



GAUTRAIN MANAGEMENT AGENCY

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GAUTRAIN MANAGEMENT AGENCY INTEGRATED ANNUAL REPORT 2019/20



**INTEGRATED
ANNUAL REPORT
2019/20**

ICONS USED IN THIS INTEGRATED ANNUAL REPORT



Financial capital



Manufactured capital



Intellectual capital



Human capital



Social and relationship capital



Natural capital

GMA STRATEGIC OUTCOMES

1

To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters.

2

To ensure that the obligations of the Concessionaire are met and that the Concessionaire Agreement (CA) is managed for the optimal benefit of the Gauteng Province, its residents, users and visitors.

3

To ensure sound financial management of all Gautrain Management Agency (GMA) revenue sources and to safeguard the assets of the Project. To ensure that the Concessionaire meets its obligations regarding the maintenance of the System to the benefit of the Project and the Gauteng Province.

4

To enhance the management of the CA through entrenching an environment of strong corporate governance and legal compliance.

5

To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders.

6

To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of Black Entities (BEs) and Small, Medium and Micro Enterprises (SMMEs) in the Province.

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.

8

To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.



TABLE OF CONTENTS

SUBMISSION OF THE GAUTRAIN MANAGEMENT AGENCY ANNUAL REPORT TO THE EXECUTIVE AUTHORITY	3
FOREWORD BY THE MEC	4
LEADERSHIP OVERVIEW AND OUTLOOK	6
Chairperson's Foreword	6
Past Chief Executive Officer's Foreword	8
Incoming Chief Executive Officer's Outlook	10
VALUE CREATED	12
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE INTEGRATED ANNUAL REPORT	13
SECTION A: INTEGRATED REPORTING	14
1. About the Integrated Report	15
2. Reporting Philosophy	15
3. GMA's Definition of Materiality	15
4. Assurance Approach	16
5. Reporting Approach	16
SECTION B: ABOUT THE GAUTRAIN MANAGEMENT AGENCY	18
1. GMA Versus Gautrain	19
2. GMA Mandate	19
3. GMA in Broader Landscape: GPG and Bombela	20
4. GMA's Constitutional Mandate	20
5. GMA's Legislative Mandate	20
6. GMA's External Environment	21
7. Organisational Structure and Human Capital High Level Management	22
SECTION C: GMA STRATEGY AND RESOURCE ALLOCATION	24
1. Our Vision, Values and Strategic Goals	25
2. Material Issues Relating to GMA and Resource Allocation	25
3. Key Risks and Opportunities Arising from the GMA Strategy and Resource Allocation	25
4. GMA's Business Model and Value Creation	26
5. Financial Arrangements of the Gautrain	28
6. Strategic Performance Overview	28
SECTION D: RISKS AND OPPORTUNITIES	30
1. Progress During Period under Review	31
2. Enterprise-Wide Risk Management Framework	31
3. Summary of Major Risks as per the Risk Register	32
4. Constraints	34
5. Opportunities	35
6. Relevant Outcomes	35
7. Future Focus	35
SECTION E: CORPORATE GOVERNANCE AND ETHICS	36
1. Corporate Governance Overview	37
2. Corporate Governance and Ethics	51
3. Internal Audit	52

SECTION F: PERFORMANCE: GMA ACTIVITIES	54
1. Socio-Economic Development	55
2. Human Capital Management	58
3. ICT Governance	64
4. Knowledge Management	67
5. Communication and Marketing	69
6. Compliance and Legal Services	73
7. Social Investment Programmes	75
8. Community Partnerships	77
SECTION G: PERFORMANCE: PROJECT-RELATED ACTIVITIES	78
1. Train Operations	79
2. Feeder and Distribution Operations	82
3. Performance Management	84
4. Station Operations	85
5. System Security	87
6. System Capacity and Expansions	88
7. Asset Maintenance, Management and Assurance	90
8. Fare Evasion Management	93
9. Revenue Management and Fare Optimisation	94
10. Integration Management of the Gautrain with Government's Transport Systems	96
11. Land Acquisition and Wayleave Management	97
12. Planning for Future Capacity	99
13. Planning for the Future	100
14. Variations	102
SECTION H: CORPORATE HEALTH, SAFETY AND ENVIRONMENT	104
1. Performance during Period under Review	105
2. Relevant Outcomes	107
3. Future Focus	107
SECTION I: ANNUAL FINANCIAL STATEMENTS	108
SECTION J: PERFORMANCE AGAINST OBJECTIVES (APP)	165
Strategic-Oriented Goal 1	166
Strategic-Oriented Goal 2	168
Strategic-Oriented Goal 3	170
Strategic-Oriented Goal 4	172
Strategic-Oriented Goal 5	174
Strategic-Oriented Goal 6	174
Strategic-Oriented Goal 7	176
Strategic-Oriented Goal 8	176
ANNEXURE A: GMA'S APPLICATION OF KING IV FOR THE 2019/20 FINANCIAL YEAR	178
1. Introduction	179
2. Disclosure on the Application of King IV	179
3. Conclusion	183
GLOSSARY	184



SUBMISSION OF THE GAUTRAIN MANAGEMENT AGENCY ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

The Accounting Authority of the Gautrain Management Agency hereby presents the GMA Integrated Annual Report for the year ended 31 March 2020 to the Executive Authority.

Signed on 15 October 2020 on behalf of the GMA Board.

Mr Mogopodi Mokoena
Chairperson GMA Board

FOREWORD BY THE MEC



The Gauteng Provincial Government celebrates Gautrain – one of its most ambitious projects. In the space of a couple of years the Gautrain has proven to be more than just a train, it has been a catalyst for spatial transformation and a beacon of excellence and efficiency.

Over a decade the team at the Gautrain Management Agency (GMA) together with the Concessionaire, Bombela Concession Company, have ensured that the people of our Province have access to a world-class public transport service with an average availability of 99.66% that is 99.8% on time. This has gained the GMA a reputation of efficiency, reliability, and a good benchmark locally and across the globe.

The story of the Gautrain would not be complete without recognising the catalytic role it has played in transforming the space economy of Gauteng. According to research many new developments (housing and business) have been taking place along the Gautrain line. According to the 2019 Hatch impact study, the Gautrain has continued to deliver jobs and investment in Gauteng. For every R10 million spent on construction work, 45 jobs were supported directly via supply chain and wage spend.

It is through the outstanding leadership of the GMA Board under the stewardship of Mr Mogopodi Mokoena and the discipline and dedication of staff that we have maintained a good culture of governance. As a result, year in and year out, the GMA keeps achieving clean audits.

“As the GPG seek ways to grow Gauteng together, smart mobility has been identified as a key building block that will to transform the public transport space.”

Gautrain gives us a huge opportunity to build on the legacy that already exists. As we seek ways to grow Gauteng together, we have identified smart mobility as a key building block that will help us transform the public transport space and assist in positioning Gauteng as the internal hub for freight and logistics.

With the assistance of the GMA team we have already started the important work of leveraging technology that already exists in the Agency to build a more integrated data management centre to monitor the Province’s transport network. If we are indeed to build a smart transport value chain, we should take the successes that have been achieved through the Gautrain and apply them to other modes. These include technological innovations such as the automated fare collection system that accepts debit and credit cards at the various fare gates.

The GMA’s collaboration with minibus taxi associations in the provision of the midibus service is a clear indication that integration of different modes of transport is not a pipe dream. This brings us even closer to the sixth administration’s vision of integrating public transport for the easy movement of the commuting public.

In the year under review the GMA team welcomed a new Chief Executive Officer, Mr William Dachs, a trusted and steady hand to manage the expansion of the Gautrain into the future. Mr Dachs takes over from Mr Jack van der Merwe who is an authority in matters of transport here in the country and abroad.

The partnerships that the GMA has forged with other stakeholders have played a huge role in making the Gautrain the success story that it has been over the past decade. I would like to thank our partners Bombela Concession Company, Transnet, the Passenger Rail Agency of South Africa, the Airports Company of South Africa, Metropolitan Municipalities of Ekurhuleni, Tshwane and Johannesburg for their unwavering support.

Mr Jacob Mamabolo
Gauteng MEC for Public Transport and Roads Infrastructure

LEADERSHIP OVERVIEW AND OUTLOOK



CHAIRPERSON'S FOREWORD

It is my privilege to present the Integrated Annual Report for the period 1 April 2019 to 31 March 2020 on behalf of the Gautrain Management Agency (GMA). This is the second Integrated Annual Report released during my tenure as Chairperson of the Board at GMA.

The GMA has continued to promote the Gauteng Provincial Government's (GPG) initiative which is to bring about transformation, modernisation and re-industrialisation of Gauteng through smart mobility. The Board has thus provided strategic direction and oversight that ensured that the GMA operates in a sustainable manner with clear commitment to the socio-economic imperatives of the GPG.

I am happy to report that the GMA has, through Gautrain, continued to meet and exceed the Socio-Economic Development (SED) targets, thus positively contributing to the Gauteng economy. These SED deliverables demonstrate the benefits of a project such as Gautrain to the economy of the Province. In the year under review, the GMA's Social Investment Programme (SIP) has also contributed to the achievement of social development objectives in education and community care with a disbursement of almost R8 million to beneficiaries, NGOs and academic institutions.

The GMA Board has completed the second year of its term and has continued to provide governance oversight to the GMA. The Board has moved towards an outcome-based approach with regards to the application of the King IV principles. GMA's governance structures and processes remain robust and the Board is confident that the Agency's compliance standards are intact, thus giving the Board comfort that the business will be sustained. There has been a continuous improvement

"Gratitude goes to the GMA Board who has provided strategic direction and oversight that ensured that the GMA operates in a sustainable manner."

in the maturity of the risk management within the Agency. As a third line of defence, independent risk assurance is undertaken by both the internal and external auditors, who in turn provide independent assurance and controls on the effectiveness of risk management across the Agency's work.

2019/20 Highlights

In the year under review the Board gave special attention and approval to the following among others:

- Public transport ticketing interoperability;
- Settlement of the Operating Period disputes;
- Review of Policies and Key documents for 2020/21;
- Establishment of a Transport Authority for Gauteng Global City Region; and
- Service Level Agreement between the Gauteng Department of Roads and Transport, GMA and the Transport Authority of Gauteng.

In the wake of the current crisis of the COVID-19 pandemic in the country and globally, GMA and Gautrain need to relook at how we do business. Given the level of uncertainty about the economy, and future ridership in the next 12–18 months, coupled with a shift to remote working issues top of mind for the Agency include:

- Monitoring the impact on ridership;
- Awareness of new legislation, and ensuring comprehensive business continuity thinking that is relevant to the current crisis; and
- Monitoring and maintaining an effective internal control environment, considering changes as a result of updated policies and procedures, increased cyber security and data privacy issues, and displacement of staff.

On behalf of the Board, I would like to give my gratitude to Mr Jack van der Merwe, the past CEO. Mr van der Merwe has worked tirelessly on the Gautrain Project and it has been a pleasure and honour to work with him. His impact on the Gautrain Project and the transport industry in the Province goes far beyond what can be seen on paper.

I also offer my sincere congratulations to Mr William Dachs upon his assumption of his new responsibilities as the new CEO of the GMA. His skills and experience will be invaluable in leading the GMA forward. The Board pledges to support Mr Dachs and look forward to productive co-operation.

Thank you to all my fellow Board Members for their insight, dedication and commitment in executing the oversight role of the GMA activities during the Financial Year. Let me take this opportunity to commend the Management team as well as the entire GMA staff for their commitment to deliver on the programmes set out in the Annual Performance Plan. I would also like to thank all stakeholders and the GPG for their support. Gratitude also goes to the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane for their co-operation.

Lastly, I also wish to thank MEC Jacob Mamabolo and staff of the Gauteng Department of Roads and Transport for all the support and leadership.

Mr Mogopodi Mokoena
GMA: Board Chairperson



PAST CHIEF EXECUTIVE OFFICER'S FOREWORD

The Gautrain Rapid Rail Link has become an integral part of the public transport system in the Gauteng City Region. On 8 June 2020, it was ten years since the Gautrain's first trip, and it has continued to change the perception of public transport in the Province. The Project itself has continued to contribute to the Gauteng Provincial Government's strategic initiatives that focus on economic development, jobs and smart mobility.

The Gautrain Management Agency (GMA) has once again received a clean audit from the Auditor-General of South Africa, which makes it the eight consecutive year of such an achievement. This consistent achievement is only possible through the dedication and commitment of each staff member of the GMA, sound corporate governance, responsible financial management, a zero tolerance to non-practices and guidance and oversight by the GMA Board and its Committees. A special word of thanks to everybody involved. Let us aim to make it a ninth-in-a-row next year.

In the year under review, the GMA has made good progress in terms of the oversight of the Concessionaire, ensuring that there is a high level of operational efficiency and that the Gautrain continues to be a public transport service which is safe, dependable, reliable and a preferred alternative to the use of private vehicles.

"To my successor – you are inheriting a dedicated and knowledgeable team that will support you in achieving even loftier goals and aspirations for the GMA. I wish you well for all your future endeavours with the GMA."

The train service operations achieved an average availability of 99.66% whilst maintaining punctuality of 98.11%. This was backed up by the good property safety and security within the System. Fare evasion was below the required level and did not exceed 0.04%. The roll-out of the changes to the automated fare collection system to accept debit and credit cards at the various fare gates was successful and well received by users of the System.

The 2019/20 Financial Year has seen several achievements – the Socio-Economic Development (SED) targets were met and exceeded as the Gautrain Project continued to contribute positively to the Gauteng economy and GMA contributed to the achievement of social development objectives in education and community care through the Social Investment Programme. Almost R8 million was disbursed to beneficiaries, including academic institutions. The planning of the network extensions continued with the preliminary route alignment for Phase I of the Gauteng Rapid Rail Integrated Network.

The year has not been without its challenges. Towards the end of the year under review, the COVID-19 pandemic negatively impacted the environment, increasing volatility and lowering the rates of economic growth in the metropolitan areas served by the Gautrain. In turn, this significantly decreased passenger trips and revenue. The GMA continued to engage with the Concessionaire to implement a strategy to attract passengers to use the Gautrain services again.

I am glad to have led the GMA as an organisation that manages the Concessionaire to ensure a high level of service excellence through constant monitoring and application of a penalty regime. For consistent improvement the GMA must continue to innovate to get the Gautrain System to work better, whilst not compromising on pillars of sustainability and good governance.

I am proud to have led the professional management team of the GMA and would like to thank them, along with all the staff, for their hard work and dedication. Your teamwork during the past years has shown that the collective is greater than its parts. I am proud of what the GMA has become today. To my successor – you are inheriting a dedicated and knowledgeable team that will support you in achieving even loftier goals and aspirations for the GMA. I wish you well for all your future endeavours with the GMA.

I would like to thank the GMA Board under the leadership of Mr Mogopodi Mokoena for their unwavering support and governance oversight. Finally, I would like to thank the MEC of Public Transport and Roads Infrastructure, Mr Jacob Mamabolo, for his ongoing support over the years.

Mr Elzer (Jack) van der Merwe
Past CEO: GMA



"The focus of the GMA is in two areas; growing the confidence of the public in Gautrain as a safe and reliable public transport system in a COVID-19 world and maintaining our long term planning objectives so as to deliver expanded and extended rail systems in Gauteng. The shorter and longer term focus areas come together under a single theme – Short Term Actions To Achieve Long Term Goals."

INCOMING CHIEF EXECUTIVE OFFICER'S OUTLOOK

On 15 March 2020, forty four days after my appointment as the incoming CEO of the GMA, the President of the Republic of South Africa declared a national state of disaster in terms of the National Disaster Management Act, Act 57 of 2002 in response to the Coronavirus pandemic. This was sixteen days before the end of the Financial Year that is the subject of this Integrated Annual Report. On 28 March 2020, the Minister of Transport directed that all rail systems in the country were to cease operations with immediate effect and the Gautrain train and bus services were suspended as part of the ensuing lockdown.

Up until March 2020, the GMA had been on track to achieve all its Annual Key Performance Indicators, especially those relating to increasing the ridership on trains and buses. This was in no small part to the efforts of the GMA and the Concessionaire to implement measures to attract and retain passengers through excellence in operational performance, targeted marketing and communication and improved service offerings.

The Coronavirus, the lockdown and its significant impact on public transport in general and Gautrain is particular required an immediate and focused response. We are proud that Gautrain was among the first public transport systems to reopen in early May 2020 and we are proud that it did so safely and with minimum disruption from theft and vandalism of assets that bedevilled other national infrastructure assets in South Africa.

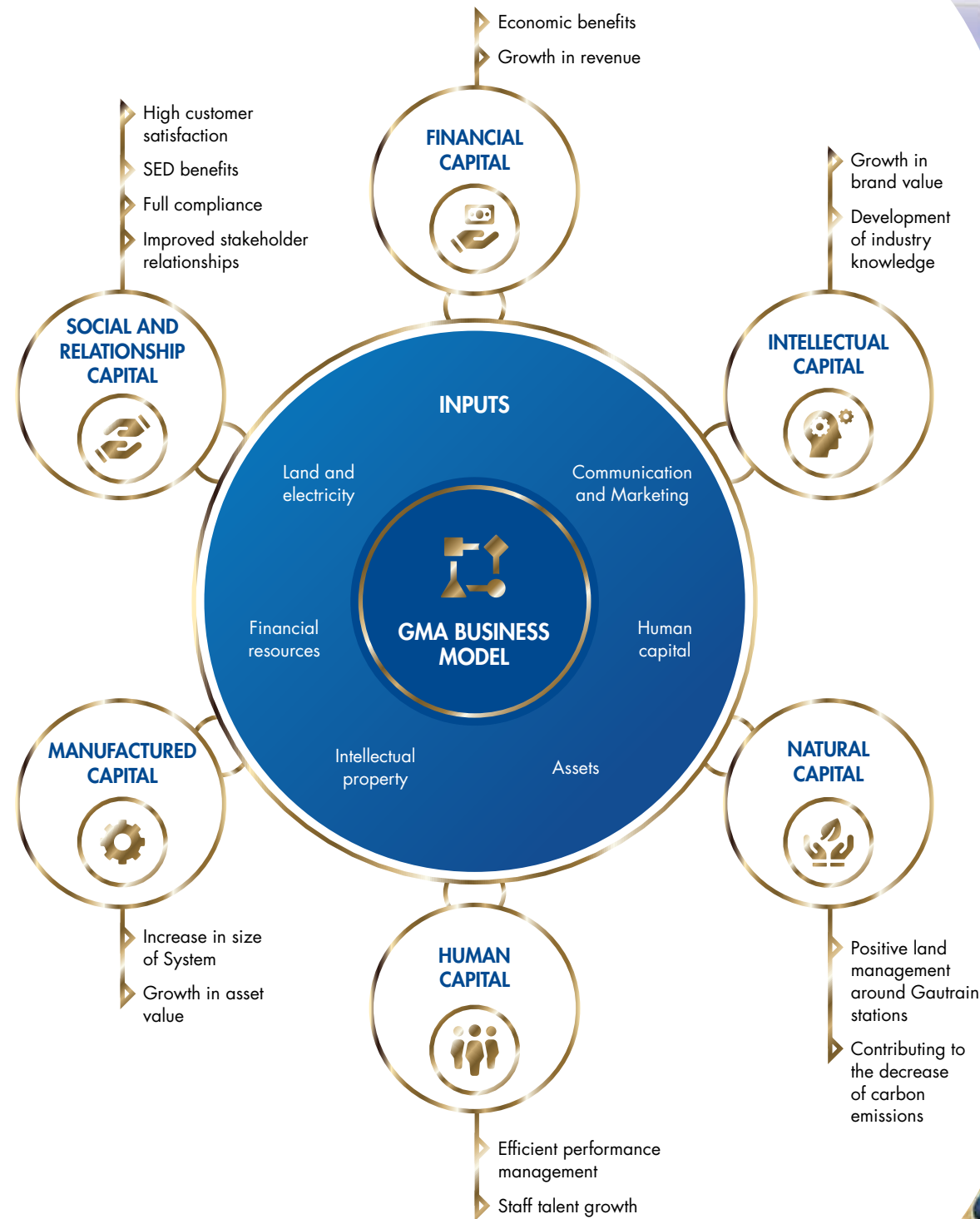
The focus of the GMA is now in two areas; growing the confidence of the public in Gautrain as a safe and reliable public transport system in a COVID-19 world and maintaining our long term planning objectives so as to deliver expanded and extended rail systems in Gauteng in line with the Premier's programme of Growing Gauteng Together and with the Province's 25 year Integrated Transport Master Plan. The shorter and longer term focus areas come together under a single theme – *Short Term Actions To Achieve Long Term Goals*. This theme will flow through into the GMA's Strategic Plan for the coming years.

I have been fortunate in taking the reins at a well-established organisation that has a stable management team with a record for excellence. I am extremely grateful for the support

and guidance of the MEC for Public Transport and Road Infrastructure, Mr Jacob Mamabolo as well as that of the GMA Board. I also gratefully acknowledge the role of Mr Jack van der Merwe in more than 10 years of leadership of the GMA and wish him well in his new and challenging role as the interim CEO of the newly established Gauteng Transport Authority.

Mr William Dachs
CEO: GMA

VALUE CREATED



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE INTEGRATED ANNUAL REPORT

The Board, assisted by its Committees, is responsible for ensuring the integrity of the Integrated Annual Report.

The 2020 Integrated Annual Report was approved by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.

Mr M Mokoena
GMA: Board Chairperson

Mr W Dachs
GMA: Chief Executive Officer

SECTION A INTEGRATED REPORTING



1. ABOUT THE INTEGRATED REPORT

In this Integrated Report, the Gautrain Management Agency's (GMA) performance for the Financial Year ended 31 March 2020 is reported on. This report reviews the GMA's financial, operational, social and governance performance and encompasses aspects of integrated reporting. Unless otherwise indicated, the information presented is comparable to that of the prior years. The report is intended for our stakeholders and explains how we create value over time.

The purpose of this report is to provide a concise view of the GMA, what we do and how we create value, our strategy, opportunities and risks, our business model and governance and our performance against our strategic objectives in a way that gives stakeholders a holistic view of the Agency and our future. The report examines the performance of the GMA in relation to our strategy and the Annual Performance Plan.

2. REPORTING PHILOSOPHY

The GMA's 2020 Integrated Annual Report provides a platform for stakeholders to assess the GMA's performance during the year under review. An overview of performance as well as a future focus for the period 1 April 2020 to 31 March 2021 are provided.

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

- Review of performance during the 2019/20 Financial Year;
- Strategic focus and future orientation;
- Application of the six capitals approach to integrated thinking and reporting;
- Interconnectivity of strategic and operational information; and
- Stakeholder engagement and responsiveness.

The report further complies with legislative prescripts and conforms to National Treasury guidelines on annual reporting, which emphasise the integration of strategic plans and operational budgets to improve operational effectiveness. The main aim of interlinking plans and budgets is to ensure that key objectives and priorities are budgeted for so as to improve operational effectiveness.

The Annual Financial Statements are prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including directives and guidelines issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA).

3. GMA'S DEFINITION OF MATERIALITY

The GMA's approach to reporting on material matters is informed by a careful analysis of our risks, strategic goals and intended outcomes to identify those matters that the GMA considers to be most significant. These can be encapsulated across a set of material themes that include the following:

- **Socio-economic development:** Contributing to a positive growth trajectory for Gauteng and promoting urban mobility and quality of life, through direct SED initiatives and targeted job creation within an environment of limited funding and competing social priorities.
- **Stakeholder impact:** Fostering strong and committed relationships through strategic partnerships, regular engagement, building an inclusive and cohesive employee culture, effective communication and marketing that maximise value for stakeholders and reinforce positive perceptions of reliability, convenience and professionalism.
- **Responsible financial and contract management:** Ensuring the Concession Agreement (CA) and public funds are managed responsibly and to the benefit of stakeholders. Applying appropriate financial materiality thresholds in line with regulatory provisions.
- **Operational efficiency, sustainability and resilience:** Sustaining effective and efficient operations and compliance through strong governance structures and co-operation, responsible environmental stewardship, appropriate systems and processes that also foster resilience under difficult economic conditions.
- **Innovative approaches to integration and knowledge management:** Capturing, sharing and preserving knowledge to enable strategic leadership decisions and integrated thinking towards innovation in expansion and integration strategies to meet growth in capacity demand.

This report thus reflects on activities that resulted in the achievement or non-achievement of our strategic objectives. It also demonstrates our response to risks that materialised in a manner that could impact on strategic progress, public accountability and disclosure requirements or that could affect the decisions of stakeholders or result in reputational harm to the GMA.

From a financial perspective, materiality levels in accordance with the PFMA are captured in the GMA's Materiality and Significance Framework, which is set out in the Annual Strategic Plan for 2019/20 to 2022/23.

"The GMA's approach to reporting on material matters is informed by a careful analysis of our risks, strategic goals and intended outcomes to identify those matters that the GMA considers to be most significant."

In setting the relevant thresholds, the GMA has taken cognisance of the following:

- The GMA is funded primarily by a provincial Medium-Term Expenditure Framework (MTEF) budget allocation;
- The business of the GMA is conducted within the framework of the mandate, objects and powers contained in the GMA Act, as well as the business and financial direction set out in the Strategic Plan and Budget; and
- The GMA is governed by the PFMA and the National Treasury regulations and has public accountability and responsibility to stakeholders, which is important and ensures that the GMA risk appetite is managed within the confines of these prescripts.

The GMA has determined the overall materiality level, excluding System assets, to be 1% of actual expenditure for the 2019/20 Financial Year, i.e. approximately R1.5 million. The GMA has also determined the materiality level for System assets to be 0.1% of the assets for the 2019/20 Financial Year, i.e. approximately R30 million.

A qualifying transaction may also be considered significant, based on considerations other than financial if, in the opinion of the Accounting Authority, it is considered to be significant for the application of section 54(2) of the PFMA.

In terms of reporting on non-financial matters, the GMA has assessed the impact of each event on the Strategic Outcomes of the GMA and has exercised discretion in applying the principles as set out in the Framework.

4. ASSURANCE APPROACH

The GMA's assurance approach relies on the following lines of defence: review by management, internal audit and the Auditor-General. The Audit and Risk Committee and the Board rely on the individual assurance providers in assessing the adequacy and effectiveness of the GMA's risk management and internal controls.

TABLE 1: INTEGRATED REPORTING ASSURANCE FRAMEWORK

Content	Assurance Providers	Outcomes	Framework
Annual Financial Statements	<ul style="list-style-type: none"> • Auditor-General 	<ul style="list-style-type: none"> • Qualified/unqualified opinion • Material findings on usefulness and reliability of performance information 	<ul style="list-style-type: none"> • PFMA • GRAP
Integrated Report	<ul style="list-style-type: none"> • GMA Audit and Risk Committee • GMA Board 	<ul style="list-style-type: none"> • Board's approval 	<ul style="list-style-type: none"> • Legislative requirements • National Treasury guidelines
Corporate Governance	<ul style="list-style-type: none"> • Internal Audit • Corporate Governance and Ethics 	<ul style="list-style-type: none"> • Assessments of controls 	<ul style="list-style-type: none"> • King IV • PFMA

5. REPORTING APPROACH

Material to the long-term sustainability of the GMA is a holistic focus on the creation of shared value through demonstrating integrated thinking, stakeholder inclusivity, awareness of interdependent resources from multiple capitals and management of outcomes.

Shared value for the GMA entails the effective implementation of policies and operating practices that enhance the competitiveness of the Agency while simultaneously advancing the socio-economic conditions in the communities in which Gautrain operates.

This report reflects the Agency's shared value proposition through the application of the six capitals captured in the International Integrated Reporting Framework as the basis of value creation. The six capitals are points of departure in the consideration of significant resources and relationships the GMA depends on, as well as the key consequences of GMA and Gautrain's activities. This is reported upon throughout the report.

THE SIX CAPITALS



HUMAN CAPITAL

This encompasses employees' skills and experience and their capacity and motivations to innovate, including their alignment with and support of the organisation's governance framework and ethical values, such as its recognition of human rights, as well as their ability to understand and implement an organisation's strategy. Human capital includes loyalties and motivations for improving processes, goods and services, including the ability to lead and to collaborate. Human capital reflects the well-being of the GMA's diverse and committed workforce, led by a strong leadership team. It is critical to ensure that the financial and intellectual resources are available to support the business model, achieve outcomes and outputs and execute the Strategic Plan.



INTELLECTUAL CAPITAL

This form of capital covers intangible, tacit information within an organisation that provides a competitive advantage, including intellectual property, such as patents, copyrights, software and organisational systems, procedures and protocols. It further includes the intangibles that are associated with the brand and reputation that an organisation has developed, such as patents, copyrights, software and organisational systems relevant to the GMA. Procedures and protocols that form part of the Gautrain, as well as the knowledge of employees and the GMA brand and reputation, also form part of GMA's intellectual capital – as does Knowledge Management (KM). These create value for the Agency, improve business efficiency and harness innovation capability.



NATURAL CAPITAL

Natural capital is an input into the production of goods or the provision of services. An organisation's activities also impact, positively or negatively, on natural capital. It includes water, land, minerals and forests as well as biodiversity and ecosystem health. Gautrain's reliance on a stable supply of electricity, the contribution to the decrease in carbon emissions and the positive impact on land management around Gautrain stations all relate to natural capital.



MANUFACTURED CAPITAL

Manufactured capital includes production-orientated equipment, tools, infrastructure and assets. These are human-created physical objects (as distinct from natural physical objects) that are available to the organisation for use in the production of goods or the provision of services, including buildings, equipment and infrastructure. GMA's manufactured capital includes Gautrain stations, rolling stock, buses and midibuses and other physical assets supporting the day-to-day operation of the GMA and Gautrain, including buildings, parking areas and offices.



FINANCIAL CAPITAL

This form of capital consists of the pool of funds that is available to the organisation for use in the production of goods or the provision of services obtained through financing, such as debt, equity or grants, or generated through operations or investments. Financial capital is required to operate the Gautrain and support growth, expansion and innovation. This can be capital obtained from internal resources such as operating revenue and reinvestment of profit, as well as external allocations from Gauteng Provincial Treasury, taxpayers, investors and partners. Shared value creation in terms of financial capital outcomes forms the significant economic benefits of the Gautrain.



SOCIAL AND RELATIONSHIP CAPITAL

The entities and their relationships established within and between each community, group of stakeholders and other networks to enhance individual and collective well-being fall under this form of capital. Social and relationship capital includes common values and behaviours, key relationships and the trust and loyalty that an organisation has developed – and strives to build and protect – with customers, suppliers and business partners, as well as an organisation's social licence to operate. GMA's social and relationship capital lies in its aims to contribute to an improved quality of life for GMA communities and Gautrain users, and includes the Agency's conducive relationships with its key stakeholders such as staff and vendors as well as passengers.

SECTION B

ABOUT THE GAUTRAIN MANAGEMENT AGENCY



1. GMA VERSUS GAUTRAIN

The Gautrain is mainly aimed at providing and optimising an integrated, innovative public transport system that enables and promotes the long-term sustainable economic growth of Gauteng. It is also part of a broader vision to industrialise and modernise the region, including a commitment to creating and sustaining an integrated culture of smart mobility.

The Gautrain is implemented as a public-private partnership (PPP) in terms of Treasury Regulation 16 of the 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, which holds a 19½-year concession for the construction, operation and maintenance of the Gautrain.

The GMA was established by the GPG in terms of the GMA Act, Act 5 of 2006, to manage the implementation of the Gautrain and the relationship with the Concessionaire. The GMA's focus is to manage, co-ordinate and oversee both the operation and maintenance of the Gautrain and the implementation of the expansion of the System and extension of rapid rail to accommodate future demand and new services as identified in the Integrated Transport Master Plan (ITMP25) for Gauteng.

2. GMA MANDATE

The GMA derives its mandate primarily from legislation, specifically the GMA Act, as amended. Its primary mandate is to manage and oversee the CA for the Gautrain Rapid Rail Link System as well as to assist the Province of Gauteng and other organs of state in realising their integrated public transport and rail-related and smart mobility objectives. The foregoing includes planning and managing the determination of routes and preliminary design for provincial railway lines in terms of the Gauteng Transport Infrastructure Act (GTIA). In addition, the GMA may perform any other integrated public transport and rail-related duty, right or power that the MEC may delegate to the GMA, in line with the GTIA.

The main objective of the GMA is to manage, co-ordinate and oversee the Gautrain Project. To achieve this, the GMA must:

- Assist the GPG in implementing the Gautrain and achieving the Project's objectives;
- Act on behalf of the GPG in managing the relationship between the Province and the Concessionaire in terms of the 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 (BBBEE) 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.

The GMA Act as amended is the overarching and primary legislation in terms of which the GMA is established and given mandate. Amongst others, the Act:

- Provides for the establishment of the GMA as a provincial public entity to manage and oversee the CA that was concluded with the Concessionaire to run the Gautrain Rapid Rail Link Project;
- Determines the objectives, powers and duties of the GMA, in relation to the management of the CA and other rail-related functions, as well as certain powers of the MEC in terms of the GTIA, to be carried out by the GMA in relation to the Gautrain Rapid Rail Link Project;
- Provides for the role, delegation and directives by the MEC in relation to the GMA;
- Provides for the role of the Board of the GMA in relation to the governance and control over the GMA;
- Provides for the role of the CEO in the management of the GMA;
- Provides for matters of accountability and reporting by the CEO and by the Board of the GMA;
- Authorises, in consultation with the MEC, the GMA to assist or act on behalf of any organ of state, in realising its integrated public transport and rail-related objectives;
- Provides for the GMA, at the behest of the MEC and Minister of Transport, to plan and manage the determination of routes and preliminary designs for provincial railway lines, in order to promote integration and co-ordination of transport; and
- Enables the GMA to support broader public transport and rail-related projects as delegated by the Gauteng MEC for Public Transport and Roads Infrastructure.

"Gautrain is part of a broader vision to industrialise and modernise the region, including a commitment to creating and sustaining an integrated culture of smart mobility."

3. GMA IN BROADER LANDSCAPE: GPG AND BOMBELA

As a PPP, the Gautrain has two main entities responsible for keeping its wheels rolling. These are the GPG through the GMA and the Bombela Concession Company (BCC).

BCC is responsible, in terms of the CA, for 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. The Concessionaire also takes responsibility for the 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 three shareholders:

- Murray & Roberts Ltd is a construction company listed on the Johannesburg Stock Exchange that operates in Southern Africa, the Middle East, Southeast Asia, Australasia and North and South America;
- SPG Concessions Ltd is a Broad-Based Black Economic Empowerment company represented in all of the Concessionaire sub-contracts; and
- J&J Group is a South African broad-based investment holding and management company.

Two companies sold their shares in the BCC in a transaction that was approved by the Competition Commission in December 2017. They are:

- Bombardier Transportation UK Ltd is a Canadian company operating in the aerospace and rail transportation sectors; and
- Bouygues Travaux Publics SA is a civil engineering contractor based in France.

Both were shareholders from the time the CA was signed in 2006.

4. GMA'S CONSTITUTIONAL MANDATE

Schedules 4 and 5 of the Constitution of the Republic of South Africa (1996) provides provincial legislative competence on issues related to public transport. This implies that the Province has the authority to regulate public transport through the formulation of policies and drafting of legislation. It also implies that the Province can deliver services with regard to public transport.

In addition, the Constitution further provides provincial legislative competence on urban and rural development which caters for transport infrastructure. By implication, the Province develops or improves an urban area by constructing transport infrastructure.

The Constitution also provides for matters related to inter-governmental relations. It states that the three spheres of government are distinctive, interdependent and interrelated. Provincial and local government are spheres of government in their own right and are not a function or administrative implementing arm of National or Provincial Government. Although the three spheres of government are independent, they exist in a unitary South Africa and they have to work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across all spheres.

5. GMA'S 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 is listed under Schedule 3(c) of the PFMA as a provincial public entity.

Legislative mandates of the GMA arise principally from the following legislative frameworks:

- The Gautrain Management Agency Act (as below), Act 5 of 2006 (GMA Act), as amended;
- Public Finance Management Act, Act 1 of 1999 (PFMA), as amended;
- The Gauteng Transport Infrastructure Act, Act 8 of 2001 (GTIA), as amended;
- The Treasury Regulations and section 76 of the PFMA;
- The National Land Transport Act, Act 5 of 2009 (NLTA), as amended; and
- The Gauteng Transport Authority Act, Act 2 of 2019 (GTA Act).

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);
- New Growth Path (NGP);
- 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 Co-ordinating Commission (PICC);
- Public Service Corporate Governance of Information and Communication Technology Policy Framework;
- Public Sector Integrity Management Framework;
- Protocol on Corporate Governance in the Public Sector; and
- King IV Report.

6. GMA'S EXTERNAL ENVIRONMENT

The Gautrain is a rail-based public transport system operating in Gauteng. As such, the external environment is one of rail-related legislation and regulation as well as province-wide integrated planning. The issue of the White Paper on Rail, in accordance with the National Land Transport Act and National Development Plan provisions, provided some clarity on rail policy, especially in that transport functions be assigned to the most appropriate sphere of government. The National Department of Transport will develop a devolution strategy in alignment with the Integrated Urban Development Framework. Thereafter it will capacitate municipalities as necessary and devolve operational subsidies for urban commuter rail to all of them to be managed as part of their Comprehensive Integrated Transport Plans. Up to this stage the Passenger Rail Agency of South Africa (PRASA) is tasked to manage operations and maintenance of their urban rail systems. It is envisaged that Gauteng, with its urban agglomeration of metropolitan and municipal councils, will have a different institutional arrangement for devolution and that this will be closely linked to the establishment of a provincial transport authority. As such, the GMA envisages playing a support role to the MEC in this regard.

In addition, some other key policies and plans impact on the GMA:

- The National Department of Transport's commitment to integrated transport solutions, especially for the metropolitan areas;
- The National Land Transport Act where the aim of transport provision is "to further the process of transformation and restructuring the national land transport system";
- ITMP25 of the GPG, which, as the institutional 'owner' of the Gautrain Project, is committed to reinforcing the passenger rail network as the backbone of the system; and
- The integrated transport plans of all three metros which assume PRASA's and Gautrain's presence and function as part of their networks.

The GMA fulfils its mandate in this environment by assuring the most effective outputs from the Gautrain System and planning expansions and extensions in accordance with approved policies.

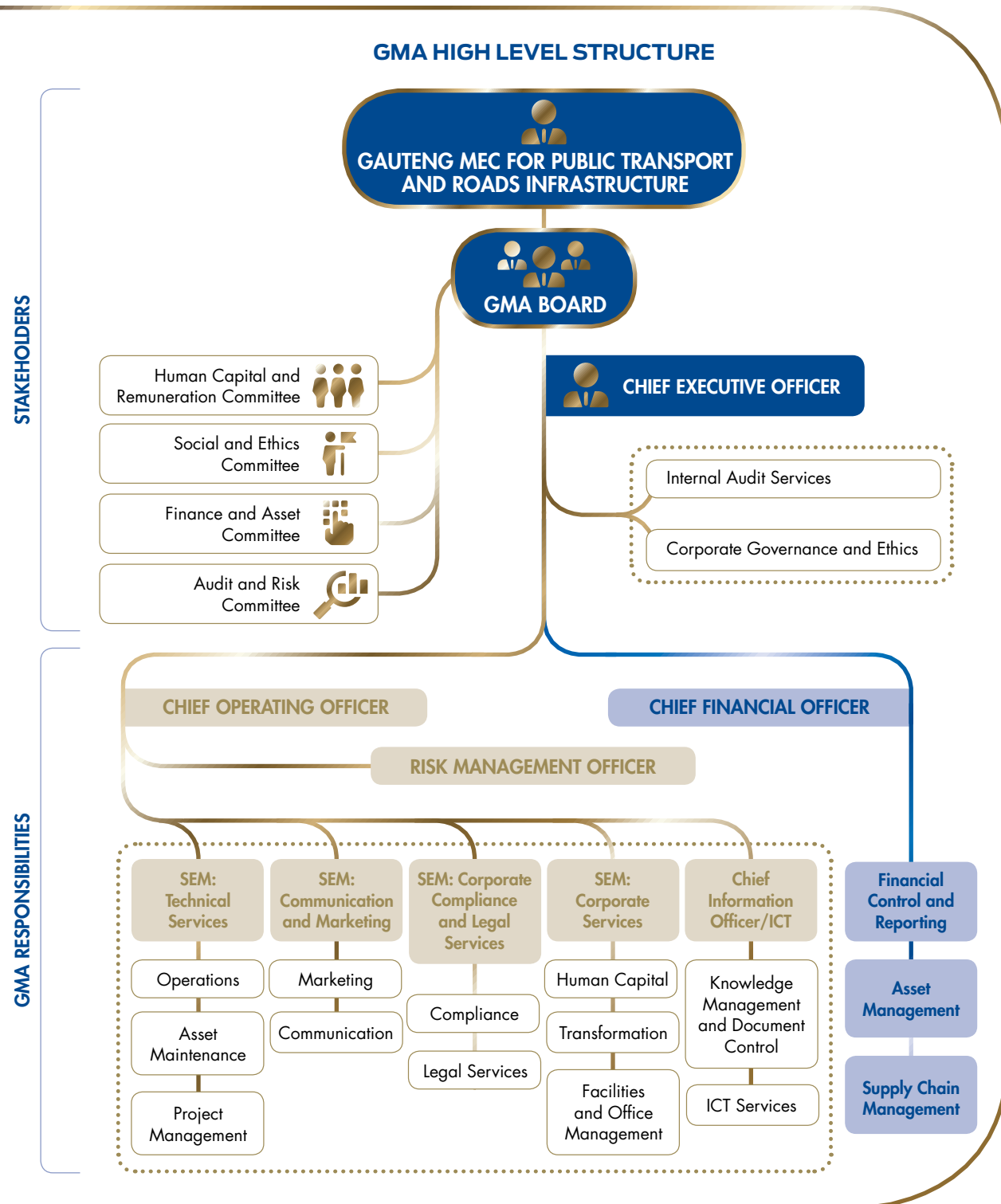
The GMA is exposed to the same adverse economic conditions as the rest of South Africa. This impacts on the Gautrain in many ways but the two most important effects are that slower economic growth means lower rates of growth in passenger demand for the services, particularly with regard to the Airport Passenger Service, and that the cost of finance for expansions and extension projects is higher than in the past.

The current Gautrain Concession expires in March 2026 and replacement of the Concession will require extensive planning, detailed development and evaluation of options. This will commence in the 2020/21 Financial Year.

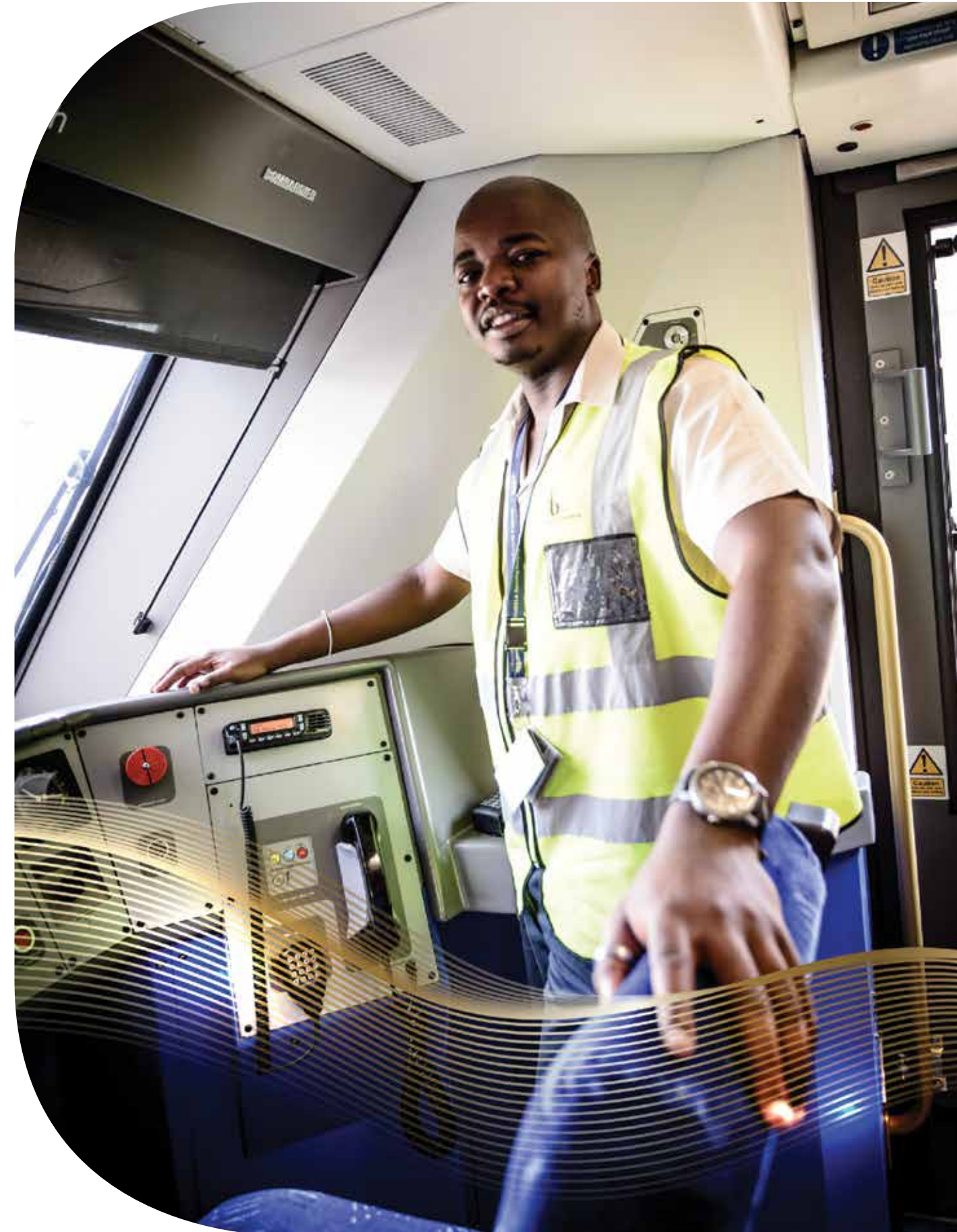


7. ORGANISATIONAL STRUCTURE AND HUMAN CAPITAL HIGH LEVEL MANAGEMENT

The structure of the GMA facilitates the management, co-ordination and oversight of the Gautrain Project. The organisational structure is designed to give effect to the business model by creating units within the GMA with functions connected to the Project-related and corporate activities. The structure also gives effect to good corporate governance based on oversight by the GMA Board and independent Internal Audit functions. It further facilitates employees' capacity and motivations to innovate, including their alignment with and support of the GMA's governance framework and ethical values such as their ability to understand and implement the Agency's Strategy.



GRAPH 1: GMA ORGANISATIONAL STRUCTURE



SECTION C

GMA STRATEGY AND RESOURCE ALLOCATION



1. OUR VISION, VALUES AND STRATEGIC GOALS

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

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 confirmed as excellence, professionalism, integrity, fairness and transparency, trustworthiness, accountability and responsibility, collaboration and co-creativity, ethical and prudent behaviour and respectfulness.

The strategic-oriented goals for the Financial Year were:

- 1 To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters;
- 2 To ensure that the obligations of the Concessionaire are met and that the CA is managed for the optimal benefit of the Gauteng Province, its residents, users and visitors;
- 3 To ensure sound financial management of all GMA revenue sources and to safeguard the assets of the Project. To ensure that the Concessionaire meets its obligations regarding the maintenance of the System to the benefit of the Project and the Gauteng Province;
- 4 To enhance the management of the CA through entrenching an environment of strong corporate governance and legal compliance;
- 5 To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders;
- 6 To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of Black Entities (BEs) and Small, Medium and Micro Enterprises (SMMEs) in the Province;
- 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; and
- 8 To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.

Our 21 Strategic Objectives and 29 Key Performance Indicators (KPIs) for the 2019/20 Financial Year flowed from these strategic-oriented goals and can be found in the relevant Strategic Plan.

2. MATERIAL ISSUES RELATING TO GMA AND RESOURCE ALLOCATION

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain and rapid rail network, especially insofar as these related to increasing capacity in key areas impacting on passenger demand. An ongoing key project is the acquisition of train, depot and signalling assets.

The GMA also anticipates disbursing considerable resources on the planning of the rail network in Gauteng. The feasibility study for the extension of the Gauteng Rapid Rail Network (GRRIN) was completed in November 2016 in accordance with Treasury Regulation 16. The GMA supported the Provincial Treasury in ongoing engagements with the National Treasury, while addressing issues raised by key stakeholders on the extensions is also an ongoing activity.

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


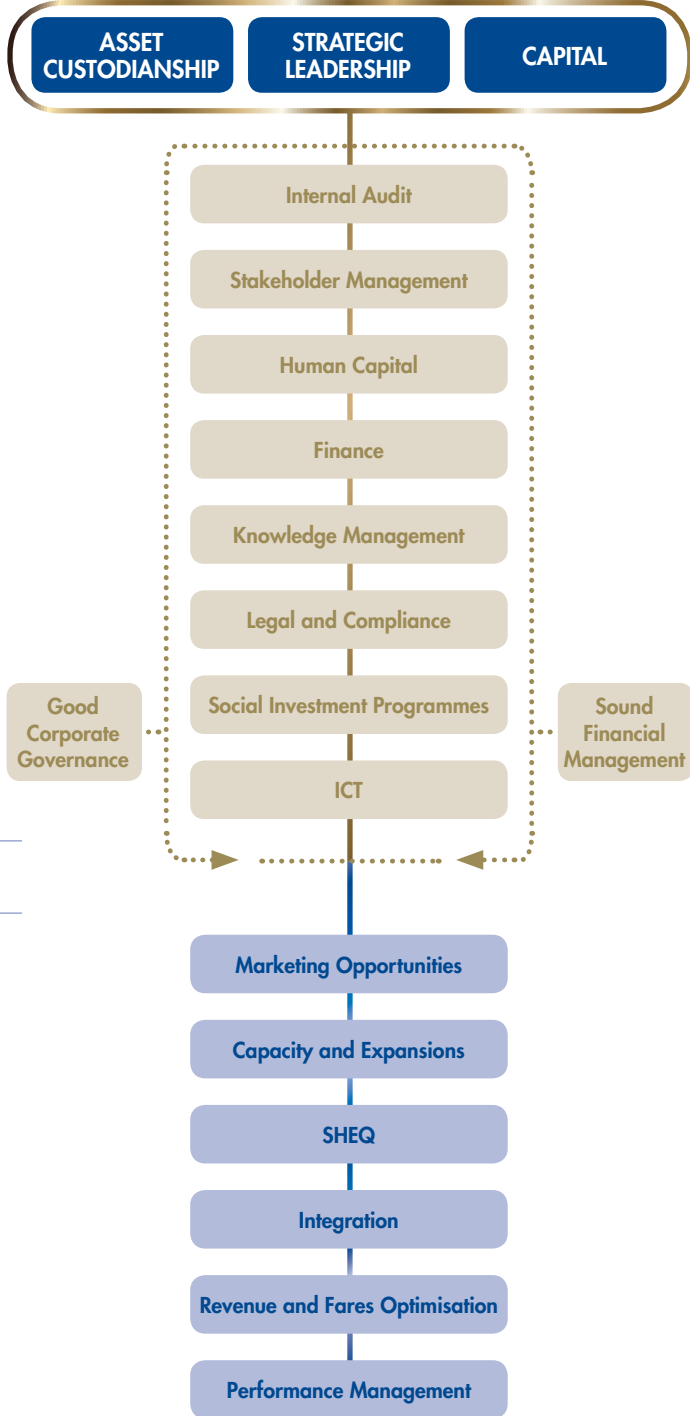





The GMA Board and Management have considered the environment in which the Gautrain operates and continuously identify risks and opportunities. Risks considered are the GRRIN, the need to reduce our carbon footprint, a struggling economy with population growth and the unemployment rate on the increase, future industrial strike actions, as well as ongoing digital transformation and disruptive technologies. As a provincial public entity, the GMA has internalised such risks and opportunities and allocated internal and external resources to ensure that the objectives are achieved, and value is created.

Value creation in an organisation is not only measured in terms of financial outcomes but by the consequences for all six capitals, which form the basis of an effective sustainable development strategy. In section D, the GMA considers its top five strategic risks relative to the various capitals.

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

4. GMA'S BUSINESS MODEL AND VALUE CREATION

Through the application of various capital resources, GMA's Strategic Plan and operating practices enhance the competitiveness of the Agency while simultaneously advancing the economic and social conditions amongst the communities in which it operates. The GMA's business model is based on its mandate under the GMA Act and is premised on delivering outcomes that benefit the Province and its people. This shared value creation focuses on identifying and expanding the relationship between societal and economic progress over time by linking inputs and outputs to the consequences (or outcomes) for the six capitals.

	Inputs	Business Model	Outputs	Outcomes
FINANCIAL CAPITAL 	Annual GPG MTEF allocation Funds from ticket fares Investment income		<ul style="list-style-type: none"> Reliable and secure public transport services that are attractive to Gautrain users. Development nodes around stations with land use that takes advantage of Gautrain proximity. 	<ul style="list-style-type: none"> Growth in revenue Economic benefits More efficient land use
MANUFACTURED CAPITAL 	System assets including trains, busses and midibuses		<ul style="list-style-type: none"> Assurance that the Gautrain assets are well maintained and remain fit for service with an appropriate remaining useful life. Continued investment in planning and implementing asset improvement projects. 	<ul style="list-style-type: none"> Increase in size of System Growth in asset value
INTELLECTUAL CAPITAL 	Employees Software Procedures and protocols Organisational systems Knowledge management		<ul style="list-style-type: none"> Efficient communication and relationship development with stakeholders. Human capital development initiatives. A healthy remuneration philosophy. An efficient performance management system. An ethics based governance system. 	<ul style="list-style-type: none"> Growth in brand value Staff talent growth Efficient performance management A culture of ethics
HUMAN CAPITAL 	Employees skills and experience Employee capacity to innovate		<ul style="list-style-type: none"> GMA and Gautrain intellectual property, copyrights, software and organisational systems. Policies and procedures related to System expansion and extension planning, asset assurance, performance management, marketing and supply chain management. A knowledge management system based on knowledge generation and sharing. 	<ul style="list-style-type: none"> Development of industry knowledge A competitive advantage in delivering on financial and manufactured capitals An iconic Gautrain brand Favourable reputation amongst stakeholders
SOCIAL AND RELATIONSHIP CAPITAL 	Partners Gauteng MEC of Roads and Transport Infrastructure Concessionaire Stakeholders		<ul style="list-style-type: none"> A safe operating environment. Reduced carbon emissions compared to private car usage. Reduced road congestion. 	<ul style="list-style-type: none"> Improved environmental outcomes
NATURAL CAPITAL 	Land Electricity		<ul style="list-style-type: none"> Increased revenue to local businesses. Boosted supply chains in the local rail industry. Increased employment. 	<ul style="list-style-type: none"> High SED benefits Improved stakeholder relationships Collective well-being, through common values and behaviours, key relationships and the trust and loyalty with its stakeholders

GRAPH 2: GMA'S BUSINESS MODEL AND VALUE CREATION

All the outcomes above are delivered in a manner that is fully compliant with the regulatory prescripts applicable to the GMA as a public entity.

5. FINANCIAL ARRANGEMENTS OF THE GAUTRAIN

Prior to commencing with the procurement of the Project, the Province 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 Province would have to make in the Development Period and the Patronage Guarantee that the Province would have to make 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 is 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 Province and the National Department of Transport. Because the revenue that would accrue to the private party during the Operating Period of the Gautrain PPP was viewed as highly uncertain, the CA has a financial metric known as the Minimum Required Total Revenue (MRTR). If revenue received by the Concessionaire from operating the Gautrain is less than the MRTR, the Concessionaire is considered to require revenue support in the form of a Patronage Guarantee from the Province.

The bidders for the Project during the procurement process were therefore competing on the basis of the combined lowest provincial contribution and Patronage Guarantee payable by the Province.

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 delivering the Gautrain and operating it during the Concession Period, and to minimise operating costs. It furthermore results in 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 lack of 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.

6. STRATEGIC PERFORMANCE OVERVIEW

The Sixth Administration of the GPG set out an ambitious programme known as "Growing Gauteng Together: Our Roadmap to 2030". This programme is very relevant to public transport and to Gautrain as it focuses on the economy, jobs and infrastructure, integrated human settlements and building a capable, ethical and developmental state. In the Financial Year

ending 31 March 2020, the GMA and Gautrain were part of this strategy in terms of growing the economy through smart investments in transport, as well as restructuring the urban form around transport nodes and using technology as an enabler of better and more efficient transport systems.

To give effect to these strategic Provincial initiatives and to continue in its mandated role related to the current Gautrain Concession, the Strategy of the GMA is to continue managing, co-ordinating and overseeing the operation and maintenance of the Gautrain Project and to plan and implement the extension of the System to accommodate future demand and new services as identified in the ITMP25 for Gauteng.

The GMA Board completed the second year of its term and continued to provide governance oversight to the Agency. The GMA also continued to move towards an outcome-based approach in terms of the application of the King IV principles. The GMA Board is committed to ensuring that the Gautrain operates in a sustainable manner, with a clear commitment to governance and in support of the Provincial Government's economic and social imperatives.

The GMA made good progress in the 2019/20 Financial Year in several areas. In terms of oversight of the Concessionaire, the GMA ensured high levels of operational efficiency. The train service operations achieved an average availability of 99.66% and punctuality of 98.11% over the review period. This was backed by good personal and property safety and security within the System. Low levels of fare evasion were also maintained. Safety and security targets for passengers and for the System were met and all incidents that occurred during the reporting period have been mitigated through the security enhancement plans developed by the Concessionaire. The GMA and the Concessionaire conducted rail reserve inspections to identify external factors that might impact on the protection of the railway alignment, given the ongoing cable theft experienced in various industries and sectors across the country. Fare evasion was well below the required level and never exceeded 0.04% in any month in the year under review.

The assurance of asset management systems by the Concessionaire was boosted by the completion of a System asset audit by independent auditors.

The planning of network extensions continued with the route alignment for Phase 1 of the extensions, while engagements were pursued with the National Treasury and National Department of Transport on the approval of the feasibility study completed in 2016.

All the way through to the end of the fourth quarter of the 2019/20 Financial Year there had been good progress in terms of increasing passenger numbers and up to the end of February 2020 the total year to date patronage was 3.3% higher than the previous year. However in March 2020, the daily passenger numbers started declining rapidly as the public responded to developments around the COVID-19 pandemic.

TABLE 2: PASSENGER TRIPS PER FINANCIAL YEAR ON THE AIRPORT SERVICE, THE GENERAL PASSENGER SERVICE AND BUSES

Service Type	Rail			Bus
	Airport Passenger	General Passenger	Total	Bus Total
FY 18/19	1,450,967	12,515,515	13,966,482	3,982,971
FY 19/20	1,341,304	12,588,612	13,929,916	4,255,503
% change	-7.56%	0.58%	-0.26%	6.84%

In the case of the General Passenger Service (GPS) the decline compared to March 2019 was 28.2% while the Airport Service (APS) showed a decline of 49.0% due to the impact on air travel. Overall some 460,550 less passenger trips were recorded in March 2020 compared to March 2019. Bus passenger trips followed a similar trend. This meant that the annual target for train passengers could not be met. Combined with continued slow growth in the economy and jobs in Gauteng, these factors resulted in an overall drop in train passengers of 7.56% from the previous Financial Year and a 6.48% increase in bus passengers.

The GMA continued to engage with the Concessionaire to implement a strategy to attract passengers to use the Gautrain services known as Operation Shift. This strategy is a combination of improved service offerings and marketing and it started to bear fruit throughout the 2019/20 Financial Year up until the significant negative effect of COVID-19 on public transport in general reversed the growth trajectory of the Gautrain passenger demand.

Numerous communication and marketing initiatives targeted at potential and current users of the Gautrain were undertaken and will increase as part of the endeavour to attract passengers.

Socio-Economic Development (SED) targets were met and exceeded as the Gautrain continued to contribute positively to the Gauteng economy. SED deliverables directly demonstrate the benefits of the Gautrain in terms of shareholding by black persons and black women, procurement, sub-contracting and employment equity elements. From a GMA expenditure perspective, the target for expenditure through Emerging Micro Enterprises (EMEs) and Broad-Based Black Economic Entities (BBBEEs) were met and exceeded, while expenditure through women-owned entities and Qualifying Small Enterprises (QSEs) were narrowly missed yet reflected a significant improvement on achieving expenditure targets in previous years.

The GMA's Social Investment Programme (SIP) contributed to the achievement of social development objectives in education and community care, disbursing almost R8 million to beneficiaries, including NGOs and academic institutions.

The GMA also reached levels of maturity with low turnover of staff and good performance in terms of its mandates under the GMA Act. In terms of human capital, the GMA Board approved a new organisational structure that better reflects its increased mandate. The GMA currently has 99 filled positions out of 110 available posts.

Policies and frameworks were developed and implemented, including the continued roll-out of the Enterprise-Wide Risk Management System.

At Marlboro, Sandton, Centurion and Hatfield Stations, the Gautrain has midibus operations which continue to be supported by commuters, with an increase of 60% patronage year-on-year. These services are provided by local taxi associations and expand the use of the Gautrain in a way that benefits both public transport users and the taxi associations. Contracts for services at Rhodesfield and Rosebank Stations were in preparation at the end of the Financial Year and services are expected to commence soon. Partnerships with commercial companies have yielded benefits, such as dedicated shuttle bus services operated by these third parties, thereby expanding the reach of the Gautrain.

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain network, especially insofar as these related to increasing capacity in key areas impacting on passenger demand. The key project for the acquisition of train, depot and signalling assets met various milestones and will continue. Alternative strategies to supplement rail service capacity are being explored. The roll-out of the changes to the automated fare collection system to accept debit and credit cards at the various fare gates was successful and well received by users of the System.

The Concessionaire continued with the replacement of the current bus fleet in terms of its contractual obligations and, in so doing, provided significant stimulus to the local bus manufacturing industry.

Information and Communications Technology (ICT) strategic initiatives planned for the 2019/20 Financial Year were completed. The ICT Unit continued to support the GMA to function in a seamless, secure and reliable manner, while allowing for organisational knowledge to be preserved and shared. The adoption of cloud technologies has proved invaluable during the national lockdown caused by the COVID-19 pandemic. The GMA was able to transition from an office-based workforce to a fully functional remote workforce with minimal effort or impact for the Agency.

Knowledge Management (KM) activities linked to the strategic goals of the Agency have been on track. These included mainly the implementation of the records management policy and the KM Strategy and the provision of document control services to support the business in its management of the CA.

SECTION D RISKS AND OPPORTUNITIES



The GMA continued to embark an Enterprise-Wide Risk Management System (ERM) within the Agency. This has marked a continuous improvement in the maturity of the risk management system, with a clear allocation of responsibilities across the GMA Board and Committees, management and employees.



The risk maturity transition was achieved by various initiatives driven by the GMA Board, including:

- Establishment of an Ethics Management Office;
- Development of a Risk Appetite and Tolerance Framework with a Strategic Risk Tolerance Dashboard for periodic monitoring and corrective action;
- Annual risk maturity assessment and implementation of action plans;
- Approved minimum weighting of risk management as part of the performance management system for senior executives;
- Annual revision of the Business Continuity Plan with periodic testing and simulation; and
- Implementation of the Combined Assurance Framework.

The GMA has marked a continuous improvement in the maturity of its risk management.

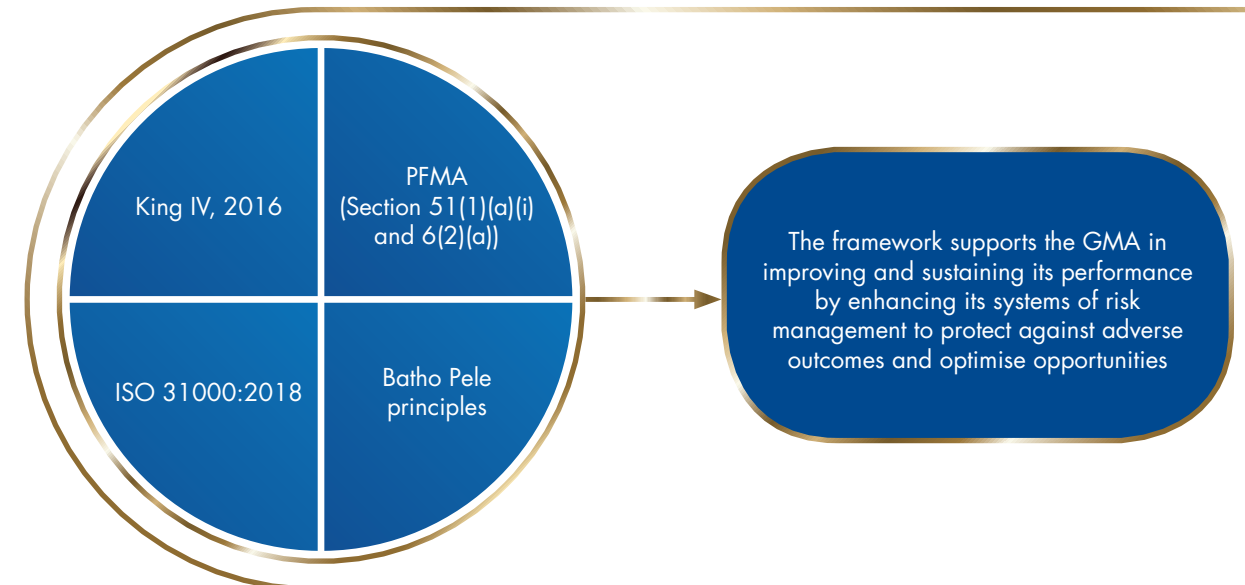
1. PROGRESS DURING PERIOD UNDER REVIEW

During the period under review, the GMA continued to build on the foundation laid during the Development Period, which includes:

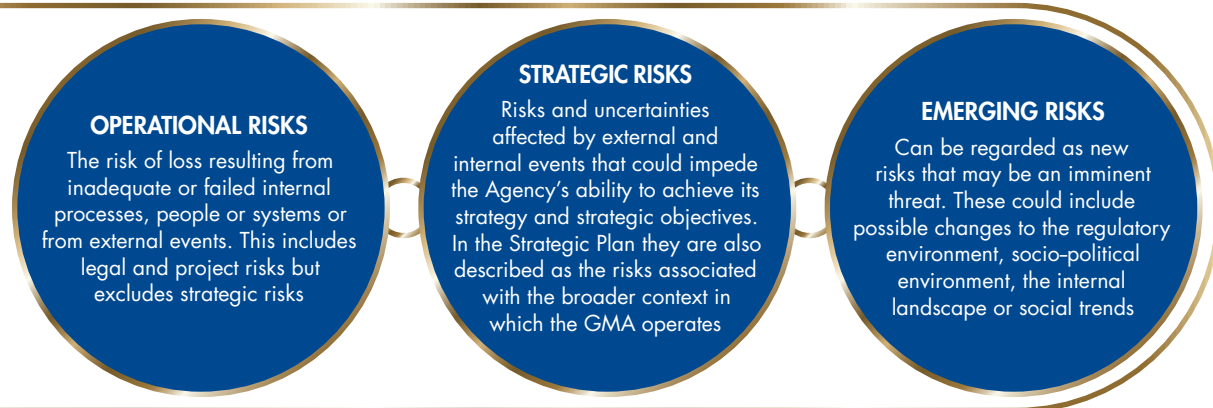
- Implementation of risk maturity action plans resulting in an improvement in the risk maturity percentage;
- Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;
- Reviewing the Enterprise-Wide Risk Management Framework and Policy and Procedures;
- Continuous monitoring of the Enterprise-Wide Risk Appetite and Tolerance Framework and Strategic Dashboard;
- Integration of risk management and internal audit via the Galvanise software system to maximise efficiencies during the risk management and audit processes;
- Rigorous, continuous implementation and monitoring of the defined risk management plans;
- Assessment of risks associated with post-2026 planning;
- Support of the newly formed Ethics Function and business continuity training sessions;
- Automated strategic control register with management action plans to strengthen the internal control environment; and
- Development of a COVID-19 Pandemic Strategic Register with monitoring thereof.

2. ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The Risk Management Framework is applied across the entire GMA from a strategic level down to operational and business process levels and has been developed in terms of the prescripts below. The framework further outlines the authority and responsibilities of all stakeholders responsible for the management of risks.



GRAPH 3: ELEMENTS THAT SUPPORT THE ERM FRAMEWORK



GRAPH 4: GMA RISKS

3. SUMMARY OF MAJOR RISKS AS PER THE RISK REGISTER

The GMA Board and Management have considered the environment in which the Gautrain operates (COVID-19 pandemic), as well as events likely to happen soon, including the proposed extensions to the GRRIN, the need to reduce our carbon footprint, a struggling economy with population growth and the unemployment rate on the increase, future industrial strike actions, and the ongoing digital transformation (disruptive technologies). The GMA will continue to monitor its environment and its agility and formulate responses accordingly.

Within the context of shared value creation and outcomes across multiple capitals, our management of the top five strategic risks can be summarised as follows:

TABLE 3: TOP FIVE STRATEGIC RISKS (CURRENT AND EMERGING)

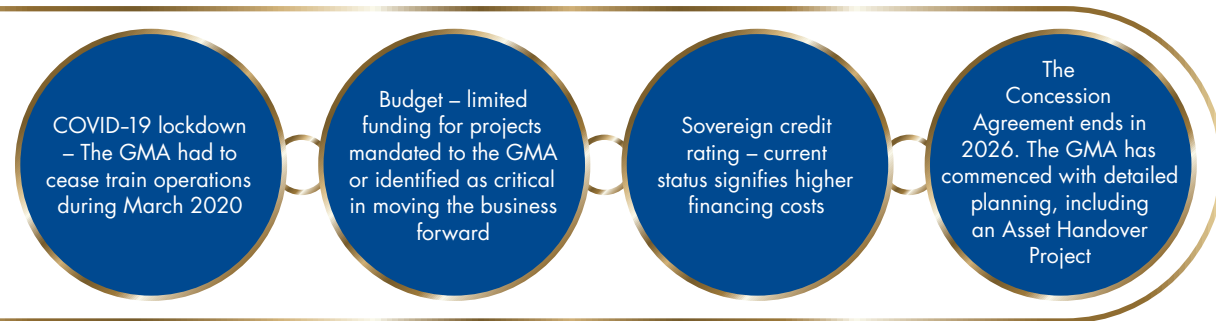
Risk No.	Risk description	Mitigations in place/to be implemented	Strategic objectives	Relevant six capitals	Inputs	Outcomes desired/achieved
1	Business continuity at the end of the Concession Period in 2026 and beyond	Asset Handover Project GRRIN extensions Concession planning: new operator/maintainer Pre-owned EMU Project (Additional Rolling stock – PVN 055)	Ensure that the management of the relationship with the Concessionaire optimises performance delivery	Financial Natural Manufactured Social Intellectual Material theme: Operational efficiency, sustainability and resilience, and SED	Additional trains Concession Agreement: old and new Portfolio management Innovation Land acquisition	Business continuity Assets with desired RUL per CA Growth in revenue Growth in asset value Economic benefits SED benefits Increase in size of System
2	Cyber security (unauthorised access to GMA information – internal and external cyber-attacks resulting in financial and reputational loss). This risk increases in tandem with the increase in the digital transformation of the Agency	Security Operation Centre (SOC) Data privacy tools Enhanced end-point security and protection Targeted threat protection (TTP) Data leak prevention system Cloud security tool Data encryption	Provide a secure and reliable information technology environment that facilitates knowledge sharing	Financial Social Human Intellectual Material theme: Operational efficiency, sustainability and resilience, and innovative approaches to integration and knowledge management	Cash reserves Licences Agreements Policies, Procedures and Protocols Training	Strong governance structures Technically skilled employees

Risk No.	Risk description	Mitigations in place/to be implemented	Strategic objectives	Relevant six capitals	Inputs	Outcomes desired/achieved
3	Low or static growth for both train and bus passengers impacting the Patronage Guarantee payment and resulting in reputational loss Moving into a post-lockdown scenario and with train operations resuming in the new financial year, the GMA faces the risk that the general population will be sceptical about the consequences of using public transport	Monthly monitoring of passengers Marketing mitigation measures Penalty regime Increased security at stations Integrated Fare Management System (IFM)/Euro-visa Project Pre-owned EMU Project (Additional Rolling stock – PVN 055) Post-2026 planning	Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee	Financial Social Manufactured Material theme: Operational efficiency, sustainability and resilience, and responsible financial and contract management	Concession Agreement Customer survey Reputation audit Additional trains	Growth in revenue High customer satisfaction Growth in brand value Growth in usage Growth in asset value
4	Inability to provide sufficient capacity timeously that can stimulate ridership, thereby impacting the Patronage Guarantee	Pre-owned EMU Project (Additional Rolling stock – PVN 055) Post-2026 planning Service capacity meetings with Concessionaire Review and agree SCUMP	Ensure the efficient provision of capacity by the Concessionaire to match demand on the System	Financial Manufactured Material Theme: Operational efficiency, sustainability and resilience	Additional trains	Increase in asset value
5	The current socio-political landscape in South Africa lends itself to various situations of uncertainty such as taxi, bus and train strikes, and community unrest, which could result in physical damage to the System and reduced ridership, leading to huge financial and reputational loss	Due to these being social issues, mitigations are limited to: <ul style="list-style-type: none">Increased security at stations implemented by the ConcessionaireMinisterial interventionInsurance of physical assets The GMA is constantly scanning the socio-political environment	To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets	Social Financial Material theme: Stakeholder impact	Security system Insurance policies	Safe, secure System Protection of assets

Elements of these risks are not under the direct control of the GMA, and to the extent that they impose constraints on the GMA, it will be reported as such to the Board and stakeholders. Risks within the influence or control of the GMA form part of the ERM, and appropriate mitigations and controls will be developed and implemented.

4. CONSTRAINTS

The GMA operates under the constraints listed below. Constraints are defined as the real-world limits on the possibilities for projects. Unlike risks, constraints can be identified in advance. Whilst risk is defined as what 'might happen' or is 'uncertain', a constraint is defined as what 'will happen' or is 'restricted by'. Constraints can manifest themselves as time constraints, cost constraints, scope constraints and quality constraints.



The GMA risks are summarised in Table 4.

TABLE 4: GMA COMBINED HEAT MAP AS AT 31 MARCH 2020

IMPACT	Major	CEO9 CEO10 CEO11	F3 CEO Emerging 3	CEO7	
	Significant	CM2 TE5 HC4	T6 T7 CEO2 CEO5 CEO6 CEO Emerging 5 CL1 CL2 CL3 CM1 CM3 IT1 IT2 IT3 CEO Emerging 4		
	Some/moderate		T3 T5 CGS1 CM4 F2 CEO1 CM5 CM6 IA2 CEO8	T1 T4 IT5 CEO Emerging 1	
	Insignificant	IA1 HC1 IA4		IA3	
	None				
		Occurs rarely	Improbable/low	Medium	Real chance

LEGEND
 ● Top five strategic risks
 T – Technical Services
 TE – Technical Emerging
 IT – Information Communication Technology
 HC – Human Capital
 IA – Internal Audit
 CM – Communication/Marketing
 CEO – Office of the CEO
 CEO Emerging – CEO Emerging
 CL – Compliance and Legal
 F – Finance

The GMA risks (42 in total of which five are emerging risks) are well mitigated and most risks are in the low to medium probability/impact zones. Management actions are in place to manage the risks in the red zone viz:

- CEO emerging 3: Socio-political landscape in South Africa – see point 5 in Table 3.
- CEO7: Risks related to the pre-owned rolling stock project and linked to point 4 in Table 3.
- F3 – Ineffective supply chain processes relating to the implementation of the Gauteng Finance Management Act of 2019 – Open Tender Process. This risk cuts across all projects in the GMA and is linked to points 1 to 4 in Table 3.

The GMA's risk profile includes a 'watch list' which contains risk areas not specifically covered in the top risks and is constantly evolving. Jointly the top risks and 'watch list' represent a comprehensive coverage of risk themes that could potentially impact the GMA during the COVID-19 pandemic.

TABLE 5: RISK WATCH LIST

No.	Description	Risk Effect
1	Threat of social instability – Unrest and potential riots/looting due to hunger and/or criminal opportunism	Risk of targeted attacks on stations and or/increased friction between metered taxis and e-hailing services
2	Delay in GRRIN extensions	Delay in route determination, gazetting of route and demarcation of corridor per GTIA, which could result in cost overruns
3	Impact of COVID-19 on passenger behaviour and demand	Could impact passenger growth rates forecast in the System Capacity Challenge Report going forward

5. 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 can be divided into four categories.

TABLE 6: RANGE OF OPPORTUNITIES

- Expansion of the System with the acquisition of capital assets such as additional parking, modernised fare collection systems, pre-owned additional rolling stock, additional signalling, track work and a larger depot for maintenance. The procurement by the Concessionaire of the systems and assets is ongoing.
- Extension of the System. The GMA has completed a Feasibility Study for Gauteng Rapid Rail Integrated Network (GRRIN) extensions which will be executed in accordance with the ITMP25 once National Treasury approval is obtained, resulting in significant economic growth for the Gauteng Province, along with many other benefits.
- Revenue enhancement measures to take advantage of the commercial opportunities inherent in the Gautrain System. The roll-out of Information Communication Technology connectivity in the tunnels was completed, including commercial opportunities such as car rental kiosks and touch screen advertising on platforms.
- Development of partnerships with key public and private entities that jointly benefit both parties. The GMA entered into and renewed 16 partnerships during the Financial Year. Some of the new partnerships include NSPCA, Bird Life SA, DSTV Media Sales, Mall of Africa and Planet Fitness.

6. RELEVANT OUTCOMES

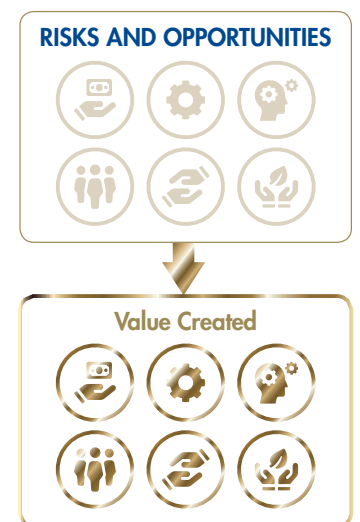
With risk and opportunities spanning across most of GMA's Strategic Objectives, most capitals were applied in mitigation thereof.

7. FUTURE FOCUS

In line with the GMA's Strategic Outcome of enhancing the management of the CA through entrenching an environment of strong corporate governance and legal compliance, risk management action plans will be implemented with a view to further improving risk maturity of the Agency, including:

- Flexible COVID-19 Pandemic Risk Register as the situation and pandemic evolve;
- Operational Tolerance Dashboard;
- Migration of Project Risk Registers to the Galvanise Global Risk Compliance (GRC) system;
- Automated value-add reports on the GRC system to interrogate project and operational risk data and enhance reporting on a 360-degree view of strategic risk management;
- Procurement of operational licences for the GRC system; and
- Risk awareness initiatives.

To achieve the above, the GMA will leverage multiple capital inputs to maximise various Strategic Outcomes.



SECTION E

CORPORATE GOVERNANCE AND ETHICS



1. CORPORATE GOVERNANCE OVERVIEW

The Gauteng MEC for Public Transport and Roads Infrastructure is the Executive Authority of the GMA. The Board is the Accounting Authority of the GMA. The relationship between the Executive Authority and the Accounting Authority is managed through a Service Level Agreement. The Service Level Agreement assists to establish a transparent and accountable working relationship on matters relating to the implementation of the provisions of the PFMA, the GMA Act and the objectives of the Gauteng Department of Roads and Transport.

The GMA Board endeavours to apply good corporate governance practices when exercising its role and responsibilities and is fully committed to the four governance outcomes as set out in King IV. The application of the King IV principles is fully disclosed in Annexure A titled GMA's Application of King IV for the 2019/20 Financial Year, attached to this Integrated Annual Report. GMA's Governance Framework provides role clarity by clearly defining roles and areas of accountability required to govern the GMA effectively. The governance practices and processes enabled the Board to create value through:

- Setting an ethical tone and enforcing sound ethical principles as custodians of good governance;
- Promoting ethical leadership and an ethical organisational culture by establishing the ethics management function;
- Ensuring that its composition and structure enable it to fulfil its mandate and obligations, aligned with the GMA Strategy;
- Adhering to legal, compliance and accounting requirements and contributing to a climate of discipline to reduce fraud and corruption; and
- Highlighting and enabling sound management of GMA's impact on its stakeholders and the environment.



1.1 The Board

The Board was appointed by the Gauteng MEC Public Transport and Roads Infrastructure with effect from 01 January 2018 to 31 December 2020, as governed by the GMA Act. The Board is in the final year of its three-year term. The GMA Act makes provision for the re-election of existing Members of the Board, provided that they do not serve for more than two consecutive terms of office.



Mr Mogopodi Mokoena (56)
Chairperson and Independent Non-Executive Member
(Appointed: 01 January 2018)

B Com, B Com Hons (Local Government Accounting).

GMA Board Committee Membership: Finance and Asset Committee and Human Capital and Remuneration Committee.

Other Directorships: United Manganese of Kalahari (Pty) Ltd, Maloma Colliery Ltd, Chancellor House Holdings, and Clinix Health Group (Pty) Ltd.

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

Skills, Expertise and Experience: Financial Management and Auditing, Public Financial Management, Infrastructure and Urban Development and Trade and Investment.



Ms Puli Moloto-Stofile (65)
Deputy Chairperson and Independent Non-Executive Member
(Appointed: 01 January 2018)

MBA, LLB and B Proc.

GMA Board Committee Membership: Human Capital and Remuneration Committee and Audit and Risk Committee.

Other Directorships: Chairperson: Moloto Stofile Inc and Bontle Buhle Trading Enterprises (Pty) Ltd, Executive Director: Buzz-in-Legal Corporate Services (Pty) Ltd and Buzz-in-Legal Mentoring and Training NPC, Non-Executive Director: Pamodzi Coal (Pty) Ltd and Rorisang Basadi Investment Holding (Pty) Ltd..

Professional Memberships: Law Society of the Northern Provinces (LSNP), Institute of Directors in Southern Africa (IoDSA), Arbitration Foundation of SA (AFSA).

Skills, Expertise and Experience: Commercial Law, Corporate Law, Labour Law, Commercial Litigation, Corporate Governance, Regulatory and Compliance, and Mediation and Arbitration.

Mr William Dachs (50)
Chief Executive Officer and Executive Member
(Appointed: 01 February 2020)

Pr Eng, BSc (Civil Engineering), B Juris, LLB.

GMA Board Committee Membership: Finance and Asset Committee and Social and Ethics Committee.

Professional Memberships: Institute of Directors in Southern Africa (IoDSA), Engineering Council of South Africa.

Skills, Expertise and Experience: Public Private Partnerships and Infrastructure Finance, Rail Engineering and Management, Legal and Compliance, Finance and Risk Management and Transport Planning.



Mr Elzer (Jack) van der Merwe (72)
Past Chief Executive Officer and Executive Member
(Re-appointed: 01 April 2014 – 31 January 2020)

BSc (Civil Engineering) and BSc Hons (Civil Engineering).

Board Committee Membership: Finance and Asset Committee, Social and Ethics Committee and Human Capital and Remuneration Committee.

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

Skills, Expertise and Experience: Public Transport Sector, Public Private Partnership (PPP) Contracts and Projects.



Mr Abel Mawela (59)
Independent Non-Executive Member
(Appointed: 01 January 2018)

B Com, B Com Hons, MBA and Certified Director (IoDSA).

GMA Board Committee Membership: Chairperson of Finance and Asset Committee and Member of Social and Ethics Committee.

Other Directorships: Accelerate Property Fund Limited, Regen Turnaround Services (Pty) Ltd, Molodi Finance and Investments (Pty) Ltd.

Professional Memberships: Chartered Institute of Finance, Audit and Risk Officers (CIGFARO), South African Restructuring and Insolvency Practitioner (SARIPA) and Institute of Directors of Southern Africa (IoDSA).

Skills, Expertise and Experience: Finance, Auditing, Corporate Governance, Insurance and Risk Management, Turnaround Strategy, Compliance and Accounting.





Mr Bolokang Lengane (47)
Independent Non-Executive Member
(Re-appointed: 01 January 2018)

B Com, B Com Hons and CA (SA).

Board Committee Membership: Chairperson of Audit and Risk Committee and Member of Social and Ethics Committee.

Professional Memberships: Institute of Directors in Southern Africa (IoDSA), SA Institute of Chartered Accountants (SAICA), Independent Regulatory Board of Auditors (IRBA).

Skills, Expertise and Experience: Auditing, Financial Management, Corporate Governance, Risk and Compliance.



Mr Donovan Nadison (54)
Independent Non-Executive Member
(Appointed: 01 January 2018)

Bachelor of Arts in Social Work with Honours, Master of Arts in Social Work, both at the University of the Witwatersrand; completion of a non-degree programme at Indiana University as a PhD Fulbright Scholar.

Board Committee Membership: Chairperson of Social and Ethics Committee, Member of Human Capital and Remuneration Committee.

Other Directorships: New Africa Business Investments (Pty) Ltd, New Africa Consulting cc, Independent member (Development Impact Support Department) at the Industrial Development Corporation of South Africa Limited.

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

Skills, Expertise and Experience: Management consulting expertise in Strategy, Change and Stakeholder Management; Project and Capital Project Management; Private Public Partnerships (PPP); Corporate Social Responsibility (CSR); Governance and Risk Management; Aeronautical and Non-aeronautical Meteorological Cost Recovery; Corporate Diplomacy.



Ms Sebina Hlapolosa (57)
Independent Non-Executive Member
(Re-appointed: 01 January 2018)

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

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

Other Directorships: Defence Force Commissioner.

Professional Memberships: 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.



Dr Pritish Dala (37)
Independent Non-Executive Member
(Appointed: 01 January 2018)

PhD (Information Technology), Masters (Information Technology), BSc Hons (Computer Science), Bachelor of Information Technology, Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Information Systems Security Professional (CISSP), Lead Auditor ISO 27001 (IA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH), and Computer Hacking Forensic Investigator (CHFI).

GMA Board Committee Membership: Finance and Asset Committee and Audit and Risk Committee.

Other Directorships: Council for the Built Environment, Exponential Enterprises, Freedom Park.

Professional Memberships: Information Systems Audit and Control Association (ISACA), International Information Systems Security Certification Consortium (ISCS²), Institute of Directors South Africa (IoDSA), EC-Council.

Skills, Expertise and Experience: Information Technology, Cyber Security and Privacy, Project Governance and Management, Information Technology Audit, Internal Auditing, Risk Management, Governance, Compliance, Forensics, Research.





TABLE 7: BOARD'S TERMS OF OFFICE

Tenure		
0–3 Years	3–6 Years	Serving a third non-consecutive term
<ul style="list-style-type: none"> Ms P Moloto-Stofile Dr P Dala Mr W Dachs 	<ul style="list-style-type: none"> Ms S Hlapolosa Mr B Lengane 	<ul style="list-style-type: none"> Mr M Mokoena Mr A Mawela Mr D Nadison

1.2 Policies of the Board

Table 8 highlights key policies governing the activities of the Board.

TABLE 8: KEY POLICIES GOVERNING THE ACTIVITIES OF THE BOARD

 APPOINTMENT OF THE BOARD	<p>The Board, including the Chairperson, is appointed by the MEC in line with the GMA Act. The Framework for the Recruitment and Selection of Members of the Board and Board Committees provides guidance to the MEC and the Board in discharging their role and responsibility in the appointment of Members of the Board, Board Committees and the CEO, in line with the GMA Act, PFMA and King IV.</p>
 SUCCESSION PLANNING	<p>Succession planning is a key focus area in ensuring that institutional knowledge is retained following the expiry of each Board's term of office. The Board has adopted the staggered rotation approach for continuity and for enhancing its capacity by introducing new Members of the Board, with fresh perspective and skills, in line with the Agency's evolving strategy.</p>
 DELEGATION OF AUTHORITY	<p>The Delegation of Authority Framework was developed within the parameters of the GMA's legal and regulatory framework, as a means of creating structured decision-making at all levels of the GMA. The Delegation of Authority Framework ensures that arrangements for delegation promote independent judgement and assist with balance of power. It further ensures that the delegation contributes to role clarity and the effective exercise of authority and responsibilities.</p> <p>The Board recognises that delegating authority to the Board Committee and Management does not exempt the Board from discharging its statutory and fiduciary duties.</p> <p>The Delegation of Authority Framework is reviewed annually to ensure that it is still relevant and applicable to the GMA environment. The Delegation of Authority Framework for the 2019/20 Financial Year was reviewed and approved by the Board on 31 May 2019.</p>
 CONFLICT OF INTEREST	<p>The GMA has put in place processes and procedures to address issues of conflict and/or potential conflict which could arise. All Members of the Board are required to declare any actual or potential conflict of interest and sign the Confidentiality and Declaration of Conflict of Interest Forms annually, or whenever significant changes arise. Copies of the declarations are made available to the MEC.</p> <p>Furthermore, all Members of the Board are required to declare any actual or potential conflict of interest in respect of agenda items before all meetings of the Board and Board Committees. The declarations are then deliberated and, where actual conflict of interest exists, the Member is then recused from the discussions on that agenda item.</p>

1.3 Composition

1.3.1 Membership

The Board currently comprises seven Non-Executive Members from wide-ranging backgrounds and with varying industry and professional experience, and there are two vacancies. In addition, the CEO is an Executive Member of the Board by virtue of his office.

The Board meets at least four times a year to consider the normal business and at least once a year to review the GMA Strategic Plan, in accordance with the Board Plan. Regular Board meetings have a predetermined agenda under which operation and performance, as well as current issues and new projects, are considered and approved.

The Deputy Chairperson, who is an independent Non-Executive Member, leads the Board in the absence of the Chairperson and leads discussions and decision-making on matters where the Chairperson has a conflict of interest. The responsibilities of the Chairperson, Deputy Chairperson and the CEO are highlighted in the Board Charter.

1.3.2 Diversity

The Board strives for a diverse representation and promotes diversity of knowledge, skills and experience, as well as of age, culture, gender and race. The qualifications, skills and experience of the Members of the Board are detailed on pages 38 to 41.

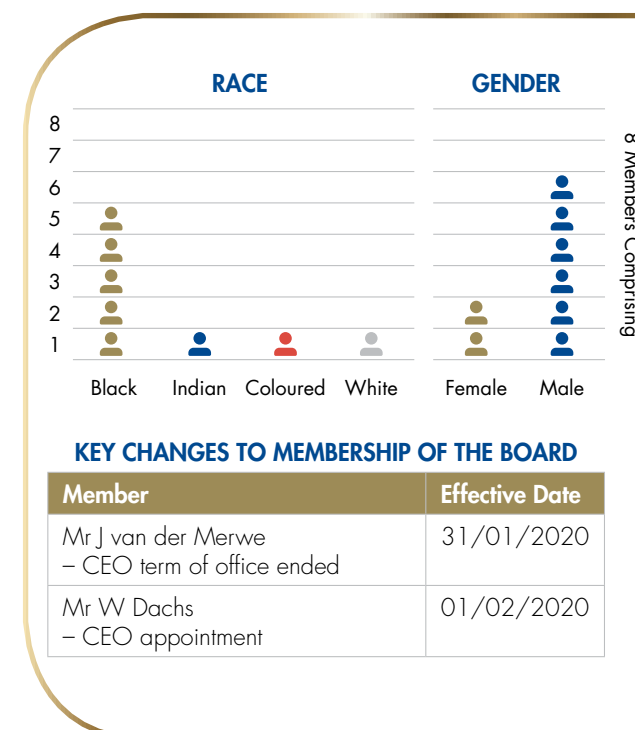
TABLE 9: BOARD ATTENDANCE – MEMBERS OF THE BOARD

Board Member	Attendance
Mr M Mokoena <i>Board Chairperson</i>	9/9
Ms P Moloto-Stofile <i>Deputy Board Chairperson</i>	8/9
Mr B Lengane	9/9
Mr A Mawela	8/9
Ms S Hlapolosa	4/9
Mr D Nadison	9/9
Dr P Dala	9/9
Mr W Dachs ¹	1/1
Mr J van der Merwe ²	8/8

¹ Appointed CEO effective 01/02/2020

² CEO term ended effective 31/01/2020

NB: Number of meetings attended includes two Extraordinary meetings, two Board Workshops and one Strategic Planning Board Leggotla and Risk Assessment Workshop.



The roles of the Board Chairperson and the Chief Executive Officer are formalised, separated and clearly defined in the Board Charter. This division of responsibilities ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

GRAPH 4: BOARD DIVERSITY

The Board recognises that diversity encourages constructive debate and enhances the quality of the deliberations. Considering this, the Board's skills matrix and diversity are matters to be addressed during the recruitment process aimed at filling the current Board vacancies in the 2020/21 Financial Year.

1.3.3 Board Advisors

The Board is supported by Advisors who are nominated by their respective organisations and appointed by the MEC. The functions of the Board Advisors are to advise the Board on views and policies of their respective organisations. The Board Advisors are not Members of the Board and therefore are not entitled to vote at the meetings of the Board. The term of office of the Board Advisors is aligned with the term of office for the GMA Board. The Advisors may be appointed by the Board to serve on the Board Committees.

TABLE 10: BOARD ATTENDANCE – BOARD ADVISORS

Board Member	Attendance
Mr Jan-David de Villiers <i>National Department of Transport</i>	6/9
Ms Tryfina Mokele <i>Gauteng Provincial Treasury</i>	5/9
Ms Hemlata Jugoo <i>Gauteng Department of Roads and Transport</i>	6/9

NB: The number of Board meetings include Board Induction, Special Meetings and the Board Strategic Planning Lekgotla and Risk Management Workshop.

NB: National Treasury is in the process of nominating a replacement to serve as an advisor on the GMA Board.

1.3.4 MANCO

The CEO, assisted by MANCO, is responsible for leading the implementation and execution of the approved strategy, policies, as well as the day-to-day operations of the GMA. Members of MANCO are invited to meetings of the Board to provide the necessary information and inputs in their areas of responsibility.

1.4 Core responsibilities of the Board

The Board Charter regulates the parameters within which the Board operates. The Board Charter sets the role and responsibilities of the Board, including its composition, matters delegated to the Board Committee, matters reserved for the Board and relevant procedures of the Board. During the period under review, the Board provided oversight on the following key strategic projects:

- Appointment of the new GMA CEO;
- Procurement of pre-owned electric multiple units and depot enhancements;
- Public transport ticketing interoperability;
- Settlement of the Operating Period disputes;
- Gauteng Province’s Construction All Risks (CAR) Insurance Claim;

- Integration of the Gautrain System with other public transport systems;
- Establishment of a Transport Authority for the Gauteng Global City Region;
- Service Level Agreement between the Gauteng Department of Roads and Transport, GMA and the Transport Authority of Gauteng;
- Review of Policies and Key Documents for the 2020/21 Financial Year; and
- Impact of COVID-19 on Gautrain operations and the GMA.

1.5 Governance structure

The Board retains effective control of the GMA through a clear governance structure and has established Board Committees to assist it in discharging its duties, as governed by the GMA Act and Board Charter. The GMA governance structures are reviewed regularly, and the Board is satisfied that the GMA governance structures support the GMA Strategy and effective decision-making, promote accountability and establish a corporate culture aligned to the evolving best practice. Refer to the full organogram, Graph 1 on page 22.

1.6 Board Committees

The Board is supported by four Board Committees. Members of Board Committees are appointed by the Board, in line with the Framework for the Selection and Appointment of Board and Board Committee Members. All Board Committees are chaired by independent Non-Executive Members of the Board. The Chairpersons of Board Committees are Members of the Social and Ethics Committee and are tasked with promoting effective collaboration and co-ordination among Board Committees.

The Terms of Reference of the Board Committees are reviewed annually to enhance their effective functioning. The Terms of Reference of the Board Committees were approved on 31 July 2019.

The implementation of the Committee’s Terms of Reference is monitored through the Committee’s Annual Work Plan. The Committee’s Work Plan is updated on a quarterly basis and any matters not addressed and/or resolved are highlighted and referred to the next meeting of the Committee.

1.6.1 Audit and Risk Committee Report

Refer to the Report of the Audit and Risk Committee in the Annual Financial Statements on page 112 to 116 for the full disclosure on the activities of the Audit and Risk Committee.

1.6.2 Finance and Asset Committee Report



- Monitored the asset management of the GMA and the Gautrain System;
- Reviewed and addressed Gautrain System Capacity Challenges; and
- Reviewed and approved quarterly reports.

The responsibilities of the FAC are detailed in the Terms of Reference. The FAC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2019/20 Financial Year.

Abel Mawela

Mr Abel Mawela
FAC Chairperson

The Finance and Asset Committee (FAC) is constituted as a Board Committee in accordance with section 19 of the GMA Act, and a minimum of three Committee Members is required. The FAC currently has four members and their profiles, qualifications and experience are detailed on pages 38 to 41.

TABLE 11: FAC ATTENDANCE

Committee Members	Attendance
Mr A Mawela (Chairperson)	5/6
Mr M Mokoena	3/6
Dr Pritish Dala	6/6
Mr J van der Merwe (CEO) ¹	5/6

Board Advisors	Attendance
Mr Jan-David de Villiers <i>National Department of Transport</i>	2/6
Ms Tryfina Mokele <i>Gauteng Provincial Treasury</i>	3/6
Ms Hemlata Jugoo <i>Gauteng Department of Roads and Transport</i>	3/6

NB: The meetings include one Extra-Ordinary Meeting on 23 May 2019 and one Special Meeting on 11 September 2019.

¹ Term of Office ended on 31 January 2020

The COO, CFO, CAE and Senior Executive Manager responsible for Technical Services have standing invitations to all FAC meetings to provide the necessary information and inputs in their area of responsibility.

The main considerations of FAC during the reporting period were:

- Reviewed policies and key documents and made recommendations to the Board for approval;
- Finalised the Audit to determine the condition and remaining useful life of the Gautrain System assets and implementation of the recommendations from the Audit;
- Monitored the Concessionaire’s Performance Monitoring System (PMS) and Patronage Reports;
- Reviewed and monitored the implementation of the GMA Budget;
- Monitored the implementation of key projects assigned to the GMA by the Gauteng MEC for Public Transport and Roads Infrastructure;



1.6.3 Human Capital and Remuneration Committee Report



The Human Capital and Remuneration Committee (HCRC) is constituted as a Board Committee in accordance with section 19 of the GMA Act and a minimum of three Committee Members is required. The HCRC currently has four members and their profiles, qualifications and experience are detailed on pages 38 to 41.

TABLE 12: HCRC ATTENDANCE

Member	Attendance
Ms S Hlapolosa (Chairperson)	4/6
Mr M Mokoena	5/6
Ms P Moloto-Stofile	5/6
Mr D Nadison	4/6

NB: The number of meetings included two Special Meetings on 21 July 2019 and 30 March 2020.

The CEO, COO, CIO and Senior Executive Manager responsible for Corporate Services have standing invitations to all HCRC meetings to provide the necessary information and inputs in their area of responsibility.

The main considerations of HCRC during the reporting period were:

- Reviewed policies and key documents and made recommendations to the Board for approval;
- Provided oversight on the implementation of the revised GMA Organisational Structure;
- Reviewed and recommended the Principles for Annual Salary Increases for the 2019/20 Financial Year and Bonus Payment for the 2018/19 Financial Year to the Board for approval;
- Monitored the implementation of the GMA Graduate Development and Women Development Programmes;
- Reviewed the Quarterly Knowledge Management Reports and recommended these to the Board for noting; and
- Reviewed and approved the Human Capital Quarterly Reports.

1.6.3.1 Remuneration of the Members of the Board

In terms of the GMA Act, the remuneration of the Members of the Board is determined by the Executive Authority, in consultation with the Gauteng MEC of 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 Guidelines;
- A monthly retainer is paid to the Members of the Board due to the nature and activities of the Gautrain Project; and
- Travelling and other expenses associated with attending meetings, workshops and events are reimbursed in line with GMA policies.

The Remuneration of the Board is disclosed in the Annual Financial Statements on pages 152 to 153.

1.6.3.2 Remuneration of GMA Staff

The GMA HCRC and GMA Board approved the GMA Remuneration Policy in line with the value creation intent for employees. This is in line with the King IV remuneration governance principle of accountable and responsible remuneration. The application of the policy has always been reviewed considering both general and executive remuneration in line with Good Ethical Pay Principles.

The philosophy underpinning the GMA Reward and Remuneration Policy is that employees should be rewarded for their yearly performance and the value they add towards achieving the business objectives. In line with the GMA Reward and Remuneration Policy, Human Capital (HC) conducts regular salary benchmarking across the market with consideration and focus on State-Owned Entities, project engineering industries and/or other related markets. It is the GMA's philosophy to align remuneration packages at the midpoint of the market. This provides alignment of the individual's salary to both external and internal comparators, while ensuring consistency across the business and market competencies in line with the Compa-Ratio of 50th percentile.

The responsibilities of the HCRC are detailed in the Terms of Reference. The HCRC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2019/20 Financial Year.



**Ms Sebina Hlapolosa
HCRC Chairperson**

1.6.4 Social and Ethics Committee Report



The Social and Ethics Committee (SEC) is a Statutory Committee constituted in terms of section 72 of the Companies Act, Act 71 of 2008 ('the Companies Act'), section 19 of the GMA Act, King IV and the GMA Board Charter. A minimum of three members is required. The SEC currently has five members, and their profiles, qualifications and experience are detailed on pages 38 to 41 under Members of the Board.

TABLE 13: SEC ATTENDANCE

Committee Members	Attendance
Mr D Nadison (Chairperson)	4/4
Mr A Mawela	4/4
Ms S Hlapolosa	3/4
Mr B Lengane	4/4
Mr J van der Merwe (CEO) ¹	4/4
Mr W Dachs (New CEO) ²	1/1

Board Advisors	Attendance
Ms Hemlata Jugoo Gauteng Department of Roads and Transport	2/4

¹ Term of Office ended on 31 January 2020

² Appointed CEO with effect from 01 February 2020

The main considerations of SEC during the reporting period were:

- Reviewed policies and key documents and recommended them to the Board for approval;
- Reviewed and approved the quarterly reports on the Ethics Management Roll-out Plan and Ethics Management Programme, which reports include trend analysis on the ethics performance of the GMA;
- Reviewed and approved the Communications and Marketing Reports, which include sections on the Stakeholder Management activities and Social Investment Programmes;
- Reviewed the GMA's progress reports on the achievement of BBBEE targets;
- Reviewed the HC and Remuneration Committee Policies and quarterly reports;
- Reviewed and approved Reports on Environment, Health and Safety Incidents; and
- Reviewed the Legal Compliance and Litigation Report.

The Board has also delegated the oversight on the management of ethics to the SEC. The SEC ensures that the ethics of the GMA is managed in a way that supports the establishment of an ethical culture. The SEC also has the responsibility of bringing matters within its mandate to the attention of the Board and the MEC as required.

The responsibilities of the SEC are detailed in the Terms of Reference. The SEC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2019/20 Financial Year.



**Mr Donovan Nadison
SEC Chairperson**



1.7 Board processes

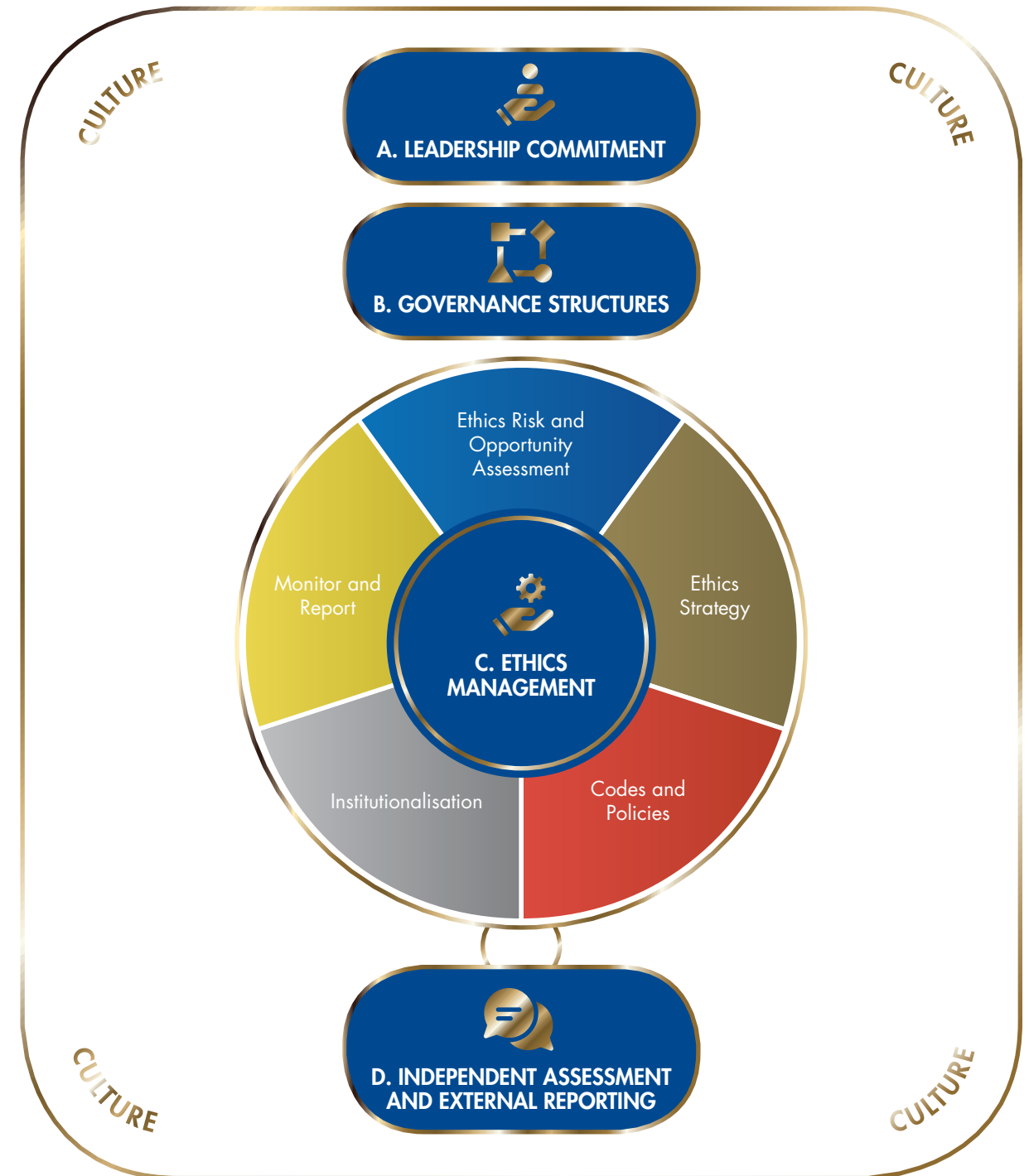
TABLE 14: BOARD PROCESSES

 <p>BOARD INDUCTION</p>	<p>The Board induction programme is aimed at enhancing the understanding of the GMA's mandate, operations, environment, as well as the duties and responsibilities of the Members of the Board. New Members of the Board receive a comprehensive information pack, which includes the GMA Act, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the GMA. Key applicable legislation and regulations, as well as corporate governance, financial and reporting documents, and minutes of previous meetings are also provided.</p> <p>The induction of the Board is not a once-off event, but an ongoing programme. Members of the Board, Board Advisors and Management are regularly issued with updates on matters related to the GMA, public transport, rail, corporate governance and ethics. Furthermore, presentations on related subject matters are organised to coincide with meetings, as part of the induction programme.</p>
 <p>BOARD TRAINING</p>	<p>The Board actively encourages the continuous training and development of its Members. The GMA develops the Board Training and Development Plan annually, taking into consideration the outcomes of the Performance Evaluation of the Board, as well as the individual training needs of the Members of the Board.</p> <p>The Board Training and Development Plan for the 2019/20 Financial Year was approved by the Board on 31 July 2019 and its implementation was monitored by the Human Capital and Remuneration Committee (HCRC) on a quarterly basis.</p> <p>The following incidents had a negative impact on the implementation of the Board Training and Development Plan during the period under review:</p> <ol style="list-style-type: none"> Preparations for the new government administration post the May 2019 elections. This resulted in all planned international training and development initiatives being cancelled; and Recent developments relating to the COVID-19 pandemic which have seen the South African Government issuing travel bans and trade restrictions. <p>The following Board Training and Development Plan initiatives were attended during the period under review:</p> <ol style="list-style-type: none"> Ethics Management Workshop Insights for Non-Financial Directors PPP Foundation Programme Mastering Board Leadership Public Transport Knowledge Seminar Insights into Integrated Reporting
 <p>PERFORMANCE EVALUATION OF THE BOARD</p>	<p>An independent performance evaluation of the Board, Board Committees and individual Members of the Board for the 2018/19 Financial Year was conducted by CGF Research Institute.</p> <p>An Action Plan to address the outcomes of the Evaluation of the Board and Board Committees for the 2018/19 Financial Year was developed. The focus of the Board during the period under review was to monitor the implementation of the Action Plan. As at 31 March 2020, 66% of the Action Plan items had been implemented. The outstanding terms are still work in progress and will be finalised during the 2020/21 Financial Year.</p>

1.8 Management of ethics




The GMA acknowledges that the management of ethics has a direct impact on the achievement of its strategic objectives. Managing and maintaining ethical standards in an organisation boosts the reputation of an organisation, builds a trust relationship with stakeholders, enhances employee morale and productivity, and promotes an ethical culture.

King IV calls for ethics to be governed and managed in an organised manner. The Board identified the need to establish an Ethics Office in the GMA to assist the Board with its oversight responsibility on issues related to ethics management. An Ethics Management Office was established to co-ordinate all ethics management activities within the GMA. The following Ethics Management Framework, developed by the Ethics Institute, was adopted, and its implementation was monitored by the Social and Ethics Committee throughout the period under review:



GRAPH 6: ETHICS MANAGEMENT FRAMEWORK

TABLE 15: KEY ETHICS MANAGEMENT FOCUS AREAS DURING THE 2019/20 FINANCIAL YEAR

Focus Area	Activities during the 2019/20 FY
 LEADERSHIP COMMITMENT	<p>The GMA has established an Ethics Management Function.</p> <p>The Board and Management attended an in-house Ethics Management Workshop on 23 July 2019 aimed at emphasising the importance of managing ethics, the role of the Board and Management in managing ethics, the role of the Ethics Office and the journey towards a strong ethical culture.</p>
 GOVERNANCE STRUCTURE	<p>The Board, through the SEC, provides strategic direction over the governance of ethics and how ethics should be addressed in the GMA. It is also responsible for the approval of ethics-related codes and policies. The implementation and monitoring of the ethics-related codes and policies is the responsibility of the Ethics Office, under the authority of MANCO.</p>
 ETHICS MANAGEMENT	<p>a) Ethics Risk and Opportunity Assessment Assessing the ethics profile allows for identification of areas that need improvement, their severity, as well as development of an action plan to address problem areas or to maintain ethical strengths. Ethics Risk and Opportunity Assessments are crucial to providing an understanding of the current ethics profile. The GMA's Ethics Risk and Opportunity Assessment was conducted during Quarter 3 of the period under review. A total of 63% of the employees participated in the Assessment and the overall results indicated a positive and conducive environment for ethical conduct in the GMA, with some areas for improvement identified. The outcomes of the Ethics Risk and Opportunity Assessment provide a baseline for the development of the GMA Ethics Strategy.</p> <p>b) Ethics Strategy The draft GMA Ethics Strategy has been developed pending consultations with the various Business Units. The Strategy will be presented to the SEC and then to the Board for approval during the 2020/21 Financial Year.</p> <p>c) Ethics Codes and Policies Ethics codes and policies assist in setting out basic principles which guide employees during the execution of their day-to-day activities and encourage a culture of honesty, accountability and mutual respect. They also provide guidance to recognise ethical issues and to provide mechanisms to support the resolution of ethical challenges. The GMA has developed the following ethics codes and policies:</p> <ul style="list-style-type: none"> • Business Code of Conduct and Ethics for Members of the Board; • Business Code of Conduct and Ethics for Employees; • Gifts and Hospitality Policy; • Fraud Prevention and Whistleblowing Policy; • GMA Supplier Code; and • GMA Supply Chain Management Policy. <p>d) Institutionalisation The draft Ethics Strategy developed will be converted into an Ethics Management Plan. However, the following ethics management interventions are ongoing:</p> <ul style="list-style-type: none"> • Ethics awareness training; • Fraud prevention awareness sessions; • Assessment of ethical treatment relating to labour and employment matters; and • Management of conflict of interest relating to: <ul style="list-style-type: none"> - Acceptance of gifts, benefits and hospitality - Declarations of potential and/or actual conflict of interest - Conducting voluntary and/or remunerative work outside of the GMA <p>e) Monitor and Report The Ethics Management Programmes of the GMA have been centralised to the Corporate Governance and Ethics Business Unit. The Unit conducts trend analyses on the status of ethics within the GMA, and quarterly reports on the GMA's ethics performance are presented to the SEC.</p>

The Board is confident that the ethics management systems and processes put in place are conducive to establishing and maintaining an ethical culture. The next year will see the implementation of the Ethics Strategy and a ramp-up of the institutionalisation programmes, in line with the Ethics Strategy and Plan.

2. CORPORATE GOVERNANCE AND ETHICS

The Corporate Governance and Ethics Business Unit provides guidance on corporate governance and professional corporate governance services to the GMA's governance structures. The Unit co-ordinates support for the effective functioning of the GMA's governance structures. The Unit also provides support to the GMA's governance structures on their governance of ethics responsibilities and is responsible for planning and co-ordination of various aspects of the ethics management processes.

2.1 Performance during the period under review

The Corporate Governance and Ethics Business Unit focused on the following areas:

- Implementation of the GMA's corporate governance framework to enable the Board to fulfil its fiduciary duties and its governance role and responsibilities;
- Facilitating the GMA's Ethics Risk and Opportunity Assessment;
- Development and review of the Ethics Codes and Policies;
- Development of the Ethics Strategy; and
- Establishing a reporting framework for the Ethics Management Function.

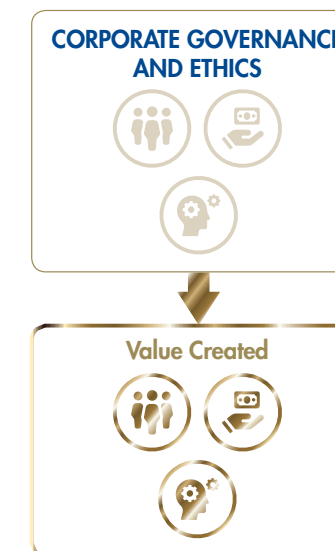
In May 2018, the Compliance and Legal Unit appointed a new service provider, Whistle Blowers (Pty) Ltd, to provide whistle blowing services to the GMA.

For purposes of conscientising and guiding GMA employees and members of the public on how to report fraud and corruption-related activities, various framed posters are displayed throughout the GMA's offices.

Moreover, potential whistle blowers are guided and furnished with information that will 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).

2.2 Future focus

- Performance evaluation of the current Board and Board Committees;
- Recruitment and selection of the new Board;
- Induction and training of the new Board;
- Review of corporate governance documents; and
- Approval and implementation of the Ethics Strategy.



3. 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. The ARC approves the Internal Audit Plan at the beginning of each year. The Internal Audit Plan is based on critical risks facing the entity and it covers all the business units within the GMA.

Internal Audit complies with all the International Standards for Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA). This is predicated on the outcome of the 2015/16 External Quality Assessment Review, which adjudged Internal Audit to have obtained a 'generally conforms' rating.

3.1 Performance during period under review

Internal Audit reviewed a quarterly assessment of the GMA Stakeholder Key Control Dashboard conducted by Management. Internal controls were assessed in each auditable area reviewed.

On a quarterly basis, Internal Audit submitted to the ARC the progress report detailing the progress against, and significant amendments to, the current approved Annual Internal Audit Plan.

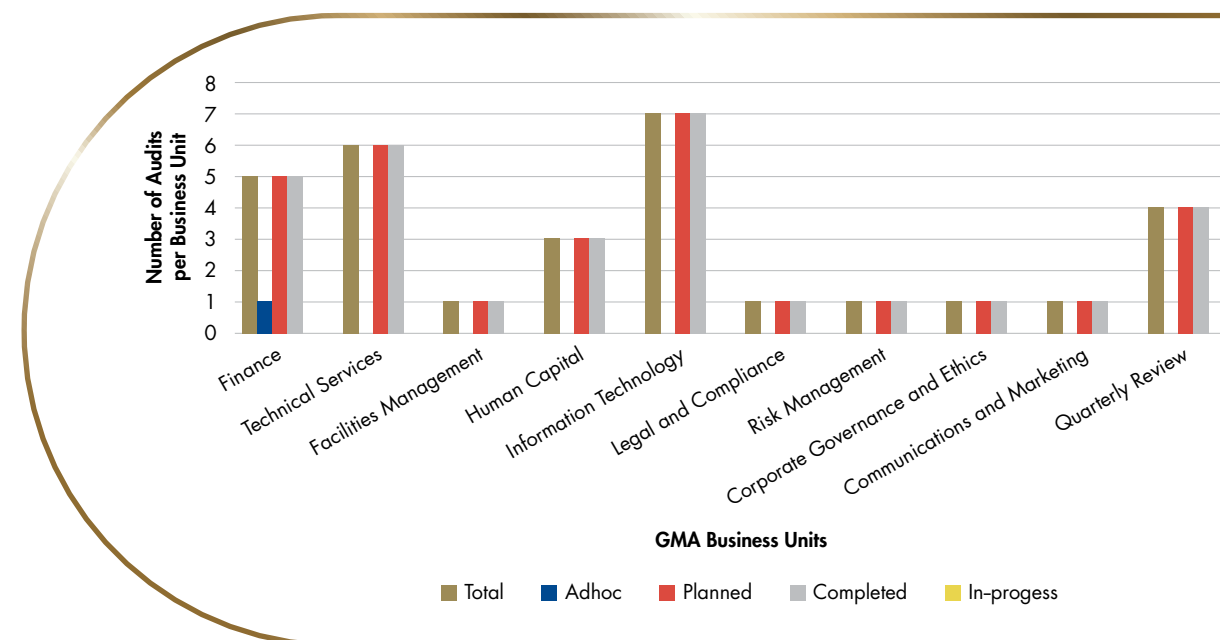
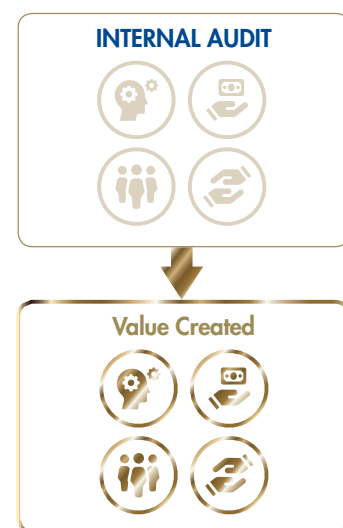
3.2 Highlights of the Key Control Dashboard in Compliance with PFMA

Overall assessment of the Key Control Dashboard for the period under review highlights in the main that GMA complies with the PFMA requirement on areas of Leadership, Financial and Performance and Governance.

3.3 Progress against approved Internal Audit Plan

During the period under review, Internal Audit completed all auditable areas as per the approved Internal Audit Plan. The Internal Audit Plan covered 31 auditable areas that spanned across the following business units: Technical Services, Finance, Information and Communication Technology, Communication and Marketing, Corporate Services, Corporate Governance and Ethics, Compliance and Legal Services, and Risk Management. In addition, Internal Audit completed all reported whistleblowing and Management requested reviews.

The Internal Audit Plan included reviews of the Quarterly Key Control Dashboard, Quarterly Performance Information Report, Quarterly Financial Statements, and the follow-up on Auditor-General and Internal Audit findings.



GRAPH 7: GMA'S INTERNAL AUDIT PERFORMANCE VS. PLAN

3.4 Relevant outcomes

The overall Internal Audit outcome was that the system of internal controls, governance and risk management within the GMA is working as intended. In executing its Annual Operation Internal Plan, Internal Audit provides reasonable assurance that all relevant objectives relating to various capitals are achieved. The Auditor-General places reliance on the work of Internal Audit for external audit purpose.

In executing its Annual Operation Internal Plan, Internal Audit ensures that the GMA Strategic Objective of providing assurance that complies with internal controls in all divisions is achieved. The Internal Audit's mandate supports the overall business strategy and ensures achievement of business objectives by providing high-quality advisory and relevant business insight as an integral part of its activities.

The overall Internal Audit outcome was that the system of internal controls, governance and risk management within the GMA is working as intended.

The adequately skilled personnel, mature audit processes and customer-focused culture had beneficially contributed to an increase in the intellectual and human capitals.

The Auditor-General places reliance on the work of Internal Audit for external audit purpose and as a result contributes to the realisation of the financial and the social and relationship capitals. This contributes to the achievement of GMA Strategic Objectives of ensuring the improved quality of overall financial management via efficient implementation of approved financial policies and completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets.

3.5 Future focus

The Strategic Internal Audit Plan for 2021 to 2023, which includes the 2020-2021 Operational Plan, covers all high-risk areas that may impede the achievement of strategic and operational objectives. Internal Audit will undergo the External Quality Assessment Review during the 2020/2021 Financial Year in terms of the IIA Standards.

To achieve the Internal Audit Annual Operational Plan, it is necessary to identify synergies to leverage on enhanced audit processes, close gaps identified by the External Quality Assessment Review and ensure operational efficiency, sustainability and resilience, which will require inputs of the intellectual, financial, human, and social and relationship capitals.

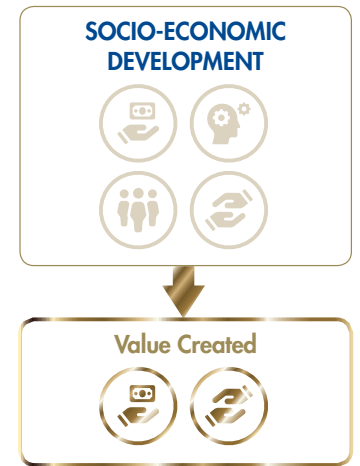
SECTION F PERFORMANCE: GMA ACTIVITIES



1. SOCIO-ECONOMIC DEVELOPMENT

The Gautrain Project's SED regime was developed as the first of its kind for a rapid rail network in South Africa. The Concessionaire embraced the SED objectives and, since the Development Period, the Concessionaire has continued to honour and exceed its obligations under Schedule 22 of the CA. Introduced as the fourth cornerstone of the PPP process, over and above the technical, financial and legal cornerstones, economic development remains at the heart of developing the Gauteng Province.

An Independent Socio-Economic Monitor (ISEM) has been appointed for the purpose of verifying SED achievements attained on the Project. The Concessionaire, within 45 calendar days after the end of each month, prepares and submits a report on its claimed SED achievements. The ISEM, within approximately five weeks of receiving the Concessionaire's report, prepares and issues its own report on the independently verified SED achievements. The SED achievements reported are based on the verified achievements reported on a quarterly basis by the ISEM.



1.1 SED performance and future focus

The ISEM has completed its verification for the period January to December 2019. Table 16 summarises the achievements for January to December 2019, achievements from the Operating Period until the end of 2019 and obligations for the 2020/21 Financial Year.

TABLE 16: SUMMARY OF THE SED ACHIEVEMENTS AND FUTURE OBLIGATIONS

SED PERFORMANCE			JANUARY 2019 TO DECEMBER 2019			OPERATING PERIOD UP TO DECEMBER 2019			OBLIGATIONS FOR 2020/21
SED ELEMENT				Verified	%		Verified	%	
No.	Description	Unit	Obligation	Achievement	Achievement	Obligation	Achievement	Achievement	
Black equity participation									
SED01	Shares held by BEs/Black persons in BCC	%	25.00%	71.75%	100%	25.00%	39.04%	100%	25.00%
	Shares held by BEs/Black persons in BOC	%	25.10%	25.10%	100%	25.10%	28.86%	100%	25.10%
SED02	Shares held by Black women in BCC	%	3.75%	22.40%	119%	3.75%	10.30%	119%	3.75%
	Shares held by Black women in BOC	%	3.75%	9.78%	119%	3.75%	6.45%	119%	3.75%
Procurement and sub-contracting									
SED03	Procurement from BEs/Black persons	R'000	128,671	215,890	168%	488,519,460	888,950,967	182%	72,803
SED04	Sub-contracting to BE	R'000	218,095	630,471	289%	1,290,793,871	3,020,913,151	234%	181,378
SED05	Procurement and sub-contracting to new BE	R'000	218,545	615,098	281%	1,365,106,602	2,688,363,631	197%	238,223
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	43,151	70,918	164%	267,351,450	401,217,836	150%	37,597
Local content									
SED08	Employment of local people	Jobs	1,323	1,558	118%	9,904,750	12,803,330	129%	1,323
SED09	Procurement of South African materials	R'000	115,649	833,331,923	721%	593,724,849	3,088,063,120	520%	93,476
SED10	Procurement of South African Plant and Equipment	R'000	109,398	124,600,032	114%	299,468,470	327,026,064	109%	56,386
Participation by SPG									
SED11	HDI staff seconded by SPG	Jobs	0	0	100%	0	0	100%	0
SED12	Expenditure by SPG on Plant and Equipment	R'000	0	0	100%	0	0	100%	0
SED13	Procurement from or sub-contracting to SPG	R'000	0	0	100%	0	0	100%	0
Participation in management									
EEPO1	HDIs in management positions	Jobs	29	48	164%	209	455	218%	29
EEPO2	Women in management positions	Jobs	14	28	201%	97	252	260%	14
EEPO7	HDIs in Occupational Level C	Jobs	49	235	478%	359	2 183	607%	50
Direct employment									
EEPO3	HDIs employed	Jobs	951	1 446	152%	7,067	11,913	169%	955
EEPO4	Women employed	Jobs	342	479	140%	2,558	3,583	140%	341
EEPO5	People with a disability employed	Jobs	20	23	116%	150	172	115%	20
Training									
EEPO6	Expenditure on Human Resource Development	R'000	4,434	6,211	140%	27,633	36,958	134%	3,878
EEPO8a	Women participating in the Learnership and Mentorship Programme	Jobs	0	0	100%	0	0	100%	0
EEPO8b	Employment and Mentorship of women learners	Jobs	0	0	100%	0	0	100%	0

It is evident that the Concessionaire has achieved or exceeded its obligations in all the SED elements.

Based on ISEM verification concluded to date, the Concessionaire has cumulatively achieved on all its obligations. It is evident from the above tables that the Concessionaire has complied with its obligations in all of the SED elements. In terms of the penalty and reward regime, no penalties were awarded to the Concessionaire for the year under review.

To achieve the set obligations above will require inputs from the financial, human, intellectual, and social and relationship capitals to promote and maximise the SED and BBBEE objectives of the Province in relation to the Project. Schedule 22 of the CA contains the monthly SED obligations.

RELEVANT OUTCOMES

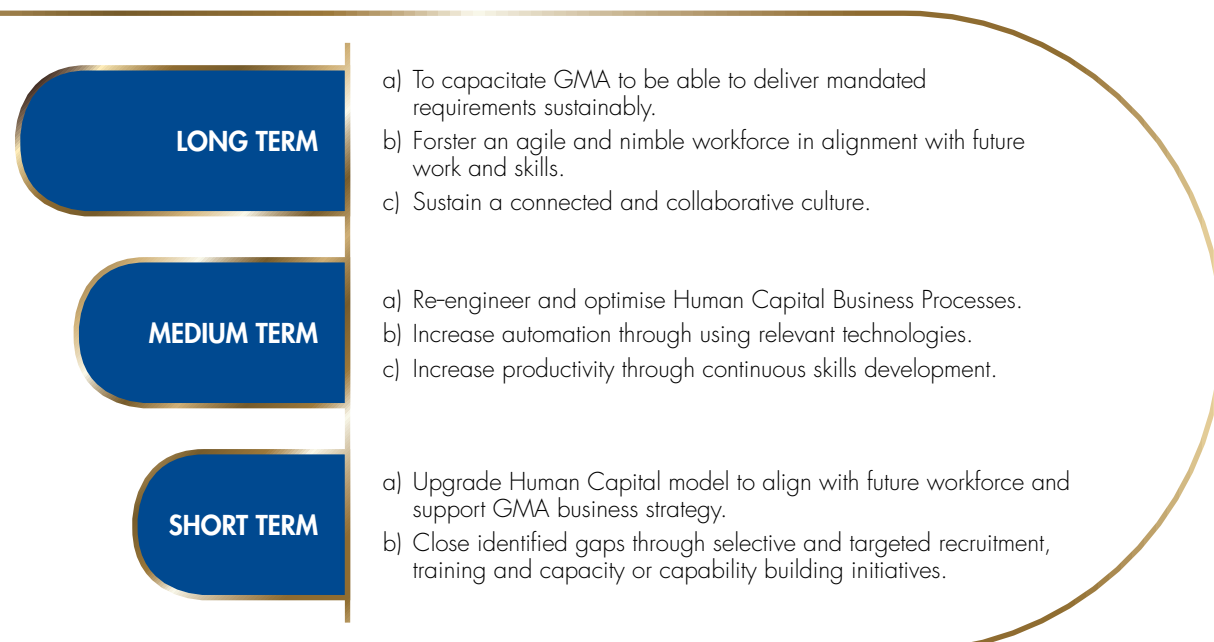
SED directly demonstrates the shared value benefits of the Gautrain in terms of shareholding by black persons and black women, procurement, sub-contracting and employment equity elements. Through its sustained achievement and exceeding performance in most elements, the Concessionaire continues to develop growth in social and relationship capital and maintain socio-economic development.

The Concessionaire has made significant efforts to ensure that its SED obligations in terms of economic spending and SED objectives are met and has significantly exceeded its SED obligations during the Operating Phase. The trend of exceeding its obligations continues in the period under review. It is evident that to date, the Gautrain Project has made and continues to make a significant impact on the SED in Gauteng and in South Africa.

2. HUMAN CAPITAL MANAGEMENT

The GMA's employment philosophy is consistent with the belief that people are the most important asset of the Agency. In support of this philosophy, the Human Capital (HC) Strategy enables the HC Unit to continue acquiring skilled talent, and to deploy, manage, reward, develop and retain the best employees needed to deliver the organisational strategic objectives.

The GMA HC strategic focus is on the Employee Value Proposition. The GMA ensures that as an Agency it delivers exceptional performance and services through well qualified and optimally developed, engaged and motivated personnel. This allows the GMA to maintain its standard of a 'High Performing Organisation' and thus being an employer of choice in the South African Transport Sector.



GRAPH 8: HUMAN CAPITAL STRATEGIC FOCUS

2.1 Performance during period under review

2.1.1 Learning and Development Strategy

The objective of the Learning and Development Strategy is to systematically link learning and development to the GMA's Strategic Objectives and talent management. The GMA operates in a complex environment which requires a strategic approach to be taken in fostering the talent needed in order to address critical and scarce skills shortages. The GMA also seeks to contribute to the overall economic activity of selected graduates through its Learning and Development Strategy.

Graduate Development Programme

The GMA successfully implemented the Graduated Development Programme as one of the flagship projects in the 2019/20 Financial Year. The Graduate Development Programme is developed and presented to ensure that the GMA gives

individual graduates a broad experience across the different business units within the Agency. The programme is a structured work-based programme, aimed at affording unemployed graduates who have completed at least a tertiary qualification an opportunity to acquire workplace experience.

Women Development Programme

GMA took a strategic position to ensure the gender gap within the Agency is prioritised to align with the national objectives. This led to the GMA Women Development Programme which aims to ensure that the identified gaps are closed by upskilling women for leadership, non-leadership, managerial and non-managerial levels. In support of this notion, a desktop skills audit was conducted to ascertain the appropriateness and relevance of the skills and competencies within the GMA. Subsequent to that, the training and development budget allocation was reviewed to accommodate the programme.

2.1.2 Performance Management Programme

The Performance Management Programme was re-visited to align with the GMA Strategic Objectives. The entire organisation embarked on Performance Management training and socialisation of the employees. The Individual Performance Contract (IPC) Review Committee has been set up and a pilot project has been undertaken to review the 2019/20 IPCs undertaken.

2.1.3 Integrated Diversity, Inclusion and Transformation Programme

GMA's Integrated Diversity, Inclusion and Transformation Programme focuses on goals and measures as proposed by the HC Strategy to address transformation in the Agency. It outlines the priorities, strategies, and actions that are critical to the following:

- Leadership commitment: Leadership must demonstrate its commitment and accountability for modelling behaviour that advances diversity and transformation in the workplace;
- Cultivate and promote an inclusive culture that maximises the talent, skills and diversity within the GMA; and
- Build and maintain a diverse workforce: Identify, attract, and retain a pipeline of diverse and qualified candidates with a wealth of experience and talent through targeted outreach and recruitment.

2.1.4 Employee Wellness Programme

Employee Wellness is important for organisational success, but a strategic and integrated approach to wellness is critical. GMA as an employer has recognised the benefit of investing in the integrated Wellness Programme. The GMA is a caring organisation and it makes sure that it looks after its employees and their families. In order to support these principles it has partnered with The Healthy Company for an integrated, pro-active approach towards an Employee Wellness Programme. The partnership was called the "The MyWellBeing Programme". The programme focuses on the following three key dimensions: bio-psychosocial well-being, financial well-being and legal support. The "MyWellBeing Programme" is aimed at giving the best support to employees holistic well-being through cutting-edge technology and innovative health solutions.

2.1.5 Automation and digitisation of Human Capital Information Systems

Human Capital aims to strategically enhance the GMA's Human Resources Information System (HRIS) to facilitate employees to efficiently work from anywhere, anytime.

This is supported by proper automation and digitisation, which provides the advantages of improving productivity and quality while adding flexibility to the processes. This process links well with the IT Strategy and migration to cloud computing as it will allow HC to have a centralised digital platform as a one-stop shop for all employee information.

2.2 Relevant outcomes

Human Capital has a strategic obligation to create an environment that attracts and retains critical talent within the GMA. The GMA turnover rate has been at an average of 4% when compared to the market norm which is less than 10% annually. HC has also managed to keep the vacancy rate at 10% annually for the 2019/20 Financial Year.

The GMA operates in an industry where scarce and specialised skills are in great demand and therefore faces a high risk of talent loss which could be difficult and costly to replace without talent management mechanisms in place. This can significantly impact the GMA's ability to carry out its mandate.

The implementation of the new GMA Organisational Design and Structure was informed by different factors. A flexible approach was applied to minimise the negative impact on both the Agency and the employees who are affected. This approach leads to a strategic decision in the implementation of an organisation-wide Competency Framework Model which will assist in the implementation of integrated talent management and succession planning in the GMA.

2.3 Future focus

A core objective of the GMA is to build itself into a high performing organisation and recognised centre of excellence within the rail industry and transport sector in general. It is critical that, in its aim of achieving this, Human Capital should endeavour to implement the following interventions:

- Strategic workforce planning;
- A learning and development strategy;
- Integrated talent management and succession planning;
- Automation and digitisation of the HC processes and procedures;
- Re-branding of the GMA culture and values;
- Re-engineering and optimising human capital business processes; and
- An integrated diversity, inclusion and transformation programme.

The achievement of the above is reliant primarily on financial, intellectual and human capital.

2.4 HC statistics for the period 1 April 2019 to 31 March 2020

2.4.1 Personnel cost by programme/activity/objective

Programme/activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	No. of employees
Project Expenditure	2 004 548			
GMA Expenditure	288 636	R143 820	50%	
Total	2 293 184	R143 820	6%	99

2.4.2 Personnel cost by occupational level

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	17 013	14%	3	5 671
Senior Management	23 516	20%	10	2 352
Professional Qualified	57 616	48%	48	1 200
Skilled	17 694	15%	26	681
Semi-skilled	2 318	2%	7	331
Unskilled	882	1%	5	176
Total	119 039	100%	99	1 202

2.4.3 Performance rewards

Programme/activity/objective	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	6 502	17 013	38%
Senior Management	5 003	23 516	21%
Professional Qualified	10 748	57 616	19%
Skilled	2 046	17 694	12%
Semi-skilled	376	2 318	16%
Unskilled	107	882	12%
Total	24 782	119 039	21%

2.4.4 Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained
CEO's Office	5 811	-	0.0%	0
COO's Office	7 860	38	0.5%	2
Internal Audit	7 345	82	1.1%	5
Corporate Governance	5 971	236	4.0%	3
ICT and Knowledge Management	17 632	531	3.0%	9
Corporate Services	11 191	352	3.1%	9
Communication and Marketing	14 973	164	1.1%	7
Finance	17 058	32	0.2%	4
Compliance and Legal Services	9 084	84	0.9%	3
Technical Services	46 895	197	0.4%	21
Total	143 820	1 716	14%	63

2.4.5 Employment and vacancies per business unit

Programme/activity/objective	2019/20 no. of employees	2019/20 approved posts	2019/20 no. of employees	2020/21 vacancies
CEO's Office	3	3	1	2
COO's Office	3	3	2	1
Internal Audit	4	5	5	0
Corporate Governance	3	4	4	0
ICT and Knowledge Management	11	16	15	1
Corporate Services	16	17	16	1
Communication and Marketing	11	13	11	2
Finance	11	13	12	1
Compliance and Legal Services	5	5	5	0
Technical Services	27	31	28	3
Total	94	110	99	11

2.4.6 Employment and vacancies per employment categories

Programme/activity/objective	2019/20 no. of employees	2019/20 approved posts	2019/20 no. of employees	2019/20 vacancies
Top Management	4	4	3	1
Senior Management	7	11	10	1
Professional Qualified	39	54	51	3
Skilled	27	29	23	6
Semi-skilled	12	7	7	0
Unskilled	5	5	5	0
Total	94	110	99	11

2.4.7 Employment changes

Occupational Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	0	1	3
Senior Management	10	0	0	10
Professional Qualified	46	7	2	51
Skilled	22	2	1	23
Semi-skilled	7	0	0	7
Unskilled	5	0	0	5
Total	94	9	4	99

2.4.8 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	0	0%
Dismissal	1	1%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	3	3%
Other	0	0%
Total	4	5%

The GMA vacancy rate is at an acceptable level of 10% of which only 3% has been due to contract expiry.

2.4.9 Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1
Total	1

* A dispute arising from Performance Management processes and procedure led to a separation and final settlement and leading to the termination of the contract.

2.4.10 Equity target and employment

Level	MALE								TOTAL	
	African		Coloured		Indian		White		Current	Target
	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	2	2	0	0	0	0	1	2	3	4
Senior Management	2	3	0	0	1	1	1	1	4	5
Professional Qualified	23	24	1	2	0	0	1	1	25	27
Skilled	5	8	0	0	2	2	1	3	8	13
Semi-skilled	3	2	0	0	0	0	0	0	3	2
Unskilled	0	0	0	0	0	0	0	0	0	0
Total staff	35	39	1	2	3	3	4	7	43	51

Level	FEMALE								TOTAL	
	African		Coloured		Indian		White		Current	Target
	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	0	0	0	0	0	0	0	0	0	0
Senior Management	5	5	0	1	0	0	1	1	6	7
Professional Qualified	21	22	0	1	2	2	3	3	26	28
Skilled	11	12	2	0	0	0	2	4	15	16
Semi-skilled	4	4	0	0	0	0	0	0	4	4
Unskilled	5	5	0	0	0	0	0	0	5	5
Total staff	46	48	2	2	2	2	6	8	56	60

Level	DISABLED STAFF							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	1	0	0	1	1	0	0
Professional Qualified	1	2	0	0	0	0	1	1
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total staff	2	3	0	0	1	1	1	1

The HC Unit is actively managing the recruitment process of the existing vacancies to ensure that priority is given to African Males in trying to close the gap whilst ensuring that the GMA meets its Employment Equity. Even though GMA has exceeded the target number for females based on the EAP Targets, there are programmes in place to ensure that women are upskilled within the GMA. EE Plan for 2020/21 to 2023/24 will also target people living with disability.

3. ICT GOVERNANCE

Information and Communications Technology (ICT) continues to play a critical and strategic role in supporting the vision and objectives of the GMA in line with the technology landscape that is changing the way business engages with its customers due to digital transformation. The ICT Unit is continually transforming the Business Units through digitisation and automation, with the focus on reducing complexity while enhancing security.

The ICT three-year Strategic Plan aimed to shift the focus from being a support function to a strategic driver, with emphasis on transforming the Agency into a digital workforce. Within this Financial Year, ICT embarked on a major drive to transform the GMA into a mobile, agile and innovative workforce. At the core of this role are the information and technology services that are always available, accessible, secure and reliable, thereby providing the foundation for all other activities. The Unit also provides strategic insight and support to the GMA by deploying systems to increase its efficiency and effectiveness.



3.1 Performance during the period under review

Continued maintenance and enhancement of current ICT systems ensured a reliable and secure ICT environment.

Well implemented ICT governance processes and procedures ensured compliance to ICT governance prescripts, resulting in minimal audit findings being raised on the ICT environment.

In the previous Financial Year (2018/19), ICT embarked on a major drive to transform the Agency into a mobile, agile and innovative workforce through the adoption and implementation of Microsoft cloud technologies. The adoption rate of the product suite throughout the Agency exceeded expectations and has resulted in increased productivity and collaboration. In addition to the Microsoft cloud technologies, a cloud-based telephone system was implemented. This system allows employees to make and receive landline calls from their computers through any internet connection.

The drive to digital transformation supports GMA's ICT vision to build an agile organisation. Agility requires the right technology platforms and systems that would enable the organisation to be innovative and rapidly adapt to changing business needs and a changing operating environment. The adoption of technologies that enabled this vision has proved invaluable during the national lockdown caused by the COVID-19 pandemic. The GMA was able to transition from an office-based workforce to a fully functional remote workforce with minimal effort or impact to the Agency. The workforce can access information and transact and collaborate with both internal and external stakeholders from anywhere, while retaining a high level of security. In addition, the technology allowed the organisation to rapidly adapt business processes to enable and support the remote work model.

Security monitoring of the GMA ICT environment is critical to defending the GMA against cyber threats. The Security and Network Operations Centre (SNOC) is key to the monitoring function through pro-active monitoring and alerting. The SNOC's value offering has been realised through the reporting and alerting mechanisms offered by the service. Even though the service has matured considerably during the past two years,

continuous enhancements are being made to further improve the overall service. With the number of cyberattacks escalating globally as a result of cyber criminals taking full advantage of the disruptions caused by COVID-19, the role of the SNOC is even more important in ensuring that the GMA ICT environments and remote workers are monitored on a 24/7 basis.

Cyber-attacks and threats are constantly evolving. So too must cyber security evolve to counter these ever-changing threats. In order to succeed in the cyber age, cyber security must be embedded in the entire business operating environment. It has an impact on technology systems, people and processes. To this extent, it is critical that the applied security model protects the GMA holistically and caters for the three areas mentioned above.

Traditional security models create complexity and barriers that are counterproductive and not user-friendly. Developing a security architecture and strategy to support mobility and decentralisation of the workforce has enabled users to transact and collaborate more freely, while remaining secure, from virtually any location. This architecture and strategy, which were developed and implemented in the past Financial Year, proved effective during the current lockdown that the country is facing amid the COVID-19 pandemic. While users are working from home, endpoints remain protected and monitored by the SOC on a 24/7 basis.

A project to review and update the current Enterprise Architecture and develop a business-wide Digital Strategy has commenced. The strategy will focus on defining digital business platforms and strategies for the various business units and functions.

Various projects were undertaken to enhance business processes. These include:

- Digitisation and automation of the HC recruitment process;
- Digitisation and automation of employee performance management;
- Implementation of a digital signature solution; and
- Provision of automated information dashboards for the Patronage Guarantee, human capital data and finance data.

3.2 Relevant outcomes

By aligning the ICT Strategy to the overall GMA Strategy, the ICT Unit creates value by embarking on projects that allow the GMA to fulfil its mandate. Table 17 shows ICT's strategic alignment to the overall GMA Strategy.

TABLE 17: ICT'S STRATEGIC ALIGNMENT TO GMA'S STRATEGIC PLAN

#	GMA Business Strategic Objectives	ICT Strategic Enablers
1	To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters.	
	Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee.	Enable the provision of accurate, reliable, timeous information to the GMA stakeholders involved in assessing the ridership numbers and the Patronage Guarantee.
2	To ensure that the obligations of the Concessionaire are met and that the CA is managed for the optimal benefit of the Gauteng Province, its residents, users and visitors.	
	Ensure the efficient provision of capacity by the Concessionaire to match demand on the System.	Enable the provision of accurate, reliable and timeous information to the GMA stakeholders involved in assessing the capacity of the System. Provision of project management-related information systems to enable the effective management of projects.
3	To ensure sound financial management of all GMA revenue sources and to safeguard the assets of the Project.	
	To completely and accurately account for assets of the GMA and to ensure adequate safeguarding, verification and accountability of these assets.	Provision of ICT systems to support the asset management requirements of the GMA, including the assurance of maintenance of the assets by the Concessionaire.
4	To enhance the management of the CA through entrenching an environment of strong corporate governance and legal compliance.	
	Evaluate the effectiveness of corporate governance in the GMA.	Provision of ICT systems to support corporate governance in the GMA.
	Provide a secure and reliable information technology environment that facilitates knowledge sharing.	Implement a strategic ICT and knowledge management plan that provides for a secure and reliable information technology environment that is geared towards continual improvement.
5	To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders.	
	Provide for the effective identification and mitigation of risks across all functions.	Provision of ICT systems to support risk management in the GMA.
8	To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.	
	Develop and implement a communication strategy with stakeholders.	Provision of an ICT environment that supports simple and secure communication and integration channels with all stakeholders.
8	To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.	
	Implement a partnership plan that involves stakeholders contributing towards the GMA's sustainability.	Develop and implement a strategic ICT plan that provides for a secure and reliable information technology environment that is geared towards continual improvement.



Adopting and implementing fit-for-business cloud and security technologies allows the GMA to function in a seamless, secure, trusted and reliable manner while allowing for organisational knowledge to be preserved and shared. This assists in building GMA's intellectual capital and affirms GMA's reputation as a high performance organisation.

The adoption of cloud and digitisation technologies has a positive impact on natural capital in the sense that digitisation of business processes reduces paper usage, while the adoption of cloud technologies reduces the need for local server processing, which in turn lowers electricity demand.

IT systems are costly, and in a country where the economy is constantly under pressure, it is critical that the value of IT systems is maximised. Technologies implemented at the GMA focus on value management and cost reduction, thus optimising the use of financial capital.

The GMA ICT Unit has established a number of partnerships and relationships with both internal and external stakeholders with the aim of sharing knowledge and skills, as well as building trust in GMA as a brand. External stakeholders include Government Departments and institutions, academic institutions and technology forums. Active participation in these partnerships and relationships cements GMA's commitment to social and relationship capital.

3.3 Future focus

The focus for the 2020/21 Financial Year will be the:

- Digitisation and automation of business processes for increased effectiveness and efficiency;
- Implementation of ICT strategic initiatives that will enhance the efficiency of the core business;
- Review and updating of Enterprise Architecture;
- Development of a Digital Strategy; and
- Enhancing and automation of security tools and operations to maintain and improve GMA's information security posture.

The achievement of the above is reliant primarily on financial, intellectual and human capital. The implementation of the above initiatives will result in stronger intellectual capital through the use of optimised and efficient business processes, while reducing the need for natural capital through the continuous adoption of cloud technologies to replace on-site server processing facilities. The initiatives are aimed at creating shared value between GMA ICT and its external and internal stakeholders, with the employees benefitting from a more streamlined, efficient technology and secure business environment.

4. KNOWLEDGE MANAGEMENT

It is widely accepted that intangible assets are a principal driver of competitiveness in companies globally. These intangible assets, which are sometimes referred to as knowledge-based intangibles, include computer software, research and development (R&D), intellectual property, workforce training, and spending to raise the efficiency and brand identification.

GMA, in its integrated reporting approach, takes cognisance of the value that intellectual capital brings to the organisation. This is evidenced by the existence of a Knowledge Management Strategy with the intent to build a learning organisation. Summarised below is the work done during the period under review to build on this capital, and to benefit from the strategic impact and thus the value created for the organisation.

4.1 Performance during the period under review

The Knowledge Management (KM) Strategy, which seeks to treat knowledge as business capital that can create value for the organisation, improve business efficiency, and harness innovation capability, has at its core the desire to develop GMA into a learning organisation. The KM Strategy initiatives that we have implemented thus far have all been aligned to this overarching vision and purpose.

All activities linked to the key performance indicators (KPIs) of the Unit and strategic goals of the Agency have been achieved. This includes mainly the implementation of the records management policy, Knowledge Management Strategy and provision of document control services to support the business in its management of the CA.

The initiatives to support the KM vision in the 2019/20 Financial Year can be summarised as follows:

- Successful delivery of the second Public Transport Knowledge Seminar;
- An increase in new strategic partnerships for knowledge management initiatives;
- Launch of the GMA e-library and introduction of the APQC membership;
- Growth in external knowledge share sessions to local and international audiences;
- Conscious application of knowledge in projects and business processes;
- Increased access and usage of knowledge content and products such as podcasts, by publishing on LinkedIn social media platform; and
- A growing repository of case studies, technical papers and factsheets.

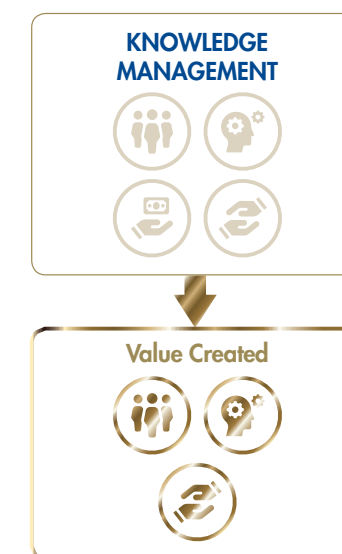
4.2 Relevant outcomes

Although the organisational value derived from KM is aligned to both the intellectual and human capitals in the GMA context, for the purposes of this report the focus is on the former.

GMA's intellectual capital includes human capital assets, knowledge products copyrights, rail and public transport insights, public-private partnerships (PPP) management, competitive intelligence, customer knowledge, and brand value.

The continued association with other strategic brands through knowledge management partnerships and stakeholder engagement by mean of thought leadership platforms has had a positive impact on the brand equity. KM initiatives such as the successful partnerships and stakeholder dialogue (Public Transport Knowledge Seminar) aim to contribute to the growth in brand value.

Over the past five years (20 years including the Project Phase), GMA has acquired a cumulative value of intellectual capital which now informs and drives our evolving business strategy. By building onto the other five capitals, this has enabled the GMA to remain sustainable, relevant and competitive.



Furthermore, The GMA has steadily built a repository of knowledge products over the last five years, thus contributing to the body of intellectual capital, which includes case studies, factsheets and technical papers. The focus going forward is on embedment of knowledge management in the organisation and the creation of new knowledge for innovation.

4.3 Future focus

The GMA is charged with the responsibility and overall mandate of managing the Gautrain Project as an asset, on behalf of the GPG. Strategic goals and outcomes have been developed to support this mandate. Outcomes 1 and 2, in particular, are aligned to knowledge management. The implementation of KM strategies and plans developed are to provide support and assist the Province in implementing the Project and achieving the Project objectives. These are in terms of developing knowledge systems for preservation, application and harnessing of the intellectual capital.

Outcome 2 calls for the GMA to act on behalf of the Province in managing the relationship between the Province and

Concessionaire in terms of the CA and ensure that the interests of the Province are protected. The Records Management Service Portfolio, inclusive of Document Control, is aligned to Outcome 2 as it supports the GMA in adhering to the CA requirements and carrying out the records management functions in line with relevant legislation.

The KM Unit will continue in its endeavour to build on knowledge management gains achieved and thus contribute to the intellectual capital of the GMA. The COVID-19 pandemic has had a huge impact on how organisations treat, view and share knowledge going forward. The strategic use of virtual platforms for collaboration and innovation has become pivotal to business operations. Thus, the focus for the 2020/21 Financial Year is on embedment of knowledge retention and transfer to improve business efficiency. The implementation of a holistic records management capacity building programme will also go a long way in addressing business requirements and legislative compliance imperatives through harnessing strategic KM partnerships for innovation and creation of new knowledge.



5. COMMUNICATION AND MARKETING

The GMA's Communication and Marketing Strategy focuses on Gautrain's mandate to increase and sustain ridership by managing the Gautrain's reputation and executing growth and retention marketing.

5.1 Performance during period under review

During 2019/20, the Communication and Marketing Unit's core focus was on positioning the Gautrain as a world-class integrated public transport service and on executing growth and retention marketing. The activities as set out below were implemented.

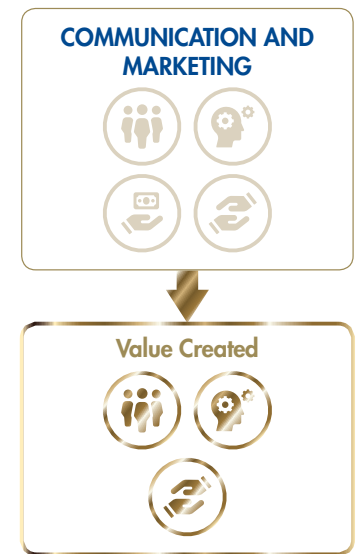
5.1.1 Marketing performance

The following marketing activities were implemented during the period under review.

The GMA developed a strong Digital Marketing Strategy for the year that focused on increasing Gautrain's Social Media presence, following and engagement. An always-on approach was taken, which kept followers updated with regard to Gautrain services for events, promotions and campaigns, including online competitions to entice people to take part. Campaigns were replicated across the digital marketing platforms at Gautrain stations, including the elevator and platform screens and the large passenger information displays in stations. As part of the Digital Marketing Strategy, the following activities were conducted:

- To increase visibility of the various competitions, events and promotions that Gautrain is running, the GMA developed a lifestyle microsite that enables people to see all the various campaigns that are running and to access information about these. The microsite can be found under <https://www.mygautrain.co.za/> and is also easily accessible via the Gautrain website. This allowed the GMA to understand what people are interested in, who their audience is and what drives the most traffic to the site.
- To boost campaigns and ensure that new target audiences are reached, the GMA implemented paid-for advertising via social media. This was done via Facebook, Instagram and Twitter and was based on people's behavioral patterns and their interests and locations relevant to the promotion, event or campaign the GMA was trying to push.
- A strong Gautrain midibus marketing campaign was launched via social media to showcase the various routes that the midibuses take from different stations, coupled with the announcement of a R10 standardised fare for all midibus trips. The campaign led to an increase in the overall midibus ridership of 23%.
- Together with Hello Magazine, Gautrain hosted two blogger days. Hello invited some influential lifestyle and travel bloggers to take part in fun-filled days, using the Gautrain System to get around. Twelve bloggers joined the Joburg Day that was hosted around Sandton, Rosebank and downtown Joburg. Thirty bloggers joined the Pretoria Day that visited destinations in Pretoria and Hatfield, using the train and buses. The bloggers, speaking for Gautrain, gave potential passengers some great feedback on the ease of using the Gautrain and highlighted the various attractions en route.

To enhance Gautrain's lifestyle offering and to position Gautrain as the transport mode of choice to get to different events, the GMA partnered with several organisers as their transport partner to get passengers to and from events. The events included: Festival of Motoring, ComicCon, DSTV Delicious, the South African Air Force Show and the Johannesburg International Flower Show, which were all located along the Gautrain route. In addition, Gautrain supported passengers getting to and from the Vodacom Superhero Sunday rugby match at FNB Stadium. The shows enticed new passengers to use the Gautrain and experience the service for the first time. It is recorded that after special events a slight increase in ridership is witnessed on the System.



The GMA increased its Out of Home marketing presence throughout the year. Initiatives that were implemented include:

- The reopening of the Gautrain Kiosk at OR Tambo International Airport. The kiosk which is based on the air-side terminal of International Arrivals opened in October 2019, with four Gautrain ambassadors working at the kiosk during airport opening times. The kiosk informed tourists about the Gautrain service offerings, enticing them to use the System and highlighting its benefits.
- In addition to print media in lifestyle and tourism magazines, the GMA, together with the Bombela Concession Company, procured space on eighteen billboards across Gauteng, including five static and 13 digital street billboards located in strategic locations around the region. Various campaigns were aired on these billboards, updating potential passengers of new developments, and ensuring that Gautrain is always top-of-mind.

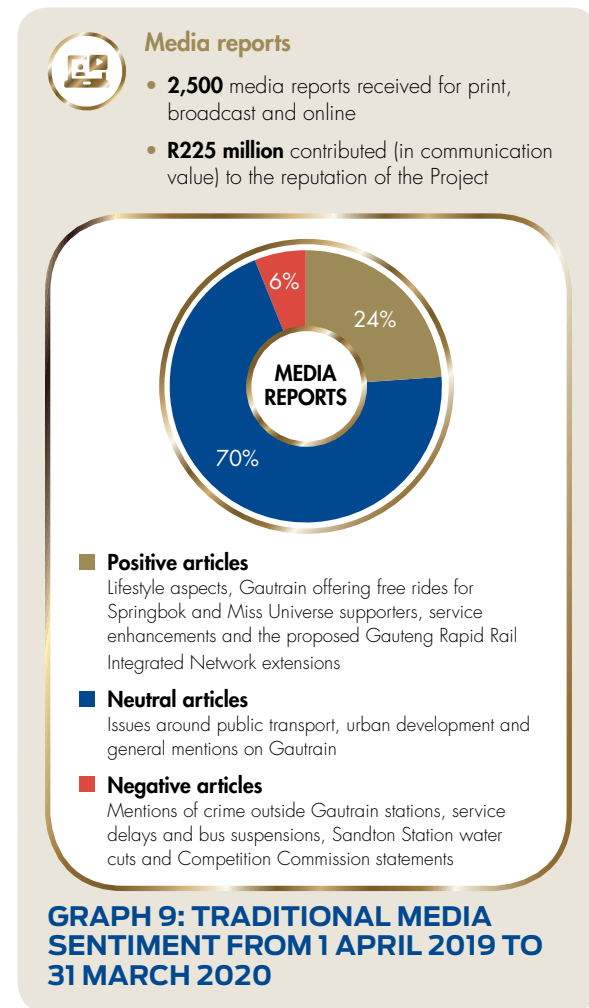
Gautrain was showcased at five exhibitions, including the World Travel Market, Travel Indaba, AfricaRail, Ports and Rail and a conference called The Rising Star Summit that targets graduates or interns of big organisations. The focus at the exhibitions was on showcasing Gautrain's service offerings and introducing new innovations that were implemented within the year, such as the ability to use contactless bank cards to access the System and pay for trips.

The GMA put a strong focus on partnerships that involve stakeholders contributing to the GMA's ridership figures and sustainability. Partnership agreements were signed with various event and conference organisers. The focus was also on places of interest along the route and different modes of transport such as the City Sightseeing Red Bus, to entice people visiting the locations to use the Gautrain service. Three partnerships to highlight are:

- The ongoing strong partnership with Discovery Insure that gives members cash back for using the Gautrain System;
- GMA partnered with Mall of Africa over the Festive Season for their Dinosaur Adventure Park, affording Gautrain passengers a discounted entrance fee and enticing passengers to use the System over the holidays to get to Mall of Africa.
- A Train-to-Train partnership with Planet Fitness that offered passengers one-month free gym membership if they bought a weekly or monthly Gautrain product at the beginning of the year.

5.1.2 Communication performance

The following communication activities were implemented during the period under review:



Advertorials, solicited interviews, knowledge sharing and dialogue were included in the GMA's capitalised media approach.

The video service continued to position the Gautrain brand through Online Content Channel Solutions with short video packages for distribution to all local and international television news broadcasters. **Multiple topics** were covered through this service and included:

- Various activations of the Gautrain System
- Conferences and seminars
- Socio-economic development
- The environment
- Future plans for Gautrain
- The Gautrain's impact on spatial development management
- The Gautrain midibus service
- GMA's Social Investment Programme

The Gautrain profile was enhanced through:

- **Gautrain's brand communities from different lifestyle segments:**
 - Food lovers, with the GautrainTaste initiative
 - Business people, with the Gautrain Leadership Train and Sunday Times Leaders on the Move initiatives
- **Conferences:**
 - Generation Next
 - South African Transport
 - Connected Industries
- **Commemorative events:**
 - October Transport Month
 - Competitions
 - Station advertising

Visits hosted for various stakeholders, including media, schools along the Gautrain route, the public and private sector as well as NGOs, in the form of presentations and film shoots.

Bookboon continued during April to September 2019 as added value to passengers.

- Bookboon is an initiative which allowed passengers to download books, journal papers and articles for free.
- **260,000 books** were downloaded by Gautrain passengers during that time.

Engagement with external stakeholders in person and electronically, commemorating October Transport Month's White Cane event, Cell C's Take a Girl-Child to Work, Freedom Day, Human Rights Day and others. Another forum in which GMA participated included the National Rail Safety Communication Forum with the Railway Safety Regulator.

Engagement with internal stakeholders included electronic communication and also events such as staff meetings, hosting the IThembehle School for the disabled event for Mandela Day and participating in the Dignity Handbag Project by donating handbags with comfort items to trauma victims.

The GMA was further positioned externally as a knowledge base for PPP project management through hosting various national and international stakeholders.

In positioning the GMA, advertisements were placed in publications, including the Government Handbook, Green Economy Journal, Progressive Leader, Vision 2030, Sunday Times Earth, Business Day Empowerment and Business Day Earth Publication.

The GMA was profiled on both the GMA website and its social media platforms.

- **3,322 visitors** to the GMA website
- **Facebook, Twitter and Instagram** are the primary social media platforms used by the GMA
- Facebook fan page had **53,833 fans**
- Twitter had **290,008 followers**
- Instagram, used predominantly for lifestyle promotion and campaigns, had **2,080 followers**

Of the 31,650 social media posting relevant to Gautrain, most (77%) were neutral, 12% positive and 11% negative.

MyGautrain.co.za

- A microsite portal that was developed by the GMA to host all marketing campaigns and lifestyle-related communications
- The site had **8,578 visitors** during the reporting period.
- The microsite has hosted campaigns such as: #MyGautrain, #BlackFriday, #DSTVDelicious, #ComicCon and #JohannesburgInternationalFlowerShow, among others.

The Gautrain mobile application is constantly upgraded with additional interactive and e-commerce functionalities.

- A total of **575,163 downloads** have been made of the Gautrain mobile-app.

An audience overview of 1,169,708 of the Gautrain commuter website.

Research results show mostly **positive attitudes** from both the Stakeholder Analysis and Reputation Audit towards the GMA and Gautrain.

Customer satisfaction was tested in **12 surveys**, with most Net Promotor Scores ranging between **95% and 98%.**

5.2 Relevant outcomes

GMA marketing contributes to the financial capital of the Agency by focusing on ridership retention and growth of usage through all activities. The midibus marketing campaign contributed to a 60% increase in midibus usage year-on-year. It is also recorded that after special events a slight increase in ridership is witnessed on the System.

Communication and marketing also add value to the social and relationship capital. Gautrain's Digital Marketing Strategy focuses on increasing transparency and trust with passengers, ensuring that more information is available to customers. The GMA is successfully managing stakeholder relationships through the activations and exhibitions that are hosted. The stakeholder agreements, as well as the GMA's partnership

agreements, are mutually beneficial to all parties involved and give Gautrain customers added benefits, increasing usage of the System, brand recognition and loyalty.

5.3 Future focus

The Communication and Marketing Unit's aims are aligned with the GMA Strategic Outcomes, such as assisting the GPG in implementing Gautrain, achieving the Project objectives and liaising with and promoting co-operation between government structures in relation to Gautrain and managing the financial exposure of the GMA in terms of the CA. The Unit's aims for the 2020/21 Financial Year are to increase and sustain ridership by managing the Gautrain's reputation and stakeholders and executing growth and retention marketing campaigns.



6. COMPLIANCE AND LEGAL SERVICES

The GMA Act requires the GMA to monitor the policy and legislative environment of the Project and carry out its functions in terms of the GMA Act and any other applicable law.

The Compliance and Legal Services Unit, in line with the GMA Act, is responsible for monitoring and reviewing the legislative and regulatory environment within which the GMA is operating. To this end, the Unit, among others, provides guidance to the GMA and remedial steps to be taken, in order to ensure compliance with applicable legislative and regulatory requirements.

Moreover, the Unit is responsible for handling and assisting with all litigious and non-litigious matters on behalf of the GMA, as well as contracts, project-related matters and employee-related grievances and disputes.

6.1 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.

The GMA was required to protect the interest of the Province in an urgent application lodged by the Concessionaire in the High Court, against the City of Johannesburg for the reconnection of water supply at Sandton Gautrain Station. After the matter was part-heard in court, the City of Johannesburg agreed to reconnect the water supply through the Province's own water meter.

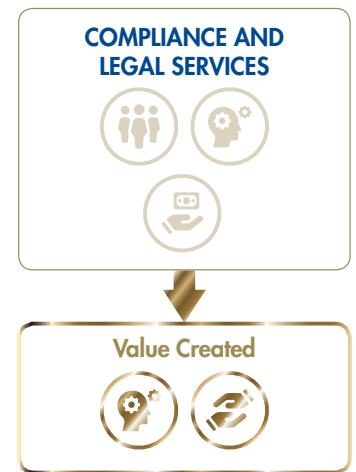
The long-standing Operational Period disputes were eventually resolved through a Settlement Agreement that was reached between the Concessionaire and the Province. As part of the settlement, the Concessionaire and the Province agreed to adopt an expeditious and cost-effective adjudication process, in respect of Project Events disputes.

The hearing pertaining to the Province's Construction All Risks insurance claim against Zurich (now called Bryte), that is currently before the High Court, was part-heard and is scheduled to resume and proceed in the second and third quarter of the 2020/21 Financial Year.

In order to monitor the policy and legislative environment within which the GMA operates, the GMA has subscribed to the applicable Parliamentary Committees of the Parliamentary Monitoring Group, which issue Contemporary Gazettes, and also to professional associations, such as the Compliance Institute of Southern Africa.

In facilitating compliance with laws applicable to the GMA, the Unit:

- Carried out a number of awareness initiatives that included numerous internal awareness sessions, two of which were conducted in collaboration with the offices of the Auditor-General and the Competition Commission, and compiled nine issues of an internal newsletter that focuses on legislative and case law developments;
- Continued to monitor progress on the implementation of proactive measures and to report on these, aimed at embedding and institutionalising compliance, in terms of the Occupational Health and Safety Act, Compensation for Occupational Injuries and Diseases Act, Regulation of Interception of Communications and Provision of Communication-related Information Act, and Employment Equity Act;
- Reviewed organisational controls aimed at proactively ensuring compliance with the GMA Act and the Government Immovable Assets Management Act; and
- Continued to engage regulatory authorities on pending legislation that could potentially impact on the GMA, with a view to constructively influencing the final versions thereof.



In order for the Compliance Sub-unit to continue being effective in delivering on its mandate, a strong organisational compliance culture is required, underpinned by a spirit of collaboration and co-ordination of the GMA's response to laws applicable to it.

Furthermore, applicable policies and procedures are continuously reviewed, updated and aligned to relevant legislative developments.

Subsequent to the approval of the Gauteng Transport Authority Act by the Gauteng Legislature, the Act was promulgated and became effective from 01 November 2019, thereby paving the way for the establishment of the Transport Authority of Gauteng, which will spearhead the co-ordination and harmonisation of an integrated public transport system in the Gauteng City Region.

With regard to the rolling out of the Compliance Framework and monitoring of the legislative environment within which the GMA is operating, the compliance reviews and related activities continue to enable the GMA to identify areas of improvement and enhance its compliance with the relevant Statutes.

6.2 Relevant outcomes

In respect of the settlement of the Operating Period disputes, substantial legal costs, which would have been expended had the matters proceeded to arbitration, were saved. Therefore, from a financial capital perspective, the GMA benefitted immensely from the settlement that was reached with the Concessionaire.

With regard to the urgent application lodged by the Concessionaire against the City of Johannesburg for the reconnection of water supply at Sandton Gautrain Station, the matter was settled out of court. This further obviated a lengthy court process that undoubtedly saved the GMA massive legal costs.

In assisting the Department of Roads and Transport with the enactment and promulgation of the Gauteng Transport Authority Act, the GMA used its human and intellectual capital. In addition, from a social and relationship capital perspective, the GMA contributed extensively towards solidifying its relationship with its stakeholders.

In carrying out its compliance-related functions, inclusive of its engagement with regulatory authorities, the Unit relied on its intellectual capital and bolstered its relationships with such authorities, through its social and relationship capital.

In line with its zero-tolerance stance on fraud and corruption, the various 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.

6.3 Future focus

GMA's Strategic Outcomes of monitoring, evaluating and assessing the relevant compliance of the Concessionaire and the GMA, as well as ensuring that the management of the relationship with the Concessionaire optimises performance delivery, will be addressed through various endeavours of the Unit during the 2020/21 Financial Year. The Unit will continue with the roll-out of the Compliance Framework by, among others, monitoring compliance therewith and by conducting audits or gap analyses on specific key legislation that may have an immediate impact on the GMA and its operations. The Framework will also be reviewed to ensure its alignment with all legislation. Moreover, the legislative developments will be monitored on a continuous basis in order to ensure that the GMA is fully compliant with its statutory obligations.

In pursuit of the foregoing, the approved Compliance Strategy will be implemented.

In order to enhance the viability and sustainability of the Gautrain System by seizing commercial opportunities in and around the Gautrain stations and in areas where the Gautrain operates, the GMA will collaborate with the Gauteng Department of Roads and Transport, with the view to creating an enabling environment through the amendment of the GTIA.

The Unit will, where necessary, assist in rendering any services required in the establishment and operationalisation of the Transport Authority for Gauteng. In pursuing the foregoing initiatives, intellectual as well as social and relationship capital will be drawn on.

The Unit will further assist, by using its intellectual capital and social and relationship capital, in the operationalisation of the adjudication process, to make it more expeditious and efficient, in relation to Project Events that are normally the subject of disputes between the Province and the Concessionaire.

The pending resumption of the hearing of the Construction All Risks insurance claim will probably be finalised in the South Gauteng High Court, depending on the impact of COVID-19 as well as the resultant National State of Disaster and national lockdown.

7. SOCIAL INVESTMENT PROGRAMMES

The GMA continues to manage the Agency's Social Investment Programmes (SIPs) to assist in the national goal of eradicating poverty and decreasing inequality. SIP funds are allocated based on the following focus areas: education, community care and environment, with the aim of promoting and maximising the socio-economic development (SED) objectives of the Province in relation to the Project.

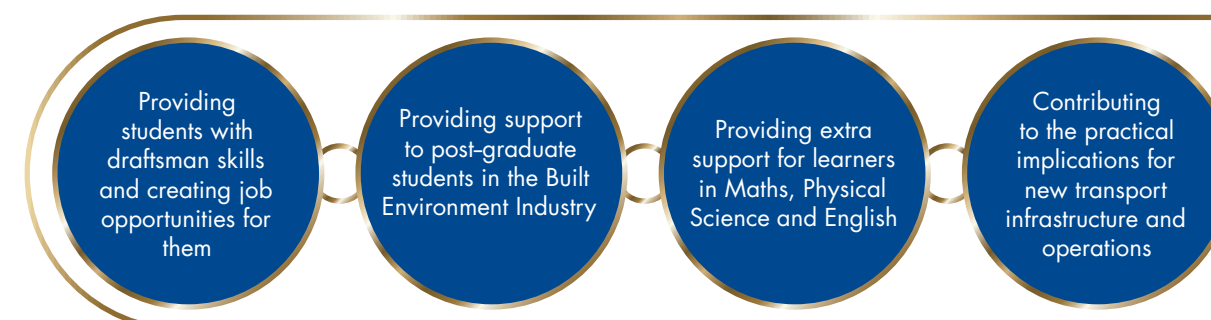
SIP's focus for the 2019/20 Financial Year was to:

- Appoint an independent monitoring and evaluation company to assist the GMA with evaluating of projects and ensuring that project objectives are met;
- Ensure that the SIP administrative system is digitised for secure processing of documents by SIPEC members;
- Assess if GMA staff members were interested in an Employee Volunteerism Programme; and
- Conclude the GMA agreement with the National Development Agency, as it was extended in 2019.

7.1 Performance during period under review

7.1.1 Education

Education remains one of the key areas of focus for the GMA, as it can open doors for those who are seeking to improve their lives and become leaders in their different fields to gain and impart knowledge. The GMA financially supported organisations that provide different educational programmes to the communities that they serve and contribute towards. Below are the organisations that the GMA funded in the 2019/20 Financial Year:



GRAPH 10: 2019/20 OUTCOMES FOR EDUCATION

7.1.2 Community care

GMA financially supported the community care-based organisations that care for the wellbeing of vulnerable communities, orphaned children and people with disabilities. The aim is to provide hope and ensure that some of the beneficiaries' families are supported adequately to care for their loved ones who cannot take care of themselves because of their various disabilities. Below are the three community care-based organisations that the GMA supported in the 2019/20 Financial Year:



GRAPH 11: 2019/2020 OUTCOMES FOR COMMUNITY CARE

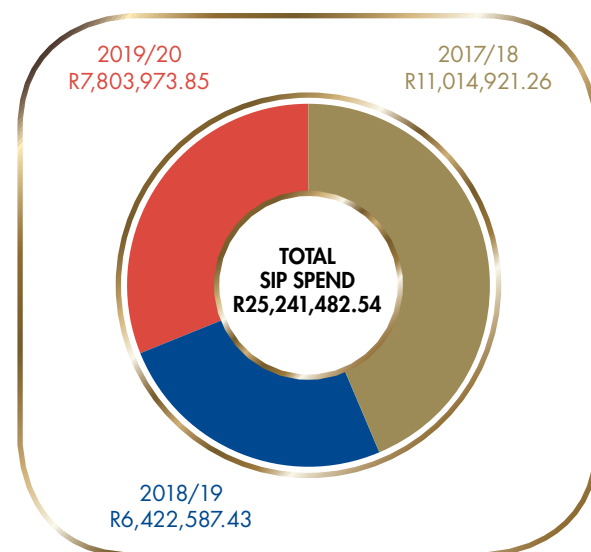
The digitisation of the SIP administration system has shown success among its users. The internal customers using the system, including the auditors, expressed how transparent and straightforward the process is, which makes the governance processes of the SIP fund credible.

The outcomes of the SIP survey regarding the Employee Volunteerism Programmes were also satisfactory. The survey shows that the employees are interested and want to be part of the programme. Their interests are mostly in mentorship programmes, donation drives and activities around saving the environment and animals.

"Thank you for supporting young people on their journey to empower themselves and create their destiny. Your investment has brought joy, growth and dignity to many families across South Africa. Thank you and best wishes, Marc Lubner CEO of Afrika Tikkun."

7.1.3 SIP spend for 2019/20

The SIP funds are invested in different markets to ensure that the funds generate substantial interest to sustain the projects and pay out the beneficiaries on time. The total amount spent for the Financial Year, which was paid in two tranches, is R7,803,973.85.



GRAPH 12: SIP SPEND FOR 2017 TO 2020

7.2 Relevant outcomes

The benefits of the SIP-supported organisations are most significant and have a positive impact on the lives of the communities and beneficiaries. All these organisations provide different services to the communities in Gauteng that they serve and contribute towards the positive restoration of individuals in their different approaches, while also contributing to social and relationship capital.

One of the projects that the GMA benefitted from in terms of knowledge and insight is through the partnership with the University of Pretoria, Centre for Transport. The University conducted research which focused on the Gautrain.

The GMA believes that the small contribution that it makes to the organisations results in positive outcomes with regard to social and relationship capital. The lives of ordinary people are changed through these endeavours. This is evident in the feedback the GMA receives from the organisations every quarter.

7.3 Future focus

Working towards the GMA Strategic Outcome of promoting and maximising the SED and BBBEE objectives of the Province in relation to the Project, GMA SIP will adjust the SIP Policy to allow for different investments and an impactful approach and launch the Employee Volunteerism Programme. Both endeavours will contribute to the social and relationship capital and will need financial capital to do so.

8. COMMUNITY PARTNERSHIPS

The midibus partnership model developed by the GMA involves integrating the Gautrain System with the taxi industry. This is achieved through the provision of feeder and distribution services, using midibuses. The taxi industry operates the Midibus Feeder and Distribution Services (MFDS) that provides a first and last mile solution as an extension to the Gautrain service. The partnership between the GMA and the taxi industry is based on three principles, namely: formalisation of the taxi industry into a sustainable business, provision of a scheduled, safe and reliable public transport service and job creation. The MFDS provides accessibility to an efficient, scheduled, safe and reliable public transport service in areas where other modes of transport services are not suitable.

8.1 Performance during period under review

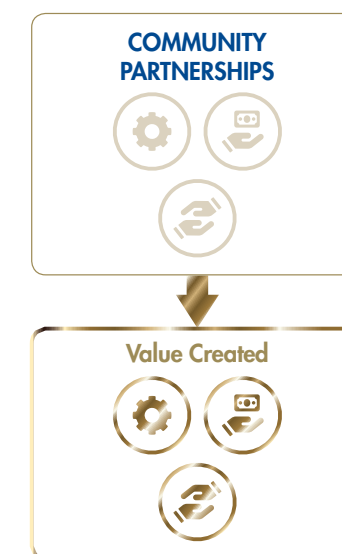
The GMA facilitated engagements with public transport stakeholders to enable the implementation of the MFDS partnership model. The focus for the period was to increase the number of routes operated through the MFDS model and promote growth on existing MFDS routes. The GMA implemented additional MFDS routes and standardised fares, which led to an average increase in passenger numbers by 60% year-on-year. The performance of MFDS routes exceeded projected demand and management expectations and GMA continues to ensure that there is enough capacity to carry passengers.

8.2 Relevant outcomes

The GMA implemented a combination of strategies to promote the utilisation of MFDS and to facilitate regulatory compliance and stakeholder engagement. The midibus services experienced growth in revenue due to increased passenger numbers contributing to financial and manufactured capital. As a result, the revenue generated through MFDS continues to benefit the taxi industry and to make the industry a sustainable business and does, in turn, add value to the financial capital and social and relationship capital. The MFDS process has been streamlined to enable the roll-out of additional routes and facilitate integration with other public transport services. The number of passengers using the MFDS has increased and additional employment opportunities were created in partnership with the taxi industry.

8.3 Future focus

The GMA plans to increase the footprint of MFDS operations to positively impact other communities near the Gautrain System, thereby contributing to GMA's Strategic Outcome to facilitate integration of the Gautrain System with other transport services and plans. The planned MFDS routes will be implemented in partnership with the taxi industry. The GMA continues to engage relevant stakeholders to ensure that planned MFDS routes are implemented. The GMA is also exploring and implementing technological solutions that will support MFDS operations and will provide convenience to public transport commuters and operators. The capitals needed to realise these plans include financial, manufactured, and social and relationship capitals.



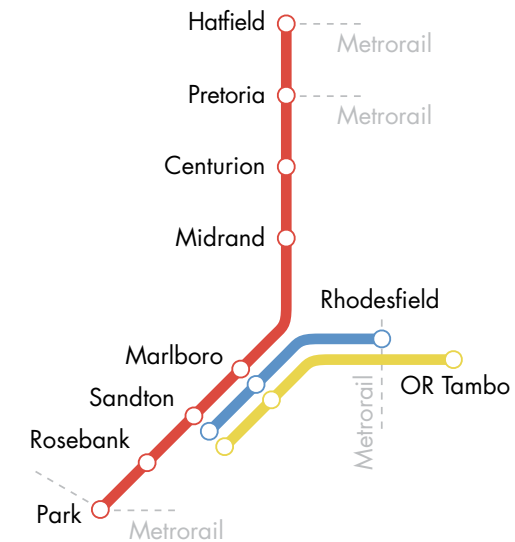
SECTION G PERFORMANCE: PROJECT-RELATED ACTIVITIES



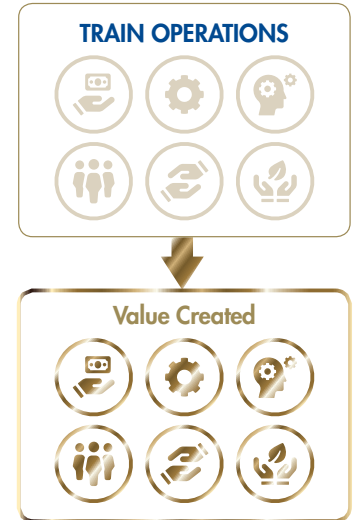
1. TRAIN OPERATIONS

The objective of the train operational system is to operate trains according to an agreed operating plan that, among 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 Station and Park Station
- A General Passenger Service (GPS) on the East/ West (E/W) line between Rhodesfield Station and Sandton Station
- An Airport Passenger Service (APS) on the East/West (E/W) line between OR Tambo International Airport Station and Sandton Station



1.1 Performance during period under review

1.1.1 Train availability and punctuality

The main performance indicators for trains are availability and punctuality, which are managed via an agreed timetable. As part of the capacity increment under the auspice of the Operation Shift, which includes the addition of a seventh eight-car train during peak periods on the commuter line (North-South), the train service availability was negotiated from 98.50% to 98.00% with effect from 1 May 2019. As a result, the agreed performance norms for train availability and punctuality are 98% and 94% respectively.

TABLE 18: TRAIN SERVICE AVAILABILITY AND PUNCTUALITY

	Q1 (FY 2019/20)			Q2 (FY 2019/20)			Q3 (FY 2019/20)			Q4 (FY 2019/20)			Total 2019/20
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Scheduled trips	6,632	7,048	6,950	7,559	7,329	7,082	7,546	7,162	6,424	7,411	6,988	6,257	84,388
Actual trips	6,613	7,044	6,932	7,542	7,311	7,070	7,542	7,099	6,403	7,395	6,975	6,237	84,163
Trips cancelled	19	4	15	13	11	7	6	66	21	12	9	14	197
Early starts	4	4	3	4	7	5	2	10	6	4	4	6	59
Late arrivals	145	98	111	104	134	102	120	58	139	224	168	125	1,528
Service availability	99.65%	99.89%	99.74%	99.74%	99.75%	99.83%	99.92%	98.98%	99.58%	99.78%	99.81%	99.68%	99.66%
Availability norm	98.50%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
Service punctuality	97.75%	98.55%	98.36%	98.57%	98.07%	98.49%	98.38%	99.04%	97.74%	96.92%	97.53%	97.90%	98.11%
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%	94.00%

The train service operation maintained a high level on aggregated monthly performance throughout the 12-month period. The timetable and the extent of adherence to it contribute largely to the service quality or time value experienced by users. The only major incident that impacted on daily performance was recorded during the month of November 2019, resulting from a power failure that affected the availability and punctuality on all services throughout the morning peak period.

The train service operations achieved an average availability of 99.66% and 98.11% punctuality over the review period.

The overall decline in passenger trips was 0.26% compared to a decline of 7.03% during the previous year. In the current year, the performance was driven by a decline in the APS.

TABLE 19: PASSENGER TRIPS PER FINANCIAL YEAR

Service type	Airport passenger	General passenger	Total
FY 18/19	1,450,967	12,515,515	13,966,482
FY 19/20	1,341,304	12,588,612	13,929,916
% Change	-7.56%	0.58%	-0.26%

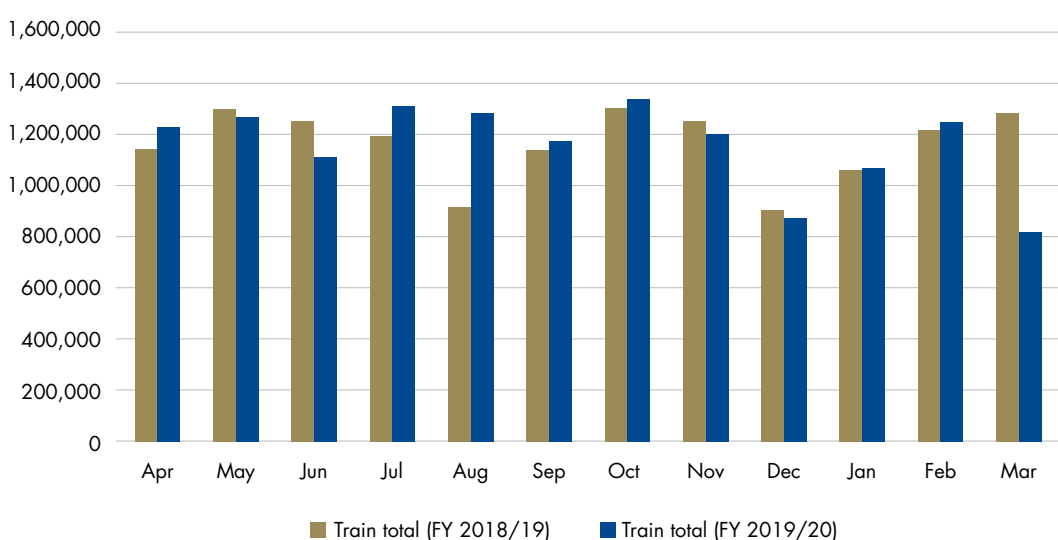
The decline in passenger trips for the current year indicates that the train service is in the maturity phase of its service life cycle. The decline can be attributed to a general decline in airport passengers due to continued competition from e-hailing services in the market. Security concerns of passengers at points of transfer between e-hailing services and rail at Gautrain stations, due to metered taxi operators harassing passengers, continued to result in passengers taking e-hailing services directly to or from the airport. The national lockdown due to COVID-19, announced on 23 March 2020, resulted in a decline in airport passengers.

The insignificant increase in the case of GPS trips can be attributed to the fuel price fluctuation and stability in industrial actions during the year.

1.1.2 Train passenger demand

The comparable train passenger numbers or matched trips** for two Financial Years are summarised in Graph 13.

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



GRAPH 13: TOTAL TRAIN PASSENGER TRIPS – MONTHLY FOR ALL RAIL SERVICES

Graph 13 shows that the total train passenger trips increased for most of the months except for May, June, December 2019 and March 2020. The decline for these months can be attributed to the positioning of the public and school holidays, and the national lockdown due to COVID-19 in March 2020, which resulted in Gautrain’s commercial services being suspended.

The average weekday APS trips also declined for all months, with the exception of August 2019, where the significant increase can be attributed to the strike action of the Operator during August 2018. The biggest decline on average weekdays are attributed to the lower economic activity and fuel price in the year. The competition from e-hailing services in the market also impacted the growth of APS trips.

1.1.3 Train service timetable changes

During the year under review, there were train service improvements which provided passengers with more capacity and convenience. This formed part of Operation Shift and included the following:

- Earlier train from Hatfield departing at 5:06 relative to previous first departure at 05:30;
- Weekend airport service at 20 minutes;
- Earlier afternoon peak service on the South/North direction of the General Passenger Service (GPS); and
- Increased eight-car capacity provided since May 2019.

1.2 Relevant outcomes

A dedicated and experienced workforce continuously monitors train operation outcomes in terms of patronage and quality of service to ensure that the interest of passengers and the GMA is protected. Innovative solutions are proposed to the Concessionaire and discussed in several forums to ensure relevant implementation with an impact on human capital and social and relationship capital.

Contributing to intellectual capital is the experience gained over years in the rail commuter environment since the Development Period, as well as methodologies developed for the monitoring of service quality and the use of predictive analytics in order to forecast passenger numbers. These amounted to a critical input which gives the GMA a competitive edge in the management of the performance of the rail operations. Moreover, the high-performance standards (maintained through service quality) remain a critical outcome that is vital to the sustenance of GMA’s intellectual capital.

The train operations are making a daily contribution in reducing the use of fossil fuels as the service provides the citizens of Gauteng with an alternative to the use of private vehicles, thereby positively contributing to natural capital. It also has the potential to reduce congestion on the road system as well as contributing to a reduction in road fatalities.

The rolling stock used in current train operations was locally assembled and fitted with locally sourced seating, which adds to the manufactured capital. Although the spares and equipment of the original manufacturers are used, sub-components are already sourced locally. Local manufactured components, such as uniforms, are used in the day-to-day operation of the System.

The train operations are currently close to self-financing through the fare income and other income generated in the Gautrain System, thereby contributing to financial capital.

The train operations create a unique social environment where communities share the same space between their place of residence and place of work or study. This results in a sub-culture developing where common values and behaviours can be shared. The entities involved in the train operations have a strong bond and collective burden to enhance the lives of the commuters by providing a reliable, safe and fast rail service. Gautrain contributes immensely to social and relationship capital and Government’s strategic objective that seeks to place rail on a sound footing.

1.3 Future focus

Inputs from all forms of capital will be required to achieve the Strategic Outcomes that the train operations focus on, namely:

- To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters; and
- To increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee.

The GMA will continue to monitor and direct the train operations to ensure that signs of a decline in service standards can be addressed timeously in the interest of the passengers. This bodes well with GMA’s strategic direction that seeks to maintain performance excellency on Gautrain.

The focus in future is to retain GPS passengers by testing the improvement of the train layout through the removal of some seats to allow for more standing room and easier entry and exit of passengers. This matter would have to be treated very cautiously in order not to create negative service perceptions with passengers. The installation of handrails on a few four-car train sets is currently being evaluated to determine its efficiency as well as its acceptance on the part of passengers.

As part of endeavours to increase demand, additional eight-car trains are to be implemented which will reduce overcrowding on current four-car trains. Take-up of service capacity is continuously monitored to enable a pro-active deployment of additional eight-car trains. A 20-minute weekend service is currently being investigated in order to provide a more attractive service frequency on the North/South GPS service over weekends.

2. FEEDER AND DISTRIBUTION OPERATIONS

The Gautrain Dedicated Feeder and Distribution Services (DFDS) or bus services, operate mainly on business days. At present there are 25 routes in operation on weekdays and two during weekends and public holidays. One additional route is currently being piloted to improve convenience to passengers and improve operational efficiency. Weekend services are operated between Pretoria Station and Pretoria Zoo and from Midrand Station to the Mall of Africa, as well as for special events over weekends 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.

2.1 Performance during period under review

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

TABLE 20: DFDS OR BUS AVAILABILITY AND PUNCTUALITY

	Q1 (FY 2019/20)			Q2 (FY 2019/20)			Q3 (FY 2019/20)			Q4 (FY 2019/20)			Total 2019/20
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Service availability	99.58%	99.82%	99.78%	99.73%	99.73%	99.27%	99.68%	98.39%	99.83%	99.41%	99.21%	99.13%	99.46%
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%	99.00%
Service punctuality	95.56%	95.01%	95.41%	95.03%	94.97%	92.72%	93.95%	95.51%	95.68%	95.02%	96.34%	95.49%	95.06%
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%	95.00%

The monthly aggregated performance on availability was below the performance norm during December 2019 and during August, September and October 2019 on punctuality. Overall, the bus service achieved an aggregated availability of 99.46% and punctuality of 95.06%.

Sustaining the bus availability and punctuality performance remains under pressure due to congestion on roads around Park, Sandton and Midrand Stations. This has negatively impacted on the cycle times of trips, especially during peak periods.

The increase in passenger trip numbers for the bus service in the year under review is 6.84% compared to 2018/19 (see Table 21). The previous year's decline relative to the year before was 17.07% and was attributed to labour actions. The bus services therefore showed a partial recovery of the passenger trips lost during 2018/19.

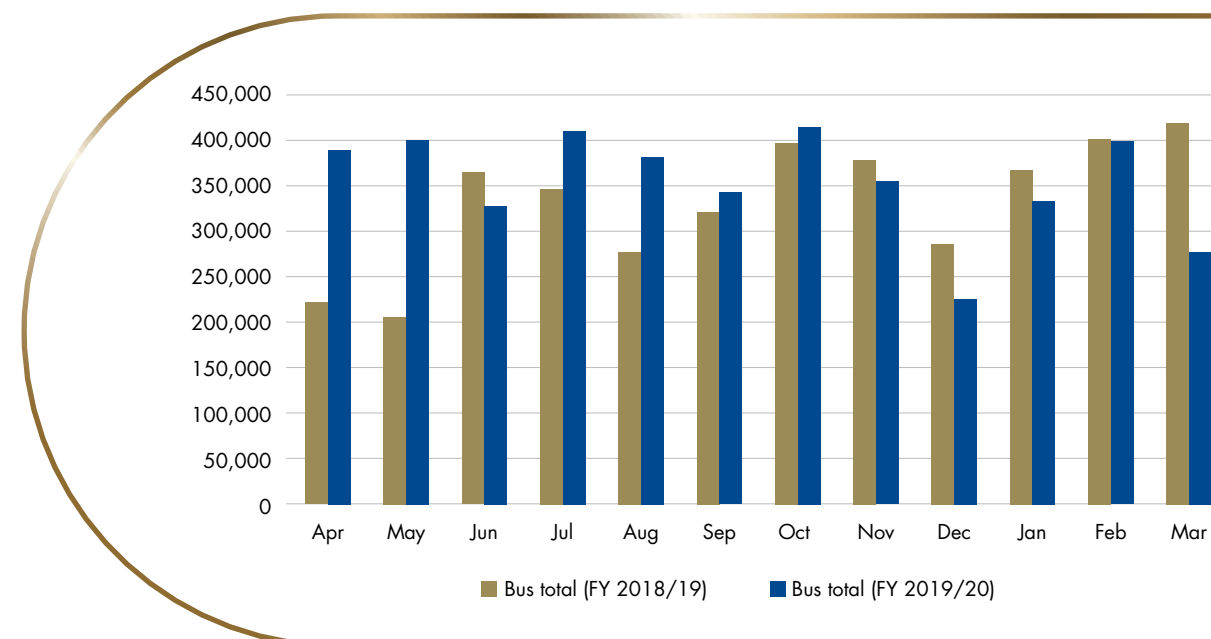
TABLE 21: BUS SERVICE PASSENGERS PER FINANCIAL YEAR

	Bus total
FY 18/19	3,982,971
FY 19/20	4,255,503
% Change	6.84%

During the year under review, the bus services sustained a level of between 31% and 37% of rail trips being supported.



Graph 14 below shows that the passenger demand for the bus service increased for most of the months, except for June, December 2019 and March 2020. The decline for these months can be attributed to the positioning of the public and school holidays, and the national lockdown due to COVID-19 in March 2020, which resulted in Gautrain's commercial services being suspended.



GRAPH 14: BUS SERVICE MONTHLY PASSENGER DEMAND

2.2 Relevant outcomes

A dedicated and experienced workforce continuously monitors feeder and distribution operation outcomes in terms of patronage and quality of service to ensure that the interest of passengers and the GMA is protected. GMA's innovative staff's solutions are proposed to the Concessionaire and discussed in several forums to ensure relevant implementation.

Experience gained over years in feeder and distribution services and intellectual capital developed for the monitoring of service quality and route efficiency assessments, as well as the use of predictive analytics in order to forecast passenger numbers, is providing the GMA with a competitive edge in the management of the performance of the feeder and distribution operations.

Despite its own negative impacts on the environment through emissions, the feeder and distribution operations contribute to natural capital value add in reducing the use of fossil fuels as it provides the citizens of Gauteng with an alternative to the use of private vehicles.

The new buses due to replace the existing fleet in the coming year were procured from a local manufacturer under strict localisation requirements, thereby bolstering the GMA's manufactured capital.

Alleviating the burden on the financial capital outlay, the feeder and distribution operations are currently cross-subsidised by the rail system and has acceptable levels of cost coverage. This contributes to the operations of the System (rail and bus)

being close to self-financing through the fare income and other income generated in the Gautrain System.

The feeder and distribution operations create a unique social environment where communities share the same space between their place of residence and place of work or study relative to the Gautrain stations. This results in a sub-culture developing where common social and relational values and behaviours can be shared. The entities involved in the feeder and distribution operations has a strong bond and collective burden to enhance the lives of the commuters by providing a reliable, safe and fast rail service.

2.3 Future focus

The current bus fleet would be replaced by new vehicles during the next year. As part of Operation Shift a review of the bus operations would take place in order to optimise services and routes, as well as ensure appropriate alignment with train services, before confirming the need for any additional vehicles for the bus operations.

The GMA's Strategic Outcomes with a focus on the Gautrain bus service are listed below and require input from all capitals.

- To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters; and
- Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee.

3. PERFORMANCE MANAGEMENT

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

A comprehensive performance regime specified in the CA penalises the Concessionaire for non-adherence to pre-defined performance norms or standards of the critical elements on the Gautrain System. Non-conformance to these performance 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.

3.1 Performance during period under review

The Performance Monitoring Committee (PMC) reviewed the Concessionaire’s monthly performance against the set norms to validate a penalty percentage to, among others, calculate the monthly operating fee deduction.

The overall System performance in the Financial Year was of an exceptionally high standard, except for a few system failures that resulted in the penalties imposed.

TABLE 22: PENALTY PERCENTAGE AS VALIDATED BY THE PMC

Major Performance Measurement Groups	Penalty Percentage Weight	Q1 (FY 2019/20)			Q2 (FY 2019/20)			Q3 (FY 2019/20)			Q4 (FY 2019/20)		
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
PP1 Train Operational Service Group	60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PP2 Feeder and Distribution Group	10%	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	0.00%	4.00%	0.00%	0.00%	0.00%
PP3 Customer Feedback Group	3%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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 Cleanliness and Damage Repair Group	7%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Penalty Percentage (PP)	100%	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	0.00%	4.00%	0.00%	0.00%	0.00%

Four penalties were levied during the period under review. These were in the performance area of Feeder and Distribution Group (August, September, October and December 2019), and were mainly due to underperformances on availability and punctuality.

The GMA has ensured throughout the year that all service components as per major performance groups provide an acceptably consistent high-quality service to users of the Gautrain System.

3.2 Relevant outcomes

The GMA relies on internal skills, expertise and intellectual capital to meticulously monitor performance trends to ensure continuous improvement in the System’s performance. The GMA preserves its financial capital through its performance assurance function which enforces performance deduction for non-adherence to pre-defined performance norms or standards. To achieve this, GMA levies a penalty for each performance indicator according to the level of performance achieved against the set target performance level.



3.3 Future focus

Pursuant to continuous improvement, the GMA is working on a process to streamline processing of the Concessionaire’s Project Event and External Causes notification to enhance and fast-track decision-making. This will shorten the duration required to levy the penalty for non-performance and/or granting a relief.

The performance management function feeds into the following Strategic Outcomes, and rely on human and intellectual capital inputs to support the optimisation of financial capital value.

- To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters; and
- To increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee.

4. STATION OPERATIONS

Train station performance, conditions and level of service are pivotal in growing ridership on the Gautrain System. Station staff and security are at the front office interfacing directly with passengers and representing the Gautrain. For these reasons, qualitative (by means of audits) and quantitative measurements are contained in the CA to give guidance to the Concessionaire on set performance targets for hygiene, equipment availability and level of service. The GMA provides an assurance function in terms of the CA. To this end, the GMA monitors the Concessionaire’s performance relative to these set targets, takes corrective action as required and manages System improvement initiatives on behalf of the Province.

4.1 Performance during period under review

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

Increased passenger demand at Park Station has raised concerns about the duration of time passengers spend queuing at the station. An investigation is currently underway to identify and address bottlenecks that are the cause of the long queues.

The Concessionaire exceeded the station cleaning target with a result of 99.8% for this Financial Year. This is 4.8% above the 95% requirement and an improvement from the March 2019 measurement of 90.98%. The KPIs for both the station conditions and System infrastructure conditions were measured at 100% for this Financial Year.

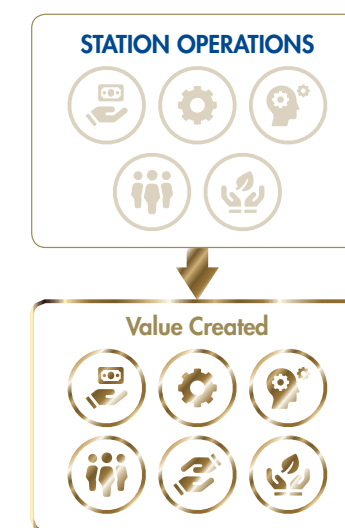
During the period under review, the performance of escalators, lifts, fare gates as well as ticketing machines operated above their respective targets with high compliance levels.

4.2 Relevant outcomes

The above KPI improvements can be attributed to the management and oversight function performed by the GMA and the co-operation of the Concessionaire to resolve human capital, equipment and facility-related problems that need attention.

Contributing to the GMA’s intellectual capital, the introduction of Europay Master Visa (EMV) cards as a method of payment at fare gates has created more flexibility for passengers and reduced the demand for physical assets, such as ticket office machines (TOMs) and ticket vending machines (TVMs). This project has also improved brand value as the Gautrain is perceived by many to be at the forefront of public transport innovation.

The GMA is currently investigating the use of solar energy at Gautrain stations in order to reduce its carbon footprint. This initiative is part of the System Capacity Assessment Project, and will reduce the System’s dependence on the Eskom grid which remains overwhelmingly dependent on fossil fuels for energy supply. Introducing



renewable energy into the mix of natural capital inputs that the GMA relies on will support positive outcomes for the environment.

As part of improvements to the ticketing system and an addition to GMA's intellectual capital, the Gautrain application also allows for gold cards to be reloaded electronically. This has allowed passengers to reload their Gautrain cards without using ticket vending machines (TVMs) and ticket office machines (TOMs) and has further reduced passenger queue times and future ticketing resource requirements at stations.

Transit Orientated Development (TOD) has been identified as a key initiative as part of the System Capacity Assessment Project. TOD has the potential to create new revenue streams and enhanced financial capital for the GMA and the Province. These include the letting of land and facilities to retail stores, schools and courier services at stations. This initiative will improve the cost coverage of the Gautrain System.

Passenger satisfaction surveys indicate high levels of satisfaction at stations, thereby building on social and relationship capital. However, some stations require maintenance to the buildings, and normal deterioration is of concern.

4.3 Future focus

Station capacity improvement initiatives are guided by the System Capacity Assessment process. The process allows for the supply of resources and equipment at stations to follow passenger demand. This maximises System utilisation whilst

ensuring that there is sufficient capacity available to prevent overcrowding and unsafe situations. The following projects have been identified as a result of this assessment:

- The provision of additional fare gates as an extension to the upgrade of the ticketing system. New generation fare gates are planned at some stations in order to alleviate congestion and queues. These gates will provide enhanced features to limit possible fare evasion.
- The improvement of station vehicular and pedestrian movements are expected to be addressed at the stations for which studies were done.

In addition, the GMA has embarked on introducing simulation modelling of stations. The simulations will allow the GMA to identify and influence bottleneck parameters, and unlock additional value for passengers by reducing their total commuting time. Station modelling has been prioritised based on estimated waiting times within the station precinct. Park Station is the first station to be modelled for the purpose of decreasing queue lengths.

Managing the Gautrain's station operations aims to progress the achievement of the following Strategic Outcomes through human, intellectual, natural, manufactured and financial capital inputs.

- To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters; and
- To increase the Ridership of the Gautrain System so as to minimise the Patronage Guarantee.



5. SYSTEM SECURITY

The Gautrain System is a safe and reliable public transport system. The GMA ensures that the Concessionaire adheres to the System security performance measures in terms of the CA. The GMA, in consultation with the Concessionaire, facilitates the implementation of security enhancement plans to mitigate operational interruptions to the Gautrain Service and to ensure that the Gautrain System is safe and secure.

5.1 Performance during period under review

The GMA monitors the performance of the Concessionaire in terms of the CA and conducts monthly reviews to ensure compliance against the following measures:

- Physical Security of Passengers (PC4 S1) – the performance threshold of one incident per million passengers was not exceeded for the current Financial Year. The Concessionaire has continued to implement prevention and mitigation measures in order to ensure that performance thresholds on PC4S1 incidents are not exceeded. The GMA will ensure that the Concessionaire continues to reduce the number of PC4S1 incidents.
- Safety of Passenger Property (PC4 S2) – the performance threshold of 1.44 incidents per million passengers was not exceeded for the current Financial Year. The good performance by the Concessionaire will be maintained to manage these incidents.

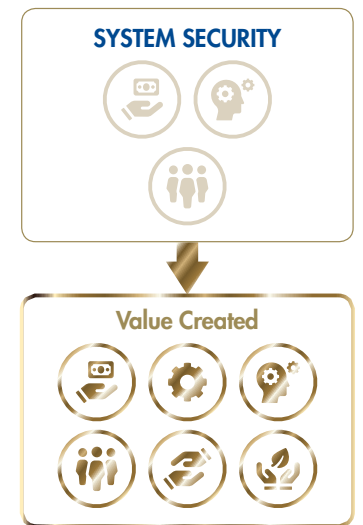
The GMA will ensure implementation of security enhancements that are required outside the Gautrain stations to improve security within Gautrain station precincts. The GMA will engage with relevant competent authorities to establish partnerships to ensure that areas outside the Gautrain stations and rail reserve are secure. Monthly Rail Reserve Events (RREs) are managed and monitored by the Concessionaire to mitigate security risks within or along the rail reserve. We have seen a reduction in the number of average RREs per month, from 12 to eight. The GMA will continue to monitor the Concessionaire in order to continue with the good work of managing and minimising RREs. The fact that no incidents of cable theft were reported during the Financial Year also contributes to the reduction in the number of RREs.

5.2 Relevant outcomes

The Gautrain System has not experienced significant cable theft over the previous Financial Year. This contributes to the increase in the number of passengers using the System, as the reliability and efficiency of the System due to fewer incidents related to cable theft makes a positive contribution to the service's growth in usage, which bolsters social and relationship capital and enables growth in financial capital outcomes. This is because of the effective security measures the Concessionaire and Operator deploy to safeguard the Gautrain System infrastructure.

Many Gautrain passengers use the Gautrain Service because it is safe, reliable and secured. The GMA has played a pivotal role in ensuring that the Concessionaire keeps to the System security performance measures in terms of the CA, which results in higher customer satisfaction. This GMA will continue to do this to ensure sustained high levels of customer satisfaction to feed into the social and relationship capital stock. Furthermore, the GMA, in collaboration with the Concessionaire, has completed a Gautrain System-Wide Security Assessment report through an independent service provider. The recommendations of the report have been considered so as to develop an implementation plan based on the recommendations of the report. The recommendations will be implemented in order of priority. Implementation of the projects identified will result in high customer satisfaction.

The Gautrain System continues to be a safe and reliable public transport service and the Concessionaire managed to minimise security incidents during the 2019/20 Financial Year. The GMA conducted rail reserve security inspections to identify external



security threats and develop mitigation plans. The rail reserve security inspections play an important role in enabling the GMA to undertake its key assurance role. The GMA has managed to establish meaningful relationships with communities around the Marlboro Station to collectively, with other key stakeholders, continue to support the communities around the station. Projects are underway around Marlboro Station that will benefit the community.

5.3 Future focus

The GMA will continue to monitor the performance of the Concessionaire in terms of the performance measures in the CA. Based on the System-Wide Security Assessment report recommendations, an implementation plan will be developed containing prioritised relevant projects for implementation. The security enhancement initiatives that are outside the Gautrain stations and rail reserve will be identified and implemented in order to ensure that Gautrain station precinct areas are safe and secure. The mitigation measures associated with rail reserve events, including cable theft, on the Gautrain System will continue to be implemented in the 2020/21 Financial Year.

The GMA's Strategic Outcomes that Gautrain's System security focuses on is to manage assets relating to the Project and promote their preservation and maintenance. These outcomes require human, intellectual and financial capitals, which are utilised in the enhancement of security infrastructure, strategies and plans.

6. SYSTEM CAPACITY AND EXPANSIONS

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

The GMA has developed an internal capacity planning tool. On a 12-month cycle of operations, the actual performance of the system is assessed, the future passenger demand is forecast, and system capacity constraints are identified and addressed to facilitate the estimated demand. All the system constraints are monitored monthly and updated regularly with latest trends. All projects that have been initiated to date because of this report are reported on in the Progress Report from the GMA Project Management Office submission.

Through Operation Shift, additional capacity was provided on the System in order to draw more passengers to Gautrain.

6.1 Performance during period under review

Passenger trips have declined, relative to the previous Financial Year. This may be attributed to general economic activity and the national lockdown due to COVID-19 in March 2020. These factors have alleviated current Gautrain System capacity constraints in the short term.

Overcrowding performance was well within the performance target set for this financial year. The only overcrowding events were due to an isolated day when school learners entered the System without prior communication. This resulted in one overcrowding event during peak, on their departure, and another during off-peak, on their return. The mitigation actions that have been introduced include the splitting of large groups of passengers at the station before entry into the paid concourse area.

The annual Concessionaire Demand Forecasted (CDF) has revealed that passenger demand during peak will increase in the medium to long term. For this reason, the GMA has embarked on an investigation into the procurement of additional rolling stock and associated assets in order to satisfy passenger demand and possible social distancing requirements as the country emerges from the first COVID-19 lockdown.

Peak period turnaround time of buses are continuously challenging and will eventually require more tactical interventions, such as semi-dedicated lanes, to maintain service levels. The highest peak hour bus service utilisation, based on the highest ten occasions, was 86.3%. This means none of the current 26 bus routes (of which one is currently being piloted) were under capacity pressure during peak hours during normal operations.

There are ongoing measures to enhance parking availability and the improvement of traffic flow to and from stations.

6.1.1 Rail service capacity

Rail service capacity is limited by the availability of rolling stock. The current rolling stock will be insufficient to satisfy expected peak period passenger demand in the medium term, based on the current CDF passenger growth projections. For this reason, the GMA is currently investigating the procurement of additional rolling stock.

6.1.2 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 consideration of new routes are considered on an ongoing basis. The number of weekday bus routes in operation for the year stood at 26. This was made up of 25 regular routes and one pilot route established to improve convenience to passengers and improve operational efficiency. The effectiveness of the pilot route will be reviewed in the next Financial Year.

6.1.3 Park-and-ride capacity

Despite the decline in passenger trips, the Park-and-ride facilities remain under pressure. Pretoria, Rhodesfield and Rosebank already require additional parking.

At Centurion, after construction, the additional capacity became available to the users during 2018/19.

6.2 Relevant outcomes

Through its human resources, the GMA continuously monitors system performance and capacity via various forums. These forums are used to drive innovation, timeously prepare the System for growth and optimise asset utilisation. The Agency has a culture of retaining and acquiring highly skilled individuals that can fulfil the organisational strategy. The GMA has recently employed a dedicated person to manage and oversee the Gautrain System's capacity function. This is testament to how important the GMA views its long-term sustainability as a driver for economic growth in South Africa.

The knowledge gained over the course of the Gautrain Project has allowed for more accurate predictions on passenger behaviour. A structured approach to applying the relevant

intellectual capital has been formulated to use all available actual and forecasting information to determine:

- The passenger levels that would have to be transported;
- The service levels that would be required; and
- The supporting capacity that would be required to facilitate the passenger demand on the System.

Growing the System's capacity will increase the Project's impact on the environment. However, this can be balanced to a certain extent against the positive effect on natural capital that is achieved through the provision of a reliable alternative to private vehicle commuting, as this reduces our economy's reliance on fossil fuels.

The purpose of the System Capacity Assessment Project is to grow the Gautrain System and passenger numbers and to introduce additional revenue streams that will improve the level of cost coverage with a positive effect on financial capital.

The Gautrain has the ability to create job opportunities through the creation of commercial hubs around its stations. By growing the Gautrain System, new opportunities to grow the economy of the Gauteng Province could be unlocked, which augments social and relationship capital.

6.3 Future focus

Gautrain endeavours to provide adequate rail service capacity in the peak periods with the available rolling stock and demand management tools. With the available rolling stock now reaching capacity, opportunities for additional capacity are limited to:

- 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 the signaling layout to allow for shorter headways than ten minutes;
- The procurement of additional rolling stock, including the addition of train set staging and maintenance capacity;
- The roll-out of auto coupling across the existing fleet to allow for greater flexibility and faster transition between peak and off-peak services. The possibility of coupling at terminal stations are also being investigated; and
- Additional eight-car trains may be rolled out to increase system capacity during peak periods. However, the level to which additional capacity may be rolled out is limited to the procurement of additional rolling stock. Passenger demand is continuously monitored, and the additional capacity will be rolled out as required to prevent overcrowding.

The GMA intends to increase the number of train sets to four for which seats are to be removed to allow for more standing space together with the provision of handrails. These train sets would be operated in the four-car time slots during peak to improve passenger convenience and reduce dwell times. After implementation, the passenger satisfaction would be measured before a final decision is taken to remove seats on more train sets.



Park-and-ride remains an important means of access to stations. With reference to parking capacity that cannot satisfy the future demand, the expansion options at Park, Rosebank and Pretoria Stations remain challenges which need to be addressed in the longer term. The additional parking at Centurion is to be transferred to the Operator to ensure that it can be managed as part of the Gautrain System.

The focus of the GMA's Strategic Outcome relating to Gautrain's future capacity planning is to assist the Province in implementing the Project and achieving the Project objectives. This Outcome requires human, intellectual, natural, manufactured, financial, as well as social and relationship capitals.

7. ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

A key objective of the GMA is to provide assurance on asset maintenance and management and long-term preservation of System assets beyond the 15-year tenure of the CA. The GMA executes an oversight role of the Concessionaire's Asset and Maintenance Management Systems and has thus developed a management framework for the entire lifecycle of System assets. The Gautrain assets are classified into core and non-core assets:

- The Concessionaire's entity BMC is responsible for the maintenance of the core railway system; and
- The Concessionaire's entity BOC is responsible for the maintenance of the non-core railway system.

7.1 Performance during period under review

The Concessionaire's performance is measured monthly by monitoring the sub-systems and asset sub-clusters that affect service availability and punctuality. As part of its APP, the GMA undertakes inspections to provide assurance on the state of repair and care of assets, thereby verifying achievement of both the Performance and the Asset Management and Maintenance Plan targets. The following forms part of the KPIs for the year under review:

- Reviews of all mandatory asset reports;
- Station condition and cleanliness inspections and issuing of non-conformance reports;
- System inspection visits and issuing of non-conformance reports; and
- Verification of assets.

All Key Performance Indicators (KPIs) set for the GMA in the Annual Performance Plan (APP) have been achieved and Table 23 outlines the achievement.

TABLE 23: ACHIEVEMENT OF KEY PERFORMANCE INDICATORS

Key performance indicator	Planned	Achieved
System infrastructure condition / Rolling stock / Bus cleanliness and condition	4	4
Station cleanliness and condition	40	40
Reviews of the monthly assets and maintenance	12	12



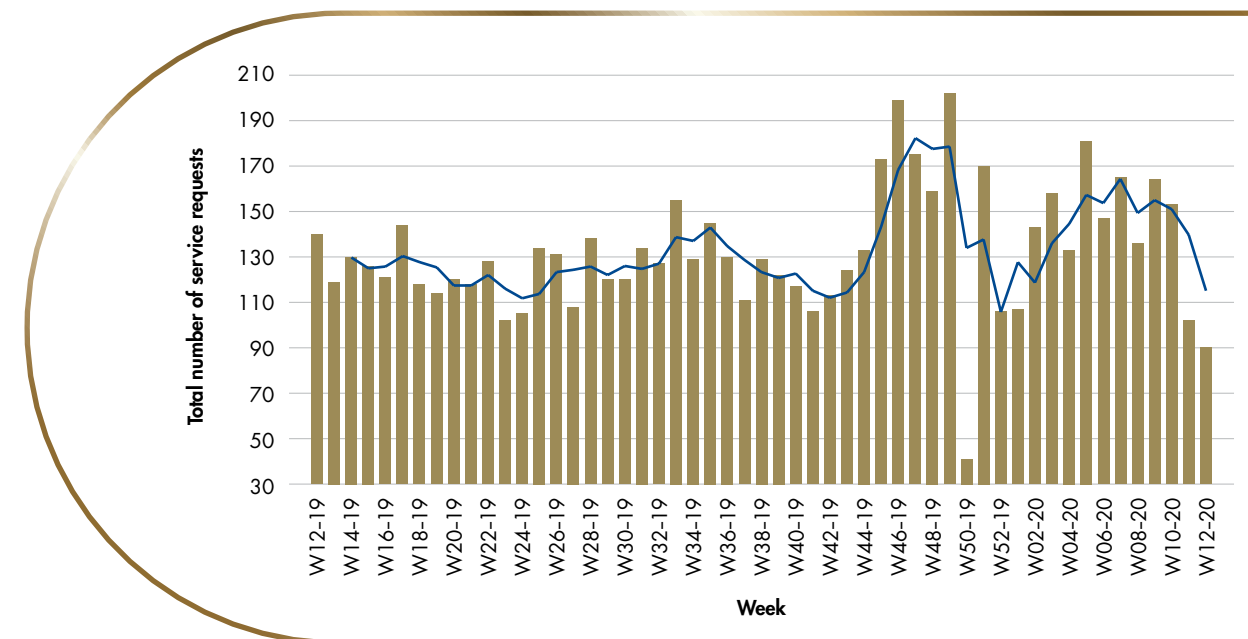
Other achievements during the year under review include:

- Following issuing of the audit findings from the Asset Audit conducted during the 2018/19 Financial Year to determine their condition and the Remaining Useful Life (RUL), the Concessionaire has closed several findings and committed to a schedule to closing the balance.
- The bus replacement programme is planned to commence in May 2020 through the replacement of forty-four existing buses with the first batch of forty-four new twelve-metre buses once registration and permits have been concluded. The Concessionaire took delivery of the forty-four 12-metre replacement buses from the original equipment manufacturer during November 2019 for training of drivers, workshop personnel and provision of maintenance equipment.

The manufacturing and assembly of the nine-metre bus prototype is complete, and the bus is ready for electronic brake system homologation in accordance with the European safety standards.

7.1.1 Integrated systems approach

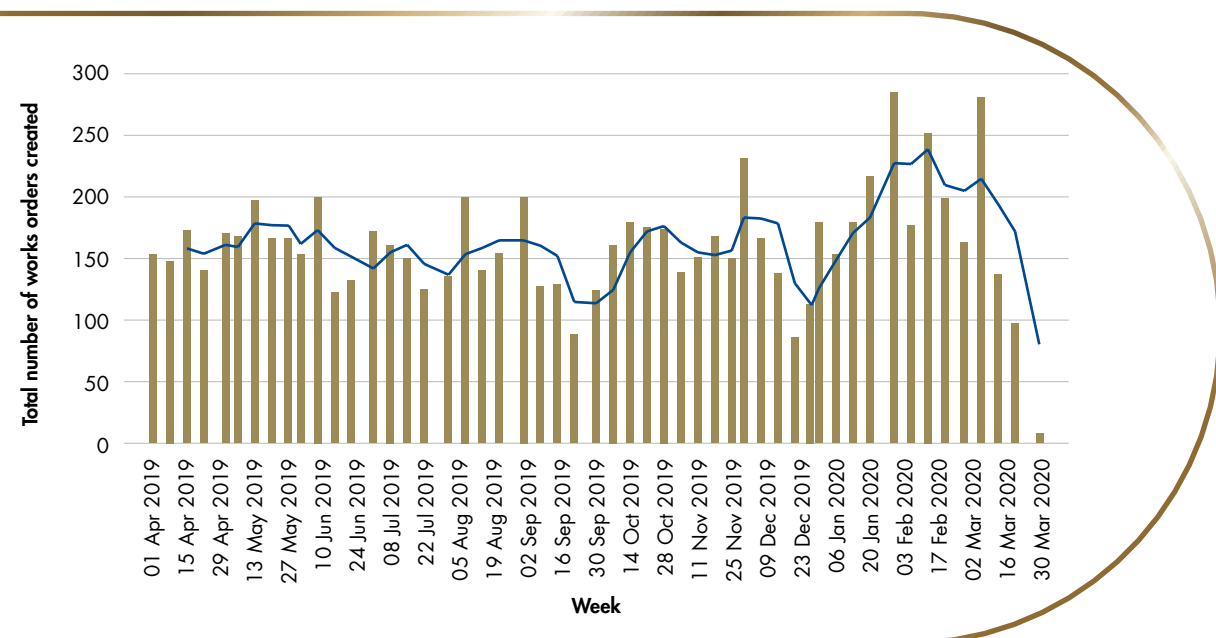
A robust maintenance management philosophy with supporting systems is in place to ensure asset integrity. The Concessionaire continuously implements measures to reduce the number of failures in the System which are reviewed by the GMA as part of assurance. The total number of service requests generated for the entire System for the year under review is shown in Graphs 15 and 16 below. All service requests are generated from the Maintenance Management Information System called MAXIMO.



GRAPH 15: CORE SYSTEM TOTAL NUMBER OF SERVICE REQUESTS

The alternating peaks and drops in the number of service requests (e.g. weeks W23-19, W41-19, W51-19, etc.) correlate with a seasonal pattern in passenger numbers, which is typical of passenger rail maintenance trends. However, the System performance generally remains at best levels.

The total service requests generated for the non-core system are shown in Graph 16.



GRAPH 16: NON-CORE SYSTEM TOTAL NUMBER OF SERVICE REQUESTS

7.2 Relevant outcomes

Initiatives aimed at upgrading/replacing assets that have reached the end of their useful life, enhancing operational efficiencies and increasing capacity, are underway. These include:

- Replacement of buses: the current bus fleet has reached its 10-year useful life;
- Replacement and upgrades to several sub-systems of the communication systems: radios and CCTV have reached the end of their 10-year useful life;
- Two train sets that have undergone seating arrangement reconfiguration for capacity enhancements are in service to evaluate operational performance, passenger usage and reception and to inform a business decision for full-scale system roll-out; and
- Two train sets that have been fitted with two auto-coupling prototypes to optimise operational efficiencies during coupling are running in service for operational risk assessment and testing.

The Legal and Compliance Unit has developed a Compliance Matrix for the Government Immovable Asset Management Act (GIAMA) to determine the compliance status of the GMA asset management plans with the applicable elements of this Act.

Several documents, plans, processes and procedures aimed at improving assurance and asset lifecycle management/maintenance have been developed, thus contributing to intellectual capital. These include both intangible and creative intellectual property that the staff has developed over the years of working in the Gautrain. Some of these are more future-looking in alignment to the asset management policy and strategy for reconcessioning after Asset Transfer.

7.3 Future focus

A number of initiatives to address patronage, capacity and sustainability challenges are currently underway and continue to be amongst the priority focus areas for the 2020/21 Financial Year. These include:

- Providing support and assistance to the Concessionaire to close the remainder of the asset audit findings;
- Developing the requirements specification for the next three-yearly audit in preparation for Asset Transfer;
- Issuing a Province Variation Notice for station improvements and capacity upgrades to the Concessionaire; and
- Conducting feasibility studies for system-wide implementation of renewable energy.

The GMA will continue to provide assurance on the integrity of the System assets, as well as prepare for the transfer of assets to the Province at the end of the Concession.

One of the GMA's Strategic Outcomes which the asset and maintenance assurance focuses on is to manage the finances of the Project, the financial securities provided by the Concessionaire, and the assets relating to the Project and to promote their preservation and maintenance. These Outcomes require financial, intellectual, human and natural capitals:

- Financial capital to undertake necessary interventions (e.g. enhancements to assets to optimise performance) to preserve asset lifecycles;
- Intellectual capital with respect to knowledge management, innovation and training of staff to deploy technology and the latest advances in asset management to introduce innovative processes, tools and practices in order to add value to the business;

- Human capital provides technical expertise and leadership acumen that are key to developing and implementing strategies to direct the Concessionaire and audit compliance; and
- Natural capital with respect to providing sustainable engineering and technology solutions for the long-term preservation of asset integrity and integrated risk management.

8. 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.

8.1 Performance during period under review

The fare evasion rate applicable throughout the year remained below the 4% norm. The average fare evasion rate stood at 0.01% in 2019/20, which is in line with the fare evasion rate recorded in 2018/19. (See Table 24.)

Blocked Contactless Smart Cards (CSCs) due to tailgating declining from 52.09 per million passengers in 2018/19 to 37.76 per million passengers in 2019/20.



TABLE 24: FARE EVASION RATE

	Q1 (FY 2019/20)			Q2 (FY 2019/20)			Q3 (FY 2019/20)			Q4 (FY 2019/20)		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly FER	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.02%	0.01%	0.00%
Fare Evasion Norm	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Quarterly Applicable FER*	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

* Quarterly Fare Evasion Rate is based on the previous quarter

8.2 Relevant outcomes

Compliance with the Fare Evasion Management Plan (FEMP) and fare evasion schedule improved, resulting in a reduced fare evasion rate. Ongoing initiatives, including blocking of CSCs in cases where potential fare evasion was picked up, intensive checks at fare gates, trains, buses, visibility of security personnel as well as passenger education have continued to keep the fare evasion level below the 4% norm.

Applying human capital, the GMA and BOC employees collaborated in implementing and monitoring the FEMP, which resulted in a reduced fare evasion rate. This, in turn, contributed positively to financial capital. Financial exposure to the GMA was adequately managed by ensuring that fare evasion is maintained at a level of 0.01%.

8.3 Future focus

The FEMP will be revised to cater for EMV and ensure continuous compliance with Payment Card Industry Data Security Standards. In a quest to promote continuous improvement, intellectual capital in the form of a Fare Evasion Automated Monitoring System is being invested. This will remove restrictions that comes with manual fare evasion checks and contribute to the management of financial exposure to the GMA.

Human capital is crucial in continuously reducing the fare evasion rate.

The GMA's Strategic Outcomes which fare evasion management focuses on are listed below. These outcomes require human capital and intellectual capital. The aim is to ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.

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 consists of annual fare adjustment, the revenue collected by the Concessionaire and income protection.

9.1 Performance during period under review

The annual fare adjustment is agreed according to the timelines and framework prescribed in the CA as guided by the ticketing regime. These are, among others, to maximise patronage in the System, to set fares that are attractive and in line with the expected Consumer Price Index (CPI) movements.

The annual fare adjustment continued to be used as a lever to influence customer behaviour and encourage usage of the System. This was achieved by eliminating the 10% surcharge on Red Fares during high peak.

The broad fare adjustment agreed on and implemented was based on a general CPI of 4.7%. The highlights of the fare adjustment are summarised below:

- CPI increase on General and Airport Passenger Service fares;
- The boarding fare (Minimum Card Balance) increased from R27 to R30;
- A R1 increase for peak bus fares; and
- CPI-related increase for the refund fee (handling fee).

The structure of discount products available for regular users on the General Passenger remained unchanged as detailed below:

- The 10-trip ticket saving at 7.5%, based on a single train trip standard fare valid for 10 days; and
- The 44-trip ticket saving at 15% on a single train trip standard fare valid for 40 days.

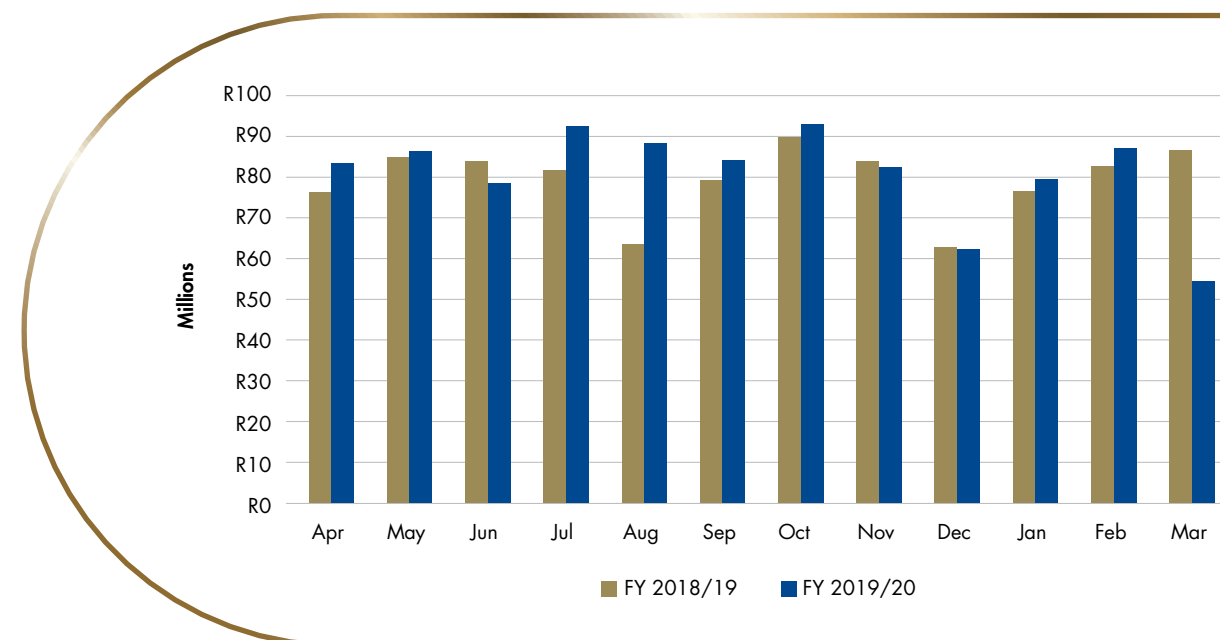
To improve passenger convenience, the free entry/exit duration was increased from 16 to 20 minutes and the free parking duration at Rhodesfield and Hatfield was increased from 15 to 45 minutes.

The GPS Rail Ticket Product Preference is made up of Pay-As-You-Go (STR), Period Products and Single and Return Products. These constitute 63.2%, 31.1% and 5.7% respectively. Period Products maintained the same level of 31.1% whereas Single and Return Products increased slightly by 12.2% compared to 2018/19.

EMV went live on 31 October 2019 as a medium of payment for travel. The take-up has been good as it stands at 6.2% alongside Websales at 5.7%. This is expected to increase and will result in reduced queue and waiting times at ticket vending machines (TVMs) and ticket office machines (TOMs).

Revenue increased by 2.1% compared to 2018/19 despite of the impact of COVID-19 on the System. Graph 17 is indicative of the monthly income for the last two Financial Years.

Monthly income is influenced directly by the patronage usage of the System, the number of days and the combination of weekdays, weekends and positioning of public holidays. October 2019 recorded the highest income in the Financial Year 2019/20, whereas March 2020 recorded the lowest income with a decline of 37.1% compared to March 2019. This was attributable to the COVID-19 breakout and national lockdown that was effected on 26 March 2020.



GRAPH 17: SYSTEM REVENUE

9.2 Relevant outcomes

Revenue growth of 2.1% contributed to reducing GMA's financial exposure with regard to the Patronage Guarantee payable.

Preparations are underway to implement the Students' and Pensioners' Product that will offer discounted fares to these groups with the aim of increasing patronage and increasing revenue.

Adjusted fares and new products will enhance the financial capital and social and relationship capital and reduce financial exposure of the GMA with regard to the Patronage Guarantee.

9.3 Future focus

The Concessionaire submitted the Annual Fare Adjustment proposal to increase fares by 4.37% with effect from 1 June 2020. In the wake of the COVID-19 pandemic and implementation of the national lockdown, the Concessionaire will revisit the proposal after analysing the impact of COVID-19 on patronage. The Concessionaire has since proposed to implement revised fares in September 2020.

The GMA's Strategic Outcomes with a focus on revenue management and fare optimisation are listed below. These Outcomes require human capital.

- To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province;
- To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters.



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

The GMA has as one of its Strategic Objectives the integration of the Gautrain System with other public transport services. The GMA aims to achieve this objective through engagement with key public transport stakeholders to discuss integration initiatives and to co-ordinate transport planning for the Province. The GMA participates in the planning structures and engages relevant public transport stakeholders to ensure that integration projects or initiatives are implemented effectively. The GMA supports the improvement of the public transport network through the provision of scheduled feeder and distribution services and the implementation of infrastructure improvement projects.

10.1 Performance during period under review

As part of integration, the GMA implemented additional Midibus Feeder and Distribution Service (MFDS) routes to improve accessibility to the Gautrain System. The GMA also amended various Dedicated Feeder and Distribution Services (DFDS) to optimise the operations to meet passenger demand. The GMA further standardised the midibus fares on all MFDS routes, which resulted in a remarkable increase in passenger numbers. The GMA continues to ensure financial sustainability of integration initiatives.

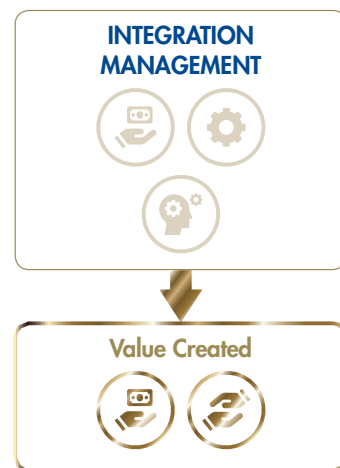
10.2 Relevant outcomes

The GMA participated in provincial and municipal engagement structures to facilitate transport planning and the implementation of integrated public transport services. The implementation of MFDS routes was achieved through collaboration with key transport stakeholders and affected third parties to implement and improve service efficiency of the feeder and distribution services. The GMA continues to build and maintain a good relationship with public transport stakeholders, thereby building on social and relationship capital. The planning of future integration initiatives and transport services was incorporated into the Three-Year Roll-out Plan. These projects will be implemented in the new Financial Year to improve the accessibility of public transport and enhance the public transport network. The GMA will ensure that the provision of a scheduled, safe and reliable public transport service, with associated job creation and value add to financial capital, are realised through the MFDS model.

10.3 Future focus

The GMA plans to roll-out additional public transport services at various stations using the MFDS partnership model in the 2020/21 Financial Year to increase the public transport network of the Gautrain feeder and distribution services. The GMA further plans to rationalise the existing DFDS and implement infrastructural improvement projects near the Gautrain stations and other interfacing public transport facilities. The GMA will continue to engage public transport stakeholders, including the metered taxi industry, to facilitate integration with the Gautrain System.

The GMA's Strategic Outcome with a focus on integration management is to enhance the integration of rail services in the Province with other transport services and integrated public transport plans. This Outcome requires intellectual, manufactured and financial capitals. The GMA develops various strategies to facilitate integration of services and the development of engagement or collaborative transport models and strategies.



11. LAND ACQUISITION AND WAYLEAVE MANAGEMENT

One of the GMA's Strategic Objectives is the protection of the rail reserve and other public transport infrastructure in terms of the Gauteng Transport Infrastructure Act (GTIA). The GMA continues to closely manage the assessment of GTIA applications in conjunction with the Concessionaire to protect the Gautrain rail reserve. The GMA facilitates the land acquisition process in consultation with the Gauteng Department of Roads and Transport for the Gautrain expansion and future extension projects. The GMA has commenced with the Route Determination process for the phased Gautrain development.

11.1 Performance during period under review

The GMA processed several GTIA applications from third parties during the current Financial Year within the performance target. Most of these applications enabled the GMA, in collaboration with the Concessionaire, to positively contribute to the facilitation of mixed-use high-density developments near Gautrain stations and the rail reserve. The applications were assessed in consultation with the Concessionaire to minimise any negative impacts on the Gautrain System. The current GTIA procedures and systems will continue to be improved in order to enhance operational efficiencies within the GTIA application processes and procedures.

The GMA uses the Geographic Information System (GIS) to primarily manage the Gautrain rail reserve land information and development activities along the Gautrain System. The GMA has completed parts of the Subdivision and Consolidation Project to improve the Land Information Register (LIR). The GMA has now updated the LIR (i.e. a list of details of land parcels expropriated or proclaimed as part of the rail reserve), based on the information obtained from the results of the Subdivision and Consolidation Project. The GMA has categorised these land parcels in terms of ownership and size, using a land use management plan.

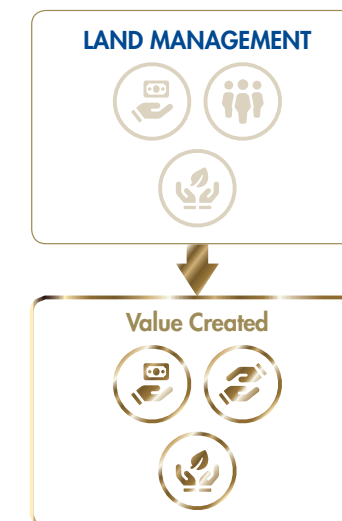
Engagements with key stakeholders on GTIA applications have continued to take place in the current Financial Year. The GMA will ensure that these engagements continue in the new Financial Year. The GMA has further conducted GTIA applications inspections to ensure applicants' compliance with the conditions of approval. These inspections are important for assurance purposes.

11.2 Relevant outcomes

The minimum impacts of GTIA applications on the Gautrain System due to the protective role that the GMA plays, together with the Concessionaire, through the GTIA applications evaluation processes contribute to the growth in usage of the Gautrain System. The development of mixed-use high-density developments near Gautrain stations and along the rail reserve make a positive contribution to the increase in Gautrain land value. Some of the value created around the Gautrain System still needs to be identified and captured.

The current Gautrain Route Determination process, together with the imminent land acquisition processes for rail reserve extensions, will increase the current size of the Gautrain System. The increase in the size of the System will ultimately result in numerous positive impacts on the System and the public.

The management of the GTIA application process by the GMA ensures that there is minimum impact of developmental activities on the Gautrain rail reserve. The GMA continues to collaborate with relevant stakeholders through focused engagements on GTIA and land use matters. The Concessionaire participates in the assessment of GTIA applications and onsite inspections related to the GTIA process to ensure compliance with the GTIA provisions and other relevant regulatory measures.





The GMA's GIS, GTIA and associated systems and procedures are an important part of intellectual capital that needs to be supported, protected and improved. The GMA will continue to improve on this capital through association and partnerships with key local and international industry leaders and knowledge institutions. This will promote innovation and best practices within the GMA.

The Gautrain land is a valuable asset and it is critical for the GMA to manage and protect it. The GMA's GTIA and land management processes and procedures continue to play an important role in ensuring that this happens. There is already evidence indicating the Gautrain's positive impacts on property values and land uses around Gautrain stations and parts of the Gautrain rail reserve. This is a good indication that the GMA should continue with implementing and improving its GTIA and land management processes.

11.3 Future focus

The GMA will continue to facilitate the protection of the Gautrain rail reserve in terms of the GTIA. The GIS will continue to be used and improved in support of the management of the Gautrain rail reserve land information and facilitation of the GTIA applications processes. The critical stakeholder consultation and engagement will furthermore continue to ensure that development or land use information is shared and analysed with key stakeholders. It will also assist during the stakeholder engagement processes for the route determination project for the Gautrain extensions, which the GMA will continue to manage in the new Financial Year.

The GMA will continue to embark on implementing measures to enhance the GIS systems to be on a par with international online new technological innovations. This will ensure the effectiveness and efficiency of the GMA technological tools.

The GMA's Strategic Outcome with a focus on land management is to manage assets relating to the Project and promote their preservation and protection of the rail reserve. These Outcomes require human, natural and financial capitals. This is achieved through the acquisition of land based on operational requirements and the protection of the rail reserve in terms of legislative requirements.

12. PLANNING FOR FUTURE CAPACITY

The Gautrain System comprises primary and secondary capacity. The primary system capacity is divided into Rail Service Capacity, Bus Service Capacity, and Park-and-Ride Capacity. The secondary capacity is divided into Station Capacity, and Rail Network Capacity. The GMA's capacity and utilisation management of the Gautrain System entail, among others, the undertaking of detailed studies and analyses to enable the planning and implementation of informed interventions to maintain and increase the capacity of the System.

To enable the implementation of identified interventions, a series of projects are commissioned on a periodic basis with the intent of servicing capacity constraints as well as promoting increased ridership and service utilisation on the Gautrain.

12.1 Performance during period under review

The GMA's objectives on capacity management and utilisation remained focused on the following:

- The overall provision of sufficient capacity to promote access to the System, as well as growth in passenger demand;
- Promoting the use of any available Rail Service Capacity in under-utilised directions;
- The introduction of additional rail capacity on the most overcrowded routes to sustain growth;
- The continuous optimisation of existing DFDS routes and consideration of additional routes;
- Optimising and introducing additional parking capacity at existing parking facilities, as well as introducing additional parking facilities at strategic locations along the operational areas of the Gautrain to increase accessibility to the System;
- Optimising the existing Rail Network System;
- The continuous optimisation of existing MFDS routes, consideration of additional routes, and/or supporting the introduction of corporate shuttles to increase access to the Gautrain, especially where bus routes will not be optimal; and
- Integration with other public transport systems to increase access to the System.

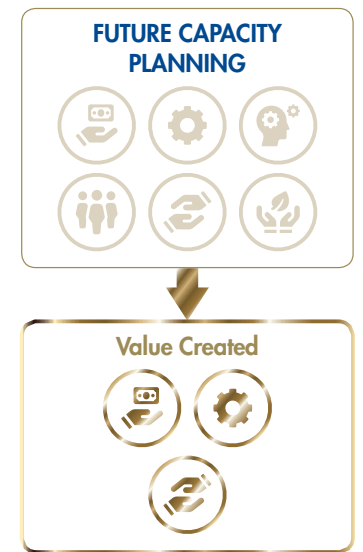
The extended Centurion Station parking facility is providing additional parking capacity and thus accessibility to the System. This facility has realised a high take-up and usage by Gautrain commuters.

The investigation of alternative options for resolving the rolling stock capacity constraints has resulted in the initiation of the procurement of additional Electric Multiple Units (EMUs) and appurtenant infrastructure, as well as enhancements to the train maintenance depot. The implementation of this project will increase the size and capacity of the System while enabling growth in usage, revenue, customer satisfaction, as well as economic benefits and associated SED.

A seventh eight-car train has been added to the service to increase rail service capacity, which will enable growth in usage, revenue and customer satisfaction.

12.2 Relevant outcomes

In terms of value creation for manufactured capital, the extension of the Centurion Station parking facility has increased the asset value of the Gautrain, thus contributing to the bulk services of the City of Tshwane. This has led to the upgrade of the adjacent intersections that have resulted in increased capacity of the road network to and from the station, as well as adjacent commercial and private developments. Impacts were thus positive on social and relationship as well as financial capitals.



12.3 Future focus

The following capacity management interventions are envisaged for the 2020/21 Financial Year:

- Commencement of revenue-generating operations of the Centurion parking extension;
- Conclusion of the procurement process to identify a successful bidder and thus commencement of the implementation of the procurement of additional EMUs and appurtenant infrastructure, as well as enhancements to the train maintenance depot; and
- Optimisation of existing DFDS routes and implementation of additional MFDS routes.

The focus of the GMA's Strategic Outcome on Gautrain's future capacity planning is to assist the Province in implementing the Project and achieving the Project objectives. This Outcome requires all capitals.

13. PLANNING FOR THE FUTURE

The 25-Year Gauteng Integrated Transport Master Plan (GITMP25) that was commissioned by the Gauteng Provincial Government to enable, among others, province-wide mobility and societal development in the future, affirmed that the passenger rail network should form the backbone of a modernised and integrated transport system in the Province.

As part of the development of the GITMP25, and noting the affirmation above, it was necessary for the GMA to develop a comprehensive strategy to improve rail coverage in the Province. Subsequently, the planning for the implementation of the extensions to the existing Gauteng Rapid Rail Integrated Network (GRRIN) is underway.

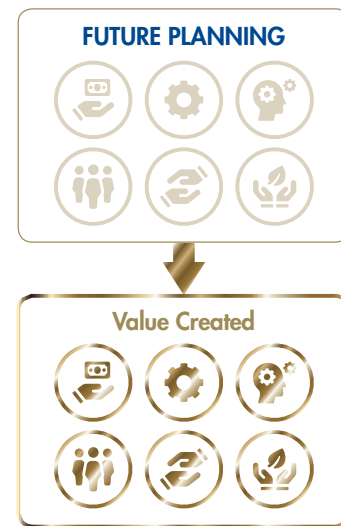
This planning process commenced with the undertaking of an extensive feasibility study of the possible extensions to the GRRIN. The feasibility study was carried out under the framework of PPP procurement in terms of the relevant National Treasury Regulations of the PFMA. These possible extensions were registered as a PPP project with the Gauteng Provincial Treasury in March 2014.

The Feasibility Study for Possible Rail Extensions to the Gauteng Network report (the Feasibility Study) concludes that the GRINN extensions will provide significant economic and transport-related benefits to both the Province and the country, while offering value for money and appropriate risk transfer if procured as a PPP. These extensions entail an extension of 148 km to the existing GRRIN network, including 18 new stations. Implementation of these extensions will be in five phases of which Phase 1 extends from the existing Marlboro Station to a new station and maintenance depot facility at Little Falls on the West Rand, including an upgraded Sandton Station, as well as additional stations at Randburg and Cosmo City. This phase will further connect to Soweto from Little Falls with additional stations at Roodepoort and Jabulani.

Following the review and acceptance of the Feasibility Study by the GMA Board in November 2016, the Gauteng Provincial Treasury, in April 2017, endorsed the submission of this study to National Treasury for Treasury Approval I (TA1) for Phase 1.

13.1 Performance during period under review

The GMA, together with the Provincial Treasury, met with the National Treasury wherein the status of the project, including the proposed way forward to achieve finality of the TA1 application, was presented. Subsequently, the GMA submitted and is awaiting the response to a letter that was submitted to National Treasury, detailing the proposed way forward for the project, including an application for provisional TA1 for Phase 1. The intent of this application is to authorise the GMA to commence with project preparatory work that is required to enable the PPP procurement required for Phase 1.



The establishment of smaller working groups to carry out further work and analysis on alternative financing and funding options for the GRRIN extensions project, as agreed with National Treasury, has been procured, led, and co-ordinated by the Government Technical Advisory Centre (GTAC). This work is currently underway and has progressed to a stage where the proposed alternatives have been presented to key stakeholders that include the MEC, City of Johannesburg, PRASA, and the GDRT.

The GMA further submitted Phase 1 of the proposed extensions of the GRRIN Project to the Investment and Infrastructure Office (IIO) in the Presidency for consideration and inclusion into the Sustainable Infrastructure Development Symposium (SIDS) that is being planned by the Investment and Infrastructure Office in the Presidency.

The project to undertake the Preliminary Route Alignment Study that will enable the MEC to determine the route for Phase 1 as per the GTIA is underway. Possible alignments for the route have been identified, including the environmental assessment for each of the possible alignments. The project has progressed to a stage where stakeholder engagements have commenced. The MEC has been briefed on the GRRIN extensions project with a specific focus on the Route Determination for Phase 1. The Gauteng Provincial Cabinet has also been appraised of same through a Cabinet Memo that was passed through the office of the MEC.

13.2 Relevant outcomes

The Feasibility Study demonstrates that the proposed GRRIN extensions, if implemented, will not only increase the size and thus coverage of the rapid rail network, but will also enable among others, growth in usage, revenue, customer satisfaction, as well as economic benefits, including associated SED.

The development of the proposed routes for the GRRIN extensions are based on environmental sustainability principles. The implementation of the proposed extensions will further improve the image of public transport with value add to social

and relationship capital. Moreover, it will increase mobility of the citizens of Gauteng, integrate the public transport system as envisaged in the GITMP25 and integrate land-use and transportation planning in the corridor. It will further enable a decrease in the dependence on private transport, thereby enabling the reduction in the congestion on the road network and the consequent environmental pollution, which supports a positive outcome for natural capital.

Contributing to manufactured capital, the implementation of Phase 1 will result in an additional 32 km of rail extensions, including three new train stations, a new maintenance depot, rolling stock fleet, as well as bus and midibus fleets to enable accessibility to the GRRIN.

13.3 Future focus

The following outcomes are envisaged for the GRRIN extensions project in the 2020/21 Financial Year:

- Conclusion of the alternative financing and funding options study for the GRRIN extensions project and the submission thereof to National Treasury;
- TA1 approval for Phase 1 of the proposed GRRIN extensions project;
- Approval and thus inclusion of Phase 1 of the proposed extensions of the GRRIN extensions project into the Sustainable Infrastructure Development Symposium;
- Conclusion of the Preliminary Route Alignment Study project that will enable the MEC to determine the route for Phase 1 and thus the gazetting of the route as per the GTIA; and
- Procurement of the transaction advisory services that will assist the GMA with the undertaking of the project preparatory work to enable the PPP procurement required for Phase 1.

The GMA's Strategic Outcomes with a focus on GMA future planning is to assist the Province in implementing the Project and achieving the Project objectives. These Outcomes require all capitals. The funding of this project will be done through blended finance that includes PPP, National Government, Provincial Government, as well as alternative funding sources.



14. VARIATIONS

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

- Commercial variations issued in line with the CA to initiate System improvements and enhancements;
- 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 capital expenditure (CAPEX) delivery within the Financial Year; and
- Managing the Concessionaire in line with the contractual obligations of the CA.

14.1 Performance during period under review

The GMA has undertaken a number of variations that are part of the strategic initiatives to improve capacity within the System. This includes:

- Ongoing initiatives to market the System; and
- Procurement of additional rolling stock and depot enhancement.

14.2 Relevant outcomes

The procurement of pre-owned additional rolling stock and the necessary infrastructure signaling and control systems in order to operate the System optimally are still in the procurement phase but have contributed significantly to GMA's intellectual capital. An invitation to offer was prepared and issued to selected Rolling Stock Companies (ROSCOs) for the pre-owned rolling stock, while a request for qualifications was issued for the modifications to the rolling stock and infrastructure. The transaction advisors are in the process of evaluating the bid responses.

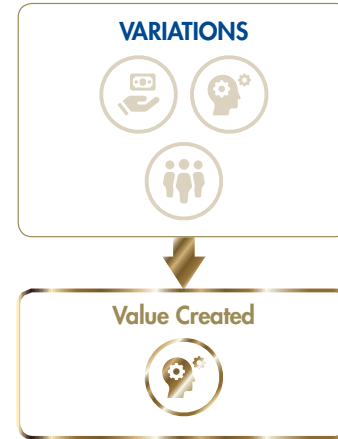
14.3 Strategic outlook

A key focus area for the next Financial Year is to ensure the following:

- The procurement of pre-owned Electric Multiple Units;
- The procurement of additional fare gates; and
- The procurement of additional signage.

The GMA's Strategic Outcomes focusing on variations are listed below. These Outcomes require human, intellectual and financial capitals.

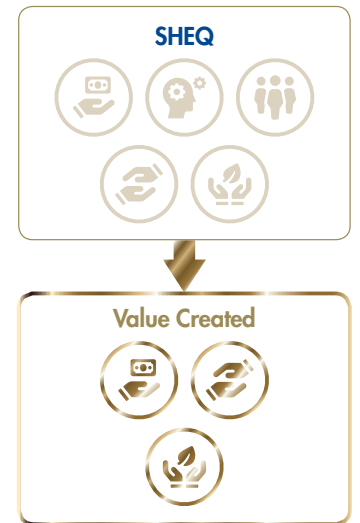
- Ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters;
- Act on behalf of the Province in managing the relationship between the Province and Concessionaire in terms of Concession Agreements and ensure that the interests of the Province are protected;
- Promote and maximise the SED and BBBEE objectives of the Province in relation to the Project; and
- Enhance the integration of rail services in the Province with other transport services and integrated Public Transport Plans.



SECTION H CORPORATE HEALTH, SAFETY AND ENVIRONMENT



GMA's commitment to the safety and health of our employees and passengers is paramount to its business. The Agency also understand its responsibility to the environment and the importance of continuous improvement for excellent customer service. With this focus, the GMA concentrates its efforts on becoming a more effective and efficient organisation over the long term. The GMA's goal is to achieve zero harm and to maintain sustainability so as to enable the delivery of this Strategic Outcome.



1. PERFORMANCE DURING PERIOD UNDER REVIEW

The project SHEQ teams focused their efforts on significantly improving SHEQ performance by increasing measures to support both passenger and corporate health and safety. Monitoring and assurance of the Concessionaire's compliance to applicable legislations and the CA is a key performance area.

During the reporting period, the Concessionaire noted no major reportable incidents on the mainline train and bus services. No disabling or fatal injuries were noted by employees or passengers. Following the accident in 2018/19, the Concessionaire and Operator have updated several of their procedures and recovery plans to ensure trains are safely brought to the depot during and after failures on the mainline. These procedures include improved rescue methods for all trains, purchasing of a new locomotive for maintenance and train rescue, increased staff awareness of rescue safety and new depot protocols. The year-on-year comparator is detailed below.

1.1 Safety hazards/incidents

TABLE 25: SAFETY HAZARDS/INCIDENTS

#	Operational Governance Dashboard	Unit	June 2017 to May 2018	June 2018 to May 2019	June 2019 to May 2020	Current Mar 2020
1	Signals Passed at Danger	Rolling 12-months	12	10	18	0
2	Mainline Derailments	Rolling 12-months	1	0	0	0
3	Total Near Miss and Hazards & Safety concerns (12-month rolling total)	Rolling 12-months	96	153	148	5
3.1	Hazard & Safety concerns	Rolling 12-months	-	-	144	5
3.2	Near Misses	Rolling 12-months	-	-	2	0
4	Collisions – non-revenue and revenue period (12-month trend)	Rolling 12-months	1	0	0	0

1.2 Corrective maintenance actions

TABLE 26: CORRECTIVE MAINTENANCE ACTIONS

#	Operational Governance Dashboard	Unit	June 2017 to May 2018	June 2018 to May 2019	June 2019 to May 2020	Current Feb 2020
1	Number of train rescues	No. of incidents	1	0	2	0
2	Number of maintenance vehicles rescues	No. of incidents	2	0	0	0
	Number of trains supplied per month	Average %			99.91%	99.86%
3	Number of critical alarms reported via SCADA	No. of alarms		496,620	182,004	23,162
21	Number of train evacuations (in between stations)	No. of incidents	1	0	3	0

The SHEQ team has also investigated and implemented methods to improve emergency management and response on the System. The team has worked closely with the Emergency Management Services of all the municipalities in which the GMA operates and the Gauteng Disaster Management Services Department to plan emergency response exercises. These exercises allow the teams to test response times on different types of emergencies and show the areas that require improvement in terms of rescue operations.

The Railway Safety Permit was renewed for Gautrain operations in September 2019, as per the updated Railway Safety Regulator (RSR) regulations. The permit is now valid for a period of two years.

The COVID-19 pandemic was raised as a risk by the GMA internal Health and Safety Committee. On Thursday 28 February 2020, the SHEQ Unit attended a training session on planning for COVID-19, and on 02 March 2020, the

first cases of COVID-19 were confirmed in South Africa. The GMA immediately set up a crisis committee ahead of any further cases being confirmed. The committee consisted of the COO, SHEQ, HC and the Marketing and Communication business units. The team collaborated on a stepped approach to address COVID-19 in the workplace, including additional plans to the BCP. The crisis team and the BCP team worked together to align the objectives of the business continuity planning process to determine how an organisation will maintain critical services/functions in the event of significant staff absenteeism and cases where staff would test positive. This plan was put into action immediately when the first exposure to the virus occurred in March 2020.

Environmental compliance increased from a 91% compliance to all environmental legislation and the project Environmental Management Plan (EMP) to a 96% compliance score. The areas of improvement are waste management, alien vegetation management and resource consumption.

TABLE 27: OPERATIONAL GOVERNANCE DASHBOARD

#	Operational Governance Dashboard	Unit	June 2017 to May 2018	June 2018 to May 2019	June 2019 to May 2020	Current Feb 2020
1	No. of environmental spills	No. of incidents	6	3	0	0
2	No. of bird/animal/objects/people strikes	No. of incidents	n/a	n/a	0	0
3	Theft and vandalism affecting service	No. of incidents	2	13	0	0

Legislative changes in the reporting period include:

- The Water Use Licence amendments for the operations and maintenance of the Project have been approved by the Department of Water and Sanitation.
- The EMP has also undergone its five-year review, and the changes were approved by the Gouteng Department of Agriculture and Rural Development (GDARD).



2. RELEVANT OUTCOMES

The GMA SHEQ Unit is consistently working to improve compliance and creating a sustainable future for employees and the environment, with zero harm. The focus on sustainability has created opportunities for economic value and asset value over the long term. The worldwide shift to public transport has allowed us to increase our commitment to the constant development of more eco-friendly mobility solutions that drive opportunity and prosperity while also moving the planet towards a more sustainable future for the next generation.

The promotion of public transport and mass movement are based on environmental sustainability principles which impact positively on natural capital. Reducing the dependence on fossil fuels will not only alleviate the pressure on natural resources but provide more affordable and available mobility for the citizens of Gauteng, as well reducing the dependence on private transport. Driving down the demand for private vehicles also reduces the overall carbon footprint and harmful GHG emissions.

Sustainability and city rejuvenation are therefore among the key objectives of the Gautrain Project. Research and development into the full sustainable mobility solutions continued in 2019/20. Gautrain’s drive to a completely emission-free transport offering, when combined with renewable energy sources, remains on track. In conjunction with other business units within the GMA, the plan toward sustainable mobility is assisted by projects such as the upgraded Gautrain APP. Trip planning and increased user awareness have enabled transport operators to anticipate user needs. This, in turn, benefits the environment, by increasing awareness of passenger movement and increased route planning, as the ability to reduce the carbon footprint lies in the ability to reduce vehicles on lesser used routes, predict peak movements and allow more responsible consumption of resources.

The EMV project has reduced the number of transactions at TVMs and TOMs, for passengers are now able to tap bank cards at fare gates, allowing for seamless paperless transactions and increasing safety at TVMs and TOMs. This allows us to

improve our overall carbon footprint, because going green does not only mean that we stop using fossil fuels, it means using alternative materials. The dependence on rubber, metals and plastic must be decreased for us to experience a future that has some hope of being green.

3. FUTURE FOCUS

The strategic outlook of the SHEQ Unit is to understand the GMA’s strengths and weaknesses, its key stakeholders and to align its daily work with the vision and long-term objectives of the Agency. To determine potential SHEQ-related impacts and constraints to the proposed system extensions, the GMA SHEQ focus for the next reporting period will include:

- The Certification of the GMA for the Integrated ISO Management System;
- A key support role for the proposed network extensions;
- A key support role for the Gautrain Capacity and Revenue Study (GCARS); and
- Market, business and/or environmental issues likely to impact on the GMA’s ability to fulfil its role.

The SHEQ Unit is also working closely with all units within the GMA to support existing and future enhancements to the System towards achieving continual improvement and sustainability.

The GMA’s Strategic Outcomes which form the focus of SHEQ are listed below. These Outcomes require human, intellectual, financial and social and relational capitals.

- To act on behalf of the Province in managing the relationship between the Province and Concessionaire in terms of the CA and ensure that the interests of the Province are protected;
- To assist the Province in implementing the Project and achieving the Project objectives; and
- To liaise with and promote co-operation between government structures in all three spheres of government in relation to the Project, and to liaise with persons having an interest in the Project.

SECTION I

ANNUAL FINANCIAL STATEMENTS



ABBREVIATIONS

CA	Concession Agreement
DRT	Gauteng Department of Roads and Transport
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

INDEX

Abbreviations	109
Administrative Information	110
Statement of Responsibility by the Members of the Board	111
Report of the Audit and Risk Committee	112
Report of the Board	117
Report of the Auditor-General	118
Annexure – Auditor-General’s Responsibility for the Audit	121
Statement of Financial Position	122
Statement of Financial Performance	123
Statement of Changes in Net Assets	124
Cash Flow Statement	125
Statement of Comparison of Budget and Actual Amounts	126
Accounting Policies	127
Disclosure Notes to the Financial Statements	139

GAUTRAIN MANAGEMENT AGENCY ADMINISTRATIVE INFORMATION

Domicile	Republic of South Africa	
Nature of Principal Activities	<p>The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act, Act 1 of 1999, as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department of Roads and Transport.</p> <p>The mandate of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (Concessionaire).</p> <p>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.</p>	
Board Members	Mr M Mokoena	- Appointed as Chairperson from 1 January 2018 to 31 December 2020
	Ms P Moloto-Stofile	- Appointed as Deputy Chairperson from 1 January 2018 to 31 December 2020
	Mr. E van der Merwe	- Chief Executive Officer - Re-appointed on 1 June 2016 to 31 May 2019 and contract extended to 31 January 2020
	Mr W Dachs	Chief Executive Officer - Appointed on 1 February 2020
	Dr P Dala	- Appointed from 1 January 2018 to 31 December 2020
	Mr B Lengane	- Re-appointed on 1 January 2018 to 31 December 2020
	Ms S Hlapolosa	- Re-appointed on 1 January 2018 to 31 December 2020
	Mr A Mawela	- Appointed on 1 January 2018 to 31 December 2020
	Mr D Nadison	- Appointed on 1 January 2018 to 31 December 2020
Postal Address	Physical Address	
PO Box 1266 Kelvin 2054 South Africa	44 Grand Central Boulevard Grand Central ext. 1 Midrand 1685 South Africa	
Chairperson	Mr M Mokoena	- 1 January 2018 to 31 December 2020
Chief Executive Officer	Mr W Dachs	
Chief Financial Officer	Mr P Mabena	
Head of Corporate Governance and Ethics	Ms T Marumo	
Banker	Absa Bank Limited	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No.:	+27 11 086 3500
	Website:	www.gma.gautrain.co.za
	E-mail:	info@gautrain.co.za

GAUTRAIN MANAGEMENT AGENCY STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2020

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

In order for the GMA Board to discharge its responsibilities, management has developed and maintained a risk management policy and adequate, effective and efficient internal controls.

The internal controls are designed to provide reasonable assurance on 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 mitigating internal controls. These are monitored and improved or amended as the GMA's operating conditions change.

Internal controls include 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 Chief Audit Executive, 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 management and the Auditor-General.

Based on the information and explanations provided by management and the internal auditors, the GMA Board is of the opinion that the internal financial controls are adequate, effective and efficient 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 GMA Board 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 GMA Board 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.

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

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements are prepared in accordance with accounting policies as set out in the 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 2020 set out on pages 122 to 164 were approved on 29 May 2020 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



Mr M Mokoena
GMA: Board Chairperson



Mr W Dachs
GMA: Chief Executive Officer

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2020

The Audit and Risk Committee (the Committee) hereby presents its report for the Financial Year ended 31 March 2020 as required by section 77 of the PFMA, read with Treasury Regulation 27.1, section 37 of the GMA Act and King IV.

The Committee is an independent statutory committee of the Board, established in terms section 77 of the PFMA and section 19 of the GMA Act.

The GMA has adopted King IV. Pursuant to this, the Committee has complied with principle 8 and the recommended practices 50 to 59 of the King IV during the period under review.

AUDIT AND RISK COMMITTEE COMPOSITION

Membership

The term of office of the Committee is aligned with that of the GMA Board and is with effect from 01 January 2018 until 31 December 2020. The Committee is serving the last year of its three-year term.

The Committee is comprised solely of Independent Non-Executive Members. The CEO, CFO, COO, CAE, Risk Management Officer, some of the Senior Executive Managers and External Auditors, have a standing invitation to all meetings of the Committee.

TABLE 27: COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE

Member	Position	Meeting attendance
Mr Bolokang Lengane	Chairperson Independent Non-Executive	4 out of 4
Ms Puli K E Moloto-Stofile	Committee Member Independent Non-Executive	3 out of 4
Dr Pritish Dala	Committee Member Independent Non-Executive	4 out of 4
Ms Tryfina Mokele	Board Advisor (Gauteng Provincial Treasury)	1 out of 4

The individual Members, as well as the Committee as a collective, have appropriate knowledge, skills and experience to carry out its mandate. The profiles, qualifications and experience of the Members of the Committee are detailed in the Corporate Governance Section of this report, under the Board section on pages 38 to 41.

Performance Evaluation of the Audit and Risk Committee

The effectiveness of the Committee is reviewed as part of the GMA's Performance Evaluations of the Board and its Board Committees every 2 years. An independent performance evaluation of the Board, Board Committees and individual Members of the Board for the 2018/19 Financial Year was conducted by CGF Research Institute.

During the period under review, the Board and Board Committees focused on the implementation of the Action Plan developed to address the outcomes of the Performance Evaluation for the 2018/19 Financial Year. As at 31 March 2020, 66% of the Action Plan items were implemented. The outstanding items are still work in progress and will be finalised during the 2020/21 Financial Year.

COMMITTEE'S ROLE AND RESPONSIBILITIES

The Committee assists the Board in fulfilling its oversight responsibilities, such as the evaluation of the adequacy, effectiveness and efficiency of accounting policies, internal controls, risk management, financial reporting, compliance, technology and information governance.

Terms of Reference

The Committee operates within a formal set of Terms of Reference, approved by the Board annually. The Terms of Reference for the Committee for the 2019/20 Financial Year were approved by the Board on 24 July 2019. The Committee's roles and responsibilities include its statutory duties in line with the PFMA and the recommendations of King IV. The Board has also assigned additional responsibilities as detailed in the Committee's Terms of Reference, such as the oversight of the risk governance, technology and information governance, as well as compliance governance.

The Committee is satisfied that it has fulfilled its statutory requirements as set out in the PFMA, the GMA Act, King IV and the Terms of Reference for the 2019/20 Financial Year.

Responsibilities of the Committee

The Chairperson of the Committee reports on a quarterly basis to the Board on the Committee's deliberations, decisions and recommendations in line with the approved Terms of Reference.

The key focus areas of the Committee for the 2019/20 Financial Year were as follows:

- Enhance the risk management maturity of the GMA.
- Provide assurance over the integrity of the GMA's Annual Financial Statements and Accounting Policies.
- Provide assurance on the effectiveness of the internal control, governance and risk management systems.
- Review the internal audit, risk management, compliance and the IT control environment.
- Review of key risks and opportunities, including mitigation plans, with specific focus on risks and opportunities associated with:
 - Procurement of pre-owned EMUs and depot enhancements;
 - Implementation of the Open Tender Process;
 - Readiness of the Gauteng Municipalities' Emergency Management Services' to cater for incidents on the Gautrain System;
 - GRRIN; and
 - Post 2026 planning.
- Monitor the performance against predetermined objectives/performance information.

TABLE 28: AUDIT AND RISK COMMITTEE'S RESPONSIBILITIES

Area of responsibility	Activities of the Audit And Risk Committee	Assessment by the Committee/Outcome
<p>1 Effectiveness of internal controls and risk management</p>	<p>Reviewed, approved and/or made recommendations to the Board on the following:</p> <ul style="list-style-type: none"> GMA's policies on compliance and litigation; Enterprise Wide Risk Management Framework; Risk Appetite and Tolerance; and Fraud and Corruption Management. Assessed management's response to audit findings and recommendations. Readiness of the Gauteng Municipalities' Emergency Management Services' to cater for incidents on the Gautrain System. Quarterly risk reports on pertinent risks and opportunities aligned to the GMA's vision and mission, emerging events and reportable incidents. Quarterly reports on GMA's information and Communication Technology. Quarterly reports on the management of the assets in the GMA and that of the Gautrain System. Effectiveness of the CFO and the Finance Business Unit. GMA's Stakeholder Key Control Dashboard. 	<p>The systems of internal controls are based on established organisational structures, policies and procedures, and delegation of authority which makes provision for segregation of duties, clearly defined lines of authority and accountability. The Committee has relied on the work performed by the internal auditors, Management and external auditors, to evaluate the effectiveness of the internal controls.</p> <p>The GMA has a system of internal controls in place, designed to ensure that risks are mitigated and strategic objectives are achieved. GMA's Risk Management Maturity continues to improve and was measured at 76.3% during the 2019/20 Financial Year. The Committee and the Board conducted a risk assessment during a workshop held in August 2019 and continued to perform assessments throughout the Financial Year under review.</p> <p>The Committee has satisfied itself that the GMA's internal controls are effective to address the adequacy, reliability and accuracy of financial reporting, fraud, compliance, technology and information risks.</p>
<p>2 Compliance with legal and regulatory provisions</p>	<p>The Committee monitored the implementation of the Action Plans developed to address the identified gaps and audit findings, in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993); Regulation of Interception of Communication-Related Information Act No 70 of 2002 (RICA); Occupational Health and Safety Act, 1993 (Act No. 85 of 1993); and Employment Equity Act No 55 of 1998.</p> <p>The Committee also reviewed the following matters:</p> <ul style="list-style-type: none"> Quarterly reports on PFMA compliance, as well as SCM reports on tender activities and deviations from the SCM process. Quarterly reports on legal compliance and litigation. GMA Legal Compliance Policy. Report on the Application Status of King IV Principles in the GMA for the 2018/19 Financial Year. 	<p>Compliance with all relevant laws, regulations, accepted standards or codes is integral to the GMA's risk management process and is monitored by the Committee.</p> <p>There were no incidents of material non-compliance with any laws, regulations, accepted standards or codes applicable to the GMA or fines against the GMA.</p>
<p>3 Promoting an anti-fraud and corruption culture</p>	<ul style="list-style-type: none"> GMA's Fraud Prevention and Whistleblowing Policy was reviewed with no amendments. The Committee monitored compliance with the Policy during the 2019/20 Financial Year. Reviewed quarterly reports on fraud and corruption incidents, as well as conflict management related to acceptance of gifts by employees. 	<p>The Ethics Management Function of the GMA has been fully established. An Ethics Risk and Opportunity Assessment, aimed at defining the Ethics Profile, as well as identifying the Ethics Risk and Opportunity of the GMA was conducted during the period under review.</p>
<p>4 Internal audit</p>	<p>The Committee also conducted the following activities, <i>inter alia</i>, related to the Internal Audit Function:</p> <ul style="list-style-type: none"> Recommended the Internal Audit Charter to the Board for approval. Approved the risk-based Internal Audit Plan. Reviewed the effectiveness of the CAE and the Internal Audit Function, as well as the performance and remuneration of the CAE. Reviewed and approved Internal Audit's quarterly reports in line with the approved internal audit plan. Reviewed the Stakeholder Key Control Dashboard. 	<p>The Committee is satisfied that the Internal Audit Function is operating effectively and that it has addressed GMA's pertinent risks.</p>

Area of responsibility	Activities of the Audit And Risk Committee	Assessment by the Committee/Outcome
<p>5 External auditors</p>	<ul style="list-style-type: none"> Reviewed and agreed to the Auditor-General of South Africa's engagement letter, audit strategy and audit fees for the 2019/20 Financial Year. 	<p>A new team was assigned to conduct the GMA audit for the 2019/20 Financial Year and the Committee is satisfied with the independence of the external auditors.</p>
<p>6 Quality of monthly and quarterly management reports submitted in terms of the PFMA</p>	<p>During the period under review, monthly and quarterly management reports were presented by management to enable the Committee to:</p> <ul style="list-style-type: none"> 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 GMA's internal financial and operational controls, as well as the risk management systems; 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. 	<p>The Committee reviewed the quarterly and annual reports on GMA's performance against predetermined objectives.</p> <p>The Committee is satisfied that it received sufficient, reliable and timely information from management, to enable it to fulfil its responsibilities.</p>
<p>7 Evaluation of the Annual Financial Statements</p>	<p>Reviewed the Annual Financial Statements with the following focus:</p> <ul style="list-style-type: none"> 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. 	<p>The Committee reviewed the Annual Financial Statements of the GMA for the year under review and is satisfied that they comply with the relevant Financial Reporting Standards and that the accounting policies used are appropriate and consistent with those of prior years. The Committee recommends the approval of the Annual Financial Statements and the Integrated Annual Report by the Board.</p>
<p>8 Technology and information governance</p>	<p>Reviewed, approved and/or made recommendations to the Board on the following:</p> <ul style="list-style-type: none"> GMA's policies on the governance of information and technology (including Cyber Security Strategy; ICT Information Security and Identity Management Policy; ICT Incident Management Policy; ICT Asset Management Policy; and Cloud Computing Policy). Quarterly reports on GMA's information and communication technology (which include reporting on progress on the implementation of the ICT Strategy; strategic alignment; cyber security; performance measurements; IT audit; value management; ICT compliance; and ICT projects. Assessed management's response to audit findings and recommendations relating to information and technology matters. 	<p>The Committee is satisfied that the ICT Function is a strategic enabler in the GMA. The Committee is also satisfied with the ICT control environment. This is evidenced in the seamless transition to remote working as a result of COVID-19 National Lockdown.</p>

Key focus areas going forward

The Committee's key focus areas for the next Financial Year includes:

- Appointment of the new Committee Members;
- The Audit and Risk Committee is aware of the significant uncertainty, rapidly changing risk landscape, and increased need for transparency and confidence in the reported information on COVID-19 implications. The Committee will focus on the following areas relating to COVID-19:
 - Review of the operational impact of COVID-19 and mitigating strategies taken with specific focus on Patronage Guarantee reduction, business continuity, digital transformation and cybersecurity).
 - Compliance with COVID-19 regulations and standards.
 - Review the COVID-19 Strategic Risk and Opportunity Register.
 - Ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Continue to monitor the risk environment relating to the:
 - Procurement of the Pre-Owned EMUs and Depot Enhancements.
 - GRRIN.
 - Post 2026 Planning.

Conclusion

The Committee concurs and accepts the conclusions and unqualified audit opinion of the Auditor-General on the Annual Financial Statements for the year ended 31 March 2020.



Mr Bolokang Lengane

Chairperson: GMA Audit and Risk Committee

GAUTRAIN MANAGEMENT AGENCY REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2020

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2020.

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 2020 is detailed in the table below.

Summary of financial results	2020 R'000	2019 R'000
Total income	325,272	277,420
Total expenditure excluding depreciation and amortisation	280,798	285,318
Total expenditure	1,387,263	1,442,743
Net surplus/(loss) for the year	(1,061,991)	(1,165,324)
Net surplus/(loss) for the year excluding depreciation and amortisation	44,474	(7,899)
Total assets	27,843,722	28,736,477
Total liabilities	991,230	812,293

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 Mr J Mamabolo 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).

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Gautrain Management Agency set out on pages 122 to 164, which comprise the Statement of Financial Position as at 31 March 2020, Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gautrain Management Agency as at 31 March 2020, and its financial performance and cash flows for the year then ended 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).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Basis for opinion

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Litigation and contingencies

7. With reference to note 24.4 to the financial statements, the public entity is a defendant in land dispute claims raised by property owners on the valuation of their expropriated property. The ultimate outcomes of these matters could not be presently determined and no provision for any liability that may result was made in the financial statements.

Commitments

8. With reference to note 10.2 and 24.1 to the financial statements, Gautrain Management Agency (GMA), in terms of the Concession Agreement, pays the operator, Bombela Concession Company (BCC) a Patronage Guarantee should actual revenue collected be below the Minimum Required Total Revenue (MRTR) as specified in the CA. During the 2019/20 financial year, GMA paid the operator R1,971,655,000 (2018/19: R1,667,356,000) in the form of a Patronage Guarantee due to the actual revenue and ridership being significantly below the MRTR projected revenue and ridership.

Responsibilities of the Accounting Authority for the financial statements

9. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected strategic orientated goal presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following strategic orientated goal presented in the annual performance report of the entity for the year ended 31 March 2020:

Strategic orientated goal	Pages in the Annual Performance Report
Strategic orientated 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	166–167

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic orientated goal:
 - Strategic orientated 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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 166 to 177 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**Introduction and scope**

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

22. The Accounting Authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and the selected strategic oriented goal presented in the annual performance report that have been specifically reported on in the auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic oriented goal presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Johannesburg

30 September 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected strategic orientated goal and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the Accounting Authority
- conclude on the appropriateness of the board of directors, which constitutes the Accounting Authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Gautrain Management Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
ASSETS			
Current assets			
Cash and cash equivalents	2	605,469	416,117
Receivables (Exchange transactions)	3.1	18,728	64,890
Non-current assets			
Property, plant and equipment	4	26,932,535	27,968,073
Heritage assets	5	3,295	3,295
Intangible assets	6	975	1,430
Receivables (Exchange transactions)	3.2	282,720	282,672
TOTAL ASSETS		27,843,722	28,736,477
LIABILITIES			
Current liabilities			
Payables (Exchange transactions)	7	298,410	199,955
Finance lease liability	8	694	268
Obligations arising from restricted SIP funds	9	22,022	28,097
Obligations arising from restricted Project funds	10	459,920	404,218
Other liabilities (Exchange transactions)	13	22,918	8,291
Provisions	11	12,606	12,606
Non-current liabilities			
Finance lease liability	8	237	86
Obligations arising from restricted Concessionaire funds	12	62,330	57,867
Other liabilities (Exchange transactions)	13	112,093	100,905
TOTAL LIABILITIES		991,230	812,293
Accumulated surplus		26,852,491	27,924,184
TOTAL NET ASSETS		27,843,722	28,736,477

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
REVENUE			
Revenue from non-exchange transactions			
Government grants	15	300,051	251,704
Revenue from exchange transactions			
Finance income	16	25,221	25,716
Other income		104	172
TOTAL REVENUE		325,272	277,420
EXPENDITURE			
Board and committee member remuneration	17	1,633	1,628
Employee costs	18 & 19	141,301	105,487
Depreciation	20	1,105,730	1,155,987
Amortisation	20	735	1,438
Finance costs		47	33
Operational expenditure	21	137,817	178,171
NET SURPLUS/(DEFICIT) FOR THE YEAR		(1,061,991)	(1,165,324)

GAUTRAIN MANAGEMENT AGENCY
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Accumulated Surplus R'000	Total Amount R'000
Balance as at 31 March 2018		29,089,508	29,089,508
Net deficit for the year		(1,165,324)	(1,165,324)
Balance as at 31 March 2019		27,924,184	27,924,184
Prior period error	14	(9,702)	(9,702)
Net surplus/(loss) for the year		(1,061,991)	(1,061,991)
Balance as at 31 March 2020		26,852,491	26,852,491

GAUTRAIN MANAGEMENT AGENCY
CASH FLOW STATEMENT
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Notes	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,494,831	2,210,229
Grant income		2,153,314	1,945,268
Interest received		40,778	34,636
Operating period penalty income		1,357	7,000
Net Performance Reserve account receipts		3,859	9,023
Other income		295,432	214,153
Insurance claim GMA		91	149
Payments		(2,302,835)	(2,153,528)
Project expenditure		(2,012,366)	(1,851,205)
Board and committee member remuneration		(1,631)	(1,628)
Employee and related costs		(143,820)	(119,802)
External audit fees		(2,675)	(2,477)
SIP expenditure		(7,806)	(6,270)
Operating expenditure		(134,537)	(172,146)
Net cash from operating activities	22	191,996	56,701
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,597)	(5,617)
Acquisition of intangible assets		-	(456)
CASH FLOWS FROM FINANCING ACTIVITIES		(47)	(33)
Finance lease payments		(47)	(33)
Net increase in cash and cash equivalents		189,352	50,595
Cash and cash equivalents at beginning of the year		416,118	365,523
Cash and cash equivalents at end of the year		605,469	416,118

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 and 12 on a cash basis.

GAUTRAIN MANAGEMENT AGENCY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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.

Notes	Approved Budget		Revised Budget		Actual Amounts on a Comparable Basis		Funds from Prior Period and Other Income		Difference Between Revised Budget, Funds from Prior Period and Actual Amounts	
	2020 R'000	2020 R'000	2020 R'000	2020 R'000	2020 R'000	2020 R'000	2020 R'000	2020 R'000	2020 R'000	
Final budget appropriation	2,153,314	2,555,909	2,555,909	2,555,909	2,555,909	-	-	-	-	
Approved budget	2,153,314	2,153,314	2,153,314	2,153,314	2,153,314	-	-	-	-	
Funds from previous year	-	128,069	128,069	128,069	128,069	-	-	-	-	
Other income – RUF	-	262,797	262,797	262,797	262,797	-	-	-	-	
Other Income – Interest income	-	11,729	11,729	11,729	11,729	-	-	-	-	
Payments	2,153,314	2,153,314	2,293,184	2,293,184	2,293,184	143,257	143,257	3,387	3,387	
Project expenditure	1,853,263	1,853,263	2,004,548	2,004,548	2,004,548	138,174	138,174	(13,111)	(13,111)	
Construction costs	-	-	-	-	-	-	-	-	-	
Land costs	-	-	-	-	-	-	-	-	-	
Operating payment/Patronage Guarantee	1,698,470	1,698,470	1,698,470	1,698,470	1,858,930	138,174	138,174	(22,286)	(22,286)	
Operating period variations	60,661	60,661	60,661	60,661	52,487	-	-	8,173	8,173	
System improvements	94,132	94,132	94,132	94,132	93,131	-	-	1,001	1,001	
Operating and support costs	300,051	300,051	300,051	300,051	288,636	5,084	5,084	16,499	16,499	
Operating expenditure	226,233	226,233	226,233	226,233	214,105	-	-	12,128	12,128	
GMA capex costs	3,164	3,164	3,164	3,164	2,600	-	-	564	564	
Specialised technical services	27,875	27,875	27,875	27,875	33,297	-	-	(338)	(338)	
Legal and additional commercial costs	39,324	39,324	39,324	39,324	36,127	-	-	3,197	3,197	
Independent monitor costs	3,455	3,455	3,455	3,455	2,506	-	-	949	949	
Net receipts/Budget surplus	-	-	-	-	-	143,257*	143,257*	3,387**	3,387**	

23

* R138.0 million was spent from funds from the previous year and other income for projects which were deferred to the current year.

** Refer to note 23.

GAUTRAIN MANAGEMENT AGENCY ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020

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 and 103)**

The Concession Agreement is entered into 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 at the end of the Concession Agreement. Complexity and critical accounting judgement is used in applying the recognition criteria of an asset, when capitalising and componentising the Gautrain System assets.

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

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

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 and 103)**

The 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 of R1 per servitude.

- **Useful lives and residual values (GRAP 17, 31 and 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.

- **Segment reporting (GRAP 18)**

Significant judgement is used in identifying service and geographical segments of the GMA.

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 and measurement

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

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

- It is probable that future economic benefits associated with the item will flow to the GMA; and
- The cost of the item can be reliably measured.

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

Costs for acquired assets include:

- The items purchase price, including import duties and non-refundable taxes, after deducting any trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended by management; and
- 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

Item	Average useful life
GMA assets	
Motor vehicles	5–8 years
Office equipment	6–12 years
Computer equipment	3–9 years
Furniture and 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.

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 the GMA shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the GMA shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

1.4 INTANGIBLE ASSETS

Initial recognition and 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; and
- 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 the 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.

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:

Item	Average useful life
Gautrain System assets	
Servitudes	Infinite
GMA assets	
Computer software	2–8 years
Computer licenses	Over the period of the licence

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 are tested annually for impairment by comparing the carrying amount with the recoverable service amount of the intangible asset.

If the intangible asset's carrying value exceeds its recoverable service amount, the intangible asset is impaired. The carrying amount of the asset must be reduced to its recoverable service amount, and this reduction is the impairment loss which is charged as an expense to the Statement of Financial Performance.

Reversal of impairment

The GMA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the GMA estimates the recoverable service amount of that asset.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for an asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Derecognition

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use.

The gain or loss arising from the derecognition of an intangible asset is determined by comparing the proceeds from disposal with the carrying amount of the intangible asset, and is recognised in the Statement of Financial Performance when the item is derecognised.

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. The GMA is thus the agent and not the principal. 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 the Gauteng Provincial Treasury based on management's best estimate of Project disbursements to be incurred for the period. To the extent that funding received is in excess of Project expenditure actually incurred for the year under review, it is classified as income received in advance of obligations yet to be incurred and recognised in the Statement of Financial Position as a liability.

Obligations arising from restricted SIP funds

Over the duration of the Development Period, until the contractual Anticipated Completion Date of Phase 2 (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 summarised 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.

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 Southern 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 Southern 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. A contingent liability is disclosed 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.

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 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.

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 increase 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 payments.

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 accounts 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 that is a member of the Gauteng Provincial Government and is under common control of the Gauteng Provincial Legislature is related to the GMA. However, only transactions and balances of the same economic entity will be disclosed.

In respect of entities, other government entities or appointed members of the government, only transactions and balances under the Executive Authority of the MEC of Gauteng Department of Roads and Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity.

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.

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 SEGMENT REPORTING

A segment is an activity of the GMA that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity as well as in assessing its performance and for which separate financial information is available.

The GMA shall report separately information about each segment that has been identified.

1.23 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.

The 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.

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, fair value or cost, are subject to an impairment review. The GMA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets held at amortised cost

The GMA first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the GMA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate i.e. the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised as an expense in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously

recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

Financial assets held at cost

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. R400 million was surrendered to Treasury from the Project Call Account and therefore reduced the foreign exchange liability. The remaining cash amount reflecting the actual savings on the foreign denominated components of the Milestone payments over the life of the Project was retained in the Project Accounts and the balance of the foreign exchange liability is written off in full.

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.

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.

Receivables

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 receivables is made when there is objective evidence that the GMA will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of any debtor, probability that the debtor will be bankrupt or under financial administration, and default or delinquency in payments, are considered indicators that the receivable is impaired, and that a provision should be raised.

The provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest rate and is recognised in the Statement of Financial Performance. Uncollectable debts are written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.

Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.24 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 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.

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.

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.

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.

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.

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.

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.

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.

1.25 NEW STANDARDS AND INTERPRETATIONS

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 2020. 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

New Standards and Interpretations: Approved but not effective in the current year and not yet adopted

The following new/revised standards are effective for the year ended 31 March 2020, 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.	Effective for reporting periods beginning on or after 1 April 2019
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.	Effective for reporting periods beginning on or after 1 April 2019
GRAP 109: Accounting for Principals and Agents	The new standard of GRAP deals with whether an entity is a principal or an agent in a principal-agent arrangement. Management's assessment indicates that the new standard will have no impact.	Effective for reporting periods beginning on or after 1 April 2019

GAUTRAIN MANAGEMENT AGENCY DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. CASH AND CASH EQUIVALENTS

	2020 R'000	2019 R'000
Bank – Current account	521,414	330,563
Social Investment Programme funds	22,086	28,071
Performance Reserve Account funds	61,613	57,147
Insurance Proceeds account	356	336
Total	605,469	416,117

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)

	2020 R'000	2019 R'000
3.1 Receivables (Exchange transactions) – Current assets		
Accrued income	12,737	51,922
Accrued interest income	10,323	10,880
Accrued interest income – SIP funds	64	154
Accrued penalty income	-	-
Accrued bus savings	1,969	865
Accrued interest on bus savings	381	438
Accrued income (RUF)	-	39,585
Other receivables	5,250	6,668
IFM Project Funds	-	-
Short-term portion of COJ debtor settlement	-	-
TAG receivable	511	-
Collaboration project funds – DBSA	4,739	6,668
Shared cost receivable	-	-
Prepayments	741	6,300
Operating expenditure	741	6,300
Total	18,728	64,890

3. RECEIVABLES (EXCHANGE TRANSACTIONS) (continued)

	2020 R'000	2019 R'000
3.2 Receivables (Exchange transactions) – Non-current assets		
Deposit	2,484	2,436
Rental deposit	2,173	2,173
Interest accrued on rental deposit	311	263
Gautrain System assets – Prepayments	280,236	280,236
Total	282,720	282,672

4. PROPERTY, PLANT AND EQUIPMENT

	2020 R'000	2019 R'000
Gautrain System assets	26,919,105	27,953,279
GMA assets	13,430	14,794
	26,932,535	27,968,073

4.1 Gautrain System assets

	2020			2019		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Land	4,379	-	4,379	4,379	-	4,379
Infrastructure assets	29,990,259	6,933,341	23,056,918	29,990,259	6,000,440	23,989,819
Plant and equipment	434,025	135,067	298,958	434,025	115,020	319,005
Rolling stock	4,017,464	807,689	3,209,775	4,017,464	687,813	3,329,651
Buses	205,636	188,707	16,929	205,636	160,731	44,905
Infrastructure – work-in-progress	332,145	-	332,146	265,520	-	265,520
	34,983,908	8,064,804	26,919,105	34,917,283	6,964,004	27,953,279

4. PROPERTY, PLANT AND EQUIPMENT (continued)**4.1 Gautrain System assets (continued)**

Reconciliation – 2020	Opening balance R'000	Additions R'000	Capitalisation R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Land	4,379	-	-	-	-	4,379
Infrastructure assets	23,989,819	-	-	-	932,855	23,056,964
Plant and equipment	319,004	-	-	-	20,046	298,958
Rolling stock	3,329,651	-	-	-	119,876	3,209,775
Buses	44,905	-	-	-	27,977	16,928
Infrastructure – work-in-progress	265,520	66,579	-	-	-	332,099
Carrying value – 2020	27,953,279	66,579	-	-	1,100,754	26,919,105

Reconciliation – 2019	Opening balance R'000	Additions R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Land	4,379	-	-	-	-	4,379
Infrastructure assets	24,973,383	-	-	-	983,564	23,989,819
Plant and equipment	338,996	-	-	-	19,992	319,004
Rolling stock	3,449,199	-	-	-	119,549	3,329,650
Buses	72,842	-	-	-	27,937	44,905
Infrastructure – work-in-progress	248,595	16,926	-	-	-	265,521
Carrying value – 2019	29,087,394	16,926	-	-	1,151,040	27,953,279

The GMA has received the approval of the Executive Authority: MEC for the Gauteng Department of Roads 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 GMA Act, Section 31.

The GMA only has the right to use the land acquired to enable construction and operate the Gautrain System. The 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.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 GMA assets

Summary	2020			2019		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Motor vehicles	947	650	297	947	509	438
Office equipment	4,182	2,947	1,235	4,810	4,066	744
Computer equipment	17,117	14,021	3,096	15,746	12,346	3,400
Furniture and fittings	2,927	2,628	299	2,909	2,385	524
Leasehold improvements	14,687	6,894	7,793	14,687	5,358	9,329
Leased office equipment	1,185	475	710	685	326	359
Total	41,045	27,615	13,430	39,784	24,990	14,794

Reconciliation – 2020	Opening balance R'000	Additions R'000	Capitalisation R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Motor vehicles	438	-	1	-	141	299
Office equipment	744	805	5	9	300	1,245
Computer equipment	3,399	2,080	85	148	2,331	3,085
Furniture and fittings	524	21	-	-	246	299
Leasehold improvements	9,329	-	-	-	1,537	7,793
Leased office equipment	359	925	(122)	31	421	710
Carrying value – 2020	14,794	3,831	(31)	188	4,976	13,430

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 GMA assets (continued)

Reconciliation – 2019	Opening balance R'000	Additions R'000	Capitalised R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Motor vehicles	603	-	12	-	176	439
Office equipment	815	409	-	-	480	744
Computer equipment	4,903	1,193	82	75	2,703	3,400
Furniture and fittings	773	42	-	6	286	523
Leasehold improvements	6,993	3,569	-	-	1,234	9,328
Leased office equipment	400	404	154	36	561	361
Carrying value – 2019	14,487	5,617	248	117	5,440	14,794

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

Summary	2020			2019		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Infrastructure heritage asset	3,295	-	3,295	3,295	-	3,295
	3,295	-	3,295	3,295	-	3,295

Reconciliation – 2020	Opening balance R'000	Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Infrastructure heritage asset	3,295	-	-	-	-	3,295
Carrying value – 2020	3,295	-	-	-	-	3,295

Reconciliation – 2019	Opening balance R'000	Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
Infrastructure heritage asset	3,295	-	-	-	-	3,295
Carrying value – 2019	3,295	-	-	-	-	3,295

The fair value of the heritage asset approximates the carrying value of the heritage asset. The heritage asset comprises an old shed at the Pretoria Station which is in a good condition. The shed has been painted and converted to a bus terminal for the station.

6. INTANGIBLE ASSETS

	2020 R'000	2019 R'000
Gautrain System assets	1	1
GMA assets	974	1,429
Total	975	1,430

6.1 Gautrain System assets

Summary	2020			2019		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Servitudes	1	-	1	1	-	1
Total	1	-	1	1	-	1

Reconciliation – 2020	Opening balance R'000	Additions/ Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
	Servitudes	1	-	-	-	-
Carrying value – 2020	1	-	-	-	-	1

Reconciliation – 2019	Opening balance R'000	Additions/ Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
	Servitudes	1	-	-	-	-
Carrying value – 2019	1	-	-	-	-	1

The Gauteng Department of Roads and Transport has transferred the use of 795 servitudes to the GMA which are recognised at a nominal value of R1 per servitude. These servitudes will not be depreciated as they have an indefinite useful life.

6. INTANGIBLE ASSETS (continued)

6.2 GMA assets

Summary	2020			2019		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Computer software	9,802	8,828	975	9,522	8,093	1,429
Total	9,802	8,828	975	9,522	8,093	1,429

Reconciliation – 2020	Opening balance R'000	Additions/ Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
	Computer software	1,429	-	281	-	735
Carrying value – 2020	1,429	-	281	-	735	975

Reconciliation – 2019	Opening balance R'000	Additions/ Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing balance R'000
	Computer software	2,411	456	-	-	1,438
Carrying value – 2019	2,411	456	-	-	1,438	1,429

7. PAYABLES (EXCHANGE TRANSACTIONS)

	2020 R'000	2019 R'000
Accrued project expenditure	270,665	159,167
Accrued operational expenditure	2,272	12,919
Accrued leave and bonus expenditure	25,473	27,780
Income received in advance	-	89
Total	298,410	199,955

8. FINANCE LEASE LIABILITY

	2020		
	Minimum lease payment R'000	Future finance charges R'000	Present value of minimum lease payments R'000
Amounts payable under finance leases – 2020			
Within one year	645	49	694
Within two to five years	230	7	237
Total finance lease liability	875	56	931
Less: Amount due for settlement within 12 months (current portion)	(645)	(49)	(694)
Total non-current lease liability	230	7	237

The lease term varied between one and two years and the average effective borrowing rate is between 10.5% and 8.5%. Interest rates are not fixed. All leases have fixed repayment terms.

	2019		
	Minimum lease payment R'000	Future finance charges R'000	Present value of minimum lease payments R'000
Amounts payable under finance leases – 2019			
Within one year	293	(22)	271
Within two to five years	89	(2)	86
Total finance lease liability	382	(24)	357
Less: Amount due for settlement within 12 months (current portion)	(290)	22	(268)
Total non-current lease liability	92	(2)	89

The average lease term is two years and the average effective borrowing rate is 9.0% (linked to prime interest rate). All leases have fixed repayment terms.

9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

	2020 R'000	2019 R'000
Social Investment Programme Fund (SIP)	22,022	28,097
Total	22,022	28,097
Reconciliation – Movement during the year: <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	28,097	32,359
Add: Interest income	1,821	2,011
Less: Expenditure	(7,896)	(6,273)
Obligation at the end of the year	22,022	28,097

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

	2020 R'000	2019 R'000
Provincial grants		
MTEF equitable share	354,423	316,568
Private sector		
COJ debtor	-	-
Private sector	105,497	87,650
Total	459,920	404,218
Reconciliation of movement during the year:		
Obligation at the beginning of the year	404,218	325,067
Add: Project Funds received during the year – capital	2,096,742	1,921,106
Less: Project Expenditure paid during the year – capital	(2,041,040)	(1,841,955)
Obligation at the end of the year	459,920	404,218

10.1 Project funds received during the year

	2020 R'000	2019 R'000
Project income earned (includes all accrued income)		
Public sector	1,853,263	1,670,353
MTEF equitable shares	1,853,263	1,670,353
Private sector	243,479	250,753
Performance deductions	1,357	6,612
Rental income	1,063	1,082
Interest on bus savings	6,218	6,279
Bus savings	11,629	12,512
RUF revenue	223,212	224,268
Total	2,096,742	1,921,106

10.2 Project expenditure incurred during the year

	2020 R'000	2019 R'000
Project expenditure incurred (includes all accrued expenditure)		
Scheduled construction milestones cost	-	-
Variation constructions milestones cost	-	-
Operating period variation costs	17,393	18,217
System improvements and repairs	51,992	76,858
Land expropriation costs	-	46,583
Patronage guarantee cost	1,971,655	1,667,356
Settlement Agreement	-	32,941
Total	2,041,040	1,841,955

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (continued)**10.3 Analysis of the movement during the year**

	2020 R'000	2019 R'000
Provincial – MTEF equitable share		
Obligation at the beginning of the year	(223,396)	(59,488)
Add: Current year receipts	1,853,263	1,670,353
Less: Project expenditure	(2,038,620)	(1,834,261)
	(408,754)	(223,396)
Other private sector income		
Add: Obligation at the beginning of the year	147,650	128,859
Add: Performance deductions	1,357	6,612
Add: Rental income	1,063	1,082
Add: Interest on bus savings	6,218	6,279
Add: Bus savings	11,629	12,512
Less: Project expenditure	(2,420)	(7,694)
	165,497	147,650

11. PROVISIONS

	2020 R'000	2019 R'000
Land provision	12,606	12,606
Total	12,606	12,606

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.

	2020 R'000	2019 R'000
Land provision		
Reconciliation – Movement during the year		
Opening balance	12,606	12,606
Less: Provision utilised	-	-
Closing balance	12,606	12,606

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

	2020 R'000	2019 R'000
Obligations arising from:		
Restricted Performance Reserve Account funds	61,972	57,529
Restricted Insurance Proceeds funds	358	338
	62,330	57,867
Obligations arising from restricted Performance Reserve Account funds		
<i>(Includes all accrued income and expenditure)</i>		
Restricted Performance Reserve account	61,972	57,529
Total	61,972	57,529

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.

	2020 R'000	2019 R'000
Obligations arising from Restricted Insurance Proceeds funds		
Restricted Insurance Proceeds account	358	338
Total	358	338
Reconciliation – Movement during the year		
<i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	338	319
Add: Interest income	20	19
Obligation at the end of the year	358	338

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.

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)

	2020 R'000	2019 R'000
Other liabilities (Exchange transactions) – Current liability		
Rental deposit payable	130	130
IFM Project Funds	22,788	8,161
	22,918	8,291
Other liabilities (Exchange transactions) – Non-current liability		
Operating lease liability	4,746	7,100
Other Project related liability	107,347	93,805
Retention rolling incentive liability	-	-
Total	112,093	100,905
Rental deposit payable		
Reconciliation – Movement during the year		
Opening balance	130	130
Closing balance	130	130

The lease deposit is current as it is payable in the 12 months.

	2020 R'000	2019 R'000
Operating lease liability		
Reconciliation – Movement during the year		
Opening balance	7,100	4,165
Movement	(2,354)	2,935
Closing balance	4,746	7,100

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

	2020 R'000	2019 R'000
Retention rolling incentive		
Reconciliation – Movement during the year		
Opening balance	-	21,213
Movement	-	(21,213)
Closing balance	-	-

The GMA introduced the retention rolling incentive strategy (RRI) which is aligned to the individual performance management system. However, the Board approved the revised Reward and Remuneration policy and the retention strategy at the meeting held on 27 March 2019 which discounted the RRI.

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS) (continued)

	2020 R'000	2019 R'000
Other Project related liability		
Reconciliation – Movement during the year		
Opening balance	93 804	93,804
	13 542	-
Closing balance	107,346	93,804

The other Project related liability arises as a result of the Concession Agreement over the life of the Project. These amounts are ring fenced in the Project Call Account and will be used by GMA for the Gautrain related projects.

	2020 R'000	2019 R'000
Settlement Agreement		
Settlement Agreement repayments		
Payable by Province to the Concessionaire	88,678	31,515
Payable by the Concessionaire to Province	-	-
	88,678	31,515
	-	(31,515)
Credit/debit interest accrued	-	1,426
Credit notes	-	-
Available funds on 15 March 2019 (RUF)	-	(32,941)
Settlement balance remaining at year end	88,678	-

On 18 November 2016, the Province and the Concessionaire agreed to a comprehensive settlement of all disputes relating to the Development Period of the Gautrain Rapid Rail Link Project. The settlement amount payable by the Province to the Concessionaire is subject to interest at the prime rate calculated from 1 March 2017 until the full amount has been discharged and that the maximum interest payable may not exceed R21 million.

In terms of the Settlement Agreement, the Concessionaire is entitled to set off the remainder of the settlement amount against the Railway Usage Fee (RUF) to which the Province is entitled in terms of the Concession Agreement. In the last year this set-off amount was R32.941 million and this settled in full the outstanding amount payable by the Province to the Concessionaire.

On 6 December 2018, the Province and the Concessionaire signed a Memorandum of Agreement (MoA) to settle various disputes and disagreements between the Parties arising during the Operating Period.

In terms of the MoA, an amount of R89 million is payable by the Province to the Concessionaire in full and final settlement of disputes and disagreements arising during the Operating Period. GMA had received the Lenders' Confirmation and Operating Period Disputes settlement and settled this amount in April 2020, this amount was also accrued as expenses during this Financial Year and this settled in full the outstanding amount payable by the Province to the Concessionaire.

14. PRIOR PERIOD ERROR

	2020 R'000	2019 R'000
Decrease in retained earnings	(9,702)	-
Decrease in finance income	(3,842)	-
Increase in the liability	13,543	-

During the period under review a prior misallocation error in finance income resulted in increase of the other Project related liability for the year. The GMA discloses the nature of the prior period error which is a misallocation error in the current period and is expected to have an effect in the future. The prior period error is applied prospectively due to the fact that it was not practical to adjust comparative information for one or more periods to achieve comparability with the current period. Assumption was applied to estimate the finance income allocated to liability and it was not practical to determine the actual finance income for the liability.

15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2020 R'000	2019 R'000
MTEF funding	300,051	251,704
Total	300,051	251,704

16. REVENUE FROM EXCHANGE TRANSACTIONS

	2020 R'000	2019 R'000
Finance income	25,117	25,544
Other income	104	172
Insurance claim GMA	91	163
Profit on sale of assets	13	9
Total	25,221	25,716

17. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

	2020			
	Retention fees R'000	Board fees R'000	Travel expenses R'000	Total remuneration R'000
Board member remuneration – 2020				
Names of Board Members				
Mr A Mawela	98	158	6	262
Mr M Mokoena (Chairperson)	180	151	5	336
Ms P Moloto-Stofile (Deputy Chairperson)	90	98	2	190
Mr B Lengane	90	103	1	194
Ms S Hlapolosa	45	45	1	91
Mr D Nadison	90	148	2	240
Dr P Dala	104	136	4	244
Total	697	839	21	1,557

17. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION (continued)

	2020		
	Attendance fees R'000	Travel expenses R'000	Total remuneration R'000
Audit and Risk Committee remuneration – 2020			
Names of Audit and Risk Committee Members			
Mr B Lengane (Chairperson)	35	-	35
Ms P Moloto-Stofile (Deputy Chairperson)	16	-	16
Dr P Dala	24	1	25
Total	75	1	76

	2020 R'000
Total Board Members' and other Committee Members' remuneration – 2020	1,633

	2019			
	Retention fees R'000	Board fees R'000	Travel expenses R'000	Total remuneration R'000
Board member remuneration – 2019				
Names of Board Members				
Mr A Mawela	90	93	2	185
Mr M Mokoena (Chairperson)	180	138	5	323
Ms P Moloto-Stofile (Deputy Chairperson)	90	100	1	191
Mr B Lengane	90	84	0	174
Ms S Hlapolosa	90	66	0	156
Ms L Khumalo	45	55	1	101
Mr D Nadison	90	104	2	196
Dr P Dala	104	102	2	208
Ms Shoki Ralebepa	-	-	-	-
Total	779	742	15	1,536

	2019		
	Attendance fees R'000	Travel expenses R'000	Total remuneration R'000
Audit and Risk Committee remuneration – 2019			

	2019		
	Attendance fees R'000	Travel expenses R'000	Total remuneration R'000
Names of Audit and Risk Committee Members			
Mr B Lengane (Chairperson)	35	-	35
Ms L Khumalo	11	-	11
Ms P Moloto-Stofile (Deputy Chairperson)	21	-	21
Dr P Dala	24	1	25
Total	91	1	92

	2019 R'000
Total Board Members' and other Committee Members' remuneration – 2020	1,628

18. EXECUTIVE MANAGEMENT REMUNERATION

		2020					
		Basic salary	Company	Bonus	Allowances	Lump	Total
		R'000	contributions	R'000	R'000	sums	remuneration
		R'000	R'000	R'000	R'000	R'000	R'000
Mr E van der Merwe	CEO (Apr 19–Jan 20)	4,038	544	3,197	-	-	7,778
Mr W Dachs	CEO (Feb 20–Mar 20)	779	97	-	-	-	876
Mr W Dachs	COO	3,245	409	1,280	-	-	4,934
Mr P Mabena	CFO	3,225	421	1,043	-	-	4,689
Mr T Kgobe	SEM: Technical	3,185	421	982	133	-	4,721
Mr N Magoai	SEM: Legal	2,299	323	702	-	-	3,324
Dr B Jensen Vorster	SEM: Communications and Marketing	2,404	339	746	-	-	3,490
Ms P Yende	SEM: Corporate Services	1,803	228	529	-	-	2,560
Total		20,977	2,782	8,479	133	-	32,371

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

		2019					
		Basic salary	Company	Bonus	Allowances	Lump	Total
		R'000	contributions	R'000	R'000	sums	remuneration
		R'000	R'000	R'000	R'000	R'000	R'000
Mr E van der Merwe	CEO	4,588	585	3,019	-	-	8,192
Mr W Dachs	COO	3,661	465	864	-	-	4,990
Mr P Mabena	CFO	2,980	400	718	-	-	4,098
Mr T Kgobe	SEM: Technical	2,806	382	742	-	-	3,929
Mr N Magoai	SEM: Legal	2,163	309	550	2	-	3,024
Dr B Jensen Vorster	SEM: Communications and Marketing	2,223	329	563	8	-	3,124
Ms P Yende	SEM: Corporate Services	1,631	209	336	-	-	2,176
Total		20,052	2,680	6,792	10	-	29,532

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

19. EMPLOYEE COSTS

	2020	2019
	R'000	R'000
Salaries, bonuses and allowances	125,355	104,922
Increase/(decrease) in leave accrual	(112)	763
Increase/(decrease) in bonus accrual	(2,194)	6,136
Leave paid	1,384	52
Provident fund contributions and subsidy	14,634	12,855
Employer contributions	2,234	1,972
Retention rolling incentive	-	(21,213)
Total	141,301	105,487

20. DEPRECIATION AND AMORTISATION COSTS

	2020	2019
	R'000	R'000
Depreciation	1,105,730	1,155,987
Gautrain System assets	1,100,754	1,151,040
GMA assets	4,976	4,947
Amortisation	735	1,438
GMA assets	735	1,438
Total	1,106,465	1,157,425

21. OPERATIONAL EXPENDITURE

	2020 R'000	2019 R'000
Project support consultants – Transaction advisors	43,940	51,026
Operational support costs	-	12,813
Technical costs, communication and public relations and land procurement	2,370	5,414
Legal costs	3,521	9,167
Commercial costs	38,049	23,632
Independent monitor costs	2,665	4,154
Independent socio-economic monitor costs	2,665	4,154
Travel, accommodation, entertainment and subsistence	688	995
Recruitment costs	934	305
Employee wellness	108	388
Loss of assets due to write-offs, donations and theft	76	117
Training and membership fees	2,282	2,845
Maintenance costs	96	185
Audit fees	2,789	2,449
Marketing and communication initiatives	17,272	10,109
Legal expenses	348	11,573
Consultant costs	30,052	53,504
Building rent and utilities	15,200	19,270
Office running costs	5,172	3,084
Insurance costs	1,371	1,152
IT related costs	13,613	14,549
Corporate affairs	505	2,395
GYM expenses	705	71
Total	137,817	178,171

22. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2020 R'000	2019 R'000
Net deficit per the Statement of Financial Performance	(1,061,991)	(1,165,324)
Adjusted for:		
Amortisation	735	1,438
Depreciation	1,105,730	1,155,987
Other non-cash items related to assets:	(67,828)	(16,524)
Write-off of assets, donations, profit/loss on sale of assets	188	117
Assets accrued	(66,579)	(16,360)
Finance leased assets	(1,437)	(281)
Increase/(decrease) in current liabilities	163,135	103,270
Increase/(decrease) in non-current liabilities	6,101	(14,251)
(Increase)/decrease in receivables	46,114	(7,895)
Net cash inflows from operating activities	191,996	56,701

Included in the Cash Flow Statement is the GMA operational revenue and expenditure per Statement of Financial Performance and restricted revenue and expenditure per notes 9, 10 and 12 on a cash basis.

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

	2020 R'000
Net deficit per the Statement of Financial Performance	(1,061,991)
Base adjusted for:	
Amortisation	735
Depreciation	1,105,730
Other non-cash items related to assets:	(67,828)
Write-off of assets, donations, profit/loss on sale of assets	188
Assets accrued	(66,579)
Finance leased assets	(1,437)
Increase/(decrease) in current liabilities	163,135
Increase in non-current liabilities	6,101
(Increase)/decrease in receivables	46,114
Cash flows from operating activities	191,996
Net cash from investing activities	(2,597)
Acquisition of property, plant and equipment	(2,597)
Acquisition of intangible assets	-
Net cash from financing activities	(47)
Finance lease payments	(47)
Net increase in cash and cash equivalents	189,353
Other items not included in the budget:	(185,966)
Interest income	40,778
Bus savings received	10,525
Net SIP fund expenditure	(7,804)
Net performance reserve account receipts	731
Other Income	(229,568)
Insurance income and proceeds on sale of assets	104
Net surplus/(deficit) before Project Funds from previous period	3,387
Plus: Funds from previous period	-
Net surplus	3,387

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 overspend on Patronage Guarantee cost is a calculation of the difference between Minimum Required Total Revenue (MRTR) 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.

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 MRTR (the yearly income required by the Concessionaire to cover all its annualised costs and is set in the Concession Agreement) and the Actual Total Revenue (the actual revenue collected in the operations of the system as defined in the Concession Agreement). It is foreseen that the Patronage Guarantee will be paid for the next 12 months. The GMA expects the Patronage Guarantee to grow at CPI given that growth has now stabilised and the MRTR increases at a rate above inflation. The Patronage Guarantee payment for the 2018/19 financial year is disclosed in note 10. The GMA had planned to transport 14,400,000 (fourteen million four hundred thousand) rail passengers and 4,230,000 (four million and thirty thousand) bus passengers. The GMA has managed to transport 13,929,916 (thirteen million nine hundred and twenty nine thousand nine hundred and sixteen) rail passengers and 4,255,503 (four million two hundred and fifty five thousand five hundred and three) bus passengers by year end. The Patronage Guarantee exposure is capped as per the Concession Agreement (MRTR less the Concessionaire Demand Forecast).

	Contract end date	2020 R'000
Contractual commitments		
Information technology goods and services	2020	17,998
General consultants	2020	5,283
Technical consultants	Time driven	44,447
Feasibility study – COO Office	2020	-
Communication and marketing initiatives	2020	11,376
Capital commitments		
Capital variations commitments		77,043
		156,146

24.2 Operating lease commitments

	2020 R'000	2019 R'000
Total future minimum lease payments due:	15,285	46,105
- within one year	9,171	12,574
- within two to five years	6,114	33,531
- five years onwards	-	-
	15,285	46,105

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. Further additional office space was acquired from 1 December 2018 and terminates on 30 November 2022, and provides for an annual escalation of 8% over the period of the lease. The cost of the lease is straight-lined over the period of the lease.

Additional office space was leased from 1 February 2016 and terminates on 31 March 2020, and provides for an escalation varying between 8.4% and 10% over the period of the lease. Further additional office space was acquired from 1 December 2018 and terminates on 30 November 2022, and provides for an annual escalation for 8% over the period of the lease. The cost of the lease is straight-lined over the period of the lease.

Further office space was leased from 1 May 2016 and terminates on 31 March 2020, and provides for an escalation varying between 8.4% and 10% over the period of the lease. Further additional office space was acquired from 1 December 2018 and terminates on 30 November 2022, and provides for an annual escalation for 8% over the period of the lease. The cost of the lease is straight-lined over the period of the lease.

24. CONTINGENCIES AND COMMITMENTS (continued)

24.3 Operating lease commitments

	2020 R'000	2019 R'000
Leases expense	705	71

The GMA entered into a five year GYM lease agreement, which commenced on 1 March 2015, and is subject to annual review and provides no escalation.

24.4 Litigation and contingencies

Insurance claim (Zurich Insurance Company – Formerly SA Eagle Insurance Company)

The Province has submitted a claim against Zurich SA (Pty) Ltd for the physical damage caused to the tunnel (Contractors All Risk) between Marlboro portal and Rosebank station during construction. Zurich SA (Pty) Ltd has, in terms of the Gautrain Construction Insurance indemnified the Province against any damage or liability and has undertaken to pay or indemnify the Province for the full cost of replacing and/or making good all damage to the property insured (including the tunnel). The hearing date that was set for November 2019 could not be finalised and it has subsequently been deferred to August 2020.

Land cost disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R33.8 million has been claimed. These claims are dependent on the dates and outcome of court cases, therefore a provision has not been raised.

Thembelihle Mbedu dispute

This dispute relates to the passenger who got injured while mounting the stairs at the Pretoria station, which matter was subsequently taken over by Bombela, in line with Clause 8 of the CA (Indemnity). An estimate of R5.7 million has been claimed.

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.

Gauteng Provincial Government

An entity is a member of the Gauteng Provincial Government and is under common control of the Gauteng Provincial Legislature as related to the GMA. However, only transactions and balances of the same economic entity will be disclosed.

In respect of entities, other government entities or appointed members of the government, only transactions and balances under the Executive Authority of the MEC of Gauteng Department of Roads and Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity.

Entities under the Executive Authority: MEC of the Gauteng Department of Roads and Transport

During the financial year under review, the GMA entered into financial transactions with the newly created Transport Authority of Gauteng (TAG) under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport. The detail transaction is disclosed under note 3.1 – other receivables.

Gauteng Department of Roads and Transport

The GMA provided project management capacity to assist the Department with its capital expenditure programme in the prior year. These transactions were at arm's length.

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.

	2020 R'000	2019 R'000
Financial assets – At carrying value		
Cash and cash equivalents	605,469	416,117
Accrued income	12,737	51,922
Other receivables	5,250	6,668
Rental deposit	2,484	2,436
Total	625,940	477,143
Financial liabilities – At carrying value		
Payables	272,937	172,175
Finance lease liability	931	354
Other liabilities	135,012	109,195
Obligations arising from restricted SIP funds	22,022	28,097
Obligations arising from restricted Project funds	459,920	404,218
Obligations arising from restricted Concessionaire funds	62,330	57,867
Total	953,151	771,905
Fair value of financial instruments		
Financial assets at fair value:		
Cash and cash equivalents	605,469	416,117
Accrued income	12,737	51,922
Other receivables	5,250	6,668
Rental deposit	2,484	2,436
Total	625,940	477,143
Financial liabilities held at fair value:		
Payables	272,937	172,175
Finance lease liability	931	354
Other liabilities	135,012	109,195
Obligations arising from restricted SIP funds	22,022	28,097
Obligations arising from restricted Project funds	459,920	404,218
Obligations arising from restricted Concessionaire funds	62,330	57,867
Total	953,151	771,906

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The revenue and expenses that are included the Statement of Financial Performance are detailed below per category of financial instrument:

	2020 R'000	2019 R'000
Income from cash and cash equivalents		
Finance income	25,117	25,544
Expenses from finance lease liability		
Finance costs	(47)	(33)
Total	25,070	25,511

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 an acceptable independent rating and prepayments are minimal.

At 31 March 2020, 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 of a 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 the foreign component of milestone payments.

The Gautrain Project has limited its exposure to any foreign exchange risk relating to the payment of Variation Milestones, as predetermined fixed hedge rates have been agreed by both the Province and the Concessionaire.

During the period under review no foreign exchange variances for Variation Milestones were reported.

Liquidity risk management

The GMA manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The maturity profiles of the financial instruments are summarised as follows:

Maturity period	2020		
	0–12 Months R'000	1–5 Years R'000	> 5 Years R'000
Financial assets			
Accrued income	12,737	-	-
Other receivables	5,250	-	-
Rental deposit	-	2,484	-
Financial liabilities			
Payables	298,410	-	-
Finance lease liability	694	237	-
Other liabilities	-	135,012	-
Obligations arising from restricted SIP funds	22,022	-	-
Obligations arising from restricted Project funds	459,920	-	-
Obligations arising from restricted Concessionaire funds	-	-	62,330

Market risk sensitivity analysis

The sensitivity of the finance income to changes in interest rates are illustrated below. Management has estimated that a 200 basis point increase/decrease represents a reasonable possible change in the risk variable.

	2020	
	Accumulated surplus R'000	Net assets R'000
Interest rate increase of 200 basis points	6,929	6,929
Interest rate decrease of 200 basis points	(6,929)	(6,929)

Qualification

The sensitivity analysis is based on market conditions at reporting date and may vary at the time that any actual market movement occurs.

27. SUBSEQUENT EVENTS

President Ramaphosa declared the National State of Disaster on 15 March 2020. This was followed by a nationwide lockdown effected on 26 March 2020. This was subsequently labelled as 'Level 5 Lockdown'. During Level 5 the Gautrain ceased operations in compliance with Regulation 412 of Government Gazette 43157 as amended by Regulation 436 of Government Gazette 43186 and Regulation 414 of Government Gazette 43159.

During this period up to 3 May 2020 there was zero capacity provided. Level 4 services commenced on 4 May with the Gautrain permitted to operate within limited operating hours (05:30 to 19:00) and limited stations in accordance with Regulation 494 of Government Gazette 43273 as amended by Regulation 536 of Government Gazette 43322.

Level 4 services were such that capacity was provided to ensure no more than 50% passenger load as against seated capacity. This meant running initially eight car trains at 20-minute service intervals during the morning and afternoon peak periods with no off-peak services. The rail services offering then changed on 20 May 2020 to four car trains at 15-minute service intervals during the morning and afternoon peak periods with 30-minute service intervals during off-peak periods. There was a matching peak period bus service on ten bus routes and a midibus service on eight routes.

Level 3 operations commenced on 1 June 2020 in accordance with Regulation 613 of Government Gazette 43373. The operating hours were extended to 20:30. The 50% load factor remained in place and the schedule was amended to have trains every 15 minutes in the peak and 30 minutes off-peak periods. Buses ran a matching schedule on all 26 routes. The contracted midibus services operated by taxi associations ran eight routes on a matching schedule. Buses and midibuses ran at 50% load factor as well. Actual passenger demand remained substantially below the permitted 50% allowable seating capacity limit.

The duration and impact of the national lockdown or COVID-19 pandemic, as well as the effectiveness of government and Central Bank responses, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as the impact on the financial position and results of the entity for future periods.

The GMA has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact.

28. GOING CONCERN

On 31 March 2020 the GMA Board had every reason to believe that the GMA had adequate resources in place to continue in operation for the foreseeable future. The GMA has determined that the COVID-19 events are significant uncertainty events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and Central Bank responses, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the entity for the future periods.

The GMA is a Schedule 3C entity and is funded by budget allocations from the Gauteng Province. The entity has been allocated a budget of R2.3 billion for the 2020/21 Financial Year. The budget is sufficient to ensure that the GMA is able to meet all its obligations including COVID-19 operational costs for the 2020/21 Financial Year.

The Gauteng Province and Gauteng Treasury have allocated funds for the GMA through the MTEF Budget process as part of their budget/commitments to ensure the existence and running of the Gautrain Project up until the end of the Concession Agreement in 2026. These commitments have a positive impact on the Annual Financial Statements and confirm that the GMA does not intend to liquidate the entity or to cease operations and remains a going concern and its mandate has not change.

29. SEGMENT REPORTING

The GMA has one economic activity that generates service potential, whose results are regularly reviewed by management to make decisions about resources to be allocated and for which financial information is available. The GMA has a single service segment as well as a geographical segment.

SECTION J PERFORMANCE AGAINST OBJECTIVES (APP)



GAUTRAIN MANAGEMENT AGENCY UNAUDITED ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2019/20 FINANCIAL YEAR

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

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence (Means of verification) provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
Increase the Ridership of the Gautrain System so as to minimise the Patronage Guarantee	1 Average number of quarterly rail passengers (annualised)	14,400,000	a) Operations Summary Reports b) Reconciliation Reports (as and when available)	3,700,000	3,760,000	3,420,000	3,520,000	14,400,000		3,607,341	3,769,496	3,411,850	3,141,229	13,929,916	-470,084	Not Achieved – short of the cumulative target by 3.3% largely due to train operations ceasing during the COVID-19 nationwide lockdown	Quarterly
	2 Number of activities undertaken in accordance with the Marketing Plan	16	a) Quarterly Progress Report on performance against the plan b) Minutes of Social and Ethics Committee approving the Report	4 activities	4 activities	4 activities	4 activities	16 activities		4	4	4	4	16	-	Achieved	Quarterly
	3 Average number of quarterly bus passengers (annualised)	4,230,000	a) Operations Summary Reports	1,068,000	1,094,000	990,700	1,077,300	4,230,000		1,117,513	1,133,858	994,970	1,009,162	4,255,503	25,503	Achieved – 0.6% above target due to no major labour actions during the year, resulting in the Concessionaire being able to win passengers with a consistent, stable and reliable service	Quarterly
	4 Investigate and identify all possible capacity system improvements and interventions on the existing Gautrain network	4	a) Quarterly report on System enhancement projects on the existing System	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
Ensure the efficient provision of capacity by the Concessionaire to match demand on the System	5 Number of monitoring events by the GMA of the Concessionaire on all capacity increase obligations set by the CA or by Variation Notice	6	a) 3 Rail Service Capacity Meeting Minutes and 3 Service Capacity Utilisation Plan Reviews	0	2	2	2	6		2	2	1	1	6	-	Achieved	Quarterly

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

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
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 meet the specification and are attractive to passengers	6 No. of reviews of Penalty Verifications performed	11	a) Monthly Sign-off of Performance Deductions	2	3	3	3	11		2	3	3	3	11	-	Achieved	Quarterly
Ensure that the management of the relationship with the Concessionaire optimises performance delivery	7 Monthly review of Revenue and Patronage Reports for compliance with CA	11	a) Monthly Patronage and Revenue Report Reviews	2	3	3	3	11		3	3	2	3	11	-	Achieved	Monthly
	8 Number of Customer Satisfaction Surveys reviewed	2	a) Reviews of surveys and acceptance of outcomes in accordance with the CA	0	1	0	1	2		0	1	0	1	2	-	Achieved	Bi-annually
	9 Resolution of disputes in line with the provisions of the CA	4	a) Compliance and Litigation Report highlighting adherence to the CA and progress on claims and disputes	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
To monitor, evaluate and assess the relevant legislative compliance of the Concessionaire and the GMA	10 Number of reviews on compliance conducted on Health and Safety and legislative compliance	1	a) Legislative, Health and Safety Compliance Report	0	0	1	0	1		0	0	1	0	1	-	Achieved	Annually

STRATEGIC-ORIENTED GOAL 3: To ensure sound financial management of all GMA revenue sources and safeguards the assets of the Project

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
To ensure the improved quality of overall financial management via efficient implementation of approved financial policies	11 Nature of audit opinion for 2019/20 FY	Unqualified audit report	a) Audit report from Auditor-General	0	0	0	Unqualified audit report	Unqualified audit report		0	0	0	Unqualified audit report	Unqualified audit report	-	Achieved	Annually
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets	12 Quarterly Report detailing the management of the GMA assets in compliance with GMA asset management policies and procedures	4	a) Asset Management Report b) Minutes of Finance and Asset Committee approving the Report	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
To assure that the Concessionaire meets its obligations regarding the maintenance of the assets	13 Monthly oversight of Concessionaire asset maintenance regime	12	a) GMA Reviews of the Concessionaire's monthly Asset/Maintenance Reports	2	3	3	4	12		2	3	3	4	12	-	Achieved	Monthly
	14 Number of station and System assets condition/cleanliness inspection reports	4 System and 40 stations condition/cleanliness inspections	a) Station and System condition/cleanliness inspection non-conformance reports	1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	4 System and 40 stations condition/cleanliness inspections		1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	1 System and 10 stations condition/cleanliness inspections	4 System and 40 stations condition/cleanliness inspections	-	Achieved	Quarterly

STRATEGIC-ORIENTED GOAL 4: To enhance the management of the Concession Agreement through entrenching an environment of strong Corporate Governance and Legal Compliance

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
Provide good corporate governance in the GMA	15 Evaluation of the effectiveness of the Board and Board Committees	50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	a) Action Plan emanating from the Performance Evaluation of the Board and Board Committees	0	0	0	50%	50%		0% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	0% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	0% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	-	Achieved	Annually
	16 Delegation of Authority reviewed and approved by Board	Revised Delegation of Authority	Revised Delegation of Authority	1	0	0	0	1		1	0	0	0	1	-	Achieved	Annually
To create an environment where the GMA is seen to be a responsible corporate citizen with regard to human capital	17 Not more than 10% vacancy rate	90% of approved and budgeted vacant posts filled	a) Quarterly Human Capital reports	75% of approved and budgeted vacant posts filled	80% of approved and budgeted vacant posts filled	85% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled		85% of approved and budgeted vacant posts filled	86% of approved and budgeted vacant posts filled	88% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	-	Achieved	Quarterly
Provide assurance on compliance with internal controls in all divisions	18 Quarterly Key Control Dashboard which highlights the state of control in the areas of Leadership, Financial and Performance Management and Governance in compliance with PFMA	4	a) Key Control Dashboard Report b) Minutes of ARC approving the Report	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
	19 Quarterly Consolidated Internal Reports issued to the ARC highlighting the progress against the approved Internal Audit Plan	4	a) Quarterly Consolidated Internal Audit Report b) Minutes of ARC approving the Report	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
Provide a secure and reliable information technology environment that facilitates knowledge sharing	20 ICT and Knowledge Management Plans reviewed and implemented	4	a) Quarterly reports on actual against planned delivery b) Minutes of ARC approving the Report	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
Provide for the effective identification and mitigation of risks across all functions	21 Quarterly Reporting on Development and Implementation of Risk Management Process for Strategic and Emerging Risks	4	a) Quarterly Risk Registers b) Minutes of ARC approving the Risk Registers	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly

STRATEGIC-ORIENTED GOAL 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
Adopt a stakeholder inclusive approach that balances needs of material stakeholders	22 Number of activities undertaken in accordance with Communication Plan	16	a) Quarterly progress report of actual against planned activities b) Minutes of SEC approving the report	4 activities	4 activities	4 activities	4 activities	16 activities		6	6	6	6	24	8	Achieved – Six additional activities were required and implemented year to date	Quarterly

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 BEEs and SMMEs in the Province

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
To monitor and verify the Concessionaire's socio-economic development obligations	23 Number of ISEM reports with verified performance on obligations and variations	12	a) ISEM Performance Reports	3	3	3	3	12		3	3	3	3	12	-	Achieved	Monthly
To review and implement the GMA's Social Investment Programmes	24 Quarterly progress reports on SIP activities	4	a) Quarterly progress report with individual project reports b) Minutes of SEC approving the report	1	1	1	0	3		1	1	1	1	4	-	Achieved	Quarterly

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

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
Support integration-related engagements, particularly with the Province and the three metropolitan municipalities	25 GMA involvement through meetings and projects	4 Quarterly Reports on progress regarding joint development	a) Quarterly Report and Minutes of Meetings where applicable	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly
Provide effective facilitation of integration of Gautrain trains and buses with other modes of transport at Gautrain stations	26 Number of initiatives implemented by GMA that support integration of modes	3	a) Record of implementation or signed agreement or approved initiative by CEO	0	1	1	1	3		0	0	0	3	3	-	Achieved	Quarterly
Ensure the development of a regime of public transport ticket interoperability	27 Support the DRT in implementing the Integrated Fare Management (IFM) system	2	a) Bi-annual Progress Report	0	1	0	1	2		0	1	0	1	2	-	Achieved	Bi-annually
Fulfil a planning function with regard to the Gauteng Rapid Rail extensions	28 Conduct Route Determination for Phase 1 of the Feasibility Study	4	a) Progress Report	1	1	1	1	4		1	1	1	1	4	-	Achieved	Quarterly

STRATEGIC-ORIENTED GOAL 8: To ensure sound project and financial planning to the optimal benefit of the GMA and Gauteng Province

Strategic Objective	Key Performance Indicators	Annual Target 2019/20	Evidence provided as proof of delivery of target	PLAN 2019/20					ACTUAL 2019/20					Variance	Comments	Report Frequency	
				Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL				
Implement a partnership plan that involves stakeholders to contribute towards the GMA's sustainability	29 Interaction with partners: New partnerships or the renewal of existing partnerships	Identification of and interaction with at least four partners or renewal of MOU with existing partners	a) Signed MOUs with partners	1 MOU	1 MOU	1 MOU	1 MOU	4 MOUs		Identification of and interaction with at least six partners or renewal of MOU with existing partners	Identification of and interaction with at least three partners or renewal of MOU with existing partners	Identification of and interaction with at least six partners or renewal of MOU with existing partners	Identification of and interaction with at least three partners or renewal of MOU with existing partners	Identification of and interaction with at least eighteen partners or renewal of MOU with existing partners	Identification of and interaction with at least fourteen partners or renewal of MOU with existing partners	Achieved – 14 additional MOUs were signed	Quarterly

ANNEXURE A GMA'S APPLICATION OF KING IV FOR THE 2019/20 FINANCIAL YEAR



1. INTRODUCTION

The GMA adopted King IV with effect from 01 April 2017. The Board adopted to apply King IV principles and the recommended practices in a manner that is focused on the achievement of the four corporate governance outcomes, i.e. ethical culture, good performance, effective control and legitimacy. The Supplement for State-Owned Entities is used as a guide on how the King IV Code should be interpreted and applied in the GMA.

GMA's application of good corporate governance as recommended by King IV was done in a phased approach. The first and second phases focused on the review and development of corporate governance documents, policies and procedures and the establishment of the ethics office. The third phase was implemented during the 2018/19 Financial Year and it was GMA's first disclosure of the application of King IV in the Integrated Annual Report. Subsequent years will focus on the updates of the application of King IV in the GMA.

An overview of the arrangements on how King IV is implemented and applied were discussed in detail in the previous financial year and in the 2019/20 Financial Year, King IV disclosure will highlight key focus areas, actions taken to monitor the effectiveness of the King IV principles and their outcomes, as well as the planned areas of future focus. Cross referencing to the Integrated Annual Report will be used to avoid duplication in the King IV disclosure.

2. DISCLOSURE ON THE APPLICATION OF KING IV

An update on GMA's disclosure of the application of King IV for the 2019/20 Financial Year is contained in the table below.

PRINCIPLES	KING IV EXPLANATIONS
<p>Principle 1: Leadership The Board leads ethically and effectively.</p>	<p>A key focus area during the 2019/20 Financial Year was the gap analysis conducted on the Business Code of Conduct and Ethics for Board Members and Employees.</p> <p>The results of the gap analysis were used in the review of the Business Code of Conduct and Ethics for Board Members and Employees. Management of the potential conflict of interest was one of the key areas identified for improvement.</p> <p>The focus areas in the next financial year will be the implementation and monitoring of the revised Business Codes of Conduct and Ethics for Board and Employees. Institutionalisation of ethics will be done through training, education and the ethics help desk.</p>
<p>Principle 2: Organisational Ethics The Board governs the ethics of the GMA in a way that supports the establishment of the ethical culture.</p>	<p>Main focus areas during this period under review were:</p> <ul style="list-style-type: none"> • Conduct Ethics Risk and Opportunity Assessment and review and develop ethics-related policies to address ethics risks. • Develop draft Ethics Management Strategy and Plan. • Centralise the management of ethics-related activities to ensure that ethics is managed in an organised manner and provide quarterly Integrated Ethics Management reports. • Consolidate all ethics-related activities that resulted in the Integrated Ethics Management reports produced quarterly. <p>Planned future areas are:</p> <ul style="list-style-type: none"> • Consultation with Business Units to finalise the Ethics Management Strategy and Plan for consideration by SEC and Board for approval. • Implementation and Monitoring of the Ethics Management Plan. • Ethics awareness workshops and training. • Continue with the Integrated Ethics Management Reports in order to provide the status and performance of ethics in the GMA.

PRINCIPLES	KING IV EXPLANATIONS
<p>Principle 3: Responsible Corporate Citizen</p> <p>The Board ensures the GMA is and is seen to be a responsible citizen.</p>	<p>The Board, through the Social and Ethics Committee, oversees and monitors the consequence of the GMA's activities and outputs, as well as their effect on its status as a responsible corporate citizen. Key elements include:</p> <ul style="list-style-type: none"> • Workplace – The GMA's employment philosophy is consistent with the belief that people are the most important asset to the organisation. GMA recognises the importance of an Employee Value Proposition (EVP) as being instrumental in recruiting and retaining the best caliber employees. <p>One of the GMA Strategic Objectives is to promote and maximise the socio-economic development, hence the introduction of the Graduate Development and Woman Development Programmes.</p> <ul style="list-style-type: none"> • Economy – Gautrain Project adopted an innovative process which translates the Government's Socio-Economic Development (SED) objectives into measurable performance indicators and are entrenched into contractual obligations so that the commitment of the Concessionaire could be fostered. The Concessionaire embraced SED objectives and ensured credible achievements. SED obligations for the reporting period are included in this Integrated Annual Report. <p>B-BBEE procurement spend relates to discretionary goods and services procured by the GMA. The Social and Ethics Committee monitors GMA's B-BBEE compliance. Achieving the BEE targets for business owned by women, youth, and people living with disabilities was a challenge during period under review and GMA will continue with investigations on how to improve its performance.</p> <ul style="list-style-type: none"> • Society – GMA's Social Investment Programme (SIP) focuses on education, community care and the environment. Details of the key focus areas during this reporting period and the planned future areas are found in the main Integrated Report. • Safety, Health and Environment – The GMA's assurance of the Concessionaire remained the key focus area for the year. The Concessionaire noted no major incidents on the mainline services or passengers for the year. Institutionally, the GMA continues to encourage safe work practices and incident reporting. A full breakdown of events and strategic focus objectives are detailed in the main Integrated Report.
<p>Principle 4: Strategy and Performance</p> <p>The Board appreciates that the GMA's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable of the value creation process.</p>	<p>The Board engaged the MEC in the review of the GMA's three-year Strategic Plan to ensure that it is aligned with the objectives of the MEC, National and Provincial Governments. This is done through the Service Level Agreement which is concluded annually between the MEC and Board.</p> <p>The implementation of the strategy is reported by means of the Performance and Performance Information Reports which are submitted quarterly to the MEC and the Provincial legislature.</p> <p>The Board approves the Strategy and Policies, as well as Plans that give effect to the Strategy. It oversees that the GMA assess and respond to the negative impact of its activities on the society, environment and the six capitals.</p>
<p>Principle 5: Reporting</p> <p>The Board ensures that reports issued by the GMA enable stakeholders to make an informed assessment of the GMA's performance.</p>	<p>GMA follows National Treasury guidelines on annual reporting which emphasises the integration of strategic plans and operational budgets to improve operational effectiveness.</p> <p>The Annual Financial Statements are prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including directives and guidelines issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA).</p> <p>With the adoption of King IV in 2017, GMA started with the journey of integrated reporting and every year strived to enhance its Integrated Annual Report. During this reporting period, GMA's Integrated Annual Report includes a report on how the six capitals used by GMA are creating value to the GMA and its stakeholders. Details can be found in the Integrated Annual Report.</p>

PRINCIPLES	KING IV EXPLANATIONS
<p>Principle 6: Primary role and responsibilities of the Board</p> <p>The Board serves as the focal point and custodian of corporate governance in the GMA.</p>	<p>In exercising its leadership role, the Board steers GMA's strategic direction, and approves policies, as well as plans that give effect to this direction, monitors implementation and ensures accountability for GMA's performance through reporting and disclosure.</p> <p>The Board's role and responsibilities are articulated in the Board Charter. The Board Charter and Board Committees' Terms of Reference were reviewed and approved by the Board during the reporting period.</p> <p>Refer to the Corporate Governance and Ethics Report included in the Integrated Annual Report for more information.</p>
<p>Principle 7: Composition of the Board</p> <p>The Board is comprised of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>According to the GMA Act, the appointment of the Board is the responsibility of the MEC. The Board therefore does not have a Nomination Committee to assist with the appointment of the Board but has instead developed the Framework on the Recruitment and Selection of the Board, Board Committees and the CEO.</p> <p>The Framework seeks to formalise the appointment process of the Board, Board Committees and the CEO and for the Board to work together with the MEC in this process, although the final approval lies with the MEC.</p> <p>The development of the Board Composition Matrix was the key focus area during this reporting period. The Board Composition Matrix will be shared with the MEC as the basis for the recruitment of a new Board to ensure that the new Board has the right balance of skills, experience, diversity and independence.</p> <p>Refer to the Corporate Governance and Ethics Report for a full disclosure regarding the composition of the Board and the role and responsibilities of the Chairperson, Deputy Chairperson and the CEO.</p>
<p>Principle 8: Committees of the Board</p> <p>The Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>In discharging its duties, the Board is empowered to delegate some of its responsibilities to Board Committees through the delegation of authority framework.</p> <p>The Board Charter also indicates matters reserved for the Board and those delegated to Board Committees.</p> <p>Refer to the Corporate Governance Report and Ethics Report for a full disclosure regarding the Board Committees.</p>
<p>Principle 9: Evaluation of the Performance of the Board</p> <p>The Board ensures that the evaluation of its own performance and that of its Committees, its Chair, its individual members support continued improvement in its performance and effectiveness.</p>	<p>The implementation and monitoring of the action plan emanating from the evaluation of the performance of the Board and Board Committees was the key focus area and will continue in the next reporting period.</p> <p>Refer to the Corporate Governance and Ethics Report in this Integrated Annual Report for a full disclosure regarding the Board Evaluation.</p>
<p>Principle 10: Appointment and Delegation to Management</p> <p>The Board ensures that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>The delegation of authority framework clearly sets out levels of authority and the required approvals for decision making. The delegation of authority framework was reviewed and approved by the Board during this reporting period.</p> <p>In line with the GMA Act, the CEO is appointed by the MEC in consultation with the Board. The Board was involved in the appointment of the new CEO. The Framework for the Recruitment and Selection of Board and Board Committees was revised during this reporting period to include the appointment of the CEO.</p> <p>Succession planning for the CEO and Senior Management is one the areas of concern that came from the Board evaluation, which has still not been fully addressed. This item will be addressed in the next reporting period as part of the GMA Talent Management and Succession Plan project.</p>

PRINCIPLES	KING IV EXPLANATIONS
<p>Principle 11: Risk Governance</p> <p>The Board governs risk in a way that supports the GMA in setting and achieving its strategic objectives.</p>	<p>GMA's risk governance encompasses both opportunities and associated risk, as well as their impact on the achievement of the GMA's objectives.</p> <p>The Board oversees risk management and has delegated the risk management function to the Audit and Risk Committee. The responsibility for implementing and executing effective risk management is delegated to Management.</p> <p>Some of the key focus areas during the reporting period were as follows:</p> <ul style="list-style-type: none"> • Setting the approach for risk governance, including opportunities and risks when developing strategy. • Treating risk as an integral part of decision-making and adherence to duties. • Overseeing the risk management (including assessment of risks and opportunities in relation to the triple context and use of six capitals, achievement of objectives, dependency on resources as well as the risk responses, business continuity and culture of the organisation). • Identifying, mitigation and monitoring of emerging risks. <p>The gaps identified in the implementation and monitoring of the effectiveness of the risk management were as follows:</p> <ul style="list-style-type: none"> • Risk appetite statement – qualitative risk appetite and zero tolerance risk appetite elements. • Operational risk tolerance dashboard. <p>The above gaps will be address in the next reporting period in order to improve the risk maturity of the GMA. Full disclosure on risk management can be found in the Integrated Annual Report.</p>
<p>Principle 12: Technology and Information Governance</p> <p>The Board governs technology and information in a way that supports the GMA in setting and achieving its strategic objectives.</p>	<p>The Board, through the Audit and Risk Committee, oversees the governance of technology and information and management of associated risks, to enable the achievement of GMA's Strategic Objectives. The operational responsibility for the governance of technology and information has been delegated to Management.</p> <p>In essence the oversight addresses ICT governance (strategic alignment, risk management, resource management, performance management), ICT Compliance, ICT Assurance, Cyber Security and Critical ICT Projects.</p> <p>The current ICT Strategic Plan aim was to focus on transforming the GMA into a digital workforce. During the reporting period, ICT embarked on a major drive to transform the GMA into a mobile, agile and innovative workforce. ICT is currently developing a digital and data strategy and implementation of initiatives that will allow the GMA to be a sustainable, transformative, agile and adaptable organisation while adding value to its customer.</p> <p>The ICT Strategy will also enhance organisational processes, practices and systems to improve risk management, reduce environmental impact, maximise financial value, and improve overall workforce efficiency.</p>
<p>Principle 13: Compliance Governance</p> <p>The Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the GMA in setting and achieving its strategic objectives.</p>	<p>The GMA has an approved Legal Compliance Policy, Legal Compliance Framework, and Legal Compliance Strategy in place, in terms of which it carried out the initiatives outlined under the Compliance and Legal Services part of this Annual Integrated Report.</p> <p>Monitoring compliance and conducting audits, as well as the gap analysis on specific legislation that may have an impact on the GMA and its operations, will continue in the next reporting period.</p>

PRINCIPLES	KING IV EXPLANATIONS
<p>Principle 14: Remuneration Governance</p> <p>The Board ensures that the GMA remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The Board has the ultimate responsibility for the governance of remuneration with some elements delegated to the Human Resource and Remuneration Committee (HCRC). Performance-based remuneration is one of the corner-stones of the GMA Reward and Remuneration Philosophy.</p> <p>The Board approves the GMA Reward and Remuneration Policy annually. The HCRC has the overriding authority on the use of discretionary payments done under exceptional circumstances. Overview of the GMA Reward and Remuneration Policy is as follows:</p> <ul style="list-style-type: none"> • The approved remuneration structures include the Base Salary, performance bonuses/incentive schemes and other related benefits. • Regular salary benchmarking is conducted to ensure that remuneration is within market-related pay. • All employees, regardless of race or gender, performing the same or a similar job at the same or similar level of performance in the organisation receive the same or similar levels of remuneration, as determined in the approved Reward and Remuneration Policy and PayScale. • Performance Bonus/Incentives are linked to performance and value creation that are within the control of Management. • Performance measures are clearly defined and measured over the short, medium, and long term. <p>The remuneration of Board and Senior Executive Management is disclosed in the Annual Financial Statements included in this Integrated Annual Report.</p>
<p>Principle 15: Assurance</p> <p>The Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the GMA's external reports.</p>	<p>The Board has delegated the arrangements for assurance services to the Audit and Risk Committee. The Audit and Risk Committee provides oversight of the internal control environment and the integrity of information and reports for better decision-making.</p> <p>GMA Internal Audit provides assurance that contributes to the effectiveness of governance, risk management and control processes.</p> <p>A formal enterprise-wide governance structure for enhancing the practice of combined assurance will be the future focus area.</p> <p>Arrangements for assurance are fully disclosed in the Audit and Risk Committee Report contained in the Annual Financial Statements.</p>
<p>Principle 16: Stakeholder Relationships</p> <p>In the execution of its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the GMA over time.</p>	<p>Governance of stakeholder relationships is the responsibility of the Board, assisted by the Social and Ethics Committee. The Board has delegated to management the responsibility for the implementation and execution of stakeholder relationship management. During the reporting period, the Social and Ethics Committee provided oversight on the following key matters:</p> <ul style="list-style-type: none"> • Research on the identification of stakeholders and determination of material stakeholders based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the GMA. • Management of stakeholder risk as part of organisation-wide risk management. • Formal mechanisms for communication with stakeholders to identify their priority interests, concerns and expectations. • Actions taken to measure the quality of material stakeholder relationships and appropriate responses to address the gaps. <p>More details on stakeholder relationships achievements and the future focus areas can be found in this Integrated Annual Report.</p>

3. CONCLUSION

The Board is satisfied with the application of good corporate governance as recommended by King IV. The Board, through the Audit and Risk Committee, will continue to monitor the gaps identified and make some enhancements where necessary.

GLOSSARY

ACSA	Airports Company of South Africa	EE	Employment Equity	ICT	Information and Communications Technology	PMC	Performance Monitoring Committee
AFC	Automatic Fare Collection	EDMS	Electronic Document Management System	IEC	Independent Environmental Consultant	PMS	Performance Monitoring System
AFSA	Arbitration Foundation of Southern Africa	EIA	Environmental Impact Assessment	IIA	Institute of Internal Auditors	PoPI	Protection of Personal Information Act
APP	Annual Performance Plan	EMEs	Emerging Micro Enterprises	IIRC	International Integrated Reporting Council	PPP	Public-Private Partnership
APS	Airport Passenger Service	EMP	Environmental Management Plan	IPC	Individual Performance Contract	PRASA	Passenger Rail Agency of South Africa
ARC	Audit and Risk Committee	EMV	Europay Master Visa	ISEM	Independent Socio-Economic Monitor	Province	Gauteng Provincial Government
ASB	Accounting Standards Board	ERM	Enterprise-Wide Risk Management System	ITMP	(Gauteng) Integrated Transport Master Plan	PST	Province's Support Team
ATS	Alexandra Transport Solutions	FAC	Finance and Asset Committee	JRA	Johannesburg Roads Agency	QMS	Quality Management System
BBBEE	Broad-Based Black Economic Empowerment	FEMP	Fare Evasion Management Plan	KM	Knowledge Management	QSEs	Qualifying Small Enterprises
BCC	Bombela Concession Company	GDARD	Gauteng Department of Agriculture and Rural Development	KPI	Key Performance Indicator	R&D	Research and Development
BCJV	Bombela Civil Joint Venture	GDID	Gauteng Department of Infrastructure Development	LIR	Land Information Register	RFP	Request for Proposals
BCP	Business Continuity Plan	GDRT	Gauteng Department of Roads and Transport	MAXIMO	Concessionaire's maintenance information management system	RoD	Record of Decision
BEs	Black Entities	GEGDS	Gauteng Employment, Growth and Development Strategy	MEC	Member of the Executive Council (for Roads and Transport, Gauteng)	RRE	Rail Reserve Events
BMC	Bombela Maintenance Company	GIAMA	Gauteng Government Immovable Asset Management Act	MFDS	Midibus Feeder and Distribution Service	RSR	Railway Safety Regulator
BOC	Bombela Operating Company	GIS	Geographic Information System	MOU	Memorandum of Understanding	RUL	Remaining Useful Life
CA	Concession Agreement	GMA	Gautrain Management Agency	MRTR	Minimum Required Total Revenue	SCUMP	Service Capacity Utilisation Management Plan
CAE	Chief Audit Executive	GMA Act	Gautrain Management Agency Act, Act No. 5 of 2006	MTEF	Medium Term Expenditure Framework	SEC	Social and Ethics Committee
CC	Competition Commission	GPG	Gauteng Provincial Government	MTSF	Medium Term Strategic Framework	SED	Socio-Economic Development
CCTV	Closed Circuit Television	GPS	General Passenger Service	NARSA	National Archives and Records Service of South Africa	SHEQ	Safety, Health, Environment and Quality
CDF	Concessionaire Demand Forecasted	GRAP	Generally Recognised Accounting Practice	NDP	National Development Plan	SIP	Social Investment Programmes
CEO	Chief Executive Officer	GRC	Global Risk Compliance	NGP	New Growth Path	SIP7	Strategic Integrated Project
CIPC	Companies and Intellectual Properties Commission	GRRIN	Gauteng Rapid Rail Network	NLTA	National Land Transport Act	SITA	State Information Technology Agency
Concessionaire	Bombela Concession Company (Pty) Ltd	GTIA	Gauteng Transport Infrastructure Act	NMT	Non-Motorised Transport	SMMEs	Small, Medium and Micro Enterprises
CPI	Consumer Price Index	GTIP5	5-year Gauteng Transport Implementation Plan	NIPMO	National Intellectual Property Management Office	SNOG	Security and Network Operations Centre
CSCs	Contactless Smart Cards	HC	Human Capital	OCB	Operating Commencement Date	STR	Stored Travel Rights
DBSA	Development Bank of South Africa	HDI	Historically Disadvantaged Individuals	OEM	Original Equipment Manufacturer	TA1	Treasury Approval
DFDS	Dedicated Feeder and Distribution Services	HoA	Heads of Agreement	O&M	Operations and Maintenance	TOD	Transit Orientated Development
DRP	Dispute Resolution Procedure	HCRC	Human Capital and Remuneration Committee	ORTIA	OR Tambo International Airport	TOM	Ticket Office Machine
DRT	Department of Roads and Transport	HRIS	Human Resources Information System	PFMA	Public Finance Management Act, Act No. 1 of 1999	TRAC SA	Technology and Research Activity Centre of South Africa
DWS	Department of Water and Sanitation	I&AP	Interested and Affected Party	PH	Public Holidays	TTP	Targeted Threat Protection
EA	Enterprise Architecture			PICC	Presidential Infrastructure Co-ordinating Commission	TVM	Ticket Vending Machine
EAP	Environmental Assessment Practitioner					UATP	International Association of Public Transport
EDMS	Electronic Document Management System					WUL	Water Use Licence

