



GAUTRAIN MANAGEMENT AGENCY
Integrated Annual Report
2015

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THE **VISION** OF THE GMA IS TO PROVIDE AN **INTEGRATED, INNOVATIVE AND EFFICIENT** PUBLIC TRANSPORT SYSTEM THAT **PROMOTES SUSTAINABLE SOCIO-ECONOMIC GROWTH** IN SOUTH AFRICA.

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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 2015 to the Executive Authority.

Signed on 28 August 2015 on behalf of the GMA Board.

Ms Motseoa Alix-Mary Lugemwa

A handwritten signature in black ink, appearing to read 'Lugemwa', is centered on the page. The signature is written in a cursive, flowing style.

Chairperson: GMA Board



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: info@gautrain.co.za
- Website address: www.gautrain.co.za/gma
- External auditor's information: Auditor General of South Africa
- Banker's information: ABSA Bank Limited
- Company Secretary: Ms Tebogo Marumo







FOREWORD BY THE MEC





Dr I Vadi, Gauteng MEC for Roads and Transport

The African dream of a better life for all with its possibilities of an enriched and greater future is alive in the Gautrain Project. It connects and enhances lives and enables broader and more inclusive socio-economic access.

Gautrain is identified with the pride of Brand Gauteng. It projects the socio-economic vibrancy and development of our Province as it reaches out boldly into the future with its focus and drive for the modernisation, transformation and re-industrialisation of our public transport system.

The African dream of a better life for all with its possibilities of an enriched and greater future is alive in the Gautrain Project. It connects and enhances lives and enables broader and more inclusive socio-economic access. Its rail network is described as a "Journey to a better Gauteng" in a recent study conducted by KPMG, and its founding spirit and journey is captured as follows:

Over the past decade, the Gauteng Province embarked on a project to implement a state-of-the-art rapid rail network in Gauteng. The Project was conceptualised in 1997 and implementation started in 2000. The goal of the Project was not only to radically upgrade public transport in the Province, thereby making a contribution to the goals and objectives of a large range of National and Provincial policy plans, but also to improve the economy of the Province and the quality of life of the people of Gauteng.

This year Gautrain celebrates five years of golden excellence. It has delivered 1.5 million bus trips, 50 million passenger trips and 300 000 train trips. The climax of its achievements is commuter satisfaction with 98 per cent punctuality and 99 per cent availability. It fills us with a sense of pride that tourists view Gautrain as one of the most pleasant experiences on their itinerary when visiting our country.

"Platform to a better future" is how the KPMG study depicts envisaged extensions of rail networks in Gauteng. Extending the rail footprint would further realise the vision of the 25-Year Integrated Transport Master Plan that rail should be the backbone of public transport. The feasibility study of the proposed expansion of the rail network in Gauteng would inform our decision as to whether it would be financially and economically viable to extend rapid rail linkages, further integrating by rail the metropolitan and district municipalities which constitutes the Gauteng city-region.

Gautrain, together with Metrorail, forms part of an integrated public transport family and rail network. Its convergence over time into a seamless rail network is a work-in-progress aimed at creating

a distinctive, mass public transport rail system in our province. The Department of Roads and Transport and the Gautrain Management Agency would continue to strive to make public transport safe, reliable, accessible, affordable and integrated in our Province.

There are many stakeholders that form part of the Gautrain family that I would like to thank for our collective accomplishments. My very special thanks to both the outgoing and incoming Chairpersons of the GMA Board, Mr Abel Mawela and Ms Matseoa Alix-Mary Lugemwa respectively, the GMA Board Members, the Board Advisory and Committee Members, and general staff for their leadership role in the oversight

of the activities during the Financial Year. Attesting to their effective governance and prudent financial management is the clean audit opinion from the Auditor-General. Notably and admirably, another attribute of a well-functioning entity is the balanced synergies between the Executive Authority, the Board and the CEO, Mr Jack van der Merwe, who is responsible for the day-to-day operational management of the GMA.

Also, I would like to express my sincere appreciation to the Department of Roads and Transport and the Gauteng Provincial Treasury for their ongoing support, partnership, teamwork and cooperation. To our partners that constitute the Gauteng city-region, the Metropolitan Councils of

Ekurhuleni, Johannesburg and Tshwane, and the District and Local municipalities, I would like to express my gratefulness for their collaboration and team work. Lastly, to our partners in the transport family, the Passenger Rail Agency of South Africa (PRASA) and the Airports Company of South Africa (ACSA), we would like to express our special thanks.



Dr Ismail Vadi
MEC for Roads and Transport





CHAIRPERSONS' STATEMENTS



Mr Abel Mawela

My time spent in service to the GMA, supported by the committed Board Members and a motivated management team, leaves me in no doubt that the Agency is on a sustainable and achievable growth path.

It gives me great pleasure in my last year as chairperson of the Gautrain Management Agency (GMA) Board, to present my statement to stakeholders. The main objective of GMA is to manage, coordinate and oversee the Gautrain Project.

Some of the achievements met during the year under review include a continued increase in the number of passenger trips. This was achieved through the effective and efficient service provided by the Bombela Concession Company. The Concessionaire has continued to exceed targets for punctuality, availability, safety and security which led to the increase in customer confidence in the Gautrain brand and public transport in general.

Summing my tenure as a Non-executive member of the GMA Board, major milestones were realised, such as moving from the development phase to operations; opening of the first phase of the Gautrain Project in 2010 (Sandton to OR Tambo International Airport link) just

before the FIFA World Cup, the second and final phase of the Gautrain Project in 2012 (Tshwane to Johannesburg link). My tenure in the last three years as a chairperson of the Board, GMA received clean audits, thus signifying a culture of good governance. I would like to express a word of thanks to the CEO of the GMA, Mr Jack van der Merwe who continues to balance the strategic and operational aspects of the GMA so well.

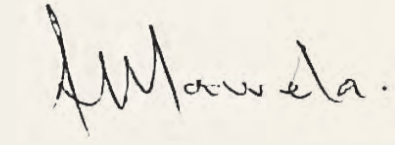
My time spent in service to the GMA, supported by the committed Board Members and a motivated Management team, leaves me in no doubt that the Agency is on a sustainable and achievable growth path. This will be aided by its sustained focus on the continuous improvement in terms of proficiency.

My gratitude and appreciation goes to the Board for its stewardship and guidance over the years. It has been a privilege for me to be part of an Agency dedicated to achieving its mandate and providing service to its stakeholders. I congratulate

and wish Ms Motseoa Lugenwa, the new Chairperson as well as the new Board all the success. I am confident that the Board together with the Management team are well positioned to steer the GMA to new heights and to build on the solid foundation that has already been laid.

I conclude by warmly acknowledging the Gauteng MEC for Roads and Transport,

Dr Ismail Vadi, for his tremendous support given during the past three years.

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 Abel Mawela
Outgoing Chairperson: GMA
Board



Ms Motseoa Alix-Mary Lugemwa

GMA has once again received an unqualified and clean audit for the year ended 31 March 2015. This is indeed an appropriate indication of the GMA's commitment to long-term sustainability, transparency and trust.

During the year under review, the term of office of three Board members, namely Mr the chairperson Mr. Abel Mawela, Mr Donovan Nadison and Mr Mogopodi Mokoena came to an end on 31 December 2014. I sincerely thank them for their contribution to the Board activities. On the 01 January 2015 we welcomed four new Board members Mr Unathi Mntonintshi, Mr. Satish Roopa, Ms Sebina Hlapolosa and Mr Bolokang Lengane and wish them well in their board duties.

The GMA is responsible for ensuring that the objectives of the Project are met. These objectives are achieved through amongst others, commitment to sound corporate governance and responsible financial management. GMA has once again received an unqualified and clean audit for the year ended 31 March 2015. This is indeed an appropriate indication of the GMA's commitment to long-term sustainability, transparency and trust. Thank you and congratulations to the Chief Executive Officer, Mr Jack van der Merwe and his staff for their dedication and perseverance throughout the year under review that made this possible.

Two of Government's objectives are to provide movement of people and to actively promote public transport integration.

Some of the key focus areas for the GMA during this period under review include the completion of the Gautrain Economic Impact Study conducted to highlight the economic and mobility benefits of the Gautrain System in the Gauteng Province; appointment of Transaction Advisors to conduct a feasibility study for the possible rapid rail extensions to the Gauteng rapid rail network, as identified in the ITMP25. The study is scheduled to be completed in March 2016.

There are various opportunities and activities that the GMA will look into in the new Financial Year. GMA will focus on the following:

- Conclude processes of the acquisition of additional rolling stock to alleviate capacity constraints, additional signalling and track-work on the system;
- Exploring various measures for revenue enhancement so as to take advantage of commercial opportunities available in the Gautrain System;
- To continue exploring partnership development with key private and public parties/entities that jointly benefit both parties;

- Continue to identify and formalise interaction with all role players and stakeholders;
- Focus on expansions and extensions of the Gautrain System;
- Plan on the implementation of security enhancements at stations and
- Work hand in hand with the Concessionaire to jointly establish a common information management system for the Gautrain Project.

Gratitude goes to the Gauteng MEC for Department of Roads and Transport Dr Ismail Vadi for his guidance and support, the Gauteng Provincial Government and the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane for their cooperation. I would like to take this opportunity to thank all Board members, including the previous members, the GMA

management team and staff who through their teamwork and dedication serve the Agency to the best of their ability.



Ms Motseoa Alix-Mary Lungemwa
Chairperson: GMA Board





CHIEF EXECUTIVE OFFICER'S OVERVIEW





Mr E (Jack) van der Merwe, CEO: GMA

“People are increasingly making public transport a mode of choice with over 77% of current ridership making the modal shift from private cars to using the Gautrain”

The 2014/15 financial year has again been an exciting and productive year for the Gautrain Management Agency (GMA).

This year the GMA is presenting its Annual Report in an integrated format. The following guiding principles were used to develop the Integrated Report:

- Explanation of the business model;
- Review of performance during the 2014/15 Financial Year;
- Strategic focus and future orientation;
- Connectivity of information; and
- Stakeholder responsiveness.

There are three recurring themes in the Integrated Report; Stakeholder Relations, Socio-Economic Development and the Environment.

During the year there has been a steady growth in the ridership of the Gautrain system. Rail passengers have increased by 9.32% and bus passengers by 8.15%. This has been achieved by operation of an average of 6 412 train services per month at an availability level above 99% and a punctuality level of above 97.7%

I would like to complement Bombela Concession Company and its subsidiary companies, especially the Bombela Operating Company, on operating a quality public transport system for the people of Gauteng within these very high standards.

The term of office of a GMA Board member is three years renewable for another three years. The three year term of Office of the GMA Board came to an end on the 31st December 2014. Three Board members, including the Chairperson Mr. Abel Mawela and Messrs Mogopodi Mokoena and Donovan Nadison had completed two terms as board members and have left the GMA Board. I would like to express my appreciation for the guidance and leadership that they have provided during their tenure as GMA Board members. Four new Board members were appointed by the Member of the Executive Council (MEC) Dr. Ismail Vadi, they are Mr Unathi Mntonintshi, Ms Sebina Hlapolosa, Mr Bolokang Lengane and Mr Satish Roopa. Ms Motseoa Alix-Mary Lugemwa has been appointed as Board Chairperson.

The core of GMA’s responsibility is managing a very complex Concession Agreement with the Bombela Concession Company and taking full accountability for the system assets, as defined in the Gautrain Management Act (Act 5 of 2006). The total system assets are disclosed in this year’s Annual Financial Statements to the value of R 32,306 billion. It is indeed heartening that the Auditor General has, for the third year running, given the GMA a clean audit report. This is a just reward for the GMA’s commitment to sound corporate governance and responsible financial management.

This can only be achieved through hard work and dedication of all entities in the financial value chain, this includes the CFO and his finance team, the GMA Management Committee, Internal Audit, the Board committees and the GMA Board. A word of thanks to everyone involved, let’s make it four in a row next year!

One of the highlights of the year has been the finalisation of the report on the economic impact of the Gautrain system, undertaken by KPMG. Their investigation centred around the following three key Performance Indicators of the GMA, with each KPI showing a very positive result, some of which are:

- **Gautrain’s contribution to Gauteng’s long term economic development;** R20 billion added to the Provincial GDP during construction, 121 800 direct, indirect and induced jobs were created during construction, For each year of operations an amount of R1.7 billion is added to the Gauteng economy and 6 122 direct, indirect and induced jobs are created.
- **Gautrain’s contribution to public transport becoming a mode of choice:** There has been a clear move to high quality public transport, 24 200 less cars on the roads per day (each making two trips), time saving of between 10 and 12 days per year per

commuter. Gautrain is eight times faster than road transport due to congestion and results in a 52% reduction in the carbon footprint of each commuter. People are increasingly making public transport a mode of choice with over 77% of current ridership making the modal shift from private cars to using the Gautrain.

- **Gautrain's contribution to Gauteng's improved spatial development:** R46 billion total GDP impact through property development around the Gautrain system. 245 000 jobs were created as a result of the property development. R10 billion in rental property developed in close proximity to Gautrain stations and a 1% to 3% faster growth in residential property value.

The results of this report will be used in the feasibility study which is currently being undertaken on the possible expansion of the rapid rail network in Gauteng. Transaction advisors have been appointed to complete this feasibility study. It entails two new rail corridors, linking Mamelodi (in the East) to Tshwane East, Samrand, Sunninghill, Cosmo City, Ruimsig, Roodepoort to Naledi in Soweto (in the west) and an East – West link between Honeydew, Randburg, Sandton, Rhodesfield to Boksburg. The final report is expected during March 2016.

Due to capacity constraints on the system during peak periods, especially the morning peak, the purchase of additional rolling stock has become a priority. A business plan has been developed and an agreement has been reached with the DBSA to assist the GMA in financing the purchase of 48 new coaches.

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. During the 2014/15 financial year Bombela has been busy developing a detail plan to address the water ingress

problem. They have indicated that they will start with the remedial work during the latter part of 2015 and have indicated that they will complete the work within 24 to 36 months.

Some of the major challenges for the 2015/16 financial year are going to be:

- Implementation of the tunnel remedial plan between emergency shaft E2 and Park Station;
- Progressing with the necessary legal documents to address the Delay and Disruption claim by Bombela;
- Increasing ridership on the Gautrain system by promoting counter flow during peak periods and increased ridership during off-peak periods;
- Completing the construction of the extension to the OR Tambo Station platform;
- Completing the extension of parking capacity at the Centurion Station;
- Start preparing the current system to accommodate the additional rolling stock (Depot, signalling, pocket tracks);
- Finalise and seek approval of the Feasibility Study for the development of an additional 200km of rapid rail system in Gauteng;
- 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.

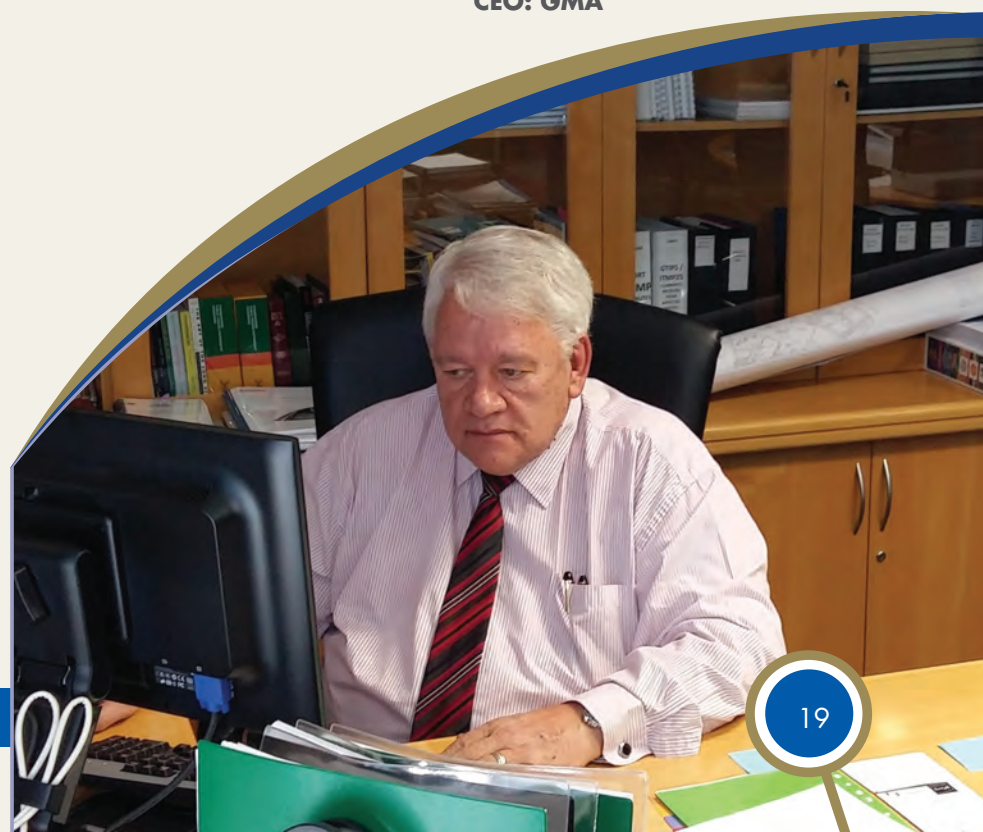
I would like to express my appreciation to the members of the GMA Board under the able leadership of two chairpersons, Mr. Abel Mawela and Ms Motseoa Alix-Mary Lugemwa, for their vision, oversight and leadership during the 2014/15 financial year.

To my team at the GMA, thanks to each and every one for your dedication, commitment and hard work.

Finally a word of thanks to MEC Dr. Ismail Vadi for his continued support and guidance to the GMA. Your vision for an integrated public transport system for Gauteng inspires us to work even harder to ensure that the Gautrain forms an integral part of the public transport system and stays the pride of the nation.



Mr E (Jack) van der Merwe
CEO: GMA





MEMBERS OF THE BOARD





MS MOTSEOA ALIX-MARY LUGEMWA (48)

Chairperson and Independent Non-Executive Member
(Re-appointed: 01 January 2015)

BA (Education), B Com Accounting, Post Graduate Diploma in Management Accounting, MBA in Finance, ACMA (UK) and CGMA

Board Committee Membership: Chairperson of the Finance and Asset Committee, Member of the Audit and Risk Committee and Member of the HR and Remuneration Committee

Other Directorships: Trustee, Audit and Risk Management Committee Member and Conflict Committee 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 Accountant (CIMA) UK Member of the Chartered Global Management Accountants (CGMA)

Skills, Expertise and Experience: Financial Management and Management Accounting

MS DORIS DONDUR (48)

Deputy Chairperson and Independent Non-Executive Member (Re-appointed: 01 January 2015)

Bachelor of Accounting, B Compt (Hons), CA (SA), MBA, International Executive Development Programme and Executive Development Programme

Board Committee Membership: Chairperson of the Audit and Risk Committee, Member of the Social and Ethics Committee and Member of the Finance and Asset Committee

Other Directorships: Non-Executive Director of the South African National Blood Services (SANBS), Basil Read Holdings Limited, Gauteng Growth and Development Agency (GGDA), SA Civil Aviation Authority and Trustee of the Professional Provident Society (PPS) Holdings Trust

Professional Memberships: Member of the South African Institute of Chartered Accountants (SAICA), Fellow Member of the Institute of Directors in Southern Africa (IoDSA) Member of the Institute of Internal Auditors (IIA)

Skills, Expertise and Experience: Auditing, Accounting, Business Acumen and Finance





MR ELZER (JACK) VAN DER MERWE (66)

Chief Executive Officer and Executive Member
(Re-appointed: 01 April 2014)

BSc Civil Engineering and BSc Civil Engineering Honours

Board Committee Membership: Member of the Finance and Asset Committee, Member of the Social and Ethics Committee, Member of the HR and Remuneration Committee and Audit and Risk Committee

Professional Memberships: President of 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 and Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience: Public Transport Sector, PPP Contracts and Project Management

PROF WELLINGTON DIDIBHUKU THWALA (42)

Independent Non-Executive Member **(Re-appointed: 01 January 2015)**

BA, Post Graduate Certificate in Education, MSc Development Planning, MSc Project Management, and PhD: Engineering (Construction and Project Management)

Board Committee Membership: Chairperson of the Social and Ethics Committee and Member of the HR and Remuneration Committee.

Other Directorships: Board member of Johannesburg Development Agency, Johannesburg Social Housing and Ports Regulator of South Africa.

Professional Memberships: Member of Chartered Institute of Building, Chartered Member of South African Planning Institute, Professional Construction Project Manager, Professional Town and Regional Planner and Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience: Construction Management, Project Management, Integrated Development Planning, Development Management and Research Methodology





MR MZOLISI NKUMANDA (51)

Independent Non-Executive Member
(Re-appointed: 01 January 2015)

B Com (Accounting), Higher Diploma in Tax Law and Masters in Business Leadership

Board Committee Membership: Chairperson of the Finance and Asset Committee, Member of the Audit and Risk Committee and Member of the Social and Ethics Committee

Other Directorships: Director of Nkumanda Management Services (Pty) Ltd and Non-Executive Director of Kerilite (Pty) Ltd

Professional Membership: Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience: Finance, Taxation and Corporate Governance

MR UNATHI MNTONINTSHI (39)

Independent Non-Executive Member
(Appointed: 01 January 2015)

B Tech Civil Engineering, MSc Transportation Planning and MBA Finance

Board Committee Membership: Member of the Finance and Asset Committee and Member of the HR and Remuneration Committee

Other Directorships: Chairperson of the Regulating Committee for the Airports Company of South Africa and the Air Traffic and Navigation Services

Professional Memberships: Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience: Infrastructure Development and Planning, Economic Regulation, Transport Planning, Traffic Engineering, Programme and Project Management





MR SATISH ROOPA (58)

Independent Non-Executive Member
(Appointed: 01 January 2015)

B. Juris, LLB and Master of Philosophy

Board Committee Membership: Member of the Audit and Risk Committee, Member of the Social and Ethics Committee and Member of the HR and Remuneration Committee

Other Directorships: Roopa Potgieter Inc., JFKS Consulting, Earthstone Trading 22, Eye to Eye Trading 10, First City Katleho Trust, QBIT Bathong and S Roopa Consultants

Professional Memberships: Member of the Institute of Directors in Southern Africa (IoDSA), Member of the Law Society of the Northern Provinces, Member of the South African Society for Labour Law and Member of the Ethics Institute of South Africa

Skills, Expertise and Experience: Corporate Governance, Human Capital Management, Labour Relations and Contract Management

MS SEBINA HLAPOLOSA (52)

Independent Non-Executive Member **(Appointed: 01 January 2015)**

Bachelor of Journalism and Media Studies, Post Graduate Diploma in Human Resources, Senior Executive Programme in Strategic Transformation and Executive Development Programme

Board Committee Membership: Chairperson of the HR and Remuneration Committee and Member of the Social and Ethics Committee

Professional Memberships: Member of the Institute of Directors in Southern Africa (IoDSA)

Skills, Expertise and Experience: Human Capital Management, General Management and Leadership, Organisational Development, Change Management and Transformation, Communication and Stakeholder Management





MR BOLOKANG LENGANE (41)

Independent Non-Executive Member
(Appointed: 01 January 2015)

B Com, B Com Honours and CA (SA)

Board Committee Membership: Member of the Audit and Risk Committee and Member of the Finance and Asset Committee

Other Directorships: Member of the Audit Committee of the Financial Intelligence Centre and Director of Merriman Banks (formerly Muffin Consulting)

Professional Memberships: Member of the Institute of Directors in Southern Africa (IoDSA), Member of the SA Institute of Chartered Accountants and Member of the Independent Regulatory Board of Auditors

Skills, Expertise and Experience: Auditing, Finance, Governance, Risk and Compliance





SECTION A

A move towards Integrated Reporting



The GMA's 2014 annual integrated report reviews the Financial Year for the 12 months that ended 31 March 2015. The GMA's mandate is to manage, co-ordinate and oversee the Gautrain. To do so, the GMA must, amongst other things, liaise with persons having an interest in the Project as its stakeholders. One platform of liaising in an integrated way with stakeholders is through the GMA's annual report.

The following guiding principles were used to develop the Integrated Report:

- Explanation of the business model
- Review of performance during the 2014/15 Financial Year
- Strategic focus and future orientation
- Connectivity of information
- Stakeholder responsiveness

Thus, in addition to performance reporting on business issues, risks and financial issues, the report provides an overview on the GMA business activities and outcomes, with a focus on other contributions to the value chain. Themes of this report are stakeholder relations, socio-economic benefits

and environmental impacts that are material to the long-term sustainability of the Gautrain. These themes of reporting were selected by management as reflecting three of the outcomes of the GMA's business activities in the year that cut across all areas of performance of the Financial Year.

Communicating business value through integrated reporting will help stakeholders understand all the components of GMA's value add – and how they as stakeholders may be affected by these components. Integrated reporting is aimed at a holistic representation of the GMA's performance and accountability in terms of its finances as well as its sustainability in the environment in which it operates.



THREE THEMES OF THIS INTEGRATED REPORT

1. Stakeholder relations



Value is not created by or within an entity alone. Value for both the GMA and its stakeholders is thus created through relationships with relevant stakeholders – both internal and external. Adopting the above concept, this report emphasises stakeholder relations. A stakeholder-inclusive approach to reporting recognises that the GMA has many stakeholders that are affected in the achievement of its strategy and long-term sustainable growth.

For the GMA, stakeholders include passengers, regulators, governmental entities on all tiers, not-for-gain organisations and business partners such as the Concessionaire. Relationships with these stakeholders are thus a major focus point.

2. Socio-economic development



Over and above the normal technical, financial and legal cornerstones, the GMA introduced a fourth cornerstone to its business model, which is socio-economic development (SED).

Investment in people has always been one of the Government's core strategies. The Gautrain has been empowering Gauteng's citizens and expanding the economic activity of the Province. The implementation of the GMA's SED strategy ensures that it remains a cornerstone of the Gautrain.

3. Environment



With consideration of the impact of the Gautrain on its environment, this report also focuses on the GMA's assurance function related to environmental issues. The Gautrain as a project has both positive and negative environmental impacts. The negative impacts arise primarily as a result of the creation and use of the Gautrain System and assets and the GMA has played a role in minimizing these impacts. The positive environmental impacts for the Project flow in the main from the Gautrain Services, where people are moved from carbon intensive private vehicle usage to far lower emission public transport. The GMA seeks to maximize these positive impacts.





SECTION B

About the GMA

On behalf of the GPG, the GMA manages, co-ordinates and oversees the CA between the GPG and the Concessionaire. Thus, in the context of the Concessionaire, the GMA is the agent of the GPG and the GMA CEO is the delegated Province's Representative in terms of the CA

1. THE GMA IN THE CONTEXT OF THE GAUTRAIN PROJECT

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. Phase One of the Project, linking Sandton and the airport, was completed just prior to the 2010 FIFA Soccer World Cup, while the second and final phase, the Johannesburg-Tshwane link, was completed in June 2012. Apart from the four anchor stations on these two links, six other stations are linked by some 80 kilometres of rail along the completed route.

The Gautrain is primarily aimed at providing and optimising an integrated, innovative public transport system that enables and promotes the long-term sustainable socio-economic growth of Gauteng. It is also part of a broader vision to industrialise and modernise the region, including a commitment towards creating and sustaining an integrated culture of public transport use. The Gautrain is implemented as a Public Private Partnership (PPP) in terms of Treasury Regulation 16 of the Public Finance Management Act (PFMA). The Gauteng Provincial Government (GPG) is the public partner and the primary promoter of the Project. The Concessionaire is the Bombela Concession Company (Pty) Ltd, who hold a 19½-year concession for the construction, operation and maintenance of the Gautrain.

The GMA was established by the GPG 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 strategy of the GMA is to focus on managing, co-ordinating and overseeing both the operation and maintenance of the Gautrain Project and the implementation of the extension of the system to accommodate future demand and new services as identified in the 25-year Integrated Transport Master Plan (ITMP25) for Gauteng. The GMA is committed to implementing the business and corporate activities in accordance with its mandate under the GMA Act and under the strategic leadership of the GPG.

The main objective of the GMA is to manage, co-ordinate and oversee the Gautrain Project.

In order to do so, the GMA must:

- Assist the GPG in implementing the Gautrain and achieving the Project's objectives;
- Act on behalf of GPG in managing the relationship between the Province and the Concessionaire in terms of the Concession Agreement (CA) and ensure that the interests of the Province are protected;
- Enhance the integration of the Gautrain with other transport services and public transport plans;
- Promote and maximise the SED and Broad-Based Black Economic Empowerment (BEEE) objectives of the GPG in relation to the Gautrain;
- Liaise with and promote co-operation between government structures in all three spheres of government in relation to the Gautrain;
- Liaise with persons with an interest in the Project;
- Manage assets relating to the Gautrain and promote their preservation and maintenance;
- Manage the finances of the Gautrain Project and the financial securities

provided by the Concessionaire; and

- Monitor the policy and legislative environment of the Gautrain Project.

2. THE GMA AND THE BOMBELA CONCESSION COMPANY

As a PPP project, the Gautrain has two main entities responsible for keeping its wheels rolling. These are the GPG and the Concessionaire.

The Concessionaire holds a 19½-year concession that includes the design, build and part-finance of the Gautrain. The concession also includes the operations of the Gautrain and the Concessionaire is responsible for delivering all the services as defined in the CA to specified levels of performance. These include the services related to the train and buses, safety, stations, revenue collection, marketing and passenger communication. It also takes responsibility for management and maintenance of all the System assets. It does so in accordance with international good practice and its own corporate governance regime. It is a private, ring-fenced company with five shareholders being:

- Murray & Roberts Ltd is a construction company listed on the Johannesburg Stock Exchange that operates in Southern Africa, the Middle East, South-east Asia, Australasia and the Americas;
- Bouygues Travaux Publics SA is a civil engineering contractor based in France;
- Bombardier Transportation UK Ltd is a Canadian company operating in the aerospace and rail transportation sectors;
- SPG Concessions Ltd is a BBEE company represented in all of the Concessionaire sub-contracts; and
- J&J Group which is a South African broad-based investment holding and management company.

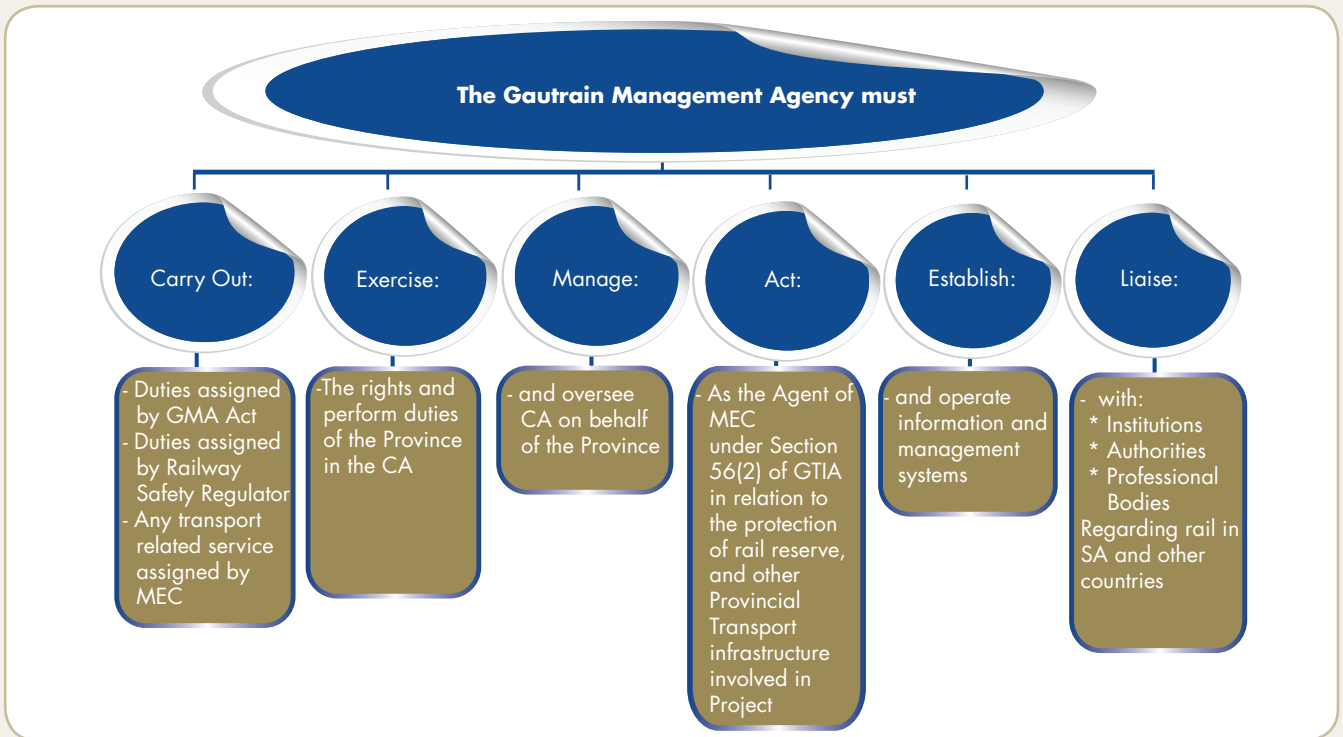


Figure 1: Mandate of the GMA

3. LEGISLATIVE MANDATE

The GMA is a GPG Public Entity that derives its mandate primarily from the GMA Act.

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, Act 1 of 1999 (PFMA);

- The Gauteng Transport Infrastructure Act, Act 8 of 2001 (GTIA);
- The Treasury Regulations and Section 76 of the PFMA; and
- The National Land Transport Act, Act 5 of 2009 (NLTA).

In addition to the legislative frameworks, the policy and strategic frameworks impacting on the functions of the GMA include:

- The 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.

4. BUSINESS MODEL

The business model of the GMA is to transform the inputs it receives from the GPG into the outputs of a sustainable rapid rail public transport system in Gauteng. The model is aimed at achieving the statutory objectives of the GMA Act while complying with the prescripts of the CA signed with the Concessionaire.

In organising itself and its business model, the GMA makes a broad distinction between two business activities. These are the project-related activities and the corporate activities.

The Graph 2 below illustrates the business model in the form of a train running on a track atop a high platform.

Inputs: These are illustrated as the power coming to the train from the overhead catenary. The main inputs are the continued custodianship of the System assets, strategic leadership and capital by way of budget allocations. These come from the GPG.

Project-Related Activities: These are shown as the layers making up the embankment upon which the train runs. Each layer represents a Project-related

activity and each layer depends on the strength and integrity of the layer beneath it. Given that the GMA does not operate the Gautrain Services, these activities relate to its mandate and are clearly differentiated from the responsibilities of the Concessionaire. The Project activities start with the base of performance management and cascade up to the marketing of the brand and realising commercial opportunities. In sequence from bottom to top these project-related activities are:

- Performance Management
The heart of Gautrain sustainability

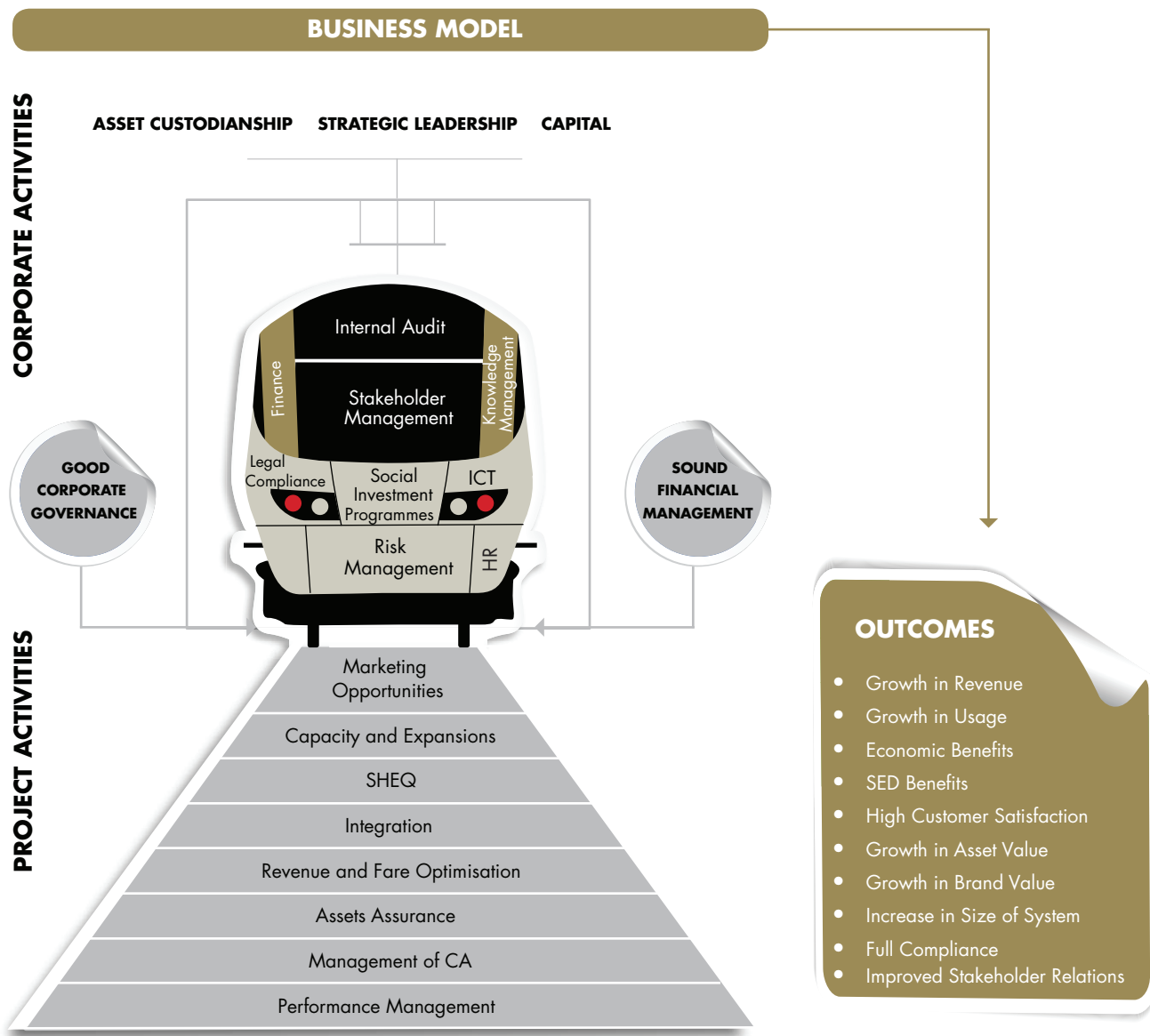


Figure 2: Business Model of the GMA

and potential to realise the economic, social, transport, economic and financial benefits is the extent it attracts users with services that are punctual, reliable, safe and clean. The GMA must ensure that all performance metrics in the CA are monitored and met. The tools used are the performance monitoring system of the GMA and the performance incentive and penalty mechanisms built into the CA.

- **Management of the Concession Agreement**

Over and above the management of the performance of the Services, the GMA must act as the Province's agent in meeting all of its obligations as set out in the CA as well as ensuring that the Concessionaire meets all of its obligations. The tools used are the rights of the Province in the CA, which include the Concessionaire reporting requirements, audits, and enforcement of contractual obligations and, if required, the Dispute Resolution Process.

- **Assets Assurance**

Once the performance and the contractual obligations are assured by the GMA, the System asset assurance is necessary to ensure that the Gautrain is technically sustainable in the sense of regular maintenance and asset replacement by the Concessionaire. The CA sets out requirements for asset management planning by the Concessionaire. It also has an output specification requiring a useful remaining life at the end of the concession period. Given that the Province is the owner of the assets, this assurance function also ties in with the financial statements of the GMA in terms of reporting on Property, Plant and Equipment. The tools used are assurance of planning as well as inspections and audits of the assets.

- **Revenue and Fare Optimisation**

The primary financial/commercial business activity of the GMA is in optimising the revenue received by the Gautrain from all sources. The Concessionaire is required to collect and account accurately for all such revenue and to avoid any losses of revenue. It is the Province that has the incentive to maximise the amount of revenue generated. The key tools are the fare evasion management system and the fare system where annual and in-year adjustments are made to the fares.

- **Integration**

The GMA must play an active role in connecting people across different modes of transport. This is done by considering physical integration with other public transport modes, by promoting common ticketing systems and by creating and supporting common information systems that are useful to passengers. The tools are the various stakeholder engagement platforms, the Automated Fare Connection (AFC) system and the passenger information system.

- **Safety, Environment, Health and Quality Assurance**

The GMA must provide assurance that the Gautrain is compliant with regulatory and good practice requirements for safety and that any potential negative environmental impact is minimised and positive impact maximised. An overall quality assurance role for the activities of the GMA is also required. The tools used are the safety, environmental and quality assurance systems of the Concessionaire and the GMA.

- **Expanding the Capacity of the System**

A modern system such as the Gautrain requires regular investment in additional capacity in areas as diverse as parking, buses, signalling

and the train sets. The Concessionaire must maintain and replace the existing assets in accordance with the CA but the GMA is responsible for planning and implementing these expansion projects in partnership with the Concessionaire. The tools used are the variation regime in the CA, the Medium Term Expenditure Framework (MTEF) budget allocation, a business planning process and a project management process in the GMA.

- **Marketing and Commercial Opportunities**

A successful Gautrain that is functioning, growing and integrating well will create many attractive commercial opportunities. It will also be possible to market the services effectively and grow markets of passengers. The business activities of marketing and commercial opportunity realisation will also improve long term financial sustainability. The tools used are the GMA's marketing strategy and the commercialisation of the System assets, especially around stations in partnership with the Concessionaire.

Corporate Activities: On top of the railway formation, made up of the project-related activities, runs the GMA, illustrated as the train on the tracks in the Figure 2. The key corporate activities are:

1. Risk management
2. Legal compliance
3. Information Communication and Technology
4. Knowledge management
5. Human Resources
6. Facility management
7. Social investment projects
8. Financial management
9. Corporate governance and internal audit
10. Stakeholder management and communication

Outcomes: The desired outcomes from the combination of GMA corporate and the business activities are:

1. Growth in revenue
2. Growth in user numbers
3. Increased economic benefits
4. Increased social and environmental benefits
5. High customer satisfaction
6. Growth in asset value
7. Growth in brand value
8. Increase in the size of the System
9. Full compliance with all regulatory requirements
10. Improved stakeholder relations

5. ORGANISATIONAL STRUCTURE AND HUMAN RESOURCES HIGH-LEVEL MANAGEMENT

The structure of the GMA matches its project and corporate business activities and facilitates managing, co-ordinating and overseeing the Gautrain Project.

The business model of the GMA requires appropriate skills in the GMA System to enable it to deliver effectively on expectations. The GMA acquires, retains and develops technical skills and

competencies that assist the GMA in achieving its mandate, vision, mission and values, as well as support the integrated project management system to manage existing and future projects effectively. The core strategy of GMA was analysed and the external drivers were matched to the internal factors. This led to an option evaluation and selection to ensure that the structure remains relevant.

- Focus on 'game plan' in terms of creating value; and
- Consider the New Growth Plan and National Development Plan.



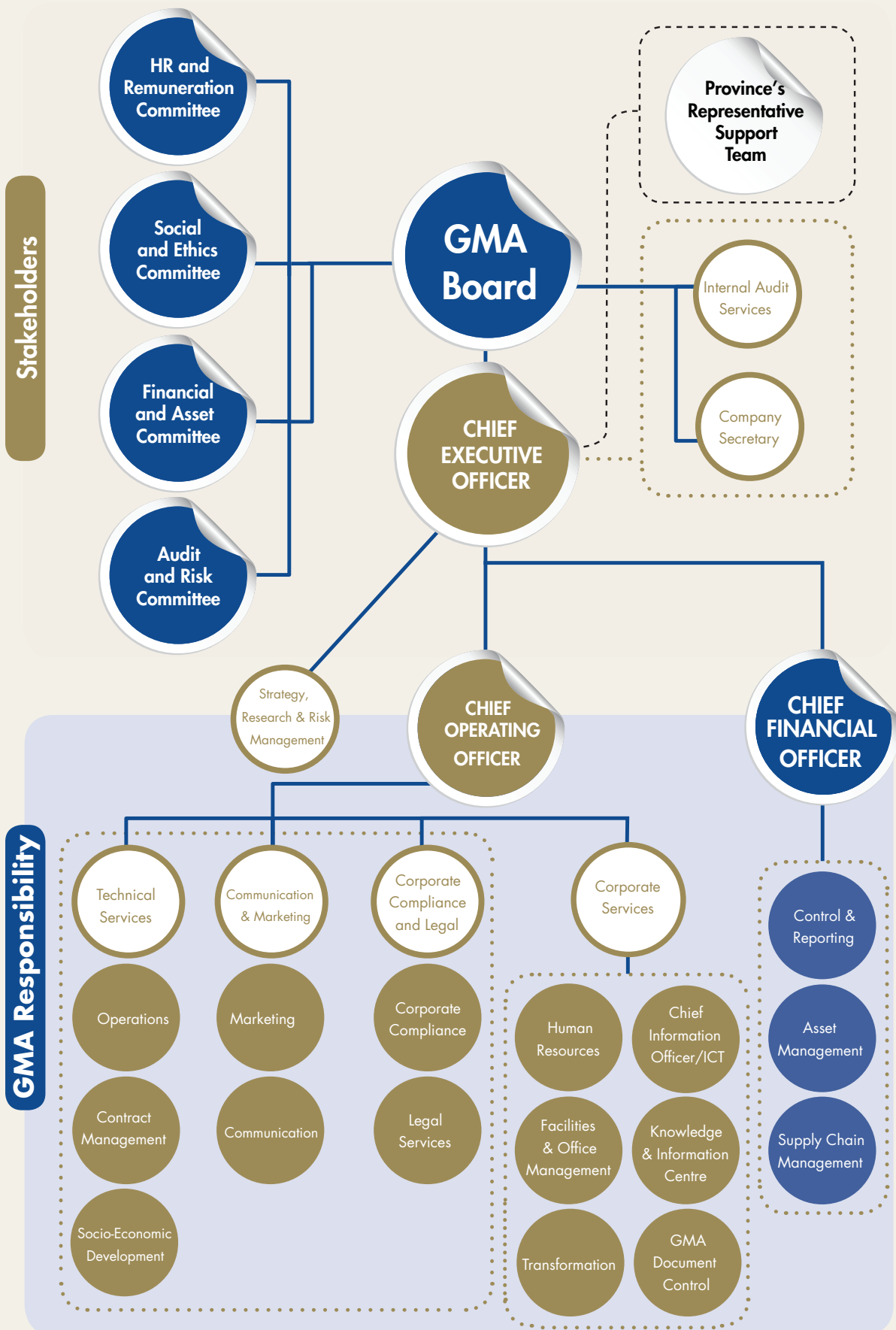


Figure 3: GMA High Level Functional Structure





SECTION C

Strategy and Resource Allocation

The vision of the GMA is to provide an integrated, innovative and efficient public transport system that promotes sustainable socio-economic growth in South Africa.

1. VISION, MISSION, VALUES AND STRATEGIC OBJECTIVES

To achieve the vision, the GMA's mission is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the CA between the GPG and the Concessionaire.

The GMA values are identified as:

- Excellence;
- Professionalism;
- Integrity;
- Fairness and transparency;
- Trustworthiness;
- Accountability and responsibility;
- Collaboration and co-creativity;
- Ethical and prudent behaviour; and
- Respectfulness.

The GMA set the following strategic orientated goals for the Financial Year so as to give effect to its vision and mission:

- Ensure the consistent and accurate application of the penalty regime against the Patronage Guarantee in accordance with the CA so as to maintain a System and Services that meets the specification and are attractive to passengers;
- Increase the ridership on the Gautrain System so as to minimise the Patronage Guarantee;
- Ensure the efficient provision of capacity by the Concessionaire to match demand on the System;
- Review of bi-annual customer satisfaction survey to ensure consistent and high level of satisfaction;
- Ensure that the Concessionaire meets all of its obligations in terms of the CA so as to minimise the exposure of the

- Province to the Patronage Guarantee;
- Ensure that the management of the relationship with the Concessionaire optimises performance delivery;
- To monitor, evaluate and assess the safety and legislative compliance of the Concessionaire;
- To ensure the improved quality of overall financial management via efficient implementation of approved financial policies;
- Ensure appropriate management of the GMA budget in respect of operational expenditure excluding the patronage guarantee, Capex and future System expansion projects;
- To procure goods and services in respect of the discretionary portion of the operational expenditure according to the GMA Board's BBBEE targets by 2017;
- Efficient administration over the corporate governance and oversight function;
- Ensure compliance of internal controls in all divisions;
- Ensure a secure and reliable information technology environment;
- Ensure the effective identification and mitigation of risk across all functions;
- To contribute to the achievement and development of GMA as a high performing organisation;
- To maintain a culture and practice of compliance with legislation and policies;
- Ensure GMA's participation in structures, meetings and processes with GPG (as shareholder);
- Ensure that the GMA develops and maintains a proactive and professional approach with respect to identified

- stakeholders;
- To monitor and verify total job creation targets achieved by the Concessionaire with regards to the SED obligations;
- To monitor and verify total amount of expenditure incurred by the Concessionaire with regards to SA material, plant and equipment;
- To monitor and verify total amount of procurement awarded to new (and existing) BEs by the Concessionaire;
- Support all current stakeholder engagement arrangements in Gauteng, particularly with Province, PRASA, ORTIA and the three metropolitan authorities to implement the ITMP25 plan;
- Integration of GMA strategic initiatives with the ITMP25;
- Ensure effective facilitation of integration with other modes of transport at Gautrain Stations;
- Ensure the integration of Gautrain feeder and distribution services with municipal bus and minibus taxi services;
- Ensure the development of a regime of public transport ticket interoperability;
- To ensure compliance with supply chain management policies and procedures;
- To completely and accurately account for assets of the GMA and to ensure adequate safeguarding, verification and accountability over these assets;
- To ensure the availability of capacity and services to manage the financial exposure of the GMA; and
- To assure that the Concessionaire meets its obligations regarding the maintenance of the System assets.

2. MATERIAL ISSUES RELATING TO THE GMA STRATEGY AND RESOURCE ALLOCATION

In the relevant Financial Year the material differences in the GMA strategic objectives when compared to previous years arose from the adoption of the ITMP25 by the GPG and the increased travel demand in the peak periods resulting in the need for additional capacity on the train and bus services.

Two new objectives related to these factors resulted in what are called the “Extensions” and the “Expansions” projects. The Extensions project is the undertaking of the feasibility study for Gauteng Rapid Rail Network extensions under a delegation from the MEC and involves the deployment of Transaction Advisors to meet the requirements of Treasury Regulation 16 for such feasibility studies, as well as the establishment of a project management functionality inside the GMA.

The expansion project is the planning and introduction of additional capacity throughout the existing Gautrain System

by way of projects implemented by the Concessionaire in response to Province’s Variations to the CA. These require planning and execution of the Variations Notices by the GMA.

The expansion project impacts on multiple, interlinked, objectives because the introduction of additional capacity has contractual, cost, revenue and economic outcome impacts relative to the GMA business model.

3. KEY RISKS AND OPPORTUNITIES ARISING FROM THE GMA STRATEGY AND RESOURCE ALLOCATION

While the ongoing business activities of the GMA give rise to risks and opportunities described later in this integrated reports, the expansions and extensions projects represent a new set of activities for the GMA and as such a new set of risks and opportunities. Both projects arise from risks to the GPG, namely that the lack of long-term integrated transport planning will hinder the achievement of national and provincial economic, social and transport development objectives and that the lack

of capacity of the existing Gautrain to carry more passengers will reduce its benefits and long-term sustainability. The opportunities that arise are the increased investment in and implementation of rapid rail transport systems in Gauteng.

As a provincial public entity, the GMA has internalised these risks and opportunities and allocated internal and external resources to ensure that the objectives are achieved.

4. THE GAUTRAIN VALUE CHAIN

The value chain for the Gautrain is complex because of the mix of outcomes between tangibles such as reliable and secure train and bus services and intangibles such as the social and economic benefits that accrue upon the provision of these services.

The value chain starts with the System Assets that are used to provide the train, bus and ancillary services offered to the users of the Gautrain. The value chain is shared between the GMA and the Concessionaire and its sub-contractors. This is illustrated in Figure 4.

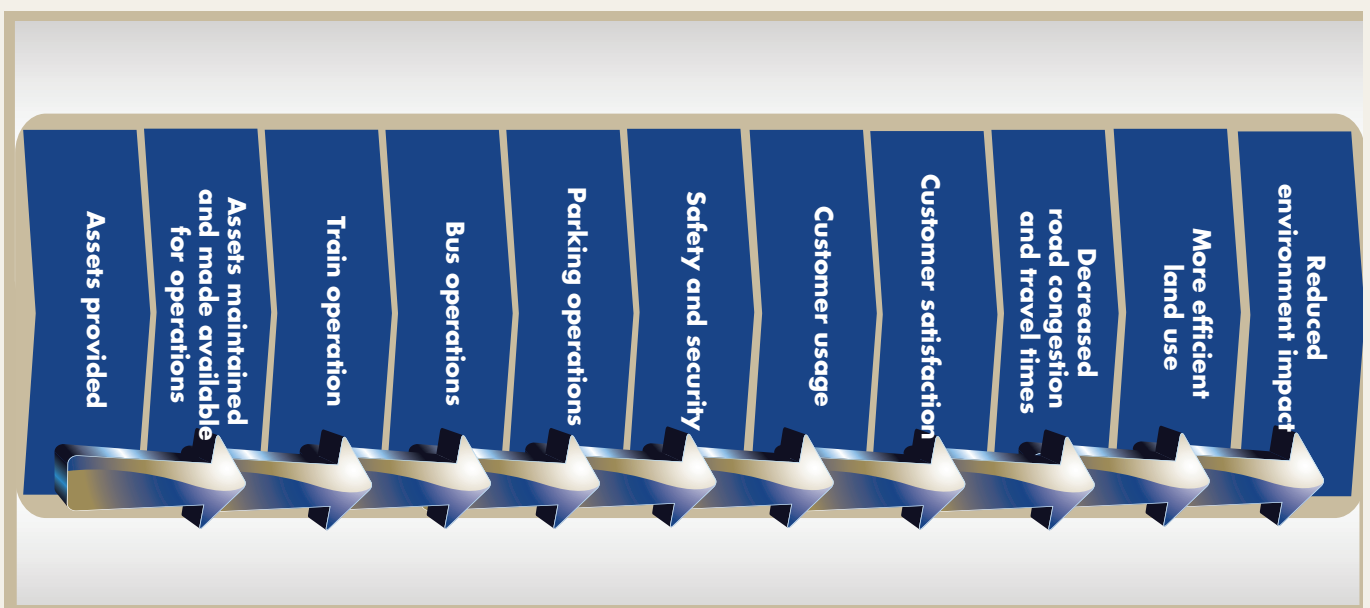


Figure 4: GMA Value Chain

5. THE PHASES OF THE GAUTRAIN PROJECT

Gautrain, as a Project, has evolved through multiple phases. The Concession Period, where the Concessionaire has the rights and obligations to develop and operate the Gautrain System, spans from 2006 to 2026 and is subdivided into the Development Period and the Operating Period. The end of the Development Period occurred on 7 June 2012 with the certification of Operating Commencement Date for Period 2.

The role of the GMA differs in each Period. Although the 2014/15 Financial Year falls into the Operating Period and the GMA business activities relate to this period, the GMA must nevertheless ensure that all the legacy issues of the Development Period are closed out and must also remain aware that the end of the Concession Period in 2026 will not mean the end of the Gautrain. It will mean a very different role for the GMA thereafter.

6. THE FINANCIAL ARRANGEMENTS OF GAUTRAIN

Prior to commencing with the procurement of the Project, the GPG prepared a comprehensive feasibility study and financial model. At that time it was clear that, like the vast majority of passenger rail projects around the world, the Gautrain would require government financial support. This support was defined in two parts – the capital contribution that the GPG would have to make in the Development Period and the Patronage Guarantee that the GPG would have to pay during the Operating Period. For the Gautrain, the total capital requirement was far greater than that which the private sector could invest and recover from user fees. The difference between the total capital requirement and the amount that the private sector could invest was therefore the Provincial Contribution. The Provincial Contribution was a grant

that amounted to R25,2 billion and was disbursed upon achievement of specific milestones by the Concessionaire. The Provincial Contribution was shared between the GPG and the National Department of Transport in approximately equal parts.

Due to the fact that the revenue that would accrue to the Concessionaire during the Operating Period was highly uncertain, the CA has a financial metric known as the Minimum Required Total Revenue (MRTR). Revenue received below the MRTR would require revenue support in the form of a Patronage Guarantee from the GPG. The bidders for the Project during the procurement process would therefore be competing on the basis of the combined lowest Provincial Contribution and Patronage Guarantee payable by the GPG.

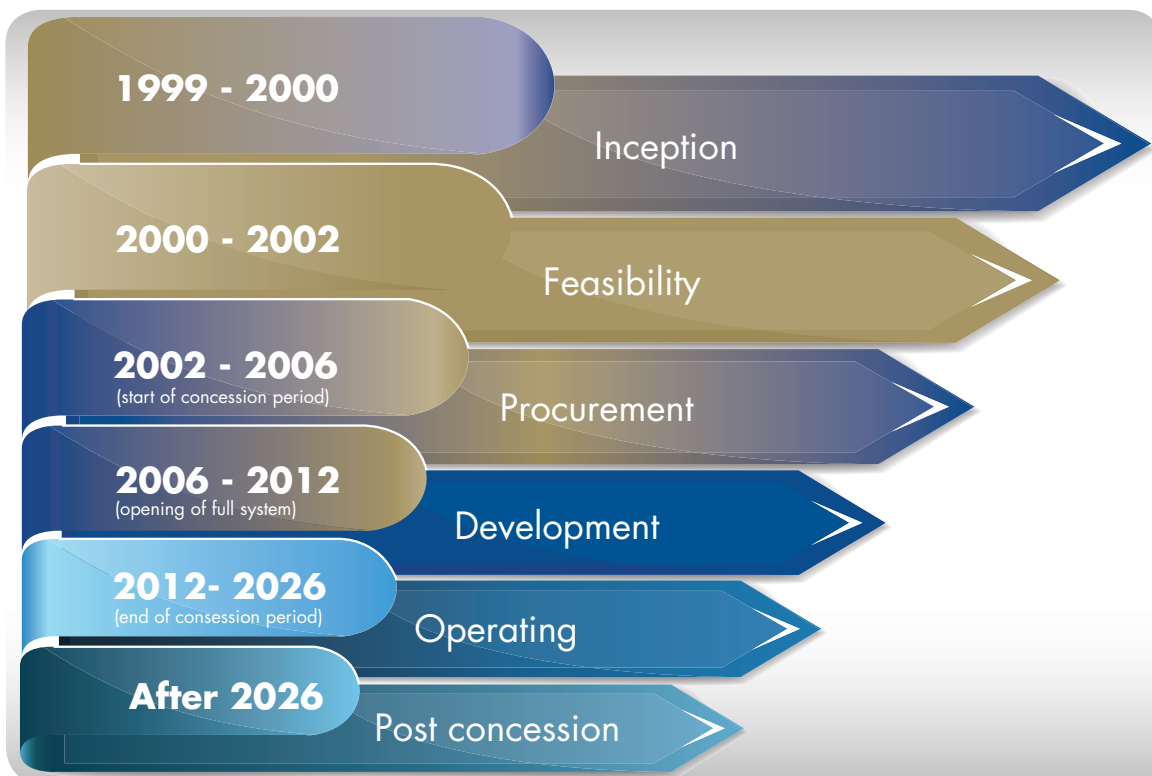


Figure 5: Phases of the Gautrain Project

Payment of the Patronage Guarantee is performance based and the Concessionaire is exposed to significant reductions in the event that train or bus performance drops below specified levels. This particular financial structure results in strong incentives for the Concessionaire to

perform to high levels of construction the Gautrain and operation the Concession Period as well as strong incentives for the Concessionaire to minimise operating costs. These are limited incentives for the Concessionaire to maximise the revenue from operating the System.

This impacts on the business model of the GMA to counteract the financial incentives by assuring adequate operating and maintenance standards and by maximising revenue through growing the ridership and expanding the Gautrain System on a sound business basis.





HIGHLIGHTS OF THE YEAR IN REVIEW

FINANCE

Total Expenditure

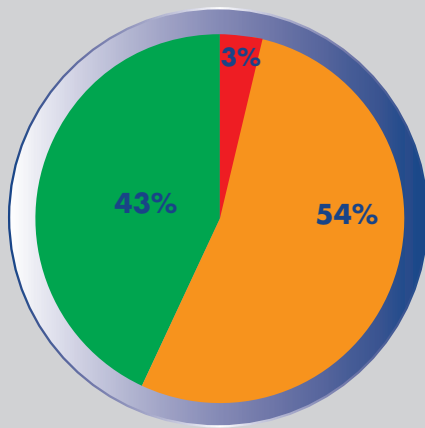
R 1, 529, 826,000




R 124, 469,675 spent on system improvements

Total Assets

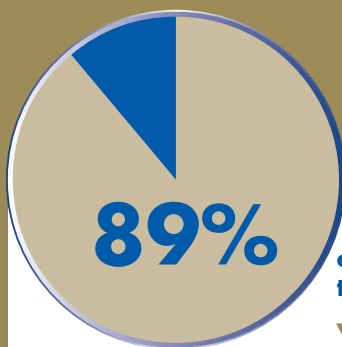
R 33, 799, 694, 000

RISK



-  Under control with no danger
-  Under control with mitigation strategies in place
-  Risk has materialised

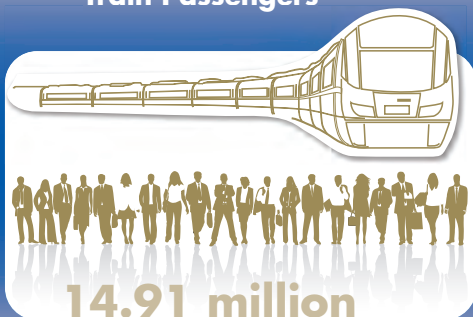
KEY PERFORMANCE INDICATOR



of Key Performance Indicators achieved as per the GMA Annual Performance Plan was achieved

PERFORMANCE

Train Passengers



Bus Passengers



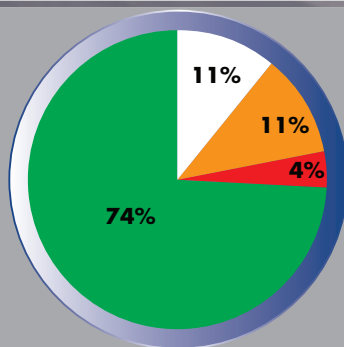
SOCIO-ECONOMIC DEVELOPMENT

<4 600 local direct jobs created & sustained, from operating period to end of March 2015

<16 100 direct, indirect & induced jobs from operating period to end of March 2015

<R44 million spent on SA materials, plant and equipment compared to an obligation of R22 million

STAKEHOLDER RELATIONSHIP WITH GAUTRAIN



- Positive
- Fair
- Don't use Gautrain
- Don't know

ENVIRONMENTAL SUSTAINABILITY



Commuters opting to use Gautrain

reduce their carbon footprint

by **52%** per trip

Source: Economic Impact of the Gautrain System Report, November 2014

In the 2014/15 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.

7. PERFORMANCE OVERVIEW

7.1 Close out of the Development Period

The Development Period ended when the full system commenced operations on 7 June 2012. The CA allowed that there could be work items that were not completed at this time and that these would be classified as snag list and retention items. There were 60 000 snag list and retention items that were identified at that time. As at the end of 2014/15 only seven have not been fully closed out. In some cases responses and actions by third parties are awaited. However, the main item on the list is the water ingress in the tunnel section between Park Station and Marlboro Station that is outside of the specified limits. 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. The certificate of final completion cannot be issued until all snag list works and retention items are closed out and certified as such by

the Independent Certifier and the Province holds security from the Concessionaire to ensure that this will be done.

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.

7.2. Operating Period

The 2014/15 Financial Year saw continued increases in the number of passenger trips over the previous reporting period, albeit at a reduced growth rate. The General Passenger Service (GPS) increased by 10.22% from 2013/14. The Airport Service exhibited the more limited growth expected of a mature system (the Airport Service has been operational since June 2010) and grew at 3.14% in the Financial Year. The overall year-on-year growth was 9.32%. The Dedicated Feeder and Distribution Services (DFDS or Bus services) also saw strong growth of 8.15% year on year notwithstanding four unprotected strikes in the Financial Year. In absolute terms, the Gautrain carried

14,91 million train passengers and 4,930 million bus passengers in the current year.

The monthly number of train passenger trips exceeded 1,4 million in March 2015. The number of daily train passenger trips on weekdays was almost 60 000 by the end of March 2015.

This was achieved with an operational efficiency provided by the Operator and the Concessionaire that met and exceeded targets of availability and punctuality at an average availability of 99% and an average punctuality of above 97% for all trips scheduled for the Financial Year.

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. Fare evasion was well below the required level and never exceeded 0,05% in any month.

From a SED perspective, all targets were met and most were exceeded. The SED performance of the Concessionaire up to the end of March 2015 can be summarised as follows:

- An amount of approximately R130 million was spent on procurement from, and sub-contracting to BEs, compared to an obligation of R59 million. The Project has benefited a total of 84 BEs from the Operating Period to date;

Table 1: Number of Passenger Trips

Rail				Bus
Service Type	Airport	General Passenger	Rail Total	Bus Total
FY 13/14	1 705 988	11 933 071	13 639 059	4 559 432
FY 14/15	1 757 903	13 152 036	14 909 939	4 930 931
% Change	3.04%	10.22%	9.32%	8.15%

- About R80 million was spent on procurement from, and sub-contracting to New BEs, compared to an obligation R54 million. From the Operating Period to date, more than 15 New BEs have benefited from the Project;
- Approximately R13 million was spent on procurement from, and sub-contracting to Small, Medium and Micro Enterprises (SMMEs), compared to an obligation of R11 million. To date, a total of 50 SMMEs have benefited from the Project;
- South African materials, plant and equipment were produced to a total value of more than R44 million, compared to an obligation of R22 million; and
- More than 4 600 local direct jobs were created or sustained, with an estimated total of 16 100 direct, indirect and induced jobs from the Operating Period up to the end of March 2015.

From a System expansion perspective, planning of System Network Extensions and Expansions continued in the 2014/15 Financial Year.

- The feasibility study for the extension of the Gauteng Rapid Rail Network commenced in accordance with Treasury Regulation 16 and will be completed in the 2015/16 Financial Year;
- The contract for the extension of the platform at ORTIA was awarded;

- The contracts for the provision of additional parking at Rhodesfield, Midrand and Centurion Stations were awarded;
- The contract for the provision of a modernised Automated Fare Collection (AFC) system was awarded that will see fare gates that can be used with debit and credit cards that are Euro/Mastercard/Visa compliant as well as web-based top-ups to the current Gautrain Gold Cards and Near Field Communication (NFC) compatibility on Gautrain fare gates;
- Two additional shuttle services from Marlboro Station commenced;
- Additional train sets were deployed to carry the increased number of passengers travelling in the morning and afternoon peak periods; and
- The business case for the procurement of additional rail cars was completed and financing from the DBSA secured.

One of the key performance areas for the GMA was implementing a marketing and communication plan structured to optimise the provision of clear, unbiased and technically correct messages to all stakeholders. The approved strategy includes research, stakeholder communication initiatives, branding, public relations, partnership, marketing and the implementation of focused media- and social media campaigns and digital communication.

In the Financial Year the value of traditional media articles was mostly

balanced (90%), positive (7%) and negative (3%). The stakeholder perception audit showed the overall reputation rating as 72%, which is healthy and positive and the Gautrain's brand value was estimated to be approximately R250 million. Numerous marketing initiatives targeted at potential and current users of the Gautrain were undertaken.

From a corporate social responsibility perspective, initiatives included involvement with schools, old age homes, hospices and other social organisations. The GMA was instrumental in saving and relocating indigenous and exotic trees and plants and used its outdoor advertising waste material to make handbags and schoolbags.

The year was not without its challenges. Various disputes with the Concessionaire have progressed but not reached final resolution. The capacity of the System is under strain given the higher-than-forecast peak period travel patterns and fragile labour relations between the Concessionaire sub-contractors and their employees remains a risk. There were four bus driver strikes in the Financial Year.

Notwithstanding the increased demand, the Patronage Guarantee for the Financial Year was R1 099 million (cash basis). The introduction of the capacity increases described above and the ongoing marketing of the services remains a priority for the GMA.





SECTION D

Risks and Opportunities

The GMA implemented an Enterprise Wide Risk Management System (EWRMS) in the Financial Year as well as a Business Continuity Plan. The adoption of the EWRMS marked a transition from a relatively immature risk management system into a more mature system with a clear allocation of responsibilities across the Board and Committees, management and employees.

1. PERFORMANCE DURING PERIOD UNDER REVIEW

The GMA is committed to an enterprise-wide risk management process that is in accordance with the provisions of the PFMA, Act 1 of 1999, and other prescripts of good governance, such as King III. The GMA Board recognises risk management as an integral part of responsible management and the process is fully outlined in the Risk Management Framework as well as in the Policy and Procedures.

During the reporting period, the GMA continued to build on the foundation laid during the Development Period, which among others, includes:

- Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;
- Writing a new enterprise-wide Risk Management Framework;
- Developing risk registers for all Units within the GMA, with measurable management action plans and completion dates;
- Rigorous, continuous monitoring of the defined risk management plans;
- Revising the GMA Risk Management Policy and Procedures;
- Commencing with risk awareness sessions; and
- Writing a new Business Continuity Plan.

2. ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The framework has been developed in terms of the prescripts of the PFMA and also incorporates the requirements of the Batho-Pele principles and King III insofar as they concern risk management.

The Risk Management Framework is applied across the entire GMA from a strategic level down to operational and business process levels and, as such, covers the following categories of risk:

- Strategic – The risk of an adverse impact on capital and earnings due to business policy decisions (made or not made), changes in the economic environment, deficient or insufficient implementation of decisions, or failure to adapt to changes in the environment. In the strategic plan they are also described as the risks associated with the broader context in which the GMA operates;
- Operational – The risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. This includes legal risk, but excludes strategic risk and reputational risk; and
- Emerging – Can be regarded as new risks that may be an imminent threat. These could include possible changes to the regulatory environment, the internal landscape or social trends.

The risk management framework supports the GMA business and operational strategies, the Board-approved performance management system,

corporate governance initiatives, financial sustainability and the achievement of its public service mandate. To be able to support the aforementioned, the GMA's Risk Management Framework is based on internationally recognised risk management framework/standards such as, inter alia, the COSO Enterprise Risk Management Framework, the South African National Standard on Risk Management, the Australian/New Zealand Standard on Risk Management, the National Treasury Public Sector Risk Management Framework and the Enterprise Risk Management Academy.

Application of the Risk Management Framework is designed to strengthen the achievement of the business strategy, management practices, decision-making, priority setting and to better respond to stakeholder and customer needs. Moreover, practising integrated risk management is expected to support the desired cultural shift to a risk-smart workforce and environment.

The framework further outlines the authority and responsibilities of all stakeholders responsible for the management of risks.

3. SUMMARY OF MAJOR RISKS AS PER RISK REGISTER

The following is a summary of key strategic risks faced by the GMA for the period under review:

- The risk of external and internal cyber-attacks remains high and the GMA has invested heavily in this area in an effort to remain resilient to these.

- Inadequate train and bus capacity to support passenger growth. The GMA has key controls in place to ensure that it manages this risk by having enough rolling stock in anticipation of future passenger growth.
- Negative perceptions about the Gautrain. Negative perceptions about the Gautrain can have a significant reputational impact. The GMA is managing this risk through a sustained communication and marketing campaign that includes both traditional and social media.

The first is the opportunity to expand the system with the acquisition of additional rolling stock, additional signaling and track work plus a larger depot for maintenance. This is a major acquisition and in the financial year a business case was prepared and presented to stakeholders. Upon approval, engagement with potential funders culminated in a strategic partnership with the DBSA to fund a significant part of the acquisition.

The second is the revenue enhancement measures jointly agreed with the Concessionaire to take advantage of the commercial opportunities inherent in the Gautrain System. These include the provision of ICT services such as cellular communication and data transfer as well as commercial opportunities such as car rentals, increased advertising, radio services and magazines. In September 2014 agreements capturing these

opportunities and allocating the revenue were signed with the Concessionaire formalising the engagement.

The third is the development of partnerships with key public and private entities that jointly benefit both parties. The pilot partnership was entered into between the GMA, the Concessionaire and Discovery Insure whereby Gautrain users who were also clients of Discovery received loyalty benefits from Discovery. The pilot indicated that the venture was mutually beneficial and will be rolled out to other forms of partnership.

The GMA strategic objectives for future financial years will incorporate these opportunities with an implementation plan for each.

The GMA risks are summarised in Figure 6.

4. OPPORTUNITIES

The GMA identified a range of opportunities related to the achievement of the desired outcomes of Growth in Revenue, Growth in User Numbers and Increased Size of the System. These opportunities may be divided into three categories.

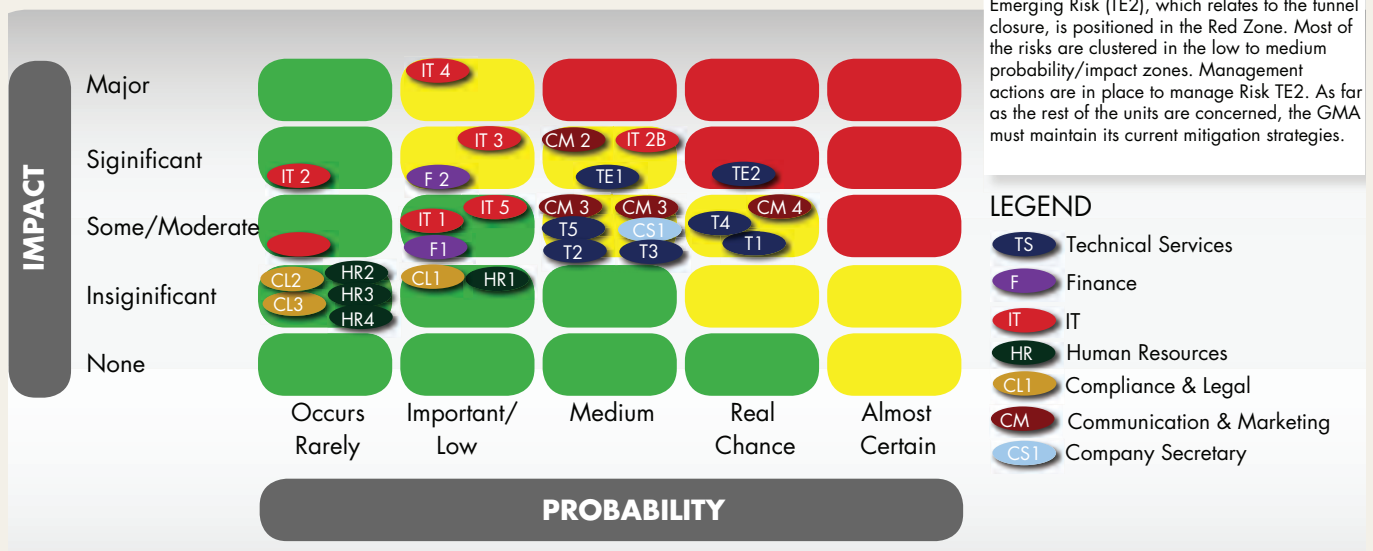


Figure 6 : GMA Combined Heat Map as at 31 March 2015

5. RELEVANT OUTCOMES

The GMA achieved compliance of the regulatory requirements for risk management as well as good practice. In October 2014 a Cyber attack was averted, nevertheless risks related to IT integrity materialised.

6. STRATEGIC OUTLOOK

In continuing to strive to improve its risk management maturity, the GMA will link its risk register to its strategic and Annual Performance Plan, hold risk awareness sessions at regular intervals, monitor its risk mitigation strategies and update

stakeholders accordingly, implement its business continuity plan and do a formal risk maturity assessment to establish the GMA's progress in improving its risk maturity levels.





SECTION E

Corporate Governance

The GMA is a Provincial Public Entity listed under Schedule 3 (c) of the Public Finance Management Act and established in terms of the GMA Act. In terms of its governance structure the GMA Act requires a Board to be established by, and accountable to the Gauteng MEC for Roads and Transport. The Board ensures that the responsibilities of the GMA are performed and the objectives of the GMA Act are achieved.

1. MEC AND THE BOARD

The GMA reports to the Gauteng MEC. The working relationship between the MEC and the GMA Board is defined and set out in a Service Level Agreement. The purpose of the SLA is to formalise the working relationship between the MEC and the Board, to clarify the roles and the responsibilities of the MEC and the Board and to align the objectives of the GMA with the objectives of the Gauteng Department of Roads and Transport. The MEC may, in terms of the GMA Act and the SLA, engage the Board in issuing

a written directive and or giving an assignment to the GMA. The MEC must also provide the resources required to enable the GMA to meet the new directive and/or carry out the new assignment. During the period under review, the GMA continued with two assignments given by the MEC, namely; the preparation of the ITMP25 and the project management of the Aerotropolis project.

During the period under review, the term of office of the Board came to an end on 31 December 2014 and the new Board was appointed with effect from 01 January 2015.

The Board, including the Chairperson and the Deputy Chairperson, is appointed by the MEC. The Board submits quarterly reports to the MEC that provide an overview and record of all major strategic activities and performance results of the GMA. In addition, the MEC's meetings with the Chairperson of the Board and the CEO provide an opportunity to report on other strategic matters and assignments given to the GMA by the MEC. The MEC's meetings with the Chairperson of the Board and the CEO are depicted in Table 2:

Table 2: MEC's interaction with the Chairperson of the Board and the CEO

Date of the meeting and/or event	Key issues discussed
19 August 2014 (MEC meeting with the Chairperson of the Board)	<ul style="list-style-type: none"> Progress reports on assignments given to the GMA by the MEC; Attendance of the GMA Board Advisors at the GMA Board meetings; Evaluation Report of the GMA Board for the 2013/14 Financial Year; and Nominations for the appointment of the GMA Board.
03 March 2015 (MEC meeting with the Chairperson of the Board)	<ul style="list-style-type: none"> Background checks on Board Members; Final report on the Economic Impact of the Gautrain System on the Gauteng Province; Memorandum of Agreement between DBSA and Gauteng Province represented by GMA in respect of the collaboration of project preparation for the extensions to the Gauteng Rapid Rail Network; and Progress reports on assignments given to the GMA by the MEC.

During the period under review, the following reports and/or documents were submitted to the MEC and inputs were incorporated into the final reports:

- Annual Report for the 2013/14 Financial Year;
- Strategic Plan and MTEF Budget Allocations for the 2015/16 to 2017/18 Financial Years;
- Annual Performance Information Plan for the 2015/16 Financial Year;

- SLA between the MEC and the GMA for the 2015/16 Financial Year;
- Board Charter for the 2015/16 Financial Year; and
- Quarterly Performance and Performance Information Reports.

2. COMPOSITION OF THE BOARD

The majority of the Board Members are Independent Non-Executives. The Chief Executive Officer (CEO) is an Executive

Member of the Board by virtue of the Office and is appointed by the MEC after consultation with the Board. In line with best practice, the roles of the Chairperson of the Board and the Chief Executive Officer are separated.

The Board is the focal point of governance and retains effective control over the operations of the GMA through a well-developed governance structure. This structure is depicted in Figure 7 below:

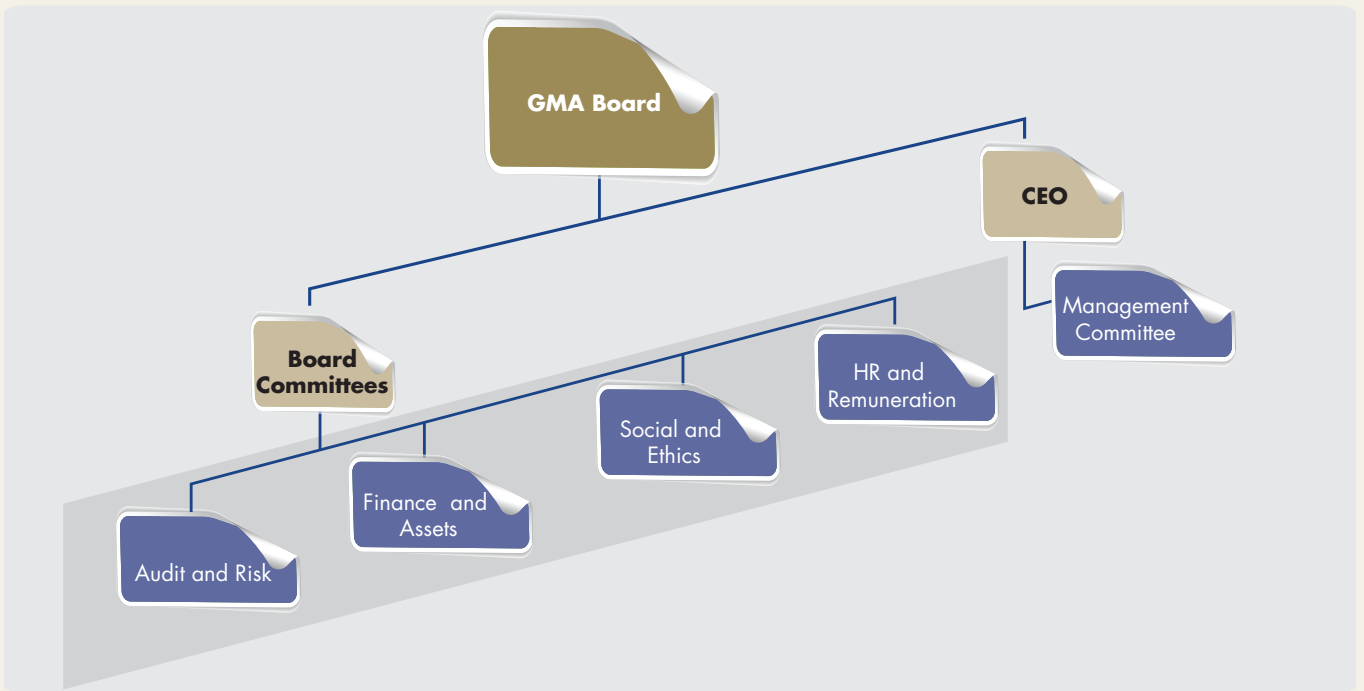
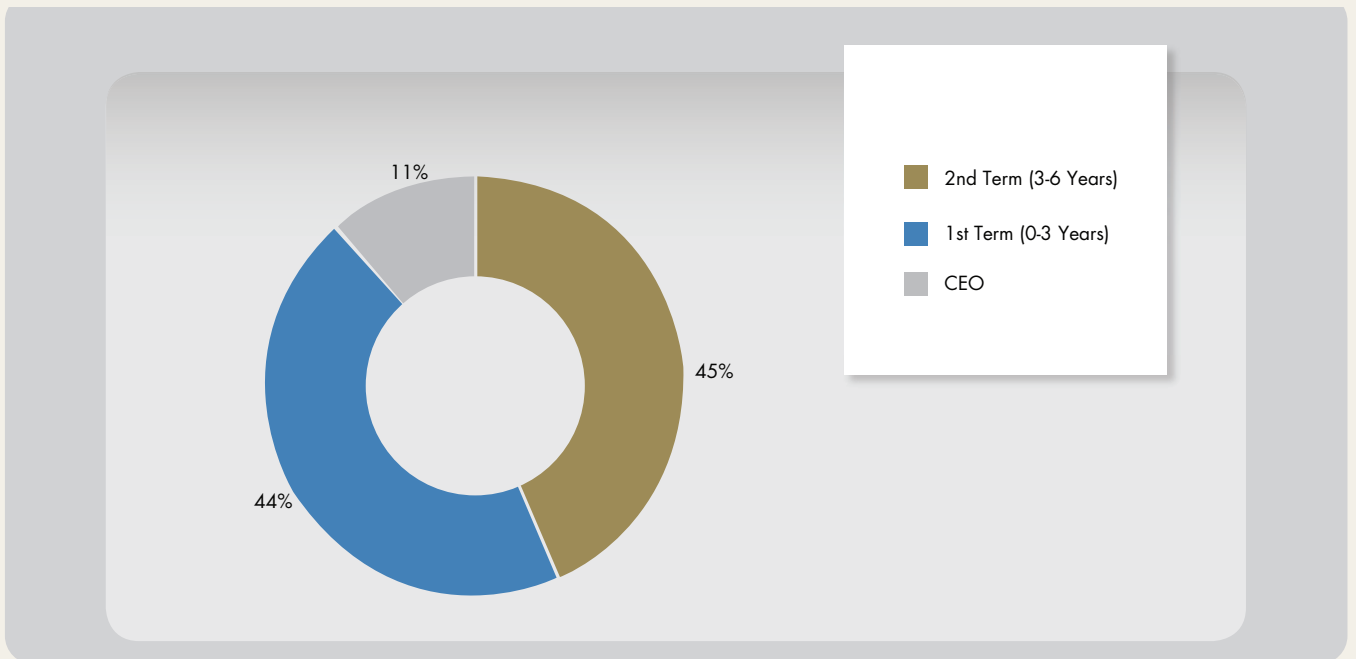
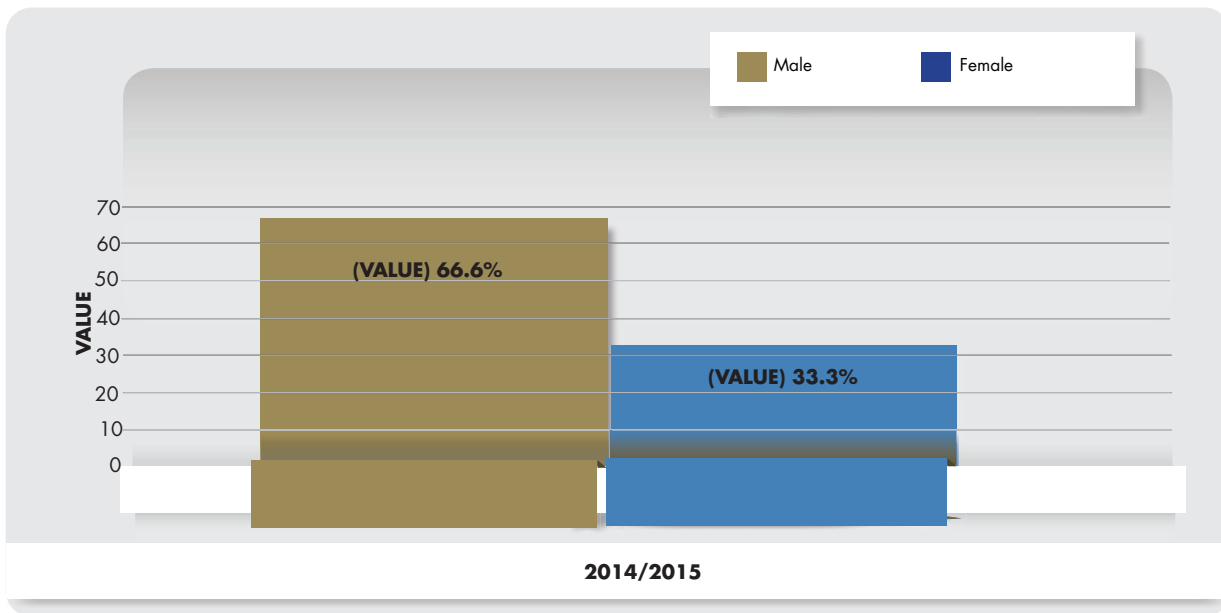


Figure 7: GMA’s Governance Structure

Board Members are, in accordance with the GMA Act, appointed for a period of three years and are eligible for re-appointment provided they do not serve more than two terms. The length of service of the Board and the gender representation as at 31 March 2015 are depicted below in Graphs 1 and Graph 2 respectively:



Graph 1: Board’s Length of Service



Graph 2 - Board's Gender Representation

The Board should, in terms of the GMA Act, be supported by five Advisors who are nominated by their respective organisations and appointed by the MEC. During the year under review, the Board Advisors as at 31 March 2015 were:

- Mr Jan-David de Villiers from the National Department of Transport;
- Ms Tryfina Mokele from the Gauteng Provincial Treasury; and
- Mr Tshidiso Molukanele from Gauteng Department of Roads and Transport.

The functions of the Advisors are to advise the Board with reference to the interests, views and policies of their respective organisations. The Advisors are not Board Members and are not entitled to vote at the Board meetings but may be appointed by the Board to serve on the Board Committees.

Management Committee Members have a standing invitation to all Board meetings.

3. BOARD MEETINGS

The Board Plan determines the activities the Board is expected to undertake during the year. The plan is prepared annually and updated regularly to facilitate purposeful and effective meetings. During the period under review, four scheduled meetings and three 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 GMA Lekgotla. A meeting attendance schedule and changes to the composition of the Board and Board Advisors are depicted in Table 3.



Table 3: Board Meeting Attendance and Changes in the Composition of the Board and Board Advisors

Names of Board Members	Number of meetings attended plus the GMA Board Lekgotla	Date appointed, re-appointed or the end of term
Mr Abel Mawela – Chairperson until 31/12/2014	6/6	End of term: 31/12/2014
Ms Motseoa Lugemwa – Chairperson effective 01/01/2015	8/8	Re-appointed: 01/01/2015
Ms Doris Dondur - Deputy Chairperson	7/8	Re-appointed: 01/01/2015
Mr Donovan Nadison	6/6	End of term: 31/12/2014
Mr Mogopodi Mokoena	6/6	End of term: 31/12/2014
Mr Jack van der Merwe - CEO	8/8	
Prof. Wellington Thwala	7/8	Re-appointed: 01/01/2015
Mr Mzolisi Nkumanda	8/8	Re-appointed: 01/01/2015
Mr Unathi Mntonintshi	2/2	Appointed: 01/01/2015
Ms Sebina Hlapolosa	2/2	Appointed: 01/01/2015
Mr Bolokang Lengane	2/2	Appointed: 01/01/2015
Mr Satish Roopa	2/2	Appointed: 01/01/2015
Name of Board Advisors	Number of meetings attended plus the GMA Board Lekgotla	
Mr Tumi Moleke - Board Advisor	0/5	End of term: 31/12/2014
Mr Jan-David de Villiers - Board Advisor	3/8	Re-appointed: 01/01/2015
Mr Kennedy Kaposi - Board Advisor	1/5	End of term: 31/12/2014
Ms Tryfina Mokele	2/2	Appointed: 01/01/2015
Mr Tshidiso Molukanele	5/5	Appointed: 27/08/2014

4. ROLES AND RESPONSIBILITIES OF THE BOARD

The purpose of the Board Charter is to provide a concise overview of:

- The roles and responsibilities of the Board;
- The powers delegated to various Board Committees;
- Matters reserved for final approval by

the Board; and

- Policies and practices of the Board in respect of matters such as Board appointments, meeting procedures, evaluations, etc.

The Board has conducted its affairs and discharged its duties and responsibilities in accordance with its Charter. Some of the key focus areas during this period under review include the completion of the ITMP25, the completion of the

Gautrain Economic Impact Study conducted to highlight the economic and mobility benefits of the Gautrain System in the Gauteng Province, and the GMA Alignment Framework that provides guidance on the future extension and expansion plans of the Gautrain System. A summary of the Board's main responsibilities and the key approvals for the 2014/15 Financial Year are depicted in Table 4 below:

Table 4: Board’s Main Responsibilities and Key Approvals for the 2014/15 Financial Year

Main Responsibilities	Key Approvals for the 2014/15 Financial Year
<ul style="list-style-type: none"> • Provide strategic direction and leadership to the GMA and take responsibility for the adoption of the GMA’s Strategic Plan; • Approve 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 ICT governance; and • Ensure the integrity of the annual report. 	<ul style="list-style-type: none"> • Annual report for the 2014/15 Financial Year; • Strategic Plan for the 2015/16 to 2017/18 Financial Years; • MTEF Budget allocations for the 2015/16 to 2017/18 Financial Years; • Materiality and Significance Framework for the 2014/15 Financial Year; • Annual Performance Plan for the 2015/16 Financial Year; • Service Level Agreement between the MEC and the GMA for the 2015/16 Financial Year; • Board Charter for the 2015/16 Financial Year; • Delegation of Authority Framework for the 2015/16 Financial Year; • Quarterly reports; • Terms of Reference of the Board Committees for the 2015/16 Financial Year; and • Policies and key documents.

5. BOARD COMMITTEES

The GMA’s governance framework provides for the delegation of authority while enabling the Board to retain effective control. The Board delegates authority to the Board Committees and the CEO, with clearly defined mandates and authority. The delegation of authority is reviewed and approved by the Board on an annual basis.

The Board’s effectiveness is improved by the use of Board Committees. The Committees consist of a majority of Independent Non-Executive Members who exercise their authority in accordance with the Terms of Reference, which are approved by the Board. The Committees are also assisted by the Board Advisors appointed by the Board. The CEO established the Management Committee to assist in the day-to-day operations of the GMA.

During the year under review, there were changes made to the composition of the Board Committees as depicted in Table 4 below. This was due to the term of office of the Board coming to an end on 31 December 2014 and the new Board commencing its duties on 01 January 2015. New Board Committee Members were also appointed in January 2015.

Table 5: Changes to the Composition of the Board Committees

Name of Committee	Composition of the Committee – 01/04/2014 to 31/12/2014	Composition of the Committee – 01/01/2015 to 31/03/2015
Audit and Risk	<ul style="list-style-type: none"> Ms Doris Dondur (Chairperson) Ms Motseoa Lugemwa Mr Donovan Nadison Mr Mzolisi Nkumanda Mr Kennedy Kaposa (Board Advisor) 	<ul style="list-style-type: none"> Ms Doris Dondur (Chairperson) Mr Mzolisi Nkumanda Mr Bolokang Lengane Mr Satish Roopa
Finance and Asset	<ul style="list-style-type: none"> Ms Motseoa Lugemwa (Chairperson) Mr Mzolisi Nkumanda Mr Bolokang Lengane Mr Donovan Nadison Ms Doris Dondur Mr Jack van der Merwe Mr Tumelo Moleke (Board Advisor) Mr Jan-David de Villiers (Board Advisor) 	<ul style="list-style-type: none"> Mr Mzolisi Nkumanda (Chairperson) Mr Bolokang Lengane Ms Doris Dondur Mr Unathi Mntonintshi Mr Jack van der Merwe Ms Tryfina Mokele (Board Advisor)
Social and Ethics	<ul style="list-style-type: none"> Mr Donovan Nadison Mr Mogopodi Mokoena Ms Doris Dondur Prof Wellington Thwala Mr Mzolisi Nkumanda Mr Jack van der Merwe 	<ul style="list-style-type: none"> Prof Wellington Thwala (Chairperson) Ms Doris Dondur Mr Satish Roopa Ms Sebina Hlapolosa Mr Jack van der Merwe Mr Tshidiso Molukanele (Board Advisor)
HR and Remuneration	<ul style="list-style-type: none"> Mr Mogopodi Mokoena (Chairperson) Ms Sebina Hlapolosa Ms Motseoa Lugemwa Prof Wellington Thwala Mr Jack van der Merwe 	<ul style="list-style-type: none"> Ms Sebina Hlapolosa (Chairperson) Prof Wellington Thwala Mr Satish Roopa Mr Unathi Mntonintshi Mr Jack van der Merwe Mr Jan-David de Villiers (Board Advisor)

Attendance of all Board Committee meetings is shown in Table 6 and the Terms of Reference of the Board Committees and key activities during the period under review are provided in Table 7 below.

Table 6: Attendance of Board Committee meetings.

Committee Member	Audit and Risk Committee	Finance and Asset Committee	Social and Ethics Committee	HR and Remuneration Committee	Combined Audit and Risk & Finance and Asset Committees
Number of meetings held	4	4	5	4	2
Ms Moisea Lugemwa	3 out of 3	3 out of 3		3 out of 4	2 out of 2
Ms Doris Dondur	4 out of 4	2 out of 4	5 out of 5		2 out of 2
Mr Mzolisi Nkumanda	3 out of 4	4 out of 4	4 out of 4		2 out of 2
Prof Wellington Thwala			5 out of 5	5 out of 5	
Ms Sebina Hlapolosa			1 out of 1 ***	4 out of 5	
Mr Bolokang Lengane	1 out of 1 ***	3 out of 4			2 out of 2
Mr Satish Roopa ***	0 out of 1		1 out of 1	1 out of 1	
Mr Unathi Mntonintshi ***		1 out of 1		1 out of 1	
Mr Donovan Nadison *	3 out of 3	2 out of 3	3 out of 4		1 out of 2
Mr Mogopodi Mokoena *			3 out of 4	4 out of 4	
Mr Jack van der Merwe	4 out of 4	4 out of 4	5 out of 5	5 out of 5	2 out of 2
Board Advisor					
Mr Tumi Moleke *		0 out of 3			0 out of 2
Mr Jan-David de Villiers		0 out of 3		0 out of 1 ***	1 out of 2
Mr Sanele Zondo **		0 out of 2			0 out of 1
Mr Kennedy Kaposha *	0 out of 3				0 out of 2
Ms Tryfina Mokele ***		1 out of 1			
Mr Tshidiso Molukanele ***			1 out of 1		

*Term of office expired on 31 December 2014

**Term of office expired on 26 August 2014

*** Appointed with effect from 01 January 2015

Table 7: Terms of Reference of the Board Committees and Key Activities for the 2014/15 Financial Year

Key Activities for the 2014/15 Financial Year	
Terms of Reference	Key Activities for the 2014/15 Financial Year
Audit and Risk Committee	<p>Refer to section I of the Report of the Audit and Risk Committee for details.</p>
Finance and Asset Committee	<p>Key Responsibilities:</p> <p>Review and consider the:</p> <ul style="list-style-type: none"> - Finance, Asset and Supply Chain Management Policies; - Insurance of the GMA Operations and Gautrain System Assets; - Quarterly Performance and Performance Information Reports; - Supply Chain Management Reports; - Asset Management Reports; - Gautrain System Extensions and the Expansion Plans; - Progress on Public Transport Ticket Interoperability; and - Concessionaire’s Performance Monitoring System and Patronage Reports. <p>Key Activities:</p> <ul style="list-style-type: none"> - Reviewed the following key documents and recommended them to the Board for approval: <ul style="list-style-type: none"> • GMA Budget for the 2014/15 Financial Year; • Finance Policies; • Delegation of Authority; and • Insurance of the GMA Operations and Gautrain System Assets. - Considered and approved quarterly reports on the following: <ul style="list-style-type: none"> • GMA Performance and Performance Information; • Finance Management; • Supply Chain and Asset Management; • Concessionaire’s Performance Monitoring System and Patronage; • Gautrain System Extensions; and • Progress on Public Transport Ticket Interoperability.
Social and Ethics Committee	<p>Key Responsibilities:</p> <ul style="list-style-type: none"> - Review Policies on Corporate Citizenship, Ethics, Social and Economic Development, Customer Relationships and Environment, Health and Safety. - Monitor and report on the activities of the GMA in accordance with any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to: <ul style="list-style-type: none"> • Social and Economic Development; • Good Corporate Citizenship; • Environment, Health and Safety; • Customer Relationships, including the GMA’s advertising, public relations and compliance with consumer protection laws; and • Labour and Employment. <p>Key Activities:</p> <ul style="list-style-type: none"> - Reviewed and recommended policies in respect of good corporate citizenship, social and development, and customer relationships to the Board for approval. - Reviewed and recommended to the Board for approval the Integrated Communication and Marketing Strategy for the 2014/15 Financial Year. - Reviewed the non-financial information included in the Annual Report. - Reviewed and approved Communication and Marketing Quarterly Reports. - Reviewed and monitored the GMA’s performance in terms of: <ul style="list-style-type: none"> • Achievement of the B-BBEE Targets; • Implementation of the Employment Equity plan; • Stakeholder Relationship Management; • Fraud and Whistle-Blowing initiatives; and • Environment, Health and Safety.

Key Activities for the 2014/15 Financial Year	
HR and Remuneration Committee	
<p>Terms of Reference</p> <p>Key Responsibilities:</p> <ul style="list-style-type: none"> - Consider the GMA Operating Model based on the GMA Act and the strategic direction as determined by political leadership; - Review the conditions of employment and broad reward philosophy and strategy; - Consider benchmarking against general trends and practices regarding employment benefits; - Review and approve the Employment Equity Plan; - Consider and approve the micro organisational structure and the adjustment of the organisational structure below Senior Executive Management Level; and - Review and approve the HR Quarterly Reports. 	<p>Key Activities:</p> <ul style="list-style-type: none"> - Reviewed the following matters and recommended them to the Board for approval: <ul style="list-style-type: none"> • The principles for the salary increases for the 2014/15 Financial Year and the bonus payments based on 2013/14 performance; • Revised GMA Organisational Structure; and • The HR and Related Policies for the 2014/15 and 2015/16 Financial Years. - The Committee reviewed and approved the following matters: <ul style="list-style-type: none"> • HR Quarterly Reports; • Employment Equity Plan; and • Reports on Change and Diversity Management.

6. BOARD EVALUATION

As the demands and the responsibilities of the Board increase, the time available to address them has remained relatively constant. Boards are challenged to stay focused on their priorities and to ensure that they carry out all their duties effectively and efficiently. Regular Board Evaluations are essential to identify ways to improve processes, optimize agendas and streamline activities. Regular Board Evaluations that examines the Board's mandate, processes and structures are essential to building Board's effectiveness and improving its efficiency.

During the period under review a self-assessment questionnaire was used as the basis for assessing the performance of the Board and key matters considered include the role and responsibilities of the Board and Board Committees and Board processes. The overall assessment of the Board and the following areas for improvement were identified:

- Relook at areas that the Board should focus more attention and effort to; and
- Empower Board Committees to take some of the decisions.

The results of the evaluation will be used in the review of the Board Charter and the Terms of Reference of Board Committees for the 2016/17.

7. BOARD INDUCTION AND TRAINING

Information packs are provided to all new Board Members followed by a comprehensive induction programme. The induction programme for the new Board was held on 18 March 2015. Board Members are regularly provided with updates on issues related to public transport, rail, corporate governance, etc.

All Members of the Board and the Management Committee are members of the Institute of Directors in Southern

Africa (IoDSA) to keep them abreast of the latest developments. Ongoing training was arranged based on the results of the previous Board evaluation.

8. 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 the Board and Board Committee procedures are complied with and advises the Board and Board Committees on governance matters. The Company Secretary oversees the appointment, induction and the evaluation of the Board and Board Committees as well as the ongoing training and development.

9. GMA REWARD PHILOSOPHY

The principle of "performance based remuneration" is one of the cornerstones of the GMA's Reward Philosophy. The Reward Philosophy is also underpinned by sound remuneration management and governance principles which are promoted throughout the GMA to ensure its consistent application. The emphasis of the GMA's Reward Philosophy is to attract, motivate and retain the high performing employees. The following principles guide the GMA's Reward Philosophy:

- Total Rewards Approach - GMA remunerates its employees based on a Total Guaranteed Package. Employees are given the opportunity to determine the composition of their remuneration packages that suit their own specific needs within the framework of the GMA's Reward Philosophy;
- Performance Based Remuneration - GMA rewards and recognises high performance. The reward is in a form of performance-based increases as well as annual short term incentives;
- Internal Equity - GMA rewards

employees fairly and consistently based on their role and contribution; and

- External Competitiveness - GMA provides market-related remuneration structures, benefits and conditions of service.

GMA's remuneration is discussed in two sections as set out below:

9.1 Remuneration of the GMA staff

The remuneration of the GMA staff is based on the Agency's performance as assessed through the key performance objectives and the individual's contribution to the achievement of the key performance objectives. The HR and Remuneration Committee considers the principles for the annual salary increases and bonus payments and recommends them to the Board for approval.

9.2 Remuneration of the Board and Board Committee Members

In terms of the GMA Act, the Remuneration of the Board and Board Committee Members is determined by the MEC for Roads and Transport in consultation with the MEC for Finance. 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;
- Monthly retainer is paid to Board Members due to the nature and the activities of the Gautrain Project;
- Travelling and other relevant expenses associated with attending meetings, workshops and events are reimbursed in line with the GMA Policies.

The remuneration of the Board, Board Committee Members and the Senior Executive Management for the year ended 31 March 2015 is disclosed in Section I of this report i.e. Annual Financial Statements.

10. INTERNAL AUDIT

Internal Audit is an independent business unit that reports, administratively, to the CEO and, functionally, to the Audit and Risk Committee (ARC) as provided for in the PFMA. Its main function is to give assurance to management and the Board on the adequacy and effectiveness of Controls, Governance and Risk Management. ARC approves the Internal Audit Plan at the beginning of each year. The plan is based on critical risks facing the company and it covers all the business units within the GMA.



Performance during period under review

During the period under review Internal Audit completed all the approved audit areas as per the approved Plan. The Plan covered 32 audit areas that spanned through the following business units: Communication and Marketing, Technical, Corporate Services, Legal and Compliance, and Finance. The Plan was inclusive of reviews of Quarterly Key Control Dashboard, Quarterly Performance Information Report, Tender

Process Review, Quarterly Financial Statements, and Follow-up on Auditor-General and Internal Audit findings.

Internal Audit carried out various audits on SED processes and reports and issued audit opinion of the adequacy and effectiveness of some.



Relevant outcomes

The overall Internal Audit outcomes was that the system of internal controls within GMA is working as intended.



Relevant stakeholders

Key stakeholders	Issues	Engagement
Auditor-General (AG)	<ul style="list-style-type: none"> We share our Annual Plan and audit reports with AG. We follow up on AG findings. We carry out Key Control Dashboard assurance review on behalf of AG. 	<ul style="list-style-type: none"> Internal Audit Annual Plan (once a year) Internal Audit Reports (quarterly) Key Control Dashboard (Quarterly)
Board	<ul style="list-style-type: none"> We report to the ARC quarterly. Internal Audit Charter is approved by the Board. 	<ul style="list-style-type: none"> Quarterly Once a year
Employees	<ul style="list-style-type: none"> Review the work of all employees within GMA. 	<ul style="list-style-type: none"> As per audit plan
Service Providers	<ul style="list-style-type: none"> We direct and supervise the work of Service Providers working under Internal Audit. 	<ul style="list-style-type: none"> When and if required.



Relevant impact on environmental sustainability

Internal Audit conducted an audit review on GMA Environmental management initiatives and expressed an opinion on the adequacy and effectiveness of the same.



Strategic outlook

The role of Internal Audit on GMA Strategy is to assist in shaping it but, more importantly, to review the Strategy implementation and give assurance to the Board on the processes implemented

to achieve objectives and risks that may affect such objectives. To this end, Internal Audit has its own Strategic Plan that covers the next three years. The plan is approved by the ARC annually.







SECTION F

GMA Activities

1. SOCIO-ECONOMIC DEVELOPMENT

The GMA provides oversight on the achievement of the SED targets set for the Project. The Gautrain Project has been breaking new ground to ensure that specific SED objectives are met. A fourth cornerstone – over and above the technical, financial and legal cornerstones of the PPP process – was introduced. The Gautrain adopted an innovative process to translate the government's objectives

into measurable performance indicators so that these could be entrenched into contractual obligations and the commitment of the Concessionaire could be fostered. The Concessionaire embraced these SED objectives and ensured credible achievements.



Performance during period under review

The Independent Socio-Economic Monitor (ISEM) has completed its verification of the SED achievements claimed by the Concessionaire from July 2012, the commencement of the Operating Period to March 2015. The verified SED performance of the Concessionaire as contained in the Monthly ISEM Reports up to the end of March 2015 is summarised in the Table 8 below:

Table 8: SED Performance for the Operating Period

SED PERFORMANCE			Operating Period up to MARCH 2015:		
SED ELEMENT				Verified	%
No.	Description	Unit	Obligation	Achievement	Achievement
Black equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25.00%	25.00%	100%
	Shares held by BEs/ Black Persons in BOC	%	25.10%	25.10%	100%
SED02	Shares held by Black Women in BCC	%	3.75%	4.48%	119%
	Shares held by Black Women in BOC	%	3.75%	4.49%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	38,199	169,102	443%
SED04	Sub-contracting to BE	R'000	411,151	887,107	216%
SED05	Procurement and sub-contracting to New BE	R'000	411,979	736,640	179%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	86,856	109,804	126%
Local content					
SED08	Employment of Local People	Jobs	3,623	5,034	139%
SED09	Procurement of South African Materials	R'000	170,638	360,648	211%
SED10	Procurement of South African Plant & Equipment	R'000	0	0	100%
Participation by SPG					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEPO1	HDIs in Management Positions	Jobs	73	204	281%
EEPO2	Women in Management Positions	Jobs	33	114	348%
EEPO7	HDIs in Occupational Level C	Jobs	130	960	741%
Direct employment					
EEPO3	HDIs employed	Jobs	2,567	4,644	181%
EEPO4	Women employed	Jobs	933	1,358	146%
EEPO5	People with Disabilities employed	Jobs	54	57	105%
Training					
EEPO6	Expenditure on Human Resource Development	R'000	8,954	11,023	123%
EEPO8a	Women participating in the Learnership & Mentorship Programme	pers mths	0	0	100%
EEPO8b	Employment & Mentorship of Women Learners	pers mths	0	0	100%

The SED achievements for the period April 2014 to March 2015 are based on the verification of the ISEM.

The Gautrain Project continued to make a significant impact on SED. The verified SED performance of the Concessionaire

for the financial year 2014/15 is summarised in the Table 9.

Table 9: SED Performance of the Concessionaire for the Finance Year 2014/15

SED PERFORMANCE			APRIL 2014 to MARCH 2015:		
SED ELEMENT				Verified	%
No.	Description	Unit	Obligation	Achievement	Achievement
Black equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25.00%	25.00%	100%
	Shares held by BEs/ Black Persons in BOC	%	10.00%	10.00%	100%
SED02	Shares held by Black Women in BCC	%	3.75%	4.48%	119%
	Shares held by Black Women in BOC	%	3.75%	4.49%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	14,661	67,507	460%
SED04	Sub-contracting to BE	R'000	157,206	339,152	216%
SED05	Procurement and sub-contracting to New BE	R'000	157,515	277,929	176%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	33,359	41,263	124%
Local content					
SED08	Employment of Local People	Jobs	1,321	1,825	138%
SED09	Procurement of South African Materials	R'000	66,029	139,133	211%
SED10	Procurement of South African Plant & Equipment	R'000	0	0	100%
Participation by SPG					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEP01	HDI in Management Positions	Jobs	28	71	259%
EEP02	Women in Management Positions	Jobs	13	41	314%
EEP07	HDI in Occupational Level C	Jobs	47	296	628%
Direct employment					
EEP03	HDI employed	Jobs	936	1,677	179%
EEP04	Women employed	Jobs	342	502	147%
EEP05	People with Disabilities employed	Jobs	20	21	103%
Training					
EEP06	Expenditure on Human Resource Development	R'000	3,469	4,601	133%
EEP08a	Women participating in the Learnership & Mentorship Programme	pers mths	0	0	100%
EEP08b	Employment & Mentorship of Women Learners	pers mths	0	0	100%

It is evident from the two Tables above that the Concessionaire has exceeded its obligations in all the SED elements; except for the element "People with Disabilities". In terms of the penalty and reward regime there are no penalties for the year under review awarded to the Concessionaire.



Relevant outcomes

- SED benefits
- Growth in brand value
- Full compliance



Relevant impact on socio-economic development

An important component in achieving SED deliverables at the Gautrain is to utilise SMMEs and maximise local content. An A+ green rated product supplied by a local South African company, an SMME, has been contracted for the design of the extended parking areas at Midrand, Rhodesfield and Centurion stations.



Relevant stakeholders

Stakeholders	Issues	Engagement
Seriti – Independent Socio-Economic Monitor	<ul style="list-style-type: none"> • Verification of Concessionaire's SED performance • Verification of the sub-contractors' sites • Monthly SED matters 	<ul style="list-style-type: none"> • Monthly ISEM reports • Quarterly SED meetings



Relevant impact on environmental sustainability

As noted above, clear Vu fencing, an A+ green rated product supplied by a local South African company, has been contracted for the design of the extended parking areas at Midrand, Rhodesfield and Centurion Stations, thus combining an environmentally sustainable product with the SED requirements.



Strategic outlook

The CA contains monthly SED obligations, and these are continuously monitored. In addition SED targets for all variations will also be monitored.



2. HUMAN RESOURCE MANAGEMENT

With the transition of the GMA from the Development to the Operating Phase, the HR Unit of the GMA adjusted its area of focus from HR transactional service delivery to assuming the role of strategic business partner, introducing HR interventions that would ensure optimal organisational development and transformation.



Performance during period under review

For the 2014/15 Financial Year, the HR focus has been on the activities related to organisational design and development, such as the implementation of a reward and remuneration philosophy to ensure that the GMA attracts and retains the best talent in the market. The GMA is committed to building a workforce broadly representative of the people of South Africa and to use employment and human resource management practices that are fair and in line with relevant labour legislation and organisational policies and strategies. The GMA's employment philosophy is consistent with the belief that people are the Agency's most important asset and, to that end, the objective is to ensure that the GMA continues to recruit, develop and retain the best calibre employees in the industry.

The 2014/15 Financial Year marked the third year in the implementation of the three-year HR Strategy, which was apportioned in themes for ease of execution. A brief summary on progress is as follows:

- Theme 1: Exceptional human resources service delivery

All HR policies and procedures have been approved by management and the Board and they are aligned on an annual basis. Employee training has been conducted on the approved and reviewed policies and procedures and the amendments were communicated through the GMA Intranet website for ease of reference. This training is ongoing as it forms part of the induction process.

- Theme 2: Dynamic and successful Agency through astute leadership

The Leadership Development Framework, where assessment tools were used to tailor the programme to the requirements of the Agency, has been approved. Phase One of the GMA Leadership Development programme has been implemented. Phase two will be implemented in the 2015/16 Financial Year.

- Theme 3: Results-driven Agency

As a high-performing Agency, the GMA has adopted an integrated performance management system. On an annual basis HR ensures that performance contracting is in line with the organisational objectives. Within the GMA, the management of performance is not restricted to the two review periods, but is an ongoing conversation with both management and employees assuming responsibility for this. It is not a punitive process, but rather a tool utilised to provide feedback, identify areas for development and to ensure that employees are rewarded on the basis of the extent of their valued contribution to the Agency.

- Well qualified and optimally developed people

As part of the performance contracting process, personal development plans are completed to ensure employee skills development. Stemming from the personal development plans, the annual training plan is then developed for monitoring and tracking. The key focus, in terms of planned training, is to ensure that the agency has clarity on the competencies required to achieve its strategy and that the programmes assist with those competencies.

- Engaged and motivated people

An Employee Wellness Calendar was developed with wellness initiatives that were implemented for the year under review. These initiatives were implemented in partnership with stakeholders including Sanlam, Discovery Health, community clinics, etc.

The GMA advocates holistic living and has utilised this perspective as the basis for the pilot Women's Development Programme. With the view that successful employees need to identify and fill the gaps in the multiple spheres of their lives, e.g. spiritual, social, physical, intellectual, financial, in order to operate optimally at work, a wellness wheel assessment was conducted for each female member of staff. Its outcome informs the Women's Development Programme's individual and group training plan.

The GMA also reviews its pay structures annually to ensure they are aligned to the market and set to attract and retain talented individuals.

Table 10: Current Employment Profile vs EE Plan numeric goals (YEAR 2) 2014/15

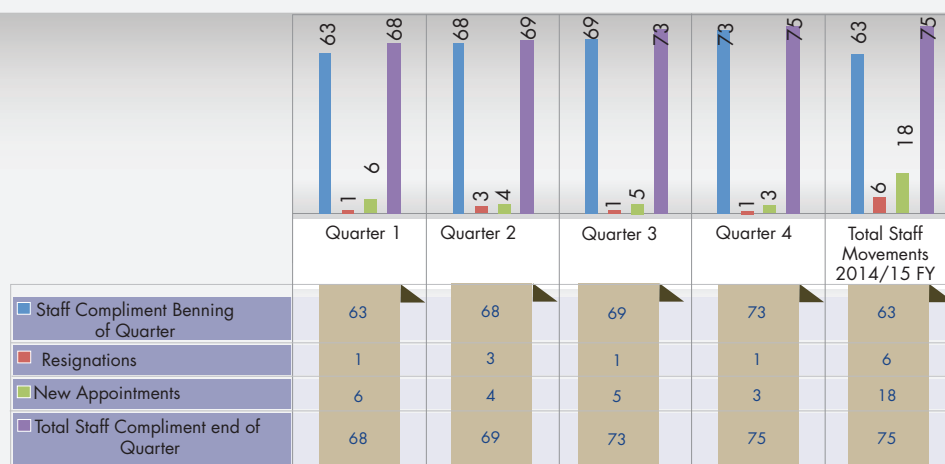
EMPLOYMENT EQUITY NUMERIC GOALS YEAR 2																
Occupation Category	African		Coloured			Indian			White		Grand Total					
	F	M	Total	F	M	Total	F	M	Total	F	M	Total	F	M	Total	
Top Management (F Band)	0	2	2	0	0	0	0	0	0	0	2	2	0	4	4	
Senior Management (E-Band)	2	1	3	0	0	0	0	1	1	2	3	5	4	5	9	
Mid Management and Qualified specialist (D-Band)	9	12	21	0	2	2	1	0	1	2	1	3	12	15	27	
Skilled Technical and academically qualified (C-Band)	10	3	13	2	0	2	1	2	3	4	1	5	17	6	23	
Skilled Workers (B-Band)	5	4	9	0	0	0	0	0	0	0	0	0	5	4	9	
Semi Skilled Workers (A-Band)	3	0	3	0	0	0	0	0	0	0	0	0	3	0	3	
Total Staff	29	22	51	2	2	4	2	3	5	8	7	15	41	34	75	
EE Target for 2014/15 (approved headcount)	32	32	64	3	1	4	1	3	4	7	7	14	43	43	86	
Variance	-3	-10	-13	-1	1	0	1	0	1	1	0	1	-2	-9	-11	
GMA % after filling of posts	38,67%	29,33%	68,00%	2,67%	2,67%	5,33%	2,67%	4,00%	6,67%	10,67%	9,33%	20,00%	54,67%	45,33%	100,00%	
GPG Targets	34,20%	42,50%	76,70%	1,90%	1,90%	3,80%	1,00%	1,50%	2,50%	7,20%	9,80%	17,00%	44,30%	55,70%	100,00%	
Variance in %	4,47%	-13,17%	-8,70%	0,77%	1,53%	1,67%	2,50%	4,17%	3,47%	-0,47%	3,00%	10,37%	-10,37%	-10,37%	0,00%	

Table 10 indicates GMA's total headcount by the end of the 2014/15 Financial Year as represented by 75 employees against the approved headcount of 86 employees. HR is actively managing the recruitment process so as to balance race and gender targets by prioritising the recruitment of African males. At the same time, HR aims to ensure that the GMA meets its Employment Equity numeric targets, which are aligned to the GPG targets.

The GMA vacancy rate for the 2014/15 FY closed off at 12.8%, and the reasons are as follows:

- GMA's current vacancies are mainly within the Technical Services Unit. These vacancies mostly require highly specialised technical skills which take longer than four months to fill; and
- The Technical Services Unit's structure was revised and approved in October 2014, which was five months prior to the end of the 2014/15 Financial Year, hence the vacancy rate that is above the required 10%.
- All vacant positions are advertised on the GMA websites, in order for them to be accessible to suitable candidates;
- A recruitment campaign was embarked upon in partnership with some of the major national newspapers as one of the talent attraction strategies; and
- Internal processes have been streamlined to reduce turnaround times.

In trying to proactively manage the recruitment process and turnaround time to fill GMA vacancies:



Graph 3: Overall Employee Movements

Graph 3 is an indication of the total employee movements for the 2014/15 Financial Year. In assessing the organisational health of the GMA for the year under review, it is to be noted that the turnover rate concludes at less than 10% versus the 24% increase to headcount.



Relevant outcomes

The implementation of HR strategic initiatives helped the organisation achieve its strategic goals through an integrated approach to the management

of performance and interventions that address the development, reward and retention of talented employees.



Relevant stakeholders

Stakeholders	Issue	Engagement
HR service providers (Recruitment Agencies, Psychometric assessment administrators, HR consultancies, Risk assessment providers and training providers etc.)	<ul style="list-style-type: none"> The achievement of the HR strategy 	<ul style="list-style-type: none"> The GMA acknowledges the significance of the HR value chain in ensuring the successful execution of its organisational strategy. This forward-thinking and reflective approach prevails on processes such as talent acquisition, development, reward and recognition strategies and various related organisational development initiatives. The HR service providers are pivotal contributors towards these HR interventions that are required to achieve organisational development, transformation and ongoing growth
State Security Agency (SSA)	<ul style="list-style-type: none"> To ensure that the GMA manages people-related risk and employs people whose values align to the organisational values 	<ul style="list-style-type: none"> As a State-Owned Entity, the GMA is bound by the regulations of the State Security Agency (SSA) and related legislation. The GMA ensures that employees in high risk roles across the Agency undergo the security clearance process and meet its requirements
Management Committee	<ul style="list-style-type: none"> A governance structure that ensures that HR issues are addressed in a timely fashion and at the required authoritative levels 	<ul style="list-style-type: none"> The MANCO is a governance structure at senior management level that is approached to seek approval or consulted on HR strategic and operational matters as well as for recommendations on matters that require the approval of the GMA Board or HR and Remco
Employment Equity Committee	<ul style="list-style-type: none"> EE is an imperative within the GMA. This consultative body is not only a statutory requirement but a key indicator of the importance of transformation within the GMA 	<ul style="list-style-type: none"> The EE Committee is a legislative, consultative body to ensure that the GMA EE plan is achieved. HR guides the committee and ensures that ongoing training in relation to amendments to legislation takes place
Employees	<ul style="list-style-type: none"> Employees are consulted on organisational issues not only as beneficiaries but in order to build a sense of buy-in and belonging 	<ul style="list-style-type: none"> The GMA ensures that an effective HR strategy is implemented in order to achieve a mutually beneficial relationship, with happy employees instrumental in the achievement of organisational strategic objectives

Stakeholders	Issue	Engagement
Auditor General (AG)	<ul style="list-style-type: none"> This is a compliance requirement and to ensure operational excellence 	<ul style="list-style-type: none"> The AG conducts annual audits on various HR processes to ensure consistent application of policies and procedures as well the relevant legislation. Full co-operation is ensured during this process
Provincial Legislature	<ul style="list-style-type: none"> This is a compliance imperative and to keep GMA accountable as a state-owned enterprise 	<ul style="list-style-type: none"> The Provincial Legislature has posed questions relating to various HR policies, practices and processes to which sufficient responses are always provided
GMA Board / HR and Remco	<ul style="list-style-type: none"> These platforms ensure that strategic HR matters are identified and implemented 	<ul style="list-style-type: none"> The GMA Board / HR and Remco provides strategic direction on HR initiatives and provides approval



Relevant impact on socio-economic development

The GMA's impact on SED was monitored in relation to the GMA workforce profile and is therefore detailed under HR statistics.



Relevant impact on environmental sustainability

The GMA encourages employees to behave in a responsible manner in

order to contribute to environmental sustainability. When attending meetings, employees are encouraged to make use of the Gautrain and other available public transport modes rather than use their private vehicles.

During the year under review, GMA employees travelled a total of 447 trips on the Gautrain alone, which equates to a total of 10 745.2 motor vehicle kilometres. This has directly contributed to reducing carbon emissions.

Specific environmental sustainable projects to roll out within the GMA will be investigated. Awareness sessions, held in conjunction with the SHEQ Unit, are also planned for the next financial year.



Strategic outlook

With the conclusion of the three-year HR strategy in 2014/15, the GMA has embarked on a consultation process and is developing a strategy in line with the GMA strategy for the next three years.



3. IT GOVERNANCE AND KNOWLEDGE MANAGEMENT

Information Communication Technology (ICT) continues to play a critical and strategic role in supporting the vision and objectives of the GMA by being an enabler that allows the organisation to transact and communicate effectively. The support services that are always available, accessible and reliable 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 make GMA more efficient and effective. Governing all these processes is the Corporate Governance of ICT Framework as prescribed by the Department of Public Service and Administration. The ICT unit consists of 10 staff members and falls within the Corporate Services Unit, which reports to the Chief Operating Officer. The various functions within the ICT Unit include Knowledge Management (Registry, Records Management, Document Control) and ICT.



Performance during period under review

The ICT Unit's key focus area was to deliver the strategic objectives as outlined in the three-year ICT strategy. Various activities focusing on the delivery of the objectives within the strategy were undertaken, namely:

- To improve service delivery, a Helpdesk system was implemented and service level agreements were signed with all business units and service providers. The ICT Unit strived to deliver services within the agreed timeframes;

- The finance and procurement processes were automated by implementing a finance management system (SAGE), which has reduced the procurement lead times significantly;
- The server room was upgraded to comply with IT security standards and a maintenance contract was entered into;
- The implementation of an online back-up solution has enabled the Agency to recover effectively and fast from a disaster with minimum business disruption;
- Knowledge management within the GMA plays a critical role in ensuring that the knowledge acquired in the Agency from the Gautrain Development Period and Operational Period is properly and effectively stored and shared. As a relatively new unit, knowledge management focused on developing records management policies and procedures that will guide the organisation in ensuring that knowledge within the Agency is adequately managed in line with the strategic goals;
- A process to develop case studies to capture acquired knowledge has been initiated; and
- Together with the ICT unit, a revamped and streamlined electronic document management system (EDMS) was developed to allow for more secure and improved knowledge sharing and is in the final phase of implementation. The design of the revamped EDMS was guided strictly by GMA as well as legislative requirements.

A security breach encountered during the Financial Year necessitated the review of deliverables within the strategy to reprioritise and shift the focus to securing the IT environment at a higher level. To improve overall security, additional security and monitoring tools were

procured to safeguard and monitor all network and server activities. The process of implementing the tools is still underway.



Relevant outcomes

- Full compliance with good Industry Practice



Relevant impact on environmental sustainability

The GMA is committed to the practices of "Green IT" in terms of the design, manufacture and disposal of IT-related equipment to ensure minimal or no impact on the environment. Green IT reduces the use of hazardous materials, maximises energy efficiency and allows for recyclability or biodegradability of used products:

- Where possible, all IT equipment procured is Energy Star compliant;
- Toners used in printers are biodegradable;
- The plastic components of the printers utilised at the GMA are all manufactured from recycled plastic;
- Conventional servers are being replaced with Blade servers, which are more compact and thus more energy efficient as less energy is required to cool the servers;
- IT equipment that is no longer of use is disposed of in the correct manner as e-waste;
- Printers utilised at the GMA are 68% more energy efficient than previous printers and have a CO² reduction of 1 592kg per year (manufacturer's specification); and
- Board packs are now electronically distributed to board members, which has significantly reduced paper usage and energy consumption.



Relevant stakeholders

Stakeholders	Issues	Engagement
Auditor General	<ul style="list-style-type: none"> Audit the GMA IT function in conjunction with GMA Internal Audit Unit and ensure that ICT governance, standards, policies and best practices related to the GMA ICT environment are adhered to 	<ul style="list-style-type: none"> Engage on an annual basis at the end of each financial year through interactive meetings
Internal audit	<ul style="list-style-type: none"> Audit the GMA IT function and ensure that ICT governance, standards, policies and best practices related to the GMA ICT environment are adhered to 	<ul style="list-style-type: none"> Engagement based on approved audit strategy and annual audit plan through interactive meetings
GMA Board	<ul style="list-style-type: none"> Utilise ProjectWise and Fileserver to access GMA Board-related information (meeting packs etc.) Review, make decisions and approve ICT governance frameworks, strategy, policies and plans Review the implementation of the approved governance frameworks, strategy, policies and plans Review quarterly ICT reports and provide insight and advice on relevant matters pertaining to the ICT reports or general ICT matters 	<ul style="list-style-type: none"> Engage on a quarterly basis through scheduled formal meetings
GMA ICT Committees	<ul style="list-style-type: none"> Review and make decisions related to ICT governance frameworks, strategy, policies, plans and procedures Review the implementation of the approved governance frameworks, strategy, policies, plans and procedures 	<ul style="list-style-type: none"> Engage on a quarterly basis or as and when required through scheduled formal meetings
Employees	<ul style="list-style-type: none"> Utilise IT infrastructure and systems to perform general GMA-related work activities Receive ICT services and support Utilise document control service and electronic document management (ProjectWise) Compliance with the records management policy, registry and the approved file plan 	<ul style="list-style-type: none"> Engage on an ongoing basis through one-to-one interaction for IT support activities and document control services Informal training is provided for document control services, document management system and records management
Consultants / Contractors	<ul style="list-style-type: none"> Utilise IT infrastructure and systems to perform general GMA-related work activities Receive ICT services and support Utilise document control service and e ProjectWise 	<ul style="list-style-type: none"> Engage on an ongoing basis through one-to-one interaction for IT support activities and document control services Informal training is provided for document control services and document management system

Stakeholders	Issues	Engagement
Arbitration Foundation of Southern Africa	<ul style="list-style-type: none"> Utilise ProjectWise system to access information related to current disputes between the Concessionaire and the Province 	<ul style="list-style-type: none"> Engage as and when required, typically when ICT support services are required to attend to issues related to IT connectivity to ProjectWise. Engagement is facilitated through the PST Commercial team
Service Providers	<ul style="list-style-type: none"> Provide ICT-related services and products either ad-hoc or through fixed term contracts as required by the GMA ICT Unit 	<ul style="list-style-type: none"> Engage on a monthly basis or as and when needed through formally arranged meetings or informal one-to-one meetings between key players
Law enforcement agencies (State Security Agency)	<ul style="list-style-type: none"> Provide advisory services to the GMA ICT Unit related to general security and cyber security matters 	<ul style="list-style-type: none"> Engage as and when required, typically in consultations regarding security-related matters through formally arranged meetings or informal one-to-one meetings between key players
Concessionaire and Subsidiaries	<ul style="list-style-type: none"> Utilise ProjectWise system and Archibus FTP Server to perform work activities related to the CA Receive ICT services and support 	<ul style="list-style-type: none"> Engage as and when required, typically when ICT support services are required to attend to issues related to IT connectivity to ProjectWise / Archibus FTP server Engagement is through one-to-one interaction for IT support activities and document control services
State Information Technology Agency	<ul style="list-style-type: none"> Regulates the process for the procurement of ICT-related services and products 	<ul style="list-style-type: none"> Engage as and when required, typically when procuring IT-related services or products through the SITA contracts Engagement is through utilising the transversal SITA contracts for the procured IT services or products Occasionally SITA officials may be engaged through one-to-one discussions for assisting with queries related to the SITA contracts
Department of Arts and Culture (National Archives and Records Service of South Africa)	<ul style="list-style-type: none"> Responsible for the approval of file plans and guidelines for development of registries and records management policy as mandated by the National Archives of South Africa Act 43 of 1996 	<ul style="list-style-type: none"> Engage on an ongoing basis through formally arranged meetings or informal one-to-one meetings between key players



Strategic outlook

In line with the final phase for the implementation of ICT Governance (the Continuous Improvement Phase [phase three] whereby deliverables are reviewed/

updated for better efficiency), the focus of the ICT Strategy for the 2015/16 Financial Year is to consolidate, integrate and rationalise the various systems in the IT environment. This will benefit the GMA in that it will ensure that processes and activities (i.e. systems) operate more cost effectively and efficiently.

The main emphasis for the next Financial Year will be the establishment of a new registry and knowledge centre for the organisation. The Knowledge Management Unit will continue with the developing and publishing of case studies that will be shared internally and with the broader community including

other government departments, learning institutions, etc. These case studies will focus on lessons learned and knowledge acquired while developing the first phase of the Gautrain Rapid Rail Link System.

In line with the National Archives Act 46 of 1996, and to ensure that knowledge is preserved, protected, easily accessible and shared, a new file plan for the GMA will be finalised and implemented.

4. COMMUNICATION AND MARKETING

Because of significant stakeholder interest in the Gautrain Project, the Communication and Marketing Unit's implementation has activities that are structured to optimise the provision of clear, unbiased and technically correct messages. These include stakeholder communication

initiatives, branding, public relations, marketing, focused media and social media campaigns.

The Communication and Marketing Strategy focuses on the Gautrain in general and its various attributes and characteristics with its mandate being to increase and sustain ridership by managing the Gautrain's reputation and executing growth and retention marketing campaigns.



Performance during period under review

To achieve its mandate, the Communication and Marketing Unit's core focus was on positioning the Gautrain as a world class integrated public transport service. The activities listed below were implemented:

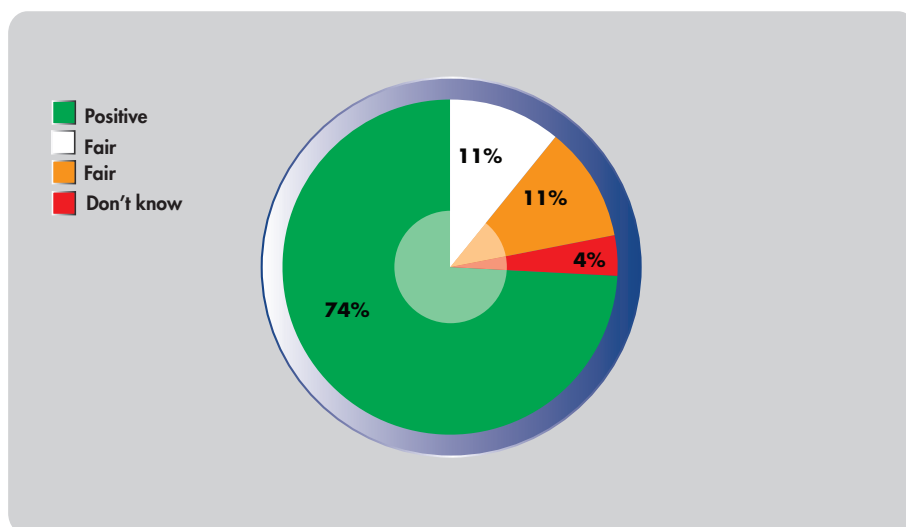
4.1. Communication performance

Towards achieving the set objectives, the following communication activities were implemented during the year under review:

i. Traditional media management

There were 6 290 media reports (print, broadcast and online) relating to the Gautrain during the Financial Year under review. The contribution (in communication value) added to the reputation of the Project amounts to R208 418 624.

The value of articles was mostly balanced (90%), positive (7%) and negative (3%).



Graph 4: Citizen Relationship Equater

It was general mentions, elections, e-Toll and government delivery that contributed to the number of balanced reports. Operations and disputes contributed to negative reports while lifestyle and leisure, infrastructure development, property development, extensions and expansions and the announcement of the new GMA Board contributed to positive reports.

ii. Web management and online services
The Gautrain has a prominent online presence in the South African rapid rail industry. The various websites fulfil different

functions for the Gautrain and the GMA. The GMA is profiled by www.gautrain.co.za/gma, which had 35 330 visitors during the reporting period. For staff, the internal GauChat intranet informs staff of personnel, social and general Gautrain operational information. GauChat had 21 967 visits during the reporting year.

The main Gautrain website, which is the landing page for both the commuter site and the corporate site, consists of the About, Construction and Newsroom pages. It was continuously updated and

had 177 955 visits during the reporting period. All these websites combined had 516 031 visits during the reporting period.

iii. Social media management

The Gautrain uses social media to engage with commuters and interested parties. Primarily Facebook and Twitter are used to inform and mitigate risk as well as to monitor and analyse online brand sentiment, volume, phrase association and source. The platforms are also used as tools to ensure that product and

operations communication is disseminated to the commuter.

The Gautrain has recently embarked on social media marketing for both brand and product education to a targeted market. This has shown noTable positive results.

On both Facebook and Twitter there were 117 617 mentions of the Gautrain during the period under review. Twitter made up 67 331 of these mentions and Facebook 50 286 mentions. Emotional focus and online brand sentiment for the reporting period added to 5.2% of total discussion which is 3.4% positive and 1.8% negative. The second top word associated with the brand was strike, after the word Gautrain.

Updates to the usage and information dissemination of content on social media have been the addition of the events tab and marketing promoted tweets.

iv. Mobile applications

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

A total of 110 797 downloads of the Gautrain app occurred during the period under review.

v. Brand management

Brand education campaigns were done for internal and external stakeholders to keep them excited about the Gautrain brand. In promoting the brand and building partnerships, the Gautrain partnered with a number of organisations, such as Proudly SA, UNICEF, National Press Club and Freedom Park.

The Gautrain received the Global Air Rail Alliance Award for excellent customer service on the Airport line and is a finalist for the Air Rail Link of the Year Award for 2015.

vi. Site visits

The GMA hosted visits, with presentations and film shoots, for a number of stakeholders including media, schools along the Gautrain route, representatives of the public and private sectors as well as Non Governmental Organisations.

vii. Internal communication

As part of staff engagement, a quarterly newsletter, GMA Signals, was issued to all staff members. The objective of the newsletter is to keep staff informed and engaged. Similarly, GauChat, the internal communication platform, was constantly updated with information related to staff and Project related information.

Various internal campaigns took place enabling staff to socialise. These included 67 Minutes for Mandela Day, a Public Transport Campaign during October, the Pink Drive campaign and the annual Movember campaign to raise awareness of prostate cancer and raise funds for CANSA. The Valentine's Day "Love your Country" campaign saw staff distributing South African flags at Gautrain stations.

viii. Stakeholder engagement and external communication

GMA recognises that its long-term sustainability objectives are supported through engaging with various stakeholders to address matters of mutual interest. In the period under review, Gautrain hosted various delegations on the Gautrain System.

The Gautrain Signals (the GMA's external newsletter) was distributed to stakeholders on a quarterly basis to promote the GMA and the Gautrain as well as to promote the brand.

As part of increasing awareness and understanding of the Gautrain, advertorials were placed in 15 different publications.

ix. Research

• Stakeholder perception audit

A stakeholder perception audit was conducted, with the objective of identifying key stakeholder communication needs and expectations and determining overall attitudes towards the GMA and the Gautrain.

The overall reputation rating is 72%, which is healthy and positive. Separated in terms of favorability, ratings are:

- o Good / positive: 84%
- o Average: 15%
- o Poor: 1%

• Brand valuation

The aim of the brand valuation study was to determine the brand value of the Gautrain and develop a brand strategy coupled with a partnership plan.

The Gautrain's brand value is estimated to be approximately R250 million.

4.2. Marketing performance

Towards achieving set objectives, the following marketing activities were implemented during the Financial Year under review:

i. Tourism brochure

Marketing campaigns and events were executed throughout the 2014/15 Financial Year to showcase the Gautrain to government departments, the tourism industry and others who market South Africa domestically and internationally.. A tourism brochure was designed and printed for these events.

ii. Advertising

One of the key ways of marketing the Gautrain is as a lifestyle with different market segments targeted through various print media, including airline inflight magazines and hotel magazines. Advertisements are also placed on various billboards.

Getting to your destination has never been easier. Gautrain will help you plan your route, assist you with bus and shuttle services as well as assist you with calculating the time and cost of visiting your destination. Finding an event, place or attraction to attend or visit makes travelling a comfortable and enjoyable experience.

Log onto www.gautrain.co.za for more information.

Gauteng (Sesotho for "place of gold") is South Africa's smallest province (17 000 square kilometres) and it includes most of the towns strung east to west along the gold reef, from Springs in the far East Rand to Randfontein in the west. It runs down to the Vaal River in the South, and just beyond South Africa's capital, Pretoria, in the north.

For more information visit Gauteng Tourism Authority www.gauteng.net



Use the train and catch a bus



A valid Gold Card is required to board a Gautrain bus. This can be purchased at the stations and at selected retail outlets.

Download the Gautrain App to plan your trip accordingly.

- For detailed and accurate bus route maps enquire at the stations or visit the website.
- Bus tickets cannot be purchased on the buses.
- To find out where a bus is, please dial 010 223 1098.

Johannesburg

Rosebank Station Bus Routes

- RB5: Killarney
- RB2: Midcourse
- RB3: Illovo
- RB4: Hyde Park

Sandton Station Bus Routes

- S2: Gallo Manor
- S3: Rivonia
- S4: Randburg
- S5: Fourways

Emirates Stadium is situated in Johannesburg.

The underground tunnel section from Park Station to Marlboro Portal is a total length of 15.5 kilometres.

PRASA/METROTRAIL

Park Station Bus Routes

- J1: Parktown
- J2: CBD

Tshwane

The Union Buildings have lovely gardens that surrounds the new Nelson Mandela Statue.

The Freedom Park and the Voortrekker Monument

Visit www.southafrica.net to arrange transport to one of South Africa's World Heritage sites, the Cradle of Humankind.

Waterkloof Airforce Base

Visit Auto & General Theatre on the Square at Nelson Mandela Square.

Nizamiye Turkish Masjid along the Midrand train route.

Midrand Bus Routes

- M1: Randjespark
- M2: Noordenyk
- M3: Sunninghill

Rhodesfield Bus Routes

- RF1: Kempton Park
- RF2: Emperors Palace

Shuttle services available.

- From Marlboro to Linbro Park and Woodlands in Woodmead.
- Weekend shuttle to Montecasino from Sandton Station.

Take Metrorail from Park Station to FNB Stadium.

Download the Gautrain Apps, available on:

- App Store
- Google Play
- App World

SMS "Alert!" to 32693 for service updates



Disclaimer: Please note that some of the attractions indicated along the illustrated route map may not be along the route of the Gautrain services. Certain attractions can be seen from the Gautrain but may need other public transport modes to get there. Direct enquiries for more information about places and attractions may be obtained from Gauteng Tourism Authority. The illustrated route map is not to scale. The illustrated information published was last updated on 25 March 2015.

Due to the high number of travellers and the Gautrain's premiere link to OR Tambo International Airport (ORTIA), advertising South Africa's various airports was seen as crucial. This method has created constant awareness of the Gautrain service at ORTIA with directional signage to guide travellers to the Gautrain's ORTIA Station.

iii. Digital screens

Digital screen advertisements at ORTIA and various malls on the Gautrain route have provided consistent awareness of promotions and system capabilities. Online messages were updated appropriately and effectively.

iv. Radio advertisements

Advertisements were flighted on various commercial radio stations throughout the 2014/15 Financial Year.

Campus radio stations were used to inform students about the convenience and affordability of using the Gautrain system, focusing on off-peak special prices.



Relevant outcomes

Marketing and advertising played a role in the increase of ridership on both buses and trains.



Relevant stakeholders

Stakeholders	Issues	Engagement
Internal stakeholders	<ul style="list-style-type: none"> Mutual understanding between the GMA and staff 	<ul style="list-style-type: none"> Quarterly newsletters Social gatherings
Government stakeholders	<ul style="list-style-type: none"> Promotion of public transport usage 	<ul style="list-style-type: none"> Communication forums Gautrain articles in government stakeholder publications
Traditional media	<ul style="list-style-type: none"> For media to understand Gautrain and the GMA 	<ul style="list-style-type: none"> Media roundTables Media visits Media conferences Media releases Feature articles
Passengers	<ul style="list-style-type: none"> For passengers to continuously support the Gautrain System 	<ul style="list-style-type: none"> Promotional events Advertising Traditional media Social media
Potential passengers <ul style="list-style-type: none"> Airline travellers Private car users University students 	<ul style="list-style-type: none"> For people to start using the Gautrain System 	<ul style="list-style-type: none"> Print, radio and online advertising Traditional media Social media marketing



Relevant impact on socio-economic development

Communication and Marketing Unit supported initiatives with different communities. Such initiatives include involvement with schools, old age homes, Hospices and social organisations.

Groups of school teachers are educated about the Gautrain through an informative trip on the Gautrain as well as a presentation and are given teaching equipment such as posters. In this way, learning about the Gautrain is spread through communities.



Relevant impact on environmental sustainability

i. Gautrain: saving trees and greening communities

Together with Addo Garden Centre in Centurion, Gautrain is saving and relocating indigenous and exotic trees and plants. This came about due to the expropriation of the Centre's land to expand the parking area for the Gautrain Centurion Station.

As part of its commitment to greening

the environment, the Gautrain has donated trees to Johannesburg City Parks, Department of Roads and Transport branches, Melrose-Birdhaven Conservancy and Food and Trees for Africa. The above is helping to develop a green corridor in the Oxford Road area and maintain the area's natural heritage.

ii. Putting waste to good use

A company called Little Green Number, which is committed to reducing unemployment in Johannesburg, receives all the Gautrain's outdoor advertising waste material and banners. From this

waste, Little Green Number cuts, designs and makes handbags, schoolbags, etc, which are then sold internationally and the funds returned for education in South Africa.



Strategic outlook

The Communication and Marketing Unit's aim for the 2015/16 Financial Year is to increase and sustain ridership by managing the Gautrain's reputation and stakeholders and executing growth and retention marketing campaigns. In doing so, the Unit's focus is on:

- Increasing the ridership of the Gautrain System so as to minimise the Patronage Guarantee;
- Ensuring that the management of the relationship with the Concessionaire optimises performance delivery; and
- Developing and implementing a partnership strategy that involves stakeholders contributing to the GMA's sustainability.

5. COMPLIANCE AND LEGAL SERVICES

The Compliance and Legal Services Unit is responsible for monitoring and reviewing the legislative and regulatory environment within which the GMA operates. To this end, the Unit provides remedial steps to be taken to ensure compliance with applicable legislative and regulatory requirements.

Moreover, the Unit is responsible for handling, inter alia, all litigious and non-litigious disputes on behalf of the GMA, as well as contracts.



Performance during period under review

In line with the provisions of the GMA Act, the GMA continuously oversees, manages and monitors the Concessionaire's performance and adherence to the CA. In

this regard, where the Concessionaire fails or neglects to comply with its obligations as outlined in the CA, appropriate penalties are imposed. Moreover, there are a number of disputes that are currently the subject of arbitration under the auspices of the AFSA.

In line with Schedule 10 of the CA, which prescribes a Dispute Resolution Procedure to be followed, all the disputes that are currently underway are handled in accordance with this procedure. The timelines for handling such disputes have been agreed by the Parties and duly adhered to.

The Concessionaire is also enjoined, in terms of the CA, to comply with environmental, health and safety statutory obligations or requirements. As part of its statutory mandate, the GMA has to monitor and assess the Concessionaire's compliance with such obligations. To this end, an independent audit was commissioned to verify the Concessionaire's compliance and a report was due to be submitted at the end of May 2015.

The GMA continues to monitor and report on all the statutes and regulatory developments that have an impact on the operations of the GMA. In pursuit of full compliance with the applicable legislative requirements, a Compliance Framework was developed. This framework contains all the statutes and regulatory requirements that are applicable to the GMA and it specifies the activities or actions that the GMA has to undertake in order to comply with such statutes and regulatory requirements. An awareness campaign was held to sensitise GMA employees about the relevant statutes and guide them on how to comply.

To conscientise and guide GMA employees and members of the public on how to report fraud and corruption-related activities, various posters were

displayed throughout the GMA's offices. Furthermore, applicable policies and procedures were reviewed, updated and aligned to relevant legislative developments.

Moreover, potential whistle blowers were guided and furnished with information to enable them to report any irregularities that pertain to fraud and corruption. To this end, hotline details are contained in the GMA's tender documents and e-mails. The Fraud Hotline number is 0800 6 FRAUD (0800 637 283).

A joint awareness campaign, involving ICT, Compliance and Legal Services, Internal Audit and Risk Management, was held where issues relating to, inter alia, fraud prevention, whistle blowing, risks and ICT challenges were addressed and all employees were invited to take part.



Relevant outcomes

The GMA was able to ensure that the Concessionaire complies with the provisions of the CA, thereby ensuring that the Gautrain rapid rail system operates at its optimum, to increase ridership and revenue.

With regard to the Compliance Framework, the GMA has now established what its statutory obligations are, for purposes of complying therewith.

In line with its zero tolerance stance on fraud and corruption, the interventions specified above ensured that the odds of any irregularities happening are significantly reduced and that the GMA can comply with its statutory duties in this regard.



Strategic outlook

In the next Financial Year, the GMA will fully roll-out the Compliance Framework.

In particular, staff will be guided on how to comply with the GMA obligations, as outlined in the applicable Acts. The Compliance Framework will also be reviewed to ensure its alignment with all legislation. The legislative developments will be continuously monitored to ensure that the GMA is fully compliant with its statutory obligations.

To the extent permitted by the CA, the dispute resolution process will be reviewed to make it more expeditious and proficient.

6. SOCIAL INVESTMENT PROGRAMME

The GMA Social Investment Programme (SIP) encompasses projects that are external to the business or outward looking; projects undertaken for the purpose of uplifting communities in general and those with a strong developmental approach. It also includes projects with a focus on social, developmental or community

aspects where the investment is not primarily driven as a marketing initiative.

The GMA SIP will support SED obligations with preference given to those that correlate to government's national imperatives.

Additional focus is on education and addressing the skills shortage in the construction and engineering industries, with specific attention given to BBBEs.



Performance during period under review

i Technology and Research Activity Centre (TRAC) South Africa

This intervention programme under the supervision of Stellenbosch University prepares learners to confront the traditionally-dreaded field of Science and Technology. It aims at addressing the scarcity of qualified personnel in the field of Science and Technology in South Africa. The goal of the programme is to

find an easy approach to physical science through a practical method.

School pupils have benefited from the extensive assistance offered to them since GMA began its support for the programme's two laboratories: Gautrain TRAC Fixed Lab, Sci-Enza, Pretoria, and Gautrain TRAC Mobile Lab, Soweto. The Department of Education has also recognised the benefits of the programme in the lives of the pupils who attended science and mathematics workshops presented by TRAC.

TRAC has also helped grade 12 pupils obtain entry into universities and made recommendations for pupils to be awarded bursaries. Most importantly, it has encouraged a TRAC-buddy group where past pupils return to assist grade 12 pupils prepare for matric exams. The project has been supported for a further three years. TRAC outcomes are depicted in Table 11.

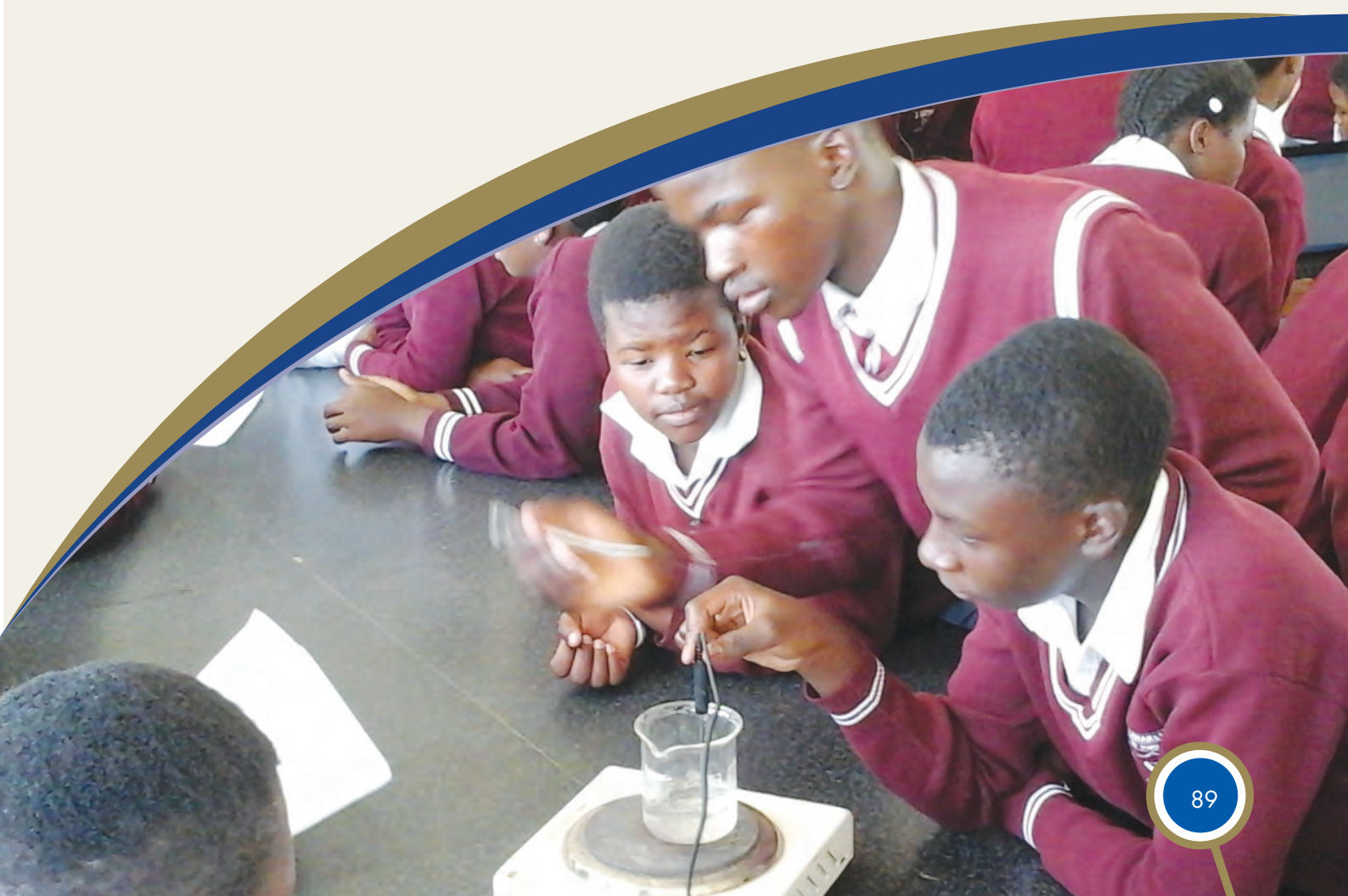


Table 11: TRAC Outcomes

	November 2013 -Grade 11	November 2014 - Grade 12
Number of learners obtaining 60% and above	27	48
Number of distinctions	1	18

ii Boipatong Memorial and Youth Centre

The approval of support for the construction of the Boipatong Memorial and Youth Centre was given by the Gautrain Political Committee to a value of R35 million. Construction commenced on 6 September 2011.

The Centre is a memorial and exhibition centre comprising a steel and brick structure with external hard and soft landscaping. The main building includes a multimedia centre, offices, workshops, a memorial garden and an arts and exhibition centre. The memorial will commemorate and honour the people who

were killed in the 1992 massacre as well as the broader community of Boipatong, providing a space for their stories to be told.

The handover of the memorial site will take place during 2015.

iii The Kagiso Memorial and Recreation Centre

The Centre is aimed at identifying and recognising contributions to the struggle by veterans within the Mogale City Municipality. The project was conceptualised and initiated by the Gauteng Department of Infrastructure

Development to achieve the following:

- o The construction of a Memorial Park in Kagiso in memory of fallen heroes who fought against apartheid; and
- o The memorial should be a symbol of liberation and conquest to honour the achievements of the combined efforts of the liberation movements.

The construction of the project commenced in 2014 and is still in progress.



Relevant outcomes

- Growth in usage
- Growth in brand value



Relevant stakeholders

Stakeholders	Issues	Engagement
TRAC - Stellenbosch University Mobile Labs	<ul style="list-style-type: none"> • Need funding to support the project • It helps matric pupils to comprehend seemingly abstract scientific concepts in Physical Science, giving them a much better understanding of the theory 	<ul style="list-style-type: none"> • Three-year support for Pretoria, Soweto and Alexandra • Monitoring and quarterly reporting
Boipatong Memorial and Youth Centre Gauteng Department of Infrastructure Development	<ul style="list-style-type: none"> • Lack of financial support for construction 	<ul style="list-style-type: none"> • The approval of support for the construction of the Boipatong Memorial and Youth Centre was given by the GMA to a value of R35m. Construction started in September 2011 • Monitoring and quarterly reporting
Kagiso Memorial and Recreation Centre Gauteng Department of Infrastructure Development	<ul style="list-style-type: none"> • Lack of financial support for construction 	<ul style="list-style-type: none"> • In October 2010 the GMA committed an amount of R35 000 000 to cover the construction work • The project started in March 2014 • Initial payment started in October 2014 • The total payment made by the GMA by the end of March 2015 was R8 042 957.64



Relevant impact on social economic development

The non-profit sector in South Africa is universally recognised for its exceptional ability to reach into communities. The projects supported by the GMA for the year under review had the following effects on job creation:

Kagiso Projects:

- Seven persons employed;
- Three Local subcontractors;
- Two Specialist subcontractors; and
- Fifty labourers trained.

Boipatong Project:

- Unskilled labour was sourced from the surrounding community;
- Three Local subcontractors;
- Two Specialist subcontractors; and
- Labour for the operating of the centre.



Relevant impact on environmental sustainability

The Kagiso Memorial and Recreation Centre has been designed to encompass a number of "green" principles such as:

- Maximum protection against the loss of warm and/or cool air;
- Eco-label rated materials will be used in the construction;
- Landscaping will include a combination of soft and hard areas; and

- Natural rain water will be collected and used for irrigation purposes.



Strategic outlook

The Communication and Marketing Unit is tasked with the responsibility of managing the SIP funds for GMA, which have accumulated to an approximate value of R85 million. These funds will be used, and will also not accumulate, once valuable projects have been identified and supported during 2015/16. The Unit will develop and have the SIP policy approved according to which SIP funds will be disbursed and monitored.

7. COMMUNITY PARTNERSHIP

The GMA has identified as part of its strategic goals the establishment of sustainable community partnerships with key public transport stakeholders to support the operations of the Gautrain System.



Performance during period under review

In partnership with Alexandra Transport Solutions (ATS), the GMA introduced a new route from Marlboro to Woodlands Office Park operated by a Shuttle Feeder and Distribution Service (SFDS). This service was implemented in addition to the Linbro Park and Monte Casino services. ATS was formed through the collaboration of local taxi associations operating within the community of Alexandra.



Relevant outcomes

The new route has proven hugely successful in terms of passenger numbers within three months of operation. The implemented service provides public transport to Gautrain passengers as well as walk-in commuters from the community of Alexandra. Table 12 depicts the increase in passenger numbers from 12 January 2015 when the operation started.

Table 12: Increase in shuttle services passenger numbers

Woodlands Office Park Route			
	January 2015	February 2015	March 2015
Passengers (per month)	720	3 536	3 778



Relevant stakeholders

Stakeholders	Issues	Engagement
Alexandra Transport Solutions	<ul style="list-style-type: none"> Integration of the minibus taxi industry to support the Gautrain's Marlboro Station by providing a scheduled SFDS 	<ul style="list-style-type: none"> The GMA provides oversight to the operations of Linbro Office Park and Monte Casino route through monthly meetings The GMA supported operations of a new route to Woodlands Office Park
Tshwane Taxi Initiative Corporative	<ul style="list-style-type: none"> Integration of the minibus taxi industry to support the Gautrain's Centurion Station by providing a scheduled SFDS 	<ul style="list-style-type: none"> The GMA is engaging regional taxi structures to introduce shuttle services at the Gautrain's Centurion Station



Relevant impact on socio-economic development

The communities where reliable and scheduled public transport systems are not available benefit from these partnerships, which contribute to the improvement of their quality of life.



Relevant impact on environmental sustainability

To promote the use of public transport and support the needs of the Alexandra community, the GMA introduced an additional public transport route from Marlboro Station to Woodlands Office Park during the year under review. This initiative has an impact on the environment by increasing the likelihood of motor vehicle owners using an affordable, frequent SFDS. This has a positive environmental effect through the reduction of carbon emissions.



Strategic outlook

The GMA is planning to extend and expand community partnership initiatives to other metropolitan areas in collaboration with the taxi industry using the SFDS model. The engagements have already commenced in the City of Tshwane and Ekurhuleni Metropolitan Municipality. The primary objective is to provide reliable, safe and secure scheduled services in areas where public transport is not accessible.





SECTION G

Project-related Activities



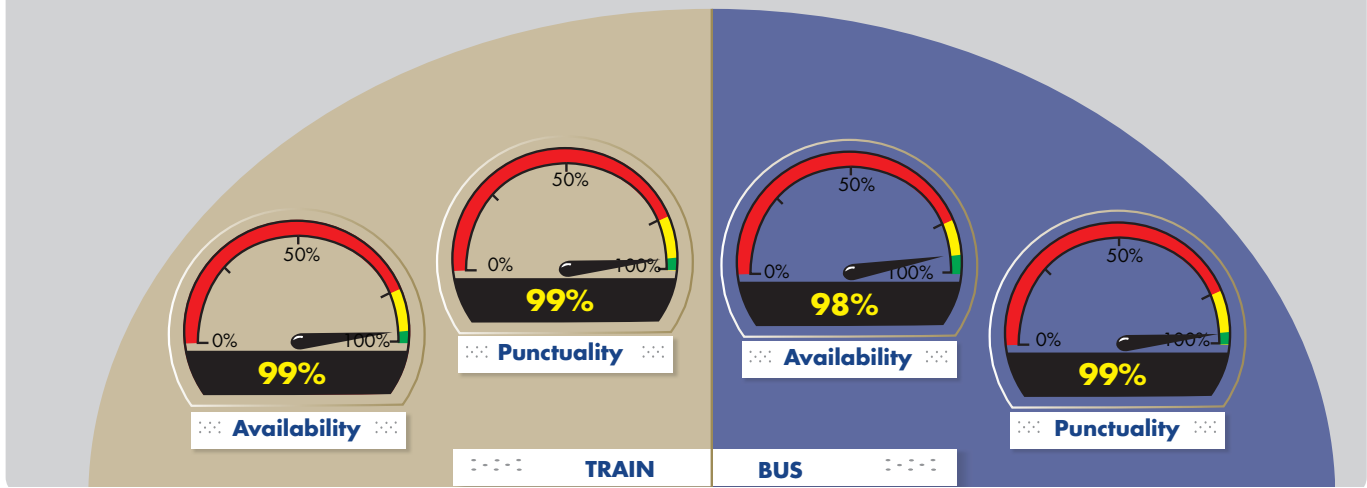


Figure 8: Summary of Train Operations

1. 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 a rail service with respect to service frequencies and train set configurations.

There are three train services in operation:

- A General Passenger Service (GPS) on the North/South (N/S) line between Hatfield and Park Stations;

- A General Passenger Service (GPS) on the East/West (E/W) line between Rhodesfield and Sandton Stations; and
- An Airport Passenger Service (APS) on the East/West (E/W) line between ORTIA and Sandton Stations.

Train availability and punctuality

The main performance indicators for trains are availability (number of services) and punctuality, which is managed via

an agreed timeTable. The timeTable and the extent of adherence to it contributes largely to the service quality or time value experienced by users.

The agreed performance norms for availability and punctuality are 98.5% and 94% respectively. The monthly aggregated performance on availability and punctuality for the train system were consistently above the norms for the year. Table 13 below show the actual performance of these targets.

Table 13: Train Service Availability/Punctuality

	TRAIN SERVICE AVAILABILITY / PUNCTUALITY (ACTUAL PERFORMANCE)											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
SCHEDULED TRIPS	6 103	6 305	6 208	6 661	6 541	6 669	6 827	6 332	6 139	6 511	6 122	6 783
ACTUAL TRIPS	6 090	6 303	6 207	6 646	6 478	6 629	6 769	6 325	6 118	6 507	6 097	6 775
TRIPS CANCELLED	16	2	1	15	56	37	58	7	21	7	26	10
EARLY STARTS	4	0	0	0	7	3	10	0	3	1	7	2
LATE ARRIVALS	64	65	21	38	107	104	148	49	75	34	132	99
SERVICE AVAILABILITY*	99.72%	99.97%	99.98%	99.77%	98.93%	99.36%	99.00%	99.89%	99.61%	99.92%	99.48%	99.85%
AVAILABILITY NORM	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
SERVICE PUNCTUALITY	98.88%	98.97%	99.66%	99.43%	98.24%	98.39%	97.67%	99.23%	98.73%	99.46%	97.72%	98.51%
PUNCTUALITY NORM	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%

*Early Starts (>190 seconds) not regarded as "available"

Note - Punctuality: Actual Trains operated ≤180 seconds at arrival Station (**Destination**)

There were, however, a number of days where the daily performance of the rail service was significantly below the performance norm due to service failures. Where possible, bus services were introduced by the Concessionaire to provide an alternative end-to-end service to users. Overhead power failures and

their severe impact on service availability is a concern.

Relevant outcomes

The overall growth in passenger trips was 9.32% compared with 23.97%

the previous year, mainly driven by growth of the GPS (see Table 15). The growth momentum experienced in the previous year slowed down although the current year's growth is from the higher established base.

Table 14: Passenger Trips per Financial Year

RAIL			
SERVICE TYPE	AIRPORT	GENERAL PASSENGER	TOTAL
FY 13/14	1 705 988	11 933 071	13 639 059
FY 14/15	1 757 903	13 152 036	14 909 939
% Change	3.04%	10.22%	9.32%

The lower passenger demand growth rate indicates that the GPS is nearing the end of its rapid growth cycle and moving towards the early stages of the maturity phase of the service lifecycle. Mindful of this, two external factors believed to have supported the high growth rate in rail passengers changed negatively during the year under review from a Gautrain perspective. These were the continuous

reduction in the fuel price since the middle of 2014 and the increased resistance to paying for e-Toll in Gauteng.

Passenger demand

The comparable train passenger numbers or matched trips** for two financial years are summarised in the Table below. These include total passenger trips list, total passengers per service and a further breakdown in the average number of

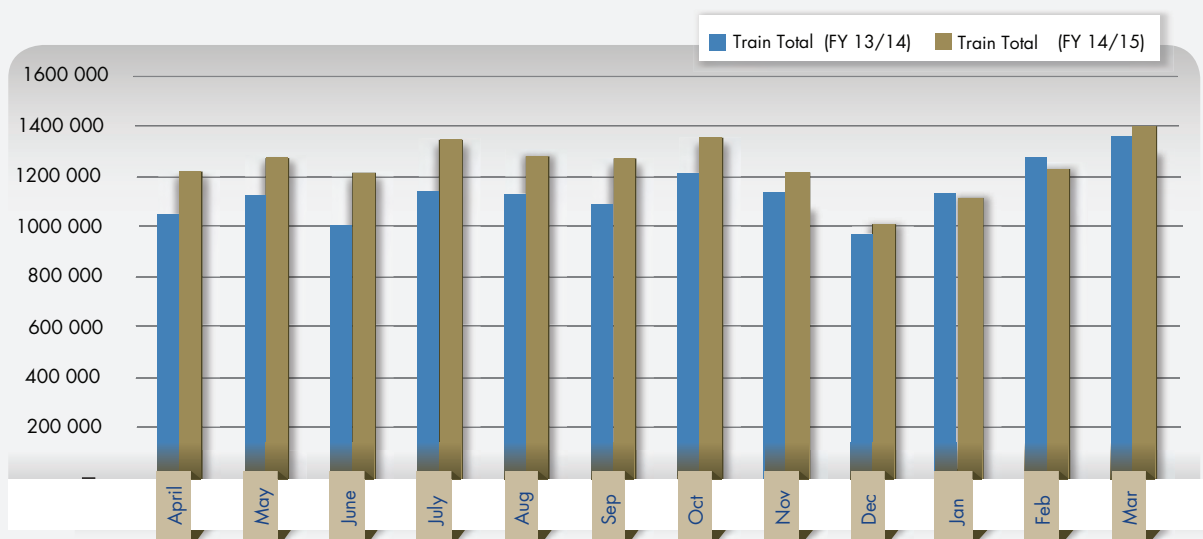
passengers per weekday or weekend days and public paid holidays (PPHs). These Figures are further illustrated in Graphic format.

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

Table 15: Train Passenger Trips (GPS and APS)

Train Passenger Flows (GPS and APS)													
Pax Flows	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
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
Train Total (FY 14/15)	1,216,843	1,268,516	1,214,603	1,347,131	1,284,603	1,267,787	1,352,078	1,212,895	1,005,855	1,109,806	1,225,418	1,404,404	14,909,939
% Change	15.5%	13.2%	20.8%	17.5%	13.3%	16.6%	11.5%	6.4%	3.8%	-2.0%	-3.9%	3.2%	9.32%

* Public Paid Holiday(s) in Month # Preliminary Numbers * + Operating Commencement Date 2 (07 June 2012) / Contract Year 3 Commenced (07 June 2014)



Graph 5: Total Train Passenger Trips – Monthly All Rail Services

The total passenger trips for both the APS and GPS increased by 9.32% (see Table 16). Both services recorded an improvement in their year-on-year growth with the main contribution from the GPS.

The month-on-month GPS weekday average trips for the period June to November 2014 trended lower compared with the months of April and May due

to, amongst other, the winter period, but recorded consistently improved levels compared with the previous year. Passenger growth resumed from February 2015, but is marginally below what was achieved the previous year. The main reason is the initial demand impetus provided by the e-Toll that was introduced at that time in the previous Financial Year.

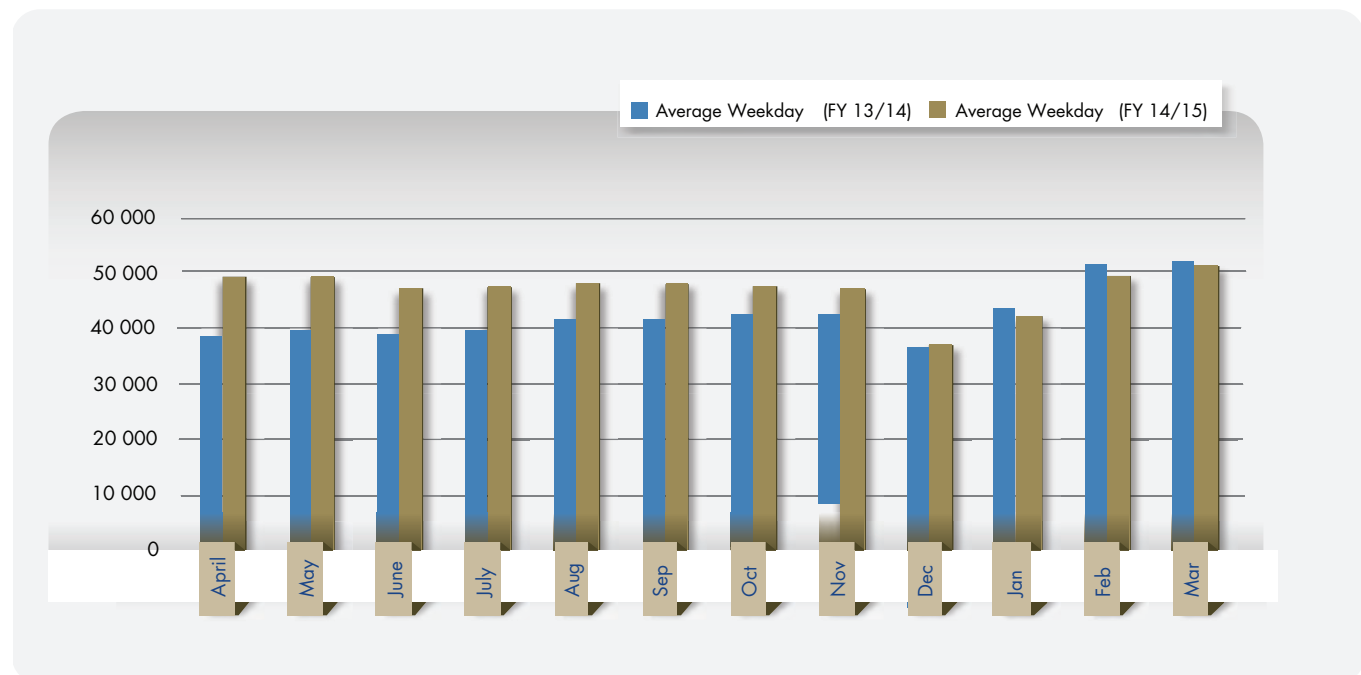
Another factor that is believed to have played some role in the lower growth momentum was bus driver strikes, of which there were four occurrences during the year under review (see Graph 6).

The GPS weekend and PPH year-on-year growth is 5.3% and a good performance (see Graph 7).

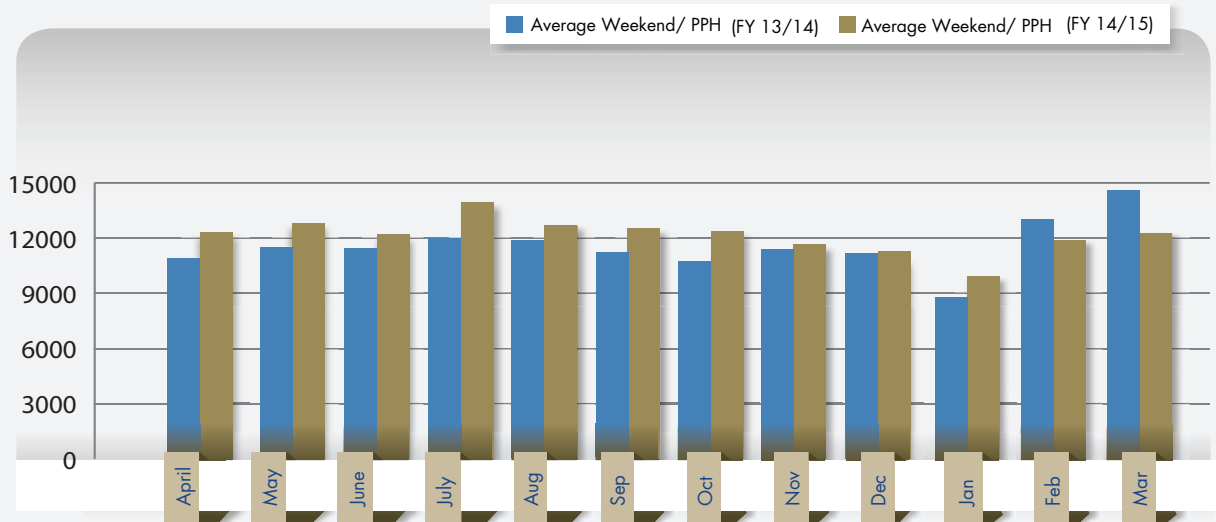
Table 16: Passenger Flows - General Passenger Services

Pax Flows (General Passenger Service)	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan	Feb	Mar*	Total for Year
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
FY 2014/15 GPS	1,071,310	1,127,786	1,068,823	1,198,296	1,138,598	1,118,808	1,193,321	1,056,298	865,809	987,249	1,086,376	1,239,362	13,152,036
% Change	17.5%	15.2%	23.1%	18.9%	15.0%	18.9%	12.1%	6.4%	4.6%	-1.8%	-4.6%	2.7%	10.22%
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
Average Weekday (FY 14/15)	49,266	49,355	47,341	47,255	48,179	47,920	47,594	47,001	37,080	42,301	49,566	51,327	47,015
% Change	27.1%	24.1%	21.1%	19.2%	16.1%	15.4%	11.8%	10.9%	1.6%	-3.2%	-4.2%	-1.83%	10.7%
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
Average Weekend / PPH (FY 14/15)	12,296	12,790	12,201	13,929	12,683	12,498	12,333	11,628	11,292	9,894	11,882	12,241	12,139
% Change	13.0%	11.1%	6.8%	16.2%	7.6%	12.7%	14.9%	2.2%	1.0%	13.0%	-8.7%	-16.3%	5.3%

* Public Paid Holiday(s) in Month # Preliminary Numbers * + Operating Commencement Date 2 (07 June 2012) / Contract Year 3 Commenced (07 June 2014)



Graph 6: General Passengers Service Trips – Weekdays



Graph 7: Average General Passengers Service Trips – Weekend and PPHs

The APS average weekday and weekend demand recorded an improvement for 10 of the 12 months compared with the

previous Financial Year (see Table 17).

The APS demand trend suggests that the service is in its matured state and is

dependent on business activities and single leisure travel.

Table 17: Passenger Flows – Airport Passenger Service

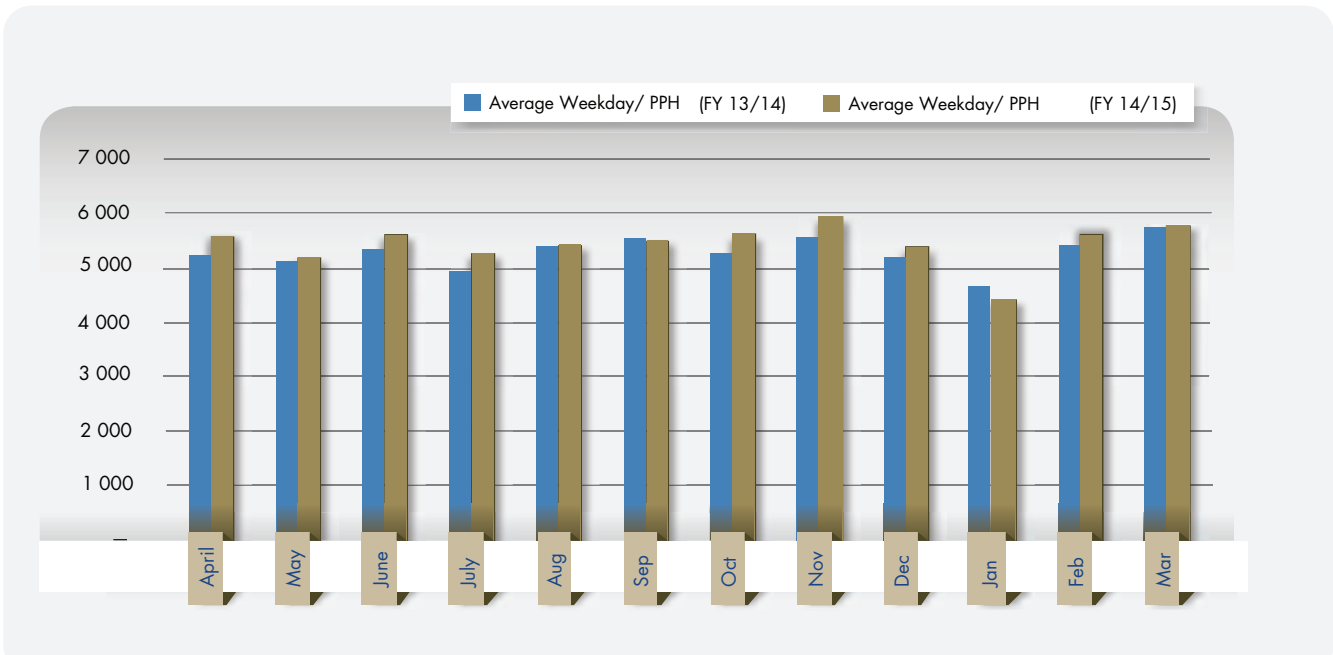
Pax Flows (Airport Service)	Apr*	May*	Jun* +	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
FY 2013/14 APS	142,083	141,994	136,989	139,237	144,532	146,537	147,787	147,211	141,559	126,741	136,264	155,054	1,705,988
FY 2014/15 APS	145,533	140,730	145,780	148,835	146,005	148,979	158,757	156,597	140,046	122,557	139,042	165,042	1,757,903
% Change	2.4%	-0.9%	6.4%	6.9%	1.0%	1.7%	7.4%	6.4%	-1.1%	-3.3%	2.0%	6.4%	3.04%
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
Average Weekday (FY 14/15)	5,605	5,204	5,563	5,300	5,421	5,516	5,652	5,956	5,397	4,443	5,621	5,785	5,455
% Change	6.6%	1.7%	3.9%	6.5%	0.5%	-0.9%	7.2%	7.0%	3.8%	-5.5%	3.3%	0.6%	2.9%
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
Average Weekend / PPH (FY 14/15)	3,550	3,332	3,453	3,367	3,216	3,682	3,595	3,747	2,919	2,925	3,327	3,708	3,402
% Change	0.8%	1.9%	7.6%	8.7%	2.8%	4.4%	8.2%	11.3%	-18.1%	4.3%	-2.9%	1.7%	2.4%

* Public Paid Holiday(s) in Month # Preliminary Numbers * + Operating Commencement Date 2 (07 June 2012) / Contract Year 3 Commenced (07 June 2014)

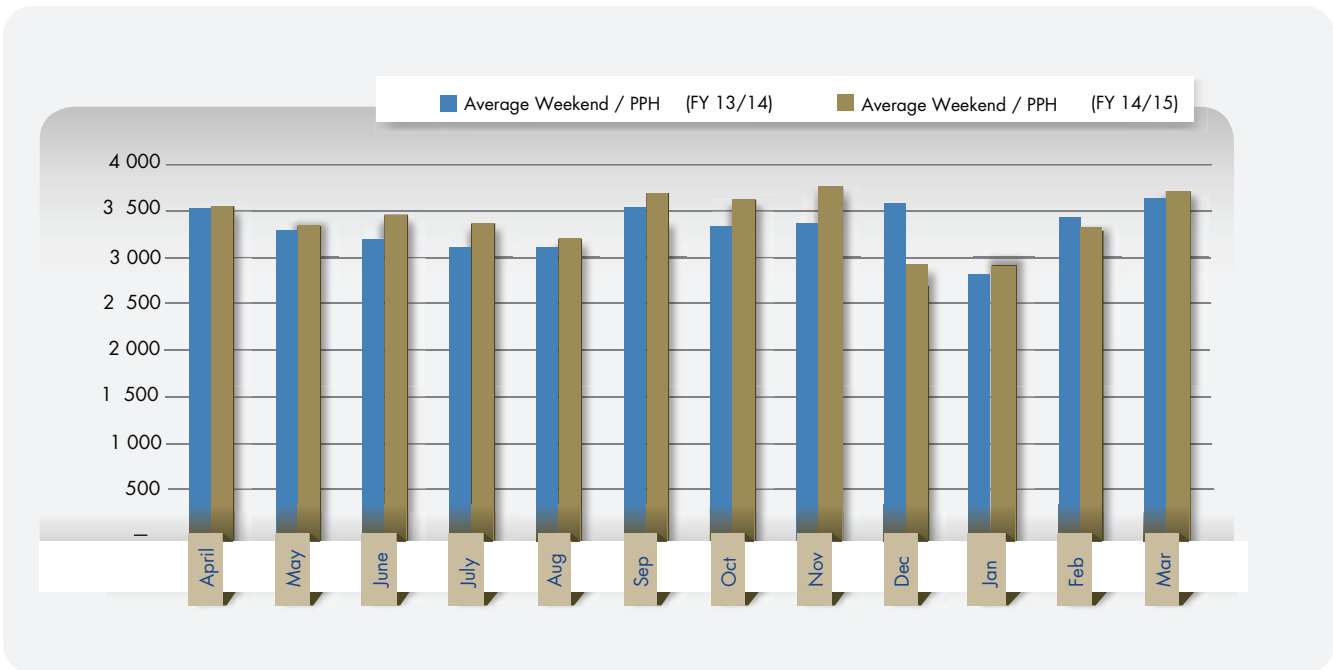
The initiative to introduce an earlier and later weekday train service between Sandton and ORTIA materialised in August 2014. In February 2015, the

earlier and late service was extended to weekends and PPHs to standardise the service offering. The acceptance of this service is good and the anticipated

passenger numbers are likely to grow.



Graph 8: Average Airport Service Trips - Weekdays



Graph 9: Average Airport Service Trips – Weekend days and PPHs



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Provincial Legislature	<ul style="list-style-type: none"> • Train operations related information 	<ul style="list-style-type: none"> • Engagement via the Transport Portfolio Committee • Assist with customer complaint responses
GMA Board	<ul style="list-style-type: none"> • Rail service performance submissions • Future rail service options • Contractual and commercial aspects of train operations 	<ul style="list-style-type: none"> • Several performance status and/or progress reports
Current and Potential Passengers	<ul style="list-style-type: none"> • Service changes / failures and incidents • Service performance 	<ul style="list-style-type: none"> • Operational-related communication i.e. service failures and changes
Concessionaire and subsidiaries (main contracting service providers)	<ul style="list-style-type: none"> • Train operations failures / incidents • Future rail service options / issues • Contractual and commercial aspects of train operations 	<ul style="list-style-type: none"> • Regular meetings on train operations and related issues (performance and quarterly liaison)



Relevant impact on socio-economic development

The addition of another eight-car train into the peak periods as well as the early/late airport services that were introduced resulted in the employment of additional operational supervisors and train staff.



Impact on environmental sustainability

The continuous growth in passenger demand has increased the rail passenger kilometres travelled year on year by 8.32%. This, in turn, has improved rail energy consumption per passenger kilometre travelled by 6.1% from the previous year. Since the train falls in operation commenced in 2012, energy consumption per passenger kilometre has dropped by 21.4%.



Strategic outlook

The focus for the next Financial Year is to maintain and even improve on the service quality experienced by users. This is to keep the service performance attractive to current and potential users. Important to the Gautrain's success is to realise its potential in terms of passenger growth within the internal and external environments. Further analysis of the passenger usage patterns will have to be considered and co-ordinated with the marketing and communication initiatives. This includes the full exploitation of planned service enhancements.



2. FEEDER AND DISTRIBUTION OPERATIONS

The Gautrain Dedicated Feeder and Distribution Services (DFDS) or bus services, operates mainly 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 the Gautrain bus service effectively and efficiently on business days to and from train stations to support the growth of ridership. It also assists the train operational system in terms of an alternative or contingency when there is

a problem in operating a full end-to-end rail service.



Performance during period under review

Bus service availability and punctuality is managed with an agreed timetable that provides the parameters for the Performance Monitoring System (PMS). The availability norm is 99% and the punctuality norm is 95%.

Bus punctuality for services operated was above the required norm for the year under review, while availability was achieved for most of the year (see Table 18).

The monthly aggregated performance on the bus service availability was below its norm for four months, which was due to labour-related actions (see Table 18).

The Province has embarked on continuous discussions with the Concessionaire to ensure that labour-related issues are resolved to minimise chances of a strike.

The sustaining of the bus availability performance remains under pressure. Besides the labour-related performance problems, the congestion on roads around stations worsened. Also, with challenges in roads and general road works, it remains a challenge for the bus operator to achieve the availability target.

Table 18: DFDS or Bus Availability and Punctuality

	DEDICATED FEEDER AND DISTRIBUTION (BUS) AVAILABILITY (ACTUAL)											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
SERVICE AVAILABILITY	98.88%	99.95%	98.90%	99.47%	98.53%	99.71%	99.79%	99.70%	99.90%	99.85%	81.43%	99.54%
AVAILABILITY NORM	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
SERVICE PUNCTUALITY	98.99%	98.75%	98.88%	98.55%	99.12%	99.17%	99.17%	99.32%	99.26%	98.05%	97.31%	98.16%
PUNCTUALITY NORM	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
* Early Starts (>190 seconds) not												

Note - Punctuality: Actual DFDS routes operated ≤180 seconds at departure Station (Original)

The growth in passenger numbers for the bus service in the year under review is 8.15% (see Table 19). This is significantly lower than the previous year's 29.97% improvement, but the current year's growth is from the higher established base.

Other aspects that played a role are:

- Fewer special events were supported by additional bus services; and
- The R1 fare promotion in the December/January summer holiday period was two weeks shorter than the previous year.

Table 19: bus service passengers per financial year

SERVICE TYPE	BUS TOTAL
FY13/14	4 559 432
FY14/15	4 930 931
% Change	8.15%

There were no major route changes during the year but a number of stops were added to the existing routes. At present there are 26 routes in operation on weekdays or business days. The two bus routes that were introduced on a pilot basis over weekends were not successful in respect of adequate passenger demand and were withdrawn during the year.

The labour situation with bus drivers remains unsatisfactory with another three strikes (two unprotected) and one

work stoppage. The industry-wide strike, however, was for a relatively short period (19 to 26 April 2014). Strike periods in general were shorter than in the past and it appears that, although they are inconvenienced, Gautrain users accept that public transport strikes are a possibility.

Passenger demand

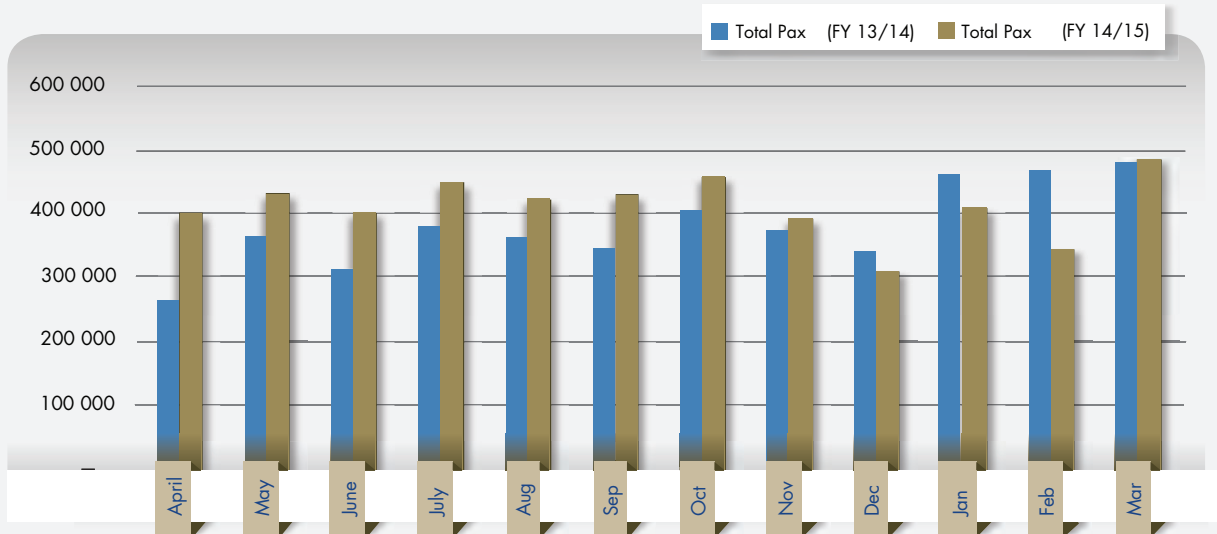
The passenger demand for the bus service improved by 8.15 % as summarised in Table 20 and Graph 10.

The utilisation levels of the DFDS service capacity offering in the peak periods are satisfactory, but the services are underutilised in the off-peak periods. Mindful of this, a lower off-peak period fare was introduced for both rail and non-rail users from 15 January 2015.

Table 20: Passenger Demand

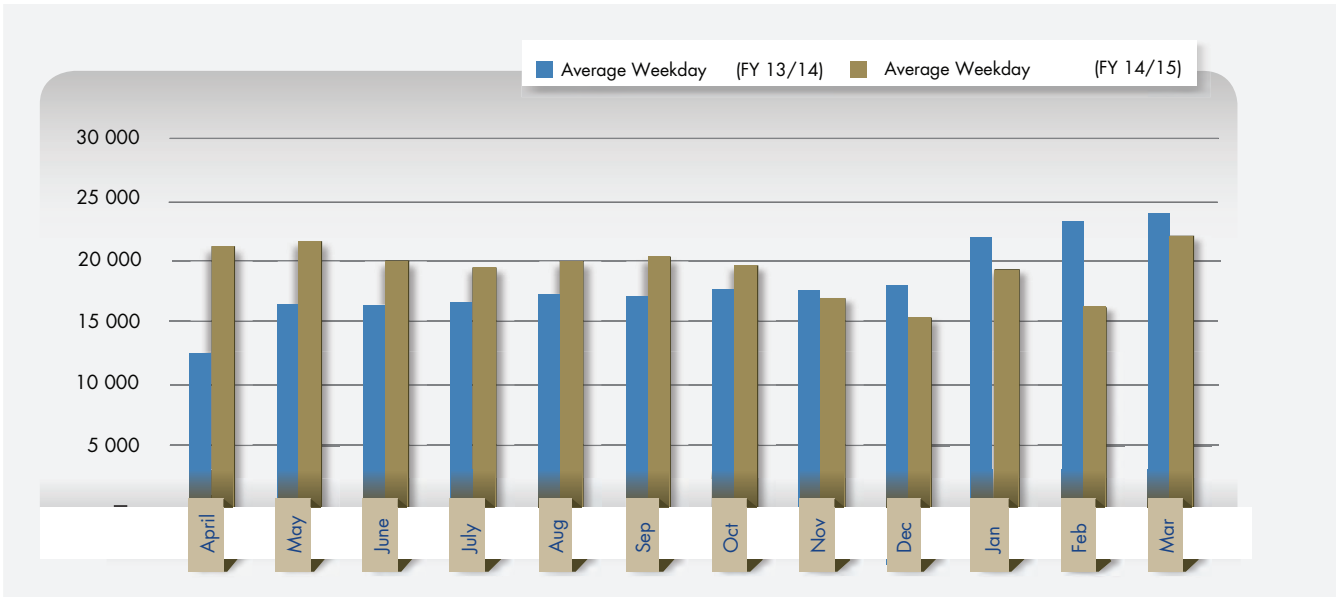
Dedicated Feeder and Distribution Services (DFDS) Pax Flows													
Pax Flows	Apr*	May*	Jun*+	Jul	Aug*	Sep*	Oct	Nov	Dec*	Jan*	Feb	Mar*	Total for Year
Total Pax (FY 13/14)	264,707	363,947	312,137	382,172	364,270	344,228	407,037	372,989	341,820	461,375	465,929	478,821	4,559,432
Total Pax (FY 14/15)	403,038	433,045	400,421	449,014	422,936	427,679	455,641	389,836	310,643	408,457	343,695	486,526	4,930,931
% Change	52.3%	19.0%	28.3%	17.5%	16.1%	24.2%	11.9%	4.5%	-9.1%	-11.5%	-26.2%	1.6%	8.1%
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
Average Weekday (FY 14/15)	21,213	21,652	20,021	19,522	20,140	20,366	19,810	16,949	15,532	19,450	16,366	22,115	19,428
% Change	68.3%	30.9%	21.9%	17.5%	16.1%	18.3%	11.9%	-4.6%	-13.7%	-11.5%	-29.7%	-7.6%	6.3%

* Public Paid Holiday(s) in Month / + Operating Commencement Date 2 (07 June 2012) / Contract Year 3 Commenced (07 June 2014)

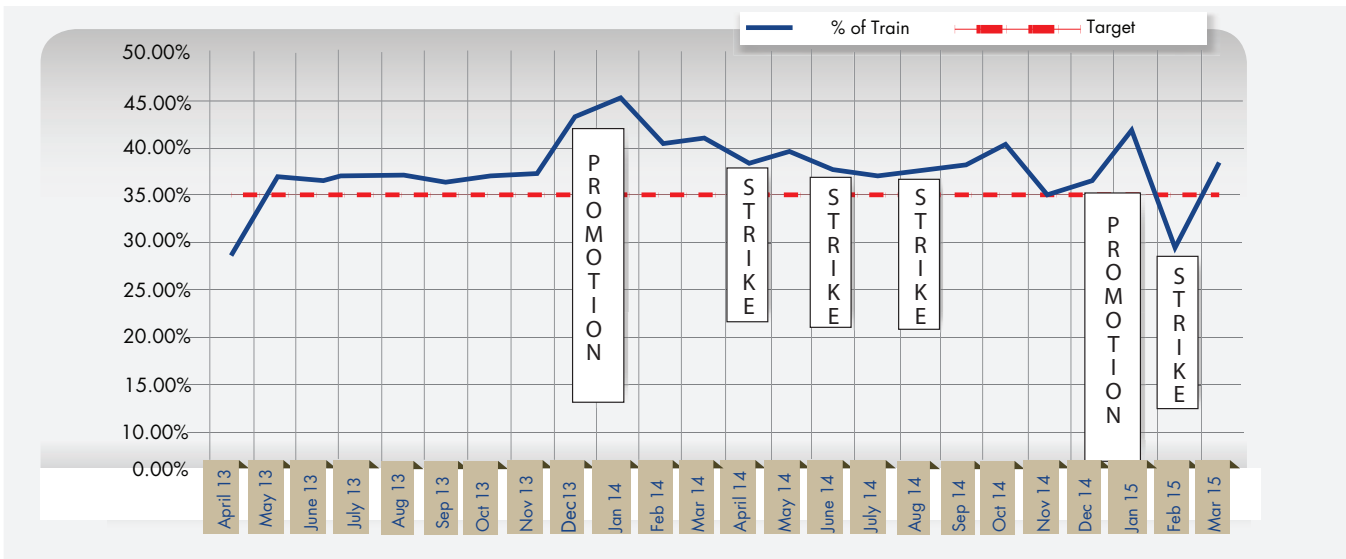


Graph 10: Bus Service Monthly Passenger Demand





Graph 11: Bus Service Average Weekday Demand



Graph 12: Bus - Percentage of Train Passengers

Bus passenger numbers as a percentage of train passengers are provided over two financial years (see Graph 11). The positive impact or higher usage with the

two bus promotions can clearly be seen in the Graph as well as the impact of work stoppages and strike actions.



Relevant outcomes

Growth in usage meant that passenger targets for the financial year were met.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Provincial Legislature	<ul style="list-style-type: none"> Feeder and distribution service related information 	<ul style="list-style-type: none"> Engagement via the Transport Portfolio Committee Assist with customer complaint responses
GMA Board	<ul style="list-style-type: none"> Feeder and distribution service related submissions / future bus service 	<ul style="list-style-type: none"> Several performance status and/or progress reports Contractual and commercial issues of feeder and distribution service
Current passengers Potential passengers	<ul style="list-style-type: none"> Service changes and incidents (i.e. strikes) Service performance / scheduling 	<ul style="list-style-type: none"> Operational-related communication i.e. service failures / changes Accommodation of customer feedback Accommodation of future service requests
Concessionaire and subsidiaries	<ul style="list-style-type: none"> Bus operational failures / incidents / labour issues Future bus service options / issues Opportunities for feeder services by other modes 	<ul style="list-style-type: none"> Regular meetings on train operations and related issues (performance and quarterly liaison). Feeder and distribution services integration discussions.



Relevant impact on socio-economic development

The process to procure more buses commenced via a variation order to the Concessionaire. The focus, amongst others, will remain to maximise the local content. Additional bus operational and maintenance staff will be employed with the introduction of new buses into the service, but this will take place later in the next Financial Year 2016/17.



Relevant impact on environmental sustainability

Bus kilometres travelled have decreased year on year by 0.56%. This has improved bus diesel consumption per passenger by 5.95%.



Strategic outlook

Further engagement with the Concessionaire and the bus operator will be effected to explore available options with regard to the labour situation and to what extent it can be stabilised. Further focus areas are the timeTable options and changes that will be required when the train service introduces 10-minute headway services in the peak periods in June 2015, as well as the required planning of new bus routes for the buses that will be procured.



3. PERFORMANCE MANAGEMENT

There is a comprehensive performance regime specified in the CA to penalise the Concessionaire for non-adherence to pre-defined performance norms or standards of the critical elements on the Gautrain System. Non-conformance to these standards may result in various levels of penalties based on daily and/or an aggregated monthly performance. The CA makes provision for relief to the Concessionaire related to conditions outside its control, defined in the CA as external causes and Project events. These are subject to an acceptable motivation and require evidence indicating no

negligence and that appropriate incident management practice was applied.

The objective of the performance regime is to assure a predefined service quality and standard that is designed to be attractive to the Gautrain's target markets.



Performance during period under review

The PMC reviewed the Concessionaire's monthly performance against the set norms to validate a penalty percentage to, amongst others, calculate the monthly operating fee deduction (see Table 21).

There was an agreement with the Concessionaire to amend the security

measurements from a monthly to a quarterly average as well as to keep train availability on its contract year two target. This is a temporary agreement that will be reviewed on a yearly basis. These changes were considered favourably by the Province due to:

- An exceptionally low target that was achieved during its benchmark periods for security; and
- Rolling stock flexibility reduced substantially with the additional rolling stock deployed in the peak periods.

The overall System performance in the Financial Year was of a high standard, with the exception of the bus service where labour-related service disruptions occurred (see Table 21).

Table 21: Penalty Percentage as validated by the PMC.

Major Performance Measure	Penalty Percentage Weight	Apr' 14	May'14	Jun'14	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15
	FY 13/14	Q1			Q2			Q3			Q4		
PP1 Train Operation Service Group	60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP2 Feeder & Distribution Group	10%	0.00%	0.00%	4.00%	0.00%	4.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%
PP3 Customer Feedback Group	3%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.25%	0.00%	0.00%
PP4 Security Group	20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP5 Cleaning and Damage Repair Group	7%	0.60%	1.00%	2.00%	2.60%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	1.00%	0.00%
Penalty Percentage (PP)	Total	0.50%	1.00%	6.00%	2.50%	5.00%	0.00%	0.50%	0.00%	0.25%	0.25%	5.00%	0.00%

In addition, the Concessionaire incurred one termination point due to the aggregated monthly bus service availability performance for February 2015, which was below the termination threshold target of 94%. The termination point will lapse 12 months after the date it was incurred.



Relevant outcomes

The GMA has throughout the year ensured that all service components as per major performance groups provide an acceptably high quality service to users of the Gautrain System, thereby being in compliance with the PMC.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Provincial Legislature	<ul style="list-style-type: none"> • Performance related questions • Performance penalties and incentives 	<ul style="list-style-type: none"> • Written responses to questions
GMA Board	<ul style="list-style-type: none"> • System performance • Performance penalties and incentives 	<ul style="list-style-type: none"> • Quarterly status reports • Performance Committee feedback meetings
Concessionaire and Subsidiaries	<ul style="list-style-type: none"> • Performance-related questions • Performance-related submissions • Performance penalties and incentives 	<ul style="list-style-type: none"> • Performance Committee meetings and verification 3



Relevant impact on socio-economic development

The Performance Regime standards that the Concessionaire must adhere to in the 15-year Operating Period necessitates best practices with respect to operational processes, the execution thereof including preventative maintenance and refurbishment regimes. Therefore, the Concessionaire ensures continuous in-house skills improvement with applicable technology for its operational and maintenance staff.



Relevant impact on environmental sustainability

The GMA ensures that, when assuring the performance of the Concessionaire against the Performance Regime, the supply and demand factors within the operational system are optimised and supported by available technology that is not only sustainable but has minimal impact on the environment.



Strategic outlook

The current performance levels must be sustained in order to satisfy the service quality expectations of users. Any introduction of additional rail service capacity interventions must be planned to provide similar or improved operational flexibility.

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 and equipment availability are met. Together

with this are the station staff and security that represent the front office of the Gautrain or the first contact with a user.



Performance during period under review

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

Passenger facilities at stations, such as platforms, access to platforms, access control gates, real time information availability and circulation areas, met the expectations of the general Gautrain user. The condition and cleanliness of station facilities are monitored continuously to ensure compliance as this impacts directly on the Gautrain user.

Certain aspects such as the availability of escalators, lifts and ticket vending machines are monitored on an ongoing 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 and progress is monitored at the monthly maintenance meetings and, where necessary, by the Performance Monitoring Committee (PMC).

As a mitigation, non-conformance reports are compiled monthly to alert the Concessionaire to non-functioning equipment and facilities and areas that need urgent attention.

In addition, a verification exercise of the Concessionaire's documentation related to the timeTable was conducted. Problems with accuracy were identified after which the operator took the necessary actions to correct the shortcomings.

The movement and flow of passengers through the System are monitored continuously to determine and address areas of overcrowding. A problem with capacity at the fare gates at Park Station during peak periods is under investigation.



Relevant outcomes

Various contractual and non-contractual compliance assurance efforts were performed that contributed to the maintaining of acceptable hygiene standards at stations, including park and ride, drop off areas and bus terminals. With the exception of the unacceptable availability performance of lifts and escalators during the year, equipment such as real time passenger information and the ticketing system performed exceptionally well. This contributed to the total positive experience of the System by passengers.

The System was designed to incorporate universal access design principles to enable the System to be usable by persons with disabilities covering aspects such as width of openings/ramps; way-finding signage; handrails and tactiles to guide blind and partially sighted persons. Special parking bays were provided for persons in wheelchairs and with limited mobility. On trains audio announcements are continuously made throughout a train trip and one coach per train set has a designated space for persons in wheelchairs and is clearly marked at the door. With regard to buses, 50% are customised to accommodate persons in wheelchairs and on bus routes at least every second bus can accommodate people in wheelchairs.



Relevant stakeholders

Stakeholders	Issues	Engagement
Current Passengers	<ul style="list-style-type: none"> Reliability of passenger conveyance system at the stations 	<ul style="list-style-type: none"> Improve the reliability of the passenger conveyance system at the stations
Potential Passengers	<ul style="list-style-type: none"> More accessible feeder and distribution services Additional parking space 	<ul style="list-style-type: none"> Projects aimed at increasing parking are in progress and existing passengers have been informed accordingly
Concessionaire and Subsidiaries	<ul style="list-style-type: none"> Contractual aspects of station operations 	<ul style="list-style-type: none"> Regular meetings on station operations and related issues



Relevant impact on socio-economic development

The operator created additional employment with specific reference to the extra station staff shift that was needed at the Sandton and ORTIA Stations to implement the earlier and later airport services.

- Fare gates at parking areas stay in sleep mode and only switch on when the inductive detection loop is activated.

In addition, plans are in progress to further reduce energy consumption by replacing fluorescent light bulbs with light-emitting diodes during the next Financial Year. It is also the intention to replace paper timeTables in the Stations with digital displays to reduce paper consumption.

periods, further attention, particularly to communication, will be needed to improve passenger flow and to strengthen the Gautrain commuter culture.



Relevant impact on environmental sustainability

Gautrain Stations are by design environmentally sustainable and boast features to reduce energy consumption such as:

- Open design and maximum utilisation of glass for natural light, ambient temperature and ventilation;
- The specifications for escalators and elevators include energy-reducing settings such as speed reduction, sleep mode, stop when unoccupied;
- Parking areas are fitted with day and night sensors; and



Strategic outlook

Station design objectives were to give users a seamless experience and, to a large extent, self-help such as ticket vending and service information. The focus would therefore remain on two aspects: educating users on these service interfaces and maintaining and improving the Stations' hygiene and condition standards. However, due to the growing number of passengers in Stations in peak

5. SYSTEM SECURITY

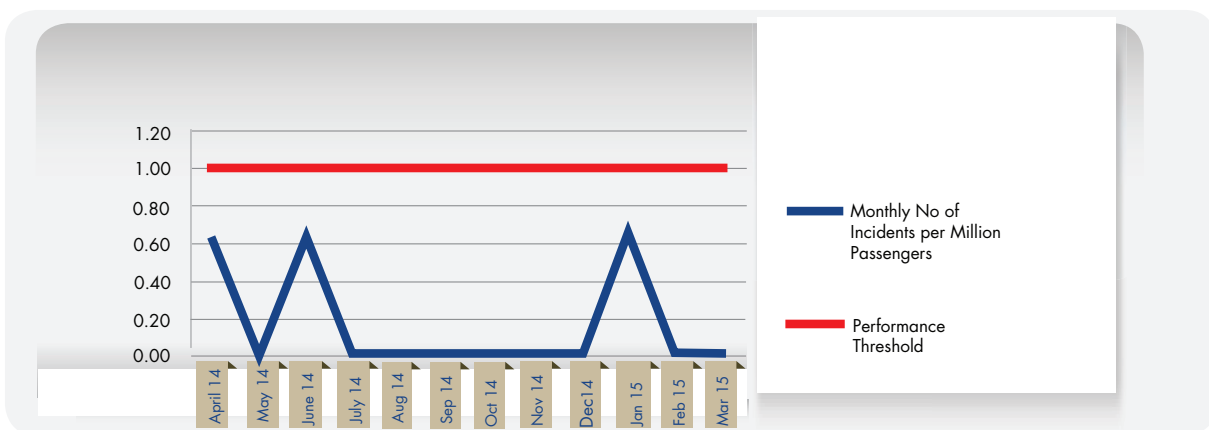
The GMA provides oversight on the security of the Gautrain System. The performance measures are stipulated in terms of the CA. The following performance measures are monitored on a monthly basis:

- Physical Security of Passengers;
- Safety of Passenger Property; and
- Rail Reserve Events



Performance during period under review

The performance threshold for the physical security of passengers is one incident per million passengers. There were three Physical Security incidents during the Financial Year, which was below the performance threshold as indicated in Graph 13 below.

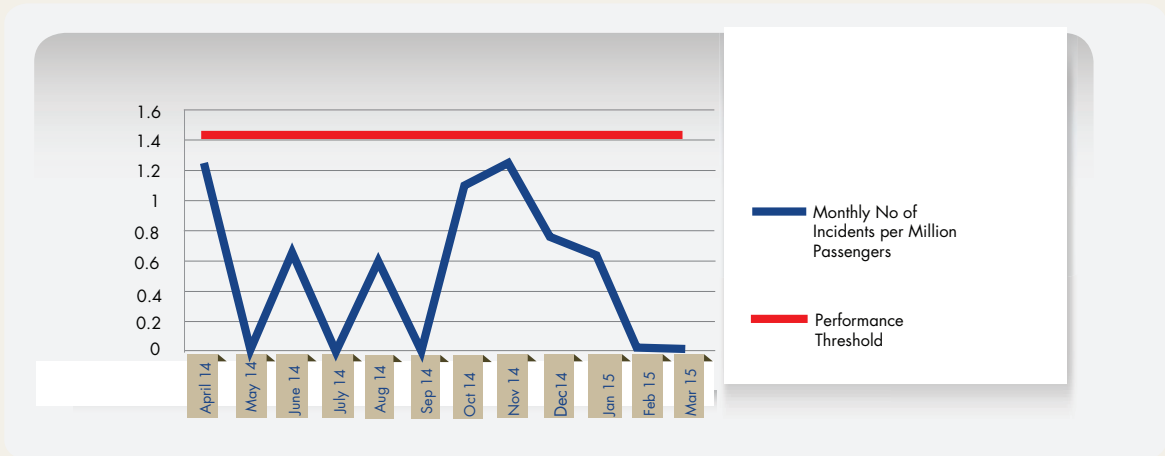


Graph 13: Physical Security of Passengers incidents

The performance threshold for the Safety of Passenger Property is 1.44 incidents per million passengers. The number of

incidents has been managed to remain below the performance threshold. Mitigation and preventative measures

were implemented to prevent recurrence of incidents. See Graph 14



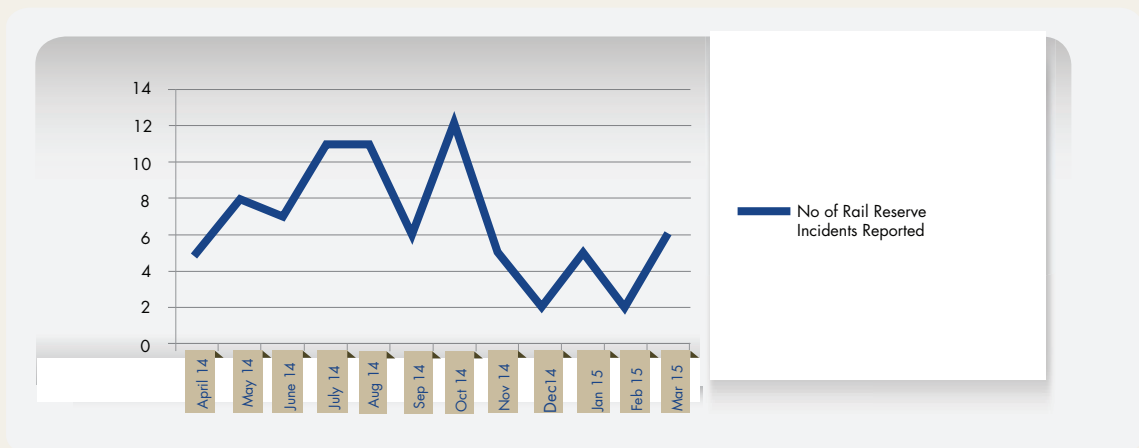
Graph 14: Safety of Passenger Property Incidents

- Rail Reserve Events (RRE)

The GMA, in conjunction with the Concessionaire, monitors and manages RRE (although not a CA

requirement) to mitigate security risks within the Rail Reserve. There has been a significant decrease in the number of incidents compared to

previous years. The mitigation and preventative measures implemented by the Concessionaire have proven to be effective.



Graph 15: Rail Reserve Events Reported



Relevant outcomes

The safety and security of the Gautrain

System is the main driver in the increase in the number of passengers using the System. The work permit process managed

by the Concessionaire has contributed to the controlling of access within the rail reserve.



Relevant stakeholders

Key stakeholder	Issues	Engagement
Concessionaire	<ul style="list-style-type: none"> Physical security of passengers Safety of passenger property Rail Reserve Events 	<ul style="list-style-type: none"> The GMA engages the Concessionaire through security meetings, monthly security report reviews and physical inspections
Metropolitan Police (CoT, CoJ and EMM)	<ul style="list-style-type: none"> Security outside station precinct 	<ul style="list-style-type: none"> The GMA is engaging with Metropolitan Police to increase their visibility outside Gautrain station precincts



Relevant impact on socio-economic development

The GMA supports job creation through security enhancement initiatives implemented in the System.



Relevant impact on environmental sustainability

The 14% reduction, year-on-year, of rail reserve events with regard to damage to

the Gautrain concrete palisade fencing, has reduced the amount of raw materials used in the repair process, thus reducing the overall carbon footprint in terms of the manufacturing life cycle.

Security at the Gautrain is monitored by CCTV and security guards. With the exception of areas underneath viaducts, the rail reserve is fully fenced, which means no dumping takes place within the reserve, thus ensuring minimal degradation of the Gautrain environment.



Strategic outlook

The planning phase of Station security enhancements has been concluded and will be implemented in the new Financial Year. The GMA plans to improve security outside Station precincts through various strategies in conjunction with the Concessionaire and external stakeholders.



6. SYSTEMS CAPACITY AND EXPANSIONS

System capacity is divided into rail service, bus service and the park-and-ride capacity. The focus is on the short to medium-term capacity interventions supported by demand optimisation.

The GMA's broad objectives regarding capacity and demand management have remained focused on the following issues:

- To introduce additional rail service capacity on the most crowded directions in a manner aimed at sustaining medium-term growth;
- To promote the use of available rail service capacity in the under-utilised directions over the medium-term;
- The continuous optimisation of the bus system and the planning of new bus routes, with a preference for supporting rail contraflow demand;
- To promote the introduction of shuttles, especially where bus routes would not be effective;
- To exploit the fare structure to influence demand patterns and support the improvement of utilisation of the System; and
- The integration with other public transport modes.



Performance during period under review

Rail service capacity challenges of overcrowding were addressed by changing a four-car train set to an eight-car train set, thus providing two eight-car trains per peak period.

The peak period turnaround time of buses is continuously deteriorating and will eventually require more tactical interventions, such as semi-dedicated lanes, to maintain service levels. Some of the bus routes experiencing capacity problems from time to time are the Johannesburg CBD J2 and Midrand Sunninghill M3 routes.

Ongoing measures are being taken to enhance parking availability and the improvement of traffic flow to and from Stations. The short-term strategies entail the optimisation of existing parking layouts and providing dedicated parking for motorcycles.

A study to determine the feasibility of introducing an additional train service between Centurion and Sandton Stations with existing signal lay-outs concluded that it is not currently technically viable. Valuable lessons were learnt and the possibility of introducing such a service in the future has not been ruled out.

The second five-year rolling demand forecast plan was submitted by the Concessionaire to assist with the short to medium-term rail service capacity planning. After the Concessionaire was requested to review its initial forecast due to anomalies that were questioned, the updated forecast could be used together with the GMA's capacity projections for the System as inputs to short and medium-term expansion planning with the associated capital need.



Relevant outcomes

An increase in the capacity of the current System in the following areas:

i Rail service capacity

Additional rail service capacity was introduced on 29 April 2014 by changing a four-car train set to an eight-car train set on the weekday service in peak periods on the Hatfield Station to Park Station service. This provided for an additional two eight-car trains per peak period. This intervention was necessitated by non-adherence to overcrowding norms.

Further, the GMA agreed with the Concessionaire to enhance the airport service by operating two earlier and two later non-stop services per direction between Sandton and the airport.



ii Dedicated Feeder and Distribution Services 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 an improved route coverage that supports the train. Therefore, route utilisation, the optimisation of existing routes and the planning of new routes are considered on an ongoing basis.

The number of weekday bus routes in operation for the year remained at 26. Two of the three weekend bus routes were terminated due to poor demand.

iii Park-and-ride capacity

The park-and-ride facilities at the Gautrain Stations mostly have no surplus capacity on weekdays. These problem Stations increased from four to seven from the previous year and only the Sandton and Marlboro Stations still have capacity available.

The status of additional parking initiatives is as follows:

- At Midrand and Rhodesfield Stations additional parking tenders have been awarded and construction has commenced;
- At Centurion Station, dedicated

motorcycle parking has been implemented. Space in the exiting parking area has been identified for more of this;

- A tender adjudication process is underway for extended parking at Centurion Station and construction is due to start in the next financial year;
- Additional parking for motorcycles has been implemented at Pretoria Station; and
- Additional capacity is planned for implementation at Rosebank, Park and Midrand Stations in the next Financial Year.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Provincial Legislature	<ul style="list-style-type: none"> • System capacity performance and expansion / submissions • Accommodating potential future passenger growth 	<ul style="list-style-type: none"> • Written responses to questions as and when required
GMA Board	<ul style="list-style-type: none"> • Accommodating passenger demand / needs / overcrowding • System capacity performance and expansion / System capacity assessment findings / recommendations / potential future passenger growth 	<ul style="list-style-type: none"> • Report and provide status updates to the board. • Implement capacity interventions (recommendations) via CA / variation processes • System capacity and expansion with commercial, contractual and capital implications
Existing and potential passengers	<ul style="list-style-type: none"> • Accommodating passenger demand / needs / overcrowding • Accommodating potential future passenger growth 	<ul style="list-style-type: none"> • Accommodating the needs of current and potential passengers with capacity responses
Appointed consultants	<ul style="list-style-type: none"> • System capacity performance and expansion / System capacity assessment findings / recommendations / potential future passenger growth • System capacity and expansion with commercial and contractual implications 	<ul style="list-style-type: none"> • Interact regularly on findings, scenarios and recommendations of assessments • Implement capacity interventions (recommendations) via CA / variation processes

Stakeholders	Issues	Engagement
Concessionaire and Subsidiaries	Accommodating passenger demand / needs / overcrowding	Written responses to questions as and when required
	Accommodating potential future passenger growth	Accommodating the needs of current and potential passengers with capacity responses
	System capacity performance and expansions	Implement capacity interventions (recommendations) via CA / variation processes
	System capacity and extension with commercial and contractual implications	



Relevant impact on socio-economic development

Capacity expansion has a positive impact on the creation of jobs and a number of permanent and temporary positions have been created:

- The Concessionaires' maintenance service provider employed additional preparation staff due to the increase in the required number of train sets, which need to be prepared during the night; and
- The Concessionaire has used service providers to make the improvements in the parking lay-out at Stations.



Relevant impact on environmental sustainability

The objective in terms of System capacity and expansions is to optimise services to meet demand. When considering options in terms of capacity, efforts are made to ensure that vehicle kilometres are reduced, thus reducing energy consumed by the Gautrain. During the year under review, a strategy for the deployment of eight-car trains (as opposed to two four-car trains) was implemented.



Strategic outlook

Responsible management to provide adequate rail service capacity in the peak periods with the available rolling stock

and demand management tools remains a challenge. Most of the existing available Service capacity expansion/s options in the peak periods, i.e. the adding of eight-car trains or the increase in service frequency (reduce the headway), will be implemented by June 2015. The remaining options are:

- The re-configuring of the train's seating lay-out, which will result in an increase in the standing-to-seating ratio;
- The improvement of signal lay-outs to allow headways shorter than 10 minutes; and
- The procuring of additional rolling stock, including the adding of train set staging capacity.

The procurement of additional buses, which will provide for more options including the expansion of bus routes, will be finalised in the new Financial Year. Further integration with the Metro's public transport will have to be considered to reduce duplicated services where appropriate and this will give the Gautrain the ability to deploy such surplus capacity on new bus routes.

Park and ride remains an important means of access to Stations. Where current capacity cannot satisfy the demand for parking, the short-term to medium-term strategies will remain. Sufficient short-term expansion options at Park, Rosebank and Pretoria Stations are problem areas. The parking expansion at Centurion Station, which is a significant project, is planned

for the next Financial Year.

Other System capacity issues, such as fare gates and escalator capacity, including the managing of passenger flows, are coming under pressure and will have to be formally included in the Service capacity committee mandate.

7. ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

The GMA has an oversight role in assuring that the Concessionaire maintains and manages assets as prescribed in the CA. The maintenance standards adopted by the Concessionaire must comply with standards set by the Original Equipment Manufacturers. In cases where no or inadequate information is available from the manufacturers, the applicable standards must comply with the Network Rail Standards for Track and Overhead Catenary Distribution System (OCDS) and Railway Group Standards for Rolling Stock. Furthermore, maintenance standards applied by the Concessionaire must adhere to best practice in the industry.

The GMA is responsible for the long-term asset life-cycle management of the Gautrain System beyond the 15-year tenure of the CA. The GMA has developed a strategic asset management framework to manage the whole life cycle of Gautrain assets which are classified as core and non-core.

The Concessionaire's entity, Bombela Maintenance Company (BMC), is responsible for the maintenance of the core railway system.

The Concessionaire's entity, Bombela Operating Company (BOC), is responsible for the maintenance of the non-core railway system.



Performance during period under review

Performance monitoring is executed in accordance with the Performance Monitoring System as stated in the CA on all maintenance activities undertaken by the Concessionaire.

In managing the assets, the Concessionaire generates and submits monthly asset and maintenance reports as per the CA, as well as annual maintenance and

condition reports. All the reports submitted are reviewed by the GMA and continuous feedback is provided.

Availability and reliability of the following components of the System are monitored and performance reports produced monthly:

- Access control availability;
- Train service availability and punctuality;
- Lift availability;
- Escalator availability;
- Bus Services availability; and
- Availability of TVMs.

The Concessionaire is obliged to monitor and report on the system performance with regard to sub-system conditions and cleanliness as follows:

- Train set cleanliness and condition;
- Station cleanliness and condition;
- Bus services cleanliness and condition; and

- System infrastructure condition.

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

- Review of the monthly asset and maintenance reports as well as annual reports;
- Conducting Station condition and cleanliness inspections and submitting non-conformance reports;
- Monthly meetings held to discuss the review comments and other matters communicated during the past months; and
- System inspection visits and submission of non-conformance reports.

Table 22 provides the achievements of key performance indicators as set out in the Annual Performance Plan.

Table 22: Achievements of Key Performance Indicators

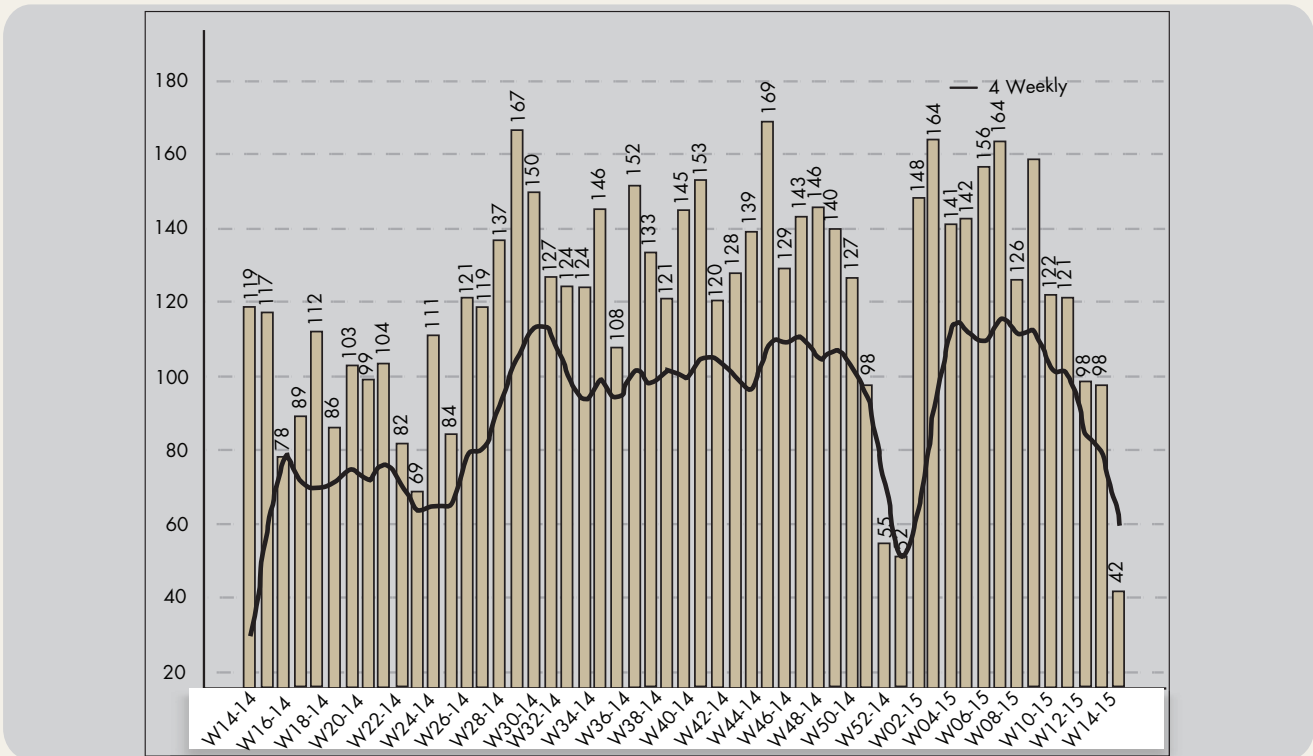
Key Performance Indicator	Planned Annual Target	Achieved Output
System / Rolling Stock / Buses condition inspection reports	12	12
Station condition inspection non-conformance reports	80	80
Reviews of monthly asset report	12	12
Reviews of monthly maintenance report	12	12

Graph 16 shows the total number of service-affecting incidents over the past twelve months. There has been a

downward trend of these failures in the last three months of the financial year. The Concessionaire is continuously

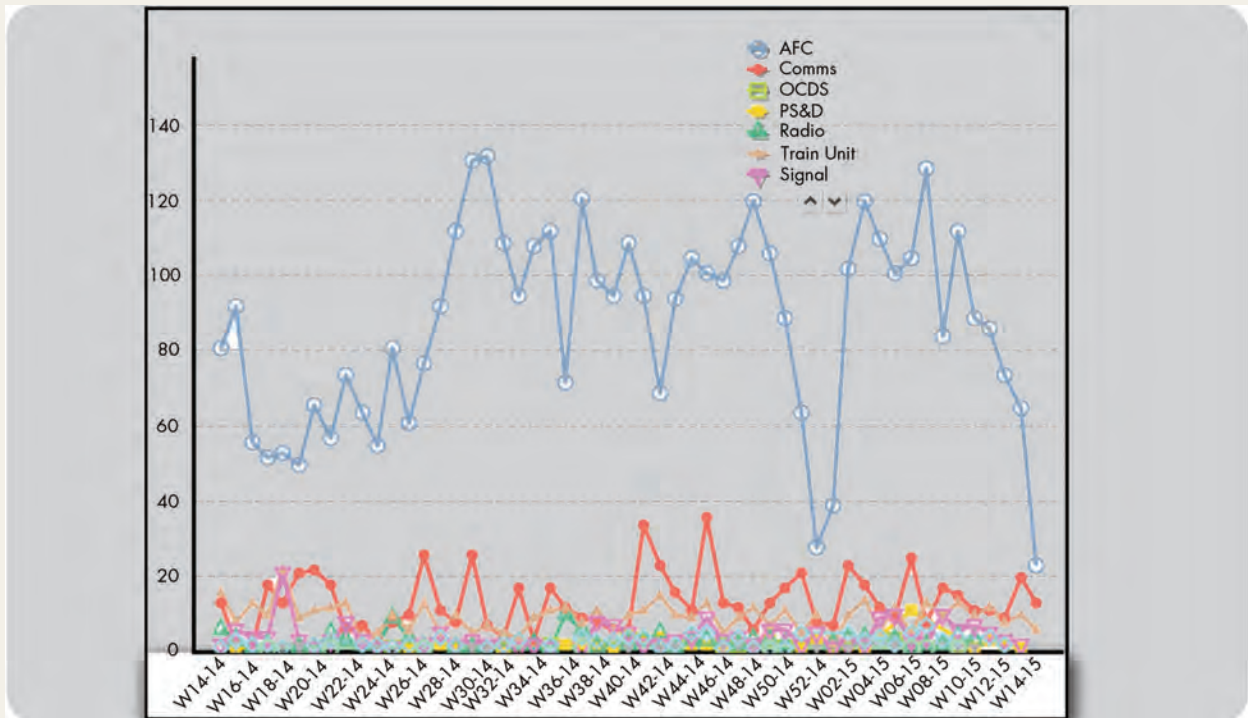
implementing improvement plans to reduce the number of failures in the System.





Graph 16: Total Number of Service Requests for Core System

The number of incidents in the AFC sub-system is on the downward trend for the last three months as shown in the graph below.



Graph 17: Number of Service Requests per Sub-system



Relevant outcomes

The utilisation of the Gautrain System assets has increased significantly since

OCD 2. The passenger numbers using the passenger conveyance system at the Stations has increased from a monthly average of 205 000 to over 1.2 million passengers per month to date.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Provincial Government	<ul style="list-style-type: none"> Government support for the effective operation of the Gautrain Project as per the GMA Act 	<ul style="list-style-type: none"> Provision of sufficient capital budget to improve the System's efficiencies. Provide more capital funds for system expansions and extensions
GMA Board	<ul style="list-style-type: none"> Ensuring compliance to corporate governance; monitoring implementation of effective controls to improve the risk management regime; approving capital budget allocation 	<ul style="list-style-type: none"> Provide support to obtain adequate capital funding for system efficiency, expansion and extension projects
Bombela Concession Company	<ul style="list-style-type: none"> Responsible for the design, construction, operation and maintenance of the Gautrain 	<ul style="list-style-type: none"> Schedule meetings and submission of reports to assure compliance to the Concession Agreement
Department of Science and Technology	<ul style="list-style-type: none"> Inter-governmental support for technological development initiatives 	<ul style="list-style-type: none"> Provide professional assistance towards the development of technology mapping and forecasting
Rail Safety Regulator	<ul style="list-style-type: none"> Issuing safety permits and assuring compliance to the railway safety regulatory system 	<ul style="list-style-type: none"> Periodic stakeholder engagement meetings and submission of statutory reports as prescribed
Johannesburg Roads Agency	<ul style="list-style-type: none"> Maintenance of roads and associated infrastructure 	<ul style="list-style-type: none"> Ad-hoc submission of condition reports and monitoring to ensure that reported defects are attended to
Pasenger Rail Agency South Africa	<ul style="list-style-type: none"> Maintenance of intermodal facilities 	<ul style="list-style-type: none"> Scheduled and ad-hoc meetings to discuss issues related to intermodal operations
City of Johannesburg / Tshwane / Ekurhuleni	<ul style="list-style-type: none"> Maintenance of intermodal public transport terminal facilities 	<ul style="list-style-type: none"> Scheduled and ad-hoc meetings to discuss issues related to intermodal operations
Statutory engineering bodies, eg. South African Institution of Civil Engineering, The South African Mechanical Engineering, South African Institution Electrical Engineering, etc.	<ul style="list-style-type: none"> Skills development and knowledge enhancement 	<ul style="list-style-type: none"> Presentations and writing of papers and articles pertaining to the latest technological developments in the railway industry



Relevant impact on socio-economic development

As part of the Gautrain System design, intermodal facilities at various Stations were built for public use. This has resulted in promoting access to public transport as

well as attracting passengers.



Relevant impact on environmental sustainability

During the year under review, work has commenced on specifications for the

procurement of new trains and buses.

In addition to the already environmentally sustainable trains, the new trains will also include specifications for further long-term sustainable benefits to save energy and improve efficiencies:

- Reduced vehicle tare mass to accommodate more passengers per train;
- Enhanced energy efficient drive trains, from current collection to power electronics and motorised wheels;
- Fitting of compressors and cooling systems that will match energy output to actual requirements; and
- Installation of on-board energy meters to measure energy used by the pantoGraph, including associated current and voltage transducers.

All new buses procured will be manufactured to Euro V standards in terms of the engine emission rating.



Strategic outlook

One of the paramount objectives of the

GMA as per the GMA Act is to manage assets relating to the Project and promote their maintenance and preservation on behalf of the GPG.

The GMA is in the process of implementing the physical asset management policy to manage assets over the entire life cycle. It is based on the principles of Asset Management ISO 55000 Standards. The policy implementation shall promote compliance with the Government Immovable Asset Management Act 19 of 2007.

Another important function of the GMA is to establish and operate an information management system for the Project. The GMA is in the process of jointly establishing a common information management system with the Concessionaire.

The GMA is also developing a technology

mapping and forecasting process for future enhancements of the Gautrain System.

8. FARES AND FARE EVASION MANAGEMENT

The fare evasion management objective is primarily to secure all fare revenue for services rendered and to minimise the monthly patronage guarantee payable. The secondary objective is to maintain a safe and secure environment for paying passengers.



Performance during period under review

The fare evasion rate applicable through the year was exceptionally low and below the 4% target (see Table 23).

Table 23: Fare Evasion Rate

	FARE EVASION RATE											
	Q1 (FY 2014/15)			Q2 (FY 2014/15)			Q3 (FY 2014/15)			Q4 (FY 2014/15)		
	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly FER	0.00%	0.00%	0.06%	0.08%	0.00%	0.00%	0.02%	0.01%	0.07%	0.01%	0.00%	0.06%
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*	0.03%	0.03%	0.03%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.11%	0.11%	0.11%

* Quarterly Fare Evasion Rate is based on the previous quarter

The visibility of actions to prevent fare evasion and security staff on the System, as well as reminders in print and via Station announcements, support the low level of fare evasion. Additional measures include the blocking of smart cards in cases where fare evasion is picked up.



Relevant outcomes

Ongoing initiatives including the visibility of security staff, reminders in print and via station announcements, have kept the fare evasion level in full compliance.



Relevant stakeholders

Stakeholders	Issues	Engagement
GMA Board	<ul style="list-style-type: none"> • Fare evasion performance • Income protection 	<ul style="list-style-type: none"> • Quarterly status reports • Responses to questions
Concessionaire and Subsidiaries	<ul style="list-style-type: none"> • Fare evasion and fare evasion improvements on the System • Contractual and commercial aspects of fare evasion 	<ul style="list-style-type: none"> • Monthly fare evasion management meetings



Relevant impact on environmental sustainability

The AFC system used by the Gautrain eliminates the need for paper-based ticketing by making use of reloadable contactless smartcards. Plans are in place to improve fare media usage in the next two years.



Strategic outlook

The fare evasion management plan will be updated with significant improvements, which include a better sampling method.

9. REVENUE MANAGEMENT AND FARE OPTIMISATION

The GMA's basic assurance role is to optimise the CA provisions, such as the annual fare adjustment and ensure that all income is accounted for. Revenue management is divided into the annual fare adjustment, the revenue collected by the Concessionaire and income protection.



Performance during period under review

The annual fare increase is agreed according to a timeline and framework prescribed in the CA guided by the ticketing schedule. These are, amongst others, that the agreed fares are sustainable with the expected Consumer Price Index (CPI) movements. The increase may be used to influence customer behaviour, balance this with the income to be realised and to address fare anomalies.

The annual fare increase was used as a lever to influence customer behaviour and to alleviate capacity challenges. This was done by the introduction of discounts for early and late travellers.

The complex economic environment made the 2014/15 fare changes arguably the most difficult to implement. The broad fare adjustment agreed was a weighted CPI of 6.7%. The GMA agreed to some fare structural changes with the intention to alleviate the morning peak hour capacity constraints on the System. The measures introduced with the fare increase are:

- The introduction of a congestion fare "surcharge" on the North-South service morning peak hour (entering a fare gate between 06:30 and 07:30);
- Lower fare increases on short trips to address, amongst others, fare anomalies;
- Changes to the discounts for period products to support the overall strategy; and
- A substantial increase in the daily parking fare.

The highlights of the fare adjustment "pay as you go" (or stored travel rights) is summarised below:

- GPS tariff increases vary between 6.1% and 9.0% in peak periods and the weekend / PPH off-peak period known as the standard or orange fare;
- A discount in the weekday off-peak tariff from 15.0% to 20.0% (green fare) based on the pay as you go or standard fare;
- A congestion surcharge of 10.0% in the morning peak period on the north-south service on passengers entering the system between 06:30 to 07:30, known as the red fare;
- APS fare increases vary between 7.0% and 8.0%;
- No increase (fourth year) in the bus fare for both the rail and non-rail user; and
- Increase in parking tariff of 20% (R15 to R18) for the first day of use (daily user) and a reduction of between 10% and 20% from the second day onwards for airport users.

The changes in the two discount products available for regular users on the GPS are detailed below:

- The 10-trip ticket saving was reduced from 10.0% to 7.5% based on a single train trip standard fare valid for seven days; and
- The 44-trip ticket saving was reduced from 20% to 15% on a single train trip standard fare valid for 35 days.

To increase the off-peak bus service ridership, a further fare reduction was made in January 2015 when an off-peak DFDS fare for a rail user was reduced from R6 to R1; DFDS fare for a non-rail user was reduced from R20 to R14; and a peak period fare for a non-rail DFDS user was reduced from R20 to R19. This was part of the June fare adjustment, but implemented after the AFC's abilities were tested and verified.

The Gautrain is applying a rounding rule to the nearest rand on all fares.

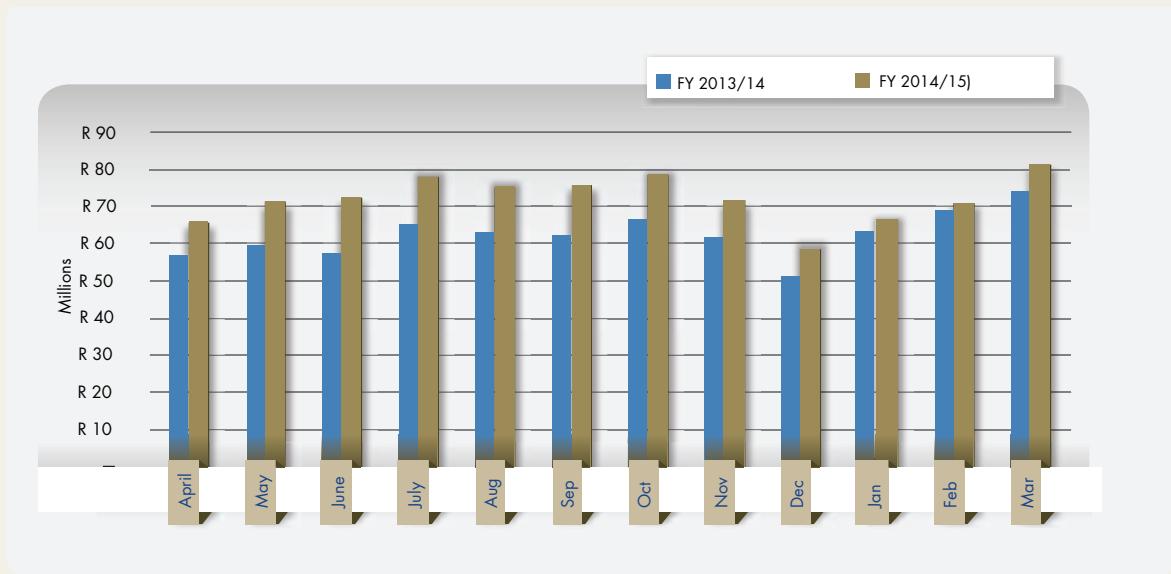


Relevant outcomes

Revenue growth in 2014/15 of 14.97% was achieved. This is less than the 2013/14 growth of 25.32% and it is evident that the System is approaching its maturity stage.

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

Graph 18 is indicative of the monthly income for the last two Financial Years. Monthly income is influenced directly by the patronage usage of the System, number of days and the combination of weekday, weekend and PPHs. March 2015 recorded the highest income to date.



Graph 18: System Revenue



Relevant stakeholders

Stakeholders	Issues	Engagement
GMA Board	<ul style="list-style-type: none"> Fare-related submissions Contractual and commercial aspects of fares 	<ul style="list-style-type: none"> Annual fare adjustment impact
Current and potential passengers	<ul style="list-style-type: none"> Fare-related queries / complaints Communication on fare increases to passengers 	<ul style="list-style-type: none"> Written responses to questions Advertising and marketing
Concessionaire and Subsidiaries	<ul style="list-style-type: none"> Fares structures and revenue optimisation within allowances System capacity management by fares Contractual and commercial aspects of fares 	<ul style="list-style-type: none"> Annual fare adjustment process



Relevant impact on socio-economic development

A significant project started in the year under review to enhance the AFC system of the Gautrain to, amongst others, comply with the interoperable regulations of the Department of Transport. The project will develop a number of students in the ticketing field, which encompasses a wide variety of skills such as the project management of software and hardware upgrades.



Relevant impact on environmental sustainability

The AFC system eliminates the need for paper-based ticketing. Also, the cashless ticketing adopted for the bus system limits standing time at bus stops and has improved the turnaround time of buses. Plans are in place to further improve the capabilities of the AFC to support less cash being managed and moved between stations and banks. All the above measures reduce the negative impact on the environment.



Strategic outlook

The main challenge is to grow income substantially above CPI through a combination of fare adjustment and passenger growth. The external environment for the Gautrain changed significantly from the previous year and will have to be considered when fares are adjusted. Capacity constraints, such as the unavailability of rolling stock and inadequate parking availability, are major factors limiting the realisation of the full potential in passenger growth.



10. INTEGRATION MANAGEMENT OF THE GAUTRAIN WITH GOVERNMENT'S TRANSPORT SYSTEM

The GMA engages with all relevant public transport stakeholders to increase collaborations with transport service providers in order to integrate with the Gautrain System. The objective of these engagements is to facilitate integrated transport planning and to align transport operations for the benefit of public transport commuters.



Performance during period under review

The primary focus for the year under review was to integrate different modes of transport at Gautrain Stations. The GMA influenced the realignment of various municipal bus routes to interface with Gautrain Stations. An additional shuttle service operated by the taxi industry was introduced at Marlboro Station as a measure to enhance a reliable public transport service. These initiatives have contributed significantly to the increase in the number of passengers using the Gautrain System and enhancing the integration with other modes of transport.



Relevant outcomes

The integration of the Gautrain System with other modes continues to be improved in conjunction with other public transport stakeholders. The objectives of the National Land Transport Act 5 of 2009 (NLTA) to provide credible, legally dependable and integrated public transport systems are being realised.

The GMA has maintained structural engagements with all key stakeholders to enable the realisation of integration objectives.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Department of Transport, City of Tshwane, City of Johannesburg and Ekurhuleni Metropolitan Municipality	<ul style="list-style-type: none"> • Integrated transport planning • Operational integration • Network integration • Station integration • Integrated information and communication 	<ul style="list-style-type: none"> • The GMA participates in provincial planning and integration committees • The GMA collaborates with all stakeholders in implementing integration initiatives



Relevant impact on socio-economic development

The introduction of shuttle services that support the Gautrain System contributes to job creation and improves accessibility to a reliable public transport system.



Relevant impact on environmental sustainability

The GMA's transport integration activities, such as the introduction of a new shuttle service from a train station to and from a busy business park, have encouraged commuters to use public transport instead of private vehicles. This shuttle service currently has 3 556 passengers trips per month and contributes to reducing the overall carbon footprint of the Gautrain.



Strategic outlook

The GMA has the following objectives for the new financial year in order to enhance integration:

- Introduce additional Shuttle Feeder and Distribution Services (SFDS) at other Gautrain Stations;
- Improve the interface with other modes at Gautrain Stations and along Gauteng bus routes;
- Identify and implement integration initiatives in consultation with other stakeholders to improve accessibility to the public transport network.

11. LAND ACQUISITION AND WAY-LEAVE MANAGEMENT

The GMA provides a land management function for the Gautrain System. The Gauteng Transport Infrastructure Act (GTIA) supports the achievement of one of the primary objectives of the GMA, which is to provide protection of the rail reserve and other public transport infrastructure. The GMA facilitates the implementation of GTIA processes for GTIA applications and land acquisition using the GeoGraphic Information System (GIS), which is the

primary source of spatial data. All land information is captured and managed in the GIS.

developed to manage the existing land parcels of the Gautrain System.



Performance during period under review

The GMA facilitated the processing of the GTIA applications adjacent to the Gautrain System in terms of the GTIA. The GIS was used extensively in the improvement of the efficiency of the approval process. The GTIA applications were processed in an average of 16 business days compared to a performance target of 30 business days. A Land Information Register was



Relevant outcomes

Significant growth in the development of land parcels along the Rail Reserve has increased. The efficiency of the GMA in the approval process of GTIA applications has contributed to the developmental growth. The acquisition of additional land in support of system expansions is conducted in compliance with the GTIA process.



Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Department of Transport; Metropolitan municipalities (City of Tshwane, City of Johannesburg and Ekurhuleni Metropolitan Municipality); Third parties (developers, planners, utility owners, property owners, etc.)	<ul style="list-style-type: none"> Land use change Township establishment Development planning Engineering services Blasting activities Gautrain expansions 	<ul style="list-style-type: none"> The GMA facilitates the GTIA approval process and comments on proposed developments The GMA complies with the GTIA process in the acquisition of land required for the Gautrain System



Relevant impact on socio-economic development

The activities of the GMA in support of land or infrastructural developments contribute to job creation.



Relevant impact on environmental sustainability

The introduction of GIS assists the GMA in understanding and planning effectively with regard to environmental constraints. Spatial management of land in terms of acquisition requirements for System extensions and expansions and processing of GTIA applications contributes positively to the overall environmental sustainability of the Gautrain.



Strategic outlook

The GMA is in the processes of developing a land management framework to improve the current land management processes and enhance the GIS.

framework and methodology is in the process of being adopted, which should be applied throughout the life cycle of GMA projects to ensure sustainability. Project management as a process is required for the development of business cases and financial modelling for project initiation, planning, design, execution, monitoring, control and maintenance, as well as determining and managing risks over the full life cycle of projects.

12. PLANNING FOR FUTURE CAPACITY AND EXTENSIONS

Planning of future system network extensions and expansions through projections, business cases and financial modelling are carried out by the GMA increase and optimise the capacity of the Gautrain System.

To achieve the desired results in projects, a project management office was introduced and a project management

The GMA's broad objectives regarding capacity and demand management have remained focused on the following issues:

- To introduce additional rail service capacity on the most crowded directions in a manner aimed at sustaining medium-term growth;
- To promote the use of available rail service capacity in the under-utilised directions over the medium term;

- The continuous optimisation of the bus system and the planning of new bus routes, with a preference for supporting rail contraflow demand;
- To promote the introduction of shuttles, especially where bus routes would not be effective;
- To exploit the fare structure to influence demand patterns and support the improvement of utilisation of the System; and
- The integration with other public transport modes.



Performance during period under review

Performance is discussed in terms of short-term capacity extensions and enhancement as well as medium-term extensions to the existing Gautrain network.

12.1 Capacity Extensions and Enhancements

Capacity enhancements are contractually driven by short-term quarterly Service Capacity Utilisation Management Plans plans, medium-term planning through the five-year rolling SCUMP plans and the GMA's long-term planning by means of the integrated Gautrain System Capacity Assessment plan to determine the projected System requirements until 2026.

i. System capacity

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.

ii. Rail service capacity

Rail service capacity enhancements that are under consideration and/or finalised are:

- Design review was completed and quotes were obtained for the possible future reconfiguration of

train seating to improve utilisation of available seating and standing space on the GPS;

- The tender was awarded for the design and construction of the extension to the ORTIA Station platforms. The expected completion date is March 2016;
- A business case, financial model and technical specifications were developed for the procurement of additional rail cars. All concerned parties are involved and funding requirements are being addressed. The procurement needs to be finalised in 2015/16;
- A feasibility study was completed regarding the possible introduction of a train service between Centurion and Sandton Stations.
- Earlier and later train services between Sandton and ORTIA Stations were finalised and introduced;
- Additional four-car train sets were changed to eight-car train sets in the morning and afternoon peak periods on the north-south section in April 2014;
- The tender process for the Integrated Fare System in terms of the National Land Transport Act was finalised and the award of the tender is in process. The estimated completion date is March 2017; and
- Plans were prepared and testing was done to run trains in the near future at 10-minute intervals as specified in the CA.

iii. Bus capacity

Capacity enhancements under consideration are:

- Using bus kilometre savings to procure additional buses to expand existing bus routes and implement new routes. A business

case, financial model and technical specifications have been developed for the procurement of additional buses and Province Variations Notice (PN) 037 was issued.

iv. Park-and-ride capacity

- The tender for the design and construction of additional parking at Centurion Station was awarded to increase ridership as per the key performance indicators. Work will be completed by March 2016; and
- The tenders for the design and construction of additional parking at Rhodesfield and Midrand Stations were awarded and work will be completed by July 2015.

v. Station capacity

- Additional land for the future Samrand Station was procured. A Traffic Impact Assessment (TIA) and Environmental Impact Assessment (EIA) are being done.
- Discussions with a private developer are taking place regarding the construction of a future station at Modderfontein.
- The enhancement of the AFC system to allow for greater interoperability with the installation of passenger information displays in the unpaid concourse areas of Stations and additional signage are in process.

12.2 Gauteng rapid rail extensions

The SMEC consortium was appointed as transaction advisor to conduct a feasibility study for possible rapid rail extensions to the Gauteng Rapid Rail Network, as identified in the ITMP 25.

The objectives for this project are to:

- Facilitate a well-orientated spatial development in the Province;

- Improve mobility and accessibility between the Metros;
- Create jobs;
- Unlock the economic development potential of Gauteng and strengthen existing development nodes;
- Promote the use of public transport;
- Integrate the public transport system as envisaged in the GITMP25;
- Integrate land use and transportation planning in the corridor;
- Utilise the concept of value capture in developing the station precincts;
- Assist in reducing dependence on private transport;
- Promote tourism; and
- Improve the image of public transport.

The feasibility study is undertaken in accordance with the PPP Feasibility Study Guidelines (Module 4) as contained in the PPP Manual of National Treasury with sufficient detail that the GMA, on

behalf of the Gauteng Department of Roads and Transport could decide on a preferred project, implementation of the network scenarios and submit the report for Treasury Approval 1 (TA1).

The programme schedule for the completion of the feasibility study and submission of the TA1 application is March 2016.

12.3 Partnerships

Due to the complexity of this mega-project, the quality of the outputs must be of the highest standards to improve the chances of successful implementation. The GMA has engaged with and obtained the support of National and Provincial Treasury and a strategic partnership with the Development Bank of South Africa (DBSA) as an external organisation with the ability and capacity to support the

GMA with appropriate expertise that can act for the GMA as client-side-support and oversee and support the Treasury Approval to maximise outcomes.

Partnerships with the applicable Metros, National Department of Transport, PRASA are essential as the latest available household studies, Census and transport information are included in the demand modelling and the feasibility study needs to take into account the transport planning being done by the various parties.



Relevant outcomes

The planned and actual capacity increases have resulted in an increase in the size and value of the System, the assets, and the brand. It is intended that they will also increase revenue with associated SED and economic benefits.





Relevant stakeholders

Stakeholders	Issues	Engagement
Gauteng Department of Roads and Transport	<ul style="list-style-type: none"> Obtain land and provide information as requested 	<ul style="list-style-type: none"> Requested approval and provided information within required timeframe
GMA Board	<ul style="list-style-type: none"> Governance 	<ul style="list-style-type: none"> Provided information and status updates within required timeframe
Consultants	<ul style="list-style-type: none"> Provide and obtain information regarding projects 	<ul style="list-style-type: none"> Address matters with urgency and regular follow-up on outstanding matters on findings / recommendations and scenario assessments
Employees	<ul style="list-style-type: none"> Provide and obtain information for projects 	<ul style="list-style-type: none"> Address matters with urgency and regular follow-up on outstanding matters on findings/ recommendations and scenario assessments
Current passengers (Potential passengers) Concessionaire and subsidiaries	<ul style="list-style-type: none"> Accommodating passenger demand/ needs/ overcrowding/ potential future passenger growth System capacity and expansion with commercial and contractual implications Optimise System to improve productivity and create cost savings Integrate transport 	<ul style="list-style-type: none"> Accommodating the needs of current and potential passengers with capacity responses Implement capacity interventions (recommendations) via CA / variation processes
Other modes of transport	<ul style="list-style-type: none"> Integrate and optimise public transport Optimise System to improve productivity and create cost savings 	<ul style="list-style-type: none"> System optimisation and integration
Metropolitan authorities	<ul style="list-style-type: none"> Integrate and optimise public transport related matters Optimise System to improve productivity and create cost savings 	<ul style="list-style-type: none"> Public transport optimisation
Land owners	<ul style="list-style-type: none"> Obtain land for projects and exchange project development information 	<ul style="list-style-type: none"> Carry out TIAs, EIAs, procurement of land and exchange project information
Property and business developers	<ul style="list-style-type: none"> Provide and obtain information regarding business developments 	<ul style="list-style-type: none"> Address matters with urgency and regular follow-up on outstanding matters on findings/ recommendations and scenario assessments
PRASA ACSA Other interested parties	<ul style="list-style-type: none"> Provide and obtain information to align business 	<ul style="list-style-type: none"> Address matters with urgency and regular follow-up on outstanding matters on findings/ recommendations and scenario assessments as well as progress meetings



Relevant impact on socio-economic development

All projects are undertaken with the GMA's broader objectives of SED in mind. SED targets incorporated into the mandatory requirements of all projects.

These measures include but are not limited to:

- Previously disadvantaged individuals employed;
- Spend on SMMEs;
- Women in management positions;
- Local content procurement; and
- Subcontracting to female-owned entities.



Relevant impact on environmental sustainability

The introduction of the Project Management Office ensures that sustainability matters are considered and planned for each phase of the Project Life Cycle, from pre-feasibility and feasibility phases to, amongst others, identification and expropriation of land, environmentally sustainable supply chain practices, sustainable design and construction practices, use of more efficient and energy-saving equipment, responsible storage, waste and water management and sustainable capacity and performance management measures.



Strategic outlook

To determine the projected system requirements, the Integrated Gautrain System Capacity Assessment plan is updated on a quarterly basis and the already identified projects will be managed as required.

The GMA undertook an economic impact analysis to evaluate the ex-ante and ex-post economic and social contributors of the Gautrain and how it links with the strategic visions set out in the feasibility

study. The report covers amongst others the:

- Visions and drivers that lead to the conceptualising of the Project;
- Provides a view of the state of Gauteng's economy and policy background prior to the start/ emergence of the project;
- Provides information regarding the positive spin-off's resulting from the construction of the project;
- Outline the economic impact and contributions made by the Gautrain operations and the benefits generated by the ancillary services offered;
- Provides information regarding lifestyle improvements and perception changes among users; and
- Value added to the communities/ companies surrounding the Stations and property values of adjacent land.

13. VARIATIONS

The Contracts and Commercial Unit is responsible for the implementation and oversight of the following:

- Commercial variations issued in line with the CA to initiate system improvements and enhancements;
- Analysis of strategic project implementation within the Technical Unit to ensure business case viability and Project delivery;
- Investigating all possible commercial opportunities within the System to optimise passenger growth and revenue;
- Providing technical input to litigation and matters related to dispute resolution
- Developing plans for CAPEX delivery within the Financial Year; and
- Managing the Concessionaire in line with the contractual obligations of the CA.



Performance during the period under review

A primary function and output of the Commercial Unit is to continuously

investigate all possible commercial opportunities within the System that would contribute to revenue growth. To do this, the GMA has identified opportunities in the relevant advertising platforms and developed framework agreements to increase marketing exposure on the System through the following:

- Kiosks at station platforms;
- Car rental facilities;
- Further radio communication marketing exposure; and
- Billboard advertising.

The GMA will continue to identify opportunities in the System during the 2015/16 Financial Year.

The Commercial Unit has undertaken a number of variations that are part of the strategic initiatives in order to improve capacity within the System.



Relevant outcomes

The System interventions mentioned above to address the capacity constraints will contribute to further usage and availability of parking at Midrand, Rhodesfield and Centurion Stations. The Stations are currently operating at 100% capacity with the overflow parking outside the Stations. The parking will also contribute to revenue growth due to increased usage, which assists in managing the patronage guarantee commitment. The positive outcome of parking availability will encourage additional passenger usage on the total System, which assists revenue growth.

A further system intervention is the ORTIA platform extension. This will provide the opportunity of creating additional train capacity on the east-west link, which will contribute positively to revenue growth.

All system interventions are capitalised and will increase the asset value and size of the System.



Relevant stakeholder interaction

Stakeholders	Issues	Engagement
City of Tshwane	<ul style="list-style-type: none"> Management of integration and interface at Centurion parking facility 	<ul style="list-style-type: none"> Planned meetings to obtain and facilitate necessary consents
City of Johannesburg	<ul style="list-style-type: none"> Management of integration and interface for Rosebank parking facility 	<ul style="list-style-type: none"> Monthly stakeholder interface meetings to obtain consents and approval
GDARD	<ul style="list-style-type: none"> Management of environmental matters related to System improvements 	<ul style="list-style-type: none"> Written notifications and requested meetings to obtain GDARD approval
ACSA	<ul style="list-style-type: none"> Management and integration at ORTIA platform extension 	<ul style="list-style-type: none"> Monthly progress and stakeholder meetings to discuss activities of Project



Relevant impact on socio-economic delivery

All projects were undertaken with the GMA's broader objectives of SED in mind. The frameworks for these deliverables as outlined in terms of schedule 22 of the CA were incorporated into the mandatory requirements of all projects. All projects related to both parking and ORTIA platform extension will be monitored in line with these deliverables by the Independent Socio-Economic Monitor. These measures include, but are not limited to:

- Previously disadvantaged individuals employed;
- Spend on SMMEs;
- Women in management positions;
- Local content procurement; and
- Subcontracting to female-owned entities.



Relevant impact on environmental sustainability

The use of as much existing natural vegetation as possible is incorporated into the design requirements for the parking extensions at Midrand, Rhodesfield and Centurion Stations. Excavations and earthfill have been measured to determine the re-use factor within the civil works sub-base layers to minimise waste and maximise recycling.

The System improvements have incorporated the following environmental approach:

- All design elements of the variations have a specific requirement to incorporate trees into the parking facilities to accommodate a green-conscious approach;
- All material used, such as excavated

material from the ground, has been tested by the contractors to determine reusable factors;

- All fencing has been designed with level A+ green-rating requirements; and
- All planned bus procurement will incorporate a level 4-5 Euro standard specification in bus design.

Further investigations into the use of recyclable steel and construction material will form part of all project development requirements in the 2015/16 Financial Year.



Strategic outlook

The next two years will be focused on the actual implementation of projects identified and planned by the GMA.





SECTION H

Safety, Health, Environment and Quality (SHEQ)

The GMA performs an assurance function in the areas of occupational health and safety, environmental and quality management, with regard to the Concessionaire's performance in accordance with the CA.

In the event that the Concessionaire's SHEQ performance is not in accordance with its contractual obligations, appropriate interaction and communication is taken by the GMA to leverage the necessary improvements.

To effectively perform its assurance function, the GMA maintains ongoing communication with the Concessionaire, which includes attendance at monthly SHEQ co-ordination meetings. Information received from the Concessionaire assists the GMA in its assurance function, including review and comments on monthly operational SHEQ reports and other reports/documents necessary for the operational monitoring and management of SHEQ matters with regard to its obligations in terms of legislative compliance and best practice.

Regular liaison with relevant stakeholders, with regard to SHEQ-related issues, is an important function of the GMA in ensuring the protection of the Province's interests with regard to potential authorisation requirements and its compliance with existing authorisations.

The GMA receives a number of external Environmental Impact Assessment (EIA) applications for potential developments in the vicinity of the Gautrain Rail Reserve for which the GMA is registered as an Interested and Affected Party (I&AP). These applications are reviewed by the GMA and comments are submitted to the relevant appointed Environmental Assessment Practitioner and the competent authority.

The GMA must comply with the relevant SHEQ legislation including the Occupational Health and Safety Act (OHSA) and the National Environmental

Management Act (NEMA). The management system procedures in terms of health, safety and environment for the GMA are managed by the SHEQ unit as well as the operational assurance processes and procedures executed by the GMA's Technical unit.



Performance during period under review

During the reporting period, the GMA attended two meetings with the Gauteng Department of Agriculture and Rural Development (GDARD) to discuss the Province's compliance with specific conditions of the Record of Decision (RoD) of 25 April 2004 and have formally corresponded with the GDARD on various matters relating to the Province's legal obligations and external EIA applications. GDARD attended two site visits at the Gautrain to clarify matters dealt with in the correspondence mentioned above.

The GMA and the Concessionaire met representatives of the Department of Water and Sanitation (DWS) on two occasions to ascertain the status of the Concessionaire's Water Use Licence Application for the operating period, submitted in December 2011. The new licence was issued to the Concessionaire on 1 December 2014.

A total of 32 GTIA applications required a SHEQ review and were reviewed during the 2014/15 financial year.

Seven external EIAs were reviewed from draft scoping to final EIA reports. Of these, three environmental authorisations were granted by the GDARD and all contained conditions specifically relating to the Gautrain.

The GMA arranged two external audits of the Concessionaire during the year – an environmental audit and a health and safety compliance audit. Both commenced at the end of March 2015 and were due to be completed during May 2015.

The GMA has reviewed and commented on various reports submitted by the Concessionaire, including the SHEQ monthly report, the environmental dashboard, the annual safety report, the annual environmental status report and specialist monitoring reports required by the RoD.

Throughout the year, the GMA submitted regular formal correspondence to the Concessionaire with regard to the Concessionaire's obligations in terms of the CA, which included, amongst others, compliance-related issues and necessary consents, the management of environmental audit findings and the management of contamination at the Midrand Depot and in the Modderfontein area.

A total of 13 SHEQ site inspections were conducted throughout the year, which focused on the following areas:

- Stations and parking facilities;
- Viaducts and bridges outside the Rail Reserve;
- Train and bus depots;
- Emergency shafts;
- Tracks and stormwater drains inside the rail reserve;
- Tunnels;
- Rail Reserve access gates; and
- Construction works.

Management of SHEQ within the GMA is ongoing and efforts have been made during the year under review to increase awareness of these issues. As more employees join the GMA more

interventions will be needed in order to maintain the current incident and injury rate. A total of 140 848 man-hours were worked at the GMA during the year under review with no injuries. The LTIFR therefore remains at zero for the third consecutive year.

Seven internal procedural quality audits and nine procedure quality reviews of the GMA Technical unit's operational assurance quality management system were undertaken during the year. Of the seven audits, 21 recommendations were

made to improve efficiencies in order to optimise the GMA's ability to leverage improvements with regard to the operation of the Gautrain with the Concessionaire. Six procedures were amended and approved following review.



Relevant outcomes

The efforts of the SHEQ unit over the year under review have contributed to the GMA's overall efforts with regard to assuring that the Concessionaire complies

with its obligations in terms of the CA and that, from a SHEQ perspective, the Gautrain is protected not only from damage to its structures but also in terms of operational safety and from potential non-compliance as a result of developments in the vicinity of the Gautrain Rail Reserve.

The continuous management of SHEQ at the GMA ensures full compliance with relevant legislation regarding extension and expansion projects and ensures an efficient, safe and healthy environment for its employees.



Relevant stakeholders

Stakeholders	Issues	Engagement
GDARD	<ul style="list-style-type: none"> Compliance matters External EIAs Internal environmental authorisations Gautrain feedback 	<ul style="list-style-type: none"> Meetings Formal correspondence Site visits
DWS	<ul style="list-style-type: none"> Issue of new Water Use Licence Gautrain feedback 	<ul style="list-style-type: none"> Meetings Review of draft Water Use Licence
Local authorities	<ul style="list-style-type: none"> Gautrain feedback 	<ul style="list-style-type: none"> Meetings
I&APs for Midrand additional parking EIA process	<ul style="list-style-type: none"> Clarification on issues pertaining to proposed construction of additional parking 	<ul style="list-style-type: none"> Dealt with through independent EIA process by appointed environmental assessment practitioner
Environmental assessment practitioners for external EIAs	<ul style="list-style-type: none"> Draft and final scoping reports for authorisation to commence developments 	<ul style="list-style-type: none"> Reviews and comments to appointed environmental assessment practitioners as an I&AP
GMA employees	<ul style="list-style-type: none"> GTIA applications Extension projects SHEQ management 	<ul style="list-style-type: none"> Meetings Reviews and comments Internal communication
SMEC consortium	<ul style="list-style-type: none"> Feasibility study 	<ul style="list-style-type: none"> Meetings Reviews and comments Government and local authority meetings Information sharing and communication



Relevant impact on socio-economic delivery

The health and safety and environmental audits that are being done by the Concessionaire assist the GMA in

its assurance function and ensure compliance with the necessary consents held by the Province. In addition, the EIA being conducted on behalf of the Province at Midrand ensures compliance to legislation and responsible environmental

management. Small, medium and micro enterprises (SMME) have been appointed to these projects, which not only assists in skills transfer but also contributes to the broader SED requirements of the Gautrain.



Relevant impact on environment

Throughout the year under review, various environmental sustainability projects have commenced at the Gautrain such as data collection and analysis of water, electricity and diesel consumption for trains, buses, stations and depots in order to obtain baseline information for future reduction in consumption target setting.

Energy saving measures have already been implemented at selected station parking areas to ensure optimum use of light during daylight hours.

In addition, operating processes are now in place to ensure correct separation of waste at stations and depot areas. Of the total waste generated over the year under review, 22.18% was recycled.



Strategic outlook

In the financial year ahead, the SHEQ unit intends to continue to enhance its working relationship with the Concessionaire and its stakeholders in order to contribute effectively to a proactive, well managed and effective SHEQ environment, whilst at the same time performing its assurance role.

Environmental sustainability at the Gautrain will be a key focus for the coming year and targets for reductions in energy, fuel and water consumption will be set. Procurement practices will be analysed so as to keep environmental and carbon footprint impacts to a minimum. Where possible, cleaner and more environmentally-friendly products and equipment will be sourced as well as recycled goods. In addition, more attention will be given to the recycling of waste, including material waste used in the construction life cycle.

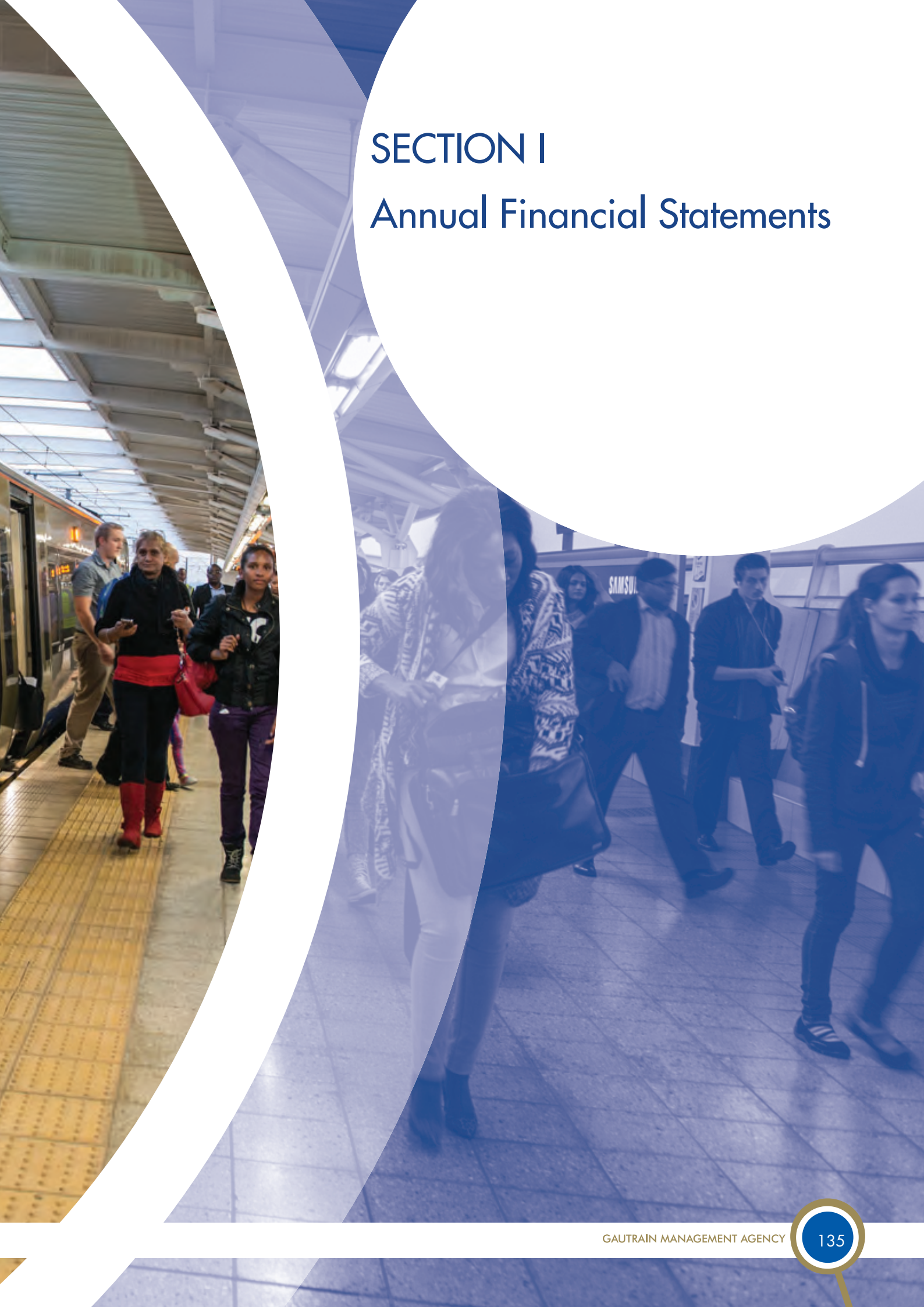


 Platform B  



SECTION I

Annual Financial Statements



GAUTRAIN MANAGEMENT AGENCY ABBREVIATIONS

CA	Concession Agreement
DoRA	Division of Revenue Act
DRT	Gauteng Department of Roads and Transport
EP1	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
System	Gautrain Rapid Rail Link System
TRAC-SA	Technology Research Activity Centre of South Africa

GAUTRAIN MANAGEMENT AGENCY ADMINISTRATION INFORMATION

Domicile Republic of South Africa

Nature of Principal Activities The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department of Roads and Transport.

The mandate of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire).

The vision of the GMA is to provide an integrated, innovative and efficient public transport system that promotes sustainable socio-economic growth in South Africa.

Board Members **GMA Board Members - 1 January 2015 to 31 March 2015:**

Ms. M Lugemwa	-	Re-appointed on 1 January 2015
	-	Confirmed as Chairperson on 1 January 2015
Ms. D Dondur	-	Re-appointed on 1 January 2015,
	-	Re-appointed Deputy Chairperson on 1 January 2015
Mr. E van der Merwe	-	Chief Executive Officer - Re-appointed on 1 April 2014
Mr M Nkumanda	-	Re-appointed on 1 January 2015
Prof. W Thwala	-	Re-appointed on 1 January 2015
Mr. B Lengane	-	Appointed on 1 January 2015
Ms. S Hlapolosa	-	Appointed on 1 January 2015
Mr. S Roopa	-	Appointed on 1 January 2015
Mr. U Mntonintshi	-	Appointed on 1 January 2015

GMA Board Members - 1 April 2014 to 31 December 2014:

Mr. A Mawela	-	Re-appointed on 1 January 2012,
	-	Confirmed as Chairperson on 12 November 2012
Ms. D Dondur	-	Appointed on 1 January 2012,
	-	Appointed Deputy Chairperson on 12 November 2012
Mr. E van der Merwe	-	Chief Executive Officer - Re-appointed on 1 April 2014
Mr. M Mokoena	-	Re-appointed on 1 January 2012
Mr. D Nadison	-	Re-appointed on 1 January 2012
Ms. M Lugemwa	-	Appointed on 1 February 2012
Prof. W Thwala	-	Appointed on 1 February 2012
Mr. M Nkumanda	-	Appointed on 1 April 2013

Postal Address

P O Box 1266
Kelvin
2054
South Africa

Physical Address

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

GAUTRAIN MANAGEMENT AGENCY ADMINISTRATION INFORMATION

Chairperson	Mr. A Mawela Ms. M Lugemwa	12 November 2012 - 31 December 2014 1 January 2015 - 31 March 2015
Chief Executive Officer	Mr. E van der Merwe	
Chief Financial Officer	Mr. P Mabena	
Company Secretary	Ms. T Marumo	
Banker	Absa Bank Limited	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No. Website: E-mail:	+27 11 086 3500 www.gautrain.co.za info@gautrain.co.za

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 March 2015

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 effective and efficient internal controls.

The internal controls are 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 internal controls. These are monitored and improved or amended as the GMA's operating conditions change.

Internal controls 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.

As part of strengthening the internal controls, the GMA has an Internal Audit function which comprises five personnel. 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. The Internal Audit plan was prepared in consultation with the Auditor-General.

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.

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 four non-executive 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.

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 March 2015

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 2015 set out on pages 149 to 202 were approved on 30 July 2015 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



MS M LUGEMWA
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 2015

The Audit and Risk Committee submits this report for the year ended 31 March 2015, 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).

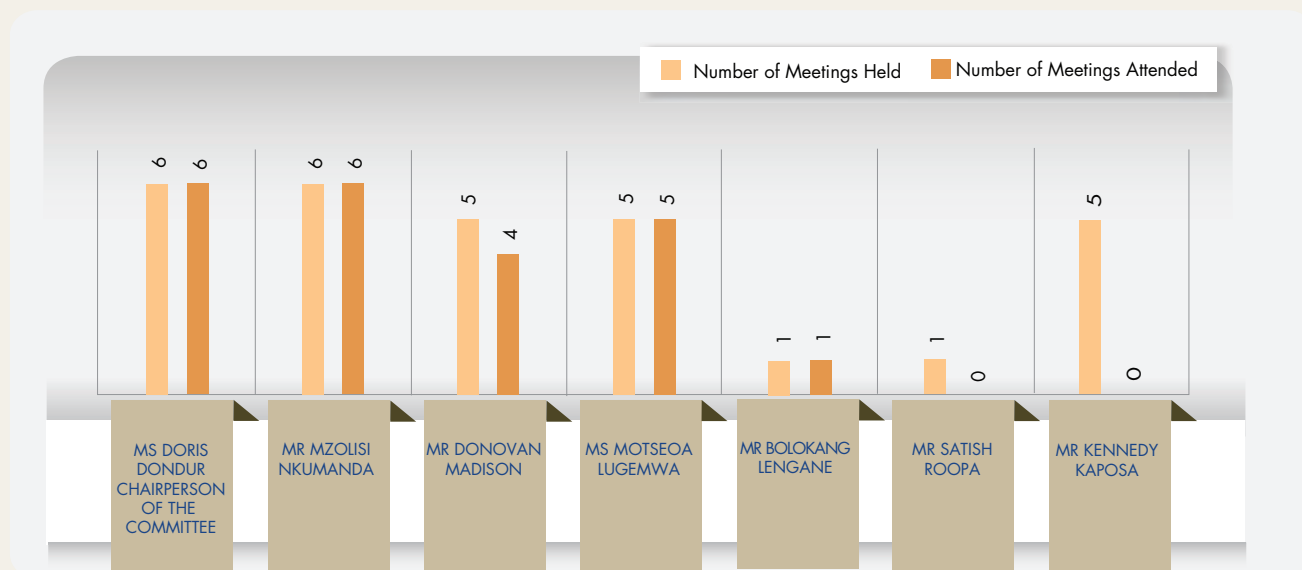
1. AUDIT AND RISK COMMITTEE MEMBERSHIP, MEMBERS' QUALIFICATIONS AND MEETING ATTENDANCE

From 1 April 2014 to 31 December 2014, the Committee consisted of four Independent Non-Executive Members and was supported by one Board Advisor. This Committee's term of office ended on 31 December 2014, in line with the end of term of office for the GMA Board.

New Committee Members were appointed with effect from 1 January 2015. The Committee consists of four Independent Non-Executive Members and is supported by one Board Advisor. The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Internal and External Auditors have a standing invitation to all committee meetings.

During the period under review, the Committee held four scheduled meetings. It also had two joint meetings with the Finance and Asset Committee to discuss the annual financial statements for the 2013/14 financial year and to review the insurance of the GMA Operations and the Gautrain System Assets.

Audit and Risk Committee Members and Meeting Attendance



1. Mr Nadison, Ms Lugemwa and Mr Kaposha's term of office on the Committee ended on 31 December 2014.
2. Mr Lengane and Mr Roopa were appointed to the Committee effective from 1 January 2015.

GAUTRAIN MANAGEMENT AGENCY
REPORT OF THE AUDIT AND RISK COMMITTEE
for the year ended 31 March 2015

Audit and Risk Committee Members' Qualifications



2. ROLES AND RESPONSIBILITIES

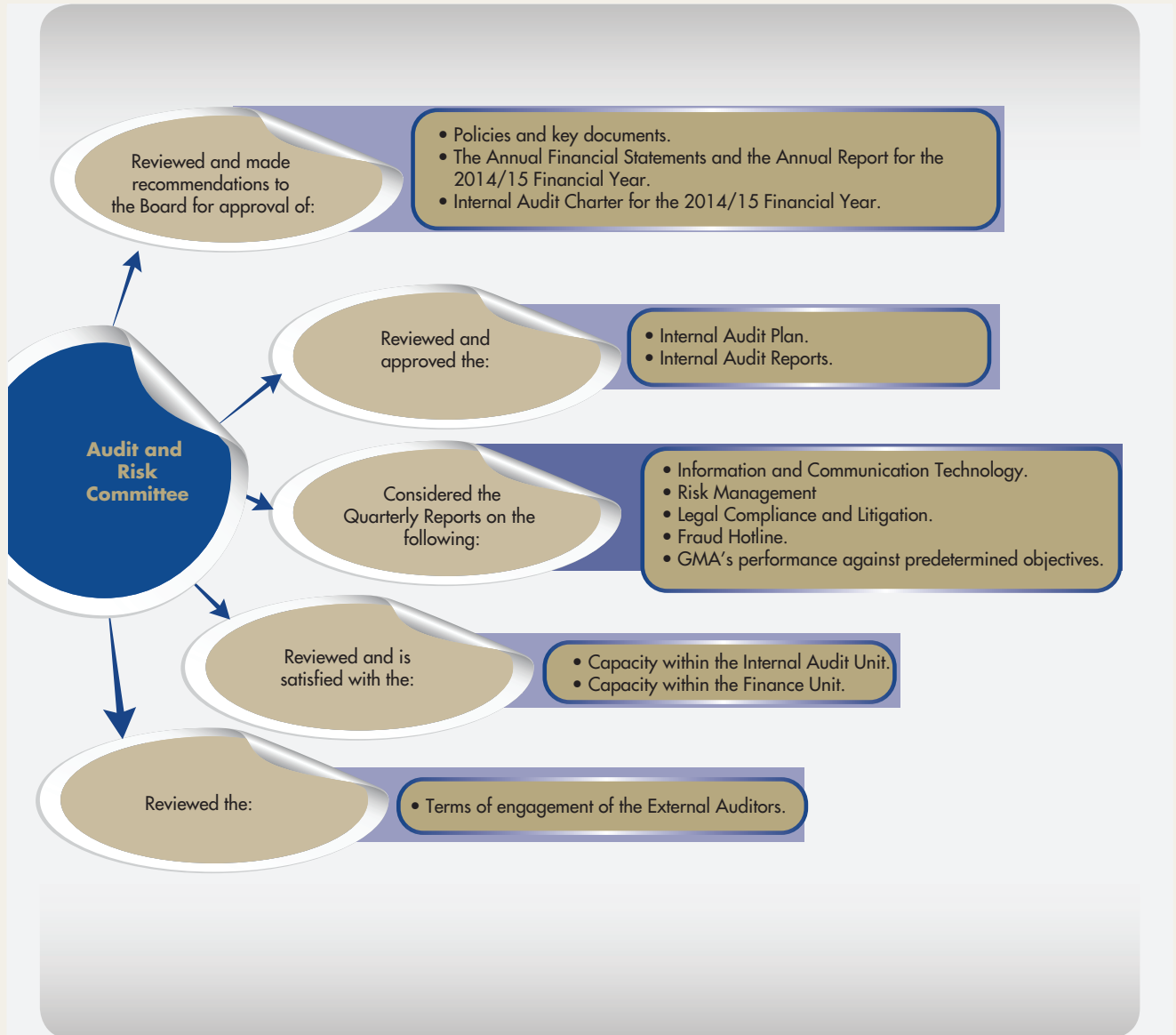
The Committee's activities are guided by its terms of reference, which are approved by the Board. The Committee has complied with its responsibilities in terms of the Treasury Regulations and the Public Finance Management Act.

The Chairperson of the Committee reports to the Board with regard to the Committee's deliberations, decisions and recommendations. The internal and external auditors have unrestricted access to the Committee.

The Committee has discharged all its responsibilities in terms of its terms of reference. The following is a summary of the Committee's activities for the period under review:

GAUTRAIN MANAGEMENT AGENCY
REPORT OF THE AUDIT AND RISK COMMITTEE
for the year ended 31 March 2015

Summary of the Audit and Risk Committee's Activities



3. EFFECTIVENESS OF THE INTERNAL CONTROL AND RISK MANAGEMENT

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

The Committee is responsible for overseeing the risk management and reviewing the internal controls. Reviews on the effectiveness of the internal controls were conducted and covered financial, operational, compliance and risk assessment. Risk registers that summarise both the enterprise and the operational-related risks were reviewed by the Committee and the Board on a quarterly basis. The Board conducted the risk assessment during August 2014.

The most significant risks for the 2014/15 financial year are discussed in detail in the risk management section of this report.

GAUTRAIN MANAGEMENT AGENCY
REPORT OF THE AUDIT AND RISK COMMITTEE
for the year ended 31 March 2015

4. INTERNAL AUDIT

The Committee reviews and approves the Internal Audit plan. It has considered the effectiveness of the Internal Audit function and monitored the adherence to the annual Internal Audit plan.

The Committee has reviewed significant matters reported by the Internal Audit unit and the adequacy of the corrective actions taken by the GMA management in response to significant internal and external audit findings.

5. QUALITY OF MONTHLY AND QUARTERLY MANAGEMENT REPORTS SUBMITTED IN TERMS OF THE PFMA

The Committee reports that during the period under review, monthly and quarterly management reports were presented to enable it 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. EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements focusing on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Changes in the accounting policies and practices;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards and legal requirements;
- Explanation for the accounting treatment adopted;
- Reasons for year-on-year fluctuations;
- Asset valuations and revaluations; and
- The basis for the going concern assumption.

The Committee reviewed the draft annual financial statements and the draft annual report for the 2014/15 financial year at its meeting on 13 May 2015 and recommended them to the Board for approval.

7. CONCLUSION

To be finalised after receipt of the Auditor General's Report.



Ms DORIS DONDUR

CHAIRPERSON: GMA AUDIT AND RISK COMMITTEE

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE BOARD

for the year ended 31 March 2015

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2015.

GENERAL REVIEW

The GMA has been established in terms of the GMA Act, (Act 5 of 2006), as amended and listed under Schedule 3C of the Public Finance Management Act (Act 1 of 1999), as amended (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 Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire).

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 2015 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)	2015	2014
Total income (*)	341,554	35,065,218
Total expenditure excluding depreciation	278,436	235,302
Total expenditure	1,529,826	1,174,665
Net surplus/ (loss) for the year (*)	(1,188,272)	33,890,553
Total assets	33,799,694	35,080,137
Total liabilities	1,315,826	1,407,997

(*) The Gautrain system was transferred to the GMA in the prior year. This was raised as non-exchange transaction in the Statement of Financial Performance and has a substantial impact as well as a significant change when compared to the prior period.

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;
- v. The public in general; and
- vi. The African Union of Public Transport (UATP)

GAUTRAIN MANAGEMENT AGENCY

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

for the year ended 31 March 2015

Report on the financial statements

Introduction

1. I have audited the financial statements of the Gautrain Management Agency set out on pages 149 to 202, which comprise the statement of financial position as at 31 March 2015, 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.

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 2015, 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 Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, 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 2015:
- Strategic Oriented Goal 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters on pages 206 to 207.
 - Strategic Oriented Goal 2: 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 on pages 206 to 207.
 - Strategic Oriented Goal 3: To ensure sound financial management of all GMA revenue sources and safeguard the assets of the project on pages 208 to 209.
 - Strategic Oriented Goal 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance on pages 210 to 211.
 - Strategic Oriented Goal 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders on pages 210 to 211.
 - Strategic Oriented Goal 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 212 to 213.
 - Strategic Oriented Goal 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 212 to 213.
 - Strategic Oriented Goal 8: Limit the financial exposure of the GMA in terms of the Concession Agreement on pages 212 to 213.
 - Strategic Oriented Goal 9: Maintain the System Assets in terms of the life cycle on pages 212 to 213.
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 (FMPPi).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives.

GAUTRAIN MANAGEMENT AGENCY

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

for the year ended 31 March 2015

Additional matter

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

Achievement of planned targets

16. Refer to the annual performance report on pages 206 to 213 for information on the achievement of the 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.

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.

Auditor - General

Johannesburg

31 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Notes	2015 R '000	2014 R '000
ASSETS			
Current assets		1,123,596	1,233,078
Cash and cash equivalents	2	1,065,047	1,184,880
Receivables (Exchange transactions)	3.1	58,549	48,198
Non-current assets		32,676,098	33,847,059
Property, plant and equipment	4	32,327,841	33,465,774
Heritage assets	5	3,295	3,295
Intangible assets	6	5,564	3,887
Receivables (Exchange transactions)	3.2	339,398	374,103
TOTAL ASSETS		33,799,694	35,080,137
LIABILITIES			
Current liabilities		665,692	762,197
Accrued expenses	7	133,128	100,871
Finance lease liability	8	160	155
Obligations arising from restricted SIP funds	9	74,427	88,208
Obligations arising from restricted Project funds	10	445,521	551,455
Other liabilities (Exchange transactions)	13	130	-
Provisions	11	12,326	21,508
Non-Current Liabilities		650,134	645,800
Finance lease liability	8	62	68
Obligations arising from restricted Concessionaire funds	12	41,365	38,245
Other liabilities (Exchange transactions)	13	608,707	607,487
TOTAL LIABILITIES		1,315,826	1,407,997
Accumulated surplus		32,483,868	33,672,140
TOTAL NET ASSETS		33,799,694	35,080,137

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2015

	Notes	2015 R '000	2014 R '000
REVENUE			
Revenue from non-exchange transactions	14	265,876	34,987,445
Government grants		264,870	314,136
Assets received for no consideration		1,006	0
Transfer of assets		-	34,673,309
Revenue from exchange transactions	15	75,678	77,773
Finance income		70,606	76,576
Other income		5,072	1,197
TOTAL REVENUE		341,554	35,065,218
EXPENDITURE			
		1,529,826	1,174,665
Board and committee member remuneration	16	1,651	1,717
Employee costs	17 & 18	66,064	43,261
Depreciation	19	1,251,390	939,363
Amortisation	19	1,583	315
Finance costs		18	12
Operational expenditure	20	209,120	189,997
NET SURPLUS/ (DEFICIT) FOR THE YEAR		(1,188,272)	33,890,553

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF CHANGE IN NET ASSETS
for the year ended 31 March 2015

	Accumulated Surplus	Total Amount
	R '000	R '000
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
Net surplus/ (loss) for the year	(1,188,272)	(1,188,272)
Balance as at 31 March 2015	32,483,868	32,483,868

GAUTRAIN MANAGEMENT AGENCY
CASH FLOW STATEMENT
for the year ended 31 March 2015

	Notes	2015 R '000	2014 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,424,317	1,595,182
Grant income		1,311,748	1,424,943
Interest received		69,470	71,506
Operating period penalty income		1,195	1,906
Net Performance Reserve account receipts		951	1,173
Restricted Insurance proceeds account receipts	12	-	94,506
Other income		40,881	-
Insurance claim from Insurance Proceeds account		-	1,108
Insurance claim GMA		72	40
Payments		(1,427,799)	(1,887,999)
Project expenditure		(1,156,434)	(1,547,125)
Board and committee member remuneration		(1,650)	(1,787)
Employee and related costs		(61,916)	(41,027)
External audit fees		(3,644)	(2,495)
SIP expenditure		(16,068)	(19,502)
Insurance payments to Concessionaire	12	-	(93,398)
Insurance payments to GMA	12	-	(1,108)
Operating expenditure		(188,087)	(181,557)
Net cash from operating activities	21	(3,482)	(292,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(112,816)	(12,107)
Proceeds from sale of property, plant and equipment		-	49
Acquisition of intangible assets		(3,336)	(3,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(199)	(99)
Net increase in cash and cash equivalents		(119,833)	(308,940)
Cash and cash equivalents at beginning of the year		1,184,880	1,493,820
Cash and cash equivalents at end of the year		1,065,047	1,184,880

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 2015

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.

	APPROVED BUDGET	REVISED BUDGET	ACTUAL AMOUNTS ON A COMPARABLE BASIS	FUNDS FROM PRIOR PERIOD	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS
	2015 R '000	2015 R '000	2015 R '000	2015 R '000	2015 R '000
Final budget appropriation	1,311,748	1,361,103	1,361,103	-	-
Approved budget	1,311,748	1,311,748	1,311,748	-	-
Interest income	-	39,517	39,517	-	-
Other income	-	9,838	9,838	-	-
Payments	1,311,748	1,361,103	1,516,327	158,103	2,879
Project expenditure	1,046,878	1,110,216	1,239,115	143,403	14,504
Construction costs	-	-	-	-	-
Land costs	-	-	(16,107)	3,893	20,000
Operating payment/ Patronage guarantee	820,119	1,073,457	1,099,488	-	(26,031)
Operating period variations	51,159	21,159	31,264	16,348	6,243
System improvements	175,600	15,600	124,470	123,162	14,292
Operating and support costs	264,870	250,887	277,212	14,700	(11,625)
Operating expenditure	126,310	116,767	131,046	14,700	421
GMA capex costs	6,060	6,120	13,120	-	(7,000)
Specialised technical services	12,000	12,000	13,322	-	(1,322)
PST consultant costs	27,000	17,000	16,089	-	911
Legal and additional commercial costs	89,500	95,500	100,406	-	(4,906)
Independent monitor costs	4,000	3,500	3,229	-	271
Net receipts/ Budget surplus	22	-	(155,224)	158,103	2,879

* R 158 million was spent from funds for projects which were deferred to the current year.

** Thus the GMA has a surplus of R 2,879 million on the current year's budget.

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

The GMA has been established in terms of the GMA Act, (Act 5 of 2006), as amended and listed under Schedule 3C of the Public Finance Management Act (Act 1 of 1999), as amended (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 Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire).

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 PFMA. 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 during the operational phase of the Concession Agreement 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.

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continue

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

The infrastructure components' fair value was determined by allocating the total cost to the components using benchmark 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.

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS - continue

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.

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.

1.2 PROPERTY, PLANT AND EQUIPMENT - continue

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.

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

1.2 PROPERTY, PLANT AND EQUIPMENT - continue

Item	Average useful life
GMA Assets	
- Motor vehicles	5-8 years
- Office equipment	6-12 years
- Computer equipment	3-6 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 is 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.

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.

1.2 PROPERTY, PLANT AND EQUIPMENT - continue

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.

1.4 INTANGIBLE ASSETS

INITIAL RECOGNITION & MEASUREMENT

Intangible assets are classified as non-monetary assets without physical substance and are only recognised when:

- It is probable that future economic benefits or service potential associated with the asset will flow to the GMA; and
- The cost or fair value of the asset can be reliably measured.

For those intangible assets with a definite useful life:

- Amortisation is recognised in the Statement of Financial Performance and is calculated on a straight line basis over the estimated useful life of each part of the intangible asset;
- Amortisation is determined from the date the intangible asset is available for use.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by GMA for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Initial expenditure incurred is recognised and capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

1.4 INTANGIBLE ASSETS - continue

All other expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

All intangible assets of the GMA have been capitalised on the basis of the costs incurred in order to acquire and bring the assets into use.

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is recognised and capitalised only when the costs incurred increase the future economic benefits embodied in the specific asset to which it relates.

All other subsequent expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

AMORTISATION

All items of intangible assets are measured at historic cost less accumulated amortisation and accumulated impairment losses.

The range of estimated useful lives are as follows:

Gautrain System assets

- Servitudes Infinite

GMA assets

- Computer software 2-4 years
- Computer licenses Over the period of the license

Amortisation methods and useful lives are reassessed annually and adjusted if necessary at the end of each reporting period.

Amortisation is recognised in the Statement of Financial Performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

IMPAIRMENT

Intangible assets with an indefinite useful life or an intangible asset not yet available for use are tested annually for impairment by comparing the carrying amount with the recoverable service amount of the intangible asset. Different intangible assets may be tested for impairment at different times.

If the intangible asset's carrying value exceeds its recoverable service amount, the intangible asset is impaired. The carrying amount of the asset 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.

1.4 INTANGIBLE ASSETS - continue

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

DERECOGNITION

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use.

The gain or loss arising from the derecognition of an intangible asset is determined by comparing the proceeds from disposal with the carrying amount of the intangible asset, and is recognised in the Statement of Financial Performance when the item is derecognised.

1.5 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.

1.6 OBLIGATIONS ARISING FROM RESTRICTED FUNDS - continue

OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

Over the duration of the Development Period, until the contractual Anticipated Completion Date 2 date (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 on funds for 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 the three approved projects.

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 for damages to 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.

1.7 FINANCE LEASES - continue

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.

DERECOGNITION

The finance lease liabilities are derecognised when the GMA's obligation to settle the liability has ceased. 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 COLLABORATION PROJECT FUNDS

The GMA approached the Development Bank of South Africa to render support to the GMA to strengthen its expertise in financial structuring, transport economics and planning as well as demand and financial model review.

The Development Bank of South Africa has opened a dedicated interest bearing bank account in this regard. The bank account is funded by both parties in terms of the agreement and the funds are utilised to procure expert service providers. Unutilised funds at year end are recognised in the Statement of Financial Position.

1.9 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.

1.10 REVENUE (Non-Exchange Transactions)

GOVERNMENT GRANTS

Government grants comprise gross inflows of economic benefits, and are recognised as revenue when it is probable that future economic benefits will flow to the GMA and the fair value of those benefits can be reliably measured. Grants are recognised when there is reasonable assurance that they will be received, or when there is legal obligation for the grant to be paid and only to the extent that the GMA has complied with any of the stipulations or conditions, if any, attached to the grant. The GMA receives its grant from the Provincial Revenue Fund.

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.

1.11 REVENUE (Exchange Transactions)

Revenue from exchange transactions is recognised on the accrual basis of accounting when it is probable that future economic benefits will flow to the GMA and those benefits can be reliably measured.

FINANCE INCOME

Finance income is recognised as it accrues, in the Statement of Financial Performance on a time proportionate basis using the effective interest rate method.

Finance income comprises of interest income on funds invested.

OTHER INCOME

Other income is recognised on the accrual basis when it is probable that future economic benefits will flow to the GMA and these benefits can be reliably measured.

1.12 FINANCE EXPENSES

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

1.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are benefits that are to be paid by the GMA within 12 months after the reporting date and are presented on an undiscounted basis. Short-term employee benefits in the GMA include salaries, pension contributions, bonuses and short-term compensated absences such as paid annual leave and paid sick leave.

1.13 EMPLOYEE BENEFITS - continue

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during the reporting period, the GMA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as:

- A liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GMA recognises the excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund to the GMA; and
- As an expense in the Statement of Financial Performance.

SHORT-TERM COMPENSATED ABSENCES

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. The GMA recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the GMA.

The GMA measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's 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 no liability or expense until the time of the absence, because 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 TAXATION

The GMA's income is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act.

1.19 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.

An entity is related to the GMA if the entity is a member of the same economic entity.

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.

1.20 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.

1.21 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.

1.21 BUDGET INFORMATION - continue

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.

1.22 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.

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.

1.22 FINANCIAL INSTRUMENTS - continue

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 has ceased. 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.

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.

1.22 FINANCIAL INSTRUMENTS - continue

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.

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. Uncollectible 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.

1.23 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.

(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. Banks and financial institutions with an acceptable independent rating are accepted.

(i) Deposits

The GMA limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable independent credit rating. 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.

1.23 FINANCIAL RISK MANAGEMENT - continue

(ii) Price Risks

The GMA does not hold equity security and is therefore not exposed to equity security price risk. The GMA is also not exposed to any commodity price risk.

(iii) Interest Rate Risks

As the GMA has no significant interest-bearing assets, the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

1.24 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 2015. 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 2015, 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 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 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)

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
2. CASH AND CASH EQUIVALENTS		
Bank - Current account	947,541	1,058,963
Social Investment Programme funds	76,335	87,842
Performance Reserve Account funds	40,906	37,823
Insurance Proceeds account	265	252
TOTAL	1,065,047	1,184,880

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

Accrued income	9,276	25,861
Accrued interest income	4,943	4,860
Accrued interest income - SIP funds	361	366
Accrued bus savings	3,864	20,623
Accrued interest on bus savings	108	12
Other receivables	47,914	22,054
DRT support costs	1,333	12,033
Short-term portion of settlement agreement	33,039	10,000
Collaboration project funds	13,542	-
Shared cost receivable	-	21
Prepayments	1,359	283
Operating expenditure	1,359	283
TOTAL	58,549	48,198

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2015

	2015 R '000	2014 R '000
3.2 Receivables (Exchange Transactions) - Non-Current assets		
Deposit	1,787	1,200
Rental deposit	1,720	1,170
Interest accrued on rental deposit	67	30
Gautrain system assets - Prepayments	280,236	280,236
Long-term portion of settlement agreement	57,375	92,667
TOTAL	339,398	374,103
4. PROPERTY, PLANT AND EQUIPMENT		
Gautrain system assets	32,306,092	33,449,945
GMA assets	21,749	15,829
	32,327,841	33,465,774

4.1 Gautrain System assets

SUMMARY	2015			2014		
	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	4,379	-	4,379
Infrastructure assets	29,719,741	1,889,198	27,830,543	29,719,741	810,078	28,909,663
Plant and equipment	434,024	34,998	399,026	434,024	15,007	419,017
Rolling stock	4,017,464	209,292	3,808,172	4,017,464	89,743	3,927,721
Buses	205,636	48,908	156,728	205,636	20,972	184,664
Office equipment	288	129	159	288	56	232
Furniture & fittings	5,222	2,284	2,938	5,279	1,010	4,269
Infrastructure - work in progress	104,147	-	104,147	-	-	-
TOTAL	34,490,901	2,184,809	32,306,092	34,386,811	936,866	33,449,945

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4.1 Gautrain System assets - continue

Reconciliation - 2015	Opening balance	Additions	Disposals	Write-off	Depreciation	Closing balance
Land	4,379	-	-	-	-	4,379
Infrastructure assets	28,909,663	-	-	-	1,079,120	27,830,543
Plant and equipment	419,017	-	-	-	19,991	399,026
Rolling stock	3,927,721	-	-	-	119,549	3,808,172
Buses	184,664	-	-	-	27,936	156,728
Office equipment	232	-	-	-	73	159
Furniture & fittings	4,269	-	-	-	1,331	2,938
Infrastructure - work in progress	-	104,147	-	-	-	104,147
Carrying value - 2015	33,449,945	104,147	-	-	1,248,000	32,306,092

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

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.

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.

Included in Infrastructure - work-in-progress is an amount of R 1,006m received for no consideration. Refer to note 14.

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4.2 GMA assets

SUMMARY	2015			2014		
	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	293	332	625	223	402
Office equipment	3,947	1,303	2,644	3,521	740	2,781
Computer equipment	9,945	2,001	7,944	3,978	1,033	2,945
Furniture & fittings	2,564	1,002	1,562	2,768	459	2,309
Leasehold improvements	10,162	1,241	8,921	7,740	567	7,173
Leased office equipment	417	192	225	311	92	219
Computer equipment - work in progress	121	-	121	-	-	-
TOTAL	27,781	6,032	21,749	18,943	3,114	15,829

Reconciliation - 2015	Opening balance	Additions	Transfers	Write-off	Depreciation	Closing balance
Motor vehicles	402	-	-	-	70	332
Office equipment	2,781	607	-	105	639	2,644
Computer equipment	2,945	6,397	-	201	1,197	7,944
Furniture & fittings	2,309	55	-	167	635	1,562
Leasehold improvements	7,173	2,422	-	-	674	8,921
Leased office equipment	219	201	-	21	174	225
Computer equipment - work in progress	-	121	-	-	-	121
Carrying value - 2015	15,829	9,803	-	494	3,389	21,749

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4.2 GMA assets - continue

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

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

	2015			2014		
	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
	3,295	-	3,295	3,295	-	3,295
Reconciliation - 2015	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure heritage asset	3,295	-	-	-	-	3,295
Carrying value - 2015	-	-	-	-	-	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

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 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 which is in a good condition. The shed has been painted and converted to a bus ranking area for the station.

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	2015 R '000	2014 R '000
Gautrain system assets	1	1
GMA assets	5,563	3,886
	5,564	3,887

6. INTANGIBLE ASSETS

Gautrain system assets
GMA assets

6.1 Gautrain System assets

SUMMARY	2015			2014		
	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	1	-	1
TOTAL	1	-	1	1	-	1
Reconciliation - 2015	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	-	-	-	-	1
Carrying value - 2015	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.

6.2 GMA assets

SUMMARY	2015			2014		
	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	7,551	2,059	5,492	4,200	553	3,647
Work-in-progress	71	-	71	239	-	239
TOTAL	7,622	2,059	5,563	4,439	553	3,886

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6.2 GMA assets - continue

Reconciliation - 2015	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	3,647	3,428	-	-	1,583	5,492
Work-in-progress	239	71	239	-	-	71
Carrying Value - 2015	3,886	3,499	239	-	1,583	5,563

Reconciliation - 2014	Opening balance	Additions	Capitalised	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

7. ACCRUED EXPENSES

	2015 R '000	2014 R '000
Accrued project expenditure	97,714	84,474
Accrued SIP expenditure	2,269	-
Accrued operational expenditure	21,557	15,605
Accrued leave and bonus expenditure	11,588	792
TOTAL	133,128	100,871

A bonus provision was raised in the prior year. In the current year it is moved to accruals as actual performance scores were used to calculate the liability and the degree of estimation has been eliminated.

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8. FINANCE LEASE LIABILITY

Amounts payable under finance leases - 2015

Within one year

Within two to five years

Later than five years

Total Finance lease liability

Less: Amount due for settlement within 12 months (current portion)

TOTAL

	R'000 Minimum lease payment	2015 R'000 Future finance charges	R'000 Present value of minimum lease payments
Within one year	173	(13)	160
Within two to five years	65	(3)	62
Later than five years	-	-	-
Total Finance lease liability	238	(16)	222
Less: Amount due for settlement within 12 months (current portion)	(173)	13	(160)
TOTAL	65	(3)	62

The average lease term is 2 years and the average effective borrowing rate is 9.25% (linked to prime interest rate). All leases have fixed repayment terms.

Amounts payable under finance leases - 2014

Within one year

Within two to five years

Later than five years

Total Finance lease liability

Less: Amount due for settlement within 12 months (current portion)

TOTAL

	R'000 Minimum lease payment	2014 R'000 Future finance charges	R'000 Present value of minimum lease payments
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.

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	2015 R '000	2014 R '000
9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS		
Social Investment Programme Fund (SIP)	74,427	88,208
TOTAL	74,427	88,208
Reconciliation - Movement during the year: <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	88,208	101,297
Add: Interest income	4,557	4,611
Less: Expenditure	(18,338)	(17,700)
Obligation at the end of the year	74,427	88,208
10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS		
Provincial Grants:		
MTEF EquiTable Shares	348,407	278,259
Private Sector		
Settlement agreement	70,000	250,000
Bus savings	27,114	23,196
TOTAL	445,521	551,455
Reconciliation of movement during the year:		
Obligation at the beginning of the year	551,455	295,803
Add: Project Funds received during the year - capital	1,052,251	1,373,983
Less: Project Expenditure paid during the year - capital	(1,158,185)	(1,118,331)
Obligation at the end of the year	445,521	551,455
10.1 PROJECT FUNDS RECEIVED DURING THE YEAR		
Project income earned (includes all accrued income)		
Public Sector	1,046,878	1,110,807
MTEF EquiTable Shares	1,046,878	1,110,807
Private sector	5,373	263,176
Performance deductions	1,195	1,751
Rental income	260	-
Interest on bus savings	251	122
Bus savings	3,667	11,303
Settlement agreement	-	250,000
Total	1,052,251	1,373,983

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	2015 R '000	2014 R '000
10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR		
Project expenditure incurred (includes all accrued expenditure)		
Scheduled construction milestones cost	-	79,663
Variation constructions milestones cost	238	2,774
Operating period variation costs	29,867	14,531
System improvements & repairs	111,843	-
Additions to Gautrain system transferred to GMA	(103,141)	-
Construction access road	-	(165)
Land expropriation costs	9,914	(10,106)
Additional land transferred to GMA	-	(131)
Patronage guarantee cost	1,109,464	1,031,732
Project notices	-	33
Total	1,158,185	1,118,331
10.3 Analysis of the movement during the year:		
Provincial - MTEF EquiTable Shares		
Obligation at the beginning of the year	278,259	284,032
Add: Current year receipts	1,046,878	1,110,807
Less: Project expenditure	(976,730)	(1,116,580)
	348,407	278,259
Other Private Sector Income		
Add: Obligation at the beginning of the year	273,196	11,771
Add: Performance deductions	1,195	1,751
Add: Rental income	260	-
Add: Interest on bus savings	251	122
Add: Bus savings	3,667	11,303
Add: Settlement agreement	-	250,000
Less: Project expenditure	(181,455)	(1,751)
	97,114	273,196

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	2015 R '000	2014 R '000
11. PROVISIONS		
Land provision	8,239	6,230
Variation provision	4,087	8,597
Bonus provision	-	6,681
TOTAL	12,326	21,508

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.

A bonus provision was raised in the prior year. In the current year it is moved to accruals as actual performance scores were used to calculate the liability and the degree of estimation has been eliminated.

Land provision

Reconciliation - Movement during the year:

Opening balance	6,230	248,544
Less: Provision utilised	(4,391)	(160,066)
Less: Provision reversed	(5,201)	(82,476)
Add: Increase in provision	11,601	228
Closing balance	8,239	6,230

Variation Provision

Reconciliation - Movement during the year:

Opening balance	8,597	30,417
Less: Provision utilised	(4,748)	(20,096)
Less: Provision reversed	-	(10,321)
Add: Increase in provision	238	8,597
Closing balance	4,087	8,597

Bonus provision

Reconciliation - Movement during the year:

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

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	2015 R '000	2014 R '000
12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS		
Obligations arising from:		
- Restricted Performance Reserve Account funds	41,099	37,992
- Restricted Insurance Proceeds funds	266	253
	41,365	38,245
Obligations arising from restricted Performance Reserve Account funds <i>(Includes all accrued income and expenditure)</i>		
Restricted Performance Reserve account	41,099	37,992
TOTAL	41,099	37,992
Obligations arising from Restricted Insurance Proceeds funds		
Restricted Insurance Proceeds account	266	253
TOTAL	266	253
Reconciliation - Movement during the year: <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	253	-
Add: Interest income	13	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	266	253

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.

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. In the prior year 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.

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	2015 R '000	2014 R '000
13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)		
Other liabilities (Exchange Transactions) - Current liability		
Rental deposit payable	130	-
	130	-
Other liabilities (Exchange Transactions) - Non-current liability		
Operating lease liability	3,023	1,803
Foreign exchange liability	605,684	605,684
TOTAL	608,707	607,487
Rental deposit payable		
Reconciliation - Movement during the year:		
Opening balance	-	-
Additions	130	-
Closing balance	130	-
The lease deposit current as it is payable in the 12 months.		
Operating lease liability		
Reconciliation - Movement during the year:		
Opening balance	1,803	-
Additions	1,220	1,803
Closing balance	3,023	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.		
Foreign exchange liability		
Reconciliation - Movement during the year:		
Opening balance	605,684	605,684
Additions	-	-
Closing balance	605,684	605,684
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.		

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	2015 R '000	2014 R '000
14. REVENUE FROM NON-EXCHANGE TRANSACTIONS		
MTEF funding	264,870	314,136
Assets received for no consideration	1,006	
Transfer of Gautrain system asset and other assets	-	34,673,309
TOTAL	265,876	34,987,445
15. REVENUE FROM EXCHANGE TRANSACTIONS		
Finance income	70,606	76,576
Other income	5,072	1,197
Insurance claim GMA	72	40
Collaboration project income	5,000	-
Insurance claim from Insurance Proceeds account	-	1,108
Profit on sale of fixed assets	-	49
TOTAL	75,678	77,773

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16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board member remuneration - 2015

Names of Board members

Mr A Mawela (Chairperson)	12 November 2012 - 31 December 2014
Ms M Lugemwa (Chairperson)	1 January 2015 - 31 March 2015
Ms D Dondur (Deputy Chairperson)	
Mr M Mokoena	
Mr D Nadison	
Prof W Thwala	
Mr M Nkumanda	
Mr B Lengane	
Ms S Hlapolosa	
Mr S Roopa	
Mr U Mntonintshi	

	2015 R '000			Total remuneration
	Retention fees	Board fees	Travel expenses	
Mr A Mawela (Chairperson)	135	73	2	210
Ms M Lugemwa (Chairperson)	112	104	2	218
Ms D Dondur (Deputy Chairperson)	90	93	2	185
Mr M Mokoena	68	94	5	167
Mr D Nadison	68	75	2	145
Prof W Thwala	90	110	7	207
Mr M Nkumanda	90	101	2	193
Mr B Lengane	23	55	1	79
Ms S Hlapolosa	23	61	2	86
Mr S Roopa	23	24	-	47
Mr U Mntonintshi	23	24	1	48
TOTAL	745	814	26	1,585

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members

Ms D Dondur (Chairperson)
Mr M Nkumanda
Mr D Nadison
Ms M Lugemwa
Mr B Lengane

	Attendance fees	Travel expenses	Total remuneration
Ms D Dondur (Chairperson)	28	1	29
Mr M Nkumanda	11	-	11
Mr D Nadison	11	-	11
Ms M Lugemwa	11	-	11
Mr B Lengane	4	-	4
TOTAL	65	1	66
TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2015			1,651

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

Board member remuneration - 2014

Names of Board Members	2014 R '000			Total remuneration
	Retention fees	Board fees	Travel expenses	
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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17. EXECUTIVE MANAGEMENT REMUNERATION

		2015 R '000					
		Basic salary	Company contributions	Bonus	Acting allowances	Lump sums	Total remuneration
Mr E van der Merwe	CEO	3,066	343	2,357	-	-	5,766
Mr W Dachs	COO*	2,087	241	-	-	-	2,328
Mr P Mabena	CFO	1,915	222	186	-	-	2,323
Mr T Kgobe	SEM: Technical**	1,436	166	-	-	293	1,895
Mr N Magoai	SEM: Legal	1,478	171	262	-	-	1,911
Dr. B Jensen	SEM: Communications & Marketing	1,566	182	-	-	-	1,748
Ms P Mahlwe	SEM: Corporate Services	1,376	160	187	-	-	1,723
Mr M van der Westhuyzen	Acting SEM: Technical***	191	22	304	55	-	572
TOTAL		13,115	1,507	3,296	55	293	18,266

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

* William Dachs was appointed as COO on 1 June 2014

** Tshepo Kgobe was appointed as SEM Technical on 1 June 2014

*** Marius van der Westhuyzen (1 April 2014 - 31 May 14)

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17. EXECUTIVE MANAGEMENT REMUNERATION - continue

		2014 R '000					
		Basic salary	Company contributions	Bonus	Acting allowances	Leave paid	Total remuneration
Mr E van der Merwe	CEO	2,713	322	1,849	-	-	4,884
Mr P Mabena	CFO *	841	98	0	-	-	939
Mr N Magoai	SEM: Legal	1,371	158	218	133	-	1,880
Mr M van der Westhuyzen	Acting SEM: Technical	1,109	124	167	304	28	1,732
Dr. B Jensen	SEM: Communications & Marketing **	261	31	-	-	-	292
Ms P Mahlawe	SEM: Corporate Services ***	845	99	-	-	-	944
TOTAL		7,140	832	2,234	437	28	10,671

Bonuses are paid in arrears, thus the amounts disclosed above related to bonuses paid for 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.

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
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	2015 R '000	2014 R '000
18. EMPLOYEE COSTS		
Salaries, bonuses and allowances	56,362	37,557
Increase/(Decrease) in leave accrual	743	178
Increase/(Decrease) in bonus accrual/provision	3,372	2,010
Leave paid	81	81
Lump sum payment	293	-
Provident fund contributions	4,325	2,827
Employer contributions	888	600
Casual workers	-	8
TOTAL	66,064	43,261
19. DEPRECIATION AND AMORTISATION COSTS		
Depreciation	1,251,390	939,363
Gautrain system assets	1,248,001	936,866
GMA assets	3,389	2,497
Amortisation	1,583	315
GMA assets	1,583	315
TOTAL	1,252,973	939,678

GAUTRAIN MANAGEMENT AGENCY
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	2015 R '000	2014 R '000
20. OPERATIONAL EXPENDITURE		
Project support consultants - Transaction advisors	137,469	134,739
Operational support costs	4,675	5,666
Technical costs, communication & public relations & land procurement	9,984	29,944
Legal costs	1,230	1,120
Commercial costs	121,580	98,009
Independent monitor costs	3,374	5,158
Independent environmental costs	-	695
Independent certifier costs	1,566	2,719
Independent socio-economic monitor costs	1,808	1,744
Travel, accommodation, entertainment & subsistence	479	910
Recruitment costs	1,615	1,885
Employee wellness	224	-
Loss of assets due to write-offs, donations & theft	477	38
Training & membership fees	1,542	1,393
Maintenance costs	117	633
Audit fees	3,122	2,124
Marketing and communication initiatives	25,840	10,113
Consultant costs	19,033	17,605
Building rent and utilities	8,854	8,357
Office running costs	3,256	4,086
Insurance costs	445	335
Advertising costs	152	305
IT related costs	1,997	1,227
Corporate affairs	1,124	1,089
TOTAL	209,120	189,997

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
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	2015 R '000	2014 R '000
21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS		
Net Surplus per the Statement of Financial Performance	(1,188,272)	33,890,553
Adjusted for:		
Amortisation	1,583	315
Depreciation	1,251,390	939,363
Other non-cash items related to assets:	(366)	(34,393,556)
Transfer of assets	-	(34,673,439)
Increase in Gautrain system assets funded by external party	(1,006)	-
Prepayment of Gautrain System asset	-	280,236
Write-off of assets, donations, profit/loss on sale of assets	640	(353)
Decrease in current liabilities	(96,505)	(348,647)
Increase in non-current liabilities	4,334	5,099
(Increase)/Decrease in receivables	24,354	(385,944)
Net cash inflows from operating activities	(3,482)	(292,817)

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
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
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	2015 R '000
22. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE	
Net Surplus per the Statement of Financial Performance	(1,188,272)
Adjusted for:	
Amortisation	1,583
Depreciation	1,251,390
	-
Other non-cash items related to assets:	(366)
Transfer of assets	-
Increase in Gautrain system assets funded by external party	(1,006)
Prepayment of Gautrain System asset	-
Write-off of assets, donations, profit/loss on sale of assets	640
	-
Increase/(decrease) in current liabilities	(96,505)
Increase in non-current liabilities	4,334
(Increase)/Decrease in receivables	24,354
Cash flows from operating activities	(3,482)
Net cash from investing activities	(116,152)
Acquisition of property, plant and equipment	(112,816)
Sale of property, plant and equipment	-
Acquisition of intangible assets	(3,336)
Net cash from financing activities	(199)
Finance lease payments	(199)
Net increase in cash and cash equivalents	(119,833)
Other items not included in the budget:	(35,391)
Interest income	(29,953)
Rental deposit received	(130)
Bus savings received	(20,425)
Net SIP fund expenditure	16,068
Net PRA receipts	(951)
Net Surplus/ (deficit) before Project Funds from previous period	(155,224)
Plus: Funds from previous period	158,103
Net Surplus per the Final Budget Appropriation	2,879

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
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22. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE - continue

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 2014-15 financial year has not been exceeded. The net budget surplus of R 2.8 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.

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 and applicable computer equipment was increased from 3 years to 6 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	2,236	1,263	973
Computer software	2,160	1,225	935
Computer equipment	76	38	38
Accumulated Depreciation as at 31 March 2015	2,455	1,482	973
Computer software	2,331	1,396	935
Computer equipment	124	86	38

The change in estimate resulted in a decrease of R 973 ('000) in the depreciation charge to the Statement of Financial Performance for the year under review.

GAUTRAIN MANAGEMENT AGENCY
DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
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24. CONTINGENCIES AND COMMITMENTS

24.1 COMMITMENTS

At year end the commitments relating to development expenditure were mainly due to land expenditure for land proclaimed and expropriated for the railway reserve, and variations. These expenses are 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 2014-15 financial year is disclosed in note 10.

	Contract End date	2015 R '000
Contractual commitments		
Information technology goods & services	2017	6,671
Office plants	2016	198
Environment & statutory audit	2015	2,479
General consultants	2015	519
Technical consultants	Time Driven	15,950
Feasibility study	2016	18,553
Communication & marketing initiatives	2017	7,770
Brand valuation audit	2016	654
		52,794

24.2 OPERATING LEASE COMMITMENTS:

	2015 R '000	2014 R '000
Total future minimum lease payments due:	46,988	46,771
- within one year	9,398	7,795
- within two to five years	37,591	31,181
- five years onwards	-	7,795
	46,988	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.

Additional office space was leased from 1 February 2015 and terminates on 31 March 2020, and provides for an escalation varying between 8.4%-10% over the period of the lease. The cost of the lease is straight-lined over the period of the lease.

24.3 LITIGATION AND CONTINGENCIES

Delay & Disruption Claim

The Concessionaire claims that the 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 as part of its defence of the matter.

This dispute is before a Tribunal of retired High Court judges appointed by the Arbitration Foundation of South Africa and has been consolidated with the Land Discrepancy Dispute, which will be heard simultaneously.

A separate hearing was held from 2 March 2015 to 27 March 2015 for a determination on the interpretation of certain clauses in the Concession Agreement and a ruling in this regard is awaited.

The final hearing is anticipated to commence in December 2016 with the final determination expected in 2018. 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 unfolds.

Land Discrepancy

The Province claims that it acquired additional land to that which it had contracted to deliver, 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 for 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, as it had originally stated.

Province counter-claimed based on the saving it claims it is entitled to. The arbitration tribunal ruled on the 15 August 2013 that the Concessionaire must produce documents or evidence demonstrating the actual costs of constructing the Sandton Cavern and the estimated tender costs for the original Sandton Station construction.

This dispute is before a tribunal appointed by the Arbitration Foundation of South Africa. A hearing on the quantum is to be held between 4 May 2015 and 2 June 2015. The arbitral decision is expected during the first half of the 2016 financial year. 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 determined by the tribunal in the Province's favour. The GMA has not disclosed a contingent asset due to the nature of the dispute.

Insurance Claim (Zurich Insurance Company – Formerly SA Eagle Insurance Company)

Province has submitted a claim against Zurich for the physical damage caused to the tunnel between Marlboro portal and Rosebank station during construction.

Zurich has, in terms of the Gautrain Construction Insurance, indemnified Province against any damage or liability; and has undertaken to pay or indemnify Province for the full cost of replacing and/or repairing and/or making good all damage to the property insured (including the tunnel). Summons has been issued and the Province is awaiting Zurich's response. The GMA has not disclosed a contingency due to the nature of the claim.

24.3 LITIGATION AND CONTINGENCIES - continue

Land Cost Disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R77 million has been claimed. These claims are dependent on the outcome of court cases, therefore a provision has not been raised.

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 transactions with executive management.

Entities under the 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 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 6,049 million. These transactions were at arm's length. As at 31 March 2015 R 1.3 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 2015

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.

	2015 R '000	2014 R '000
Financial assets - at carrying value		
Cash and cash equivalents	1,065,047	1,184,880
Accrued income	9,276	25,861
Other receivables	105,289	114,721
Rental Deposit	1,787	1,200
TOTAL	1,181,399	1,326,662
Financial liabilities - at carrying value		
Accrued expenses	133,128	100,871
Finance lease liability	222	223
Other liabilities	608,837	607,487
Obligations arising from restricted SIP funds	74,427	88,208
Obligations arising from restricted Project funds	445,521	551,455
Obligations arising from restricted Concessionaire funds	41,365	38,245
TOTAL	1,303,500	1,386,489
Fair value of financial instruments:		
Financial assets at fair value:		
Cash and cash equivalents	1,065,047	1,184,880
Accrued income	9,276	25,861
Other receivables	105,289	114,721
Rental Deposit	1,787	1,200
TOTAL	1,181,399	1,326,662
Financial liabilities held at amortised cost:		
Accrued expenses	133,128	100,871
Finance lease liability	222	223
Other liabilities	608,837	607,487
Obligations arising from restricted SIP funds	74,427	88,208
Obligations arising from restricted Project funds	445,521	551,455
Obligations arising from restricted Concessionaire funds	41,365	38,245
TOTAL	1,303,500	1,386,489

GAUTRAIN MANAGEMENT AGENCY
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for the year ended 31 March 2015

	2015 R '000	2014 R '000
26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continue		
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	70,606	76,576
Expenses from Finance Lease Liability		
Finance Costs	(18)	(12)
TOTAL	70,588	76,564

Financial Instruments

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade receivables and other receivables. Banks and financial institutions with an acceptable independent rating are accepted. Other receivables consist of accrued interest and prepayments, upon which credit risk is limited as interest is receivable from banks with with an acceptable independent rating and prepayments are minimal.

At 31 March 2015, 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.

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.

GAUTRAIN MANAGEMENT AGENCY
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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continue

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:

	2015 R '000		
	0 - 12 Months	1 - 5 Years	> 5 Years
MATURITY PERIOD			
Financial Assets			
Accrued Income	9,276	-	-
Other receivables	47,914	57,375	-
Rental Deposit	-	1,787	-
MATURITY PERIOD			
Financial Liabilities			
Accrued expenses	133,128	-	-
Finance lease liability	160	62	-
Other liabilities	-	608,837	-
Obligations arising from restricted SIP funds	74,427	-	-
Obligations arising from restricted Project funds	445,521	-	-
Obligations arising from restricted Concessionaire funds	-	-	41,365

Market risk sensitivity analysis

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.

	2015 R '000	
	Accumulated Surplus	Net Assets
Interest rate increase of 100 basis points	12,837	12,837
Interest rate decrease of 100 basis points	-12,837	(12,837)

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
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for the year ended 31 March 2015

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 2015.

28. GOING CONCERN

At 31 March 2015 the GMA Board has every reason to believe that the GMA has adequate resources in place to continue in operation for the foreseeable future.

	2015 R '000	2014 R '000
29. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE; AND CRIMINAL OFFENCES		
29.1 IRREGULAR EXPENDITURE		
Opening balance	-	-
Add: Irregular expenditure - current year (Printers and maintenance contract)	-	188
Less: Amount condoned	-	(188)
Irregular expenditure condoned	-	-
Details of Irregular expenditure - Current year		
No irregular expenditure was noted in the current year.		
Details of Irregular expenditure - Prior year (condoned)		
Incident		
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. This irregular expenditure was condoned by National Treasury.	-	188







SECTION J

Annual Performance Report

Strategic Objective	Key Performance Indicators	Annual Target 2014/2015	Evidence provided as proof of delivery of target	Means of verification	PLAN				
					Q1	Q2	Q3		
Strategic Oriented Goal 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence									
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 Services that meets the specification and is attractive to passengers.	1	Performance penalties agreed and applied as per performance dashboard (includes performance on service interruptions, security, availability & service reliability).	12	Monthly Operating Performance and Penalties agreed.	Signed document from Technical to Finance.	3	3	3	
Increase the ridership on the Gautrain System so as to minimise the Patronage Guarantee.	2	Monitor quarterly rail passengers' capacity management by the Concessionaire.	11,600,000	Revenue and Patronage Report.	Review completed in terms of CA.	3,000,000	3,000,000	2,600,000	
	3	Monitor quarterly DFDS passenger management by the Concessionaire.	3,400,000	Revenue and Patronage Report	Review completed in terms of CA.	900,000	900,000	700,000	
	4	% implementation of the approved GMA marketing plan.	85%	Progress Report on actual delivery against the plan	Manco minutes for noting	25%	45%	65%	
	5	Number of GMA reports reviewing Concessionaire's quarterly marketing plan's implementation report.	4	Copies of the report	Minutes of the GMA/BCC quarterly liaison meetings for noting	1	1	1	
Ensure the efficient provision of capacity by the Concessionaire to match demand on the system.	6	Monitor the Concessionaire regarding all capacity increase obligations set by the CA and/or GMA or as otherwise agreed.	4 Quarterly progress reports regarding CA compliance and/or PVN's issued	Quarterly reports from technical	Minutes of Capacity Planning committee	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	
	7	Monitor the Concessionaire regarding DFDS capacity increase obligations set by the CA and/or GMA or as otherwise agreed.	4 Quarterly progress reports regarding CA compliance and/or PVN's issued	Quarterly reports from technical	Minutes of DFDS planning committee	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	
Review of bi-annual customer satisfaction survey to ensure consistent and high-level of satisfaction.	8	Review and report on customer satisfaction survey of Gautrain customers	Two reports on the 2 bi-annual surveys conducted in 2013/14	Results of 2 customer satisfaction surveys.	Customer satisfaction survey's	Survey planned.	Survey conducted and results reported.	Survey planned.	
Strategic Oriented Goal 2: To ensure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal									
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	Monitor fare evasion according to the CA.	4 Quarterly fare evasion progress reports.	Fare evasion quarterly report	Minutes of Fare Evasion meetings.	1 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	
Ensure that the management of the relationship with the Concessionaire optimises performance delivery.	10	Adherence to the agreed timelines between the parties.	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa.	Litigation Report	Manco minutes and updated Gantt charts	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	
To monitor, evaluate and assess the Safety and legislative compliance of the Concessionaire.	11	Number of reviews on compliance conducted on Health and Safety, and legislative compliance (conducted by an external provider).	1	Review close out report	Close out report	0	0	1	

GAUTRAIN MANAGEMENT AGENCY REPORT OF PERFORMANCE INFORMATION FOR FINANCIAL YEAR 2014/15 .

	PLAN		ACTUAL					VARIANCE	REPORT FREQUENCY	COMMENTS
	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
in all performance related matters										
	3	12	2	3	3	4	12	0	Monthly	
	3,000,000	11,600,000	3,714,659	3,368,755	3,583,089	3,745,586	14,412,089	2,812,089	Quarterly	The Gautrain continues to increase passenger numbers through providing reliable means of transport
	900,000	3,400,000	1,231,059	1,299,413	1,156,120	1,230,254	4,916,846	1,516,846	Quarterly	The Gautrain passengers utilising the buses continues to increase through providing reliable distribution and feeder system to the Gautrain
	85%	85%	25%	50%	75%	99%	99%	14%	Quarterly	
	1	4	1	1	1	1	4	0	Quarterly	
	Quarterly progress report regarding CA compliance and/or PVN's issued	4 Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	4 Quarterly progress report regarding CA compliance and/or PVN's issued	0	Quarterly	
	Quarterly progress report regarding CA compliance and/or PVN's issued	4 Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	Quarterly progress report regarding CA compliance and/or PVN's issued	4 Quarterly progress report regarding CA compliance and/or PVN's issued	0	Quarterly	
	Survey conducted and results reported.	Two reports on the 2 bi-annual surveys conducted	Survey planned.	Survey conducted and results reported.	Survey conducted.	Survey conducted and results reported.	Two reports on the 2 bi-annual surveys conducted.	0	Bi - Annually	
benefit of Gauteng Province, its residents and visitors.										
	1 Quarterly fare evasion progress report.	4 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	1 Quarterly fare evasion progress report.	4 Quarterly fare evasion progress report.	0	Quarterly	
	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Gantt chart provided indicating adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Gantt chart provided indicating adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Gantt chart provided indicating adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Gantt chart provided indicating adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	Gantt chart provided indicating adherence to the timelines as agreed by the parties or as determined by Arbitration Foundation of Southern Africa	0	Quarterly	
	0	1	0	0	0	0	0	-1	Annually	The audit was completed in May 2015

Strategic Objective	Key Performance Indicators	Annual Target 2014/2015	Evidence provided as proof of delivery of target	Means of verification	PLAN				
					Q1	Q2	Q3		
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.	12	Nature of audit opinion.	Clean audit report.	Audit report from Auditor General.	Minutes of Board noting the report.	N/A	N/A	N/A	
	13	No of cases of irregular expenditure cases reported.	Zero cases of irregular expenditure.	Audit report from Auditor General.	Minutes of Board noting the report.	0	0	0	
Ensure appropriate management of the GMA Budget in respect of Operational expenditure excluding the patronage guarantee, Capex and future System expansion projects.	14	% expenditure of the GMA budget in respect of Operational expenditure excluding the Patronage Guarantee, Capex and future System expansion projects	0% over expenditure and less than 12.5 % underspent.	Financial Statements signed by the CEO.	Minutes of Board approving financial statements.	0% over expenditure and less than 12.5 % underspent	0% over expenditure and less than 12.5 % underspent	0% over expenditure and less than 12.5 % underspent	
To procure goods and services in respect of the discretionary portion of the Operational Expenditure according to the GMA Board BBBEE targets by 2017. The discretionary portion excludes the Patronage Guarantee, Capex and future system expansion projects.	15	% of BBBEE expenditure awarded to HDI's.	60%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	60% of actual spend	60% of actual spend	60% of actual spend	
	16	% of BBBEE expenditure awarded to women.	20%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	20% of actual spend	20% of actual spend	20% of actual spend	
	17	% of BBBEE expenditure awarded to Youth.	7%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	7% of actual spend	7% of actual spend	7% of actual spend	
	18	% of BBBEE expenditure awarded to PWD's.	1%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	1% of actual spend	1% of actual spend	1% of actual spend	
	19	% of BBBEE expenditure awarded to QSE.	5%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	5% of actual spend	5% of actual spend	5% of actual spend	
	20	% of BBBEE expenditure awarded to EME.	5%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	5% of actual spend	5% of actual spend	5% of actual spend	
	21	% of BBBEE expenditure awarded to Local Content for designated sector.	50%	SCM report signed by the CEO.	Minutes of Social and Ethics Committee noting SCM expenditure.	50% of actual spend	50% of actual spend	50% of actual spend	
To ensure compliance with supply chain management policies and procedures.	22	% of Tenders (RFP) that comply with the GMA Competitive Bidding Checklist.	100%	SCM Report signed by the CEO	Minutes of the Finance and Asset Committee approving the Report	100%	100%	100%	
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets.	23	Management of the GMA Assets complied with GMA Asset Management policies and procedures.	100%	Asset Management Report.	Minutes of the Finance and Asset Committee approving the Report	100%	100%	100%	

GAUTRAIN MANAGEMENT AGENCY REPORT OF PERFORMANCE INFORMATION FOR FINANCIAL YEAR 2014/15 .

	PLAN		ACTUAL					VARIANCE	REPORT FREQUENCY	COMMENTS
	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
	Clean audit report.	Clean audit report.	N/A	N/A	N/A	Clean audit report.	Clean audit report.	0	Annually	
	0	0	0	0	0	0	0	0	Annually	
	0% over expenditure and less than 12.5 % underspent	0% over expenditure and less than 12.5 % underspent	0% over expenditure and 21 % underspent	0% over expenditure and 13.5 % underspent (Q1+Q2)	0% over expenditure and 12.9 % underspent (Q1-Q3)	0% over expenditure and 0.36% underspent (Q1-Q4)	0% over expenditure and 0.36% underspent (Q1-Q4)	12.14%	Annually	Development of procurement plans and monitoring of expenditure on a quarterly basis assisted GMA to spend within its allocated budget
	60% of actual spend	60% of actual spend	59% of actual spend	89% of actual spend (Cumulative)	87% of actual spend (Cumulative)	86% of actual spend (Cumulative)	86% of actual spend (Cumulative)	26%	Quarterly	Service Providers with HDI ownership were encouraged to register in the GMA database so they are able to participate in the procurement process
	20% of actual spend	20% of actual spend	6% of actual spend	8% of actual spend (Cumulative)	9% of actual spend (Cumulative)	8% of actual spend (Cumulative)	8% of actual spend (Cumulative)	-12%	Quarterly	12 % variance noted (Not achieved)
	7% of actual spend	7% of actual spend	3% of actual spend	3% of actual spend (Cumulative)	4% of actual spend (Cumulative)	8% of actual spend (Cumulative)	8% of actual spend (Cumulative)	1%	Quarterly	Service Providers with Youth ownership were encouraged to register in the GMA database so they are able to participate in the procurement process
	1% of actual spend	1% of actual spend	0.33% of actual spend	0.17% of actual spend (Cumulative)	0.10% of actual spend (Cumulative)	0.05% of actual spend (Cumulative)	0.05% of actual spend (Cumulative)	-0.95%	Quarterly	0.95 % variance noted (Not achieved)
	5% of actual spend	5% of actual spend	3% of actual spend	3.44% of actual spend (Cumulative)	4% of actual spend (Cumulative)	17% of actual spend (Cumulative)	17% of actual spend (Cumulative)	12%	Quarterly	QSE Service Providers were encouraged to register in the GMA database so they are able to participate in the procurement process
	5% of actual spend	5% of actual spend	4% of actual spend	3.4% of actual spend (Cumulative)	2.34% of actual spend (Cumulative)	1.93% of actual spend (Cumulative)	1.93% of actual spend (Cumulative)	-3.07%	Quarterly	3.07 % variance noted (Not achieved)
	50% of actual spend	50% of actual spend	No procurement related to designated sectors for local content was procured in Q1	No procurement related to designated sectors for local content was procured in Q2	No procurement related to designated sectors for local content was procured in Q3	No procurement related to designated sectors for local content was procured in Q4	No procurement related to designated sectors for local content was procured in Q1-Q4	0%	Quarterly	No procurement related to designated sectors for local content was procured in Q1 - Q4.
	100%	100%	100%	100%	100%	100%	100%	0%	Quarterly	
	100%	100%	100%	100%	100%	100%	100%	0%	Quarterly	

Strategic Objective	Key Performance Indicators	Annual Target 2014/2015	Evidence provided as proof of delivery of target	Means of verification	PLAN				
					Q1	Q2	Q3		
Strategic Oriented Goal 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate									
Efficient administration over the Corporate Governance and Oversight Function.	24	% implementation of the plan on Board Capacitation Strategy.	100% implementation and review	Implementation Plan on Board Capacitation Strategy	Board minutes noting the implementation plan on Board Capacitation Strategy	0	Implementation of the plan on Board Capacitation Strategy 50%	0	
Ensure compliance of internal controls in all divisions.	25	% compliance with the key control dashboard	90%	Key Control Dashboard Report	Minutes of the Audit and Risk committee approving the report	90%	90%	90%	
Ensure a secure and reliable information technology environment.	26	Compliance with the approved IT strategy	100%	Approved strategy and plan + 6 months report on actual against planned delivery.	Board minutes noting progress.	100%	100%	100%	
Ensure the effective identification and mitigation of risk across all functions.	27	% mitigation actions in the risk registers implemented or up to date.	90%	Risk Registers	Audit and Risk Committee approving the risk registers	90%	90%	90%	
To contribute to the achievement and development of GMA as a high performing organization.	28	% Implementation of an organizational performance management system aligned to the APP.	100%	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.	100%	100%	100%	
	29	% alignment of organisational structure to organisational strategy.	100 % development and implementation	Board approved structure.	Board minutes.	Draft proposed structures.	Structures approved by the Board.	Structures implemented.	
	30	% implementation of leadership development programme	100% implementation.	Approved implementation plan.	MANCO minutes.	Approved development program	Implementation 50%	Implementation 75%	
	31	Optimise the Quality Assurance System	Review all Quality Assurance procedures and audits of the existing GMA assurance process within the Technical Unit	Proof of reviews and amendments of procedures, audit reports and project where applicable.	Approved QA Procedures (Technical) and approved audit reports.	QA procedure review and audit plan compiled and approved by SEM Technical Services	Minimum of two procedural audits and three procedure reviews.	Minimum two procedural audits and three procedure reviews.	
To maintain a culture and practice of compliance with legislation and policies.	32	% Completion of annual policy reviews.	100%	Approved policies	Register of approved policies	25%	50%	75%	
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 Gauting Provincial Government (as shareholder).	33	% implementation of the Action Plan emanating from the MEC's engagements with Board.	90%	Action plan from the MEC engagement with the Board	Minutes of Board approving the plan and noting progress.	0%	90%	0	
Ensure that the GMA develops and maintains a proactive and professional approach with respect to identified stakeholders.	34	% development and implementation of a communication strategy and plan that identifies all key stakeholders and sets out an annual plan of engagement for each category of stakeholder.	80% implementation	Progress report on the implementation of the strategy	Social and Ethics Committee Minutes	Draft strategy 20%	Approved Strategy 40%	Roll out of plan for 1 quarter 60%	

GAUTRAIN MANAGEMENT AGENCY REPORT OF PERFORMANCE INFORMATION FOR FINANCIAL YEAR 2014/15 .

	PLAN		ACTUAL					VARIANCE	REPORT FREQUENCY	COMMENTS
	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
Governance and Legal Compliance.										
Implementation of the plan on Board Capacitation Strategy (100%)	Implementation of the plan on Board Capacitation Strategy (100%)	0	Implementation of the plan on Board Capacitation Strategy 72%	0	Implementation of the plan on Board Capacitation Strategy (100%)	Implementation of the plan on Board Capacitation Strategy (100%)	0%	Bi-annually		
90%	90%	90%	90%	90%	90%	95%	95%	5%	Quarterly	Management implemented and monitored key internal controls on a quarterly basis
100%	100%	93%	97%	99.5%	100%	100.0%	100.0%	0.0%	Annually	
90%	90%	63%	76%	86%	93%	93%	93%	3%	Quarterly	Management continues to do a risk assessment and implement mitigating actions on a continuous basis
100%	100%	100%	90%	96%	100%	100%	100%	0%	Quarterly	
Structures implemented.	100 % development and implementation	Approved structure submitted	Structures approved by the Board.	Implementation of the structure is ongoing.	Implementation of the structure is ongoing.	Implementation of the structure is ongoing.	Implementation of the structure is ongoing.	0	Annually	
Implementation 100%	Implementation 100%	Approved development program	Implementation 90%	Implementation 100%	Implementation 100%	Implementation 100%	Implementation 100%	0%	Annually	
Minimum two procedural audits and three procedure reviews.	Review all Quality Assurance procedures and audits of the existing GMA assurance process within the Technical Unit	QA procedure reviewed and audit plan compiled and approved by SEM Technical Services	Two procedural audits and three procedure reviews.	Three procedural audits and three procedure reviews.	Two procedural audits and three procedure reviews.	Seven procedural audits and nine procedure reviews.	1 procedural audit better than planned	Quarterly		
100%	100%	100%	100%	100%	100%	100%	100%	0%	Quarterly	
90%	90%	0%	57%	0%	33%	90%	90%	0%	Bi-annually	
Roll out of plan for 2 quarters 80%	Roll out of plan for 2 quarters 80%	Strategy approved and 25% implemented	Approved Strategy 45%	Roll out of 70%	Roll out of plan for 2 quarters 80%	Roll out of plan for 2 quarters 80%	0%	Bi-annually		

Strategic Objective	Key Performance Indicators	Annual Target 2014/2015	Evidence provided as proof of delivery of target	Means of verification	PLAN			
					Q1	Q2	Q3	
Strategic Oriented Goal 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted								
To monitor and verify total job creation targets achieved by the Concessionaire with regards to the SED obligations.	35	Verify compliance with the CA regarding jobs created.	1318	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	329	329	330
To monitor and verify total amount of expenditure incurred by the concessionaire with regards to SA Material, Plant and Equipment.	36	Verify compliance with the CA regarding total amount (R'000) spend on SA Material, Plant and Equipment.	R 60 000	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	R15,000	R15,000	R 15,000
To monitor and verify total amount of procurement awarded to New (and existing) BE's by the concessionaire.	37	Verify compliance with the CA regarding total amount (R'000) spend on procurement.	R 318 000	Verification information as held by the Independent Socio Economic Monitor.	Independent verification by ISEM.	R80,000	R80,000	R 80,000
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, PRASA, ORTIA and the three metropolitan authorities to implement the ITMP25 plan.	38	GMA involvement through meetings and projects	Quarterly reports on progress regarding joint development	Minutes of Meetings and projects where applicable.	Minutes signed off by SEM: Technical Services	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development
Integration of GMA strategic initiatives with the ITMP25 plan	39	Development of future System extension plan.	Review and monitor execution against phase 1 GMA plan	Copy of Plan.	MANCO minutes.	Plan approved by the Board for phase 1	Review and monitor execution of plan – 20% complete	Review and monitor execution of plan – 40% complete
Ensure effective facilitation of integration with other modes of transport at Gautrain stations.	40	Initiatives implemented by GMA that support integration of modes.	1	Record of implementation of initiative or signed agreement.	Signed off by CEO.	0	0	0
Ensure the integration of Gautrain feeder and distribution services with municipal bus and minibus taxi services.	41	Number of new agreements with other operators that increases Gautrain feeder service.	1	Signed agreement.	Verified by the CEO.	0	0	0
Ensure the development of a regime of public transport ticket interoperability.	42	Monitor the develop and implementation of ticket interoperability(EMV) system	30% of Pilot implemented at two station per month.	Progress report of actual against planned delivery submitted to GMA Board	Board minutes noting progress.	Provide EMV – Progress report	Provide EMV – Progress report	10% implementation or as per project plan
Strategic Oriented Goal 8: Limit the financial exposure of the GMA in terms of the Concession Agreement								
To ensure the availability of capacity and services to manage the financial exposure of the GMA	43	Development of future expansions to the System and monitor the completion of the asset expansion plan for 2014 – 2026 under control of the GMA.	Review and monitor execution against updated GMA plan	Copy of the Plan	Manco minutes	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports
	44	Feasibility studies and/or Technical projections report completed for expansions/extensions for future years.	Update Feasibility report on proposed expansion plan for the System	Feasibility study / Technical projections/ progress report approved/signed off by the CEO	Manco minutes	0	0	0
Strategic Oriented Goal 9: Maintain the System Assets in terms of the life cycle								
To assure that the Concessionaire meets its obligations regarding the maintenance of the system assets.	45	Compliance with industry practice regarding asset maintenance.	12	Monthly reviews done on C's reports received and minutes of meetings.	Reviews and minutes	2	3	3
	46	System and station inspection reports.	12 System/ Rolling stock and 80 Stations/ Condition inspections	Inspection report filled in according to required format with photoGraphs	Technical meeting minutes reflect consideration of non-conforming reports from the Operator.	3 System/ Rolling stock and 20 Stations condition inspections	3 System/ Rolling stock and 20 Stations condition inspections	3 System/ Rolling stock and 20 Stations condition inspections
	47	System and station cleanliness reports	70 Station and 10 Rolling stock cleanliness inspections analysed.	Inspection report filled in according to required format with photoGraphs.	Technical meeting minutes reflect consideration of non-conforming reports and/or replies on reports from the Operator.	20 Station and 2 Rolling stock cleanliness inspections analysed.	20 Station and 2 Rolling stock cleanliness inspections analysed.	10 Station and 3 Rolling stock cleanliness inspections analysed.

GAUTRAIN MANAGEMENT AGENCY REPORT OF PERFORMANCE INFORMATION FOR FINANCIAL YEAR 2014/15 .

	PLAN		ACTUAL					VARIANCE	REPORT FREQUENCY	COMMENTS
	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL			
job creation and support of BE's and SMME's in the Province.										
	330	1318	459	468	473	424	1,824	506	Monthly	
	R 15,000	R60,000	R38,084	R37,840	R33,280	R29,923	139,127	79;127	Monthly	
	R 78,000	R318,000	R170,451	R174,000	R179,000	171,181	694,632	376,632	Monthly	
and implementation of integration strategies										
	Quarterly reports on progress regarding joint development	4 Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	Quarterly reports on progress regarding joint development	0	Quarterly	
	Review and monitor execution of plan – 70% complete	Review and monitor execution of plan – 70% complete	Plan approved by Manco	Review and monitor execution of plan – 22% complete	33% complete	43% complete	43% complete	-27%	Quarterly	Not Achieved due to late award of tender. Thus progress is behind schedule.
	1	1	0	0	0	1	1	0	Annually	
	1	1	0	0	0	1	1	0	Annually	
	30% implementation or as per project plan	30% implementation or as per project plan	EMV report noted at Manco for Board submission	EMV report noted at Manco for Board submission	EMV tender advertised - 25% implementation per project plan	EMV tender advertised - 40% implementation per project plan	40%	10%	Quarterly	Activities were planned and monitored against the actual work done against the plan.
	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	Project plan and monitoring of the plan through quarterly reports	0	Quarterly	
	1	1	0	1	0	1	2	1	Annually	The report was fast-tracked to ensure that subsequent work can commence on time
	4	12	2	3	3	4	12	0	Monthly	
	3 System/ Rolling stock and 20 Stations condition inspections	12 System/ Rolling stock and 80 Stations/ Condition inspections	1 System/ Rolling stock and 20 Stations condition inspections	3 System/ Rolling stock and 25 Stations condition inspections	3 System/ Rolling stock and 20 Stations condition inspections	5 System/ Rolling stock and 15 Stations condition inspections	12 System/ Rolling stock and 80 Stations condition inspections	0	Monthly	
	20 Station and 3 Rolling stock cleanliness inspections analysed.	70 Station and 10 Rolling stock cleanliness inspections analysed.	24 Station and 2 Rolling stock cleanliness inspections analysed.	20 Station and 3 Rolling stock cleanliness inspections analysed.	16 Station and 0 Rolling stock cleanliness inspections analysed.	20 Station and 7 Rolling stock cleanliness inspections analysed.	80 Station and 12 Rolling stock cleanliness inspections analysed.	10 Station cleanliness and 2 Rolling stock inspections better than planned	Monthly	Additional inspection were conducted and analysed to ensure conformance

Rhodesfield

10 minutes
4 hours p

SUNG

Sledge
NOW

12680

CONTINENTAL - G (JV)



SECTION K

Abbreviations

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
ATS	Alexandra Transport Solutions
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
CA	Concession Agreement
CCTV	Closed Circuit Television
CEO	Chief Executive Officer
CJV	Construction Joint Venture
Concessionaire	Bombela Concession Company (Pty) Ltd
CV	Contingent Valuation
DFDS	Dedicated Feeder and Distribution Services, or bus services
DRB	Dispute Resolution Board
DWS	Department of Water and Sanitation
EE	Employment Equity
EIA	Environmental Impact Assessment
EMC	Environmental Management Committee
EMP	Environmental Management Plan
EP	Extended Phase
GDARD	Gauteng Department of Agriculture and Rural Development
GDRT	Gauteng Department of Roads and Transport

GIS	GeoGraphic Information System
GMA	Gautrain Management Agency
GMA Act	Gautrain Management Agency Act, No 5 of 2006
GPG	Gauteng Provincial Government
GPS	General Passenger Service
GTIA	Gauteng Transport Infrastructure Act, No 8 of 2001
HDI	Historically Disadvantaged Individuals
HR	Human Resources
I&AP	Interested and Affected Party
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	Member of the Executive Council (for Roads and Transport, Gauteng)
MTEF	Medium Term Expenditure Framework
NEMA	National Environmental Management Act
NLTA	National Land Transport Act, Act 5 of 2009
OCD	Operating Commencement Date
OCDS	Overhead Catenary Distribution System
O&M	Operations and Maintenance
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 Holiday
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
SFDS	Shuttle Feeder and Distribution Service
SHEQ	Safety, Health, Environment and Quality
SLA	Service Legal Agreement
SMMEs	Small, Medium and Micro Enterprises
SIP	Social Investment Policy
SITA	State Information Technology Agency
TIA	Traffic Impact Assessment
TRAC SA	Technology and Research Activity Centre of South Africa
TVM	Ticket Vending Machine
UPEC	Unknown Pre-Existing Contamination
WMC -	Water Management Corridor



GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

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