

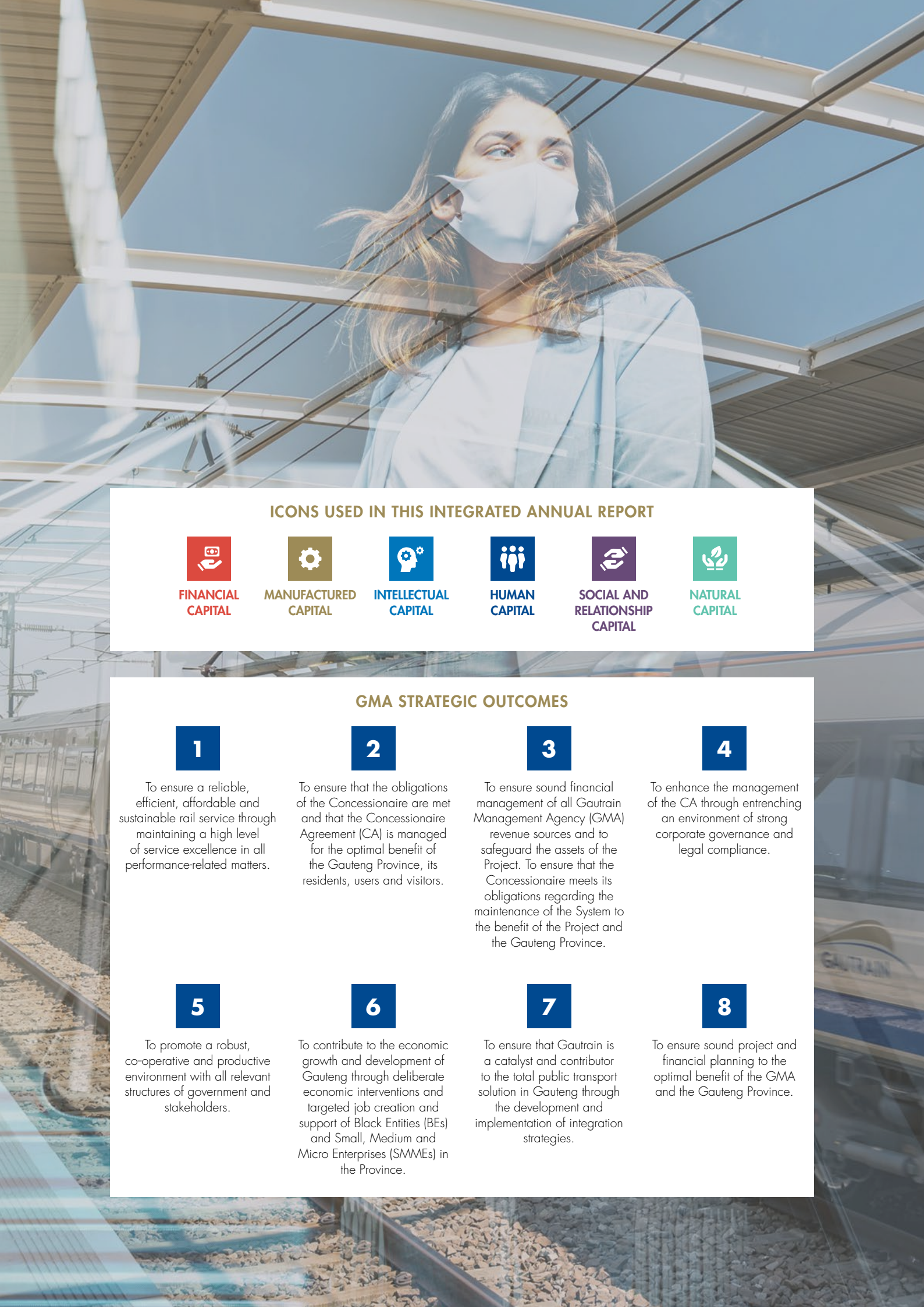


## INTEGRATED ANNUAL REPORT 2020/21

*10 years of golden journeys*







## 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.



*A tribute to Dr Ingrid Jensen*

*2 April 1969 – 3 July 2021*

**WE REMEMBER**

Our blood is Gold because of YOU  
We have an attitude of Gratitude because of YOU  
We pledged because of YOU  
We will never forget YOU  
We will never stop caring because of YOU

WE WILL SPEAK YOUR NAME

Go well.... rest in power....



# TABLE OF CONTENTS

<b>PART A: ORGANISATIONAL OVERVIEW</b>	<b>4</b>
1. GMA Approach to Integrated Reporting	5
2. Value Created	6
3. Foreword by the MEC	8
4. Chairperson's Statement	10
5. Chief Executive Officer's Overview	12
6. Statement of Responsibility and Confirmation of the Accuracy of the Integrated Annual Report	14
7. About the GMA	15
8. Rationale of Integrated Reporting	17
9. Legislative and Other Mandates	20
10. Organisational Structure	21
<b>PART B: PERFORMANCE INFORMATION</b>	<b>22</b>
1. Auditor-General's Report: Predetermined Objectives	23
2. Situational Analysis	23
3. Achievement of Impacts and Outcomes	26
4. Performance Information	29
5. Performance: GMA Activities	40
6. Performance: Gautrain-Related Activities	58
7. Capital Investment/Assets	83
<b>PART C: CORPORATE GOVERNANCE AND ETHICS MANAGEMENT</b>	<b>86</b>
1. Introduction	87
2. Roads and Transport Portfolio Committee	87
3. Corporate Governance	88
4. The Board	89
5. Risk Management	105
6. Internal Audit	110
7. Management of Ethics	112
8. Fraud and Corruption	112
9. Minimising Conflict of Interest	113
10. Code of Conduct	113
11. Health, Safety and Environment	114
12. Audit and Risk Committee Report	117
13. B-BBEEE Compliance Performance Information	117



<b>PART D: HUMAN CAPITAL MANAGEMENT</b>	<b>118</b>
1. Introduction	119
2. Performance During Period Under Review	120
3. Human Capital Oversight Statistics	124
4. Value Created	128
5. Future Focus	128
<b>PART E: FINANCIAL INFORMATION</b>	<b>130</b>
<b>ANNEXURE A: GMA'S APPLICATION OF KING IV FOR THE 2020/21 FINANCIAL YEAR</b>	<b>188</b>
1. Introduction	189
2. King IV Application and Disclosure	189
3. Conclusion	194
<b>LIST OF ABBREVIATIONS AND ACRONYMS</b>	<b>195</b>



# PART A

## ORGANISATIONAL OVERVIEW





## 1. GMA APPROACH TO INTEGRATED REPORTING

### 1.1 Scope

This Integrated Annual Report reviews the GMA's financial, operational, social and governance performance for the Financial Year ended 31 March 2021. 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, governance and ethics management and our performance against the Strategic Outcomes, in a way that gives stakeholders a holistic view of the Agency and its future.

### 1.2 Reporting framework

The report is compiled in compliance with:

- The Public Finance Management Act (PFMA) (Act 1 of 1999), as amended;
- The Companies Act (Act 71 of 2008) and
- South African Statements of Generally Accepted Accounting Practice (SA GAAP).

The content of the report also takes into consideration:

- The National Treasury Annual Report Guide for Schedule 3A and 3C Public Entities 2021;
- International <IR> Reporting Framework issued by the International Integrated Reporting Council and
- King IV Report on Corporate Governance for South Africa 2016.

### 1.3 Materiality

A matter is considered material if it can substantively affect our ability to create value. The GMA's approach to reporting on material matters is informed by a careful analysis of our risks, strategic outcomes and intended outcomes to identify those matters that the GMA considers to be most significant. Please refer to pages 17 to 18 that describe how matters are identified and which are material.

### 1.4 Assurance

The Audit and Risk Committee has reviewed the Annual Financial Statements for the year ended 31 March 2021 and concluded that these comply in all material respects with the requirements of SA GAAP. Unless otherwise indicated, the information presented is comparable to that of the prior years. Please refer to page 18 where the GMA's assurance approach is described in detail.

### 1.5 Board responsibility

The Board, assisted by its Committees, is responsible for ensuring the integrity of the Integrated Annual Report. The 2020/21 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 Mogopodi Mokoena**  
GMA: Board Chairperson



**Mr William Dachs**  
GMA: Chief Executive Officer

30 July 2021

## 2. VALUE CREATED

 <p><b>FINANCIAL CAPITAL</b></p>	<p>The GMA has achieved <b>90% of the outcome indicators</b> in the 2021/21 Financial Year. Three outcome indicators have not been achieved due largely to the impact of the COVID-19 pandemic.</p>	<p>The outcome indicators have been achieved using only <b>96.1% of the budget</b> for the 2020/21 Financial Year.</p>	<p>The achievements prove that the <b>GMA used its budget wisely</b> to achieve its planned outcome indicators despite the challenges brought about the COVID-19 pandemic.</p>
 <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p>	<p>The GMA continued its <b>investment in employee training</b> and development positively impacting the staff turnover rate and keeping it below the <b>10%</b> industry norm at <b>2%</b>.</p>	 <p><b>MANUFACTURED CAPITAL</b></p>  <p><b>INTELLECTUAL CAPITAL</b></p>	<p>The GMA <b>implemented ICT initiatives</b> that supported it to function in a seamless, secure, and reliable manner, while allowing for organisational knowledge to be preserved and shared and transition from an office-based workforce to a remote workforce with <b>minimal impact</b> to the Agency during lockdown.</p>
 <p><b>FINANCIAL CAPITAL</b></p>  <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p>	<p>The GMA supported <b>SIP beneficiaries</b> during the COVID-19 pandemic's lockdowns through a <b>SIP COVID Relief Fund</b> dispersing just under <b>R1 million</b> to beneficiaries.</p>	 <p><b>HUMAN CAPITAL</b></p>  <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p>	<p>The GMA completed the organisational culture and value charter, with <b>all employees</b> embracing the culture that is <b>stakeholder-centric</b> and <b>performance motivated</b>.</p>
 <p><b>HUMAN CAPITAL</b></p>  <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p>	<p>The Gautrain continued to contribute positively to the Gauteng economy, through meeting and exceeding the <b>Socio-Economic Development (SED) targets</b> on Black Equity participation, participation in management and direct employment by BCC and BOC.</p>	 <p><b>INTELLECTUAL CAPITAL</b></p>	<p>The GMA improved its risk maturity from <b>84% to 86%</b>, by continuing to roll-out the Enterprise-Wide Risk Management System and development of an Operational Tolerance Dashboard.</p>
 <p><b>INTELLECTUAL CAPITAL</b></p>	<p>The GMA launched and adopted its new Purpose: <b>Transforming people, spaces and the economy of the Gauteng province.</b></p>		





Since the commencement of operations

*R3.4 billion*

was spent on procurement from/or  
sub-contracting to new black entities





### 3. FOREWORD BY THE MEC

This Financial Year may stand out in history as one of the most challenging, especially when it comes to initiatives to enhance mobility in our province. During this period we have had to shut down many areas of our economy only to restart them again. The Gautrain Management Agency has not been exempted from this reality that has affected not only our country, but economies across the world.

While there is so much that has been disrupted, we still have reason to celebrate yet another financial year of consistent institutional excellence from the GMA. In this period, we have taken bold steps to transfuse the good practices in the GMA to the entire Department of Roads and Transport and its institutions. For close to 10 years the Gautrain has led the way in terms of governance, consistently achieving clean audits and achieving its targets.

As we continue making strides to realise our vision of *Growing Gauteng Together Through Smart Mobility* it is only apt to take lessons from the GMA, the true benchmark of exactly what we are implementing as part our vision towards 2030. Over the past 10 years the institution has delivered on its promise of being a true catalyst for transformation of not only the transport system in our province, but also the space economy. Research has shown how the Gautrain rail line has led development and changed the spatial form of Gauteng.

As part of our smart mobility programme we have placed the GMA at the centre of the institutional transformation, so that our department is future proof and ready to deliver on its mandate. In our plans we have handed over critical projects to this power house that is the GMA so that we leverage on their good habits to make the entire transport system better and more efficient.

“Thanks to efficiencies, including reliability and timeliness, the people of our province continue to park their vehicles and use the Gautrain, a greener, cheaper and more efficient alternative.





As an example the Department has been struggling to deliver the Vereeniging intermodal facility in Sedibeng. For years this project has stalled leading to wastage and a negative impact on the economy of that corridor of our province. In the upcoming Financial Year we will hand over the project management of this facility to the GMA as an expert in delivering world-class intermodal facilities.

We are also excited by the expansion of Gautrain including into the townships which we believe will be a major game changer for our province. We are hard at work to ensure that we fully comply with the requirements of the Public-Private Partnership transaction and source investor funding to expand this state-of-the-art game changer.

In this upcoming Financial Year we will be working with the GMA to further improve and increase the number of people migrating to the Gautrain, especially after the slump that was brought about by the COVID-19 lockdowns and the slowing economy.

Our strategy to move people off the roads and back into rail remains a critical pillar towards positioning our province as an inland hub for movement of goods and people. Already the Gautrain has played a crucial role towards achieving this migration. Thanks to efficiencies, including reliability and timeliness, the people of our province continue to park their vehicles and use the Gautrain, a greener, cheaper and more efficient alternative.

**Mr Jacob Mamabolo**  
*MEC for Public Transport and Road Infrastructure*



#### 4. CHAIRPERSON'S STATEMENT

The Gauteng Provincial Government (GPG) set out an ambitious programme known as "Growing Gauteng Together: our Roadmap to 2030". The GMA answers to the GPG's roadmap through its purpose of "Transforming spaces, people and the economy through mobility". This roadmap is further supported by Gautrain as it focuses on job creation and economic growth through infrastructure development.

In the Financial Year ended 31 March 2021, the GMA and Gautrain were part of this strategy in terms of transport-orientated development, that is growing the economy through smart investments in transport as well as restructuring the urban areas around transport nodes and using technology as an enabler of better and more efficient transport systems.

Due to COVID-19 pandemic, 2020 was a once-in-a-century year, which presented immense uncertainties with far-reaching, devastating consequences for lives and livelihoods in all economies and societies across the globe. Before the pandemic, 2020 was already a year complicated by muted economic growth; the COVID-19 pandemic exacerbated already-existing challenges. The GMA, however, continued to show agility in terms of oversight of the Concession Agreement (CA), ensuring high levels of operational efficiency. The GMA continued to manage, co-ordinate, and oversee the operations and maintenance of the Gautrain Project and to assist other organs of state in the integration and co-ordination of public transport within Gauteng, thus contributing to Smart Mobility.



Through its Social Investment Programme, GMA supported its beneficiaries with a SIP COVID Relief Fund, where an amount of R1 million was disbursed among these beneficiaries.



## Board governance

The GMA Board completed its three-year term during this reporting period and continued to provide governance oversight to the GMA. In my term as the Chairperson of the Board, the GMA continued to receive clean audits, thus demonstrating a culture of good governance. I would like to commend the GMA Management who have continued to balance the strategic and operational aspects of the GMA.

The GMA 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 GMA operates in a sustainable manner with a clear commitment to good governance.

The term of office of the Board ended on 31 December 2020 and I would like to thank all Board Members for their contribution, commitment, guidance, and oversight over the past three years. I am grateful to have worked with this visionary team. I would also like to welcome the new members who joined the GMA Board from January 2021 and I look forward to working with them.

## Responsible corporate citizenship

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 Exempted Micro Enterprises (EMEs) and Broad-Based Black Economic Entities (B-BBEEs) were met and exceeded, while expenditure through women-owned entities and Qualifying Small Enterprises (QSEs) were narrowly missed yet reflected a significant improvement compared to expenditure targets in previous years.

During the COVID-19 pandemic national lockdown the GMA, through its Social Investment Programme (SIP), supported its beneficiaries with a SIP COVID Relief Fund, where an amount of R1 million was disbursed among these beneficiaries. The GMA's SIP contributed to the achievement of social development objectives in education and community care, disbursing just over R6 million to beneficiaries, including NGOs and academic institutions.

## Looking forward

Looking forward into the new financial year, the GMA will focus on, among others:

- Providing over-arching strategic guidance to ensure that the GMA maintains good governance;
- Post-2026 planning for the end of the Concession period;
- Monitoring the devolution of rail process and how it will have an impact on the GMA in future;
- Managing the impact of the devolution of rail will have on the GMA;
- Finding alternative strategies to leverage partnerships to increase ridership and to bring passengers back into the System amid the pandemic and
- Planning and implementing of extensions and expansions in the current Gautrain network.

## Acknowledgements

Let me take this opportunity to thank the Chief Executive Officer, Mr Dachs, for his astute leadership during the current crisis. I would also like to thank the GMA Management Committee and Staff, various stakeholders, and the Gauteng Provincial Government for their support. Gratitude also goes out to the three metropolitan councils of Ekurhuleni, Johannesburg, and Tshwane for their continued co-operation with the GMA.

Finally, I would like to thank Mr Jacob Mamabolo. MEC for Public Transport and Roads Infrastructure for his unwavering support.



**Mr Mogopodi Mokoena**

*GMA: Board Chairperson*



## 5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is now 10 years since Gautrain first opened its doors for passengers on 8 June 2010. Since then, Gautrain has become embedded in the transport system and economy of Gauteng having carried 126 million train passengers and 38 million bus passengers safely and with almost perfect reliability.

The Gautrain has played a major role in the growth and transformation of the economy of Gauteng. It sustains around 12,000 jobs each year in its supply chains and has spent over R4.4 billion on local materials, plant and equipment since 2012. Independent experts calculate that R2.60 is generated as an economic return for every Rand spent on Gautrain. It also has contracts with minibus taxi associations who run formal midibus feeder services from four Gautrain stations. All of this gives effect to the GMA's purpose of *Transforming Space, People and the Economy Through Mobility*.

Just as important as its economic impact, is the positive impact Gautrain has on the environment. Independent experts indicate that the average single trip on the Gautrain saves 2.8 kilograms of CO<sub>2</sub> emissions per passenger trip when compared to a private car. That means that Gautrain have saved around 360,000 tons of carbon dioxide pollution since the trains started running in June 2010. These are impressive figures which we are justifiably proud.

Turning to the past year, the whole of the financial year that ended on 31 March 2021 fell under the National State of Disaster declared in response to the COVID-19 pandemic. The implications of this were felt in all areas of GMA and Gautrain operations.

“Gautrain sustains around 12,000 jobs each year in its supply chains and has spent over R4.4 billion on local materials, plant and equipment since 2012.”

Operationally the focus was on maintaining the safety, security and reliability of the Gautrain services. This was done successfully and there were minimal disruptions to trains and bus trips during the year. The contractual thresholds for operations were met and consistently exceeded by Bombela, the Concessionaire and Operator of the Gautrain System. Ridership on trains and buses fluctuated depending on the level of lockdown during the year. When compared to pre-COVID ridership, the ridership in the Financial Year ranged from 0% (during the Level 5 lockdown at the start of the financial year) to 31% in November 2020 and March 2021 when lockdown levels and infection rates were at their lowest. Comparable data from the national roads in Gauteng showed similar trends, albeit with a higher percentage of road-based traffic compared to pre-COVID numbers. This indicates that many commuters, who returned to office work, turned to their cars as a preferred mode of transport.

I do believe that the value offering of the Gautrain remains intact. Calculations show that, even in COVID lockdowns, every monthly commuter (someone who uses the Gautrain every working day to and from work for a month) between Johannesburg and Tshwane will save roughly 7 hours and around R1,300 per month in petrol and car maintenance costs. With congestion increasing, these savings will only get larger. In addition, for the benefit of society, each Gautrain commuter saves 120 kg of CO<sub>2</sub> emissions every month by leaving his or her car at home. As a society, we need to move people off the roads and back into rail as it is greener, cheaper and more efficient than private car use. The marketing and communication strategy of the GMA and Bombela will focus on returning people to rail as the effect of the national vaccination strategy starts to bear fruit and as economic activity returns to Gauteng.

The GMA was able to achieve over 90% of its Annual Performance Plan targets. This included a clean audit outcome

from the annual audit performed by the Auditor-General. This is the ninth consecutive clean audit for the GMA, an achievement we are very proud.

In the past year we also commenced with the planning for post-2026 Gautrain once the current concession ends in March 2026. A significant amount of work is required to prepare adequately for this date. The route determination for Phase 1 of the Gautrain Rapid Rail Integrated Network continued and will be completed in the current Financial Year. This will secure important rights over the route and will be an important milestone in the project. The GMA launched its commercial strategy with a view to generating a much greater amount of non-fare revenue. We completed our organisational restructuring to give effect to the new strategic direction of the GMA.

The GMA continued its support of the Gauteng Department of Roads and Transport through various initiatives spearheaded by the MEC.

I am extremely grateful for the support and guidance of the MEC for Public Transport and Road Infrastructure, MEC Jacob Mamabolo, as well as that of the GMA Board. I also pay tribute to the staff of the GMA who continued working through the pandemic as a cohesive team. A number of staff were personally impacted by COVID-19, and I sadly note the passing of Dr Ingrid Jensen, the GMA Executive Manager who delivered all the excellent Integrated Annual Reports for the GMA since 2010.



**Mr William Dachs**

*GMA: Chief Executive Officer*



## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE INTEGRATED ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Integrated Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.
- The Integrated Annual Report is complete, accurate and is free from any omissions.
- The Integrated Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) applicable to the public entity.
- The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the Financial Year ended 31 March 2021.



**Mr Mogopodi Mokoena**

*GMA: Board Chairperson*



**Mr William Dachs**

*GMA: Chief Executive Officer*

30 July 2021



## 7. ABOUT THE GMA

### 7.1 GMA in relation to the Gautrain Project

The Gautrain Project is 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) between the Gauteng Provincial Government (GPG) and the Concessionaire, Bombela Concession Company (Pty) Ltd (BCC), which holds a 19½-year concession for the construction, operation and maintenance of the Gautrain.



The GMA was established by the GPG 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.

### 7.2 GMA purpose, mandate, vision and values

The GMA derives its mandate primarily from legislation, specifically the GMA Act (Act 5 of 2006), as amended. Its primary mandate is to manage and oversee the Concession Agreement (CA) for the Gautrain Rapid Rail Link System as well as to assist the GPG 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 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 purpose of the GMA is to "Transform spaces, people and the economy through mobility".

To achieve this purpose, 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 Socio-Economic Development (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 who have 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 its 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 Member of the Electoral Committee (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 of 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 Chief Executive Officer (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 Road Infrastructure.

### 7.3 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 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, a Canadian company operating in the aerospace and rail transportation sectors and
- Bouygues Travaux Publics SA, a civil engineering contractor based in France.

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



Since the commencement of operations

*R497 million*

was spent on procurement from/or sub-contracting to SMMEs



## 8. RATIONALE OF INTEGRATED REPORTING

### 8.1 Purpose of integrated report

In this Integrated Annual Report, the GMA's performance for the Financial Year ended 31 March 2021 is reported. This report reviews the GMA's financial, operational, social and governance performance and encompasses aspects of integrated reporting. Unless otherwise indicated, information presented is comparable to that of the prior years. The report is intended for GMA and Gautrain stakeholders and explains how these entities 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, governance and ethics management and our performance against the Strategic Outcomes, in a way that gives stakeholders a holistic view of the Agency and its future. The report examines the performance of the GMA in relation to its Strategic Plan and the Annual Performance Plan.

### 8.2 Reporting philosophy

The GMA's 2021 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 2021 to 31 March 2022 are provided.

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

- Review of performance during the 2020/21 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 as well as the Department of Planning, Monitoring and Evaluation's 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 strategic outcomes 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 PFMA.

### 8.3 GMA's definition of materiality

The GMA's approach to reporting on material matters is informed by a careful analysis of our risks, strategic outcomes 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:

- SED: Contributing to a 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 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 and
- 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 the GMA's Strategic Outcomes. 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 2020/21 to 2023/24. 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 2020/21 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 2020/21 Financial Year, i.e. approximately R35 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 significant for the application of section 54 (2) of the PFMA.

In determining the materiality level, the GMA has taken cognisance of the following:

- The GMA is primarily funded by a provincial 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 Act (as amended) defines accountability and approval structures from the Board (as the Accounting Authority), to the CEO who is also a member of the Board.

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 reporting guidelines.

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

**8.5 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 Strategic 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.



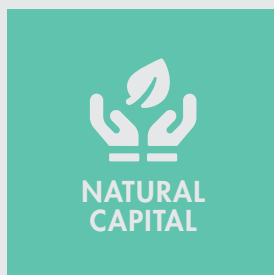
## The six capitals



This encompasses employees' skills and experience and their capacity and motivation to innovate, including their alignment with and support of the GMA'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 wellbeing 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.



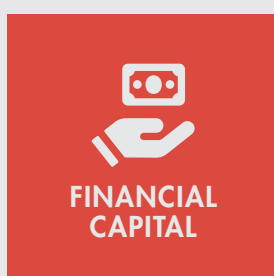
This form of capital covers intangible, tacit information within an organisation that provides a competitive advantage, including intellectual property, such as patents, copyrights, software and organisational systems, procedures and protocols. It further includes the intangibles that are associated with the brand and reputation that the organisation has developed. Procedures and protocols that form part of the Gautrain as well as the knowledge of employees and the GMA brand and reputation all 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.



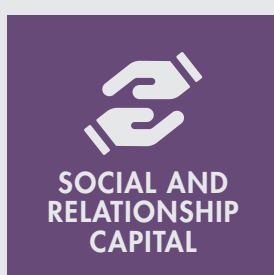
Natural capital is an input to the production of goods or the provision of services. An organisation's activities also impact, positively or negatively, on natural capital. It includes water, land, minerals and forests as well as biodiversity and ecosystem health. Gautrain's reliance on a stable supply 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 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 is 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 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.



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 license 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 relationship with its key stakeholders such as staff and vendors as well as passengers.

## 9. LEGISLATIVE AND OTHER MANDATES

### 9.1 GMA's constitutional mandate

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

In addition, the Constitution 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.

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

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.



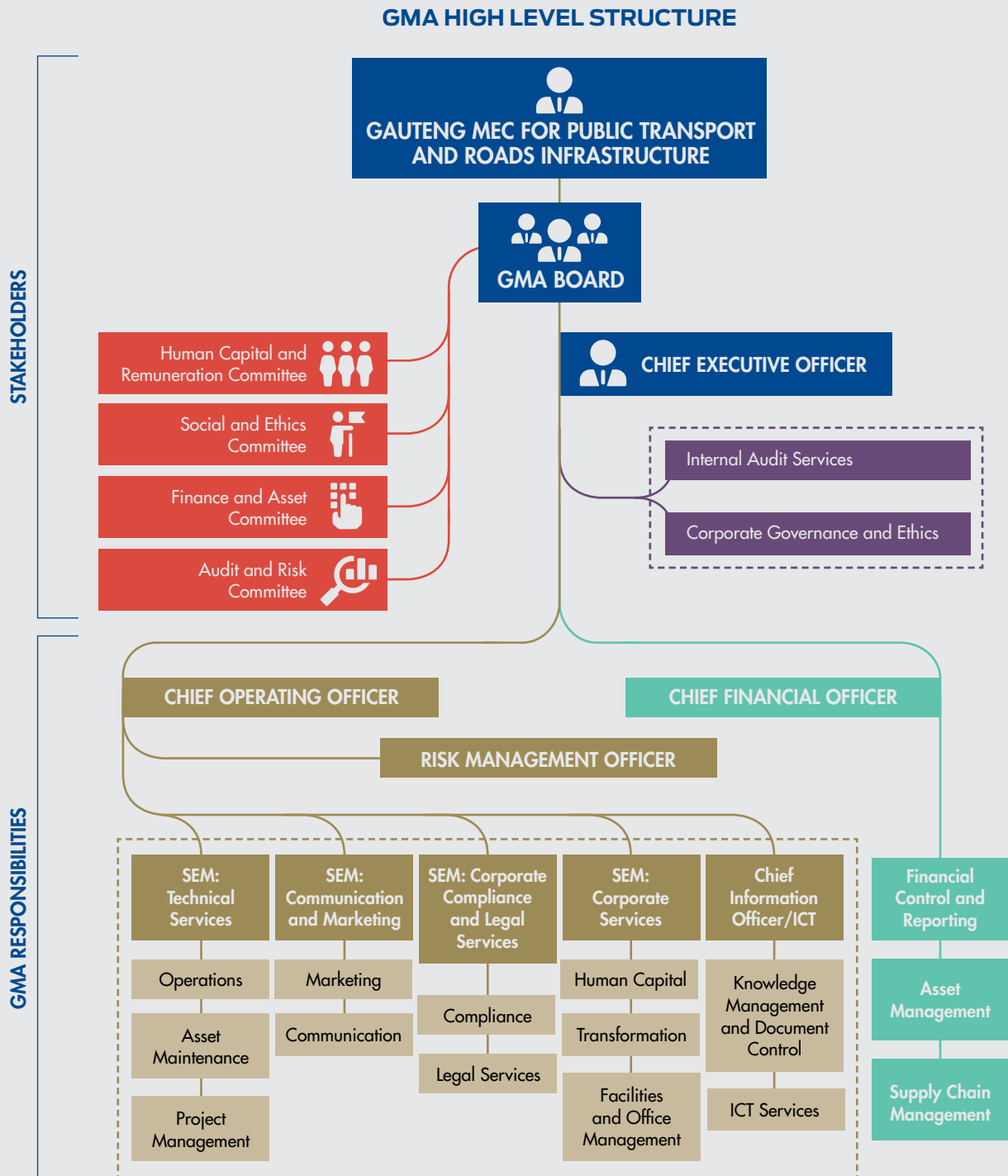
Since the commencement of operations

*11,508 jobs*

were created and sustained



## 10. ORGANISATIONAL STRUCTURE



Graph 1: GMA organisational structure

# PART B

## PERFORMANCE INFORMATION





## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the auditor's report.

Refer to page 143 of the Report of the Auditor-General, published in Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1 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 with managing 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 restructure 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 commenced in the 2020/21 Financial Year.

### 2.2 Service delivery environment

Gautrain service delivery, measured in terms of customer satisfaction, equates to an average 94% Net Promotor Score. Irrespective of the service's very competitive service delivery, the overarching COVID-19 outbreak affected the Gautrain negatively.

In a response to this outbreak, the South African Government declared a state of disaster effective from 26 March 2020 with the aim of controlling the infection rate. The state of disaster, which was still in effect at the time of compiling this report, imposed various measures to combat the spread of COVID-19, including a national lockdown restricting the movement and gathering of people.

As a result, the Gautrain's services were suspended completely from the end of March 2020. Although services were partially resumed on 4 May 2020, the pandemic, the necessary lockdown and people's fear of using public transport, together with people working from home, had a significantly negative impact on the Gautrain ridership and revenue.

Also affecting Gautrain is the unofficial unemployment rate in South Africa which increased to a record high of 30.1% in the first quarter of 2020, reflecting the impact of the economic recession due to COVID-19.

#### 2.2.1 Service delivery improvement plan

The following is in place in terms of the plan to improve service delivery towards increasing the Gautrain ridership and revenue:

- A Gautrain student product based on a 25% discount – a pilot project commenced in September 2020 which ran until the end of 2020. The student product was launched 1 March 2021 for a six-month period, after which the feasibility will be investigated along with the continuation of the product;
- A pensioner's product based on single and return trips is considered for possible testing and implementation in 2021/22;
- A voucher product that will facilitate partnerships with the private sector for rewards, specials, etc. will be developed and implemented in 2021;

- Ticket sales kiosks/automated ticket sales in the International and Domestic Arrivals halls at OR Tambo International Airport. The opening of the International Arrivals kiosk will however depend on footfall in the area based on the number of flights;
- Project SHIFT, a collaboration between the GMA and the Concessionaire, is a project focused on increasing ridership through initiatives such as expanding the bus and midibus service network, more attractive fare options and ticket offerings, improved station security and signage and a more customer-centric Gautrain website and mobile application and
- To motivate all GMA staff to focus on ridership increase, the Move50k campaign aims to increase the Gautrain train ridership to 50,000 passenger trips daily by the end of this Financial Year.

### 2.3 The GMA environment

Significant developments within the GMA that may have had an impact on the Agency's delivery on its Strategic Plan and Annual Performance Plan include:

- Appointment of a new Chief Executive Officer and new Chief Operating Officer at the GMA;
- Implementing the GPG's stated plan for the Gauteng Provincial Growth and Development Plan;
- Repositioning the Agency to be data-driven and exploit opportunities offered by technology such as Artificial Intelligence and the Internet of Things;
- Benefitting from the GMA as a knowledge organisation, thus contributing to development in the rail sector;
- Contributing to skills development with the GMA's graduate programme which ensures future skills needs;
- Positively influencing the relationship between the GMA and TAG so that the Gautrain becomes increasingly integrated with other public transport systems, leading to increases in ridership;
- Maintaining the GMA's standards of governance and financial management;
- Developing partnerships with key public and private entities that jointly benefit both parties and
- Leveraging the eight consecutive clean audits that the GMA has achieved.

### 2.4 Business model and GMA 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 Gauteng 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	
 <b>FINANCIAL CAPITAL</b>	Annual GPG MTEF allocation = R2,680,758,000 Funds from ticket fares = R206,143,650 Investment income = R6,730
 <b>MANUFACTURED CAPITAL</b>	System assets including trains, buses and midibuses
 <b>INTELLECTUAL CAPITAL</b>	Employees Software Procedures and protocols Organisational systems Knowledge management
 <b>HUMAN CAPITAL</b>	Employees' skills and experience Employee capacity to innovate
 <b>SOCIAL AND RELATIONSHIP CAPITAL</b>	Partners Gauteng MEC for Public Transport and Road Infrastructure Concessionaire Stakeholders
 <b>NATURAL CAPITAL</b>	Land Electricity

Graph 2: GMA's Business model and value creation

Business model		Outputs	Outcomes	Capitals impacted
CORPORATE ACTIVITIES		<p>Reliable and secure public transport services that are attractive to Gautrain users.</p> <p>Development nodes around stations with land use that take advantage of Gautrain proximity.</p>	<p>Growth in revenue</p> <p>Economic benefits</p> <p>More efficient land use</p>	 
		<p>Assurance that the Gautrain assets are well maintained and remain fit for service with an appropriate remaining useful life.</p> <p>Continued investment in planning and implementing asset improvement projects.</p>	<p>Increase in size of System</p> <p>Growth in asset value</p>	
		<p>GMA and Gautrain intellectual property, copyrights, software and organisational systems.</p>	<p>Development of industry knowledge</p>	
		<p>Policies and procedures related to System expansion and extension planning, asset assurance, performance management, marketing and supply chain management.</p>	<p>A competitive advantage in delivering on financial and manufactured capitals</p>	
		<p>A knowledge management system based on knowledge generation and sharing.</p>	<p>An iconic Gautrain brand</p> <p>Favourable reputation amongst stakeholders</p>	
		<p>Efficient communication and relationship development with stakeholders.</p>	<p>Growth in brand value</p>	
		<p>Human capital development initiatives.</p>	<p>Staff talent growth</p>	
		<p>A healthy remuneration philosophy.</p>	<p>Efficient performance management</p>	
		<p>An efficient performance management system.</p>	<p>A culture of ethics</p>	
		<p>An ethics-based governance system.</p>	<p>An ethics-based governance system.</p>	
PROJECT ACTIVITIES		<p>Increased revenue to local businesses.</p> <p>Boosted supply chains in the local rail industry.</p> <p>Increased employment.</p>	<p>High SED benefits</p> <p>Improved stakeholder relationships</p> <p>Collective well-being, through common values and behaviours, key relationships and the trust and loyalty of its stakeholders</p>	
		<p>A safe operating environment.</p>	<p>Improved environmental outcomes</p>	
		<p>Reduced carbon emissions compared to private car usage.</p>	<p>Improved environmental outcomes</p>	
		<p>Reduced road congestion.</p>	<p>Improved environmental outcomes</p>	
		<p>A safe operating environment.</p>	<p>Improved environmental outcomes</p>	



## 2.5 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 of passenger demand.

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 Integrated 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. Addressing issues raised by key stakeholders on the extensions is also an ongoing activity.

## 2.6 Financial arrangements of the Gautrain

Prior to commencing with the procurement of the Project, the GPG prepared a comprehensive feasibility study and financial model. At that time, it was clear that, like the vast majority of passenger rail projects around the world, the Gautrain would require government financial support. This support was defined in two parts – the capital contribution that the GPG would have to make in the Development Period and the Patronage Guarantee that the 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.

## 2.7 Key policy developments and legislative changes

No key policy or legislative change, with an impact on the GMA, came into force in the Financial Year under review.

However, the Economic Regulation of Transport Bill, the draft Public Procurement Bill and the draft Railway Safety and Security Regulations, which will most likely impact the GMA significantly, were published for public comment and the GMA duly commented thereon.

In addition to the foregoing, the proclamation of the effective date for the Protection of Personal Information Act (PoPIA) was issued, thereby triggering the one-year grace period, for compliance with a chunk of the Act, which comes to an end on 30 June 2021. The GMA, in order to establish the extent to which it is compliant with POPIA, has conducted a comprehensive gap analysis and has embarked on the process of implementing measures and controls to address any compliance gaps.

# 3. ACHIEVEMENT OF IMPACTS AND OUTCOMES

## 3.1 Strategic performance overview

The GPG set out an ambitious programme known as "Growing Gauteng Together: Our Roadmap to 2030". This programme is very relevant to the GMA and Gautrain. Firstly, the GMA answers to the GPG's roadmap through its purpose of "Transforming spaces, people and the economy through mobility". The roadmap is further supported by Gautrain as it focuses on the development of the economy, jobs and infrastructure, integrated human settlements and building a capable, ethical and developmental state.

In the Financial Year ending 31 March 2021, the GMA and Gautrain were part of this strategy in terms of transport-orientated development – 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 assist other organs of state to realise the integration and co-ordination of public transport within the region – essentially contributing to Smart Mobility.

In addition, the GMP is planning the extension of Gauteng's rapid rail network to accommodate future demand and new services.

The GMA Board completed the third 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 2020/21 Financial Year in several areas. In terms of oversight of the Concessionaire, the GMA ensured high levels of operational efficiency.

In terms of passenger safety, several measures were put in place to comply with COVID-19 regulations for the resumption of operations after Lockdown Level Five. The Gautrain SHEQ teams focused on COVID-19 prevention efforts by increasing measures to support both passenger and corporate health and safety. The GMA, the Concessionaire and Operator all provided input to the operational planning and the actions for compliance with regulations. Risk assessments were conducted for every level and special measures were put in place as per the operating plan. Several interventions were administered for the operation of the Gautrain System.

The train service operations achieved an average availability of 99.20% and punctuality of 98.39% over the review period. This was backed by good personal and property safety and security within the System. 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 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 reviews of all asset reports, station condition and cleanliness inspections, System inspection visits and verification of assets.

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.

Since the start of the reporting Financial Year, rail and bus passenger numbers declined and fluctuated significantly as government and the public responded to developments around the COVID-19 pandemic. In the case of the General Passenger Service (GPS) the decline compared to March 2019 was 80.55% while the Airport Service (APS) showed a decline of 84.76% due to the impact on air travel. Bus passenger trips followed a similar trend, meaning that the annual target for train and bus passenger trips could not be met.

The GMA purposefully and actively continued to engage with the Concessionaire to implement Operation Shift – a strategy to attract passengers to use the Gautrain services. This strategy is a combination of improved service offerings and marketing to reverse the declining 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.

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 just over R6 million to beneficiaries, including NGOs and academic institutions. The GMA's SIP also supported its beneficiaries during the COVID-19 pandemic lockdowns with a SIP COVID relief fund which dispersed R1 million amongst these beneficiaries.

**Table 2: Passenger trips per Financial Year on the airport service, the general passenger service and the buses**

Service Type	Rail			Bus
	Airport Passenger	General Passenger	Total	Bus Total
FY 19/20	1,341,304	12,588,612	13,929,916	4,255,503
FY 20/21	204,434	2,448,726	2,653,160	861,706
% change	-84.76%	-80.55%	-80.95%	-79.75%

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 (HC), the GMA Board approved a new organisational structure that better reflects its increased mandate. At the time of reporting, the GMA had 99 filled positions out of 171 available posts. The 12 graduates in the GMA's Graduate Programme have received intensive training and necessary practical experience for future employment.

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, in comparison to previous years' significant patronage growth, declined because of COVID-19. This community partnership with the taxi industry has been streamlined to enable the rollout of additional routes and facilitate integration with other public transport services.

Apart from plans for the acquisition of train, depot and signalling assets which were put on hold due to COVID-19's impact on ridership, the GMA continued to commit 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. Alternative strategies to supplement rail service capacity are being explored.

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

Information and Communications Technology (ICT) strategic initiatives planned for the 2020/21 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 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 outcomes 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.

### 3.2 Impact overview

In terms of the GMA's set impact statement, "To contribute to economic growth and transformation as well as job creation, spatial integration and improved mobility to and from human settlements in the Gauteng Province", notable progress was made. This progress is evident in, for example, the reporting of the SED performance as well as the performance of the integration of the Gautrain System with other public transport services.

Based on the total of 29 Output Indicators, 90% of GMA Outputs were achieved in the Financial Year.

Mainly due to the COVID-19 impact, Output Indicators not achieved are:

- Output Indicator 1: Train passengers – not achieved by 81.7% as the System is recovering from the pandemic;
- Output Indicator 3: Bus passengers – not achieved by 80.4% as the System is covering from the pandemic and
- Output Indicator 17: Vacancy rate – not achieved by 1% due to two resignations during the reporting year.

Mitigation of Output Indicators relevant to passengers include:

- A Gautrain student product based on a 25% discount – a pilot project commenced in September 2020 which ran until the end of 2020. The student product was launched 1 March 2021 for a six-month period, after which the feasibility will be investigated along with the continuation of the product;
- A pensioner's product based on single and return trips is considered for possible testing and implementation in 2021/22;
- A voucher product that will facilitate partnerships with the private sector for rewards, specials, etc. will be developed and implemented in 2021;
- Ticket sales kiosks/automated ticket sales in the International and Domestic Arrivals halls at OR Tambo International Airport. The opening of the International Arrivals kiosk will, however, depend on footfall in the area based on the number of flights;
- Project SHIFT, a collaboration between the GMA and the Concessionaire, is a project focussed on increasing ridership through initiatives such as expanding the bus and midibus service network, more attractive fare options and ticket offerings, improved station security and signage and a more customer-centric Gautrain website and mobile application and
- To motivate all GMA staff to focus on ridership increase, the Move50k campaign aims to increase the Gautrain train ridership to 50,000 passenger trips daily by the end of this Financial Year.

Mitigation of Output Indicators relevant to the GMA's vacancy rate include:

- The two positions that could not be filled during the 2021 Financial Year will be filled in the new Financial Year. The recruitment process has already commenced.



## 4. PERFORMANCE INFORMATION

### 4.1 Outcomes, output, output indicators, target and actual achievements

Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters									
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Audited Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
Increase the Ridership of the Gautrain System so as to minimise the Patronage Guarantee	1	Average number of quarterly rail passengers (annualised)	15,023,282	13,966,482	13,929,916	14,500,000	2,653,160	(11,846,840)	Not Achieved by 81.7% for the year as the System is still recovering from the effects of the COVID-19 pandemic.
	2	Number of activities undertaken in accordance with the Marketing Plan	16	16	16	20	20	-	Achieved
	3	Average number of quarterly bus passengers (annualised)	4,803,061	3,982,971	4,255,503	4,400,000	861,706	(3,538,294)	Not Achieved by 80.4% for the year as the System is still recovering from the effects of the COVID-19 pandemic.
	4	Identify and implement possible capacity system improvements and interventions on the existing Gautrain network	6	4	4	4	4	-	Achieved
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	6	6	6	6	-	Achieved

Outcome 2: To assure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors									
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
Ensure the consistent and accurate application of the penalty regime against the Patronage Guarantee in accordance with the concession agreement so as to maintain a System and Services that meets the specification and is attractive to passengers	6	No. of reviews of Penalty Verifications performed	11	11	11	11	11	-	Achieved
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	11	11	11	11	-	Achieved
	8	Number of Customer Satisfaction Surveys reviewed	2	2	2	2	2	-	Achieved
	9	Resolution of Disputes in line with the provisions of the Concession Agreement	4	4	4	4	4	-	Achieved
To monitor, evaluate and assess the relevant legislative compliance of the Concessionaire and the GMA	10	Number of reviews on compliance conducted on Safety, Health or Environmental Performance and Legislative compliance dependent on risk areas	1	1	1	1	1	-	Achieved

**Outcome 3: To ensure sound financial management of all GMA revenue sources and 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**

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
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	Un-qualified audit report	Un-qualified audit report	Un-qualified Audit report	Un-qualified audit report	Un-qualified audit report	-	Achieved
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	4	4	4	4	-	Achieved
To assure that the Concessionaire meets its obligations regarding the maintenance of the assets	13	Monthly oversight of Concessionaire asset maintenance regime	12	12	12	12	12	-	Achieved
	14	Number of station and system assets condition inspection reports	4 System and 40 Stations Condition and Cleanliness inspections	4 System and 40 Stations Condition and Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	-	Achieved



Outcome 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance									
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
Evaluate the effectiveness of corporate governance in the GMA	15	Evaluation of the effectiveness of the Board and Board Committees	No Approved Evaluation Report of the Board and Board Committees by the Board	0	50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	80% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	100% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	20% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees	Achieved – Exceeded by 20% as there were some action items not expected to be achieved during the current year – these items were subsequently implemented.
Evaluate the effectiveness of corporate governance in the GMA	16	Delegation of Authority reviewed and approved by Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	-	Achieved
To create an environment that attracts and retains talent	17	Not more than 10% vacancy rate	96.7% of the approved 2017/18 Recruitment Plan and organisational structure was implemented	94% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	89% of approved and budgeted vacant posts filled	1% of approved and budgeted vacant posts filled	Not Achieved – there were 2 resignations during the Financial Year and these employees were not replaced during the Financial Year.
Provide assurance on compliance with internal controls in all divisions	18	Quarterly Key Control Dashboard which highlights the state of control in the area of Leadership, Financial and Performance Management and Governance in compliance with PFMA	4	4	4	4	4	-	Achieved
	19	Quarterly Consolidated Internal Reports issued to the ARC highlighting the progress against the approved Internal Audit Plan	4	4	4	4	4	-	Achieved

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
Provide a secure and reliable information technology environment that facilitates knowledge sharing	20	ICT and Knowledge Management Plans reviewed and implemented	4	4	4	4	4	-	Achieved
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	4	4	4	4	-	Achieved

**Outcome 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders**

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
Develop and implement a reputation management strategy with stakeholders	22	Number of activities undertaken in accordance with Communication Plan	5	16	24	16	44	-	Achieved

**Outcome 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**

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
To monitor and verify the Concessionaire's socio-economic development obligations	23	Number of ISEM reports with verified performance on obligations and variations	12	10	12	12	12	-	Achieved
To oversee the GMA's Social Investment Programmes	24	Quarterly Progress reports on SIP activities	4	4	4	4	4	-	Achieved

**Outcome 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**

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
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	4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	4 Quarterly Report on progress regarding joint development	-	Achieved
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	5	3	3	3	-	Achieved
Ensure the development of a regime of public transport ticket interoperability	27	Support the GDRT in implementing the Integrated Fare Management (IFM) system	New indicator	4	2	2	2	-	Achieved
Fulfil a planning function with regard to the Gauteng Rapid Rail extensions	28	Conduct Route Determination for the proposed Gauteng Rapid Rail Extensions	New indicator	4	4	4	4	-	Achieved

**Outcome 8: To ensure sound project and financial planning to the optimal benefit of the GMA and Gauteng Province**

Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Performance 2020/21	Deviations from planned target to Actual Achievement 2020/21	Reasons for deviations
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 five partners or renewal of MOU with existing partners	Identification of and interaction with at least thirteen partners or renewal of MOU with existing partners	Identification of and interaction with at least eighteen partners or renewal of MOU with existing partners	16 signed MOUs	16 signed MOUs	-	Achieved



## 4.2 GMA's response to prioritising women, youth and persons with disabilities

Schedule 22 of the Gautrain CA contains forward-looking commitments aimed at contributing to and empowering women, youth and persons with disabilities. The targets were agreed to and contractually bound into the contract to ensure economic development is achieved through the Project. In the Financial Year under review, the following has been achieved in respect of the designated groups:

Table 3: GMA's response to prioritising women, youth and persons with disabilities

SED Performance			January 2020 to December 2020		
SED Element		Unit	Obligation	Verified Achievement	% Achievement
No.	Description				
<b>Black equity participation</b>					
SED01	Shares held by BEs/Black persons in BCC	%	25.00%	88.56%	100%
	Shares held by BEs/Black persons in BOC	%	25.10%	25.10%	100%
SED02	Shares held by Black women in BCC	%	3.75%	24.79%	119%
	Shares held by Black women in BOC	%	3.75%	9.92%	119%
<b>Participation in management</b>					
EEPO2	Women in management positions	Jobs	14	26	187%
<b>Direct employment</b>					
EEPO4	Women employed	Jobs	341	480	141%
EEPO5	People with disabilities employed	Jobs	20	23	114%

## 4.3 Strategy to overcome areas of under-performance

There was no under-performance.

## 4.4 Reporting on the institutional response to the COVID-19 pandemic

Several measures were put in place to comply with the regulations for the resumption of operations after Lockdown Level 5. As per the National Railway Safety Regulator Act (Act 16 of 2002), as amended, several directives were passed by the Department of Transport regarding required actions to manage COVID-19-related matters in railway operations. The following actions were implemented to ensure compliance with these directives:

- Implementation of social distancing at all station platforms;
- Implementation of social distancing in all trains;
- Implementation of marshals to ensure crowd control at stations and on board the trains;
- Staff training and awareness regarding measures to prevent spread of the coronavirus;
- Implementation of COVID-19 screening as part of medical surveillance;
- Suspension of substance abuse testing and notification of RSR regarding this action implemented in line with Health and Safety Regulations;
- Reporting of COVID-19 suspected cases involving staff and subcontractors and
- Screening and isolation of passengers with suspected symptoms of COVID-19 (in progress/under investigation).





### Social distancing decals placed at all stations

The project SHEQ teams focused on COVID-19 prevention efforts by increasing measures to support both passenger and corporate health and safety. The GMA, the Concessionaire and Operator all provided input to the operational planning and the actions for compliance with the regulations. Risk assessments were conducted for every level and special measures were put in place as per the operating plan. Several interventions were administered for the operation of the Gautrain System, including:

- Sanitising points at all stations;
- Screening of every passenger on entry;
- Social distancing measures through the placement of decals;
- 8-car train sets across the network;
- Social distancing stickers on train and bus seats and
- Additional measures such as decontamination and deep-cleaning at stations.

Further COVID-19 risk assessments in accordance with the Department of Employment and Labour (DEL) guidelines were conducted for different lockdown levels. A strategic risk analysis on the business activities has also been conducted to determine the impact of COVID-19 on the following areas:

- Quarantine/isolation of critical staff necessary to ensure continued service provision;
- Financial impact arising from implementation of COVID-19 risk controls;
- COVID-19 impact on staff availability due to required protection of vulnerable employees;

- Development of COVID-19 management policy and
- Development of a consolidated list of all applicable COVID-19 regulations and directions and assessment of their impact on Gautrain operations and maintenance activities.

To manage the COVID-19 crisis, the GMA identified three key areas of the business to lead the planning and implementation of the crisis management plan. These areas are legislative and regulator conditions, communication and awareness, together with health and safety for staff members. The GMA established a Corporate Steering Committee to oversee, support and/or direct the process. The business continuity planning (BCP) process allows for the identification of the number of staff and necessary skills required to perform and maintain the essential services and functions of business. The BCP details how each critical function is maintained, reduced, modified and/or eliminated, who has decision-making authority, what solutions will be put in place, any necessary actions to follow and any communication strategy required. To address this, the crisis team detailed the following to activate the BCP during the pandemic:

- The critical service/function;
- Key emergency staff (i.e. the individual(s) responsible for implementing the action plan);
- Details of the activation procedure;
- Identification of corporate and community impact issues;

- Regulatory requirements;
- Reallocation potentials of staff from other service/activity areas;
- Communication strategy to staff, business partners and customers/community;
- Staff absenteeism monitoring activities;
- Reporting requirements to decision makers;
- Decision-making process during a pandemic outbreak and
- Resource needs, including a listing of contact information for internal and external stakeholders.

To further ensure the safety of the GMA staff the following measures have been adopted by the GMA to prevent the spread of COVID-19:

- The continued application of the GMA BCP;
- The COVID-19 risk registers were updated based on the changes to regulations at all levels;
- Meetings and communications by the GMA COVID-19 Task Team;
- Identification of key staff members who will access the GMA office and permission with official legislated permits;
- Staff members required to work on the System were identified and given awareness training for new special conditions and
- Discovery Health and Healthy Company were contacted to provide employees with all the relevant information on health and wellness support during the pandemic.

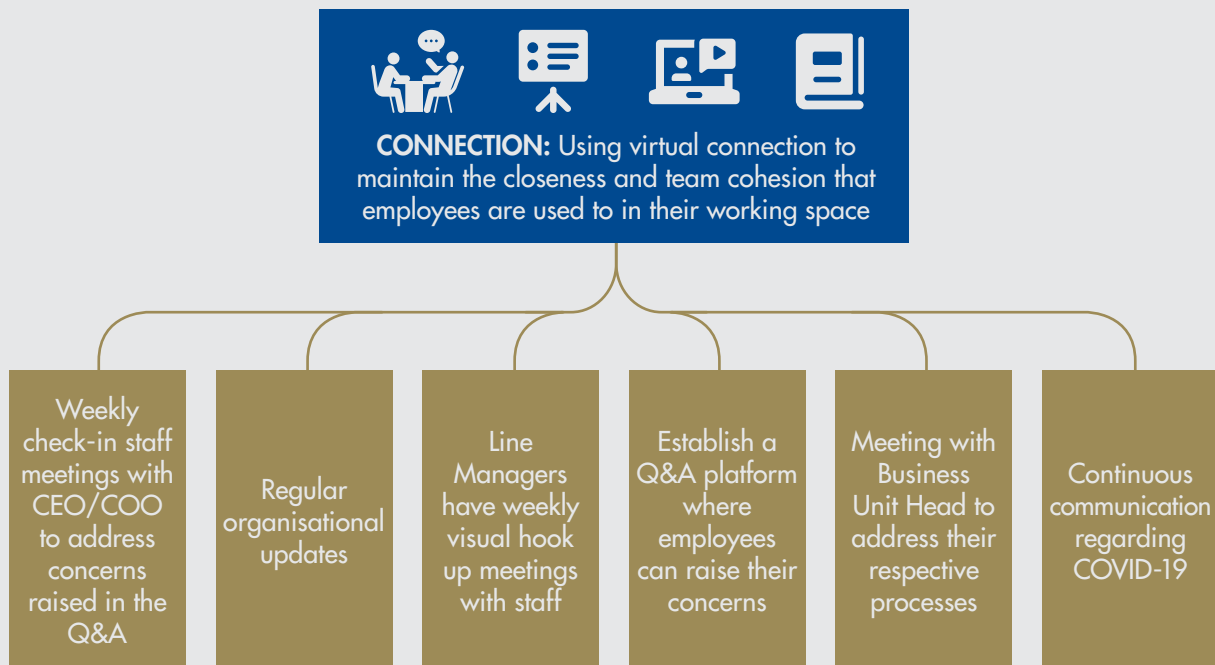
### Communication plan to staff

During the pandemic, five key elements apply to staff communication:

- Connection: Using virtual connection to maintain the closeness and team cohesion that employees are used to in their working space;
- Emotional support: Bio-psychosocial support for employees during lockdown and while working from home;
- Structure: Creating a routine conducive for employees during the lockdown and gradual lock-lift;
- Full leadership presence: support and presence of leadership during the lockdown and
- Team cohesion: Participation of employees through virtual meetings and workshops to maintain closeness and team cohesion were used.

The GMA currently has a very transparent and open communication process amongst employees. Building on the employee communication, the following were identified as the most effective internal communication channels:

- E-mails to employees;
- Virtual team meetings – MS Teams;
- Virtual staff meetings – MS Teams;
- Video messaging through MS Stream;
- MS Yammer and
- WhatsApp messaging.



Graph 3: Workplace activities during lockdown



Table 4: Progress on GMA's Response to the COVID-19 pandemic

Budget Programme	Intervention	Geographic Location (Province/District/Local Municipality)	No. of Beneficiaries	Disaggregation of Beneficiaries	Total Budget Allocation per Intervention (R'000)	Budget Spent per Intervention	Contribution to the Outputs in the APP	Immediate Outcomes
Regulatory obligations for COVID-19	Sanitising and deep cleaning of fleet	Gauteng: COJ COT COE	N/A	N/A	R7m	90%	Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters	Efficient, safe and reliable public transport
Regulatory obligations for COVID-19	Social distancing	Gauteng: COJ COT COE	N/A	N/A	R1m	1%	Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters	To monitor, evaluate and assess the relevant legislative compliance of the Concessionaire and the GMA
Regulatory obligations for COVID-19	Passenger communication	Gauteng: COJ COT COE	N/A	N/A	R1m	1%	Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters	To monitor, evaluate and assess the relevant legislative compliance of the Concessionaire and the GMA

#### 4.5 Linking performance to budget

GMA has achieved 90% of the outcome indicators in the 2020/21 Financial Year. Three outcome indicators have not been achieved largely due to the impact of the COVID-19 pandemic.

This achievement has been made with a 96.1% actual expenditure spend versus the budget for the 2021/21 Financial Year. It is evident from the achievements above that the budget was spent to achieve the GMA planned outcome indicators despite the challenges that have been brought about by the COVID-19 pandemic.

Table 5: Budget versus actual expenditure by programme

Programme/ activity/objective	2020/21			2019/20		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Project Expenditure	2,357,005	2,271,554	85,451	1,853,263	1,866,374	(13,111)
GMA Expenditure	323,753	304,610	19,143	300,051	283,553	16,498
<b>Total</b>	<b>2,680,758</b>	<b>2,576,164</b>	<b>104,594</b>	<b>2,153,314</b>	<b>2,149,927</b>	<b>3,387</b>

The Remuneration of the Board for the 2020/21 Financial Year is disclosed in the Annual Financial Statements under note 17.



## 5. PERFORMANCE: GMA ACTIVITIES

### 5.1 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 below are based on the verified achievements reported on a quarterly basis by the ISEM.

#### 5.1.1 SED performance for the year 2020

The ISEM has completed its verification for the period January 2020 to December 2020 and Table 6 below summarises the achievements.

Table 6: Summary of the SED achievements for January to December 2020

SED Performance			January 2020 to December 2020		
SED Element		Unit	Obligation	Verified Achievement	% Achievement
No.	Description				
<b>Black equity participation</b>					
SED01	Shares held by BEs/Black persons in BCC	%	25.00%	88.56%	100%
	Shares held by BEs/Black persons in BOC	%	25.10%	25.10%	100%
SED02	Shares held by Black women in BCC	%	3.75%	24.79%	119%
	Shares held by Black women in BOC	%	3.75%	9.92%	119%
<b>Procurement and sub-contracting</b>					
SED03	Procurement from BEs/Black persons	R'000	20,243	120,505	595%
SED04	Sub-contracting to BE	R'000	223,556	782,961	350%
SED05	Procurement and sub-contracting to new BE	R'000	224,122	755,373	337%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	46,357	96,200	208%
<b>Local content</b>					
SED08	Employment of local people	Jobs	1,323	1,582	120%
SED09	Procurement of South African materials	R'000	115,128	1,001,440,973	870%
SED10	Procurement of South African Plant and Equipment	R'000	0	203,554	100%
<b>Participation by SPG</b>					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from or sub-contracting to SPG	R'000	0	0	100%
<b>Participation in management</b>					
EEPO1	HDIs in management positions	Jobs	29	45	156%
EEPO2	Women in management positions	Jobs	14	26	187%
EEPO7	HDIs in Occupational Level C	Jobs	50	218	436%
<b>Direct employment</b>					
EEPO3	HDIs employed	Jobs	955	1,496	157%
EEPO4	Women employed	Jobs	341	480	141%
EEPO5	People with disabilities employed	Jobs	20	23	114%
<b>Training</b>					
EEPO6	Expenditure on Human Resource Development	R'000	4,783	6,162	129%
EEPO8a	Women participating in the Learnership and Mentorship Programme	Jobs	0	0	100%
EEPO8b	Employment and Mentorship of women learners	Jobs	0	0	100%

It is evident from Table 6 above that the Concessionaire has achieved or exceeded its obligations in all the SED elements.



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.

### 5.1.2 SED performance since the commencement of the Operating Period until the end of the year 2020

Based on ISEM verification concluded to date, the Concessionaire has cumulatively achieved all its obligations since the commencement of the Operating Period until the end of 2020. Table 7 below summarises the achievements.

Table 7: Achievements from Operating Period until end of 2020

SED Performance			Operating period up to December 2020		
SED Element		Unit	Obligation	Verified Achievement	% Achievement
No.	Description				
<b>Black Equity participation</b>					
SED01	Shares held by BEs/Black persons in BCC	%	25.00%	47.91%	100%
	Shares held by BEs/Black persons in BOC	%	25.10%	30.24%	100%
SED02	Shares held by Black women in BCC	%	3.75%	12.90%	119%
	Shares held by Black women in BOC	%	3.75%	7.07%	119%
<b>Procurement and sub-contracting</b>					
SED03	Procurement from BEs/Black persons	R'000	505,069,060	1,009,455,816	200%
SED04	Sub-contracting to BE	R'000	1,504,568,671	3,803,873,747	253%
SED05	Procurement and sub-contracting to new BE	R'000	1,576,673,261	3,443,736,663	218%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	311,156,689	497,417,586	160%
<b>Local content</b>					
SED08	Employment of local people	Jobs	11,227,667	14,384,914	128%
SED09	Procurement of South African materials	R'000	704,313,452	4,089,504,093	581%
SED10	Procurement of South African Plant & Equipment	R'000	299,468,470	327,229,618	109%
<b>Participation by SPG</b>					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from or sub-contracting to SPG	R'000	0	0	100%
<b>Participation in management</b>					
EEPO1	HDIs in management positions	Jobs	238	500	211%
EEPO2	Women in management positions	Jobs	111	279	250%
EEPO7	HDIs in Occupational Level C	Jobs	409	2,401	587%
<b>Direct employment</b>					
EEPO3	HDIs employed	Jobs	8,022	13,410	167%
EEPO4	Women employed	Jobs	2,899	4,063	140%
EEPO5	People with disabilities employed	Jobs	170	195	115%
<b>Training</b>					
EEPO6	Expenditure on Human Resource Development	R'000	32,153	43,120	134%
EEPO8a	Women participating in the Learnership and Mentorship Programme	Jobs	0	0	100%
EEPO8b	Employment and Mentorship of women learners	Jobs	0	0	100%

It is evident from the above tables that the Concessionaire has complied with its obligations in all the SED elements. In terms of the penalty and reward regime, there are no penalties awarded to the Concessionaire for the year under review.

### 5.1.3 Value created

SED directly demonstrates the benefits of the Gautrain in terms of shareholding by black persons and black women, procurement, sub-contracting and employment equity elements. By the continued achievement and exceeding of performance in most elements, the Concessionaire continues to develop growth in the brand value and maintain full compliance through procurement, sub-contracting and employment.

### 5.1.4 Future focus

Schedule 22 of the CA contains the monthly SED obligations. Table 8 below summarises these obligations for the 2021/22 Financial Year.



Table 8: Obligations for the 2021/22 Financial Year

SED Performance			
SED Element		Unit	Obligations for 2021/22
No.	Description		
<b>Black Equity participation</b>			
SED01	Shares held by BEs/Black persons in BCC	%	25.00%
	Shares held by BEs/Black persons in BOC	%	25.10%
SED02	Shares held by Black women in BCC	%	3.75%
	Shares held by Black women in BOC	%	3.75%
<b>Procurement and sub-contracting</b>			
SED03	Procurement from BEs/Black persons	R'000	20,957
SED04	Sub-contracting to BE	R'000	232,713
SED05	Procurement and sub-contracting to new BE	R'000	237,675
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	37,838
<b>Local content</b>			
SED08	Employment of local people	Jobs	1,323
SED09	Procurement of South African materials	R'000	111,033
SED10	Procurement of South African Plant & Equipment	R'000	0
<b>Participation by SPG</b>			
SED11	HDI staff seconded by SPG	Jobs	0
SED12	Expenditure by SPG on Plant and Equipment	R'000	0
SED13	Procurement from or sub-contracting to SPG	R'000	0
<b>Participation in management</b>			
EEPO1	HDIs in management positions	Jobs	29
EEPO2	Women in management positions	Jobs	15
EEPO7	HDIs in Occupational Level C	Jobs	51
<b>Direct employment</b>			
EEPO3	HDIs employed	Jobs	956
EEPO4	Women employed	Jobs	341
EEPO5	People with disabilities employed	Jobs	20
<b>Training</b>			
EEPO6	Expenditure on Human Resource Development	R'000	3,880
EEPO8a	Women participating in the Learnership and Mentorship Programme	Jobs	0
EEPO8b	Employment and Mentorship of women learners	Jobs	0

## 5.2 Information Technology Communication Governance

Information and communications technology (ICT) continues to play a critical and strategic role in supporting the vision and strategic outcomes 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 business units through digitisation and automation, with the focus on reducing complexity while enhancing security.

At the core of this role are the information and technology services that are always available, accessible, secure and reliable, thereby providing a foundation for transforming spaces, people and the economy through mobility. The Unit also provides strategic insight and support to the GMA by deploying systems to increase its efficiency and effectiveness.

### 5.2.1 Performance during period under review

- Continued maintenance and enhancement of current IT systems ensured a reliable and secure IT environment;
- Well implemented IT governance processes and procedures ensured compliance with IT governance prescripts, resulting in minimal audit findings being raised on the IT environment;
- Within this Financial Year, IT embarked on a major drive to digitise and automate various business processes. This was done using the Microsoft 365 Platform and has enabled the IT unit to maximise the investment made on this platform. Internal resources were utilised to develop various cloud-based applications which included:
  - an automated Visitor Management System to manage and track office visits during the pandemic lockdown;
  - an automated tender system to manage and automate the tender process from tender advertising through to evaluation;
  - a portal for declaration of interests, registering gifts and acknowledging policies;
  - commencement with a project to develop an automated and integrated human capital system to manage employee performance and development;
- Various automated reports for reviewing and analysing the Gautrain System asset performance have been developed using the PowerBI business intelligence platform. The reports include linking of asset failures to utilisation and service disruption or cancellations and independence or correlation of failures affecting multiple asset groups within a 'defined' time window. The automation of these reports significantly reduces the time spent by employees to manually generate and analyse reports and data;
- The drive to digital transformation supports GMA's ICT vision to build an agile organisation. Agility requires the right technology platforms and systems that will enable the Agency to be innovative and rapidly adapt to changing business needs and 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, transact and collaborate with both internal and external stakeholders from anywhere, while retaining a high level of security. In addition, the technology allowed the GMA to rapidly adapt business processes to enable and support the remote work model;
- Cybersecurity has become a critical aspect in today's business operations. A comprehensive security programme was implemented during the Financial Year that focused primarily on securing user identities, data, user devices and cloud platforms. The security programme proved effective during the lockdown in that it allowed a seamless transition to remote working while ensuring that users, their devices and data remained secure while being monitored by the Security Operations Centre on a 24/7 basis;
- A digital strategy was developed during the Financial Year. The digital strategy focuses on using technology to improve business performance and customer experience, whether that means creating new products or reimagining current processes. It specifies the direction the GMA will take to create new competitive advantages with technology, as well as the tactics it will use to achieve these changes. This usually includes changes to business models, as new technology makes it possible to provide services that were not previously possible. In short, the digital strategy is all about growing ridership through the use of data;
- A data strategy was developed to serve as the mechanism for making good-quality and well-governed data readily available and accessible to ensure efficient delivery of the GMA's mandate and strategic outcomes. The strategy will ensure we have the right data at the right time to make the right decisions in the interests of the GMA and its stakeholders. The data strategy is driven by the GMA's overall business strategy and charts a high-level course of action to achieve the required business goals and to use data to gain a competitive advantage. Data is a strategic asset for fuelling innovation and transformation and the data strategy will allow us to effectively mine, refine and use this asset and
- The cybersecurity strategy was reviewed and updated. It aims to protect GMA information from both internal and external threats. Cybersecurity is one of the most serious economic and information security challenges. ICT systems face an array of emerging cyber threats that could severely compromise and limit the ability to perform business critical functions. Cyber criminals employ ever more sophisticated tools and techniques and often possess substantial resources in the form of syndicates and hacking communities. The GMA is a knowledge organisation. Thus, information is critical to the GMA and the safeguarding of this information against threats is even more critical in order to sustain the GMA's status and reputation. The strategy covers the identification, protection and detection of threats to the Agency's assets.



## INFORMATION AND COMMUNICATIONS TECHNOLOGY

### VALUE CREATED



### 5.2.2 Value created

By aligning the ICT strategy with the overall GMA strategy, the ICT Unit creates value by embarking on projects that allow the GMA to fulfil its mandate. Table 9 shows ICT's strategic alignment with the overall GMA Strategy:

Table 9: Value created by ICT

#	GMA Business Strategic Outcome	ICT Strategic Enablers
1	<b>Assist the Province in implementing the Project and achieving the Project objectives.</b>	
	<b>Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee.</b>	Enable the provision of accurate, reliable, timeous information to the GMA stakeholders involved in assessing the ridership numbers and the Patronage Guarantee.
	<b>Ensure the efficient provision of capacity by the Concessionaire to match demand on the System.</b>	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.
2	<b>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.</b>	
	<b>Ensure that the management of the relationship with the Concessionaire optimises performance delivery.</b>	Enable the provision of accurate, reliable and timeous information to the GMA stakeholders involved in monitoring the Performance Management System implemented to oversee the Concessionaire.
3	<b>Manage the finances of the Project and the financial securities provided by the Concessionaire and manage assets relating to the Project and promote their preservation and maintenance.</b>	
	<b>Completely and accurately account for assets of the GMA and ensure adequate safeguarding, verification and accountability of these assets.</b>	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	<b>Ensure sound corporate governance and monitor the policy and legislative environment of the Project.</b>	
	<b>Evaluate the effectiveness of corporate governance in the GMA.</b>	Provision of ICT systems to support corporate governance in the GMA.
	<b>Provide a secure and reliable information technology environment that facilitates knowledge sharing.</b>	Implement a strategic ICT plan that provides for a secure, reliable information technology environment that is geared towards continual improvement.
	<b>Provide for the effective identification and mitigation of risks across all functions.</b>	Provision of ICT systems to support risk management in the GMA.
5	<b>Liaise with and promote co-operation between government structures in all three spheres of government in relation to the Project and liaise with persons who have an interest in the Project.</b>	
	<b>Develop and implement a communication strategy with stakeholders.</b>	Provision of an ICT environment that supports simple, secure communication and integration channels with all stakeholders.
8	<b>Manage the financial exposure of the GMA in terms of the CA.</b>	
	<b>Implement a partnership plan that involves stakeholders contributing towards the GMA's sustainability.</b>	Develop and implement a strategic ICT plan that provides for a secure, reliable information technology environment that is geared towards continual improvement and value realisation.

Value is furthermore created by the following means:

- 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 the GMA's intellectual capital and affirms the 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 and
- 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 around value management and cost reduction, thus optimising the use of financial capital.

### 5.2.3 Future focus

The focus for the 2021/22 Financial Year will be:

- Digitisation and automation of business processes for increased effectiveness and efficiency;
- Implementation of strategic initiatives from the digital, data and cybersecurity strategies that will enhance business efficiency and customer experience and
- Enhancement and automation of security tools and operations to maintain and improve GMA's information security posture.

The achievement of the above is reliant on financial capital as well as human capital. The implementation of the above initiatives will result in stronger intellectual capital using 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 technologically advanced and secure business environment.

## 5.3 Knowledge Management

The Knowledge Management (KM) Unit under the guardianship of the Chief Operating Officer, though mainly responsible for the intellectual/knowledge capital, contributes to all the six capitals. As the GMA we recognise that our knowledge is our gold. Aligned with the GMA purpose of "Transforming spaces, people and the economy through mobility", the vision for knowledge management is "Smart mobility through better knowledge management and sharing".

Our internal KM strategy mission is to know what we know, learn what we need to learn and use knowledge for sustained competitive advantage (internal KM vision). We do this by creating, capturing, sharing and reusing/applying our knowledge to support effective and agile evidence-based decision-making. The KM Unit creates value for the GMA

by ensuring that intellectual capital is created and protected. The Unit has established strategic partnerships for knowledge exchange and other initiatives to harness value and create a conducive environment for innovation.

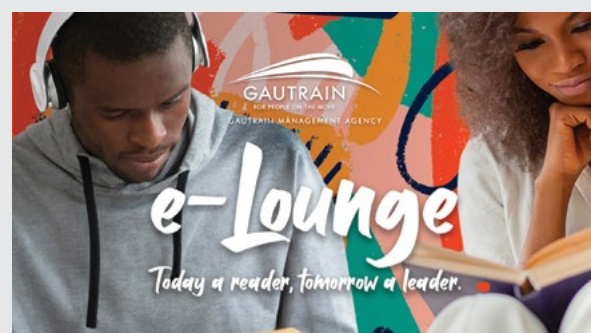
### 5.3.1 Performance during period under review

The KM strategy, which seeks to treat knowledge as one of the business capitals to create value for the Agency, improve business efficiency and harness innovation capability, has at its core the desire to develop GMA into a learning organisation.

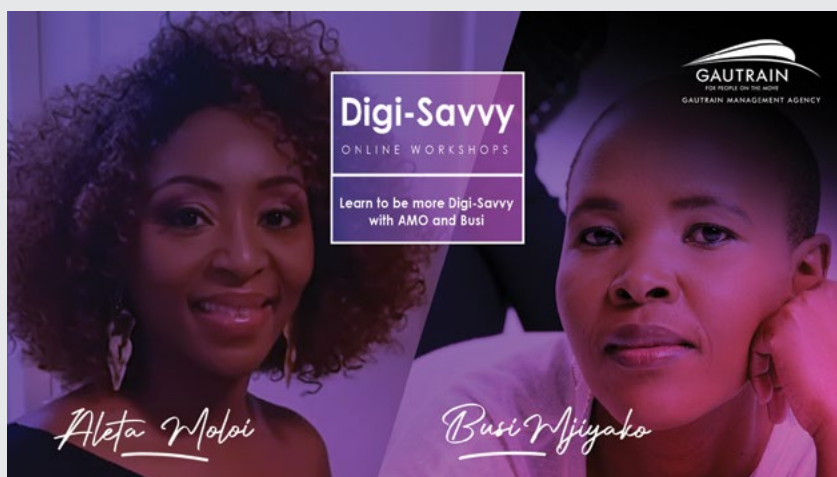
In this regard the new KM strategy was approved by the GMA Board in the second quarter of the Financial Year. The focus has been on implementation of new initiatives to support the strategy as outlined in the report. With regard to Records Management and Document Control function, the timing of the development of the Holistic Records Management and Capacity Building Programme could not have been more apt, given the COVID-19 pandemic and the coming into effect of the POPIA regulations on 1 July 2020. The programme accelerated the journey of moving the GMA from paper to digital. Not only is this important for legislative compliance, but also for business efficiency and environmental considerations as the GMA is focused on shared value and sustainability for the Agency and stakeholders alike.

To this end, the initiatives implemented to support the KM vision in this Financial Year can be summarised as follows:

- Thought leadership – successful delivery of the third installation of the annual Public Transport Knowledge Seminar in partnership with GCRO;
- GMA Knowledge Centre of Excellence – an increase in new strategic partnerships for knowledge management initiatives, the successful acquisition and usage of APQC's membership and completion of capability assessment, a growing repository of case studies, technical papers and factsheets;
- Launch of the GMA Book Club e-Lounge – The e-Lounge Book Club mission is to build relationships amongst the GMA staff, to encourage learning and to motivate, enlighten and edify each other. Coming together of staff once a month will motivate staff to collaborate in other projects in the GMA. The Agency's change initiatives currently underway, such as the culture competency framework and digitalisation, were considered whilst developing this concept to ensure alignment and collaborative support. The e-Lounge Book Club was officially and successfully launched on 17 March 2021;



- Growth in external knowledge share sessions with local and international audiences – examples include the collaborative lecture delivered by TAG CEO to Oxford University on mega scale projects, the POPIA awareness session conducted by the Legal and Compliance Unit for ProductivitySA and the KM benchmarking with SEDA, ProductivitySA and GDRT;
- Technical advisory knowledge – collaboration with the PMO Unit for the conscious application of knowledge in projects and business processes; introduction of the Digi-Savvy sessions for more efficient and empowered usage of MS Teams and increased access to and usage of knowledge content and products such as podcasts by publishing internally and externally on social media platforms such as LinkedIn;



- The strategic knowledge partnerships continue to contribute to the GMA brand value and intellectual capital and
- All deliverables for the Unit were achieved in the period under review.

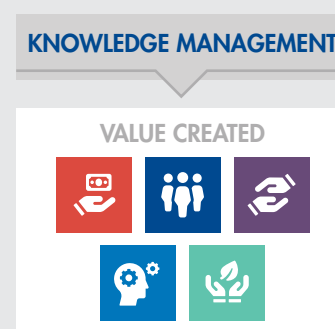
### 5.3.2 Value created

Human capital is a vital capital at the GMA as the success of the other five capitals is dependent on it. Our knowledge is our gold and our people are carriers/repositories of that knowledge. Therefore, people are at the heart of the new KM Strategy and the focus is on expanding the social and relationship capital, besides intellectual capital. The new KM Strategy is cognisant of this fact and considers how best to harness the potential of talent, resources, structures, skill and processes and to optimise these for the benefit of the GMA and value creation.

Over the years, the GMA has developed a repository of knowledge products such as case studies, technical papers, factsheets and podcasts. These not only aid in codification of tacit knowledge, but also protect the intellectual property of the Agency. Given the COVID-19 impact and prevalence of use of digital platforms, the KM Strategy also seeks to enhance the innovation and technology transfer capability.

The Holistic Records Management Programme (HRMP) Paper to Digital Journey will ensure that the GMA contributes to sustainability through greening by reductions in printing and the use of paper going forward.

Following the development of a Holistic Records Management Programme which seeks to move the GMA from paper to digital and the COVID-19 pandemic which necessitated working remotely and the use of digital platforms for most of the Financial Year, there have been notable financial savings in printing, paper and shredding/recycling costs. In April 2020 GMA initiated the Holistic Records Management Capacity Building Programme as part of one of the KM initiatives. The project formed part of the GMA's process of revitalising, realigning and improving its records management to enhance compliance with the legal framework that governs records management in South Africa and international best practice as embodied in related ISO standards.



The timing of the project is quite opportune, given the recent presidential announcements on some of the POPIA sections coming into effect on 1 July 2020.

Other notable financial savings have been on events such as the annual Public Transport Knowledge Seminar which was delivered through a virtual platform over a series of webinars with great success in terms of content, feedback and attendance. The virtual seminars attracted more participants located all over the world than it has in the last two years.

### 5.3.3 Future focus

In the next Financial Year, the aim is to continue growing the knowledge management capacity of the GMA, implement the strategy and initiatives to increase and protect our intellectual property and create a conducive environment for innovation.

## 5.4 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. It contributes to the GMA's purpose by connecting people through agile marketing and purpose-driven communication.

### 5.4.1 Performance during period under review

During 2020/21, the Communication and Marketing Unit's core focus was on positioning the Gautrain as a world-class integrated public transport service and executing growth and retention marketing. With the Unit's focus in mind, the activities as set out below were implemented whilst mitigating the impact of the COVID-19 pandemic.

#### 5.4.1.1 Marketing performance

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

- The GMA maintained a strong Digital Marketing Strategy that focused on increasing Gautrain's social media presence, following and engagement. An always-on approach kept followers updated with regards to Gautrain services, especially throughout the uncertain times brought about by the COVID-19 pandemic. The GMA also included some fun online activities and games that passengers could take part in, ensuring that Gautrain did not stop interacting with followers, even though operations ceased in Lockdown Level Five.
- Throughout the year, extensive COVID-19 safety measures were implemented on the System that included decals throughout the stations and seat stickers in trains and buses to ensure social distancing, while sanitising stations were placed strategically for easy use and passengers were given free branded face masks. An ongoing safety awareness campaign was launched to inform the public of the various measures taken.
- To increase ridership and target new audiences, the GMA, with the assistance of BCC, developed a Gautrain student product that affords eligible students a 25% discount on trips between two stations. In September 2020, a four-month pilot project was launched with a small group of students to ensure that the product design and implementation are effective.
- After a successful student product pilot project, it was agreed to implement a six-month promotion, commencing from 1 March 2021 in time for the opening of tertiary institutions. An extensive awareness campaign was launched in February to promote the product. A youthful, fun campaign titled 'Ride with the G' was marketed across various channels, including social media, e-mailers, radio interviews and live reads, Gautrain bus wrap advertising and activations at malls, stations and colleges.
- With reduced international flights coming into South Africa, it was decided to delay the reopening of the Gautrain Kiosk at International Arrivals at OR Tambo International Airport until flights and footfall increase.
- Focus was moved to domestic flights with a new interactive billboard in the Cape Town departures area. A similar three-storey lift shaft advertisement was placed at the arrivals area at OR Tambo and this was coupled with an activation area where promoters were stationed to entice passengers to use the Gautrain service.
- To increase visibility across airports, a TV advertisement was flighted at nine ACSA airports across South Africa, promoting the Gautrain service.
- Marketing for the Gautrain midibus service was ongoing, including an Instagram Live interview between GMA and the taxi association. This greatly supported the increase of passenger numbers with three routes regaining over 50% of pre-COVID passengers, three routes regaining over 80% of pre-COVID passengers and two routes having increasing passenger numbers compared to pre-COVID times.
- A revised Waverly and new Highveld midibus route were launched through activations, leading to a good uptake by passengers.
- GMA Marketing reduced advertising in print media, and increased spend on digital platforms, including paid-for social media advertising promoting the midibus services mentioned and the student product. The limited print advertising focused on the midibus services in the Waterfall and Midstream areas, advertising in their community-specific magazines.
- In October, a Jacaranda competition was conducted, inviting photographers to get to Jacaranda tree sites around the city, including Rosebank, Sandton and Pretoria. Awareness of the competition was increased through a media and photographer day which was highly publicised.
- For the year-end holidays, GMA implemented a Staycation campaign that focused on using Gautrain as the transport mode to get around Gauteng and explore. Together with Joburg In Your Pocket, a different Gautrain station and the various attractions around a station were highlighted each week.

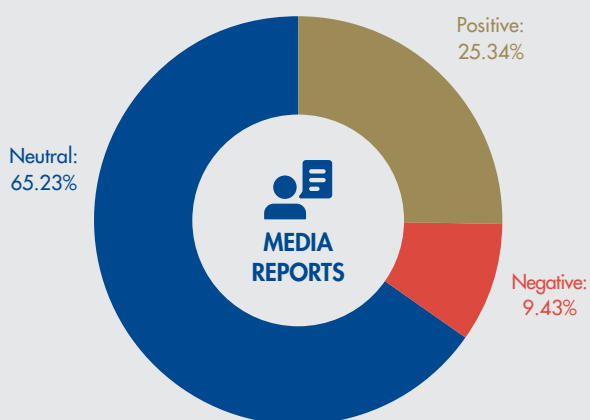


- The GMA took part in several virtual conferences throughout the year, including the Intelligent Transport Solutions Conference, Smart Mobility and Generation Next.
- Several partnership agreements were signed to further communication and marketing initiatives and to increase ridership and awareness of the brand. Two of these partnerships include a strategic partnership which was signed with Varsity Vibe relating to the student product and the accreditation of students, as well as a revised partnership signed with Discovery Insure that gives members cash back for using the Gautrain.

#### 5.4.1.2 Communication performance

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

- Approximately 2,530 media reports for print, broadcast and online were received. The contribution (in communication value) to the reputation of the Project amounts to R265 million.
- The media reports that were received during the year were mostly neutral articles at 65.23%, followed by positive articles at 25.34% and negative articles at 9.43%. Mentions of the transport industry, public transport, Gautrain's public transport integration, smart mobility in Gauteng and the effects of COVID-19 on public transport contributed to most of the neutral articles.
- Reports that contributed to the positive sentiment included the Transport Minister's approval of Gautrain's reopening after Lockdown Level Five and the stringent COVID-19 safety plans; issues around public transport and urban development and general mentions on Gautrain. Mentions included GRRIN, Gautrain's future plans, the postponement of fare increases, the GMA's social involvement programmes, Gautrain's positive impact on urban development and SED as well as Yolisa on her Magic Train journey book launch. Negative reports covered the effects of COVID-19 on public transport, including Gautrain; Gautrain's Patronage Guarantee and a negative perception caused by confusion on the postponement of the procurement of the additional rolling stock; the Numsa strike and perceptions that motorists would be paying for Gautrain's extensions.

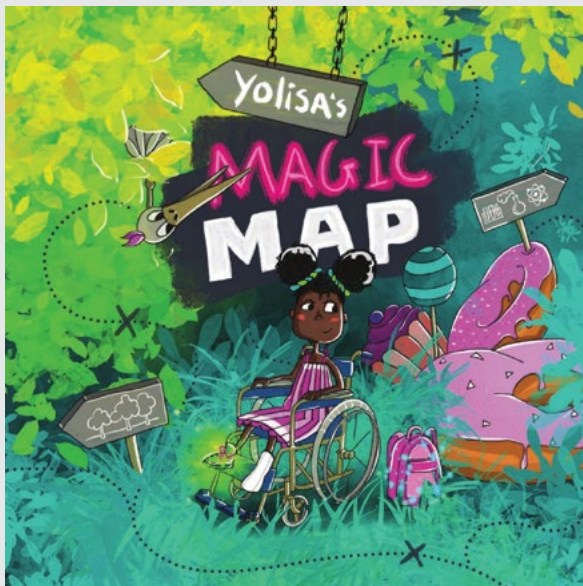


Graph 4: Media sentiment from 1 April 2020 to 31 March 2021

- The Gautrain brand valuation was completed in March 2021. Whilst the qualitative brand valuation illustrated that the Gautrain brand is very strong, the quantitative analysis showed a significant decrease in the brand value. The decrease is mainly due to decreased Gautrain ridership forecasts being used in the formulation of the brand value.
- Monitoring took place continuously to ensure the brand is not being used without consideration of the GMA. Two incidences were mitigated.
- To deliver on a conscious decision to keep the Gautrain brand "alive" during the initial hard lockdown levels, extensive media campaigns were run on COVID-Chronicles and CNBC Africa with the theme of #WhyItMatters. Towards the end of the Financial Year, a campaign was run on Power 98.7 creating awareness about GRRIN, the GMA's strategic initiatives and the launch of the Gautrain student product.
- In addition to media releases, the GMA capitalised on its media approach that included advertorials and solicited interviews, knowledge sharing and dialogue.
- 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 activations on the Gautrain System, profiling of political champions, numerous videos on Gautrain's COVID-19 preparedness, SED, the environment, future plans for Gautrain, the Gautrain's impact on spatial development management, the Gautrain midibus service and the GMA's Social Investment Programme.
- Advertorials were featured in the *Mail & Guardian*, *The Star* and *Pretoria News*. There was also a Gautrain brand story and digital magazine on *Independent Online's* website. Other solicited articles appeared in *Business Day Earth*, *The Global Review* magazine online newsletter, *Black Business Quarterly* for print and online, *Green Economy* magazine for print and online, *Financial Mail Transformation* and *BEE Report* for print and online and *Power98.7* online feature articles.
- Although mostly virtual activities, the Gautrain profile was enhanced through various activities with Gautrain's brand communities from different lifestyle segments. These included Gautrain's 10-years of operations celebrations with passengers and other stakeholders, business focused webinars with CNBC Africa themed #WhyItMatters, another CNBC Africa campaign focused on smart mobility and various government functions that contribute to smart mobility and the launch of Yolisa's Magic Map involving the youth.



- The GMA hosted the Gautrain Leadership Train Youth Summit in partnership with the African Smart Cities Summit at the Gallagher Convention Centre. The theme for this year's event was "#WhyItMatters: youth and sustainability", with the aim of empowering and motivating young people through knowledge and information.
- To comply with required social distancing protocols, few site visits to Gautrain stations were held and were mainly focused on Gautrain's efforts in combating COVID-19 on the service. The visits were from Minister Fikile Mbalula, MEC Jacob Mamabolo, *Newzroom Africa* and *Carte Blanche*.
- GMA launched its latest children's book as part of celebrating literacy month in September 2020. The legendary author Dr Don Mattera facilitated the launch by reading to the children from the book and sharing his views on the importance of reading. Various schools joined the launch virtually whilst some staff's children read the book out loud to other children. Yolisa's Magic Map was also translated into isiZulu and SeSotho. Several thousands of these books were distributed to schools across South Africa.



#### Yolisa's Magic Map children's book

- External stakeholders were engaged with both in person and virtually to commemorate Cell C's Take a Girl-Child to Work, Freedom Day, Human Rights' Day and others. Another forum on which GMA participated included the National Rail Safety Communication Forum with the Railway Safety Regulator.
- Engagement with internal stakeholders included numerous electronic communiques and also events such as staff meetings, webinars, management sessions and motivational events such as the "Gratitude Attitude". The focus of communiques was #BecauseICare – messages about COVID-19 and the GMA response to keep staff safe.
- The Communication and Marketing Unit assisted various GMA units with internal campaigns such as the "Chameleon Journey", the competency framework, knowledge sharing sessions, ICT security awareness and legal and ethical education.

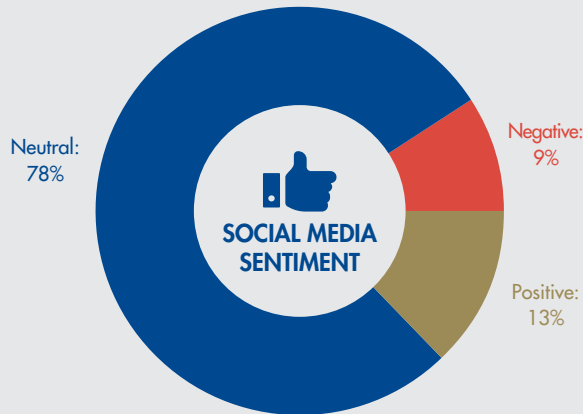
- As part of the 10-year celebrations, a baking competition was implemented where staff were sent gifts and ingredients to bake a cake. Staff were required to send pictures of the cakes they had baked. Radisson Gautrain Hotel Management judged the pictures. Winners were announced in July 2020.



#### Celebrate from home cake

- In July 2020 staff attended a virtual first aid training session with the intention of equipping them with a skill that will assist others in future. This was done in commemoration of Mandela Day and to build staff morale.
- In celebrating Heritage Day and taking the lead from President Ramaphosa, staff from the Bombela Operating Company and the GMA compiled a dance video of the popular Jerusalem song. The videos were posted to all staff and social media platforms. This was to show and appreciate our resilience as a nation and an Agency.
- The internal portal Gauvibes was updated on a regular basis.
- The GMA was profiled on both the GMA website and its social media platforms.
- The GMA website had 417,978 visitors during the reporting period.
- Facebook, Twitter and Instagram are the primary social media platforms used by the GMA. The Gautrain Facebook page had 56,385 followers at the end of the year under review. The Gautrain has 291,133 followers on Twitter. Instagram, used predominantly for lifestyle promotion and campaigns, has 2,677 followers.

- Of the 12,462 social media postings relevant to Gautrain, most (78%) were neutral, 13% positive and 9% negative.



Graph 5: Social media sentiment from 1 April 2020 to 31 March 2021

- The Gautrain commuter website had an audience overview of 658,898.
- GMA has developed a microsite portal used to host all marketing campaigns and lifestyle-related communications. The site MyGautrain.co.za has 11,150 users and there were 36,235 page views during the reporting period. The microsite has hosted campaigns such as the student product promotion and the Jacaranda photo competition, amongst others. It also hosts all the information about COVID-19 precautions implemented on the Gautrain.
- The Gautrain mobile application is constantly upgraded with additional interactive and e-commerce functionalities. A total of 2,355,765 downloads of the Gautrain mobile application have been made.
- Customer satisfaction was tested in ten surveys, with most Net Promotor Scores ranging between 92% and 98% – above the benchmark of 86%.

#### 5.4.2 Value created

GMA’s marketing contributes to the financial capital of the Agency, focusing on ridership retention and growth of usage through the various activities implemented. In addition, the midibus marketing, the student product as well as community events 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 activations that empower the youth and women. Constant research gives insight into stakeholders’ perception of the GMA and Gautrain and general brand management, including ongoing communication regarding COVID-19 related safety measures and creates mutual understanding and goodwill with stakeholders.

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.

#### 5.4.3 Future focus

The Communication and Marketing Unit’s aims are aligned with the GMA Strategic Outcomes, such as assisting the Province in implementing Gautrain, achieving the Project objectives and liaising with and promoting co-operation between government structures in relation to Gautrain, as well as managing the financial exposure of the GMA in terms of the CA. The Unit’s aim for the 2021/22 Financial Year is to increase and sustain ridership by managing the GMA’s and Gautrain’s reputation and stakeholders and executing growth and retention marketing campaigns.





## 5.5 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 laws.

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 operates. To this end the Unit, amongst others, provides to the GMA guidance and remedial steps to be taken, in order to ensure compliance with applicable legislative or regulatory requirements.

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

### 5.5.1 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 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), was concluded in November 2020 and judgement on the merits was delivered, in favour of the Province, in March 2021. Zurich has, however, submitted an application for leave to appeal and the application will be heard on 15 June 2021.

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 issues Contemporary Gazettes and to professional associations, such as the Compliance Institute of Southern Africa.

In facilitating compliance with laws that are 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 office of the Information Regulator and Adams and Adams Attorneys and compiled ten issues of an internal newsletter that focuses on legislative and case law developments;
- continued to monitor progress on the implementation of and reporting on proactive measures, aimed at embedding and institutionalising compliance with 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, Employment Equity Act, GMA Act and Government Immovable Asset Management Act;
- reviewed organisational controls aimed at proactively ensuring compliance with the B-BBEE Act and
- continued to engage regulatory authorities on pending legislation that could potentially impact the GMA, with a view to constructively influencing the final versions thereof.

The Unit further introduced a talk-show type of initiative, called Molao Chatz, the primary purpose of which is to educate and sensitise the GMA employees about policies, procedures, laws and developments that impact their GMA work and lives.

In order for the Compliance Sub-Unit to continue being effective in delivering on its mandate, a strong organisational compliance culture, underpinned by a spirit of collaboration and co-ordination of the GMA's response to laws applicable to it, is required. To this end, an Inaugural GMA Compliance Day was successfully held in February 2021.

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



Since the commencement of operations

*RA billion*

was spent on procurement on  
South African materials



### 5.5.2 Value created

Subsequent to approval by the Gauteng Legislature, the Gauteng Transport Authority Act was promulgated and became effective from 1 November 2019, thereby paving the way for the establishment of the Transport Authority of Gauteng (TAG), which will spearhead the co-ordination and harmonisation of an integrated public transport System in the Gauteng City Region. In this regard and upon request by the Gauteng MEC for Public Transport and Road Infrastructure, the GMA duly assisted in the establishment of TAG.

With regard to the roll-out of the compliance framework and monitoring of the legislative environment within which the GMA operates, compliance reviews and related activities continue to enable the GMA to identify areas of improvement and enhance its compliance with the relevant statutes.

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

With regard to the Zurich dispute, the GMA relied heavily on its intellectual capital to secure judgement in the Province's favour.

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

### 5.5.3 Future focus

In the 2021/22 Financial Year, the Unit will continue with the roll-out of the compliance framework by, amongst 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 continue to 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 a 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 Gautrain Transport Authority.

In pursuing the foregoing initiatives, intellectual capital as well as social and relationship capital will be utilised.

The Unit will further continue to assist, using 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.

Zurich's pending application for leave to appeal the judgment that was granted in favour of the Province will also be opposed, using intellectual capital and the outcome thereof will determine how the matter unfolds. The GMA will, in parallel, also pursue a possible commercial settlement of this matter by engaging Zurich in discussions.

## COMPLIANCE AND LEGAL SERVICES

### VALUE CREATED



## 5.6 Social Investment Programme

The Social Investment Programme (SIP) function runs alongside the everyday business activities of the GMA and it is based on the GMA purpose, which is to transform space, people and the economy through mobility. Our objectives are to create value and decrease inequalities in the communities in Gauteng, particularly along the Gautrain stations, to make an impact and bring about change.

The SIP funds are targeted at projects that support the GMA's purpose and priorities, which align with and contribute to the United Nations Sustainable Development Goals, but are not covered by the operational activities of the business. SIP projects are selected and planned based on the impact on and value created for society and the environment. The GMA sees the implementation of SIP as an opportunity to enhance and expand its positive impact on society and the environment.

### 5.6.1 Performance during the period under review

#### 5.6.1.1 Social investment programmes 2020/21

The Communication and Marketing Unit is responsible for co-ordinating and rolling out the SIP activities of the GMA, as per APP number 24, which is to oversee the SIP activities that are based on the following focus areas: education, community care and environment.

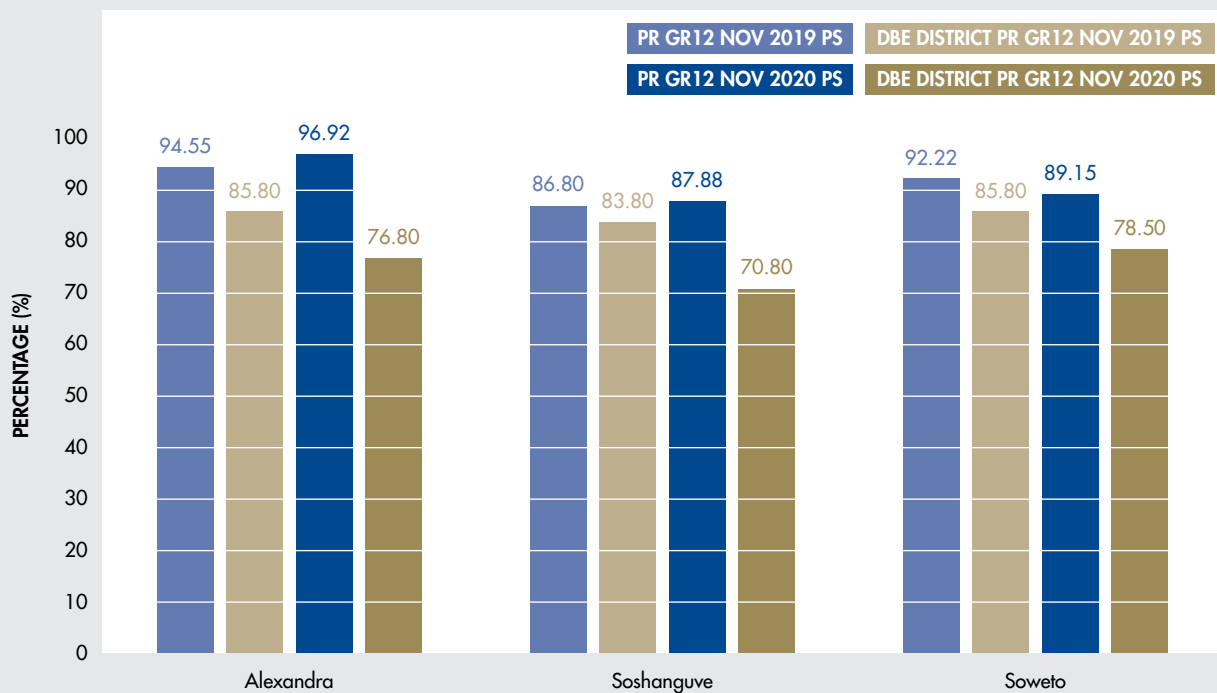
The Unit's objectives for the Financial Year were to:

- continue managing and monitoring SIP projects and the budget;
- close off five SIP projects as the contracts were concluded;
- assist GMA SIP beneficiaries during the COVID-19 pandemic and
- develop and implement an Employee Corporate Social Investment Programme.

#### 5.6.1.2 SIP project progress

In 2020, most of the active projects were paid their last tranches and exited the GMA SIP programme, with the exception of TRAC, Klipspruit West Centre and the University of Cape Town (Black Young and Gifted Programme).

The Technology Research Activity Centre (TRAC), based within the University of Stellenbosch, is involved in education interventions to help uplift the standard of education in South Africa. The TRAC SA Programme is a non-profit programme to support science, applied mathematics and technology education in secondary schools to enable and encourage learners to enter careers in science, engineering and technology. GMA SIP has been supporting 15 TRAC schools in Tshwane, Soweto and Alexandra since 2015. Despite the challenges faced in 2020 due to the outbreak of COVID-19 and the subsequent closure of schools for an extended period, TRAC matric learners from the GMA supported schools managed to produce impressive matric results demonstrating the Centre's commitment to the development of young people. The matric results are shown below.



Graph 6: Historical pass rate performance

- The pass rate in Alexandra improved from 2019 to 2020, from 94.55% to 96.92%.
- In Soshanguve there was a 3% difference between the DBE district and the TRAC schools in 2019. This difference represents an increase of over 17% in 2020. The pass rate also improved from 86.8% in 2019 to 87.88% in 2020.
- The difference between the Soweto TRAC schools' performance and the DBE district in 2019 was 6.42%. This difference amounts to an increase of more than 10% in 2020.
- The Soweto pass rate dropped by only 3% (from 92.22% to 89.15%), compared to the district's pass rate which dropped by 7.3%.

#### Klipspruit West View Centre

The Centre is currently facing challenges that are causing delays in the project being completed. GMA is working hand in hand with the organisation to resolve the delays. A new Memorandum of Understanding will be entered into with the organisation in the new Financial Year to realise the organisation's vision and dreams for the betterment of the community of Klipspruit, especially its young people.

#### University of Cape Town (Black Young and Gifted)

The University of Cape Town project was halted due to COVID-19. The University is currently reviewing applications for students who are in need of funding and are eligible for the GMA grant.

#### 5.6.1.3 Close-out reports

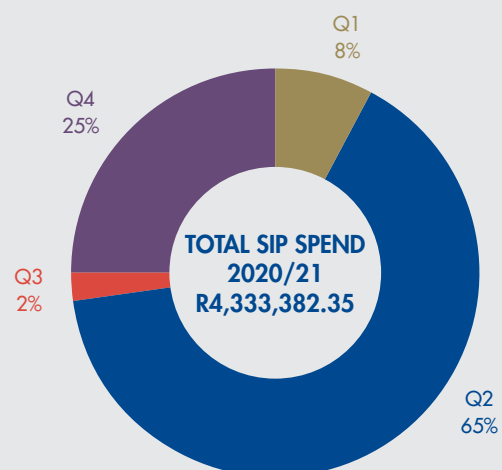
The GMA contracted Trialogue as the service provider to support the Monitoring and Evaluation (M&E) of the SIP projects and the closing of several projects, which included conducting final interviews to understand the outcomes and impact the projects achieved, as well as the challenges encountered, highlighting lessons learnt and making recommendations for the design, implementation, and strategy going forward.

In summary, the concluded projects were evaluated based on the results of the following five criteria: project design, project implementation, project outcomes and impact, project sustainability and risk and business alignment. The overall success of the projects was good and the way they were implemented and managed, as well as the impact they made on the community was positive and well-received. The three projects mentioned earlier are still ongoing and will be monitored until their contracts are concluded in mid-2021.

As part of the closing of the first SIP cycle and to give an overview of the projects' support and capture the journey, GMA produced a SIP Fact Sheet. The SIP Fact Sheet is available on the website for easy reference. In addition to this, a case study focusing on the outcomes and lessons learnt is being produced and published.

#### 5.6.1.4 SIP spend for 2020/21

The SIP funds are invested in different markets to ensure that they generate interest. Interest earned and income from other Gautrain projects will be used for new projects going forward. The following graph outlines the SIP spend per quarter in the 2020/21 Financial Year. The total amount spent was R4,333,382.35.

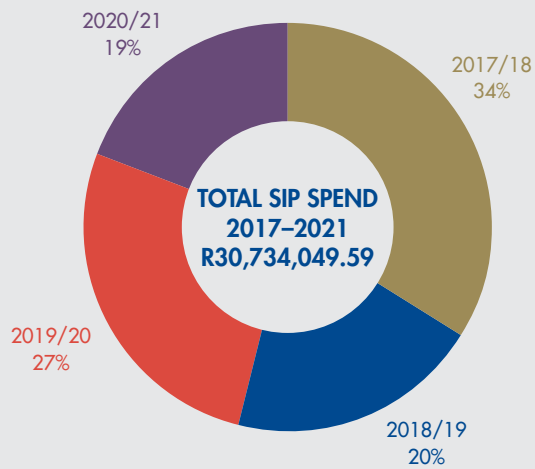


Graph 7: Spend on beneficiaries and administration fees

Table 10: Organisations and projects that were closed in the 2020/21 Financial Year

SIP beneficiary	Name of the project
African Academy	N4/N5 Multidisciplinary Drawing Course (MDDOP)
Afrika Tikkun	Child and Youth Development Programme
Pillsbury Childcare Centre	Pillsbury Childcare Centre
Thandulwazi Trust Maths and Science Academy	Saturday School Programme Teacher Development Programme
Tomorrow Trust	Holiday and Saturday School Post-secondary Programme

The overall SIP cycle one spend to date is R30,734,049.59 and the breakdown per year from 2017–2021 is shown below:



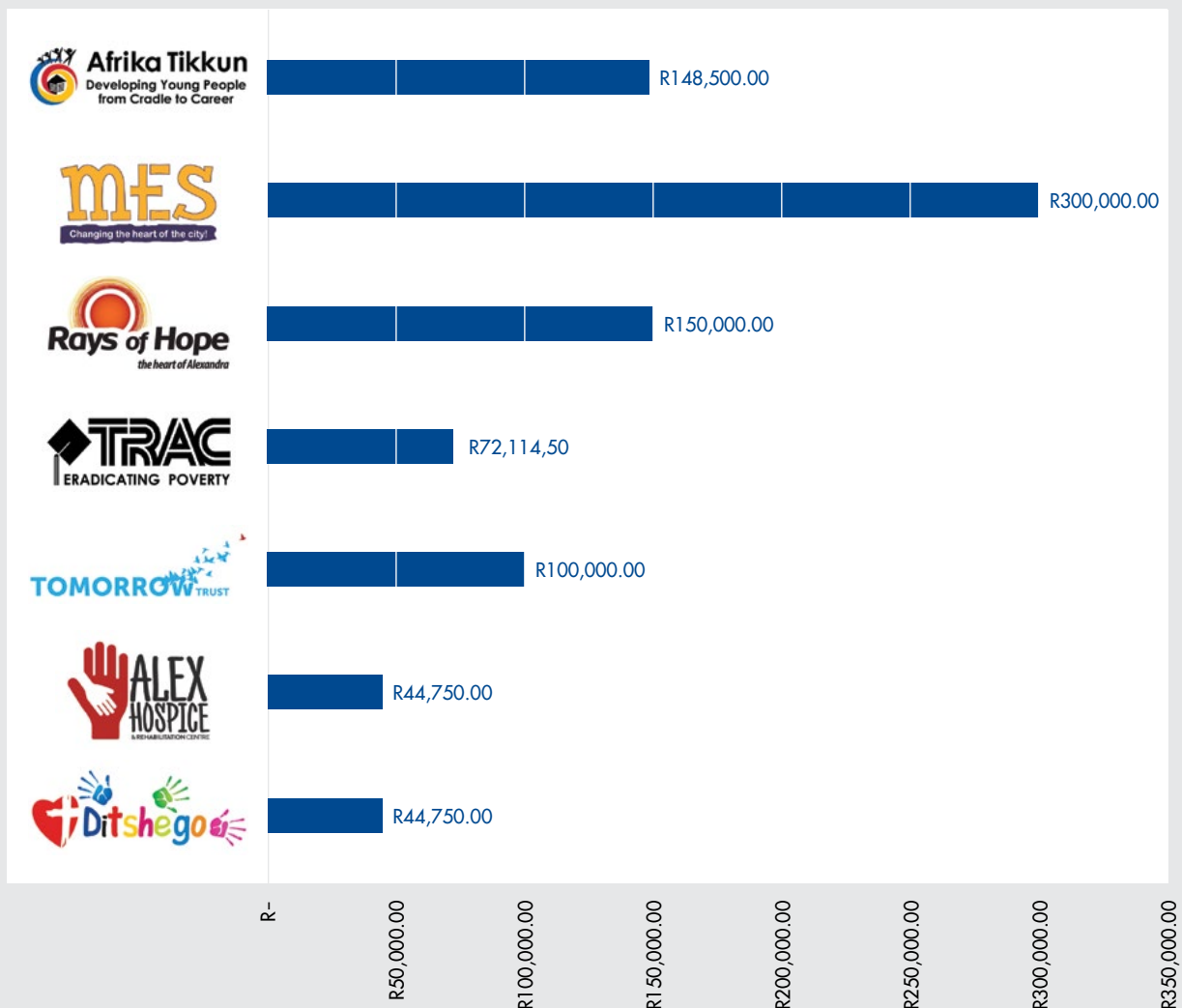
Graph 8: SIP cycle one spend to date

### 5.6.1.5 SIP COVID relief fund

GMA wanted to support its SIP beneficiaries through the difficult circumstances and strain that lockdown regulations may have caused. For this reason a SIP COVID relief fund was put in place. An amount of R1 million was set aside from the SIP account for GMA's current and former beneficiaries.

GMA reached out to its beneficiaries to understand their needs and what monetary values would be needed to ensure they could continue working through the lockdown period. The funds were mostly used for food, protective gear and educational equipment to support ongoing learning. The extra funds went a long way for the beneficiaries who were grateful for any support received. All of GMA's SIP beneficiaries managed to sustain their services through the lockdown period and continue to support the communities they work in.

The following graph shows an overview of all beneficiaries supported and the value that each organisation received:



Graph 9: SIP COVID relief fund allocations





Caregivers at Alexandria Hospice

GMA understands that, through its employees, it has a pool of knowledge and support which it can give to less fortunate communities. For this reason, GMA investigated the feasibility of launching a type of employee volunteerism programme, allowing GMA staff to give time and share knowledge to help others.

To understand the needs of communities, the GMA conducted interviews, spoke to beneficiaries and then developed an Employee Corporate Social Investment Programme (ECSIP) to consider the various ways in which employees could contribute and how this would be managed. An ECSIP policy was developed to guide the actions of the ECSIP which will be launched in the first quarter of 2021/22.

### 5.6.2 Value created

The COVID-19 pandemic showed a need to redefine relations between organisations and communities that they serve. In the year under review, the GMA strived to work on its relationship with the communities, mostly those that were affected by the COVID-19 pandemic, through the SIP COVID relief fund.

The Agency also succeeded in continuously engaging the Alexandria community, particularly in Ward 105 along the Marlboro station. GMA understands how key the community of Alexandria is to the business; hence building and maintaining a good relationship with them is important. The GMA together with Pikitup collaborated with the community in a clean-up campaign and fun walk. The GMA and the community have a shared vision to see Alexandria transform the lives of the people in the area, impacted in a positive way through programmes that both partners plan to embark on in the new Financial Year.

### 5.6.3 Future focus

- The ongoing SIP Cycle one projects will be monitored and closed off, completing the cycle with a case study outlining the learnings.
- The start of the 2021/22 Financial Year marks the start of the next SIP cycle and the support for new projects and beneficiaries.
- The Employee Corporate Social Investment Programme will be launched to staff and implemented.

**SOCIAL INVESTMENT PROGRAMMES**

**VALUE CREATED**

## 5.7 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 mobility services, using midibuses. The minibus 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 mobility service in areas where other modes of transport service are not suitable.

### 5.7.1 Performance during period under review

The GMA facilitated engagements with public transport stakeholders to enable the implementation of an MFDS partnership model and to strengthen stakeholder relations. 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 to increase the geographical footprint of the feeder and distribution network to meet the demand for public transport. The performance of MFDS routes exceeded projected demand and management expectations and GMA continues to ensure that there is enough capacity to carry passengers.

### 5.7.2 Value created

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 a significant drop in passenger numbers due to COVID-19, but these services have experienced recovery of passenger numbers and growth on some routes during the last quarter of this period. As a result, the revenue generated through MFDS continues to benefit the taxi industry by making the industry a sustainable business and through creating additional employment opportunities in partnership with the taxi industry. 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 due to the relaxation of COVID-19 restrictions and promotion of MFDS on media platforms.

The midibus partnership model between the GMA and taxi industry creates employment opportunities for both youth and women. The model creates trust between the GMA and the community around the Gautrain System. The rationale for this partnership is to formalise the taxi industry into a sustainable business by integrating the industry with the Gautrain System.

### 5.7.3 Future focus

The GMA plans to increase the footprint of MFDS operations to positively impact other communities near the Gautrain System. These plans include optimisation of existing feeder and distribution services and introduction of new routes to meet the increasing demand for public transport. 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.



## 6. PERFORMANCE: GAUTRAIN-RELATED ACTIVITIES

### 6.1 Train operations

The objective of the train operational System is to operate trains according to an agreed operating plan that, amongst others, translates passenger demand into a rail service with respect to service frequencies and train set configurations.

There are three train services in operation:

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



#### 6.1.1 Performance during period under review

##### *Train availability and punctuality*

The agreed performance norms for train availability and punctuality are 98% and 94% respectively.

Table 11: Train service availability and punctuality

	Q1 (FY 2020/21)		Q2 (FY 2020/21)			Q3 (FY 2020/21)			Q4 (FY 2020/21)			Total 2020/21
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Scheduled trips	3,045	4,852	5,026	4,908	4,855	5,812	6,114	5,542	6,125	5,752	6,352	<b>58,383</b>
Actual trips	3,045	4,851	5,011	4,831	4,817	5,536	5,537	5,537	6,125	5,750	6,350	<b>57,956</b>
Trips cancelled	3	1	4	63	35	274	4	4	-	-	3	<b>393</b>
Early starts	2	-	11	14	3	2	1	1	-	2	1	<b>38</b>
Late arrivals	23	6	16	69	22	21	59	59	19	31	16	<b>316</b>
Service availability	99.84%	99.98%	99.70%	98.43%	99.22%	94.67%	99.84%	99.89%	100.00%	99.89%	99.95%	<b>99.20%</b>
Availability norm	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	<b>98.00%</b>
Service punctuality	99.18%	99.88%	99.46%	98.28%	99.48%	99.58%	99.41%	98.92%	99.69%	99.43%	99.73%	<b>99.39%</b>
Punctuality norm	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	<b>94.00%</b>

The train service operations achieved an average availability of 99.20% and punctuality of 99.39% over the review period. The train service operation maintained a high level on aggregated monthly performance, with the exception of the month of April when Gautrain suspended all services in compliance with the national lockdown and also the month of October when the performance level fell below the 98% target to 94.67%. The train service performance for October was mostly impacted by the industrial action by BOC train drivers and the occurrence of damage to the transformer for the main propulsion system. The timetable and the extent of adherence to the timetable contribute largely to the service quality or time value experienced by users.

The overall decline in passenger trips was 80.95% compared to a decline of 0.26% during the previous year.

Table 12: Passenger trips per Financial Year

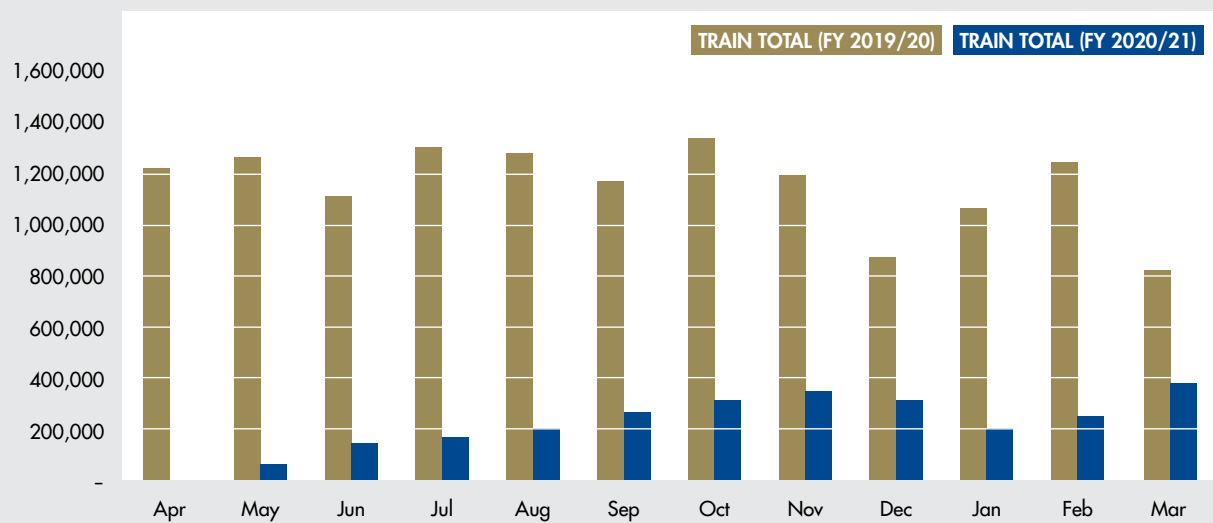
Service Type	Airport Passenger	General Passenger	Total
FY 19/20	1,341,304	12,588,612	<b>13,929,916</b>
FY 20/21	204,434	2,448,726	<b>2,653,160</b>
% change	-84.76%	-80.55%	<b>-80.95%</b>

The significant decline in passenger trips can be attributed to the COVID-19 pandemic in the country.

**Train passenger demand**

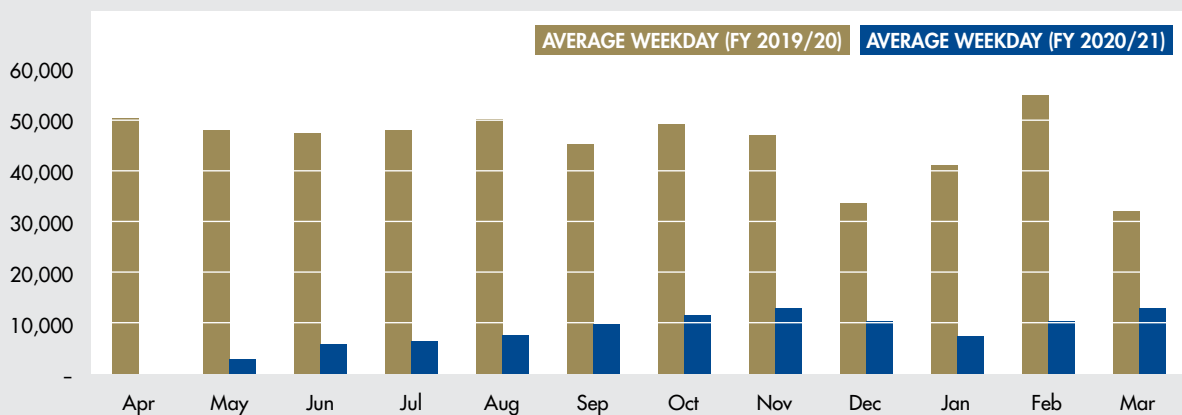
The comparable train passenger numbers or matched trips\* for two financial years are summarised in several graphs below. These include total train passenger trips and a further breakdown in the average number of passenger trips per weekday.

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



Graph 10: Total train passenger trips – monthly for all rail services

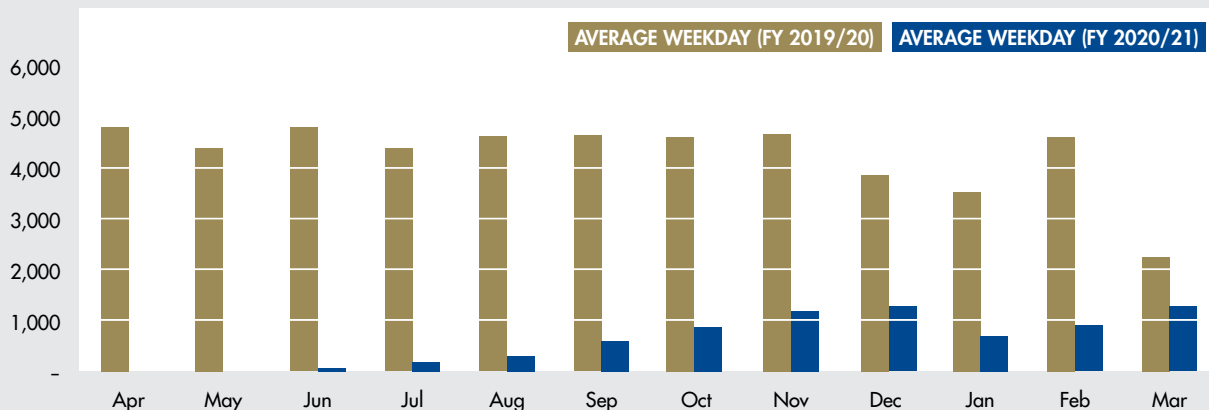
Graph 10 above shows that the total train passenger trips decreased for all months in the 2020/21 Financial Year. The significant decline for the months can be attributed to COVID-19 pandemic in the country, as this resulted in the Gautrain commercial service being suspended in April 2020.



Graph 11: Average General Passenger Service trips – weekdays

The average General Passenger Service (GPS) trips have decreased for all the months of the 2020/21 Financial Year. The significant decline for the year can be attributed to the COVID-19 pandemic in the country. This resulted in Gautrain commercial services being suspended in April 2020.





Graph 12: Average Airport Service trips – weekdays

The average weekday APS trips also declined for all the months of the 2020/21 Financial Year. The significant decrease can be attributed to the COVID-19 pandemic in the country, which resulted in the APS service being suspended in April 2020 and May 2020. The service was reintroduced in June 2020.

#### 6.1.1.1 Train service timetable changes

The COVID-19 pandemic has had the following impact on the train service:

- On 27 March 2020, the Gautrain suspended all services in compliance with the national lockdown.
- On 4 May 2020, the Gautrain resumed services at a reduced capacity of 20-minute headways during weekday operating hours and 30-minute headways during weekend and public holidays (if any). Weekday services were available from 05:23 am to 09:30 am and from 03:00 pm to 07:00 pm.
- On 20 May 2020, service hours were extended with operating hours starting from 05:30 am to 07:00 pm. System capacity was increased by reducing (expected) peak period headways to 15 minutes with off-peak period headways remaining at 30 minutes. Weekend and public holiday services headways changed to 60 minutes.

- The Airport Passenger Service was reintroduced on 1 June 2020.
- On 5 August 2020, the Gautrain service hours for weekdays, weekends and public holidays were extended to 08:30 pm, with weekend service headways reduced to 30 minutes.
- On 28 September 2020, the Gautrain decreased the peak period headway to 12 minutes and the off-peak headway to 24 minutes. Weekend and public holiday headways remained unchanged at 30 minutes.

Measures taken by the GMA, the Concessionaire and the Operator to limit the spread of COVID-19 included:

- Sanitising of trains at terminal stations (Park, Hatfield, Sandton and OR Tambo).
- Sanitising of buses and midibuses before each departure from stations.
- Mask wearing was compulsory for all passengers.
- Train carrying capacity was increased as per regulations to 100% of seating capacity.
- 8-car trains were introduced when maximum carrying capacity was at risk of exceeding allowable carrying capacity.



Since the commencement of operations

*R1 billion*

was spent on procurement from black entities

### 6.1.2 Value created

A dedicated and experienced workforce continuously monitors train operations 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. Train and station operations were slightly tweaked to make provision for the requirements to comply with COVID-19 regulations which also had an impact on human capital.

The vast array of 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 to forecast passenger numbers serves as a critical input that provides the GMA with 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 sustainability of GMA's intellectual capital.

The train operations currently make a daily contribution to reducing the use of fossil fuels as it provides the citizens of Gauteng with an alternative to the use of private cars. It also has the potential to reduce congestion on the road system as well as contributing to a reduction in road fatalities.

The maintenance of locally assembled rolling stock used in current train operations continues to use sub-components that are sourced locally. Locally manufactured components are used in the day-to-day operation of the System, e.g. uniforms.

The train operations played a critical role in the provision of a safe and reliable transport service in the midst of COVID-19 pandemic when the country was lowered to alert level 4 of the COVID-19 Risk Adjusted Strategy. The train service maintained 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 collective responsibility to enhance the lives of the commuters by providing a reliable, safe and fast rail service.

### 6.1.3 Future focus

The GMA will continue to monitor and direct the train operations as the life cycle of the service changes to ensure that signs of a decline in service standards can be addressed timeously in the interest of passengers. This bodes well for GMA's strategic direction that seeks to maintain performance excellence on Gautrain.

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

## 6.2 Feeder and distribution operations

The Gautrain Dedicated Feeder and Distribution Services (DFDS) or bus services, operate mainly on business days. At present there are 26 routes in operation on week days and two during weekends and public holidays. Weekend services are operated between the Pretoria Station and Pretoria Zoo and from the 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 provision of suitable alternative means of transport when there is a problem in operating a full end-to-end rail service.



### 6.2.1 Performance during period under review

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

Table 13: DFDS or bus service availability and punctuality

	Q1 (FY 2020/21)		Q2 (FY 2020/21)			Q3 (FY 2020/21)			Q4 (FY 2020/21)			Total 2020/21
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Service availability	99.59%	99.89%	99.95%	99.94%	99.95%	99.89%	99.97%	99.98%	99.93%	99.97%	99.94%	<b>99.89%</b>
Availability norm	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	<b>99.00%</b>
Service punctuality	99.63%	99.79%	99.93%	99.98%	99.98%	99.97%	99.98%	100.00%	99.96%	99.98%	99.99%	<b>99.93%</b>
Punctuality norm	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	<b>95.00%</b>

The monthly aggregated performance on availability and punctuality was above the performance norm throughout the review period, with the exception of the month of April when Gautrain suspended all services in compliance with the national lockdown. Overall, the bus service achieved an aggregated availability of 99.89% and punctuality of 99.93%.

The consistent high-performance levels of bus punctuality were sustained due to lower than usual traffic congestion around Park, Sandton and Midrand Stations owing to fewer cars on the road during peak periods.

The decrease in passenger trip numbers for the bus service in the year under review is 79.75% compared to 2019/20 (see the table 14). The decline was largely attributed to the COVID-19 pandemic in the county. The previous year's increase relative to the year before was 6.84%.

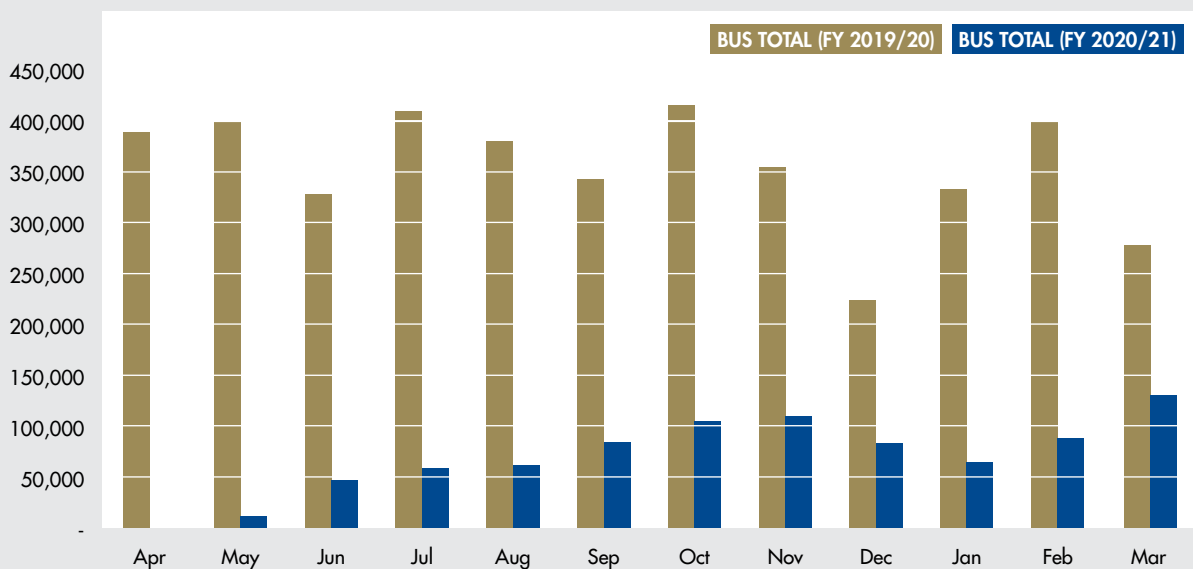
Table 14: Bus service passengers per Financial Year

Service Type	Bus Total
FY 19/20	<b>1,341,304</b>
FY 20/21	<b>204,434</b>
% change	<b>-84.76%</b>

During the year under review, the bus services sustained a level of between 23% and 42% of rail trips being supported.

#### Passenger demand

Graph 13 below shows that passenger demand for the bus service decreased for all the months in the year under review.



Graph 13: Bus service monthly passenger demand

The significant decline for the months can be attributed to the COVID-19 pandemic in South Africa and most notably when Gautrain suspended all services in the month of April when the country went into national lockdown.

Feeder and Distribution Service timetable changes:

- DFDS routes were systematically reintroduced into service from 4 May 2020 to mitigate the risk of COVID-19 infections. The first eight DFDS routes reintroduced were: H3 – Arcadia, P3 – Pretoria CBD, M3 – Sunninghill, S3 – Rivonia, S4 – Randburg, S5 – Fourways, J1 – Parktown and J2 – Johannesburg CBD.
- The M2 (Noordwyk) route was reintroduced from 18 May 2020.
- All DFDS services were reintroduced in June 2020.

Further DFDS and MFDS headway changes were updated in line with changes to the train service.

### 6.2.2 Value created

A dedicated and experienced workforce continuously monitors feeder and distribution operation outcomes in terms of patronage and quality of service to ensure that the interests of passengers and the GMA are protected. Innovative solutions are proposed to the Concessionaire and discussed in several forums to ensure relevant implementation. The DFDS operations had to comply with COVID-19 regulations, which also had a direct impact on human capital.

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

The feeder and distribution operations make a daily contribution to reducing the use of fossil fuels, as this provides the citizens of Gauteng with an alternative to the use of private vehicles that mostly comprise a single occupant.

The ongoing bus fleet replacement programme continued to play a pivotal role in supporting the local supply chain, in a period where local manufacturing was impacted by the economic downturn, due to strict localisation requirements.

The feeder and distribution operations are currently cross-subsidised by the rail System and have acceptable levels of cost coverage which contribute 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 Gautrain's feeder and distribution service played a critical role in the provision of a safe and reliable transport service that adhered to the strict COVID-19 regulations and guidelines. DFDS routes were systematically reintroduced into service from 4 May 2020 to mitigate the risk of COVID-19 infection.

The feeder and distribution operation continued to facilitate 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 values and behaviours can be shared. The entities involved in the feeder and distribution operations have a collective responsibility to enhance the lives of commuters by providing a reliable, safe and fast rail service.

### 6.2.3 Future focus

The bus fleet renewal programme that has resulted in the replacement of the buses that have surpassed the 10-years age limit is still ongoing. As part of Operation Shift, a review of bus operations is underway to optimise services and routes, as well as to ensure appropriate alignment with train services, before confirming the need for any additional vehicles to the bus operations.





### 6.3 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-conformity 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.

#### 6.3.1 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, amongst 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 penalties being imposed.

Table 15: Penalty percentage as validated by the PMC

Major Performance Measurement Groups	Penalty Percentage Weight	Q1			Q2			Q3			Q4		
		Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21
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%
<b>Total Penalty Percentage (PP)</b>	<b>100%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>0.00%</b>	<b>4.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>



Two penalties were levied during the period under review, in the performance areas of Train Operational Service Group and Cleanliness and Damage Repair Group. The penalty on Train Operational Service was levied due to under-performance on availability resulting from protracted industrial action by train drivers and the occurrence of damage to the transformer for the main propulsion system (October 2020) whilst the penalty in the Cleanliness and Damage Repair Group was levied on escalator availability under-performance (November 2020).

**6.3.2 Value created**

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

Through a process of continuous learning and development, GMA relies on internal skills and expertise to meticulously monitor performance trends to ensure continuous improvement of the System’s performance.

GMA preserves its financial capital through its performance assurance function that enforces performance deduction for non-adherence to pre-defined performance norms or standards. To achieve this, GMA verifies the veracity of the monthly performance information provided by the Concessionaire. Penalties are levied for each performance indicator according to the level of performance achieved against the set target performance level.

**6.3.3 Future focus**

The GMA will continue to monitor the System’s performance on all key result areas to ensure that signs of a decline in service standards can be addressed timeously in the interest of the passengers.

**6.4 Station operations**

Train station performance, conditions and level of service are pivotal in growing ridership on the Gautrain System. Station staff and security are on the front line 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 GPG.

The impact of the COVID-19 pandemic and the subsequent lockdown reduced station entries and exits for the 2020/21 Financial Year. The GMA, Concessionaire and the Operator embarked on extensive measures to ensure that safety measures, such as physical or social distancing, sanitising and lockdown regulations were strictly adhered to.

**6.4.1 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. Monthly Performance Committee meetings are held to discuss the Concessionaire's performance in relation to the performance targets set in the CA and penalties are applied for under-performance.

The Concessionaire reported a station cleaning key performance indicator of 100% for this Financial Year. This is an improvement from the 2019/20 Financial Year measurement of 99.8%. Both station condition and System infrastructure condition KPI's were measured at 100% for this Financial Year.

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

**PERFORMANCE MANAGEMENT**

**VALUE CREATED**



### 6.4.2 Value created

Quarterly and monthly committee meetings create platforms for constant communication and engagement on outstanding issues and improvement projects. Official communication and minutes are documented and stored to ensure accountability.

The Output Indicator 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 needed urgent attention.

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

EMV card sales have consistently outsold web application sales since the reopening of the Gautrain System in May 2020.

The GMA is investigating the use of solar energy at Gautrain stations to reduce its carbon footprint. This initiative will reduce the System's dependence on the Eskom grid, as Eskom is overwhelmingly dependent on fossil fuels for energy.

As part of improvements to the ticketing system, the Gautrain application also allows for gold cards to be reloaded electronically. This has allowed passengers to reload their Gautrain cards without using TVMs and TOMs and has further reduced passenger queue times and reduced future ticketing resource requirements at stations.

The GMA has embarked on a retail strategy that incorporates transit-orientated development as part of the Gautrain Capacity and Revenue Study. Gautrain train stations currently serve as efficient transfer nodes, but the stations have the potential to enhance travel amenity through the creation of unique retail experiences for passengers. The introduction of retail opportunities within the station precincts could support local entrepreneurship and small businesses, increasing economic activity and unlocking new economic opportunities for local communities around the stations.

Passenger satisfaction surveys indicated high levels of satisfaction.

### 6.4.3 Future focus

Station capacity improvement initiatives are guided by the System's 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.
- The improvement of station vehicular and pedestrian movements is 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, unlocking additional value for passengers by reducing their total commuting time.

## STATION OPERATIONS

### VALUE CREATED



## 6.5 System security

The Gautrain System continues to be a safe and reliable public transport System. To maintain this, the GMA ensures that the Concessionaire adheres to the System's security performance measures outlined in 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. The GMA has placed more focus on ensuring the security of precincts within which Gautrain stations and the rail reserve are located.

### 6.5.1 Performance during period under review

The GMA monitors the performance of compliance with the CA and other agreed thresholds for Physical Security of Passengers (PC4 S1) and Safety of Passenger Property (PC4 S2). During the current Financial Year, no thresholds were exceeded for both PC4 S1 and PC4 S2 incidents.

The GMA reviewed the security philosophy in the Financial Year and developed an integrated security strategy to address challenges affecting the security environment. The strategy highlights how the security enhancements will be developed to improve the security environment as an integrated transport System. The implementation of the security strategy will be done in consultation with the Concessionaire and relevant stakeholders. The Concessionaire continues to monitor and manage rail reserve events to mitigate security risks within or along the rail reserve. The number of average rail reserve events remained stable and there were no incidents of cable theft reported in the Financial Year.

### 6.5.2 Value created

The COVID-19 pandemic impacted the number of passengers transported by the Gautrain System. However, the security of the System was maintained and no cable theft incidents occurred during the Financial Year. The reliability and efficiency of the System due to a reduction in security incidents contribute to the availability and punctuality of the service. The GMA continues to ensure the Concessionaire deploys effective security measures to safeguard Gautrain commuters and infrastructure whilst maintaining operations.

The Gautrain System continues to be a safe and reliable public transport service and the Concessionaire managed to minimise security incidents during the current Financial Year. The GMA conducted rail reserve security inspections to identify external security threats. These rail reserve security inspections play an important role in enabling the GMA to undertake its key assurance role. The GMA, collectively with other key stakeholders, has managed to maintain meaningful relationships with communities around the Gautrain stations.

Securing Gautrain assets is important as it has an impact on the Gautrain natural capital (i.e. land). The security of Gautrain assets will result in a positive impact on land management around Gautrain stations. One of the most important aspects of the Gautrain System is the high level of security of passengers and passenger property.

### 6.5.3 Future focus

The GMA will continue to monitor the performance of the Concessionaire in terms of the performance measures in the CA. The GMA will ensure that the security initiatives developed in terms of the integrated security strategy are implemented in consultation with the Concessionaire and relevant stakeholders. The security of the Gautrain System will continue to be improved and security risks mitigated to ensure that the infrastructure and commuters are secure.





## 6.6 Systems capacity and expansions

System capacity is separated into rail service, bus service and park-and-ride capacity. The focus is on short- 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 the latest trends.

The impact of COVID-19 has delayed the required implementation dates for interventions that would increase capacity and subsequently these projects have been placed on hold. The GMA, together with the Concessionaire, is monitoring demand on the System via the quarterly and monthly Capacity Committee meetings and will action capacity interventions when required.

### 6.6.1 Performance during period under review

Passenger trips have declined, relative to the previous Financial Year. This can be attributed to reduced public transport usage and previous passengers working from home as a result of the ongoing COVID-19 national lockdown. These factors have alleviated current Gautrain System capacity constraints in the short-term.

Zero train or DFDS overcrowding events were recorded during the period under review. This means none of the current 26 bus routes (one of which is currently being piloted) were under capacity pressure during peak hours during normal operations.

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

### 6.6.2 Value created

The GMA has a culture of retaining and acquiring highly skilled individuals who can fulfil the Agency's strategy. These employees drive innovation, timeously prepare the System for growth and optimise asset utilisation.

Intangible, tacit information within an organisation that provides competitive advantage includes 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 knowledge management and the Gautrain reputation.

The Gautrain System reduces our economy's reliance on fossil fuels by providing a reliable alternative to private vehicle commuting.

The procurement of additional rolling stock will increase the capacity of the Gautrain System, providing sufficient capacity for the Gautrain System to grow with predicted passenger demand and will assist with possible post COVID-19 lockdown social distancing requirements.

The purpose of the Gautrain Capacity and Revenue Study is to grow the Gautrain System in line with patronage and to introduce additional revenue streams that will improve the level of cost coverage as well as enhance the passenger experience.

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.

## SYSTEMS CAPACITY AND EXPANSIONS

### VALUE CREATED



### 6.6.3 Future focus

It is the responsibility of management to provide adequate rail service capacity in the peak periods with the available rolling stock and demand management tools. It is forecast that available rolling stock will reach capacity in the short- to medium-term, while opportunities for additional capacity are limited to:

- The re-configuring of the train's seating layout;
- The improvement of the signalling layout to allow for shorter headways;
- The procurement of additional rolling stock, including the addition of train set staging and maintenance capacity;
- The roll-out of auto coupling to allow for greater flexibility and faster transition between peak and off-peak services;
- Additional 8-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;
- The Centurion–Sandton shuttle would increase capacity along the highest carrying links;

- To improve bus utilisation and increase the Gautrain's impact, the GMA has embarked on a Bus Ridership project that seeks to establish new bus routes and grow the integration of midibus services into the current DFDS service offering. The proposed new bus fleet will also include 9-meter buses (the smallest bus in the original fleet was 12 meters) to improve capacity utilisation.

The GMA intends to (in the medium-term) increase the number of train sets for which seats will be removed to allow for more standing space. These train sets would be operated in the 4-car time slots during peak to improve passenger convenience and reduce dwell times. After implementation, passenger satisfaction will 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. Parking capacity expansion will be informed by post COVID-19 reviews.



## 6.7 Asset maintenance, management and assurance

A key strategic outcome 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 operations and maintenance of the Concession period. 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 life cycle of System assets. The Gautrain assets are classified as 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.

### 6.7.1 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 Annual Performance Plan (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 form part of the KPI's for the year in review:

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

All KPIs set for the GMA in the APP have been achieved and the table below outlines the achievement.

**Table 16: 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 monthly asset and maintenance	12	12

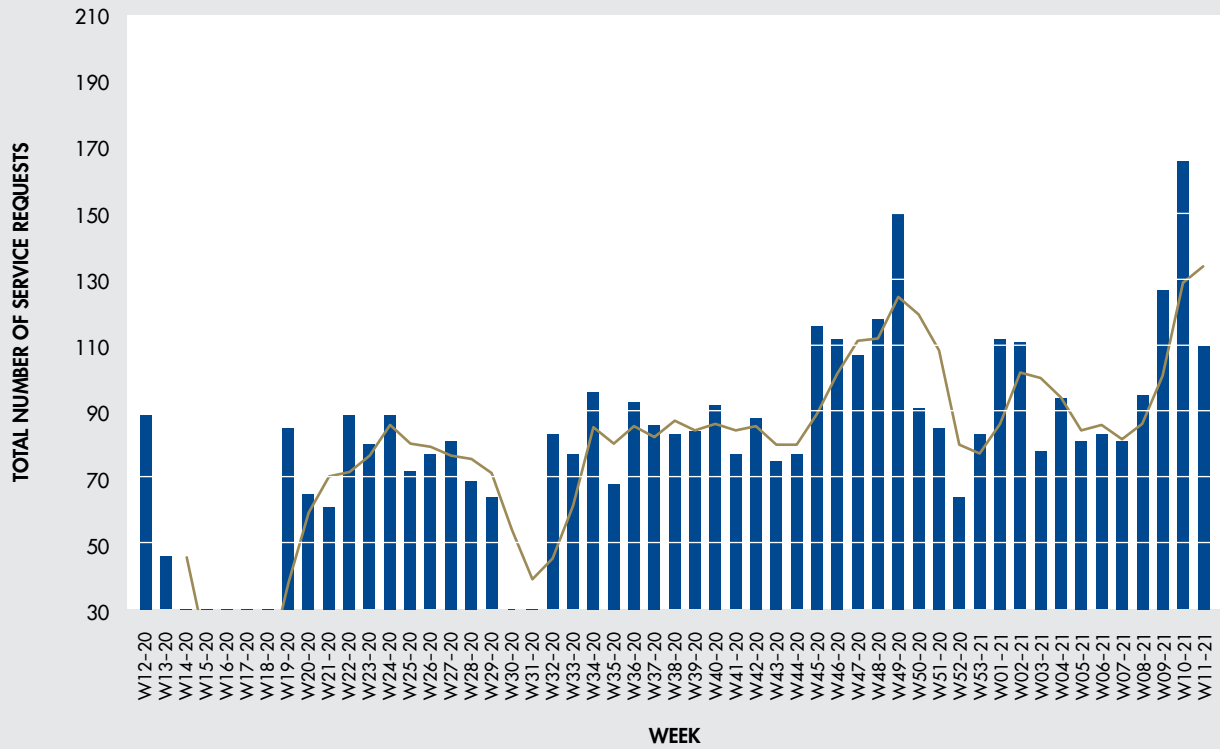
Other achievements during the year under review include:

- Capacity optimisation – the following projects that are aimed at enhancing customer experience and indirectly influencing ridership are at various stages of the project life cycle:
  - The project to automatically couple and decouple train sets to enable faster deployment into service of longer trains to create more capacity on demand, is currently underway with the first phase of the project having been completed.
  - The manufacture of the new generation fare gates to alleviate capacity constraints at fare gates in three of the Gautrain stations is currently underway. The Factory Acceptance Test (FAT) is planned for mid-May while delivery is planned for the end of June 2021.
- Preparation for the transfer of the System to the successor Concessionaire:
  - The Concessionaire has continued to close the majority of the audit findings from the Province's audit project to determine the condition and the remaining useful life of Gautrain assets conducted in 2018.
  - The programme for transfer of the Gautrain assets to the Province and handing over to the successor Concessionaire has been developed. This programme provides a comprehensive schedule for sequencing of key projects and/or activities for the programme.
  - The GMA has also developed the terms of reference for the second audit project to determine the condition and the remaining useful life of Gautrain assets in line with the GMA Asset Management Policy to conduct this audit every three years. It is planned that the service provider would be appointed before the end of the new Financial Year.

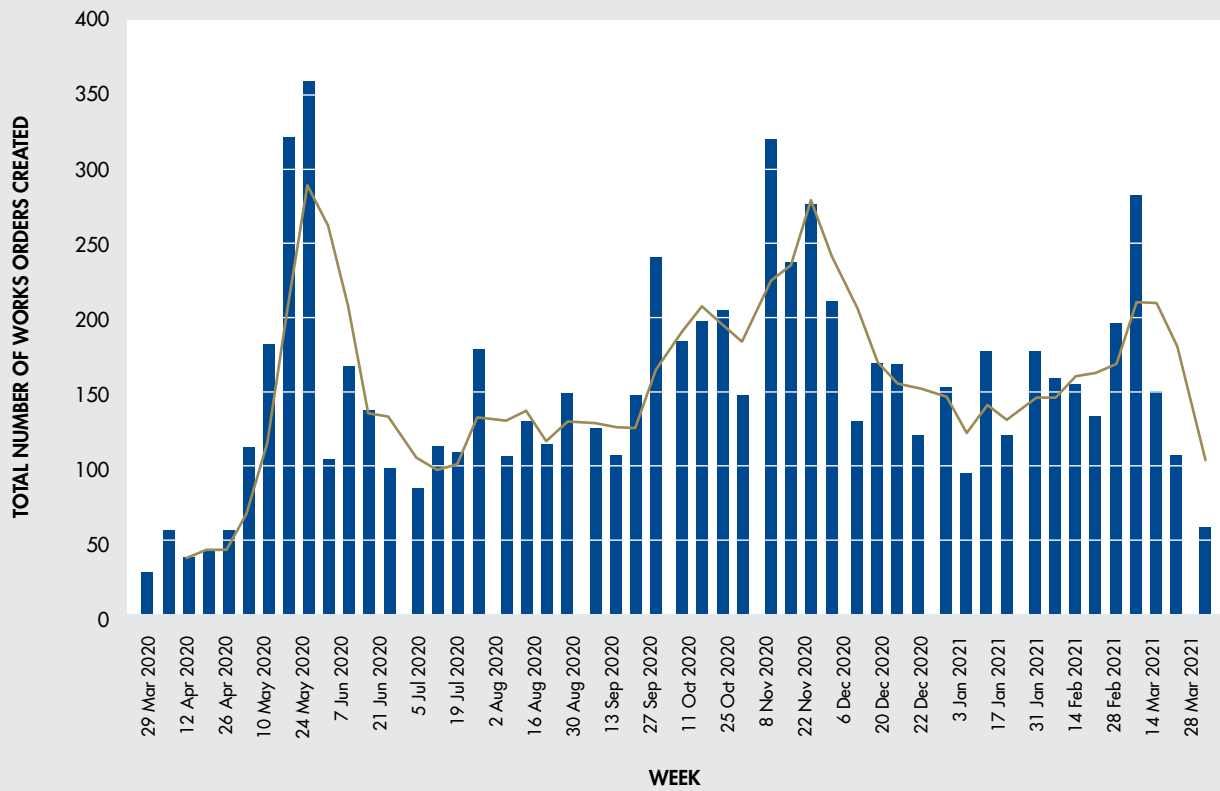
### 6.7.2 Integrated system approach

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 14 and 15. All service requests are generated from the Maintenance Management Information System called MAXIMO.

The reduction in service order requests for the weeks during March and April was due to the System closure as a result of the COVID-19 national lockdown.



Graph 14: Core System total number of service requests



Graph 15: Non-core System total number of service requests



### 6.7.3 Value created

One of the Strategic Outcomes of the GMA on which the function of asset and maintenance assurance focuses is to manage the finances of the project and the financial securities provided by the Concessionaire, as well as to manage assets relating to the project and promote their preservation and maintenance. These outcomes require human, intellectual, natural, manufactured, financial and social and relationship capital.

Human capital provides technical expertise and leadership acumen that is key to developing and implementing strategies to direct the Concessionaire and audit its compliance. Therefore, staff have continued to attend both technical and leadership training that is aligned with their core functions and developmental goals.

The expertise of our staff, their tacit knowledge as well as innovative processes at the GMA have enabled all assurance activities within the asset and maintenance assurance function to be undertaken with agility in order to meet the set APP targets under periods of uncertainty as a result of the COVID-19 pandemic.

As part of our contribution to preserving natural capital, strategies and plans have been developed for integrated sustainable mobility which seek to minimise the carbon footprint throughout the value chain of our service offering in support of sustainable development goals (UN SDGs) and action on climate change.

The Concessionaire is at various stages/phases of completing upgrades and replacements to the relevant asset groups in line with the contractual arrangements of the CA. These include traction power system protection and control relays, closed circuit televisions and public address systems installations and replacement of the dedicated feeder and distribution system buses. The manufacture of additional fare gates (i.e. the new generation fare gates) is currently underway. The Concessionaire has started with the second phase of major maintenance of station escalators, i.e. replacement of handrails and other critical components.



Since the commencement of operations

*R327 million*

has been spent on procurement on South African plant and equipment

No unplanned expenditure is anticipated, except for that which is associated with the impacts of COVID-19 and the payment of monthly invoices for committed operational and maintenance costs.

The health and safety of our passengers and stakeholders remains our priority. Social distancing, including hand sanitising measures have continued at the stations, trains and dedicated feeder and distribution system with the aim of minimising the risk of COVID-19 to the Gautrain stakeholders, e.g. passengers, employees, suppliers, etc.

#### 6.7.4 Future focus

Several strategic initiatives to address patronage, capacity and sustainability challenges, as well as planning work for the transfer of assets are currently underway and continue to be amongst the priority focus areas for the 2021/22 Financial Year.

These include:

- Issuing of relevant Province Variation Notices for integrated station and precinct improvements and capacity upgrades to the Concessionaire;
- Conducting feasibility studies for system-wide implementation of renewable energy in the Gautrain System;
- Appointment of the service provider to conduct an audit to determine the condition and the remaining useful life of Gautrain assets, for input into the asset transfer and handing over programme;
- Development of post-2026 asset management and maintenance requirements specifications as part of the information pack to inform the Province's minimum requirements for the successor Concessionaire and

- Further development of the User Asset Management Plan (U-AMP) for System assets in consultation with the Gauteng Department of Roads and Transport (GDRT) and the Department of Public Works Infrastructure (DPWI) to prepare the Gautrain System to comply with the Government Immovable Asset Management Act (GIAMA) ahead of this becoming a mandatory compliance requirement for the GMA.

### 6.8 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.

#### 6.8.1 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 2020/21, which is in line with the fare evasion rate recorded in 2019/20. (See Table 17)

Blocked Contactless Smart Cards (CSCs) due to tailgating declined from 36.74 per million passengers in 2019/20 to 17.49 per million passengers in 2020/21.

All fare evasion surveys were suspended from 17 March 2020 with only bus checks resuming on 4 May 2020 due to the COVID-19 pandemic. All view counts resumed in June 2020. On-board train checks and station blockades resumed on 28 September 2020. Due to a second wave and the rise in COVID-19 infections, on-board train and bus checks were suspended in January 2021 and later resumed on 16 February 2021.

Table 17: Fare evasion rate

	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Monthly FER</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>
Fare Evasion Norm	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	<b>4.00%</b>	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Quarterly Applicable FER*</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>

\* Quarterly Fare Evasion Rate is based on the previous quarter

### 6.8.2 Value created

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.

BOC and GMA employees collaborated on implementing and monitoring the FEMP that resulted in a reduced fare evasion rate.

Financial exposure to the GMA was adequately managed by ensuring that the fare evasion is maintained at a level of 0.01%.

### 6.8.3 Future focus

FEMP will be continuously revised to cater for new trends such as Europay Mastercard Visa (EMV) and ensure continuous compliance with Payment Card Industry (PCI) Data Security Standards (DSS). In a quest to promote continuous improvement, intellectual capital in the form of Fare Evasion Automated Monitoring System (FEAMS) will be investigated subject to the availability of funds. This will remove restrictions that come with manual fare evasion checks and contribute to the management of financial exposure of the GMA.

Human capital will be crucial in continuously reducing the fare evasion rate.

## 6.9 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.

### 6.9.1 Performance during period under review

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.

Financial Year 2020/21 was characterised by the COVID-19 outbreak and national lockdown that resulted in a complete shutdown of all Gautrain services in April 2020. GPS and DFDS resumed in May 2020, whereas APS only resumed in June 2020.

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

The annual fare adjustment continued to be used as a lever to influence customer behaviour and to encourage usage of the System. This was evident as the broad fare adjustment based on a general CPI of 4.37% was agreed with deferred implementation from 1 June 2020 to 1 October 2020.

The highlights of the fare adjustment are summarised below:

- CPI increase on General and Airport Passenger Service fares;
- R1 increase for peak and off-peak bus fares;
- R1 increase in the cost of the Gautrain Card;
- Reduction of refund fee (handling fee) and
- Reduction in parking fares after 24 hours.

## FARE EVASION MANAGEMENT

### VALUE CREATED



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

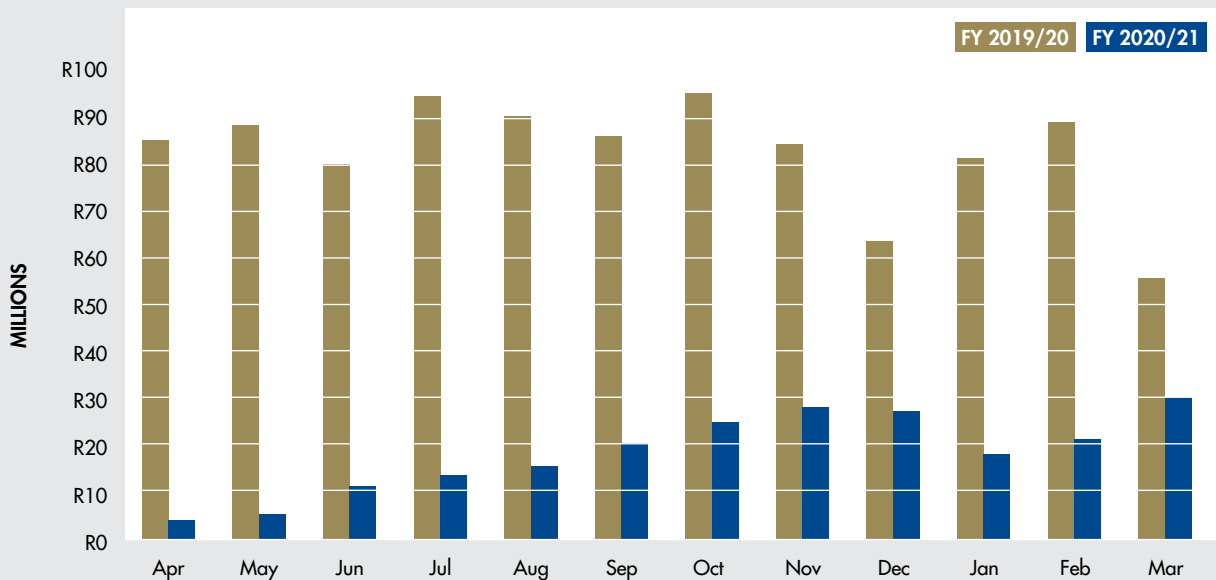
- The 10-trip ticket saving at 7.5%, based on a single train trip standard fare valid for ten days and
- The 44-trip ticket saving at 15% on a single train trip standard fare valid for 40 days.

The pilot on student products was delayed due to the national lockdown that resulted in the shutdown of institutions of higher learning for the better part of 2020/21. The pilot resumed on a lower scale and was concluded in December 2020. Student products went live in March 2021 and are being monitored.

The pensioners' product was not pursued due to COVID-19 and its high risk for the age group of pensioners.

GPS Rail Ticket Product Preference is made up of pay-as-you-go (STR), period products and single and return products. These constitute 72.9%, 18.4% and 8.8% respectively. Period product usage declined by 41% whereas single and return products increased by 53%, while STR also increased by 15.4% compared to 2019/20. This is attributable to most of the passengers still working from home since the COVID-19 outbreak and resultant national lockdown.

Passenger convenience continued to be maintained through offering an option for passengers to load their Gautrain cards through the website and through the use of Europay Mastercard Visa (EMV) compatible cards as an alternative to Gautrain cards. EMV and web sales make up 5.7% and 4.6% (respectively) of ticket sales. This is a decline of 8.3% on EMV usage and 20% for web sales compared to 2019/20.



Graph 16: System revenue





### 6.9.2 Value created

Revenue recorded in March 2021 is at 34.6% of pre-COVID-19 levels – the highest revenue recorded in the Financial Year 2020/21. Gradual growth in revenue is expected to continue as passengers are slowly returning to their offices or work premises.

### 6.9.3 Future focus

The Concessionaire submitted the Annual Fare Adjustment proposal to increase fares by CPI of 3.21% with effect from 1 June 2021. In order to ensure fares remain attractive, there will be no increase on DFDS.

To reduce the burden of the Patronage Guarantee, an additional source of revenue has been pursued by leasing parking at Park Station to a third party. This is expected to run until the end of the 2021/22 Financial Year.

## 6.10 Integration management of the Gautrain with government's transport systems

The GMA has, as one of its strategic outcomes, the integration of the Gautrain System with other public transport services. The GMA aims to achieve this outcome 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.

### 6.10.1 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 continues to ensure financial sustainability of integration initiatives. The implemented integration initiatives facilitate the increase in the impact of the Gautrain System which will lead to growth in usage of the System.

### 6.10.2 Value created

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. 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, is realised through the MFDS model.

The implementation of the MFDS requires midibus vehicles to transport passengers to and from the stations. These midibuses will provide safe and reliable transport services to passengers.

The integration initiatives will provide a quality service that will have a positive impact on passengers. It is envisaged that commuters will switch from the use of private vehicles to public transport in the form of midibuses. This will have a positive impact on the environment as a result of reduced carbon emissions.

## REVENUE MANAGEMENT AND FARE OPTIMISATION

### VALUE CREATED



## INTEGRATION MANAGEMENT

### VALUE CREATED



**6.10.3 Future focus**

The GMA continues to implement its three-year plan to provide mobility services at various stations using the MFDS partnership model in the new Financial Year to increase the public transport network of the Gautrain feeder and distribution services. The GMA further plans to optimise the existing mobility services (midibus and bus routes) 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 and explore the need for micro mobility services to facilitate integration with the Gautrain System.

**6.11 Land acquisition and way leave management**

One of GMA's strategic outcome is to ensure the protection of the rail reserve and other public transport infrastructure in terms of the 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 continued with the Route Determination process for Phase 1 of the phased Gautrain extensions.

**6.11.1 Performance during period under review**

During the period under review and despite the many challenges brought about by the COVID-19 pandemic, the GMA has processed various GTIA applications from third parties within the set performance target. Most of these applications are for mixed-use high-density developments near Gautrain stations and the rail reserve. To minimise negative impacts on the Gautrain System, these applications were processed in consultation with the Concessionaire. The GMA uses its Geographic Information System (GIS) to primarily manage the Gautrain rail reserve land information and development activities along the Gautrain System.

To ensure the effectiveness and efficiency of the GMA technological tools, the GMA has commenced with the application of drone technology and will continue to embark on implementing measures that provide enhancements to the existing GMA GIS systems. In the current Financial Year key stakeholder engagements on GTIA applications have continued to take place. The GMA will ensure that these engagements continue in the new Financial Year. The GMA conducted GTIA application inspections to ensure compliance by the applicants with the conditions of approval.

**6.11.2 Value created**

The current GTIA applications processes and procedures ensure that the negative impact to the Gautrain System is mitigated. The development of mixed-use high-density developments near Gautrain stations and along the rail reserve continue to make a positive contribution to the increase in land value in and around Gautrain stations and the rail reserve despite the COVID-19 pandemic challenges. Focused engagements with relevant stakeholders on GTIA application matters ensure that the necessary support required is obtained to minimise the negative impact of development activities on the Gautrain rail reserve. The Concessionaire participated 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 manages all GTIA applications in the GIS and ensures that GTIA processes are adhered to. The protection of the Gautrain land leads to the preservation of assets and facilitates the protection of natural resources during the development process.

**LAND MANAGEMENT**

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**VALUE CREATED**

### 6.11.3 Future focus

The GMA will continue to facilitate the protection of the Gautrain rail reserve in terms of the GTIA. Noting that data harvesting and management are increasingly becoming one of the most valuable services in the world, the GMA will continue to use the GIS to manage various forms of data. The GIS will continue to be used and improved in support of management of the Gautrain rail reserve land information and facilitation of the GTIA applications processes. The GMA will continue with the current stakeholder engagements to ensure that development or land use information is shared and analysed with key stakeholders. The GMA will also utilise existing stakeholder relationships to make a positive contribution to the route determination project for the Gautrain extensions in the new Financial Year.

## 6.12 Planning for future capacity

The Gautrain System comprises primary and secondary capacity. Primary System capacity is divided into Rail Service, Bus Service and Park-and-Ride Capacity whilst secondary capacity is divided into Station and Rail Network Capacity. The GMA's capacity and utilisation management of the System entails providing overall assurance of the management of the utilisation of the System that includes, amongst others, the following:

- The overall provisioning of sufficient capacity to increase access to the System, as well as growth in passenger demand;
- Promoting the use of any available rail service capacity;
- Provision of additional rail capacity on the most overcrowded routes to sustain growth;
- Optimising the existing rail network System;
- Continuous optimisation of existing DFDS routes, provision of additional routes and integration with other public transport systems;
- Optimising and introducing additional parking capacity to increase accessibility to the System;
- Optimising and introducing additional amenities at passenger interface facilities to enable servicing of increased passenger demand and
- Conducting various detailed studies and analyses to enable the planning and implementation of informed interventions to maintain and increase the capacity of the System.

The attainment of the above is enabled through the commissioning of several projects whose implementation further seeks to assist the GMA in achieving its purpose of "Transforming Spaces, People and the Economy through Mobility" by providing a System that enables mobility that includes connectivity to economic nodes and activities.

## 6.12.1 Performance during period under review

### 6.12.1.1 Rail Service Capacity

The procurement of the additional Electric Multiple Units (EMUs) and appurtenant depot infrastructure enhancements was put on hold until further notice, with due consideration of the significant impact that the COVID-19 pandemic and related National State of Disaster Regulations have had on mobility and thus passenger demand.

The replacement of the triple seat configuration with a twin seat configuration, as well as the installation and testing of the prototype grab handles on four 4-car trains, have been completed. These train sets are scheduled into service as per the Operator's operational plan. Further development of this project entails awareness, marketing and customer surveys that will inform the roll-out on the rest of the GPS fleet. The full roll-out has also been put on hold given the prevailing conditions resulting from the COVID-19 pandemic.

### 6.12.1.2 Bus Service Capacity

All buses that were procured as part of the bus fleet renewal have operating licences and have been deployed to service. The first 9m bus from the production line has been completed after the prototyping phase.

The project to procure additional buses for the DFDS fleet that also includes, amongst others, the undertaking of a sustainable mobility programme, is in the procurement phase.

Planning for the implementation of additional MFDS routes is ongoing. The projects through which the implementation of additional routes was planned for the period under review are on-hold pending the outcomes of the trialling of automatic fare validating equipment.

### 6.12.1.3 Park-and-Ride Capacity

The construction works at the new parking facility, as well as upgrades to the adjacent intersections are practically complete and are in the process of final handover from the City of Tshwane to enable revenue-generating operations.

### 6.12.1.4 Station and Rail Network Capacity

The undertaking of any future expansions to the stations or rail network will be informed by the outcomes of the project to assess the capacity of the Gautrain Rapid Rail Link System Infrastructure, as well as an investigation into alternative revenue sources that will support infrastructure investments to meet the current and future operational requirements of the System. This project is currently underway and is scheduled for completion in the first quarter of the 2021/22 Financial Year.

### 6.12.2 Value created

The extension of the Centurion Station parking facility has not only increased the asset value of the Gautrain, but has, as part of its bulk services contribution to the City of Tshwane, also upgraded 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.

### 6.12.3 Future focus

The following capacity management interventions are envisaged for the next Financial Year:

- Commencement of revenue-generating operations of the Centurion parking extension;
- Procurement of the additional DFDS buses and thus the initiation of the implementation of the sustainable mobility programme;
- Undertaking and conclusion of the trialing of the automatic fare collection system in the MFDS and thus implementation of additional routes;
- Optimisation of existing feeder and distribution routes and
- Completion of the project to assess the capacity of the Gautrain Rapid Rail Link System infrastructure, as well as an investigation into alternative revenue sources that will support infrastructure investments to meet the current and future operational requirements of the System.

### 6.13 Planning for the future

The 25-Year Gauteng Integrated Transport Master Plan (ITMP25) that was commissioned by the GPG to enable, amongst 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 Gauteng.

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 GMA initiated the implementation of this strategy that began with the undertaking of an extensive feasibility study of the possible extensions to the existing GRRIN.

This feasibility study was carried out under the framework of Public Private Partnership (PPP) procurement in terms of the relevant National Treasury Regulations of the PFMA. The project for these possible extensions was registered as a PPP with Provincial Treasury in March 2014 and was allocated the project number P137.

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, whilst offering value for money and appropriate risk transfer if procured as a PPP. These extensions entail an additional 148 km to the existing GRRIN network, including 18 new stations.

Implementation of the proposed GRRIN 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. The other phases will include further connections to Lanseria, Mamelodi and Boksburg.

The review and acceptance of the Feasibility Study by the respective stakeholders that were consulted during its development, including approval by the GMA Board and the Gauteng Provincial Treasury in April 2017, endorsed the submission of this study to National Treasury for Treasury Approval 1 (TA1) for Phase 1.

## FUTURE CAPACITY PLANNING

### VALUE CREATED





Part of Gautrain's success can be measured, amongst others, by its contribution to making public transport a mode of choice, integration of the Gauteng regions and its communities, its economic and social impact, as well as inducing various property developments along the rail corridor, thus reinforcing these development nodes. The implementation of the GRRIN extensions project will contribute to the GMA's attainment of its purpose of "Transforming Spaces, People and the Economy through Mobility" by applying the successes of the Gautrain, together with any lessons and knowledge learnt or applied thereto, to additional parts of the Province.

### 6.13.1 Performance during period under review

- The outcome of the TAI application as per the original submission of the Feasibility Study to National Treasury in April 2017 is still pending, together with that of an application for provisional TAI for Phase 1 of the proposed GRRIN extensions that was submitted through a letter dated 20 November 2019 following other correspondence and meetings with National Treasury. This correspondence includes the submission of the outcomes of the additional fare scenario testing studies.
- The work that was led by the Government Technical Advisory Component (GTAC) to undertake the financing and funding options study for the GRRIN extensions project, including the provision of support services to enable the implementation of next steps that emanated from the final report as approved by the Development Bank of Southern Africa (DBSA), has been completed. Accordingly, submissions of the final close-out report for this undertaking were submitted to the National Department of Transport (NDoT), as well as National Treasury.
- Phase 1 of the proposed GRRIN extensions project was, after its exclusion from the projects that were published in the Government Gazette as part of the Symposium South

Africa (SIDSSA) of 23 June 2020, subjected to due diligence review by the SIDS Transport Technical Working Group to determine its readiness to go to market for financing and implementation. This review was completed and recommends that the GRRIN Extensions Phase 1 Project, subject to the necessary Treasury approvals, be included in the SIDS 2021 to receive project preparation support.

- The project to undertake the Preliminary Route Alignment Study that will enable the determination of the route for Phase 1 of the proposed GRRIN extensions is under way and has developed to a point where the Draft Preliminary Route Alignment Report is undergoing its final updates prior to being submitted to the MEC for his review and prior to the commencement of the public participation process as per the GTIA. The preparations for this public participation process are also in progress and include due considerations of the management of GMA's risk of liability in terms of the COVID-19 pandemic.
- As part of the GMA's management of risks associated with the management of land that falls within the proposed rail corridors for the GRRIN extensions, the procurement process for the project to undertake the Preliminary Route Alignment Study that will enable the determination of the route for the Soweto Extension and Cosmo City Junction has been initiated. This project also includes the undertaking of a pre-feasibility study to investigate possible extensions of the rapid rail network to the eastern, western and southern parts of Gauteng as mentioned in the State of the Province Address 2021.
- The Transaction Advisory Services to assist the GMA with the project preparatory works, PPP procurement, as well as the public procurement for the EPC works required for the GRRIN Phase 1 project are currently in the planning stage. The procurement process will therefore commence once certainty on the funding for these project preparatory works has been confirmed.



### 6.13.2 Value created

The development of the proposed GRRIN extensions is based on environmental sustainability principles. Their implementation will further improve the image of public transport, increase mobility of the citizens of Gauteng, integrate the public transport System as envisaged in the GITMP25, integrate land-use and transportation planning in the corridor and enable a reduction in the dependence on private transport, thereby enabling a reduction in congestion on the road network, related environmental pollution and greenhouse gas emissions.

The full implementation of the proposed GRRIN extensions project will comprise an additional 148 km of rapid rail network that includes 18 additional stations, a new maintenance depot and appurtenant infrastructure that includes rolling stock, as well as a feeder system fleet to enable and increase accessibility to the GRRIN.

The funding of this project will be done through blended finance that includes the PPP, National Government, Provincial Government, as well as alternative funding sources.

### 6.13.3 Future focus

The following outcomes are envisaged for the GRRIN extensions project in the next Financial Year:

- National Treasury's confirmation of the outcome of the TAI application for Phase 1 of the proposed GRRIN extensions;
- Outcome of the submission of the GRRIN Extensions Phase 1 Project into the SIDSSA 2021;
- Determination of the route for Phase 1 of the GRRIN Extensions Phase 1 Project;
- Commencement of the determination of the route for the Soweto Extensions and Cosmo Junction of the GRRIN Extensions Project;
- Commencement of the pre-feasibility study to investigate possible extensions of the rapid rail network to the eastern, western and southern parts of Gauteng and
- Finalisation of the planning for the Transaction Advisory Services to assist the GMA with the project preparatory works, PPP procurement, as well as the public procurement for the EPC works required for the GRRIN Phase 1 Project, including confirmation of the funding sources for this undertaking.

### 6.14 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 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.

## FUTURE PLANNING

### VALUE CREATED



### 6.14.1 Performance during period under review

The GMA has undertaken several variations that are part of the strategic initiatives to improve capacity within the System. These include:

- Variations in response to the COVID-19 pandemic and
- Ongoing initiatives to market the System.

On 21 January 2021, the GMA Board held a meeting to, amongst others, discuss the way forward for the two procurements for additional capacity on the System under PVN055. The GMA Board approved the termination of the procurement processes for the EMUs – as contained in the Interest to Offer (ITO) – and for a TKC, as contained in the Request for Proposal (RFP) under preparation and which was suspended during December 2020.

Whilst the need for additional rolling stock remains, it is no longer as urgent as it was at the time of issuing PVN055. The GMA will consider the measures for addressing the need as part of its future planning of the management of the Gautrain Project and its holistic requirements. The decision to terminate follows extensive discussions and consideration of various factors, the greatest of which was the impact of COVID-19 on the demand for travel by commuters which resulted in a decline in Gautrain ridership.

Furthermore, and in compliance with COVID-19 regulations, the Concessionaire issued a Variation to address and respond to the change in legislation as a result of the pandemic. The Province further issued a Variation to implement further interventions in the System to, in addition to the Concessionaire's efforts, better and more efficiently disinfect the System. The prompt and swift response to the COVID-19 pandemic enabled the continued provision of the services in compliance with the COVID-19 regulations which had been affected.

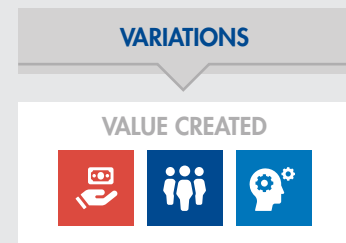
### 6.14.2 Value created

Linked to GMA's the Strategic Outcome of promoting and maximising the SED and BBBEE objectives of the Province in relation to the Gautrain Rapid Rail Link Project, the SED regime directly demonstrates the benefits of the Gautrain in terms of shareholding by Black persons and Black women, procurement, sub-contracting and employment equity elements. By the continued achievement and exceeding of performance in most elements, the Concessionaire continues to develop growth in the brand value and maintain full compliance through procurement, sub-contracting and employment.

### 6.14.3 Future focus

The following Variations will be a key focus area for the next Financial Year:

- Security enhancements on the System;
- Procurement of additional buses;
- Implementation of the midibus strategy;
- The procurement of a new Gautrain website and app;
- The procurement of additional fare gates and
- The procurement of additional signage.



## 7. CAPITAL INVESTMENT/ASSETS

### 7.1 Capital investment, maintenance and asset management plan

The Gautrain assets are currently being operated and maintained efficiently and effectively. The performance of the Gautrain assets is not measured directly, but is measured indirectly through the assets' ability to provide services as defined in the Concession Agreement (CA). The Gautrain has consistently performed above the set performance targets since commencement of operations. Underpinning this excellent service performance is a robust asset life cycle management and maintenance philosophy. In terms of the CA, the Concessionaire is contractually liable to maintain the Gautrain assets in accordance with the Asset Management and Maintenance Plan (AMMP). The AMMP outlines the various maintenance strategies applicable to each asset group, viz:

- Preventive Maintenance Plans which detail minor and major cycles of maintenance upliftments applicable to each asset group;
- Renewals and Upgrade Plans which detail the major upgrades and/or renewal intervals applicable to each asset group;
- Replacement Plans which detail the replacement cycles for asset groups which have reached the end of their design and/or useful lives and
- Where necessary, to improve performance or capacity, new assets are acquired in the System in terms of the long-term capital investment plan of the Gautrain.

During the previous year, all maintenance activities were completed in accordance with the AMMP. Major upgrades and/or replacements of the following asset groups were commenced and are at various stages of completion:

- Major maintenance of station escalators, including replacement of handrails and other critical components;
- Upgrades to traction power system protection and control relays;
- Upgrades to Closed Circuit Television (CCTV) systems and some sub-systems of the communications system and
- Replacement of the Dedicated Feeder and Distribution Services (i.e. Gautrain bus fleet) and Gautrain Midibuses which have all reached their contractual useful lives.

During the previous year, acquisition of the following assets was commenced and the assets are at various stages within the acquisition cycle in line with the Gautrain Investment Plan as necessitated by capacity improvement requirements:

- The procurement of the Additional EMUs and appurtenant depot infrastructure enhancements was, in the period under review, placed on hold until further notice. This decision was taken in light of the significant impact that the COVID-19 pandemic and related National State of Disaster Regulations have had on mobility and thus passenger demand on the Gautrain.

- The extension to the Centurion Station parking facility is practically complete and thus provides additional parking capacity and resultant accessibility to the Gautrain System. The handover process for this additional facility between the Gautrain and the City of Tshwane is at an advanced stage. This process is anticipated to take place in the coming year and will, on its attainment, enable the commencement of revenue-generating operations at this facility.
- Conversion of triple seats to twin seats configuration and installation of grab handles: the project was identified as part of the "low hanging fruits" to reducing incidents of overcrowding at the critical links between Midrand-Marlboro and Rhodesfield-Marlboro stations during the morning and afternoon peaks. Overcrowding at the time was attributed partly to limited standing space for passengers, particularly in the aisle between the seats, caused by the added row of third seats. The project was intended to remove the third row of seats thus creating more standing space for Gautrain passengers. The project is currently on hold owing to the negative impacts of COVID-19 to Gautrain ridership.
- Installation of Next Generation Fare Gates: these are gates that have added functionality which is not currently available in the current Fare Gates. Manufacturing of the Fare Gates is currently under way, and the delivery is planned for the end of July 2021. The installation thereof is anticipated to commence thereafter with completion planned for the next reporting period.
- Coupler cover modification for auto coupling and uncoupling of train sets: Various initiatives were implemented to increase the rail service capacity to match the demand in the Gautrain System. One of the initiatives implemented was to increase the length of the train sets from 4-car to 8-car trains during the morning and afternoon peak periods. Initially, the train service operated on 12 minute headways. After five years from OCD2, headways were reduced to 10 minutes. The proposed solution to shorten the duration of coupling and uncoupling is to modify the existing train sets to be able to auto-couple. Rollout of the plan is in progress.
- The Concessionaire has purchased a steel-wheel locomotive suitable for rescuing failed Electric Multiple Unit (EMU) trains in the Gautrain network. This is due for commissioning during the month of June 2021, after which the locomotive will be available for operations.

#### 7.1.1 Infrastructure projects that are currently in progress

The old Gautrain bus fleet is currently being disposed of in line with the 10-year replacement plan in terms of the CA. A bus replacement plan is nearing completion.

#### 7.1.2 Progress made on the maintenance of infrastructure

Gautrain infrastructure has been maintained according to the applicable maintenance plans in compliance with the CA. No maintenance backlog was notified during the period under review.



### **7.1.3 Developments relating to the above that are expected to impact on the GMA's current expenditure**

No unplanned expenditure was notified during the period under review, except for that which is associated with the impacts of COVID-19 and the payment of monthly invoices for committed operational and maintenance costs. The GMA budget caters also for the planned capital investment plan of the GMA.

### **7.1.4 Details as to how asset holdings have changed over the period**

- On 6 April 2020 130 metres of copper signal cable was stolen in the Salvokop Area (Pretoria). A case of cable theft was reported at the Pretoria Central Police Station as per Case No.: 81/04/2020.
- In general, a number of minor accidental damages to palisade fences resulting mainly from vehicle accidents and activities in other neighbouring properties were reported during the past year.
- Disposal of assets that are currently undergoing replacement, e.g. certain components of the electrical, communications and CCTV systems is under way.
- Incidents of damage to the assets were notified during the period under review. These were recovered through insurance.

### **7.1.5 Measures taken to ensure that the Agency's asset register remained up to date during the period under review**

- Engineering Change Management Processes are in place within the Concessionaire's operations and maintenance environment to ensure that any changes to the asset register

e.g. modification of assets, replacement and disposal of assets, are captured in the asset register.

- Additionally, good governance processes are in place within the GMA to ensure that the GMA Financial Asset Register is kept up to date by conducting asset verification audits, asset condition audits and impairment exercises, asset capitalisation and scrapping of assets in line with the requirements of the GMA Financial Policy Manual.

### **7.1.6 Current state of the Agency's capital assets**

The audit of the condition and the remaining useful life of Gautrain assets that was completed in 2018 concluded that the majority of Gautrain assets are in good condition.

### **7.1.7 Major maintenance projects that have been undertaken during the period under review**

- Replacement of worn handrails and
- Major overhaul of the brake, door, air-suspension and saloon HVAC (heating, ventilation and air-conditioning) sub-systems of the Rolling Stock commenced during the period under review and is currently at various stages of completion.

### **7.1.8 Progress made in addressing the maintenance backlog during the period under review**

- No maintenance backlog was notified during the period under review.
- Due to the CA contractual arrangements, detailed budgeting of upgrades, refurbishments and maintenance of assets is done by the Concessionaire. The GMA pays a monthly Patronage Guarantee to the Concessionaire which caters, amongst others, for the different asset management costs.

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## PART C

# CORPORATE GOVERNANCE AND ETHICS MANAGEMENT



## 1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance and, for the GMA, the International Reporting Framework.

Parliament, the Executive and the Boards of the public entity are responsible for corporate governance.

## 2. ROADS AND TRANSPORT PORTFOLIO COMMITTEE

The following matters were raised by the Portfolio Committee during the period under review:

### 2.1 First quarter 2020/21

The GMA responded adequately to the following requests:

- Procuring pre-owned EMUs in the United Kingdom;
- Gautrain II project, including the proposed timelines and
- Patronage guarantee cost in relation to poor performance in the average number of rail and bus passengers in the First Quarter.

### 2.2 Second quarter 2020/21

The GMA responded adequately to the following request:

- Outcomes of the measures in place to reduce the Patronage Guarantee costs in the current Financial Year.

### 2.3 Third quarter 2020/21

The GMA responded adequately to the following requests:

- Intervention measures in place to achieve planned HDI targets, in particular women and people with disabilities;
- Measures in place to reduce the Patronage Guarantee costs in the current Financial Year and MTEF period;
- Effects of the pandemic on the Gautrain in relation to operations and maintenance of rail systems;
- Procurement of new rolling stock;
- Centurion parking extension;
- Gautrain capacity assessment and revenue study;

- Sources of additional funding;
- The Committee on Gender, Youth and Persons with Disabilities' (GEYODI) obligations in the GMA internally and all contracted companies;
- Rail passengers per day;
- Single ticketing system;
- Decrease/increase in all programmes, including Gautrain in the mid-term adjustment budget;
- Projects that were affected by the second adjustment per programme;
- Difference between R2,680,758,000.00 appropriation that is indicated in the second adjustment Bill and the R2,687,746,000.00 in the Third Quarter report 2020/21;
- Other cost drivers that benefitted from the second adjustment;
- The plan in place to 'claw back' this R219 million from the future allocations and
- Projection on the rail passengers in the next Financial Years.

### 2.4 Fourth quarter: 2020/21

The GMA responded adequately to the following requests:

- Process of procuring pre-owned EMUs in UK and Turnkey Contract for the refurbishment of these EMUs;
- Financial performance of the PG cost and specialised technical services in relation to the recorded over expenditure;
- Cost drivers that contributed towards the under expenditure/savings amounting to R3 million;
- The variance amounting to R3,387,000.00 that was recorded at the end of Financial Year in relation to GMA expenditure and project expenditure cost drivers;
- System improvement that was carried out;
- The underperformance that was recorded on the average number of rail passengers and average number of bus passengers in the fourth quarter;
- Positions that are vacant due to resignations and when these positions will be filled;
- Detail expenditure in relation to the R864,386,000.00 which was transferred from the Provincial Government in the Fourth Quarter;
- The expenditure awarded for Women, Youth and People with Disabilities;
- Budget for the current Financial Year in relation to the continuous increase in the Patronage Guarantee cost;
- The budget in relation to the funds that will be clawed back as indicated during the adjustment period and
- Progress and timelines on the single ticketing system in Gauteng.



### 3. CORPORATE GOVERNANCE

The governance oversight role over public entities in the Province vests in the Provincial Legislature, the Executive Authority (as owner or shareholder) and the Accounting Authority.

- The Gauteng Provincial Legislature exerts oversight authority over the government policy, performance and budget of the provincial public entities, as well as Gauteng Government Departments by holding the Executive Authorities (MECs) to account.
- The Gauteng MEC for Public Transport and Road Infrastructure is the Executive Authority of the GMA. The PFMA and the GMA Act give authority to the Executive Authority for oversight powers with reference to the Strategic Plan, Annual Performance Plan, Budget, Service Level Agreement, and Annual and Quarterly Reports.
- The Board is the Accounting Authority of the GMA. The Board's strong commitment to a high standard and leading practice of corporate governance is the GMA's pillar for achieving its strategic outcomes. The Board believes that sound corporate governance is vital for creating value for the Agency. The Board is also committed to continuous improvement in corporate governance principles and policies, by keeping abreast of evolving regulations and leading corporate governance practices.

The year 2020 will, without a doubt, go down in history as one of the most infamous years in modern times. The COVID-19 pandemic drastically affected the globe, forcing organisations to close, adopt major changes to their operations and/or amend their business models. The Gautrain System and the GMA were hugely impacted by the COVID-19 pandemic.

The Board and Management had to re-prioritise their work to

ensure that the GMA and the Gautrain System were prepared for uncertainties related to the pandemic. The Board adapted its practices in order to function efficiently and effectively during the pandemic and all Board meetings were held virtually.

The Board provided the necessary guidance and governance support to Management in terms of protecting the health and safety of all stakeholders by implementing the GMA's Business Continuity Plan and adhering to the Disaster Management Act and Regulations across the GMA and the Gautrain System. The GMA played a crucial role in providing safe public transport during the COVID-19 national lockdown to employees of businesses and organisations that provide essential services.

The Board commended the GMA Management and employees for the excellent work done through difficult circumstances due to the COVID-19 pandemic. The GMA adopted a hybrid model to allow some employees to work remotely and some to work at the office.

#### 3.1 Alignment with governance best practice

The Board endorses the corporate governance principles as set out in King IV. The Board provides effective and ethical leadership and is committed to a governance framework that is built on the principles of integrity, accountability, fairness and transparency. The Board sets the tone and promotes a sound governance culture, ensuring that high ethical standards and governance practices are filtered down across all levels of the GMA.

A detailed Report on the GMA's Application of King IV is provided in Addendum A.



Since the commencement of operations  
*400 management*  
positions were created, sustained and  
filled by HDIs



## 4. THE BOARD

The GMA Board, Chairperson and Deputy Chairperson are appointed by the MEC, as governed by the GMA Act. The relationship between the MEC and the Board is managed through a Service Level Agreement. The Service Level Agreement assists to establish a transparent and accountable working relationship on matters related to the implementation of the provisions of the PFMA, the GMA Act and the objectives of Gauteng Department of the Roads and Transport, GPG and National Government.

The roles of the Chairperson of the Board and the CEO are separated, in line with leading practice. This division of responsibilities ensures a balance of authority and power, with no one individual having unrestricted decision-making powers.

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 CEO is responsible for leading the implementation and execution of the approved strategy, policies, as well as the day-to-day operations of the GMA.

Table 18: Governance outcomes

 <p><b>ETHICAL CULTURE</b></p> <ul style="list-style-type: none"> <li>• The Board governed ethics in a way that supports the establishment of an ethical culture.</li> <li>• The Board established the Ethics Management Function in the GMA to ensure that ethics are properly managed.</li> <li>• The Board oversaw and monitored the ethics performance of the GMA.</li> <li>• The Board ensured that the GMA is a responsible corporate citizen and considers the impact of the GMA's activities on the economy, society and the environment within which it operates.</li> </ul>	 <p><b>GOOD PERFORMANCE</b></p> <p>According to the GMA Act, the Board is accountable for the performance of the GMA and discharged this role as follows:</p> <ul style="list-style-type: none"> <li>• Provided strategic direction and approved the 3-year GMA Strategic Plan, taking into consideration the business model and the risk environment.</li> <li>• Approved the GMA's performance targets and monitored achievement of these targets through quarterly reports.</li> <li>• Approved policies and key documents which support the implementation of the GMA strategy.</li> </ul>
 <p><b>EFFECTIVE CONTROL</b></p> <p>The Board retains effective control through a clear governance structure, including four Board Committees to assist it in discharging its duties in line with the GMA Board Charter, GMA Act, PFMA, Treasury Regulations and other relevant legislation. The Board provided guidance and oversight on the management of risk, compliance with applicable legislation, as well as fair, responsible and transparent remuneration.</p>	 <p><b>LEGITIMACY</b></p> <p>The Board retains overall responsibility for the concept of integrated thinking as stated in King IV, which takes into account the connectivity and interdependency of various factors that affect the GMA's ability to create value. Integrated thinking promotes corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting.</p> <p>The Board approved quarterly performance and performance information reports and the Integrated Annual Report, including the Annual Financial Statements.</p>

#### 4.1 Brief profiles of members of the Board



**Mr Mogopodi Mokoena (57)**

*Chairperson and Independent Non-Executive Member*  
(Re-appointed: 1 January 2021)

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, 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 Lesibana Fosu (45)**

*Deputy Chairperson and Independent Non-Executive Member*  
(Appointed: 1 January 2021)

B Com, B Com Hons, CA (SA), MBA

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

**Other Directorship:** South African Health Product Regulatory Authority (SAHPRA).

**Professional Memberships:** Institute of Directors in Southern Africa (IoDSA) and SA Institute of Chartered Accountants (SAICA).

**Skills, Expertise and Experience:** Public Sector Funding, Road and Rail Transport, Financial Services, Construction, Property Development and Management, Project Development, Management and Implementation, Enterprise Development and Governance.





**Ms Puli Moloto-Stofile (66)**

*Independent Non-Executive Member*  
(Re-appointed: 1 January 2021)

MBA, LLB and B Proc

**GMA Board Committee Membership:** Human Capital and Remuneration Committee, Audit and Risk Committee and Social and Ethics Committee.

**Other Directorships:** Member: Financial Services Tribunal & The Financial Intelligence Centre Appeal Board; Chairman: Moloto Stofile Inc & 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: 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 & Compliance, and Mediation and Arbitration.



**Mr William Dachs (50)**

*Chief Executive Officer and Executive Member*  
(Appointed: 1 February 2020)

Pr Eng, BSc (Civil Eng), 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:** PPPs and Infrastructure Finance, Rail Engineering and Management, Legal and Compliance, Finance and Risk Management, and Transport Planning.





**Dr Pritish Dala (38)**

*Independent Non-Executive Member*  
(Re-appointed: 1 January 2021)

PhD (Information Technology), Masters (Information Technology) and 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 (LA ISO 27001), Certified in the Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH), Computer Hacking Forensic Investigator (CHFI) and Certified Data Privacy Solutions Engineer (CDPSE).

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

**Other Directorships:** Durban Marine Theme Park, Exponential Enterprises and the Road Traffic Infringement Agency.

**Professional Memberships:** Information Systems Audit and Control Association (ISACA), International Information Systems Security Certification Consortium (ISC<sup>2</sup>), Institute of Directors South Africa (IoDSA) and 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 and Research.



**Ms Lungile Mtiya (46)**

*Independent Non-Executive Member*  
(Appointed: 1 January 2021)

B Tech in Human Resources, B Com Hons in Employment Relations and Labour Law, Masters in Employment Relations and Labour Law.

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

**Other Directorships:** SODEXO Southern Africa Pty, Ltd.

**Professional Memberships:** Institute of Directors in Southern Africa (IoDSA) and SA Society for Labour Law (SASLAW).

**Skills, Expertise and Experience:** Human Resources, Labour Relations, Mediation, Conciliation, Arbitration and Facilitation.



**Mr Abel Mawela (60)**

*Independent Non-Executive Member*  
(Re-appointed: 1 January 2021)

B Com, B Com Hons, MBA and Certified Director

**GMA Board Committee Membership:** Chairperson of Finance and Asset Committee, Chairperson of Audit and Risk Committee and Member of Social and Ethics Committee.

**Other Directorships:** Molodi Finance and Investments, Export Credit Insurance Corporation of South Africa and Marale Financial Services.

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

**Skills, Expertise and Experience:** Financial Management, Auditing, Corporate Governance and Supply Chain Management.



**Mr Donovan Nadison (55)**

*Independent Non-Executive Member*  
(Appointed: 1 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 and Corporate Diplomacy.



**Ms Rebhone Mabusela-Jonga (43)**

*Independent Non-Executive Member*  
(Appointed: 1 January 2021)

B Com, B Com Hons, CA(SA), EMBA (London Business School (London) and Columbia Business School (New York)).

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

**Other Directorship:** Athari Group, Athari Capital, South Africa and UK

**Professional Memberships:** Institute of Directors in Southern Africa (IoDSA) and SA Institute of Chartered Accountants (SAICA)

**Skills, Expertise and Experience:** Public Private Partnerships (PPP), Project and Structured Finance, Infrastructure Advisory and Development (specialising in the Transport sector), Accounting, Audit, Investment Banking Services including Mergers and Acquisitions, Corporate Restructurings, Capital Raising, Equity and Debt Restructuring in the US, UK, as well as across Sub-Saharan Africa, including in Nigeria, Ghana, Kenya, Uganda, Tanzania, Zambia, Zimbabwe, Botswana and South Africa.



**Mr Saki Zamxaka (42)**

*Independent Non-Executive Member*  
(Appointed: 1 January 2021)

Bachelor of Economics Honours, Diploma Programme in International Education.

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

**Other Directorships:** ZARX, CEO of Gauteng Enterprise Propeller (GEP)

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




**Skills, Expertise and Experience:** Trade and Investment, Public Management, Stakeholder Management and Corporate Governance.



## 4.2 Policies of the Board

Table 19 below highlights key policies governing the activities of the Board.

Table 19: Key policies governing Board activities

 <b>APPOINTMENT OF THE BOARD</b>	 <b>SUCCESSION PLANNING</b>	 <b>DELEGATION OF AUTHORITY</b>
<p>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>	<p>Success planning is a key focus area to ensure 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>	<p>The Delegation of Authority Framework was developed within the parameters of the GMA's legal and regulatory framework. The Delegation of Authority Framework clearly defines the decision-making authority and powers applicable to the GMA and provides effective and efficient management within the GMA.</p> <p>The Board recognises that delegating authority to the Board Committees 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 2020/21 Financial Year was reviewed and approved by the Board on 26 May 2020.</p>



Since the commencement of operations

*10,728 positions*

for HDIs were created, sustained and filled



### 4.3 Board composition

#### 4.3.1 Term of office

The Board's term of office is three years as governed by the GMA Act. The GMA Act makes provision for the re-election of existing Members of the Board, provided that the Members of the Board do not serve for more than two consecutive terms.

Pursuant to the expiry of the term of office of the previous Board on 31 December 2020, the new Board was appointed for a three-year term, effective from 1 January 2021.

#### 4.3.2 Membership

According to the requirements of the GMA Act, the Board should consist of a minimum of five and maximum of nine members, including the CEO.

The previous Board (appointed from 1 January 2018 to 31 December 2020), comprised seven Non-Executive Members and the new Board (appointed from 1 January 2021 to 31 December 2023) comprises nine Non-Executive Members, from wide-ranging backgrounds and with varying industry and professional experience. The CEO is an Executive Member of the Board by virtue of his office.

Table 20: GMA's Board Attendance

Old Board (1 Jan 2018 to 31 Dec 2020)	Attendance	New Board (1 Jan 2021 to 31 Dec 2023)	Attendance
Mr M Mokoena (Board Chairperson)	6/6	Mr M Mokoena (Board Chairperson)	3/3
Ms P Moloto-Stofile (Deputy Board Chairperson)	6/6	Ms L Fosu <sup>#</sup> (Deputy Board Chairperson)	2/3
Mr B Lengane <sup>*</sup>	6/6	Mr A Mawela	3/3
Mr A Mawela	6/6	Dr P Dala	3/3
Ms S Hlapolosa <sup>*</sup>	5/6	Mr D Nadison	3/3
Mr D Nadison	6/6	Ms L Mtiya <sup>#</sup>	3/3
Dr P Dala	6/6	Ms P Moloto-Stofile	3/3
Mr W Dachs (CEO)	6/6	Ms R Mabusela-Jonga <sup>#</sup>	3/3
		Mr S Zamxaka <sup>#</sup>	3/3
		Mr W Dachs (CEO)	3/3

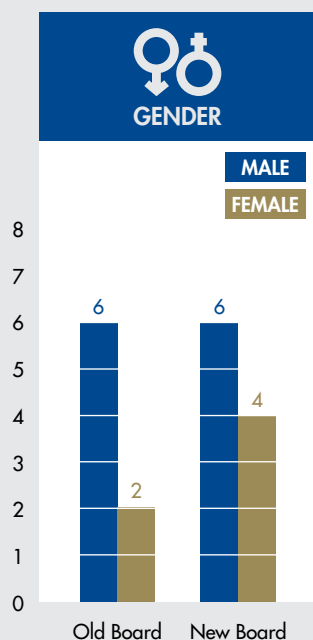
\* The term of office for Ms S Hlapolosa and Mr B Lengane ended on 31 December 2020.

<sup>#</sup> Ms L Fosu, Ms L Mtiya, Ms R Mabusela-Jonga and Mr S Zamxaka were appointed effective 1 January 2021.

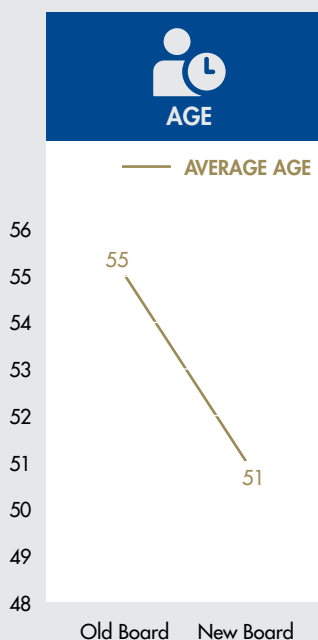
The Board must, in line with the Board Charter, meet at least four times per Financial Year, to deliberate on the matters reserved for the Board. During the period under review, the Board met four times, and at additional events such as the:

- Strategic Planning Board Lekgotla and Risk Assessment Workshop held on 19 and 20 August 2020;
- Extra-ordinary meeting held on 30 September 2020, to deliberate on the GMA's Strategic Plan, Annual Performance Plan and the Service Level Agreement between the Board and the MEC;
- Special Board Meeting of the new Board held on 21 January 2021 and
- Board Induction Session held on 10 March 2021.

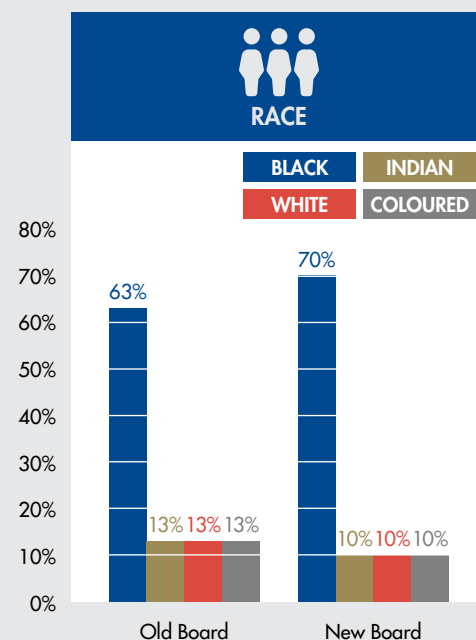
The Board has made great strides in addressing its diversity, to improve its effectiveness and to promote fresh thinking, as depicted in Graphs 17–19.



Graph 17: Gender representation



Graph 18: Average age



Graph 19: Race representation

### 4.3.3 Board advisors

The Board is supported by advisors who are nominated by their respective organisations and appointed by the MEC. The Board advisors guide the Board with reference to the 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 Board meetings. Board advisors may be appointed to serve on Board Committees.

The term of office of the Board advisors is aligned with that of the Board, which ended on 31 December 2020. The appointment of the new Board advisors is aligned with the term of office of the new Board and was finalised, except for the appointment for a representative from the National Treasury.

Table 21: GMA's Board advisors attendance

1 Jan 2018 to 31 Dec 2020	Attendance	1 Jan 2021 to 31 Dec 2023	Attendance
Mr Jan-David de Villiers <i>National Department of Transport</i>	5/6	Mr Jan-David de Villiers <i>National Department of Transport</i>	1/3
Ms Tryfina Mokele <i>Gauteng Provincial Treasury</i>	4/6	Ms Tryfina Mokele <i>Gauteng Provincial Treasury</i>	1/3
Ms Hemlata Jugoo <i>Gauteng Department of Roads and Transport</i>	4/6	Ms Malebo Ndamase <i>Gauteng Department of Roads and Transport</i>	2/3

#### 4.4 Core responsibilities of the Board

The Board’s role and responsibilities are set out in the Board Charter which is reviewed on an annual basis to guide its effective functioning.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter and key focus areas for the 2020/21 Financial Year, including:

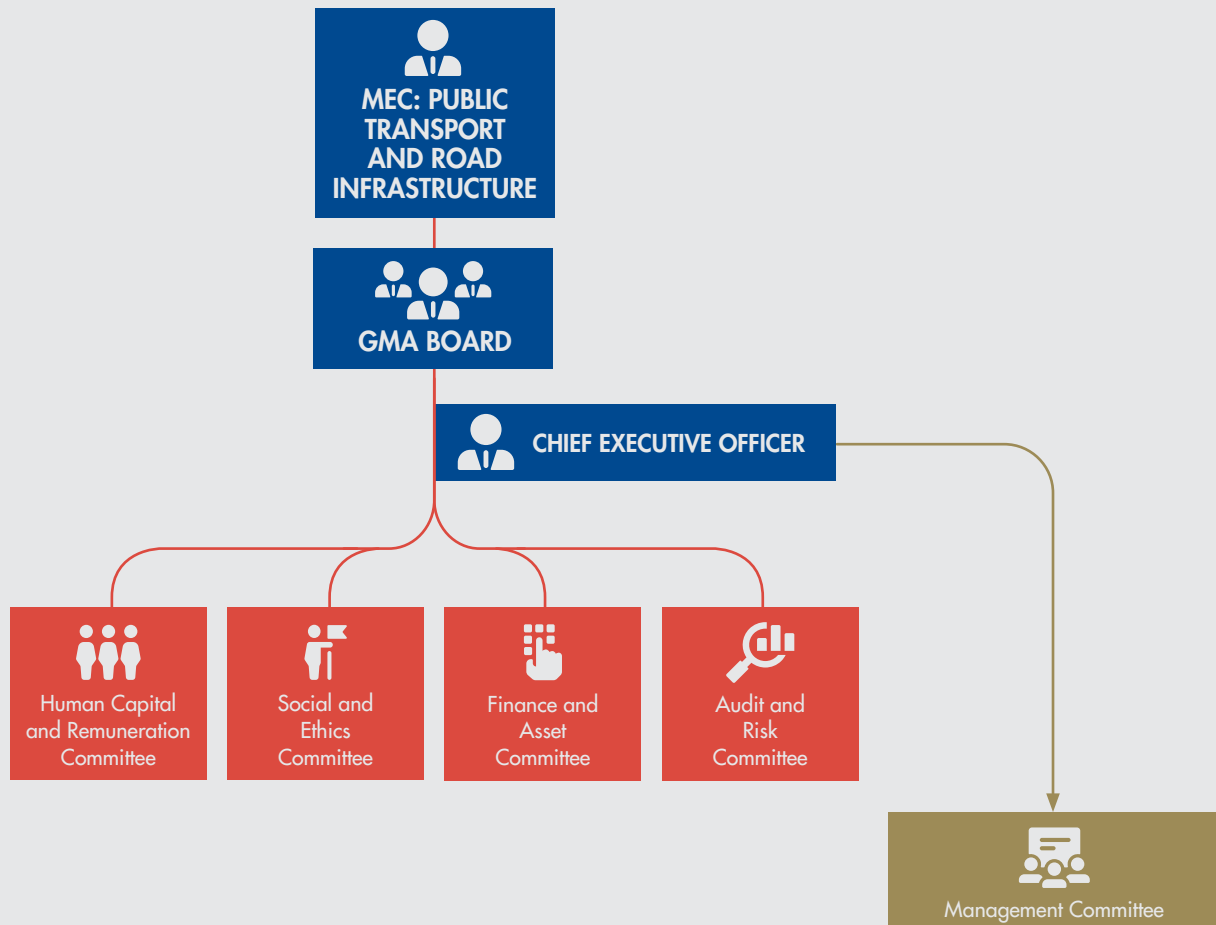
- GMA Strategic Plan for the 2021/22 to 2022/23 Financial Year;
- Annual Performance Plan for the 2021/22 Financial Year;
- Policies and Key Documents;
- Impact of COVID-19 on Gautrain operations and the GMA;
- Acquisition and subsequent suspension of the procurement of additional rolling stock and depot enhancements for the Gautrain System;
- Planning for post 2026 – the end of the CA;

- GMA Funding Strategy;
- Public Transport Ticketing Interoperability;
- Gauteng Province’s Construction All Risks (CAR) Insurance Claim;
- Integration of the Gautrain System with other Public Transport systems;
- Establishment of the Transport Authority for Gauteng and
- Service Level Agreement between the GMA and the Transport Authority for Gauteng.

#### 4.5 Governance structure

The Board retains effective control through a clear governance structure, including four Board Committees to assist it in discharging its duties.

The CEO, assisted by MANCO, is responsible for leading the implementation and execution of the approved strategy and policies, as well as the day-to-day operations of the GMA.



Graph 20: GMA governance structure

#### 4.6 Board Committees

Members of Board Committees are appointed by the Board in line with the GMA Act and the framework for the recruitment and selection of Board and Board Committee Members. The term of office of the Board Committee Members is aligned to that of the Board. All Board Committees are chaired by Non-Executive Members of the Board. The Chairpersons of all Board Committees are Members of the Social and Ethics Committee, to promote 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 for the 2020/21 Financial Year were reviewed and approved by the Board on 29 May 2020. The implementation of the Board Committees' Terms of References was monitored through the Board Committees' Annual Work Plans on a quarterly basis. Full details of the Board Committees follow.

##### 4.6.1 Audit and Risk Committee

Please refer to the full report on pages 135 to 140 for more details on the key activities, summary of work, meetings and members of the ARC.



Since the commencement of operations  
*223 management*  
positions were created, sustained and  
filled by women



#### 4.6.2 Finance and Asset Committee Report



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 constitute the Committee.

The mandate of the FAC is to provide financial and technical oversight of the activities of the GMA. The Committee makes recommendations to the Board on the approval of the GMA's MTEF budget to support the implementation of the GMA strategy, monitors adherence to the budget and provides oversight on the asset and capital acquisitions, maintenance and expansions. The FAC monitors the implementation of projects of a technical nature necessary for the operations of the Gautrain System.

The COO, CFO, Chief Audit Executive (CAE) and Senior Executive Managers responsible for Technical Services and Corporate Services Business Units have standing invitations to all FAC meetings to provide the necessary information and inputs in their areas of responsibility.

The FAC membership and attendance of meetings during the period under review are depicted below.

The profiles, qualifications and experience of the Members of the Committees are detailed on pages 90 to 94 under Brief profiles of members of the Board.

##### Key activities during the 2019/20 Financial Year

- The following key documents were reviewed for recommendation to the Board:
  - Committee's Terms of Reference;
  - Impact of COVID-19 on the GMA and the Gautrain System;

- GMA's Budget and monitoring of its implementation;
- GMA's Quarterly Performance and Performance Information Reports;
- Reports on the Gauteng Province's Construction All Risks (CAR) Insurance Claim;
- Finance Policy Manual;
- Supply Chain Management Policy;
- Delegation of Authority Framework;
- Acquisition of additional rolling stock and depot enhancements for the Gautrain System;
- Reports on Public Transport Ticketing Interoperability and Integration of the Gautrain System with other public transport systems;
- Progress Reports on the Feasibility Study on the Gauteng Rapid Rail Network Extensions and
- Service Level Agreement between the GMA, Transport Authority for Gauteng and the Gauteng Department of Roads and Transport.
- Reviewed and approved quarterly reports on the following key matters:
  - Concessionaire's Performance Monitoring System (PMS) and Patronage Reports;
  - GMA Consolidated Finance Reports;
  - GMA Asset Management and Asset Maintenance Reports;
  - GMA Supply Chain Management Reports;
  - Reports on the Concessionaires Risk Assessment on the Security of the Gautrain System;
  - GMA's Portfolio Management Office Reports;
  - System Asset Maintenance Reports;
  - GMA Facilities Management Reports and
  - Gautrain Capacity Challenge Reports.

The FAC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2020/21 Financial Year.

*P. Dala*

**Dr Pritish Dala**  
FAC Chairperson

**Table 22: FAC membership and attendance**

Committee Members (1 Jan 2018 to 31 Dec 2020)	Attendance	Committee Members (1 Jan 2021 to 31 Dec 2023)	Attendance
Mr A Mawela (Chairperson)	3/3	Dr P Dala (Chairperson)	1/1
Mr M Mokoena	3/3	Mr M Mokoena	1/1
Dr P Dala	3/3	Ms L Fosu	1/1
Mr W Dachs (CEO)	3/3	Ms R Mabusela-Jonga	1/1
		Mr S Zamxaka	1/1
		Mr W Dachs (CEO)	1/1
Board Advisors (1 Jan 2018 to 31 Dec 2020)	Attendance	Board Advisors (1 Jan 2021 to 31 Dec 2023)	Attendance
Mr JD de Villiers <i>National Department of Transport</i>	1/3	Mr JD de Villiers <i>National Department of Transport</i>	1/1
Ms H Jugoo <i>Gauteng Department of Roads and Transport</i>	1/3	Ms M Ndamase <i>Gauteng Department of Roads and Transport</i>	1/1
Ms T Mokele <i>Gauteng Provincial Treasury</i>	1/3		

### 4.6.3 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 No. 71 of 2008 (the Companies Act), Section 19 of the GMA Act, King IV and the GMA Board Charter.

The SEC monitors and reviews the GMA's activities with regard to:

- Social and economic development;
- Good corporate governance;
- Environment, health and safety;
- Customer relations and
- Labour and employment.

The SEC provides oversight over the management of ethics and assists the Board, to ensure that the ethics of the GMA is managed in a way that supports the establishment of an ethical culture. The SEC also is responsible for drawing matters within its mandate to the attention of the Board and the MEC as required.

Members of MANCO have a standing invitation to all SEC meetings to provide the necessary information and inputs in their areas of responsibility. The SEC membership and attendance of meetings are depicted below.

The profiles, qualifications and experience are detailed on pages 90 to 94 under Brief profiles of members of the Board.

### Key activities during the 2020/21 Financial Year

- Reviewed and made recommendations to the Board on the following matters:
  - SEC Terms of Reference;
  - Policies and Key Documents on Ethics Code and related policies;
  - Health, Safety and Ergonomics Policy and
  - Communications and Marketing Policies and Key Documents.
- Reviewed, monitored and/or approved Quarterly Reports on the following matters:
  - Ethics Management Roll-out Plan and Ethics Management Programme (Reports included trend analysis on the ethics performance of the GMA);
  - Communications and Marketing, which included sections on the Stakeholder Management activities;
  - Social Investment Programmes;
  - Health, Safety and Environment;
  - Achievement of B-BBEE targets;
  - HC matters and
  - Legal Compliance and Litigation.

The SEC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2020/21 Financial Year.

**Mr Donavan Nadison**  
SEC Chairperson

**Table 23: SEC membership and attendance**

Committee Members (1 Jan 2018 to 31 Dec 2020)	Attendance	Committee Members (1 Jan 2021 to 31 Dec 2023)	Attendance
Mr D Nadison (Chairperson)	3/3	Mr D Nadison (Chairperson)	1/1
Mr A Mawela	3/3	Mr A Mawela	1/1
Ms S Hlapolosa	2/3	Dr P Dala	1/1
Mr B Lengane	3/3	Ms L Mtiya	1/1
Mr W Dachs (CEO)	3/3	Ms P Moloto-Stofile	1/1
		Mr W Dachs (CEO)	1/1

Board Advisor (1 Jan 2018 to 31 Dec 2020)	Attendance
Ms H Jugoo Gauteng Department of Roads and Transport	2/3

#### 4.6.4 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 oversees the formulation of the remuneration philosophy, human capital strategies, as well as policies that ensure retention of critical human capital resources required by the GMA and maximises the potential of GMA employees. The Committee also focuses on the wellbeing of employees by overseeing the development of supportive policies and practices.

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 areas of responsibility.

The membership of the HCRC and attendance of meetings are depicted below.

The profiles, qualifications and experience are detailed on pages 90 to 94 under Brief profiles of members of the Board.

The key focus area for the HCRC during the period under review included oversight of the Organisational Culture and Values Project, development of the competency framework, as well as the development of the Talent Management and Succession Plan. The HCRC approved the freezing of the GMA's Recruitment Plan for the 2020/21 Financial Year, to address budget reprioritisation as a result of the negative impact of the COVID-19 pandemic.

##### Key activities during the 2019/20 Financial Year

- Reviewed and recommended the following documents to the Board for approval:
  - HCRC Terms of Reference;

- Proposed bonus payments for the 2019/20 Financial Year and annual salary increases as well as pay scale for the 2020/21 Financial Year;
- Reports on the development of the Talent Management and Succession Plan;
- Reports on Knowledge Management;
- HC Policies and Key Documents;
- Knowledge Management Framework and
- Board Training and Development Plan.
- Reviewed, monitored and/or approved Quarterly Reports on the following matters:
  - Human Capital;
  - Implementation of the Board Training and Development Plan and
  - Organisational Culture and Values Project.

##### 4.6.4.1 GMA reward philosophy

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 for the 2020/21 Financial Year is disclosed in the Annual Financial Statements under note 17.

The HCRC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2020/21 Financial Year.

**Ms Lungile Mtiya**  
HCRC Chairperson

**Table 24: HCRC membership and attendance**





Committee Members (1 Jan 2018 to 31 Dec 2020)	Attendance	Committee Members (1 Jan 2021 to 31 Dec 2023)	Attendance
Ms S Hlapolosa (Chairperson)	4/4	Ms L Mtiya (Chairperson)	1/1
Mr M Mokoena	4/4	Mr M Mokoena	1/1
Ms P Moloto-Stofile	4/4	Ms P Moloto-Stofile	1/1
Mr D Nadison	4/4	Mr D Nadison	1/1

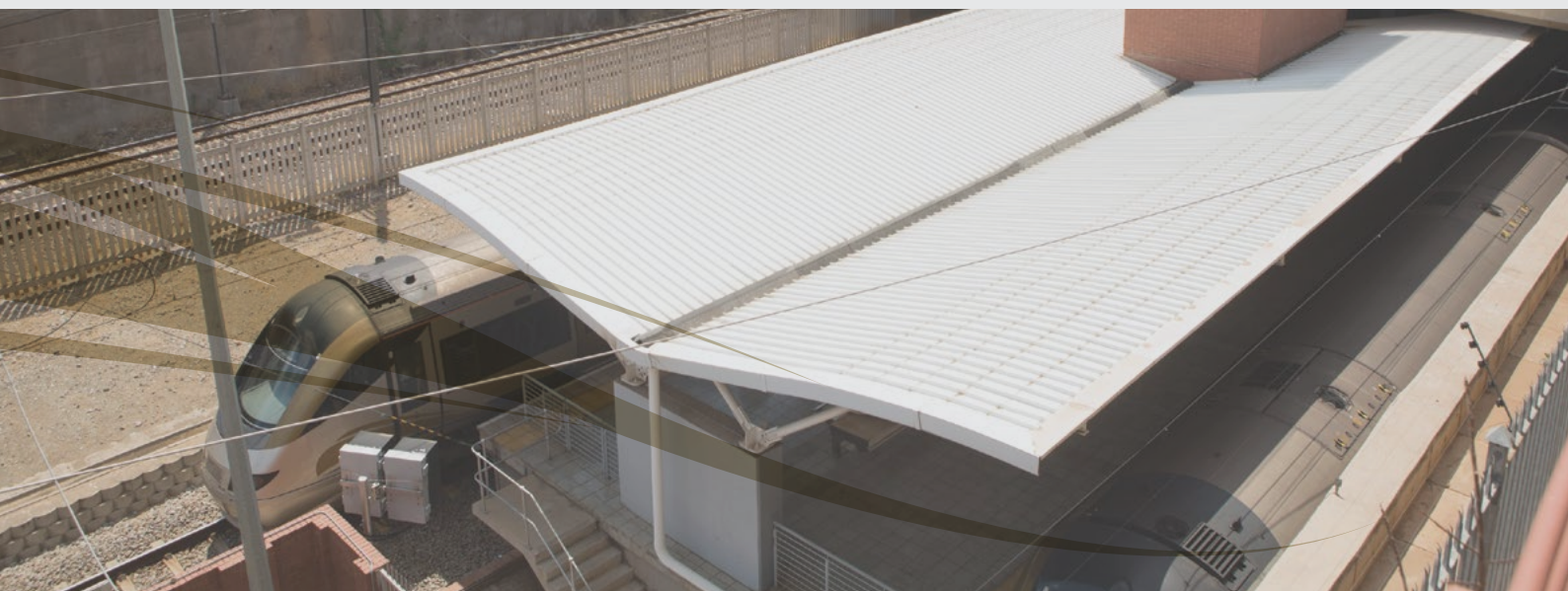
Note:

The meetings include an urgent meeting of the Committee held on 30 June 2020, to discuss the appointment of the COO and creation of the Chief Commercial Officer position.

## 4.7 Board processes

Table 25: Board processes

 <p><b>EVALUATION OF THE PERFORMANCE OF THE BOARD AND BOARD COMMITTEES</b></p>	<p>The evaluation of the performance of the Board and Board Committees is conducted every two 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. An Action Plan to address the outcomes of the evaluation of the Board and Board Committees was developed. The focus of the Board during the period under review was to monitor the implementation of the Action Plan. As of 31 March 2021, all items in the Action Plan were addressed.</p> <p>The next performance evaluation will be conducted during the 2021/22 Financial Year.</p>
 <p><b>DELEGATION OF AUTHORITY</b></p>	<p>The Delegation of Authority Framework was developed within the parameters of the above GMA's legal and regulatory framework, as a means of creating structured decision-making at all levels of the GMA. The Board recognises that delegating authority does not reduce its responsibilities. The Board regularly reviews the governance structures to ensure support for effective decision-making.</p> <p>The framework is reviewed annually to ensure that it is still relevant and applicable to the GMA's environment. The framework is also reviewed to align it with the GMA Board Charter, Board Committees' Terms of Reference, key documents and policies.</p> <p>The framework for the 2020/21 Financial Year was reviewed and approved by the Board on 29 May 2020.</p>
 <p><b>BOARD MEETINGS AND EVENTS</b></p>	<p>The Board annually develops a Board Plan to facilitate purposeful and effective meetings. Members of the Senior and Executive Management are invited to the Board and Board Committee meetings, either by a standing invitation or on an ad-hoc basis, to provide information and give highlights in their areas of responsibilities.</p>
 <p><b>CONFLICT OF INTEREST</b></p>	<p>All Members of the Board, in line with the Business Code of Conduct and Ethics for 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 prior to their appointment and thereafter annually, or whenever significant changes arise. Copies of the declarations are made available to the MEC.</p> <p>At the beginning of all Board and Board Committees meetings, all Members of the Board are required to declare any actual or potential conflict of interest in respect of agenda items. The declarations are then deliberated and where an actual conflict of interest exists, the Member is recused from the discussions on that agenda item. The Corporate Governance and Ethics Business Unit keep registers for annual declarations and all declarations made at Board and Board Committee meetings.</p>





#### 4.8 Board training and development interventions

Table 26: Training and Interventions

	Training description	Date
1.	ITSSA Webinar Smart Mobility with MEC Jacob Mamabolo	1 June 2020
2.	Rail 2.0 – Delivering a connected and sustainable future for rail	17 June 2020
3.	Sustainable Infrastructure Development Symposium	23 June 2020
4.	Revenue Management in Public Transport	25 June 2020
5.	COVID-19 and Urban Mobility in Africa – 7 July 2020 ISACA Virtual Conference and Workshop	3 to 6 August 2020
6.	COVID-19 impact on the life of small/individual bus operators and authorities	24 August 2020
7.	Key conditions of success to formalise informal transport and set up a transport authority	21 September 2020
8.	"Why it matters series" – Future of Rapid Rail in Gauteng	21 September 2020
9.	Rail Broadcast Week – Panel discussion	21 September 2020
10.	Business Unusual as the Transport Sector faces a Perfect Storm	23 September 2020
11.	Board Leadership Programme	13 to 15 October 2020
12.	Innovations and new solutions for small/individual bus operators: Adapt to the new normal	19 October 2020
13.	Certified Ethical Hacker	2 to 6 November 2020
14.	"In conversation with Mervyn King and Mark Kramer" on connecting Shared Value to Shareholder Value	3 December 2020
15.	Board Performance and Succession Planning – How Critical is the Process?	18 March 2021
16.	Director's Diligence vs Delinquency	30 March 2021



Since the commencement of operations

*156 positions*

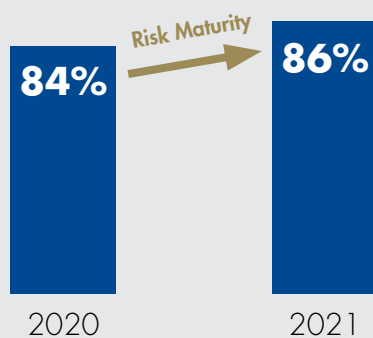
were created, sustained and filled by people with disabilities

## 5. RISK MANAGEMENT

The GMA has an established Risk Management Unit which reports to the CEO and COO. Risk management is used to manage the risk of the GMA to provide some assurance regarding achieving the strategic outcomes of the Agency. Achieving the strategic outcomes leads to achievement of the GMA's purpose and in turn the outcomes of the GMA Act. Achieving these outcomes ultimately contributes to transforming spaces, people and the economy through mobility.

### 5.1 Risks and opportunities

The GMA continued to embed an Enterprise-Wide Risk Management System 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 current status of the entity's risk maturity is reflected below. A risk maturity assessment is performed annually.



Graph 21: Risk maturity transition

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

- Development of an "Operational Tolerance Dashboard" for monitoring and reporting thereof;
- Procurement of additional licences and migration of Operational Risk Registers to the Global Risk Compliance (GRC) system;
- Automated value-add reports on the GRC system to interrogate project and operational risk data and enhancing reporting on a 360-degree view of strategic risk management using King IV and <IR>;
- Implementing a business continuity clause for Service Level Agreements (SLAs) going forward and existing critical SLAs and
- Risk awareness initiatives.

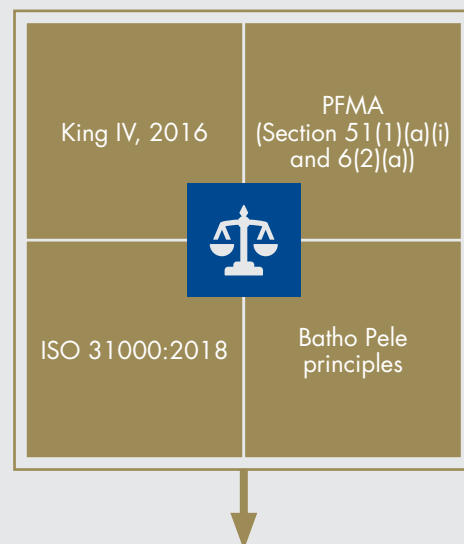
### 5.2 Progress during period under review

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;
- Risk awareness sessions and initiatives;
- Training and development of Operational Risk Registers on the Galvanise software system;
- Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;
- Continuous monitoring of the enterprise-wide risk appetite and tolerance framework and strategic dashboard;
- Rigorous, continuous implementation and monitoring of the defined risk management plans;
- Continued assessment of the risks associated with post-2026 planning;
- Support of the ethics function and
- Development and monitoring of the COVID-19 Pandemic Strategic Register, with action plans implemented where necessary.

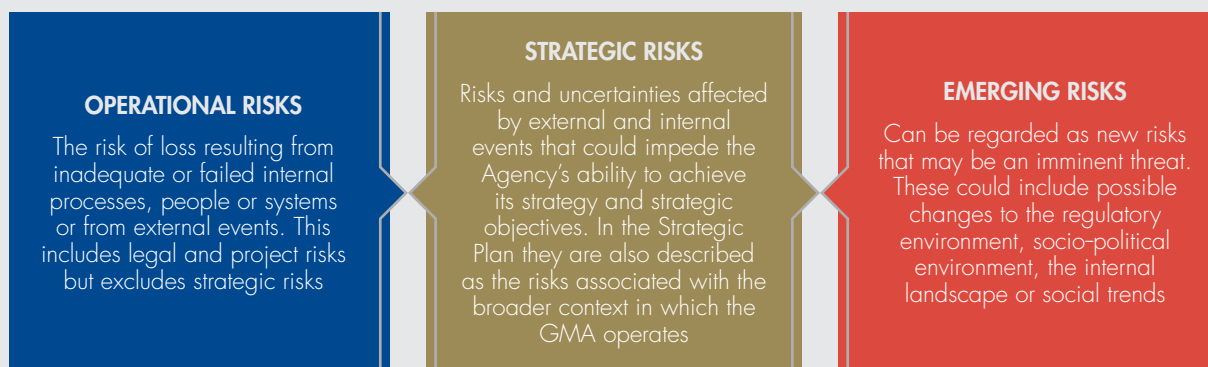
### 5.3 Enterprise-wide risk management framework

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 risk.



The framework supports the GMA in improving and sustaining its performance by enhancing its systems of risk management to protect against adverse outcomes and optimise opportunities

Graph 22: Enterprise-wide risk management framework



Graph 23: GMA risks

#### 5.4 Summary of major risks as per the risk register

The GMA Board and Management have considered the environment in which the entity operates (COVID-19 pandemic), as well as events likely to happen soon, including the proposed extensions to the GRRIN network, 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 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 27: Top five strategic risks (current and emerging)

Risk No.	Risk Description	Mitigations (in Place/to be Implemented)	Outputs (Strategic Objectives)	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	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 CA: old and new Portfolio management Innovation Land acquisition	Business continuity Assets with desired Remaining Useful Life (RUL) per CA Growth in revenue Growth in asset value Economic benefits SED benefits Increase in size of System
2	Cyber security and information governance (unauthorised/disclosure access to GMA information – internal and external cyber-attacks) resulting in financial and reputational loss. This risk increases as digital transformation of the Agency increases.	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 Data is well managed, secured and enabled to be shared

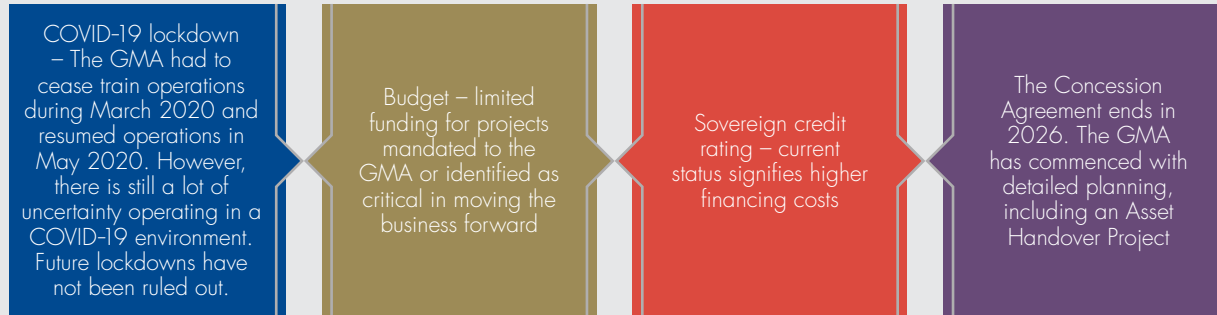
Risk No.	Risk Description	Mitigations (in Place/to be Implemented)	Outputs (Strategic Objectives)	Six Capitals	Inputs	Outcomes Desired/Achieved
3	Low or static growth for both train and bus passengers impacting the Patronage Guarantee payment and resulting in reputational loss. Operating in an uncertain COVID-19 environment with much of the population still working from home, train passenger numbers not at pre-COVID level yet.  The consequences are as stated above.	Monthly monitoring of passengers Marketing mitigation measures Penalty regime Increased security at stations Integrated Fare Management System (IFM)/Euro-visa Project 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	CA 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 meet PG commitment in the long term	GMA Funding Plan which includes: Reprioritisation of GDRT and GMA budget Additional budget requests to Treasury Commercial strategies	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	GMA Funding Plan initiatives	Business continuity
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: - Increased security at stations implemented by Concessionaire - Ministerial intervention - Insurance re: 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, will be reported as such to the Board and stakeholders. Risks within the influence or control of the GMA form part of the enterprise-wide risk management (ERM) and appropriate mitigations and controls will be developed and implemented.



## 5.5 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 "uncertain", a constraint is defined as what "will happen" or "restricted by". Constraints can manifest themselves as time constraints, cost constraints, scope constraints and quality constraints.



Graph 24: Constraints

The GMA risks are summarised in Table 28.

Table 28: GMA combined heat map as at 31 March 2021

IMPACT	Major		CEO9 CEO10 CEO11	CEO Em 3	F2	
	Significant		CM2 TE5 HC4	T6 T7 CEO2 CEO5 CEO Em 5 CL2 CL3 CM1 CM3 IT1 IT2 CEO Em 4 CEO12	IT3	
	Some/moderate			T3 T5 CGS1 CM4 CEO1 CM5 CM6 IA2 CL1 IT5 RM1	T1 T4 CEO Em 1	
	Insignificant		IA1 HC1 IA4			
	None					
			Occurs rarely	Improvable/low	Medium	Real chance
PROBABILITY						

### LEGEND

<b>T</b>	Technical Services
<b>TE</b>	Technical Emerging
<b>IT</b>	Information Communication Technology
<b>HC</b>	Human Capital
<b>IA</b>	Internal Audit
<b>CM</b>	Comms/Marketing
<b>CEO</b>	Office of the CEO
<b>CEO Em</b>	CEO Emerging
<b>CL</b>	Compliance and Legal
<b>F</b>	Finance
<b>CGS</b>	Corporate Governance and Ethics
<b>RM</b>	Risk Management

The GMA risks (40 in total of which four 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 and strategic risk items highlighted viz:

- **CEO 9:** Business continuity post-2026 – see point 1 in Table 27;
- **CEO emerging 3:** Socio-political landscape in South Africa – see point 5 in Table 27;
- **T1:** Low or static growth in ridership – see point 3 in Table 27;
- **F2:** Inability to meet PG commitments in the long term – see point 4 in Table 27;
- **IT2:** Cyber security and information governance – see point 2 in Table 27 and
- **IT3:** Inability for ICT operations to function optimally due to service continuity issues.

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 29: 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 by MEC, 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

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 three categories.

Table 30: Range of opportunities

No.	Description
1	Expansion of the System with the acquisition of capital assets such as additional parking, modernised fare collection systems, additional signalling, track work and a larger depot for maintenance. The procurement by the Concessionaire of the systems and assets is ongoing.
2	Extension of the System. The GMA has completed a Feasibility Study for 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.
3	Revenue enhancement measures to take advantage of the commercial opportunities inherent in the Gautrain System. The roll-out of ICT connectivity in the tunnels was completed, including commercial opportunities such as car rental kiosks and touch screen advertising on platforms.
4	Development of partnerships with key public and private entities that jointly benefit both parties. The GMA entered and renewed 16 partnerships during the Financial Year. Some of the new partnerships include: Discovery, Radisson Blu Gautrain Hotel, Global City Region Observatory, Varsity Vibe and the Shared Value Africa Initiative.

5.6 Value created

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

5.7 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 the risk maturity of the Agency, including:

- Flexible COVID-19 Pandemic Risk Register as the situation and pandemic evolve;
- Consideration of ethics as part of performance management processes;
- Consideration of risk culture of the Agency;
- Sustainability Plan/Opportunity Management;
- Improvement on risk reporting and integration – Migration of Project Risk Registers for active projects to the Galvanise GRC system;
- Continued analysis of risk and reporting using the 360-degree view of strategic risk management based on King IV and <IR> and
- Risk awareness initiatives.

To achieve the above, the GMA will leverage multiple capital inputs to maximise various strategic interventions.



## 6. INTERNAL AUDIT

The vision of Internal Audit is to be a trusted assurance provider and advisor to Management and the Board. Internal Audit's mission is to enhance and protect organisational value by providing leading risk-based assurance, advisory services and insight to the GMA and its stakeholders.

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 provide assurance, consulting and advisory services to Management and the Board on the adequacy and effectiveness of Governance, Risk Management and Controls to add value and improve the GMA's operations.

Internal Audit complies with all the International Standards for Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA).

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

### 6.1 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 the consolidated internal audit report to the ARC detailing the progress against, and significant amendments to, the current approved Annual Internal Audit Plan.

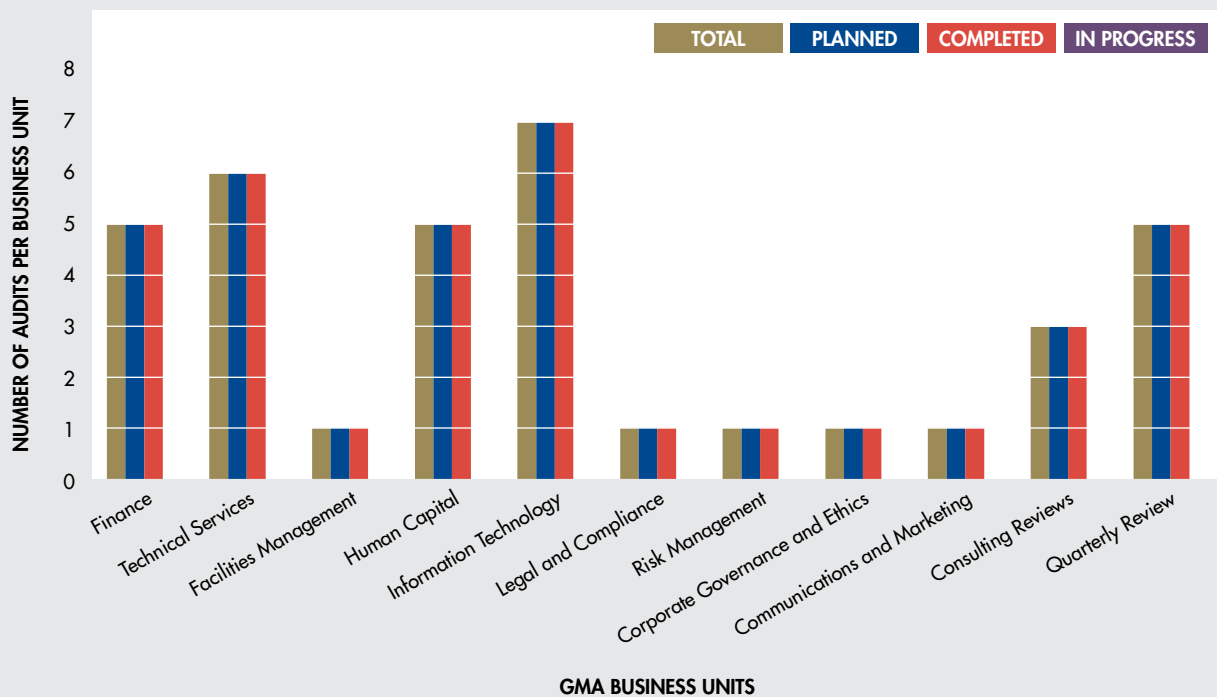
#### 6.1.1 Highlights of the Key Control Dashboard in Compliance with PFMA

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

#### 6.1.2 Progress against Approved Internal Audit Plan

Internal Audit completed all auditable areas as per the approved Internal Audit Plan for the 2020/21 Financial Year. The Internal Audit Plan covered 34 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 25: GMA's Internal Audit Performance vs. Plan

Through execution and completion of the Annual Internal Audit Plan, Internal Audit ensures that the GMA's strategic outcome of providing assurance that it 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 assurance and 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.

As stipulated in the Internal Audit Charter and required by the Standards, Internal Audit has gone through an External Quality Assessment Review (EQAR) process. Results of the assessment revealed that the GMA's Internal Audit has obtained a "Generally Conforms" status.

The Auditor-General considers and places reliance on the work of Internal Audit for external audit purposes.

**6.2 Value created**

The adequately skilled audit personnel, mature audit processes and customer focused culture beneficially contributed to the realisation of human capital.

In addition, the GMA's Internal Audit has obtained the highest in industry "Generally Conforms" status from an External Quality Assessment Review (EQAR) process conducted in accordance with the Internal Audit Charter and required by the Standards. This attests to the high standard of quality, skills and professionalism of Internal Audit.

The Auditor-General places reliance on the work of Internal Audit for external audit purposes and as a result, Internal Audit contributes to the realisation of financial capital. Internal Audit therefore contributes to the achievement of the GMA's strategic outcomes of ensuring the improved quality of overall financial management via efficient implementation of approved financial policies and complete and accurate accounting for assets of the GMA, as well as adequate safeguarding, verification, and accountability over these assets.

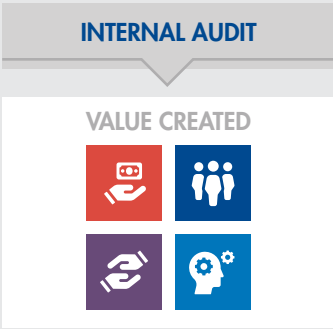
Internal Audit employed social and relationship capital through partnerships with stakeholders such as Governance and Ethics, Risk Management, the Auditor-General and other business units to:

- Achieve the 2020/2021 Annual Operational Plan;
- Identify synergies to leverage in order to enhance audit processes;
- Close gaps identified by the External Quality Assessment Review and
- Ensure operational efficiency, sustainability and resilience.

**6.3 Future focus**

To address the GMA's Strategic Outcome of enhancing the management of the CA by entrenching an environment of strong corporate governance and legal compliance, Internal Audit will:

- Implement the Strategic Internal Audit Plan for 2022 to 2024, which includes the 2021-2022 Operational Plan and covers all high-risk areas that may impede the achievement of the GMA's strategic and operational outcomes;
- Engage the External Auditor to identify actions for implementation to improve and ensure continual reliance on Internal Audit work and
- Ensure continuous employment of the intellectual, financial, human and social and relationship capital to identify synergies to leverage in order to enhance audit processes, close gaps identified by the External Quality Assessment Review and ensure operational efficiency, sustainability and resilience.





## 7. MANAGEMENT OF ETHICS

The governance and management of ethics have a direct impact on the achievement of the strategic objectives of organisations. Managing and maintaining ethical standards in an organisation boosts the reputation of an organisation and assists in building a trust relationship with stakeholders. Managing ethics also promotes an ethical culture and enhances employee morale, which has a direct impact on employee productivity and the performance of an organisation.

GMA's Corporate Governance and Ethics Business Unit assists in the development and implementation of the Ethics Management Policies and Programmes. The Ethics Management Function provides guidance to employees on ethical standards and behaviours required in the GMA, in line with the approved ethics-related policies and key documents.

The Corporate Governance and Ethics Business Unit implemented various initiatives to promote awareness of fraud prevention and various ethics management systems. These initiatives include:

### 7.1 Virtual workshop on ethics-related codes and policies

A virtual workshop aimed at promoting awareness of GMA's Codes and Policies which govern ethics in the GMA, was recorded and published on the Corporate Governance and Ethics SharePoint Site, for access by all employees.

### 7.2 Global Ethics Day

The 7<sup>th</sup> Annual Global Ethics Day was observed on Wednesday, 21 October 2020. The Global Ethics Day provides an opportunity for organisations to explore the role and importance of ethics in business and society.

The GMA commemorated the Global Ethics Day with the following initiatives:

- A video message from the Head: Corporate Governance and Ethics, emphasising the GMA's commitment to implementing the recommendations of the King IV Report on Corporate Governance in South Africa, of ethics being governed and managed in an organised manner which contributes to creating an ethical culture.
- Inspirational quotes distributed to employees during the week of 19 to 23 October 2020. The quotes were aimed at encouraging employees to take a moment to self-introspect on their contribution to the GMA's ethical culture.

## 8. FRAUD AND CORRUPTION

The GMA subscribes to the principles of clean governance and zero tolerance of corruption, fraud, misconduct, theft, dishonesty and unethical conduct. All allegations of fraud and corruption are investigated and due processes are followed. The GMA believes that transparency and openness are important in supporting ethical behaviours and the prevention of fraud and corruption.

GMA developed the Fraud Prevention and Whistleblowing Policy and Procedure, which govern the fraud prevention programme of GMA.

### 8.1 Fraud Hotline

GMA has adopted the King IV Code on Corporate Governance which recommends that all organisations have a whistleblowing mechanism in place to contribute the establishment of an ethical culture. In compliance with King IV and the Fraud and Whistleblowing Policy, the GMA established a Fraud Hotline which is managed by an external service provider, Whistle Blowers (Pty) Ltd. The GMA appointed Whistle Blowers (Pty) Ltd to provide dedicated whistleblowing services, as well as monthly and quarterly reports thereof.

All incidents reported through the Fraud Hotline are investigated by Internal Audit to determine if there are reasonable grounds to conduct a detailed investigation through the services of an external, independent service provider. Reports on Fraud and Corruption Incidents, Fraud and Corruption Investigations, as well as Fraud Prevention Interventions are presented to the Audit and Risk Committee on a quarterly basis.

### 8.2 Fraud prevention training/awareness interventions

#### 8.2.1 International Fraud Awareness Week

The International Fraud Awareness Week is an annual global initiative by the Association of Certified Fraud Examiners which was held from 15 to 21 November 2020. The aim is to minimise the impact of fraud by promoting anti-fraud awareness and education.

GMA's fraud awareness campaign was developed in an effort to promote fraud awareness, stimulate ethics talk in the GMA and commemorate the International Fraud Awareness Week. A five-part microlearning programme on fraud prevention was compiled. The programme comprises both text and video content distributed to employees over the five-day period, via internal communication channels from 16 to 20 November 2020.

### 8.2.2 Fraud Prevention Awareness Webinar

A Fraud Prevention Awareness Webinar was held on 16 March 2021. The Webinar was a follow-up to the activities implemented to commemorate the International Fraud Awareness Week, an annual global initiative by the Association of Certified Fraud Examiners which was observed from 15 to 21 November 2020.

The purpose of the Fraud Prevention Awareness Webinar was to:

- Promote fraud awareness;
- Stimulate ethics talk in the GMA;
- Empower employees to prevent, detect and report unethical conduct;
- Reiterate the GMA's zero tolerance stance on corruption and fraud activities and
- Collect information/conduct a survey on areas of improvement in relation to fraud and corruption activities within the GMA.

The Webinar was attended by 66 employees. Various polls and quizzes were conducted during the Webinar.

## 9. MINIMISING CONFLICT OF INTEREST

The GMA has put in place processes and procedures to address issues of conflict and/or potential conflict which can arise.

- All employees are required to declare any actual or potential conflict of interest on an annual basis, or whenever significant changes arise.
- Employees who participate in the tender process or in the recruitment process are also required to declare any actual or perceived conflict of interest.
- Employees who wish to conduct work outside of the GMA (moonlighting) are required to obtain the approval of the CEO (at the recommendation of their line managers) before entering such contracts and are also required to abide by the conditions as set out in the GMA Code of Conduct and Ethics for Employees.

Regular awareness sessions on managing conflict of interest are conducted as part of the Ethics Training and Awareness Sessions. A First Issue of the "Ethics In Action" newsletter, focusing on the management of Conflict of Interest was published during the reporting period. A virtual Awareness Session on Managing Conflict of Interest was initially planned to take place on 29 March 2021, but was rescheduled to 22 April 2021.

## 10. CODE OF CONDUCT

The GMA developed the following codes, to provide guidance to Members of the Board, employees and service providers on acceptable behaviour:

### 10.1 Business Code of Conduct and Ethics for the Members of the Board

- Provides a proactive approach to promoting sound governance and responsible conduct by Members of the Board and
- Guides Members of the Board to perform their role and execute their responsibilities in an effective and ethical manner.

### 10.2 Business Code of Conduct for Employees

- Sets out basic principles which guide employees during the execution of their day-to-day activities;
- Encourages a culture of honesty, accountability and mutual respect;
- Provides guidance to recognise ethical and unethical issues and
- Provides mechanisms to support the resolution of ethical dilemmas and challenges.

### 10.3 Supplier Code of Conduct

- Defines behaviour and actions which GMA suppliers must commit to during SCM processes and, where applicable, the discharge of their contractual obligations towards the GMA.

The codes address key matters, such as ethical principles to be applied in actions and decision-making by the Board, employees and service providers and provide guidance on the following key matters:

- Managing Conflict of Interest;
- Approval for Employees Conducting External Activities;
- Access and Protection of Confidential Information;
- Protection of GMA Assets and
- Relationships with Service Providers.

Any breach of the codes is dealt with in terms of the GMA's Disciplinary Code and Procedures for employees. A breach by Members of the Board or service providers may result in the termination of their relationship with the GMA.

## 11. HEALTH, SAFETY AND ENVIRONMENT

Our commitment to the safety and health of our employees and commuters is paramount to our business. We also understand our responsibility to the environment and the importance of continuous improvement to achieve excellent customer service. With this focus, we concentrate our efforts on becoming a more effective and efficient Agency over the long-term. The GMA's goal is to achieve sustainability and zero harm, which we believe will enable the delivery of this Strategic Outcome.

### 11.1 Performance during period under review

The 2020/21 reporting year brought extraordinary challenges. The COVID-19 pandemic has taught us so much, but most importantly, we recognise that every life is precious, and we are committed to working towards a zero harm and zero carbon-emission environment on the Gautrain Rapid Rail Link. The project SHEQ teams focused 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 caused by the train or bus

services were noted by employees or passengers. However, six fatalities occurred amongst the Concessionaire's employees because of the COVID-19 pandemic. The Concessionaire and Operator have updated several of their procedures and recovery plans to ensure safety on the mainline and in depots. 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 in Tables 31 and 32.

The COVID-19 pandemic brought many legislative changes to operations during the reporting period. Several measures were put in place to comply with the regulations for the resuming of operations after lockdown level 5. The GMA, together with the Concessionaire and Operator, developed the operating plan to be followed during the pandemic. Risk assessments were conducted for every level and special measures were put in place as per the operating plan. Several interventions were administered for the opening of the System on 4 May 2020, including:

- More than six sanitising points at all stations;
- Screening of every passenger on entry;
- Social distancing measures through the placement of decals;
- 8-car trains sets across the network;
- Social distancing stickers on train and bus seats and
- Additional measures, which included decontamination and deep cleaning of stations and the fleet.

Table 31: Safety hazards/incidents

#	Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021
1	SPAD	10	16	6	1
2	Mainline Derailments	0	0	0	0
3	Total Near Miss and Hazards and Safety concerns	153	147	77	14
3.1	Hazard and Safety concerns	-	145	76	14
3.2	Near Misses	-	2	1	0
4	Collisions – non-revenue and revenue period	0	1	0	0

Table 32: Corrective maintenance actions

Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021
Number of train rescues	0	2	7	0
Number of maintenance vehicles rescues	0	0	0	0
Number of trains supplied per month		99.91%	100%	100%
Number of critical alarms reported via SCADA	496,620	182,004	160,191	10,527
Number of train evacuations (in between stations)	0	3	0	0

Once the country moved to ease the lockdown levels further, COVID-19 risk assessments in accordance with the Department of Employment and Labour (DEL) guidelines were conducted. The risk assessment was conducted to ensure limited exposure to employees and passengers. A strategic risk analysis on the business activities was also conducted to determine the impact of COVID-19 on the following areas:

- Quarantine/isolation of critical staff necessary to ensure continued service provision;
- Financial impact arising from implementation of COVID-19 risk controls;
- COVID-19 impact of staff availability due to required protection of vulnerable employees;
- Development of COVID-19 Management Policy and
- Developed a consolidated list of all applicable COVID-19 Regulations and Directions and assessed their impact on Gautrain operations and maintenance activities.

The actions implemented to manage these risks at all the System entities included a review of Workplace Readiness Plans to ensure alignment with current regulations and requirements of the different alert levels. The country currently remains on lock down restrictions and the compliance to the requirements of the regulations continue to be monitored by the GMA.

The environmental compliance showed a 98% compliance with all environmental legislation and the project Environmental Management Plan (EMP). The areas of improvement are waste management, alien vegetation management and resource consumption. Compliance to the audit criteria, as set out in the various commitments contained in the audited Water Use License (WUL), were found to be 80% compliant. The project has also noted no significant environmental emergency events as listed in Table 33.

The Gautrain has established its Sustainable Mobility Programme within the reporting period. The programme is developed on the premise that rail is positioned today among motorised transport emitting the lowest carbon emissions by transported passenger. More generally, electrical and shared mobility

solutions have the highest potential to decarbonise mobility. Rail transportation offers higher performance levels than other transportation modes, which should have a positive impact on the evolution of the rail transportation market. Indeed, rail represents 8% of world-wide motorised transport, but only 2% of the energy consumption and 4% of CO<sub>2</sub> emissions (source: The UIC-IEA, Railway Handbook 2017 Energy consumption and CO<sub>2</sub> emissions). Therefore, the programme's objectives are to create an urban transport system by addressing, as a minimum, the following objectives:

- Ensure all citizens are offered transport options that enable access to key destinations and services;
- Improve safety and security;
- Reduce air and noise pollution, greenhouse gas emissions and energy consumption;
- Improve the efficiency and cost-effectiveness of the transportation of persons and
- Contribute to enhancing the attractiveness and quality of the urban environment and urban design for the benefit of citizens, the economy and society.

The programme will foster a balanced development of all relevant transport modes, while encouraging a shift to more sustainable modes. The plan puts forward an integrated set of actions to improve performance and cost effectiveness. These actions include technical, promotional and market-based measures and services as well as infrastructure.

The following topics will be addressed in the programme:

- Multimodal public transport;
- Non-motorised transport (walking and cycling);
- Intermodal and door-to-door mobility;
- Urban road safety;
- Flowing and stationary road transport;
- Urban logistics;
- Mobility management;
- Intelligent Transport Systems (ITS);
- Energy efficiency and
- Smart city concepts

Table 33: Significant environmental emergency events

#	Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021
22	Number of environmental spills	3	0	1	0
23	Number of bird/animal/objects/people strikes	n/a	0	1	0
24	Theft and vandalism affecting service	13	0	3	0



### 11.2 Value created

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 world-wide 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. Reducing the dependence on fossil fuels will improve not only the pressure on natural resources, but provide more affordable and available mobility of the citizens of Gauteng as well as reducing the dependence on private transport. This will drive down the demand for private vehicles and also reduce the overall carbon footprint and harmful GHG emissions.

Sustainability and city rejuvenation are therefore amongst the key objectives of the Gautrain Project. Research and development into the full sustainable mobility solutions continued in 2020/21. Gautrain's drive to be 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 allowed transport operators to anticipate user needs. This in turn benefits the environment, by creating a greater awareness of passenger movement and increased route planning, as the ability to reduce the carbon footprint lies in the ability to reduce vehicles of lesser used routes, predict peak movements and allow more responsible consumption of resources.

### 11.3 Future focus

The strategic outlook of the Unit is to understand the GMA's strengths and weaknesses, its key stakeholders and to align its daily work with the vision and Strategic Outcomes 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 to the proposed network extensions;
- A key support role to the Gautrain Commercial Strategy 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 to assure continual improvement and sustainability.

HEALTH, SAFETY AND  
ENVIRONMENT

VALUE CREATED



Since the commencement of operations

*4,063 positions*

were filled by women

## 12. AUDIT AND RISK COMMITTEE REPORT

Refer to the Report of the Audit and Risk Committee in the Annual Financial Statements on pages 135 to 140 for the full disclosure on the activities of the Audit and Risk Committee.

## 13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

GMA's reporting in terms of Section 13(G)(1) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Act No. 46 of 2013.

Table 34: GMA information

<b>Name of Public Entity:</b>	Gautrain Management Agency
<b>Registration Number (if applicable):</b>	Not applicable
<b>Physical Address:</b>	44 Grand Central Boulevard, Grand Central, Midrand, 1682
<b>Type of Public Entity</b>	Schedule 3C
<b>Organisation Industry/Sector</b>	Passenger Rail Transport

Table 35: GMA's B-BBEE compliance

Criteria	Answer	Measures taken to comply
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law	No	The GMA will apply for an exemption or deviation from the Codes of Good Practice as provided by B-BBEE Act Section 20(1)
Developing and implementing a preferential procurement policy	No	
Determining qualification criteria for the sale of state-owned enterprises	No	
Developing criteria for entering into partnerships with the private sector	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	No	

Approved by:



**Mr Mogopodi Mokoena**

GMA: Board Chairperson



**Mr William Dachs**

GMA: Chief Executive Officer

30 July 2021

# PART D

## HUMAN CAPITAL MANAGEMENT



## 1. INTRODUCTION

The Human Capital Strategy is adopted to rapidly evolve the role of human capital (HC) in the Agency. The strategy provides a high-level overview of the strategic direction that the HC Unit is preparing for the future of the GMA and to ensure delivery on its strategic mandate. This is achieved by optimised service delivery that enables the GMA to meet its short, medium and long-term business goals. It also facilitates the development of anticipated skills change within the transport and rail sector and supporting the Growing Gauteng Together – Smart Mobility 2030 strategy.

Graph 26 below illustrates the response to the workforce of the future as a multi-faceted approach:



Graph 26: Workforce of the future

At the base of the HC strategy formulation lies various HC processes which are interconnected and are integral to the success of an HC strategy and its implementation.



Graph 27: HC value chain



The HC purpose in support of the GMA purpose is:

- To create a leadership culture that enables an innovative and growing organisation;
- To ensure that the organisational structure is effectively managed to enable the implementation of the organisational strategy;
- To manage talent, succession planning and continuous learning and development to drive organisational objectives and to provide strategic support;
- To enable a high performing organisation by creating an environment of learning and self-development;
- To maintain the organisation at the cutting edge by implementing advanced policies and procedures in Remuneration and Rewards and
- Creating a caring organisation that enables a cultural environment that allows the implementation of the organisational strategy.

## 2. PERFORMANCE DURING PERIOD UNDER REVIEW

### 2.1 The status of HC

GMA's HC strategic function is to be a driver of organisational effectiveness and support of the GMA's business strategy to deliver a dynamic, successful Agency with exceptional performance and services through a well-qualified, motivated, agile, resilient, optimally developed and engaged workforce. The objective of HC is to deliver an improved experience and optimise the way service is delivered to the workplace. To do this, the Employee Value Proposition needs to resonate with the employees and meet their preferences.

### 2.2 Employee wellness

The year 2020 was a completely unique year and one of the strategic objectives of all the organisations was to elevate the Employee Wellness Programme to become one of the key drivers due to the global Coronavirus pandemic. Employee wellness was put at centre stage as the GMA is committed to maintaining a safe and healthy working environment and as part of this commitment, acknowledge the contribution of all employees.

Where employees experienced bio-psychosocial challenges that could result in work-related, personal or health problems, that may affect work performance as well as the quality of life, wellness interventions were implemented. HC together with the Crisis Committee proactively put strategies in place that assisted employees to cope with the new way of working from home. This was achieved through robust communication and engagement and emotional support from Discovery Health Company.

With every employee working from home, the GMA had to activate available avenues to ensure that all employees are aware of the available offering from the GMA Wellness Programme. Weekly communications were designed as a way of ensuring that messages are disseminated to everyone

with a tagline of #BecauseCare. The #BecauseCare was developed as a theme for employees to know that GMA is aware of the challenges brought about by the pandemic and as such we are there to ensure that everyone is taken care of. At the end of 2020, debriefing sessions were organised for the entire GMA, which several employees attended. Thereafter a Wellness Day was also arranged and around 76 employees made themselves available. GMA is committed to looking after the wellbeing of their employees.



### 2.3 Organisational culture

GMA embarked on an organisational culture journey with the aim of identifying employee behaviours that define the GMA's values which are aligned to the strategic outcomes of the Agency and the GMA brand. In addition, the programme is focused on entrenching the GMA brand to all employees with the goal of changing the behaviours of employees to enable them to live the newly defined organisational values and become real brand ambassadors of GMA.

The Organisational Culture and Values Programme is one of the core levers that form part of the HC initiatives, designed to support transformational change within the GMA environment. This programme is all about identifying and understanding the core values and behaviours that need to shape and define the employees of GMA.

A comprehensive engagement approach was used to understand the behaviours, beliefs and attitudes held by the GMA employees, which influences the values and the culture that ultimately enable the strategic functioning of the GMA.

After comprehensive socialisation and engagement with all the relevant stakeholders, including both Management and all GMA employees, GMA adopted the following:



Graph 28: New GMA values

### 2.4 Learning and development strategy

The objective of the learning and development strategy is to systematically link learning and development with the GMA's strategic outcomes and talent management to establish priorities and plans for performance gaps and career progression. The GMA operates in a very volatile and complex environment, which requires that a strategic approach be taken in nurturing the talent needed to address critical and scarce skills shortages and to respond to market competition for skills in areas of rail management and large-scale projects.

The GMA, through learning and development, seeks to contribute to selected graduates' overall economic activity and output by equipping them with knowledge of, skills in and exposure to the role of the GMA in the rail industry and the transportation sector in general. Graduates will have the opportunity to work for a reputable institution that has

a critical role to play in the Gauteng Province and South African economy.

GMA took a strategic decision during the 2019/20 Financial Year to employ 12 graduates and the Graduate Programme was a two-year programme which commenced in 2019 and will run until the contract ends in 2021. The graduates have gone through an intense training programme which culminated in some of the graduates being deployed within the various sections of the Gautrain Project in partnership with the Concessionaire. The focus of the deployed programme was to ensure that the graduates get the necessary practical experience, especially in the engineering sector. The final phase of the programme will see the graduates undergoing technical psychometric assessment and competency interviews, aimed at assessing the effectiveness of the programme, which will enhance the objective of the GMA to create a pool of skilled talent to create a feeder pipeline.



## 2.5 Performance management programme

The GMA performance management programme has undergone revamping and reorganisation during the Financial Year, with the successful implementation of the programme. All processes, including individual performance contracting and the mid-year final evaluation, were completed successfully. Socialisation and engagement of employees on this process have been ongoing as it is critical for all employees to be trained and made aware of the objectives of the changes. It is HC's objective to ensure that a clear journey map in ensuring a smooth transition from the old to the new process must be properly outlined, so that no employee should be left behind. The performance management programme will further be enhanced with the inclusion of the recently adopted GMA values for the 2021/22 Financial Year performance contracting and all employees will be socialised through roadshows and engagements.

## 2.6 Integrated diversity, inclusion and transformation

GMA's integrated diversity and transformation programme focuses on goals and measures as proposed by the HC strategy to address transformation in the GMA. It outlines the priorities, strategies and actions that are critical to the following:

- Leadership commitment: Leadership shall 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, recruitment and selection.

During the Financial Year under review, the GMA underwent a Director-General Review (DG Review with the National Department of Labour (DoL) to assess the Agency's compliance with the Employment Equity Act 55 of 1998, as amended. The assessment was finalised with the final Assessment

Feedback Report highlighting the successful approval of the GMA's Employment Equity Plan, including that GMA is fully compliant with the Act.

In line with the requirements of the Act, the GMA has communicated the approved EE Plan throughout the GMA for awareness and implementation purposes. Furthermore, the GMA, through the office of the COO, will partner with the GMA's DIT Committee and Management to ensure that all identified barriers and agreed affirmative action plans are implemented in line with the EE Plan. These include the alignment of the GMA's recruitment process to ensure that all advertised vacancies and recruitment are in line with the GMA's projected numerical goals.

## 2.7 HC information systems automation and digitisation

Significant progress has been made regarding automation and digitisation of the HC processes, procedures and systems. An integration of the HC information system database and MS Power BI has been completed for easy access to the HC data within. This enabled HC reporting to be smooth without any manual data manipulation and ensured that the integrity of HC data information is preserved. The following processes have been identified as critical for automation and are at different stages of completion:

- E-recruitment – automation of the advertising process, moving from manual to an e-recruitment platform, including digitising of the interview process to assist with virtual interviews;
- On-boarding platform – an automated on-boarding platform to assist with a proactive and virtual on-boarding process;
- Performance management process – automation of the whole performance management system, including individual performance contracting and reviews in progress and
- Talent development – automation of the learning and development processes into a digitised platform.

The process links well with the IT Strategy and ICT migration to cloud computing as it will allow HC to have a centralised digital platform as a one-stop shop for all employee information.



## 2.8 Talent management and succession planning

The competency framework project has been completed with the framework ready for approval by the Board. The framework encompasses the Competency Dictionary or Library as well as the GMA Multi-Career Path. The implementation of the competency framework forms an integral part of the GMA integrated talent management and succession planning which aims to assist the GMA in achieving its objectives whilst also addressing the skills shortages which might be lacking in the current workforce and in the industry. Consultation and socialisation of employees and Management have been continuously done throughout the project, which has been received by the Agency.

The next step is for the framework to be approved by the Board, when HC will start engagement with all employees to ensure that competencies are matched with specific jobs and are aligned with the competencies of each business unit as well as conducting a skills audit and competency assessments.

## 2.9 Talent acquisition

By aligning long-term workforce planning with organisational strategy, the GMA talent acquisition strategy should provide a framework for identifying the best candidates with culture fit to the GMA. Despite the challenges the GMA faced due to the spread of COVID-19 and the impact it brought on the budget, several advertisements were issued. A decision to defer the recruitment for some of the positions was taken at the beginning of the Financial Year in anticipation that, due to the impact of the pandemic, GMA may not be able to finalise the process. Despite the setback, several internal career progressions were realised during the year in line with the talent management and succession planning framework.

Due to the GMA organisational operating model review that has been in progress to enable re-engineering of the commercialisation initiatives, other key positions were also shelved to allow for proper assessment and organisational design review. This created an opportunity for the GMA to establish a commercial function in line with its commercialisation strategic outcome.

## 2.10 On-boarding

An overall business unit analysis identifying gaps in how it operates during a pandemic as part of improving HC processes for the benefit of the Agency was conducted and completed in line with the digitisation programme. One of the key processes that were identified was on-boarding the new talent.

As part of the HC automation and digitisation programme, HC developed and introduced a remote on-boarding programme

which plays a critical role in integrating the new employees, who will be working remotely, into the organisation's processes and culture. This provided an opportunity for the on-boarding programme to be reviewed as it moved from the physical to a virtual environment.

The virtual on-boarding programme was introduced and rolled out. As part of the change management process, HC consulted with different key stakeholders to gather inputs, thus effectively developing, implementing and sustaining a positive change in the GMA.

## 2.11 General

HC has a strategic obligation to create an environment that will attract and retain key and critical talent within the GMA. The GMA turnover rate at 2% has been consistently below the industry average norm of 10% in this Financial Year.

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

Through the GMA strategic workforce planning, the GMA workforce headcount has been indicative of how the GMA will progress during the current Financial Year and beyond. The approach adopted in implementing the structural changes has been staggered in line with the GMA future Strategic Plan and the maturity of the Agency. The projections of the vacancy overview have been informed by numerous factors, which included both resignations and retirement across the GMA in the past three-year cycle. The approved organisational design and structure had a total of 171 positions of which 99 have been filled so far.

The GMA integrated talent management and succession planning, with an emphasis on the need to ensure continuous implementation of the career management and learning and development programmes, necessitated an opportunity for the review of the structure. These programmes are aligned to the new competency framework and form part of the implementation of talent management in the GMA aimed at ensuring that there is knowledge and skills transfer in critical areas of the business.

GMA endeavours to continue to attract, engage, develop and retain the best calibre talent needed to deliver on the Agency's strategic outcomes. The ability to attract, engage and retain scarce and critical skills is both an opportunity and a risk for the GMA. It is an opportunity for the Agency to build on its successes, whilst putting in place processes that address its weaknesses.



### 3. HUMAN CAPITAL OVERSIGHT STATISTICS

#### 3.1 Personnel-related expenditure

Table 36: Personnel expenditure by programme for the period 1 April 2020 to 31 March 2021

Programme/ activity/objective	Total expenditure (R'000)	Personnel expenditure (R'000)	No. of employees	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Project Expenditure	2,307,492				
GMA Expenditure	304,610	148,871	99	49%	1,504
<b>Total</b>	<b>2,612,102</b>	<b>148,871</b>	<b>99</b>	<b>5.6%</b>	<b>1,504</b>

Table 37: Personnel costs by salary band for the period 1 April 2020 to 31 March 2021

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	14,712	12%	3	4,904
Senior Management	25,982	21%	12	2,165
Professional Qualified	64,519	52%	50	1,290
Skilled	15,560	13%	22	707
Semi-Skilled	2,651	2%	7	378
Unskilled	784	1%	5	156
<b>Total</b>	<b>124,210</b>	<b>100%</b>	<b>99</b>	<b>1,254</b>

To encourage good performance, the GMA has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 38: Performance rewards for the period 1 April 2020 to 31 March 2021

Salary band	Performance rewards (R'000)	Personnel expenditure (R'000)	Average cost per employee (R'000)
Lower Skilled (Band A)	113	784	22.6
Skilled (Band B)	250	2,651	36
Highly Skilled Production (Band C)	2,113	17,906	78
Highly Skilled Supervision (Band D Lower)	3,241	23,069	147
Band D Upper	6,500	43,737	232
Band E Lower	2,666	15,078	381
Band E Upper	1,634	7,819	545
Band F Lower	2,683	12,869	1,342
Band F Upper	311	5,447	311
<b>Total</b>	<b>19,511</b>	<b>129,360</b>	<b>3,094.6</b>

Table 39: Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee (R'000)
CEO's Office	22,605	18	0.01%	1	18
COO's Office	23,756	4	0.00%	1	4
Internal Audit	5,623	78	0.05%	2	39
Corporate Governance	5,403	32	0.02%	1	32
Information and Communication Technology	10,214	46	0.03%	2	23
Corporate Services	9,659	340	0.23%	15	23
Communication and Marketing	12,340	107	0.07%	4	27
Finance	11,957	225	0.15%	9	25
Compliance and Legal Services	5,893	43	0.03%	3	14
Technical Services	41,421	151	0.10%	14	11
<b>Total</b>	<b>148,870,573</b>	<b>1,044,582</b>	<b>1%</b>	<b>52</b>	<b>216</b>

### 3.2 Employment and vacancies

Table 40: Employment and vacancies per business unit as on 31 March 2021

Programme/activity/objective	2019/20 no. of employees (opening)	2020/21 approved posts	2020/21 no. of employees (closing)	2020/21 vacancies
CEO's Office	1	3	3	0
COO's Office	2	3	3	0
Internal Audit	5	5	5	0
Corporate Governance	4	5	5	0
ICT and Knowledge Management	15	16	13	3
Corporate Services	16	17	17	0
Communication and Marketing	11	13	11	2
Finance	12	14	12	2
Compliance and Legal Services	5	5	5	0
Technical Services	28	30	25	5
<b>Total</b>	<b>99</b>	<b>111</b>	<b>99</b>	<b>12</b>

Table 41: Employment and vacancies per employment categories as on 31 March 2021

Programme/activity/objective	2019/20 no. of employees	2020/21 approved posts	2020/21 no. of employees	2020/21 vacancies	Variance %
Top Management	3	4	3	1	33%
Senior Management	12	12	12	0	0%
Professional Qualified	50	56	50	6	12%
Skilled	22	27	22	5	23%
Semi-Skilled	7	7	7	0	0%
Unskilled	5	5	5	0	0%
<b>Total</b>	<b>99</b>	<b>111</b>	<b>99</b>	<b>12</b>	<b>12%</b>

Due to the impact of COVID-19 on the GMA, reprioritisation of the recruitment had to be undertaken with majority of the positions in the recruitment plan deferred to the next Financial Year.

### 3.3 Employment Changes

This section provides information on changes in employment over the Financial Year. Turnover rates provide an indication of trends in the employment profile of the entity. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 42: Annual turnover rates by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Number of employees at beginning of period (1 April 2020)	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Unskilled (A-Band)	5	0	0	0%
Semi-Skilled (B-Band)	7	0	0	0%
Skilled (C-Band)	24	0	2	8%
Professional Qualified (D-Band)	48	2	0	0%
Senior Management (E-Band)	12	0	0	0%
Top Management (F-Band)	3	0	0	0%
<b>Total</b>	<b>99</b>	<b>2</b>	<b>2</b>	<b>2%</b>

Table 43: Annual turnover rates by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Number of employees at beginning of period (April 2020)	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
N/A	0	0	0	0%
N/A	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

The table below identifies the major reasons why staff left.

Table 44: Reasons for staff leaving for the period 1 April 2020 to 31 March 2021

Termination type	Number	% of total resignations
Death	0	0%
Resignation	2	100%
Expiry of contract	0	0%
Dismissal	0	0%
Ill-health	0	0%
Retirement	0	0%
Other	0	0%
<b>Total</b>	<b>2</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>	<b>2%</b>	<b>100%</b>

Table 45: Disciplinary action for the period 1 April 2020 to 31 March 2021

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

### 3.4 Employment equity

Table 46: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021

Level	Male								Total	
	African		Coloured		Indian		White		Current	Target
	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	2	1	0	0	0	1	1	1	<b>3</b>	<b>3</b>
Senior Management	4	2	0	1	1	1	1	1	<b>6</b>	<b>5</b>
Professional Qualified	22	27	1	2	0	1	1	2	<b>24</b>	<b>32</b>
Skilled	6	7	0	1	2	2	0	1	<b>8</b>	<b>11</b>
Semi-Skilled	3	1	0	1	0	1	0	1	<b>3</b>	<b>4</b>
Unskilled	0	1	0	1	0	0	0	0	<b>0</b>	<b>2</b>
<b>Total Staff</b>	<b>37</b>	<b>39</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>44</b>	<b>57</b>

Table 47: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021

Level	Male								Total	
	African		Coloured		Indian		White		Current	Target
	Current	Target	Current	Target	Current	Target	Current	Target		
Top Management	0	1	0	0	0	0	0	0	<b>0</b>	<b>1</b>
Senior Management	5	3	0	1	0	1	1	1	<b>6</b>	<b>6</b>
Professional Qualified	21	19	0	1	2	2	3	3	<b>26</b>	<b>25</b>
Skilled	11	11	1	1	0	1	2	3	<b>14</b>	<b>16</b>
Semi-Skilled	4	1	0	1	0	1	0	0	<b>4</b>	<b>3</b>
Unskilled	5	1	0	1	0	1	0	0	<b>5</b>	<b>3</b>
<b>Total Staff</b>	<b>46</b>	<b>36</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>55</b>	<b>54</b>

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.

Table 48: Total number of employees with disabilities in each of the following occupational bands as on 31 March 2021

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



## 4. VALUE CREATED

Through the GMA's HC Unit, the following HC value was created:

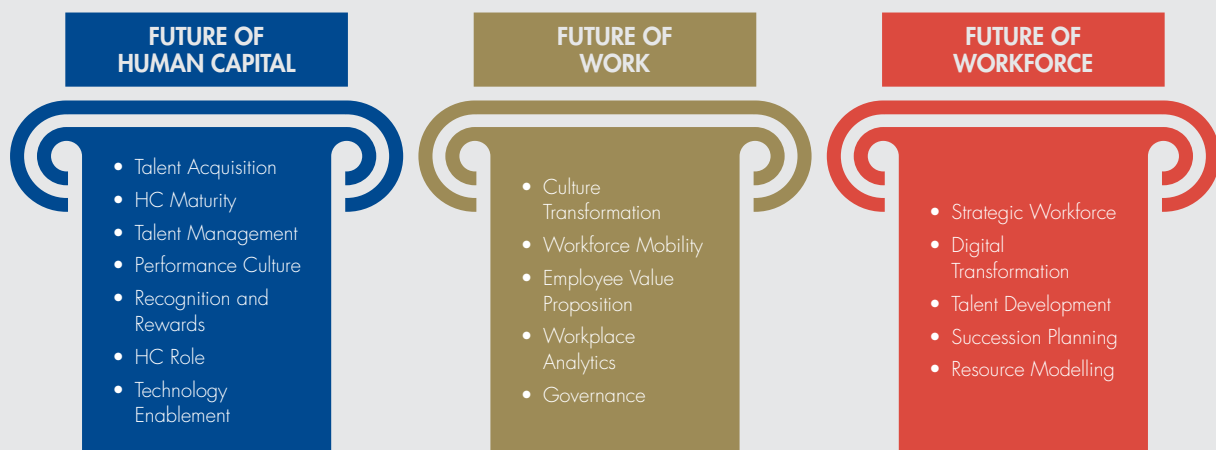
- A key focus for HC has been harnessing the talents and ensuring that employees develop, innovate and drive success within the GMA;
- The enhancement of the Performance Management Programme ensured that the GMA Performance Management System is aligned to the GMA Strategic Plan and APP. Through this the GMA Performance Bell Curve has been smoothed in line with a standard High-Performance Organisation Bell Curve and
- The GMA's Graduate Development Programme ensured the employment development of young graduates thereby ensuring a talent pool for future employment.

Continuous development and improved performance management principles such as the Competency Framework Model ensures that the current GMA workforce is kept up to date with new skills in the market and thus contribute to Intellectual Capital. Other HC initiatives which contributed to Intellectual Capital were the Integrated Talent Management and Succession Plan and the launch of new organisational culture and values.

Through the GMA wellness programme HC ensured that all employees were well-informed about COVID-19 and prevention thereof. An initiative which contributed further to Social and Relationship Capital was appropriate counselling to those affected and infected.

## 5. 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 to achieve the GMA's Strategic Outcome of ensuring that we create an environment that attracts and retains critical talent, HC endeavours to implement the strategy which is anchored around three pillars, namely The Future of HC, The Future Workforce, and the Future of Work. These pillars will address the GMA HC deliverables for the next five (5) years. The diagram illustrates the three HC strategic pillars as part of the focus in the future:



Graph 29: HC strategic pillars





Since the commencement of operations

*R3.8 billion*

was spent on sub-contracting to black entities



# PART E

## FINANCIAL INFORMATION



## GAUTRAIN MANAGEMENT AGENCY INDEX

<b>CONTENTS</b>	<b>PAGE</b>
Abbreviations	132
Administrative Information	133
Statement of Responsibility by the Members of the Board	134
Report of the Audit and Risk Committee	135
Report of the Board	141
Report of the Auditor-General	142
Statement of Changes in Financial Position	146
Statement of Financial Performance	147
Statement of Changes in Net Assets	148
Cash Flow Statement	149
Statement of Comparison of Budget and Actual Amounts	150
Accounting Policies	151
Disclosure Notes to the Financial Statements	162



## GAUTRAIN MANAGEMENT AGENCY ABBREVIATIONS

<b>CA</b>	Concession Agreement
<b>GDRT</b>	Gauteng Department of Roads and Transport
<b>GMA</b>	Gautrain Management Agency
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>MEC</b>	Member of the Executive Council
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>OCD 1</b>	Operational Commencement Date Phase 1
<b>OCD 2</b>	Operational Commencement Date Phase 2
<b>PAYE</b>	Pay As You Earn Tax
<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999), as amended
<b>PPFA</b>	Preferential Procurement Policy Framework Act (Act 5 of 2000)
<b>PRA</b>	Performance Reserve Account
<b>Project</b>	Gautrain Rapid Rail Link Project
<b>PST</b>	Provincial Support Team (Transaction Advisors to the Gautrain Project)
<b>SED</b>	Socio-Economic Development
<b>SIP</b>	Social Investment Programme
<b>System</b>	Gautrain Rapid Rail Link System
<b>TRAC SA</b>	Technology Research Activity Centre of South Africa

## GAUTRAIN MANAGEMENT AGENCY

### ADMINISTRATIVE INFORMATION

<b>Domicile</b>	Republic of South Africa
<b>Nature of Principal Activities</b>	<p>The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (PFMA) (Act 1 of 1999), as amended, reporting to the Member of the Executive Council (MEC) for Public Transport and Road Infrastructure.</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 (The 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>
<b>Board Members</b>	<p>Mr M Mokoena - Appointed as Chairperson from 1 January 2018 to 31 December 2020 and re-appointed from 1 January 2021 to 31 December 2023</p> <p>Ms Lesibana Fosu - Appointed as Deputy Chairperson from 1 January 2021 to 15 April 2021</p> <p>Ms P Moloto-Stofile - Appointed as Deputy Chairperson from 1 January 2018 to 31 December 2020 and re-appointed from 1 January 2021 to 31 December 2023</p> <p>Mr W Dachs - Chief Executive Officer – Appointed from 1 February 2020 to 31 January 2023</p> <p>Dr P Dala - Appointed from 1 January 2018 to 31 December 2020 and re-appointed from 1 January 2021 to 31 December 2023</p> <p>Mr B Lengane - Re-appointed on 1 January 2018 to 31 December 2020</p> <p>Ms S Hlapolosa - Re-appointed on 1 January 2018 to 31 December 2020</p> <p>Mr A Mawela - Appointed on 1 January 2018 to 31 December 2020 and re-appointed from 1 January 2021 to 31 December 2023</p> <p>Mr D Nadison - Appointed on 1 January 2018 to 31 December 2020 and re-appointed from 1 January 2021 to 31 December 2023</p> <p>Mr S Zamxaka - Appointed from 1 January 2021 to 31 December 2023</p> <p>Ms R Mabusela-Jonga - Appointed from 1 January 2021 to 31 December 2023</p> <p>Ms L Mtiya - Appointed from 1 January 2021 to 31 December 2023</p>
<b>Postal Address</b>	<b>Physical Address</b>
PO Box 1266 Kelvin 2054 South Africa	44 Grand Central Boulevard Grand Central ext. 1 Midrand 1685 South Africa
<b>Chairperson</b>	Mr M Mokoena
<b>Chief Executive Officer</b>	Mr W Dachs
<b>Chief Financial Officer</b>	Mr P Mabena
<b>Head of Corporate Governance and Ethics</b>	Ms T Marumo
<b>Banker</b>	Absa Bank Limited
<b>Auditor</b>	Auditor-General of South Africa
<b>Contact Information</b>	<p>Telephone No.: +27 11 086 3500</p> <p>Website: <a href="http://www.gma.gautrain.co.za">www.gma.gautrain.co.za</a></p> <p>E-mail: <a href="mailto:info@gautrain.co.za">info@gautrain.co.za</a></p>

## GAUTRAIN MANAGEMENT AGENCY

# STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

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 (PFMA) (Act 1 of 1999), as amended 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 of the integrity and reliability of the Annual Financial Statements of the GMA and to adequately safeguard, verify and maintain accountability for funds and assets.

Management and the Audit and Risk Committee of the Board have implemented a risk management policy and regularly review the risk register and 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 operated 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 internal controls, the GMA has an Internal Audit function which comprises five personnel. Under the direction of the Chief Audit Executive (CAE), 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 of South Africa.

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 Internal Audit have independent access to the Audit and Risk Committee.

The Audit and Risk Committee operates within 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 2021 set out on pages 146 to 187 were approved on 28 May 2021 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 Mogopodi Mokoena**  
GMA: Board Chairperson



**Mr William Dachs**  
GMA: Chief Executive Officer

28 May 2021

## GAUTRAIN MANAGEMENT AGENCY

# REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

The Audit and Risk Committee hereby presents its report for the Financial Year ended 31 March 2021 as required by 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 of Section 77 of the PFMA and Section 19 of the GMA Act.

The committee has, during the period under review, complied with Principle 8 and the Recommended Practices 50 to 59 of King IV.

## AUDIT AND RISK COMMITTEE COMPOSITION

### Membership

The term of office of the committee is aligned with that of the Board. In the year under review, the three-year term of office of the Board and the committee (1 January 2018 to 31 December 2020) came to an end. A new three-year term of office of the Board and the committee commenced on 1 January 2021 and will end on 31 December 2023. The committee is serving the first 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 49: Committee membership and meeting attendance for the term ended 31 December 2020

1 April 2020 to 31 December 2020	Member	Position	Meeting attendance
	Mr Bolokang Lengane	Chairperson Independent Non-Executive	4 out of 4
	Ms Puli KE Moloto-Stofile	Committee Member Independent Non-Executive	4 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 3

Table 50: Committee membership and meeting attendance for the term commenced on 1 January 2021

1 January 2021 to 31 March 2021	Member	Position	Meeting attendance
	Mr Abel Mawela	Chairperson Independent Non-Executive	1 out of 1
	Ms Lesibana Fosu	Committee Member Independent Non-Executive	0 out of 1
	Dr Pritish Dala	Committee Member Independent Non-Executive	1 out of 1
	Ms Rebone Mabusela-Jonga	Committee Member Independent Non-Executive	1 out of 1
	Mr Saki Zamxaka	Committee Member Independent Non-Executive	1 out of 1
	Ms Tryfina Mokele	Board Advisor (Gauteng Provincial Treasury)	0 out of 1



The committee as a collective as well as individual members of the committee, have appropriate knowledge, skills and experience to carry out its mandate. The profiles, qualifications and experience of the members of the committee are detailed on pages 90 to 94 under Brief profiles of members of the Board.

### **Performance evaluation of the Audit and Risk Committee**

The performance evaluation of the committee is conducted as part of the GMA's Performance Evaluation of the Board and its Board Committees every two years. The next Performance Evaluation of the Board, Board Committees and individual Members of the Board will be conducted during the 2021/22 Financial Year.

During this reporting period, the Board and Board Committees focused on the implementation of the Action Plan developed to address the outcomes of the previous Performance Evaluation. All action items in the Action Plan were implemented by 31 March 2021.

## **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 committee's Terms of Reference for the 2020/21 Financial Year were approved by the Board on 22 May 2020. The roles and responsibilities of the committee include its statutory duties in line with the PFMA. The Board has also assigned additional responsibilities in line with King IV, such as the oversight of risk governance, technology and information governance, compliance governance, as well as assurance.

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 2020/21 Financial Year.

### **Responsibilities of the committee**

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

The key focus areas of the committee for the 2020/21 Financial Year were to:

- 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 IT control environment.
- Review the COVID-19 Strategic Risk and Opportunity Register.
- Review key risks and opportunities, including mitigation plans, with specific focus on risks and opportunities associated with the:
  - Procurement of pre-owned Electric Multiple Units (EMUs) and depot enhancements.
  - Suspension of 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.
  - Gauteng Rapid Rail Integrated Network (GRRIN) extensions.
  - Post-2026 planning.
  - Declining economic conditions which resulted in job losses.
  - Sustainability of the GMA due to declining revenue because of COVID-19 regulations and guidelines, which required employees to work remotely.
- Monitor the performance against predetermined objectives/performance information.

Table 51: Audit and Risk Committee's responsibilities

Area of responsibility	Activities of the Audit and Risk Committee	Assessment by the Committee/Outcome
<p><b>1 Effectiveness of the internal controls and risk management</b></p>	<p>Reviewed, approved and/or made recommendations to the Board on the following:</p> <ul style="list-style-type: none"> <li>• GMA's Policies on Risk Management, Fraud and Corruption.</li> <li>• Assessed management's response to audit findings and recommendations.</li> <li>• Readiness of the Gauteng Municipalities' Emergency Management Services to cater for incidents on the Gautrain System.</li> <li>• Quarterly risk reports on pertinent risks and opportunities aligned to the GMA's vision and mission, emerging events and reportable incidents.</li> <li>• Quarterly reports on GMA's information and communication technology and on the management of the assets in the GMA and that of the Gautrain System.</li> <li>• Effectiveness of the CFO and the Finance Business Unit.</li> <li>• GMA's Stakeholder Key Control Dashboard.</li> </ul>	<p>The systems of internal controls are based on established organisational structures, policies and procedures. The delegation of authority makes provision for segregation of duties and clearly defined lines of authority and accountability. The committee has relied on the work performed by internal auditor, management and the 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 for the 2020/21 Financial Year was measured at 86% compared to 76.3% for the 2019/20 Financial Year. The committee and the Board conducted a risk assessment during a workshop held in August 2020 and continued to perform assessments throughout this reporting period.</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 and risks related to fraud, compliance, technology and information.</p>
<p><b>2 Compliance with legal and regulatory provisions</b></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 (Act 130 of 1993); Regulation of Interception of Communication-Related Information Act (RICA) (Act 70 of 2002); Occupational Health and Safety Act (Act 85 of 1993); and Employment Equity Act (Act 55 of 1998).</p> <p>The committee also reviewed the following matters:</p> <ul style="list-style-type: none"> <li>• Quarterly reports on PFMA compliance, as well as SCM reports on tender activities and deviations from the SCM process.</li> <li>• Quarterly reports on Legal Compliance and litigation.</li> <li>• GMA Legal Compliance Policy.</li> <li>• Report on the Application Status of King IV Principles in the GMA for the 2020/21 Financial Year.</li> </ul>	<p>GMA's compliance with all relevant laws, regulations, accepted standards or codes is integral to its risk management process and was 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>

Area of responsibility	Activities of the Audit and Risk Committee	Assessment by the Committee/Outcome
<p><b>3 Promoting an anti-fraud and corruption culture</b></p>	<ul style="list-style-type: none"> <li>The committee monitored compliance with the GMA's Fraud Prevention and Whistleblowing Policy during the 2020/21 Financial Year.</li> <li>The committee reviewed quarterly reports on fraud and corruption incidents, as well as conflict management related to the acceptance of gifts by employees.</li> </ul>	<p><b>Development of an Ethics Management Strategy</b></p> <p>The Corporate Governance and Ethics Business Unit is in the process of finalising the Ethics Management Strategy, which will include mitigation measure of the risks identified during the Ethics Risk and Opportunity Assessment. The assessment was conducted during the 2019/20 Financial Year to identify ethics related risks and opportunities.</p> <p>GMA's focus for the 2020/21 Financial Year was on the Organisational Culture and Values Project, which is a key pillar for the Ethics Management Strategy.</p> <p><b>Fraud Hotline</b></p> <p>GMA has an established fraud hotline which is managed by an external service provider, Whistle Blowers (Pty) Ltd. The GMA appointed Whistle Blowers (Pty) Ltd to provide dedicated whistle-blowing services, as well as providing monthly and quarterly reports thereon.</p> <p>All incidents reported through the Fraud Hotline are investigated by the Internal Audit function to determine if there are reasonable grounds to conduct a detailed Investigation through the services of an external, independent service provider. Reports on the Fraud and Corruption Incidents, Fraud and Corruption Investigations, as well as Fraud Prevention Interventions are presented to the Audit and Risk Committee on a quarterly basis.</p> <p><b>Training and Awareness Sessions</b></p> <p>Regular Training and Awareness Sessions have been conducted to raise awareness on fraud and empower employees with the tools to prevent, identify and report fraud:</p> <ul style="list-style-type: none"> <li><b>Promoting the Fraud Hotline and a culture of blowing the whistle:</b> As part of the five-part video series developed to commemorate the International Fraud Awareness Week, a five-minute video was recorded and distributed to employees, emphasising the confidentiality of the Fraud Hotline and the protection afforded to Whistleblowers.</li> <li><b>Fraud Prevention Awareness Webinar:</b> A Fraud Prevention Awareness Webinar was held on 16 March 2021. The Webinar was a follow-up to the activities implemented to commemorate the International Fraud Awareness Week, an annual global initiative by the Association of Certified Fraud Examiners which was observed from 15 to 21 November 2020.</li> <li><b>International Fraud Awareness Week:</b> The International Fraud Awareness Week is an annual global initiative by the Association of Certified Fraud Examiners which was held from 15 to 21 November 2020. The aim is to minimise the impact of fraud by promoting anti-fraud awareness and education. GMA will establish an Ethics Helpline, provide guidance to employees on the practical application of Ethics related Codes and Policies, as well as ethical dilemmas.</li> </ul>

	Area of responsibility	Activities of the Audit and Risk Committee	Assessment by the Committee/Outcome
4	<b>Internal audit</b>	<p>The committee also conducted the following activities, related to the Internal Audit function:</p> <ul style="list-style-type: none"> <li>• Recommended the Internal Audit Charter to the Board for approval.</li> <li>• Approved the risk-based Internal Audit Plan.</li> <li>• Reviewed the effectiveness of the CAE and the Internal Audit function, as well as the performance and remuneration of the CAE.</li> <li>• Reviewed and approved Quarterly Consolidated Internal Audit Reports in line with the approved Internal Audit Plan.</li> <li>• Reviewed the stakeholder key control dashboard.</li> </ul>	The committee is satisfied that Internal Audit is operating effectively and has addressed GMA's pertinent risks.
5	<b>External auditors</b>	<ul style="list-style-type: none"> <li>• Reviewed and agreed to the Auditor-General of South Africa's engagement letter, audit strategy and audit fees for the 2020/21 Financial Year.</li> </ul>	The committee is satisfied with the independence of the A-G team assigned to conduct the GMA audit for the 2020/21 Financial Year.
6	<b>Quality of monthly and quarterly management reports submitted in terms of the PFMA</b>	<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"> <li>• Monitor the integrity, accuracy and reliability of the financial position of the GMA.</li> <li>• 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.</li> <li>• Review the GMA's internal financial and operational controls, as well as the risk management systems.</li> <li>• 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</li> <li>• Review all material information presented together with the management accounts.</li> </ul>	<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>
7	<b>Evaluation of the Annual Financial Statements</b>	<p>The committee reviewed the Annual Financial Statements with the following focus:</p> <ul style="list-style-type: none"> <li>• Significant financial reporting judgements and estimates contained in the Annual Financial Statements.</li> <li>• Clarity and completeness of disclosure and whether disclosures made have been set properly in context.</li> <li>• Changes in the Accounting Policies and Practices.</li> <li>• Significant adjustments resulting from the audit.</li> <li>• Compliance with accounting standards and legal requirements.</li> <li>• Explanation for the accounting treatment adopted.</li> <li>• Reasons for year-on-year fluctuations.</li> <li>• Asset valuations and revaluations.</li> <li>• The basis for the going concern assumption.</li> </ul>	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 Annual Financial Statements and the Integrated Annual Report to the Board for approval.
8	<b>Technology and information governance</b>	<p>Reviewed, approved and/or made recommendations to the Board on the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Assessed management's response to audit findings and recommendations relating to Information and technology matters.</li> </ul>	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.



### Future focus

The committee's focus areas for the next reporting period include:

- Enhancing the risk management maturity of the GMA.
- Providing assurance over the integrity of the GMA's Annual Financial Statements and Accounting Policies.
- Providing assurance on the effectiveness of the internal control, governance and risk management systems.
- Reviewing the internal audit, risk management, compliance and IT control environment.
- Reviewing the COVID-19 Strategic Risk and Opportunity Register.
- Reviewing key risks and opportunities, including mitigation plans, with specific focus on risk and opportunities associated with:
  - Procurement of pre-owned EMUs and depot enhancements.
  - Suspension of 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 Extensions.
  - Post-2026 planning.
  - Declining economic conditions which resulted in job losses.
  - Sustainability of the GMA due to declining revenue because of COVID-19 regulations and guidelines, which required employees to work remotely.
- Monitor the performance against predetermined objectives/performance information.

### Conclusion

The committee concurs and accepts the conclusions and the unqualified audit opinion of the Auditor-General on the Annual Financial Statements for the year ended 31 March 2021.



**Mr Abel Mawela**

*GMA: Audit and Risk Committee Chairperson*

30 July 2021

# GAUTRAIN MANAGEMENT AGENCY

## REPORT OF THE BOARD

### FOR THE YEAR ENDED 31 MARCH 2021

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2021.

#### 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 (PFMA) (Act 1 of 1999), as amended, 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 2021 is detailed in the table below.

Summary of financial results	2021 R'000	2020 R'000
Total income	339,275	325,272
Total expenditure excluding depreciation and amortisation	288,728	280,798
Total expenditure	1,352,708	1,387,263
Net surplus/(loss) for the year	(1,013,432)	(1,061,991)
Net surplus/(loss) for the year excluding depreciation and amortisation	50,548	44,474
Total assets	26,967,609	27,843,722
Total liabilities	1,132,228	991,230

#### 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:

- The Gauteng Provincial Government, MEC Mr J Mamabolo and the Gauteng Department of Roads and Transport;
- The GMA staff and the Board members for their dedication and commitment;
- Professional bodies who rendered services to the Board and GMA;
- The media fraternity;
- The public in general; and
- The African Union of Public Transport (UATP).

## GAUTRAIN MANAGEMENT AGENCY

# REPORT OF THE AUDITOR-GENERAL

## TO GAUTENG PROVINCIAL LEGISLATURE ON 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 146 to 187, which comprise the Statement of Financial Position as at 31 March 2021, the Statement of Financial Performance, Statement of Changes in Net Assets, and Cash Flow Statement and the Statement of Comparison of Budget Information with Actual Information for the year then ended, as well as 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 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999) (PFMA).

#### Basis for opinion

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 my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 code.
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 land. The ultimate outcomes of these matters could not be determined presently and no provision for any liability that may result was made in the Financial Statements.

#### Commitments

##### *Patronage guarantee*

8. With reference to notes 10.2 and 24.1 to the Financial Statements, the public entity, in terms of the Concession Agreement, pays the operator, Bombela Concession Company, a Patronage Guarantee should actual revenue collected be below the minimum required total revenue as specified in the Concession Agreement. During the 2020/21 Financial Year, the public entity paid the operator R2,014,526,000 (2020: R1,971,655,000) in the form of a Patronage Guarantee due to the actual revenue and ridership being significantly below the minimum required total revenue projections.

#### 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 the 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 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 (Act 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 a selected outcome 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 public entity’s approved performance planning documents. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 selected outcome presented in the public entity’s Annual Performance Report for the year ended 31 March 2021:

Outcome	Pages in the Annual Performance Report
Outcome 1 – To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters.	Page 29

- 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 outcome:
  - Outcome 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 29 to 34 for information on the achievement of planned targets for the year and Management’s explanations provided for the underachievement 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 identify any 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 comprises the information included in the Integrated Annual Report. The other information does not include the Financial Statements, the auditor's report and the selected outcome presented in the Annual Performance Report that have been specifically reported in this 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 on it.
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 outcome 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 the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### INTERNAL CONTROL

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

31 July 2021



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 selected outcome 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 accounting authority
  - conclude on the appropriateness of 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 a 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 provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear 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 2021**

	Notes	2021 R'000	2020 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>794,913</b>	<b>624,197</b>
Cash and cash equivalents	2	774,541	605,469
Receivables (Exchange transactions)	3.1	20,372	18,728
<b>Non-current assets</b>		<b>26,172,696</b>	<b>27,219,525</b>
Property, plant and equipment	4	26,166,624	26,932,535
Heritage assets	5	3,295	3,295
Intangible assets	6	41	975
Receivables (Exchange transactions)	3.2	2,736	282,720
<b>TOTAL ASSETS</b>		<b>26,967,609</b>	<b>27,843,722</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>1,024,722</b>	<b>816,570</b>
Payables (Exchange transactions)	7	224,968	298,410
Finance lease liability	8	457	694
Obligations arising from restricted SIP funds	9	18,739	22,022
Obligations arising from restricted Project funds	10	745,034	459,920
Other liabilities (Exchange transactions)	13	22,918	22,918
Provisions	11	12,606	12,606
<b>Non-current liabilities</b>		<b>107,506</b>	<b>174,660</b>
Finance lease liability	8	141	237
Obligations arising from restricted Concessionaire funds	12	66,125	62,330
Other liabilities (Exchange transactions)	13	41,240	112,093
<b>TOTAL LIABILITIES</b>		<b>1,132,228</b>	<b>991,230</b>
Accumulated surplus/(deficit)		25,835,381	26,852,491
<b>TOTAL NET ASSETS</b>		<b>26,967,609</b>	<b>27,843,722</b>

**GAUTRAIN MANAGEMENT AGENCY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 R'000	2020 R'000
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>	15	<b>320,935</b>	<b>300,051</b>
Government grants		320,935	300,051
<b>Revenue from exchange transactions</b>	16	<b>18,340</b>	<b>25,221</b>
Finance income		17,356	25,117
Other income		984	104
<b>TOTAL REVENUE</b>		<b>339,275</b>	<b>325,272</b>
<b>EXPENDITURE</b>			
		<b>1,352,708</b>	<b>1,387,263</b>
Board and committee member remuneration	17	1,839	1,633
Employee costs	18 & 19	142,304	141,301
Depreciation	20	1,063,901	1,105,730
Amortisation	20	79	735
Finance costs		38	47
Operational expenditure	21	144,547	137,817
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1,013,432)</b>	<b>(1,061,991)</b>



**GAUTRAIN MANAGEMENT AGENCY**

**STATEMENT OF CHANGES IN NET ASSETS**  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Accumulated Surplus/(Deficit) R'000	Total Amount R'000
<b>Balance as at 31 March 2020</b>		<b>27,924,184</b>	<b>27,924,184</b>
Prior period error	14	(9,702)	(9,702)
Net surplus/(loss) for the year		(1,061,991)	(1,061,991)
<b>Balance as at 31 March 2021</b>		<b>26,852,491</b>	<b>26,852,491</b>
Prior year accumulated depreciation		(3,678)	(3,678)
Net surplus/(loss) for the year		(1,013,432)	(1,013,432)
<b>Balance as at 31 March 2021</b>		<b>25,835,381</b>	<b>25,835,381</b>

**GAUTRAIN MANAGEMENT AGENCY**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 R'000	2020 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>2,786,877</b>	<b>2,494,831</b>
Grant income		2,680,758	2,153,314
Interest received		19,818	40,778
Operating period penalty income		1,301	1,357
Net Performance Reserve account receipts		1,947	3,859
Other income		83,053	295,432
Insurance claim GMA		-	91
<b>Payments</b>		<b>(2,615,840)</b>	<b>(2,302,835)</b>
Project expenditure		(2,314,018)	(2,012,366)
Board and committee member remuneration		(1,577)	(1,631)
Employee and related costs		(145,550)	(143,820)
External audit fees		(2,917)	(2,675)
SIP expenditure		(4,061)	(7,806)
Operating expenditure		(147,717)	(134,537)
<b>Net cash from operating activities</b>	22	<b>171,036</b>	<b>191,996</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(1,965)	(2,597)
Acquisition of intangible assets		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		-	(47)
<b>Net increase in cash and cash equivalents</b>		<b>169,071</b>	<b>189,352</b>
Cash and cash equivalents at beginning of the year		605,469	416,118
<b>Cash and cash equivalents at end of the year</b>		<b>774,541</b>	<b>605,469</b>

**Note:** Included in the Cash Flow Statement is the GMA operational revenue and expenditure per the 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 YEAR ENDED 31 MARCH 2021

**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
		2021 R'000	2021 R'000	2021 R'000	2021 R'000	2021 R'000
<b>Final budget appropriation</b>		<b>2,680,758</b>	<b>2,781,148</b>	<b>2,781,148</b>	-	-
Approved budget		2,680,758	2,680,758	2,680,758	-	-
Funds from previous year		-	29,208	29,208	-	-
Other income – Railway usage fee (RUF)		-	64,451	64,451	-	-
Other Income – Interest income		-	6,730	6,730	-	-
<b>Payments</b>		<b>2,680,758</b>	<b>2,680,758</b>	<b>2,612,103</b>	<b>35,939</b>	<b>104,594</b>
<b>Project expenditure</b>		<b>2,357,005</b>	<b>2,357,005</b>	<b>2,307,492</b>	<b>35,939</b>	<b>85,451</b>
Construction costs		-	-	-	-	-
Land costs		-	-	-	-	-
Operating payment/Patronage guarantee		2,213,823	2,213,823	2,181,753	35,939	68,009
Operating period variations		39,938	39,938	31,527	-	8,411
System improvements		103,244	103,244	94,213	-	9,031
<b>Operating and support costs</b>		<b>323,753</b>	<b>323,753</b>	<b>304,610</b>	-	<b>19,143</b>
Operating expenditure		236,080	236,080	226,739	-	9,341
GMA capex costs		2,680	2,680	813	-	1,868
Specialised technical services		43,300	43,300	41,680	-	1,620
Legal and additional commercial costs		38,849	38,849	32,897	-	5,952
Independent monitor costs		2,844	2,844	2,481	-	363
<b>Net receipts/Budget surplus</b>	23	-	-	-	<b>35,939*</b>	<b>104,594</b>

\* R35.9 million was spent from funds from the previous year and other income for projects which were deferred to the current year.

# GAUTRAIN MANAGEMENT AGENCY

## ACCOUNTING POLICIES

### FOR THE YEAR ENDED 31 MARCH 2021

#### 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 (PFMA) (Act 1 of 1999), as amended, 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 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 benchmark engineering principles to ensure a fair and accurate cost distribution based on a depreciable replacement value. The total cost of infrastructure assets was determined using actual payments made during the construction of the Gautrain System assets. The cost was adjusted by construction indices until the take-on date of receiving the 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)**

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.

Residual values for buses are estimated at 10% of their total cost.

- **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 Statement of Financial Position 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 are applicable to property, plant and equipment managed by the Concessionaire under the Concession Agreement.

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

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

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

Costs for acquired assets include:

- The items purchase price, including import duties and non-refundable taxes, after deducting any trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner as intended by Management;
- The initial estimates of the costs of dismantling and removing the item and restoring the site on which it is located, for which the GMA incurs this obligation either when the item is acquired or as a consequence of having used the item during a particular period.

The cost of self-constructed assets is determined using the same principles as those applied for an acquired asset and includes the cost of materials, direct labour and other resources incurred in constructing the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, and an initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the GMA and the cost of the item can be reliably measured.

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
<b>Gautrain System assets</b>	
Land	Infinite
Infrastructure assets	5–100 years
Plant and equipment	10–35 years
Rolling stock	35 years
Buses	10 years

Item	Average useful life
<b>GMA assets</b>	
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 an 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 GMA shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, GMA shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

## 1.4 INTANGIBLE ASSETS

### Initial recognition 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;
- Amortisation is determined from the date the intangible asset is available for use.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by GMA for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Initial expenditure incurred is recognised and capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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
<b>Gautrain System assets</b>	
Servitudes	Infinite
<b>GMA assets</b>	
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. GMA is thus the agent and not the principal. Financial transactions relating to the project are disclosed in the note to the Annual Financial Statements – obligations arising from restricted project funds.

All government funding received for the project is requested from Gauteng Provincial Treasury based on Management's best estimate of Project disbursements to be incurred for the period. To the extent that funding received is in excess of Project expenditure actually incurred for the year under review, it is classified as income received in advance of obligations yet to be incurred and recognised in the Statement of Financial Position as a liability.

### Obligations arising from restricted sip funds

Over the duration of the Development Period, until the contractual Anticipated Completion Date 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 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 contingent liabilities. 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 a 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 pre-payment will lead to a reduction in future payments or a cash refund to the GMA; and
- As an expense in the Statement of Financial Performance.

### Short-term compensated absences

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. The GMA recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the GMA.

The GMA measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the GMA. The GMA recognises no liability or expense until the time of the absence because employee service does not increase the amount of the benefit.

### Bonus, incentive and performance related payments

- The GMA recognises a liability and an expense for the expected cost of bonus, incentive and performance related payments when it has a present legal or constructive obligation to make such payments as a result of past events; and a reliable estimate of the obligation can be made.

### Post-employment benefits: defined contribution plan

#### Recognition and measurement

When an employee has rendered services to the GMA during a reporting period, the GMA shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the GMA shall recognise that excess as an asset (prepaid expense) to the extent that the pre-payment 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 Gauteng MEC for Public Transport and Road Infrastructure 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, while 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 information separately for 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.

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:
  - Significant risks and rewards are transferred to another party; or
  - 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**

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

None

### New Standards and Interpretations: Approved but not effective in the current year

None



## GAUTRAIN MANAGEMENT AGENCY

# DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## 2. CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Bank – Current account	689,891	521,414
Social Investment Programme funds	18,772	22,086
Performance Reserve Account funds	65,510	61,613
Insurance Proceeds account	368	356
<b>Total</b>	<b>774,541</b>	<b>605,469</b>

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 policies for more detail.

## 3. RECEIVABLES (EXCHANGE TRANSACTIONS)

	2021 R'000	2020 R'000
<b>3.1 Receivables (Exchange transactions) – Current assets</b>		
<b>Accrued income</b>	<b>11,853</b>	<b>12,737</b>
Accrued interest income	9,668	10,323
Accrued interest income – SIP funds	747	64
Accrued bus savings	1,007	1,969
Accrued interest on bus savings	431	381
<b>Other receivables</b>	<b>8,021</b>	<b>5,250</b>
TAG receivable	3,958	511
Collaboration project funds – DBSA	4,063	4,739
<b>Pre-payments</b>	<b>498</b>	<b>741</b>
Operating expenditure	498	741
<b>Total</b>	<b>20,372</b>	<b>18,728</b>

### 3. RECEIVABLES (EXCHANGE TRANSACTIONS) (continued)

	2021 R'000	2020 R'000
<b>3.2 Receivables (Exchange transactions) – Non-current assets</b>		
<b>Deposit</b>	<b>2,736</b>	<b>2,484</b>
Rental deposit	2,173	2,173
Interest accrued on rental deposit	563	311
<b>Gautrain System assets – Pre-payments</b>	<b>-</b>	<b>280,236</b>
<b>Total</b>	<b>2,736</b>	<b>282,720</b>

### 4. PROPERTY, PLANT AND EQUIPMENT

	2021 R'000	2020 R'000
Gautrain System assets	26,154,075	26,919,105
GMA assets	12,549	13,430
	<b>26,166,624</b>	<b>26,932,535</b>

#### 4.1 Gautrain System assets

	2021			2020		
	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	7,827,847	22,162,412	29,990,259	6,933,341	23,056,918
Plant and equipment	434,025	154,724	279,301	434,025	135,067	298,958
Rolling stock	4,017,464	927,981	3,089,483	4,017,464	807,689	3,209,775
Buses	365,981	90,427	275,554	205,636	188,707	16,929
Infrastructure – work-in-progress	342,946	-	342,946	332,145	-	332,146
	<b>35,155,054</b>	<b>9,000,979</b>	<b>26,154,075</b>	<b>34,983,908</b>	<b>8,064,804</b>	<b>26,919,105</b>

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

### 4.1 Gautrain System assets (continued)

Reconciliation – 2021	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	23,056,918	-	2,095	-	892,411	22,162,412
Plant and equipment	298,958	-	39	-	19,618	279,301
Rolling stock	3,209,775	-	209	-	120,084	3,089,483
Buses	16,929	286,579	47	-	27,907	275,554
Infrastructure – work-in-progress	332,145	58,733	-	47,932	-	342,946
<b>Carrying value – 2021</b>	<b>26,919,105</b>	<b>345,312</b>	<b>2,389</b>	<b>47,932</b>	<b>1,060,020</b>	<b>26,154,075</b>

Reconciliation – 2020	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	23,989,819	-	-	-	932,901	23,056,918
Plant and equipment	319,004	-	-	-	20,046	298,958
Rolling stock	3,329,651	-	-	-	119,876	3,209,775
Buses	44,905	-	-	-	27,976	16,929
Infrastructure – work-in-progress	265,520	66,625	-	-	-	332,145
<b>Carrying value – 2020</b>	<b>27,953,278</b>	<b>66,625</b>	-	-	<b>1,100,799</b>	<b>26,919,105</b>

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

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.

As per the CA, the Concessionaire must replace the Dedicated Feeder and Distribution Services (Buses) that are 10 years or older. In line with this, the Concessionaire managed to change 81 buses in the current financial year and the process of changing the remaining 44 buses is anticipated to be completed in the coming financial year.

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

### 4.2 GMA assets

Summary	2021			2020		
	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	749	198	947	650	297
Office equipment	4,115	3,122	993	4,182	2,947	1,235
Computer equipment	18,348	15,116	3,232	17,117	14,021	3,096
Furniture and fittings	3,236	2,844	392	2,927	2,628	299
Leasehold improvements	15,579	8,624	6,955	14,687	6,894	7,793
Leased office equipment	1,344	565	779	1,185	475	710
<b>Total</b>	<b>43,569</b>	<b>31,020</b>	<b>12,549</b>	<b>41,045</b>	<b>27,615</b>	<b>13,430</b>

Reconciliation – 2021	Opening Balance R'000	Additions R'000	Capitalisation R'000	Write-off R'000	Depreciation R'000	Closing Balance R'000
Motor vehicles	298	-	(1)	-	99	198
Office equipment	1,245	65	(93)	-	224	993
Computer equipment	3,085	1,645	(296)	4	1,199	3,232
Furniture and fittings	299	305	1	-	213	392
Leasehold improvements	7,792	892	(97)	-	1,633	6,955
Leased office equipment	710	563	53	34	513	779
<b>Carrying value – 2021</b>	<b>13,430</b>	<b>3,470</b>	<b>(433)</b>	<b>38</b>	<b>3,881</b>	<b>12,549</b>

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

### 4.2 GMA assets (continued)

Reconciliation – 2020	Opening Balance R'000	Additions R'000	Capitalised R'000	Write-off R'000	Depreciation R'000	Closing Balance R'000
Motor vehicles	438	-	1	-	141	298
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
<b>Carrying value – 2020</b>	<b>14,794</b>	<b>3,831</b>	<b>(31)</b>	<b>188</b>	<b>4,976</b>	<b>13,430</b>

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	2021			2020		
	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
	<b>3,295</b>	<b>-</b>	<b>3,295</b>	<b>3,295</b>	<b>-</b>	<b>3,295</b>

Reconciliation – 2021	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
<b>Carrying value – 2021</b>	<b>3,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,295</b>

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
<b>Carrying value – 2020</b>	<b>3,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,295</b>

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

	2021 R'000	2020 R'000
Gautrain System assets	1	1
GMA assets	40	974
	<b>41</b>	<b>975</b>

### 6.1 Gautrain System assets

Summary	2021			2020		
	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
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>

Reconciliation – 2021	Opening Balance R'000	Additions/ Transfers R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Closing Balance R'000
Servitudes	1	-	-	-	-	1
<b>Carrying value – 2021</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

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	-	-	-	-	1
<b>Carrying value – 2020</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

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	2021			2020		
	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	9,764	41	9,802	8,828	975
<b>Total</b>	<b>9,802</b>	<b>9,764</b>	<b>41</b>	<b>9,802</b>	<b>8,828</b>	<b>975</b>

Reconciliation – 2021	Opening Balance R'000	Additions R'000	Capitalised R'000	Write-off R'000	Depreciation R'000	Closing Balance R'000
Computer software	120	-	-	-	79	41
<b>Carrying value – 2021</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79</b>	<b>41</b>

Reconciliation – 2020	Opening Balance R'000	Additions R'000	Capitalised R'000	Write-off R'000	Depreciation R'000	Closing Balance R'000
Computer software	1,429	-	281	-	735	975
<b>Carrying value – 2020</b>	<b>1,429</b>	<b>-</b>	<b>281</b>	<b>-</b>	<b>735</b>	<b>975</b>

## 7. PAYABLES (EXCHANGE TRANSACTIONS)

	2021 R'000	2020 R'000
Accrued project expenditure	198,100	270,665
Accrued operational expenditure	2,856	2,272
Accrued leave and bonus expenditure	24,012	25,473
<b>Total</b>	<b>224,968</b>	<b>298,410</b>

## 8. FINANCE LEASE LIABILITY

	2021		
	Minimum Lease Payment R'000	Future Finance Charges R'000	Present Value of Minimum Lease Payments R'000
<b>Amounts payable under finance leases – 2021</b>			
Within one year	434	23	457
Within two to five years	137	4	141
<b>Total finance lease liability</b>	<b>571</b>	<b>27</b>	<b>598</b>
Less: Amount due for settlement within 12 months (current portion)	(434)	(23)	(457)
<b>Total non-current lease liability</b>	<b>137</b>	<b>4</b>	<b>141</b>

The lease term varies between one and two years and the average effective borrowing rate is between 9.0% and 7.0%. Interest rates are not fixed. All leases have fixed repayment terms.

	2020		
	Minimum Lease Payment R'000	Future Finance Charges R'000	Present Value of Minimum Lease Payments R'000
<b>Amounts payable under finance leases – 2020</b>			
Within one year	645	49	694
Within two to five years	230	7	237
<b>Total finance lease liability</b>	<b>875</b>	<b>56</b>	<b>931</b>
Less: Amount due for settlement within 12 months (current portion)	(645)	(49)	(694)
<b>Total non-current lease liability</b>	<b>230</b>	<b>7</b>	<b>237</b>

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

	2021 R'000	2020 R'000
Social Investment Programme Fund	18,739	22,022
<b>Total</b>	<b>18,739</b>	<b>22,022</b>
<b>Reconciliation – Movement during the year:</b> <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	22,022	28,097
Add: Interest income	747	1,821
Less: Expenditure	(4,030)	(7,896)
<b>Obligation at the end of the year</b>	<b>18,739</b>	<b>22,022</b>

## 10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

	2021 R'000	2020 R'000
<b>Provincial grants</b>		
MTEF equitable share	621,374	354,423
<b>Private sector</b>		
Private sector	123,660	105,497
<b>Total</b>	<b>745,034</b>	<b>459,920</b>
<b>Reconciliation of movement during the year:</b>		
Obligation at the beginning of the year	459,920	404,218
Add: Project funds received during the year – capital	2,480,707	2,096,742
Less: Project expenditure paid during the year – capital	(2,156,954)	(2,041,040)
<b>Obligation at the end of the year</b>	<b>783,673</b>	<b>459,920</b>

### 10.1 Project funds received during the year

	2021 R'000	2020 R'000
<b>Project income earned (includes all accrued income)</b>		
<b>Public sector</b>	<b>2,395,644</b>	<b>1,853,263</b>
MTEF equitable shares	2,395,644	1,853,263
<b>Private sector</b>	<b>85,063</b>	<b>243,479</b>
Performance deductions	1,301	1,357
Rental income	1,148	1,063
Interest on bus savings	2,689	6,218
Bus savings	15,474	11,629
RUF revenue	64,451	223,212
<b>Total</b>	<b>2,480,707</b>	<b>2,096,742</b>

### 10.2 Project expenditure incurred during the year

	2021 R'000	2020 R'000
<b>Project expenditure incurred (includes all accrued expenditure)</b>		
Operating period variation costs	10,510	17,393
System improvements and repairs	43,240	51,992
Patronage Guarantee cost	2,014,526	1,971,655
Settlement Agreement	88,679	-
<b>Total</b>	<b>2,156,954</b>	<b>2,041,040</b>

## 10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (continued)

### 10.3 Analysis of the movement during the year

	2021 R'000	2020 R'000
<b>Provincial – MTEF equitable share</b>		
Obligation at the beginning of the year	(408,754)	(223,396)
Add: Current year receipts	2,395,644	1,853,263
Less: Project expenditure	(2,154,505)	(2,038,620)
	<b>(167,615)</b>	<b>(408,754)</b>
<b>Other private sector income</b>		
Add: Obligation at the beginning of the year	165,497	147,650
Add: Performance deductions	1,301	1,357
Add: Rental income	1,148	1,063
Add: Interest on bus savings	2,689	6,218
Add: Bus savings	15,474	11,629
Less: Project expenditure	(2,449)	(2,420)
	<b>183,660</b>	<b>165,497</b>

## 11. PROVISIONS

	2021 R'000	2020 R'000
Land provision	12,606	12,606
<b>Total</b>	<b>12,606</b>	<b>12,606</b>

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.

	2021 R'000	2020 R'000
<b>Land provision</b>		
<b>Reconciliation – Movement during the year</b>		
Opening balance	12,606	12,606
Less: Provision utilised	-	-
<b>Closing balance</b>	<b>12,606</b>	<b>12,606</b>



## 12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

	2021 R'000	2020 R'000
<b>Obligations arising from:</b>		
Restricted Performance Reserve Account funds	65,756	61,972
Restricted Insurance Proceeds funds	369	358
	<b>66,125</b>	<b>62,330</b>
<b>Obligations arising from restricted Performance Reserve Account funds</b> <i>(Includes all accrued income and expenditure)</i>		
Restricted Performance Reserve Account	65,756	61,972
<b>Total</b>	<b>65,756</b>	<b>61,972</b>

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.

	2021 R'000	2020 R'000
<b>Obligations arising from Restricted Insurance Proceeds funds</b>		
Restricted Insurance Proceeds Account	369	358
<b>Total</b>	<b>369</b>	<b>358</b>
<b>Reconciliation – Movement during the year</b> <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	358	338
Add: Interest income	11	20
<b>Obligation at the end of the year</b>	<b>369</b>	<b>358</b>

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)

	2021 R'000	2020 R'000
<b>Other liabilities (Exchange transactions) – Current liability</b>		
Rental deposit payable	130	130
IFM Project Funds	22,788	22,788
	<b>22,918</b>	<b>22,918</b>
<b>Other liabilities (Exchange transactions) – Non-current liability</b>		
Operating lease liability	2,316	4,746
Other Project related liability	38,924	107,347
<b>Total</b>	<b>41,240</b>	<b>112,093</b>
<b>Rental deposit payable</b>		
<b>Reconciliation – Movement during the year</b>		
Opening balance	130	130
<b>Closing balance</b>	<b>130</b>	<b>130</b>

The lease deposit is current as it is payable in the next 12 months.

	2021 R'000	2020 R'000
<b>Operating lease liability</b>		
<b>Reconciliation – Movement during the year</b>		
Opening balance	4,746	7,100
Movement	(2,430)	(2,354)
<b>Closing balance</b>	<b>2,316</b>	<b>4,746</b>

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

	2021 R'000	2020 R'000
<b>Other Project related liability</b>		
<b>Reconciliation – Movement during the year</b>		
Opening balance	107,346	93,804
Movement during the year	(68,422)	13,542
<b>Closing balance</b>	<b>38,924</b>	<b>107,346</b>

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 Gautrain related projects.

### 13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS) (continued)

	2021 R'000	2020 R'000
<b>Settlement Agreement</b>		
<b>Settlement Agreement repayments</b>		
Payable by Province to the Concessionaire	88,678	88,678
Payable by the Concessionaire to Province	-	-
	<b>88,678</b>	<b>88,678</b>
	<b>(88,678)</b>	-
Payment	88,678	-
<b>Settlement balance remaining at year end</b>	-	<b>88,678</b>

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 on April 2020, this amount was also accrued as an expenses during this Financial Year and this settled in full the outstanding amount payable by the Province to the Concessionaire.

### 14. PRIOR PERIOD ERROR

	2021 R'000	2020 R'000
Decrease in retained earnings	-	(9,701.85)
Decrease in finance income	-	(3,841.54)
Increase in the liability	-	13,543.39

During the period under review a prior misallocation error in finance income resulted in an 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 determined the actual finance income for the liability.

### 15. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
MTEF funding	320,935	300,051
<b>Total</b>	<b>320,935</b>	<b>300,051</b>

## 16. REVENUE FROM EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
Finance income	17,356	25,117
Other income	984	104
Insurance claim GMA	1,015	91
Profit on sale of assets	(31)	13
<b>Total</b>	<b>18,340</b>	<b>25,221</b>

## 17. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board member remuneration – 2021	2021			
	Retention Fees R'000	Board Fees R'000	Travel Expenses R'000	Total Remuneration R'000
<b>Names of Board Members</b>				
Mr M Mokoena (Chairperson)	180	177	-	357
Ms P Moloto-Stofile (Deputy Chairperson)	90	133	-	223
Mr A Mawela	104	150	-	253
Mr B Lengane	68	70	-	137
Mr D Nadison	90	143	-	233
Dr P Dala	104	201	-	305
Ms L Mtiya	15	30	1	45
Mr S Zamxaka	23	29	-	52
Ms R Mabusela-Jonga	23	29	1	53
<b>Total</b>	<b>695</b>	<b>963</b>	<b>1</b>	<b>1,659</b>

Audit and Risk Committee remuneration – 2021	2021		
	Attendance Fees R'000	Travel Expenses R'000	Total Remuneration R'000
<b>Names of Audit and Risk Committee Members</b>			
Mr B Lengane (Chairperson until 31 Dec 2020)	55	-	55
Mr A Maw (Chairperson – 1 Jan 2021–31 Mar 2021)	30	-	30
Dr P Dala	45	-	45
Ms P Moloto-Stofile (Deputy Chairperson)	39	-	39
Mr S Zamxaka	5	-	5
Ms R Mabusela-Jonga	5	-	5
<b>Total</b>	<b>180</b>	<b>-</b>	<b>180</b>

	2021 R'000
<b>Total Board Members' and other Committee Members' remuneration – 2021</b>	<b>1,839</b>

## 17. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION (continued)

Board member remuneration – 2020	2020			
	Retention Fees R'000	Board Fees R'000	Travel Expenses R'000	Total Remuneration R'000

### 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
<b>Total</b>	<b>697</b>	<b>839</b>	<b>21</b>	<b>1,557</b>

Audit and Risk Committee remuneration – 2020	2020		
	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 P Moloto-Stofile (Deputy Chairperson)	16	-	16
Dr P Dala	24	1	25
<b>Total</b>	<b>75</b>	<b>1</b>	<b>76</b>

	2020 R'000
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**Total Board Members' and other Committee Members' remuneration – 2020**

**1,633**



## 18. EXECUTIVE MANAGEMENT REMUNERATION

		2021					Total
		Basic Salary	Company	Bonus	Allowances	Lump	Remuneration
		R'000	Contributions	R'000	R'000	Sums	R'000
			R'000		R'000	R'000	
Mr W Dachs	CEO	4,650	541	744	-	-	5,935
Mr T Kgobe	COO (Aug 20–Mar 21)	2,625	328	-	-	-	2,954
Mr T Kgobe	SEM: Technical (Apr 20–Jul 20)	1,105	120	962	265	-	2,452
Mr P Mabena	CFO	3,358	400	903	-	-	4,661
Mr N Magoai	SEM: Legal	2,386	332	584	-	-	3,303
Dr B Jensen Vorster	SEM: Communications and Marketing	2,536	349	646	-	-	3,530
Ms P Yende	SEM: Corporate Services	1,871	245	404	-	-	2,521
<b>Total</b>		<b>18,531</b>	<b>2,316</b>	<b>4,243</b>	<b>265</b>	<b>-</b>	<b>25,356</b>

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

		2020					Total
		Basic Salary	Company	Bonus	Allowances	Lump	Remuneration
		R'000	Contributions	R'000	R'000	Sums	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
<b>Total</b>		<b>20,977</b>	<b>2,782</b>	<b>8,479</b>	<b>133</b>	<b>-</b>	<b>32,371</b>

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

## 19. EMPLOYEE COSTS

	2021 R'000	2020 R'000
Salaries, bonuses and allowances	110,127	125,355
Increase/(decrease) in leave accrual	708	(112)
Increase/(decrease) in bonus accrual	20,091	(2,194)
Leave paid	60	1,384
Provident fund contributions and subsidy	10,147	14,634
Employer contributions	1,170	2,234
<b>Total</b>	<b>142,304</b>	<b>141,301</b>

## 20. DEPRECIATION AND AMORTISATION COSTS

	2021 R'000	2020 R'000
<b>Depreciation</b>	<b>1,063,901</b>	<b>1,105,730</b>
Gautrain System assets	1,060,020	1,100,754
GMA assets	3,881	4,976
<b>Amortisation</b>	<b>79</b>	<b>735</b>
GMA assets	79	735
<b>Total</b>	<b>1,063,980</b>	<b>1,106,465</b>

## 21. OPERATIONAL EXPENDITURE

	2021 R'000	2020 R'000
Project support consultants – Transaction advisors	36,147	43,940
Technical costs, communication and public relations and land procurement	194	2,370
Legal costs	-	3,521
Commercial costs	35,953	38,049
Independent monitor costs	2,691	2,665
Independent socio-economic monitor costs	2,691	2,665
Travel, accommodation, entertainment and subsistence	100	688
Recruitment costs	656	934
Employee wellness	18	108
Loss of assets due to write-offs, donations and theft	245	76
Training and membership fees	2,477	2,282
Maintenance costs	528	96
Audit fees	2,792	2,789
Marketing and communication initiatives	16,995	17,272
Legal expenses	-	348
Consultant costs	49,291	30,052
Building rent and utilities	12,700	15,200
Office running costs	1,776	5,172
Insurance costs	1,090	1,371
IT related costs	15,699	13,613
Corporate affairs	425	505
Gym expenses	917	705
<b>Total</b>	<b>144,547</b>	<b>137,817</b>

## 22. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2021 R'000	2020 R'000
Net deficit per the Statement of Financial Performance	(1,013,432)	(1,061,991)
Adjusted for:		
Amortisation	79	735
Depreciation	1,063,901	1,105,730
Other non-cash items related to assets:	(298,848)	(67,828)
Write-off of assets, donations, profit/loss on sale of assets	47,970	188
Assets accrued	(286,579)	(66,579)
Finance leased assets	(60,239)	(1,437)
Increase/(decrease) in current liabilities	208,152	163,135
Increase/(decrease) in non-current liabilities	(67,154)	6,101
(Increase)/decrease in receivables	278,339	46,114
<b>Net cash inflows from operating activities</b>	<b>171,036</b>	<b>191,996</b>

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

	2021 R'000
Net deficit per the Statement of Financial Performance	(1,013,432)
Base adjusted for:	
Amortisation	79
Depreciation	1,063,901
Other non-cash items related to assets:	(298,848)
Write-off of assets, donations, profit/loss on sale of assets	47,970
Assets accrued	(286,579)
Finance leased assets	(60,239)
Increase/(decrease) in current liabilities	208,152
Increase in non-current liabilities	(67,154)
(Increase)/decrease in receivables	278,339
<b>Cash flows from operating activities</b>	<b>171,036</b>
<b>Net cash from investing activities</b>	<b>(1,965)</b>
Acquisition of property, plant and equipment	(1,965)
Acquisition of intangible assets	-
<b>Net cash from financing activities</b>	<b>605,470</b>
Finance lease payments	605,470
<b>Net increase in cash and cash equivalents</b>	<b>774,541</b>
<b>Other items not included in the budget:</b>	<b>104,594</b>
Interest income	19,818
Bus savings received	16,436
Net SIP fund expenditure	-
Net Performance Reserve Account receipts	1,947
Other income	67,322
Insurance income and proceeds on sale of assets	1,018
<b>Net surplus/(deficit) before Project Funds from previous period</b>	<b>879,135</b>
Plus: Funds from previous period	-
<b>Net receipts</b>	<b>104,594</b>

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, while 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 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

The Patronage Guarantee is paid on a monthly basis to the Concessionaire. The amount paid is the difference between Minimum Required Total Revenue (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 Minimum Required Total Revenue increases at a rate above inflation. The Patronage Guarantee payment for the 2020/21 Financial Year is disclosed in note 10. The GMA had planned to transport 14,500,000 (fourteen million five hundred thousand) rail passengers and 4,400,000 (four million four hundred thousand) bus passengers. The GMA have managed to transport 2,653,160 (two million six hundred and fifty three thousand one hundred and sixty) rail passengers and 861,706 (eight hundred and sixty one thousand seven hundred and six) bus passengers by year-end. The reduction of ridership is due to the effects of the COVID-19 pandemic which the System is still recovering from it. The Patronage Guarantee exposure is capped as per the Concession Agreement (Minimum Required Total Revenue less the Concessionaire Demand Forecast).

	Contract end date	2021 R'000	2020 R'000
<b>Contractual commitments</b>			
Information technology goods and services	2021	18,003	17,998
General consultants	2021	9,141	5,283
Technical consultants	Time driven	45,965	44,447
Communication and marketing initiatives	2021	24,415	11,376
<b>Contractual capital commitments</b>			
Capital variations commitments		42,836	77,043
		<b>140,360</b>	<b>156,146</b>

### 24.2 Operating lease commitments

	2021 R'000	2020 R'000
Total future minimum lease payments due:	16,338	15,285
- within one year	9,880	9,171
- within two to five years	6,458	6,114
- five years onwards	-	-
	<b>16,338</b>	<b>15,285</b>

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. The lease was amended from 1 August 2020 and terminates on 31 July 2023 and provides for an annual escalation between 8% and 9% over the period of the lease.

## 24. CONTINGENCIES AND COMMITMENTS (continued)

### 24.3 Operating lease commitments

	2021 R'000	2020 R'000
Leases expense	917	705

The GMA entered into a five-year Gym lease agreement, which commenced in November 2018, 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 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 matter was heard from October 2019 and finalised on 17 November 2020. Judgment, on the merits, was granted in favour of the Province, on 2 March 2021. Zurich has since lodged an application for leave to appeal. The quantum of this claim is yet to be determined.

#### 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.

## 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 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 Gauteng MEC for Public Transport and Road Infrastructure 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: Gauteng MEC for Public Transport and Road Infrastructure

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 Gauteng MEC for Public Transport and Road Infrastructure. The details of the transaction are 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.

	2021 R'000	2020 R'000
<b>Financial assets – At carrying value</b>		
Cash and cash equivalents	774,541	605,469
Accrued income	11,853	12,737
Other receivables	8,021	5,250
Rental deposit	2,736	2,484
<b>Total</b>	<b>797,151</b>	<b>625,940</b>
<b>Financial liabilities – At carrying value</b>		
Payables	200,956	272,937
Finance lease liability	598	931
Other liabilities	64,158	135,012
Obligations arising from restricted SIP funds	18,739	22,022
Obligations arising from restricted Project funds	783,673	459,920
Obligations arising from restricted Concessionaire funds	66,125	62,330
<b>Total</b>	<b>1,134,249</b>	<b>953,151</b>
<b>Fair value of financial instruments</b>		
<b>Financial assets at fair value:</b>		
Cash and cash equivalents	774,541	605,469
Accrued income	11,853	12,737
Other receivables	8,021	5,250
Rental deposit	2,736	2,484
<b>Total</b>	<b>797,151</b>	<b>625,940</b>
<b>Financial liabilities held at fair value:</b>		
Payables	200,956	272,937
Finance lease liability	598	931
Other liabilities	64,158	135,012
Obligations arising from restricted SIP funds	18,739	22,022
Obligations arising from restricted Project funds	783,673	459,920
Obligations arising from restricted Concessionaire funds	66,125	62,330
<b>Total</b>	<b>1,134,249</b>	<b>953,151</b>

## 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.

	2021 R'000	2020 R'000
<b>Income from cash and cash equivalents</b>		
Finance income	17,356	25,117
<b>Expenses from finance lease liability</b>		
Finance costs	(38)	(47)
<b>Total</b>	<b>17,318</b>	<b>25,070</b>

### 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 pre-payments, upon which credit risk is limited as interest is receivable from banks with an acceptable independent rating and pre-payments are minimal.

At 31 March 2021, the GMA did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

### Fair value of financial instruments

The carrying amounts of the following financial instruments approximate their fair value due to the fact that these instruments are predominantly short-term in nature:

- Cash and cash equivalent bank balances with commercial interest rates.
- Short-term receivables – due to the short-term nature of the 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 to 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	2021		
	0-12 Months R'000	1-5 Years R'000	> 5 Years R'000
<b>Financial assets</b>			
Accrued income	11,853	-	-
Other receivables	8,021	-	-
Rental deposit	-	2,736	-
<b>Financial liabilities</b>			
Payables	200,956	-	-
Finance lease liability	457	141	-
Other liabilities	-	64,158	-
Obligations arising from restricted SIP funds	18,739	-	-
Obligations arising from restricted Project funds	783,673	-	-
Obligations arising from restricted Concessionaire funds	-	66,125	-

### 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 points increase/decrease represents a reasonable possible change in the risk variable.

	2021	
	Accumulated Surplus R'000	Net Assets R'000
Interest rate increase of 200 basis points	11,915	11,915
Interest rate decrease of 200 basis points	(11,915)	(11,915)

### 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. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Integrated Annual Report under the section titled B-BBEE Compliance Performance Information.

## 28. SUBSEQUENT EVENTS

None

## 29. GOING CONCERN

On 31 March 2021 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. 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 Provincial Schedule 3C public entity and its funded by the budget allocations from the Gauteng Province. The entity has been allocated a budget of R2.4 billion for the 2021/22 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 2021/22 Financial Year.

The Gauteng Province and Gauteng Treasury have funds allocated 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.

## 30. 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.

# ANNEXURE A

## GMA'S APPLICATION OF KING IV FOR THE 2020/21 FINANCIAL YEAR



## 1. INTRODUCTION

The GMA adopted King IV with effect from 1 April 2017. The Board adopted a decision 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 was used as a guide on how King IV Code should be interpreted and applied in the GMA.

The Report on the GMA's King IV Application and Disclosure highlights 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 of this Report to the Integrated Annual Report was used to avoid duplication.

This Report outlines how the GMA applies good governance as recommended by King IV and was prepared in accordance with King IV Report on Corporate Governance in South Africa 2016.

## 2. KING IV APPLICATION AND DISCLOSURE

The GMA continued to apply and maintain the principles of the King IV Report. An update on the GMA's King IV Application and Disclosure for the 2020/21 Financial Year is contained in the table below:

Principles	King IV Explanations
<p><b>PRINCIPLE 1: LEADERSHIP</b></p> <p>Board leads ethically and effectively.</p>	<p>The Business Code of Conduct and Ethics for Members was revised to align with corporate governance leading practices. Board Members confirm their compliance with the Business Code of Conduct and Ethics annually.</p> <p>The implementation of the Business Code of Conduct and Ethics for Board Members was monitored during the period under review and no areas of concern were identified.</p> <p>All items in the Action Plan that emanated from the Evaluation of the Performance of the Board and Board Committees conducted in the previous year have been addressed. The next Performance Evaluation of the Board and Board Committees will be conducted during the 2021/22 Financial Year.</p>
<p><b>PRINCIPLE 2: ORGANISATIONAL ETHICS</b></p> <p>Board governs the ethics of the GMA in a way that supports the establishment of the ethical culture.</p>	<p>Board is responsible for steering and setting the strategic direction for ethics in the GMA, delegates the implementation and execution to Management and oversees through the Social and Ethics Committee.</p> <p>The focus areas during the reporting period included:</p> <ul style="list-style-type: none"> <li>• GMA has Ethics Code Members of the Board, Employees and the Suppliers. These Codes and the related Policies were reviewed and approved by Board.</li> <li>• E-workshop and webinars on the Ethics Codes and related Policies were conducted for the employees.</li> <li>• GMA has an independent Fraud Hotline and reports received are considered by the Audit and Risk Committee, as well as the Social and Ethics Committee.</li> <li>• GMA commemorated the Global Ethics Day and the International Fraud Awareness Week through various interventions.</li> <li>• GMA also launched the Annual Compliance Day, Molao Chatz initiatives and issued newsletters related to legislative and case law developments.</li> <li>• GMA embarked on an Organisational Culture Programme with the aim of identifying behaviours that define the GMA's values and are aligned to the strategic outcomes, as well as the GMA brand. The GMA's core values and Value Statements were identified with inputs from Management and employees to ensure shared belief.</li> <li>• Quarterly Integrated Ethics Management Reports were considered by the Social and Ethics Committee.</li> </ul> <p>Planned future areas are:</p> <ul style="list-style-type: none"> <li>• Ethics Management Strategy and Plan will be finalised for consideration by the Social and Ethics Committee and Board for approval.</li> <li>• Implementation and Monitoring of the Ethics Management Plan.</li> <li>• Continue with Ethics and Fraud Prevention workshops and training.</li> <li>• Implementation of the revised GMA Values.</li> </ul>

Principles	King IV Explanations
<p><b>PRINCIPLE 3: RESPONSIBLE CORPORATE CITIZEN</b></p> <p>Board ensures the GMA is and is seen to be a responsible citizen.</p>	<p>Board is responsible for corporate citizenship by setting the direction for how it should be approached and addressed.</p> <p>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"> <li>• <b>Workplace</b> – The GMA's employment philosophy is consistent with the belief that people are the most important asset to the Agency.</li> <li>• GMA recognises the importance of an Employee Value Proposition (EVP) as being instrumental in recruiting and retaining the best employees.</li> <li>• The GMA Learning and Development Philosophy embeds an integrated systematic approach and creates a dynamic and successful organisation through its workforce to ensure sustainable high performing culture.</li> </ul> <p>The implementation of the Graduate Development and Woman Development Programmes continued during the reporting period and contributed to the GMA strategic outcome of promoting and maximising the SED.</p> <ul style="list-style-type: none"> <li>• <b>Economy</b> – Gautrain Project adopted an innovative process which translates the government's SED objectives into measurable performance indicators and are entrenched into contractual obligations so that the commitment of the Concessionaire could be fostered.</li> <li>• The Concessionaire embraced SED objectives and ensured credible achievements. SED obligations for the reporting period are included in this Integrated Annual Report.</li> <li>• B-BBEE procurement spend relates to discretionary goods and services procured by the GMA. The Social and Ethics Committee monitors the GMA's B-BBEE compliance. Achieving the BEE targets for business owned by women, youth and people living with disabilities remained a challenge during period under review and GMA will continue with investigations on how to improve its performance.</li> <li>• <b>Society</b> – The GMA's Social Investment Programme (SIP) focuses on education, community care and the environment. The first SIP cycle, which commenced in 2017, has been concluded and an independent service provider monitored and evaluated various projects and confirmed that a positive impact was made to the SIP beneficiaries. A COVID-19 Relief Fund was put in place to support the SIP beneficiaries during the lockdown period, enabling them to continue with their services. The second GMA SIP cycle with new projects will be launched in the next Financial Year.</li> <li>• Details of the key focus areas during this reporting period and the planned future areas are found in the main Integrated Annual Report.</li> <li>• <b>Safety, Health and Environment</b> – The Focus of the 2020/21 Financial Year shifted drastically to prioritise safety measures for COVID-19. From the declaration of the pandemic in March 2021, train services halted under level 5 of the National Lockdown from 25 March to 3 May 2020. Social distancing, sanitising and deep cleaning were used as methods to prevent the spread of the virus, when the rail services resumed.</li> <li>• 114 employees of the Concessionaire were infected with COVID-19 virus, with 6 fatalities, during the period under review. Within the GMA a total of 14 employees were infected and recovered from the virus. 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.</li> <li>• A full breakdown of events and strategic focus objectives are detailed in the main Integrated Annual Report.</li> </ul>
<p><b>PRINCIPLE 4: STRATEGY AND PERFORMANCE</b></p> <p>Board appreciates that the GMA's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable from the value creation process.</p>	<p>Board is responsible for the GMA's performance. GMA's strategy is approved by Board and its implementation is delegated to Management through the strategic plan and budget.</p> <p>Board monitored the GMA's performance through Quarterly Performance and Performance Information Reports submitted to the MEC and the Gauteng Provincial Legislature.</p> <p>CEO's Quarterly Outlook Reports focused on key matters necessary to be brought to the attention of the Board and Board Committees in between quarterly meetings.</p>



Principles	King IV Explanations
<p><b>PRINCIPLE 5: REPORTING</b></p> <p>Board ensures that reports issued by the GMA enable stakeholders to make informed assessment of the GMA's performance.</p>	<p>The GMA followed the National Treasury guidelines, revised Framework issued by the Department of Planning, Monitoring and Evaluation and the corporate governance leading practice on annual reporting.</p> <p>The GMA Annual Financial Statements were 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 PFMA.</p> <p>During this reporting period, the GMA's Integrated Annual Report continued to report on how the six capitals used by GMA are adding value to the GMA and its stakeholders. Details can be found in the Integrated Annual Report.</p>
<p><b>PRINCIPLE 6: PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD</b></p> <p>Board serves as the focal point and custodian of corporate governance in the GMA.</p>	<p>Board exercises its leadership role by steering GMA and setting its strategic direction, approving policies and plans that give effect to the strategic direction provided, overseeing and monitoring of the implementation and execution by Management and ensuring accountability for the 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 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><b>PRINCIPLE 7: COMPOSITION OF THE BOARD</b></p> <p>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 Board is the responsibility of the MEC. Board therefore does not have a Nomination Committee to assist with the appointment of Board, but GMA has instead developed the Framework on the Recruitment and Selection of Board, Board Committees and the CEO.</p> <p>The Framework promotes transparency and formalises the appointment process of the Board, Board Committees and the CEO. The Framework encourages the Board to work together with the MEC in this process although the final approval lies with the MEC.</p> <p>The three-year term of office of the Board came to an end on 31 December 2020. The Board Composition Matrix was used in the final selection of new Board taking into account the diversity of Board Membership and Board's Succession Planning. The new Board was appointed effective 1 January 2021 to 31 December 2023. The Induction for the new Board was conducted in March 2021. Qualifications and background were conducted for new Board Members and they also completed their declaration of interests and no areas of concern were identified.</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><b>PRINCIPLE 8: COMMITTEES OF THE BOARD</b></p> <p>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 and CEO through the delegation of authority framework and the Committees Terms of Reference, while maintaining ultimate accountability.</p> <p>The Board Charter also indicates matters reserved for Board and those delegated to Board Committees. Board considered the recommendations and reports from the Board Committees.</p> <p>Refer to the Corporate Governance Report and Ethics Report for a full disclosure regarding the Board Committees.</p>
<p><b>PRINCIPLE 9: EVALUATION OF THE PERFORMANCE OF THE BOARD</b></p> <p>Board ensures that the evaluation of its own performance and that of its Committees, its Chair and 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 all items in the Action Plan have been addressed.</p> <p>The next evaluation of Performance of the Board, Board Committees and individual Members of the Board will be conducted during the 2021/22 Financial Year.</p> <p>Refer to the Corporate Governance and Ethics Report in this Integrated Annual Report for a full disclosure regarding the Board Evaluation.</p>



Principles	King IV Explanations
<p><b>PRINCIPLE 10: APPOINTMENT AND DELEGATION TO MANAGEMENT</b></p> <p>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>The Framework for the Recruitment and Selection of Board and Board Committees assisted the MEC in the appointment of the new Board.</p>
<p><b>PRINCIPLE 11: RISK GOVERNANCE</b></p> <p>Board governs risk in a way that supports the GMA in setting and achieving its strategic outcomes.</p>	<p>The GMA's risk governance encompasses both opportunities and associated risk, as well as their impact on the achievement of the GMA's outcomes.</p> <p>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"> <li>• Setting the approach for risk governance, including opportunities and risks when developing strategy.</li> <li>• Treating risk as integral part of decision making and adherence to duties.</li> <li>• Overseeing the risk management (including assessment of risks and opportunities using a 360-degree analysis in relation to King IV and the use of 6 capitals, achievement of objectives, dependency on resources as well as the risk responses, monitoring and reporting thereof).</li> <li>• Identifying, mitigation and monitoring of emerging risks.</li> <li>• Development of an Operational Tolerance Dashboard and monitoring and reporting thereof.</li> <li>• Migration of Operational risk registers to the GRC system (Galvanise).</li> <li>• Improvement in the risk maturity of the Agency from 84% to 86%.</li> <li>• Risk awareness initiatives.</li> </ul> <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"> <li>• Lack of a formal Sustainability Plan/Framework</li> <li>• Inclusion of ethics in performance management processes</li> </ul> <p>The above gaps will be addressed in the next reporting period to improve the risk maturity of the GMA. Full disclosure on risk management can be found in the Integrated Annual Report.</p>
<p><b>PRINCIPLE 12: TECHNOLOGY AND INFORMATION GOVERNANCE</b></p> <p>Board governs technology and information in a way that supports the GMA in setting and achieving its strategic outcome.</p>	<p>Board, through the Audit and Risk Committee, oversees the governance of technology and information and management of associated risks, to enable the achievement of the GMA's strategic outcomes. 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 ICT strategy focuses on transforming the GMA into a digital workforce. During the reporting period, ICT continued the drive to digitally transform the GMA into a mobile, agile, innovative and secure workforce. A key component of the ICT strategy is to enhance organisational processes, practices and systems to improve ICT Governance, and risk management, reduce environmental impact, maximise financial value and improve overall workforce efficiency.</p> <p>A Digital strategy as well as a Data strategy were developed. These strategies aim to utilise data to gain a competitive advantage, improve customer experience and add value to the GMA and its customers, using data and analytics. The Data strategy also focuses on Data Governance to ensure that data is correctly managed and protected.</p>

Principles	King IV Explanations
<p><b>PRINCIPLE 13: COMPLIANCE GOVERNANCE</b></p> <p>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 outcomes.</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 the 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>
<p><b>PRINCIPLE 14: REMUNERATION GOVERNANCE</b></p> <p>Board ensures that the GMA remunerates fairly, responsibly and transparently to promote the achievement of strategic outcomes 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 cornerstones of the GMA Reward and Remuneration Philosophy.</p> <p>The GMA Reward and Remuneration Philosophy is aligned to the principle of "performance-based remuneration" which is one of the cornerstones of the GMA Reward Philosophy.</p> <p>The Reward Philosophy is also underpinned by sound remuneration management and governance principles which are promoted throughout the GMA in order to ensure consistent application.</p> <p>The GMA Reward and Remuneration Policy which is reviewed and approved by Board is designed to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>• To attract, motivate, reward and retain HC.</li> <li>• To promote the achievement of strategic objectives within the Agency's risk appetite.</li> <li>• To promote positive outcomes.</li> <li>• To promote an ethical culture and responsible corporate citizenship.</li> </ul> <p>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"> <li>• The approved remuneration structures include the Base Salary, performance bonuses/incentive schemes and other related benefits.</li> <li>• Regular salary benchmarking is conducted to ensure that remuneration is within market related pay.</li> <li>• All employees, regardless of race or gender, performing the same or similar job at the same or similar level of performance in the GMA receive the same or similar levels of remuneration, as determined in the approved Reward and Remuneration Policy and Pay Scale.</li> <li>• Performance Bonus/Incentives are linked to performance and value creation that are within the control of Management.</li> <li>• Performance measures are clearly defined and measured over the short, medium and long term.</li> </ul> <p>The remuneration of Board and Senior Executive Management is disclosed in the Annual Financial Statements included in this Integrated Annual Report.</p>
<p><b>PRINCIPLE 15: ASSURANCE</b></p> <p>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>The GMA Internal Audit provides assurance that contributes to the effectiveness of governance, risk management and control processes. The Internal Audit Plan has been completed as approved by the Audit and Risk Committee.</p> <p>Reviews of governance, risk management and controls by assurance providers to enhance the practice of combined assurance were implemented and reported to the Audit and Risk Committee.</p> <p>Arrangements for assurance are fully disclosed in the Audit and Risk Committee Report contained in the Annual Financial Statements.</p>

Principles	King IV Explanations
<p><b>PRINCIPLE 16: STAKEHOLDER RELATIONSHIPS</b></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 interests of the GMA over time.</p>	<p>Governance of GMA and Gautrain stakeholder relationships is the responsibility of the Board assisted by the Social and Ethics Committee.</p> <p>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"> <li>• Research on stakeholders opinion on the Gautrain brand to leverage and mitigate relationships.</li> <li>• Classification of material stakeholders based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the GMA.</li> <li>• Management of stakeholder risk as part of organisation wide risk management.</li> <li>• Formal mechanisms for communication with stakeholders to identify their priority interests, concerns and expectations.</li> <li>• Actions taken to measure the quality of material stakeholder relationships and appropriate responses to address the gaps.</li> </ul> <p>More details on stakeholder relationships achievements and the future focus areas can be found in the Integrated Annual Report.</p>

### 3. CONCLUSION

The Board is satisfied with the application of good 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.

## LIST OF ABBREVIATIONS AND ACRONYMS

<b>ACSA</b>	Airports Company of South Africa	<b>FAC</b>	Finance and Asset Committee
<b>AFC</b>	Automatic Fare Collection	<b>FEMP</b>	Fare Evasion Management Plan
<b>AFSA</b>	Arbitration Foundation of Southern Africa	<b>GDARD</b>	Gauteng Department of Agriculture and Rural Development
<b>APS</b>	Airport Passenger Service	<b>GDID</b>	Gauteng Department of Infrastructure Development
<b>ARC</b>	Audit and Risk Committee	<b>GDRT</b>	Gauteng Department of Roads and Transport
<b>ASB</b>	Accounting Standards Board	<b>GEGDS</b>	Gauteng Employment, Growth and Development Strategy
<b>ATS</b>	Alexandra Transport Solutions	<b>GIS</b>	Geographic Information System
<b>BBBEE</b>	Broad-Based Black Economic Empowerment	<b>GMA</b>	Gautrain Management Agency
<b>BCJV</b>	Bombela Civil Joint Venture	<b>GMA Act</b>	Gautrain Management Agency Act (Act 5 of 2006), as amended
<b>BCP</b>	Business Continuity Plan	<b>GPG</b>	Gauteng Provincial Government
<b>BEs</b>	Black Entities	<b>GPS</b>	General Passenger Service
<b>BMC</b>	Bombela Maintenance Company	<b>GRAP</b>	Generally Recognised Accounting Practice
<b>BOC</b>	Bombela Operating Company	<b>GRRIN</b>	Gauteng Rapid Rail Integrated Network
<b>CA</b>	Concession Agreement	<b>GTIA</b>	Gauteng Transport Infrastructure Act (Act 8 of 2001)
<b>CC</b>	Competition Commission	<b>GTIP5</b>	5-year Gauteng Transport Implementation Plan
<b>CCTV</b>	Closed Circuit Television	<b>HC</b>	Human Capital
<b>CDF</b>	Concessionaire Demand Forecasted	<b>HDI</b>	Historically Disadvantaged Individuals
<b>CEO</b>	Chief Executive Officer	<b>HoA</b>	Heads of Agreement
<b>CIPC</b>	Companies and Intellectual Properties Commission	<b>HCRC</b>	Human Capital and Remuneration Committee
<b>Concessionaire</b>	Bombela Concession Company (Pty) Ltd	<b>HR</b>	Human Resources
<b>CPI</b>	Consumer Price Index	<b>I&amp;AP</b>	Interested and Affected Party
<b>CSCs</b>	Contactless Smart Cards	<b>ICT</b>	Information and Communications Technology
<b>DBSA</b>	Development Bank of South Africa	<b>IEC</b>	Independent Environmental Consultant
<b>DFDS</b>	Dedicated Feeder and Distribution Services	<b>IIA</b>	Institute of Internal Auditors
<b>DRP</b>	Dispute Resolution Procedure	<b>IIRC</b>	International Integrated Reporting Council
<b>DWS</b>	Department of Water and Sanitation	<b>IPC</b>	Individual Performance Contract
<b>EA</b>	Enterprise Architecture	<b>ISEM</b>	Independent Socio-Economic Monitor
<b>EAP</b>	Environmental Assessment Practitioner	<b>ITMP</b>	(Gauteng) Integrated Transport Master Plan
<b>EDMS</b>	Electronic Document Management System	<b>JRA</b>	Johannesburg Roads Agency
<b>EE</b>	Employment Equity	<b>KM</b>	Knowledge Management
<b>EIA</b>	Environmental Impact Assessment	<b>KPI</b>	Key Performance Indicator
<b>EMEs</b>	Emerging Micro Enterprises (EMEs)		
<b>EMP</b>	Environmental Management Plan		
<b>EMU</b>	Electric Multiple Unit		
<b>EMV</b>	Europay Master Visa		
<b>EW RMS</b>	Enterprise-Wide Risk Management System		

<b>LIR</b>	Land Information Register
<b>MAXIMO</b>	Concessionaire's maintenance information management system
<b>MEC</b>	Member of the Executive Council (for Public Transport and Road Infrastructure, Gauteng)
<b>MFDS</b>	Midibus Feeder and Distribution Service
<b>MOU</b>	Memorandum of Understanding
<b>MRTR</b>	Minimum Required Total Revenue
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NARSA</b>	National Archives and Records Service of South Africa
<b>NLTA</b>	National Land Transport Act (Act 5 of 2009)
<b>NMT</b>	Non-Motorised Transport
<b>NIPMO</b>	National Intellectual Property Management Office
<b> OCD</b>	Operating Commencement Date
<b>OEM</b>	Original Equipment Manufacturer
<b>O&amp;M</b>	Operations and Maintenance
<b>ORTIA</b>	OR Tambo International Airport
<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999), as amended
<b>PH</b>	Public Holidays
<b>PICC</b>	Presidential Infrastructure Co-ordinating Commission
<b>PMC</b>	Performance Monitoring Committee
<b>PMS</b>	Performance Monitoring System
<b>PoPIA</b>	Protection of Personal Information Act (Act 4 of 2013)
<b>PPP</b>	Public Private Partnership
<b>PRASA</b>	Passenger Rail Agency of South Africa

<b>Province</b>	Gauteng Provincial Government
<b>PST</b>	Province's Support Team
<b>QMS</b>	Quality Management System
<b>QSEs</b>	Qualifying Small Enterprises
<b>R&amp;D</b>	Research and Development
<b>RFP</b>	Request for Proposals
<b>RoD</b>	Record of Decision
<b>RRE</b>	Rail Reserve Events
<b>RUF</b>	Railway Usage Fee
<b>RUL</b>	Remaining Useful Life
<b>SCUMP</b>	Service Capacity Utilisation Management Plan
<b>SEC</b>	Social and Ethics Committee
<b>SED</b>	Socio-Economic Development
<b>SHEQ</b>	Safety, Health, Environment and Quality
<b>SIP</b>	Social Investment Programmes
<b>SIP7</b>	Strategic Integrated Project
<b>SITA</b>	State Information Technology Agency
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SNOG</b>	Security and Network Operations Centre
<b>STR</b>	Stored Travel Rights
<b>TA1</b>	Treasury Approval
<b>TOD</b>	Transit Orientated Development
<b>TOM</b>	Ticket Office Machine
<b>TRAC-SA</b>	Technology and Research Activity Centre of South Africa
<b>TTP</b>	Targeted Threat Protection
<b>TVM</b>	Ticket Vending Machine
<b>UATP</b>	International Association of Public Transport
<b>WUL</b>	Water Use License









**GAUTENG**  
PROVINCIAL GOVERNMENT  
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