

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	2014 R '000	2013 R '000
20. OPERATIONAL EXPENDITURE		
Consultant Costs	134,739	211,967
Operational Support Costs	5,666	5,989
Technical Costs, Communication & Public Relations & Land Procurement	29,944	83,871
Legal Costs	1,120	2,013
Financial Support Costs	-	886
Commercial Costs	98,009	119,208
Independent Monitor Costs	5,158	10,405
Independent Environmental Costs	695	2,455
Independent Certifier Costs	2,719	5,836
Independent Socio-Economic Monitor Costs	1,744	2,114
Dispute Resolution Board Costs	-	419
Travel, Accommodation, Entertainment & Subsistence	910	359
Recruitment Costs	1,885	193
Loss of assets due to theft	38	25
Training & Membership Fees	1,393	781
Maintenance Costs	633	43
Audit Fees	2,124	3,119
Co-sourced Internal Audit Services	-	127
Marketing and Communication initiatives	10,113	1,474
Consultant Costs	17,605	10,008
Building rent and utilities	8,357	6,139
Office running costs	4,086	2,105
Insurance Costs	335	302
Advertising Costs	305	580
IT Related Costs	1,227	833
Corporate Affairs	1,089	899
TOTAL	189,997	249,778

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	2014 R '000	2013 R '000
21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS		
Net Surplus per the Statement of Financial Performance	33,890,553	172,835
Adjusted for:		
Amortisation	315	163
Depreciation	939,363	574
Other non-cash items related to assets:	(34,393,556)	(125)
Transfer of assets	(34,673,439)	-
Prepayment of Gautrain System asset	280,236	-
Finance Leased assets and accruals	(342)	(72)
Profit on sale of asset	(49)	(106)
Loss of assets due to theft	38	25
Write-off on motor vehicle costs	-	28
Increase/(decrease) in current liabilities	(348,647)	(68,901)
Increase in non-current liabilities	5,099	40
(Increase)/Decrease in receivables	(385,944)	(27,551)
Net cash inflows from operating activities	(292,817)	77,035

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, 10 & 12 on a cash basis.

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22. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE

	2014 R '000
Net Surplus per the Statement of Financial Performance	33,890,553
Adjusted for:	
Amortisation	315
Depreciation	939,363
Other non-cash items related to assets:	(34,393,556)
Transfer of assets	(34,673,439)
Prepayment of Gautrain System asset	280,236
Finance Leased assets and accruals	(342)
Profit on sale of asset	(49)
Loss of assets due to theft	38
Write-off on motor vehicle costs	
Increase/(decrease) in current liabilities	(348,647)
Increase in non-current liabilities	5,099
(Increase)/Decrease in receivables	(385,944)
Cash flows from operating activities	(292,817)
Net cash from investing activities	(16,024)
Acquisition of Property, Plant and Equipment	(12,107)
Sale of Property, Plant and Equipment	49
Acquisition of Intangible Assets	(3,966)
Net cash from financing activities	(99)
Finance Lease Payments	(99)
Net increase in cash and cash equivalents	(308,940)
Less: Increase in income from non-government funding	(54,374)
Interest income	(71,506)
Proceeds from sale of Property, Plant & Equipment	(49)
Net SIP fund receipts	19,502
Net PRA receipts	(1,173)
Insurance receipts	(1,148)
Net Surplus/ (deficit) before Project Funds from previous period	(363,314)
Plus: Project Funds from previous period	434,569
Other items not included in the budget:	
DRT Receipts	(14,812)
GMA payments on behalf of DRT	14,817
Net Surplus per the Final Budget Appropriation	71,260

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22. 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 2013-14 financial year has not been exceeded. The net budget surplus of R 71 million is committed in full.

GMA had an overspend on the Patronage Guarantee cost, which is a 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. Further, GMA had an underspend on system improvements and operating period variations not spent timeously.

The GMA also had an underspend on operational expenditure due to marketing initiatives being delayed and vacancies that were not timeously filled. Further, a saving was made by the PST and Legal & Commercial consultants.

23. CHANGE IN ESTIMATES

During the period under review the estimated useful life of applicable computer software was increased from 2 years to 4 years, applicable office equipment was increased from 6 years to 8 years, applicable computer equipment was increased from 3 years to 5 years and applicable furniture and fittings from 5 to 7 years due to the change in management's intention.

	Depreciation on original estimate R '000	Depreciation on revised estimate R '000	Impact of change in estimate R '000
Depreciation expense for the year	1,866	1,706	160
Computer software	403	315	88
Office equipment	472	466	6
Furniture and fittings	370	368	2
Computer equipment	621	557	64
Accumulated Depreciation as at 31 March 2014	2,604	2,444	160
Computer software	642	554	88
Office equipment	658	652	6
Furniture and fittings	370	368	2
Computer equipment	934	870	64

The change in estimate resulted in a decrease of R160 ('000) in the depreciation charge to the Statement of Financial Performance for the year under review.

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24. CONTINGENCIES AND COMMITMENTS

24.1 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 reserve, 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 11 - 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's best estimate of the Patronage Guarantee for the next year approximates the current year amount due to the fact that there is an anticipated increase in passenger numbers which will be off-set by the increase in the Minimum Required Total Revenue for the period. The Patronage Guarantee payment for the 2013-14 financial year is disclosed in note 10.

	Contract End date	2014 R '000
Contractual Commitments		
E-mails archiving, spam filter, antivirus scanning	Nov 2015	201
Firewall Management	Nov 2014	151
Project Wise Maintenance & Support Service	Jun 2014	369
Managed printing solution - maintenance contract	Sep 2014	298
Landline - Telephone Line at new GMA Office	Apr 2015	277
Office management, plants, water dispensers	Aug 2016	422
Technical Consultants	Time Driven	58,016
Finance Consultants	Jul 2014	1,714
Marketing Initiatives	2016	17,724
Leadership Programme	Jun 14	234
		79,406

24.2 OPERATING LEASE COMMITMENTS

Total future minimum lease payments due:

- within one year
- within two to five years
- five years onwards

	2014 R '000	2013 R '000
Total future minimum lease payments due:	46,771	-
- within one year	7,795	-
- within two to five years	31,181	-
- five years onwards	7,795	-
	46,771	-

The GMA entered into a seven year office lease agreement, which commenced on 1 April 2013 and terminates on 31 March 2020, and provides for an escalation of rental of 8.5% per annum. The cost of the lease is straight-lined over the period of the lease.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

24.3 LITIGATION AND CONTINGENCIES

Delay & Disruption Claim

This claim relates to the Concessionaire alleging that Province delayed in providing properties during the Development Period and as a result the Concessionaire allegedly suffered a financial loss. Province has submitted relevant documents to confirm its intention to defend the matter.

The final hearing date is anticipated to commence in December 2016. 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 had to acquire additional land, which was not initially anticipated, due to the Concessionaire having failed to design the System in accordance with the Concession Agreement. The parties agreed that this matter be consolidated with the Delay and Disruption claim as they are inter-related.

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 that will accrue 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.

Province counter-claimed based on the saving it is entitled to. The tribunal ruled on the 2 July 2013 that the Concessionaire must produce the actual costs of constructing the Sandton Cavern and the estimated tender costs for the original Sandton Station construction. Documents are currently still in the process of being submitted by the Concessionaire in that regard. The GMA has not made any provisions in this financial year and will continue to review this decision on an on-going basis.

Water Ingress Dispute

The award in the Water Ingress Dispute was handed down to the Parties on 23 November 2013. In terms of the award, the Concessionaire is ordered to perform remedial works to the section of tunnel between Park Station and Shaft E2 and to pay damages to the Province for the section of tunnel from Rosebank Station to Marlboro Portal; both in accordance with the specification as claimed for in the arbitration by the Province. The Concessionaire is required to submit a detailed plan for remedial works which has not been received to date. The GMA has not disclosed a contingent asset due to the nature of the dispute.

Land Cost Disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R 51 million has been claimed. GMA estimates to pay an amount of R 4.2 million of the land claims made. However, these claims are dependent on the outcome of court cases.

GAUTRAIN MANAGEMENT AGENCY

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25. 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 17. 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

On 1 July 2013 the GMA received the transfer of the Gautrain System assets from the Gauteng Department of Roads and Transport. Please refer to note 4-6 and 30 for the details of the transaction.

The GMA provided project management capacity to assist the Department with its capital expenditure programme to the value of R 14,554 million. These transactions were at arm's length. As at 31 March 2014 R 12,033 million was outstanding from the Gauteng Department of Roads and Transport.

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The GMA's financial instruments consist mainly of cash 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.

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.

	2014 R '000	2013 R '000
Financial assets - at carrying value		
Cash and cash equivalents	1,184,880	1,493,820
Accrued income	25,861	15,596
Other receivables	114,721	12,334
Rental Deposit	1,200	1,170
TOTAL	1,326,662	1,522,920
Financial liabilities - at carrying value		
Accrued Expenses	100,871	430,070
Finance lease liability	223	82
Other Liabilities	607,487	605,600
Obligations Arising from Restricted SIP Funds	88,208	101,297
Obligations Arising from Restricted Project Funds	551,455	295,803
Obligations Arising from Restricted Concessionaire Funds	38,245	35,061
TOTAL	1,386,489	1,467,913
Fair value of financial instruments:		
Financial assets at fair value:		
Cash and cash equivalents	1,184,880	1,493,820
Accrued income	25,861	15,596
Other receivables	114,721	12,334
Rental Deposit	1,200	1,170
TOTAL	1,326,662	1,522,920

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

	2014 R '000	2013 R '000
Financial liabilities held at amortised cost:		
Accrued Expenses	100,871	430,070
Finance lease liability	223	82
Other Liabilities	607,487	605,600
Obligations Arising from Restricted SIP Funds	88,208	101,297
Obligations Arising from Restricted Project Funds	551,455	295,803
Obligations Arising from Restricted Concessionaire Funds	38,245	35,061
TOTAL	1,386,489	1,467,913
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	76,576	67,552
Expenses from Finance Lease Liability		
Finance Costs	(12)	-
TOTAL	76,564	67,552

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 2014, 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.
- Short term receivables - due to the short term nature of GMA's receivables, amortised cost approximates its fair value.
- Long term receivables bear interest at a rate that approximates market rates
- 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.

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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 no foreign exchange variances for Variation Milestones were reported.

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:

	2014 R '000		
MATURITY PERIOD	0 - 12 Months	1 - 5 Years	> 5 Years
Financial Assets			
Accrued Income	25,861	-	-
Other Receivables	22,054	92,667	-
Rental Deposit	-	-	1,200
Financial Liabilities			
Accrued Expenses	100,871	-	-
Finance lease liability	155	68	-
Other Liabilities	-	607,487	-
Obligations Arising from Restricted SIP Funds	88,208	-	-
Obligations Arising from Restricted Project Funds	551,455	-	-
Obligations Arising from Restricted Concessionaire Funds	-	-	38,245

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

26. 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.

	2014 R '000	
	Accumulated Surplus	Net Assets
- 25% decrease in foreign exchange rate	(151,421)	(151,421)
+ 25% increase foreign exchange rate	151,421	151,421
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 has been minimal by the South African Reserve Bank.

	2014 R '000	
	Accumulated Surplus	Net Assets
Interest rate increase of 100 basis points	14,586	14,586
Interest rate decrease of 100 basis points	(14,586)	(14,586)

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 2014

27. SUBSEQUENT EVENTS

GMA does not have any other subsequent events to report requiring adjustment or disclosure in the financial statements for the year ended 31 March 2014.

28. GOING CONCERN

At 31 March 2014 the GMA Board has every reason to believe that the GMA has adequate resources in place to continue in operation for the foreseeable future.

	2014 R '000	2013 R '000
29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE; AND CRIMINAL OFFENCES		
29.1 IRREGULAR EXPENDITURE		
Opening Balance	-	-
Add: Irregular Expenditure - current year (Employee Benefits)	-	1,840
Add: Irregular Expenditure - current year (Printers and maintenance contract)	188	1,182
Less: Amounts not recoverable	(188)	(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. This contract was terminated at the end of September 2013 to avoid future irregular expenditure.	188	1,182
29.2 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

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

30. OTHER DISCLOSURE: GAUTRAIN SYSTEM ASSETS

In the prior financial year the Gautrain System assets were 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 were consequently disclosed as completed assets in the annual financial statements of the Department for the 2012-13 financial year.

The GMA had embarked on a project to componentise the Gautrain System assets and formulate an accounting treatment for the transfer and take-on of these assets. This project was completed during the financial year.

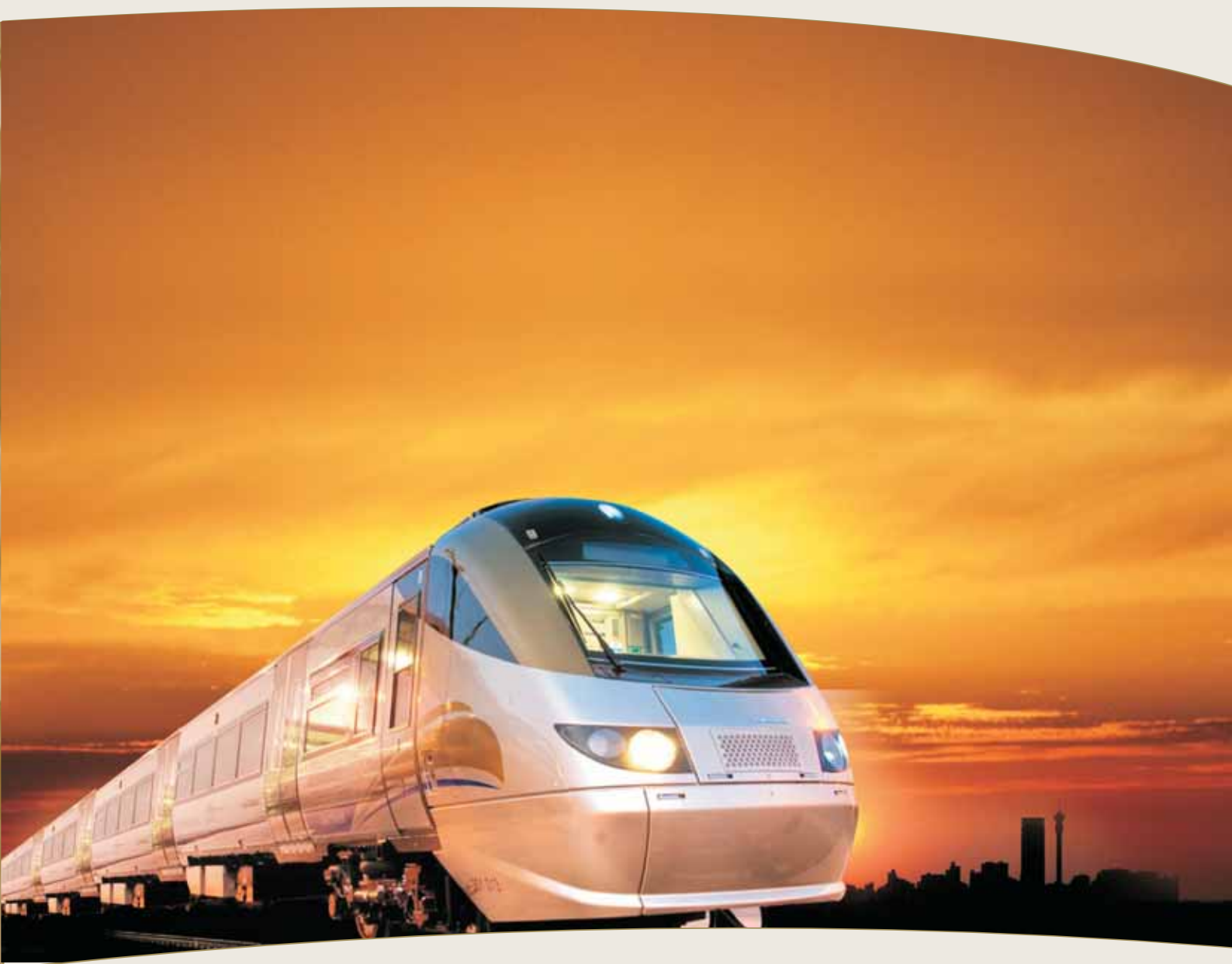
The GMA has received the approval of the Executive Authority: MEC for the Gauteng Department of Road and Transport, for the transfer of the Gautrain System assets to the GMA, effective 1 July 2013, in accordance with the Public Finance Management Act, Section 42 and the Gautrain Management Agency Act, Section 31.

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. The Gautrain System assets are consequently disclosed as completed assets in the annual financial statements of the GMA for the 2013-14 financial year. Refer to note 4-6 for the detailed disclosure on the Gautrain System assets.



PART G : ANNUAL PERFORMANCE REPORT





Strategic Objective	Key Performance Indicators	2013/2014 Annual Target	Evidence provided as proof of delivery of target	Means of verification	Q1	
Strategic Oriented Goal 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all						
Ensure the consistent and accurate application of the penalty regime against the Patronage Guarantee in accordance with the concession agreement so as to maintain a System and Service that meets the specification and is attractive to passengers.	1	No. of performance penalties agreed and applied as per performance dashboard (includes performance on service interruptions, security, availability & service reliability).	12 by 31 March 2014.	Performance committee worksheet and dashboard.	Minutes of committee meeting confirm penalties agreed and applied.	2
	2	No. of System and Station Inspections.	12 System Inspections.	Inspection report filled in according to required format with photographs.	Technical meeting minutes reflect consideration of non-conforming reports.	3
80 Station Inspections.		Inspection report filled in according to required format with photographs.	Technical meeting minutes reflect consideration of non-conforming reports.	20		
Increase the Ridership of the Gautrain System so as to minimize the Patronage Guarantee.	3	Average number of monthly rail passengers.	900,000	Revenue and patronage report. (Project Wise Link RPT464 - Month 036 - Monthly Revenue and Patronage Report).	Review completed in terms of concession agreement.	800,000
	4	No. of substantially revised or new Gautrain Bus Routes implemented.	2 New Gautrain Bus Routes.	Minutes of Bus Service Planning Committee.	Minutes of Bus Service Planning Committee.	4 new bus routes approved for pilot
Ensure the efficient provision of capacity by the Concessionaire to match demand on the system.	5	Capital expenditure of extension and expansion (contract concluded) on the existing Gautrain network.	R 154.8 mil	Quarterly Cash Flow Reports Financial Statements.	Signed off monthly statement of capex expenditure on actual spend by CFO.	R 23.22 M
	6	Number of feasibility studies completed for extensions and expansions for future years.	1	Feasibility study approved by GMA Board + 2014/15 capex budget reflects results of feasibility.	Minutes of Board decision.	Scope developed for feasibility study and put on tender or agreed to carry out internally.
	7	Acceptance and adherence of Concessionaire to all capacity increase obligations set by the CA and/or GMA.	Three Service Capacity Utilization Management Cycles completed and agreed increases implemented.	Quarterly reports from technical to Manco or Board Committee reflect level of adherence.	Minutes reflect noting of adherence.	80%
Ensure a consistent and high level of customer satisfaction is maintained.	8	% overall satisfaction figure on a customer satisfaction survey of GMA customers.	4.5 out of 5 satisfaction score averaged out from 2 bi-annual surveys conducted in 2013/2014.	Results of 2 customer satisfaction surveys.	Customer satisfaction survey.	Survey planned.
Strategic Oriented Goal 2: To assure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal benefit						
Ensure that the Concessionaire meets all of its obligations in terms of the Concession Agreement so as to minimize the exposure of the Province to the Patronage Guarantee.	9	No. of reviews conducted on revenue and patronage reports.	4	Technical report.	Minutes of Board meeting approving report.	1
Ensure continued improvement and learning from the varied unforeseen situations and events that arise during operation of the Services.	10	Reduction in repeat unforeseen incident and events that require GMA response.	Less than 10 matters are repeated in the financial year.	Manco signs off report from Technical capturing all incidents or events and recording number of repeated ones.	Minutes from Manco.	<2 in total
Ensure that the management of the relationship with the Concessionaire optimizes performance delivery.	11	No. of reviews of Penalty Verifications performed.	1	Internal Audit Report approved by Audit Committee and Board.	Minutes of Audit Committee and Board meeting approving report.	0
	12	Number of resolution of litigation matters as per agreed GMA strategy and Terms Of Reference.	90 % of litigation cases resolved or in process as agreed by GMA.	MANCO signs off the 90% of all litigation cases that are on track in terms of actual vs. planned.	MANCO minutes.	90%
To monitor, evaluate and assess the safety and legislative compliance of the Concessionaire.	13	Number of reviews on compliance conducted on Health and Safety and legislative compliance (conducted by an external provider).	1	External review close out report .	Close Out report.	0

GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT 2013/14 FINANCIAL YEAR

PLAN					ACTUAL					VARIANCE	REASON FOR VARIATION
Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
performance related matters											
3	3	4	12	2	3	3	4	12	0		
3	3	3	12	2	4	3	3	12	0		
20	20	20	80	22	20	24	27	93	13		
900,000	1,000,000	900,000	900,000	1,060,888	1,122,240	1,107,158	1,256,305	1,136,648	236,648		
2 pilots conducted.	2 pilots conducted.	2 permanent routes continued.	2 New Gautrain Bus Routes.	4 new bus routes approved for pilot.	2 pilots conducted.	2 pilots conducted.	2 permanent routes continued.	2 New Gautrain Bus Routes.	0		
R 54.18 M	R 116.1 M	R 154.8 M	R 154.8 M	R 0.51 M	R 30.10 M	R 32.34 M	R 74.32 M	R 74.32 M	-R 83.76 M		
Feasibility study completed.	Feasibility study results determine capex allocation in 2014/2015 APP.	Planning for capex roll out for 2014/2015 commenced.	1 Study completed.	Completed feasibility on Park and Ride awaiting awarding of tender.	Feasibility study completed.	Feasibility study results determine capex allocation in 2014/2015 APP.	Planning completed for 2014/15 capex roll out.	Planning completed for 2014/15 capex roll out.	0		
80%	80%	80%	80%	80%	80%	80%	80%	80%	0		
Survey conducted and results reported.	Survey planned.	Survey conducted and results reported shows 90% satisfaction.	Survey conducted and results reported shows 90% satisfaction.	Survey planned.	Survey conducted and results reported.	Survey planned.	Survey conducted and results reported shows more than 90% satisfaction.	Survey conducted and results reported shows more than 90% satisfaction.	0		
of Gauteng Province, its residents and visitors.											
1	1	1	4	1	1	1	1	4	0		
<4 in total	<7 in total	<10 in total	<10 in total	1	1	4	7	7	3		
0	1	0	1	0	0	1	0	1	0		
90%	90%	90%	90%	90%	90%	90%	90%	90%	0%		
0	1	0	1	0	0	1	0	1	0		

Strategic Objective	Key Performance Indicators	2013/2014 Annual Target	Evidence provided as proof of delivery of target	Means of verification	Q1	
Strategic Oriented Goal 3: To ensure sound financial management of all GMA revenue sources and safeguard the assets of the Project.						
To ensure the improved quality of overall financial management via efficient implementation of approved financial policies.	14	Nature of audit opinion.	Un-qualified audit report.	Audit report from Auditor General.	Minutes of Board noting the report.	0
	15	No of irregular expenditure cases reported.	Zero cases of irregular expenditure.	Audit report from Auditor General.	Minutes of Board noting the report.	0
Ensure appropriate management of the GMA Budget.	16	% expenditure of GMA budget.	0% over expenditure and less than 15% positive variance or savings.	Financial Statements signed by the CEO.	Minutes of Board approving financial statements.	0% over expenditure and less than 15% positive variance or savings.
To procure goods and services according to BBEE targets by 2016.	17	% of BBEE expenditure awarded to HDI's.	60%	SCM report signed by the CEO.	Minutes of Board noting SCM expenditure.	15% of actual spend.
		% of BBEE expenditure awarded to women.	20%	SCM report signed by the CEO.	Minutes of Board noting SCM expenditure.	5% of actual spend.
		% of BBEE expenditure awarded to Youth.	7%	SCM report signed by the CEO.	Minutes of Board noting SCM expenditure.	1,75% of actual spend.
		% of BBEE expenditure awarded to PWD's.	1%	SCM report signed by the CEO.	Minutes of Board noting SCM expenditure.	,25% of actual spend.
To ensure compliance with supply chain management policies and procedure.	18	Number of Tenders (RFP) awarded in 90 day's.	100%	Report from internal review performed by Internal Audit.	Audit Committee and Board approval of Internal Audit report.	All
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over assets.	19	% of Implementation of the Project Plan for System Asset Componentization.	95%	Report from CFO on delivery against project plan signed by the Board.	Board minutes reflect that progress is noted by the Board.	Software procured and asset componentization finalized.
	20	Fixed Asset Register completed.	100%	Report from CFO on delivery against project plan signed by the Board. Random spot checks conducted by Internal Audit.	Board minutes reflect that progress is noted by the Board and random spot checks.	Project plan signed off by MANCO.
	21	GMA Asset Management Policy revised, approved and implemented.	GMA Asset Management Policy approved.	Approved policy.	Board minutes show approval of policy.	Draft policy.
	22	Completion of a asset expansion plan for 2014 - 2026.	100%	Copy of asset expansion plan.	Minutes of GMA Board approving asset plan.	25%
To ensure efficient use of the rolling stock assets (train) by the concessionaire.	23	Preparation and implementation of the Rolling Stock Improved Utilization Plan.	1	Copy of plan and review of output's.	Minutes of MANCO approvals.	Prepare plan.
To acquire additional rolling stock (train and bus) assets as part of the System.	24	Preparation and implementation of the Rolling Stock Acquisition Plan.	1	Copy of plan and review of output's.	Minutes of MANCO approvals.	Prepare plan.
Strategic Oriented Goal 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance						
Efficient administration over the Corporate Governance and Oversight Function.	25	GMA strategy for Board Capacitation and Succession Strategy and Plan completed.	Strategy completed 100 %.	Strategy and Plan document + progress report on actual delivery against plan.	Board minutes approving Strategy and Plan.	Draft Strategy.
	26	Number of Board self assessments completed in respect of performance of the Board and Board Committees.	1	Report on assessment results and recommended actions.	Board minutes noting assessment results and approving actions.	1
Ensure compliance in internal controls in all divisions.	27	% of Internal Audit findings resolved (division specific).	100 % within three months of Internal Audit report of finding.	Internal Audit report on closing out of findings by executives.	Audit Committee and Board minutes noting progress.	100 % - (within three months of Internal Audit report of finding).
Ensure a secure and reliable information technology environment.	28	% completion and compliance with IT disaster recovery strategy and plan.	100%	Approved strategy and plan + 6 months report on actual against planned delivery.	Board minutes approving plan and noting progress.	Draft IT disaster recovery strategy and plan.

GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT 2013/14 FINANCIAL YEAR

PLAN					ACTUAL					VARIANCE	REASON FOR VARIATION
Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
0	0	un-qualified audit report.	un-qualified audit report.	0	0	0	un-qualified audit report	un-qualified audit report	0		
0	0	0	0	1	1	1	0	3	-3	New contract applicable from 1 October and no further irregular expenditure will be incurred	
0% over expenditure and less than 15% positive variance or savings.	0% over expenditure and less than 15% positive variance or savings.	0% over expenditure and less than 15% positive variance or savings.	0% over expenditure and less than 15% positive variance or savings.	25.8% Positive variance (under spent).	13% Positive variance (under spent).	11% Positive variance (under spent).	5 % Positive variance (under spent).	5 % Positive variance (under spent).	10 % within the allowed limit.		
15% of actual spend.	15% of actual spend.	15% of actual spend.	60% of actual spend.	64%	80%	90%	96%	96%	36%		
5% of actual spend.	5% of actual spend.	5% of actual spend.	20% of actual spend.	3%	6%	7%	8%	8%	-12%	Can only achieve over the longer term due to specialised services	
1,75% of actual spend.	1,75% of actual spend.	1,75% of actual spend.	7%	0%	1%	2%	2%	2%	-5%	Can only achieve over the longer term due to specialised services	
,25% of actual spend.	,25% of actual spend.	,25% of actual spend.	1 % of actual spend.	0%	0%	3%	3%	3%	2%		
All	All	All	100%	All	All	All	All	100%	0%		
Fixed asset register completed.	Management of asset register.	Management of assets.	95%	Software procured and asset componentization finalized.	Software in test phase. Fixed Asset register not completed yet.	Asset Register not yet completed.	Management of assets.	Management of assets.	0%		
Fixed asset register completed.	Management of asset register.	Management of assets.	100%	Project plan signed off by MANCO.	Verification of System Assets before take on still in progress.	Asset Register not yet completed.	Management of assets.	Management of assets.	0%		
Policy approved by the CEO.	Policy approved by MANCO.	Policy approved by Board.	Policy approved by Board.	Draft policy drawn up.	Final policy in progress.	Policy completed and submitted for approval.	Policy approved by Board.	Policy approved by Board.	0		
50%	75%	100%	100%	25%	50%	75%	100%	100%	0%		
Obtain MANCO approval and implement.	Implement.	Review outputs.	Implemented.	Plan prepared.	Obtain MANCO approval and implement.	Implement.	Review outputs.	Implemented .	0		
Obtain MANCO approval and implement.	Implement.	Review outputs.	Implement Rolling Stock Acquisition Plan.	Plan prepared.	Obtain MANCO approval and implement.	Implement.	Review outputs.	Implement Rolling Stock Acquisition Plan.	0		
and Legal Compliance.											
Strategy approved by Board.	Strategy implemented for 1 quarter.	Strategy implemented for 2 quarters.	Strategy implemented for 2 quarters.	Draft Strategy.	Strategy approved by Board.	Strategy implemented for 1 quarter.	Strategy implemented for 2 quarters.	Strategy implemented for 2 quarters.	0		
0	0	0	1	1	0	0	0	1	0		
100 % (within three months of Internal Audit report of finding).	100 % (within three months of Internal Audit report of finding).	100 % (within three months of Internal Audit report of finding).	100 % (within three months of Internal Audit report of finding).	76% within 3 months.	100% of audit findings closed out.	73% of audit findings closed out.	81% of audit findings closed out.	81% of audit findings closed out.	-19%	Remedial actions are still in progress for completion in April.	
Board approved IT disaster recovery strategy and plan.	100 % compliance with disaster recovery strategy and plan.	100 % compliance with disaster recovery strategy and plan.	100 % compliance with disaster recovery strategy and plan.	IT disaster recovery strategy and plan drafted and submitted to Board.	IT disaster recovery strategy and plan drafted and submitted to Board.	Board approved IT disaster recovery strategy and plan.	100 % compliance with disaster recovery strategy and plan.	100 % compliance with disaster recovery strategy and plan.	0%		

Strategic Objective	Key Performance Indicators	2013/2014 Annual Target	Evidence provided as proof of delivery of target	Means of verification		
					Q1	
Ensure the effective identification and mitigation of risk across all functions.	29 % mitigation actions in risk registers implemented or up to date.	90%	Board approved report from Internal Audit on % risk mitigation actions concluded up to date.	Board minutes.	40%	
To contribute to the achievement and development of GMA as a high performing organization.	30 Implementation of an organizational performance management system aligned to the APP.	Performance Management System fully implemented.	Signed copy of performance scorecards: minutes of mid year review & final review for all staff.	Random check by HR of 30 % of staff files shows that all documentation is in place.	Performance scorecard signed.	
	31 Level of development of a talent succession and retention strategy for GMA.	Strategy 100 % developed and approved by Board.	Board approved strategy and progress plan.	Board minutes.	Draft Strategy.	
	32 Level of development of a leadership model and peer review tool.	Tool fully developed.	MANCO approved model and tool.	MANCO minutes.	Draft Model and Tool.	
	33 Development of a Quality Assurance System for GMA functions related to the oversight of the concession agreement.	Quality Assurance System approved and implementation starts.	MANCO approval of Roll out Plan. QA documentation approved by SEM Technical.	MANCO minutes and signed QA procedures.	System designed.	
To maintain a culture and practice of compliance with legislation and policies.	34 % Completion of annual policy reviews.	100%			All policies reviewed.	
Strategic Oriented Goal 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders						
Ensure GMA's participation in structures, meetings and processes with Gauteng Provincial Government (as shareholder).	35 Level of satisfaction with office of the MEC on formal participation and attendance of GMA in all required activities with the shareholder.	Satisfaction letter from MEC's office that matter are attended to. 80 %	Results of a survey form that totals a % score requested from GMA at the end of every financial year.	Minutes of Board noting scored from MEC's office.	0	
	36 Implementation of Action Plan of MEC's action requirements emanating from MEC engagements with Board within agreed TOR.	90%	Board Report Noting Delivery of Target.	Minutes of Board approving the plan and noting progress.	90%	
Ensure that the GMA develops and maintains a proactive and professional approach with respect to identified stakeholders.	37 Development and implementation of a stakeholder strategy and plan that identifies all key stakeholders and sets out an annual plan of engagement for each category of stakeholder.	100%	Approved plan and progress report on actual delivery against plan.	Minutes of Board approving the plan and noting progress.	Draft strategy.	
Ensure the effective marketing of Gautrain through direct marketing and monitoring the marketing programme of the Concessionaire.	38 Implementation of approved GMA marketing plan.	100%	Progress report on actual delivery against plan.	Minutes of Board noting progress.	25%	
	39 Number of reports highlighting the success of the Concessionaire's marketing plan.	4	Copies of report.	Minutes of Manco noting progress.	1	
	40 Number of incidents of unauthorized brand usage.	3	Copy of report submitted by Marketing and Communications to the Board.	Board minutes.	0	
Strategic Oriented Goal 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job						
Ensure that GMA uses the imperative of economic growth and development in Gauteng, as a key pillar that informs its current extension and expansion strategy and future growth strategies.	41 Completion of an economic impact study of Gautrain from inception to March 2013.	Board approves study.	Copy of economic impact study report.	Board Minutes noting study and approving targets for APP.	Draft Study.	
To monitor and verify total job creation targets achieved by the Concessionaire with regards to the SED obligations.	42 Total number of jobs created.	1318	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	329	
To monitor and verify total amount of expenditure purchasing SA Material, Plant and Equipment.	43 Total amount(R'000)	R 36 269	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	R 9 068	
To monitor and verify total amount of procurement awarded to New (and existing) BEs.	44 Total amount(R'000)	R 184 586	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	R 46 147	

GAUTRAIN MANAGEMENT AGENCY: ANNUAL PERFORMANCE INFORMATION REPORT 2013/14 FINANCIAL YEAR

PLAN					ACTUAL					VARIANCE	REASON FOR VARIATION
Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
60%	80%	90%	90%	50%	50%	60%	73%	73%	-17%	Mitigation activities are still in progress for completion in April.	
Mid year reviews completed.	Coaching completed.	Final formal reviews completed.	Performance Management System fully implemented.	Performance scorecard signed.	Mid year reviews completed.	Coaching completed.	Final formal reviews completed.	Performance Management System fully implemented.	0		
Board approved Strategy.	Strategy implemented for one quarter.	Strategy implemented for two quarters.	Strategy implemented for two quarters.	Strategy drafted.	Board approved Strategy.	Strategy implemented for one quarter.	Strategy implemented for two quarters.	Strategy implemented for two quarters.	0		
Model approved pilot.	Complete pilot of peer review tool.	Final adoption of peer review tool.	Final adoption of peer review tool.	Model and tool drafted.	Model approved pilot.	Complete pilot of peer review tool.	Final adoption of peer review tool.	Final adoption of peer review tool.	0		
System approved by Manco.	System approved by Board.	Proof of commencement of roll out.	Proof of commencement of roll out.	System designed.	System approved by Manco.	System approved by Board.	Proof of commencement of roll out\ all 4 procedures attached.	Proof of commencement of roll out.	0		
0	0	0	All policies reviewed.	Some policies reviewed.	All policies reviewed.	0	0	All policies reviewed.	0		
0	0	80%	80%	0	0	0	90%	90%.	10%		
90%	90%	90%	90%	100%	100%	100%	100%	100%	10%		
Approved Strategy.	Roll out of plan for 1 quarter.	Roll out of plan for 2 quarters.	Approved strategy and roll out.	Strategy drafted.	Approved Strategy.	Roll out of plan for 1 quarter.	Roll out of plan for 2 quarters.	Roll out of plan for 2 quarters.	0		
25%	25%	25%	100%	25%	51%	75%	100%	100%	0%		
1	1	1	4	1	1	1	1	4	0		
1	1	1	3	3	1	0	1	5	-2	Events are not under the control of GMA .	
creation and support of BE's and SMME's in the Province.											
Approved study with recommended actions in 2014/2015 APP.	-	-	Approved study with recommended actions in 2014/2015 APP.	Draft Study.	Draft Study.	Issued RFP to award study.	Study awarded 12 February.	Study awarded 12 February.	Study not completed.	Service provider appointed. Inception report and key milestones established. Study to be completed end May 2014	
329	330	330	1318	458	457	459	443	1,817	499		
R 9 068	R 9 067	R 9 066	R36,269	R27,310	R38,629	R28,938	R29,516	R124,393	R88,124		
R 46 147	R 46 147	R 46 147	R184,588	R147,685	R158,000	R177,176	R163,573	R646,934	R461,846		

Strategic Objective	Key Performance Indicators	2013/2014 Annual Target	Evidence provided as proof of delivery of target	Means of verification	Q1	
Strategic Oriented Goal 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development						
Support all current stakeholder engagement arrangements in Gauteng, particularly with Province and the three metropolitan municipalities.	45	No. of meetings around integration with Province and Cities.	1 meeting with Province + 1 meeting with cities per month.	Minutes of Meetings.	Minutes signed off by CEO.	1 meeting with Province + 1 meeting with cities per month 2.
Assist the integration of strategic spatial initiatives related to the Gautrain with the urban form by the exercise of rights under the GTIA.	46	Development of an alignment framework of the 3 metro medium to long term SDF plans and Gautrain growth and extension plans.	Draft Plan by March 2013 to feed into 2014 -2019 strategic plan.	Copy of Plan.	Board Plan approving targets for medium term strategy post 2014.	Draft plan drafted by employees .
Ensure effective facilitation of integration with other modes of transport at Gautrain stations.	47	No of initiatives implemented by GMA that support integration of modes.	1	Record of implementation of initiative or signed agreement.	Signed off by CEO.	0
Ensure the integration of Gautrain feeder and distribution services with municipal bus and minibus taxi services.	48	Number of new agreements with other operators that increases Gautrain feeder service.	1	Signed agreement.	Verified by the CEO.	0
Ensure the development of a regime of public transport ticket interoperability.	49	Implementation of system.	100%	Progress report of actual against planned delivery submitted to GMA Board.	Board minutes noting progress.	Prepare scope and align with DOT legislation and other stakeholders.

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PLAN					ACTUAL					VARIANCE	REASON FOR VARIATION
Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
and implementation of integration strategies											
1 meeting with Province + 1 meeting with cities per month 2.	1 meeting with Province + 1 meeting with cities per month.	1 meeting with Province + 1 meeting with cities per month3.	4 meetings with Province + 36 meeting with cities.	1 meeting with Province + 3 meeting with cities + 1 meeting with PRASA for the quarter.	1 meeting with Province + 7 meeting with cities for the quarter.	2 meetings with Province + 6 meetings with cities for the quarter.	2 meetings with Province + 5 meetings with cities for the quarter.	6 meetings with Province + 21 meeting with cities + 1 meeting with PRASA.	15 Meetings with cities behind original schedule.	In the operational phase only quarterly meetings with cities are required and additional meetings are constituted as required i.e.: Madiba funeral and BRT service opposite Sandton Station.	
Draft plan signed off by head of division in the GMA.	Draft plan approved by Manco.	Plan approved by Board.	Plan approved by Board.	Not achieved.	Draft plan signed off by head of division in the GMA .	Draft plan approved by Manco.	Plan approved by Board.	Plan approved by Board .	0		
0	0	1	1	0	0	0	1	1	0		
0	0	1	1	0	0	0	1	1	0		
Approved Project Plan.	Roll out of project according to plan and planned timeframes.	Roll out of project according to plan and planned timeframes.	Roll out of project according to plan and planned timeframes.	Scope document prepared and aligned with DOT legislation and other stakeholders .	Approved Project Plan.	Roll out of project according to plan and planned timeframes .	Roll out of project according to plan and planned timeframes .	Roll out of project according to plan and planned timeframes.	0		

LIST OF ABBREVIATIONS

ACSA	Airports Company of South Africa
AFC	Automatic Fare Collection
AFSA	Arbitration Foundation of Southern Africa
APP	Annual Performance Plan
APS	Airport Passenger Service
ARC	Audit and Risk Committee
A RE YENG	Tshwane Rapid Transit
BBBEE	Broad-Based Black Economic Empowerment
BCJV	Bombela Civil Joint Venture
BEs	Black Entities
BMC	Bombela Maintenance Company
BOC	Bombela Operating Company
BRT	Bus Rapid Transit
BTS 508	British Tunneling Specification
CA	Concession Agreement
CEO	Chief Executive Officer
Concessionaire	Concessionaire - Bombela Concession Company (Pty) Ltd
CV	Contingent Valuation
DFDS	Dedicated Feeder and Distribution Services, or bus services
DRB	Dispute Resolution Board
DWA	Department of Water Affairs
EIA	Environmental Impact Assessment
EMC	Environmental Management Committee
EMP	Environmental Management Plan
EP	Extended Phase
GDARD	Gauteng Department of Agriculture and Rural Development
GMA	Gautrain Management Agency
GMA Act	Gautrain Management Agency Act, No 5 of 2006
GPS	General Passenger Service
GTIA	Gauteng Transport Infrastructure Act, No 8 of 2001
HDI	Historically Disadvantaged Individuals
HR	Human Resources
IC	Independent Certifier
ICT	Information and Communications Technology
IEC	Independent Environmental Consultant
IECP	Independent Environmental Control Person

ITMP	(Gauteng) Integrated Transport Master Plan
ISEM	Independent Socio-Economic Monitor
IWUL	Integrated Water Use Licence
JRA	Johannesburg Roads Agency
LTIFR	Lost Time Injury Frequency Rate
Maximo	Concessionaire's maintenance information management system
MEC -	Gauteng Member of the Executive Council for Roads and Transport
MTEF	Medium Term Expenditure Framework
OCD	Operating Commencement Date
OCDS	Overhead Catenary Distribution System
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturers
OHSA	Occupational Health and Safety Act, No 85 of 1993
ORTIA	OR Tambo International Airport
PEC	Project Environmental Committee
PFMA	Public Finance Management Act, No 1 of 1999
PIDS	Passenger Information Displays
PMC	Performance Monitoring Committee
PMS	Performance Monitoring System
PPH	Public Paid Holidays
PPP	Public Private Partnership
PRASA	Passenger Rail Agency of South Africa
Province	Gauteng Provincial Government
PST	Province's Support Team
PVN	Project Variation Notice
QMS	Quality Management System
RoD	Record of Decision
RRE	Rail Reserve Events
SCUMP	Service Capacity Utilisation Management Plan
SED	Socio-Economic Development
SHE	Safety, Health and Environment
SHEQ	Safety, Health, Environment and Quality
SMMEs	Small, Medium and Micro Enterprises
SIP	Social Investment Policy
TRAC	South Africa - Technology and Research Activity Centre
TVM	Ticket Vending Machine
UPEC	Unknown Pre-Existing Contamination
WMC	Water Management Corridor



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