



GAUTRAIN
FOR PEOPLE ON THE MOVE
GAUTRAIN MANAGEMENT AGENCY

INTEGRATED ANNUAL REPORT

2017/18



FOR PEOPLE ON THE MOVE



Glossary

- ACSA** – Airports Company of South Africa
- AFC** – Automatic Fare Collection
- AFSA** – Arbitration Foundation of Southern Africa
- APP** – Annual Performance Plan
- APS** – Airport Passenger Service
- ARC** – Audit and Risk Committee
- ASB** – Accounting Standards Board
- BBBEE** – Broad-Based Black Economic Empowerment
- BCC** – Bombela Concession Company
- BCP** – Business Continuity Plan
- BEs** – Black Entities
- BMC** – Bombela Maintenance Company
- BOC** – Bombela Operating Company
- CA** – Concession Agreement
- CAR** – Construction All Risk (Insurance)
- CEO** – Chief Executive Officer
- Concessionaire** – Bombela Concession Company (Pty) Ltd
- CPI** – Consumer Price Index
- DBSA** – Development Bank of Southern Africa
- DFDS** – Dedicated Feeder and Distribution Services
- DRP** – Dispute Resolution Procedure
- EAP** – Environmental Assessment Practitioner
- ECD** – Early Childhood Development
- EE** – Employment Equity
- EDMS** – Electronic Document Management System
- EMV** – Europay Master Visa
- EWRMS** – Enterprise-Wide Risk Management System
- FEMP** – Fare Evasion Management Plan
- GDARD** – Gauteng Department of Agriculture and Rural Development
- GDP** – Gross Domestic Product
- GDRT** – Gauteng Department of Roads and Transport
- GEGDS** – Gauteng Employment, Growth and Development Strategy
- GIBS** – Gordon Institute of Business Science
- GIS** – Geographic Information System
- GMA** – Gautrain Management Agency
- GMA Act** – Gautrain Management Agency Act, No. 5 of 2006
- GPG** – Gauteng Provincial Government
- GPS** – General Passenger Service
- GRAP** – Generally Recognised Accounting Practice
- GRRIN** – Gauteng Rapid Rail Integrated Network
- GTIA** – Gauteng Transport Infrastructure Act, No. 8 of 2001- 5-year
- GTIPS** – Gauteng Transport Implementation Plan
- HC** – Human Capital
- HDI** – Historically Disadvantaged Individuals
- HR** – Human Resources
- ICT** – Information and Communications Technology
- IEC** – Independent Environmental Consultant
- IIA** – Institute of Internal Auditors
- IoDSA** – Institute of Directors in Southern Africa
- IPM** – Institute for People Management
- ITMP** – (Gauteng) Integrated Transport Master Plan
- ISEM** – Independent Socio-Economic Monitor
- KPI** – Key Performance Indicator
- LIR** – Land Information Register
- MAXIMO** – Concessionaire’s maintenance information management system
- MEC** – Member of the Executive Council (for Roads and Transport, Gauteng)
- MFDS** – Midibus Feeder and Distribution Service
- MOA** – Memorandum of Agreement
- MOU** – Memorandum of Understanding
- MRTR** – Minimum Required Total Revenue
- MTEF** – Medium Term Expenditure Framework
- MTSF** – Medium Term Strategic Framework
- NDP** – National Development Plan
- NGP** – New Growth Plan
- NGO** – Nongovernmental organisation
- NLTA** – National Land Transport Act, No. 5 of 2009
- OCDS** – Overhead Catenary Distribution System
- ORTIA** – OR Tambo International Airport
- PFMA** – Public Finance Management Act, No. 1 of 1999
- PG** – Patronage Guarantee
- PH** – Public Holidays
- PICC** – Presidential Infrastructure Co-ordinating Commission
- PMC** – Performance Monitoring Committee
- PMS** – Performance Monitoring System
- PoPIA** – Protection of Personal Information Act
- PPP** – Public-Private Partnership
- PRASA** – Passenger Rail Agency of South Africa
- Province** – Gauteng Provincial Government
- RFP** – Request for Proposals
- RoD** – Record of Decision
- RRE** – Rail Reserve Events
- RUL** – Remaining Useful Life
- SAICA** – SA Institute of Chartered Accountants
- SED** – Socio-Economic Development
- SHEQ** – Safety, Health, Environment and Quality
- SMMEs** – Small, Medium and Micro Enterprises
- SIP** – Social Investment Programmes
- SIP7** – Strategic Infrastructure Project
- TA1** – Treasury Approval One
- TRAC SA** – Technology and Research Activity Centre of South Africa
- UATP** – International Association of Public Transport – African Chapter
- UITP** – International Association of Public Transport
- WRC** – Water Research Commission

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Submission of the Gautrain Management Agency's Annual Report to the Executive Authority

The Accounting Authority of the Gautrain Management Agency hereby presents the GMA's Integrated Annual Report for the year ended 31 March 2018 to the Executive Authority.

Signed on 24 August 2018 on behalf of the GMA Board.

MR MOGOPODI MOKOENA
CHAIRPERSON: GMA BOARD

FOREWORD BY THE MEC



Gautrain has changed the public perception of transport in Gauteng for the better. Simultaneously, it has stimulated economic growth and development, particularly in areas located near Gautrain Stations. It successfully has linked economically and socially the metropolitan cities of the Gauteng City Region.

The planned Gauteng Rapid Rail Integrated Network extensions would be a major catalyst for further economic growth, social development and job creation along its proposed corridors. It seeks to spatially integrate through rail infrastructure the five development corridors in our Province. Mutually beneficial partnerships between government and the private sector will continue to give traction to the building of new rail corridors in Gauteng. Such partnerships foster alignment and harmonisation of land use and transport and allow for integrated development that improves the lives of ordinary people.

The Gauteng Rapid Rail Integrated Network extensions is certainly part of the new vision espoused by President

Cyril Ramaphosa. If it can be efficiently implemented over time it will fulfil the hopes and aspirations of our citizens seeking new frontiers of inclusive prosperity and development.

It is the vision and policy intent of the Gauteng Provincial Government to provide an inclusive, seamless and integrated world-class commuter rail service. It is envisaged that the planned Gauteng Transport Authority will play an instrumental role in facilitating co-ordination and integration of rail services offered by both Gautrain and Metrorail.

The publication by the Gautrain Management Agency (GMA) of Gautrain Learnings, a collection of academic case studies based on the construction phase of Gautrain, is a monumental intellectual contribution on the structuring of public-private-partnerships and the implementation of mega transport infrastructure projects. Aspiring engineers will find this publication instructive.



Appreciably, the GMA has once again achieved a clean audit. The Gautrain continues to see consistent usage on the service by commuters and airport service passengers. This has been achieved with operational efficiency and marketing in tough economic conditions. The GMA is to procure additional rolling stock to meet the future commuter demand for rail services. The further growth and expansion of the Gautrain System is consistent with the National Development Plan (2030), the National Transport Master Plan (2017) and the Draft White Paper: National Rail Policy (June 2017).

Most of the important things that we accomplish in life is done in partnership with others. Therefore, I would like to thank the former Chairperson, Ms Motseoa Alix-Mary Lugemwa, and the former and current Members of the Board for their diligence in overseeing the affairs of the GMA. A warm welcome to the new Board headed by Chairperson, Mr Mogopodi Mokoena.

My sincere thanks to the CEO, Mr Jack van der Merwe, the senior management and staff for their professionalism

and dedication to the entity. We deeply appreciate our partnerships with the Bombela Concession Company, the Department of Transport and National Treasury, Transnet, the Passenger Rail Agency of South Africa, the Airports Company of South Africa, the Gauteng Provincial Treasury and the Gauteng Department of Roads and Transport. Finally, to our partners that constitute the Gauteng City Region, a big thank you for your on-going co-operation and support.

DR ISMAIL VADI
GAUTENG MEC FOR ROADS AND TRANSPORT

OUTGOING CHAIRPERSON'S REVIEW



It is with great pleasure in my last year as a chairperson of the Gautrain Management Agency's (GMA) Board to present the sixth Integrated Annual Report for the 2017/18 Financial Year. The GMA is tasked with ensuring the objectives of the Gautrain Project are met.

During the 2017/18 Financial Year, the Board has provided the strategic direction and oversight that ensured that the Gautrain Project operates in a sustainable manner with clear commitment to good governance, to the economic social imperatives of the Gauteng Provincial Government and responsible financial management.

During the year under review the board provided oversight on the following strategic projects:-

- **Amendment of the GMA Act to expand the powers of the Agency to cover the extensions to the rapid rail network in the Province;**
- **Partnerships with various bodies for integration of the Gautrain System with other public transport systems;**
- **Establishment of the Gauteng Transport Authority;**
- **Public transport ticketing interoperability and fare management;**
- **Acquisition of additional rolling stock for the Gautrain System;**
- **Gauteng Province's Construction All Risk (CAR) Insurance Claim; and**
- **Social Investment Programmes.**



In my term as a chairperson of the Board in the last three years, GMA continued receiving clean audits, thus demonstrating a culture of sound good governance. I would like to express my appreciation to the CEO, Mr Jack van der Merwe who has continued to balance the strategic and operational aspects of the GMA so well.

My appreciation and gratitude goes to the Board for its guidance and oversight over the past three years. I feel privileged to be associated to the GMA and I am grateful to the work of the visionary team of Board members. I would also like to commend the management team and staff for their hard work and dedication. Let me take this opportunity to congratulate and wish Mr Mogopodi Mokoena, the new chairperson, as well as the new Board success. I am positive that the Board together with the management team will continue to steer the Agency in the right direction and continue building on the foundation that has been laid.

Finally, I would like to extend my sincere appreciation to the Gauteng MEC of Roads and Transport, Dr Vadi for his unwavering support and enthusiasm for the work the GMA Board do, as well as the Provincial Government and the three metropolitan councils of Ekurhuleni; Johannesburg and Tshwane for their cooperation.

MS MOTSEOA ALIX-MARY LUNGEMWA
OUTGOING CHAIRPERSON: GMA BOARD

CHAIRPERSON'S OUTLOOK



In the year under review the term of office of the old Board came to an end in 31 December 2017. I sincerely would like to thank Ms Lugemwa and the previous Board for their wavering dedication in ensuring that they leave an excellent platform for the new Board to build on. I would like to congratulate Mr Jack van der Merwe and his staff for their dedication and perseverance in ensuring that the GMA achieve its objectives.

The GMA's commitment to governance best practices has been proven throughout the years with this year receiving yet another clean audit. In the year under review, the previous Board adopted the King IV Report on Corporate Governance for South Africa, 2016. The current Board will continue with the implementation of the Principles of King IV.

Strategic Opportunities

Various opportunities and activities that the GMA will focus on in the new Financial Year are as follows:

- **Develop partnerships with key public and private entities that benefit Gautrain;**
- **Take advantage of the commercial opportunities inherent in the Gautrain System;**
- **Expand the System with acquisition of capital assets such as additional parking;**
- **Identify and formalise interaction with all role players and stakeholders;**
- **Explore various innovative ways of increasing ridership on the Gautrain System;**



- **Play an instrumental role in the envisaged enactment of the Gauteng Transport Authority Bill that is currently going through the legislative process;**
- **Address the required legislative changes as identified and is providing supporting information to National Treasury and SIP7 to complete the feasibility study's evaluation process to enable possible approval of the project;**

Appreciation

Gratitude goes out to the Gauteng MEC for Roads and Transport, Dr Ismail Vadi, for his support and guidance, the Gauteng Provincial Government, the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane for their cooperation. All that remains for me is to extend my gratitude to the staff and management of GMA for their commitment and drive in ensuring that the Agency delivers on its mandate.

MR MOGOPODI MOKOENA
CHAIRPERSON: GMA BOARD

CHIEF EXECUTIVE OFFICER'S OUTLOOK



The Gautrain Management Agency (GMA) is charged with the duty to manage, co-ordinate and oversee the Gautrain Project through the implementation and management of the Concession Agreement (CA) between the Gauteng Provincial Government (GPG) and the Concessionaire, Bombela Concession Company (Pty) Ltd. It is also responsible for supporting the GPG's vision of developing an integrated and reliable public transport system for the Gauteng City Region that operates as a single, functional transport area, where the users of the system are oblivious of municipal and provincial boundaries.

In the 25-Year Integrated Transport Master Plan (ITMP25) it is estimated that the Province's population will increase to 18.7 million by 2037. This increase will put further strain on Gauteng's road and public transport networks. It is, therefore, imperative that a public transport system is built in the Province with rail as its backbone. Both Metrorail and the Gautrain must become the mode of choice for commuters, supported by the bus

rapid transit systems of the metropolitan municipalities and the minibus taxi industry. Gauteng's rail system must be improved and expanded to ease traffic congestion on roads and provide ease of mobility, safety, reliability and affordability. The Gautrain's growth will certainly contribute to the Transformation, Modernisation and Re-industrialisation of Gauteng.

The Gautrain is primarily aimed at providing and optimising an integrated, innovative public transport system that enables and promotes the long-term sustainable socio-economic growth of Gauteng.

The Gautrain also aims at improving economic growth, creating jobs and alleviating traffic congestion in Gauteng. It is part of a longer-term vision, which includes a commitment towards creating and sustaining a new culture of public transport use. Gautrain illustrates the Province's commitment to promoting public transport and making it a mode of choice.



When the GMA was established by statute in 2006, its initial objective was to manage, co-ordinate and oversee the Gautrain Project as a Public Private Partnership and to ensure that the project was delivered in accordance with the Concession Agreement.

This it did successfully with the two phases of the Gautrain System entering operations in 2010 and 2012. Thereafter the focus shifted to overseeing the operations of the Gautrain, maximising its socio-economic impact and achieving the greatest possible integration with other public transport modes. The successes of this period have been reported on in previous Annual Reports and include an annual contribution of R1,7 billion to the provincial GDP, a sustained 6,000 jobs per year and a remarkable stimulus in development around stations of more than R11 billion in capital investment.

The 2017/18 Financial Year marked a formal change in the mandate of the GMA, with the promulgation of the Gautrain Management Agency Amendment Bill that served to expand the powers of the Agency to cover the

planning of extensions to the rail network in the Province as well as undertake or support broader public transport and rail-related projects as delegated by the Gauteng MEC for Roads and Transport.

This expanded mandate has been used to further the overall transport related objectives of the Province and to support the MEC and the Department of Roads and Transport in the establishment of a Provincial Transport Authority for Gauteng, the planning of an integrated fare management system, the development of an integrated trip planning tool (“Gauteng on the Move”) and the completion of the feasibility study for the Gauteng Rapid Rail Integrated Network extensions.

This expanded mandate will continue to be used as the GMA contributes to the Gauteng Province’s stated policy of Transformation, Modernisation and Re-industrialisation with a focus on public transport.

In the last year, numerous initiatives targeted at potential and current users of the Gautrain were undertaken and were targeted at increasing the use of the Gautrain

bus and train services. Initiatives included the sale of tickets to passengers within the international arrivals area at OR Tambo International Airport where sales of 29,920 contactless smart cards helped slow a decline in passenger numbers on the Airport Service and marketed the Gautrain to an international audience. This initiative, which is aimed at attracting air travelers and tourists to the Gautrain has contributed to keeping Gautrain competitive in a market where e-hailing taxi services are becoming increasingly popular.

In another successful initiative, the midi-bus operations at Marlboro, Sandton, Centurion and Hatfield Stations carried 187 545 passengers in the financial year, an increase of 25% on the previous year. These services are provided by local taxi associations and expand the use of Gautrain in a way that benefits both public transport users and the taxi associations and operators.

Based on the completion of the sixth year of operations the historic performance achievements are solid as illustrated below:

- **Since commencement of operations, growth in train ridership has increased to a peak of 1,400,190 passengers per month in May 2017;**
- **Since commencement of operations, growth in bus ridership has increased to 458,974 passengers per month in May 2017;**
- **Shift in the percentage rail passengers using Gautrain Feeder and Distribution buses: the percentage has increased between 31 and 36% in 2017/18;**
- **Involvement of the mini-bus taxi industry in the Gauteng Feeder and Distribution services: The GMA has reached agreements with the relevant local taxi associations in the areas to provide Feeder and Distribution services at Gautrain's at Marlboro, Sandton, Centurion and Hatfield Stations. This model will be duplicated at Rosebank Station;**
- **Safety of passengers: the target of one incident per one million passengers has never been exceeded;**
- **Fare evasion: The actual monthly fare evasion rate is a fraction of one percent; and**
- **Quality of services rendered: for the past six years the System has been operated at an average punctuality rate of 98.60% and an average availability rate of 99.58%.**

The GMA has once again received a clean audit from the Auditor General, which makes it the sixth consecutive year of such an achievement. This was made possible by a holistic approach to good governance involving each member of staff at the GMA, responsible financial management, a zero tolerance to non-practices and guidance and oversight by the GMA Board and its Committees.

The year has not been without its challenges however. The external environment remained volatile and the low rates of economic growth in the metropolitan areas served by the Gautrain impacted negatively on growth in passenger trips. This slow rate of growth and other factors turned steady historical growth in Gautrain passenger trips from June 2010 into a net decline for both train and passenger trips in the 2017/18 Financial Year. This was even though targets of availability and punctuality at an average availability of 99.58% and an average punctuality of 98.60% for all trips scheduled in the year. The ongoing threat of violence between e-hailing taxi services and metered taxi drivers outside or near Gautrain stations continued and resulted in deterring potential passengers from transferring between train and taxi modes. This is a challenge that will need a coordinated response from all spheres of government.

Strategic Opportunities of the GMA in the 2018/19 financial year:

The implementation of the ITPM25 and the future growth of the Province, presents various opportunities for the GMA, these being:

- **Projects associated with expansions and extensions of the System which will become more visible notably the Gauteng Rapid Rail Integrated Network extensions project which is pending TA1 approval from National Treasury as well as the Additional Rolling Stock Project of which the RFP for Phase 1 has been issued. These projects will result in significant economic growth for the Province amongst other benefits. The CA provides procedures for extensions to the existing Gautrain System during the concession period;**
- **The System expansions which provide opportunities to raise funding outside of the MTEF allocations;**
- **Establishment of a Gauteng Transport Authority to enable integration of public transport in the Province;**
- **Development of an Ethics Plan within the GMA that is "values-driven" thereby enhancing the reputation of the GMA;**

- **Revenue enhancement measures to capitalise on commercial opportunities inherent in the Gautrain System;**
- **Development of partnerships with key public and private entities that jointly benefit both parties;**
- **Employment creation through the Socio-Economic Development charter of the Gautrain to assist Government to achieve five million jobs in the next decade;**
- **The PRASA Rail Corridor Modernisation Initiative and the roll-out of the new Gibela rolling stock which is expected to create improved mobility and increased economic activity; and**
- **The PICC's Infrastructure Plan which is bound to unlock economic opportunities and expand investment and jobs in the economy.**

The GMA needs to be an organisation that can manage the Concessionaire to ensure a consistent high level of service excellence through constant performance monitoring and the application of a disciplined penalty regime.

At the same time, it must constantly innovate to get the System to work better and strategically to consider growth and expansion and extension options. This requires a disciplined and thorough organisation that is not afraid to transform, whilst always remaining uncompromising on the pillars of sustainability and good governance.

The GMA Board appointed in 2015 reached the end of its three-year term in December 2017 and a new Board was appointed by the MEC to provide continuous governance oversight. I would like to thank the members of the outgoing GMA Board, under the able leadership of the chairperson, Ms. Motseoa Alix-Mary Lugemwa, for their continued support, encouragement, advice and oversight during the 2017/18 Financial Year and the new Board under Mr. Mogopodi Mokoena for the smooth transition into the current Board's term of office.

I am proud to lead a dedicated and professional management team at the GMA and thank them, along with all the staff, for their hard work and dedication. Your teamwork during the past year has shown that the collective is greater than its parts.

Finally, I would like to thank our MEC, Dr. Ismail Vadi, who has led the drive for an integrated and well-functioning public transport system in the Province with passion and vision. His guidance to the management and Board of the GMA has been consistent and motivating.



MR E (JACK) VAN DER MERWE

CEO: GMA

MEMBERS OF THE CURRENT BOARD

MR MOGOPODI MOKOENA (54)
Chairperson and Independent
Non-Executive Member
(Appointed: 01 January 2018)

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

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

Other Directorships: Gauteng Growth and Development Agency SOC Ltd, Clinix Health Group (Pty) Ltd, and IPM (Pty) Ltd.

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

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

MS PULI MOLOTO-STOFILE (62)
Deputy Chairperson and Independent
Non-Executive Member
(Appointed: 01 January 2018)

MBA, LLB and B Proc.

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

Other Directorships: Executive Director: Bontle Buhle Trading Enterprises and Moloto Stofile Inc (JV), Non-Executive Director: Pamodzi Coal (Pty) Ltd and Rorisang Basadi Investment Holdings (Pty) Ltd.

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

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

MR ELZER (JACK) VAN DER MERWE (69)
Chief Executive Officer and
Executive Member
(Re-appointed: 01 June 2016)

BSc Civil Engineering and BSc Civil Engineering Honours.

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

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

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



MR ABEL MAWELA (57)

Independent Non-Executive Member
(Appointed: 01 January 2018)

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

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

Other Directorships: Ports Regulator of South Africa, Ekurhuleni TVET College, Edenvale Hospital.

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

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

MR BOLOKANG LENGANE (44)

Independent Non-Executive Member
(Re-appointed: 01 January 2018)

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

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

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

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

MR DONOVAN NADISON (53)

Independent Non-Executive Member
(Appointed: 01 January 2018)

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

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

Other Directorships: New Africa Investments (Pty) Ltd, New Africa Consulting cc, Chairperson of the Free State Gambling Liquor and Tourism Authority's Audit Committee, Non-Executive Director and Audit Committee Chairperson of the Eastern Province Cricket Board (EPC)

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

Skills, Expertise and Experience: Management Consulting expertise in Change Leadership, Stakeholder Management, Project Management and Capital Project Management, Public-Private Partnerships (PPP), Corporate Social Responsibility (CSR) and Internal Audit and Risk Assurance.



MEMBERS OF THE CURRENT BOARD

(continued)

MS LUCRETIA KHUMALO (38)

Independent Non-Executive Member
(Appointed: 01 January 2018)

MBA, BSc Engineering - Electrical.

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

Other Directorships: Dainfern College School.

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

Skills, Expertise and Experience: Project Finance, Organisational Design and Development, Stakeholder Management, Strategy and Leadership.

DR PRITTIISH DALA (35)

Independent Non-Executive Member
(Appointed: 01 January 2018)

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 Governance of Enterprise Information Technology (CGEIT), Certified in Risk and Information Systems Control (CRISC), Certified Ethical Hacker (CEH) and Computer Hacking Forensic Investigator (CHFI).

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

Other Directorships: Compensation Fund, Department of Trade and Industry, Export Credit Insurance Corporation of South Africa, Freedom Park, Independent Development Trust, National Consumer Tribunal, Public Sector Education Training Authority, South African Institute for Drug-Free Sport and Unemployment Insurance Fund.

Professional Memberships: Information Systems Audit and Control Association (ISACA), International Information Systems Security Certification Consortium (ISC²), Institute of Directors South Africa (IoDSA) and EC-Council.

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

MS SEBINA HLAPOLOSA (56)

Independent Non-Executive Member
(Re-appointed: 01 January 2018)

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

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

Other Directorships: Defence Force Commissioner.

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

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





MEMBERS OF THE PRECEDING BOARD

MS MOTSEOA ALIX-MARY LUGEMWA (50)

Chairperson and Independent Non-Executive Member
(Term: 01 January 2015-31 December 2017)

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

Other Directorships: Trustee, Audit and Risk Management Committee Member and Conflict Committee Member of the Pan African Infrastructure Development Fund.

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

Skills, Expertise and Experience: Financial Management and Management Accounting.

MS DORIS DONDUR (51)

Deputy Chairperson and Independent Non-Executive Member
(Term: 01 January 2015-31 December 2017)

Bachelor of Accounting, B Compt (Hons), CA (SA), MBA. She has also completed two international executive development programmes.

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

Other Directorships: Chairperson of the Board of the Joburg Market, South African National Blood Services (SANBS), Basil Read Holdings Limited, Gauteng Growth and Development Agency (GGDA), SA Civil Aviation Authority and Trustee of the Professional Provident Society (PPS) Holdings Trust.

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

Skills, Expertise and Experience: Board Leadership, Corporate Governance, IT Governance, Auditing, Accounting, Coaching and Financial Management.

MR MZOLISI NKUMANDA (54)

Independent Non-Executive Member

(Term: 01 January 2015-31 December 2017)

B Com (Accounting), Higher Diploma in Tax Law and Masters in Business Leadership Certified Ethics Officer.

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

Other Directorships: Nkumanda Advisory Services (Pty) Ltd.

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

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



PROF WELLINGTON DIDIBHUKU THWALA (45)

Independent Non-Executive Member
(Term: 01 January 2015-31 December 2017)

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

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

Other Directorships: Ports Regulator of South Africa, Ekurhuleni TVET College, Edenvale Hospital.

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

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

MR SATISH ROOPA (60)

Independent Non-Executive Member
(Term: 01 January 2015-31 December 2017)

B Juris, LL B, Master of Philosophy, Diploma in Journalism and Diploma in Interior Decorating.

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

Other Directorships: iSimangaliso Wetland Park Authority – Member of the Board and serves on the Audit Committee, Trans-Caledon Tunnel Authority – Member of the Board, Chairperson of the HR and Remuneration Committee, serves on the Risk and Finance Committee and the Sustainability Committee.

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

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

MR UNATHI MNTONINTSHI (42)
Independent Non-Executive Member
(Term: 01 January 2015-31 December 2017)

B Tech Civil Engineering, MSc Transportation Planning and MBA Finance.

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

Other Directorships: Nehemiah Consulting Engineers, Daath Technologies and Tamim Property and Construction.

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

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

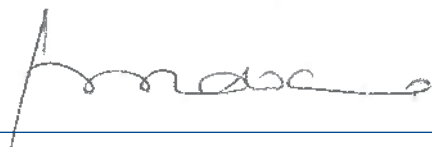




Statement of Responsibility and Confirmation of the Accuracy and Approval of the Integrated Annual Report

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

The 2018 Integrated Annual Report was approved by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



Mr M Mokoena
GMA: Board Chairperson



Mr E van der Merwe
GMA: Chief Executive Officer



SECTION A

RATIONALE OF INTEGRATED REPORTING

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RATIONALE OF INTEGRATED REPORTING

1. PURPOSE OF THE INTEGRATED REPORT

For the past five years the Gautrain Management Agency (GMA) has focused on improving the annual report so that it encompasses the principles of integrated reporting. In this report, we review our performance for the Financial Year ended 31 March 2018.

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

According to the King Reports, the Board is required to ensure the integrity of the integrated report. At the GMA, this responsibility is delegated to the Audit and Risk Committee.

2. REPORTING PHILOSOPHY

The GMA's 2018 Integrated Annual Report provides an overview of performance for the period 1 April 2017 to 31 March 2018. It is a powerful platform for stakeholders to assess the GMA's performance during the year under review. An outlook for the next financial year is also presented.

The following guiding principles were used to develop the integrated report:

- **Review of performance during the 2017/18 Financial Year;**
- **Strategic focus and future orientation;**
- **Interconnectivity of strategic and operational information; and**
- **Stakeholder engagement and responsiveness.**

The report further complies with legislative prescripts and conforms to National Treasury guidelines on annual reporting, which emphasises the integration of strategic plans and operational

budgets to improve operational effectiveness. The main aim of interlinking plans and budgets is to ensure that key objectives and priorities are budgeted for to improve operational effectiveness.

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



3. GMA's DEFINITION OF MATERIALITY

The GMA sets out its approach to reporting on material matters in accordance with the PFMA in its Materiality and Significance Framework, which is set out in our Annual Strategic Plan. This Framework has been determined by a careful analysis of our risks, strategic goals and outcomes. In setting the materiality level, the GMA has taken cognisance of the following:

- **The GMA is primarily funded 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 5 of 2006 as amended, as well as the business and financial direction set out in the Strategic Plan and Budget and**
- **The GMA is governed by the PFMA, 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.**

From a financial perspective, the GMA has determined the overall materiality level, excluding System assets, to be 1% of actual expenditure for the 2017/18 Financial Year, i.e. approximately R20 million. The GMA has also determined the materiality level for System assets to be 0.1% of the System assets for the 2017/18 Financial Year, i.e. approximately R29.3 million.

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

In 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 amended, as well as the business and financial direction set out in the Strategic Plan and Budget; and**
- **The GMA Act as amended defines the Board's accountability and its approval structures as the Accounting Authority, and the accountability of the Chief Executive Office (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 MTEF. The GMA has set tolerance limits on non-financial events and assessed the likelihood and the impact of these events.

The GMA thus reports on activities that resulted in the achievement or non-achievement of its strategic objectives and on risks that materialised in a manner that could impact on public accountability and disclosure requirements, or could affect the decisions of stakeholders or result in reputational harm to the GMA.

4. THEMES OF REPORTING

Stakeholder impact

A stakeholder-inclusive approach to reporting recognises that the GMA has many stakeholders who are involved in or affected by or impact on the GMA in the achievement of its strategy and long-term sustainability. The GMA's stakeholder engagement processes provide insight into the quality of relationships with both internal and external stakeholders. The GMA is committed to responding to stakeholders' needs, interests and expectations through effective engagement.

Our stakeholders range from Gautrain passengers to regulators and Government entities, not-for-profit organisations and business partners such as the Concessionaire. Through the monitoring relationship that the GMA has with the Concessionaire, service levels,



amongst others, are upheld according to required targets set for the quality service to which Gautrain passengers are accustomed.

At the front face of relations that the GMA has with its stakeholders is the GMA Board. The Board entrenches governance and accountability throughout all functions of the GMA.

As a Government entity, stakeholders who enable the GMA to function from a political and legislative point of view are part of an everyday interaction. These include stakeholders such as the Gauteng MEC for Roads and Transport who ensures long-term public transport planning in the Province with the Gautrain and rapid rail as its backbone.

Similarly, the Gauteng Provincial Legislature and Treasury enable discussion on pertinent issues such as the Gauteng Rapid Rail Integrated Network (GRRIN) and sustainable operations and funding. Gauteng Treasury, through a memorandum of understanding with the Government Technical Advisory Centre at National Treasury, obtained National Treasury's support of the acquisition of additional rolling stock for the Gautrain. The National Department of Transport, National Treasury and the Presidential Infrastructure Co-ordinating Commission also have a positive impact on the Gautrain Project through their support.

Upholding governance is the Auditor-General who, through ongoing auditing and guidance of the GMA, monitors compliance and reporting. Local Government also has a role to play as a stakeholder as relevant municipalities are responsible for spatial planning in their areas of jurisdiction and have significant public transport systems and integration needs that impact on the Gautrain.

The GMA's relationship with state-owned entities such as the Passenger Rail Agency of South Africa (PRASA) and the Airports Company of South Africa (ACSA) has an impact on passenger rail transport services in Gauteng. These services include the Metrorail commuter rail services as well as the very important Gautrain airport link service offering.

As vital stakeholders of the GMA, the Gautrain passengers and future passengers are frequently engaged through exhibitions, advertisements, station activations and social media. Most of these passengers support the Gautrain with a perception overall score of 89% positive. Passengers tend to positively associate the Gautrain

with convenience, reliability, professionalism and safety. Similar factors were tested in 12 customer satisfaction surveys with most Net Promotor Scores ranging between 92% and 98%. A favourite of passengers – social media – is represented by 48,546 Facebook page likes and 253,625 followers on Twitter.

Towards creating public opinion, the traditional mass media has a positive impact on the Gautrain and the leadership of the GMA. This is evident through the GMA's interactions with traditional media, through media statements and visits as well as continuous interest in passengers' service performance needs. Just under 6,000 media reports were received, which contributed to a communication rand value of just under R200 million.

At the heart of the GMA lies its employees with whom the GMA endeavours to inculcate an inclusive, cohesive culture through employee consultation. The outcome of such consultation shows in the quality of work delivered. Working together with employees towards the GMA objectives are service providers and consultants who, through strong and committed relationships, deliver on agreed performance, quality and service standards. A contributor to performance is the three-year Human Capital strategy, which added to the achievement of key people-related performance areas in support of the GMA strategy.

The GMA's total headcount represents 87 employees against an approved 90.

Socio-Economic Sustainability

The past, current and future impacts of the Gautrain System are centred on the GMA's Key Performance Indicators (KPIs) and include Socio-Economic Development (SED), the contribution to the development of public transport as a mode of choice, as well as Gauteng's improved spatial development.

The Gautrain Project has had a significant impact on the urban landscape and economic growth trajectory of the Gauteng Province. A post-Development-Period economic appraisal to quantify these impacts was undertaken and through this it became evident that the Development period sustained 121,800 jobs in Gauteng between 2006 and 2012.

The operating period has also seen significant procurement from and subcontracting to Black Entities and Small, Medium and Micro Enterprises (SMMEs) (R3.8 billion and R265 million respectively in the Operating Period up to December 2017). Local content targets

have been met and exceeded in terms of operational expenditure (R1.4 billion worth of South African materials plant and equipment was purchased in the Operating Period up to December 2017).

In addition to these directly measurable SED achievements, significant but less quantifiable benefits have arisen from the Gautrain Project. The first relates to the changed and improved urban landscape where investment by the private sector in development projects has resulted in densification around stations leading to far more efficient nodes and reducing the urban sprawl that has characterised Gauteng's spatial development over the last two decades. The cities in Gauteng are spending less on servicing far-off nodes developed by private developers and are attracting far higher rates and taxes in the existing urban nodes (Sandton, Rosebank and Hatfield being the primary development nodes).

Gautrain is also to promoting a better quality of life in the following ways:

- **Reduced road congestion with 21,300 fewer cars on the road per day (each making two trips), resulting a reduction in accidents;**
- **Time saving for commuters and increased productivity levels of 10 to 12 working days per year; and**
- **The Gautrain brings a greener transport alternative to especially car transport in the Province, reducing carbon footprint by 52% per trip.**

This is in the context of the economic costs (which is largely the capital cost of the Project that displaced public spending into transport) already having been incurred and paid for.

In terms of sustainability, the GMA supports the view that the significant economic benefits of the Gautrain Project as a whole will be extended by continued investment in the System by way of expanding the current System and extending the rapid rail network over time.



Key investments to date include:

1. **The construction of additional parking facilities at Centurion, Midrand and Rhodesfield Stations;**
2. **The extension of the platform at the OR Tambo International Airport Station; and**
3. **A request for a proposal for the acquisition of additional rolling stock to carry more passengers and to continue the diversion of trips from private car to public transport. The additional rolling stock impacts positively on the economy by acting through three major sources that trigger positive spinoffs in the local economy**

These are:

- » **Capital expenditure, which entails the construction expenditure of the Project, especially the procurement of the rolling stock as well as the expenditure related to the expansion of the existing Depot facility to accommodate the additional rolling stock;**
- » **Operating expenditure, which constitutes the expenditure on operations and maintenance of the rolling stock; and**
- » **Increased revenue generated from additional sales of Gautrain tickets.**

All three sources will contribute to the Gauteng economy through job creation, infrastructure development and community development. A study by an independent auditing firm estimates that the production of the trains and Depot with local content targets set at 65% would add more than R2 billion to the Gauteng economy, create 10,000 jobs during development and add some R300 million to the Gross Domestic Product (GDP) in every year of their operation. The feasibility study for the extension of GRRIN in Gauteng by some 150km indicates that the social and economic benefits flowing from such a project will include the creation of over 211,000 jobs and economic growth through local production of some R80 billion of capital value of which R20 billion would be spent through black-owned entities.

Knowledge Management

The GMA, a public-sector entity, operates within an environment of a myriad urgent and important social priorities competing for the same public funds. Sustainability is a key consideration where there are limited resources. As various researchers have noted over the years, the public transport sector is cognisant of the fact that development should not trump environmental and social objectives. Knowledge management as a foundation for decision support systems, supports sustainability by capturing, sharing and preserving knowledge.

Consequently, knowledge management is increasingly seen as one of the crucial ingredients in attaining sustainability.

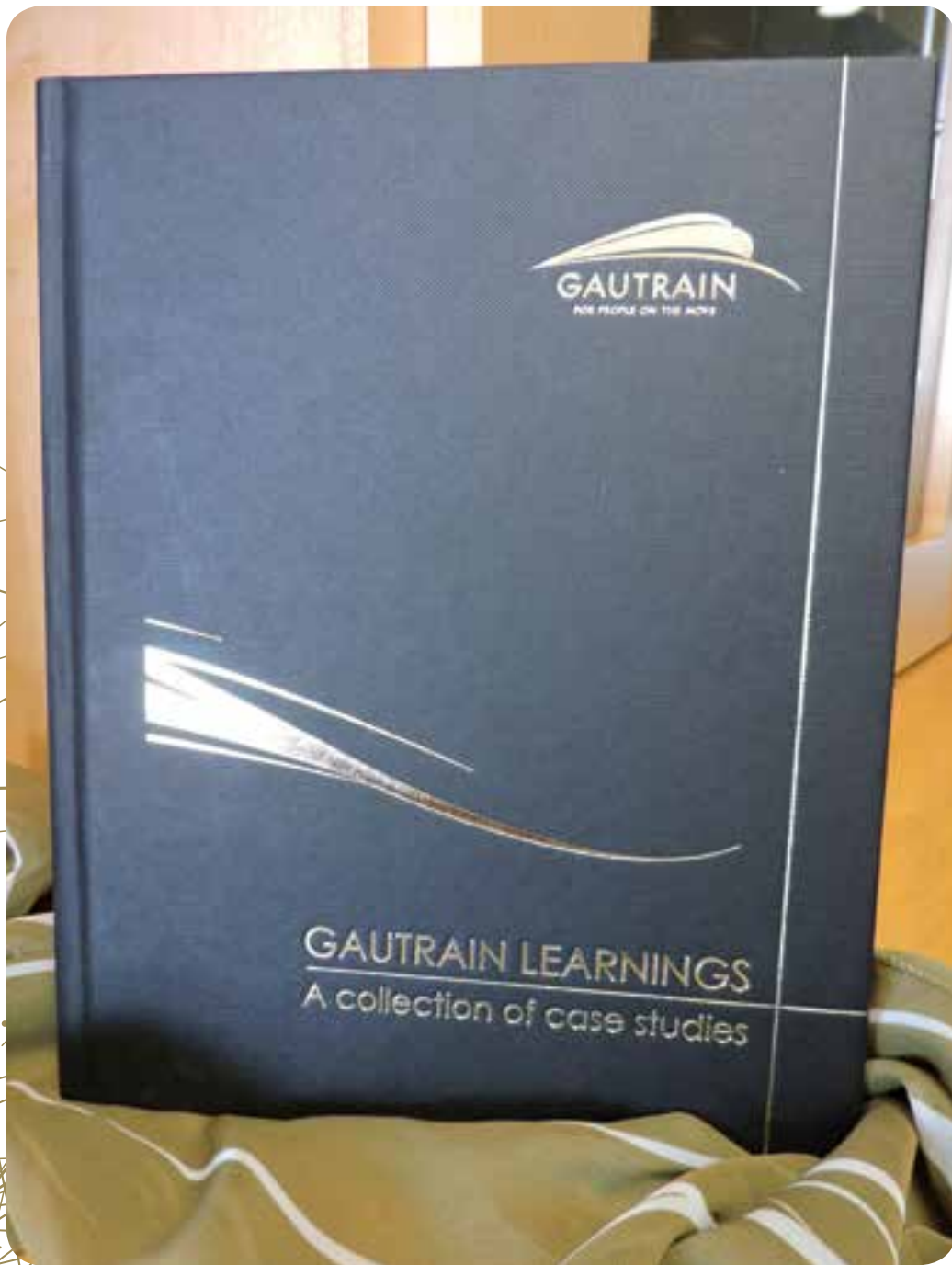
The GMA has made significant progress in achieving the targets set out in its knowledge management strategy, now in its second year of implementation. The inaugural publication of Gautrain Learnings – a collection of case studies is of paramount importance. The book is the culmination of the implementation of the knowledge-capture pillar of the strategy. A selection of case studies and technical papers, developed along various themes over the past three years, provides the core content of the book.

This publication is intended to ensure that knowledge is shared amongst stakeholders locally and abroad as per the GMA mandate. It is hoped that Gautrain Learnings will contribute to sustainability through avoiding repetition of mistakes and reinvention of the wheel, both of which are costly for the sector.

Given that stakeholders play a pivotal role in sustainability, strategic partnerships with public transport stakeholders, academic institutions, industry bodies and research institutions enable the knowledge sharing and dissemination pillar of the knowledge management strategy. To this end, the GMA has forged a knowledge management initiatives partnership with the University of Pretoria's Gordon Institute of Business Science (GIBS). The two-year partnership, aimed at assisting the GMA in becoming a learning organisation, has three core focus areas: strategic leadership, integrated thinking and reporting, and knowledge dissemination.

Various structured knowledge-sharing platforms to share lessons learnt and insights have been facilitated for external stakeholders, including those from the public transport, infrastructure, academic, socio-economic and development sectors. These included, amongst others, the Development Bank of Southern Africa (DBSA), Universities of Pretoria and Queensland, Polokwane Municipality, Nigerian Society of Engineers and Global AirRail Alliance. The knowledge shared with external stakeholders was, amongst others, on the management of a Public-Private Partnership (PPP) project and brand management.

In line with the objectives of knowledge management, the GMA invests in research as a critical component of evidence-based planning and strategic decision making.





A hand in a blue sleeve is shown interacting with a control panel, likely for a train. The background is a complex, abstract network of gold-colored lines and nodes, resembling a data or organizational structure, overlaid on a blurred image of a train's interior.

SECTION B

ABOUT THE GMA: ORGANISATIONAL OVERVIEW

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ABOUT THE GMA: ORGANISATIONAL OVERVIEW

1. GMA IN RELATION TO THE GAUTRAIN PROJECT

The Gautrain is mainly aimed at providing and optimising an integrated, innovative public transport system that enables and promotes the long-term sustainable economic growth of Gauteng. It is also part of a broader vision to industrialise and modernise the region, including a commitment towards creating and sustaining an integrated culture of public transport use. The Gautrain is implemented as a PPP in terms of Treasury Regulation 16 of the PFMA. The Gauteng Provincial Government (GPG) is the public partner and the primary promoter of the Project. The Concessionaire is the Bombela Concession Company (Pty) Ltd, which holds a 19½-year concession for the construction, operation and maintenance of the Gautrain. The GMA was established by the GPG in terms of the GMA Act (Act 5 of 2006) as amended to manage the implementation of the Project and the relationship with the Concessionaire. The GMA's focus is to manage, co-ordinate and oversee the operation and maintenance of the Gautrain Project and the implementation of the extension of the System to accommodate future demand and new services as identified in the 25-year Integrated Transport Master Plan (ITMP25) for Gauteng.

2. GMA IN BROADER LANDSCAPE : GPG AND BOMBELA

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

BCC is responsible in terms of the Concession Agreement (CA) for the design, build and part-financing 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 and 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 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.



3. 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 National Rail Policy, in accordance with 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 and devolve to them operational subsidies for urban commuter rail to be managed as part of their Comprehensive Integrated Transport Plans. Up to this stage, PRASA will manage operations and maintenance of their urban rail systems. It is envisaged that Gauteng, with its urban agglomeration of metropolitan and municipal councils, will have a different institutional arrangement for devolution and that this will be closely linked to the establishment of a provincial Transport Authority. As such, the GMA envisages playing a supporting role to the Gauteng MEC for Roads and Transport 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 metropolitan areas;**
- **The National Land Transport Act of 2009 where the aim of transport provision is 'to further the process of transformation and restructuring the national land transport system';**
- **ITMP25 of the GPG, which, as the institutional 'owner' of the Gautrain Project, is committed to 'reinforcing the passenger rail network as the backbone of the public transport system'; and**
- **The integrated transport plans of all three metros assume the presence and functions of PRASA and the Gautrain 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

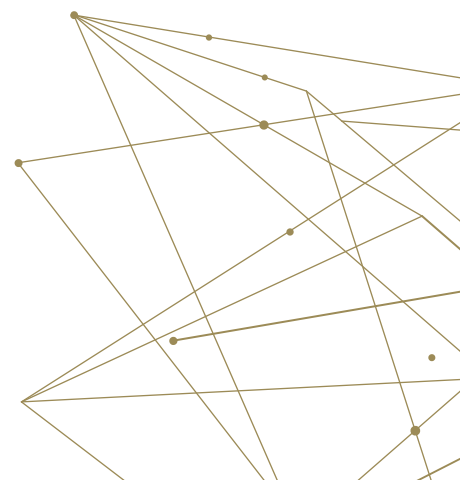
rates of growth in passenger demand for the services, particularly with regard to the Airport Service, and that the cost of finance for expansions and extension projects is higher than in the past.

The current Gautrain concession expires in March 2026 and will require extensive planning, detailed development and evaluation of options to replace the current Concession. This will commence in the next Financial Year.

4. GMA MANDATE

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

- **Assist the GPG in implementing the Gautrain and achieving the Project's objectives;**
- **Act on behalf of the GPG in managing the relationship between the Province and the Concessionaire in terms of the CA and ensure that the interests of the Province are protected;**
- **Enhance the integration of the Gautrain with other transport services and Public Transport Plans;**
- **Promote and maximise the SED and Broad-Based Black Economic Empowerment (BBBEE) objectives of the GPG in relation to the Gautrain;**
- **Liase with and promote co-operation between government structures in all three spheres of Government in relation to the Gautrain;**
- **Liase with persons with an interest in the Project;**
- **Manage assets relating to the Gautrain and promote their preservation and maintenance;**
- **Manage the finances of the Gautrain Project and the financial securities provided by the Concessionaire; and**
- **Monitor the policy and legislative environment of the Gautrain Project.**



5. LEGISLATIVE MANDATE

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

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

Legislative mandates of the GMA arise principally from the following:

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

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

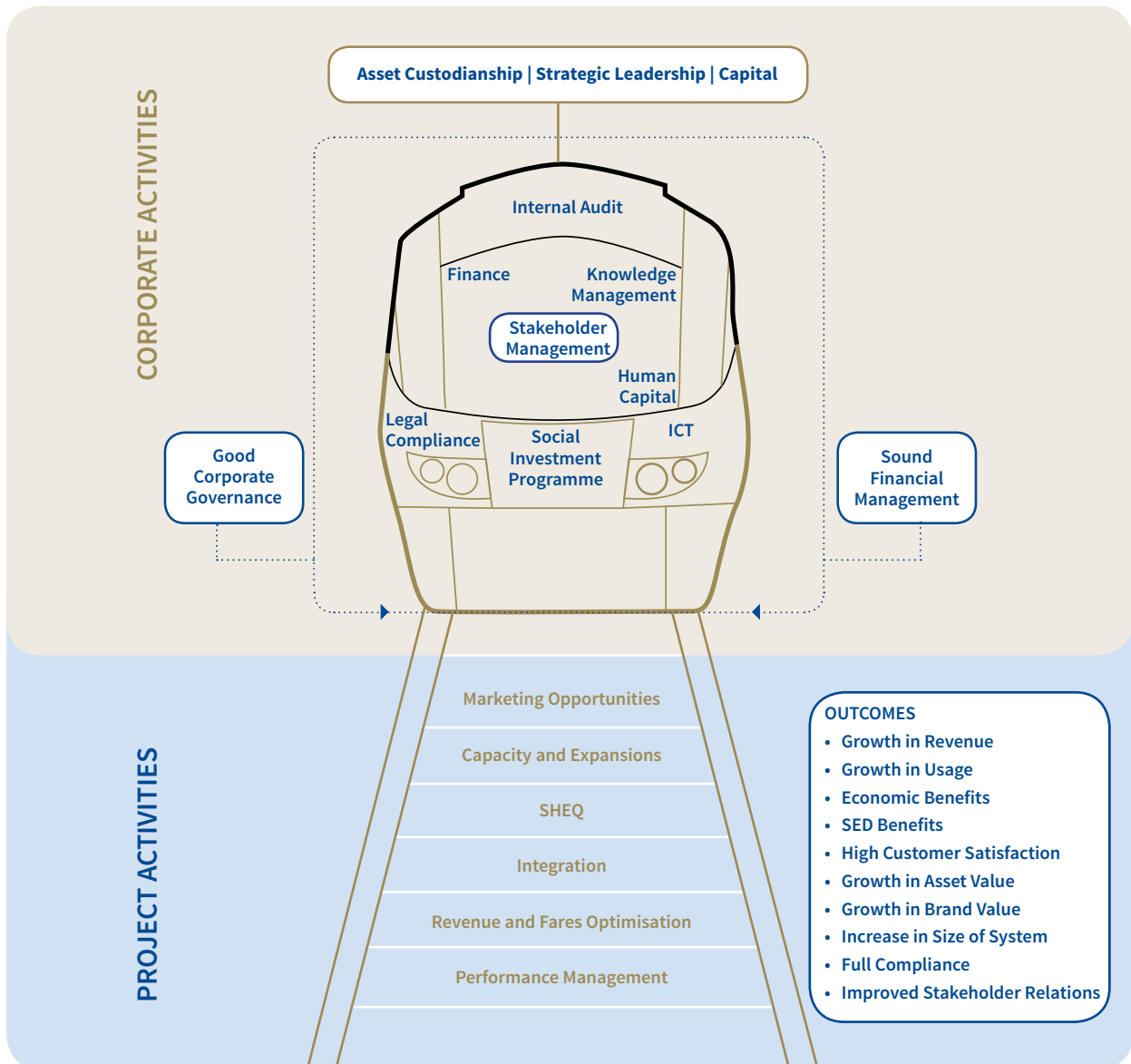
- **The Medium Term Strategic Framework (MTSF);**
- **The New Growth Path (NGP);**
- **The National Development Plan (NDP);**
- **Gauteng Employment, Growth and Development Strategy (GEGDS);**
- **Gauteng 25 Year Integrated Transport Master Plan (ITMP25);**
- **Gauteng Transport Implementation Plan – 5 Year (GTIP5);**
- **Presidential Infrastructure Co-ordinating Commission (PICC);**
- **The Public Service Corporate Governance of Information and Communication Technology Policy Framework;**
- **The Public Sector Integrity Management Framework; and**
- **Protocol on Corporate Governance in the Public Sector.**



6. BUSINESS MODEL

The GMA's business model is based on our mandates under the GMA Act as amended and is premised on delivering outcomes that benefit the Province and its people. Given the current operational phase of the Gautrain, these outcomes have been identified as growth in revenue and usage while maintaining high customer satisfaction, continued economic and SED benefits, growth in asset and brand value and growth in the size of the Gautrain System. All these outcomes are to be delivered in a manner that is fully compliant with the regulatory prescripts applicable to the GMA as a public entity.

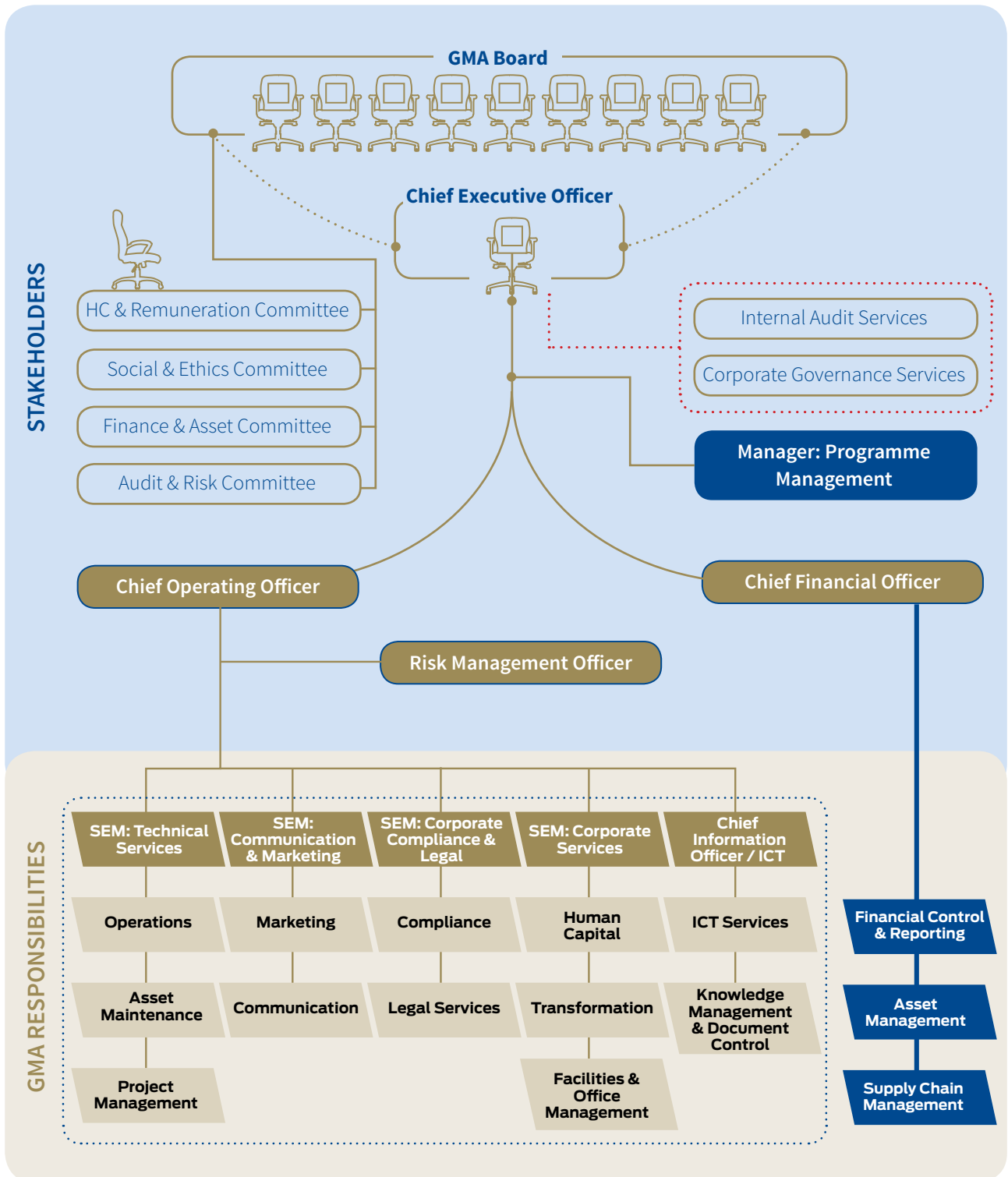
We deliver these outcomes by converting the three major inputs received from the GPG – custodianship of the System assets, the annual MTEF budget allocation and strategic leadership from the Gauteng MEC of Roads and Transport and colleagues in the Executive Committee – into various Project-related and corporate activities.



Graph 1: Business Model

7. ORGANISATIONAL STRUCTURE

The structure of the GMA facilitates managing, co-ordinating and overseeing the Gautrain Project. The organisational structure is designed to give effect to the business model by creating units within the GMA with functions connected to the Project-related and corporate activities. The structure also gives effect to good corporate governance based on oversight by the GMA Board and independent internal audit functions.



Graph 2: GMA Organisational Structure





SECTION C

GMA STRATEGY AND RESOURCE ALLOCATION

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GMA STRATEGY AND RESOURCE ALLOCATION

1. OUR VISION, MISSION AND VALUES

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.

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

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

The eight strategic-oriented goals for the Financial Year under review were:

- a) **To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters;**
- b) **To assure that the obligations of the Concessionaire are met and that the CA is managed for the optimal benefit of the Gauteng Province, its residents and visitors;**
- c) **To ensure sound financial management of all GMA revenue sources and to safeguard the assets of the Project. To ensure that the Concessionaire meets its obligations regarding the maintenance of the System to the benefit of the Project and the Gauteng Province;**
- d) **To enhance the management of the CA through entrenching an environment of strong Corporate Governance and Legal Compliance;**
- e) **To promote a robust, co-operative and productive environment with all relevant structures of Government and stakeholders;**
- f) **To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of Black Entities and Small, Medium and Micro Enterprises in the Province;**
- g) **To ensure that the Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies; and**
- h) **To ensure sound project and financial planning to the optimal benefit of the GMA and the Gauteng Province.**

Our 21 strategic objectives and 29 KPIs for the 2017/2018 Financial Year flowed from these strategic-oriented goals.



2. MATERIAL ISSUES RELATING TO THE GMA AND RESOURCE ALLOCATION

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain network especially insofar as these relate to increasing capacity in key areas impacting on passenger demand. The key projects that are ongoing are the acquisition of train, depot and signalling assets, the completion of the Centurion parking extensions and the roll-out of changes to the automated fare collection system to accept debit and credit cards at the various fare gates in stations and on buses.

The GMA anticipates expending considerable resources on the planning of the rail network in Gauteng. The feasibility study for the extension of the 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 and work is continuing in addressing issues raised by key stakeholders on the extensions.

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

While the ongoing business activities of the GMA give rise to risks and opportunities described more fully later in this integrated report, the expansions and extensions projects represent a new set of activities for the GMA and, as such, a new set of risks and opportunities. Both projects arise from risks to the GPG, namely that the lack of long-term integrated transport planning will hinder achievement of National and Provincial economic, social and transport-led development objectives and that the lack of capacity of the existing Gautrain to carry passengers will reduce the benefits and long-term sustainability. The opportunities that arise are increased investment in and implementation of rapid rail transport systems in Gauteng.

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

4. FINANCIAL ARRANGEMENTS OF THE GAUTRAIN

Prior to commencing with the procurement of the Project, the Province prepared a comprehensive feasibility study and financial model. At that time it was clear that, like the vast majority of passenger rail projects around the world, the Gautrain would require government financial support. This support was defined in two parts – the capital contribution that the Province would have to make in the development period and the Patronage Guarantee that the Province would have to make during the operating period. For the Gautrain, the total capital requirement was far greater than that which the private sector could invest and recover from user fees.

The difference between the total capital requirement and the amount that the private sector could invest was therefore the provincial contribution. The provincial contribution is a grant that amounted to R25,2 billion and was disbursed upon achievement of specific milestones by the Concessionaire. The provincial contribution was shared between the Province and the National Department of Transport. Because the revenue that would accrue to the private party during the operating period of the Gautrain PPP was viewed as highly uncertain, the CA has a financial metric known as the Minimum Required Total Revenue (MRTR). If revenue received by the Concessionaire from operating the Gautrain is less than the MRTR, the Concessionaire is considered to require revenue support in the form of a Patronage Guarantee from the Province.

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

Payment of the Patronage Guarantee is performance-based and the Concessionaire is exposed to significant reductions in the event that train or bus performance drops below specified levels. This particular financial structure results in strong incentives for the Concessionaire to perform to high levels of delivering the Gautrain and operating it during the Concession Period, strong incentives for the Concessionaire to minimise operating costs and 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.

5. GAUTRAIN VALUE CHAIN

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

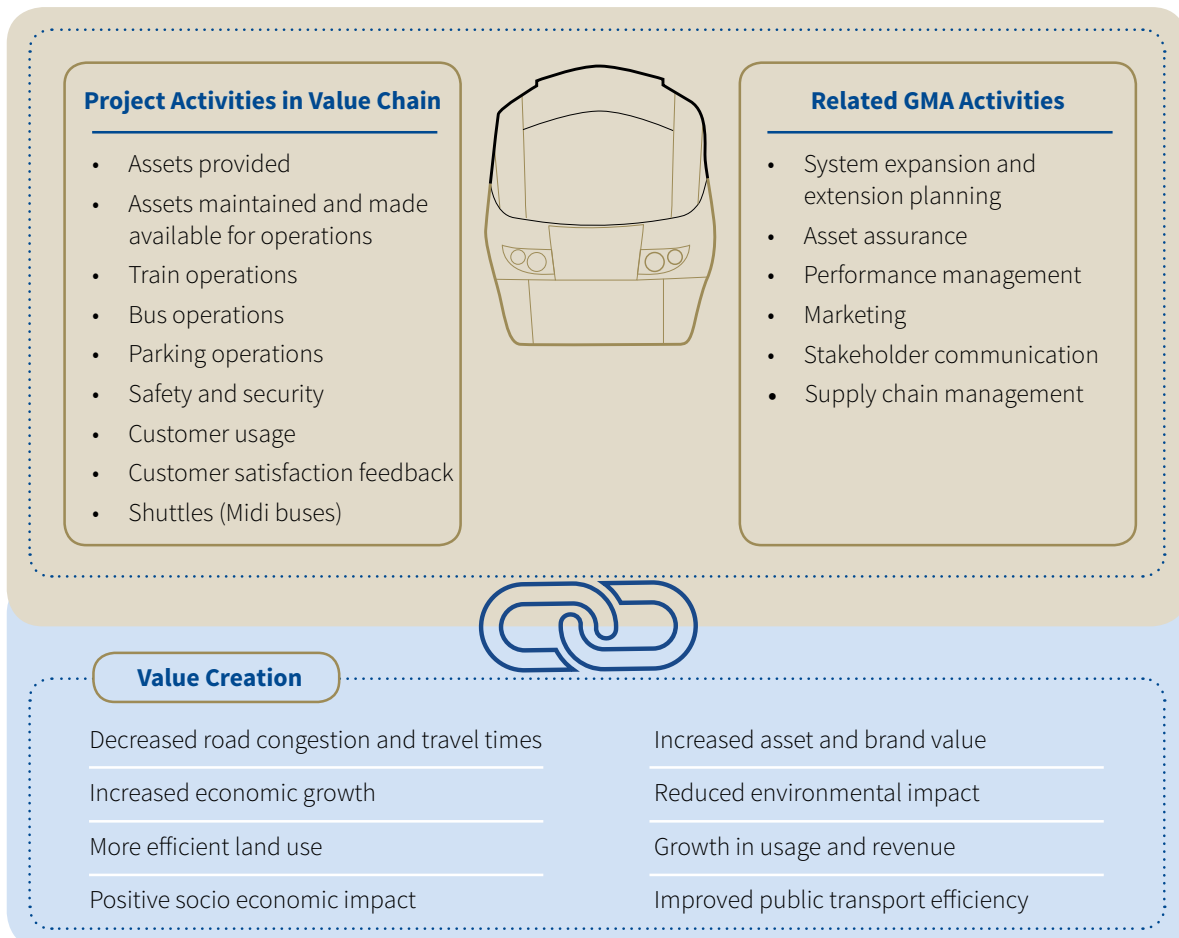
The value chain starts with the system assets that are used to provide the train, bus and ancillary services offered to users of the Gautrain and ends with the benefits flowing from successful operations. The value chain is shared between the GMA and the Concessionaire and its sub-contractors.

6. STRATEGIC PERFORMANCE OVERVIEW

The GMA strategy promotes alignment to the outcomes-based approach of the Gauteng MTSF as well as at national sector level.

The GMA strategy is also aligned to relevant points of the Gauteng Premier's initiative to bring about transformation, modernisation and re-industrialisation of Gauteng over the next five to 15 years.

To give effect to these strategic Provincial initiatives and to continue in its mandated role related to the current Gautrain Concession, the strategy of the GMA is to continue managing, co-ordinating and overseeing the operation and maintenance of the Gautrain Project and to plan and implement the extension of the System to accommodate future demand and new services as identified in the ITMP25 for Gauteng. The GMA Board is committed to ensuring that the Gautrain operates in a sustainable manner with clear commitment to governance and in support of Provincial Government's economic and social imperatives.



Graph 3: Gautrain Value Chain

The 2017/18 Financial Year saw the Gautrain reach a good level of maturity as operating standards remained stable at consistently high levels of operational efficiency, backed by good personal and property safety and security within the System and low levels of fare evasion.

SED targets were met and exceeded as the Gautrain continued to contribute positively to the Gauteng economy.

The GMA also reached levels of maturity with low turnover of staff and good performance in terms of its mandates under the GMA Act. Policies and frameworks were developed and implemented including the continued roll-out of the enterprise-wide risk management system. The external environment remained volatile however and the low rates of economic growth in the metropolitan areas served by the Gautrain impacted negatively on growth in passenger trips.

This slow rate of growth and other factors turned steady historical growth in Gautrain passenger trips from June 2010 into a net decline for both train and passenger trips in the 2017/18 Financial Year. Compared to the previous Financial Year, train passenger trips declined by 3,8% and bus passenger trips declined by 6,3%.

This was despite the fact that targets of availability and punctuality were met at an average availability of 99.5% and an average punctuality of 98.6% for all trips scheduled for the Financial Year.

Table 1 below shows Passenger Trips per Financial Year on the airport service, the General Passenger Service (GPS) and the buses.

Table 1: Passenger Trips per Financial Year

Service Type	Rail			Bus
	Airport	General Passenger	Total	Bus Total
FY 16/17	1,660,184	13,951,886	15,612,070	5,125,673
FY 17/18	1,604,974	13,418,338	15,023,312	4,803,061
% change	-3,33%	-3,82%	-3,77%	-6,31%

Numerous communication and marketing initiatives targeted at potential and current users of the Gautrain were undertaken and targeted at increasing the use of the Gautrain bus and train services. For the Airport Passenger Service (APS), there were kiosk sales of 29,920 contactless smart cards with a combined value of R5,4 million in the international arrivals area at OR Tambo International Airport. This initiative, which is aimed at attracting air travellers and tourists to the Gautrain, has contributed to keeping the Gautrain competitive in a market where e-hailing taxi services are becoming increasingly popular.

Safety and security targets for passengers and for the System itself remained at excellent levels, however the ongoing threat of violence between e-hailing taxi and metered taxi drivers outside or near Gautrain stations continued and deterred potential passengers from transferring between train and taxi modes.

Fare evasion never exceeded 0,04% in any month in the year under review.

At Marlboro, Sandton, Centurion and Hatfield Stations, the Gautrain has midi-bus operations that carried 187,545 passengers in the Financial Year, which is an increase of 25% on the previous year. These services are provided by local taxi associations and expand the use of the Gautrain in a way that benefits both public transport users and the taxi associations.

The Patronage Guarantee (PG) for the Financial Year was R1,571,858,000 (cash basis). The expansion of capacity within the current System and the ongoing marketing of the services remain priorities for the GMA.

From a SED perspective, all targets were met and most were exceeded. 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.

The GMA continued to invest in projects related to increasing capacity in key areas impacting on passenger demand. These include the acquisition of train, depot and signalling assets, the completion of the Centurion parking extensions and the roll-out of the changes to the automated fare collection system. BCC implanted various safety and security improvement projects aimed at protecting the rail reserve. A key project implemented in the year under review was protective measures above the rail reserve in the area between Hatfield and Pretoria stations to prevent ingress of cars and trucks into the reserve.”

The year under review saw the implementation of mobile applications for trip planning, both for the Gautrain and for all public transport trips in Gauteng (Gauteng on the Move). Web and application-based sales of Gautrain trip products were enabled, relieving pressure on in-station sale points and adding to passenger convenience.

The GMA Amendment Bill was promulgated during the Financial Year to expand the powers of the Agency to cover the extensions to the rail network in the Province as well as undertake or support broader public transport and rail-related projects as delegated by the MEC for Roads and Transport.

The GMA Board reached the end of its term in December 2017 and a new Board was appointed by the Gauteng MEC to provide continuous governance oversight.

The feasibility study for the extension of the 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 and work is continuing in addressing issues raised by key stakeholders on the extensions.

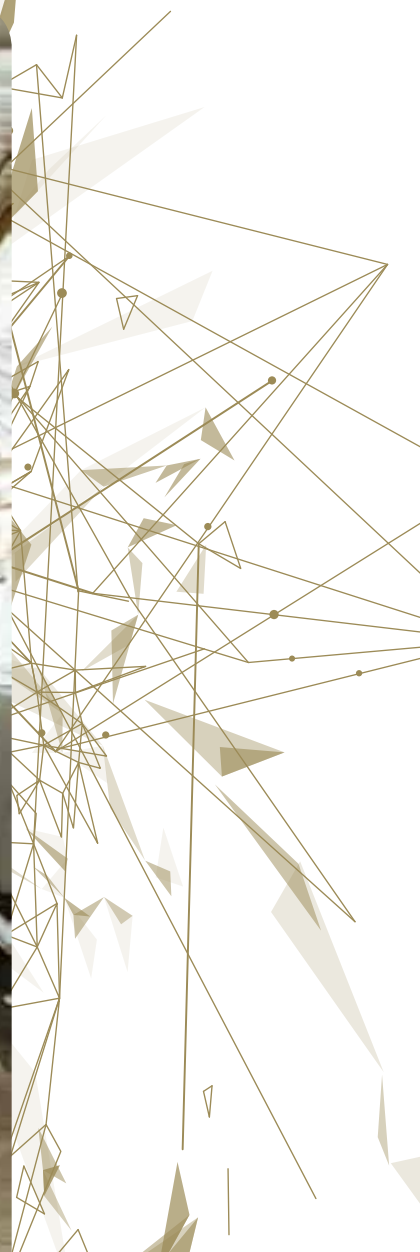


In terms of human capital, the GMA Board approved a new organisational structure that better reflects its increased mandate. The GMA currently has 87 filled positions out of 90 available posts.

All Information and Communications Technology (ICT) strategic initiatives planned for the 2017/18 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 GMA Knowledge Management Unit, responsible for Document Control, Records Management, the GMA Central Registry and Knowledge Management, published a comprehensive set of case studies on the Gautrain and is now partnering with academic institutions in using these in applied research and teaching programmes.

From a corporate social responsibility perspective, the GMA continued with a range of Social Investment Programme (SIP) initiatives, including awarding funds to 33 beneficiaries. Monitoring and Evaluation processes are in place. The GMA's SIP focus on education and training saw it support 20 Early Childhood Development centres and two university programmes for engineering students and 33 other SIP projects.





SECTION D

RISKS AND OPPORTUNITIES

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RISKS AND OPPORTUNITIES

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

1. PERFORMANCE DURING PERIOD UNDER REVIEW

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

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

- **Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;**
- **Reviewing the Enterprise-Wide Risk Management Framework;**
- **Updating risk registers for all Units within the GMA, with measurable management action plans and completion dates;**
- **Rigorous, continuous monitoring of the defined risk management plans;**
- **Reviewing the GMA Risk Management Policy and Procedures;**
- **Continuing with fraud, risk and ethics awareness workshops and business continuity training sessions; and**
- **Migration of strategic risk management to a software solution.**

2. ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The framework has been developed in terms of the prescripts below:

- **Section 51(1)(a)(i) of the PFMA, which requires the Accounting Authority (GMA Board) to ensure that the GMA has and maintains effective, efficient and transparent systems of risk management; and**
- **Section 6(2)(a) of the PFMA, which empowers the National Treasury to prescribe uniform norms and standards.**

It also incorporates the requirements of the Batho-Pele principles and King IV insofar as they concern risk management. The recommendations of King IV became effective on 1 April 2017.

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.

The risk management framework is applied across the entire GMA from a strategic level down to operational and business process levels.

- **Strategic – Risks and uncertainties affected by external and internal events that could impede the Agency's ability to achieve its strategy and strategic objectives. In the strategic plan they are also described as the risks associated with the broader context in which the GMA operates;**
- **Operational – The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. This includes legal risk, but excludes strategic risk and reputational risk; and**
- **Emerging – Can be regarded as new risks that may be an imminent threat. These could include possible changes to the regulatory environment, socio political environment, the internal landscape or social trends.**

Application of the risk management framework is designed to strengthen the achievement of the business strategy, management practices, decision-making, priority setting, and to better respond to stakeholder and customer needs. Moreover, practising integrated

risk management is expected to support the desired cultural shift to a risk-smart workforce and environment. The framework further outlines the authority and responsibilities of all stakeholders responsible for the management of risks.

3. SUMMARY OF MAJOR RISKS AS PER RISK REGISTER

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

- **Information Technology (IT)**

The risk of external and internal cyber-attacks remains high. Inability for IT operations to function optimally due to service continuity problems is also a high risk item. The GMA has invested heavily in these areas and will continue to do so in an effort to remain resilient to these risks.

- **Inadequate train and bus capacity to support passenger growth**

The GMA has key controls in place to ensure that it manages this risk by procuring rolling stock and buses in anticipation of future passenger growth. There are various risks attached to the rolling stock project, notably significant delays that could result in increased costs because of the PG. The GMA has robust controls in place to address this risk but it remains high.

- **Negative perceptions about the Gautrain**

Negative perceptions about the Gautrain could have a significant reputational impact. The GMA manages this risk through sustained communication and marketing campaigns that includes both traditional and social media.

- **Funding for capital works**

Inadequate funding for projects mandated to the GMA, or critical in moving the business forward, could result in reputational loss and absence of growth for the business. The GMA will manage this risk through budget requests to the Gauteng Department of Roads and Transport and National and Provincial Treasury and in terms of obtaining funding for projects that can sustain themselves through additional revenue raised.

The following are the emerging risks faced by the GMA in the period under review:

- **The Concessionaire does not meet the CA's asset management and maintenance obligations, which could leave the GMA with a tunnel that is out**



of specification at the end of the concession period. The GMA has developed a mitigation strategy based on assurance and audit of systems and will monitor this risk closely;

- Non-compliance to Safety, Health, Environment and Quality (SHEQ) legislation. This risk is monitored continuously;
- Increase in borrowing costs due to sovereign credit rating. Management will monitor and assess the impact of increased borrowing costs due to the country’s downgrade to “junk status” via updated financial model;
- The socio-political instability in South Africa lends itself to various situations of uncertainty viz tax strikes, community unrest etc. This could result in physical damage to Gautrain assets, reduced ridership resulting in a higher PG and impact on GMA’s reputation. Reputation of the Gautrain being a safe, integrated service could be at risk resulting from conflict of e-hailers with meter taxis at Gautrain stations. The GMA is managing this risk through increased security which has been implemented at stations by the Concessionaire. Recent Ministerial

intervention has also mitigated this risk but it remains high; and

- Significant delay in Treasury Approval 1 approval for the GRRIN extensions will impact implementation of the proposed Gauteng rail extensions and related timelines. The GMA is committed to providing timeous responses to National Treasury queries and following up regularly on the progress thereof.

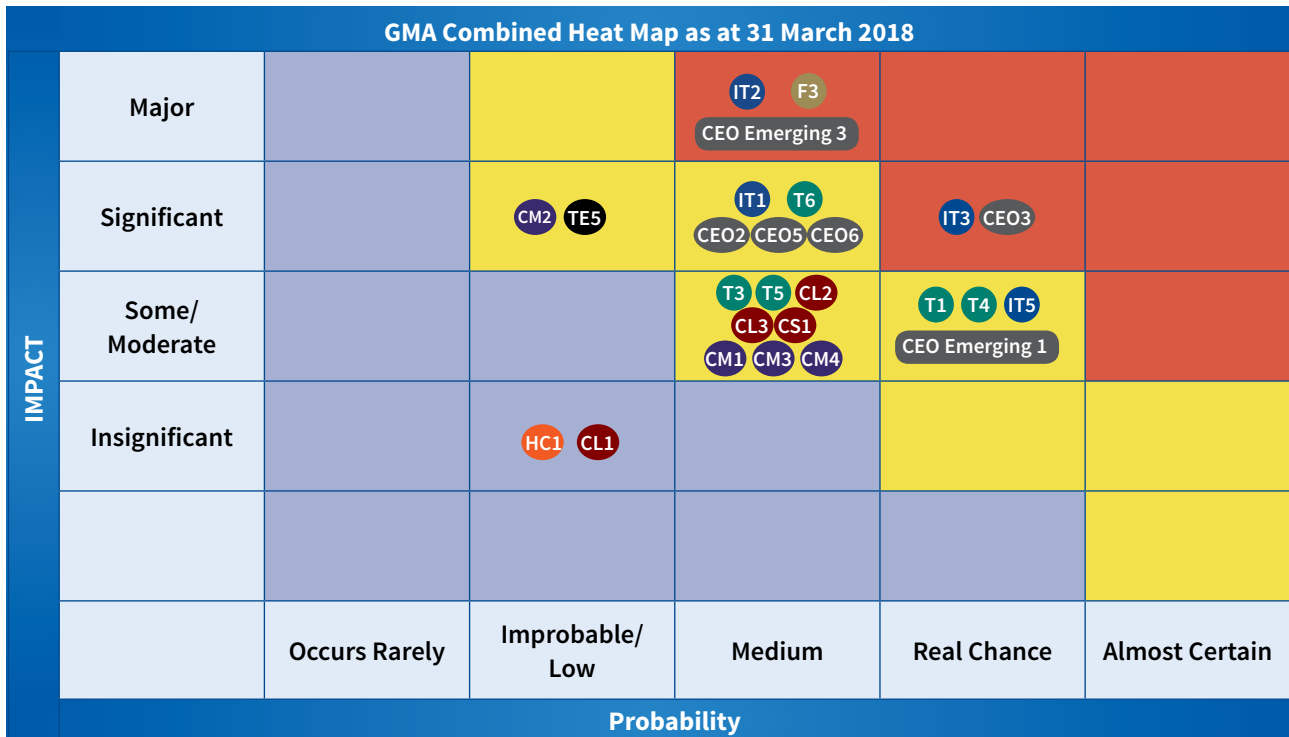
The GMA risks are summarised in Table 2.

4. OPPORTUNITIES

The GMA identified a range of opportunities related to the achievement of the desired outcomes of growth in revenue, growth in user numbers and increased size of the System. These opportunities can be divided into four categories.

The first is the opportunity to expand the System with

Table 2: GMA Combined Heat Map



LEGEND

- T Technical Services
- TE Technical Emerging
- CS Corporate Services
- CL Compliance & Legal
- F3 Finance
- CM Comms & Marketing
- IT Information Technology
- HC Human Capital
- CEO Office of the CEO
- CEO Emerging CEO Emerging

The GMA risks (31 in total of which 5 are emerging risks) are well mitigated and most risks are in the low to medium probability/ impact zones. Management actions are in place to manage the risks in the red zone viz IT2 (unauthorised access or disclosure of GMA information), IT3 (IT service continuity), F3 (funding for capital works), CEO Emerging 3 (socio-political instability), CEO Emerging 2 (increase in borrowing costs) and CEO3 (risks related to the rolling stock project).

the acquisition of capital assets such as additional parking, modernised fare collection systems, additional rolling stock, additional signalling, track work and a larger depot for maintenance. The procurement by the Concessionaire of the systems and assets is ongoing.

The second is to extend the System. The GMA has completed a Feasibility Study for GRRIN extensions that will be executed in accordance with the ITMP25 once National Treasury approval is obtained, resulting in significant economic growth for the Province along with many other benefits.

The third is the 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 and commercial opportunities such as car rental kiosks and touch screen advertising on platforms were set up.

The fourth is the development of partnerships with key public and private entities that benefit both parties. Partnerships with Discovery Insure, Mojonation, Knowhouse (Bookboon partnerships), the University of Pretoria, Africa Aerospace and Defence, Edutech (through Terrapin) and Titans. The GMA strategic objectives for future Financial Years will incorporate these opportunities with an implementation plan for each.

5. RELEVANT OUTCOMES

The GMA achieved compliance with the regulatory requirements for risk management as well as with good practice for risk management.

6. STRATEGIC OUTLOOK

In continuing to strive to improve its risk management maturity, the GMA has held fraud, risk and ethics awareness sessions at regular intervals and will continue to do so. It also implemented an integrated risk software solution to manage strategic risk, developed and integrated operational risk registers with internal audit as part of risk management and continues to monitor its risk mitigation strategies and update stakeholders accordingly. The GMA will focus on implementing its combined assurance framework in the new Financial Year.





SECTION E

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CORPORATE GOVERNANCE OVERVIEW

The governance oversight role over Public Entities in the Provinces vests in the Provincial Legislature, the Executive Authority (as owner or shareholder) and the Accounting Authority. The Gauteng Provincial Legislature exerts oversight authority over government policy, performance and budget of the Provincial Public Entities and Gauteng Government Departments by holding the Provincial Executive (MEC) to account.

The Gauteng MEC for Roads and Transport is the Executive Authority of the GMA. The PFMA and the GMA Act give authority to the Executive Authority for oversight powers with particular reference to the Strategic Plan, Annual Performance Plan, Budget, Service Level Agreement, Annual and Quarterly Reports.

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

1. ALIGNMENT WITH GOVERNANCE BEST PRACTICES

The GMA is committed to governance best practice and constantly strives to improve its governance frameworks and structures. The GMA Board formally adopted the King IV Report on Corporate Governance in South Africa, 2016 (King IV), with effect from 01 April 2017. The implementation of the Principles of King IV will be done in a phased approach.

The first phase of the implementation of King IV commenced during the first quarter of the 2017/18 Financial Year and focused on the review of corporate governance documents. This phase included the following activities:

- **The delegation of authority framework was reviewed and aligned to principles eight and ten;**
- **The Board's charter and the terms of reference of all Board Committees were amended and aligned to principle six of King IV. The Board also reviewed and approved GMA Policies and Key Documents;**
- **A Framework for the selection and appointment of Board and Committee Members was developed during the first quarter of the 2017/18 Financial Year. The Framework provides guidance to the MEC for Roads and Transport and the Board in discharging their roles and responsibilities in respect of the selection and appointment of Members of the Board and Committee Members. The Framework is aligned to principle seven of King IV; and**
- **The Board takes seriously the development of an ethical culture and, in line with principles one and two of King IV, has focused on the following activities:**
 - o **Reviewed and aligned the Business Code of Conduct and Ethics for the Board and Staff;**
 - o **Approved the establishment of an Ethics Management function within the Corporate Governance Services Unit;**
 - o **The Fraud Prevention and Whistle-Blowing Policy was reviewed and aligned to the Protected Disclosures Act, 2000 (Act No. 26 of 2000); and**
 - o **Two Fraud Prevention and Whistle-Blowing Policy awareness sessions were conducted for all staff during the period under review.**

The second phase of the implementation of King IV will be done during the 2018/19 Financial Year. A gap analysis of the GMA's compliance with King IV will be conducted and a project plan will be developed. Progress reports on the plan's implementation will be presented to the Board and Board Committees on a quarterly basis.

2. THE BOARD

The 2017/18 Financial Year was marked by two Boards serving at the GMA, with the term of office of one Board ending on 31 December 2017. A new Board was appointed by the Gauteng MEC for Roads and Transport in accordance with the GMA Act, with effect from 01 January 2018 until 31 December 2020. The GMA Board is appointed for a three-year term of office, 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 do not serve more than two consecutive terms.

2.1 Composition of the Board

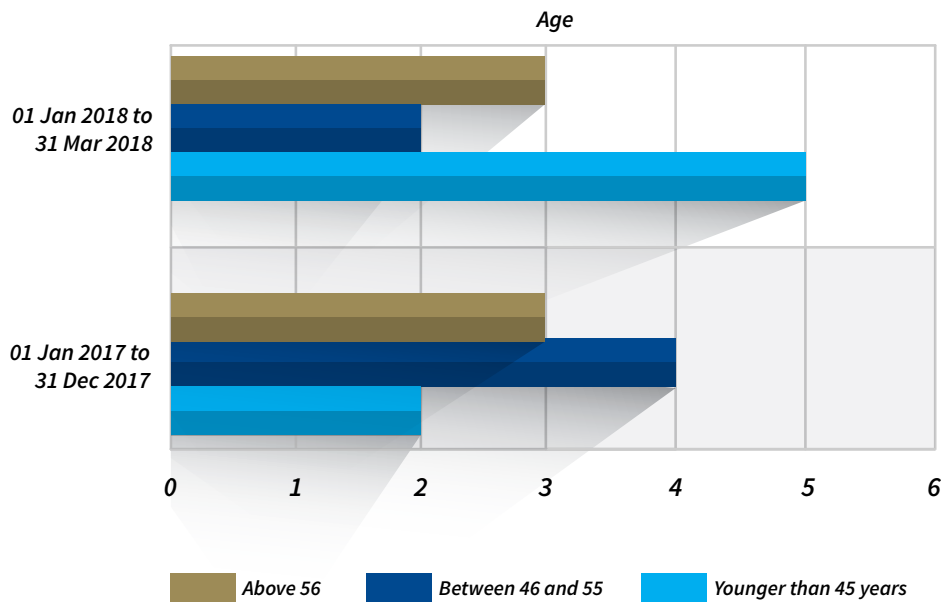
2.1.1 Membership

Table 3: Board Membership

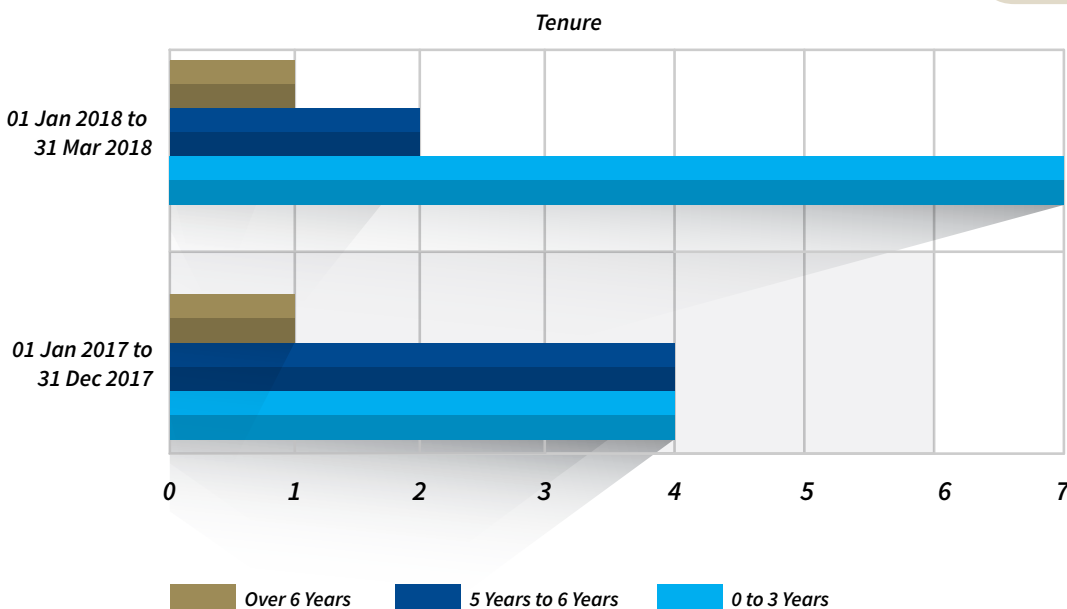
01 APRIL 2017 TO 31 DECEMBER 2017				
BOARD MEMBER	COMMITTEE MEMBERSHIP			
	Audit & Risk	Finance & Asset	Social & Ethics	Human Capital & Remuneration
Mr Motseoa Lugemwa <i>Chairperson of the Board</i>				
Ms Doris Dondur <i>Deputy Chair of the Board and Chairperson of Audit and Risk Committee</i>	✓	✓	✓	
Mr Mzolisi Nkumanda <i>Chairperson of Finance and Asset Committee</i>	✓	✓	✓	
Prof Wellington Thwala <i>Chairperson of Social and Ethics Committee</i>			✓	✓
Ms Sebina Hlapolosa <i>Chairperson of Human Capital and Remuneration</i>		✓	✓	✓
Mr Bolokang Lengane <i>Chairperson of Audit and Risk Committee</i>	✓	✓		
Mr Satish Roopa <i>Member of the Board</i>	✓		✓	✓
Mr Unathi Mntonintshi <i>Member of the Board</i>	✓	✓		✓
Mr Jack van der Merwe <i>CEO</i>		✓	✓	
01 JANUARY 2018 TO 31 MARCH 2018				
Mr Mogopodi Mokoena <i>Chairperson of the Board</i>		✓		✓
Ms Puli Moloto-Stofile <i>Deputy Chair of the Board</i>	✓			✓
Mr Bolokang Lengane <i>Chairperson of Audit and Risk Committee</i>	✓		✓	
Mr Abel Mawela <i>Chairperson of Finance and Asset Committee</i>		✓	✓	
Mr Donovan Nadison <i>Chairperson of Social and Ethics Committee</i>			✓	✓
Ms Sebina Hlapolosa <i>Chairperson of Human Capital and Remuneration</i>			✓	✓
Ms Lucretia Khumalo <i>Member of the Board</i>	✓	✓		
Dr Prittish Dala <i>Member of the Board</i>	✓	✓		
Ms Reshoketswe Ralebepa <i>Member of the Board</i>	✓	✓		
Mr Jack van der Merwe <i>CEO</i>		✓	✓	

In line with best practice, the roles of the Chairperson of the Board and the CEO are separated. 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 and policies, as well as the day-to-day operations of the GMA.



Succession 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 with fresh perspectives and skills in line with the Agency's evolving strategy.



Graph 5: Succession planning

*The Member who has been part of the Board for over six years is the CEO, who is a Member of the Board by virtue of his office.

2.1.2 Diversity

01 April 2017 to 31 December 2017

Chairperson of the Board
Ms Motseoa Lugemwa

Deputy Chairperson of the Board
Ms Doris Dondur

01 January 2018 to 31 March 2018

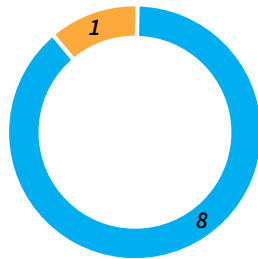
Chairperson of the Board
Mr Mogopodi Mokoena

Deputy Chairperson of the Board
Ms Puli Moloto-Stofile

INDEPENDENCE

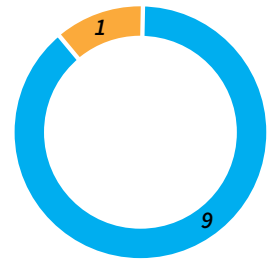
Independent Non-Executive Directors

Executive Directors



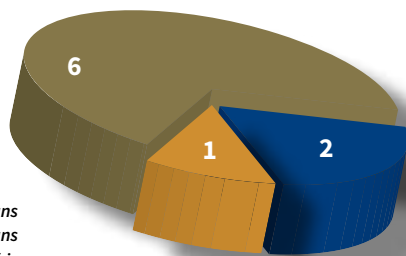
Independent Non-Executive Directors

Executive Directors

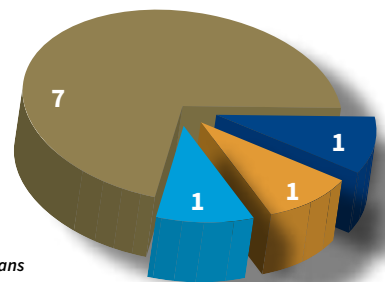


RACE

Black South Africans
White South Africans
Coloured South Africans
Indian South Africans



Black South Africans
White South Africans
Coloured South Africans
Indian South Africans



REPRESENTATION

The Board comprises nine Members, appointed by the MEC in line with the GMA Act. The CEO is a member by virtue of his office.

Female Representation: **33.3%**

Black South Africans Representation **66.6%**

The Board comprises ten Members, appointed by the MEC in line with the GMA Act. The CEO is a member by virtue of his office.

Female Representation: **40%**

Black South Africans Representation **70%**

Graph 6: Board Diversity

2.2 Delegation of Authority Framework

The Board, in line with the GMA Act, has delegated some of its duties to the Board Committees, which provide an in-depth focus on specific areas, assisting the Board to discharge its responsibilities. The delegation of responsibilities to the Board Committees and the CEO is formalised in the Terms of References of the Board Committees as well as the Delegation of Authority Framework.

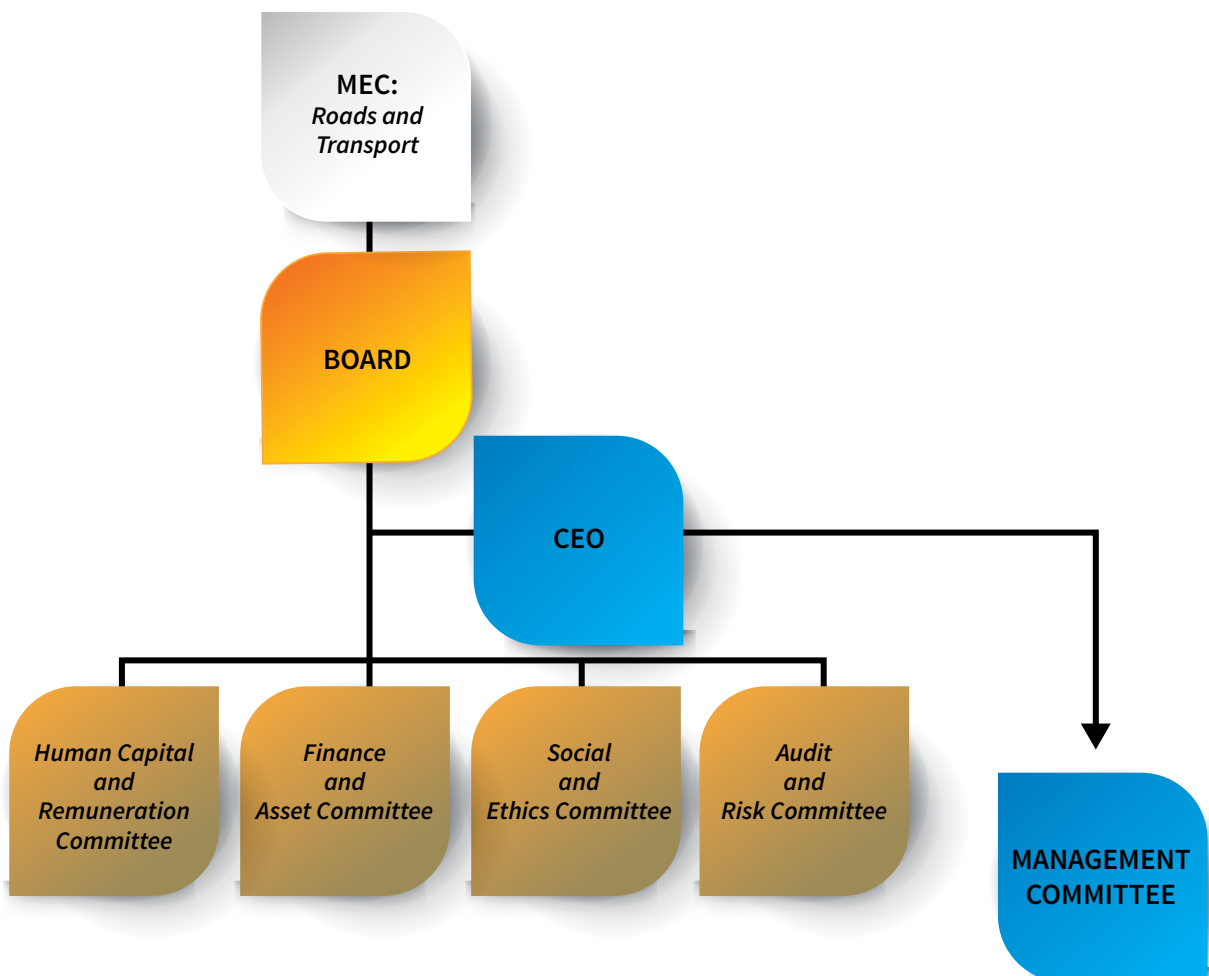
The Delegation of Authority Framework is reviewed annually to ensure that it is still relevant and applicable to the GMA environment. The Delegation of Authority Framework for the 2017/18 Financial Year was reviewed and approved by the Board on 30 May 2017.

2.3 Board Committees

The Board is supported by four Board Committees. Members of Board Committees were appointed by the Board, in line with the Framework for the Selection and Appointment of Board and Board Committee Members. All Board Committees are chaired by independent Non-Executive Members of the Board. The Chairpersons of Board Committees are Members of the Social and Ethics Committee in order 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. They were approved on 30 May 2017.

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



Graph 7: GMA's Governance Structure

2.4 Board Advisors

The Board should, in terms of the GMA Act, be supported by four Advisors who are nominated by their respective organisations and appointed by the MEC. The functions of the Advisors are to advise the Board with reference to the interests, views and policies of their respective organisations. The Advisors are not Members of the Board and are not entitled to vote at Board meetings. The Advisors may be appointed by the Board to serve on the Board Committees.

The term of office of the Board Advisors is aligned with the term of office of the GMA Board. The following Board Advisors were re-appointed with effect from 01 January 2018 until 31 December 2020:

Table 4: Board Advisors

BOARD ADVISOR	COMMITTEE MEMBERSHIP			
	Audit and Risk	Finance and Asset	Social and Ethics	Human Capital and Remuneration
Mr James Aiello <i>National Treasury</i>		✓	✓	
Mr Jan-David de Villiers <i>National Department of Transport</i>		✓		
Ms Tryphina Mokele <i>Gauteng Provincial Treasury</i>	✓	✓		
Ms Hemlata Jugoo <i>Gauteng Department of Roads and Transport</i>		✓	✓	

2.5 Board and Board Committee Activities

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.

During the period under review, the Board provided oversight on the following key strategic projects:

- **Amendment of the GMA Act;**
- **Gauteng Province's Construction All Risks (CAR) Insurance Claim;**
- **Acquisition of additional rolling stock for the Gautrain System;**
- **Establishment of the Gauteng Transport Authority;**
- **Public Transport Ticketing Interoperability;**
- **Integration of the Gautrain System with other public transport systems; and**
- **Social Investment Programmes.**

A summary of the main activities of the Board, as well as key approvals for the 2017/18 Financial Year are highlighted in Table 5 below. Table 6 represents attendance.

Table 5: Board Activities and Attendance

RESPONSIBILITIES OF THE BOARD	KEY FOCUS AREA	KEY ACTIVITIES DURING THE 2017/18 FINANCIAL YEAR
	<p>Strategy</p> <p><i>The Board provides strategic direction and takes responsibility for the adoption of the GMA's Strategic Plan.</i></p>	<ul style="list-style-type: none"> • Approved the GMA Long-Term Strategy (scenario planning for 2020 and 2037). • Approved the Strategic Plan for the 2018/19 to 2020/21 Financial Years. • Reviewed Reports on the Proposed Amendments to the GMA Act. • Approved the GMA Policies.
<p>Governance</p> <p><i>The Board is the custodian for good corporate governance.</i></p>	<ul style="list-style-type: none"> • Reviewed the Board, as well as the Audit and Risk Committee's Evaluation Report for the 2016/17 Financial Year. • Approved the Board Charter and the Board Committee's Terms of Reference. • Approved the Framework for the Selection and Appointment of Board and Board Committee Members for the 2017/18 Financial Year. • Approved the Delegation of Authority Framework for the 2017/18 Financial Year. • Approved the Board Training and Development Plan for the 2017/18 Financial Year. • Approved the Service Level Agreement between the MEC and the GMA for the 2018/19 Financial Year. 	
<p>Performance and Reporting</p> <p><i>The Board drives the development of performance goals and ensures the integrity and transparency of information.</i></p>	<ul style="list-style-type: none"> • Approved the Annual Performance Plan for the 2017/18 Financial Year. • Approved the Integrated Annual Report for the 2016/17 Financial Year. • Approved the unaudited and audited Annual Performance Information for the 2016/17 Financial Year. • Unaudited and audited Annual Financial Statements for the year ended 31 March 2017. • Reviewing the quarterly GMA Performance and Performance Information. 	
<p>Compliance, Technology and Information Governance</p> <p><i>The Board monitors compliance with laws, regulations and standards and is responsible for Technology and Information governance.</i></p>	<ul style="list-style-type: none"> • Approved the adoption of King IV, effective from 01 April 2017.. • Approved the Internal Audit Charter for the 2017/18 Financial Year. • Approved Combined Assurance Framework for the 2017/18 Financial Year. • Reviewed the quarterly GMA Technology and Information Reports. 	
<p>Ethics and Risk Management</p> <p><i>The Board drives the development of performance goals and ensures the integrity and transparency of information.</i></p>	<ul style="list-style-type: none"> • Approved the Business Code of Conduct and Ethics for Members of the Board for the 2017/18 Financial Year. • Approved the Business Code of Conduct and Ethics for GMA staff for the 2017/18 Financial Year. • Reviewed the quarterly GMA Integrated Fraud Incidents Reports. • Reviewed the quarterly GMA Risk Register. • Approved the Directors and Officers Liability Insurance for the 2017/18 Financial Year. 	

Table 6: Board Member Attendance for the 2017/18 Financial Year

*The number of Board meetings include Board Induction, special meetings and the Board Strategic Workshop and Lekgotla.

BOARD MEMBER ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR			
	Attendance	Length of Service	Notes
Ms M Lugemwa	8 out of 8	6 years	Term of office ended on 31 December 2017
Ms D Dondur	6 out of 8	6 years	Term of office ended on 31 December 2017
Mr M Nkumanda	8 out of 8	6 years	Term of office ended on 31 December 2017
Prof T Thwala	7 out of 8	6 years	Term of office ended on 31 December 2017
Ms S Hlapolosa	8 out of 8	3 years 3 months	Re-appointed effective from 01 Jan 2018
Mr B Lengane	8 out of 8	3 years 3 months	Re-appointed effective from 01 Jan 2018
Mr U Mntonintshi	8 out of 8	3 years	Term of office ended on 31 December 2017
Mr S Roopa	7 out of 8	3 years	Term of office ended on 31 December 2017
Mr M Mokoena	3 out of 3	3 months	Appointed with effect from 01 Jan 2018
Ms P Moloto-Stofile	3 out of 3	3 months	Appointed with effect from 01 Jan 2018
Mr A Mawela	3 out of 3	3 months	Appointed with effect from 01 Jan 2018
Mr D Nadison	1 out of 3		Appointed with effect from 01 Jan 2018
Ms L Khumalo	3 out of 3	3 months	Appointed with effect from 01 Jan 2018
Dr Prittish Dala	2 out of 3	3 months	Appointed with effect from 01 Jan 2018
Ms Reshoketswe Ralebepa	3 out of 3	3 months	Appointed with effect from 01 Jan 2018
Mr J van der Merwe			CEO

- **Audit and Risk Committee Activities**

Refer to the Report of the Audit and Risk Committee in section I for more details regarding the activities of the Audit and Risk Committee.

- **Finance and Asset Committee Activities and Attendance**

Table 7: Finance and Asset Committee Activities

FINANCE AND ASSET COMMITTEE	KEY FOCUS AREA	KEY ACTIVITIES DURING THE 2017/18 FINANCIAL YEAR
	<ul style="list-style-type: none"> • Review and monitor the implementation of the GMA Budget. • Monitor the implementation of key projects as assigned to the GMA by the Gauteng MEC for Roads and Transport. • Monitor the asset management of the GMA and the Gautrain System. 	<ul style="list-style-type: none"> • Reviewed the following key documents for recommendation to the Board for approval: <ul style="list-style-type: none"> ◦ GMA's Budget for recommendation to the Board for approval and monitor its implementation. ◦ Supply Chain Management Policy. ◦ Finance Manual Policy. ◦ Delegation of Authority. • Reviewed and approved quarterly reports on the following key matters: <ul style="list-style-type: none"> ◦ Amendment of the GMA Act. ◦ Acquisition of additional rolling stock for the Gautrain System. ◦ Establishment of the Gauteng Transport Authority. ◦ Public Transport Ticketing Interoperability and Integration of the Gautrain System with other Public Transport Systems.

Table 8: Board Member Attendance for the 2017/18 Financial Year

FINANCE AND ASSET COMMITTEE MEMBER ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR			
	Attendance	Length of Service	Notes
Mr M Nkumanda	4 out of 4	6 years	Term of office ended on 31 December 2017
Ms D Dondur	2 out of 4	6 years	Term of office ended on 31 December 2017
Mr B Lengane	4 out of 4	3 years 3 months	Re-appointed effective from 01 Jan 2018
Mr U Mntonintshi	3 out of 4	3 years	Term of office ended on 31 December 2017
Ms S Hlapolosa	4 out of 4	3 years 3 months	Re-appointed effective from 01 Jan 2018
Mr A Mawela	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Ms L Khumalo	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Dr Prittish Dala	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr M Mokoena	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr J van der Merwe			CEO

• Human Capital and Remuneration Committee Activities and Attendance

Table 9: Human Capital and Remuneration Committee Activities

HC AND REMUNERATION COMMITTEE	KEY FOCUS AREA	KEY ACTIVITIES DURING THE 2017/18 FINANCIAL YEAR
	<ul style="list-style-type: none"> Review of the GMA Organisational structure. Reward and Remuneration Policies for the GMA. Monitor the development and implementation of a succession plan for the GMA. Learning and development of the GMA Staff and Board. Monitor alignment with relevant labour relations regulations. 	<ul style="list-style-type: none"> Approved the Employment Equity Report for the 2016/17 Financial Year. Approved the quarterly Human Capital Reports. Reviewed and recommended the Principles for Annual Salary Increases for the 2017/18 Financial Year, Bonus Payment for the 2016/17 Financial year and pay Scale for the 2017/18 Financial Year for the Board for approval. Reviewed the Board Training and Development plan and progress reports on the implementation thereof. Reviewed the HC and Remuneration Policies for alignment with King IV and the Labour Relations Act. Monitored the development of the GMA Talent Management Strategy.

Table 10: Human Capital and Remuneration Committee Attendance

HC AND REMUNERATION COMMITTEE MEMBER ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR			
	Attendance	Length of Service	Notes
Ms S Hlapolosa	6 out of 6	3 years 3 months	Re-appointed effective from 01 Jan 2018
Prof W Thwala	5 out of 5	6 years	Term of office ended on 31 December 2017
Mr S Roopa	4 out of 5	3 years	Term of office ended on 31 December 2017
Mr U Mntonintshi	5 out of 5	3 years	Term of office ended on 31 December 2017
Ms P Moloto-Stofile	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr D Nadison	0 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr M Mokoena	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr J van der Merwe	5 out of 5	Mr van der Merwe is no longer a member of the Committee, effective 01 Jan 2018	

- **Social and Ethics Committee Activities and Attendance**

Table 11: Social and Ethics Committee Activities

SOCIAL AND ETHICS COMMITTEE	KEY FOCUS AREA	KEY ACTIVITIES DURING THE 2017/18 FINANCIAL YEAR
	<ul style="list-style-type: none"> • Monitoring compliance with relevant legislative requirements. • Governance of the GMA Social Investment Programme. • Embedding an ethical culture. • Ethics governance and monitoring the effectiveness of ethics management. • Ethics within the supply chain and outsourced relationships. 	<ul style="list-style-type: none"> • Approved the Employment Equity Report for the 2016/17 Financial Year. • Approved the quarterly Human Capital Reports. • Reviewed and recommended the Principles for Annual Salary Increases for the 2017/18 Financial Year, Bonus Payment for the 2016/17 Financial Year and Pay Scale for the 2017/18 Financial Year for the Board for approval. • Reviewed the Board Training and Development plan and progress reports on the implementation thereof. • Reviewed the HC and Remuneration Policies for alignment with King IV and the Labour Relations Act. • Monitored the development of the GMA Talent Management Strategy.

Table 12: Social and Ethics Committee Attendance

SOCIAL AND ETHICS COMMITTEE MEMBER ATTENDANCE FOR THE 2017/18 FINANCIAL YEAR			
	Attendance	Length of Service	Notes
Prof W Thwala	3 out of 3	6 years	Term of office ended on 31 December 2017
Ms S Hlapolosa	4 out of 4	3 years 3 months	Re-appointed effective from 01 Jan 2018
Ms D Dondur	3 out of 3	6 years	Term of office ended on 31 December 2017
Mr Mzolisi Nkumanda	3 out of 3	6 years	Term of office ended on 31 December 2017
Mr S Roopa	3 out of 3	3 years	Term of office ended on 31 December 2017
Mr U Mntonintshi	3 out of 3	3 years	Term of office ended on 31 December 2017
Ms P Moloto-Stofile	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr D Nadison	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr M Mokoena	1 out of 1	3 months	Appointed with effect from 01 Jan 2018
Mr J van der Merwe	4 out of 4		CEO

3. BOARD INDUCTION

The induction programme is aimed at enhancing the understanding of the GMA's mandate, operations and environment, as well as the duties and responsibilities of the Board Members. The new Members of the Board, appointed with effect from 01 January 2018, were provided with a welcome information pack that included the following documents:

- **GMA Act and Concession Agreement;**
- **GMA Strategic Plan (2018/19 to 2020/21);**
- **GMA Long-Term Plan (2026 and 2037 scenario planning);**
- **GMA Annual Performance Plan;**
- **Board Charter and Committee's Terms of Reference; and**
- **Board Plan.**

The induction of the new Board commenced on 25 January 2018. The induction was attended by the MEC, Board, Board advisors and management. The first part of the induction focused on the political imperatives and direction from the MEC. Management also made presentations to the Board, highlighting key strategic projects and matters within each of their business units.

The induction of the Board is an ongoing programme rather than a once-off event. The next activities will

include a site visit by the Members of the Board to the Gautrain Depot and on the Gautrain System. Site visits to the SIP beneficiaries will also be arranged.

4. BOARD TRAINING AND DEVELOPMENT

The Board actively encourages the continuous development of its Members. Members of the Board, committees, advisors and management are regularly updated on issues related to the GMA, public transport, rail and corporate governance.

An annual Training and Development Plan is developed in line with the needs of the individual Members of the Board and the Board as a collective. The results of the Board's performance evaluation for the 2016/17 Financial Year were taken into account when developing the Training and Development Plan for the 2017/18 Financial Year, which was approved by the Board on 30 May 2017. Its implementation was monitored by the Human Capital and Remuneration Committee on a quarterly basis.

During the period under review, the following training programmes were attended by the Members of the Board and Advisors. See table 13.

Table 13: Board Training Programmes Attended

TRAINING DESCRIPTION		DATE
1.	ICT Governance Board Workshop	05 May 2016
2.	7th Annual Ethics Conference 2017	15 May 2017
3.	Global Public Transport Summit UITP Montreal 2017	15-17 May 2017
4.	Facilitation of Leadership Team Dynamics	10-11 August 2017
5.	Ethics Officer Certification Programme	14-18 August 2017
6.	4th Annual Connecting African Transport Infrastructure and Integration Conference	06-08 November 2017
7.	Financial Insights for non-financial directors	13 November 2017
8.	61st Annual IPM Convention	19-22 November 2017

5. PERFORMANCE EVALUATION OF THE BOARD AND BOARD COMMITTEES

The GMA Act and Treasury Regulations stipulate that the Board should evaluate its performance annually and include the results in the Integrated Annual Report. King IV, however, advocated for performance evaluations to be conducted every two years and for the Board to focus every alternative year on the implementation of the outcomes of the evaluations. The Board resolved to align to the recommended practice of King IV in terms of the evaluation of the Board.

The Board approved the Board Charter and the Board Committees' Terms of Reference for 2017/18. The Board and its Committees are satisfied that they have discharged their responsibilities in line with the Board Charter and Board Committees' Terms of Reference.

During the year under review, the Board focused on the implementation of the Action Plan from the evaluation of the performance of the Board conducted during the 2016/17 Financial Year. All matters have been addressed except the GMA's Succession Plan. The following activities are underway to close this action item:

- **Development of the Talent Management and Succession Plan;**
- **Development of the Learning and Development Strategy;**
- **Development of the Change Management Strategy; and**
- **Finalisation of the Leadership Development Programme.**

6. GMA REWARD PHILOSOPHY

The principle of "performance based remuneration" is one of the cornerstones of the GMA's Reward Philosophy. The Reward Philosophy is also underpinned by sound remuneration management and governance principles, which are promoted throughout the GMA to ensure consistent application.

The emphasis of the GMA's Reward Philosophy is to attract, motivate and retain high performing employees. The following principles guide the GMA's Reward Philosophy:

- **Total Rewards Approach - GMA remunerates its employees based on a Total Guaranteed Package. Employees are given the opportunity to determine the composition of their remuneration packages that suite their own specific needs within the framework of the GMA's Reward Philosophy;**
- **Performance Based Remuneration - GMA rewards and recognises high performance. The reward is in the form of performance-based increases as well as annual short term incentives;**
- **Internal Equity - GMA rewards employees fairly and consistently based on their role and contribution; and**
- **External Competitiveness - GMA provides market related remuneration structures, benefits and conditions of service.**

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

6.1 Remuneration of the GMA staff

The remuneration of the GMA staff is based on the agency's performance as assessed through the key performance objectives and the individual's contribution to the achievement of the key performance objectives. The Human Capital and Remuneration Committee



considers the principles for the annual salary increases and bonus payments and recommend them to the Board for approval.

6.2 Remuneration of the Board and Board Committee Members

In terms of the GMA Act, the Remuneration of the Board and Board Committee Members is determined by the MEC for Roads and Transport in consultation with the MEC for Finance. The structure of the Remuneration is based on the following:

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

The Remuneration of the Board, Board Committee Members and the Senior Executive Management for the year ended 31 March 2018 is disclosed in Section I of this report i.e. Annual Financial Statements.

7. CORPORATE GOVERNANCE SERVICES

The Company Secretary is the head of the Corporate Governance Services, which plays a vital role in ensuring the effectiveness of the Board and its Committees.

The Company Secretary ensures that the Board and Board Committee procedures are complied with and advises the Board and Board Committees on governance matters. The Company Secretary, in consultation with the Board Chairperson, oversees the appointment, induction and performance evaluation of the Board

and Board Committees.

All Members of the Board have unrestricted access to the advice and services of the Company Secretary in pursuance and execution of their duties.

8. INTERNAL AUDIT

Internal Audit is an independent business Unit that reports administratively to the CEO and functionally to the Audit and Risk Committee (ARC) as provided for in the PFMA. Its main function is to give assurance to Management and the Board on the adequacy and effectiveness of controls, governance and risk management. At the beginning of each Financial Year, ARC approves the Internal Audit Plan, which is based on critical risks facing the Agency and covers all business units within the GMA.

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

8.1 Performance during period under review

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

The 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.

8.2 Relevant outcomes

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

8.3 Strategic outlook

The Strategic Internal Audit Plan for 2019 to 2021 covers all high-risk areas that may impede the achievement of strategic and operational objectives.





SECTION F

PERFORMANCE: GMA ACTIVITIES

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PERFORMANCE: GMA ACTIVITIES

1. SOCIO-ECONOMIC DEVELOPMENT

The Gautrain Project 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 continues 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 aspects, SED remains at the heart of growth in 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.



1.1 SED performance for the year 2017

The ISEM has completed its verification for the period January 2017 to December 2017 and Table 14 below summarises the achievements:

Table 14: SED Performance for 2017

SED Performance		January 2017 to December 2017:			
SED Element		Unit	Obligation	Verified Achievement	% Achievement
No.	Description				
Black Equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%	25,00%	100%
	Shares held by BEs/ Black Persons in BOC	%	25,10%	25,10%	100%
SED02	Shares held by Black Women in BCC	%	3,75%	4,48%	119%
	Shares held by Black Women in BOC	%	3,75%	4,49%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	44,474	83,650	188%
SED04	Sub-contracting to BEs	R'000	182,007	399,665	220%
SED05	Procurement and sub-contracting to New BEs	R'000	210,771	359,277	170%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	15,873	20,062	126%
Local content					
SED08	Employment of Local People	pers mths	15,873	20,062	126%
SED09	Procurement of South African Materials	R'000	91,117	698,566	767%
SED10	Procurement of South African Plant & Equipment	R'000	28,327	0	0%
Participation by SPG					
SED11	HDI staff seconded by SPG	pers mths	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEP01	HDI in Management Positions	pers mths	340	617	181%
EEP02	Women in Management Positions	pers mths	163	333	204%
EEP07	HDI in Occupational Level C	pers mths	578	3,071	531%
Direct employment					
EEP03	HDI employed	pers mths	11,368	18,771	165%
EEP04	Women employed	pers mths	4,107	5,560	135%
EEP05	People with Disabilities employed	pers mths	241	304	126%
Training					
EEP06	Expenditure on Human Resource Development	R'000	3,836	5,539	144%
EEP08a	Women participating in the Learnership & Mentorship Programme	pers mths	0	0	100%
EEP08b	Employment & Mentorship of Women Learners	pers mths	0	0	100%

It is evident from Table 14 that the Concessionaire has achieved or exceeded its obligations in all the SED elements except for one, i.e. SED 10 – Procurement of South African Plant and Equipment. This is due to an agreement reached between the Parties to re-profile SED 03, SED 05 and SED 10 ('Affected SED elements') for September 2017, March 2018, September 2018, March 2019, September 2019, March 2020 and September 2020. The Parties subsequently agreed to further extend the date by which the affected SED elements should be re-profiled to include Contract 132 (September 2017), 138 (March 2018) and 144 (September 2018). These elements are linked, in whole or in part, to the renewal programme for the DFDS (bus services). The Parties agreed that the renewal programme would no longer commence in September 2017 due to various operational benefits that would accrue to the Project as a result of the programme being implemented at a later stage. The Parties have agreed to conclude the re-scheduling of these elements as soon as reasonably practical. The SED obligations will be deferred to align with the procurement schedule.

In terms of the penalty and reward regime, no penalties were incurred by the Concessionaire for the period under review.

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



1.2 SED performance since the commencement of the operating period until the end of 2017

Based on ISEM verification concluded to date, the Concessionaire has cumulatively achieved on all of its obligations since the commencement of the Operating Period until the end of 2017. Table 15 below summarises the achievements:

Table 15: Achievements since Commencement of Operations to end of 2017.

SED Performance		Operating Period up to December 2017:			
SED Element		Unit	Obligation	Verified Achievement	% Achievement
No.	Description				
Black Equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%	25,00%	100%
	Shares held by BEs/ Black Persons in BOC	%	25,10%	25,10%	100%
SED02	Shares held by Black Women in BCC	%	3,75%	4,48%	119%
	Shares held by Black Women in BOC	%	3,75%	4,49%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	110,382	385,066	349%
SED04	Sub-contracting to BEs	R'000	901,551	1,871,738	208%
SED05	Procurement and sub-contracting to New BEs	R'000	931,779	1,590,627	171%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	187,105	265,586	142%
Local content					
SED08	Employment of Local People	Jobs	7,259	9,640	133%
SED09	Procurement of South African Materials	R'000	394,899	1,496,100	379%
SED10	Procurement of South African Plant & Equipment	R'000	28,327	0	0%
Participation by SPG					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEP01	HDIs in Management Positions	Jobs	150	361	240%
EEP02	Women in Management Positions	Jobs	69	198	287%
EEP07	HDIs in Occupational Level C	Jobs	261	1,707	654%
Direct employment					
EEP03	HDIs employed	Jobs	5,164	8,953	173%
EEP04	Women employed	Jobs	1,873	2,647	141%
EEP05	People with Disabilities employed	Jobs	109	125	114%
Training					
EEP06	Expenditure on Human Resource Development	R'000	19,365	25,058	129%
EEP08a	Women participating in the Learnership & Mentorship Programme	pers mths	0	0	100%
EEP08b	Employment & Mentorship of Women Learners	pers mths	0	0	100%

It is evident from the previous Tables that the Concessionaire has complied with its obligations of the SED elements. In terms of the penalty and reward regime, there are no penalties incurred by the Concessionaire for the year under review.

1.3 Relevant outcomes

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 obligations in most elements, the Concessionaire continues to develop the growth in the brand value and full compliance through procurement, sub-contracting and employment.

1.4 Strategic outlook

Schedule 22 of the CA contains the monthly SED obligations. Table 16 summarises these obligations for the 2018/19 Financial Year:

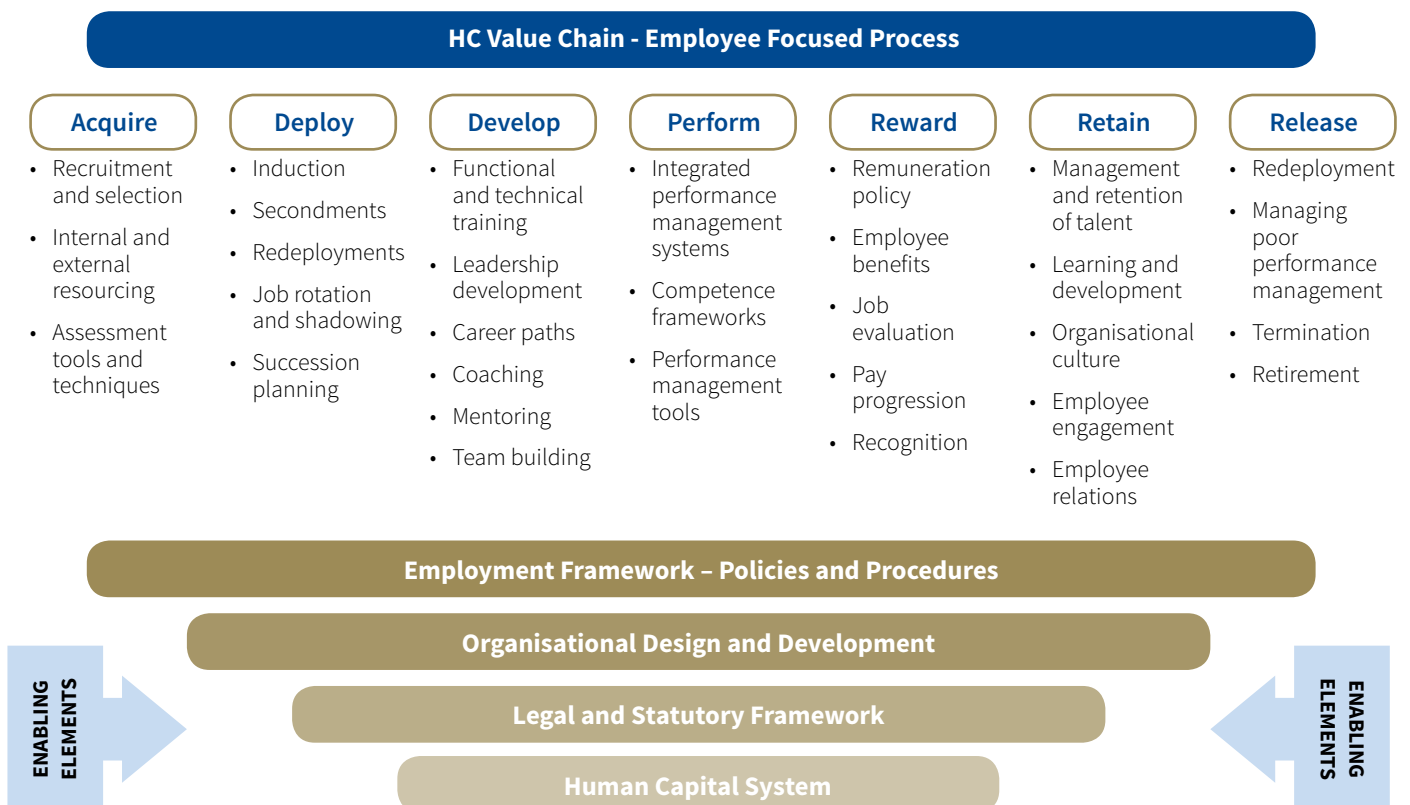
Table 16: Obligations for the 2018/19 Financial Year

SED ELEMENT		Unit	2018/19
No.	Description		
Black Equity participation			
SED01	Shares held by BEEs/ Black Persons	%	25%
SED02	Shares held by Black Women	%	3,75%
Procurement and sub-contracting			
SED03	Procurement from BEs/ Black Persons	R'000	R101,671
SED04	Sub-contracting to BEs	R'000	R170,484
SED05	Procurement and sub-contracting to New BEEs	R'000	R256,367
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	R37,097
Social Investment Programme			
SED07	Social Investment Programme (SIP)	R'000	0
Local content			
SED08	Employment of Local People	Jobs	1 323
SED09	Procurement of South African Materials	R'000	R93,462
SED10	Procurement of South African Plant & Equipment	R'000	R85,448
Black Enterprise and Equity Participant			
SED11	HDI staff seconded by the Black Enterprise Equity Participant	pers mths	0
SED12	Expenditure by the Black Enterprise Equity Participant on Plant & and Equipment	R'000	0
SED13	Procurement from, or Sub-contracting to the Black Enterprise Equity Participant	R'000	0
Participation in management			
EEP01	HDIs in Management Positions	Jobs	29
EEP02	Women employed	Jobs	13
EEP07	Women in Management Positions	Jobs	49
Direct employment			
EEP03	HDIs employed	Jobs	951
EEP04	Women employed	Jobs	342
EEP05	People with Disabilities employed	Jobs	20
Training			
EEP06	Expenditure on Human Resource Development	R'000	R3,834
EEP08a	Women Learnership & Mentorship Programme	pers mths	0
EEP08b	Employment & Mentorship of Women Learners	pers mths	0

2. HUMAN CAPITAL MANAGEMENT

The GMA's employment philosophy is consistent with its belief that people are the Agency's most important asset. The Human Capital (HC) Strategy enables the GMA to continue acquiring skilled talent, at the same time as it develops and retains the best caliber employees needed to deliver the organisational strategic objectives. The HC Strategy focus area is on the Employee Value Proposition to ensure that the GMA as an Agency delivers exceptional performance and services through well qualified and optimally developed, engaged and motivated personnel. This is to ensure that the GMA maintains its status as a high performing organisation and a preferred employer of choice in the South African transport sector.

2.1 HC Value Chain Processes



Graph 8: HC Value Chain

2.2 HC's strategic goals and achievements

- The Organisational Design and Structure was designed and reviewed and has been approved by the Board for implementation in the 2018/19 Financial Year;
- The Executive Coaching programme for all Senior Executive Managers within the GMA has been finalised. The next phase of the programme will focus on Executive Managers, Senior Managers and Managers who have staff reporting to them. A mentorship (Thinking Partners) programme will be introduced for all other employees;
- The implementation of Retention Strategy programmes will continue;
- The Learning and Development Strategy was developed, along with the formulation of a learning and development framework. This includes programmes such as the Graduate Programme, which will be rolled out towards the end of the 2018/19 Financial Year and supports the GMA's strategic-oriented goal of contributing to the economic growth and development of Gauteng;
- The appointment of the Employee Wellness service provider should enable GMA employees to have a work life balance that contributes to the effectiveness of the agency;
- The effective management of employee relations in the GMA continues;

- The approved GMA Organisational Design emphasised the career development and management of employees through the following HC programmes:
 - o Talent Management and Succession Planning;
 - Competency framework
 - Dual career paths
 - Career progression
 - o Development and implementation of a learning and development framework through the approved strategy;
 - o Development and implementation of the Total Reward Strategy, and reward and recognition framework;
 - o Continued management of employee relations to improve team relations; and
 - o Development of an Engagement and Awareness programme that will assist in the improvement of overall HC communication.
- Introduction of a HC business partnering module to the GMA with the objective of creating a more flexible approach to the effective delivery of service that will improve on the Employee Value Proposition. The module will also help the HC Unit to be proactive in the future growth of the GMA through:
 - o Identification of current and future skills required for the organisation; and
 - o Building change-readiness capability in the agency.

2.3 HC strategic goals: Learning and Development Strategy

The Learning and Development Strategy is developed in alignment with the GMA and HC strategy. The objective of the Learning and Development Strategy is to link learning and development systematically with the GMA's strategic objectives and talent management in order to establish priorities and plans for performance gaps and career progression. The GMA operates in a volatile and complex environment, which requires a strategic approach regarding the talent needed to address critical and scarce skills and to respond to market competition for skills in areas of rail management and large-scale projects.

The GMA embraces an integrated approach to staff development such that it is an essential part of planning, management and day-to-day work practice. Staff development programmes and activities consider identified needs, are developed consultatively and reflect a balance of individual and organisational priorities, as well as being based on cost effectiveness. This strategy will assist the GMA in creating a culture and environment of learning that encourages employees to realise their full potential, with an emphasis on continuous learning and growth.

Through the Learning and Development Strategy, the GMA also seeks to contribute to the overall economic activity and output of selected graduates by equipping them with knowledge of, skills in, and exposure to the role of the GMA in the rail industry and of the transportation sector in general. The graduates will have the opportunity to work for a reputable institution that has a critical role to play in the Gauteng Province and the national economy.



2.4 HC statistics for the period 1 April 2017 to 31 March 2018

Key information on HC is set out in tables below:

Table 17: Personnel Cost by Programme/Activity/Objective

Programme/ activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees
Project Expenditure	R2,981	R2,346	0.9%	
GMA Expenditure	R254	R100,091	3.1%	
Total	R3,235	R102,438	3.2%	87

Table 18: Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	R17,268	17%	4	R4,317
Senior Management	R20,024	20%	10	R2,002
Professional Qualified	R43,492	43%	35	R1,243
Skilled	R16,225	16%	26	R624
Semi-Skilled	R2,588	3%	8	R323
Unskilled	R494	0%	4	R124
Total	R 100,091	100%	87	R1,151

Table 19: Performance Rewards

Programme/activity/objective	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	R4,564	R17,268	26%
Senior Management	R2,892	R20,024	14%
Professional Qualified	R4,544	R43,492	10%
Skilled	R2,105	R16,225	13%
Semi-Skilled	R225	R2,588	9%
Unskilled	R74	R495	15%
Total	R14,404	R100,092	14%

Table 20: Training Costs

Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained
CEO's Office	R5,848	R -	0%	0
COO's Office	R6,270	R117	2%	2
Internal Audit	R6,707	R119	2%	5
Corporate Governance	R4,526	R75	2%	3
ICT and Knowledge Management	R10,505	R227	2%	11
Corporate Services	R8,870	R544	6%	14
Communication and Marketing	R10,115	R349	3%	10
Finance	R13,518	R254	2%	10
Compliance and Legal Services	R6,589	R145	2%	3
Technical Services	R27,143	R516	2%	19
Total	R100,091	R2,346	23%	77

Table 21: Employment and Vacancies per Business Unit

Business Unit	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies
CEO's Office	3	3	3	0
COO's Office	3	3	3	0
Internal Audit	4	5	5	0
Company Governance	3	3	3	0
ICT and Knowledge Management	11	11	11	0
Corporate Services	14	14	14	0
Communication and Marketing	9	10	10	0
Finance	11	10	10	0
Compliance and Legal Services	4	5	3	2
Technical Services	19	26	25	1
Total	81	90	87	3

Table 22: Employment and Vacancies as per Employment Level

Business Unit	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies
Top Management	4	4	4	0
Senior Management	9	10	8	3
Professional Qualified	31	36	35	1
Skilled	23	26	24	2
Semi-Skilled	10	10	12	-2
Unskilled	4	4	4	0
Total	81	90	87	3

Table 23: Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	4	0	0	4
Senior Management	9	0	1	8
Professional Qualified	31	7	3	35
Skilled	23	2	1	24
Semi-Skilled	10	3	1	12
Unskilled	4	0	0	4
Total	81	12	6	87

Table 24: Reasons for Staff Leaving

The GMA vacancy rate is at an acceptable level which is 10% of which only 6% are resignations based on career moves and better employment opportunities.

Reason	Number	% of total no. of staff leaving
Death	1	1%
Resignation	3	3%
Dismissal	2	2%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	6	7%

Table 25: Labour Relations, Misconduct and Disciplinary Action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	2
Total	2



Table 26: Equity Targets and Employment: Males

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	2	0
Senior Management	2	4	0	0	1	0	1	0
Professional Qualified	16	21	1	0	0	0	1	0
Skilled	5	4	0	0	2	0	1	0
Semi-Skilled	3	4	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total Staff	28	33	1	0	3	0	5	0

Table 27: Equity Targets and Employment: Females

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	4	0	0	0	0	1	0
Professional Qualified	13	11	0	0	2	0	2	0
Skilled	10	10	2	0	0	0	4	0
Semi-Skilled	9	5	0	0	0	0	0	0
Unskilled	4	4	0	0	0	0	0	0
Total Staff	39	34	2	0	2	0	7	0

Table 28: Equity Targets and Employment: Disabled Staff

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 targets.

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	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total Staff	2	3	0	0	1	1	0	0

3. ICT GOVERNANCE

ICT continues to play a critical and strategic role in supporting the vision and objectives of the GMA. ICT is a business driver that allows the Agency to transact and communicate effectively. At the core of this role are the support services that are always available, accessible and reliable, thereby providing the foundation for all other activities. The Unit also provides strategic insight and support to the GMA by deploying systems to increase its efficiency and effectiveness.

3.1 Performance during period under review

The ICT Unit's key performance focus area was to deliver the strategic objectives as outlined in the three-year ICT strategy, including the following:

- **Continued maintenance and enhancement of current ICT systems ensured a reliable and secure ICT environment;**
- **Well-implemented ICT governance processes and procedures ensured compliance to ICT governance prescripts resulting in minimal audit findings raised on the ICT environment;**
- **A Microsoft product suite was procured to assist in enhancing productivity and collaboration within the GMA. The suite includes various cloud services that will further enhance the collaboration capability between the GMA and its stakeholders;**
- **Pro-active monitoring of ICT systems was established through the implementation of a Security and Network Operations Centre. This service enables the monitoring of ICT systems on a 24/7 basis to identify technical and security issues before they severely affect ICT systems;**
- **An Identity and Access Management system was implemented to automate the lifecycle management for identities on the ICT systems;**
- **A new internet service provider was appointed. The contract includes increased bandwidth to enable faster connection to cloud services, as well as the establishment of a Business Continuity Plan (BCP) warm site; and**
- **A mobile application to improve the employee leave application and approval process was developed and implemented.**

3.2 Relevant outcomes

All strategic initiatives planned for the 2017/18 Financial Year were completed. The ICT Unit undertakes projects that enable the GMA to function in a seamless, secure and reliable manner while allowing for organisational knowledge to be preserved and shared. Governing all this processes is the Corporate Governance of ICT Framework (CGICT) as prescribed by the Department of Public Service and Administration as well as King IV.

A risk register is managed and maintained by the Strategy and Risk Unit and this risk register incorporates several identified ICT risks and mitigation plans. The ICT risk process continually identifies, assesses and reduces IT-related risk within levels of tolerance set by enterprise executive management and one high risk relating to unauthorized user access has been identified.

In relation to audit, ICT is audited by Internal Audit as well as Auditor-General South Africa. The controls in place were found to be adequate. Controls are based on policies and procedures which are annually reviewed.





3.3 Strategic outlook

The focus for the 2018/19 Financial Year will be to:

- **Streamline and automate manual and paper-based processes for increased effectiveness and efficiency;**
- **Provide the GMA with more effective and efficient mechanisms for communication and collaboration; and**
- **Implement ICT strategic initiatives that will enhance the efficiency of the core business and maintain and improve the GMA's ICT security posture.**

4. KNOWLEDGE MANAGEMENT

The knowledge strategy, approved for implementation in the 2016/17 Financial Year, is now in its second year of implementation. Significant progress has been made in the delivery of initiatives as per the pillars on knowledge capture and knowledge dissemination. The initiatives include development of knowledge products such as case studies and fact sheet series, facilitation of knowledge-share sessions, and formation of partnerships for knowledge management.

4.1 Performance during period under review

Four initiatives were successfully implemented as part of the partnership with GIBS: strategy facilitation, scenario planning, presentation skills training and an integrated reporting training workshop.

The case studies and fact sheet series are part of the knowledge capturing initiatives of the knowledge management strategy. In the year under review, nine case studies and three fact sheets were completed. The Gautrain Learnings – a collection of case studies book was also completed and published in this Financial Year. The launch of the book is planned in the first quarter of the new Financial Year. The focus for the next Financial Year is to continue with the case studies and fact sheet series with new topics and the development and publishing of an electronic version of the book, i.e. Gautrain Learnings e-book.

Knowledge-share sessions are a critical component of the dissemination initiatives of the knowledge management strategy. Nine knowledge-share sessions, including a training session on the CA, were conducted in the year under review. These sessions were identified as crucial for business operations, particularly for staff in the Technical Services Unit. The focus for the next Financial Year will be on the continuation of the CA training series and topics of case studies completed in this Financial Year.

4.2 Relevant outcomes

In the year under review, two major projects were successfully implemented for the enhancement of the GMA Registry: the Secure Shredding Solution and the ISO 11799 benchmarking/assessment. The focus for the next Financial Year will be on the implementation of the assessment's recommendations. Staff awareness of the Secure Shredding Solution, which is in its second quarter of implementation, is ongoing as it is incorporated in the Document Control and Electronic Document Management System (EDMS) training programme. Recycling and environmental sustainability data that have accumulated since the service was introduced have been aggregated into one report.

The implementation of the document retention plan commenced in the second quarter of the year under review. This plan forms part of the Records Management Policy and Protection of Personal Information Act (PoPIA) implementation initiatives. In keeping with developments in electronic document management, the upgrading of the ProjectWise transmittals module was completed and the version that the GMA had been using was phased out.

4.3 Strategic outcomes

In the 2018/19 Financial Year, the knowledge management strategy will be in its third year of implementation and therefore up for review. The effectiveness of the initiatives and lessons learnt will be considered and culminate in the development of



a new strategy. The focus for the next Financial Year is to continue with the case studies and fact sheet series with new topics, and the development and publishing of an electronic version of the Gautrain Learnings book. The GMA will continue with the implementation of the existing knowledge management initiatives partnership with GIBS and endeavour to pursue others.

5. COMMUNICATION AND MARKETING

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

5.1 Performance during period under review

During 2017/18, the Communication and Marketing Unit’s focus was on positioning the Gautrain as a world-class integrated public transport service and executing growth and retention marketing. It did this through the following activities:

MARKETING PERFORMANCE

- The Unit showcased the Gautrain at six exhibitions and events, including Indaba, AfricaRail and Sustainability Week;
- Three print campaigns conveyed various messages aimed at increasing ridership. The campaigns were carried mostly in in-flight and lifestyle magazines;
- Throughout the year, the Unit worked with businesses on the midi-bus service offering, adapting routes or stops as necessary in order to increase passenger numbers;
- Marketing focused on informing passengers about the Gautrain System to reinforce the message of service offering, communicating across various platforms including billboards at key sites such as the domestic departure area at Cape Town International Airport or on Gautrain in-station billboards;
- Exceptional return on investment was seen by the OR Tambo International Airport Gautrain in-store kiosk,

which is situated in the air-side passage at international arrivals. This kiosk has become a self-funding entity informing international travellers of the Gautrain before they enter the public area where other modes of transport are on offer;

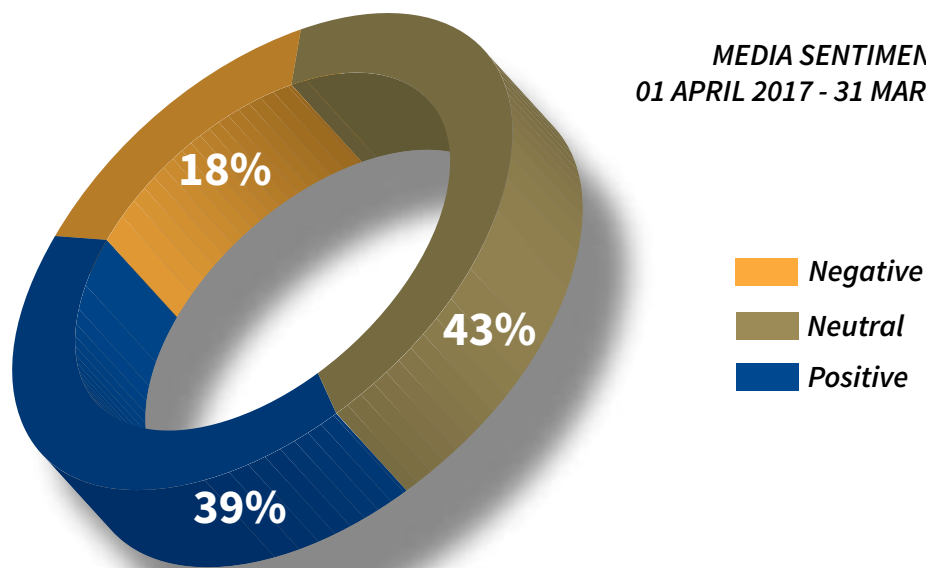
2017/2018	Sales in Rands	Number of Cards
TOTAL	R5,384,188	22,929

- The partnership with the University of Pretoria’s marketing department was taken a step further, giving the students an opportunity to showcase their ideas on the Gautrain System through activations during Transport Month in October; and
- The Unit conducted an extensive market segmentation audit to understand public perceptions of the Gautrain. The report clearly outlined the needs, interests, preferences and transport requirements of six target audiences. It also reviewed reasons for using or not using the Gautrain System. The report was insightful and will be used to streamline future marketing campaigns.

COMMUNICATION PERFORMANCE

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

- A total of 5,844 media reports for print, broadcast and online were received. The contribution (in communication value) to the reputation of the Project amounts to: R197 million.
- The media reports that were received during the year were mostly neutral articles at 43%. Positive articles comprised 39% and negative 18%. Train delays, bus strikes, Gautrain funding, station security related to incidents around Gautrain Stations arising from conflict between e-hailers and meter taxis, and Gautrain card expiry dates contributed to most of the negative articles. Articles on lifestyle, System enhancement and proposed extensions, and the launch of the new Gautrain mobile application and website contributed to the positive articles. Issues around public transport, urban development and general mentions of the Gautrain contributed to the neutral articles.



Graph 9: Gautrain Media Sentiment Overview 1 April 2017 to 31 March 2018

- In addition to media releases, advertorials and solicited interviews, the GMA developed a media approach that included knowledge sharing and dialogue. These were in the form of panel discussions, workshops and presentations. The #GautrainTASTE is an example.
- The GMA appointed BrandTV Media Network as the supplier of video news services for positioning the Gautrain brand through Online Content Channel Solutions. Multiple topics were covered through this service.
- The Gautrain brand was enhanced through various activities that aimed to present an element of choice as a differentiator for using the Gautrain. Efforts were made to create brand communities within different segments of lifestyle. These included the reading community through #GautrainREADS, food lovers through #GautrainTASTE and outdoor enthusiasts through #ConnectingtheDots. Other activities to promote the brand included station theme activations, exhibitions, conferences and presentations, #OctoberTransportMonth, competitions, station advertising, the amazing public transport race and knowledge-share campaigns such as panel discussions.
- The GMA continues to host visits for various stakeholders including media, schools along the Gautrain route, the public and private sector as well as NGOs, in the form of presentations and film shoots.
- Internal and external stakeholders were engaged with through newsletters, websites and activities commemorating Freedom Day, Human Rights Day and others.
- The GMA was further positioned externally as a knowledge base for PPP project management through hosting various stakeholders.
- In positioning the GMA, advertisements were placed in publications including the Government Handbook, Business Day Earth Publication, and the Integrated Reporting Awards supplement in Business Day.
- The GMA was profiled on both the GMA website and its social media platforms.
- The GMA website had 43,063 visitors during the reporting period. The website is being redeveloped for launch in 2018.
- Facebook, Twitter and Instagram are the primary social media platforms used by the GMA. The Facebook fan page had 48,546 fans at the end of the year under review, which was a notable increase of 3,924 fans since the end of the previous Financial Year. The Gautrain has 253,625 followers on Twitter. This is an increase of 45,806 Twitter followers. Instagram, used predominantly for lifestyle promotion and campaigns, has 434 followers.
- The Gautrain mobile-app was redesigned and redeveloped with additional interactive and e-commerce functionalities. There were 70,775 downloads of the Gautrain mobile-app for this reporting period; a notable decrease of 13,703.
- The new Gautrain commuter website had an audience overview of 398,532.
- Awards received from the International Association for Business Communicators include for the overall integrated communication and marketing strategy, the brand valuation, integrated media management, and children's book Sibon the Move. The overall strategy received the Best of the Best award.

5.2 Relevant outcomes

- **An increase in positive stakeholder interaction with the brand;**
- **Commuters are realising the benefits of using the Gautrain as part of their lifestyle; and**
- **Growth in brand value.**

5.3 Strategic outlook

The Unit's aim for the 2018/19 Financial Year is to increase and sustain ridership by managing the Gautrain's reputation and stakeholders and executing growth and retention marketing campaigns. In doing so, the Unit's focus is on:

- **Increasing the ridership of the Gautrain System;**
- **Ensuring that the management of the relationship with the Concessionaire optimises performance delivery; and**
- **Developing and implementing partnerships that involve stakeholders contributing to the GMA's sustainability.**

6. COMPLIANCE AND LEGAL SERVICES

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

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

6.1 Performance during period under review

In line with the provisions of the GMA Act, the GMA continuously oversees, manages and monitors the Concessionaire's performance and adherence to the CA. Where the Concessionaire fails or neglects to comply with its obligations as outlined in the CA, appropriate penalties are imposed. Moreover, there are two disputes that are currently the subject of arbitration under the auspices of the Arbitration Federation of Southern Africa (AFSA).

In line with Schedule 10 of the CA which prescribes a Dispute Resolution Procedure (DRP) to be followed, all

the disputes that are currently underway are handled in accordance with the DRP. The timelines for handling such disputes have been agreed upon and are duly adhered to by the Parties.

The Concessionaire has, in line with the DRP, referred to AFSA a Patronage Guarantee Reduction Dispute and Performance Incentive Dispute, which are scheduled for hearing in August 2018.

The GMA Amendment Bill was drafted at the behest of the Gauteng MEC for Roads and Transport and subsequently approved by the Gauteng Provincial Executive Council during its sitting in December 2016. The rationale for amending the GMA Act No. 5 of 2006 was to expand the GMA's mandate, thereby enabling it to perform other rail and public transport related functions.

After a comprehensive consultation process, the Bill was eventually adopted by the Gauteng Provincial Legislature during its sitting in October 2017. Consequently, the Bill was passed into law and became effective on 31 October 2017.

In rolling out the Compliance Framework throughout the Agency, compliance audits and compliance gap analyses were conducted vis-à-vis the National Environmental Management Act, No. 108 of 1998 and the National Road Traffic Act, No. 93 of 1996. Action plans and compliance risk management plans were compiled to address identified gaps and audit findings in respect of the aforementioned Acts.

As part of its mandate of monitoring legislative developments that are germane to the Gautrain environment, the GMA duly considered various pending legislation and submitted comments on the Critical Infrastructure Protection Bill, the National Land Transport Amendment Bill and draft Regulations Relating to the Protection of Personal Information Act. The GMA accepted an invitation to make a presentation to the Portfolio Committee on Police in relation to the Critical Infrastructure Protection Bill.

To conscientise and guide GMA employees and members of the public on how to report fraud and corruption related activities, various framed posters are displayed throughout the GMA's offices. Furthermore, applicable policies and procedures are continuously reviewed, updated and aligned to relevant legislative developments.

Moreover, potential whistle blowers are guided and furnished with information that will enable them to

report any irregularities that pertain to fraud and corruption.

To this end, hotline details are contained in the GMA's tender documents and e-mails. The Fraud Hotline number is 0800 6 FRAUD (0800 637 283).

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

An awareness session in the form of a panel discussion was conducted on dawn raids in general, and in particular on the GMA's Procedure on Searches, Raids, Statutory Investigations, and On-the-Spot Inspections. The panel discussion involved Gauteng provincial environmental inspectors, a private competition lawyer, the Communication and Marketing Unit, Facilities Management Unit, and Compliance and Legal Services Unit, and was filmed and recorded for knowledge preservation.

The GMA subscribes to good corporate governance, which is underpinned by its commitment to zero tolerance on fraud, corruption, theft, maladministration and any related irregularities. Given the nature of the GMA's mandate, it must exercise its responsibilities with integrity in its interaction with stakeholders. This requires that all GMA Units and external stakeholders be guided by, inter alia, the Board-approved Fraud Prevention and Whistle Blowing Policy, Fraud Prevention and Whistle Blowing Procedure and the Business Code of Conduct and Ethics as the points of reference for their conduct.

The Policy, Procedure and Code of Ethics are based on principles of creating a culture that is ethical and intolerant to fraud and corruption. They focus on deterrence, prevention, detection and investigation of fraud and corruption and taking appropriate action in the event of such irregularities happening.

The Audit and Risk Committee monitored compliance with the Policy, Procedure and Code of Ethics. The GMA's Fraud Hotline number is administered by an independent external body.

During the year under review, two incidents of possible fraud or impropriety were reported. One was referred to the Directorate of Priority Crimes, as per the law.

The other was investigated by an external independent service provider, who found the allegations to be baseless.

6.2 Relevant outcomes

As a result of the interventions outlined above, the GMA was able to ensure that the GMA Amendment Bill was approved and promulgated.

As the Bill was exclusively drafted and presented by the GMA, in consultation with the Gauteng Department of Roads and Transport, no consultants were used and this resulted in massive financial savings for the GMA and the Province.

With regard to the rolling out of the Compliance Framework, the compliance audits and gap analysis that were conducted as well as the concomitant action plans and compliance risk management plans have assisted the GMA in identifying areas of improvement and in enhancing its compliance with the relevant statutes.

In line with the GMA's zero tolerance stance on fraud and corruption, the various interventions specified above ensured a significant reduction in the likelihood of any irregularities happening and that the GMA complies with its statutory duties in this regard.

6.3 Strategic outlook

In the next Financial Year, the Unit will continue with the roll-out of the Compliance Framework by, amongst others, monitoring compliance and conducting audits or gap analyses on specific key legislation that has an immediate impact on the GMA and its operations. The framework will also be reviewed to ensure its alignment with all legislation. Legislative developments will be monitored on a continuous basis to ensure that the GMA is fully compliant with its statutory obligations.

The GMA will continue to play an instrumental role in the envisaged enactment of the Gauteng Transport Authority Bill that is currently going through the legislative process.

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

7. SOCIAL INVESTMENT PROGRAMMES

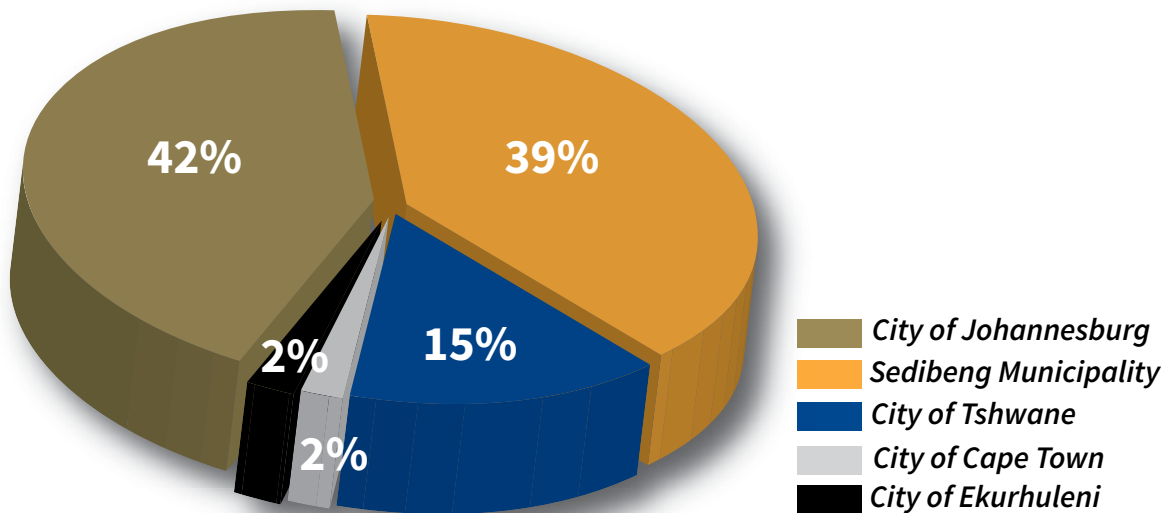
As a good corporate citizen, the GMA seeks, through its social investment programmes, to balance the interests of society, communities and the environment by uplifting vulnerable communities in the province of Gauteng. The strategy of the GMA, with regards to social investment projects, is to create opportunities for people through investing in education, community care and sustainable development projects.

7.1 Performance during period under review

7.1.1 Beneficiaries of SIP

Thirty-seven organisations are currently beneficiaries of the GMA's SIP. Of these, 17 organisations fall under the established non governmental organisations category and 20 fall under the Early Childhood Development – pre-school and day care centres (ECDs) category. All 37 organisations have signed the GMA's Memorandum of Agreement (MOA) with unique terms of reference and conditions as well as reporting indicators. The MOAs vary in terms of:

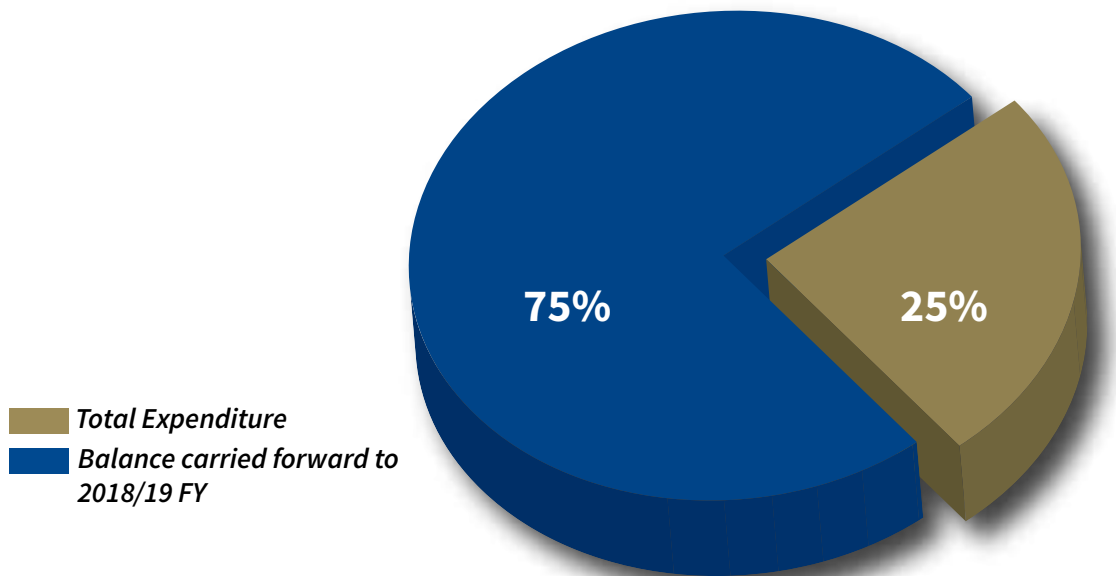
- The agreement period;
- The amount funded;
- The scope of work;
- Funding model; and
- Reporting indicators.



Graph 10: SIP Projects across South Africa

7.1.2 SIP spent

In August 2017, the GMA disbursed the first tranche payments and as a result the beneficiaries are currently implementing their respective projects and initiatives. The GMA has consistently visited them to conduct monitoring and evaluation, ensuring that beneficiaries perform as specified in the MOAs.



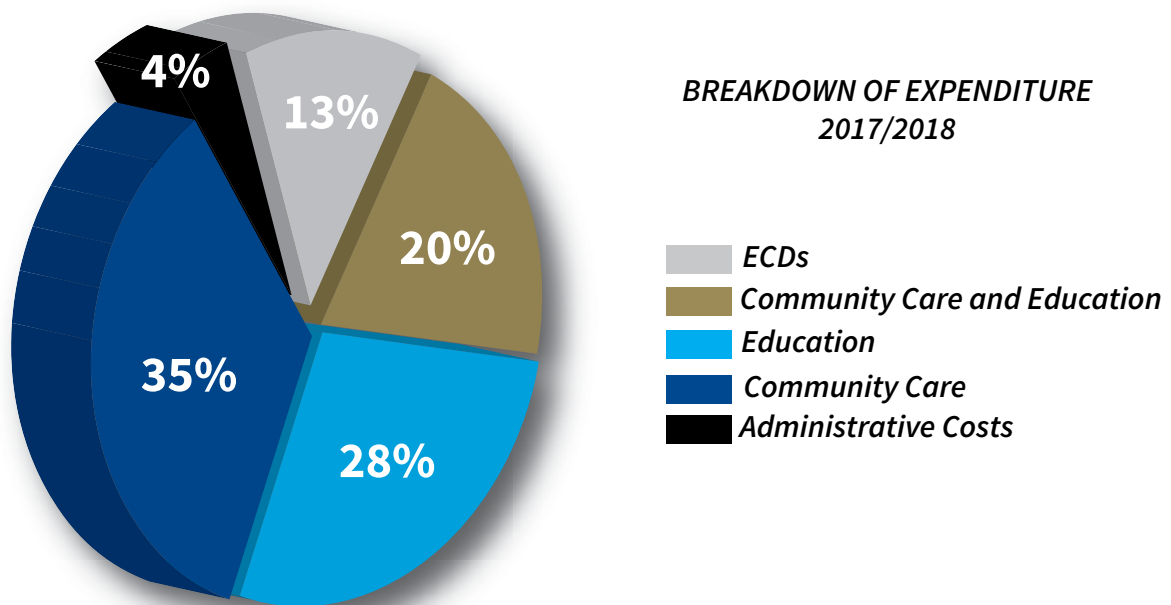
Graph 11: Total SIP Budget and Expenditure - 3 year period

7.1.3 Early childhood development centres

The GMA decided to fund the ECDs to support them in complying with the Department of Social Development's regulations and standards, in order for the centres to receive social grants from the Department.

Each centre was granted an amount of R100,000.00.

The GMA organised training for the ECDs with the National Development Agency on financial management and the Non-Profit Organisation Act.

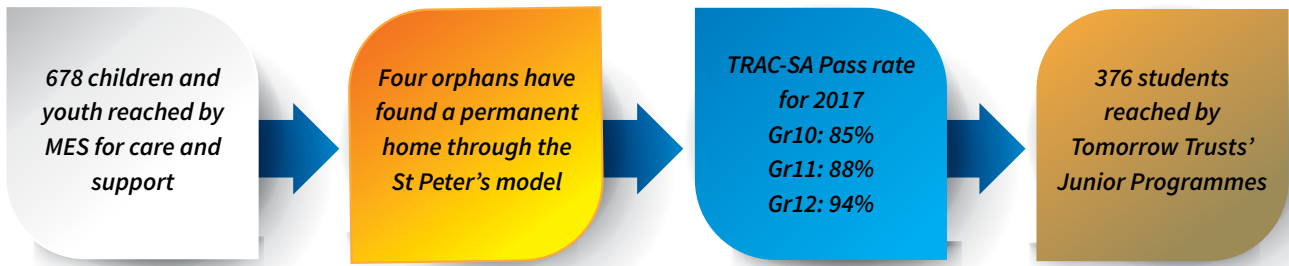


Graph 12: Breakdown of the 25% Expenditure 2017/18

7.2 Relevant outcomes

In helping to build an enriched Gauteng Province, GMA SIP endeavours to ensure that the lives of those in the communities in which it invests are improved.

Education remains at the heart of the GMA, which has increased the number of education programmes it supports, enabling the young people who take advantage of these opportunities to overcome poverty and inequality.



Graph 13: Highlights from the Financial Year

7.3 Strategic outlook

The GMA SIP strategic approach is to align SIP’s upcoming programmes to the Agency’s core business and strategic objectives.

8. COMMUNITY PARTNERSHIPS

The GMA established a partnership model to facilitate the integration of the taxi industry into the Gautrain System. The Midibus Feeder and Distribution Service or Midi-buses model enables the taxi industry to provide scheduled, safe and reliable public transport services that serve as an extension to the Gautrain service. The participation of the taxi industry in the Gautrain System facilitates job creation and the establishment of formal and sustainable businesses.

8.1 Performance during period under review

The GMA currently has Midi-bus operations at Marlboro, Sandton, Centurion and Hatfield Stations. The MFDS operations transport more than 16,000 commuters on a monthly basis, which increases the train ridership. During the year under review, the GMA implemented three new MFDS operations at Marlboro Station. The MFDS operations are run by the taxi industry in Tshwane and Alexandra.

8.2 Strategic outlook

The Midi-bus operations have proven successful in improving accessibility to public transport and the integration of the Gautrain System with other public transport services. The number of commuters using the Midi-bus service has increased compared to the previous reporting period. This growth is attributed to the planning interventions and the improvement of operational efficiencies implemented by the GMA.

8.3 Relevant outcomes

The GMA intends, where possible, to roll out additional Midi-bus operations based on the station feeder and distribution plan at other Gautrain stations in order to improve accessibility to public transport and ensure that feeder and distribution services are sufficiently provided at all Gautrain stations. The Origin and Destination surveys conducted using GIS-based technologies are critical in gathering data and analysing public transport demand at Gautrain stations. This data will assist the GMA in planning future transport services in partnership with the taxi industry.



SECTION G

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PERFORMANCE: PROJECT RELATED ACTIVITIES

1. TRAIN OPERATIONS

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

There are three train services in operation:

- A General Passenger Service (GPS) on the North South (N/S) line between Hatfield and Park Stations;
- A General Passenger Service (GPS) on the East/West (E/W) line between Rhodesfield and Sandton Stations; and
- An Airport Passenger Service (APS) on the East/West (E/W) line between OR Tambo and Sandton Stations.

1.1 Performance during period under review

The main performance indicators for trains are availability and punctuality, which are managed via an agreed timetable. The timetable and the extent of adherence to it contribute largely to the service quality or time value experienced by users.

The agreed performance norms for availability and punctuality are 98.5% and 94% respectively. The monthly aggregated performance on availability and punctuality for the train system were consistently above the norms for the year except for train availability during January 2018. This was primarily the result of the substitution of regular train trips between Hatfield and Pretoria with a bus replacement service because of a maintenance overrun that occurred on 8 January 2018. Table 29 shows the actual performance against targets.

There were, however, several days where the daily performance of the rail service was significantly below the performance norm due to service failures.



Table 29: Train Availability and Punctuality

*Early starts (>190 seconds) not regarded as “available”

TRAIN SERVICE AVAILABILITY/PUNCTUALITY													
Area	Q1 (FY 2017/18)			Q2 (FY 2017/18)			Q3 (FY 2017/18)			Q4 (FY 2017/18)			FY 2017/18
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Scheduled Trips	6,257	7,023	6,750	6,890	6,999	6,620	7,032	6,867	6,329	7,030	6,345	6,759	80,901
Actual Trips	6,254	6,955	6,750	6,889	6,999	6,615	7,027	6,846	6,329	6,943	6,323	6,751	80,681
Trips Cancelled	3	72	0	1	0	5	14	24	0	87	22	32	260
Early Starts	3	12	1	0	5	2	1	2	2	36	4	7	75
Late Arrivals	71	126	41	53	47	75	139	171	0	94	128	140	1,085
Service Availability*	99.90%	98.86%	99.99%	99.99%	99.93%	99.89%	99.91%	99.67%	99.97%	98.25%	99.59%	99.78%	99.64%
Availability Norm	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Service Punctuality	98.82%	98.02%	99.38%	99.23%	99.26%	98.84%	98.01%	97.47%	99.97%	98.13%	97.91%	97.82%	98.56%
Punctuality Norm	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%	94.00%

1.2 Relevant outcomes

The overall decline in passenger trips was 3.77% compared to an increase of 0.95% during the previous year. This was driven by a decline in both the APS and GPS (see Table 30).

Table 30: Passenger Trips per Financial Year

RAIL			
Service Type	Airport Passenger	General Passenger	Total
FY 16/17	1,660,184	13,951,886	15,612,070
FY 17/18	1,604,972	13,418,340	15,023,312
% Change	-3.33%	-3.82%	-3.77%

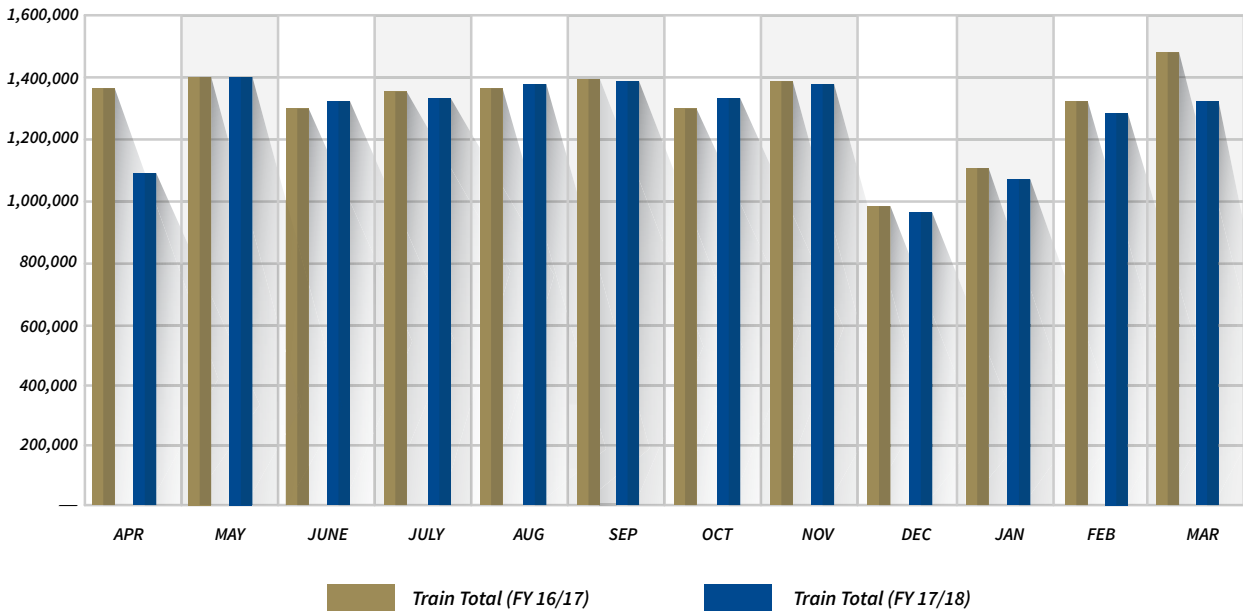
The decline in passenger trips for the current year indicates that the train service is in the maturity phase of its service life-cycle. The decline can be attributed to a general decline in airport passengers due to the introduction of e-hailing competition in the market. Security concerns of passengers at point of transfer between e-hailing services and rail at Gautrain stations due to metered taxi operators harassing passengers has resulted in passengers taking e-hailing services directly to or from the airport.

In the case of GPS passenger trips, lower fuel prices combined with a slowdown in general economic activity contributed to the decline during the reporting period.

Train Passenger demand

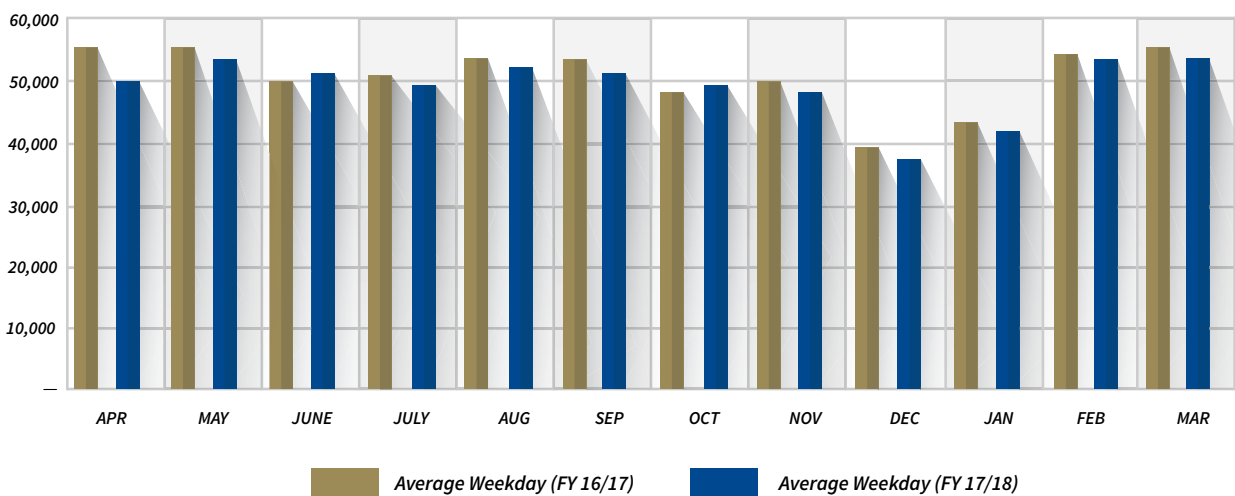
The comparable train passenger numbers or matched trips** for two Financial Years are summarised in graphs 14, 15 and 16 below. These include total passenger trips, total passengers per service and a further breakdown in the average number of passengers per weekday or weekend days and public holidays (PHs). These figures are further illustrated in graphic format.

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



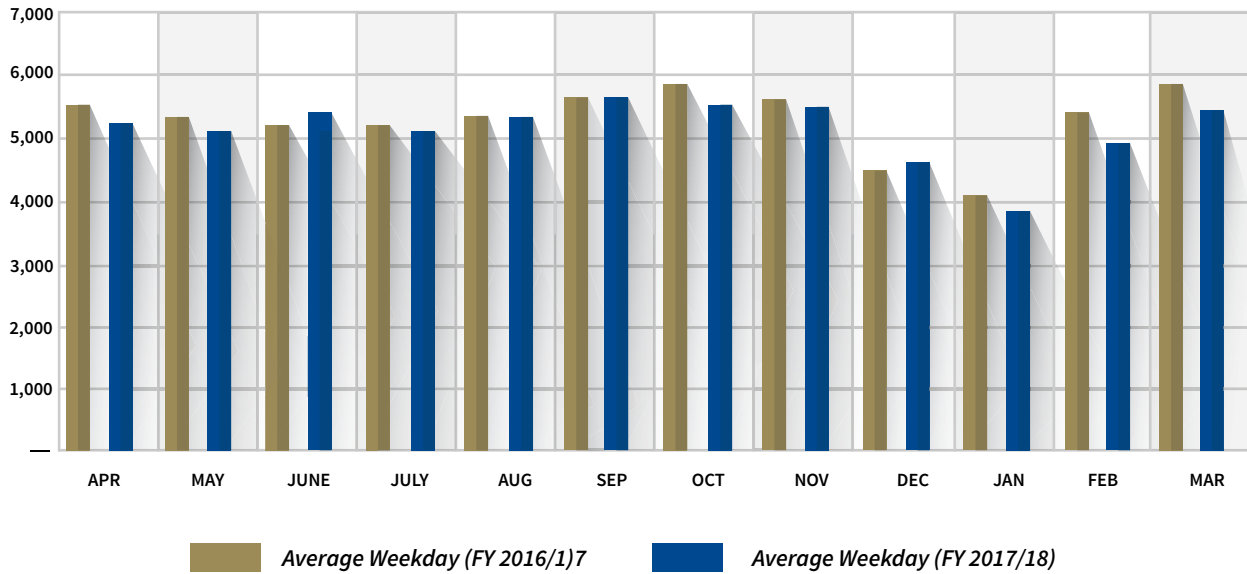
Graph 14: Total Train Passenger Trips - Monthly all Rail Services

From the graph above it can be seen that total train passenger trips declined for all months with the exception of May, June, August and October 2017. The big decline during April 2017 is attributable to the change of public holidays between 2016 and 2017 as well as a once-off re-alignment of the school holiday calendars of the coastal and inland provinces.



Graph 15: Average General Passenger Service Trips - Weekdays

The average General Passenger Service trips have declined for all months with the exception of June and October 2017.



Graph 16: Average Airport Service Trips - Weekdays

The average weekday APS trips also declined for all months with the exception of June, August and December 2017. During December 2017 a family promotion allowed for the free travel of children under 12 accompanied by parents.

The introduction of e-hailing services has indicated that there is a level of price sensitivity on the APS, especially with respect to people travelling in a group.

1.3 Strategic outlook

The focus in future is to retain GPS passengers by testing the improvement of train layout with the removal of some seats to allow for more standing room and easier entry and exit of passengers. This will be treated with caution in order to avoid creating negative service perceptions among passengers. The installation of handrails on a number of four-car train sets after the removal of some seats will be evaluated by external consultants to gauge passenger perceptions.

In the case of the APS, free luggage wrapping was introduced during January 2018 and a “ten-day free parking” promotion for airport passengers was promoted to make the service more attractive.

2. FEEDER AND DISTRIBUTION OPERATIONS

The Gautrain Dedicated Feeder and Distribution Services (DFDS), or bus services, operate mainly on business days. Weekend services are operated between Pretoria Station and Pretoria Zoo and from Midrand Station to the Mall of Africa, as well as for special events over weekends so as to promote awareness and usage of the service.

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

2.1 Performance during period under review

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

Bus availability for services operated was above the required norm for 11 of the 12 months in the year under review, while the punctuality was achieved for all the months of the year as seen in Table 31.

The monthly aggregated performance on the bus service availability was above its norm for all months with the exception of February 2018, when there was a short unprotected bus driver strike. The GMA had agreed to temporary leniency at three stations due to the shortage of buses. This arrangement is reviewed on a quarterly basis.

Sustaining the bus availability and punctuality performance remains under pressure. The congestion on roads around Park, Sandton and Midrand stations has worsened.

Table 31: DFDS or Bus Availability and Punctuality

DEDICATED FEEDER AND DISTRIBUTION (BUS) AVAILABILITY/PUNCTUALITY													
Area	Q1 (FY 2017/18)			Q2 (FY 2017/18)			Q3 (FY 2017/18)			Q4 (FY 2017/18)			FY 2017/18
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Service Availability	99.81%	99.68%	99.71%	99.60%	99.71%	99.61%	99.56%	99.66%	99.59%	99.63%	95.06%	99.52%	99.26%
Availability Norm	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
Service Punctuality	96.31%	96.20%	96.29%	96.38%	96.47%	96.00%	96.02%	96.06%	95.05%	95.31%	95.80%	95.03%	95.91%
Punctuality Norm	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%

Table 32 shows the 6.31% decline in passenger numbers for the bus service in the year under review. This is lower than the previous year's increase of 3.45%.

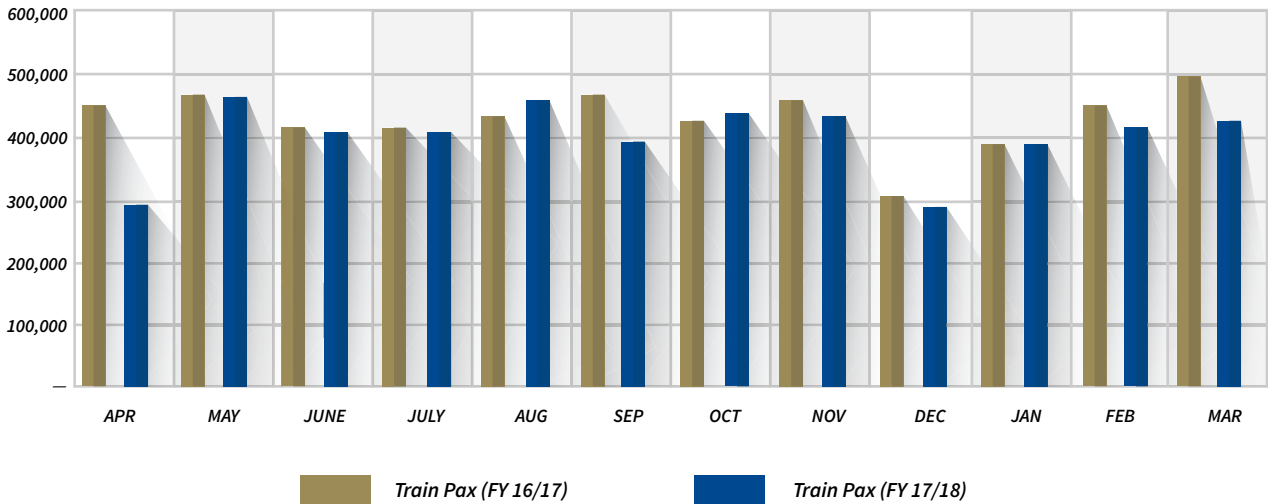
Table 32: Bus Service Passengers per Financial Year

Service Type	Bus Total
FY 16/17	5,126,673
FY 17/18	4,803,061
% Change	-6.31%

At present, there are 25 routes in operation on weekdays or business days and two during weekends.

Passenger demand

The passenger demand for the bus service can be seen in Graph 17. The utilisation levels of the bus service capacity offering in the peak periods are satisfactory, but the services are under-utilised in the off-peak periods. It is for this reason that the off-peak discount for both rail and non-rail users is still in effect.



Graph 17: Bus Service Monthly Passenger Demand

During the year under review, the bus service sustained its level of support of about 35% of rail trips. During April 2017, the bus service dropped slightly below this level due to the impact of public holidays and school holidays.

2.2 Relevant outcomes

The patronage for the year declined by 6.31% compared to the previous reporting period and this can be attributed to a decline in the number of rail passengers as well as continued road congestion that affects the attractiveness of bus services.

2.3 Strategic outlook

New buses are to be procured to increase vehicle availability. Once the new buses have been procured, attention will be given to allocating more vehicles to routes experiencing congestion and aligning the bus service frequencies with the 10-minute train service frequency, after which new bus routes can be considered. The Bus Service Planning Committee is also considering optimising and rationalising bus operations to enable implementation of an improved service offering with the additional vehicles.



3. PERFORMANCE MANAGEMENT

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

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

3.1 Performance during period under review

The Performance Management 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 a high standard, with the exception of a few system failures that resulted in the penalties imposed (see Table 33).

Table 33: Penalty Percentage as Validated by the PMC

PENALTY PERCENTAGE SUMMARY PER MEASUREMENT GROUP - OCD2													
Major Performance Measurement Groups	Penalty Percentage Weight	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18
		Q1			Q2			Q3			Q4		
PP1 Train Operational Service Group	60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	0.00%	0.00%
PP2 Feeder and Distribution Group	10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%
PP3 Customer Feedback Group	3%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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%	0.50%	1.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Penalty Percentage (PP)	100%	0.00%	0.50%	1.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	4.00%	0.00%

Penalties were levied for five months in the last year and were in the performance areas of Cleanliness and Damage Repair group (May, June and July 2017) as well as Train Service Group (January 2018) and the Feeder and Distribution Group (February 2018).

3.3 Relevant outcomes

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

3.4 Strategic outlook

Current performance levels must be sustained in order to satisfy the service quality expectations of users. The Bombela Operating Company (BOC) is continuously reviewing its operating procedures to ensure that recovery times after service interruptions are minimised.

4. STATION OPERATIONS

The Concessionaire has an obligation according to the CA to manage station operations on the Gautrain System. The GMA provides assurance that the set performance targets for hygiene and equipment availability are met. Together with this are the station staff and security that represents the front office of the Gautrain or the first contact with the user.

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 (PMS) is applied where targets are not met.

Passenger facilities

Passenger facilities at stations, such as access control gates, real time information and circulation equipment (lifts and escalators) performed well during the period under review. The condition and cleanliness of station facilities are monitored to ensure compliance as this impacts directly on the Gautrain user.

During the months of May, June and July 2017, internal passenger circulation equipment (lifts and escalators) performed below their performance targets. The performance of the equipment stabilised during the latter part of the Financial Year after completion of remedial works.

With increased passenger levels at Park Station, queue lengths at fare gates, the ticket office and ticket vending machines are raising concern.

4.2 Relevant outcomes

Passenger satisfaction surveys indicate high levels of satisfaction at stations. However, some stations require maintenance to their buildings.

As part of improvements to the ticketing system, web-sales functionality has been added to the Gautrain website and mobile app. This enables passengers to reload value without having to queue at stations.

4.3 Strategic outlook

The provision of additional fare gates as an extension to the upgrade of the ticketing system will be addressed.

The improvement of station vehicular and pedestrian movements is expected to be addressed at those stations for which studies were done.

The station capacity design parameters will be reviewed through a Station Master Plan process to ensure that stations are able to handle the increased passenger numbers that are expected once the additional rolling stock has been procured.

Paid area reload devices are also envisaged to reduce reloading on the paid side of the ticket offices.

5. SYSTEM SECURITY

Security of the Gautrain System is one of the key objectives of the GMA. The monitoring of security contributes to maintaining the status of the Gautrain System as a safe and reliable public transport system. In terms of the CA, the security of the Gautrain System is stipulated as one of the performance measures of the Concessionaire. The performance of the Concessionaire with regard to system security is measured against the following:

- **Physical Security of Passengers (PC4 S1); and**
- **Safety of Passenger Property (PC4 S2).**

As part of the rail reserve protection strategy, the Concessionaire records and monitors Rail Reserve Events (RRE) that occur along the railway alignment.

5.1 Performance during period under review

- **Physical Security of Passengers (PC4 S1): The performance threshold for the Physical Security of Passengers is one incident per million passengers. Six PC4 S1 incidents occurred during the year under review, and the performance threshold was exceeded at the end of the second quarter, September 2017.**
- **Safety of Passenger Property (PC4 S2): The performance threshold for the Safety of Passenger Property is 1.44 incidents per million passengers. There were 13 PC4 S2 incidents during the year under review. The performance threshold was exceeded in October 2017. As stipulated in the CA, security enhancement plans were submitted by the Concessionaire to mitigate and prevent the re-occurrence of these incidents.**
- **Rail Reserve Events: The GMA, together with the Concessionaire, monitors and manages RRE (although this is not a CA requirement) to mitigate security risks within or along the rail reserve. During the period under review, the number of RRE remained at an average of seven incidents per month. The GMA and the Concessionaire continue to seek and implement mitigation as well as preventative measures.**

5.2 Relevant outcomes

The Gautrain System security standards will continue to be maintained 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. The GMA continues to use mobile electronic data capturing tools during security inspections to ensure that findings are reported and addressed promptly.

The GMA will continue to implement the Rail Reserve Protection Plan to pro-actively eliminate security threats or incidents impacting on the railway alignment.

5.3 Strategic outlook

The GMA, in conjunction with the Concessionaire, will implement a System-Wide Security Assessment during the 2018/19 Financial Year. The GMA will continue to manage the security of the Gautrain System together with the Concessionaire and other stakeholders.

The GMA has made progress in concluding a Memorandum of Understanding (MOU) with metropolitan police departments to address law enforcement issues within and outside Gautrain Station precincts. The Rail Reserve Protection Plan will continue to be implemented by the GMA in the 2019/18 Financial Year.

6. SYSTEMS CAPACITY AND EXPANSIONS

6.1 Performance during period under review

The decline in passenger numbers during the year under review compared to the previous reporting period reduced pressure on rail service capacity. Overcrowding incidents during the period were within performance targets.

Peak period turnaround time of buses is continually deteriorating and will eventually require more tactical interventions such as semi-dedicated lanes to maintain service levels. The highest peak hour bus service utilisation, based on the highest 10 occasions, was just below 90.0%. This means that none of the current 25 bus routes was under capacity pressure during peak hours during normal operations.

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

Although not a Key Performance Indicator (KPI), the annual five-year rolling demand forecast was submitted by the Concessionaire during June 2017 to assist with short to medium-term rail service capacity planning.



6.2 Relevant outcomes

6.2.1 Rail service capacity

The number of available train sets currently limits the extent to which additional capacity can be rolled out during peak periods.

6.2.2 Dedicated Feeder and Distribution Services capacity

The objective of the Gautrain DFDS or bus service is to support the train ridership effectively and efficiently. The overall capacity focus is on an improved route coverage that supports the train. Therefore, route utilisation, the optimisation of existing routes and the consideration of new routes are considered on an ongoing basis.

The number of weekday bus routes in operation for the year was 25.

6.2.3 Park-and-ride capacity

Despite the decline in passenger trips, the park-and-ride facilities remain under pressure and only Sandton and Marlboro stations still have sufficient capacity available. At Centurion Station, after construction, the additional capacity is expected to become available during 2018/19.

6.3 Strategic outlook

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

- **The re-configuring of the trains' seating lay-out, which will result in an increase in the standing-to-seating ratio;**

- **The improvement of signal lay-outs to allow headways shorter than 10 minutes; and**
- **The procurement of additional rolling stock, including the addition of train set staging and maintenance capacity.**

The GMA intends to increase the number of train sets in which several seats are removed to four to allow for more standing space together with the provision of handrails.

These train sets would be operated in the four-car time slots during peak hours to improve passenger convenience and reduce dwell times. After implementation, passenger satisfaction would be measured before a final decision is taken to remove seats on more train sets.

The RFP for new rolling stock has been issued to shortlisted suppliers and a preferred supplier is expected to be appointed.

The procurement of additional buses will be finalised, which will provide more options including the potential expansion of bus routes. Integration with the Metro’s public transport where appropriate will be considered to reduce duplicated services and will give the Gautrain the ability to deploy such surplus capacity on new bus routes.

Park-and-ride remains an important means of access to stations. With reference to parking capacity that cannot satisfy the present demand, the expansion options at Park, Rosebank and Pretoria stations remain challenges which need to be addressed in the longer term. The additional parking at Centurion is going to be made available to passengers. In order to promote the use of the additional parking a reduced parking fare is planned for Centurion Station.

7. ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

7.1 Performance during period under review

Performance monitoring is executed in accordance

Table 34: Achievement of Key Performance Indicators

KEY PERFORMANCE INDICATOR	PLANNED	ACHIEVED OUTPUT
System/rolling stock/buses condition inspection report	4	4
Station condition inspections/non-conformance reports	40	40
Reviews of the monthly asset and maintained reports	12	12

with the PMS as set out in the CA. The Concessionaire generates and submits to the GMA monthly asset and maintenance reports as well as annual maintenance repair and replacement reports. In the year under review, the Asset Maintenance, Management and Assurance sub-unit completed all assurance reviews as required by the CA.

Availability of the following sub-systems and asset sub-clusters which affect punctuality was monitored and their performance reviewed monthly:

- **Access control availability;**
- **Availability of ticket machines;**
- **Train service availability and punctuality;**
- **Lifts availability;**
- **Escalators availability; and**
- **DFDS or bus availability.**

Supporting sub-systems that enhance passenger experience and comfort were monitored as follows:

- **Train set cleanliness and condition;**
- **Station cleanliness and condition;**
- **DFDS or bus cleanliness and condition; and**
- **System infrastructure condition.**

The availability of the sub-systems above is maintained by assuring that the implementation of the Asset Management and Maintenance Plan is achieved through the following measures:

- **Reviews of the monthly asset and maintenance reports as well as annual reports;**
- **Station condition and cleanliness inspections and submission of non-conformance reports;**
- **System inspection visits and submission of non conformance reports; and**
- **Verification of assets.**

All KPIs set for the GMA as per the Annual Performance Plan (APP) have been achieved and Table 34 below provides the achievement of key performance indicators as set out in the APP.

Other achievements for the year under review include:

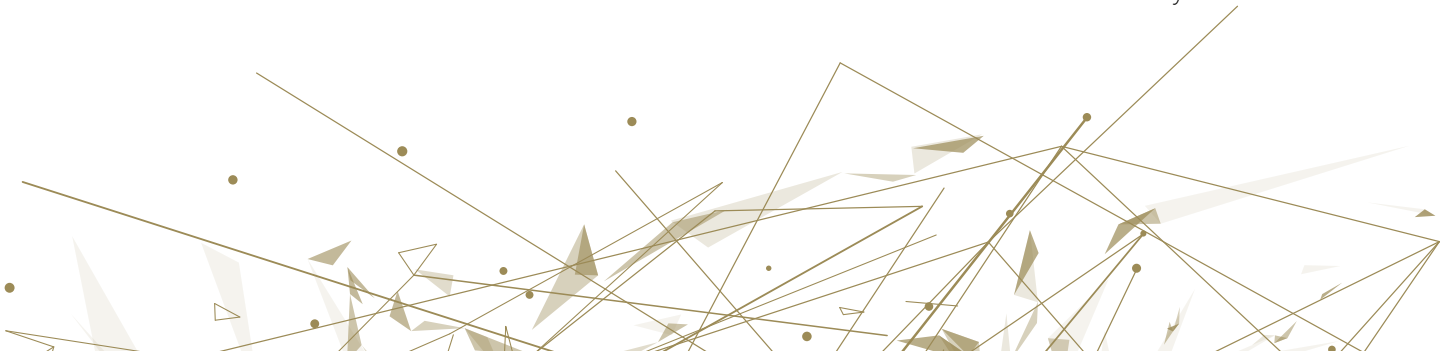
- **The Bogie Overhaul programme for the existing rolling stock fleet has been completed;**
- **The detailed design for auto-coupling and uncoupling of train sets has been approved and a letter has been issued to the Concessionaire to start building prototypes for two options, i.e. open and vertical hatch arrangements. In service testing will commence during the third quarter of the 2018/19 Financial Year;**
- **The Signalling User Requirements Specification for the Signalling Upgrade Project has been issued to Bombardier Rail Control Solutions for response and proposal;**
- **The technical specification for the replacement of the DFDS has been finalised. The Concessionaire is finalising the procurement plan before issuing the specifications to the market;**
- **The project to audit the Gautrain System assets to determine their condition and the Remaining Useful Life (RUL) is currently underway. The desktop study to evaluate the Concessionaire's asset and maintenance information management systems has been completed and the report is being finalised. The next stage of the project (i.e.) system inspections) has commenced. The project is due to be completed by September 2018;**
- **The project for the Renewable Energy Strategy for the Gautrain System is underway. This is a three-year project to develop a strategy for the GMA that articulates a 30-year plan for the application of renewable energy strategies within the existing and future Gautrain station buildings and depots; and**
- **The Concessionaire is undertaking a project to install barrier walls from the roadside to minimise the risk and eliminate incidents of vehicles entering from elevated roads above the rail reserve in the vicinity of Muckleneuk.**

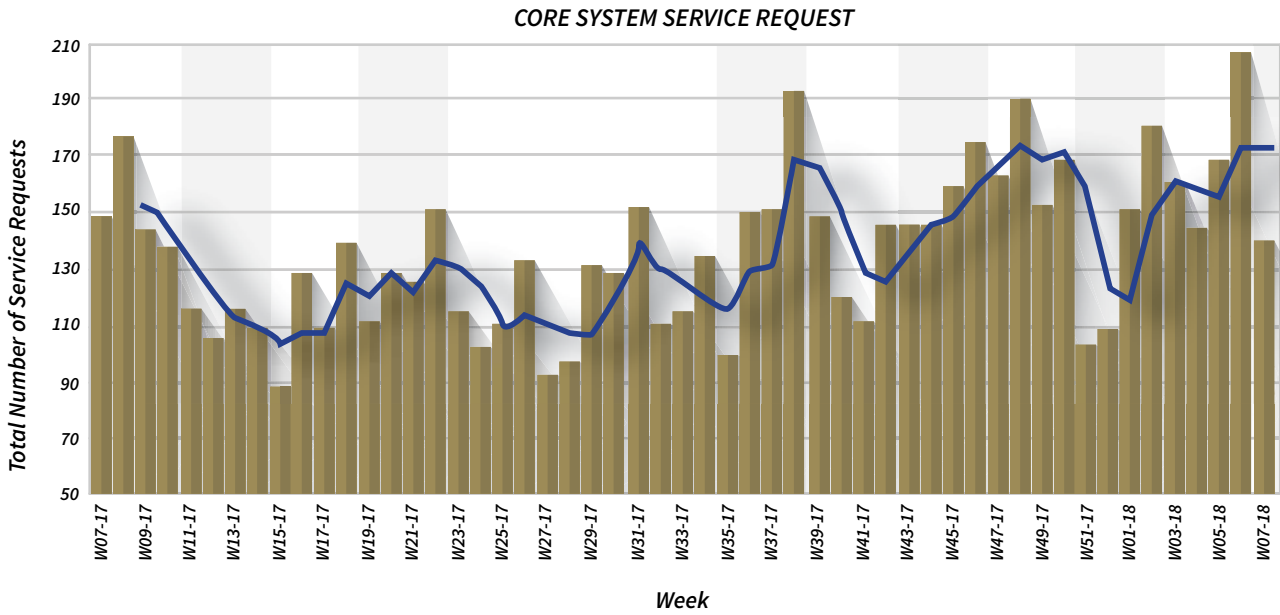
Major disruptions to services due to technical failures and/or external factors are a concern. For the year under review these included:

- **Sporadic power issues such as loss of power in the mainline, failed termination, broken catenary wire, lightning strikes, hook-ups and auxiliary power issues have resulted in major service disruptions. As part of the project to audit the Gautrain System assets, the GMA will determine the condition and RUL of the Power and Electrical System. Additionally, the GMA will develop the terms of reference to conduct a comprehensive inspection of all critical sub-systems of the Power and Electrical System to determine the appropriate cause of action to address these issues. The Concessionaire is also appointing a service provider to conduct an assessment of the Overhead Catenary Distribution System (OCDS) focusing primarily on hot-spot areas;**
- **The Depot fatality incident of 7 February 2018, in which a railway worker was fatally injured during night-time engineering activities at Midrand depot, resulted in damage to a train set, a maintenance vehicle, signalling and OCDS infrastructure, the Depot building and equipment. Investigations to determine the cause of the incident are underway and the GMA awaits a Board of Inquiry Report from the Concessionaire;**
- **Train service disruptions due to cable theft. The GMA will investigate more advanced technological alternatives to protect system assets; and**
- **Rolling stock emergency brake applications relating to interface between the wayside and rolling stock equipment are a growing concern despite having no major impact on service.**

The plans that have been developed by the Concessionaire to reduce the impact of technical failures and external factors on service provision are continually being reviewed by the GMA as part of assurance.

The total number of service requests generated for the entire System is shown in Graph 18 and 19. All service requests are generated from the Maintenance Management Information System called MAXIMO. The Concessionaire continuously implements measures to reduce the number of failures in the System.



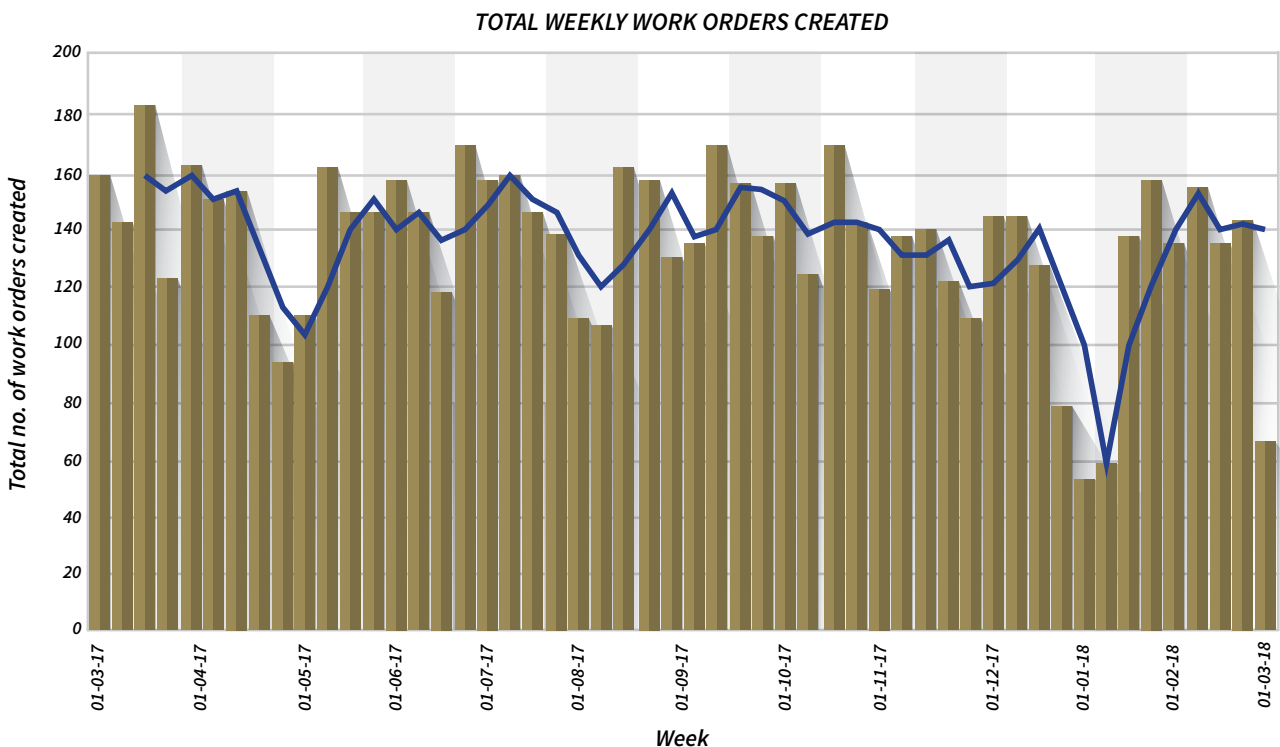


Graph 18: Core System Total Number of Service Requests

The alternating peaks and drops in the number of service requests (e.g. weeks W07-17, W22-17, W31-17, etc.) correlate with a seasonal pattern in passenger numbers.

System performance generally remains at best levels. This is achieved through monitoring and managing certain sub-systems at sub-component level (e.g. Automatic Fare Collection (AFC) sub-system). There are relatively more components within the AFC sub-system than any of the other sub-systems that make up the core System. Hence, more service requests are generated for the AFC sub-system, presenting a skewed picture. Additionally, system-wide installation of Europay Master Visa (EMV software has had teething problems causing a loss of communication, but this is being addressed by the Concessionaire.

The total service requests generated for the Non-Core System are shown in Graph 19.



Graph 19: Non-Core System Total Number of Service Requests

7.2 Strategic outlook

The Agency is in the process of implementing system enhancement projects to address the current service demand and to create capacity for future demand predictions. This will include the acquisition of additional train sets, maintenance facilities, upgrading of the signalling system and acquisition of additional buses. The following strategies and plans have been developed for the GMA:

- **The Engineering Management Strategy has been developed and approved, and will inform all engineering design and development of the Gautrain's systems, subsystems and components;**
- **The Obsolescence Management Strategy has been developed and approved, enabling the GMA to address obsolescence questions and challenges;**
- **The Asset Management and Maintenance Strategy has been developed and approved and informs the strategic focus areas for the GMA's oversight role on the Concessionaire's asset management and maintenance for the period leading to the end of the CA (2026) and beyond. It proposes implementation of ISO 55000 Standards for Asset Management for the Gautrain beyond 2026 and the roadmap to Asset Integrity Management;**
- **The Gautrain System Assets Handover Plan has been developed and is going through approvals. It consolidates the key handover activities as per the CA and the key elements of asset life-cycle management leading to 2026 based on good industry practice; and**
- **The Technology Map for the Bus System has been developed and is being finalised for approval. It will inform the Drive Train and the Power Source alternatives for the Gautrain DFDS for acquisition of additional buses.**

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. clusters which affect punctuality was monitored and their performance reviewed monthly:

8.1 Performance during period under review

The fare evasion rate applicable throughout the year remained below the 4% norm. There was a slight increase from an average of 0.02% in 2016/17 to 0.05% in 2017/18 as shown in Table 35.

The AFC System's business rules and Fare Evasion Management Plan (FEMP) were updated so as to align with EMV standards.

Table 35: Fare Evasion Rate

*Quarterly fare evasion rate is based on the previous quarter

FARE EVASION RATE													
	Q1 (FY 2016/17)			Q2 (FY 2016/17)			Q3 (FY 2016/17)			Q4 (FY 2016/17)			Annual Average
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Monthly FER	0.05%	0.04%	0.16%	0.04%	0.10%	0.06%	0.04%	0.02%	0.02%	0.01%	0.02%	0.04%	0.05%
Fare Evasion Norm	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Quarterly Applicable FER*	0.00%	0.00%	0.00%	0.08%	0.08%	0.08%	0.09%	0.09%	0.09%	0.03%	0.03%	0.03%	0.05%

8.2 Relevant outcomes

Ongoing initiatives including the blocking of smart cards in cases where potential fare evasion was picked up, intensive checks at fare gates and on the train, visibility of security staff as well as passenger education through reminders in print and via station announcements, have kept the fare evasion level below the 4% norm.

8.3 Strategic outlook

To improve the quality of the fare evasion checks, an updated FEMP will be implemented. A desktop study will also be conducted to explore the opportunity of automating fare evasion checks without compromising the CA.

9. REVENUE MANAGEMENT AND FARE OPTIMISATION

The GMA's basic assurance role is to optimise the CA provisions, such as the annual fare adjustment, and ensure that all income is accounted for.

Revenue management is divided into the annual fare adjustment, the revenue collected by the Concessionaire and income protection.

8.1 Performance during period under review

The annual fare adjustment is agreed according to timelines and the framework prescribed in the CA guided by the ticketing regime. These are, amongst others, that the agreed fares are attractive and in line with the expected Consumer Price Index (CPI) movements. Annual fare increases are used to influence customer behaviour, balanced with the income to be realised, and to address fare anomalies.

The annual fare adjustment in the year under review was used as a lever to influence customer behaviour and to alleviate capacity challenges and encourage usage of the System. This was done by maintaining discounts for early and late travellers as well as freezing the airport service fares (0% increase).

The broad fare adjustment agreed was a general Consumer Price Index (CPI) of 6.4%. The GMA maintained the previously set fare structures with the intention to alleviate the morning peak hour capacity constraints on the System.

The highlights of the fare adjustment “pay as you go” (or stored travel rights) are summarised below:

- **General Passenger Service fares increased by an average of 6.5%;**
- **Licence fee (CSC fee) increased by 6.7% from R15 to R16;**
- **Handling fee increased by 7.1% from R42 to R45; and**
- **Parking fees increased by 5%.**

To ensure that period products remain attractive, validity periods were changed in January 2018 from 8 to 10 days and 35 to 44 days.

To promote passenger convenience, single and return products that were introduced in July 2017 at high peak fare were changed to peak fare in January 2018.

9.2 Relevant outcomes

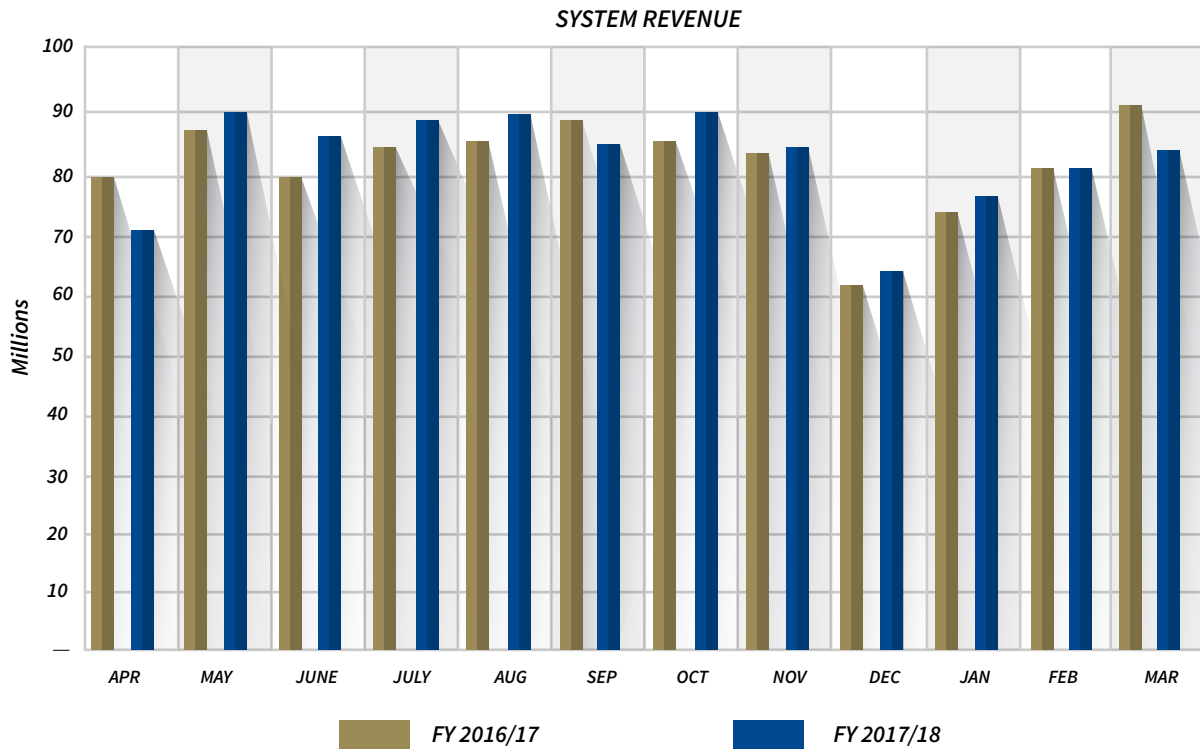
Revenue growth of 1.3% was realised in 2017/18. This is below the 2016/17 growth of 4.8%.

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

Graph 20 is indicative of the monthly income for the year under review and the previous Financial Year.

Monthly income is influenced directly by the patronage usage of the System, number of days and the combination of weekday, weekend and public holidays. October 2017 recorded the highest income in the 2017/18 Financial Year. Seasonal impact of lower income, i.e. in the months of December and January, is also illustrated.





Graph 20: System Revenue

9.3 Strategic outlook

In a quest to increase patronage and resultant revenue, the following initiatives are underway:

- **Free parking for airport passengers up to 10 days;**
- **Increasing the validity period for period products from 8 to 10 days and 35 to 44 days;**
- **Changing single and return products from high peak fare to peak fare; and**
- **Implementing an ACSA product for employees at OR Tambo International Airport that uses Gautrain regularly.**

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

The integration of the Gautrain System with other public transport services and transport plans is one of the primary objectives of the GMA. The GMA facilitates the integration and engagement with key public transport stakeholders in the Province. The GMA supports the improvement of the public transport network through the provision of scheduled feeder and distribution services, and the implementation of infrastructure improvement projects.

10.1 Performance during period under review

As part of integration, the GMA implemented three MFDS or Midibus Service operations. During the year under review, the MFDS operations were implemented at Marlboro Station to improve accessibility to the public transport network. The GMA developed the MFDS Roll-out Plan for the implementation of additional MFDS routes at various Gautrain stations. The station passenger information system was updated to incorporate existing and new public transport services.

10.2 Relevant outcomes

The GMA participated in provincial and municipal engagement structures for the planning of public transport services and sharing of operational information. The GMA has established a good working relationship with key transport stakeholders and affected third parties to improve the service efficiency of feeder and distribution services. The planning of future integration initiatives and transport services was incorporated into the MFDS Roll-out Plan and the Integration Projects Plan. These projects will be implemented in the new Financial Year to improve the accessibility of public transport and enhance the public transport infrastructure.

10.3 Strategic outlook

The GMA will focus on the roll-out of additional MFDS public transport services at various stations in the new Financial Year and implement infrastructural improvement projects in the vicinity of Gautrain stations or along the public transport network; as well as improve passenger information in consultation with key stakeholders. The GMA will establish engagements with the metered taxi industry to facilitate integration with the Gautrain System.

11. LAND ACQUISITION AND WAY LEAVE MANAGEMENT

One of the key objectives that the GMA is mandated to achieve is the protection of the rail reserve and other public transport infrastructure in terms of the Gauteng Transport Infrastructure Act (GTIA). The GMA continues to manage the assessment of GTIA applications in conjunction with the Concessionaire. The GMA has facilitated and will continue to facilitate, through the Gauteng Department of Roads and Transport (GDRT), the land acquisition process for additional land and land required for the expansion of the Gautrain System.

11.1 Performance during period under review

The GMA has continued to receive and process GTIA applications along the Gautrain rail reserve and in the vicinity of Gautrain stations. The number of applications has increased and the GMA has processed these within the performance target of 30 business days in consultation with the Concessionaire. The use of the

GTIA Application Guide has improved the processing of GTIA applications and is continuing to provide clear guidance in their handling.

The GMA is continuing with the Subdivision and Consolidation Project to improve the Land Information Register (LIR). At the end of the project, the LIR (i.e. a list of details of land parcels expropriated or proclaimed as part of the rail reserve) will be completed.

All GTIA and LIR information is managed in line with the existing GMA Geographic Information System (GIS). The GMA has developed the GTIA web-based GIS applications system and will continue with the deployment of the system during the 2018/19 Financial Year.

11.2 Relevant outcomes

With the deployment of the new GTIA web-based GIS applications system, and the continued use of GIS and the GTIA Application Guide, the assessment of GTIA applications will continue to improve. The GMA maintained the stakeholder engagement and consultation with all key stakeholders on GTIA applications. The Land Acquisition Process Plan continues to assist the GMA in dealing with land acquisition matters.

11.3 Strategic outlook

The GMA has developed a web-based management system that will enhance the management of GTIA applications and information sharing in this Financial Year. The established engagement structures with key stakeholders will continue to be maintained by the GMA.



12. PLANNING FOR FUTURE CAPACITY

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

12.1 Performance during period under review

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

- **The overall provision of sufficient capacity to promote access and capitalise on the demand growth momentum of passengers;**
- **Promoting the use of available rail service capacity in under-utilised directions by, amongst others, the introduction of supporting bus routes;**
- **The introduction of additional rail capacity on the most overcrowded routes to sustain growth;**
- **The continuous optimisation of existing DFDS or bus routes and consideration of new routes;**
- **Optimising parking areas and introducing additional parking at or around stations;**
- **Supporting the introduction of corporate shuttles, especially where bus routes would not be effective; and**
- **Integration with other public transport modes.**

12.2 Relevant outcomes

Completion and handover for operations of the extended platform at OR Tambo International Airport Station has been achieved, along with completion and handover for operations of the additional parking facilities at Midrand and Rhodesfield Stations.

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

12.3 Strategic outlook

In the next financial year, the GMA envisages the achievement of the following:

- **Completion and handover for operations of the Centurion parking extension project;**
- **Announcement of a preferred and reserve bidder for the additional rolling stock and Depot enhancements project by the end of the third quarter of the 2018/19 Financial Year;**
- **Testing and commissioning as well as implementation of the Europay Master Visa project; and**

- **Commissioning of additional strategic initiatives as and when necessary for the enhancement of the System.**

As part of the GMA's objective to determine the System requirements, the integrated Gautrain System capacity report is updated quarterly and strategic projects are developed in accordance with the report outcomes. The GMA will continue to identify key system interventions and opportunities during the 2018/19 Financial Year.

13. PLANNING FOR THE FUTURE

As an output of the APP and the Gautrain Network Capacity Assessment plan, a feasibility study was done for possible future extensions to the GRRIN as indicated in the Integrated Transport Master Plan 25 (ITMP25).

The SMEC Consortium completed the study in accordance with the PPP Feasibility Study Guidelines (Module 4) as contained in National Treasury's PPP Manual, with sufficient detail regarding full project cycle costs, affordability limits, risks and their costs, and optimal value-for-money methods of delivery.

The study, with the preferred network scenarios (those demonstrating greater economic benefits) was submitted to National Treasury for Approval 1.

The objectives for this study were to:

- **Facilitate a well-orientated spatial development in the Province;**
- **Improve mobility and accessibility between the City of Johannesburg, City of Tshwane and the Metropolitan Municipality of Ekurhuleni, and improve accessibility and mobility in the development corridors identified by the Province and the metros;**
- **Create jobs;**
- **Support the economic development of Gauteng and strengthen existing development nodes;**
- **Promote the use of public transport;**
- **Improve the mobility of the citizens of Gauteng;**
- **Integrate the public transport system as envisaged in the ITMP25;**
- **Integrate land use and transportation planning in the corridor;**
- **Reduce congestion on the roads;**
- **Utilise the concept of value capture in developing the station precincts;**
- **Assist in reducing dependence on private transport;**
- **Promote tourism;**

- **Improve the image of public transport; and**
- **Increase the rapid rail system.**

13.1 Performance during period under review

Since the submission of the feasibility study to National Treasury, discussions have been held, financial and demand model information shared and the GMA is doing further fare testing analyses as requested. A work stream is also being formed to work with National Treasury to examine policy issues around alternative funding sources.

An internal departmental co-ordinating meeting consisting of the National Department of Transport, PRASA and the GMA was formed to discuss the outcomes and further developments of the feasibility study.

The next stage of the feasibility study is to do a route determination as required under the GTIA. The bid evaluation process has been completed and a service provider will be appointed.

13.2 Relevant outcomes

The GRRIN extensions feasibility study was registered as a PPP project at National Treasury as well as Provincial Treasury. The project was also registered as a Strategic Integrated Project (SIP7) to promote urban development and integration through the strategic use of infrastructure to overcome spatial apartheid, build integrated sustainable communities, and promote green urban development.

It is clear from the feasibility study report that the project is feasible, that certain legislative changes are required to the GMA Act, and that alternative forms of funding need to be investigated to address the Gauteng public transport needs as well as the transport congestion challenges.

13.3 Strategic outlook

The GMA is addressing the required legislative changes as identified and is providing supporting information to National Treasury and SIP7 to complete the feasibility study's evaluation process to enable possible approval of the project. Also, a route determination process will be carried out to align the PPP process with the required GTIA and environmental processes.

14. VARIATIONS

14.1 Performance during period under review

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

14.2 Relevant outcomes

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

- **EMV ticketing system;**
- **Centurion parking facility scheduled for completion by the end of the first quarter of the 2018/19 Financial Year; and**
- **Procurement of additional rolling stock and Depot enhancement.**

14.3 Strategic outlook

The additional parking at Centurion Station will contribute to revenue growth due to increased usage, which in turn assists in managing the Patronage Guarantee commitment.

The procurement of additional rolling stock and Depot enhancements involves the purchase of 48 additional rail cars and improved related infrastructure. The project is in the procurement phase. The procurement phase is divided into two parts, i.e. RFP Part 1 and RFP Part 2. RFP Part 1 comprised the technical, economic development, and legal and financial requirements and was issued on 31 March 2017. RFP Part 2 comprises the project agreements to which the supplier is party to. RFP Part 2 was issued on 19 April 2018.

The deployment of additional rolling stock will support the overall strategy of enhancing passenger usage of the System.

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

A person is driving a car, with their hands on the steering wheel. The background is a bright, hazy sky. Overlaid on the entire scene is a complex, golden-brown geometric network of lines and dots, resembling a molecular structure or a data network. The lines connect various points, creating a dense web of triangles and polygons. The overall aesthetic is modern and technological.

SECTION H

CORPORATE HEALTH, SAFETY AND ENVIRONMENT

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CORPORATE HEALTH, SAFETY AND ENVIRONMENT

The GMA is committed to improving its SHEQ performance yearly. In keeping with the GMA's mandate, the GMA and the Gautrain Project aim to create sustainable value through our business activities for our passengers, employees and society. In 2017/18, the GMA took significant steps to improve its sustainability status. This report focuses on the measures taken within the Agency towards environmental and social change which form two of the core pillars of sustainability.

1. PERFORMANCE UNDER REVIEW

The GMA, which is a member of the Gauteng Climate Change Forum, invested in several green initiatives and began three key ongoing projects in the year under review.

1.1 The Development of a Renewable Energy Strategy and Technical Specification for the Gautrain System

The development of the strategy is based on the Gautrain System's current and future energy use. Based on current consumption data, the System is heavily dependent on energy supplied by coal-fired power stations. To reduce dependence on these unsustainable sources and improve the carbon footprint of the System, the GMA investigated the use of renewable sources and found Polyvolteic (PV) solar to be the most applicable. Stemming from this investigation, the GMA has contracted the Council for Science and Industrial Research (CSIR) in a three-year project to develop a 30-year renewable strategy for the Gautrain System. The project kicked off in October 2017 and has already identified the Midrand Train Depot and Midrand Station as pilot sites for the project.

1.2 The development of a Groundwater Water and Ecological Infrastructure Research, Development and Innovation Strategy for Water Saving on the Gautrain System

This project aims to develop and implement an overarching framework for strategic collaboration between the GMA and the Water Research Commission (WRC) to:

- Develop applied knowledge and support co development;
- Identify innovation (technology, social, business model) opportunities;
- Build capacity that will benefit youth, women and black South Africans; and
- Implement water research, development and innovation projects and initiatives of mutual interest.

This project will design and construct a grey water reticulation and treatment system within an urban informal settlement in South Africa. The system will consist of a network of local disposal points, connecting to multiple subsurface flow constructed wetlands throughout the study area and draining to either a storm-water system or sewers. The constructed wetlands will provide in-situ treatment and hygienisation, and divert the grey water (and any sewage) from the streets to protect the local communities.

1.3 The Reduction of Paper-based Waste Products at the GMA Offices

The GMA has acknowledged that relying heavily on paper has consequences in terms of productivity and workplace efficiency, and that most critically it places a heavy burden on the environment. Research shows that by shredding and recycling paper, the GMA can significantly reduce its carbon footprint.

Table 36 shows the statistics of how the GMA helped the environment through shredding its waste paper in the year under review.

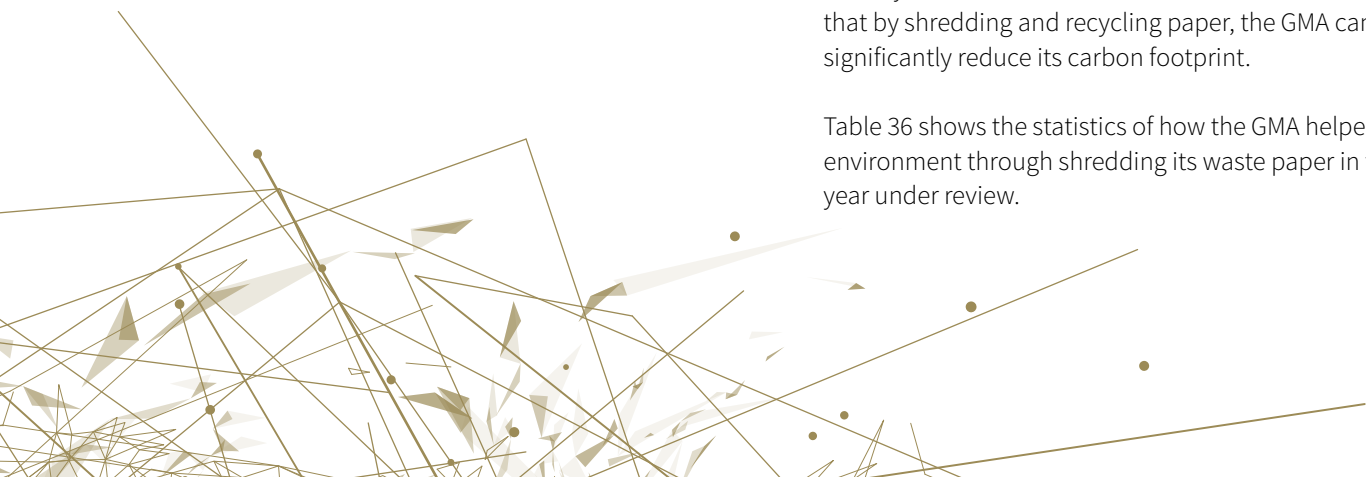


Table 36: Shredding of Paper by GMA

ENVIRONMENTAL ASPECT							
	Sep	Oct	Nov	Dec	Jan	Feb	TOTAL
Mass shredded (kg)	1,730	1,680	1,570	410	1,280	1,100	7,700
Trees saved	18	17	16	4	13	11	79
L of oil saved	2,536	2,463	2,302	601	1,877	1,613	11,392
m ³ of landfill space freed up	4	4	3	1	3	2	17
Kw of energy saved	7	7	6	2	5	4	31
L of water saved	46,814	45,461	42,485	11,095	34,637	29,766	210,258
kg of air pollution saved	242	235	219	57	179	154	1,086
How much CO ² the above trees would absorb from atmosphere	951	924	863	225	704	605	4,272
How much CO ² would have been created when paper was burnt	5,911	5,740	5,364	1,401	4,373	3,758	26,547

The GMA's monitoring of the Concessionaire's SHEQ compliance related to aspects of:

- **All applicable environmental and health and safety legislation;**
- **CA;**
- **Conditions of the Railway Safety Permit;**
- **Applicable Safety Management Plans; and**
- **Health and safety management system of the Gautrain System.**

To perform its assurance function effectively, the GMA maintains its ongoing relationship with the Concessionaire through inspections, audits, monthly reporting and meetings.

During the reporting period, the GMA arranged an environmental audit and a health and safety compliance audit of the Concessionaire. The GMA noted a significant increase in compliance over the SHEQ portfolio. In the environmental sector, a 91% compliance to all applicable legislation and regulations was noted, and in the health and safety sector 87% compliance to applicable legislation and standards was noted.

The GMA amended the existing Record of Decision (RoD) for the Midrand train and bus depot in the year under review and appointed an Environmental Assessment Practitioner (EAP) to assist with the specialist studies,

public participation and application process. The formal amendment document with the relevant annexures was approved by Gauteng Department of Agriculture and Rural Development (GDARD) on 19 April 2017.

Internally, the GMA deals immediately with identified health and safety issues and investigations, audit results and non-conformances are tabled at the health and safety committee meetings. Office inspections are conducted at least once every three months to check on health and safety hazards and risks within the Agency. In the year under review, the SHEQ committee played an active role in the roll-out of an internal SHEQ awareness campaign targeted at all employees. The campaign included:

- **The new GMA safety, health and environment policy, which was approved on 31 July 2017 by the CEO and the Board;**
- **An ergonomic survey of all facilities and employees of the GMA; and**
- **Emergency Preparedness and Evacuation Planning.**

The campaign continues with constant engagement with employees and the SHEQ committee. The committee has gained positive support from all employees.

2. RELEVANT OUTCOMES

The efforts of the GMA in the year under review are found in:

- **Assuring that the Concessionaire complies with its obligations in terms of the CA; and**
- **The protection of the Gautrain from a SHEQ perspective, not only from damage to its structures but also in terms of operational safety and from potential concerns as a result of developments close to the Gautrain rail reserve and associated infrastructure.**

The continuous management of SHEQ at the GMA ensures full compliance to relevant legislation with regard to proposed and current extension and expansion projects as well as an efficient, safe and healthy environment for its employees, customers and stakeholders. This has led to the enhancement of the Gautrain brand and positive public perception.

3. STRATEGIC OUTLOOK

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 its vision and long-term objectives. To determine potential SHEQ-related impacts and constraints to the proposed System extensions, the GMA commissioned the following reports/studies:

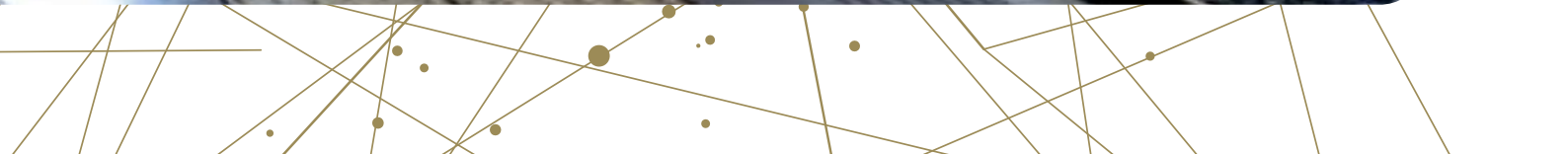
- **Integrated ISO Management System; and**
- **Integrated Legal Register.**

The studies above aimed to evaluate:

- **Potential impacts and constraints posed by the proposed extensions on the environment and vice versa;**
- **Market, business and/or environmental issues likely to impact on the GMA's ability to fulfil its role; and**
- **Tracking of existing and upcoming legal changes that could affect compliance.**

The SHEQ Unit works closely with all GMA Units to support existing and future enhancements to the System toward continual improvement and sustainability.





SECTION I

ANNUAL FINANCIAL STATEMENTS

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Abbreviations

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

Administrative Information

Domicile	Republic of South Africa
Nature of Principal Activities	<p>The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department of Roads and Transport.</p> <p>The mandate of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (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>
Board Members	<p>Ms M Lugemwa – Re-appointed as Chairperson on 1 January 2015 to 31 December 2017</p> <p>Mr M Mokoena – Appointed as Chairperson from 1 January to 31 December 2020</p> <p>Ms D Dondur – Re-appointed as Deputy Chairperson from 1 January 2015 to 31 December 2017</p> <p>Ms P Moloto–Stofile – Appointed as Deputy Chairperson from 1 January 2018 to 31 December 2020</p> <p>Mr E van der Merwe – Chief Executive Officer – Re-appointed on 1 June 2016 to 31 May 2019</p> <p>Ms Khumalo – Appointed from 1 January 2018 to 31 December 2020</p> <p>Dr P Dala – Appointed from 1 January 2018 to 31 December 2020</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>Ms S Ralebepa – Appointed on 1 January 2018 to 10 April 2018</p> <p>Mr A Mawela – Appointed on 1 January 2018 to 31 December 2020</p> <p>Mr D Nadison – Appointed on 1 January 2018 to 31 December 2020</p> <p>Mr M Nkumanda – Re-appointed on 1 January 2015 to 31 December 2017</p> <p>Prof. W Thwala – Appointed on 1 January 2015 to 31 December 2017</p> <p>Mr S Roopa – Appointed on 1 January 2015 to 31 December 2017</p> <p>Mr U Mntonintshi – Appointed on 1 January 2015 to 31 December 2017</p>
Postal Address	Physical Address
P O Box 1266 Kelvin 2054 South Africa	44 Grand Central Boulevard Grand Central ext. 1 Midrand 1685 South Africa
Chairperson	Ms M Lugemwa – 1 January 2015 to 31 December 2017 Mr M Mokoena – 1 January 2018 to 31 December 2020
Chief Executive Officer	Mr E van der Merwe
Chief Financial Officer	Mr P Mabena
Company Secretary	Ms T Marumo
Banker	Absa Bank Limited
Auditor	Auditor-General of South Africa
Contact Information	<p>Telephone: +27 11 086 3500</p> <p>Website: www.gautrain.co.za</p> <p>E-mail: info@gautrain.co.za</p>

Gautrain Management Agency Statement of Responsibility by the Members of the Board

FOR THE YEAR ENDED 31 MARCH 2018

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

The annual financial statements conform with Generally Recognised Accounting Practices (GRAP) and the reporting requirements of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA) and fairly present the state of affairs of the GMA as at the end of the financial year and the results of its operations and cash flows for the period under review.

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

INTERNAL AND ACCOUNTING CONTROLS

The GMA Board are 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 their responsibilities, management has developed and maintained a risk management policy and effective and efficient internal controls.

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

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

Internal controls includes a comprehensive budgeting and reporting system operating within strict deadlines, the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

As part of strengthening the internal controls, the GMA has an Internal Audit function which comprises five personnel. Under the direction of the Chief Audit Executive, the Internal Audit team conducted the audit reviews in accordance with the plan as approved by the Audit and Risk Committee. The Internal Audit plan was prepared in consultation with the Auditor-General.

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

GOING CONCERN

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

AUDIT AND RISK COMMITTEE

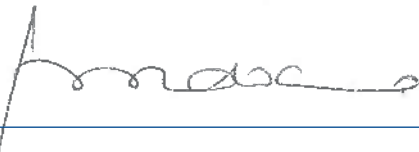
The Audit and Risk Committee of the Board consists of four non-executive members, all of whom are Board Members. The committee meets at least four times per annum. The committee ensures effective communication between the Board, internal audit and the Auditor-General. The Auditor-General and the internal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

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

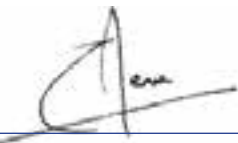
ANNUAL FINANCIAL STATEMENTS

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

The annual financial statements for the year ending 31 March 2018 set out on pages 134 to 185 were approved on 31 July 2018 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



MR M MOKOENA
GMA: BOARD CHAIRPERSON



MR E VAN DER MERWE
GMA: CHIEF EXECUTIVE OFFICER

Gautrain Management Agency Report of the Audit and Risk Committee

FOR THE YEAR ENDED 31 MARCH 2018

The Audit and Risk Committee (“the Committee”) is established as an independent statutory committee in terms of the PFMA and the GMA Act. The GMA has adopted the King Report on Corporate Governance in South Africa (King IV), and the Audit and Risk Committee has complied with the principle 8 and recommended practices 50 - 59 of the King IV during the period under review.

This report covers the Audit and Risk Committee’s activities for the year ended 31 March 2018, as required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of sections 51 (1) (a)(ii) and 79(4)(d) of the PFMA, section 37 (c) of the GMA Act and King IV.

1. AUDIT AND RISK COMMITTEE COMPOSITION

Terms of Reference

The committee operates within a formal set of Terms of Reference approved by the Board. The Terms of Reference for the Committee for the 2017/18 Financial Year were approved by the Board on 30 May 2017.

The Committee’s roles and responsibilities include its statutory duties as per the PFMA and the recommendations of the King IV. The Board has also assigned additional responsibilities as detailed in the Committee’s Terms of Reference, such as the oversight of the Risk Management function.

The Committee is satisfied that it has performed the statutory requirements for an Audit Committee as set out in the PFMA, the GMA Act, King IV and the Terms of Reference for the 2017/18 Financial Year, as approved by the Board.

Membership

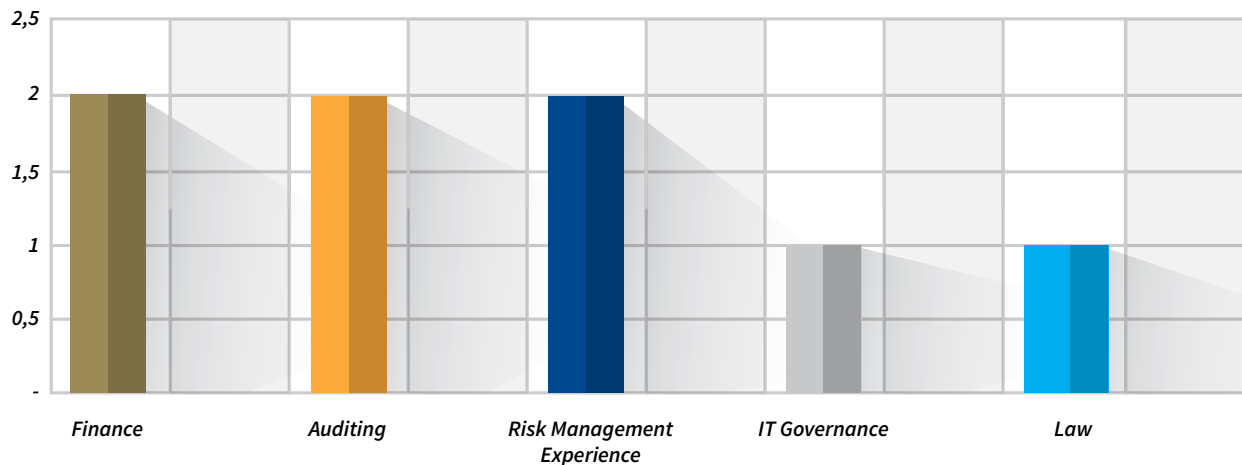
The term of office of the new Committee is with effect from 01 January 2018 until 31 December 2020. The previous Committee’s term of office came to an end on 31 December 2018. The term of office of the Committee is aligned to that of the GMA Board.

COMMITTEE MEMBERSHIP AND MEETING ATTENDANCE					
01 Jan 2015 to 31 Dec 2017	Member	Meeting Attendance	01 Jan 2018 to 31 Dec 2020	Member	Meeting Attendance
	Ms Doris Dondur Committee Chairperson	3 out of 3		Mr Bolokang Lengane Committee Chairperson	1 out of 1
	Mr Mzolisi Nkumanda	3 out of 3		Ms Puli K E Moloto-Stofile	1 out of 1
	Mr Bolokang Lengane	3 out of 3		Ms Lucreatia Khumalo	1 out of 1
	Mr Satish Roopa	3 out of 3		Dr Prittish Dala	1 out of 1
	Mr Unathi Mntonintshi	2 out of 3		*Ms Shoki Ralebepa	0 out of 1

*Ms Ralebepa resigned from the GMA Board effective 10 April 2018.

The Committee comprises solely of Independent Non-executive Members. The Committee, as a collective, has sufficient financial and audit experience to fulfil its mandate.

COMMITTEE SKILLS DIVERSITY



NB: The graph above does not include Ms Ralebepa.

The profiles, qualifications and experience of the Members of the Committee are detailed in the corporate governance section of this report, under Members of the Board.

The CEO, CFO, COO, Internal and External Auditors, as well as some of the Senior Executive Managers have a standing invitation to all meetings of the Committee.

2. COMMITTEE'S ROLE AND RESPONSIBILITIES

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

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

The key focus areas of the Committee for the 2017/18 Financial Year were as follows:

- Provide assurance over the integrity of the GMA's financial statements and accounting policies.
- Provide assurance on the effectiveness of the internal control, governance and risk management systems.
- Review the internal audit, risk management, compliance and the IT control environment.
- Review of key risk and opportunity management, including mitigation plans.
- Monitor the performance against predetermined objectives/ performance information.

Effectiveness of the Internal Controls and Risk Management

The committee relies on the work performed by Internal Audit, representations by Management and the External Auditor's management report, to evaluate the effectiveness of the Internal Controls. The GMA has a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and strategic objectives are attained.

The Enterprise-Wide Risk Management approach adopted by the GMA provides an integrated approach to the management of business risks within a complex and ever changing corporate environment. The Enterprise-Wide Risk Management Framework allows for risk-based decision-making and provides a streamlined process for evaluating opportunities. The Enterprise-Wide Risk Management Framework and Policy are closely aligned with GMA's business strategy. The Committee and the Board conducted a risk assessment during a workshop held in August 2017 and continued to perform assessments throughout the financial year under review.

Gautrain Management Agency Report of the Audit and Risk Committee

FOR THE YEAR ENDED 31 MARCH 2018

The Committee conducted the following activities, inter alia during the 2017/18 Financial Year:

RESERVED FOR BOARD

Reviewed and recommended the following matters to Board for approval:

- GMA's Enterprise Wide Risk Management Framework defining GMA's risk management methodology.
- GMA's insurance cover based on the advice of the GMA's insurance broker and confirmed that all significant insurable risks are appropriately covered.
- GMA's policies on risk management, including fraud risks and information technology risks.

DELEGATED TO THE COMMITTEE

Reviewed and approved the following:

- Quarterly risk reports containing pertinent risks and opportunities aligned to the GMA's vision and mission, emerging events and reportable incidents.
- Quarterly reports on GMA's Information and Communication Technology.
- Quarterly reports on legal compliance, litigation and fraud incidents.
- Effectiveness of the CFO and the Finance Unit.
- Stakeholder Key Control Dashboard.

Nothing has come to the attention of the Committee to indicate that the internal financial controls are not adequate. The Committee has satisfied itself that the financial reporting risk, internal financial controls, Fraud, compliance, technology and Information risks as it relates to financial reporting have been appropriately addressed.

Compliance with laws and regulations

Compliance with all relevant laws, regulations, accepted standards or codes is integral to the GMA's risk management process and is monitored by the Committee. 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 during the period under review.

During the period under review, the Committee monitored the implementation of the Action Plans, developed to address the identified gaps and audit findings, in terms of the following legislations:

- Occupational Health and Safety Act No. 85 of 1993; and
- Compensation for Occupational Injuries and Diseases Act No. 130 of 1993.

The Committee also reviewed the following matters:

- Legal matters that could have a material impact on the GMA (i.e the Construction All Risk Claim);
- GMA Legal Compliance Policy for the 2018/19 Financial Year; and
- Compliance Universe for the 2018/19 Financial Year.

Fraud and Corruption

GMA's Board approved the following key documents, developed to ensure the effective management of ethics, fraud and corruption:

- Business Code of Conduct and Ethics for Members of the Board;
- Business Code of Conduct and Ethics for Members of staff;
- Supplier Code of Conduct; and
- Fraud Prevention and Whistleblowing Policy (Policy)

These key documents are aligned with King IV and emphasise that the GMA does not tolerate acts of bribery or fraud and corruption by members of the Board, employees, contractors, suppliers and/or other business partners. The Committee monitored compliance with these key documents during the 2017/18 Financial Year.

The Board also approved the establishment of an Ethics Management function in the GMA, to further strengthen the ethical culture, as well as to promote fraud and corruption intolerance.

3. INTERNAL AUDIT

During the reporting period the Committee conducted the following activities, inter alia, relating to the Internal Audit function:

RESERVED FOR BOARD

Reviewed and recommended the following matters to Board for approval:

- Internal Audit Charter for the 2017/18 Financial Year.
- Action plan to address findings of the external independent quality assessment of the Internal Audit function, conducted during the 2016/17 Financial Year.

DELEGATED TO THE COMMITTEE

Reviewed and approved the following:

- Annual Internal Audit Plan.
- Effectiveness of the CAE and the Internal Audit function.
- Reviewed the Performance Assessment of the CAE.
- Annual and Quarterly Performance and Performance Information Reports.
- Internal Audit's quarterly reports in line with the approved Internal Audit Plan.
- Stakeholder Key Control Dashboard.

Gautrain Management Agency Report of the Audit and Risk Committee

FOR THE YEAR ENDED 31 MARCH 2018

The Internal Audit has completed 100% of the approved Internal Audit Plan. Based on the Internal Audit coverage, the control environment is adequate and effective.

The Committee is satisfied that the Internal Audit function is operating effectively and that it has addressed GMA's pertinent risks.

External Auditors

The Committee, in consultation with GMA's Management, reviewed and agreed to the terms of the Auditor General of South Africa's engagement letter, audit strategy, audit fees and new team assigned to the GMA for the 2017/18 Financial Year.

The Committee also monitored the implementation of the action plan to address matters arising from the Management Report issued by the Auditor-General South Africa for the 2016/17 Financial Year. All the action items were adequately addressed and closed during the third Quarter of the 2017/18 Financial Year.

Quality of Monthly and Quarterly Management Reports submitted in Terms of the PFMA

The Committee is satisfied that it received sufficient, reliable and timely information from Management, to enable it to fulfil its responsibilities. During the period under review, monthly and quarterly management reports were presented by Management to enable the Committee to:

- Monitor the integrity, accuracy and reliability of the financial position of the GMA;
- Review the management accounts of the GMA and provide the Accounting Authority with an authoritative and credible view of the financial position of the GMA;
- Review the GMA's internal financial and operational controls, as well as the risk management systems;
- Review the disclosure in the financial reports of the GMA and the context in which statements on the financial health of the GMA are made; and
- Review all material information presented together with the management accounts.

The Committee reviewed the quarterly and annual reports on GMA's performance against predetermined objectives.

Evaluation of the Annual Financial Statements

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 recommended the approval of the Annual Financial Statements and the Integrated Annual Report to the Board.

The Annual Financial Statement were reviewed with the following focus:

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

Performance Evaluation of the Audit and Risk Committee

The Members of the Committee were appointed with effect from 1 January 2018, three months before the end of the 2017/18 Financial Year.

Furthermore, the Board has, in line with King IV, resolved to conduct Board and Board Committees' performance evaluations every two years, in order to focus on the implementation of the outcomes of the evaluations, every alternative year.

There was no evaluation conducted for the 2017/18 Financial Year, however, the Committees is satisfied that it has discharged its responsibilities in line with the approved Committees' Terms of References.

Conclusion

The Committee agrees with and accepts the conclusions and unqualified audit opinion of the Auditor-General on the Annual Financial Statements for the year ended 31 March 2018.



Mr BOLOKANG LENGANE

CHAIRPERSON: GMA AUDIT AND RISK COMMITTEE

Gautrain Management Agency Report of the Board

FOR THE YEAR ENDED 31 MARCH 2018

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2018.

GENERAL REVIEW

The GMA has been established in terms of the GMA Act, (Act 5 of 2006), as amended and listed under Schedule 3C of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), as a Provincial Public Entity and has been operational since 1 January 2009. The overall objective of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire).

FINANCIAL OVERVIEW

The financial overview of the GMA is comprehensively disclosed in the annual financial statements.

FINANCIAL RESULTS

The summary of the financial results of the GMA for the year ended 31 March 2018 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)	2018	2017
Total income	266 383	410 375
Total expenditure excluding depreciation and amortisation	254 611	215 178
Total expenditure	1 467 550	1 428 493
Net surplus/(loss) for the year	(1 201 166)	(1 018 118)
Net surplus/(loss) for the year excluding depreciation and amortisation	11 773	195 197
Total assets	29 812 780	31 159 570
Total liabilities	723 273	868 897

GOING CONCERN

The Board has considered all the facts and has reason to believe that the GMA will continue to operate as a going concern in the year ahead.

APPRECIATION

The Board wishes to express its appreciation to all parties who participated and assisted during the year under review, and especially the following:

- i. The Gauteng Provincial Government, MEC Dr. Ismail Vadi and the Gauteng Department of Roads and Transport;
- ii. The GMA staff and the Board members for their dedication and commitment;
- iii. Professional Bodies who rendered services to the Board and GMA;
- iv. The media fraternity;
- v. The public in general; and
- vi. The African Union of Public Transport (UATP)

Gautrain Management Agency Report of the Auditor-General

FOR THE YEAR ENDED 31 MARCH 2018

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 134 to 185, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gautrain Management Agency as at 31 March 2018, 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 of South Africa, 1999 (Act No. 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 this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER

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

Material uncertainties

7. With reference to note 23.3 to the financial statements, the entity is the defendant in land dispute claims. The ultimate outcome of these matters cannot presently be determined and, therefore, no provision for any liability that may result has been made in the financial statements.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Gautrain Management Agency'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 accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Gautrain Management Agency Report of the Auditor-General

FOR THE YEAR ENDED 31 MARCH 2018

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. 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.
11. 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

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic-orientated goals presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. 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 strategic-orientated goals presented in the annual performance report of the entity for the year ended 31 March 2018:

Strategic-orientated goals	Pages in the annual performance report
Strategic-orientated goal 1: to ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance-related matters	188 - 189
Strategic-orientated goal 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	190 - 191
Strategic-orientated goal 3: to ensure sound financial management of all GMA revenue sources and safeguards 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	109 - 193
Strategic-orientated goal 5: to promote a robust, cooperative and productive environment with all relevant structures of government and stakeholders	196 - 197

Strategic-orientated goals	Pages in the annual performance report
Strategic-orientated goal 6: to contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation, and support of BEs and SMMEs in the province	198 - 199
Strategic-orientated goal 7: to ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies	198 - 201
Strategic-orientated goal 8: to ensure sound project and financial planning to the optimal benefit of the GMA and Gauteng province	200 - 201

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic-orientated goals.

OTHER MATTER

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 188 - 201 for information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

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

21. The accounting authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected strategic-orientated goals presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic-orientated goals presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Gautrain Management Agency Report of the Auditor-General

FOR THE YEAR ENDED 31 MARCH 2018

24. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

25. 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 2018



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Gautrain Management Agency 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 strategic-orientated goals and on the 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 entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gautrain Management Agency's ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Gautrain Management Agency Statement of Financial Position

AS AT 31 MARCH 2018

	Notes	2018 R'000	2017 R'000
ASSETS			
Current assets		422 565	592 009
Cash and cash equivalents	2	365 523	537 386
Receivables (Exchange transactions)	3.1	57 042	54 623
Non-current assets		29 390 215	30 567 561
Property, plant and equipment	4	29 101 883	30 251 142
Heritage assets	5	3 295	3 295
Intangible assets	6	2 412	3 366
Receivables (Exchange transactions)	3.2	282 625	309 758
TOTAL ASSETS		29 812 780	31 159 570
LIABILITIES			
Current liabilities		550 165	710 315
Payables (Exchange transactions)	7	179 460	167 198
Finance lease liability	8	543	203
Obligations arising from restricted SIP funds	9	32 359	40 775
Obligations arising from restricted Project funds	10	325 067	480 178
Other liabilities (Exchange transactions)	13	130	8 537
Provisions	11	12 606	13 424
Non-Current Liabilities		173 108	158 582
Finance lease liability	8	101	56
Obligations arising from restricted Concessionaire funds	12	53 825	49 447
Other liabilities (Exchange transactions)	13	119 182	109 079
TOTAL LIABILITIES		723 273	868 897
Accumulated surplus		29 089 507	30 290 673
TOTAL NET ASSETS		29 812 780	31 159 570

Gautrain Management Agency Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 R'000	2017 R'000
REVENUE			
Revenue from non-exchange transactions	14	230 845	340 653
Government grants		230 845	340 653
Revenue from exchange transactions	15	35 538	69 722
Finance income		35 412	69 635
Other income		126	87
TOTAL REVENUE		266 383	410 375
EXPENDITURE			
		1 467 550	1 428 493
Board and committee member remuneration	16	2 079	1 966
Employee costs	17 & 18	114 884	98 166
Depreciation	19	1 211 185	1 211 789
Amortisation	19	1 754	1 526
Finance costs		–	36
Operational expenditure	20	137 647	226 890
Foreign Exchange Liability Write Off	13	–	-111 880
NET SURPLUS/ (DEFICIT) FOR THE YEAR		(1 201 166)	(1 018 118)

Gautrain Management Agency Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 MARCH 2018

	Accumulated Surplus R'000	Total Amount R'000
Balance as at 31 March 2016	31 308 791	31 308 791
Net surplus for the year	(1 018 118)	(1 018 118)
Balance as at 31 March 2017	30 290 673	30 290 673
Net surplus/ (loss) for the year	(1 201 166)	(1 201 166)
Balance as at 31 March 2018	29 089 507	29 089 507

Gautrain Management Agency Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Notes	2018 R'000	2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 926 536	2 937 812
Grant income		1 833 694	2 812 089
Interest received		41 828	73 043
Operating period penalty income		847	953
Net Performance Reserve account receipts		990	1 054
Other income		49 114	50 586
Insurance claim GMA		63	87
Payments		(2 094 177)	(3 168 220)
Project expenditure		(1 839 985)	(2 848 435)
Board and committee member remuneration		(2 101)	(1 968)
Employee and related costs		(100 091)	(85 601)
External audit fees		(2 815)	(2 485)
SIP expenditure		(11 016)	(3 611)
Operating expenditure		(138 169)	(226 120)
Net cash from operating activities	21	(167 641)	(230 408)
CASH FLOWS FROM INVESTING ACTIVITIES			
		(3 777)	(106 045)
Acquisition of property, plant and equipment		(2 902)	(105 374)
Acquisition of intangible assets		(875)	(671)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(445)	(445)
Finance lease payments		(445)	(445)
Net increase in cash and cash equivalents		(171 863)	(336 898)
Cash and cash equivalents at beginning of the year		537 387	874 285
Cash and cash equivalents at end of the year		365 523	537 387

Included in the Cash Flow Statement is the GMA operational revenue and expenditure per Statement of Financial Performance and restricted revenue and expenditure per note 9, 10 & 12 on a cash basis.

Gautrain Management Agency Statement of Comparison of Budget and Actual Amounts

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Note: The GMA adopted a cash basis of accounting for the preparation of the approved budget, whilst the financial statements are prepared on an accrual basis of accounting.

	Approved Budget 2018 R'000	Revised Budget 2018 R'000	Actual Amounts On a Comparable Basis 2018 R'000	Funds from prior period 2018 R'000	Difference between final budget and actual amounts 2018 R'000
Final budget appropriation	1 833 694	2 192 040	2 192 040	-	-
Approved budget	1 833 694	1 833 694	1 833 694	-	-
Approved budget	-	296 239	296 239	-	-
Interest income	-	26 157	26 157	-	-
Other income	-	35 950	35 950	-	-
Payments	1 833 694	1 833 694	2 086 514	147 313	(105 507)
Project expenditure	1 579 398	1 579 398	1 849 147	147 313	(122 436)
Construction costs	-	-	-	-	-
Land costs	-	-	1 407	1 407	-
Operating payment/ Patronage guarantee	1 364 571	1 384 571	1 545 873	38 630	(122 671)
Operating period variations	59 223	39 223	38 988	-	235
System improvements	155 604	155 604	262 880	107 276	0
Operating and support costs	254 296	254 296	237 367	-	16 929
Operating expenditure	187 113	187 113	180 384	-	6 729
GMA capex costs	6 781	6 781	3 776	-	3 005
Specialised technical services	13 892	13 892	5 466	-	8 426
PST consultant costs	12 000	12 000	17 463	-	(5 463)
Legal and additional commercial costs	30 900	30 900	27 624	-	3 276
Independent monitor costs	3 610	3 610	2 654	-	956
Net receipts/ Budget surplus	-	358 346	105 526**	147 313*	22

* R 147.3 million was spent from funds for projects which were deferred to the current year.

** Thus the GMA has a surplus of R 105.5 million on the current year's budget.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

The GMA has been established in terms of the GMA Act, (Act 5 of 2006), as amended and listed under Schedule 3C of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), as a Provincial Public Entity and has been operational since 1 January 2009. The overall objective of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire).

BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including any directives, interpretations and guidelines issued by the Accounting Standards Board (ASB), and in accordance with the PFMA. The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. Assets, liabilities, revenues and expenses have not been off-set except where off-setting is required or permitted by a Standard of GRAP. The accounting policies have been applied consistently in all material aspects, unless otherwise indicated. The details of any changes are explained in the relevant policy notes.

Additional information has been disclosed to enhance the usefulness of the annual financial statements and to comply with the relevant legislative requirements of the PFMA.

The Cash Flow Statement is prepared on the direct cost method.

USE OF ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of the annual financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions in the process of applying the accounting policies and in reporting assets, liabilities, income and expenses. These judgements, estimates and assumptions affect the amounts represented in the annual financial statements and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future financial periods affected.

Significant areas of estimation, complexity and critical judgements in applying accounting policies that have a material effect on the amounts recognised or disclosed in the annual financial statements are:

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

The Concession Agreement is entered between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd and establishes a Public-Private Partnership. Bombela Concession Company (Pty) Ltd has a mandate to operate and maintain the Gautrain System during the operational phase of the Concession Agreement using the Gautrain System assets. These assets must be returned to the GMA in a predetermined condition 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 & 103)**

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

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

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 & 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 & 103)**

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

- **Provisions (GRAP 19)**

The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date.

- **Impairment of receivables (GRAP 104)**

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

- **Segment reporting (GRAP 18)**

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

PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand (ZAR), which is the GMA's functional currency. All financial information presented in South African Rand has been rounded to the nearest thousand, (R'000).

Transactions in currencies other than the GMA's reporting currency are initially recorded at the exchange rate applicable on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the Statement of Financial Performance, or disclosed in the disclosure notes to the annual financial statements if they relate to ring-fenced Project activities.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling on the date of the Statement of Financial Position. Unrealised differences on monetary assets and liabilities are recognised in the Statement of Financial Performance in the period occurred.

Any foreign exchange variance incurred during the year relating exclusively to Schedule 12 Milestones (Schedule of General Milestones and Key Milestones), as defined in the Concession Agreement, certified for payment are recognised in the Statement of Financial Position at year end as an asset or liability, and are disclosed in the disclosure notes to the annual financial statements.

COMPARATIVE INFORMATION

- **Current year comparatives (Budget)**

Budget information in accordance with GRAP 1 and 24, has been provided in these annual financial statements.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

• Prior year comparatives

Where necessary comparative figures have been adjusted to conform to the changes in presentation in the current year.

GOING CONCERN ASSUMPTION

These annual financial statements were prepared based on the expectation that the GMA will continue to operate as a going concern for at least the next 12 months.

1.2 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION & MEASUREMENT

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

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

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

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

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.

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

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

Item	Average useful life
GMA Assets	
– Motor vehicles	5-8 years
– Office equipment	6-12 years
– Computer equipment	3-9 years
– Furniture & fittings	6-12 years
– Lease improvements	Over the period of the lease
– Lease assets	Over the period of the lease

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

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

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

IMPAIRMENT

The GMA assesses at each reporting date whether there is indication that any item of property, plant and equipment may be impaired. If such an indication exists, the GMA estimates the recoverable service amount of the asset. In assessing whether there is any indication that an asset may be impaired, the GMA considers both external and internal sources of information.

The recoverable service amount is the higher of the asset's fair value less costs to sell, and its value in use. Value in use is the present value of the asset's remaining service potential. If either of these amounts exceeds the asset's carrying value, the asset is not impaired, and it is not necessary to determine the other amount.

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

REVERSAL OF IMPAIRMENT

The GMA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the GMA estimates the recoverable service amount of that asset. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

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

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

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

DERECOGNITION

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

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

1.3 HERITAGE ASSETS

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

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

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

1.4 INTANGIBLE ASSETS

INITIAL RECOGNITION & MEASUREMENT

Intangible assets are classified as non-monetary assets without physical substance and are only recognised when:

- It is probable that future economic benefits or service potential associated with the asset will flow to the GMA; and
- The cost or fair value of the asset can be reliably measured.

For those intangible assets with a definite useful life:

- Amortisation is recognised in the Statement of Financial Performance and is calculated on a straight line basis over the estimated useful life of each part of the intangible asset;
- Amortisation is determined from the date the intangible asset is available for use.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by GMA for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Initial expenditure incurred is recognised and capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

All intangible assets of the GMA have been capitalised on the basis of the costs incurred in order to acquire and bring the assets into use.

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is recognised and capitalised only when the costs incurred increase the future economic benefits embodied in the specific asset to which it relates.

All other subsequent expenditure is recognised in the Statement of Financial Performance as an expense when it is incurred.

AMORTISATION

All items of intangible assets are measured at historic cost less accumulated amortisation and accumulated impairment losses.

The range of estimated useful lives are as follows:

Gautrain System assets

- Servitudes Infinite

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FOR THE YEAR ENDED 31 MARCH 2018

GMA assets

- Computer software 2-8 years
- Computer licenses Over the period of the license

Amortisation methods and useful lives are reassessed annually and adjusted if necessary at the end of each reporting period.

Amortisation is recognised in the Statement of Financial Performance on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

IMPAIRMENT

Intangible assets 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.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

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 notes to the annual financial statements under 'Obligations arising from restricted project funds'.

All government funding received for the project is requested from Gauteng Provincial Treasury based on management's best estimate of Project disbursements to be incurred for the period. To the extent that funding received is in excess of project expenditure actually incurred for the year under review, it is classified as income received in advance of obligations yet to be incurred and recognised in the Statement of Financial Position as a liability.

OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

Over the duration of the Development Period, until the contractual Anticipated Completion Date of Phase 2 (March 2011), the Concessionaire made a series of Social Investment Programme (SIP) contributions to the SIP Fund Account held by the GMA, thereby fulfilling its SIP obligations in terms of amended SED 07, Schedule 22 of the Concession Agreement. These funds have been earmarked for social investment spend by the GMA on projects approved by the Gautrain Political Committee, with an additional focus on funds for education in the science and engineering fields.

The Gautrain Political Committee has since approved the development of urban renewal projects in the townships of Boipatong and Kagiso and the support of TRAC SA, promoting skills development, thereby fully committing the SIP funds entrusted to the GMA. The SIP funds are ring-fenced for spend on these approved SIP projects and during the course of the financial year, the GMA continued with disbursements towards the three approved projects.

OBLIGATIONS ARISING FROM RESTRICTED PERFORMANCE RESERVE ACCOUNT (PRA) FUNDS

The Performance Reserve account (PRA) is funded by the Concessionaire. This account has become fully operational after OCD 2. The purpose of this account is to provide a funding mechanism for performance deductions (penalties) imposed on the Concessionaire for performance below the pre-defined performance measures specified in the Concession Agreement.

After OCD 2, the Concessionaire has paid all actual total revenue earned into the account until the prescribed balance was reached. All funds in excess of the prescribed balance are withdrawn by the Concessionaire, through the issue of an invoice to the GMA for payment of the excess amount. Only the prescribed balance is maintained in the PRA for the monthly withdrawal by the GMA of performance deductions imposed on the Concessionaire after OCD 2. The funds in this account are ring-fenced, as no other payments from or to the PRA are allowed, except as permitted by and in accordance with the Concession Agreement and as summarized above.

OBLIGATIONS ARISING FROM RESTRICTED INSURANCE PROCEEDS ACCOUNT

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

1.7 FINANCE LEASES

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the GMA through the lease agreement. Assets subject

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to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured at initial recognition at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

DERECOGNITION

The finance lease liabilities are derecognised when the GMA's obligation to settle the liability has ceased. The assets capitalised under the finance lease are derecognised when the GMA no longer expects any economic benefits or service potential to flow from the asset.

1.8 COLLABORATION PROJECT FUNDS

The GMA approached the Development Bank of Southern Africa to render support to the GMA to strengthen its expertise in financial structuring, transport economics and planning as well as demand and financial model review.

The Development Bank of Southern Africa has opened a dedicated interest bearing bank account in this regard. The bank account is funded by both parties in terms of the agreement and the funds are utilised to procure expert service providers. Unutilised funds at year end are recognised in the Statement of Financial Position.

1.9 CONTINGENCIES AND COMMITMENTS

The GMA does not recognise a contingent liability. A contingent liability is disclosed in the notes to the annual financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

A contingent liability is:

- A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GMA; or
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits; or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Transactions are classified as commitments where the GMA commits itself to future transactions.

Gautrain Management Agency Accounting Policies

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1.10 REVENUE (NON-EXCHANGE TRANSACTIONS)

GOVERNMENT GRANTS

Government grants comprise gross inflows of economic benefits, and are recognised as revenue when it is probable that future economic benefits will flow to the GMA and the fair value of those benefits can be reliably measured. Grants are recognised when there is reasonable assurance that they will be received, or when there is legal obligation for the grant to be paid and only to the extent that the GMA has complied with any of the stipulations or conditions, if any, attached to the grant. 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 of interest income on funds invested.

OTHER INCOME

Other income is recognised on the accrual basis when it is probable that future economic benefits will flow to the GMA and these benefits can be reliably measured.

1.12 FINANCE EXPENSES

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

1.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are benefits that are to be paid by the GMA within 12 months after the reporting date and are presented on an undiscounted basis. Short-term employee benefits in the GMA include salaries, pension contributions, bonuses and short-term compensated absences such as paid annual leave and paid sick leave.

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during the reporting period, the GMA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as:

- A liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GMA recognises the excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund to the GMA; and
- As an expense in the Statement of Financial Performance.

SHORT-TERM COMPENSATED ABSENCES

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. The GMA recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the GMA.

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The GMA measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the GMA. The GMA recognises no liability or expense until the time of the absence, because employee service does not increase the amount of the benefit.

BONUS, INCENTIVE AND PERFORMANCE RELATED PAYMENTS

- The GMA recognises a liability and an expense for the expected cost of bonus, incentive and performance related payments when it has a present legal or constructive obligation to make such payments as a result of past events; and a reliable estimate of the obligation can be made.

POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAN

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during a reporting period, the GMA shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the GMA shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense in the Statement of Financial Performance.

1.14 OPERATING LEASES

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

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

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

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

1.15 IRREGULAR EXPENDITURE

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or not in accordance with the GMA Supply Chain Management Policy, the PFMA, the National Treasury Regulations, the PPPFA, State Tender Board Act or any other applicable legislation providing for procurement procedures. Such expenditure is accounted for in the Statement of Financial Performance. Where recoverable and not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised. Such expenditure is accounted for as expenditure in the Statement of Financial Performance and where recoverable treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

1.17 TAXES AND LEVIES

The GMA accounts for PAYE tax, deducted from employee salaries and paid over to SARS. If any other taxes or levies are required by law, then these will be collected on behalf of the government or other party in an agency capacity and would not be accounted for as revenue in the annual financial statements of the GMA.

1.18 TAXATION

The GMA's income is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act.

1.19 RELATED PARTIES

A related party to the GMA is a person or entity with the ability to control or jointly control the GMA, or exercise significant influence over the GMA and vice versa, or an entity that is subject to common control, or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the GMA, but is not in control over those policies. A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

In respect of entities, other government entities or appointed members of the government, only transactions and balances under the Executive Authority of the MEC of Gauteng Department of Roads and

Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity.

In respect of persons, a member of management of the GMA, is regarded as a related party of the GMA. Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the GMA, including all members of the governing body of the GMA, key advisors of the governing body with the authority and responsibility for planning, directing and controlling the activities of the GMA, and the senior management team of the GMA, including the Chief Executive Officer.

If the GMA has been party to any related party transactions during the reporting period covered by the annual financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, in order to enable users to understand the potential effect of the relationship on the financial statements. Only transactions not at arm's length are disclosed and materiality is considered in terms of the disclosure of these transactions.

The GMA shall disclose the remuneration of management per person and in aggregate, for each class of management.

1.20 SUBSEQUENT EVENTS

Events after the reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the annual financial statements are authorised for issue, and are treated as follows:

- The GMA shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date, and
- The GMA shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

1.21 BUDGET INFORMATION

The GMA includes an additional financial statement on comparison of budget amounts and actual amounts arising from the execution of the Budget in its annual financial statements, together with disclosure of the reasons for material differences between the approved budget, final budget and actual amounts. This reporting disclosure assists the GMA to discharge its accountability obligations and enhances the transparency of the annual financial statements, by demonstrating compliance with the approved budget for the financial year, for which the GMA is held publicly accountable.

The Statement of Comparison of Budget and Actual Amounts presents separately, for each level of governance oversight, the approved and final budget amounts and the actual amounts on a comparable basis to the budget. The budget adopts a cash basis of accounting, whilst the annual financial statements are prepared on the accrual basis of accounting. In order to assist users in understanding the application of the budget, the GMA includes a separate reconciliation of actual amounts on a comparable basis to the budget, to the actual amounts in the annual financial statements (net surplus in the Statement of Financial Performance). The GMA is committed to expend funds and operate within the limits of its approved budget allocation.

1.22 SEGMENT REPORTING

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

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

1.23 FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, other receivables, liabilities (accruals) and other payables.

INITIAL RECOGNITION

The GMA recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the GMA becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

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

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

INITIAL MEASUREMENT

When a financial instrument is recognised, the GMA measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

DERECOGNITION

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
 - a) Significant risks and rewards are transferred to another party; or
 - b) Despite having retained significant risks and rewards, the GMA has transferred control of the asset to another entity.
- A financial liability is derecognised when the obligation has ceased. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in Statement of Financial Performance.

OFFSETTING

The GMA does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

IMPAIRMENT

All financial assets measured at amortised cost, fair value or cost, are subject to an impairment review.

The GMA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

FINANCIAL ASSETS HELD AT AMORTISED COST

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

Gautrain Management Agency Accounting Policies

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FINANCIAL ASSETS HELD AT COST

The foreign exchange liability arises as a result of the translation effect on the foreign denominated components of the Milestone payments (Euro and Pound) in place over the life of the Project. R400 million was surrendered to Treasury from the Project Call Account and therefore reduced the Foreign Exchange Liability. The remaining cash amount reflecting the actual savings on the foreign denominated components of the Milestone payments over the life of the Project was retained in the Project Accounts and the balance of the Foreign Exchange liability is written off in full.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value.

Cash and cash equivalents comprise cash at the bank including deposits held at call with banks. These are short-term, highly liquid investments, readily convertible into known amounts of cash, held with registered banking institutions, and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank including deposits held on call with banks.

RECEIVABLES

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the GMA will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of any debtor, probability that the debtor will be bankrupt or under financial administration, and default or delinquency in payments, are considered indicators that the receivable is impaired, and that a provision should be raised.

The provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest rate and is recognised in the Statement of Financial Performance. Uncollectable debts are written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.

PAYABLES

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.24 FINANCIAL RISK MANAGEMENT

The entities activities expose it to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

The GMA Board has overall responsibility for the establishment and oversight of the GMA's Risk Management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the GMA's risk management policies. The Committee reports regularly to the Board on its activities. The GMA's risk management policies and systems are established to identify and analyse the risks faced by the GMA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the GMA's activities. The GMA has a fundamental objective in maintaining a disciplined and constructive control environment in which all appointed officials understand their roles and obligations in relation to the GMA's overall risk management framework, policy, systems and processes.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

This policy presents information about the GMA's exposure to each of the above risks, the GMA's objectives, policies and processes for measuring and managing risk and the GMA's management of capital, assets and liabilities. Further quantitative disclosures are included in the Notes to the annual financial statements.

(A) CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as committed transactions. Banks and financial institutions with an acceptable independent rating are accepted.

(i) Deposits

The GMA limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable independent credit rating. Management does not expect any counterparty to fail to meet its obligations with regards to the GMA deposits.

(B) LIQUIDITY RISK

Cash flow forecasting is performed on a monthly basis. This rolling forecast is monitored for liquidity requirements to ensure the GMA has sufficient cash to meet the Project's monthly financial obligations as they fall due. Surplus cash held is invested in an interest bearing current account.

(C) MARKET RISK

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The GMA ensures that it reviews its cash management strategies to ensure finance income is maximised.

(i) Foreign Exchange Risks

In terms of the Schedule 12 Milestone payments, the GMA is not exposed to any foreign exchange risk, as National Treasury has accepted full responsibility for foreign exchange variances that the Gautrain Project is exposed to on the translation effect of the foreign denominated components, Euro and Pound, of payments certified.

(ii) Price Risks

The GMA does not hold equity security and is therefore not exposed to equity security price risk. The GMA is also not exposed to any commodity price risk.

(iii) Interest Rate Risks

As the GMA has no significant interest-bearing assets, the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

1.25 NEW STANDARDS AND INTERPRETATIONS

(A) EARLY ADOPTION OF STANDARDS AND INTERPRETATIONS: APPROVED BUT NOT EFFECTIVE IN THE CURRENT YEAR

The following Standards of GRAP have been approved by the Minister of Finance but are not yet effective for the year ended 31 March 2018. The GMA has however, decided to early adopt these Standards of GRAP in accordance with Directive 5 on Determining the GRAP Reporting Framework.

The GMA has chosen to apply the following Standards of GRAP in formulating its Accounting Policy for Related Parties.

- GRAP 20: Related Party Disclosure

(B) NEW STANDARDS AND INTERPRETATIONS: APPROVED BUT NOT EFFECTIVE IN THE CURRENT YEAR AND NOT YET ADOPTED

The following new/ revised standards are not yet effective for the year ended 31 March 2018, and have not been applied in preparing these annual financial statements.

Gautrain Management Agency Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2018

Standards of GRAP	Details of the amendment to the Standards and the anticipated impact thereof	Financial Period
GRAP 32: Service Concession Arrangements: Grantor	<p>The new standard prescribes the accounting for service concession arrangements by the grantor, a public sector entity.</p> <p>The impact of this is currently being assessed by management.</p>	Effective for reporting periods beginning on or after 1 April 2019
GRAP 108: Statutory Receivables	<p>The new standard of GRAP deals with the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>Management's assessment indicates that the new standard will have no impact.</p>	Effective for reporting periods beginning on or after 1 April 2019
GRAP 109: Accounting for Principals and Agents	<p>The new standard of GRAP deals with whether an entity is a principal or an agent in a principal-agent arrangement.</p> <p>Management's assessment indicates that the new standard will have no impact.</p>	Effective for reporting periods beginning on or after 1 April 2019

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

2. CASH AND CASH EQUIVALENTS

	2018 R'000	2017 R'000
Bank – Current account	279 750	447 618
Social Investment Programme funds	32 307	40 670
Performance Reserve Account funds	53 149	48 800
Insurance Proceeds account	317	298
TOTAL	365 523	537 386

Cash and cash equivalents consists of all cash balances of the GMA's various bank accounts held with Absa Bank Limited.

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

3. RECEIVABLES (EXCHANGE TRANSACTIONS)

3.1 RECEIVABLES (EXCHANGE TRANSACTIONS) – CURRENT ASSETS

	12 189	14 253
Accrued income		
Accrued interest income	10 390	11 496
Accrued interest income – SIP funds	180	233
Accrued Penalty Income	389	547
Accrued bus savings	1 126	1 680
Accrued interest on bus savings	104	297
Other receivables	39 956	37 266
IFM Project Funds	7 676	–
Short-term portion of COJ debtor settlement	26 318	31 095
Collaboration project funds – DBSA	5 856	6 147
Shared cost receivable	106	24
Prepayments	4 897	3 104
Operating expenditure	4 897	3 104
TOTAL	57 042	54 623

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

3. RECEIVABLES (EXCHANGE TRANSACTIONS)

3.2 RECEIVABLES (EXCHANGE TRANSACTIONS) – NON-CURRENT ASSETS

	2018 R'000	2017 R'000
Deposit	2 389	2 338
Rental deposit	2 173	2 173
Interest accrued on rental deposit	216	165
Gautrain system assets – Prepayments	280 236	280 236
Long-term portion of COJ debtor settlement	–	27 184
TOTAL	282 625	309 758

4. PROPERTY, PLANT AND EQUIPMENT

Gautrain system assets	29 087 395	30 233 933
GMA assets	14 488	17 209
	29 101 883	30 251 142

4.1 GAUTRAIN SYSTEM ASSETS

	2018			2017		
	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value
Land	4 379	–	4 379	4 379	–	4 379
Infrastructure assets	29 990 259	5 016 876	24 973 383	29 990 259	3 978 761	26 011 498
Plant and equipment	434 025	95 028	338 997	434 025	75 038	358 987
Rolling stock	4 017 464	568 265	3 449 199	4 017 464	448 716	3 568 748
Buses	205 636	132 794	72 842	205 636	104 858	100 778
Office equipment	–	–	–	288	269	19
Furniture & fittings	–	–	–	5 222	4 896	326
Infrastructure – work in progress	248 595	–	248 595	189 198	–	189 198
	34 900 358	5 812 963	29 087 395	34 846 471	4 612 538	30 233 933

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

4.1 GAUTRAIN SYSTEM ASSETS – CONTINUED

Reconciliation – 2018	Opening balance	Additions	Capitalisation	Write-off	Depreciation	Closing balance
Land	4 379	–	–	–	–	4 379
Infrastructure assets	26 011 498	–	–	–	1 038 114	24 973 384
Plant and equipment	358 987	–	–	–	19 992	338 995
Rolling stock	3 568 748	–	–	–	119 549	3 449 199
Buses	100 778	–	–	–	27 937	72 841
Office equipment	19	–	–	19	–	0
Furniture & fittings	326	–	–	326	–	0
Infrastructure – work in progress	189 198	59 397	–	–	–	248 595
Carrying value – 2018	30 233 933	59 397	–	345	1 205 591	29 087 395

Reconciliation – 2017	Opening balance	Additions	Disposals	Write-off	Depreciation	Closing balance
Land	4 379	–	–	–	–	4 379
Infrastructure assets	26 944 606	104 254	–	–	1 037 362	26 011 498
Plant and equipment	378 979	–	–	–	19 992	358 987
Rolling stock	3 688 296	–	–	–	119 548	3 568 748
Buses	128 715	–	–	–	27 937	100 778
Office equipment	89	–	–	–	70	19
Furniture & fittings	1 630	–	–	–	1 304	326
Infrastructure – work in progress	200 951	92 501	104 254	–	–	189 198
Carrying value – 2016	31 347 645	196 755	104 254	–	1 206 213	30 233 933

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

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

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

4.2 GMA ASSETS

SUMMARY	2018			2017		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Motor vehicles	1 119	516	603	625	442	183
Office equipment	4 428	3 613	815	4 371	2 815	1 556
Computer equipment	15 545	10 642	4 903	14 228	7 983	6 245
Furniture & fittings	2 902	2 129	773	2 867	1 847	1 020
Leasehold improvements	11 118	4 125	6 993	11 083	3 139	7 944
Leased office equipment	635	235	400	647	386	261
TOTAL	35 747	21 260	14 487	33 821	16 612	17 209
Reconciliation – 2018	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Motor vehicles	185	494	–	–	74	603
Office equipment	1 553	57	–	–	797	815
Computer equipment	6 245	2 275	–	382	3 235	4 903
Furniture & fittings	1 020	35	–	–	282	773
Leasehold improvements	7 944	41	–	–	986	6 993
Leased office equipment	262	521	–	163	219	400
Carrying value – 2017	17 209	3 423	–	545	5 594	14 487

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

4. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

4.2 GMA ASSETS – CONTINUED

Reconciliation – 2017	Opening balance	Additions	Transfers	Write-off	Depreciation	Closing balance
Motor vehicles	258	–	–	–	73	185
Office equipment	1 973	371	–	11	780	1 553
Computer equipment	8 752	577	–	16	3 068	6 245
Furniture & fittings	1 255	43	–	3	275	1 020
Leasehold improvements	8 794	128	–	–	979	7 944
Leased office equipment	436	324	–	98	400	262
Carrying value – 2017	21 468	1 443	–	128	5 575	17 209

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

	2018			2017		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Infrastructure heritage asset	3 295	–	3 295	3 295	–	3 295
	3 295	–	3 295	3 295	–	3 295
Reconciliation – 2018	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure heritage asset	3 295	–	–	–	–	3 295
Carrying value – 2018	3 295	–	–	–	–	3 295
Reconciliation – 2017	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure Heritage Asset	3 295	–	–	–	–	3 295
Carrying value – 2017	3 295	–	–	–	–	3 295

The fair value of the heritage asset approximates the carrying value of the heritage asset. The heritage asset comprises of an old shed at the Pretoria Station which is in a good condition. The shed has been painted and converted to a bus terminal for the station.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

6. INTANGIBLE ASSETS

	2018 R'000	2017 R'000
Gautrain system assets	1	1
GMA assets	2 412	3 365
	2 412	3 366

6.1 GAUTRAIN SYSTEM ASSETS

SUMMARY	2018			2017		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Servitudes	1	–	1	1	–	1
TOTAL	1	–	1	1	–	1
Reconciliation – 2018	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	–	–	–	–	1
Carrying value – 2018	1	–	–	–	–	1
Reconciliation – 2017	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	–	–	–	–	1
Carrying value – 2017	1	–	–	–	–	1

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

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

6. INTANGIBLE ASSETS – CONTINUED

6.2 GMA ASSETS

SUMMARY	2018			2017		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Computer software	9 065	6 653	2 412	8 263	4 898	3 365
TOTAL	9 065	6 653	2 412	8 263	4 898	3 365

Reconciliation – 2018	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	3 365	801	–	–	1 754	2 412
Carrying Value – 2018	3 365	801	–	–	1 754	2 412

Reconciliation – 2017	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	4 219	670	–	–	1 524	3 365
Carrying Value – 2017	4 219	670	–	–	1 524	3 365

7. PAYABLES (EXCHANGE TRANSACTIONS)

	2018 R'000	2017 R'000
Accrued project expenditure	147 327	139 273
Accrued SIP expenditure	–	–
Accrued operational expenditure	11 175	11 346
Accrued leave and bonus expenditure	20 882	16 514
Income received in advance	76	65
TOTAL	179 460	167 198

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

8. FINANCE LEASE LIABILITY

	2018		
	R'000	R'000	R'000
	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases – 2018			
Within one year	568	(25)	543
Within two to five years	104	(3)	101
TOTAL FINANCE LEASE LIABILITY	672	(28)	644
Less: Amount due for settlement within 12 months (current portion)	(568)	25	(543)
TOTAL NON-CURRENT LEASE LIABILITY	104	(3)	101

The lease term varied between 1 and 2 years and the average effective borrowing rate is 10.25%. Interest rates are not fixed. All leases have fixed repayment terms.

	2017		
	R'000	R'000	R'000
	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases – 2017			
Within one year	218	(15)	203
Within two to five years	59	(3)	56
TOTAL FINANCE LEASE LIABILITY	277	(18)	259
Less: Amount due for settlement within 12 months (current portion)	(218)	15	(203)
TOTAL NON-CURRENT LEASE LIABILITY	59	(3)	56

The average lease term is 2 years and the average effective borrowing rate is 9.0% (linked to prime interest rate). All leases have fixed repayment terms.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

	2018 R'000	2017 R'000
Social Investment Programme Fund (SIP)	32 359	40 775
TOTAL	32 359	40 775
Reconciliation – Movement during the year:		
(Includes all accrued income and expenditure)		
Obligation at the beginning of the year	40 775	41 685
Add: Interest income	2 601	2 702
Less: Expenditure	(11 016)	(3 612)
Obligation at the end of the year	32 359	40 775

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

Provincial Grants:

MTEF Equitable Share	229 890	367 619
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Private Sector

COJ Debtor	26 318	58 279
Private Sector	68 859	54 279

TOTAL	325 067	480 178
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Reconciliation of movement during the year:

Obligation at the beginning of the year	480 178	453 593
Add: Project Funds received during the year – capital	1 744 753	2 614 530
Less: Project Expenditure paid during the year – capital	(1 899 864)	(2 587 945)

Obligation at the end of the year	325 067	480 178
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Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS – CONTINUED

10.1 PROJECT FUNDS RECEIVED DURING THE YEAR

	2018 R'000	2017 R'000
Project income earned (includes all accrued income)		
Public Sector	1 579 398	2 492 044
MTEF Equitable Shares	1 579 398	2 492 044
Private sector	165 355	122 486
Performance deductions	689	1 358
Rental income	814	781
Interest on bus savings	1 909	2 217
Bus savings	12 671	11 706
RUF Revenue	149 272	106 424
TOTAL	1 744 753	2 614 530

10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR

Project expenditure incurred (includes all accrued expenditure)		
Variation constructions milestones cost	66	–
Operating period variation costs	18 582	34 264
System improvements & repairs	160 086	120 961
Additions to Gautrain system transferred to GMA		(5 977)
Land expropriation costs	–	1 593
Patronage guarantee cost	1 571 858	1 350 680
Settlement Agreement	149 272	1 086 424
TOTAL	1 899 864	2 587 945

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS – CONTINUED

10.3 ANALYSIS OF THE MOVEMENT DURING THE YEAR:

	2018 R'000	2017 R'000
Provincial – MTEF Equitable Share		
Obligation at the beginning of the year	259 475	353 237
Add: Current year receipts	1 579 398	2 492 044
Less: Project expenditure	(1 898 361)	(2 585 806)
	(59 489)	259 475
Other Private Sector Income		
Add: Obligation at the beginning of the year	114 279	100 356
Add: Performance deductions	689	1 358
Add: Rental income	814	781
Add: Interest on bus savings	1 909	2 217
Add: Bus savings	12 671	11 706
Less: Project expenditure	(1 503)	(2 139)
	128 859	114 279

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

11. PROVISIONS

	2018 R'000	2017 R'000
Land provision	12 606	13 424
TOTAL	12 606	13 424

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

Land provision

Reconciliation – Movement during the year:

Opening balance	13 424	8 239
Less: Provision utilised	(818)	(15 866)
Less: Provision reversed	–	(16)
Add: Increase in provision	–	21 067
Closing balance	12 606	13 424

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

	2018 R'000	2017 R'000
Obligations arising from:		
– Restricted Performance Reserve Account funds	53 506	49 147
– Restricted Insurance Proceeds funds	319	300
	53 825	49 447
Obligations arising from restricted Performance Reserve Account funds		
(Includes all accrued income and expenditure)		
Restricted Performance Reserve account	53 506	49 147
TOTAL	53 506	49 147

The Performance Reserve account is funded by the Concessionaire. The balance to be maintained in the account is calculated in terms of the Concession Agreement. These funds are ring-fenced and restricted, as no other payments from or to the Performance Reserve account are allowed, except as permitted by and in accordance with the Concession Agreement. The purpose of this account is to provide a funding mechanism for performance deductions (penalties) imposed on the Concessionaire for performance below performance measures specified in the Concession Agreement.

Obligations arising from Restricted Insurance Proceeds funds

Restricted Insurance Proceeds account	319	300
TOTAL	319	300

Reconciliation – Movement during the year:

(Includes all accrued income and expenditure)

Obligation at the beginning of the year	300	281
Add: Interest income	19	19
Obligation at the end of the year	319	300

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.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)

	2018 R'000	2017 R'000
Other liabilities (Exchange Transactions) – Current liability		
Rental deposit payable	130	130
IFM Project Funds	–	8 407
	130	130
Other liabilities (Exchange Transactions) – Non-current liability		
Operating lease liability	4 165	4 519
Foreign exchange liability	93 804	93 804
Retention Rolling Incentive Liability	21 213	10 756
TOTAL	119 182	109 079
Rental deposit payable		
Reconciliation – Movement during the year:		
Opening balance	130	130
Closing balance	130	130
The lease deposit is current as it is payable in the 12 months.		
Operating lease liability		
Reconciliation – Movement during the year:		
Opening balance	4 519	4 002
Additions	(354)	517
Closing balance	4 165	4 519
The operating lease liability will not be recovered in the next 12 months. Refer to note 24 on details of the operating lease.		
Retention Rolling Incentive		
Reconciliation – Movement during the year:		
Opening balance	10 756	–
Additions	10 457	10 756
Closing balance	21 213	10 756

The GMA introduced the retention rolling incentive strategy which is aligned to the individual performance management system. The incentive ensures the retention of employees for at least 3 to 5 years based on the forfeiture principle. The scheme will also be used to attract highly competent individuals who are tasked with delivering the organisation's strategy.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS) – CONTINUED

	2018 R'000	2017 R'000
Foreign exchange liability		
Reconciliation – Movement during the year:		
Opening balance	93 804	605 684
Surrender Investment to Treasury	–	(400 000)
Foreign Exchange Liability Write Off	–	(111 880)
Closing balance	93 804	93 804

The foreign exchange liability arises as a result of the translation effect on the foreign denominated components of the Milestone payments (Euro and Pound) in place over the life of the Project. R400 million was surrendered to Treasury from the Project Call Account and therefore reduced the Foreign Exchange Liability. The remaining cash amount reflecting the actual savings on the foreign denominated components of the Milestone payments over the life of the Project was retained in the Project Accounts and the balance of the Foreign Exchange liability is written off in full.

Settlement Agreement

Settlement Agreement Repayments

Payable by Province to the Concessionaire	166 441	2 285 950
Payable by the Concessionaire To Province	–	(1 033 085)
	166 441	1 252 864
	(134 926)	(1 086 424)
Initial amount paid on 13 December 2016	–	(980 000)
Credit interest accrued	14 346	(6 766)
Available Funds on 15 March 2017 (RUF)	(149 272)	(99 658)
Settlement Balance remaining at year end	31 515	166 441

On 18 November 2016, the Province and the Concessionaire agreed to a comprehensive settlement of all disputes relating to the Development Period of the Gautrain Rapid Rail Link project. The settlement amount payable by the Province to the Concessionaire is subject to interest at the Prime Rate calculated from 1 March 2017 until the full amount has been discharged and that the maximum interest payable may not exceed R21 million.

In terms of the Settlement Agreement, the Concessionaire is entitled to set off the remainder of the settlement amount against the Railway Usage Fee (RUF) to which the Province is entitled in terms of the Concession Agreement. In the current year this set-off amount was R149.3 million.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

14. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2018 R'000	2017 R'000
MTEF funding	230 845	340 653
Assets received for no consideration	–	–
Sub Total	230 845	340 653
TOTAL	230 845	340 653

15. REVENUE FROM EXCHANGE TRANSACTIONS

Finance income	35 412	69 635
Other income	126	87
Insurance claim GMA	63	87
Profit on sale of Assets	63	–
TOTAL	35 538	69 722

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board member remuneration – 2018

Names of Board members	2018 R'000			
	Retention fees	Board fees	Travel expenses	Total remuneration
Mr A Mawela	23	27	1	51
Ms M Lugemwa (Chairperson)	135	132	3	270
Ms D Dondur (Deputy Chairperson)	66	90	2	158
Prof W Thwala	68	109	5	182
Mr M Nkumanda	68	120	1	189
Mr B Lengane	90	116	1	207
Ms S Hlapolosa	90	180	3	273
Mr S Roopa	83	107	2	192
Mr U Mntonintshi	68	102	2	172
Ms L Khumalo	23	40	1	64
Mr D Nadison	23	14	–	37
Mr M Mokoena (Chairperson)	45	36	2	83
Dr P Dala	23	16	1	40
Ms P Moloto-Stofile (Deputy Chairperson)	23	24	–	47
TOTAL	828	1 113	24	1 965

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members	Attendance fees	Travel expenses	Total remuneration
Ms D Dondur (Chairperson)	26	–	26
Mr M Nkumanda	13	–	13
Mr B Lengane (Chairperson)	22	–	22
Mr S Roopa	16	–	16
Mr U Mntonintshi	19	–	19
Ms L Khumalo	9	–	9
Ms P Moloto-Stofile (Deputy Chairperson)	5	–	5
Dr P Dala	4	–	4
TOTAL	114	–	114
TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION – 2017			2 079

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION – CONTINUED

Board member remuneration – 2017

Names of Board members	2017 R'000			
	Retention fees	Board fees	Travel expenses	Total remuneration
Ms M Lugemwa (Chairperson)	180	129	4	313
Ms D Dondur (Deputy Chairperson)	90	131	3	224
Prof W Thwala	90	134	9	233
Mr M Nkumanda	90	115	2	207
Mr B Lengane	90	81	6	177
Ms S Hlapolosa	90	160	3	253
Mr S Roopa	90	120	2	212
Mr U Mntonintshi	90	119	2	211
TOTAL	810	989	31	1,830

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members	Attendance fees	Travel expenses	Total remuneration
Ms D Dondur (Chairperson)	47	1	48
Mr M Nkumanda	21	–	21
Mr B Lengane	28	–	28
Mr S Roopa	30	–	30
Mr U Mntonintshi	9	–	9
TOTAL	135	1	136

TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION – 2017

1,966

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

17. EXECUTIVE MANAGEMENT REMUNERATION

		2018 R'000					
		Basic salary	Company contributions	Bonus	Allowances	Lump sums	Total remuneration
Mr E van der Merwe	CEO	4 313	515	2 791	19	–	7 638
Mr W Dachs	COO	3 189	454	732	4	–	4 379
Mr P Mabena	CFO	2 455	352	516	–	–	3 323
Mr T Kgobe	SEM: Technical	2 321	371	525	158	–	3 375
Mr N Magoai	SEM: Legal	1 880	290	377	17	–	2 564
Dr. B Jensen Vorster	SEM: Communications & Marketing	2 000	299	421	18	–	2 738
Ms P Mahlawe (01 Apr 17 – 31 Aug 17)	SEM: Corporate Services	653	83	390	–	119	1 245
TOTAL		16 811	2 364	5 752	216	119	25 262

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

		2017 R'000					
		Basic salary	Company contributions	Bonus	Acting allowances	Lump sums	Total remuneration
Mr E van der Merwe	CEO	3 987	420	2 579	–	–	6 986
Mr W Dachs	COO	3 181	434	618	–	–	4 233
Mr P Mabena	CFO	2 458	268	434	–	–	3 160
Mr T Kgobe	SEM: Technical	2 171	239	403	105	–	2 918
Mr N Magoai	SEM: Legal	1 886	242	333	–	–	2 461
Dr. B Jensen Vorster	SEM: Communications & Marketing	2 003	255	372	–	–	2 630
Ms P Mahlawe	SEM: Corporate Services	1 772	211	329	–	–	2 312
TOTAL		17 458	2 069	5 068	105	–	24 700

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

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

18. EMPLOYEE COSTS

	2018 R'000	2017 R'000
Salaries, bonuses and allowances	88 165	77 951
Increase/(Decrease) in leave accrual	(99)	536
Increase/(Decrease) in bonus accrual	4 466	1 274
Leave paid	–	–
Provident fund contributions & Subsidy	10 378	6 521
Employer contributions	1 517	1 128
Retention Rolling Incentive	10 457	10 756
TOTAL	114 884	98 166

19. DEPRECIATION AND AMORTISATION COSTS

Depreciation	1 211 185	1 211 789
Gautrain system assets	1 205 591	1 206 213
GMA assets	5 594	5 576
Amortisation	1 754	1 526
GMA assets	1 754	1 526
TOTAL	1 212 939	1 213 315

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

20. OPERATIONAL EXPENDITURE

	2018 R'000	2017 R'000
Project support consultants – Transaction advisors	53 003	131 658
Operational support costs	12 247	15 667
Technical costs, communication & public relations & land procurement	1 562	6 243
Legal costs	13 761	12 706
Financial support costs	–	–
Commercial costs	25 433	97 042
Independent monitor costs	2 855	3 501
Independent environmental costs	–	–
Independent certifier costs	–	358
Independent socio-economic monitor costs	2 855	3 143
Travel, accommodation, entertainment & subsistence	1 649	877
Recruitment costs	39	84
Employee wellness	617	238
Loss of assets due to write-offs, donations & theft	747	128
Training & membership fees	2 773	1 816
Maintenance costs	234	78
Audit fees	2 798	2 282
Marketing and communication initiatives	15 161	20 046
Legal Expenses	14 047	6 877
Consultant costs	13 691	30 612
Building rent and utilities	13 580	13 573
Office running costs	3 894	2 525
Insurance costs	1 071	676
IT related costs	8 975	10 367
Corporate affairs	2 513	1 552
TOTAL	137 647	226 890

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2018 R'000	2017 R'000
Net Surplus per the Statement of Financial Performance	(1 201 166)	(1 018 118)
Adjusted for:		
Amortisation	1 754	1 526
Depreciation	1 211 185	1 211 789
Other non-cash items related to assets:	(58 507)	(43 702)
Increase in Gautrain system assets funded by external party	–	–
Write-off of assets, donations, profit/loss on sale of assets	890	128
Assets accrued	(59 397)	(43 311)
Finance leased assets	–	(519)
Increase/(Decrease) in current liabilities	(160 150)	30 101
Increase/(Decrease) in non-current liabilities	14 526	(383 379)
(Increase)/Decrease in receivables	24 714	(28 626)
Net cash inflows from operating activities	(167 644)	(230 408)

Included in the Cash Flow Statement is the GMA operational revenue and expenditure per Statement of Financial Performance and restricted revenue and expenditure per note 9, 10 & 12 on a cash basis.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018 R'000
Net Surplus per the Statement of Financial Performance	(1 201 166)
Base adjusted for:	
Amortisation	1 754
Depreciation	1 211 185
Other non-cash items related to assets:	(58 507)
Write-off of assets, donations, profit/loss on sale of assets	890
Assets accrued	(59 397)
Finance leased assets	–
Increase/(decrease) in current liabilities	(160 150)
Increase in non-current liabilities	14 526
(Increase)/Decrease in receivables	24 714
Cash flows from operating activities	(167 644)
Net cash from investing activities	(3 777)
Acquisition of property, plant and equipment	(2 902)
Acquisition of intangible assets	(875)
Net cash from financing activities	(445)
Finance lease payments	(445)
Net increase in cash and cash equivalents	(171 866)
Other items not included in the budget:	16 050
Interest income	39 175
Bus savings received	(13 226)
Net SIP fund expenditure	(11 015)
Net Performance Reserve account receipts	990
Insurance income	126
Net Surplus/(deficit) before Project Funds from previous period	(155 816)
Plus: Funds from previous period	261 342
Net Surplus	105 526

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

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

The period covered by the approved budget is the same as the period covered by the financial statements. The GMA adopted a cash basis of accounting for the preparation of the approved budget, whilst the financial statements are prepared on an accrual basis of accounting.

GMA had an underspend Patronage Guarantee cost, which is a calculation of the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. Management had budgeted for the best estimate given the scarcity of reliable past evidence and comparatives.

23. CONTINGENCIES AND COMMITMENTS

23.1 COMMITMENTS

At year end the commitments relating to development expenditure were mainly due to land expenditure for land proclaimed and expropriated for the railway reserve, and variations. These expenses are raised as a liability presented in note 10 - obligations arising from restricted project funds, and in note 11 - provisions.

Patronage Guarantee is paid on a monthly basis to the Concessionaire. The amount paid is the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. It is foreseen that the Patronage Guarantee will be paid for the next 12 months. GMA's expect the PG to grow at CPI given that growth has now stabilised and the MRTR increases at a rate above inflation. The Patronage Guarantee payment for the 2017-18 financial year is disclosed in note 10.

	Contract End date	2018 R'000
Contractual commitments		
Information technology goods & services	2018	25 557
General consultants - HCM	2018	584
Technical consultants	Time Driven	34 841
Feasibility study - COO Office	2018	1 778
Communication & marketing initiatives	2018	6 500
Capital commitments		
Capital Variations Commitments		56 414
		125 675

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

23. CONTINGENCIES AND COMMITMENTS– CONTINUED

23.2 OPERATING LEASE COMMITMENTS:

	2018 R'000	2017 R'000
Total future minimum lease payments due:	22 706	34 059
– within one year	11 353	11 353
– within two to five years	11 353	22 706
	22 706	34 059

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

Additional office space was leased from the 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. The cost of the lease is straight-lined over the period of the lease.

Further office space was leased from the 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. The cost of the lease is straight-lined over the period of the lease.

23.3 LITIGATION AND CONTINGENCIES

Insurance Claim (Zurich Insurance Company – Formerly SA Eagle Insurance Company)

Province has submitted a claim against Zurich SA (Pty) Ltd for the physical damage caused to the tunnel (Contractual All Risks) between Marlboro portal and Rosebank station during construction.

Zurich SA (Pty) Ltd has, in terms of the Gautrain Construction Insurance, indemnified Province against any damage or liability; and has undertaken to pay or indemnify Province for the full cost of replacing and/or making good all damage to the property insured (including the tunnel). Summons has been issued and Zurich SA (Pty) Ltd filed its plea in response to Province's claim. Procedural dates for exchange of documents have been set and a hearing is anticipated in 2018.

Land Cost Disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R57.9 million has been claimed. These claims are dependent on the dates and outcome of court cases, therefore a provision has not been raised.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

24. RELATED PARTY TRANSACTIONS

Non-executive Board Members and Board Committee Members:

The total value of remuneration of the Non-Executive Board Members including the Audit and Risk Committee Members are disclosed in note 16. The GMA did not enter into any other transactions with Non-Executive Board Members including the Audit and Risk Committee Members.

Executive management:

The total value of remuneration of executive management is disclosed in note 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 MEC of Gauteng Department of Roads and Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity.

Entities under the Executive Authority: MEC of the Gauteng Department of Roads and Transport:

During the financial year under review, the GMA did not enter into any transactions with entities under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport.

Gauteng Department of Roads and Transport

The GMA provided project management capacity to assist the Department with its capital expenditure programme in the prior year. These transactions were at arm's length.

25. 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.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – CONTINUED

	2018 R'000	2017 R'000
Financial assets – at carrying value		
Cash and cash equivalents	365 523	537 386
Accrued income	12 189	14 253
Other receivables	39 956	64 450
Rental Deposit	2 389	2 338
TOTAL	420 057	618 427
Financial liabilities – at carrying value		
Payables	158 578	150 684
Finance lease liability	644	260
Other liabilities	119 312	117 616
Obligations arising from restricted SIP funds	32 359	40 775
Obligations arising from restricted Project funds	325 067	506 762
Obligations arising from restricted Concessionaire funds	53 825	49 447
TOTAL	689 784	865 544
Fair value of financial instruments:		
Financial assets at fair value:		
Cash and cash equivalents	365 523	537 386
Accrued income	12 189	14 253
Other receivables	39 956	64 450
Rental Deposit	2 389	2 338
TOTAL	420 057	618 427
Financial liabilities held at fair value:		
Payables	158 578	150 684
Finance lease liability	644	260
Other liabilities	119 312	117 616
Obligations arising from restricted SIP funds	32 359	40 775
Obligations arising from restricted Project funds	325 067	480 178
Obligations arising from restricted Concessionaire funds	53 825	49 447
TOTAL	689 784	838 959

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

25. 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:

	2018 R'000	2017 R'000
Income from Cash and Cash Equivalents		
Finance Income	35 412	69 635
Expenses from Finance Lease Liability		
Finance Costs	–	(36)
TOTAL	35 412	69 599

Financial Instruments

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade receivables and other receivables. Banks and financial institutions with an acceptable independent rating are accepted. Other receivables consist of accrued interest and prepayments, upon which credit risk is limited as interest is receivable from banks with an acceptable independent rating and prepayments are minimal.

At 31 March 2018, the GMA did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Fair Value of Financial Instruments

The carrying amounts of the following financial instruments, approximate their fair value due to the fact that these instruments are predominantly short term nature.

- Cash and cash equivalent bank balances with commercial interest rates.
- Short term receivables – due to the short term nature of GMA's receivables, amortised cost approximates its fair value.
- Long term receivables bear interest at a rate that approximates market rates.
- Other payables - are subject to normal trade credit terms and short payment cycles. The cost of other payables approximates its fair value.

No financial instrument is carried at an amount in excess of its fair value.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – CONTINUED

RISK MANAGEMENT

Interest rate risk management

The GMA does not have significant interest-bearing assets, and therefore the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk management

The GMA is not exposed to any foreign exchange risk relating to the certified Schedule 12 Milestones, as National Treasury has accepted responsibility for the foreign exchange risk relating to foreign component of milestone payments

The Gautrain Project has limited its exposure to any foreign exchange risk relating to the payment of Variation Milestones, as predetermined fixed hedge rates have been agreed by both the Province and the Concessionaire.

During the period under review no foreign exchange variances for Variation Milestones were reported.

Liquidity risk management

The GMA manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – CONTINUED

The maturity profiles of the financial instruments are summarised as follows:

	2018 R'000		
	0 – 12 Months	1 – 5 Years	> 5 Years
MATURITY PERIOD			
Financial Assets			
Accrued income	12 189	–	–
Other receivables	39 956	–	–
Rental Deposit	–	2 389	
MATURITY PERIOD			
Financial Liabilities			
Payables	179 460	–	–
Finance lease liability	593	101	–
Other liabilities	–	119 312	–
Obligations arising from restricted SIP funds	32 359	–	–
Obligations arising from restricted Project funds	325 067	–	–
Obligations arising from restricted Concessionaire funds	–	–	53 825

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.

	2018 R'000	
	Accumulated Surplus	Net Assets
Interest rate increase of 200 basis points	6 317	6 317
Interest rate decrease of 200 basis points	(6 317)	(6 317)

Qualification

The sensitivity analysis is based on market conditions at reporting date and may vary at the time that any actual market movement occurs.

Gautrain Management Agency Disclosure Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

26. SUBSEQUENT EVENTS

On 11 May 2018, Old Mutual proposed an amount of R39, 785, 400 as full and final settlement for the expropriation claim for the Extent of Portion 3 and Portion 48 of the Farm Radjesfontein 405 JR as per contingencies disclosed in note 23. On 17 July 2018, Gautrain Management Agency accepted the above-mentioned offer subject to Old Mutual and/or the Senior State Attorney providing the GMA with proof that the related case has been withdrawn from Court by Old Mutual. As at 31 July 2018 Old Mutual has not yet provided GMA with proof that this court case has been withdrawn.

27. GOING CONCERN

At 31 March 2018 the GMA Board has every reason to believe that the GMA has adequate resources in place to continue in operation for the foreseeable future.

28. SEGMENT REPORTING

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. GMA has a single service segment as well as a geographical segment.

SECTION J

ANNUAL PERFORMANCE REPORT

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GAUTRAIN



ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR									
Strategic Oriented Goal 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters									
Strategic Objective	Key Performance Indicators	Annual Target 2017/2018	Evidence (means of verification) provided as proof of delivery of target	Plan					
				Q1	Q2	Q3	Q4	TOTAL	
Increase the Ridership of the Gautrain System so as to minimize the Patronage Guarantee	1	Average number of quarterly rail passengers (annualised)	16 200 000	a) Revenue and patronage report b) GMA Review of Revenue and Patronage Report	4 000 000	4 150 000	3 950 000	4 100 000	16 200 000
	2	Number of activities undertaken in accordance with the Marketing Plan	16	a) Quarterly Progress Report on performance against the plan b) Minutes of Social & Ethics Committee approving the Report	4 activities	4 activities	4 activities	4 activities	16 activities
	3	Average number of quarterly bus passengers (annualised)	5 040 000	a) Revenue and Patronage Report and/or Origin and Destination Report b) GMA Review of Revenue and Patronage Report and/or Origin and Destination Report	1 250 000	1 340 000	1 150 000	1 300 000	5 040 000
	4	Investigate and identify all possible capacity system improvements and interventions on the existing Gautrain network	4	a) Quarterly report on existing and new interventions on the existing system	1	1	1	1	4
Ensure the efficient provision of capacity by the Concessionaire to match demand on the system	5	Number of monitoring events by the GMA of the Concessionaire on all capacity increase obligations set by the CA or by Variation Notice	6	a) 3 Rail Service Capacity Meeting Minutes and 3 Service Capacity Utilisation Plan Reviews	0	2	2	2	6

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
3 822 565	3 924 214	3 599 707	3 676 796	15 023 282	-1 176 718	Not Achieved - Target not achieved by 7.3%. This is due to an anticipated growth of 3.5% that did not materialise; mainly due to: slow economic growth in general; competition from e-hailing services and lower than anticipated fuel price increases.
4	4	4	4	16	-	Achieved
1 161 122	1 266 056	1 148 947	1 266 936	4 803 061	-236 939	Not Achieved - Target not achieved by 4.7%. This is due to an anticipated growth of 3.5% that did not materialise; mainly due to: slow economic growth in general; competition from e-hailing services and lower than anticipated fuel price increases.
1	1	1	1	4	-	Achieved
2	1	2	1	6	-	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR										
Strategic Oriented Goal 2: To assure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors										
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan					
					Q1	Q2	Q3	Q4	TOTAL	
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	a) Monthly Reviews of Performance Deductions and Dashboard	2	3	3	3	11	
Ensure that the management of the relationship with the Concessionaire optimizes performance delivery	7	Monthly review of Revenue and Patronage Reports for compliance with CA	11	a) Monthly Patronage and Revenue Report Reviews	2	3	3	3	11	
	8	Numbers of Customer Satisfaction Surveys reviewed	2	a) Reviews of surveys and acceptance of outcome in accordance with CA	0	1	0	1	2	
	9	Resolution of Disputes and Adherence to the agreed timelines between the parties	4	a) Compliance and Litigation Report b) Updated Gantt Chart highlighting the adherence to the timelines	1	1	1	1	4	
To monitor, evaluate and assess the relevant legislative compliance of the Concessionaire and the GMA	10	Number of reviews on compliance conducted on Health and Safety and legislative compliance	1	a) Legislative, Health and Safety Compliance Report	0	0	1	0	1	

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
2	4	2	3	11	-	Achieved
2	4	2	3	11	-	Achieved
0	1	0	1	2	-	Achieved
1	1	1	1	4	-	Achieved
0	0	1	0	1	-	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR									
Strategic Oriented Goal 3: To ensure sound financial management of all GMA revenue sources and safeguards 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									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
To ensure the improved quality of overall financial management via efficient implementation of approved financial policies	11	Nature of audit opinion	Un-qualified audit report	a) Audit report from Auditor General	0	0	0	Un-qualified Audit report	Un-qualified Audit report
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets	12	Quarterly Report detailing the management of the GMA Assets in compliance with GMA Asset Management policies and procedures	4	a) Asset Management Report b) Minutes of Finance and Asset Committee approving the Report	1	1	1	1	4
To assure that the Concessionaire meets its obligations regarding the maintenance of the assets	13	Monthly oversight of Concessionaire asset maintenance regime	12	a) GMA Reviews of the Concessionaire's monthly Asset and Maintenance Reports	3	3	3	3	12
	14	Number of station and system assets condition inspection reports	4 System and 40 Station Condition and Cleanliness inspections	a) Station and system condition inspection non-conformance reports	1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	4 System and 40 Station Condition and Cleanliness inspections

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
0	0	0	Un-qualified audit report	Un-qualified audit report	-	Achieved
1	1	1	1	4	-	Achieved
3	3	3	3	12	-	Achieved
1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	1 System and 10 Station Condition and Cleanliness inspections	4 System and 40 Station Condition and Cleanliness inspections	-	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

Strategic Oriented Goal 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance

Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Evaluate the effectiveness of corporate governance in the GMA	15	Evaluation of the effectiveness of the Board and Board Committees	Approved Evaluation Report of the Board and Board Committees by the Board	a) Evaluation Report of the Board and Board Committees b) Board Minutes noting the Evaluation Report	0	0	0	1	1
	16	Delegation of Authority reviewed and approved by Board	Approval of the Revised DoA by the Board	a) Approved Revised DoA	0	0	0	1	1
To create an environment that attracts and retains talent	17	Not more than 10% vacancy rate	50% development and implementation of revised organisation structure	a) Quarterly Human Capital reports and approved organisational structure	Draft proposed structures	Structures approved by the Board	25% revised structure implemented	50% revised structure implemented	50% revised structure implemented
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	a) Quarterly Consolidated Internal Audit Report b) Minutes of Audit & Risk Committee approving the Report	1	1	1	1	4

	Actual					Variance	Comments
	Q1	Q2	Q3	Q4	TOTAL		
	0	0	0	No Approved Evaluation Report of the Board and Board Committees by the Board	No Approved Evaluation Report of the Board and Board Committees by the Board	No Approved Evaluation Report of the Board and Board Committees by the Board	Not Achieved - During the 2017/18 year, Action Plans emanating from the last Board and Board Committee Evaluation Reports were developed, monitored and presented at Board and Committee meetings. This is in line with King IV requirements.
Approval of the Revised DoA by the Board	0	0	0	0	Approval of the Revised DoA by the Board	-	Achieved
92% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	89% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	91% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	96.7% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	96.7% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	96.7% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	46.7%	In 2016/17 financial year, a decision was made by GMA HC and RemCo to freeze the filling of the vacancies due to financial constraints. This resulted in the freeze of vacancies that had to be implemented in 2017/18 financial year. As a result the existing approved structure of 90 applies, hence the overachievement of 46.7%.
	1	1	1	1	4	-	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR									
Strategic Oriented Goal 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Provide assurance on compliance with internal controls in all divisions	19	Quarterly Consolidated Internal Reports issued to the ARC highlighting the progress against the approved Internal Audit Plan	4	a) Quarterly Consolidated Internal Audit Report b) Minutes of Audit & Risk Committee approving the Report	1	1	1	1	4
Provide a secure and reliable information technology environment that facilitates knowledge sharing	20	ICT and Knowledge Management Plans reviewed and implemented	4	a) Quarterly reports on actual against planned delivery b) Minutes of Audit & Risk Committee approving the Report	1	1	1	1	4
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, Operational and Emerging Risks	4	a) Quarterly Risk Registers b) Minutes of Audit & Risk Committee approving the Risk Registers	1	1	1	1	4

Strategic Oriented Goal 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Develop and implement a communication strategy with stakeholders	22	Number of activities undertaken in accordance with Communication Plan	5	a) Quarterly progress report of actual against planned activities b) Minutes of Social & Ethics Committee approving the report	1 activity	1 activity	2 activities	1 activity	5 activities

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
1	1	1	1	4	-	Achieved
1	1	1	1	4	-	Achieved
1	1	1	1	4	-	Achieved

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
1	1	2	1	5	0	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR									
Strategic Oriented Goal 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of BEEs and SMMEs in the Province									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
To monitor and verify the Concessionaire socio-economic development obligations	23	Number of ISEM reports with verified performance on obligations and variations	10	a) ISEM Performance Reports	3	3	3	1	10
To oversee the GMA's Social Investment Programmes	24	Quarterly Progress reports on SIP activities	4	a) Quarterly progress report with individual project reports b) Minutes of Social & Ethics Committee approving the report	1	1	1	1	4
Strategic Oriented Goal 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Support integration related engagements, particularly with the Province and the three metropolitan municipalities	25	GMA involvement through meetings and projects	4 Quarterly Reports on progress regarding joint development	a) Quarterly Report and Minutes of Meetings where applicable	1	1	1	1	4
Provide effective facilitation of integration of Gautrain trains and buses with other modes of transport at Gautrain stations	26	Number of initiatives implemented by GMA that support integration of modes	3	a) Record of implementation or Signed Agreement or approved initiative by CEO	0	1	1	1	3

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
3	3	3	3	12	2	Achieved - There is an overachievement of 2 reports. The reports provided are based on actual verifications conducted to date by ISEM. All ISEM reports for a 12 month period have been received during the financial year
1	1	1	1	4	-	Achieved

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
1 Quarterly Report on progress regarding joint development	1 Quarterly Report on progress regarding joint development	1 Quarterly Report on progress regarding joint development	1 Quarterly Report on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	-	Achieved
0	0	0	3	3	-	Achieved

ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2017/18 FINANCIAL YEAR									
Strategic Oriented Goal 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Ensure the development of a regime of public transport ticket interoperability	27	Plan and implement the migration of Gautrain's Automatic Fare Collection System to be interoperable in compliance with National Regulations in terms of the Project Plan	1	a) Quarterly Progress Report	1	0	0	0	1
Fulfil a planning function with regard to the Gauteng Rapid Rail extensions	28	Execute the Feasibility Study for future Gauteng Rapid Rail extensions as indicated in ITMP25 and prepare the relevant submissions to obtain the required approvals.	4	a) Quarterly Progress Report	1	1	1	1	4

Strategic Oriented Goal 8: To ensure sound project and financial planning to the optimal benefit of the GMA and Gauteng Province									
Strategic Objective	Key Performance Indicators		Annual Target 2017/2018	Evidence provided as proof of delivery of target	Plan				
					Q1	Q2	Q3	Q4	TOTAL
Implement a partnership plan that involves stakeholders to contribute towards the GMA's sustainability	29	Interaction with at least two partners: New partnerships or the renewal of existing partnerships.	Identification of and interaction with at least two partners or renewal of MOU with existing partners	a) Signed MOUs with partners	0	1	0	1	2

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
1	1	1	1	4	3	Achieved - There is an overachievement of 3 as implementation of the project has continued over the last 3 quarters.
1	1	1	1	4	-	Achieved

Actual					Variance	Comments
Q1	Q2	Q3	Q4	TOTAL		
Identification of and interaction with two partners or renewal of MOU with existing partners	Identification of and interaction with two partners or renewal of MOU with existing partners	No identification of and interaction with partners or renewal of MOU with existing partners	Identification of and interaction with one partner or renewal of MOU with existing partners	Identification of and interaction with five partners or renewal of MOU with existing partners	Identification of and interaction with three partners or renewal of MOU with existing partners	Achieved - The GMA had an opportunity to renew existing partnerships and enter into new partnerships (Terapin and Titans), hence the overachievement of 3 partnerships



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GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

