



GAUTRAIN

FOR PEOPLE ON THE MOVE

GAUTRAIN MANAGEMENT AGENCY



INTEGRATED ANNUAL REPORT **2021/22**



ICONS USED IN THIS INTEGRATED ANNUAL REPORT:



HUMAN CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL



MANUFACTURED CAPITAL



FINANCIAL CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL

ALTERNATIVE ICONS USED IN THIS INTEGRATED ANNUAL REPORT:



Infrastructure



Economy



Lifestyle and other modes of travel



People



Technology and Communication



Tourism



Provincial expansion and enrichment



Environmental impact and sustainability



Quality of life



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PART A ORGANISATIONAL OVERVIEW

1. GMA APPROACH TO INTEGRATED REPORTING

1.1 SCOPE

This Integrated Annual Report reviews the GMA’s financial, operational, social and governance performance for the Financial Year ended 31 March 2022. The purpose of this report is to provide a concise view of the GMA, what we do and how we create value, our strategy, opportunities and risks, our business model, governance and ethics management and our performance against the Strategic Outcomes, in a way that gives stakeholders a holistic view of the Agency and its future.

1.2 REPORTING FRAMEWORK

The report is compiled in compliance with:

- The Public Finance Management Act (PFMA) (Act 1 of 1999), as amended;
- The Companies Act (Act 71 of 2008); and
- South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP)

The content of the report also takes into consideration:

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

1.3 MATERIALITY

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

1.4 ASSURANCE

The Audit and Risk Committee has reviewed the Annual Financial Statements for the year ended 31 March 2022 and concluded that these comply in all material respects with the requirements of SA Standards of GRAP. Unless otherwise indicated, the information presented is comparable to that of the prior years. Please refer to page 18 where the GMA’s assurance approach is described in detail.

1.5 BOARD RESPONSIBILITY

The Board, assisted by its Committees, is responsible for ensuring the integrity of the Integrated Annual Report. The 2021/22 Integrated Annual Report was approved by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.

Mr Mogopodi Mokoena
GMA: Board Chairperson

Mr William Dachs
GMA: Chief Executive Officer
29 July 2022

2. VALUE CREATED

FINANCIAL CAPITAL



- Financial exposure to the GMA was adequately managed by ensuring that fare evasion is **maintained at a level of 0.01%**.
- The GMA received **R2,777 million** from the provincial medium term expenditure framework budget. This allowed the GMA to meet all contractual obligations arising in the year.
- The GMA expenditure increased by only **1.36%** from the previous financial year despite inflationary cost pressures
- System revenue increased by **62.6%** from the previous financial year as the post Covid recovery commenced.
- The first commercial revenue was received from the operations of the pilot licencing centre, kickstarting the commercialisation drive developed as part of the GMA's strategic plan.

INTELLECTUAL CAPITAL



- The GMA improved its risk maturity from **86% to 88%** by continuing to roll-out the Enterprise-Wide Risk Management System and the development of an Operational Tolerance Dashboard.
- Through the driver's licencing project, a reporting tool that covers transactions, revenue and customer feedback was developed.
- Methodologies developed for the monitoring of service quality and route efficiency assessments, and the use of predictive analytics to forecast passenger **numbers are providing a competitive edge**.
- The GMA Knowledge Management system delivered a Transport seminar and various knowledge share sessions.

HUMAN CAPITAL



- The GMA continued its investment in employee training and development positively impacting the staff turnover rate and keeping it below industry norm.
- Through the Graduate Development Programme the GMA ensured the employment, training and development of young graduates.
- The midibus partnership model between the GMA and the taxi industry created employment opportunities for both youth and women.

SOCIAL AND RELATIONSHIP CAPITAL AND HUMAN CAPITAL



- The Gautrain continued to contribute positively to the Gauteng economy, through meeting and exceeding the Socio-Economic Development (SED) targets on Black Equity participation, participation in management and direct employment by BCC and BOC.
- The Gautrain continued to save its passengers time and money by moving them faster and at lower costs than private car use.



NATURAL CAPITAL



- The GMA partnered with the DBSA and KfW to carry out a study on energy efficiency and the "greening" of the Gautrain stations.
- Providing a reliable alternative to private vehicle commuting, the Gautrain system reduces our economy's reliance on fossil fuels.
- By carrying over 4 million train passengers in the year, the Gautrain saved an estimate of 12,350 tons of CO² emissions than if those passengers had travelled by private car.

MANUFACTURED CAPITAL



- The ongoing bus fleet replacement programme – which supports local manufacturing.
- Ongoing maintenance of locally assembled rolling stock using sub-components that are sourced locally.
- The installation of additional and next generation fare gates meets future System needs and delivers service improvement.
- The Gautrain system assets remain South Africa's only A Grade public infrastructure as rated by the South African Institute of Civil Engineers.





The GMA continues to be at the forefront of the implementation of the sixth administration vision of Growing Gauteng Together.



3. FOREWORD BY MEC

In the year under review, the Gautrain Management Agency (GMA) made good progress across several areas in the 2021/22 Financial Year, especially in terms of oversight of the Concessionaire where the GMA ensured high levels of operational efficiency.

It is with great pleasure to state that the GMA has achieved a tenth consecutive clean audit from the Auditor-General (AGSA) - yet another testament of good governance. This has been made possible by the outstanding leadership of the GMA Board under the stewardship of the Chairperson of the Board Mr Mogopodi Mokoena and the discipline and dedication of staff that we consistently maintained a good culture of governance.

The GMA continues to be at the forefront of the implementation of the sixth administration vision of Growing Gauteng Together. It has also led in realising our own vision as a department of Growing Gauteng Through Smart Mobility.

The Gautrain has become a recognised symbol of "Gauteng on the Move". It takes its character from the smart founding principles of Gauteng's 25-year Integrated Transport Master Plan (ITMP25), which include the integration of land use with public transport planning; inter-modality of public transport services; being smart by using scarce resources more effectively and applying suitable technology; and social inclusion and the promotion of a more sustainable Gauteng City Region. The amended GMA Act enables the GMA to play a wider role in this regard.

The planning of network extensions continued with the route alignment for Phase 1 of the extensions. The Route Alignment Study for Phase 1 was completed, and a report submitted for my review and approval. In the year under review, the GMA kicked off implementation of opening of a pilot drivers' licence and testing centre in Midrand in January 2022. This initiative will provide a wider set of public amenities and services at Gautrain stations. This puts in practical terms our long held view that the Gautrain is more than an train, but a catalyst for growth and development of our province.

In the year under review the GMA's continued collaboration with minibus taxi associations in the provision of the Gautrain Feeder and Distribution Service is a clear indication that integration of different modes of transport is not a pipe dream. This brings us even closer to the vision of integrating public transport for the easy movement of the commuting public.

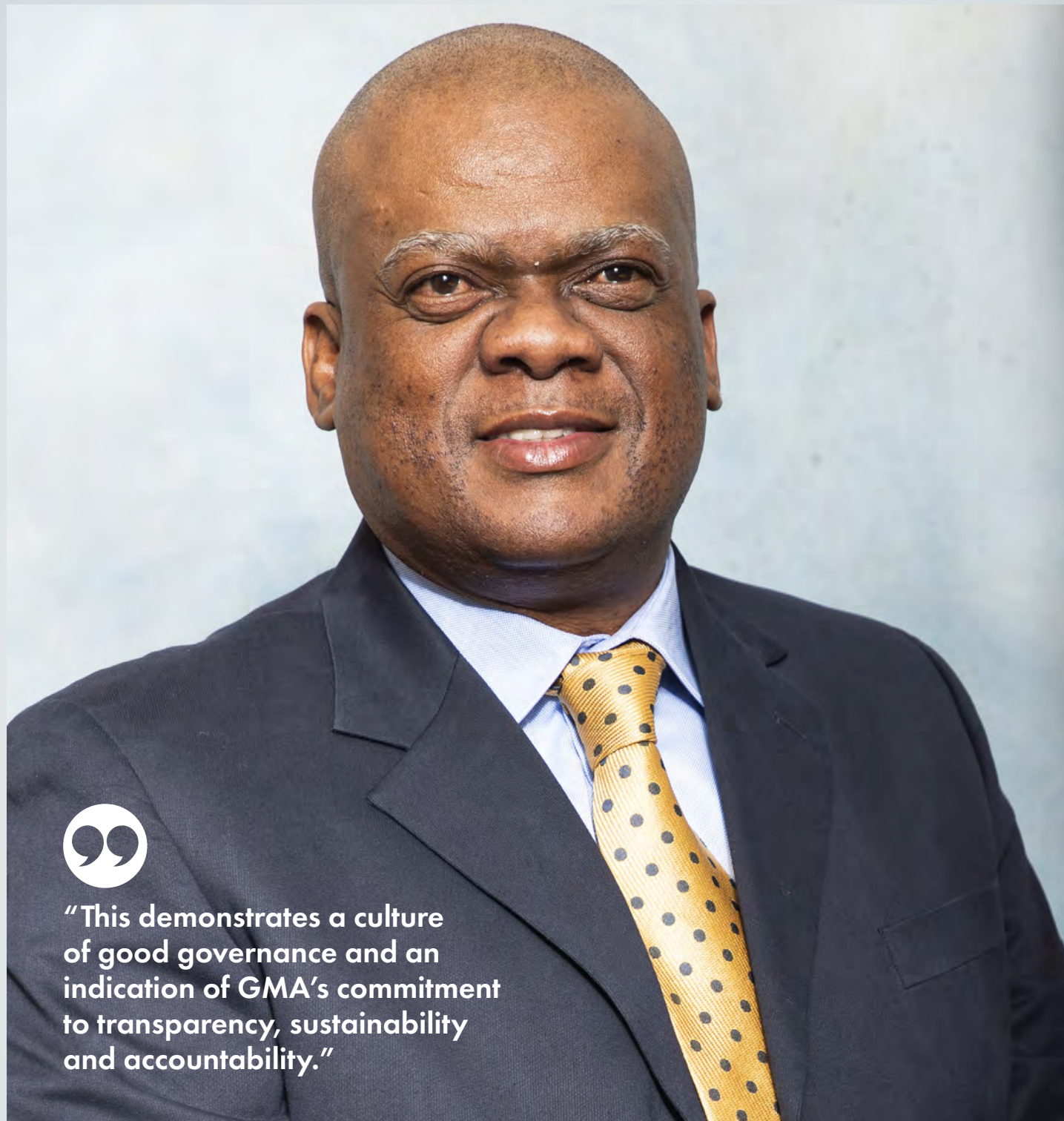
I would like to thank the GMA Chairperson, Mr Mogopodi Mokoena, and members of the Board for their diligence in overseeing the affairs of the Gautrain Management Agency. Lastly I would like to thank the CEO, Mr William Dachs, the senior management and staff for their professionalism and dedication to the entity.

I wish to thank all partners and the metropolitan councils of Ekurhuleni, Johannesburg and Tshwane for their collaboration and support.

Mr Jacob Mamabolo

Executive Authority

Gauteng MEC: Public Transport and Roads Infrastructure



“This demonstrates a culture of good governance and an indication of GMA’s commitment to transparency, sustainability and accountability.”

4. CHAIRPERSON’S STATEMENT

The GMA is charged with the responsibility of managing, co-ordinating and overseeing the Gautrain Project through the implementation and management of the Concession Agreement between the Gauteng Provincial Government and the Concessionaire, Bombela Concession Company (Pty) Ltd. In the year under review, GMA continued to adapt to the disruptions related to the Covid-19 pandemic. The GMA continued to manage, coordinate, and oversee the operations and maintenance of the Gautrain Project and to assist other organs of state in the integration and co-ordination of public transport within Gauteng Province, thus contributing to Smart Mobility.

In the year under review, GMA and Gautrain were part of the strategy of transport-orientated development, that is growing the economy through smart investments in transport as well as restructuring the urban areas around transport nodes and using technology as an enabler of better and more efficient transport systems.

BOARD GOVERNANCE

The Board has just completed the first year of its three- year term, and have provided governance oversight to the GMA. During the year under review the Board provided a strategic direction to GMA and ensuring that the Gautrain System operates in a sustainable manner, with clear commitment to good corporate governance and responsible financial management.

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

- Recovery from the impact of COVID-19 pandemic on the Gautrain operations and the GMA.
- GMA Funding Strategy.
- Planning for Post 2026 – end of the Concession Period.
- GMA Strategic Plan for the 2022/23 to 2024/25 Financial Years.
- GMA Annual Performance Plan for the 2022/23 Financial Year.
- Gma Policies and Key Documents for the 2022/23 Financial Year.
- Public Transport Ticketing Interoperability.
- Gauteng Province’s Construction All Risks (CAR) Insurance Claim.
- Integration of the Gautrain System with other Public Transport Systems.
- Service Level Agreement between the GMA and the Transport Authority for Gauteng.

The GMA has continued to set high standards in accountability. During the reporting year, the GMA received its tenth consecutive unqualified audit outcome from the Auditor General of South Africa. This demonstrates a culture of good governance and an indication of GMA’s commitment to transparency, sustainability and accountability. I would like to express my appreciation to the CEO, Mr. William Dachs and his management team who continued to balance the strategic and operational aspects of the GMA.

RESPONSIBLE CORPORATE CITIZENSHIP

Socio-Economic Development (SED) targets continued to be met and exceeded and continued to contribute positively to the Gauteng economy. From GMA’s expenditure perspective, the target for expenditure through Emerging Micro Enterprises (EMEs) and Broad-Based Black Economic Entities (BBBEEs) were met and exceeded, while expenditure through women-owned entities and Qualifying Small Enterprises (QSEs) were also met and reflected a significant improvement on achieving expenditure targets in previous years.

LOOKING FORWARD

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

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

ACKNOWLEDGEMENTS

I commend the leadership of the GMA Chief Executive Officer, Mr William Dachs for his astute leadership since the Covid-19 breakout in 2020 and navigating the GMA through the different variants. It takes courage to lead during uncertain times. I would also like to thank the GMA Management Committee and staff, various stakeholders, and the Gauteng Provincial Government for their support. Gratitude also goes out to the three metropolitan councils of Ekurhuleni, Johannesburg, and Tshwane for their cooperation.

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

Mr Mogopodi Mokoena
Chairperson: GMA Board



The GMA was able to achieve 93% of its annual performance plan targets. This is up from the previous year and shows that the GMA continues to function well.



5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

For the financial year ending 31 March 2022, the GMA achieved its 10th consecutive clean audit – a clear indication of sustained good governance. Over and above sustaining a solid platform of management processes and systems, the GMA continued to contribute to the Province's "Growing Gauteng Together: Our Roadmap to 2030" strategy through its purpose of "Transforming Spaces, People And The Economy Through Mobility".

This contribution has many facets, and I highlight three of these. The first is in Gautrain's safe, reliable and efficient transportation of 6,1 million train, bus and midibus passengers in the financial year. This represents a 65% increase over the previous financial year. The passengers were conveyed in well-maintained, clean trains and buses – an indication of what good public transport systems can achieve.

The second major contribution to the Provincial strategy is the continued economic impact that Gautrain has in Gauteng and South Africa at large. In 2021 Gautrain spent R999 million on South African materials, R992 million on subcontracting to, or procurement from, Black-owned businesses and R80 million on contracting with SMMEs. In doing so Gautrain supported an estimated 12,000 jobs in the year. At a time when the national economy is struggling to grow, this is no mean feat.

The third contribution relates to improved use of technology and improved integration with other modes of transport. The last year saw an additional three routes implemented with Minibus Taxi Associations who now run eight formal midibus feeder services from three Gautrain stations. The Gautrain integrated ticketing system continues to be the best of its kind in the country. All of this gives effect to the GMA's purpose of Transforming Space, People And The Economy Through Mobility.

The GMA was very pleased that the end of the financial year in March also saw the end of the National State of Disaster that was declared by the President in response to the COVID-19 pandemic two years earlier. However, the implications of another full financial year under the precautionary restrictions on travel were felt in all areas of GMA and Gautrain operations and these continued to suppress passenger demand for Gautrain services. The year ended with train ridership back at 40% of pre-Covid levels and continued growth is expected in the coming years.

The GMA was able to achieve 93% of its annual performance plan targets. This is up from the previous year and shows that the GMA continues to function well.

In the past year, the planning for the Post-2026 Gautrain continued and a significant amount of work was done in preparation for the end of the current concession in March 2026. The route determination for Phase 01 of the Gautrain Rapid Rail Integrated Network (GRRIN) project was completed, securing important rights over the route.

The GMA kicked off implementation of a commercial strategy with the opening of a pilot drivers' licence and testing centre in Midrand, in January 2022. This was followed by two permanent DLTCs at the Gautrain Centurion and Midrand Stations after the end of the financial year. The primary objective of these initiatives is to provide a wider set of public amenities and services at Gautrain stations. The performance of the DLTCs will be monitored closely in the coming year to ensure that the Gautrain brand is enhanced.

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

I am extremely grateful for the support and guidance of the MEC for Public Transport and Road Infrastructure, MEC Jacob Mamabolo as well as that of the GMA Board. I also pay grateful tribute to the staff of the GMA who continue to set new standards of excellence and innovation.

William Dachs
CEO: GMA



“The effectiveness of governance structures in providing oversight has assisted the GMA in ensuring that the control environment functioned effectively throughout these years.”



6. FINANCIAL OVERVIEW BY THE CFO

As the world emerges from the scourge of COVID 19, lest we forget the people we have lost because of this pandemic, may their souls continue to rest in eternal peace.

The global economic recovery has been slow and continues to be affected by factors such as the Russia-Ukraine war; persistently high inflation; the aggressive tightening of monetary policy by major central banks and lower economic growth. The IMF projected that South Africa's gross domestic product (GDP) would grow by 0.4 percent, from the previous forecast of 1.9 percent to 2.3 percent this year. The South African Reserve Bank stated that the economic growth remained above a low rate of potential with supportive household spending in spite of disruption caused by flooding in KwaZulu-Natal and more extensive energy challenges in the second quarter. The devastating effects of these factors are unimaginable.

Like many South African organisations, the Gautrain Management Agency (GMA) has been navigating a very challenging operating environment with the recovery being hampered by these depressed economic conditions. Despite this challenging environment, the GMA continues to be resilient. The Agency has been able to achieve the annual performance targets against predetermined objectives within the allocated budget, and the report by the Auditor General of South Africa (AGSA) has been found to be useful and reliable in all material respect.

The GMA achieved 93% of the outcome indicators in the 2021/22 Financial Year. Two outcome indicators have not been achieved largely due to the impact of the COVID-19 pandemic. This achievement has been made with a 95.25% actual expenditure versus the budget for the 2021/22 Financial Year.

The balance sheet of the GMA remains strong at R26.1 billion in the 2021/22 financial year on historical costs basis. Though the financial performance shows a deficit of R800 million after depreciation, there's a surplus of R200 million before depreciation. The cash and cash equivalents increased from R774,5 million in the past financial year to R1.0 billion in the current financial year. This strong financial performance indicate that GMA is able to honour its commitments as and when they fall due.

The GMA has been able to sustain its clean audit outcome for ten consecutive financial years. The effectiveness of governance structures in providing oversight has assisted the GMA in ensuring that the control environment functioned effectively throughout these years. A sustained clean audit outcome has a positive impact in the GMA's ability to appropriately manage the Gautrain project to ensure a delivery of service as per the citizen's aspirations.

As the GMA continues to deliver on its mandate, financial sustainability remains one of the key pillars and strategic priority imperatives in the Agency's strategic framework. Like most organisations, the GMA continues to monitor the business environment to determine appropriate responses to ensure long-term sustainability.

Congratulations should go to every employee in the GMA for ensuring that the GMA continues to deliver on its mandate; achieves and maintains a clean audit outcome. The support of the GMA Board, the CEO, Management Committee, and the commitment shown by every employee doesn't go unnoticed.

Let me end by saying that in a relay race, those who have started the race do not finish it and those who finish it have not started it, but victory for those who finish the race is victory for everyone involved.

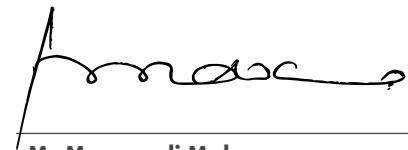
Preston Mabena
CFO: GMA

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

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

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the Financial Year ended 31 March 2022.



Mr Mogopodi Mokoena

GMA: Board Chairperson



Mr William Dachs

GMA: Chief Executive Officer

29 July 2022



8. ABOUT THE GMA

8.1 GMA IN RELATION TO THE GAUTRAIN PROJECT

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

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

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

8.2 GMA'S PURPOSE, MANDATE, VISION AND VALUES

The GMA derives its mandate primarily from legislation, specifically the GMA Act (Act 5 of 2006), as amended. Its primary mandate is to manage and oversee the Concession Agreement (CA) for the Gautrain Rapid Rail Link System as well as to assist the GPG and other organs of state in realising their integrated public transport, and rail-related and smart mobility objectives. The foregoing includes planning and managing the determination of routes and preliminary design for provincial railway lines in terms of the Gauteng Transport Infrastructure Act (GTIA). In addition, the GMA may perform any other integrated public transport and rail-related duty, right or power that the MEC may delegate to the GMA, in line with the GTIA.

The purpose of the GMA is to "Transform spaces, people and the economy through mobility".

To achieve this purpose, the GMA must:

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

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

- Provides for the establishment of the GMA as a provincial public entity to manage and oversee the CA that was concluded with the Concessionaire to run the Gautrain Rapid Rail Link Project;
- Determines the objectives, powers and duties of the GMA, in relation to the management of the CA and other rail-related functions, as well as certain powers of the Member of the Electoral Committee (MEC) in terms of the GTIA, to be carried out by the GMA in relation to the Gautrain Rapid Rail Link Project;
- Provides for the role, delegation and directives of the MEC in relation to the GMA;
- Provides for the role of the Board of the GMA in relation to the governance of and control over the GMA;
- Provides for the role of the Chief Executive Officer (CEO) in the management of the GMA;
- Provides for matters of accountability and reporting by the CEO and by the Board of the GMA;
- Authorises, in consultation with the MEC, the GMA to assist or act on behalf of any organ of state in realising its integrated public transport and rail-related objectives;

- Provides for the GMA, at the behest of the MEC and Minister of Transport, to plan and manage the determination of routes and preliminary designs for provincial railway lines in order to promote integration and co-ordination of transport; and
- Enables the GMA to support broader public transport and rail-related projects as delegated by the Gauteng MEC for Public Transport and Road Infrastructure.

8.3 GMA IN BROADER LANDSCAPE: GPG AND BOMBELA CONCESSION COMPANY

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

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

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

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

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

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

9. RATIONALE OF INTEGRATED REPORTING

9.1 PURPOSE OF INTEGRATED REPORT

This Integrated Annual Report reviews the GMA's financial, operational, social and governance performance for the Financial Year ended 31 March 2022 and encompasses aspects of integrated reporting. Unless otherwise indicated, information presented is comparable to that of the prior years.

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



9.2 REPORTING PHILOSOPHY

The GMA's 2022 Integrated Annual Report provides a platform for stakeholders to assess the GMA's performance during the year under review. An overview of performance as well as a future focus for the period 1 April 2021 to 31 March 2022 is provided.

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

- Review of performance during the 2021/22 Financial Year;
- Strategic focus and future orientation;
- Application of the six capitals approach to integrated thinking and reporting;
- Interconnectivity of strategic and operational information; and
- Stakeholder engagement and responsiveness.

The report further complies with legislative prescripts and conforms to National Treasury Guidelines as well as the Department of Planning, Monitoring and Evaluation's Guidelines on Annual Reporting, which emphasise the integration of strategic plans and operational budgets to improve operational effectiveness. The main aim of interlinking plans and budgets is to ensure that key strategic outcomes and priorities are budgeted for so as to improve operational effectiveness.

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

9.3 GMA'S DEFINITION OF MATERIALITY

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

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

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

From a financial perspective, materiality levels in accordance with the PFMA are captured in the GMA's materiality and significance framework, which is set out in the Annual Strategic Plan for 2020/21 to 2023/24. In setting the relevant thresholds, the GMA has taken cognisance of the following:

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

The GMA has determined the overall materiality level, excluding System Assets, to be 5% of actual expenditure for the 2020/21 Financial Year (excluding extraordinary expenditure that is unlikely to reoccur); i.e. approximately R15 million. The GMA has also determined the materiality level for System Assets to be 0.1% of the system assets for the 2021/22 Financial Year, i.e. approximately R26 million.

A qualifying transaction may also be considered significant based on considerations other than financial if, in the opinion of the Accounting Authority, it is significant for the application of section 55(2) of the PFMA.

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

9.4 ASSURANCE APPROACH

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

Table 1: Integrated Reporting Assurance Framework

CONTENT	ASSURANCE PROVIDERS	OUTCOMES	FRAMEWORK
Annual Financial Statements	Auditor-General	- Qualified/unqualified opinion - Material findings on usefulness and reliability of performance information	- PFMA - GRAP
Integrated Annual Report	- GMA Audit and Risk Committee - GMA Board	Board’s approval	- Legislative requirements - Treasury guidelines
Corporate Governance	- Internal Audit - Corporate Governance and Ethics	Assessments of controls	- King IV - PFMA

9.5 REPORTING APPROACH

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

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

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



THE SIX CAPITALS:

HUMAN CAPITAL

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

INTELLECTUAL CAPITAL

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

NATURAL CAPITAL

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

MANUFACTURED CAPITAL

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

FINANCIAL CAPITAL

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

SOCIAL AND RELATIONSHIP CAPITAL

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

10. LEGISLATIVE AND OTHER MANDATES

10.1 GMA’S CONSTITUTIONAL MANDATE

Schedules 4 and 5 of the Constitution of the Republic of South Africa (1996) provide for provincial legislative competence on issues related to public transport. In terms of these Schedules, the Province has the authority to regulate public transport through the formulation of policies and promulgation of legislation. The Province is further bestowed with the responsibility of delivering public transport services.

In addition to the above, the Constitution further grants legislative competence on Provinces vis-à-vis urban and rural development, with particular emphasis on transport infrastructure. It is within this context that the Province develops or improves urban and rural areas through the construction of transport infrastructure.

The Constitution also provides for matters related to inter-governmental relations. It states that the three spheres of Government are distinct but interdependent and interrelated. Provincial and Local Governments are spheres of Government in their own right and are not a function or administrative implementing arm of National Government. Although the three spheres of government are independent, they exist in a unitary South Africa and, congruent with, inter alia, section 41 of the Constitution, they are enjoined to work together on decision-making and must co-ordinate their respective budgets, policies and activities, particularly in respect of those functions that cut across all spheres.

10.2 GMA’S LEGISLATIVE MANDATE

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

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

Legislative mandates of the GMA arise principally from the following legislation and frameworks:

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

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

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

11. ORGANISATIONAL STRUCTURE

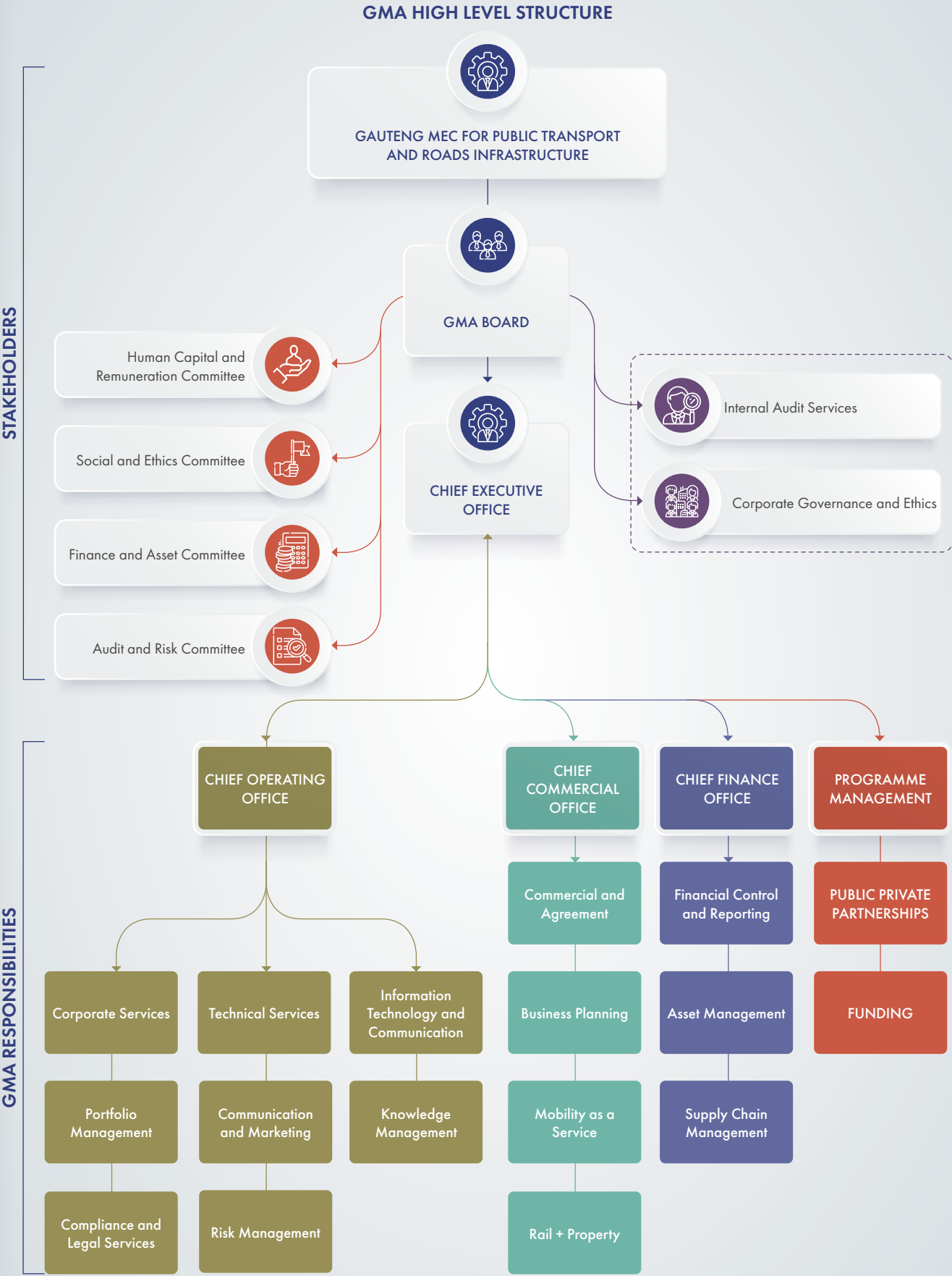


Diagram 1: GMA organisational structure



PART B PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 126 of the Report of the Auditor-General, published in Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. GMA'S EXTERNAL ENVIRONMENT

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

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

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

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

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

The current Gautrain Concession expires in March 2026 and replacement of the Concession will require extensive planning, detailed development and evaluation of options. This planning has commenced and development of a detailed feasibility study is underway and it is expected to be completed by the end of June 2022.

2.2 SERVICE DELIVERY ENVIRONMENT

Gautrain service delivery, measured in terms of customer satisfaction, equates to an average 94% Net Promotor Score. Irrespective of the service's very competitive service delivery, the overarching COVID-19 outbreak still affected the Gautrain's ridership negatively. Also affecting Gautrain is the unofficial unemployment rate in South Africa which increased to a new record high of 35.3% in the fourth quarter of 2021 reflecting the impact of the economic recession due to COVID-19.

There has however been a steady slow increase in passenger numbers since the relaxation of the COVID restrictions.

2.2.1 Service delivery improvement plan

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

- A Gautrain student product based on a 25% discount – the student product was launched 1 March 2021, and extending the student product to scholars in 2022/23 is now being considered;
- A pensioner's product based on single and return trips is being considered for possible testing and implementation in 2022/23;
- A voucher product that will facilitate partnerships with the private sector for rewards, specials, etc. will be developed and implemented in 2022/23;
- Ticket sales kiosks/automated ticket sales in the International hall at OR Tambo International Airport; and
- Project SHIFT, a collaboration between the GMA and the Concessionaire, is a project focused on increasing ridership through initiatives such as expanding the bus and midibus service network, more attractive fare options and ticket offerings, improved station security and signage and a more customer-centric Gautrain website and mobile application.

2.3. THE GMA ENVIRONMENT

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

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

2.4 BUSINESS MODEL AND GMA VALUE CREATION

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



FINANCIAL CAPITAL



MANUFACTURED CAPITAL



INTELLECTUAL CAPITAL



HUMAN CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL



NATURAL CAPITAL

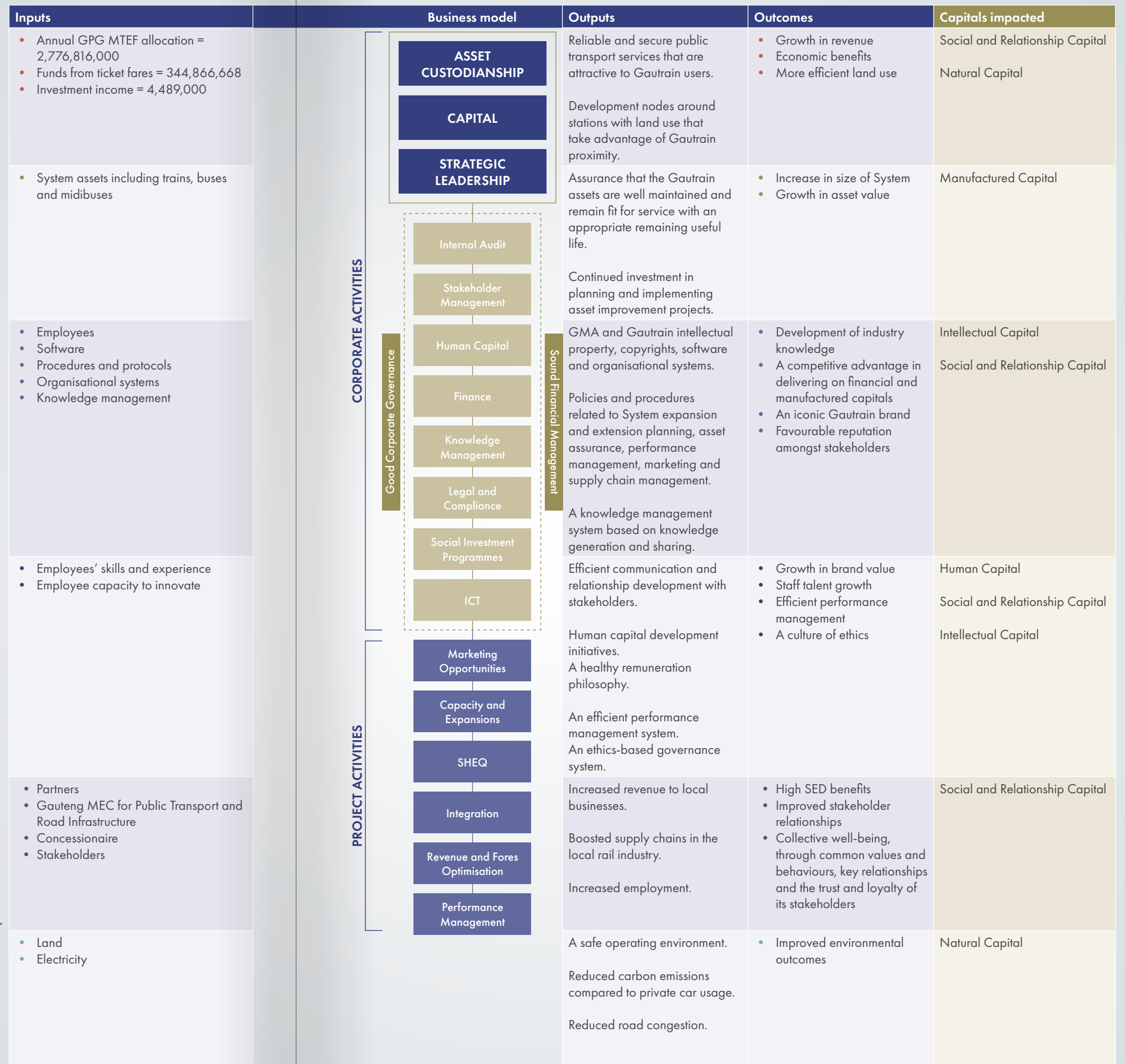


Diagram 2: GMA's Business model and value creation

2.5 MATERIAL ISSUES RELATING TO GMA AND RESOURCE ALLOCATION

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain and rapid rail network, especially insofar as these related to increasing capacity in key areas of passenger demand.

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

There is also the planning of the Post-2026 Project and the disbursement of considerable resources towards the feasibility study thereof continued in the financial year.

2.6 FINANCIAL ARRANGEMENTS OF THE GAUTRAIN

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

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

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

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

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

2.7 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Key policy or legislative changes, with an impact on the GMA, include the Protection of Personal Information Act (“PoPIA”), which came into force in July 2021. A comprehensive gap analysis was conducted to establish the extent to which the GMA is compliant with POPIA and appropriate control measures, which will ensure full compliance with POPIA, were identified and are being implemented.

In addition to the above, the Transport Appeal Tribunal Amendment Bill, the Railway Safety Bill, the National Public Transport Subsidy Policy and the Occupational Health and Safety Amendment Bill, which will most likely significantly impact on the GMA, were published for public comment and the GMA duly commented thereon.

The GMA has, in collaboration with the Gauteng Department of Roads and Transport, reviewed and commented extensively on the Gauteng Transport Infrastructure Bill (“GTI Bill”), which is intended to overhaul and repeal the current Gauteng Transport Infrastructure Act. It is envisaged that, once the GTI Bill is promulgated, the Province will be able to use it to, amongst others, diversify its service offerings by commercialising some of its activities.

The GMA made inputs into the draft National Infrastructure Plan 2050 and the National Rail Policy which are expected to have a material impact on the policy environment within which the Gautrain operates

3. ACHIEVEMENT OF IMPACTS AND OUTCOMES

3.1 STRATEGIC PERFORMANCE OVERVIEW

The Gautrain Management Agency’s (GMA) strategy is aligned to the Gauteng Medium-Term Strategic Framework as well as the Growing Gauteng Together 2030 plan. The Gautrain strategy is also a key component of the smart mobility objectives of the Gauteng Department of Transport and Road Infrastructure as captured in the “Growing Gauteng Together Through Smart Mobility 2030” strategy. To contribute to the smart mobility objective, the GMA is focused on enhancing service excellence through innovation on the existing system, and by leveraging the benefits of the planned Gauteng Rapid Rail Network extensions. The Gautrain is part of the greater vision of the Province which focuses on restructuring urban areas through smart investments in transport and creating an effective and efficient mobility system with the use of appropriate technologies.

The GMA Board completed the first year of its term and provided governance and oversight to the Agency. The GMA also continued to move towards an outcome-based approach in terms of the application of the King IV principles.

The Agency made good progress across several areas in the 2021/22 Financial Year, especially in terms of oversight of the Concessionaire where the GMA ensured high levels of operational efficiency.

The overall system performance in the Financial Year was of an exceptionally high standard, with only a few system failures that resulted in the penalties imposed. The train service operations achieved an average availability of 99,48% and 98,73% punctuality over the review period. The train service operation maintained a high level on aggregated monthly performance. The fare evasion rate applicable during this period remained below the 4% norm. The average fare evasion rate stood at 0,01% in 2021/22, which is in line with the fare evasion rate recorded in 2020/21.

In terms of passenger safety, several measures were put in place to comply with the regulations for the continued operations during and after the implemented lockdown levels. As per the amended National Railway Safety Regulator Act (Act 16 of 2002), several directives were passed by the Department of Transport regarding actions to manage COVID-19-related matters in railway operations. COVID-19 risk assessments, in accordance with the Department of Employment and Labour (DoEL) guidelines and draft National Health Regulations, continued to be reviewed to ensure compliance.

The GMA and the Concessionaire conducted rail reserve inspections to ensure the initiatives provide relevant security measures at various locations.

Since the start of the reporting Financial Year, there has been a significant increase in passenger trips in comparison to the previous financial year. This can be attributed to changes in relaxation of the COVID-19 restrictions in the country.

Table 2: Passenger trips on the airport service, the general passenger service and the buses.

Service Type	Airport Passenger	General Passenger	Total
FY 20/21	204,434	2,448,726	2,653,160
FY 21/22	455,658	3,920,793	4,336,451
% Change	118,00%	60,12%	64,58%

The GMA continued to engage with the Concessionaire to implement Operation Shift - a strategy to attract passengers to use the Gautrain services and increase ridership. This is done to reverse the growth trajectory of the Gautrain passenger demand. Numerous communication and marketing initiatives were implemented to target potential and current users of the Gautrain in an endeavour to attract passengers onto the system.

The planning of network extensions continued with the route alignment for Phase 1 of the extensions. The Route Alignment Study for Phase 1 was completed, and the preliminary route alignment report was submitted to the office of the MEC. Engagements with the National Treasury and National Department of Transport on the approval of the feasibility study were pursued.

The GMA has continued with preparations for the Post 2026 Gautrain period, once the current concession ends in March 2026; to ensure that the Gautrain operations remain uninterrupted post the current Concession Agreement. The preparatory work involves the development of a detailed feasibility study which is in accordance with Treasury Regulation 16.

There has been an increase in the number of routes based on passenger demand for transport and to promote growth on existing MFDS routes. The performance of MFDS routes exceeded projected demand and management expectations and the GMA continues to ensure

that there is enough capacity to carry passengers and that the minibus taxi industry provides required standard of service. This community partnership with the taxi industry has been streamlined to enable the rollout of additional routes and facilitate integration with other public transport services.

SED targets were met and exceeded as the Gautrain continued to contribute positively to the Gauteng economy. SED deliverables directly demonstrate the benefits of the Gautrain in terms of shareholding by black persons and black women, procurement, sub-contracting and employment equity elements. From a GMA expenditure perspective, the target for expenditure through Emerging Micro Enterprises (EMEs) and Broad-Based Black Economic Entities (BBBEEs) were met and exceeded.

The GMA continued to embed an Enterprise-Wide Risk Management System within the Agency. This has marked a continuous improvement in the maturity of the risk management system, with a clear allocation of responsibilities across the GMA Board and Committees, Management and employees. Policies and frameworks were developed and implemented, including the continued roll-out of the Enterprise-Wide Risk Management System; the development of an Operational Tolerance Dashboard and monitoring and reporting thereof and the improvement in the risk maturity of the Agency from 86% to 88%.

Information and Communications Technology (ICT) strategic initiatives planned for the 2021/22 Financial Year were completed. The 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.

Knowledge Management (KM) activities linked to the strategic outcomes of the Agency continued to be on track.

3.2 IMPACT OVERVIEW

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

Based on the total of 29 Output Indicators, 93% of GMA Outputs were achieved in the Financial Year.

3.3 AREAS OF RECOGNITION AND CERTIFICATION

The GMA and Gautrain are consistently recognised and benchmarked by industry authorities. During the year under review the following achievements were recognised by various local and international industry authorities.



BEST ETHICS INITIATIVE AWARDS

BENCHMARKING AUTHORITY
The Ethics Institute

Best Ethics Initiative Awards – which strives to improve ethical behaviours

ACHIEVEMENTS

Best Ethics Initiative Award Winner 2021



INTEGRATED REPORTING AWARDS

BENCHMARKING AUTHORITY
Chartered Governance Institute of Southern Africa in partnership with JSE Limited.

Integrated Reporting Awards – which thrives to improve standards of reporting.

ACHIEVEMENTS

Merit award in the Public Sector category 2021



TOP EMPLOYER CERTIFICATION

CERTIFICATION AUTHORITY
Top Employers Institute

Top Employers Institute is the global authority on recognising excellence in people practices and on advancing employee conditions within the entire organisation.

CERTIFIED

Top employer 2021-22



4. PERFORMANCE INFORMATION

4.1 OUTCOMES, OUTPUT, OUTPUT INDICATORS, TARGET AND ACTUAL ACHIEVEMENTS

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR												
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/2019			Audited Actual Performance 2019/2020	Audited Actual Performance 2020/21	Planned Annual Target 2021/2022	Audited Actual Performance 2021/2022	Deviations from planned target to Actual Achievement 2021/22	Reasons for deviations
Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters												
Increase the Ridership of the Gautrain System so as to minimise the Patronage Guarantee	1	Average number of quarterly rail passengers (annualised)	15,023,282	13,966,482			13,929,916	2,653 160	4,471,200	4,366,451	(104,749)	Not Achieved - shortfall of 2.3% as the system is still recovering from the COVID-19 pandemic
	2	Number of activities undertaken in accordance with the Marketing Plan	16	16			16	20	20	20	0	Achieved
	3	Average number of quarterly bus passengers (annualised)	4,803,061	3,982,971			4,255,503	861,706	1,367,370	1,332,671	(34,699)	Not Achieved - shortfall of 2.5% as the system is still recovering from the COVID-19 pandemic
	4	Identify and implement possible capacity system improvements and interventions on the existing Gautrain network	6	4			4	4	4	4	0	Achieved
Ensure the efficient provision of capacity by the Concessionaire to match demand on the system	5	Number of monitoring events by the GMA of the Concessionaire on all capacity increase obligations set by the CA or by Variation Notice	6	6			6	6	6	6	0	Achieved
Outcome 2: To assure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors												
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	Number of reviews of Penalty Verifications performed	11	11			11	11	11	11	0	Achieved
Ensure that the management of the relationship with the Concessionaire optimises performance delivery	7	Monthly review of Revenue and Patronage Reports for compliance with CA	11	11			11	11	11	11	0	Achieved
	8	Number of Customer Satisfaction Surveys reviewed	2	2			2	2	2	2	0	Achieved
	9	Resolution of Disputes in line with the provisions of the Concession Agreement	4	4			4	4	4	4	0	Achieved
To monitor, evaluate & assess the relevant legislative compliance of the Concessionaire and the GMA for purposes of achieving appropriate compliance with the applicable prescripts	10	Number of reviews on compliance conducted on Safety, Health or Environmental Performance and Legislative compliance dependent on risk areas	1	1			1	1	1	1	0	Achieved
Outcome 3: To ensure sound financial management of all GMA revenue sources and safeguard the assets of the Project. To ensure that the concessionaire meets its obligations regarding the maintenance of the system to the benefit of the project and the Gauteng Province												
To ensure the improved quality of overall financial management via efficient implementation of approved financial policies	11	Nature of audit opinion for 2022/23 FY	Unqualified audit report	Unqualified audit report			Unqualified Audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report	0	Achieved
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets	12	Quarterly Report detailing the management of the GMA Assets in compliance with GMA Asset Management policies and procedures	4	4			4	4	4	4	0	Achieved
To assure that the Concessionaire meets its obligations regarding the maintenance of the assets	13	Monthly oversight of Concessionaire asset maintenance regime	12	12			12	12	12	12	0	Achieved
	14	Number of station and system assets condition inspection reports	4 System and 40 Stations Condition and Cleanliness inspections	4 System and 40 Stations Condition and Cleanliness inspections			4 System and 40 Stations Condition/ Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	4 System and 40 Stations Condition/ Cleanliness inspections	0	Achieved

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR												
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/2019			Audited Actual Performance 2019/2020	Audited Actual Performance 2020/21	Planned Annual Target 2021/2022	Audited Actual Performance 2021/2022	Deviations from planned target to Actual Achievement 2021/22	Reasons for deviations
Outcome 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance												
Evaluate the effectiveness of corporate governance in the GMA to achieve good governance	15	Evaluation of the effectiveness of the Board and Board Committees	No Approved Evaluation Report of the Board and Board Committees by the Board	0			50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees.	100% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees.	Performance Evaluation Report of the Board and Board Committees.	Performance Evaluation Report of the Board and Board Committees.	0	Achieved
Evaluate the effectiveness of corporate governance in the GMA to achieve good governance	16	Delegation of Authority reviewed and approved by Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board			Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	Approval of the Revised DoA by the Board	0	Achieved
To create an environment that attracts and retains talent through a progressive Employee Value Proposition (EVP) that positions the GMA to be a preferred employer of choice	17	Not more than 10% vacancy rate	96.7% of the approved 2017/18 Recruitment Plan and organisational structure has been implemented	94% of approved and budgeted vacant posts filled			90% of approved and budgeted vacant posts filled	89% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	91,3% of approved and budgeted vacant posts filled	1.3% of approved and budgeted vacant posts filled	Achieved - 1.3% over the target. There was an additional position filled that was not expected to be filled in the current financial year viz Specialist: Cost Control position
Provide assurance on compliance with internal controls in all divisions divisions to achieve good governance	18	Quarterly Key Control Dashboard which highlights the state of control in the area of Leadership, Financial and Performance Management and Governance in compliance with PFMA	4	4			4	4	4	4	0	Achieved
	19	Quarterly Consolidated Internal Reports issued to the ARC highlighting the progress against the approved Internal Audit Plan	4	4			4	4	4	4	0	Achieved
Provide a secure and reliable information technology environment that facilitates knowledge sharing	20	ICT project dashboard indicating percentage of projects deployed as per ICT strategy	4	4			4	4	80% of ICT initiatives implemented	81% of ICT initiatives implemented	1% of ICT initiatives implemented	Achieved - over the target by 1%. As more & better tools were identified by the team, it has enabled the team to work smarter and quicker. The additional recruited resources have assisted the team in shortening timelines.
Provide for the effective identification and mitigation of risks across all functions to assist in achieving the outputs (strategic objectives) of the organisation	21	Quarterly Reporting on Development and Implementation of Risk Management Process for Strategic and Emerging Risks	4	4			4	4	4	4	0	Achieved
Provide assurance on compliance with applicable legislation within the GMA in order to obviate non-compliance	22	Quarterly Compliance Status Dashboard, highlighting the extent of compliance, with applicable legislation.	Not applicable	Not applicable			Not applicable	Not applicable	4	4	0	Achieved
Outcome 5: To promote a robust, co-operative and productive environment with all relevant structures of government and stakeholders												
Develop and implement a reputation management strategy with stakeholders to increase Gautrain and GMA brand values	23	Number of activities undertaken in accordance with Communication Plan	5	16			24	44	16	16	0	Achieved
Outcome 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of BEEs and SMMEs in the Province												
To monitor and verify the Concessionaire's socio-economic development obligations to ensure compliance with the Concession Agreement as well as to maximise economic impact in the Gauteng Province	24	Number of ISEM reports with verified performance on obligations and variations	12	10			12	12	12	12	0	Achieved
To oversee the GMA's Social Investment Programmes that transform people, spaces and the economy through sustainable partnerships	25	Quarterly Progress reports on SIP activities	4	4			4	4	4	4	0	Achieved

GAUTRAIN MANAGEMENT AGENCY ANNUAL PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR												
Outputs	No.	Output Indicators	Audited Actual Performance 2017/18	Audited Actual Performance 2018/2019			Audited Actual Performance 2019/2020	Audited Actual Performance 2020/21	Planned Annual Target 2021/2022	Audited Actual Performance 2021/2022	Deviations from planned target to Actual Achievement 2021/22	Reasons for deviations
Outcome 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies												
Support integration related engagements, particularly with the Province and the three metropolitan municipalities to enhance transport integration within the Province	26	GMA Involvement through meetings and projects	4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development			4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	4 Quarterly Reports on progress regarding joint development	0	Achieved
Provide effective facilitation of integration of Gautrain trains and buses with other modes of transport at Gautrain stations to enhance transport integration within the Province	27	Number of initiatives implemented by GMA that support integration of modes	3	5			3	3	3	3	0	Achieved
Fulfil a planning function with regard to the Gauteng Rapid Rail extensions to enable the implementation of the GRRIN Extensions Project	28	Conduct Route Determination for the proposed Gauteng Rapid Rail Extensions	New indicator	4			4	4	4	4	0	Achieved
Outcome 8: To ensure sound project and financial planning to the optimal benefit of the GMA and Gauteng Province												
Implement a partnership plan that involves stakeholders to contribute towards the GMA's sustainability	29	Interaction with partners: New partnerships or the renewal of existing partnerships.	Identification of and interaction with five partners or renewal of MOU with existing partners	Identification of and interaction with at least thirteen partners or renewal of MOU with existing partners			Identification of and interaction with at least eighteen partners or renewal of MOU with existing partners	16 signed MOUs	16 signed MOUs	16 signed MOUs	0	Achieved



4.2 GMA'S RESPONSE TO PRIORITISING WOMEN, YOUTH AND PERSONS WITH DISABILITIES

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

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

SED PERFORMANCE			JANUARY 2021 to DECEMBER 2021		
SED ELEMENT				Verified	%
No.	Description	UNIT	Obligation	Achievement	Achievement
Black Equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%	88,56%	100%
	Shares held by BEs/ Black Persons in BOC	%	25,10%	25,10%	100%
SED02	Shares held by Black Women in BCC	%	3,75%	24,79%	119%
	Shares held by Black Women in BOC	%	3,75%	9,92%	119%
Participation in management					
EEP02	Women in Management Positions	Jobs	15	25	166%
Direct employment					
EEP04	Women employed	Jobs	341	480	141%
EEP05	People with Disabilities employed	Jobs	20	21	105%

4.3 STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

There was no under-performance.

4.4 REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic brought many legislative changes to operations during the reporting period. Several measures were put in place to comply with the regulations for the continued operations during and after lockdown levels. As per the National Railway Safety Regulator Act (Act 16 of 2002), as amended, several directives were passed by the Department of Transport regarding required actions to manage COVID-19-related matters in railway operations. Several interventions were still being administered for the operational period of the system to ensure compliance with these directives, including:

- Refilling of sanitising points at all stations;
- Staff training and awareness regarding measures to prevent spread of the coronavirus;
- Mask wearing was compulsory for all passengers;
- Continued decontamination and deep cleaning of stations and the fleet at terminal stations;
- Resumption of substance abuse testing and notification of RSR regarding this action implemented in line with Health and Safety Regulations; and
- Reporting of COVID-19 confirmed cases involving staff and subcontractors.

Risk assessment continued to ensure limited exposure to employees and passengers. A strategic risk analysis on the business activities was also conducted to determine the impact of COVID-19 on the following areas:

- Quarantine/isolation of critical staff necessary to ensure continued service provision;
- Financial impact arising from implementation of COVID-19 risk controls;
- COVID-19 impact of staff availability due to required protection of vulnerable employees;
- Development of COVID-19 Management Policy, which included a mandatory vaccination policy by the Operator; and
- Development of a consolidated list of all applicable COVID-19 Regulations and Directions and assessment of their impact on Gautrain operations and maintenance activities.

The actions implemented to manage these risks at all the System entities included a review of Workplace Readiness Plans to ensure alignment with current regulations, including the draft National Health Regulations.

To manage the COVID-19 crisis, the GMA identified three key areas of the business to lead the planning and implementation of the crisis management plan. These areas are legislative and regulatory conditions, communication and awareness, and health and safety for staff members. Through the Business Continuity Planning team (BCP), the GMA continued to find innovative ways and solutions to put in place and communicate effectively after directives issued by Government.

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

- The continued application of the GMA BCP;
- The COVID-19 risk registers were updated based on the changes to regulations;
- Meetings and communications by the GMA COVID-19 Task Team;
- Use of office visit application system (GMA Visitors Management System (VMS) questionnaires) before coming to the office;
- Thermal body screening on entry and exit to the building;
- Wearing of face cloth masks when in common areas;
- Placement of hand sanitizing stations at strategic points;
- Encouraging all employees to consider getting vaccinated;
- Contact tracing for identified positive COVID-19 case;
- The GMA hybrid model in terms of the attendance at the office;
- Lift occupancy limited to two (2); and
- Availability of a Discovery Health and Healthy Company for contact by employees for relevant information on health and wellness support during the pandemic.

Communication plan to staff

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

- **Connection:** Using virtual connection to maintain the closeness and team cohesion that employees are used to in their working space;
- **Emotional support:** Bio-psychosocial support for employees during lockdown and while working from home;
- **Structure:** Creating a routine conducive for employees during the lockdown and gradual lock-lift;
- **Full leadership presence:** support and presence of leadership during the lockdown; and
- **Team cohesion:** Participation of employees through virtual meetings and workshops to maintain closeness and team cohesion were used. The return to office plan at the beginning of the year 2022 was also introduced.

Most of the employees of the GMA, the Concessionaire and the Operator are fully vaccinated. All three (3) entities continue to monitor COVID-19 vaccination rate.

The GMA reported one (1) fatality amongst its employees due of the COVID-19 pandemic, while the Concessionaire reported zero (0) fatalities. The project SHEQ teams focused efforts on significantly improving SHEQ performance by increasing measures to support both passenger and corporate health and safety.

Monitoring and assurance of the Concessionaire's compliance with applicable legislations and the CA is a key performance area.

4.5 LINKING PERFORMANCE TO BUDGET

The GMA has achieved 93% of the outcome indicators in the 2021/22 Financial Year. Two outcome indicators have not been achieved largely due to the impact of the COVID-19 pandemic.

This achievement has been made with a 95.25% actual expenditure versus the budget for the 2021/22 Financial Year. It is evident from the achievements above that the budget was spent to achieve the GMA planned outcome indicators despite the challenges that have been brought about by the COVID-19 pandemic.

Table 4: Budget versus actual expenditure by programme

Programme/ activity/objective	2021/22			2020/21		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Project Expenditure	2,486,576	2,389,479	97,096	2,357,005	2,271,554	85,451
GMA Expenditure	290,240	255,561	34,679	323,753	304,610	19,143
Total	2,776,816	2,645,040	131,775	2,680,758	2,576,164	104,594

The Remuneration of the Board for the 2021/22 Financial Year is disclosed in the Annual Financial Statements under note 16.

5. PERFORMANCE: GMA ACTIVITIES

5.1 SOCIO-ECONOMIC DEVELOPMENT

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

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

5.1.1 SED performance for the year 2020

The ISEM has completed its verification for the period January 2021 to December 2021 and Table 5 below summarises the achievements.

Table 5: Summary of the SED achievements for January to December 2021

SED PERFORMANCE			JANUARY 2021 to DECEMBER 2021		
SED ELEMENT				Verified	%
No.	Description	UNIT	Obligation	Achievement	Achievement
Black Equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%	88,56%	100%
	Shares held by BEs/ Black Persons in BOC	%	25,10%	25,10%	100%
SED02	Shares held by Black Women in BCC	%	3,75%	24,79%	119%
	Shares held by Black Women in BOC	%	3,75%	9,92%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	34,459	127,858	371%
SED04	Sub-contracting to BE	R'000	298,511	863,728	289%
SED05	Procurement and sub-contracting to New BE	R'000	297,434	831,605	280%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	48,479	79,430	164%
Local content					
SED08	Employment of Local People	Jobs	1,323	1,564	118%
SED09	Procurement of South African Materials	R'000	154,855	998,514,130	645%
SED10	Procurement of South African Plant & Equipment	R'000	0	0,000	100%
Participation by SPG					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%

SED PERFORMANCE			JANUARY 2021 to DECEMBER 2021		
SED ELEMENT				Verified	%
No.	Description	UNIT	Obligation	Achievement	Achievement
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEP01	HDI in Management Positions	Jobs	29	46	157%
EEP02	Women in Management Positions	Jobs	15	25	166%
EEP07	HDI in Occupational Level C	Jobs	51	196	385%
Direct employment					
EEP03	HDI employed	Jobs	956	1 481	155%
EEP04	Women employed	Jobs	341	480	141%
EEP05	People with Disabilities employed	Jobs	20	21	105%
Training					
EEP06	Expenditure on Human Resource Development	R'000	4 968	7 251	146%
EEP08a	Women participating in the Learnership & Mentorship Programme	Jobs	0	0	100%
EEP08b	Employment & Mentorship of Women Learners	Jobs	0	0	100%

It is evident from Table 5 above that the Concessionaire has achieved or exceeded its obligations in all the SED elements.

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

5.1.2 SED performance since the commencement of the Operating Period until the end of the year 2021

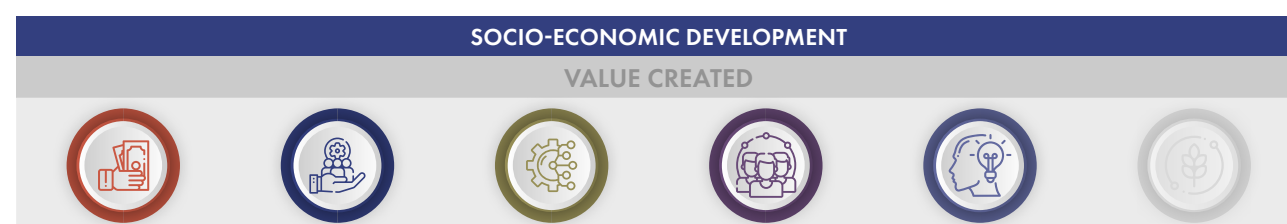
Based on ISEM verification concluded to date, the Concessionaire has cumulatively achieved all its obligations since the commencement of the Operating Period until the end of 2021. Table 6 below summarises the achievements.

Table 6: Achievements from Operating Period until end of 2021

SED PERFORMANCE			Operating Period up to DECEMBER 2021		
SED ELEMENT				Verified	%
No.	Description	UNIT	Obligation	Achievement	Achievement
Black Equity participation					
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%	47,91%	100%
	Shares held by BEs/ Black Persons in BOC	%	25,10%	30,24%	100%
SED02	Shares held by Black Women in BCC	%	3,75%	12,90%	119%
	Shares held by Black Women in BOC	%	3,75%	7,07%	119%
Procurement and sub-contracting					
SED03	Procurement from BEs/ Black Persons	R'000	539,528,202	1,137,313,844	211%
SED04	Sub-contracting to BE	R'000	1,803,079,254	4,667,601,760	259%
SED05	Procurement and sub-contracting to New BE	R'000	1,874,107,745	4,275,341,329	228%
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	359,635,751	576,847,607	160%
Local content					
SED08	Employment of Local People	Jobs	12,550,583	15,948,561	127%
SED09	Procurement of South African Materials	R'000	859,168,246	5,088,018,223	592%

SED PERFORMANCE		Operating Period up to DECEMBER 2021			
SED ELEMENT		UNIT	Obligation	Verified	%
No.	Description			Achievement	Achievement
SED10	Procurement of South African Plant & Equipment	R'000	299,468,470	327,229,618	109%
Participation by SPG					
SED11	HDI staff seconded by SPG	Jobs	0	0	100%
SED12	Expenditure by SPG on Plant & Equipment	R'000	0	0	100%
SED13	Procurement from, or Sub-contracting to SPG	R'000	0	0	100%
Participation in management					
EEP01	HDI in Management Positions	Jobs	267	546	205%
EEP02	Women in Management Positions	Jobs	126	303	241%
EEP07	HDI in Occupational Level C	Jobs	460	2 597	564%
Direct employment					
EEP03	HDI employed	Jobs	8,979	14,890	166%
EEP04	Women employed	Jobs	3,240	4,543	140%
EEP05	People with Disabilities employed	Jobs	190	216	114%
Training					
EEP06	Expenditure on Human Resource Development	R'000	37,122	50,371	136%
EEP08a	Women participating in the Learnership & Mentorship Programme	Jobs	0	0	100%
EEP08b	Employment & Mentorship of Women Learners	Jobs	0	0	100%

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



5.1.3 Future focus

Schedule 22 of the CA contains the monthly SED obligations. Table 7 below summarises these obligations for the 2021/22 Financial Year.



Table 7: Obligations for the 2022/23 Financial Year

SED PERFORMANCE			Obligations for 2022/23
SED ELEMENT			
No.	Description	UNIT	
Black Equity participation			
SED01	Shares held by BEs/ Black Persons in BCC	%	25,00%
	Shares held by BEs/ Black Persons in BOC	%	25,10%
SED02	Shares held by Black Women in BCC	%	3,75%
	Shares held by Black Women in BOC	%	3,75%
Procurement and sub-contracting			
SED03	Procurement from BEs/ Black Persons	R'000	20,957
SED04	Sub-contracting to BE	R'000	232,713
SED05	Procurement and sub-contracting to New BE	R'000	237,675
SED06	Procurement and sub-contracting expenditure to SMMEs	R'000	37,838
Local content			
SED08	Employment of Local People	Jobs	1,323
SED09	Procurement of South African Materials	R'000	111,033
SED10	Procurement of South African Plant & Equipment	R'000	0
Participation by SPG			
SED11	HDI staff seconded by SPG	Jobs	0
SED12	Expenditure by SPG on Plant & Equipment	R'000	0
SED13	Procurement from, or Sub-contracting to SPG	R'000	0
Participation in management			
EEP01	HDIs in Management Positions	Jobs	29
EEP02	Women in Management Positions	Jobs	15
EEP07	HDIs in Occupational Level C	Jobs	51
Direct employment			
EEP03	HDIs employed	Jobs	956
EEP04	Women employed	Jobs	341
EEP05	People with Disabilities employed	Jobs	20
Training			
EEP06	Expenditure on Human Resource Development	R'000	3,880
EEP08a	Women participating in the Learnership & Mentorship Programme	Jobs	0
EEP08b	Employment & Mentorship of Women Learners	Jobs	0

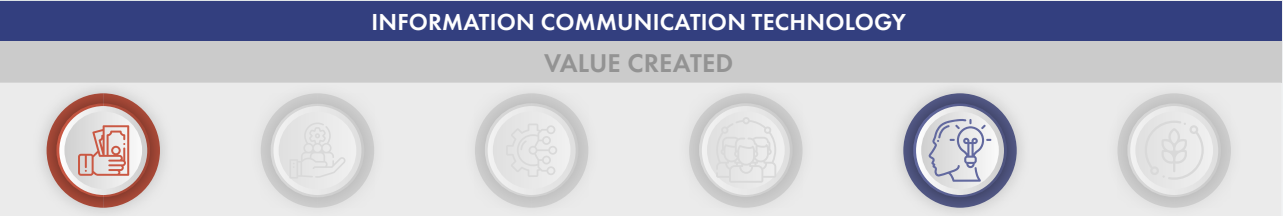
5.2 INFORMATION TECHNOLOGY COMMUNICATION GOVERNANCE

Information and communications technology (ICT) continues to play a critical and strategic role in supporting the vision and strategic outcomes of the GMA in line with the technology landscape that is changing the way business engages with its customers due to digital transformation. The Unit also provides strategic insight and support to the GMA by deploying systems to increase its efficiency and effectiveness.

5.2.1 Performance during period under review

- Continued maintenance and enhancement of current IT systems ensured a reliable and secure IT environment;
- Well implemented IT governance processes and procedures ensured compliance with IT governance prescripts, resulting in minimal audit findings being raised on the IT environment;
- Within this Financial Year, IT embarked on a major drive to digitise and automate various business processes. This was done using the Microsoft 365 Platform and has enabled the IT unit to maximise the investment made on this platform. Internal resources were utilised to develop and/or implement various cloud-based applications;
- Various performance dashboards for reviewing and analysing management information have been developed;
- The adoption of cloud technologies has proven to be valuable, as it unlocks value through providing a cost effective platform for testing, developing and deploying business applications. In the year under review, the GMA corporate website was migrated to the Azure platform and resulted in a more secure website, and a 90% reduction in hosting costs;

- A comprehensive security programme was implemented during the Financial Year that focused primarily on securing and monitoring user identities, data, user devices and cloud platforms; and
- The GMA lead a project to develop and implement a comprehensive programme management system and dashboard for GDRT.



5.2.2 Future focus

The focus for the 2022/23 Financial Year will be:

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

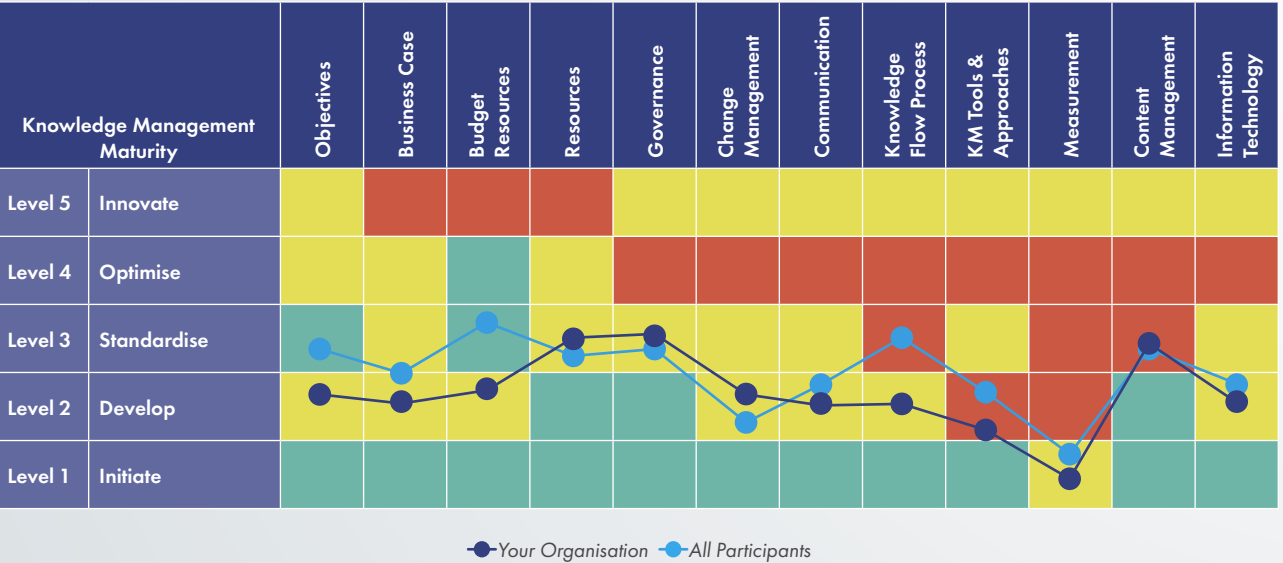
5.2 KNOWLEDGE MANAGEMENT

The GMA Knowledge Management strategy, underpinned by three pillars (centre of excellence, thought leadership, and technical advisory) is intent on treating knowledge as one of the organisational capitals that create value for the Agency. The pillars are the GMA’s foundational signposts in the knowledge management maturity journey. To this end, the GMA has achieved remarkable growth in KM maturity since the introduction of the function in 2015. According to the internationally recognised industry benchmark, the American Productivity and Quality Centre (APQC), the GMA is now ranked at Level 2. This is following the KM maturity assessment done by APQC in the last quarter of the financial year. This is a remarkable improvement from the previous assessment score of 1.9 in 2020 to 2.4 in 2022.

This form of assessment will aid the organisation in understanding its knowledge gaps to prepare for major projects such as Post 2026, Route Alignment and others. The image below highlights key performance indicators relating to KM capability in the 12 categories for the GMA compared to other organisations.

Results Summary

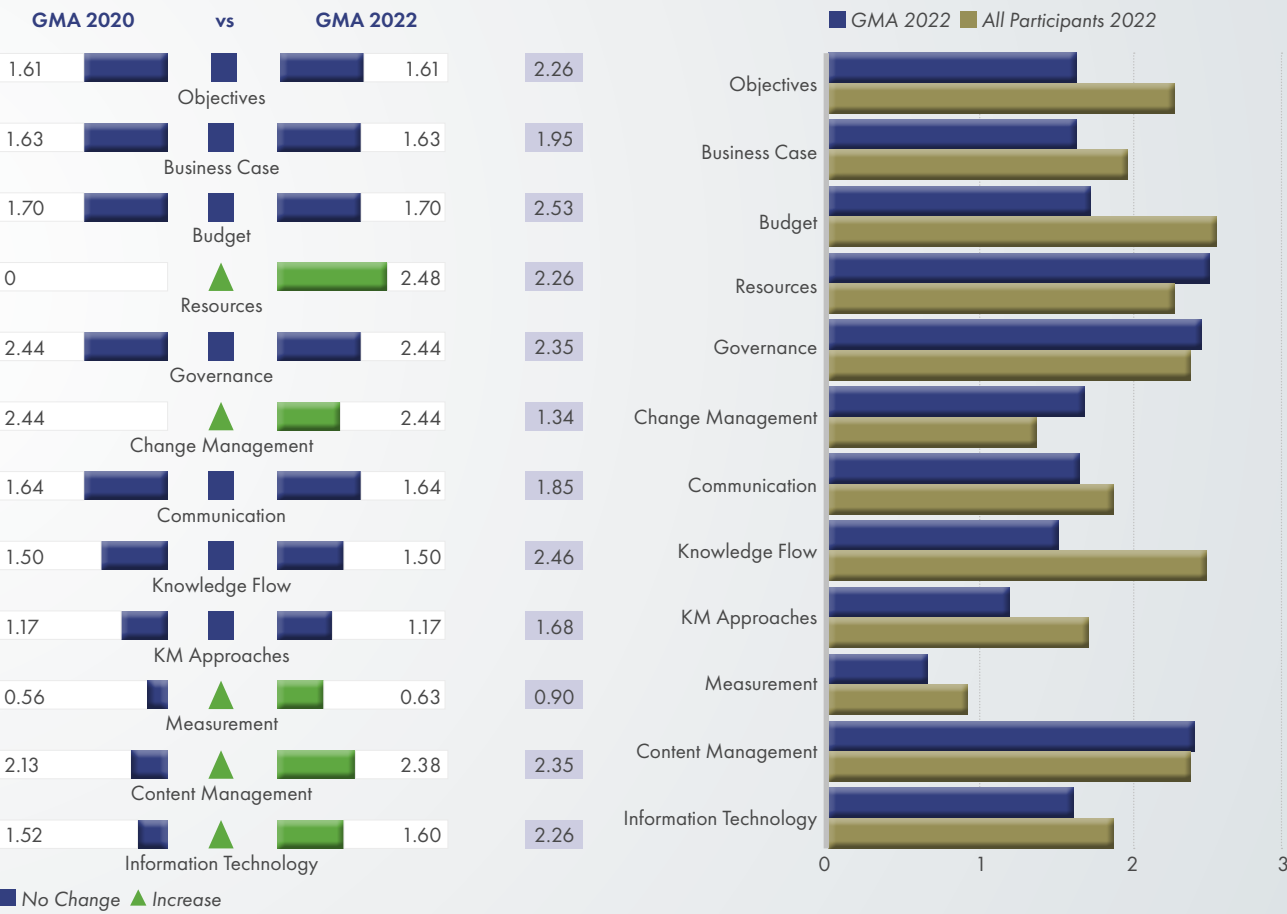
This results summary provides a quick view of your maturity levels and progress toward higher levels for each of the assessment domains. It also overlays the results of all participants for comparison.



Graph 1: Result summary



Graph 2: GMA Results: Knowledge Management Maturity Scale



Graph 3: Maturity Assessment Report 2021 vs 2022

5.3.1 Performance during period under review

The KM strategy, which seeks to treat knowledge as one of the business capitals to create value for the organisation, improve business efficiency, and harness innovation capability, has at its core the desire to develop the GMA into a learning organisation. The focus for this financial year (2021 /22FY) was the implementation of the new initiatives to support the strategy as outlined in the report.

In an endeavour to further build on the learning culture objectives the KM Unit has established an online book club for GMA staff. The GMA e-Lounge book club is aimed at creating a space for colleagues to engage and collaborate in a relaxed manner outside of the usual mainstream work topics.

The KM Unit has established partnerships with book publishers such as Pan Macmillan and Tracey McDonald. These are aimed at supporting the newly established GMA staff book club, the e-Lounge.

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

GMA Knowledge Centre of Excellence

- A study on security trends analysis within the Gautrain station precincts has commenced. This study is led by the Institute of Security Studies (ISS) in partnership with the GCRO. Investment in knowledge capital is ongoing as we continue to add on the repository of case studies, technical papers, and factsheets.
- Increased access and usage of knowledge content and products such as podcasts by publishing internally and externally on social media platforms such as LinkedIn, Apple and Google Podcasts and Spotify.
- Three Digi-Savvy sessions and five knowledge share sessions in the form of webinar were successfully conducted.
- A knowledge share session based on a research study done by the GCRO, Movement of Mothers in the City was delivered in this financial year. The intent was for the knowledge to be incorporated in the transport planning, customer segmentation and tailored product development projects underway.

Thought Leadership

- The Fourth Public Transport Seminar was centred on innovation and problem solving as anchoring themes.

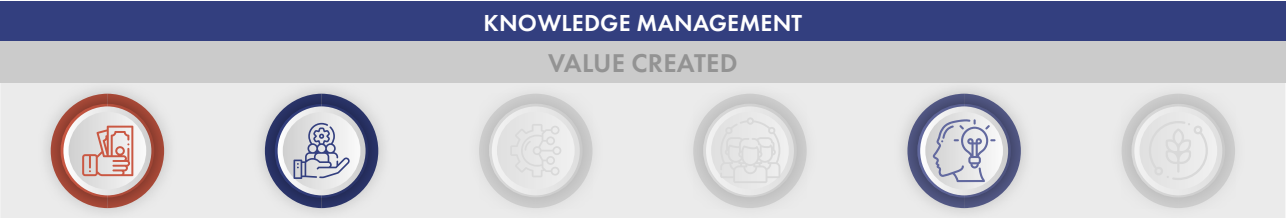
Technical Advisory Project Knowledge

- Application of knowledge initiatives have commenced on the Post-2026 Project, with records management and document control support.
- Collaboration with the PMO unit for the conscious application of knowledge in projects and business processes, is ongoing.

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



GMA E-LOUNGE REPORT 2021/22 FY



5.3.2 Future focus

The GMA is gearing up for the Post-2026 and GRRIN implementation. These projects require intensive strategic use of corporate memory and knowledge application given the vast amount of investment. The Holistic Records Management Programme, PPP Strategic Support (Document Control) are all critical in these projects; thus the focus going forward.

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

5.4.1 Performance during period under review

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

5.4.1.1 Marketing

Gautrain launched a discounted student product from 1 March 2021. The product affords students a 25% discount between two stations. The promotion was titled 'Ride with the G'. Since the launch of the student product, a total of 6 735 students registered for the promotion. Total products sold during the period under review, add up to 2 350 ten-trip and 26 forty-four trip products, a total value of R1 354 920. Sales fluctuated in accordance with the COVID-19 waves in Gauteng and regulations in relation to on-site education by institutes.

To increase awareness of the Gautrain airport line, several activations took place at O.R. Tambo International airport (ORTIA). The GMA procured an activation space in the public area at Domestic Arrivals, where promoters interacted with passengers on arrival in Gauteng. At the beginning of 2022, the Gautrain Kiosk at the Internal arrival terminal re-opened, selling pre-loaded Gautrain cards to tourists entering South Africa.

An interactive advertisement was placed on a billboard at the Cape Town International Airport departures area, and it remained live until end June 2021. In addition, an advertisement was placed on a three-story lift shaft at ORTIA's Domestic Arrivals for six months.

Various advertising initiatives were implemented, this includes the 'Your Journey Starts Here' campaign which was launched in the previous year, to promote the Gautrain services.

During the financial year under review, a 35 and 60-second television advertisement and an additional 30-second radio advertisement were produced in four different languages: English, Afrikaans, Sesotho and isiZulu. The advertisements will be used on different TV channels, on radio, at events and presentations and across social media.

Several activations to promote the usage of the Gautrain services and increase ridership were implemented. These included:

- The In Your Pocket City Guides @JacarandaInYourPocket competition.
- A Rider Rewards Campaign was initiated. This campaign rewarded customers for buying monthly products, with the aim of retaining passengers and influencing their buying behaviour to purchase long-term products instead of the pay-as-you-go option.
- Tuesday 01 March 2022 was International Day of Free Public Transport. To celebrate this, Gautrain hosted a Free to Move open day on Saturday 26 February 2022 making it a family day for all to enjoy. Families that registered online were able to experience travelling with the Gautrain for free. 38,726 people attended the event.

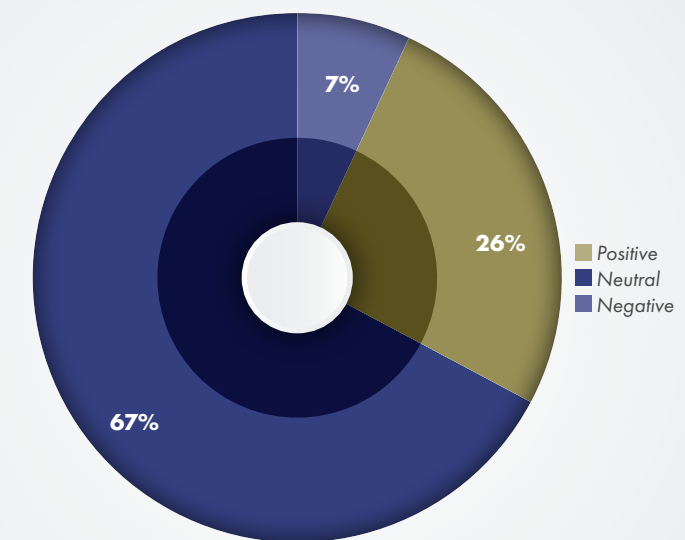
The GMA also took part at several exhibitions and conference to promote the Gautrain and explain the various service offerings. Speaking opportunities were utilised at the events to discuss the Gautrain, public transport, the impact COVID-19 has had and future plans. Some of the events included: The Rosebank Transport Indaba, Women in Transport, SA Tourism and Meetings Africa 2022.

5.4.1.2 Media Management

A total of 2,960 media reports for print, broadcast and online were received in relation to the Gautrain during the financial year under review. The contribution (in communication value) to the reputation of the project amounts to an estimate of R232 million.

Of the 2,960 media reports, the sentiment of the articles was recorded as 67% neutral, 26% positive and 7% negative. Articles on socio-economic development, the Gautrain brand, the Gautrain's endeavours of encouraging people to get vaccinated, spatial development and property development, proposed Gauteng Rapid Rail Integrated Network extensions all contributed to the positive articles. Issues around public transport, urban development, spatial development and general mentions of the Gautrain contributed to the neutral articles. Mentions of meter taxi violence at Gautrain stations, service delays, bus strikes, Gautrain finances and the Hatfield Station water cuts contributed to most of the negative articles.

The following graph shows an overview of the Gautrain's media sentiment for the financial year under review.



Graph 4: Overview of Gautrain's media sentiment for 1 April 2021 to 31 March 2022

Solicited and unsolicited media interviews were conducted by the GMA leadership for print, broadcast and online media to continue informing the public about the Gautrain's current and future plans, financial modelling and socio-economic benefits.

Advertorials were sent to various media, including Forbes Africa magazine, Financial Mail Essentials, and TimesLive.

The GMA used Video News Services (VNS) to position the Gautrain brand through Online Content Channel Solutions. In the online news and features space the content was distributed by VideoNewsServices 247 via its Features Africa platform to all registered online news entities on the African continent, Europe, Asia and America, including Australia and New Zealand.

5.4.1.3 Brand Management

The Gautrain was enhanced through various activities and reinforcements of the Gautrain's brand communities within different lifestyle segments. These include online conferences and presentations, celebratory events, October Transport Month, competitions and station advertising.

The GMA continues to host site visits for various stakeholders in the form of presentations to schools along the Gautrain route, the public and private sector as well as NGOs.

Monitoring took place continuously to ensure the brand is not being used without consideration of the GMA. No incidents were reported in the year under review.

The Gautrain was voted first place in the Rapport Readers' Choice Awards 2021, taking gold in the category of Best Public Transport Provider.

As part of profiling, the GMA entered the Loeries Awards under the Shared Value category for the partnership and work done with the taxi associations for the Gautrain midibus service. The GMA was among the two best companies considered leaders in living the shared value principles.

The GMA Integrated Annual Report 2020/21 was entered into the Chartered Governance Institute of Southern Africa's Integrated Reporting Awards for 2021 and received a merit award in the public sector category.

5.4.1.4 Digital Communication and Marketing

The GMA maintained a strong Digital Marketing Strategy that focused on increasing the Gautrain's social media presence, following and

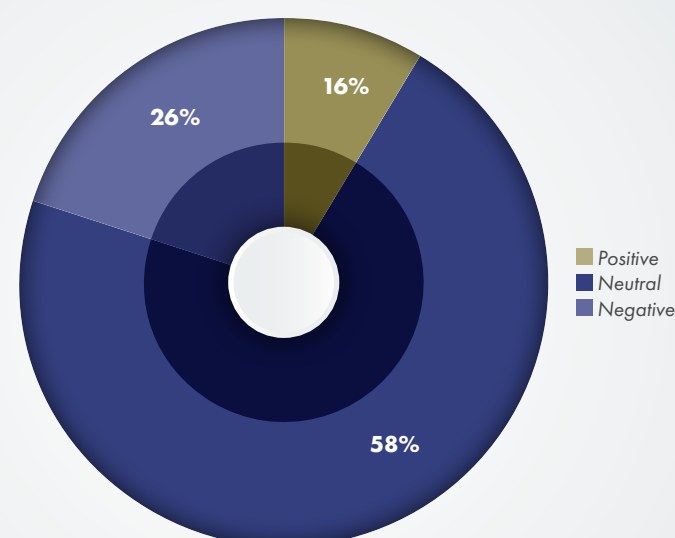
engagement. New innovative ways of marketing were implemented to target new audiences and entice people to use the Gautrain, thus increasing ridership.

The GMA developed a 3-month marketing campaign for the Midibus service, from 25 March to 30 June 2021 based on Google search and display ads.

GMA Marketing partnered with four social media influencers for an educational campaign that addressed the youth, using relatable people, from differing backgrounds with different interests, that use the Gautrain service regularly. The idea of the campaign was to create brand awareness, a hype around Gautrain through celebrity interaction and thus also increasing reach with new audiences. The four influencers shared their content on their personal social media platforms, which included videos of their Gautrain journey.

The GMA was profiled on both the GMA website and its social media platforms. The GMA website had 47,898 visitors during the reporting period. Facebook, Twitter and Instagram are the primary social media platforms used by the Gautrain. In addition, LinkedIn is being used for GMA-related information. All social media pages are gradually increasing in following: the Gautrain Facebook page has 57,490 followers at the end of the year under review, the Gautrain Twitter page has 295,233 followers and Instagram, used predominantly for lifestyle promotion and campaigns, has 3,723 followers.

Of the total of social media postings relevant to the Gautrain, 26% were positive 57% were neutral, and 16% were negative. The sentiment breakdown can be seen in the following graph.



Graph 5: Overview Social Media sentiment

The Gautrain's commuter website continues to serve non-registered and registered commuters, with an audience overview of 947,213. A total of 40,521 downloads of the Gautrain mobile application were made, with 981,439 active users.

The GMA microsite portal (mygautrain.co.za), used to host all marketing campaigns and lifestyle-related communications has 29,611 users with 87,188 page views reported for the period under review. The microsite has hosted campaigns to promote promotion of the student product, Gautrain Free to Move open day, GRINN updates and smaller campaigns. A partnership section was introduced to inform passengers of potential added benefits they can receive. The portal also hosts information about various COVID-19 related precautions implemented on the Gautrain.

5.4.1.5 Stakeholder Management

External Stakeholder Management

Customer satisfaction was tested through monthly surveys, with Net Promotor Scores ranging between 89% and 97% and an average of 98%, which is well above the benchmark of 86%.

Several meetings on the Gauteng Rapid Rail Integrated Network (GRRIN) were held to discuss the progress of Route Determination Phase 1 and to ensure readiness of communications once the route is confirmed and gazetted.

MARKETING AND COMMUNICATION

VALUE CREATED



The GMA participated in several engagements of the National Rail Communication Forum headed by the Railway Safety Regulator. The focus of the meetings ranged from stakeholder collaboration in rail safety, initiatives for the October Transport Month and back to school campaigns.

Internal Stakeholder Management

Engagement with internal stakeholders included numerous electronic communiques and events such as staff meetings, webinars, management sessions and motivational events.

5.4.2 Future Focus

The Unit's aim for the 2022/23 Financial Year is to increase and sustain ridership by managing the GMA's and Gautrain's reputation and stakeholders and executing growth and retention marketing campaigns.

5.5 COMPLIANCE AND LEGAL SERVICES

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

5.5.1 Performance during period under review

In line with the provisions of the GMA Act, the GMA continuously oversees, manages and monitors the Concessionaire's performance and adherence to the CA. In this regard, where the Concessionaire fails or neglects to comply with its obligations as outlined in the CA, appropriate penalties are imposed on it.

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

The hearing pertaining to the Province's Construction All Risks insurance claim against Zurich (now called Bryte), was concluded in November 2020 and judgement on the merits was delivered, in favour of the Province, in March 2021. Zurich has, however, appealed the judgement, and it is anticipated that the appeal will be heard in the third or fourth term of 2022, in the Supreme Court of Appeal.

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

In facilitating compliance with laws that are applicable to the Agency, the GMA carried out a number of awareness initiatives, continued to monitor progress on the implementation of and report on proactive measures, aimed at embedding and institutionalising legislative compliance and continued to engage regulatory authorities on pending legislation that potentially impact on the GMA, with a view to constructively influence the final versions thereof.

In order for the Compliance Sub-Unit to continue being effective in delivering on its mandate, a strong organisational compliance culture, underpinned by a spirit of collaboration and co-ordination of the GMA's response to laws applicable to it, is required. To this end, the second GMA Annual Compliance Day was successfully held in February 2022.



5.4.2. Strategic outlook

In the coming financial year the GMA will continue with the roll-out of the Compliance Framework by, amongst others, monitoring compliance therewith and by conducting compliance assessments or gap analyses on specific key legislation that may have an immediate impact on the GMA and its operations. The Framework will also be reviewed, to ensure its alignment with all legislation. Moreover, the legislative developments will be monitored on a continuous basis, in order to ensure that the GMA is fully compliant with its statutory obligations.

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

The GMA will further continue to assist, using the Intellectual Capital and the Social and Relationship Capital, in the operationalisation of the adjudication process, to make it more expeditious and efficient, in relation to Project Events that are normally the subject of disputes between the Province and the Concessionaire.

Zurich’s pending appeal will also be defended, using the Intellectual Capital, and the outcome thereof will determine how the matter unfolds. The GMA will, in parallel, also continue to pursue a possible commercial settlement of this matter by engaging Zurich in discussions.

5.6 SOCIAL INVESTMENT PROGRAMME

The Social Investment Programme (SIP) runs alongside the GMA’s everyday business activities. SIP is based on the GMA’s purpose, which is to transform space, people and the economy through mobility. SIP’s objectives are to create value and to make an impact and bring about change within the communities where the Gautrain operates.

The SIP funds are focused on projects that support the GMA’s purpose and priorities and contribute toward the United Nations Sustainable Goals. SIP projects are selected and planned based on the impact and value creation on society and the environment. The GMA sees the implementation of SIP as an opportunity to transform society while also growing the business.

5.6.1. Performance during the period under review

The GMA continued to implement and oversee the SIP activities based on the following focus areas; Education, Community Care and Environment, Youth Development and Township Economy. During the year under review, the following were undertaken:

5.6.1.1. Development of a long-term SIP strategy

A three-year strategy was developed and approved by the Board. The Programme will focus on one impactful project that will touch on multiple SIP focus areas; Education, Community Care, Youth Development, Township Economy and Environment. The SIP strategy will ensure that the GMA achieves the Social and Economic benefits that the GMA is trying to realise through projects that the GMA implements.

5.6.1.2. Marlboro Station Project

The upliftment project for the Marlboro area adjacent to the Marlboro Gautrain Station. The project is intended to tackle various social, economic, aesthetic and safety concerns related to the area. The project is intended to create a safe and secure precinct around the Gautrain station, improve aesthetics, enhance the experience for Gautrain passengers and improve the quality of life for the community. During the year under review the GMA signed an agreement with Pikitup and the current landowners to jointly work on the project.

Various meetings were held with community leadership to discuss the project and the upliftment of the land near the Gautrain Station. In the next financial year, the GMA will engage the local authorities and communities to discuss the project and gain their buy-in and support.

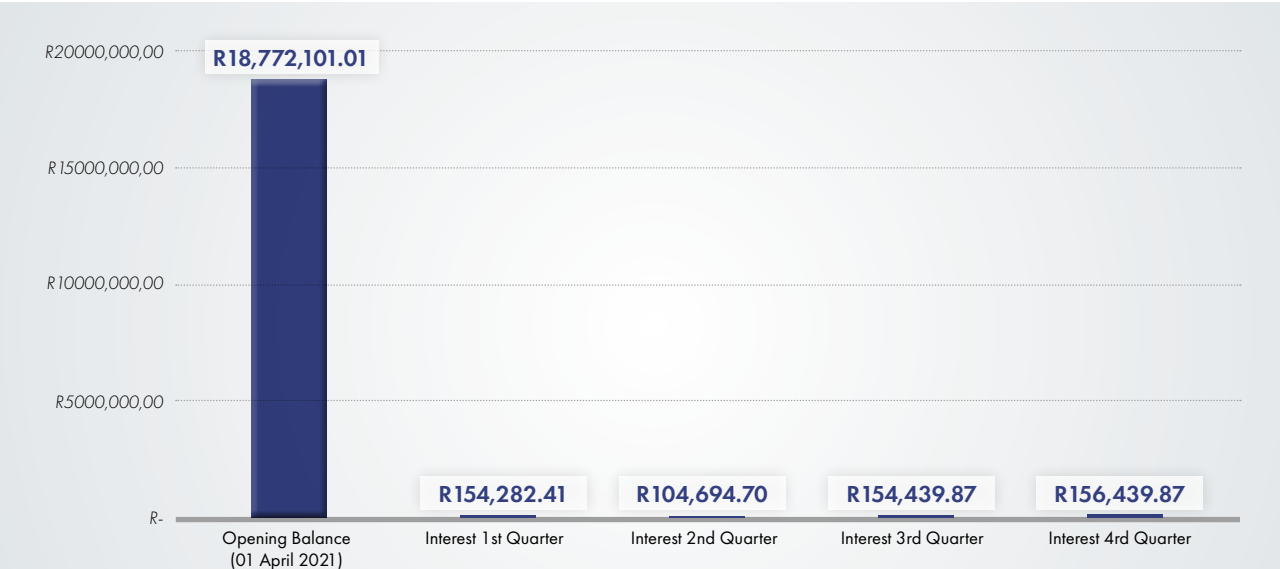
5.6.1.3. Launch of the Employee Corporate Social Investment Programme

The GMA Employee Corporate Social Investment Programme (ECSIP) was launched to the staff at the end of 2021.

Additional activities with the GMA SIP partners and staff will be rolled out in coming financial year.

5.6.1.4. Managing and Monitoring the SIP budget

The SIP funds are invested in different markets to ensure that they generate interest. Interest earned, and income from other Gautrain projects will be applied into SIP projects.



Graph 6: SIP funds 2021/2022



5.6.2. Future Focus

SIP’s aim for the 2022/23 Financial Year is to focus on the development and implementation of the Marlboro Precinct Project, including support through strategic partnerships that will drive shared value and increase the overall impact to the community. Various Employee Corporate Social Investment programme activities will be implemented, giving the staff the opportunity to support the communities and partners that the GMA works with.



5.7 COMMUNITY PARTNERSHIPS

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



5.7.1. Performance during period under review

The GMA facilitated engagements with public transport stakeholders to enable the implementation of an MFDS partnership model and to strengthen stakeholder relations. The focus for the period was to increase the number of routes based on passenger demand for transport and promote growth on existing MFDS routes. The GMA implemented additional MFDS routes to increase the geographical footprint of the feeder and distribution network to provide connectivity to Gautrain stations. The performance of MFDS routes exceeded projected demand and management expectations and the GMA continues to ensure that there is enough capacity to carry passengers and that the minibus taxi industry provides required standard of service.

5.7.3. Future focus

The GMA plans to increase the footprint of MFDS operations to positively impact other communities near the Gautrain System. These plans include optimisation of existing feeder and distribution services by appropriating a suitable mode based on current and possible future demand and introduction of new routes to meet the increasing demand for public transport based on new development trends. The planned MFDS routes will be implemented in partnership with the taxi industry. The GMA continues to engage relevant stakeholders to ensure that planned MFDS routes are implemented. The GMA intends to implement technological solutions that will support MFDS operations and will provide convenience to public transport commuters and operators.

6. PERFORMANCE: GAUTRAIN-RELATED ACTIVITIES

6.1 TRAIN OPERATIONS

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

There are three train services in operation:

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

6.1.1. Performance during period under review

Train availability and punctuality

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

Table 8: Train Service Availability and Punctuality

	Q1 (FY 2021/22)			Q2 (FY 2021/22)			Q3 (FY 2021/22)			Q4 (FY 2021/22)			Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2021/22
Scheduled Trips	6,937	7,798	7,644	4,712	5,998	6,556	6,697	6,621	6,174	6,680	6,257	6,815	78,889
Actual Trips	6,881	7,786	7,631	4,699	5,995	6,550	6,689	6,458	6,170	6,678	6,208	6,801	78,546
Trips cancelled	44	9	11	10	3	4	7	132	3	2	43	8	276
Early starts	12	3	2	3	0	2	1	31	1	-	6	6	67
Late arrivals	77	46	102	33	27	61	48	109	12	150	136	131	932
Service availability	99,19%	99,85%	99,83%	88,72%	99,95%	99,91%	99,88%	97,54%	99,94%	99,97%	99,22%	99,79%	99,48%
Availability norm	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%
Service punctuality	98,71%	99,37%	98,64%	99,23%	99,55%	99,04%	99,27%	97,83%	97,83%	97,75%	97,71%	97,99%	98,73%
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%

*Early Starts (>190 seconds) regarded as “available”

The train service operations achieved an average availability of 99,48% and 98,73% punctuality over the review period. The train service operation maintained a high level on aggregated monthly performance, with the exception of the month of November, when performance level fell below the 98% availability target at 97,54% due to an Overhead Contact Distribution System failure.

The overall increase in passenger trips was 64.58% compared to a decline of 80.95% during the previous year.

Table 9: Passenger trips per Financial Year

Service Type	Airport passenger	General Passenger	Total
FY 20/21	204,434	2,448,726	2,653,160
FY 21/22	455,658	3,920,793	4,336,451
% Change	118,00%	60,12%	64,58%

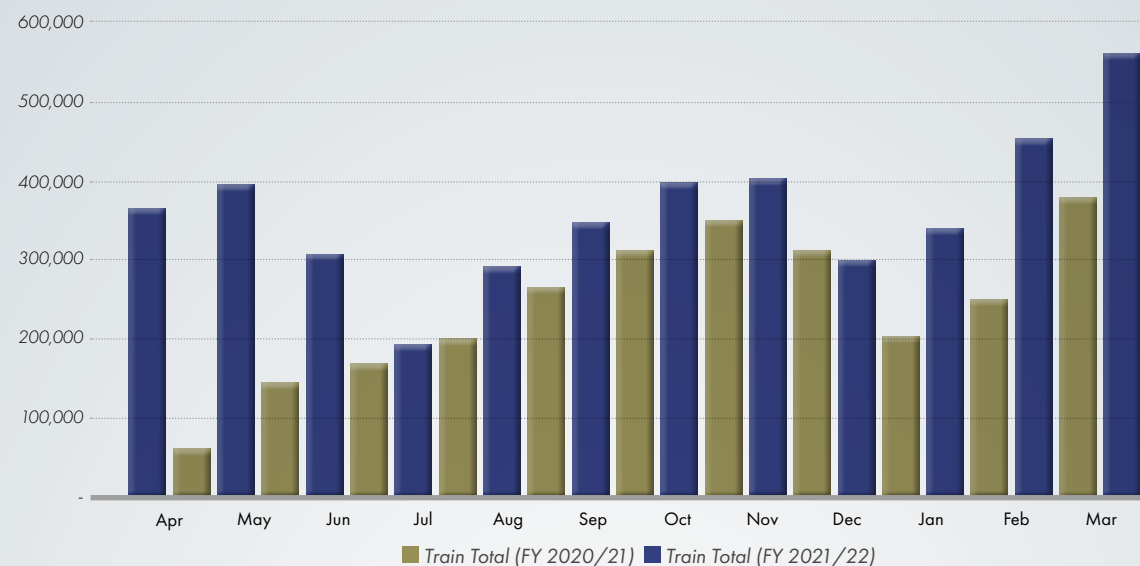
The significant increase in the passenger trips can be attributed to changes in COVID-19 alert level restrictions in FY 21/22 in the country. The gradual lifting of alert levels improved the passenger trips.

Train Passenger Demand

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

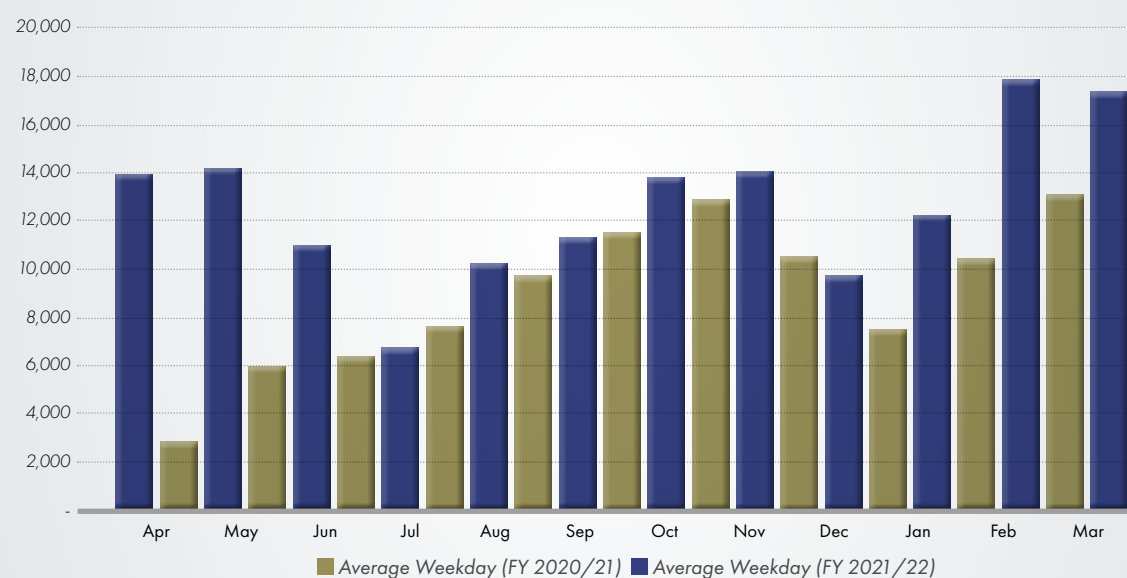
(* **A ‘matched trip’ is where the Automatic Fare Collection System matched all rail entries and exits by ticket, sequential number, and time.)





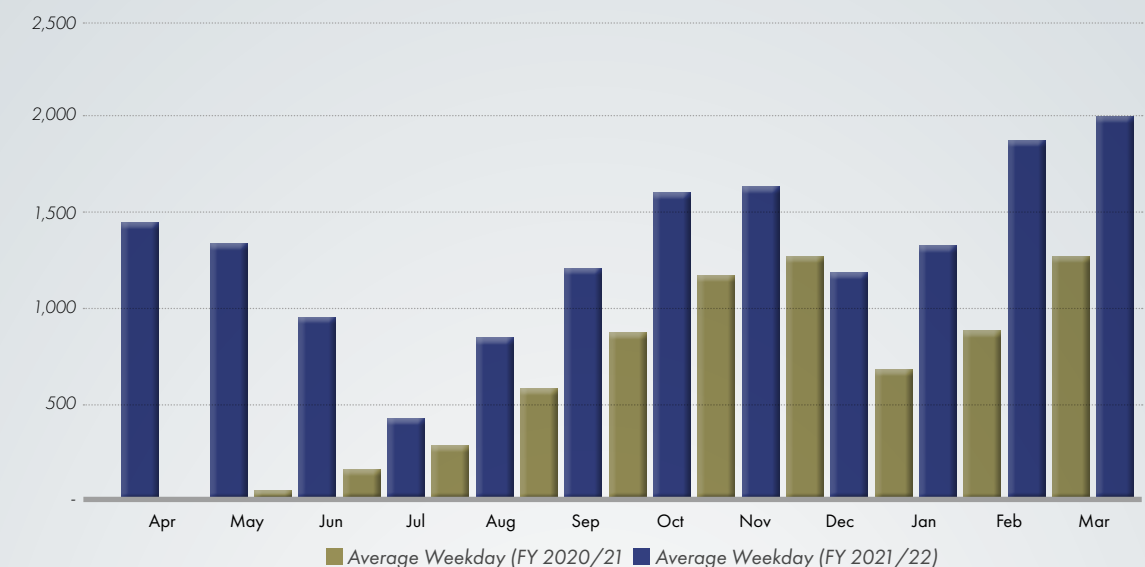
Graph 7: Total Train Passenger Trips – Monthly for All Rail Services

Graph 7 above shows that the total train passenger trips increased for all months in 2021/22 FY except December. The increase for the months can be attributed to the changes in COVID-19 alert level restrictions in the country. The gradual lifting of alert levels improved the passenger trips.



Graph 8: Average General Passengers Service Trips – Weekdays

The average weekday GPS trips have increased for all months of 2021/22 FY except for December. The increase for the months can be attributed to the changes in COVID-19 alert level restrictions in the country. The gradual lifting of alert levels improved the passenger trips.



Graph 9: Average Airport Service Trips – Weekdays

The average weekday APS trips increased for all months of 2021/22 FY. The increase for the months can be attributed to the changes in COVID-19 alert level restrictions in the country. The gradual lifting of alert levels improved the passenger trips.

Train Service Timetable Changes

The COVID-19 pandemic had the following impact on the Gautrain train service for the period under review:

- From 12 April 2021, peak period headways were reduced to 10 minutes from 12 minutes and off-peak to 15 minutes from 24 minutes. Eight-car train sets were also re-introduced.
- On 1 June 2021, the special variation to deal with the COVID-19 pandemic expired.
- From 29 June 2021, eight-car trains were suspended from service due to low peak period demand.
- On 05 July 2021, peak period headways were increased to 20 minutes and off-peak to 30 minutes. This was due to increased lockdown level in response to the COVID-19 Delta variant.
- From 10 July 2021 a 30-minute flat weekend service on N-S as well as E-W sections was introduced.
- On 06 August 2021, eight-car trains were re-introduced but limited to weekday peak periods.
- From 16 August 2021, peak period headways were reduced to 10 minutes and off-peak to 20 minutes.
- 18 October 2021, 3 x eight-car trains were re-introduced but limited to weekday peak periods.
- Reduced services were operated during the 2021 annual festive period.
- From 03 January 2022, peak period headways returned to 10 minutes and off-peak to 20 minutes.
- From 10 January 2022, 3 x eight-car trains were re-introduced but remained limited to weekday peak periods only.

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

- Train carrying capacity was managed below 70% of licenced carrying capacity as per regulations.
- Eight-car trains were introduced only when maximum carrying capacity was at risk of exceeding allowable carrying capacity.



6.1.3 Future Focus

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

6.2 FEEDER AND DISTRIBUTION OPERATIONS

The Gautrain Dedicated Feeder and Distribution Services (DFDS) support the rail System with dedicated feeder and distribution services to enhance the accessibility of the specified stations. It also assists the train operational system in terms of provision of suitable alternative means of transport when there is a problem in operating a full end-to-end rail service.

The bus services, operate mainly on business days. At present there are 26 routes in operation on weekdays and two during weekends and public holidays. Weekend services are operated between Pretoria Station and Pretoria Zoo and from Midrand Station to the Mall of Africa as well as for special events over weekends to promote awareness and usage of the service.

6.2.1. Performance during period under review

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

Table 10: DFDS or bus availability and punctuality

	Q1 (FY 2021/22)			Q2 (FY 2021/22)			Q3 (FY 2021/22)			Q4 (FY 2021/22)			Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2021/22
Service availability	99,92%	99,98%	99,98%	99,92%	99,98%	99,98%	99,99%	96,68%	99,98%	99,98%	99,97%	90,77%	99,18%
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	99,94%	99,90%	99,99%	99,96%	99,98%	99,97%	99,95%	100,00%	100,00%	99,98%	99,99%	98,86%	99,88%
Punctuality norm	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%	95,00%

The monthly aggregated performance on availability and punctuality was above the performance norm, with the exception of the month of March when the performance level fell to 90,77% when bus service was impacted by industrial action by the bus operator’s bus drivers. Overall, the bus service achieved an aggregated availability of 99,18% and punctuality of 99,88%.

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

The increase in passenger trip numbers for the bus service in the year under review is 54,65% compared to 2020/21 (see Table 11 below). The increase for the year can be attributed to the changes in COVID-19 alert levels restrictions in the country. The gradual lifting of alert levels improved the passenger trips. The previous year’s decrease relative to the year before was 79,8%.

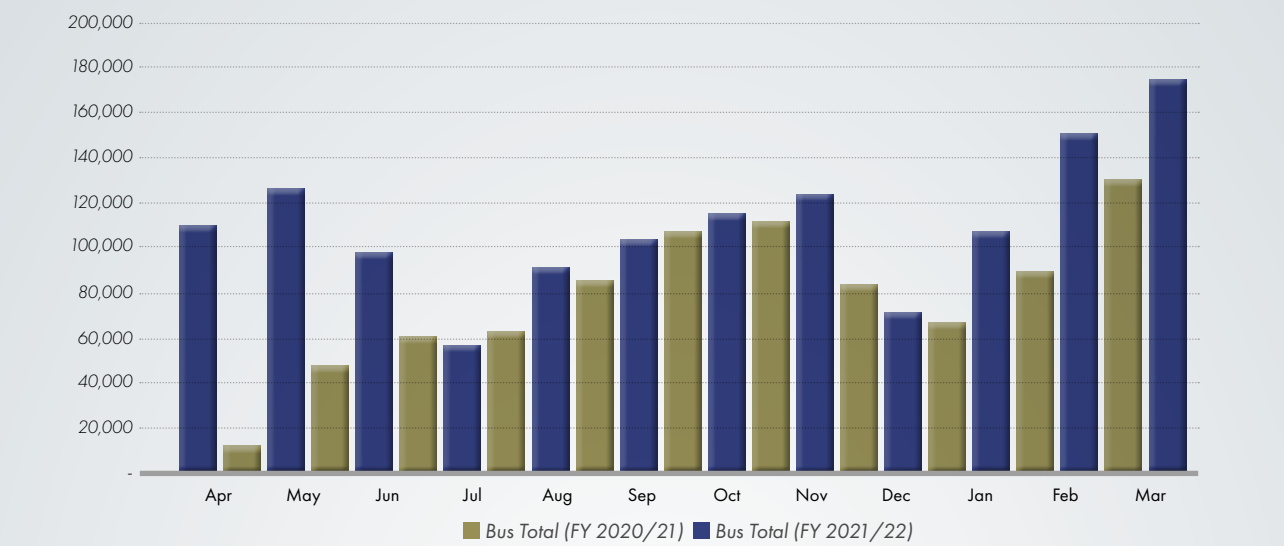
Table 11: Bus service passengers per Financial Year

	Bus Total
FY 20/21	861,706
FY 21/22	1,332.671
% Change	54,65%

During the year under review, the bus services (during weekdays) sustained a level of between 32% and 40% of rail trips (during weekdays) being supported.

Passenger demand

Graph 10 below shows that the passenger demand for the bus service trips increased for all months in 2021/22 FY except July and December.

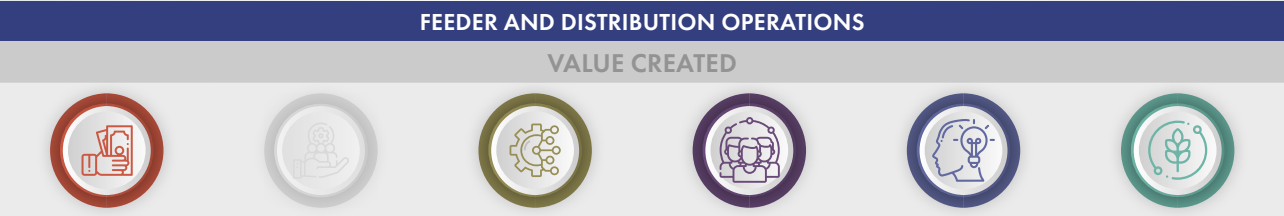


Graph 10: Bus service monthly passenger demand

The increase in the passenger trips can be attributed to changes in COVID-19 alert levels restrictions in FY 21/22 in the country. The gradual lifting of alert levels improved the passenger trips.

Feeder and Distribution Service Timetable Changes

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



6.2.2. Future Focus

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

6.3. PERFORMANCE MANAGEMENT

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

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

6.3.1 Performance during period under review

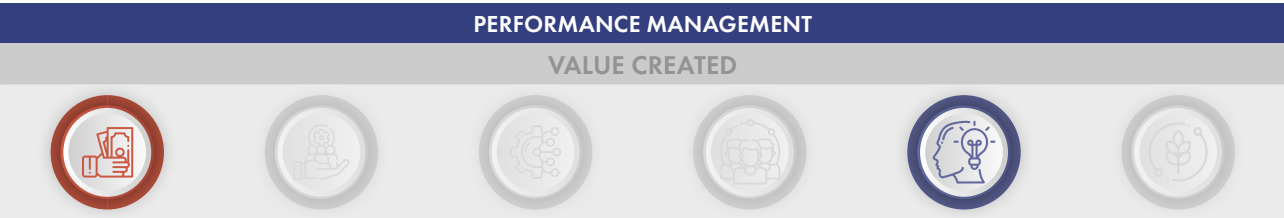
The Performance Monitoring Committee (PMC) reviewed the Concessionaire’s monthly performance against the set norms to validate a penalty percentage to, amongst others, calculate the monthly operating fee deduction.

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

Table 12: Penalty percentage as validated by the PMC

Penalty percentage summary per measurement group - OCD2													
Major Performance Measurement Groups	Penalty Percentage Weight	Apr'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22
		Q1			Q2			Q3			Q4		
PP1 Train Operational Service Group	60%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
PP2 Feeder & Distribution Group	10%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
PP3 Customer Feedback Group	3%	0,00%	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%	0,50%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
PP5 Cleanliness and Damage Repair Group	7%	0,00%	0,00%	0,50%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Total Penalty Percentage (PP)	100%	0,00%	0,00%	0,50%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

One penalty was levied during the period under review and was in the performance area of the Cleanliness and Damage Repair Group. The Cleanliness and Damage Repair Group was levied on underperformance (June 2021) on access control availability.



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

6.3.2. Future Focus

The GMA would continue to monitor the Systems performance on all key results areas to ensure that signs of a decline in service standard can be addressed timeously in the interest of the passengers.

6.4 STATION OPERATIONS

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

Although station ingress for the 2021/22 financial year significantly improved relative to the previous financial year, it has remained below pre-COVID-19 levels. The GMA, Concessionaire and the Operator has continued to ensure that safety measures such as physical or social distancing, sanitisation, and lockdown regulations were strictly adhered to for the 2021/22 financial year.

6.4.1 Performance during period under review

The achieved monthly targets are rated against the pre-determined CA performance targets, and the Performance Management System is applied where targets are not met. Monthly Performance Committee meetings are held to discuss the Concessionaire’s performance in relation to the performance targets set in the CA and penalties are applied for under performance.

The Concessionaire reported a station cleaning key performance indicator of 100% for this financial year. Both station condition and system infrastructure condition KPIs were also measured at 100% for this financial year.

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



6.4.2 Future focus

Station capacity improvement initiatives are guided by the System Capacity Assessment process. The process allows for the supply of resources and equipment at stations to follow passenger demand. This maximises system utilisation whilst ensuring that there is sufficient capacity available to prevent overcrowding and unsafe situations. The provision of additional fare gates as an extension to the upgrade of the ticketing system is planned for the coming financial year.

In addition, a need has been identified for the refurbishment of driver restrooms following an investigation into the safety, ergonomics, and hygiene of the driver restrooms at Gautrain stations. The Gautrain station driver restrooms requiring refurbishment include Park Station, Sandton Station, OR Tambo International Airport (“ORTIA”) and Pretoria Station. It is expected that this project will commence in the next financial year.

6.5 SYSTEM SECURITY

The security of the Gautrain System is one of the key objectives of the Gautrain hence it is important for the GMA to continue to ensure that the Gautrain is a safe and reliable public transport system. In terms of the CA System’s security performance measures, the GMA monitors the Concessionaire’s continued adherence to these performance measures. Over and above the CA security performance requirements, the GMA has in consultation with the Concessionaire started to facilitate the implementation of security initiatives in the immediate vicinity of Gautrain stations to ensure security beyond the station areas. These initiatives are intended to provide additional security measures to mitigate operational interruptions to the Gautrain Service and to ensure that the Gautrain System infrastructure and commuters and their property are safe and secure.

6.5.1 Performance during period under review

According to the CA’s security requirements, the GMA monitors the Concessionaire’s security performance and other agreed thresholds for Physical Security of Passengers and Safety of Passenger Property. During the current Financial Year, no thresholds were exceeded for both measures.

The GMA an integrated security strategy with new philosophy for security of the Gautrain System. The implementation of security enhancements will be done in a phased approach in consultation with the Concessionaire.

During this Financial Year, the Concessionaire continued to monitor and manage rail reserve events to mitigate security risks within or along the rail reserve. The number of rail reserve events has been at an average of eight (8) rail reserve events and there were no incidents of cable theft reported in this Financial Year. The Concessionaire has commenced with the project to protect the rail reserve area with vehicle barriers in the Eco-Park Centurion area. The GMA has through the Concessionaire completed the Salvokop security enhancements project. These projects are intended to mitigate security risks and the negative impacts of rail reserve events on the Gautrain System.



6.5.3 Future focus

In terms of the security performance measures in the CA, the GMA will continue to monitor the performance of the Concessionaire. Furthermore, the GMA will ensure implementation of security initiatives that are contained in the security implementation plan and phased in terms of the security investment plan.

6.6 SYSTEM CAPACITY AND EXPANSIONS

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

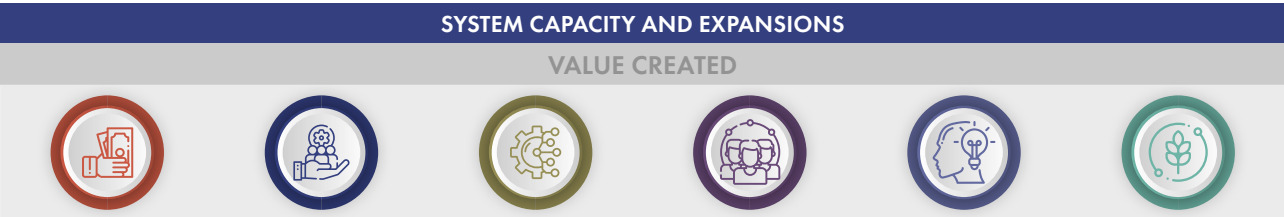
The GMA has developed an internal capacity planning tool. On a 12-month cycle of operations, the actual performance of the system is assessed, the future passenger demand is forecasted, and system capacity constraints are identified and addressed to facilitate the estimated demand. All the system constraints are monitored monthly and updated regularly with the latest trends.

The impact of COVID-19 has delayed the required implementation dates for interventions that would increase capacity, subsequently such projects have been placed on hold in the short term. The GMA, together with the Concessionaire, is monitoring demand on the system.

6.6.1 Performance during period under review

Passenger trips have improved relative to the previous financial year but have yet to reach pre-COVID-19 levels. This can be attributed to reduced public transport usage and previous passengers working from home as a result of the COVID-19 pandemic. These factors have alleviated current Gautrain system capacity constraints in the short term.

No train or DFDS overcrowding events were recorded during the period under review. Indicating that none of the current 26 bus routes were under capacity pressure during peak hours during normal operations.



6.6.3 Future focus

It is the responsibility of the GMA to provide adequate rail service capacity in the peak periods with the available rolling stock and demand management tools. It is forecasted that available rolling stock will be reaching capacity in the short to medium term. Opportunities for additional capacity in future will thus be limited and could include, re-configuring of the train's seating lay-out, improvement of the signalling layout to allow shorter headways rollout of auto coupling to allow for greater flexibility and faster transition between peak and off-peak services and additional 8-cartrains may be rolled out to increase system capacity during peak periods.

To improve bus utilisation and increase the Gautrain footprint, the GMA has embarked on a Bus Ridership project that seeks to establish new bus routes and grow the integration of midibus services into the current DFDS service offering. The proposed new bus fleet will also include 9-meter busses to improve capacity utilisation.

Park-and-ride remains an important means of access to stations. With reference to parking capacity that cannot satisfy the future demand, the expansion options at Hatfield and Pretoria stations remain challenges that need to be addressed in the longer-term. Parking capacity expansion will be informed by post COVID-19 reviews.

6.7 ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

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

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

6.7.1 Performance during period under review

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

- Reviews of all mandatory asset reports,
- Station condition and cleanliness inspections and issuing of non-conformance reports,
- System infrastructure condition inspections and issuing of non-conformance reports, and
- Verification of assets.

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

Table 13: Achievement of key performance indicators

Key performance indicator	Planned	Achieved
System Infrastructure Condition/ Rolling stock/ Bus Cleanliness and Condition	4	4
Station Cleanliness and Condition	40	40
Reviews of the monthly asset and maintenance	12	12

Other achievements during the year under review include:

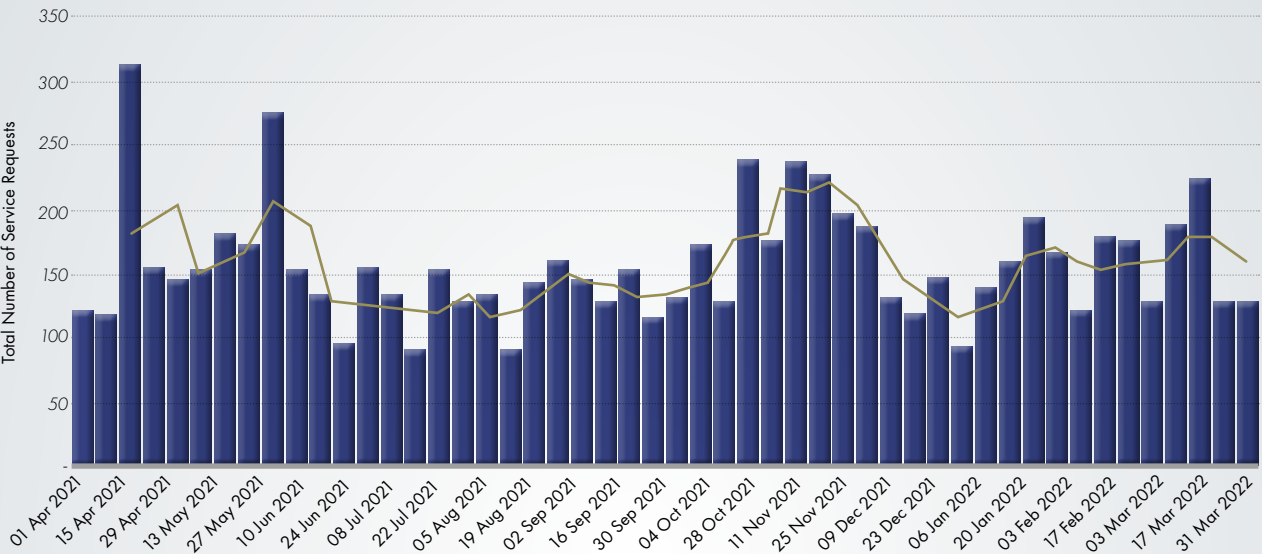
- **Capacity optimisation:** the following projects that are aimed at optimising capacity are at various stages of the project lifecycle:
 - The project to procure New Generation Fare Gates to alleviate capacity constraints at fare gates in three (3) of the Gautrain stations is currently underway.
 - Construction of the test bench for the new Fare Gates is due in the coming financial year
- **Enhancements to Passenger Experience:** several initiatives are currently underway to enhance the passenger experience and encourage Ridership, these include the project to improve directional and wayfinding signage at Gautrain stations and installation of new benches at stations.
- **Upgrades and Replacement of assets:** the Concessionaire has upgraded the relevant asset groups in line with the CA upgrades and replacement plan including obsolescence management.
 - Replacement of Gautrain Dedicated Feeder and Distribution Service (DFDS): the Concessionaire has delivered all 81x 12-metre buses successfully. The buses are currently running in service.
 - Delays were experienced during the manufacture of 37x 9-metre buses partly due to the COVID-19 impact on availability of material, as well as various technical issues that have now been resolved.
- **Preparation for the Transfer of the System to the Successor Concessionaire:** the following activities are in progress to prepare for the transfer of assets:
 - The appointment of the service provider to undertake the second audit project of Gautrain assets to determine their condition and the remaining useful life (RUL) was delayed following a Constitutional Court judgement in late February 2022. The Bid Adjudication Committee (BAC) has subsequently approved the appointment of the successful bidder during May 2022.
 - Relevant input was provided to the Post-2026 Transaction Advisory Team (TA) through meetings, workshops as well as review comments on the reports submitted by the TA. Additionally, lessons learnt from the current CA were prepared and used as input into the preparation of the outcomes-based specifications for asset lifecycle management (i.e., development, acquisition, operations and maintenance, disposal/ replacement) for the successor Operator and Maintainer of the Gautrain assets.

- Most of the audit findings from the first audit project to determine the condition and RUL of Gautrain assets conducted in 2018 have been closed.

6.7.1.1 Integrated System Approach

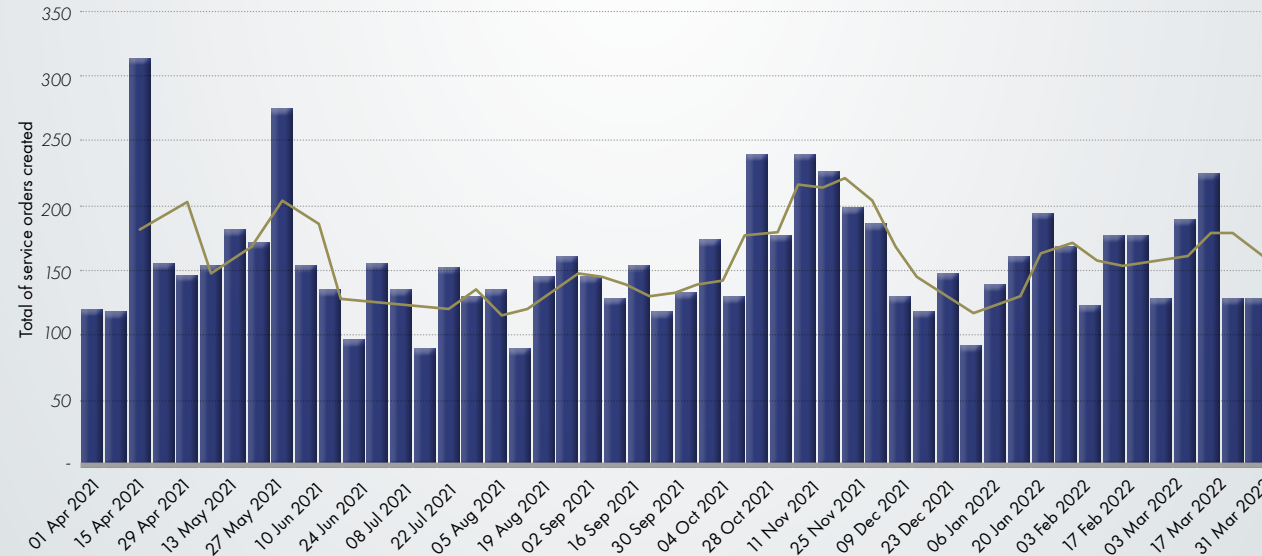
A robust maintenance management philosophy with supporting systems is in place to ensure asset integrity. The Concessionaire continuously implements measures to reduce the number of failures in the System; the GMA reviews these as part of assurance. The total number of service requests generated for the entire System for the year under review is shown in Graphs 11 and 12 below. All service requests are generated from the Maintenance Management Information System called MAXIMO.

The reduction in service order requests for the weeks during June and July were partly due to the normal seasonal cyclical nature of the Ridership as well as the increases in the COVID-19 infection rate.



Graph 11: Core system total number of service requests

The total weekly service orders generated for the non-core System are shown in Graph 12 below.



Graph 12: Non-core system total number of service requests

ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

VALUE CREATED



6.7.2 Future Focus

Several strategic initiatives to address capacity and sustainable mobility challenges as well as planning work for the transfer of assets are currently underway and continue to be amongst the priority focus areas for the 2022/2023 Financial Year.

These include:

- Conducting the second asset audit project to determine the condition and the RUL of Gautrain assets in line with the GMA Financial Policy Manual and input into Post-2026 asset lifecycle management maintenance requirements.
- Refining the Post 2026 asset management and maintenance requirements specifications that were developed as part of the previous financial year's deliverables to form part of the information pack to inform Province's Minimum Requirements for the Successor Concessionaire.
- Refining the Post 2026 asset investment plan that was developed as part of the previous financial year's deliverables.
- Conducting feasibility studies for system-wide implementation of renewable energy in the Gautrain System.
- Providing required support to the Concessionaire on the execution of Province Variation Notices that are currently underway ahead of the final due date for issuing of Province Variations.
- Ensuring achievement of all APP targets for the financial year 2022/ 2023.
- Planning for the future with respect to innovation, technology, and experimentation to increase customer delight and influence Ridership.

6.8 FARE EVASION MANAGEMENT

The fare evasion management objective is primarily to secure all fare revenue for services rendered and to minimise the monthly patronage guarantee payable.

The secondary objective is to maintain a safe and secure environment for paying passengers.

6.8.1 Performance during period under review

The period under review was engulfed by intermittent rises in COVID-19 infections. To minimise the risk of spread of infections all Fare Evasion Surveys were suspended from 24 May 2021 to 31 August 2021 and 13 December 2021 to 31 January 2022. This resulted in surveys being conducted for only six full months.

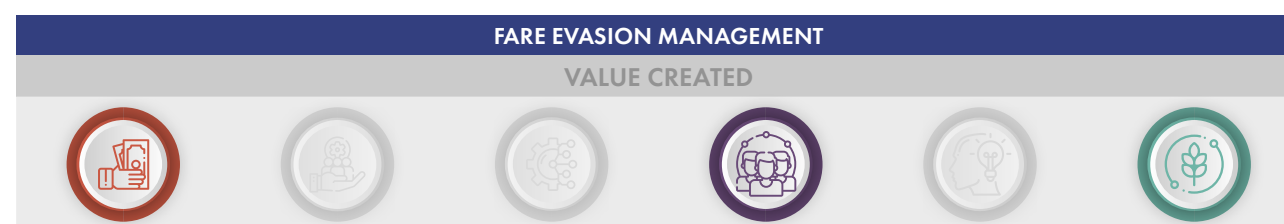
The fare evasion rate applicable during this period remained below the 4% norm. The average fare evasion rate stood at 0.01% in 2021/22. This is in line with the fare evasion rate recorded in 2020/21. (See Table 14)

Blocked CSCs (Contactless Smart Cards) due to tailgating declined from 17.49 per million passengers in 2020/21 to 16.23 per million passengers in 2021/22.

Table 14: Fare Evasion Rate 2021/2022

	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly Fer	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Fare Evasion Norm	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Quarterly Application FER*	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

*Quarterly Fare Evasion Rate is based on the previous quarter



6.8.3 Future focus

The FEMP will be continuously revised to cater for new trends, Europay Mastercard Visa (EMV) and to ensure continuous compliance with Payment Card Industry (PCI) Data Security Standards (DSS). In a quest to promote continuous improvement, Intellectual Capital in the form of a Fare Evasion Automated Monitoring System (FEAMS) will be investigated in the Financial Year 2022/23. This will remove restrictions that comes with manual fare evasion checks and contribute to the management of financial exposure to the GMA.

6.9 REVENUE MANAGEMENT AND FARE OPTIMISATION

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

6.9.1 Performance during period under review

Monthly income is influenced directly by the patronage usage of the System, the number of days and the combination of weekdays, weekends and positioning of public holidays. The 2021/2022 Financial Year was characterised by a steady recovery in fare revenue as lockdown restrictions were gradually lifted.

The annual fare adjustment was agreed according to the timelines and framework prescribed in the Concession Agreement. The principle applied were, amongst others, to maximise patronage in the System, and to set fares that are attractive to consumers and in line with the expected Consumer Price Index (CPI) movements.

The annual fare adjustment continued to be used as a lever to influence customer behaviour and to encourage usage of the System. This was evident as the broad fare adjustment based on a general CPI of 3.21% was agreed and implemented on 1 June 2021.

The highlights of the fare adjustment are summarised below:

- increases were limited to CPI increase on General and Airport Passenger Service fares;
- similarly there was a CPI increase on parking fares;
- and a R1 increase on the cost of the Gautrain Card;
- while there was No increase on:
 - peak and off-peak bus fares;
 - refund fee (Handling Fee);
 - minimum card balances; and
 - penalty fares

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

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

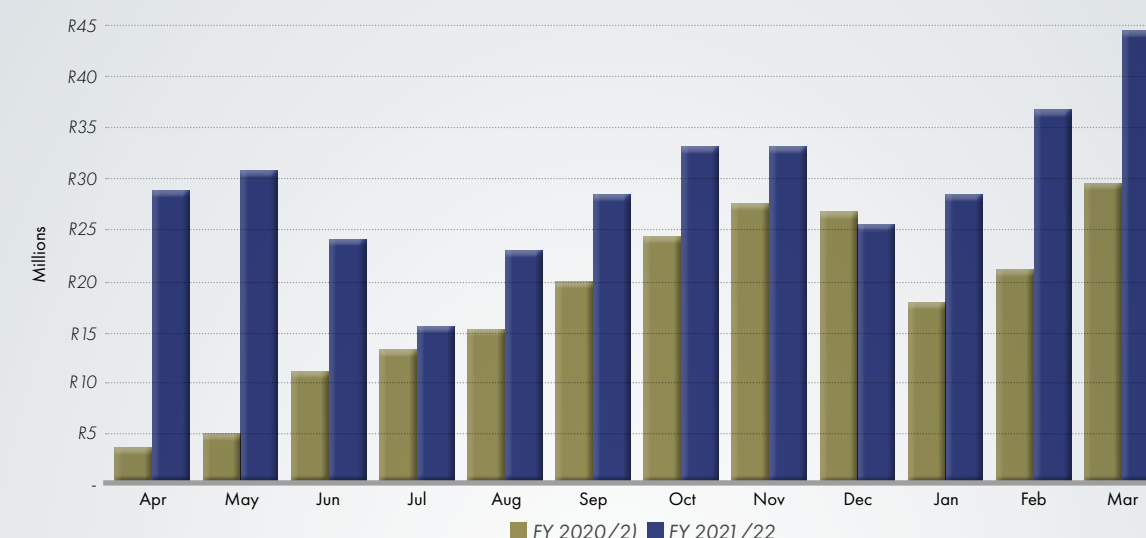
Student Products usage gained momentum as COVID-19 restrictions were eased. Usage was evident in revenue as it fluctuated between 0.1% and 1.2% of GPS revenue.

The GMA monitors preference of user for GPS Rail Ticket Products which are made up of Pay-As-You-Go (STR), Period Products and Single and Return Products. These constitute 71.4%, 17.5% and 11.2% of total respectively. Usage of STR and Period Products declined by 2.0% and 4.8% respectively whereas Single and Return Products grew by 26.9% compared to 2020/21.

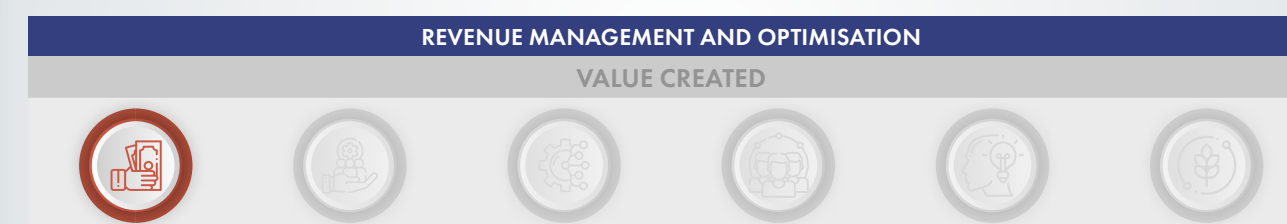
Period Products turned out to be less-attractive because they lack the flexibility required by passengers in a hybrid work model. Growth in Single and Return Products usage is attributable to passengers finding it a convenient option compared to STR.

Passenger convenience continued to be maintained through offering an option for passengers to load their Gautrain cards through the website and through the use of Europay Mastercard Visa (EMV) compatible cards as an alternative to Gautrain cards. EMV and websales makes up 10.9% and 4.9% of ticket sales respectively. This is an increase of 91.1% on EMV usage and 15.8% for websales compared to 2020/21.

The graph below shows the growth in fare revenue for each month in the past two financial years. Overall, fare revenue increased by 62.5% from the previous financial year.



Graph 13: System revenue



6.9.3 Future focus

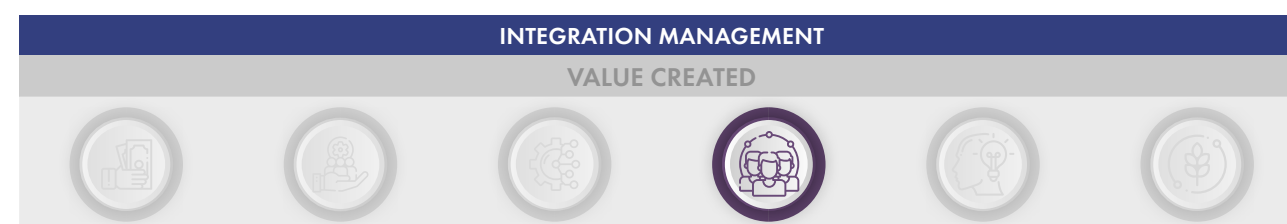
The GMA will continue to monitor the growth in revenue and changes to the fare structure so as to balance revenue growth with affordability to users.

6.10 INTEGRATION MANAGEMENT OF THE GAUTRAIN WITH GOVERNMENT'S TRANSPORT SYSTEMS

The GMA has a strategic outcome that is the integration of the Gautrain System with other public transport services. The GMA aims to achieve this outcome through engagement with key public transport stakeholders to discuss integration initiatives and to co-ordinate transport planning for the Province. The GMA participates in the planning structures and engages relevant public transport stakeholders to ensure that integration projects or initiatives are implemented effectively.

6.10.1 Performance during period under review

As part of integration, the GMA implemented an additional three Midibus Feeder and Distribution Service (MFDS) routes to improve accessibility to the Gautrain System. The GMA approved changes to replace certain Dedicated Feeder and Distribution Service (DFDS) routes with Midibus Feeder and Distribution Service (MFDS) as part of the optimisation of feeder and distribution services. The GMA continues to ensure the financial sustainability of integration initiatives. The implemented integration initiatives facilitate the increase in the impact of the Gautrain System which will lead to growth in usage of the System.



6.10.2 Future focus

The GMA continues to implement its three-year plan to provide mobility services at various stations using the MFDS partnership model in the new Financial Year to increase the public transport network of the Gautrain feeder and distribution services. The GMA will continue to engage public transport stakeholders, including the metered taxi industry and explore the need for micro-mobility services to facilitate integration with the Gautrain System.

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

6.11 LAND ACQUISITION AND WAY LEAVE MANAGEMENT

Ensuring the protection of the rail reserve and other public transport infrastructure in terms of the GTIA is one of the GMA's strategic outcomes. The GMA in collaboration with the Concessionaire, continues to manage the assessment of GTIA applications in order to protect the Gautrain rail reserve. Through the Gauteng Department of Roads and Transport the GMA continues to facilitate the land acquisition process for the Gautrain expansion and future extension projects. The Route Determination project for Phase 1 of the phased Gautrain extensions has now reached an advanced stage in the financial year.

6.11.1 Performance during period under review

Despite the COVID-19 pandemic challenges during this Financial Year, the GMA has continued to process various GTIA applications from third parties within the set performance targets. These applications were processed in consultation with the Concessionaire to ensure that all specialist input is obtained prior to granting or declining permissions. The GMA captures and manages these applications using its Geographic Information System (GIS). This system is also used to manage the Gautrain rail reserve land information and keep track of development activities along the Gautrain System to obtain development trends for current and future planning purposes.

The GMA has completed the drone technology requirements that are intended to assist with providing guidance on the deployment of drone technology within the GMA. This will further enhance the effectiveness and efficiency of the GMA technological tools thereby improving the current GMA GIS systems. To ensure compliance with the conditions of approval on GTIA applications, the GMA has conducted site inspections to ensure that the applicants comply with the conditions of approval.



6.11.2 Future focus

Using the prescripts of the GTIA, the GMA will continue to ensure the protection of the Gautrain rail reserve. The GMA will utilise the developed drone technology requirements to obtain the latest drone technology to assist in the management of GTIA applications and Gautrain land or assets. This will enhance the effectiveness of the GMA data management systems, including full integration of the GMA GIS system with other GMA data management systems. The GIS will continue to be used and improved in support of management of the Gautrain rail reserve land information, facilitation of GTIA applications processes and other GMA business needs. The current stakeholder engagements on GTIA applications will continue to ensure sharing of key development data and alignment of strategic plans.

6.12 PLANNING FOR FUTURE CAPACITY

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

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

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

6.12.1 Performance during period under review

6.12.1.1 Rail Service Capacity

Notwithstanding the significant impact that the COVID-19 pandemic and related National State of Disaster Regulations have had on mobility and thus passenger demand on the Gautrain, rail service capacity assessments by the GMA continue.

The awareness, marketing, and customer surveys that would inform any further modifications and rollout of the Conversion of Triple Seat to Twin Seat Configuration and Installation of Grab Handles on the entire fleet remain on hold given the prevailing conditions resulting from the COVID-19 pandemic. A re-assessment to inform the continuation of this project will be done on the capacity requirements of the System at the appropriate time.

6.12.1.2 Bus Service Capacity

All buses that were procured as part of the bus fleet renewal have operating licences and have been deployed to service. The prototyping of the 9m bus in the System is ongoing, and the first batch of manufactured 9m buses will be delivered and introduced into the System at the appropriate time.

Planning for the implementation of additional MFDS routes is ongoing. The projects through which the implementation of additional routes was planned for this reporting period are on hold pending the outcomes of the trialling of automatic fare validating equipment. The paper-ticket-based fare collection system will thus continue on the MFDS until the transition to an automated fare collection system has been implemented.

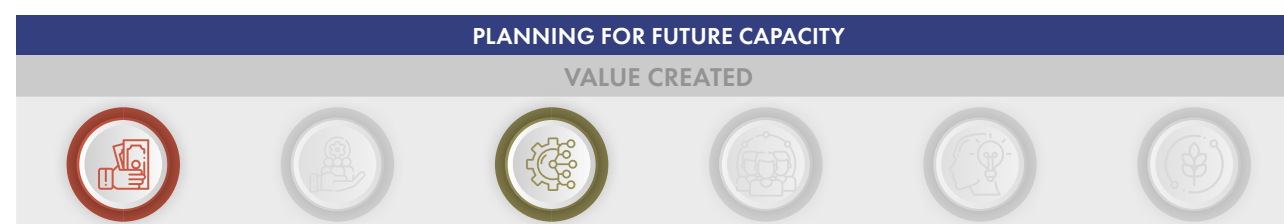
6.12.1.3 Park-and-Ride Capacity

The construction works at the new Centurion parking facility, as well as the upgrades to the adjacent intersections, are practically complete and are in the process of final handover for revenue collecting operations.

6.12.1.4 Station and Rail Network Capacity

The Gautrain Capacity Assessment and Revenue Study that was commissioned and the additional to enable coordinated infrastructure investment in the Gautrain System, as well as alternative revenue sources that will support these investments was completed in the period under review.

The execution phase has commenced for the project to install and commission the additional next generation fare gates, and associated infrastructure, at allocated stations to cater for passenger growth at service improvement into the future.



6.12.3 Future focus

Appropriate capacity management interventions will continue to be planned and implemented in the next Financial Years.

6.13 PLANNING FOR THE FUTURE: GAUTENG RAPID RAIL INTEGRATED NETWORK EXTENSIONS

The 25-Year Gauteng Integrated Transport Master Plan (GITMP25) that was adopted by the GPG in 2013, was commissioned to enable amongst others, province-wide mobility, socio-economic development, and societal development in the future. This GITMP25 proposes eight key interventions that include reinforcing the passenger rail network as the backbone of a modernised, and integrated transport system in Gauteng.

As part of the development of the interventions proposed by the GITMP25, particularly the development of the passenger rail network, it was necessary for the GMA to develop a comprehensive strategy to improve rail coverage in the Province. The implementation of this strategy began with the undertaking of an extensive feasibility study of the possible extensions to the existing Gauteng Rapid Rail Integrated Network (GRRIN). This feasibility study was carried out under the framework of Public Private Partnership (PPP) procurement in terms of the relevant National Treasury Regulations of the PFMA. The project for these possible extensions was registered as a PPP with Provincial Treasury in March 2014 and was allocated the project number P137.

Completed in November 2016, the Feasibility Study for Possible Rail Extensions to the Gauteng Network Report (the Feasibility Study) concludes that the GRINN extensions will provide significant economic and transport-related benefits to both the Province and the country, whilst offering value for money and appropriate risk transfer if procured as a PPP. These extensions entail an additional 148km to the existing rapid rail network including 19 stations.

The implementation of the proposed GRRIN extensions will be in five phases of which Phase 1 extends from the existing Marlboro Station to a new station and maintenance depot facility at Little Falls on the West Rand, including an upgraded Sandton Station, as well as additional stations at Randburg, and Cosmo City. This phase and Phase 2 will further connect to Soweto from Little Falls with additional stations at Roodepoort, and Jabulani. Phases 3 to 5 will include further connections to Lanseria, Mamelodi, and Boksburg.

Following the review and acceptance of the Feasibility Study by the respective stakeholders that were consulted during its development and the endorsement of the GMA Board, and the Gauteng Provincial Treasury; this study together with an application for Treasury Approval 1 (TA1) for Phase 1 was submitted to National Treasury in April 2017.

As part of the preparatory works that are required to enable the development of Phase 1 of the proposed extensions to the GRRIN; the GMA, in October 2018, commenced with a programme of undertaking route alignment studies that will enable the MEC for Roads and Transport in the Province to determine the routes for the future railway. This route determination process is the first step in the process of defining the future railway reserve and is undertaken in accordance with the Gauteng Transport Infrastructure Act (GTIA).

Part of the Gautrain's success can be measured, amongst others, against its contribution to making public transport a mode of choice, integration of the Gauteng regions and its communities, its economic and social impact, as well as inducing various property developments along its rail corridor; thus reinforcing these development nodes. The implementation of the GRRIN Extensions project will contribute to the GMA's attainment of its purpose of "Transforming Spaces, People, and the Economy Through Mobility" by enabling the successes, and learnings of the Gautrain to other parts of the Province.

6.13.1 Performance during period under review

- The outcome of the TA1 application for Phase 1 as per the original submission to National Treasury in April 2017 is still pending. Further correspondence and meetings with National Treasury to enable the confirmation of the TA1 or CTA1 continued in the period under review.
- The project to undertake the Preliminary Route Alignment Study that will enable the determination of the route for Phase 1 of the proposed GRRIN extensions continued in the period under review. The route options together with the environmental assessments thereof were subjected to the public participation process. All the submissions received through this process were assessed for their respective impact on the proposed routes.

- The procurement process for the preliminary route alignment study that will enable the determination of the route for the Soweto Extension and Cosmo City Junction has progressed to the advanced stage of procurement. This project also includes the undertaking of a pre-feasibility study to investigate extensions of the footprint of the rapid rail network to the eastern, western, and southern parts of Gauteng.

6.13.2 Future focus

The following outcomes are envisaged for the GRRIN extensions project in the next financial year:

- Advancing the TA1 approval process for Phase 1 of the proposed GRRIN Extensions with National Treasury
- Determination and publication of the route for Phase 1 of the proposed GRRIN Extensions
- Commencement of the process to determine the route for the Soweto Extension and Cosmo Junction of the proposed GRRIN Extensions Project
- Commencement of the pre-feasibility study to investigate extensions of the footprint of the rapid rail network to the eastern, western, and southern parts of Gauteng

6.14 PLANNING FOR THE FUTURE – POST 2026 PROJECT

The GMA has commenced with the process to prepare for the Post 2026 Gautrain. The Gautrain is a Public Private Partnership (PPP) concluded in accordance with Treasury Regulation 16, which came into effect through a Concession Agreement (CA) with Bombela Concession Company (BCC) in September 2006 and will come to an end on 27 March 2026.

To ensure that the Gautrain operation remains uninterrupted after the current CA, preparatory work had to commence, which currently involves the development of a detailed feasibility study. The development of this feasibility study is expected to be completed by end of July 2022.

The GMA is exploring the feasibility of this project as a potential public-private partnership (PPP) in terms of the relevant National Treasury regulations to the Public Finance Management Act, 1999 (PFMA).

The GMA has duly carried out the process of registering the project with the National Treasury and the Government Technical Advisory Component (GTAC). The National Treasury has since assigned a Project Advisor to work with the GMA on the project.

As part of this process, the GMA has also appointed the Project Officer and a multi-disciplinary team of transaction advisors comprising of skills financial, legal, technical, economic, commercial and BBBEE to assist in the development of the feasibility study in accordance with Treasury Regulation 16. In addition, the GMA has also formed two committees consisting of a project management team and project steering committee that includes senior officials from the GMA, National Treasury, Transport Authority for Gauteng (TAG), Gauteng Provincial Treasury, National Department of Transport and Provincial Department of Roads and Transport to oversee feasibility study development and overall implementation of the project. These project committees continue to provide the necessary support and guidance to the project team.

This project gives the GMA the opportunity to explore various areas aimed at increased capacity in both infrastructure and rolling stock, aimed at impacting positively on ridership, revenue, and improved service offering whilst reducing the dependance of the Gautrain on the patronage guarantee from the Provincial Government to ensure its sustainability after March 2026.

6.15 VARIATIONS

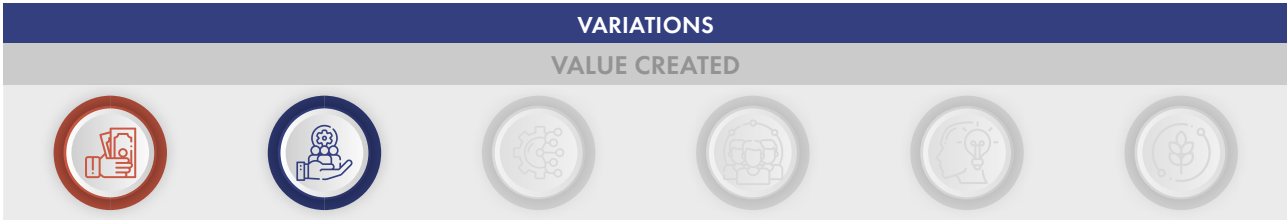
The GMA is responsible for the implementation and oversight of:

- Commercial variations issued in line with the CA to initiate System improvements and enhancements;
- Investigating possible commercial opportunities within the System to optimise passenger growth and revenue;
- Providing technical input to litigation and matters related to dispute resolution;
- Developing plans for capital expenditure (CAPEX) delivery within the Financial Year; and
- Managing the Concessionaire in line with the contractual obligations of the CA.

6.15.1 Performance during period under review

Pursuant to the settlement agreement for Operating Period disputes in the previous reporting period, the Parties agreed a more structured, clear and efficient process of dealing with Project Events. In this reporting period, the Parties utilised this process for adjudicating the Concessionaire's entitlement to relief. Two (2) Project Events were referred for adjudication and both adjudication awards were in favour of the Province.

With respect to Variations, the GMA’s effort has been on managing the existing Variations as well as developing process efficiencies to better enable the development and execution of Variations, in full compliance with the CA. The Parties have reviewed and agreed processes to enable such efficiencies and the Variations planned for implementation in the next reporting period will follow the same process. Strategic initiatives will therefore be implemented via such.



6.15.2 Future focus

In the next reporting period, the focus will largely be on ongoing Variations to improve and market the System as well as improve customer experience.

This will include, without limitation, the following:

- Implementation of commercialisation initiatives
- Security enhancements on the System;
- Implementation of the midibus strategy;
- Undertaking of gap analysis on the existing Gautrain website and app to assess how to improve customer experience;
- The installation of additional fare gates; and
- The procurement of additional signage.

6.16 COMMERCIALISATION

The Gautrain Management Agency’s Commercial Unit was established in FY2021/22 to leverage the Gautrain System’s assets and the GMA’s resources to create additional value for the citizens of the province, encourage use of the Gautrain and other modes of public transport and to generate additional revenue.

As part of the commercialisation strategy, the GMA is establishing smart Driving License Testing Centres (DLTC) at Gautrain stations. A Smart DLTC means a DLTC that leverages technology to run traditional DLTC functions in an efficient way, this means, a cashless facility with limited paper use, an online booking system, data-centricity and the use of technology to place the customer at the heart of the service.

6.16.1 Performance during period under review

The GMA is well advanced in the process of establishing two DLTCs, one at the Gautrain station in Midrand and the other at the Gautrain station in Centurion.

As part of its standard procedure when introducing new products and services, the GMA started by establishing a pilot site to familiarise itself with the business of running DLTCs. The pilot site was launched on 19 January 2022. The pilot site is located at 44 Grand Central Boulevard, Midrand, 1685. The pilot project generated the first commercial revenue streams for the GMA and is an encouraging indication of the benefits of linking public services with the Gautrain services and the Gautrain brand.



6.16.2. Future focus

In the next financial year, the GMA plans to launch the two DLTCs, one at the Gautrain station in Midrand and the other at the Gautrain station in Centurion. The performance of the two DLTCs will determine the timing of the next step to establish and operate DLTCs at Gautrain stations in Sandton and Park.

7. CAPITAL INVESTMENT/ASSETS

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

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

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

- Continued with the replacement of handrails and other critical components on the station escalators;
- Continued with replacement of some sub-systems of the communications system; and
- Replacement of the Dedicated Feeder and Distribution Services (i.e. Gautrain bus fleet) and Gautrain Midibuses which have all reached their contractual useful lives.



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

- The Next Generation Fare Gates were procured and delivered; they are currently in storage pending the finalisation of the installation contract.
- The Concessionaire has purchased a steel-wheel locomotive suitable for rescuing failed Electric Multiple Unit (EMU) trains in the Gautrain network. The locomotive is now operational.
- Construction of the test bench for the new Fare Gates is due to start soon. The test gates are due for delivery at the end of June 2022 and the construction phase of the project is due to start; the contractor is currently mobilising.

7.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The following infrastructure projects are currently at planning stages:

- Province Variation Notice has been issued to the Concessionaire to undertake the project to improve directional and wayfinding signage at Gautrain stations to enhance passenger experience. The Concessionaire is yet to provide a Concessionaire's Variation Response.
- The service provider has been appointed to assess the pilot benches installed at Rosebank Station platform for compliance with SAN10400 Part S. Upon completion, a decision is to be made on the systemwide roll-out.

7.1.2 Progress made on the maintenance of infrastructure

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

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

No unplanned expenditure was notified during the period under review. The GMA budget caters also for the planned capital investment plan of the GMA.

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

- Several accidental damages to palisade fencing resulting mainly from vehicle accidents and third-party actions were reported during the past year.
- Disposal of assets that are currently undergoing replacement, e.g. certain components of the communications systems is under way.
- Incidents of damage to the assets were notified during the period under review e.g., breakages to the overhead catenary wire, damages to signalling equipment by lightning.

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

- Engineering Change Management Processes are in place within the Concessionaire's operations and maintenance environment to ensure that any changes to the asset register e.g., modification of assets, replacement, and disposal of assets, are captured in the asset register.
- Additionally, good governance processes are in place within the GMA to ensure that the GMA Financial Asset Register is kept up to date by conducting asset verification audits, asset condition audits and impairment exercises, asset capitalisation and scrapping of assets in line with the requirements of the GMA Financial Policy Manual.

7.1.6 Current state of the Agency's capital assets

The audit of the condition and the remaining useful life of Gautrain assets that was completed in 2018 concluded that the majority of Gautrain assets are in good condition. The GMA Financial Policy Manual requires the GMA to conduct this audit every four (4) years. The Province is currently appointing a service provider to conduct the second such an independent audit.

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

- The Province has undertaken the project to rehabilitate the boundary wall between PRASA and Gautrain along the alignment between Pretoria and Hatfield.
- The Concessionaire has continued to conduct major maintenance on station escalators i.e. replacement of handrails and other critical components.
- The joint project between Province and the Concessionaire to assess the long-term integrity of the U-Shape structures (with emphasis on U-Shape 36) is underway.

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

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





PART C CORPORATE GOVERNANCE AND ETHICS MANAGEMENT

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislature and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and runs in tandem with the principles contained in the King IV Report on Corporate Governance and the International Reporting Framework. Governance oversight over a public entity in the Province vests in the Provincial Legislature, the Executive Authority and the Board of the public entity.

2. ROADS AND TRANSPORT PORTFOLIO COMMITTEE

The Gauteng Provincial Legislature exercises its oversight role through Portfolio Committees. Portfolio Committees responsible for overseeing the GMA's activities are as follows:

- Standing Committee on Public Accounts (SCOPA) - Reviews the GMA's Annual Financial Statements and the Audit Report of the Auditor-General.
- Portfolio Committee on Roads and Transport - Reviews the non-financial information contained in the GMA's Integrated Annual Report. The Committee focuses on service delivery and economic growth.
- Portfolio Committee on Finance - Reviews the Appropriation Bill of the Gauteng Province.
- Standing Committee on Gender, Youth and People with Disabilities (GEYODI) – Reviews the process of service implementation relating to gender, youth, women and people with disabilities.

A number of engagements and formal responses to questions raised were held and provided by the GMA to the Portfolio Committee on Roads and Transport during the period under review.

3. EXECUTIVE AUTHORITY

The Gauteng MEC for Public Transport and Roads Infrastructure is the Executive Authority of the GMA. The PFMA and the GMA Act gives authority to the Executive Authority for oversight powers with reference to the Strategic Plan, Annual Performance Plan, Budget, Service Level Agreement, Annual and Quarterly Reports. The relationship between the MEC and the Board is managed through a Service Level Agreement. The Service Level Agreement assists to establish a transparent and accountable working relationship on matters related to the implementation of the provisions of the PFMA, the GMA Act and the objectives of the Gauteng Department of the Roads and Transport, Gauteng Provincial Government and the National Government.

The following documents were submitted to the Executive Authority during the 2021/22 Financial Year:

DESCRIPTION	DATE
GMA Performance and Performance Information Reports for the 1 st Quarter of the 2021/22 Financial Year.	30 July 2021
GMA Integrated Annual Report for the 2020/21 Financial Year.	25 August 2021
GMA Strategic Plan for the 2022/23 to 2024/25 Financial Years.	30 September 2021
GMA Annual Performance Plan for the 2022/23 Financial Year	30 September 2021
Service Level Agreement between the MEC and the GMA for the 2022/23 Financial Year.	30 September 2021
GMA Performance and Performance Information Reports for the 2 nd Quarter of the 2021/22 Financial Year.	29 October 2021
GMA Performance and Performance Information Reports for the 3 rd Quarter of the 2021/22 Financial Year.	28 January 2022
Revised GMA Strategic Plan for the 2022/23 to 2024/25 Financial Years.	24 February 2022
Revised GMA Annual Performance Plan for the 2022/23 Financial Year.	24 February 2022
GMA Performance and Performance Information Reports for the 4 th Quarter of the 2021/22 Financial Year.	29 April 2022

4. ACCOUNTING AUTHORITY (BOARD)

The Board is the Accounting Authority of the GMA. According to Section 9(1) of the GMA Act, the Board is responsible for managing the business and affairs of the GMA. The Board endorses the corporate governance principles as set out in King IV. A detailed Report on the GMA’s Application of King IV is provided in Addendum A.

The Board acts as the custodian for good corporate governance and strives to achieve its governance outcomes, namely: ethical culture, good performance, effective control and legitimacy through ethical and effective leadership. The Board’s main governance responsibilities and governance outcomes are highlighted in the figure below.



The GMA’s Governance Framework provides role clarity by clearly defining roles and areas of accountability required to govern the GMA effectively. The good governance practices and processes enabled the Board to create value through:

- Ensuring that its composition and structure enable it to fulfil its mandate and obligations, aligned with the GMA strategy.
- Adhering to legal, compliance and accounting requirements and contributing to a climate of discipline to reduce fraud and corruption.

- Promoting ethical leadership and organisational culture by establishing the ethics management function.
- Improving the GMA’s resilience and performance. The GMA was able to remain resilient when negatively impacted by its changing context and realises valuable opportunities as a result of these changes via good governance practices.
- Increasing value of intangible assets. Transparency with stakeholders and responsible organisational behaviour contributed to the value of intangible assets such as reputation, public image, public confidence and goodwill.

The role, responsibilities, membership requirements and procedural conduct for Board members are documented in a Board Charter.

4.1 BOARD COMPOSITION

The Board comprises eight (8) non-executive members from wide-ranging backgrounds and with varying industry and professional experience. The CEO is an ex officio member of the Board. The role and responsibilities of the Board Chairperson and the CEO are formalised and separated as clearly defined in the Board Charter. The separation of responsibilities ensures a balance of authority and power, with no one person having unrestricted decision-making powers. The Board’s term of office is three (3) years as governed by the GMA Act. The GMA Act makes provision for the re-election of existing Members of the Board, provided that the Members of the Board do not serve for more than two consecutive terms.

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 Board retains effective control through a clear governance structure including four (4) Board Committees to assist it in discharging its duties. The Board also delegates some of its duties to the CEO, who is assisted by MANCO. The CEO is responsible for leading the implementation and execution of the approved strategy, policies, as well as the day-to-day operations of the GMA. The GMA’s Governance Structure is depicted below:

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

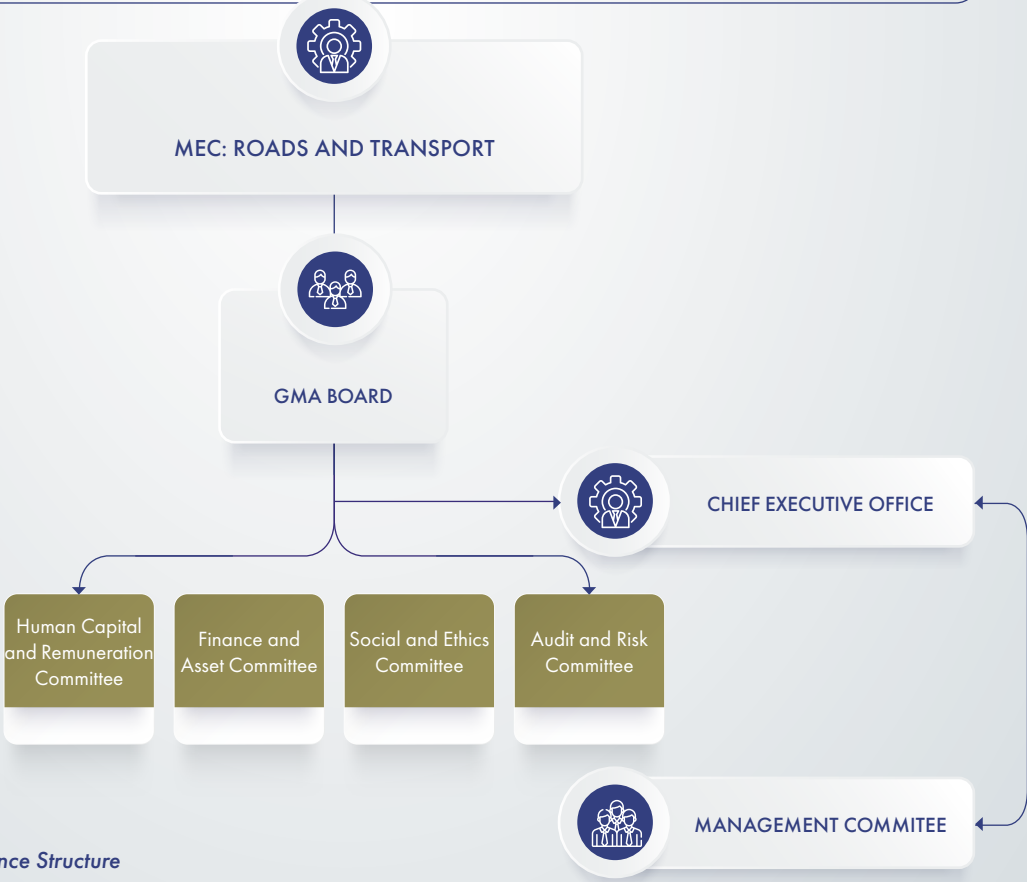


Diagram 3: Corporate Governance Structure

4.2 BRIEF PROFILES OF MEMBERS OF THE BOARD



MR MOGOPODI MOKOENA (58)

Chairperson and Independent Non-Executive Member

(Re-appointed: 1 January 2021)

B Com, B Com Hons (Local Government Accounting)

- **Board Committee Membership:** GMA Finance and Asset and Human Capital and Remuneration.
- **Other Directorships:** United Manganese of Kalahari (PTY) Ltd, Chancellor House Holdings, and Clinix Health Group (PTY) Ltd
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA)
- **Skills, Expertise and Experience:** Financial Management and Auditing, Public Financial Management, Infrastructure and Urban Development and Trade and Investment.



MR ABEL MAWELA (61)

Independent Non-Executive Member

(Re-appointed: 1 January 2021)

B Com, B Com Hons, MBA

- **GMA Board Committee Membership:** Chairperson of Audit and Risk Committee and Member of Social and Ethics Committee
- **Other Directorships:** Accelerate Property Fund Limited and Molodi Finance and Investments.
- **Professional Memberships:** Chartered Institute of Government Finance, Audit and Risk Officers (CIGFARO), and the Institute of Directors in Southern Africa (IoDSA).
- **Skills, Expertise and Experience:** Financial Management, Auditing, Corporate Governance and Supply Chain Management.



MS LUNGILE MTIYA (47)

Deputy Chairperson and Independent Non-Executive Member

(Appointed: 1 January 2021)

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

- **GMA Board Committee Membership:** Chairperson of Human Capital and Remuneration Committee and Member of the Social and Ethics Committee.
- **Other Directorships:** SODEXO Southern Africa Pty, Ltd and South African National Energy Development Institute (SANEDI).
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA), SA Society for Labour Law (SASLAW) and South African Board for People Practices (SABPP)
- **Skills, Expertise and Experience:** Human Resources, Labour Relations, Mediation, Conciliation, Arbitration and Facilitation



MR DONOVAN NADISON (57) *Independent Non-Executive Member*

(Re-appointed: 1 January 2021)

Bachelor of Art in Social Work with Honours, Master of Arts in Social Work, both at Witwatersrand University. He also completed a non-degree program at Indiana University as a PhD Fulbright Scholar.

- **Board Committee Membership:** Chairperson of Social and Ethics Committee, Member of the Human Capital and Remuneration Committee.
- **Other Directorships:** New Africa Business Investments(Pty) Ltd, New Africa Consulting cc, Industrial Development Cooperation of South Africa Limited (Independent: Partnership Programme Support Committee; Presidential IDC Social Enterprise Fund).
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA).
- **Skills, Expertise and Experience:** Management consultant and expert in the following areas: Knowledge management, learning and development; Private Public Partnerships; Aeronautical meteorological services; Regulatory systems; Renewable energy; Social economy.



MR WILLIAM DACHS (52)

Chief Executive Officer

(Appointed: 1 February 2020)

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

- **GMA Board Committee Membership:** Member of Finance and Asset Committee as well as Social and Ethics Committee
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA), Engineering Council of South Africa.
- **Skills, Expertise and Experience:** Public Private Partnerships and Infrastructure Finance, Rail Engineering and Management, Legal and Compliance, Finance and Risk Management and Transport Planning



MR SAKI ZAMXAKA (43)

Independent Non-Executive Member

(Appointed: 1 January 2021)

Bachelor of Economics Honours, Diploma Programme in International Education

- **GMA Board Committee Membership:** Finance and Asset Committee and Audit and Risk Committee
- **Other Directorships:** ZARX, CEO of Gauteng Enterprise Propeller (GEP)
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA)
- **Skills, Expertise and Experience:** Investment, Public Management, Stakeholder Management and Corporate Governance.



MS PULI MOLOTO-STOFIE (67)

Independent Non-Executive Member

(Re-appointed: 01 January 2021)

MBA, LLB and B Proc

- **GMA Board Committee Membership:** Human Capital and Remuneration Committee and Social and Ethics Committee.
- **Other Directorships:** Member: Financial Services Tribunal & The Financial Intelligence Centre Appeal Board; Chairman: Moloto Stofile Inc & Bontle Buhle Trading Enterprises (Pty) Ltd, Executive Director: Buzz-in-Legal Corporate Services (Pty) Ltd and Buzz-in-Legal Mentoring and Training NPC, Non-Executive Director: Rorisang Basadi Investment Holding (Pty) Ltd.
- **Professional Memberships:** Law Society of the Northern Provinces (LSNP); Institute of Directors in Southern Africa (IoDSA), Arbitration Foundation of SA (AFSA).
- **Skills, Expertise and Experience:** Commercial Law, Corporate Law, Labour Law, Commercial Litigation, Corporate Governance, Regulatory and Compliance and Mediation and Arbitration.



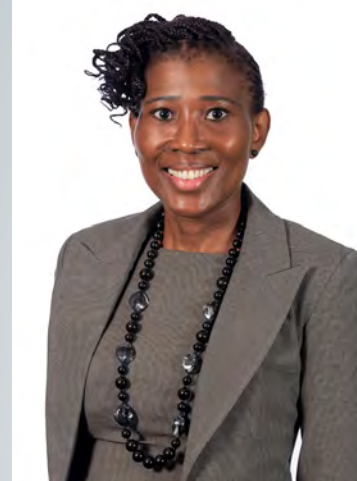
DR. PRITISH DALA (39)

Independent Non-Executive Member

(Appointed: 1 January 2018)

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

- **GMA Board Committee Membership:** Finance and Asset Committee, Social and Ethics Committee as well as the Audit and Risk Committee.
- **Other Directorships:** Exponential Enterprises, Durban Marine Theme Park (uShaka) and the Road Traffic Infringement Agency.
- **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, Cyber Security, Privacy, Project Governance and Management, Information Technology Audit, Internal Auditing, Risk Management, Corporate and ICT Governance, Strategy, Compliance, Forensics and Research.



MS REBONE MABUSELA-JONGA (44)

Independent Non-Executive Member

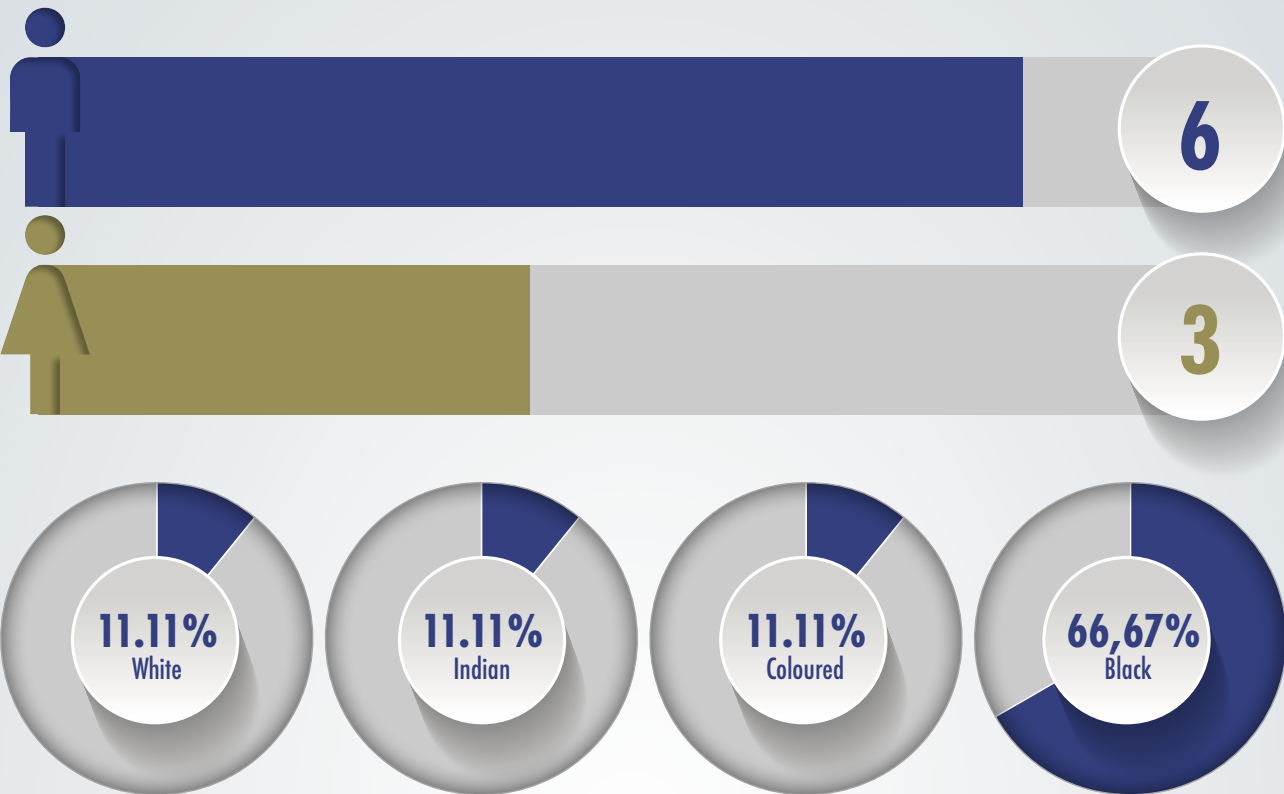
(Appointed: 1 January 2021)

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

- **GMA Board Committee Membership:** Finance and Asset Committee and Audit and Risk Committee.
- **Other Directorship:** Athari Advisory Group, Athari Capital, South Africa and UK
- **Professional Memberships:** Institute of Directors in Southern Africa (IoDSA) and SA Institute of Chartered Accountants (SAICA)
- **Skills, Expertise and Experience:** Public Private Partnerships (PPP), Project and Structured Finance, Financial Analysis, Financial modelling, Infrastructure Advisory (specialising in the Transport sector), Accounting, Audit, Private Equity, Investment Banking Services including Mergers and Acquisitions, Corporate Restructurings, Capital Raising, Equity and Debt Restructuring in the U.S, UK, as well as across Sub-Saharan Africa, including in Nigeria, Ghana, Kenya, Uganda, Tanzania, Zambia, Zimbabwe, Botswana and South Africa



The Board has continued to make great strides in addressing diversity in its membership and a variety of attributes relevant for promoting better decision making and effective governance including field of knowledge, skills and experience as well as age, culture, race and gender as depicted in the statistics below.



4.3 BOARD POLICIES

The table below highlights key policies governing the activities of the Board:

Appointment of the Board	The Framework for the Recruitment and Selection of Members of the Board and Board Committees provides guidance to the MEC and the Board in discharging their role and responsibility in the appointment of Members of the Board, Board Committees and the CEO, in line with the GMA Act, PFMA and King IV.
Succession Planning	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 of the Board, with fresh perspective and skills in line with the Organisation’s evolving strategy.
Business Code of Conduct and Ethics	The Code provides a proactive approach to promoting good governance and responsible conduct by Board Members. The Code is divided in two parts namely Ethical Principles and Conduct Principles. Ethical Principles – Provide Board Members with guidance for value-based decision making and conduct. The Ethical Principles are also essential in living the GMA’s core values. They are an important reference point for Board Members and form the basis for effective and ethical performance of their day-to-day conduct within the execution of their role and responsibilities. Conduct Principles – These principles embody the responsibilities and obligations that Board Members commit to. The Code includes for example, conflict of interests, directorship, employment and other activities, gifts, political parties and disclosure of confidential information. Board Members declare their interest annually and sign to declare their commitment to upholding the principles and standards of conduct outlined in the Code.
Remuneration of the Board	In terms of the GMA Act, the remuneration of the Members of the Board is determined by the Executive Authority, in consultation with the Gauteng MEC of Finance. The structure of the remuneration is based on the following: - Preparation and attendance of meetings, workshops and other events paid in accordance with the National Treasury Guidelines. - A monthly retainer paid due to the nature and activities of the Gautrain Project. - Travelling and other expenses associated with attending meetings, workshops and events reimbursed in line with GMA Policies. - The Remuneration of the Board for the 2021/22 Financial Year is disclosed in the Annual Financial Statements.

4.4 BOARD’S FOCUS AREAS DURING THE 2021/22 FINANCIAL YEAR

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter and key focus areas for the 2021/22 Financial Year included:

- Recovery from the impact of COVID-19 on Gautrain operations and the GMA.
- GMA Funding Strategy.
- Planning for Post 2026 – end of the Concession Agreement.
- GMA Strategic Plan for the 2022/23 to 2024/25 Financial Years.
- Annual Performance Plan for the 2022/23 Financial Year.
- Policies and Key Documents for the 2022/23 Financial Year.
- Public Transport Ticketing Interoperability.
- Gauteng Province’s Construction All Risks (CAR) Insurance Claim.
- Integration of the Gautrain System with other Public Transport Systems.
- Service Level Agreement between the GMA and the Transport Authority for Gauteng.

4.5 BOARD PROCESSES

BOARD PROCESSES	
Delegation of Authority	The Delegation of Authority Framework was developed within the parameters of the above legal and regulatory framework of the GMA, as a means of creating structured decision-making at all levels of the GMA. The Board recognises that delegating authority does not reduce its responsibilities. The Board regularly reviews the governance structures to ensure support for effective decision-making. The Framework is reviewed annually to ensure that it is still relevant and applicable to the GMA's environment. The Framework is also reviewed to align it with the GMA Board Charter, Board Committees' Terms of References, Key Documents and Policies.
Conflict of Interest	All Members of the Board in line with the Business Code of Conduct and Ethics for Members of the Board, are required to declare any actual or potential conflict of interest and sign the Confidentiality and Declaration of Conflict-of-Interest Forms prior to their appointment and thereafter annually, or whenever significant changes arise. Copies of the declarations are made available to the MEC. At the beginning of all Board and Board Committees Meetings, all Members of the Board are required to declare any actual or potential conflict of interest in respect of agenda items. The declarations are then deliberated and where an actual conflict of interest exists, the Member is recused from the discussions on that agenda item. The Corporate Governance and Ethics Business Unit keep registers for annual declarations and all declarations made at Board and Board Committees Meetings.
Board Training and Development	Continuous training and skills development remain crucial for effective governance and successful performance of the Board. The Board Training and Development Plan for the 2021/22 Financial Year, which was based on webinars and online workshops, was approved by Board on 29 May 2020. The implementation of the Board Training and Development Plan was monitored by the Human Capital and Remuneration Committee on a quarterly basis. All Board Members participated in the various training interventions arranged for the 2021/22 Financial Year. Board Members were kept abreast of changes in legislative requirements, risks, governance and changes in the external environment within which the GMA is operating, through online training and development interventions. The Corporate Governance and Ethics Business Unit continued to compile regular updates for Members of the Board, Committees, Board Advisors and Management, on issues related to the GMA, public transport, rail and corporate governance.
Board Induction	The Induction of the Board is not a once off event, but an ongoing programme. Members of the Board, Board Advisors and Management visited the Gautrain System on 13 October 2021 and the Gibela Factory in Nigel on 05 November 2021. Presentations on related subject matters were organised to coincide with meetings, as part of the induction programme.

BOARD PROCESSES	
Evaluation of the Performance of the Board and Board Committees	Performance Evaluation of the Board, Board Committees and Individual Board Members is conducted every two years. The Institute of Directors in South Africa (IoDSA) was appointed to facilitate the Performance Evaluation of the Board, Board Committees and Individual Board Members for the 2021/22 Financial Year. The focus areas during the evaluation included: • Board Composition. • Board Culture. • Board Roles and Responsibilities. • Board Committees. • Board Role Players. The overall performance score of 4.7 out of 5 was achieved and was 30,5% better than the performance score of 3.6 in the Public Sector benchmark and 4.1 in the Private Sector benchmark based on evaluations conducted by IoDSA. All Board Committees and Board Role Players were rated excellent. The following recommendations to the Board were made in order to strengthen its performance: • Need to focus on positioning the GMA beyond 2026 to optimise its performance beyond the current concession period. • Learn from other organisations that had a similar journey of managing concession agreements. The above recommendations will be considered in the development of the Training and Development Plan for Board and Board Committees. The implementation of the Training and Development plan is monitored quarterly by Human Capital and the Remuneration Committee.
Board and Board Committees Meetings and Events	The Board and Board Committees develop a Board Plan and Work Plans annually to facilitate effective meetings and ensure that agenda items are aligned with the Board Charter and Terms of Reference of Board Committees. All Meetings and events were held virtually during the 2021/22 Financial Year due to COVID-19. Members of the Senior and Executive Management are invited to the Board and Board Committee Meetings, either by a standing invitation or on an ad-hoc basis, to provide information and give highlights in their areas of responsibilities.

4.6 BOARD AND BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE OF MEETINGS

BOARD AND BOARD COMMITTEES' MEMBERSHIP AND ATTENDANCE					
BOARD MEMBERS		BOARD COMMITTEES' MEMBERSHIP			
	Board	Audit and Risk Committee	Finance and Asset Committee	Human Capital and Remuneration Committee	Social and Ethics Committee
Mr Magopodi Mokoena - Chairperson	8/9	-	6/6	5/5	-
Ms Lungile Mtiya - Deputy Chairperson	8/9	-	-	5/5	4/4
Mr William Dachs - CEO	9/9	-	6/6	-	4/4
Ms Puli Moloto-Stofile	8/9	-	-	5/5	4/4
Mr Abel Mawela	9/9	6/6	-	-	4/4
Mr Donovan Nadison	7/9	-	-	5/5	4/4
Dr Pritish Dala	7/9	6/6	5/6	-	4/4
Ms Rebone Mabusela-Jonga	9/9	6/6	6/6	-	-
Mr Saki Zamxaka	8/9	6/6	6/6	-	-

BOARD ADVISORS					
	Board	Audit and Risk Committee	Finance and Asset Committee	Human Capital and Remuneration Committee	Social and Ethics Committee
Mr Jan-David de Villiers National Department of Transport	5/7	-	2/6	-	-
Ms Tryfina Mokele Gauteng Provincial Treasury	5/7	1/6		-	-
Ms Malebo Ndamase Gauteng Department of Roads and Transport	5/7	1/6		-	-

5. BOARD COMMITTEES

Members of Board Committees are appointed by the Board in line with the GMA Act and the Framework for the Recruitment and Selection of Board and Board Committee Members. The term of office of the Board Committee Members is aligned with that of the Board. All Board Committees are chaired by Non-Executive Members of the Board. The Chairpersons of all Board Committees are Members of the Social and Ethics Committee, to promote effective collaboration and coordination among Board Committees.

The Terms of Reference of the Board Committees are reviewed annually to enhance their effective functioning. The implementation of the Board Committees' Terms of References was monitored on a quarterly basis through the Board Committees' Annual Work Plans.

5.1 AUDIT AND RISK COMMITTEE REPORT

Refer to the Report of the Audit and Risk Committee in Annual Financial Statements for more details regarding the activities of the Audit and Risk Committee.



5.2 FINANCE AND ASSET COMMITTEE REPORT

The Finance and Asset Committee (FAC) is constituted as a Board Committee in accordance with section 19 of the GMA Act and a minimum of three (3) Committee Members make the Committee's composition.

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

5.2.1 Committee's Focus areas during the 2021/22 Financial Year

- Reviewed the following matters for recommendation to the Board:
 - Policies and Key Documents.
 - Impact of Covid-19 on the GMA and the Gautrain System.
 - Reports on Post-2026 Gautrain Project.
 - Reports on the Feasibility Study on the Gauteng Rapid Rail Network Extensions.
 - Reports on the development of commercial opportunities.
 - GMA Funding Strategy.
 - GMA's Budget.
 - GMA's Quarterly Performance and Performance Information Reports.
 - Reports on Gauteng Province's Construction All Risks (CAR) Insurance Claim.
 - Reports on Public Transport Ticketing Interoperability
 - Reports on the Integration of the Gautrain System with other Public Transport Systems.
- Reviewed and approved quarterly reports on the following key matters:
 - Concessionaire's Performance Monitoring System (PMS) and Patronage Reports.
 - GMA Consolidated Finance Reports.
 - GMA Asset Management and Asset Maintenance Reports.
 - GMA Supply Chain Management Reports.
 - Reports on the implementation of the GMA Integrated Security Strategy.

- GMA's Portfolio Management Office Reports.
- System Asset Maintenance Reports.
- GMA Facilities Management Reports.
- Gautrain Capacity Challenge Reports.

The FAC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2021/22 Financial Year.

P. Dala

Dr P Dala
FAC Chairperson



5.3 SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (SEC) is a Statutory Committee constituted in terms of section 72 of the Companies Act No.71 of 2008 ("the Companies Act"), section 19 of the GMA Act, King IV and the GMA Board Charter.

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

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

5.3.1 Committee's focus areas during the 2021/22 Financial Year

- Reviewed Policies and Key Documents and recommended to the Board for approval.
- Reviewed, monitored and / or approved Quarterly Reports on the following matters:
 - Integrated Ethics Management Reports.
 - Integrated Communications and Marketing Reports which included sections on the Stakeholder Management activities.
 - Social Investment Programme Reports.
 - Health, Safety and Environment Report.
 - Achievement of BBBEE targets.
 - HC Quarterly Reports.
 - Reports on Legal Compliance and Litigation

The SEC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2021/22 Financial Year.

Mr D Nadison

Mr D Nadison
SEC Chairperson



5.4 HUMAN CAPITAL AND REMUNERATION COMMITTEE REPORT

The Human Capital and Remuneration Committee (HCRC) is constituted as a Board Committee in accordance with section 19 of the GMA Act and a minimum of three (3) Committee Members is required.

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

5.4.1 Committee's focus areas during the 2021/22 Financial Year

- Reviewed and recommended the following documents to the Board for approval:
 - Policies and Key Documents.
 - Proposed bonus payments for the 2020/21 Financial Year, Annual salary increases and pay scale for the 2021/22 Financial Year.
 - Reports on the development and implementation of HC Programmes.
 - Reports on Knowledge Management.
 - Knowledge Management Framework.
 - Board Training and Development Plan.
- Reviewed, monitored and / approved Quarterly Reports on the following matters:
 - Human Capital.
 - Implementation of the Board Training and Development Plan.
 - HC Programmes.

The HCRC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2021/22 Financial Year.

Ms L Mtiya
HCRC: Chairperson

Future Focus Areas of the Board and Board Committees

Some of the future focus areas of the Board and Board Committees will be:

- Post-2026 Gautrain Project.
- Implementation of the Commercial Strategy.
- Gauteng Rapid Rail Integrated Network Extensions.
- GMA's Funding Strategy.
- Increase Gautrain ridership.
- Grow GMA's Knowledge Management capacity.
- Digitisation and automation of business processes.
- Risk and Opportunities.
- Roll-out of Compliance Framework.

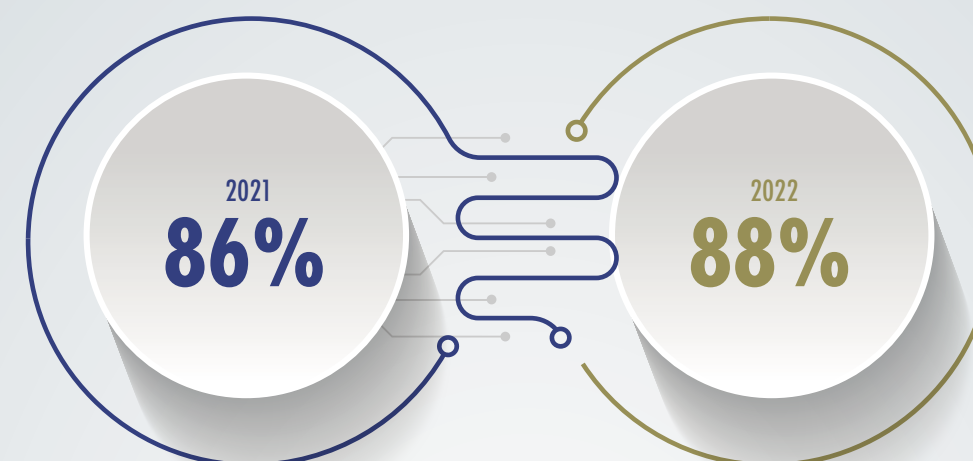
6. RISK MANAGEMENT

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

6.1 RISKS AND OPPORTUNITIES

The GMA continued to embed an Enterprise-Wide Risk Management System within the Agency. This has marked

a continuous improvement in the maturity of the risk management system, with a clear allocation of responsibilities across the GMA Board and Committees, Management and employees. The current status of the entity's risk maturity is reflected below. A risk maturity assessment is performed annually.



Graph 14: Risk maturity transition

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

- Development of Project Risk Registers for the Portfolio Management Office for active projects and relevant reports for future use to enable monitoring and review;
- Consideration of compliance with the code of ethics, code of conduct and organisational values in reward and recognition processes via the GMA value principles;
- Opportunity management with the development of an opportunity matrix, opportunity responses and opportunity risk register as a starting point to take opportunity management to another level;
- Continued interrogation of risks in terms of the Six Capitals of King IV; and
- Risk awareness initiatives.

6.2 PROGRESS DURING PERIOD UNDER REVIEW

During the period under review, the GMA continued the rigorous implementation of its Risk Management Implementation Plan during the Operation Period, which includes:

- Implementation of risk maturity action plans resulting in an improvement in the risk maturity percentage;
- Risk awareness sessions and initiatives;
- Development of a System Disruption Register for potential disruptions with suitable mitigations;
- Training and development of Operational Risk Registers (including Project Risk Registers) on the Highbond risk platform;
- Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;
- Continuous monitoring of the enterprise-wide risk appetite and tolerance framework and strategic and operational dashboards;
- Rigorous, continuous implementation and monitoring of the defined risk management plans;
- Continued assessment of the risks associated with Post-2026 planning;
- Support of the ethics function; and
- Monitoring of the COVID-19 Pandemic Strategic Register, with action plans implemented where necessary.

6.3 ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

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

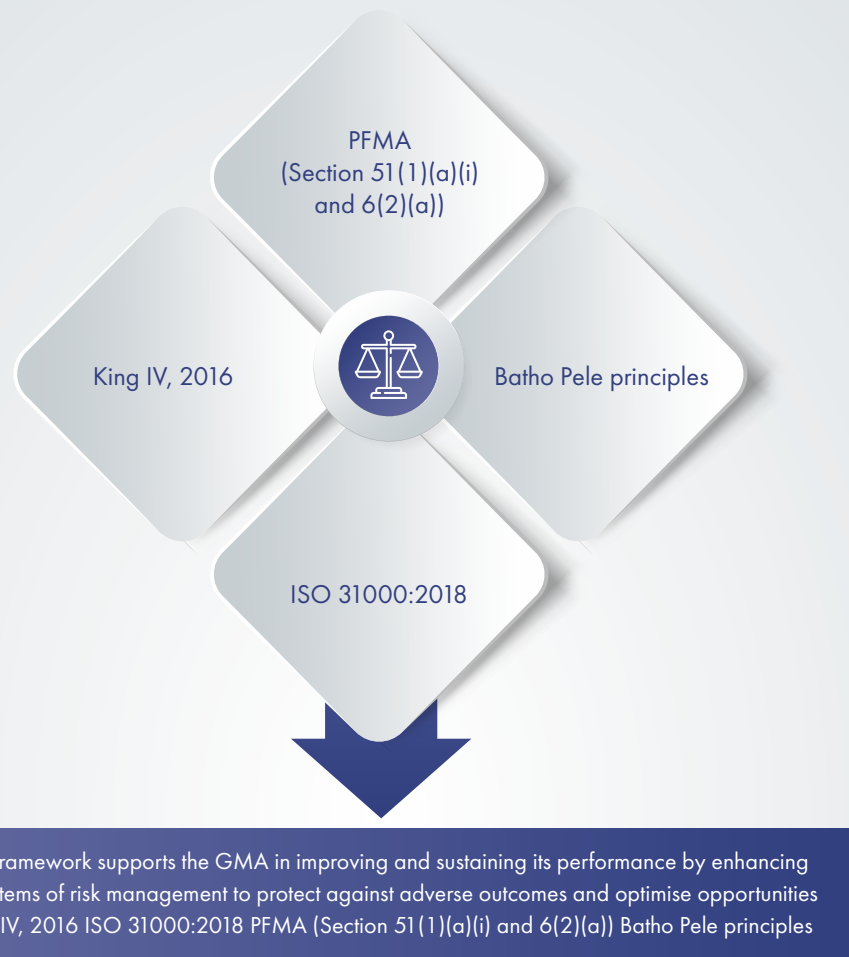


Diagram 4: Enterprise-wide risk management framework

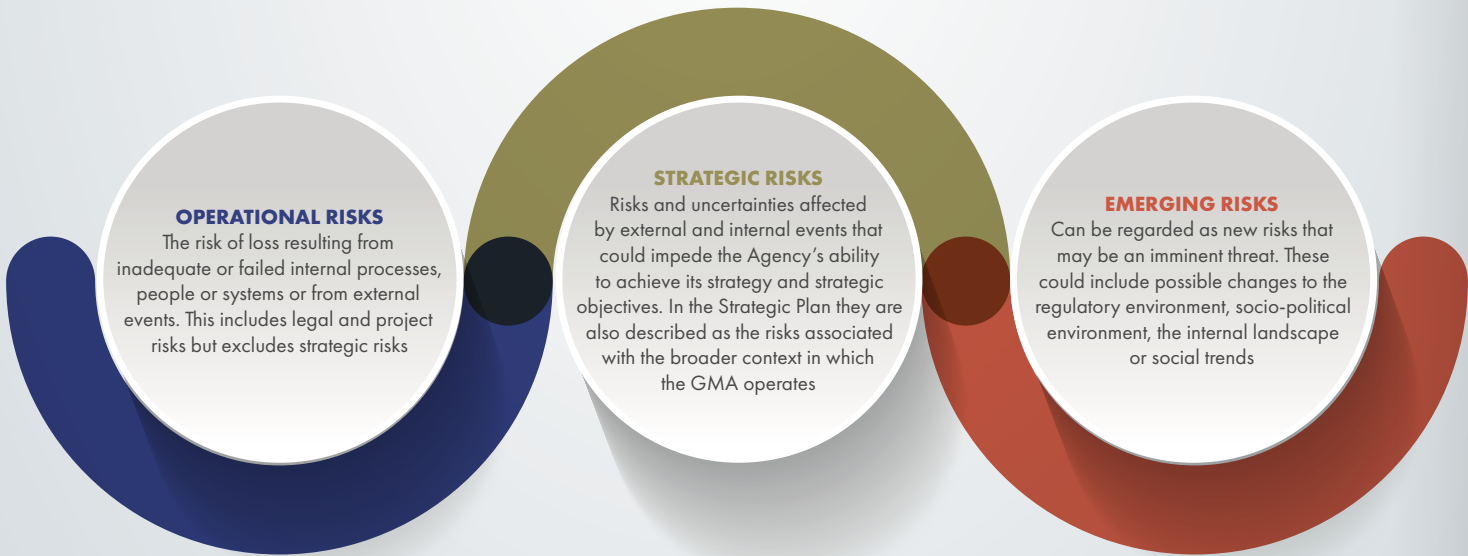


Diagram 5: GMA risks

6.4 SUMMARY OF MAJOR RISKS AS PER THE RISK REGISTER

The GMA Board and Management have considered the environment it operates in, as well as events likely to happen in the near future, including the proposed extensions to the GRRIN network; commercial genesis, Post-2026 planning initiatives, the need to reduce our carbon footprint; a possible devolution of commuter rail services to the Gauteng Province; a struggling economy post-COVID 19 with population growth and the unemployment rate on the increase as well as the ongoing digital transformation (disruptive technologies). The areas of focus of the GMA continue to grow but limited resources are available to address these areas. The GMA will aim to focus its resources for best results while continuing to monitor its environment and its agility and formulate responses accordingly.

Where constraints are identified, these will be monitored. Risks identified will be mitigated and incorporated into the enterprise-wide risk management system.

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

Table 15: Top five strategic risks (current and emerging)

RiskNo.	Risk Description	Mitigations (in Place/to be Implemented)	Outputs (Strategic Objectives)	Six Capitals	Inputs	Outcomes Desired/Achieved
1	Business continuity at the end of the Concession Period in 2026 and beyond	Asset Handover Project GRRIN extensions Concession planning: new operator/maintainer	Ensure that the management of the relationship with the Concessionaire optimises performance delivery	Financial Natural Manufactured Social Intellectual Material Theme: Operational efficiency, sustainability and resilience and SED	Additional trains CA: old and new Portfolio management Innovation Land acquisition	Business continuity Assets with desired Remaining Useful Life (RUL) per CA Growth in revenue Growth in asset value Economic benefits SED benefits Increase in size of System
2	Cyber security and information governance (unauthorised/disclosure access to GMA information – internal and external cyber-attacks) resulting in financial and reputational loss. This risk increases as digital transformation of the Agency increases.	Security Operation Centre (SOC) Data privacy tools Enhanced end-point security and protection Targeted Threat Protection (TTP) Data leak prevention system Cloud security tool Data encryption	Provide a secure and reliable information technology environment that facilitates knowledge sharing	Financial Social Human Intellectual Material Theme: Operational efficiency, sustainability and resilience, and innovative approaches to integration and knowledge management	Cash reserves Licences Agreements Policies, Procedures and Protocols Training	Strong governance structures Technically skilled employees Data is well managed, secured and enabled to be shared
3	Low or static growth for both train and bus passengers impacting the Patronage Guarantee payment and resulting in reputational loss. Operating in an uncertain post pandemic environment with much of the population still working from home, train passenger numbers are not at pre-COVID level yet. The consequences are as stated above.	Monthly monitoring of passengers Marketing mitigation measures Penalty regime Increased security at stations Integrated Fare Management System (IFM)/Euro-visa Project Post-2026 planning	Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee	Financial Social Manufactured Material Theme: Operational efficiency, sustainability and resilience and responsible financial and contract management	CA Customer survey Reputation audit Additional trains	Growth in revenue High customer satisfaction Growth in brand value Growth in usage Growth in asset value

RiskNo.	Risk Description	Mitigations (in Place/to be Implemented)	Outputs (Strategic Objectives)	Six Capitals	Inputs	Outcomes Desired/Achieved
4	Inability to meet PG commitment in the long term	GMA Funding Plan which includes: Reprioritisation of GDRT and GMA budget Additional budget requests to Treasury Commercial genesis	Increase the ridership of the Gautrain System so as to minimise the Patronage Guarantee	Financial Social Manufactured Material Theme: Operational efficiency, sustainability and resilience and responsible financial and contract management	GMA Funding Plan initiatives	Business continuity
5	The current socio-political landscape in South Africa lends itself to various situations of uncertainty such as taxi, bus and train strikes and community unrest, which could result in physical damage to the System and reduced ridership, leading to huge financial and reputational loss	Due to these being social issues, mitigations are limited to: -Increased security at stations implemented by Concessionaire -Ministerial intervention -Insurance re: physical assets The GMA is constantly scanning the socio-political environment	To completely and accurately account for assets of the GMA and to ensure adequate safeguarding, verification and accountability over these assets	Social Financial Material Theme: Stakeholder impact	Security system Insurance policies	Safe, secure system Protection of assets

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

6.5 CONSTRAINTS

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



Diagram 6: Constraints

The GMA risks are summarised in Table 16 below.

Table 16 GMA combined heat map as at 31 March 2022

IMPACT	Major		CE09 CE010		F2	
	Significant		CM2 TE5 IT5 CEO Emerging 4	T6 T7 CEO2 CEO Emerging 5 CL2 CL3 CM1 CM3 IT1 IT2	IT3	
	Some/Moderate		F3 CEO8 HC4	T3 T5 CGS1 CM4 CEO1 CM5 CM6 IA2 CL1 RM1 CEO5 C1 C2 C3	T1 T4 CEO Emerging 1	
	Insignificant		IA1 HC1 IA4			
	None					
		Occurs Rarely	Improbable/Low	Medium	Real Chance	Almost Certain
PROBABILITY						

LEGEND			
T	Technical Services	TE	Technical Emerging
IT	Information Communication Technology	HC	Human Capital
IA	Internal Audit	CM	Communications and Marketing
CEO	Office of the CEO	CEO Em	CEO Emerging
CL	Compliance and Legal	F	Finance
CGS	Corporate Governance and Ethics	RM	Risk Management
C	Commercial Unit		

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

- **CEO 9:** Business continuity Post-2026 – see point 1 in Table 15;
- **CEO emerging 3:** Socio-political landscape in South Africa – see point 5 in Table 15;

- **T1:** Low or static growth in ridership – see point 3 in Table 15;
- **F2:** Inability to meet PG commitments in the long term – see point 4 in Table 15;
- **IT2:** Cyber security and information governance – see point 2 in Table 15 and
- **IT3:** Inability for ICT operations to function optimally due to service continuity issues.

The GMA risks (41 in total of which four are emerging risks) are well mitigated and most risks are in the low to medium probability/impact zones. Management actions are in place to manage the risks in the red zone and strategic risk items highlighted.

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

Table 17: Range of opportunities

No.	Description
1	Expansion of the System with the acquisition of capital assets such as additional parking, modernised fare collection systems, additional signalling, track work and a larger depot for maintenance. The procurement by the Concessionaire of the systems and assets is ongoing.
2	Extension of the System. The GMA has completed a Feasibility Study for GRRIN extensions, which will be executed in accordance with the ITMP25 once National Treasury approval is obtained, resulting in significant economic growth for the Gauteng Province, along with many other benefits. With the anticipation of the completion of the GRRIN route determination, the GMA will start with the process of the preliminary design for Phase 1 of the proposed GRRIN Extensions and this will include a full Environmental Impact Assessment (EIA).
3	Revenue enhancement measures to take advantage of the commercial opportunities inherent in the Gautrain System. The roll-out of ICT connectivity in the tunnels was completed, including commercial opportunities such as car rental kiosks and touch screen advertising on platforms.
4	Development of partnerships with key public and private entities that jointly benefit both parties. The GMA entered and renewed 16 partnerships during the Financial Year.



6.6 FUTURE FOCUS

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

- Continuous embedding of risk culture of the Agency;
- Sustainability Policy/Plan/Framework;
- Enhancement of Opportunity Management;
- Periodic updates on the System Disruption Register;
- Improvement on risk reporting and integration – Alignment of other business units to PMO processes to enable migration of Project Risk Registers for active projects to the Highbond platform;
- Continued analysis of risk and reporting using the 360-degree view of strategic risk management based on King IV; and
- Risk awareness initiatives.

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

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

Its main function is to provide assurance to management and the board on the adequacy and effectiveness of Governance, Risk Management and Controls. ARC approves the Internal Audit Plan at the beginning of each year. The Internal Audit Plan is based on critical risks facing the entity and it covers all the business units within the GMA.

Through execution of an approved Internal Audit Plan, Internal Audit provides an independent assessment/evaluation of the GMA Governance, Risk Management and Controls processes that Management and the Board has implemented to attain the GMA Purpose of: “Transforming spaces, people and the economy through mobility”.

7.1 PERFORMANCE DURING PERIOD UNDER REVIEW

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

On a quarterly basis, Internal Audit submitted to the Audit and Risk Committee the consolidated internal audit report detailing the progress against, and significant amendments to, the current approved Annual Internal Audit Plan.

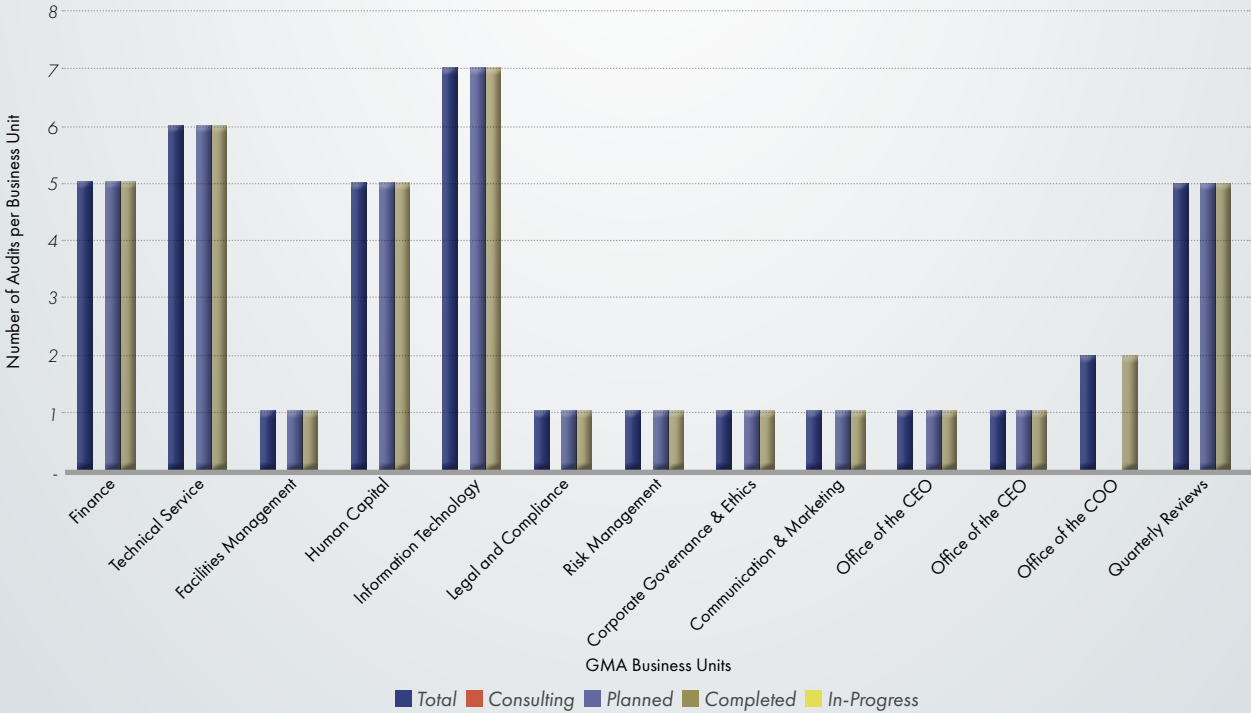
7.1.1 Highlights of the Key Control Dashboard in Compliance with PFMA

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

7.1.2 Progress against Approved Internal Audit Plan

Internal Audit completed all auditable areas as per the approved Internal Audit Plan for 2021-2022 financial year. The Internal Audit Plan covered 36 auditable areas that spanned across the following business units: Technical Services, Finance, Information and Communication Technology, Communication and Marketing, Corporate Services, Corporate Governance and Ethics, Compliance and Legal Services, and Risk Management. In addition, Internal Audit completed all reported Whistleblowing and Management requested reviews.

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



Graph 15: GMA’s Internal Audit Performance vs. Plan

Through the execution and completion of the Annual Internal Audit Plan, Internal Audit ensures the GMA’s Strategic objective of providing assurance that compliance with internal controls in all divisions is achieved. The Internal Audit’s mandate supports the overall business strategy and ensures achievement of business objectives by providing high quality assurance, advisory and relevant business insight as an integral part of its activities.

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

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



7.2. FUTURE FOCUS

To address the GMA’s Strategic Outcome of enhancing the management of the Concession Agreement through entrenching an environment of strong corporate governance and legal compliance, Internal Audit will:

- Implement the Strategic Internal Audit Plan for 2023 to 2025, which includes the 2022-2023 Operational Plan, and covers all high-risk areas that may impede the achievement of GMA strategic and operational objectives.
- Engage External Auditors to identify actions for implementation to improve and ensure continual reliance on Internal Audit work.
- Ensure continuous employment of the Intellectual, Financial, Human and Social and Relationship capitals to identify synergies to leverage on to enhance audit processes and ensure operational efficiency, sustainability, and resilience.

8. MANAGEMENT OF ETHICS

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

8.1 GMA ETHICS MANAGEMENT OFFICE

The Corporate Governance and Ethics Business Unit (Ethics Management Office) is charged with the responsibility of implementing the framework for the governance of ethics and operationalising the ethics management processes. GMA has adopted the Ethics Management Framework, as developed by The Ethics Institute, to provide a roadmap for managing ethics in the GMA.



Diagram 7: Ethics Management Framework

The GMA's Ethics Management Office was established in 2019 and has to date undertaken various projects aimed at enhancing the ethics maturity of the GMA. These projects include the Ethics Risk and Opportunity Assessment (ERA), Digitisation and Automation of ethics processes, as well as facilitating ongoing training and awareness sessions based on key risk areas identified in the ERA. The diagram below depicts the GMA's Ethics Office journey to date:

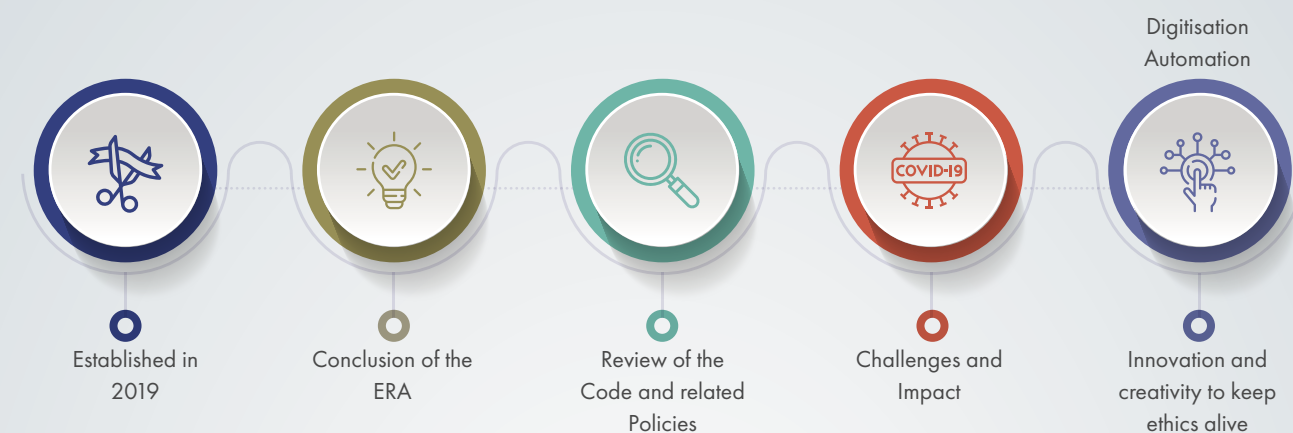


Diagram 8: Ethics Management Office's Journey

Digitisation and Automation of Ethics Management Processes

One of the key focus areas of the Ethics Management Office over the three-year period, of 2020/21 to 2022/23 Financial Years, is the digitisation and automation of ethics related processes with the following benefits, especially in the era of remote working:

- Enhanced efficiencies in processing and analysing data.
- Easy access to Information, especially in the era of remote working.
- Use of innovation to keep ethics talk alive.

The following applications have been developed to date as part of migrating from traditional based processes to digitisation:

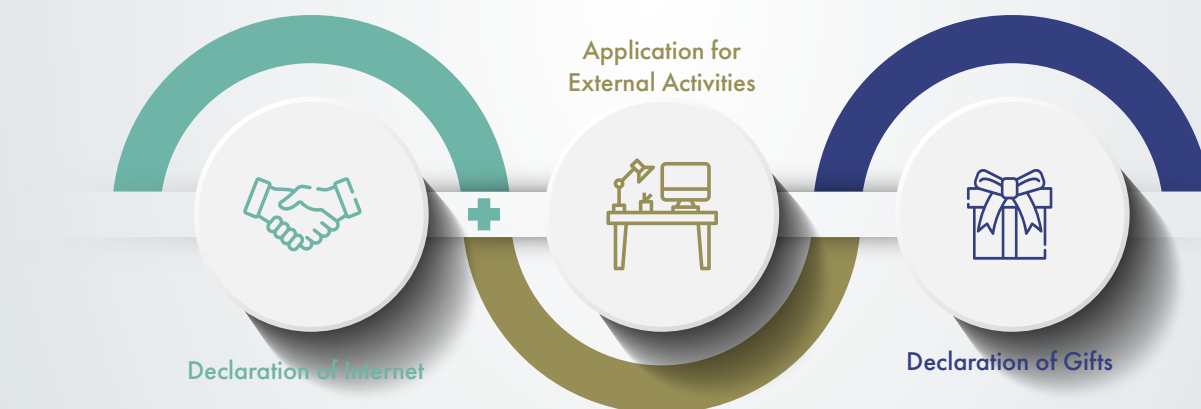


Diagram 9: Ethics-related Applications developed

The development of an Ethics Helpdesk Application, aimed at providing guidance to employees on the application of Ethics Codes and Policies, as well as navigating ethical dilemmas, has been identified as critical and will be addressed during the 2022/23 Financial Year.

8.2 ETHICS MANAGEMENT PROGRAMME

8.2.1 Ethics Codes and Policies

- Ethics Management Strategy**
 The design of the Ethics Management Strategy and Plan, as well as the Ethics Risks and Opportunity Register, have been concluded. The Ethics Management Strategy provides the broad outline of the strategic focus areas and the activities that the GMA should pursue to deal with ethics risks and build a foundation that supports and maintains an ethical culture in the GMA by prioritising the management of ethics. The focus for the last quarter of the 2021/22 Financial Year was on workshopping the Ethics Management Strategy with the various business units to obtain their buy in.
- Code of Conduct**
 The GMA's Codes of Conduct provide guidance to Members of the Board, Employees and Service Providers on acceptable behaviour. The Codes address key matters and Ethical Principles to be applied by the Members of Board, Employees and Service providers, in the execution of their duties.

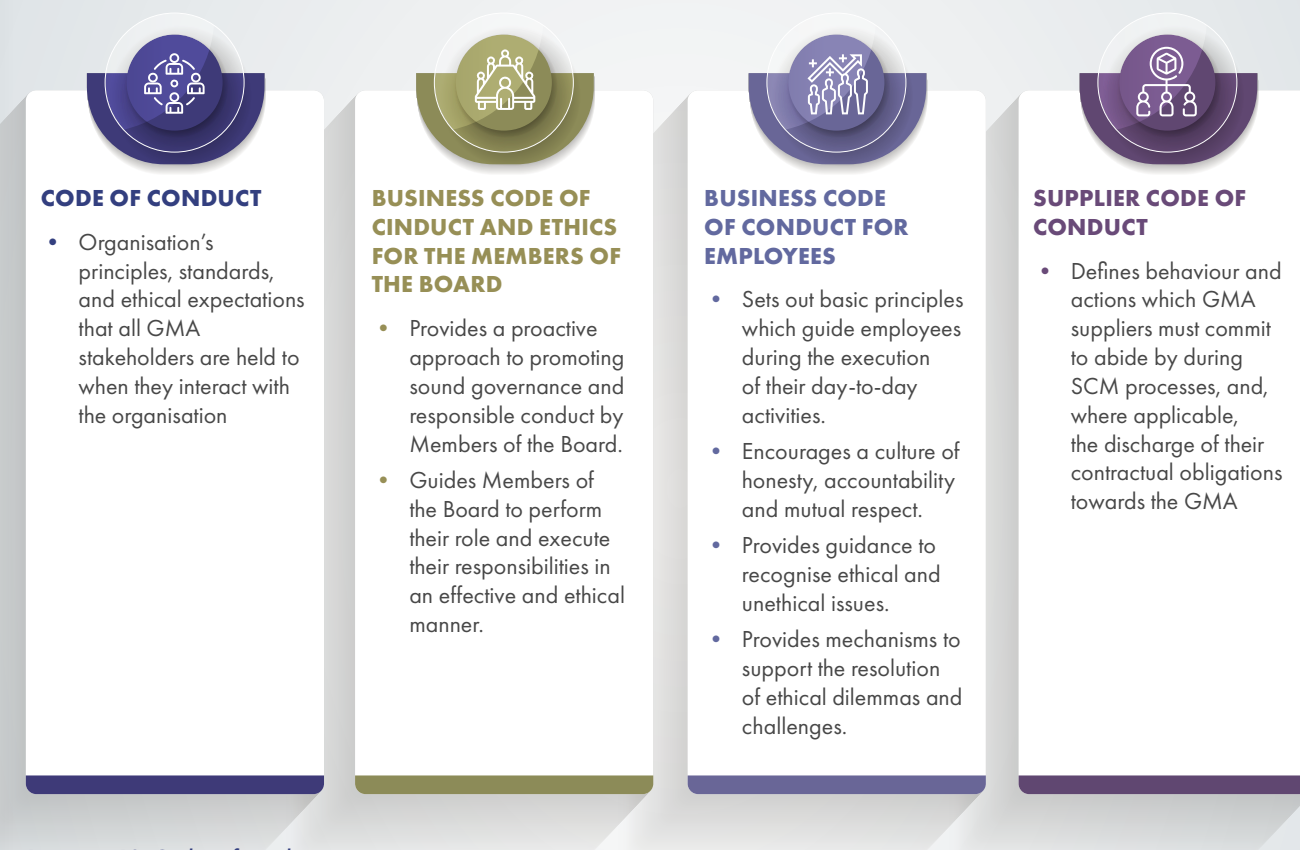


Diagram 10: Codes of conduct

Breach of the Codes is dealt with in terms of the GMA's Disciplinary Code and Procedures for employees. Breach by Members of the Board or Service Providers may result in the termination of their relationship with the GMA.

- Fraud and Corruption**
 Fraud and Corruption are the biggest obstacles to economic and social development, especially in the context of South Africa. Fraud and corruption have major implications, not only for organisations, but also on society at large, with the poor being most vulnerable to their effects. Fraud and corruption can result in financial loss, reputational damage and public health and safety risks. Addressing fraud and corruption requires an integrated approach focusing on detection, prevention and redress, underpinned by a strong collaboration between all stakeholders.

Preventing fraud should be the primary aim of an organisation's Fraud Plan as it requires fewer resources, as opposed to an approach based on detection and recovery, and it also contributes towards the establishment of an ethical culture.

The GMA subscribes to the principles of good governance and zero tolerance to corruption, fraud, misconduct, theft, dishonesty, and unethical conduct. The GMA's Fraud Prevention and Whistle blowing Policy and Procedure, which governs the fraud prevention programme of the GMA, forms part of the Ethics and Training and Awareness Programme, to ensure employees are empowered to prevent, detect and report unethical incidents.

8.2.1 Fraud Prevention Training / Awareness Interventions

The GMA regularly conducts employee awareness sessions on Fraud Prevention and the use of the GMA Fraud Hotline. In addition, GMA suppliers / service providers are also provided with the GMA Supplier Code of Conduct and details of the GMA Fraud Hotline to enable them to report any fraud and corruption incidents and / or irregularities.

The following initiatives aimed at promoting fraud awareness and prevention were undertaken during the 2021/22 Financial Year:

Refer to Diagram 11 for Fraud Prevention and Awareness Initiatives conducted during the 2021/22 Financial Year.

8.2.2 Fraud Hotline

Although Fraud hotlines are reactive in nature, they are a critical ethics management tool to identify gaps in the organisation’s management processes and internal controls or to identify incidents of fraud, corruption or other unethical behaviour.

The GMA’s Fraud Hotline is managed by an external service provider, Whistle Blowers (Pty) Ltd, who provide dedicated whistle-blowing services, as well as provide monthly and quarterly reports thereof.

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

No incidents were reported during the 2021/22 Financial Year.

8.3 MINIMISING CONFLICT OF INTEREST

Failing to manage conflicts of interest can have negative consequences for organisations and individuals involved. Loss of public trust, reputational damage and erosion of employee morale, are some of the consequences of improper management of conflict of interest. The effectiveness and integrity of the organisation’s decision-making processes might also be negatively impacted. Inadequate or insufficient management of conflicts of interest represent a significant risk for organisations.

8.3.1 Conflict of Interest guidelines

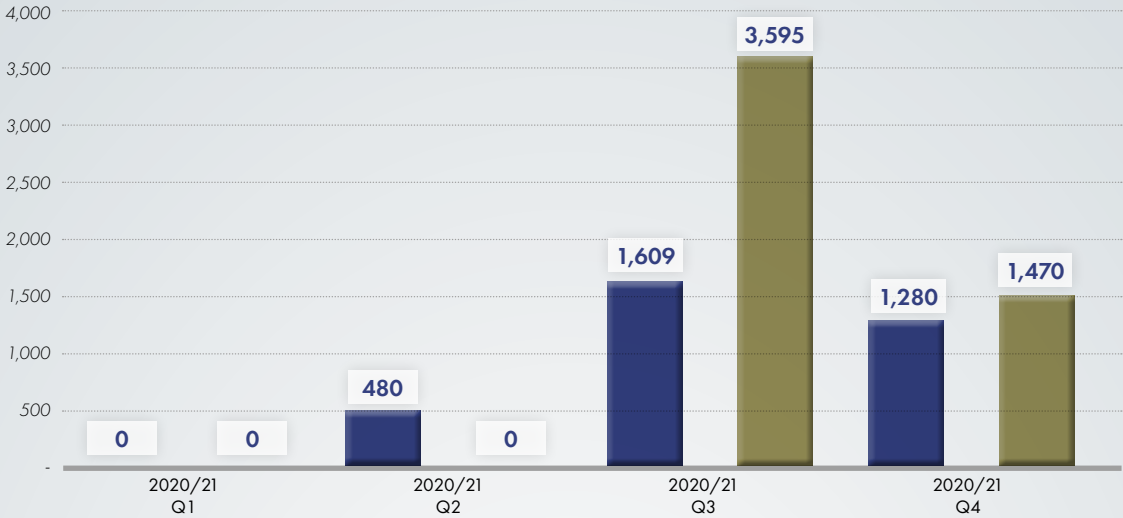
The GMA has put in place the following processes and procedures to address conflict and/ or potential conflict of interest matters:

- All Members of the Board and employees are required to declare any actual or potential conflict of interest on an annual basis, or whenever significant changes arise.
- Employees who participate in the tender process or in the recruitment process are also required to declare any actual or perceived conflict of interest.
- Employees who wish to conduct work outside of the GMA (moonlighting), are required to obtain approval of the CEO (at the recommendation of their line managers), before entering into such contracts and are also required to abide by the conditions as set out in the GMA Code of Conduct and Ethics for Employees.
- Members of the Board and Employees are required to declare gifts received / or offered, with an estimated value of above R350 and no gifts valued above R2500 may be accepted.

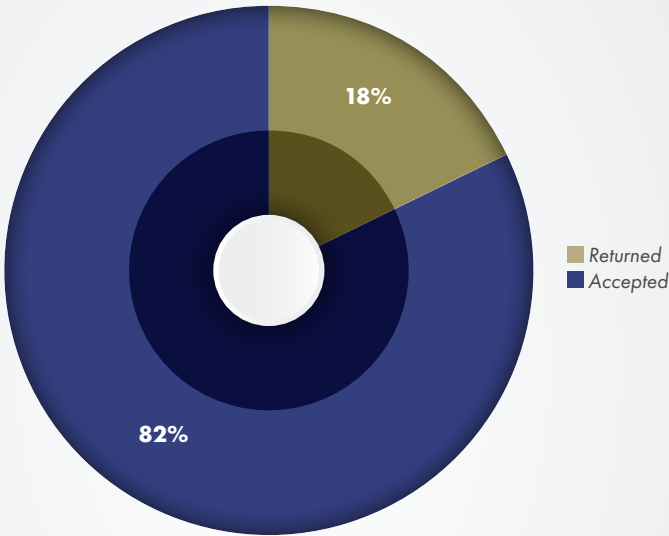
8.4 DECLARATION OF GIFTS

The GMA’s Gift and Hospitality Policy provides guidance on the management of gifts received from third parties. According to this Policy, employees are required to disclose any gifts or hospitality with an estimated value of R350.00 and above received from external stakeholders.

Gifts are a major topic covered during the Ethics Management Training and Awareness Sessions, in an effort to address and manage related risks. The data below provides a summary of gifts declared during the 2021/22 Financial Year. It is encouraging to note the emerging trend of employees declining/returning gifts. This is evidence of an improvement in ethical awareness and consciousness among GMA officials.



Graph 16: Gift register 20/21 vs 21/22



Graph 17: Gift register of accepted vs returned

8.5 TRAINING AND AWARENESS PROGRAMMES

Ethics Awareness and Training sessions are critical components for the success of the Ethics Management programme in any organisation. Ethics Awareness and Training Sessions promote Ethics Talk, and enhance employees’ awareness of the impact of unethical behaviour on the individuals and organisations. These sessions also promote a “speak-out” culture against unethical behaviour, thereby encouraging employees to seek guidance on ethical dilemmas and enhance the ethics maturity of the organisation.

Regular awareness sessions on managing conflict of interest are conducted as part of the Ethics Training and Awareness Sessions. Refer to Diagram 11 for Training and Awareness Initiatives conducted during the 2021/22 Financial Year.

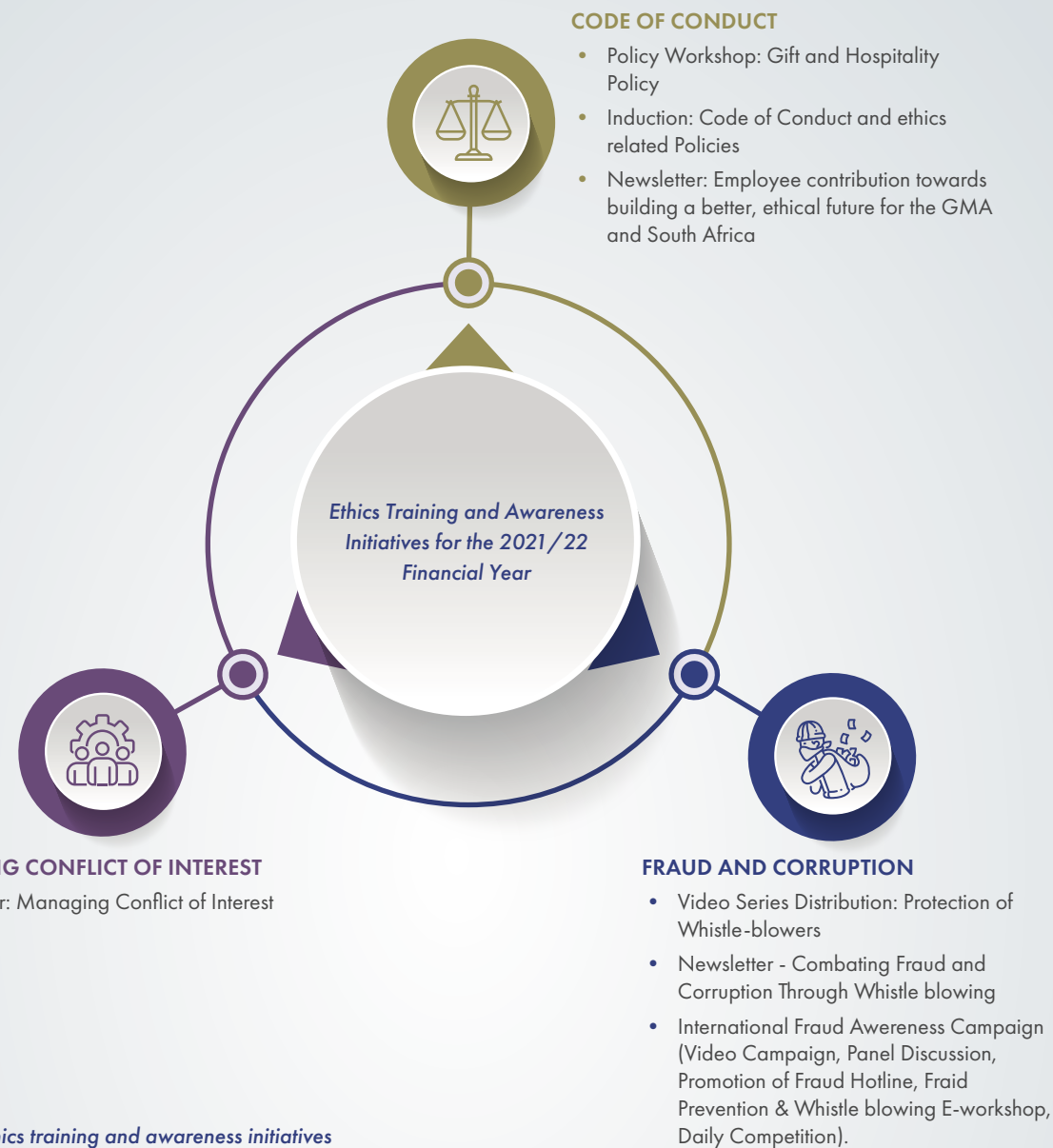


Diagram 11: Ethics training and awareness initiatives

9. HEALTH, SAFETY AND ENVIRONMENT

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

9.1 PERFORMANCE DURING PERIOD UNDER REVIEW

9.1.1 Health and safety

During the year under review, the Concessionaire noted no major reportable incidents on the mainline train and bus services. However, the Concessionaire noted trespassing incidents on the mainline train. There was one (1) fatal injury of a security guard, but zero (0) disabling or fatal injuries caused by bus services.

The Concessionaire monitors their own Health, Safety and Environment (SHE) dashboard as part of their lagging indicators. The year-on-year comparator is detailed below in Tables 18 and 19 below.

Table 18: Safety hazards/incidents

#	Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022
1	SPAD	10	16	6	1	18
2	Mainline Derailments	0	0	0	0	0
3	Total Near Miss and Hazards and Safety concerns	153	147	77	14	21
3.1	Hazard and Safety concerns	-	145	76	14	14
3.2	Near Misses	-	2	1	0	5
4	Collisions – non-revenue and revenue period	0	1	0	0	1

Table 19: Corrective maintenance actions

Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022
Number of train rescues	0	2	7	0	0
Number of maintenance vehicles rescues	0	0	0	0	0
Number of trains supplied per month		99.91%	100%	100%	99.48%
Number of train evacuations (in between stations)	0	3	0	0	0
Number of station or platform evacuation (at the station)	-	-	-	-	1

9.1.2 Environment

The environmental compliance showed a 97% compliance with all environmental legislation and the project Environmental Management Plan (EMP). The areas of improvement are waste management, Ecological management and resource consumption. Compliance to the audit criteria, as set out in the various commitments contained in the audited Water Use License (WUL), was found to be 92.08% compliant. The project has also noted no significant environmental emergency events as listed in Table 20.

The Gautrain has established its Sustainable Mobility Programme. The programme is developed on the premise that rail is positioned today among motorised transport emitting the lowest carbon emissions per transported passenger. The programme's intentions are to create an urban transport system by addressing, as a minimum with the following objectives:

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

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

Table 20: Significant environmental emergency events

#	Operational Governance Dashboard	June 2018 to May 2019	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022
22	Number of environmental spills	3	0	1	0	2
23	Number of bird/animal/objects/people strikes	n/a	0	1	0	0
24	Theft and vandalism affecting service	13	0	3	0	1



- Future focus**

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

 - The certification of the GMA for the Integrated ISO Management System, as the GMA is in the process of announcing a successful bidder for this project;
 - A key support role to the proposed network extensions;
 - A key support role to the Gautrain Commercial Strategy;
 - Market, business and/or environmental issues likely to impact on the GMA’s ability to fulfil its role and
 - Sustainable mobility project.

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

10. AUDIT AND RISK COMMITTEE REPORT

Refer to the Report of the Audit and Risk Committee in the Annual Financial Statements on pages 123 to 124 for the full disclosure on the activities of the Audit and Risk Committee.

11. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Table 21: GMA information

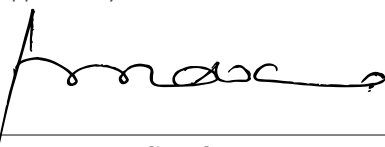
Name of Public Entity:	Gautrain Management Agency
Registration Number (if applicable):	Not applicable
Physical Address:	44 Grand Central Boulevard, Grand Central, Midrand, 1682
Type of Public Entity	Schedule 3C
Organisation Industry/Sector	Passenger Rail Transport

Table 22: GMA’s B-BBEE compliance

Criteria	Answer	Measures taken to comply
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law	Yes	A requirement to comply with the B-BBEE Codes will be included in the criteria for issuing licenses, concessions, and other authorisations relating to economic activity.
Developing and implementing a preferential procurement policy	Yes	The Supply Chain Management policy has been revised in the First Quarter of FY 2022/2023, following section 217(2) of the Constitution and the PPPFA. The policy change will improve GMA procurement spending on companies owned by black women, black youth, persons with disabilities, and small and medium-sized enterprises. The preferential policy includes subcontracting as a condition of contract for all tenders from R10 million.
Determining qualification criteria for the sale of state-owned enterprises	Yes	A requirement to comply with the B-BBEE Codes is included in the criteria for the sale of state-owned enterprises.

Criteria	Answer	Measures taken to comply
Developing criteria for entering into partnerships with the private sector	Yes	A requirement to comply with the B-BBEE Codes is included in the criteria for entering into partnerships with the private sector
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	N/A	

Approved by:


Mr Mogopodi Mokoena
GMA: Board Chairperson


Mr William Dachs
GMA: Chief Executive Officer
29 July 2022





PART D HUMAN CAPITAL

1. INTRODUCTION

The approved Human Capital (HC) strategy is applied to leverage on the current human capital practices and building the required employees’ skills.

This is achieved through the implementation of the Organisational Development Programme/s such as Integrated Talent Management and Succession Planning; Strategic Workforce Planning; Learning and Development Strategies; Organisational Culture and Employee Engagement Model to support the future workforce initiatives that will strengthen the GMA’s transformational culture.

To address the GMA Human Capital deliverables for the next five (5) years, the HC strategy is anchored around three (3) Pillars, namely,

- The Future of Human Capital,
- The Future Workforce, and
- The Future of Work.

It also facilitates the development of anticipated skills change within the transport and rail sectors and supporting the Growing Gauteng Together – Smart Mobility 2030 Strategy.

Table 23: Workforce of the future

OBJECT AND MANDATE	• Adapt our mandate to incorporate working with employees, driving agility and improving workforce performance. • It will also shift largely away from performing transactional work and more toward driving workforce effectiveness.
KEY RESPONSIBILITIES	• Focus on facilitating the integration of talent management responsibilities into everyday work by employees through the use of social media, applying scientific findings from areas like data analytics, managing risk and privacy concerns, understanding the labour market and enabling internal talent mobility.
SKILLS AND CAPABILITIES	• The skills and capabilities required by the HC function will change significantly and demand more scientific testing and data validation, analytic skills and the ability to work seamlessly with other business functions.
HUMAN CAPITAL ROLES AND ORGANISATIONAL MODEL	• New roles will be created, such as a workforce research manager and a variety of new organisational structures will proliferate beyond the commonly used business partner model to better enable organisational goals like agility and collaboration.
PERFORMANCE METRICS	• As the GMA changes its key activities, mission and mandate, new performance metrics will be designed to evaluate the performance of the organisation – for example, metrics that include the performance improvements of the workforce or the ability to help an organisation fluidly move talent within as business conditions change.

At the base of the HC Strategy formulation lies various HC processes and programmes that are interconnected and are integral to the success of a HC Strategy and its implementation.

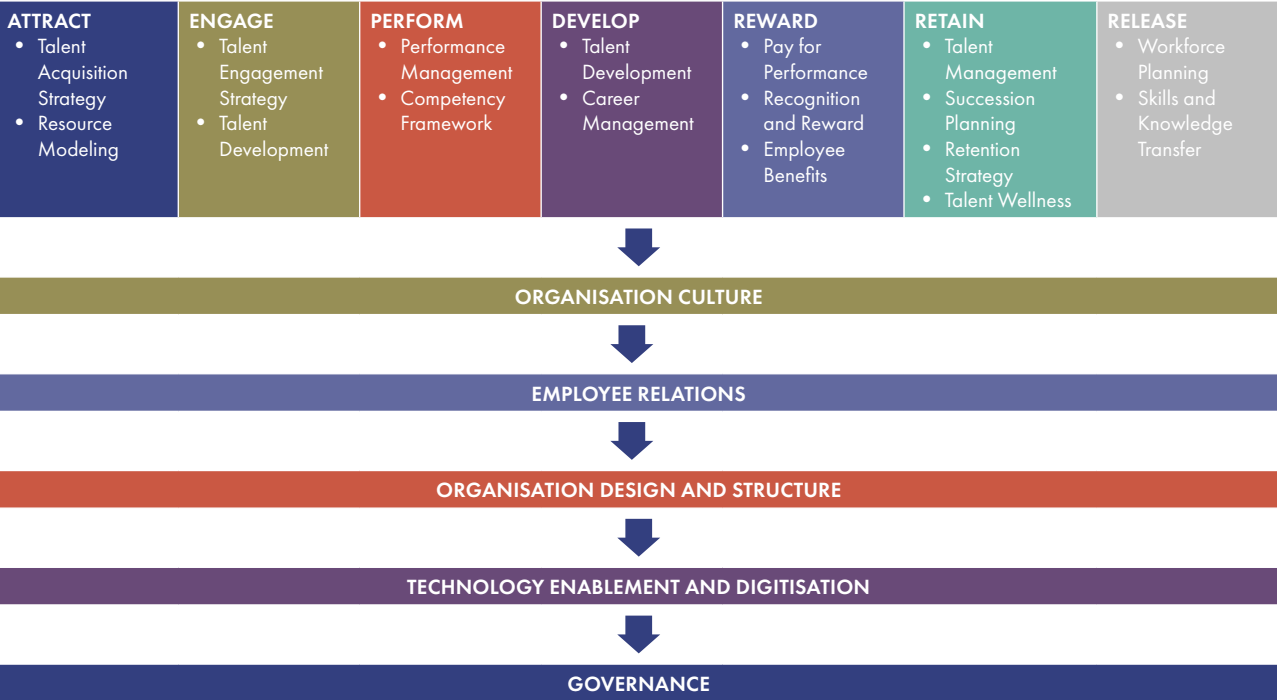


Diagram 12: HC value chain

The GMA’s HC related objectives are:

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



2. PERFORMANCE DURING PERIOD UNDER REVIEW

2.1 EMPLOYEE VALUE PROPOSITION

The objective of HC is to deliver an improved experience and optimise the way service is delivered to the workplace using, the Employee Value Proposition (EVP) should resonate with the employees needs and preferences.



Diagram 13: Employee value proposition pillars

Through the approved Competency Framework Model, the GMA Employee Journey Map was defined to provide a visual journey through which GMA will implement the Integrated Talent Management and Succession Planning.



2.2 EMPLOYEE WELLNESS

During the year under review when the country was battling the COVID 19 pandemic, employee wellness was at the centre stage of making sure the GMA offers a healthy working environment.

The wellness programme supported those employees who experienced bio-psychosocial challenges and wellness interventions were implemented. HC Unit together with the Crisis Committee pro-actively put strategies in place that assisted employees to cope with the new ways of remote working. This was achieved through robust communication, engagements and emotional support provided by the Wellness Service Provider.

With most of the employees still working remotely for the duration of the 2021/22 Financial Year, GMA had to activate available avenues to ensure that all employees are aware of the available offerings from the Employee Wellness Programme.

Various wellness initiatives were implemented such as mental health and breast cancer awareness. Furthermore, GMA launched a vaccine drive and held a workshop to raise awareness about COVID-19 pandemic versus vaccination benefits and educated employees on the benefits of getting vaccinated.

2.3 ORGANISATIONAL CULTURE AND VALUES

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

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

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



Overall, the Organisational Culture and Values Programme has been positively embraced by all employees.

2.4 GRADUATE PROGRAMME

Key objectives of the GMA's Learning and Development Strategy is to systematically link learning and development to the GMA's strategic outcomes and talent management to establish priorities and plans for performance gaps and career progression.

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

The Graduate Programme commenced in 2019. Then graduates have gone through an intense training programme which culminated in some of the Graduates being deployed within the various sections of the Gautrain Project in partnership with the Concessionaire. The focus of the deployed programme was to ensure that the Graduates obtain the necessary practical experience, especially in the engineering sector. The final phase of the programme will see the Graduates undergoing technical psychometric assessment and competency interviews, aimed at assessing the effectiveness of the programme, which will enhance the objective of GMA to create a pool of skilled talent to create a feeder pipeline.

The Graduate exit strategy was initiated and all business units were informed that the Graduates' contracts will expire in June 2022. Preparations for the new Graduate intake is underway.

2.5 PERFORMANCE MANAGEMENT PROGRAMME

The Performance Management Programme has been revisited and the new programme was successful implemented. All processes, including individual performance contracting and the mid-year final evaluation, were finalised. Socialisation and engagement of employees on this process have been ongoing as it is critical for all employees to be trained and made aware of the objectives of the changes.

2.6 INTEGRATED DIVERSITY, INCLUSION AND TRANSFORMATION

The Integrated Diversity and Transformation Programme focuses on goals and measures to address transformation in GMA. The GMA is focused on:

- Leadership commitment: Leadership shall demonstrate its commitment and accountability for modelling behaviour that advances diversity and transformation in the workplace;
- Cultivation and promotions of an inclusive culture that maximises the talent, skills and diversity within GMA; and
- Building and maintaining a diverse workforce.

In line with the requirements of the EE Act, GMA has communicated the approved EE Plan throughout GMA for awareness and implementation purposes. Furthermore, GMA will, in partnership with the DIT Committee and Management, ensure that all identified barriers and agreed affirmative action plans are implemented in line with the EE Plan. These include the alignment of the GMA's recruitment process to ensure that all advertised vacancies and recruitment are in line with GMA's projected numerical goals. Positive feedback has been received from the department with regard to progress on the implementation of the approved EE Plan.

2.7 HC INFORMATION SYSTEMS AUTOMATION AND DIGITISATION

Significant progress has been made regarding automation and digitisation of the HC processes, procedures and systems. An integration of the HC information system database and MS Power BI has been completed for convenient access to the HC data. The following processes have been identified as critical for automation and are at different stages of completion:

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

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

2.8 TALENT MANAGEMENT AND SUCCESSION PLANNING

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

2.9 TALENT ACQUISITION

By aligning long-term workforce planning with organisational strategy, the Talent Acquisition Strategy provides a framework for identifying the best candidates for the GMA. Despite the challenges the GMA faced due to COVID-19 pandemic and the impact it brought on the budget, several advertisements were posts were filled and the vacancy rate was maintained in line with best practice.

2.10 ON-BOARDING PROGRAMME

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

Induction sessions, as part of the Onboarding programme, were held for new employees, and fixed-term contractors. Induction sessions included presentations by all business units to provide valuable knowledge and information about GMA.

2.11 TOP EMPLOYER 2022 CERTIFICATION

In the year under review, the GMA was certified a Top Employer 2022. The certification programme enables organisations to assess and improve the workplace environment, their human capital practises. The Agency is addressing all the highlighted gaps in the Top Employer survey, so as to improve its standing.

2.12 LEADERSHIP DEVELOPMENT

After the approval of the GMA Leadership Development Framework, one-on-one sessions with all Management Committee Members were set-up to focus on:

- Purpose of leadership development;
- Individual career aspirations; and
- Mapping the way-forward.

After the completion of all the one-on-one sessions, Management Committee Members will be subjected to psychometric development assessments.

3. HUMAN CAPITAL OVERSIGHT STATISTICS

Table 24: 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. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Project Expenditure	2,389,479				
GMA Expenditure	255,561	162,044	63,4%	105	1,577
Total	2,645,040	162,044	6.1%	105	1,577

Table 25: 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	16,002	11%	3	5,334
Senior Management	38,341	24%	13	2,949

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Professional qualified	73,901	47%	50	1,478
Skilled	22,915	15%	29	790
Semi-skilled	9,826	2%	30	327
Unskilled	1,059	1%	5	212
TOTAL	162,044	100%	130	1,246

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

Table 26: Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	4,144	14,074	29%
Senior Management	5,478	31,466	17%
Professional qualified	9,333	60,957	15%
Skilled	2,145	19,374	11%
Semi-skilled	119	1,986	6%
Unskilled	92	1,570	6%
TOTAL	21,311	129,427	16%

Table 27: Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
CEO's Office	11,310	-	0%	0	-
Commercial Management	4,912	-	0%	0	-
Communication and Marketing	15,735	407	3%	6	68
Compliance and Legal	9,308	25	0%	2	13
COO's Office	7,981	67	1%	1	67
Corporate Governance	8,868	-	0%	0	-
Corporate Services	12,817	124	1%	3	41
Finance	18,657	105	1%	4	26
Information and Communication Technology	12,507	26	0%	2	13
Internal Audit	8,043	-	0%	0	-
Knowledge Management	4,059	-	0%	0	-
Portfolio Management	5,854	-	0%	0	-
Technical Services	30,686	224	1%	8	28
Total	150,737	978	1%	26	38

EMPLOYMENT AND VACANCIES

Table 28: Employment and vacancies per business unit as on 31 March 2022

Programme/activity/objective	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
CEO's Office	3	3	3	0	0%
Commercial Management	2	6	3	3	100%
Communication and Marketing	11	11	10	1	10%
Compliance and Legal	5	5	4	1	25%
COO's Office	3	3	3	0	0%
Corporate Governance	5	5	4	1	25%
Corporate Services	17	18	17	1	6%
Finance	13	14	14	0	0%
Information and Communication Technology	8	13	13	0	0%
Internal Audit	5	6	5	1	20%
Knowledge Management	4	6	6	0	0%
Portfolio Management	3	4	4	0	0%
Technical Services	20	21	19	2	11%
Total	99	115	105	10	9.5%

Coming from a year filled with uncertainty due to the impact of COVID-19 pandemic, GMA had to reprioritise the recruitment plan with majority of the positions as approved by the Board on the Organisational Design and Structure deferred to the next Financial Year.

Table 29: Employment and vacancies per employment categories as on 31 March 2022

Programme/activity/objective	2020/2021 No. of Employees (31 March 2021)	2021/2022 Approved Posts (1 April 2021)	2021/2022 No. of Employees (31 March 2022)	2021/2022 Vacancies	% of vacancies
Top Management	3	3	3	0	0%
Senior Management	12	16	13	3	3%
Professional qualified	50	55	50	5	4%
Skilled	22	31	29	2	2%
Semi-skilled	7	5	5	0	0%
Unskilled	5	5	5	0	0%
TOTAL	99	115	105	10	9%

There has been a concerted effort by HC to ensure that all Business Units are capacitated accordingly thereby ensuring the GMA achieve its strategic objectives in line with the Annual Performance Plan (APP) and the Employment Equity Act.

EMPLOYMENT CHANGES

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

Table 30: Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	12	1	0	13
Professional qualified	50	5	4	51
Skilled	22	5	1	26
Semi-skilled	7	0	0	7
Unskilled	5	0	0	5
Total	99	11	5	105

The table below identifies the major reasons why employees resigned/left.

Table 31: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	20%
Resignation	2	40%
Dismissal	2	40%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	5	100%

Table 32: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	2

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

HC Business 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 GMA meets its EE targets. Even though GMA has exceeded the target number for females based on the EAP Targets, there are programmes in place to ensure that women are upskilled within GMA. GMA's EE Plan for 2020/21 to 2023/24 Financial Years will also target people living with disability.

Table 33: Employment Equity

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	0	0	0	1	1	1
Senior Management	5	2	0	1	1	1	1	1
Professional qualified	22	27	2	2	0	1	1	2
Skilled	9	7	0	1	2	2	0	1
Semi-skilled	3	1	0	1	0	1	0	1

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Unskilled	0	1	0	1	0	0	0	0
TOTAL	41	39	2	6	3	6	3	6

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	5	2	0	1	0	1	1	1
Professional qualified	21	18	0	1	1	2	2	3
Skilled	15	11	1	1	0	1	2	3
Semi-skilled	2	1	0	1	0	1	0	0
Unskilled	5	1	0	1	0	1	0	0
TOTAL	48	34	1	5	1	6	5	7

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	1	0	0
Senior Management	0	1	0	0
Professional qualified	0	1	0	1
Skilled	1	1	0	0
Semi-skilled	0	1	0	0
Unskilled	0	0	0	0
TOTAL	1	5	0	1



4. FUTURE FOCUS

A core objective of the GMA is to build itself into a high performing organisation and recognised centre of excellence within the rail industry and transport sector in general. It is critical that in its aim to achieve GMA's Strategic Outcome of ensuring that the Agency creates an environment that attracts and retains critical talent, HC endeavours to implement the strategy which is anchored around three pillars, namely "The Future of HC", "The Future Workforce" and "The Future of Work".



PART E FINANCIAL INFORMATION

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ABBREVIATIONS

CA	Concession Agreement
DRT	Gauteng Department of Roads and Transport
DLTC	Grade F Driving Licence Testing Centre
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	The Gautrain Management Agency (GMA) is a Schedule 3C Provincial Public Entity, in terms of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department of Roads and Transport. The mandate of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project through the implementation of the Concession Agreement (CA) between the Gauteng Provincial Government and Bombela Concession Company (Pty) Ltd (The Concessionaire). The vision of the GMA is to provide an integrated, innovative and efficient public transport system that promotes sustainable socio-economic growth in South Africa.	
Board Members	Mr M Mokoena	Appointed as Chairperson from 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Ms Lesibana Fosu	Appointed as Deputy Chair person from 01 January 2021 to 15 April 2021
	Ms P Moloto-Stofile	Appointed as Deputy Chairperson from 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr W Dachs	Chief Executive Officer - Appointed from 1 February 2020 to 31 January 2023
	Dr P Dala	Appointed from 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr A Mawela	Appointed on 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr D Nadison	Appointed on 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr S Zamxaka	Appointed from 01 January 2021 to 31 December 2023
	Ms R Mabusela-Jonga	Appointed from 01 January 2021 to 31 December 2023
	Ms L Mtiya	Appointed from 01 January 2021 to 31 December 2023
Postal Address P O Box 1266 Kelvin 2054 South Africa	Physical Address 44 Grand Central Boulevard Grand Central ext. 1 Midrand 1685 South Africa	
Chairperson	Mr M Mokoena - 1 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023	
Chief Executive Officer	Mr. W. Dachs	
Chief Financial Officer	Mr. P Mabena	
Head of Corporate Governance and Ethics	Ms. T Marumo	
Banker	Absa Bank Limited	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No.	+27 11 086 3500
	Website:	www.gautrain.co.za
	E-mail:	info@gautrain.co.za

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

INTERNAL AND ACCOUNTING CONTROLS

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

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

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

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

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

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

Based on the information and explanations provided by management and the internal auditors, the GMA Board is of the opinion that the internal financial controls are adequate, effective and efficient and that the financial records may be relied upon for preparing the annual financial statements in accordance with GRAP and to

maintain sound accountability for the GMA's assets and liabilities. Nothing has come to the attention of the GMA Board to indicate that a breakdown in the functioning of these controls, resulting in material loss to the GMA, has occurred during the year and up to the date of this report.

GOING CONCERN

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

AUDIT AND RISK COMMITTEE

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

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

ANNUAL FINANCIAL STATEMENTS

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

The annual financial statements for the year ending 31 March 2022 set out on pages 130 to 179 were approved on 31 May 2022 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Gautrain Management Agency.



Mr. M Mokoena
GMA: BOARD CHAIRPERSON



Mr. W. Dachs
GMA: CHIEF EXECUTIVE OFFICER

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2022

1. INTRODUCTION

The GMA Audit and Risk Committee ("the Committee") is a statutory Committee of the Board duly constituted in terms of Section 19 of the GMA Act and Section 77 of the PFMA.

The Committee hereby present its report for the Financial Year ended 31 March 2022 as required by Section 37 of the GMA Act, Treasury Regulation 27.1 and King IV.

2. COMPOSITION OF THE COMMITTEE

The Committee consist of four Independent Non-Executive Members and is supported by one Board Advisor from the Gauteng Provincial Treasury. Members of the Committee have adequate knowledge and skills to carry out the mandate of the Committee. Further details of the experience and qualifications of Committee Members can be found on pages 78 to 81 under brief profiles of Members of the Board.

The term of office of the Committee and Board Advisors is aligned with the term of office of the Board. The Board and the Committee is serving the second year of its three-year term of office which commenced on 01 January 2021.

The CEO, CFO, COO, CAE, Risk Management Officer, some of the Senior Executive Managers and External Auditors, have a standing invitation to all meetings of the Committee. The external and internal auditors were afforded the opportunity to meet Committee Members separately. The Composition of the Committee and the attendance of meetings are depicted in the table below:

COMPOSITION OF THE COMMITTEE AND ATTENDANCE OF MEETINGS: 1 APRIL 2021 TO 31 MARCH 2022

MEMBER	POSITION	ATTENDANCE OF MEETINGS
Mr Abel Mawela	Chairperson Independent Non-Executive	6 out of 6
Dr Pritish Dala	Committee Member Independent Non-Executive	6 out of 6
Ms Rebone Mabusela-Jonga	Committee Member Independent Non-Executive	6 out of 6
Mr Saki Zamxaka	Committee Member Independent Non-Executive	6 out of 6
Ms Tryfina Mokele	Board Advisor (Gauteng Provincial Treasury)	1 out of 6

3. ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee operates within a formal set of Terms of Reference which are reviewed and approved by Board annually. The Committee's Terms of Reference for the 2021/22 Financial Year were reviewed with no changes. The role and responsibilities of the Committee include statutory duties in line with the PFMA. The Board has also assigned additional responsibilities to the Committee in line with King IV, such as the oversight of the risk governance, technology and information governance as well as compliance governance and assurance.

During the 2021/22 Financial Year, the Committee focused on the following areas:

3.1 ANNUAL FINANCIAL STATEMENTS

The Committee considered the appropriateness and accuracy of the annual financial statements. The Committee also considered the appropriateness of accounting policies and practices, the clarity of disclosures and compliance with financial reporting standards and other relevant financial and governance reporting requirements.

3.2 INTERNAL CONTROL, COMPLIANCE, BUSINESS CONTINUITY AND GOVERNANCE

The Committee reviewed the effectiveness of systems for internal control, financial reporting and considered major findings of internal investigations into control weaknesses, fraud or misconduct and management's responses. The Committee has received regular reports on these matters.

The Committee reviewed reports on the compliance dashboard, legal and regulatory compliance reports, information and technology reports including cyber security, digital transformation, implementation of the ICT strategy, ICT projects, business continuity etc. The Committee is satisfied with ICT control environment. The implementation principles and recommendations from the King IV Report were also considered.

The Committee monitored the effectiveness of the internal control environment through the review of reports from Internal Audit, Management and the External Auditor, and ensured the quality of financial reporting through the review of the financial statements submitted to the Committee.

3.3 RISK MANAGEMENT

The Committee considered GMA's strategic risks and their impact on achieving GMA's strategy and assessed the adequacy of the controls and the combined assurance delivered over the identified

risks. GMA’s Risk Management Maturity for the 2021/22 Financial Year was measured at 88% as compared to 86% for the 2020/21 Financial Year

3.4 EXTERNAL AUDIT FUNCTION

The Auditor-General South Africa is the External Auditor for GMA. The Committee is responsible for oversight of the external auditor. The Committee approved the external audit strategy and external audit fees. The Committee reviewed the findings and recommendations of the External Auditor as reported in the 2021/22 Management Report and considered the audit response plan to the findings. The Committee is satisfied with the independence and effectiveness of the External Audit Function.

3.5 INTERNAL AUDIT FUNCTION

The Committee considered the independence and evaluated the effectiveness of the Internal Audit Function, assessed the Internal Audit team, approved the risk-based Internal Audit Plan recommended the Internal Audit Charter to Board for approval. The Committee reviewed the co-operation and co-ordination between the Internal Audit and External Audit functions and ensured co-ordination between the Internal Audit work plan with the external auditors’ strategy to avoid unnecessary duplication.

3.6 FINANCE FUNCTION

The Committee considered the expertise, resources and experience of the Finance Function in line with King IV. The Committee is satisfied that the Finance Function has the appropriate expertise, resources and experience.

The Committee is satisfied that it has fulfilled its statutory requirements as set out in the PFMA, the GMA Act, King IV and the Terms of Reference for the 2021/22 Financial Year.

4. PERFORMANCE EVALUATION OF THE COMMITTEE

Performance Evaluation of the Board and Board Committees is in line with King IV, conducted every two years. The Institute of Directors in South Africa (IoDSA) was appointed to facilitate the Performance Evaluation of the Board and Board Committees for the 2021/22 Financial Year. The focus areas of the evaluation included:

- Composition of the Committee.
- Roles and responsibilities of the Committee.
- Interaction with Management.
- Committee Meetings.

The Committee received an overall score of 4.8 out of 5 and no recommendations were made by the facilitator.

5. FUTURE FOCUS AREAS

The Committee’s focus areas for the next reporting period includes:

- Enhance GMA’s risk maturity.
- Continue to provide assurance over the integrity of GMA’s Annual Financial Statements and Accounting Policies.
- Continue to review among others, the internal audit function, risk management, compliance and IT control environment.
- Review risk and opportunity registers including a disruption risk register.
- Review risks and opportunities associated with the following strategic projects:
 - Gautrain Post-2026.
 - GRRIN Extensions.
 - GMA Funding Strategy.

6. CONCLUSION

The Committee concurs and accepts the conclusions and the unqualified audit opinion of the Auditor-General on the Annual Financial Statements for the year ended 31 March 2022.



Mr Abel Mawela
CHAIRPERSON: GMA AUDIT AND RISK COMMITTEE

GAUTRAIN MANAGEMENT AGENCY
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2022

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2022.

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 2022 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R’000)	2022	2021
Total income	517 227	339 275
Total expenditure excluding depreciation and amortisation	265 547	288 728
Total expenditure	1 315 675	1 352 708
Net surplus/ (loss) for the year	(798 449)	(1 013 432)
Net surplus/ (loss) for the year excluding depreciation and amortisation	251 679	50 548
Total assets	26 197 755	26 967 609
Total liabilities	1 160 823	1 132 228

GOING CONCERN

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

APPRECIATION

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

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

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTRAIN MANAGEMENT AGENCY FOR THE YEAR ENDED 31 MARCH 2022

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 130 to 179, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gautrain Management Agency as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

- 3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
- 4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

LITIGATION AND CONTINGENCIES

- 7. With reference to note 23.4 to the financial statements, the public entity is a defendant in land dispute claims raised by

property owners on the valuation of their expropriated land. The ultimate outcomes of these matters could not be presently determined and no provision for any liability that may result was made in the financial statements.

COMMITMENTS

Patronage guarantee

- 8. With reference to notes 10.2 and 23.1 to the financial statements, the public entity, in terms of the concession agreement, pays the operator, Bombela Concession Company, a patronage guarantee should actual revenue collected be below the minimum required total revenue as specified in the concession agreement. During the 2021-22 financial year, the public entity paid the operator R2 286 368 000 (2020-21: R2 014 526 000) in the form of a patronage guarantee due to the actual revenue and ridership being significantly below the minimum required total revenue projections.

Responsibilities of the accounting authority for the financial statements

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

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

- 11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- 12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

- 13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected outcomes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

Outcome	Pages in the annual performance report
Outcome 1 – to ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance matters	30 – 31

- 16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this outcome:
 - Outcome 1 – to ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance matters.

Other matter

- 18. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

- 19. Refer to the annual performance report on pages 30 to 35 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

- 14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected outcomes presented in the public entity's annual performance report for the year ended 31 March 2022:

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

OTHER INFORMATION

- 22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected outcomes presented in the annual performance report that have been specifically reported in this auditor's report.
- 23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
- 24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the

other information is materially inconsistent with the financial statements and the selected outcomes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INTERNAL CONTROL

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

Auditor-General.

Johannesburg
31 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to

those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Gautrain Management Agency to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 R '000	2021 R '000
ASSETS			
Current assets		1 032 237	794 913
Cash and cash equivalents	2	1 003 774	774 541
Receivables (Exchange transactions)	3,1	28 463	20 372
Non-current assets		25 165 517	26 172 696
Property, plant and equipment	4	25 159 439	26 166 624
Heritage assets	5	3 295	3 295
Intangible assets	6	1	41
Receivables (Exchange transactions)	3,2	2 782	2 736
TOTAL ASSETS		26 197 755	26 967 609
LIABILITIES			
Current liabilities		1 084 168	1 024 722
Payables (Exchange transactions)	7	256 492	224 968
Finance lease liability	8	683	457
Obligations arising from restricted SIP funds	9	19 340	18 739
Obligations arising from restricted Project funds	10	745 028	745 034
Other liabilities (Exchange transactions)	13	50 020	22 918
Provisions	11	12 606	12 606
Non-Current Liabilities		76 655	107 506
Finance lease liability	8	360	141
Obligations arising from restricted Concessionaire funds	12	72 495	66 125
Other liabilities (Exchange transactions)	13	3 800	41 240
TOTAL LIABILITIES		1 160 823	1 132 228
Accumulated surplus/(Deficit)		25 036 932	25 835 381
TOTAL NET ASSETS AND LIABILITIES		26 197 755	26 967 609

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R '000	2021 R '000
REVENUE			
Revenue from non-exchange transactions	14.	493 658	320 935
Government grants		493 658	320 935
Revenue from exchange transactions	15.	23 569	18 340
Finance income		23 080	17 356
Licences and Permits		452	-
Other income		37	984
TOTAL REVENUE		517 227	339 275
EXPENDITURE		1 315 675	1 352 708
Board and committee member remuneration	16.	1 765	1 839
Employee costs	17 & 18	162 044	142 304
Depreciation	19.	1 050 088	1 063 901
Amortisation	19.	40	79
Finance costs		40	38
GMA Operational expenditure	20.0	101 291	144 547
DLTC Expenses	20.1	408	-
NET SURPLUS/ (DEFICIT) FOR THE YEAR		(798 449)	(1 013 432)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Accumulated Surplus/ (Deficit) R '000	Total Amount R '000
Balance as at 31 March 2020		26 852 491	26 852 491
PY Accumulated Depreciation		(3 678)	(3 678)
Net surplus/ (loss) for the year		(1 013 432)	(1 013 432)
Balance as at 31 March 2021		25 835 381	25 835 381
Net surplus/ (loss) for the year		(798 449)	(798 449)
Balance as at 31 March 2022		25 036 932	25 036 932

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Notes	2022 R '000	2021 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 906 338	2 786 877
Grant income		2 776 816	2 680 758
Interest received		53 841	19 818
Operating period penalty income		74	1 301
Net Performance Reserve account receipts		4 266	1 947
Other income		71 340	83 053
Insurance claim GMA		1	-
Payments		(2 672 452)	(2 615 840)
Project expenditure		(2 391 674)	(2 314 018)
Board and committee member remuneration		(1 799)	(1 577)
Employee and related costs		(153 281)	(145 550)
External audit fees		(3 243)	(2 917)
SIP expenditure		(46)	(4 061)
Operating expenditure		(122 409)	(147 717)
Net cash from operating activities	21	233 885	171 036
CASH FLOWS FROM INVESTING ACTIVITIES		(4 205)	(1 965)
Acquisition of property, plant and equipment		(4 205)	(1 965)
Acquisition of intangible assets		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		(445)	-
Finance lease payments		(445)	-
Net increase in cash and cash equivalents		229 235	169 071
Cash and cash equivalents at beginning of the year		774 541	605 469
Cash and cash equivalents at end of the year		1 003 774	774 541

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.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

	Notes	Approved Budget 2022 R '000	Revised Budget 2022 R '000	Actual Amounts on a Comparable Basis 2022 R '000	Funds from Prior Period and Other Income 2022 R '000	Difference Between Revised Budget, Funds From Prior Period and Actual Amounts 2022 R '000
Final budget appropriation		2 776 816	2 914 001	2 914 001	-	-
Approved budget		2 776 816	2 776 816	2 776 816	-	-
Funds from previous year		-	104 594	104 594	-	-
Other income - RUF & Other		-	28 102	28 102	-	-
Other Income - Interest income		-	4 489	4 489	-	-
Payments		2 776 816	2 776 816	2 645 040	109 083	240 858
Project expenditure		2 486 576	2 486 576	2 389 479	109 083	206 179
Construction costs		-	-	-	-	-
Land costs		-	-	-	-	-
Operating payment/ Patronage guarantee		2 285 980	2 285 980	2 274 053	109 083	121 009
Operating period variations		116 690	116 690	41 578	-	75 112
System improvements		83 906	83 906	73 848	-	10 058
Operating and support costs		290 240	290 240	255 561	-	34 679
Operating expenditure		263 865	263 865	215 627	-	48 238
GMA capex costs		2 206	2 206	4 205	-	(1 999)
Specialised technical services		11 580	11 580	19 875	-	(8 295)
Legal and additional commercial costs		9 132	9 132	13 116	-	(3 984)
Independent monitor costs		3 457	3 457	2 738	-	719
Net receipts/ Budget surplus	23	-	-	-	109 083	240 858

* R 109,0 million was spent from funds from the previous year and other income for Patronage Guarantee in the current year.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2022

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 indices until the take-on date of receiving the assets.

1.1 Presentation of the Annual Financial Statements (continued)

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.

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

- **Provisions (GRAP 19)**
The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at 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.

1.1 Presentation of the Annual Financial Statements (continued)

COMPARATIVE INFORMATION

- **Current year comparatives (Budget)**
Budget information in accordance with GRAP 1 and 24, has been provided in these annual financial statements.
- **Prior year comparatives**
Where necessary comparative figures have been adjusted to conform to the changes in presentation in the current year.

GOING CONCERN ASSUMPTION

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

1.2 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION & MEASUREMENT

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

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

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

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

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.

1.2 Property, Plant and Equipment (continued)

Capital work-in-progress is ready for its intended use once a hand over certificate is issued, and at this point capital work-in-progress is recognised as an item of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the GMA and the cost of the item can be reliably measured.

All other costs such as day-to-day servicing and small parts are treated as repairs and maintenance and are expensed to the Statement of Financial Performance during the financial period in which they are incurred.

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

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

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

1.2 Property, Plant and Equipment (continued)

IMPAIRMENT

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

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

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

REVERSAL OF IMPAIRMENT

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

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

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

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

DERECOGNITION

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

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

1.3 HERITAGE ASSETS

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

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

A heritage asset shall not be depreciated but 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:

Item	Average useful life
Gautrain System assets	
Servitudes	Infinite
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.

1.4 Intangible Assets (continued)

IMPAIRMENT

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

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

REVERSAL OF IMPAIRMENT

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

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

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

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

DERECOGNITION:

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

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

1.5 PROVISIONS AND OTHER LIABILITIES

A provision is a liability of uncertain timing or amount.

Provisions are recognised as liabilities when the GMA has a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate is determined by management's judgement, supplemented by experience of similar transactions and in some instances reports from independent experts.

1.6 OBLIGATIONS ARISING FROM RESTRICTED FUNDS

Liabilities are present obligations of the GMA arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential.

OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

Financial transactions relating directly to the Project do not impact on the Statement of Financial Performance. Government funding received for the project is ring-fenced and applied solely to Project expenditure incurred. This is due to the fact that the GMA cannot benefit from these funds in pursuit of its objectives. Financial transactions relating to the project are disclosed in the notes to the annual financial statements under 'Obligations arising from restricted project funds'.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.6 Obligations Arising from Restricted Funds (continued)

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.

OBLIGATIONS ARISING FROM RESTRICTED PERFORMANCE RESERVE ACCOUNT (PRA) FUNDS

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

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

OBLIGATIONS ARISING FROM RESTRICTED INSURANCE PROCEEDS ACCOUNT

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

1.7 FINANCE LEASES

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the GMA through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.7 Finance Leases (continued)

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

DERECOGNITION

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

1.8 COLLABORATION PROJECT FUNDS

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

The Development Bank of Southern Africa has opened a dedicated interest bearing bank account in this regard. The bank account is funded by both parties in terms of the agreement and the funds are utilised to procure expert service providers. Unutilised funds at year end are recognised in the Statement of Financial Position.

1.9 CONTINGENCIES AND COMMITMENTS

The GMA does not recognise a contingent liability. A contingent liability is disclosed in the notes to the annual financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

A contingent liability is:

- A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the GMA; or
- A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits; or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Transactions are classified as commitments where the GMA commits itself to future transactions.

1.10 REVENUE (Non-Exchange Transactions)

GOVERNMENT GRANTS

Government grants comprise gross inflows of economic benefits, and are recognised as revenue when it is probable that future economic benefits will flow to the GMA and the fair value of those benefits can be reliably measured. Grants are recognised when there is reasonable assurance that they will be received, or when there is legal obligation for the grant to be paid and only to the extent that the GMA has complied with any of the stipulations or conditions, if any, attached to the grant. The GMA receives its grant from the Provincial Revenue Fund.

The portion of grant funding received, over which the GMA exercises control and discretion, or from which the GMA benefits in the pursuit of its objectives in managing the Concession Agreement and overseeing its operations, is recognised as revenue in the Statement of Financial Performance in the same period in which the GMA qualifies to receive the grant.

1.11 REVENUE (Exchange Transactions)

Revenue from exchange transactions is recognised on the accrual basis of accounting when it is probable that future economic benefits will flow to the GMA and those benefits can be reliably measured.

FINANCE INCOME

Finance income is recognised as it accrues, in the Statement of Financial Performance on a time proportionate basis using the effective interest rate method.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.11 Revenue (Exchange Transactions) (continued)

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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.13 Employee Benefits (continued)

POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAN

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the GMA during a reporting period, the GMA shall recognise the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the GMA shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense in the Statement of Financial Performance.

1.14 OPERATING LEASES

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

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

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

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

1.15 IRREGULAR EXPENDITURE

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of, or not in accordance with the GMA Supply Chain Management Policy, the PFMA, the National Treasury Regulations, the PPPFA, State Tender Board Act or any other applicable legislation providing for procurement procedures. Such expenditure is accounted for in the Statement of Financial Performance. Where recoverable and not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised. Such expenditure is accounted for as expenditure in the Statement of Financial Performance and where recoverable treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

1.17 TAXES AND LEVIES

The GMA accounts for PAYE tax, deducted from employee salaries and paid over to SARS. If any other taxes or levies are required by law, then these will be collected on behalf of the government or other party in an agency capacity and would not be accounted for as revenue in the annual financial statements of the GMA.

1.18 TAXATION

The GMA's income is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2022

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 GMA 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 GMA.

In respect of persons, a member of management of the GMA, is regarded as a related party of the GMA. Management includes all persons having the authority and responsibility for planning, directing and controlling the activities of the GMA, including all members of the governing body of the GMA, key advisors of the governing body with the authority and responsibility for planning, directing and controlling the activities of the GMA, and the senior management team of the GMA, including the Chief Executive Officer.

If the GMA has been party to any related party transactions during the reporting period covered by the annual financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, in order to enable users to understand the potential effect of the relationship on the financial statements. Only transactions not at arm's length are disclosed and materiality is considered in terms of the disclosure of these transactions.

The GMA shall disclose the remuneration of management per person and in aggregate, for each class of management.

1.20 SUBSEQUENT EVENTS

Events after the reporting date are those events both favourable and unfavourable that occur between the reporting date and the date when the annual financial statements are authorised for issue, and are treated as follows:

- The GMA shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date, and
- The GMA shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

1.21 BUDGET INFORMATION

The GMA includes an additional financial statement on comparison of budget amounts and actual amounts arising from the execution of the Budget in its annual financial statements, together with disclosure of the reasons for material differences between the approved budget, final budget and actual amounts. This reporting disclosure assists the GMA to discharge its accountability obligations and enhances the transparency of the annual financial statements, by demonstrating compliance with the approved budget for the financial year, for which the GMA is held publicly accountable.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.23 Financial Instruments (continued)

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in Statement of Financial Performance.

OFFSETTING

The GMA does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

IMPAIRMENT

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

FINANCIAL ASSETS HELD AT AMORTISED COST:

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

FINANCIAL ASSETS HELD AT COST:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value.

Cash and cash equivalents comprise cash at the bank including deposits held at call with banks. These are short-term, highly liquid investments, readily convertible into known amounts of cash, held with registered banking institutions, and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank including deposits held on call with banks.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.23 Financial Instruments (continued)

RECEIVABLES

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the GMA will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of any debtor, probability that the debtor will be bankrupt or under financial administration, and default or delinquency in payments, are considered indicators that the receivable is impaired, and that a provision should be raised.

The provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest rate and is recognised in the Statement of Financial Performance. Uncollectable debts are written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.

PAYABLES

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.24 FINANCIAL RISK MANAGEMENT

The entities activities expose it to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

The GMA Board has overall responsibility for the establishment and oversight of the GMA's Risk Management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the GMA's risk management policies. The Committee reports regularly to the Board on its activities. The GMA's risk management policies and systems are established to identify and analyse the risks faced by the GMA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the GMA's activities. The GMA has a fundamental objective in maintaining a disciplined and constructive control environment in which all appointed officials understand their roles and obligations in relation to the GMA's overall risk management framework, policy, systems and processes.

This policy presents information about the GMA's exposure to each of the above risks, the GMA's objectives, policies and processes for measuring and managing risk and the GMA's management of capital, assets and liabilities. Further quantitative disclosures are included in the Notes to the annual financial statements.

(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 ACCOUNTING BY PRINCIPALS AND AGENTS (GRAP 109)

(A) IDENTIFICATION WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

Agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal. A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal)

When the GMA is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether a GMA is a principal or an agent requires the GMA to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit

(B) BINDING ARRANGEMENT

The GMA assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

(C) ASSESSING WHICH ENTITY BENEFITS FROM THE TRANSACTIONS WITH THIRD PARTIES

When the GMA in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the GMA concludes that it is not the agent, then it is the principal in the transactions. The GMA is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (1) It does not have the power to determine the significant terms and conditions of the transaction.
- (2) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

- (3) It is not exposed to variability in the results of the transaction.

Where the GMA has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The GMA applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the GMA is an agent.

(D) RECOGNITION

The GMA, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal agent arrangement in accordance with the requirements of the relevant Standards of GRAP. The GMA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The GMA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 NEW STANDARDS AND INTERPRETATIONS

(A) EARLY ADOPTION OF STANDARDS AND INTERPRETATIONS: APPROVED BUT NOT EFFECTIVE IN THE CURRENT YEAR

None

(B) NEW STANDARDS AND INTERPRETATIONS: APPROVED BUT NOT EFFECTIVE IN THE CURRENT YEAR

Standards of GRAP	Details of the amendment to the Standards and the anticipated impact thereof	Financial Period
GRAP 104: Financial Instruments	The new standard amendments prescribes the principles for recognising, measuring, presenting and disclosing financial instruments. The impact of this is currently being assessed by management.	Effective for reporting periods beginning on or after 1 April 2022
GRAP 25: Employee Benefits	The new standard amendments of GRAP deals with the accounting requirements for the recognition, measurement, presentation and disclosure of Employee Benefits. Management's assessment indicates that the new standard will have no impact.	Effective for reporting periods beginning on or after 1 April 2022

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2. CASH AND CASH EQUIVALENTS**2. CASH AND CASH EQUIVALENTS**

	2022	2021
	R '000	R '000
Bank - Current account	912 215	689 891
Social Investment Programme funds	19 362	18 772
Performance Reserve Account funds	71 818	65 510
Insurance Proceeds account	379	368
TOTAL	1 003 774	774 541

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**

	2022	2021
	R '000	R '000
Accrued income	20 534	11 853
Accrued interest income	18 739	9 668
Accrued interest income - SIP funds	636	747
Accrued bus savings	769	1 007
Accrued interest on bus savings	389	431
Other receivables	6 165	8 021
TAG receivable	3 317	3 958
DLTC Recievable	23	-
Collaboration project funds - DBSA	2 825	4 063
Prepayments	1 765	498
Operating expenditure	1 765	498
TOTAL	28 463	20 372

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

3. RECEIVABLES (EXCHANGE TRANSACTIONS) (continued)**3.1 Receivables (Exchange Transactions) - Current assets (continued)****3.2 Receivables (Exchange Transactions) - Non-current assets**

	2022	2021
	R '000	R '000
Deposit	2 782	2 736
Rental deposit	2 173	2 173
Interest accrued on rental deposit	609	563
Gautrain system assets - Prepayments	-	-
TOTAL	2 782	2 736

4. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	R '000	R '000
Gautrain system assets	25 145 629	26 154 075
GMA assets	13 810	12 549
TOTAL	25 159 439	26 166 624

4.1 Gautrain System assets

	2022			2021		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Land	4 379	-	4 379	4 379	-	4 379
Infrastructure assets	30 306 120	8 708 719	21 597 401	29 990 259	7 827 847	22 162 412
Plant and equipment	434 025	174 190	259 835	434 025	154 724	279 301
Rolling stock	4 017 464	1 048 065	2 969 399	4 017 464	927 981	3 089 483
Buses	365 981	116 364	249 617	365 981	90 427	275 554
Infrastructure - work in progress	64 998	-	64 998	342 946	-	342 946
TOTAL	35 192 967	10 047 338	25 145 629	35 155 054	9 000 979	26 154 075

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.1 Gautrain System assets (continued)

Reconciliation - 2022	Opening balance	Additions	Capitalisation	Write-off	Depreciation	Closing balance
Land	4 379	-	0	-	-	4 379
Infrastructure assets	22 162 412	315 860	-	-	880 872	21 597 401
Plant and equipment	279 301	-	-	-	19 465	259 836
Rolling stock	3 089 482	-	-	-	120 084	2 969 399
Buses	275 554	-	-	0	25 937	249 617
Infrastructure - work in progress	342 946	-	277 948	-	-	64 998
Carrying value - 2022	26 154 075	315 860	277 948	0	1 046 358	25 145 629

Reconciliation - 2021	Opening balance	Additions	Capitalisation	Write-off	Depreciation	Closing balance
Land	4 379	-	-	-	-	4 379
Infrastructure assets	23 056 918	-	2 095	-	892 411	22 162 412
Plant and equipment	298 958	-	39	-	19 618	279 301
Rolling stock	3 209 775	-	209	-	120 084	3 089 482
Busses	16 929	286 579	47	-	27 907	275 554
Infrastructure - work in progress	332 145	58 733	-	47 932	-	342 946
Carrying value - 2021	26 919 105	345 312	2 390	-	1 060 020	26 154 075

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.

As per the CA, the Concessionaire must replace the Dedicated Feeder and Distribution Services(Busses) that are 10 years or older. In line with this, the Concessionaire managed to change 81 Busses in the 2020-21 financial year and is in the process of changing the remaining 44 Busses.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 GMA assets

4.2 GMA assets

SUMMARY

Motor vehicles
Office equipment
Computer equipment
Furniture & fittings
Leasehold improvements
Leased office equipment
Computer equipment - work in progress

TOTAL

2022			2021		
R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value
947	848	99	947	749	198
4 161	3 310	851	4 115	3 122	993
18 500	16 045	2 455	18 348	15 116	3 232
7 241	2 839	4 402	3 236	2 844	392
15 277	10 257	5 020	15 579	8 624	6 955
1 507	524	983	1 344	565	779
-	-	-	-	-	-
47 633	33 823	13 810	43 569	31 020	12 549

Reconciliation - 2022

Motor vehicles
Office equipment
Computer equipment
Furniture & fittings
Leasehold improvements
Leased office equipment

Carrying value - 2022

Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
198	-	0	-	99	99
993	47	(0)	-	189	851
3 232	153	97	-	1 026	2 455
392	4 196	(23)	(50)	213	4 402
6 955	-	-	(302)	1 633	5 020
779	982	-	207	571	983
12 549	5 377	73	(145)	3 730	13 810

Reconciliation - 2021

Motor vehicles
Office equipment
Computer equipment
Furniture & fittings
Leasehold improvements
Leased office equipment

Carrying value - 2021

Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
298	-	(1)	-	99	198
1 245	65	(93)	-	224	993
3 085	1 645	(296)	4	1 199	3 232
299	305	1	-	213	392
7 792	892	(97)	-	1 633	6 955
710	563	53	34	513	779
13 430	3 470	(433)	38	3 881	12 549

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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

5. HERITAGE ASSETS

5.1 Gautrain system assets

5. HERITAGE ASSETS

5.1 Gautrain system assets

	2022			2021		
	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value
Infrastructure heritage asset	3 295	-	3 295	3 295	-	3 295
	3 295	-	3 295	3 295	-	3 295
Reconciliation - 2022	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure heritage asset	3 295	-	-	-	-	3 295
Carrying value - 2022	3 295	-	-	-	-	3 295
Reconciliation - 2021	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure Heritage Asset	3 295	-	-	-	-	3 295
Carrying value - 2021	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.

6. INTANGIBLE ASSETS

	2022 R '000	2021 R '000
Gautrain system assets	1	1
GMA assets	-	40
	1	41

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

6. INTANGIBLE ASSETS (continued)

6.1 Gautrain System assets

6.1 Gautrain System assets

	2022			2021		
	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value
SUMMARY						
Servitudes	1	-	1	1	-	1
TOTAL	1	-	1	1	-	1
Reconciliation - 2022	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	-	-	-	-	1
Carrying value - 2022	1	-	-	-	-	1
Reconciliation - 2021	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	-	-	-	-	1
Carrying value - 2021	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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

6. INTANGIBLE ASSETS (continued)**6.2 GMA assets****6.2 GMA assets**

	2022			2021		
	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value	R'000 Cost/ Valuation	R'000 Accumulated depreciation	R'000 Carrying value
SUMMARY						
Computer software	9 802	9 804	1	9 802	9 764	41
TOTAL	9 802	9 804	1	9 802	9 764	41
Reconciliation - 2022	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	41	-	-	-	40	1
Carrying Value - 2022	41	-	-	-	40	1
Reconciliation - 2021	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	120	-	-	-	79	41
Carrying Value - 2021	120	-	-	-	79	41

7. PAYABLES (EXCHANGE TRANSACTIONS)

	2022 R '000	2021 R '000
Accrued project expenditure	209 763	198 100
Accrued operational expenditure	13 122	2 856
Accrued leave,Pension and bonus expenditure	33 607	24 012
TOTAL	256 492	224 968

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8. FINANCE LEASE LIABILITY**8. FINANCE LEASE LIABILITY****Amounts payable under finance leases - 2022**

Within one year

Within two to five years

TOTAL FINANCE LEASE LIABILITY

Less: Amount due for settlement within 12 months (current portion)

TOTAL NON-CURRENT LEASE LIABILITY

The lease term varied between 1 and 2 years and the average effective borrowing rate applied is 9,25%. Interest rates are not fixed. All leases have fixed repayment terms.

Amounts payable under finance leases - 2021

Within one year

Within two to five years

TOTAL FINANCE LEASE LIABILITY

Less: Amount due for settlement within 12 months (current portion)

TOTAL NON-CURRENT LEASE LIABILITY

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.

2022		
R'000 Minimum lease payment	R'000 Future finance charges	R'000 Present value of minimum lease payments
621	61	683
345	15	360
967	77	1 043
(621)	(61)	(683)
345	15	360

2021		
R'000 Minimum lease payment	R'000 Future finance charges	R'000 Present value of minimum lease payments
434	23	457
137	4	141
571	27	598
(434)	(23)	(457)
137	4	141

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

8. FINANCE LEASE LIABILITY

9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

	2022 R '000	2021 R '000
Social Investment Programme Fund (SIP)	19 340	18 739
TOTAL	19 340	18 739
Reconciliation - Movement during the year: <i>(Includes all accrued income and expenditure)</i>		
Obligation at the beginning of the year	18 739	22 022
Add: Interest income	646	747
Less: Expenditure	(45)	(4 030)
Obligation at the end of the year	19 340	18 739

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

	2022 R '000	2021 R '000
Provincial Grants:		
MTEF Equitable Share	603 843	621 374
Private Sector		
Private Sector	141 185	123 660
TOTAL	745 028	745 034
Reconciliation of movement during the year:		
Obligation at the beginning of the year	783 673	459 920
Add: Project Funds received during the year - capital	2 822 819	2 480 707
Less: Project Expenditure paid during the year - capital	(2 327 155)	(2 156 954)
Obligation at the end of the year	1 279 336	783 673

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (continued)

10.1 Project Funds Received During the Year

10.1 PROJECT FUNDS RECEIVED DURING THE YEAR

	2022 R '000	2021 R '000
Project income earned (includes all accrued income)		
Public Sector	2 776 816	2 395 644
MTEF Equitable Shares	2 776 816	2 395 644
Private sector	46 003	85 063
Performance deductions	74	1 301
Rental income	1 240	1 148
Interest on bus savings	3 595	2 689
Bus savings	13 930	15 474
RUF Revenue	27 164	64 451
Total	2 822 819	2 480 707

10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR

	2022 R '000	2021 R '000
Project expenditure incurred (includes all accrued expenditure)		
Operating period variation costs	12 412	10 510
System improvements & repairs	28 375	43 240
Patronage guarantee cost	2 286 368	2 014 526
Settlement Agreement	-	88 679
Total	2 327 155	2 156 954

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (continued)

10.3 Analysis of the movement during the year

10.3 Analysis of the movement during the year:

	2022 R '000	2021 R '000
Provincial - MTEF Equitable Share		
Obligation at the beginning of the year	(167 615)	(408 754)
Add: Current year receipts	2 776 816	2 395 644
Less: Project expenditure	(2 325 841)	(2 154 505)
	283 360	(167 615)
Other Private Sector Income		
Add: Obligation at the beginning of the year	183 660	165 497
Add: Performance deductions	74	1 301
Add: Rental income	1 240	1 148
Add: Interest on bus savings	3 595	2 689
Add: Bus savings	13 930	15 474
Less: Project expenditure	(1 314)	(2 449)
	201 185	183 660

11. PROVISIONS

	2022 R '000	2021 R '000
Land provision	12 606	12 606
TOTAL	12 606	12 606

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

Land provision

Reconciliation - Movement during the year:

Opening balance	12 606	12 606
Less: Provision utilised	-	-
Closing balance	12 606	12 606

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

	2022 R '000	2021 R '000
Obligations arising from:		
- Restricted Performance Reserve Account funds	72 115	65 756
- Restricted Insurance Proceeds funds	380	369
	72 495	66 125
Obligations arising from restricted Performance Reserve Account funds (Includes all accrued income and expenditure)		
Restricted Performance Reserve account	72 115	65 756
TOTAL	72 115	65 756

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	380	369
TOTAL	380	369
Reconciliation - Movement during the year: (Includes all accrued income and expenditure)		
Obligation at the beginning of the year	369	358
Add: Interest income	11	11
Obligation at the end of the year	380	369

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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS**13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)**

	2022 R '000	2021 R '000
Other liabilities (Exchange Transactions) - Current liability		
Rental deposit payable	130	130
IFM Project Funds	49 590	22 788
DLTC Payables/AARTO	299	-
	50 020	22 918
Other liabilities (Exchange Transactions) - Non-current liability		
Operating lease liability	(2 547)	2 316
Other Project related liability	6 347	38 924
	3 800	41 240
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	2 316	4 746
Movement	(4 863)	(2 430)
Closing balance	(2 547)	2 316

The operating lease liability will not be recovered in the next 12 months. Refer to note 23 on details of the operating lease.

Other Project related liability**Reconciliation - Movement during the year:**

Opening balance	38 924	107 346
Movement during the year	(32 577)	(68 422)
Closing balance	6 347	38 924

The other project related liability arises as a result of the Concession Agreement over the life of the project. These amounts are ring fenced in the Project Call Account and will be used by GMA for the Gautrain related projects.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS) (continued)

	2022 R '000	2021 R '000
Settlement Agreement		
Settlement Agreement Repayments		
Payable by Province to the Concessionaire	-	88 678
Payable by the Concessionaire To Province	-	-
	-	88 678
	-	(88 678)
Payment	-	(88 678)
	-	-
Settlement Balance remaining at year end	-	-

On 6 December 2018, the Province and the Concessionaire signed a Memorandum of Agreement (MoA) to settle various disputes and disagreements between the Parties arising during the Operating Period.

In terms of the MoA , an amount of R89 million is payable by the Province to the Concessionaire in full and final settlement of disputes and disagreements arising during the Operating Period. GMA had received the Lenders' confirmation and Operating Period Disputes settlement and settled this amount on April 2020 ,this amount was also accrued as expenses during this Financial year period and this settle in full the outstanding amount payable by the Province to the Concessionaire.

14. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2022 R '000	2021 R '000
MTEF funding	493 658	320 935
Sub Total		
TOTAL	493 658	320 935

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

15. REVENUE FROM EXCHANGE TRANSACTIONS

15. REVENUE FROM EXCHANGE TRANSACTIONS

	2022 R '000	2021 R '000
Finance income	23 080	17 356
Other income	37	984
Insurance claim GMA	1	1 015
Profit on sale of Assets	36	(31)
Licences and Permits	452	-
Drivers Licences	376	-
Drivers Licences Permit	68	-
Magement fee/Traffic fines	8	-

During the period under review, GMA entered into agreement with Departement of Roads and Transport to assist in clearing the backlog of Driving licence renewal and Professional driving permits for a period of 12 months, unless otherwise terminated or extended in accordance of this Agreement. The GMA has been appointed as agent to render the above- mentioned Grade F Driving Testing Centre.

TOTAL	23 569	18 340
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16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board member remuneration - 2022

	2022			
	R '000	R '000	R '000	R '000
Names of Board members	Retention fees	Board fees	Other expenses	Total remuneration
Mr M Mokoena (Chairperson)	180	151	0	331
Ms P Moloto-Stofile	90	121	-	211
Mr A Mawela	90	151	1	242
Mr D Nadison	90	128	-	218
Dr P Dala	90	138	-	228
Ms L Mtiya (Deputy Chairperson)	90	135	-	225
Mr S Zamxaka	-	-	-	-
Ms R Mabusela-Jonga	90	106	2	198
TOTAL	720	930	2	1 653

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION (continued)

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members

Mr A Mawela
Dr P Dala
Mr S Zamxaka
Ms R Mabusela-Jonga

TOTAL

TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2022

1 765

Board member remuneration - 2021

	2021			
	R '000	R '000	R '000	R '000
Names of Board members	Retention fees	Board fees	Other expenses	Total remuneration
Mr M Mokoena (Chairperson)	180	177	-	357
Ms P Moloto-Stofile (Deputy Chairperson)	90	133	-	223
Mr A Mawela	104	150	-	254
Mr B Lengane	68	70	-	137
Mr D Nadison	90	143	-	233
Dr P Dala	104	201	-	305
Ms L Mtiya	15	30	-	45
Mr S Zamxaka	23	29	-	52
Ms R Mabusela-Jonga	23	29	1	53
TOTAL	695	963	1	1 659

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members

Mr B Lengane (Chairperson until 31 December 2021)
Mr A Mawela
Dr P Dala
Ms P Moloto-Stofile (Deputy Chairperson)
Mr S Zamxaka
Ms R Mabusela-Jonga

TOTAL

TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2021

1 839

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

17. EXECUTIVE MANAGEMENT REMUNERATION

17. EXECUTIVE MANAGEMENT REMUNERATION

		2022					
		R '000	R '000	R '000	R '000	R '000	R '000
		Basic salary	Company contributions	Bonus	Acting Allowances	Lump sums	Total remuneration
Mr W Dachs	CEO	4 720	591	2 170	-	-	7 481
Mr T Kgobe	COO	3 996	512	1 067	-	-	5 575
Mr R.Pillay	Acting CCO (June 21- Oct 21)	1 136	165	554	203	-	2 058
Mr R.Pillay	CCO (Appointment 01 Nov 21)	1 015	143				1 158
Mr P Mabena	CFO	3 462	440	907	-	-	4 809
Mr N Magoai	SEM: Legal	2 422	339	608	-	-	3 370
Dr. B Jensen Vorster	SEM: Communications & Marketing	2 574	356	596	-	-	3 526
Ms P Yende	SEM: Corporate Services	1 974	266	402	-	-	2 643
Mrs. N.Sivetshe	Acting SEM: Technical (Apr 21- Oct 21)	1 021	154	413	255	-	1 844
Mr.S.Mabaso	Acting SEM: Technical (Nov 21- March 21)	701	102	-	175	-	978
TOTAL		23 021	3 069	6 718	633	-	33 441

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

		2021					
		R '000	R '000	R '000	R '000	R '000	R '000
		Basic salary	Company contributions	Bonus	Acting Allowances	Lump sums	Total remuneration
Mr W Dachs	CEO	4 650	541	744	-	-	5 935
Mr T Kgobe	COO (Aug 20 - Mar 21)	2 625	328	-	-		2 954
Mr T Kgobe	SEM: Technical (Apr 20 - Jul 20)	1 105	120	962	265	-	2 452
Mr P Mabena	CFO	3 358	400	903	-	-	4 661
Mr N Magoai	SEM: Legal	2 386	332	584	-	-	3 303
Dr. B Jensen Vorster	SEM: Communications & Marketing	2 536	349	646	-	-	3 531
Ms P Yende	SEM: Corporate Services	1 871	245	404			2 521
TOTAL		18 531	2 316	4 243	265	-	25 356

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

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

18. EMPLOYEE COSTS

18. EMPLOYEE COSTS

	2022 R '000	2021 R '000
Salaries, bonuses and allowances	141 674	132 674
Increase/(Decrease) in leave accrual	419	708
Increase/(Decrease) in bonus accrual	7 539	(2 456)
Leave paid	176	60
Provident fund contributions & Subsidy	10 875	10 147
Employer contributions	1 361	1 170
TOTAL	162 044	142 304

19. DEPRECIATION AND AMORTISATION COSTS

	2022 R '000	2021 R '000
Depreciation	1 050 088	1 063 901
Gautrain system assets	1 046 358	1 060 020
GMA assets	3 730	3 881
Amortisation	40	79
GMA assets	40	79
TOTAL	1 050 128	1 063 980

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

20. GMA OPERATIONAL EXPENDITURE**20. GMA OPERATIONAL EXPENDITURE**

	2022 R '000	2021 R '000
Project support consultants - Transaction advisors	19 650	36 147
Technical costs, communication & public relations & land procurement	5 647	194
Commercial costs	14 003	35 953
Independent monitor costs	2 749	2 691
Independent socio-economic monitor costs	2 749	2 691
Travel, accommodation, entertainment & subsistence	118	100
Recruitment costs	1 068	656
Employee wellness	98	18
Loss of assets due to write-offs, donations & theft	71	245
Training & membership fees	1 803	2 477
Maintenance costs	268	528
Audit fees	3 441	2 792
Marketing and communication initiatives	16 480	16 995
Legal Expenses	-	-
Consultant costs	26 020	49 291
Building rent and utilities	11 852	12 700
Office running costs	38	1 776
Insurance costs	1 581	1 090
IT related costs	14 948	15 699
Corporate affairs	323	425
GYM Expenses	782	917
TOTAL	101 291	144 547

20.1 DLTC EXPENDITURE

	2022 R '000	2021 R '000
DLTC Expenses	408	-
Registration Fee	4	-
Bank Charges	11	-
Subsistence allowance	26	-
Licences Card orders	44	-
AARTO /Traffic fines	95	-
Paycost - Emp - Salaries	225	-
Paycost - Emp - CC UIF	2	-

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS**21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS**

	2022 R '000	2021 R '000
Net Deficit per the Statement of Financial Performance	(798 449)	(1 013 432)
Adjusted for:		
Amortisation	40	79
Depreciation	1 050 088	1 063 901
Increase in provisions relating to employee cost (leave accrual)	419	-
Increase in provisions relating to employee cost (Bonus accrual)	7 322	-
Items shown separately on the face of cash flow statement	(43 997)	-
GMA RUF REVENUE	(27 164)	-
PRO Interest income - Project	(1 588)	-
PRO Other income - Performance	(74)	-
PRO Other income - Bus savings	(13 930)	-
PRO Other income - Rental Inco	(1 240)	-
Other non-cash items related to assets:	(2 009)	(298 848)
Write-off of assets, donations, profit/loss on sale of assets	34	47 970
Assets accrued	-	(286 579)
Lease movement	(2 043)	(60 239)
Increase/(Decrease) in current liabilities	59 446	208 152
Increase/(Decrease) in non-current liabilities	(30 851)	(67 154)
(Increase)/Decrease in receivables	(8 125)	278 339
Net cash inflows from operating activities	233 885	171 037

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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

	2022 R '000
Net Deficit per the Statement of Financial Performance	(798 449)
Base adjusted for:	
Amortisation	40
Depreciation	1 050 088
Other non-cash items related to assets:	(2 009)
Write-off of assets, donations, profit/loss on sale of assets	34
Assets accrued	-
Finance leased assets	(2 043)
Increase/(decrease) in current liabilities	59 446
Increase in non-current liabilities	(30 851)
(Increase)/Decrease in receivables	(8 125)
Cash flows from operating activities	270 141
Net cash from investing activities	(4 205)
Acquisition of property, plant and equipment	(4 205)
Acquisition of intangible assets	-
Net cash from financing activities	(445)
Finance lease payments	(445)
Net increase in cash and cash equivalents	(229 235)
Other items not included in the budget:	131 776
Interest income	57 128
Security budget	1 242
Bus savings received	14 168
Net SIP fund expenditure	(46)
Net Performance Reserve account receipts	4 037
Other Income	55 206
Insurance income & Proceeds on sale of Assets	40
Net Surplus/ (deficit) before Project Funds from previous period	131 776
Plus: Funds from previous period	109 083
Net Receipts	240 858

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

The period covered by the approved budget is the same as the period covered by the financial statements. The GMA adopted a cash basis of accounting for the preparation of the approved budget, whilst the financial statements are prepared on an accrual basis of accounting.

The underspend on Patronage Guarantee cost is a calculation of the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. Management had budgeted for the best estimate given the scarcity of reliable past evidence and comparatives.

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

Patronage Guarantee is paid on a monthly basis to the Concessionaire. The amount paid is the difference between Minimum Required Total Revenue (the yearly income required by the Concessionaire to cover all its annualised costs and is set in the Concession Agreement) and the Actual Total Revenue (the actual revenue collected in the operations of the system as defined in the Concession Agreement). It is foreseen that the Patronage Guarantee will be paid for the next 12 months. GMA expects 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 2021-22 financial year is disclosed in note 10. GMA had planned to transport 4 471 200 rail passengers and 1 367 370 bus passengers. GMA have managed to transport 4 366 451 rail passengers and 1 332 671 bus passengers by year end. The reduction of ridership is due to the effects of COVID -19 pandemic which the system is still recovering from. The Patronage Guarantee exposure is capped as per the Concession Agreement (Minimum Required Total Revenue less the Concessionaire Demand Forecast). The total forecast of PG for 2023- 2026 is R11 675 824 750.00.

	Contract End date	2022 R '000	2021 R '000
Contractual commitments			
Information technology goods & services	2022	31 907	18 003
General consultants	2022	3 793	9 141
Technical consultants	Time Driven	148 630	45 965
Communication & marketing initiatives	2022	16 804	24 415
Capital commitments			
Capital Variations Commitments		84 647	42 836
		285 782	140 360

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

23. CONTINGENCIES AND COMMITMENTS (continued)

23.2 Operating Lease Commitments:

23.2 OPERATING LEASE COMMITMENTS:

	2022 R '000	2021 R '000
Total future minimum lease payments due:	28 079	16 338
- within one year	9 943	9 880
- within two to five years	18 136	6 458
- five years onwards	-	-
	28 079	16 338

The GMA entered into a seven year office lease agreement, which commenced on 1 April 2013 and terminates on 31 March 2021, and provides for an escalation of rental of 8.5% per annum. Further additional office space was acquired from the 1 December 2018 and terminates on 30 November 2022, and provides for an annual escalation of 8 % over the period of the lease. The lease was amended from 01 August 2020 and terminates on 31 July 2023 and provides for an annual escalation between 8% and 9% over the period of the lease. Furthermore this lease was extended for a period of three years commencing from 01 December 2022 ending 30 November 2025 and provides for an annual escalation of 7,5 % over the remaining period. The cost of the lease is straight-lined over the period of the lease.

23.3 OPERATING LEASE COMMITMENTS:

	2022 R '000	2021 R '000
Leases expense	782	917

The GMA entered into a five year Gym lease agreement, which commenced in November 2018 , is subject to annual review and provides no escalation.

23.4 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 (Construction All Risk) between Marlboro portal and Rosebank station during construction.

Zurich SA (Pty) Ltd has, in terms of the Gautrain Construction Insurance Policy, 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). The matter was heard from October 2019 and finalised on the 17 November 2021. Judgment, on the merits, was granted in favour of the Province, on 02 March 2022. Zurich was subsequently granted leave to appeal and the Parties have duly filed their respective pleadings in the Supreme Court of Appeal. It is anticipated that the appeal will be heard either in the second or third term of 2022. The quantum of this claim is yet to be determined.

Land Cost Disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R51,6 million has been claimed. These claims are dependent on the dates and outcome of court cases, therefore a provision has not been raised.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

24. RELATED PARTY TRANSACTIONS

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 entered into financial transactions with newly created Transport Authority of Gauteng (TAG) under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport .The detail transaction is disclosed under note 3.1 'other receivables'.

The GMA entered into agreement with Gauteng Department of Roads and Transport to assist in clearing backlog of Driving Licence renewal and Professional driving permits .The detail transaction is disclosed under note number 15.

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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

	2022 R '000	2021 R '000
Financial assets - at carrying value		
Cash and cash equivalents	1 003 774	774 541
Accrued income	20 534	11 853
Other receivables	6 165	8 021
Rental Deposit	2 782	2 736
TOTAL	1 033 255	797 151
Financial liabilities - at carrying value		
Payables	222 885	200 956
Finance lease liability	1 043	598
Other liabilities	53 820	64 158
Obligations arising from restricted SIP funds	19 340	18 739
Obligations arising from restricted Project funds	1 279 336	783 673
Obligations arising from restricted Concessionaire funds	72 495	66 125
TOTAL	1 650 127	1 134 250
Fair value of financial instruments:		
Financial assets at fair value:		
Cash and cash equivalents	1 003 774	774 541
Accrued income	20 534	11 853
Other receivables	6 165	8 021
Rental Deposit	2 782	2 736
TOTAL	1 033 255	797 151

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	2022 R '000	2021 R '000
Financial liabilities held at fair value:		
Payables	222 885	200 956
Finance lease liability	1 043	598
Other liabilities	53 820	64 158
Obligations arising from restricted SIP funds	19 340	18 739
Obligations arising from restricted Project funds	1 279 336	783 673
Obligations arising from restricted Concessionaire funds	72 495	66 125
TOTAL	1 648 919	1 134 250

The revenue and expenses that are included the Statement of Financial Performance are detailed below per category of financial instrument:

	2022 R '000	2021 R '000
Income from Cash and Cash Equivalents		
Finance Income	23 080	17 356
Expenses from Finance Lease Liability		
Finance Costs	(40)	(38)
TOTAL	23 040	17 318

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 2022, 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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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.

The maturity profiles of the financial instruments are summarised as follows:

MATURITY PERIOD

Financial Assets

Accrued income
Other receivables
Rental Deposit

2022		
R '000	R '000	R '000
0 - 12 Months	1 - 5 Years	> 5 Years
20 534	-	-
6 165	-	-
-	2 782	-

MATURITY PERIOD

Financial Liabilities

Payables
Finance lease liability
Other liabilities
Obligations arising from restricted SIP funds
Obligations arising from restricted Project funds
Obligations arising from restricted Concessionaire funds

222 885	-	-
683	360	-
-	53 820	-
19 340	-	-
1 279 336	-	-
-	72 495	-

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.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate increase of 200 basis points
Interest rate decrease of 200 basis points

2022	
R '000	R '000
Accumulated Surplus	Net Assets
12 417	12 417
- 12 417	(12 417)

Qualification

The sensitivity analysis is based on market conditions at reporting date and may vary at the time that any actual market movement occurs.

26. BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

27. SUBSEQUENT EVENTS

None

28. GOING CONCERN

On 31 March 2022 the GMA Board has every reason to believe that the GMA has adequate resources in place to continue in operation for the foreseeable future. GMA has determined that the COVID-19 events are significant uncertainty events. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and Central Bank responses, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Entity for the future periods. GMA is a Provincial Schedule 3C entity and its funded by the budget allocations from the Gauteng Province. The Entity has been allocated a budget of R2,7 billion for the 2022/23 financial year. The budget is sufficient to ensure that GMA is able to meet all its obligations including COVID- 19 operational costs for the 2022/23 financial year.

Gauteng Province and Gauteng Treasury have funds allocated for the GMA through the MTEF Budget process as part of their budget/ commitments to ensure the existence and running of the Gautrain Project up until the end of the Concession Agreement in 2026.

These commitments have a positive impact on the annual financial statements and confirms that the GMA does not intend to liquidate the entity or to cease operations and remains a going concern and its mandate has not change.

29. SEGMENT REPORTING

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.



ANNEXURE A: REPORT ON GMA'S KING
IV APPLICATION AND DISCLOSURE FOR
THE 2021/22 FINANCIAL YEAR

1. INTRODUCTION

The GMA adopted King IV with effect from 01 April 2017. The Board supported the application of the King IV principles and the recommended practices in a manner focused on the achievement of the four corporate governance outcomes i.e., ethical culture, good performance, effective control and legitimacy. The Supplement for State-Owned Entities was used as a guide on how King IV Code should be interpreted and applied in the GMA.

The Report on GMA’s King IV Application and Disclosure highlights key focus areas, actions taken to monitor the effectiveness of the King IV principles and their outcomes, as well as the planned areas of future focus. Cross referencing of this Report to the Integrated Annual Report was used to avoid duplication.

This Report was prepared in accordance with King IV Report on Corporate Governance in South Africa 2016.

2. KING IV APPLICATION AND DISCLOSURE

The GMA continued to apply and maintain the principles of the King IV Report. An update on GMA’s King IV Application and Disclosure for the 2021/22 Financial Year is contained in the table below.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 1: LEADERSHIP Board leads ethically and effectively.	The Business Code of Conduct and Ethics for Members is revised annually to align with corporate governance leading practices. Board Members confirm their compliance with the Business Code of Conduct and Ethics annually. The implementation of the Business Code of Conduct and Ethics for Board Members was monitored during the period under review and no areas of concern were identified. The Performance Evaluation of the Board, Board Committees and individual Board Members was conducted during the 2021/22 Financial Year and details are discussed under Principle 9.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 2: ORGANISATIONAL ETHICS Board governs the ethics of the GMA in a way that supports the establishment of the ethical culture.	Board is responsible for steering and setting the strategic direction for ethics in the GMA, delegates the implementation and execution to Management and oversees ethics performance through the Social and Ethics Committee. The focus areas during the reporting period included: • GMA has Ethics Codes for Members of the Board, Employees and the Suppliers. These Codes and the related Policies are reviewed annually and approved by Board. • Presentations of E-workshop and webinars on the Ethics Codes and related Policies to the employees continued during the reporting period. • GMA has an independent Fraud Hotline and reports received are considered by the Audit and Risk Committee, as well as the Social and Ethics Committee. • GMA commemorated the Global Ethics Day and the International Fraud Awareness Week through various interventions. • GMA launched the Annual Compliance Day, Molao Chatz initiatives, e-lounge sessions, pledging event and issued newsletters related to legislative and case law developments. • GMA embarked on an Organisational Culture and Value Programme with the aim to identify behaviours that define the organisation’s values and are aligned to the strategic objectives, as well as the GMA brand. GMA’s Core Values and Value Statements were identified with inputs from Management and employees to ensure shared belief. • GMA’s Core Values are displayed on TV screens at the office and attached on the internal e-mail signatures, to assist in reinforcing core values message to all employees. • GMA launched the Organisational Culture and Values Charter and all employees had the opportunity to pledge their commitment in order to uphold the value principles and demonstrate behaviours outlined in the Value Charter. • Quarterly Integrated Ethics Management Reports are presented to the Social and Ethics Committee. Planned future areas are: • Finalisation of the Ethics Management Strategy and Plan. • Implementation and Monitoring of the Ethics Management Plan. • Continue with Ethics and Fraud Prevention workshops and training. • Promotion of GMA’s Core Values through collaboration with business units. • Encourage employees to participate in activities that will enhance the organisational culture and reinforce value-based messaging.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 3: RESPONSIBLE CORPORATE CITIZEN Board ensures the GMA is and is seen to be a responsible citizen.	Board is responsible for corporate citizenship by setting the direction for how it should be approached and addressed. Board, through the Social and Ethics Committee, oversees and monitors the consequence of the GMA's activities and outputs, as well as their effect on its status as a responsible corporate citizen. Key elements included: • Workplace – GMA's employment philosophy is consistent with the belief that people are the most important asset to the organisation. One of the key success factors of a high performing organisation is putting its people first. GMA is a caring organisation and is committed to looking after the well-being of its employees. GMA recognises the importance of an Employee Value Proposition (EVP) as being instrumental in recruiting and retaining the best employees. GMA Learning and Development Philosophy is to create a dynamic and successful organisation through its workforce to ensure a sustainable high-performance culture. The implementation of the Graduate Development and Woman Development Programmes continued during the reporting period and contributed to GMA Strategic Objective of promoting and maximising the socio-economic development. Graduates are appointed on a 36 months contract to advance them to an intermediate level of experience in their chosen field of profession. More details are in the main Integrated Annual Report. • Economy - Gautrain Project adopted an innovative process which translates the government's Socio-Economic Development (SED) objectives into measurable performance indicators and are entrenched into contractual obligations so that the commitment of the Concessionaire could be fostered. The Concessionaire embraced SED objectives and ensured credible achievements. SED obligations for the reporting period are included in this Integrated Annual Report. B-BBEE procurement spend relates to discretionary goods and services procured by the GMA. The Social and Ethics Committee monitors GMA's B-BBEE compliance. Achieving the BEE targets for businesses owned by women and improved spend on youth, are examples of the continued efforts by the GMA. People living with disabilities remained a challenge during period under review and GMA will continue with investigations on how to improve its performance. • Society - GMA's Social Investment Programme (SIP) focuses on education, community care and the environment. The first SIP cycle, which commenced in 2017, has been concluded and an independent service provider monitored and evaluated various projects and confirmed that a positive impact was made to the SIP beneficiaries. A COVID-19 Relief Fund was put in place to support the SIP beneficiaries during the lockdown period, enabling them to continue with their services. The second GMA SIP cycle with new projects will be launched in the next financial year.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 3: RESPONSIBLE CORPORATE CITIZEN Board ensures the GMA is and is seen to be a responsible citizen.	Details of the key focus areas during this reporting period and the planned future areas are found in the main Integrated Report. • Safety, Health and Environment -The GMA and the Concessionaire focused on the management of COVID-19 safety measures during the 2021/2022 financial year. Lockdown levels throughout the country were eased from National Alert Lockdown Level 3 to Level 1, and both entities amended their compliance measures to align with the COVID-19 state of National Disaster. The train service continued to operate on 70% capacity whilst the buses and the midibuses were operating on 100% according to the guidelines. Sanitizing and deep cleaning remained used as methods to prevent the spread of the virus on all Gautrain services The Concessionaire had 155 employees that were infected with the COVID-19 virus, with zero (0) fatality. Within the GMA a total of 13 employees were infected and recovered from the virus. However, there was one (1) fatality recorded. The nationwide vaccine rollout was initiated by the national Government. GMA and the Concessionaire conducted vaccine drive campaigns to encourage employees to get vaccinated. During the October month, additional campaigns were conducted at Gautrain stations and vaccination sites were set up for Gautrain passengers and employees. The Concessionaire reported one incident where a Security guard was fatally hit by a works train during the maintenance period in the system. No disabling or fatal injuries were noted on passengers A full breakdown of events and strategic focus objectives are detailed in the main Integrated report.
Principle 4: STRATEGY AND PERFORMANCE Board appreciates that the GMA's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable of the value creation process.	Board is responsible for GMA's performance. GMA's strategy is approved by Board and its implementation is delegated to Management through the strategic plan and budget. Board monitors GMA's performance through Quarterly Performance and Performance Information Reports submitted to the MEC and the Gauteng Provincial Legislature. CEO's Quarterly Outlook Reports focuses on key matters necessary to be brought to the attention of the Board and Board Committees in between quarterly meetings.
Principle 5: REPORTING Board ensures that reports issued by the GMA enable stakeholders to make informed assessment of the GMA's performance.	GMA follows the National Treasury guidelines, revised Framework issued by the Department of Planning, Monitoring and Evaluation and the corporate governance leading practice on annual reporting. GMA Annual Financial Statements were prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including directives and guidelines issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA). During this reporting period, GMA's Integrated Annual Report continues to report on how the six capitals used by GMA are creating value to the GMA and its stakeholders. Details can be found in the Integrated Annual Report.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 6: PRIMARY ROLE AND RESPONSIBILITIES OF THE BOARD Board serves as the focal point and custodian of corporate governance in the GMA.	Board exercises its leadership role by steering GMA and setting its strategic direction, approving policies and plans that give effect to the strategic direction provided, overseeing and monitoring of the implementation and execution by Management and ensuring accountability for GMA's performance through reporting and disclosure. The Board's role and responsibilities are articulated in the Board Charter. The Board Charter and Board Committees Terms of Reference are reviewed annually and approved by Board. Refer to the Corporate Governance and Ethics Report included in the Integrated Annual Report for more information.
Principle 7: COMPOSITION OF THE BOARD Board is comprised of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	According to the GMA Act, the appointment of Board is the responsibility of the MEC. Board therefore does not have a Nomination Committee to assist with the appointment of Board but GMA has instead developed the Framework on the Recruitment and Selection of Board, Board Committees and the CEO. The Framework promotes transparency and formalises the appointment process of the Board, Board Committees and the CEO. The Framework encourages the Board to work together with the MEC in this process although the final approval lies with the MEC. Refer to the Corporate Governance and Ethics Report for a full disclosure regarding the composition of the Board and the role and responsibilities of the Chairperson, Deputy Chairperson and the CEO.
Principle 8: COMMITTEES OF THE BOARD Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	In discharging its duties, the Board is empowered to delegate some of its responsibilities to Board Committees and CEO through the delegation of authority framework and the Committees Terms of Reference, while maintaining ultimate accountability. The Board Charter also indicates matters reserved for Board and those delegated to Board Committees. Board considered the recommendations and reports from the Board Committees. Refer to the Corporate Governance Report and Ethics Report for a full disclosure regarding the Board Committees.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 9: EVALUATION OF THE PERFORMANCE OF THE BOARD Board ensures that the evaluation of its own performance and that of its Committees, its Chair its individual members support continued improvement in its performance and effectiveness.	Performance Evaluation of the Board, Board Committees and Individual Board Members is conducted every two years. The Institute of Directors in South Africa (IoDSA) was appointed to facilitate the Performance Evaluation of the Board, Board Committees and Individual Board Members for the 2021 /22 Financial Year. The focus areas during the evaluation included: • Board Composition. • Board Culture. • Board Roles and Responsibilities. • Board Committees. • Board Role Players. The overall performance score of 4.7 out of 5 was achieved and was 30,5% better than the performance score of 3.6 in the Public Sector benchmark and 4.1 in the Private Sector benchmark based on evaluations conducted by IoDSA. All Board Committees and Board Role Players were rated excellent. The following recommendations to the Board were made in order to strengthen its performance: • Need to focus on positioning the GMA beyond 2026 to optimise its performance beyond the current concession period. • Learn from other organisations that had a similar journey of managing concession agreements. The above recommendations will be considered in the development of the Training and Development Plan for Board and Board Committees. The implementation of the Training and Development plan is monitored quarterly by Human Capital and the Remuneration Committee.
Principle 10: APPOINTMENT AND DELEGATION TO MANAGEMENT Board ensures that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.	The delegation of authority framework clearly sets out levels of authority and the required approvals for decision making. The delegation of authority framework is reviewed and approved by the Board annually.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 11: RISK GOVERNANCE Board governs risk in a way that supports the GMA in setting and achieving its strategic objectives.	GMA's risk governance encompasses both opportunities and associated risk, as well as their impact on the achievement of GMA's objectives. Board oversees risk management and has delegated the risk management function to the Audit and Risk Committee. The responsibility for implementing and executing effective risk management is delegated to Management. Some of the key focus areas during the reporting period were as follows: - Setting the approach for risk governance, including opportunities and risks when developing strategy. - Treating risk as integral part of decision making and adherence to duties. - Overseeing the risk management (including assessment of risks and opportunities using a 360-degree analysis in relation to King IV and the use of 6 capitals, achievement of objectives, dependency on resources as well as the risk responses, monitoring and reporting thereof). - Identifying, mitigation and monitoring of emerging risks. - Developing, monitoring and reporting on COVID-19 risk register and measures to mitigate the risks. - Monitoring and reporting of Strategic and Tolerance Dashboards - Developing Gautrain System Disruption Register. - Migrating active project risk registers managed under the Project Management Office (PMO) to the Highbond platform. - Improving the risk maturity of the organisation from 86% to 88%. - Including ethics in performance management processes via the GMA values - Risk awareness initiatives. The gaps identified in the implementation and monitoring of the effectiveness of the risk management were as follows: - Lack of a formal Sustainability Plan/Framework - Roll-out of PMO risk management process to other business units. The above gaps will be address in the next reporting period to improve the risk maturity of the GMA. Full disclosure on risk management can be found in the Integrated Annual Report.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 12: TECHNOLOGY AND INFORMATION GOVERNANCE Board governs technology and information in a way that supports the GMA in setting and achieving its strategic objectives.	Board, through the Audit and Risk Committee, oversees the governance of technology and information and management of associated risks, to enable the achievement of GMA's strategic objectives. The operational responsibility for the governance of technology and information has been delegated to Management. In essence the oversight addresses ICT governance (strategic alignment, risk management, resource management, performance management), ICT Compliance, ICT Assurance, Cyber Security and Critical ICT Projects. The ICT strategy focuses on transforming the GMA into a digital workforce. During the reporting period, ICT continued the drive to digitally transform the GMA into a mobile, agile, innovative and secure workforce. A key component of the ICT strategy is to enhance organisational processes, practices and systems to improve ICT Governance and risk management, reduce environmental impact, maximise financial value, and improve overall workforce efficiency. The implementation of the Digital and Data strategies commenced during the reporting period. These strategies aim to utilize data to gain a competitive advantage, improve customer experience and add value to the GMA, and its customers, using data and analytics. The Data strategy also focuses on Data Governance to ensure that data is correctly managed and protected.
Principle 13: COMPLIANCE GOVERNANCE Board governs compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the GMA in setting and achieving its strategic objectives.	The GMA has an approved Legal Compliance Policy, Legal Compliance Framework, and Legal Compliance Strategy in place, in terms of which it carried out the initiatives outlined under the Compliance and Legal Services part of the Annual Integrated Report. Monitoring compliance and conducting audits, as well as the gap analysis on specific legislation that may have an impact on the GMA and its operations continued during the reporting period.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 14: REMUNERATION GOVERNANCE Board ensures that the GMA remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The Board has the ultimate responsibility for the governance of remuneration with some elements delegated to the Human Resource and Remuneration Committee (HCRC). Performance-based remuneration is one of the cornerstones of the GMA Reward and Remuneration Philosophy. The GMA Reward and Remuneration Philosophy is aligned to the principle of “performance-based remuneration” which is one of the cornerstones of the GMA Reward Philosophy. The Reward Philosophy is also underpinned by sound remuneration management and governance principles which is promoted throughout GMA in order to ensure consistent application. The GMA Reward and Remuneration Policy which is reviewed and approved by Board is designed to achieve the following objectives: - To attract, motivate, reward, and retain human capital. - To ensure that high levels of performance are recognised and rewarded. - To promote and align the achievement of strategic objectives within the organisation’s risk appetite. - To ensure that a competitive remuneration package is offered to employees. - To ensure that a performance culture is institutionalised. - To promote positive outcomes. - To promote an ethical culture and responsible corporate citizenship. The HCRC has the overriding authority on the use of discretionary payments done under exceptional circumstances. Overview of the GMA Reward and Remuneration Policy is as follows: - The approved remuneration structures include the Base Salary, performance bonuses/ incentive schemes and other related benefits. - Regular salary benchmarking is conducted to ensure that remuneration is within market related pay. - All employees, regardless of race or gender, performing the same or similar job at the same or similar level of performance in the organisation receive the same or similar levels of remuneration, as determined in the approved Reward and Remuneration Policy and PayScale. - Performance Bonus/Incentives are linked to performance and value creation that are within the control of Management. - Performance measures are clearly defined and measured over the short, medium, and long term. The remuneration of Board and Senior Executive Management is disclosed in the Annual Financial Statements included in the Integrated Annual Report.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 15: ASSURANCE Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the GMA’s external reports.	The Board has delegated the arrangements for assurance services to the Audit and Risk Committee. The Audit and Risk Committee provides oversight of the internal control environment and the integrity of information and reports for better decision making. GMA Internal Audit provides assurance in conformance with the Institute of Internal Auditors (IIA) Standards and contributes to the effectiveness of governance, risk management and control processes. The Internal Audit Plan has been completed as approved by the Audit and Risk Committee. Reviews of governance, risk management and controls by assurance providers to enhance the practice of combined assurance were implemented and reported to the Audit and Risk Committee. Arrangements for assurance are fully disclosed in the Audit and Risk Committee Report contained in the Annual Financial Statements.
Principle 16: STAKEHOLDER RELATIONSHIPS In the execution of its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the GMA over time.	Governance of GMA and Gautrain stakeholder relationships is the responsibility of the Board assisted by the Social and Ethics Committee. Board has delegated to management the responsibility for the implementation and execution of stakeholder relationship management. During the reporting period, the Social and Ethics Committee provided oversight on the following key matters: - Research on stakeholders opinion on the Gautrain brand to leverage and mitigate relationships. - Classification of material stakeholders based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the GMA. Even though stakeholder management is important to the GMA, the proposed Gauteng Rapid Rail Network Extensions and Post-2026 Gautrain projects will further emphasize the importance of stakeholder relations in the GMA and escalate the activities thereof. - Management of stakeholder risk, as part of organisation wide risk management. - Formal mechanisms for communication with stakeholders to identify their priority interests, concerns and expectations. - Actions taken to measure the quality of material stakeholder relationships and appropriate responses to address the gaps. More details on stakeholder relationships achievements and the future focus areas can be found in the Integrated Annual Report.
Principle 17 – RESPONSIBILITIES OF INSTITUTIONAL INVESTORS Board of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	GMA was established by the Gauteng Provincial Government in terms of the GMA Act and listed as a Public Entity in Schedule 3 (c) of the Public Finance Management Act. GMA use the Supplement for State-Owned Entities as a guide in the interpretation and application of the King IV Code. Principle 17 is therefore not applicable to GMA.

3. CONCLUSION

The Board is satisfied with the application of good governance as recommended by King IV. The Board, through the Audit and Risk Committee, will continue to monitor the gaps identified and make some enhancements where necessary.

ABBREVIATIONS

ACSA	Airports Company of South Africa
AFC	Automatic Fare Collection
AFSA	Arbitration Foundation of Southern Africa
APS	Airport Passenger Service
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
ATS	Alexandra Transport Solutions
BBBEE	Broad-Based Black Economic Empowerment
BCJV	Bombela Civil Joint Venture
BCP	Business Continuity Plan
BEs	Black Entities
BMC	Bombela Maintenance Company
BOC	Bombela Operating Company
CA	Concession Agreement
CC	Competition Commission
CCTV	Closed Circuit Television
CDF	Concessionaire Demand Forecasted
CEO	Chief Executive Officer
CIPC	Companies and Intellectual Properties Commission
Concessionaire	Bombela Concession Company (Pty) Ltd
CPI	Consumer Price Index
CSCs	Contactless Smart Cards
DBSA	Development Bank of South Africa
DFDS	Dedicated Feeder and Distribution Services
DRP	Dispute Resolution Procedure
DTLC	Driving License Testing Centres
DWS	Department of Water and Sanitation
EA	Enterprise Architecture
EAP	Environmental Assessment Practitioner
EDMS	Electronic Document Management System
EE	Employment Equity
EIA	Environmental Impact Assessment
EMEs	Emerging Micro Enterprises (EMEs)
EMP	Environmental Management Plan
EMU	Electric Multiple Unit
EMV	Europay Master Visa
EWRMS	Enterprise-Wide Risk Management System
FAC	Finance and Asset Committee
FEMP	Fare Evasion Management Plan
GDARD	Gauteng Department of Agriculture and Rural Development
GDID	Gauteng Department of Infrastructure Development
GDRT	Gauteng Department of Roads and Transport
GEGDS	Gauteng Employment, Growth and Development Strategy

GIS	Geographic Information System
GMA	Gautrain Management Agency
GMA Act	Gautrain Management Agency Act (Act 5 of 2006), as amended
GPG	Gauteng Provincial Government
GPS	General Passenger Service
GRAP	Generally Recognised Accounting Practice
GRRIN	Gauteng Rapid Rail Integrated Network
GTIA	Gauteng Transport Infrastructure Act (Act 8 of 2001)
GTIP5	5-year Gauteng Transport Implementation Plan
HC	Human Capital
HDI	Historically Disadvantaged Individuals
HoA	Heads of Agreement
HCRC	Human Capital and Remuneration Committee
HR	Human Resources
I&AP	Interested and Affected Party
ICT	Information and Communications Technology
IEC	Independent Environmental Consultant
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IPC	Individual Performance Contract
ISEM	Independent Socio-Economic Monitor
ITMP	(Gauteng) Integrated Transport Master Plan
JRA	Johannesburg Roads Agency
KM	Knowledge Management
KPI	Key Performance Indicator
LIR	Land Information Register
MAXIMO	Concessionaire's maintenance information management system
MEC	Member of the Executive Council (for Public Transport and Road Infrastructure, Gauteng)
MFDS	Midibus Feeder and Distribution Service
MOU	Memorandum of Understanding
MRTR	Minimum Required Total Revenue
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NARSA	National Archives and Records Service of South Africa
NLTA	National Land Transport Act (Act 5 of 2009)
NMT	Non-Motorised Transport
NIPMO	National Intellectual Property Management Office
OCD	Operating Commencement Date
OEM	Original Equipment Manufacturer
O&M	Operations and Maintenance
ORTIA	OR Tambo International Airport
PFMA	Public Finance Management Act (Act 1 of 1999), as amended
PH	Public Holidays
PICC	Presidential Infrastructure Co-ordinating Commission
PMC	Performance Monitoring Committee

PMS	Performance Monitoring System
PoPIA	Protection of Personal Information Act (Act 4 of 2013)
PPP	Public Private Partnership
PRASA	Passenger Rail Agency of South Africa
Province	Gauteng Provincial Government
PST	Province's Support Team
QMS	Quality Management System
QSEs	Qualifying Small Enterprises
R&D	Research and Development
RFP	Request for Proposals
RoD	Record of Decision
RRE	Rail Reserve Events
RUF	Railway Usage Fee
RUL	Remaining Useful Life
SCUMP	Service Capacity Utilisation Management Plan
SEC	Social and Ethics Committee
SED	Socio-Economic Development
SHEQ	Safety, Health, Environment and Quality
SIP	Social Investment Programmes
SIP7	Strategic Integrated Project
SITA	State Information Technology Agency
SMMEs	Small, Medium and Micro Enterprises
SNOG	Security and Network Operations Centre
STR	Stored Travel Rights
TA1	Treasury Approval
TOD	Transit Orientated Development
TOM	Ticket Office Machine
TRAC-SA	Technology and Research Activity Centre of South Africa
TTP	Targeted Threat Protection
TVM	Ticket Vending Machine
UATP	International Association of Public Transport
WUL	Water Use License





GAUTRAIN MANAGEMENT AGENCY

44 GRAND CENTRAL BOULEVARD, GRAND CENTRAL EXT 1, MIDRAND
PO BBOX 1266, KELVIN, 2054, JOHANNESBURG

Tel.: +27 (0) 11 086 3500

E-mail: info@gautrain.co.za

Website: www.gma.gautrain.co.za