

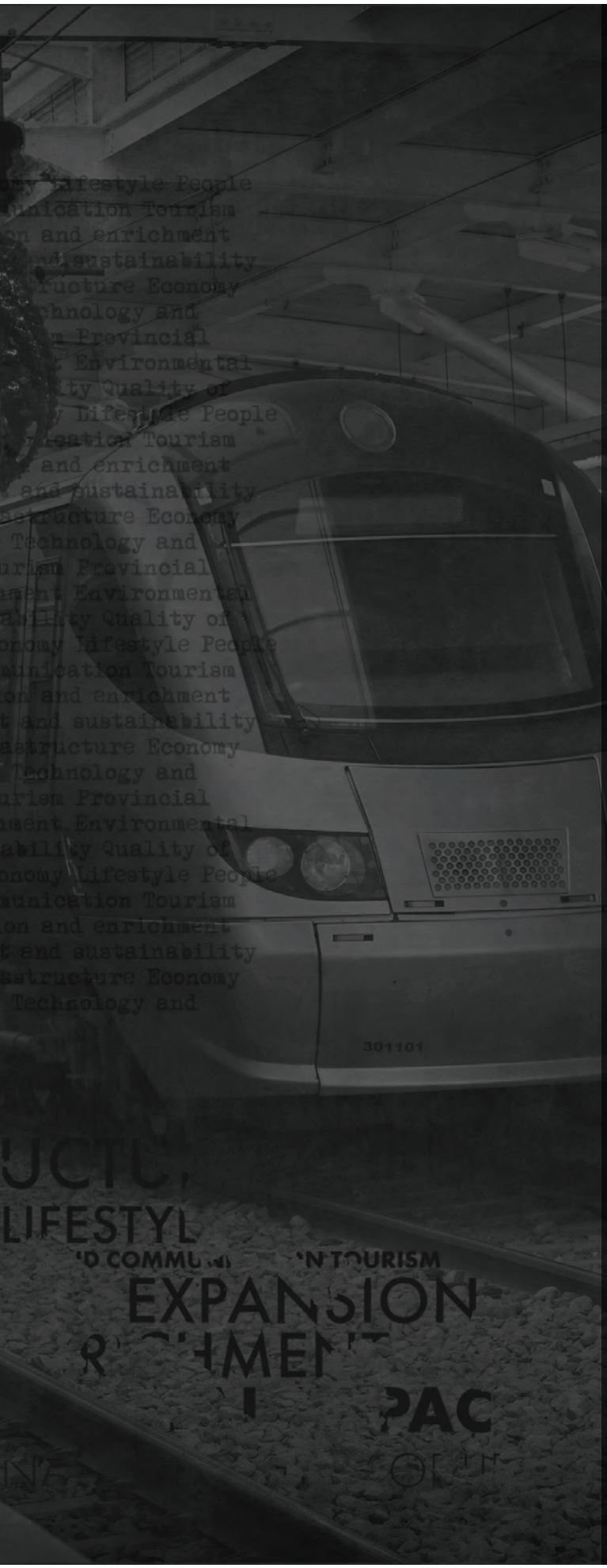
INTEGRATED ANNUAL REPORT 2022/23

GAUTRAIN

FOR PEOPLE ON THE MOVE

GAUTRAIN MANAGEMENT AGENCY


TRUCTURE ECONOMY
LIFESTYLE
AND ENRICHMENT
SUSTAINABILITY QUALITY OF LIFE



ICONS USED IN THIS INTEGRATED ANNUAL REPORT:

HUMAN CAPITAL

INTELLECTUAL CAPITAL

NATURAL CAPITAL

MANUFACTURED CAPITAL

FINANCIAL CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

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1. ABOUT THE REPORT

1.1 SCOPE

The Integrated Annual Report reviews the Gautrain Management Agency's (GMA) financial, operational, social and governance performance for the financial year ended 31 March 2023. The purpose of the report is to provide a concise view of the GMA, how it creates value, and its performance against the strategic outcome, in a way that gives stakeholders a holistic view of the Agency and its future.

The GMA's progress towards integrated thinking is reflected in the performance indicators covering financial and non-financial matters, as well as its strategy, material matters and associated risks.

1.2 REPORTING FRAMEWORK

The GMA's integrated report is prepared in compliance with:

- International Integrated Reporting Framework published by the International Integrated Reporting Council;
- The Public Finance Management Act (PFMA) Act 1 of 1999;
- The Companies Act (Act 71 of 2008);
- South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP);
- Elements of the National Treasury Annual Report Guide for Public Entities; and
- The King IV Report on Corporate Governance for South Africa.

1.3 MATERIALITY

A matter is considered material if it can substantively affect the GMA's ability to create value. The GMA's approach to reporting on material matters is informed by a careful analysis of risks, strategic outcomes and intended outcomes to identify those matters that the GMA considers to be most significant. Please refer to page 20 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 2023 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 pages 20 to 21 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 2022/23 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
July 2023

2. VALUE CREATED



FINANCIAL CAPITAL

- The GMA has achieved 100% of the outcome indicators with **99.6%** actual expenditure versus the budget for the 2022/23.
- Financial exposure to the GMA was adequately managed by ensuring that the average fare evasion rate stood at 0.00% in 2022/23, which is lower than the 0.01% fare evasion rate recorded in 2021/22.
- The commercial revenue was generated from the DTLCs and the AMaaS services.



INTELLECTUAL CAPITAL

- The GMA improved its risk maturity from 88% to 89% by continuing to roll out the Enterprise-Wide Risk Management System and development of an Operational Tolerance Dashboard.
- The Agency developed a repository of knowledge products that aid in the codification of tacit knowledge and protects the intellectual property of the Agency.
- The GMA implemented the first **Smart DTLCs** in the country on behalf of the DRT.
- 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.



HUMAN CAPITAL

- Investment in employee training and development of R1.5 million, spent on education and training and development, positively impacted the staff turnover rate.
- Through the Graduate Development Programme, the employment, training and development of 13 young graduates were ensured.
- An additional 25 young people were employed to render the services at the DTLCs.



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 midibus partnership model between the GMA and the taxi industry created employment opportunities for both youth and women.



NATURAL CAPITAL

- By carrying over 7 million train passengers in the year, the Gautrain saved on CO_2 emissions as opposed to if those passengers had travelled by private car.
- DLTCs have been developed using recyclable material and using renewable energy.
- The GMA partnered with the DBSA and KfW to carry out a study on energy efficiency and the "greening" of the Gautrain stations.



MANUFACTURED CAPITAL

- The ongoing bus fleet replacement programme continued to play a pivotal role in supporting the local supply chain in a period when local manufacturing has been impacted by an economic downturn.
- 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.


Destination
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Thank You!

The GMA Board and Management would like to thank **MEC JACOB MAMABOLO** for his support and commitment in his role as the GMA's Executive Authority and for providing leadership and oversight to the Agency from May 2019 to October 2022.

3. FOREWORD BY MEC

Kedibone Diale-Tlabela
Gauteng MEC for Transport and Logistics



It is with great pleasure that I present the Gautrain Management Agency's Integrated Annual Report in compliance Section 55 of the Public Finance Management Act for the 2022/23 Financial Year. This Report reflects on the implementation of the Agency's 2022/23 Strategic Plan and it shows good results both in terms of achievement of targets as well as in its alignment with "Growing Gauteng Together through Smart Mobility" and the Aga Lerona campaign that I launched as a service delivery accelerator programme in 2022.

The GMA's core strategy is one of providing an inclusive, seamless and integrated world-class commuter rail service that connects the Gauteng City region. During the year under review, the GMA has made good progress especially in terms of oversight of the Concessionaire where the Agency ensured high levels of operational efficiency for the Gautrain. The challenge since the Covid-pandemic is to continue to attract more passengers to the Gautrain to continue to deliver a world-class system in terms of availability and punctuality.

I have encouraged the GMA to use its expertise and experience in supporting the provincial government in areas outside of the Gautrain itself. The fact that it has responded so well by assisting to rebuild a moribund taxi rank next to the Vereeniging Railway

station as a Phase 1 Intermodal Facility as well as designing a Transport Management Centre for the Department and by assisting the Gauteng Transport Authority get on its feet is testimony to an organisation that has matured and developed into a centre of transport excellence for the Province. This support to the Aga Lerona campaign is much appreciated.

The GMA continued with the process to prepare for the period, post the current concession agreement that ends in March 2026, to ensure that the Gautrain operations remain uninterrupted. In the new Financial Year the GMA will continue to work on the preparations for this transition.

The GMA has become one of the few entities in the Province to achieve a gold standard of ten consecutive clean audits. This is a demonstration that corporate governance and prudent financial management are at the core of the Boards function.

I wish to thank all partners and the Metropolitan Councils of the Ekurhuleni, Johannesburg and Tshwane for their collaboration and support during the period under review.

I wish to conclude by thanking my predecessor, MEC Jacob Mamabolo, the GMA Board headed by Mr Mogopodi Mokoena for their commitment in the oversight of the GMA activities; the CEO, Mr William Dachs and his staff for the hard work and dedication. The dedication to serving the people of Gauteng matters.

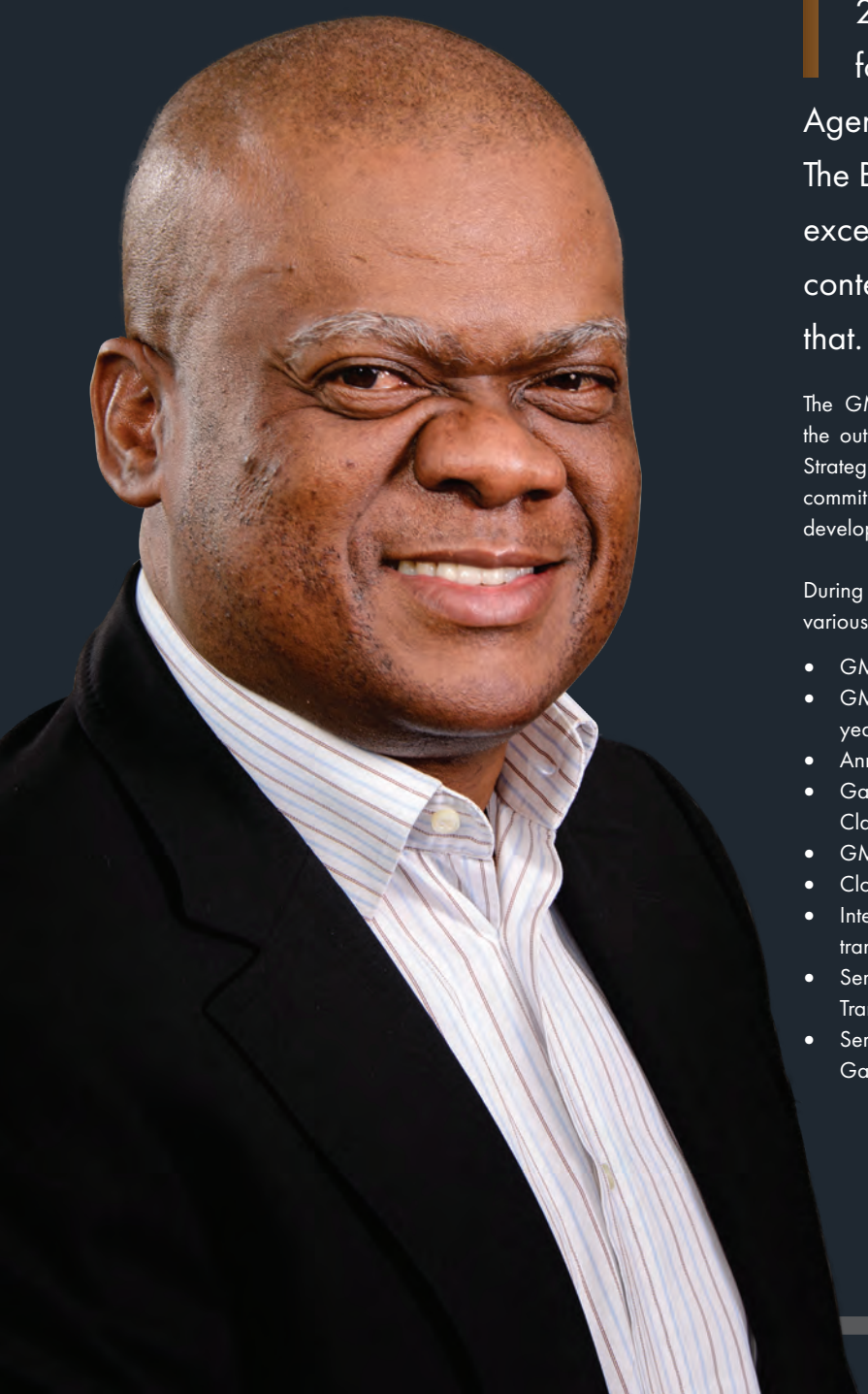


Kedibone Diale-Tlabela
Gauteng MEC for Transport and Logistics.

"The fact that it has responded so well by assisting to rebuild a moribund taxi rank next to the Vereeniging Railway station as a Phase 1 Intermodal Facility as well as designing a Transport Management Centre for the Department and by assisting the Gauteng Transport Authority get on its feet is testimony to an organisation that has matured and developed into a centre of transport excellence for the Province".

4. FOREWORD BY THE CHAIRPERSON

Mr Mogopodi Mokoena
Chairperson: GMA Board



I am privileged to be presenting the 2022/23 Integrated Annual Report for the Gautrain Management Agency (GMA) on behalf of the Board. The Board of the GMA prides itself with excellence, good governance and the contents of this report will demonstrate that.

The GMA's strategy continues to promote the alignment to the outcome-based approach of the Gauteng Medium Term Strategic Framework and the Gauteng Provincial Government's commitment to the integrated public transport and social development.

During the year under review, the Board provided oversight on various strategic areas – amongst others:-

- GMA Funding Strategy;
- GMA Strategic Plan for the 2023/24 to 2025/26 financial years;
- Annual Performance Plan for the 2023/24 financial year;
- Gauteng Province's Construction All Risks (CAR) Insurance Claim;
- GMA Commercial Initiatives;
- Close out of the current Concession Agreement;
- Integration of the Gautrain System with other public transport systems;
- Service Level Agreement between the GMA, GDRT and the Transport Authority for Gauteng; and
- Service Level Agreement between the GMA and the Gauteng Department of Roads and Transport.

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

- Post-2026 Gautrain Project;
- Close out of the current Concession Agreement;
- Implementation of the commercial initiatives;
- Increase Gautrain ridership;
- Grow the GMA's Knowledge Management capacity;

GMA AS A CORPORATE CITIZEN

In the current financial year under review, the GMA Board has thus provided strategic direction and oversight that ensured that the Gautrain Project operates in a sustainable manner with clear commitment to the socio-economic imperatives of the Gauteng Provincial Government. The Board's commitment to good governance has been proven throughout the year, evidenced by yet another clean audit. In the year under review, Board continued with the implementation of the Principles of the King IV Report on Corporate Governance.

As a good corporate citizen the GMA recognises the need for social cohesion and nation building, and thus through the Social Investment Programme, supports community development. Various communities were assisted and stakeholder relationships were built along the Gautrain route.

APPRECIATION

I would like to express my gratitude to my fellow Board members and Board Advisors and Board Committees for their dedication and commitment in executing their oversight role during the Financial Year.

I would like to thank the GMA Management team under the leadership of Mr William Dachs and the staff in general, for their unwavering commitment and dedication throughout the year. Gratitude also goes to the three metropolitan councils of Ekurhuleni, Johannesburg and Tshwane for their cooperation.

Lastly, on behalf of the Board, I am grateful for the support the Board continued to receive from the MECs Mr Jacob Mamabolo and Ms Kedibone Diale-Tlabela.



Mr. Mogopodi Mokoena
Chairperson: GMA Board

"The Board's commitment to good governance has been proven throughout the year, evidenced by yet another clean audit".

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

William Dachs
CEO: GMA



On 5 April 2022 the National State of Disaster that was declared in response to the Covid-19 pandemic ended, marking the regulatory end of the devastating period of change to the pre-2020 world. The long-term impacts of the global crisis still have many years to run, and, like most public transport systems, Gautrain has had to adapt to a new normal of a society that no longer requires public transport in the same shape and form as before.

The primary role of the GMA was and is, in partnership with Bombela and other public and private sector entities, to re-grow trust and confidence in the Gautrain and to complete a recovery of passenger usage of our services. In the context of the Gautrain commuters who had used trains and buses to access offices in and around the economic nodes of Gauteng, it was clear that indicators such as unlet office space in Sandton, Rosebank and the Johannesburg CBD showed the negative impact on office- tied employment in Gauteng as well as new trends such as work from home.

These efforts have borne fruit and train ridership increased by around 64% year on year in the period under review. Over 10 million passenger trips were made on Gautrain and its buses and midi-buses in the year under review. All were made safely and with excellent levels of availability and punctuality. There remains a long way to full recovery but, by focusing on new markets including the youth and those not serviced ed by the traditional Gautrain bus routes, the Gautrain has developed a

larger footprint than prior to Covid of people able to access the stations. This was done primarily in partnership with the Minibus taxi industry through contracted midi-bus feeder and distribution services. In the year under review, more than 640,000 passenger trips were made on these taxi association -owned -and -operated buses, a remarkable 48% increase from the previous year. Along with ambitious plans for increased numbers of midi-bus routes, the GMA is also planning a pilot for moving these services away from paper- based tickets and into the realm of automated fare collection.

In an environment where passenger demand remained below pre-Covid levels, the Agency remained focused on ensuring that money deployed to Gautrain via the Patronage Guarantee provided maximum value for money for Gauteng and South Africa. In this regard, the GMA is able to report on very high impacts through the Gautrain's socio-economic development performance. For example, in 2022, a total of R1.1 billion was spent on the procurement of South African materials, plant and equipment. The number of South Africans in direct and indirect employment through the Gautrain supply chains remained at around 12,000 annual jobs, R916 million was procured from or subcontracted to black owned businesses and R105 million was spent on SMMEs.

Under the astute guidance of MEC Jacob Mamabolo and MEC Kedibone Diale-Tlabela, who assumed office in October 2022, the GMA was able to align well with both the "Growing Gauteng Together through Smart Mobility" and the Aga Lerona campaign that was launched as a service delivery accelerator programme in 2022. The GMA was able to assist the Gauteng Department of Roads and Transport in many projects, including a new generation of Driver's Licence and Testing Centres located at Gautrain stations and revitalising an intermodal facility next to the PRASA Vereeniging station.

From a good governance perspective, the GMA achieved its 11th consecutive clean audit. The Auditor General has highlighted the effective combination of governance and oversight mechanisms as a key factor in this excellent achievement. For the first time in its history, the GMA was able to achieve 100% of its annual performance plan targets. This is up from the previous year's 96% and reflects the efforts of GMA's management and staff to continuously improve. In terms of the emphasis of matters identified by the Auditor General, the GMA was able to reduce the provision for land related disputes from R12.6 million to R5.4 million.

With my term of office as CEO ending on 31 January 2023, one month after the end of the current GMA's Board term, the GMA, in close collaboration with the MEC and the Head of the Department of Roads and Transport, started recruitment processes for these positions well in advance of them becoming vacant to ensure a well-structured handover and continuity in leadership.

In this, my last full financial year as CEO, I wish to thank with utmost sincerity MEC Mamabolo and MEC Diale- Tlabela as well as the GMA Board for their support and guidance. I have been privileged to lead a superb management team at the GMA and my gratitude goes to them and the excellent people they lead.



Mr William Dachs
CEO: GMA

"For the first time in its history, the GMA was able to achieve 100% of its annual performance plan targets. This is up from the previous year's 96% and reflects the efforts of GMA's management and staff to continuously improve".

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

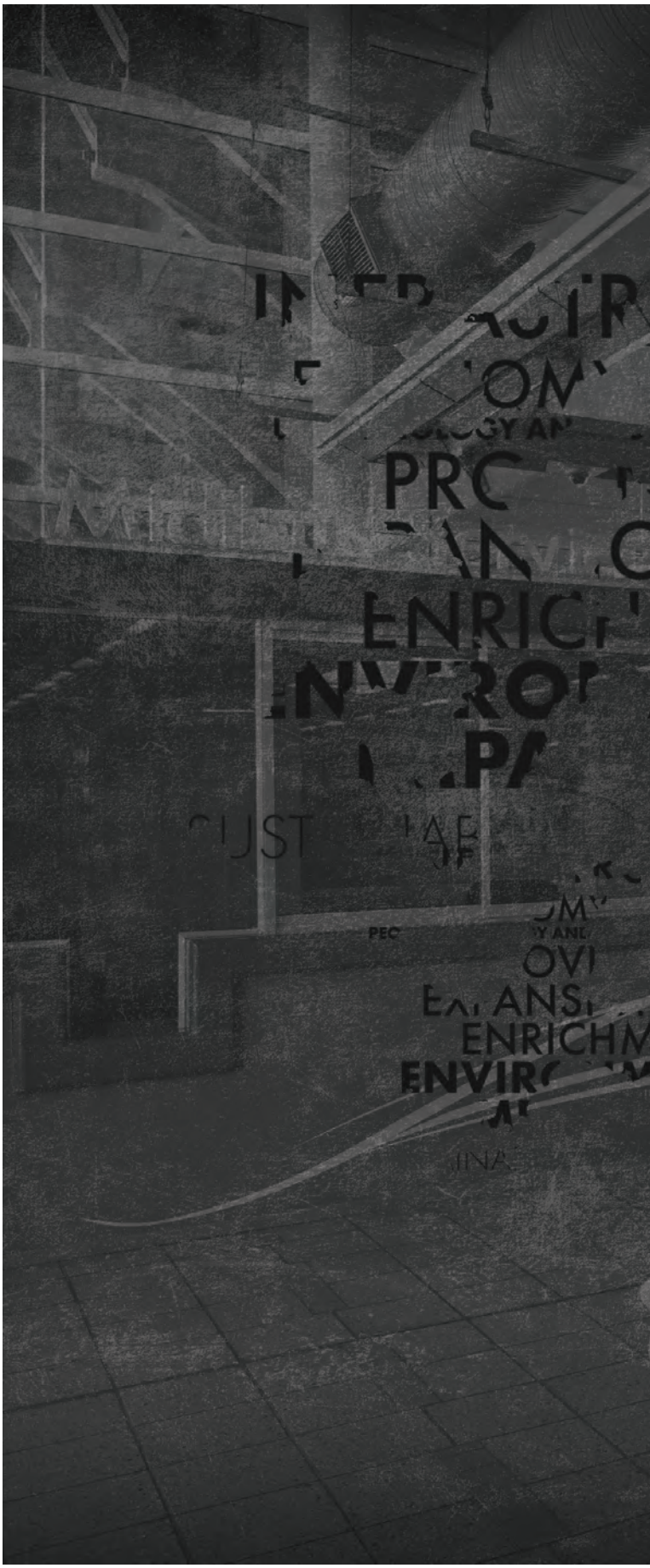
To the best of our knowledge and belief, we confirm the following:

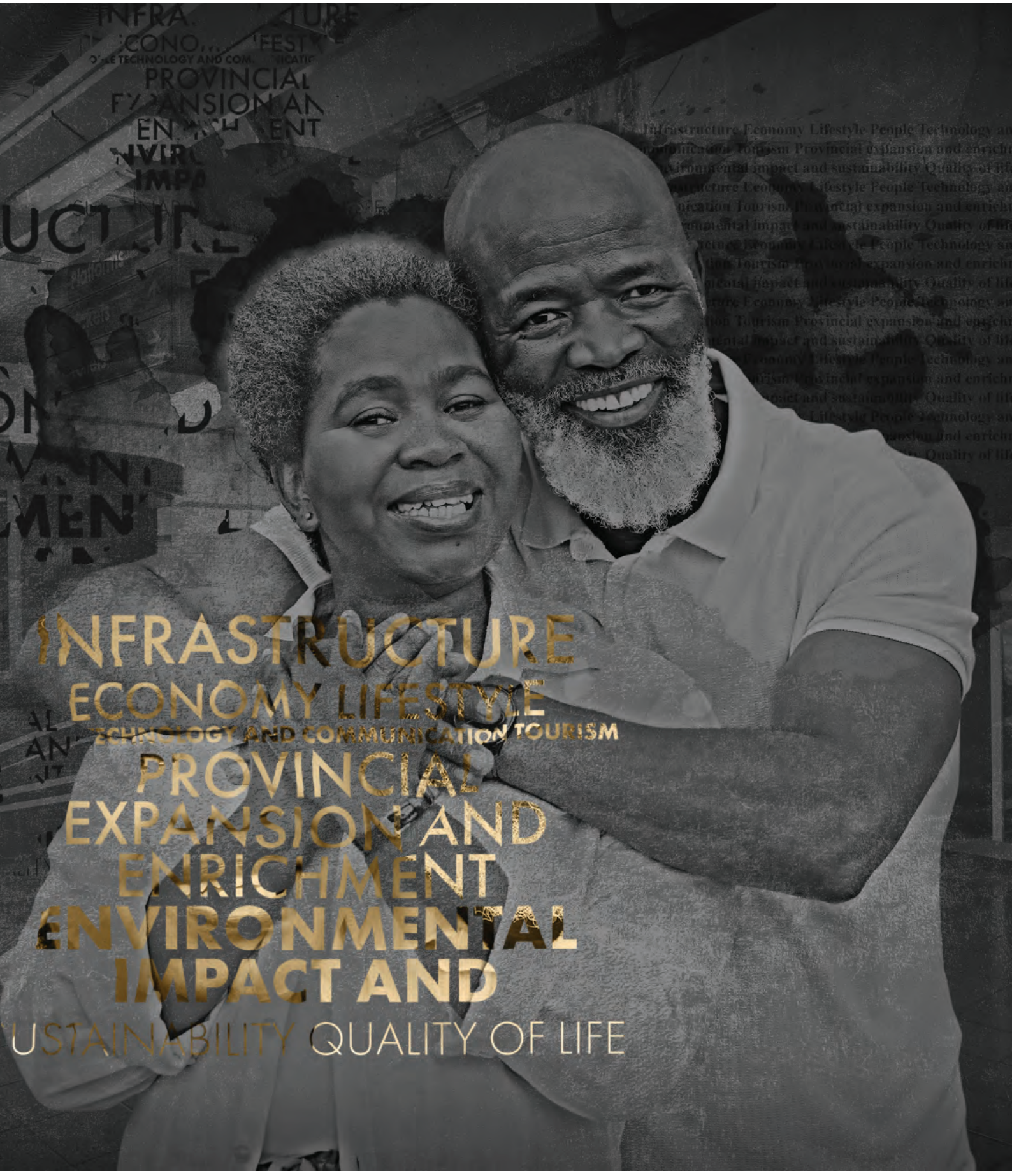
- All information and amounts disclosed in the Integrated Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.
- The Integrated Annual Report is complete, accurate and free from any omissions.
- The Integrated Annual Report has been prepared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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

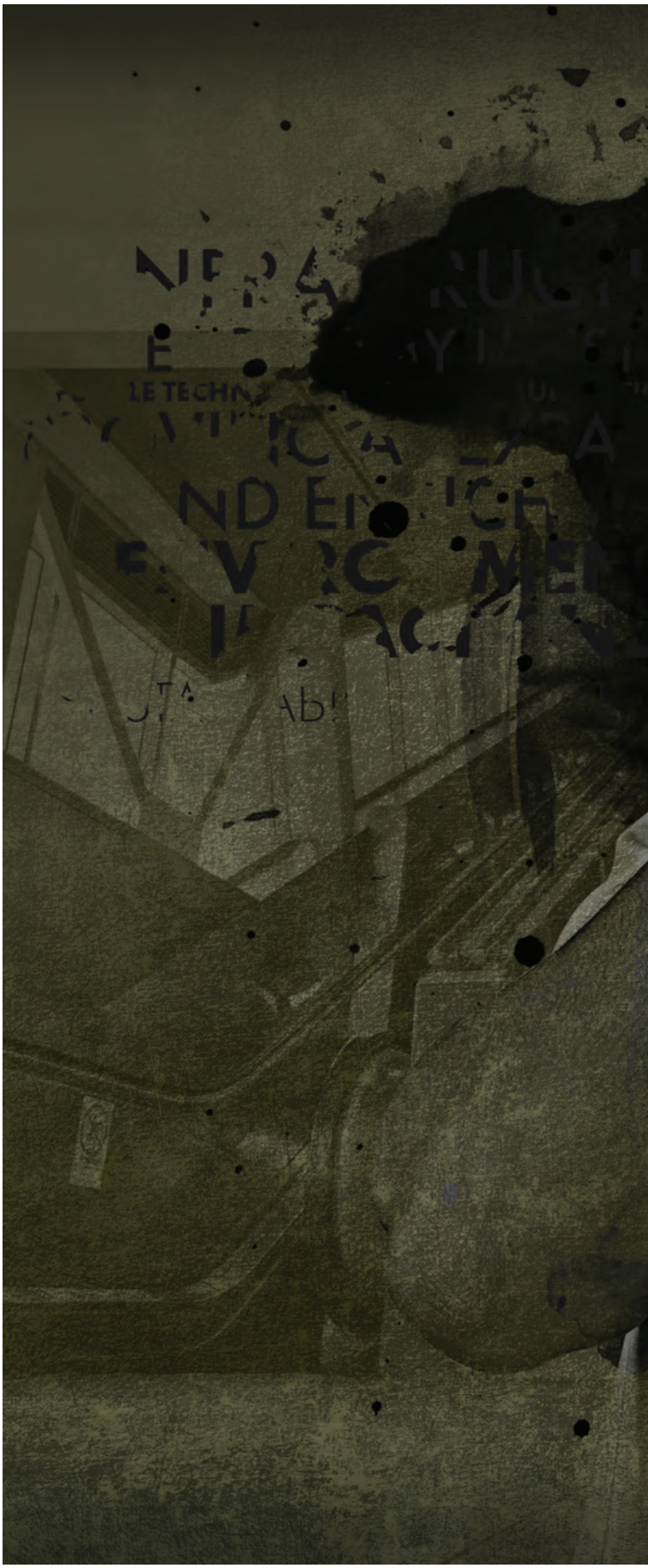
Mr Mogopodi Mokoena
GMA: Board Chairperson

Mr William Dachs
GMA: Chief Executive Officer
July 2023




INFRASTRUCTURE
ECONOMY LIFESTYLE
TECHNOLOGY AND COMMUNICATION TOURISM
PROVINCIAL
EXPANSION AND
ENRICHMENT
ENVIRONMENTAL
IMPACT AND
USTAINABILITY QUALITY OF LIFE

WITH HARD WORK, **DETERMINATION AND FAITH** WE WILL NOT BE DETERRED BY CHALLENGES **WE WILL MOVE IN UNISON** AS A TEAM **TOWARDS OUR VISION AND GOALS**.





ORGANISATIONAL OVERVIEW

1. ABOUT THE GMA

The Gautrain Management Agency (GMA) is an entity of the Gauteng Provincial Government (GPG) mandated to manage the implementation of the Gautrain Project; and the relationship with the Concessionaire, i.e. the Bombela Concession Company, which operates the Gautrain System on behalf of the GMA.



Purpose of the GMA

Transform spaces, people and the economy through mobility.



Vision of the GMA

To provide an integrated, innovative and efficient transport system that promotes sustainable, long-term socio-economic growth in Gauteng.



Mission of the GMA

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



Core values of the GMA



Leadership
we value leading and being led with transparency, honesty and fairness;



Caring
we value being cared for and being seen as an important part of the organisation;



Learning
we value being given equal opportunities to learn and grow in a fruitful and meaningful way, and



Excellence
we value a high-performance culture to pursue Excellence

1.1 THE 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.

1.2 THE GMA IN A 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 by following international good practice and its own corporate governance regime. The Concessionaire 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 subcontracts; and
- J&J Group is a South African broad-based investment holding and management company.

During the financial year under review, BCC changed its shareholding through the disposal of Murray & Roberts Ltd's entire shareholding to Intertoll International Holdings B.V. As of 3 April 2023, Murray & Roberts Ltd no longer has a shareholding in BCC. The shareholding is now as follows:

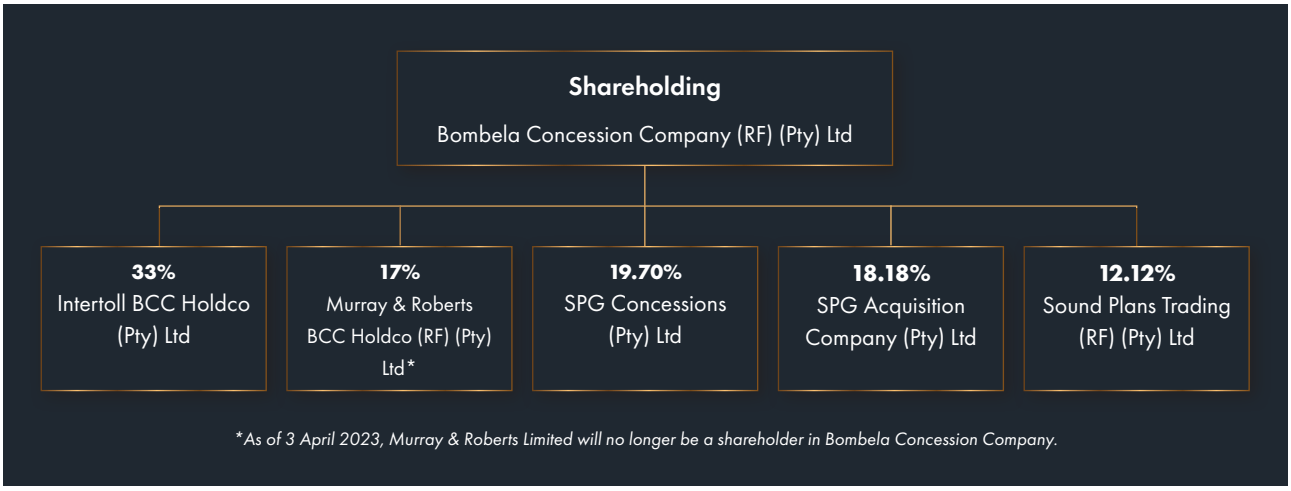


Diagram 1: *BCC's shareholding.*

2. RATIONALE OF INTEGRATED REPORTING

2.1 PURPOSE OF THE INTEGRATED REPORT

This report reviews the GMA's financial, operational, social and governance performance and encompasses aspects of integrated reporting for the financial year under review. Unless otherwise indicated, the information presented is comparable to that of the prior years. The report is intended for the GMA and Gautrain stakeholders and explains how these entities create value over time.

The purpose of the report is to provide a concise view of the GMA, what the GMA does and how it creates value, its strategy, opportunities and risks, the business model, governance and ethics management and 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.

2.2 REPORTING PHILOSOPHY

The GMA's 2023 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 2022 to 31 March 2023 are provided.

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

- Application of the six capitals approach to integrated thinking and reporting;
- Review of performance during the 2022/23 financial year;
- Strategic focus and future orientation;
- Interconnectivity of strategic and operational information; and
- Stakeholder engagement and responsiveness.

The report is prepared based on the principles contained in the International Integrated Reporting Framework published by the International Integrated Reporting Council, some elements of the National Treasury Annual Report Guide for Public Entities and the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

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.

2.3 THE GMA'S DEFINITION OF MATERIALITY

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

- **SED:** Contributing to a growth trajectory for Gauteng and promoting urban mobility and quality of life, through direct SED initiatives and targeted job creation within an environment of limited funding and competing social priorities;
- **Stakeholder impact:** Fostering strong and committed relationships through strategic partnerships, regular engagement, building an inclusive and cohesive employee culture, effective communication and marketing that maximise value for stakeholders and reinforce positive perceptions of reliability, convenience and professionalism;
- **Responsible financial and contract management:** Ensuring the CA and public funds are managed responsibly and to the benefit of stakeholders, and by 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.

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 2022/23 financial year (excluding extraordinary expenditure that is unlikely to reoccur); i.e. approximately R122,878 million. The GMA has also determined the materiality level for system assets to be 0.1% of the system assets for the 2022/23 financial year, i.e. approximately R26,154 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 determining the materiality level, the GMA has taken cognisance of the following:

- The GMA is primarily funded by a provincial MTEF budget allocation;
- The business of the GMA is conducted within the framework of the mandate, objects and powers contained in the GMA Act, as well as the business and financial direction set out in the Strategic Plan and Budget; and
- The GMA Act defines accountability and approval structures from the Board, as the Accounting Authority, to the CEO who is also a member of the Board.

Regarding 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 set out in the reporting guidelines.

2.4 ASSURANCE APPROACH

The GMA's assurance approach encompasses the assurance provided and reviewed 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. The Board serves as the last line of defence.

Table 1: Integrated Reporting Assurance Framework

CONTENT	ASSURANCE PROVIDERS	OUTCOMES	FRAMEWORK
Annual Financial Statements	• GMA Board and Audit and Risk Committee • Auditor-General	• Review • Approval • Qualified/unqualified opinion • Material findings on the usefulness and reliability of performance information	• PFMA • GRAP
Integrated Annual Report (in full)	• GMA Audit and Risk Committee • GMA Board	• Board's approval	• Legislative requirements • Treasury guidelines
Review of internal controls and risk management	• GMA Board and Board Committees oversight	• Review and commentary • Assess and address residual risks • Strengthen risk governance policies and protocols and risk management • Approval	• Enterprise risk management • Legislative requirements • PFMA
Corporate governance	• Internal Audit • Corporate Governance and Ethics	• Assessments of controls • Internal control environment	• King IV • PFMA

2.5 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 Agency's competitiveness while 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 and Gautrain's activities. This is reported on throughout the report.

3. LEGISLATIVE AND OTHER MANDATES

3.1. THE 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 the 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.

3.2. THE 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 3c 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 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.



THE GMA ORGANISATIONAL STRUCTURE



Diagram 2: *The GMA organisational structure*

THE GMA'S BUSINESS MODEL IS **BASED ON ITS MANDATE** UNDER THE GMA ACT AND IS PREMISED ON **DELIVERING OUTCOMES** THAT **BENEFIT THE GAUTENG PROVINCE** AND ITS PEOPLE.





B

STRATEGY (HOW WE CREATE VALUE)

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 134 of the Report of the Auditor–General, published in Part F: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 THE 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. As such, the GMA envisages playing a support role to the MEC in this regard.

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

- The National Department of Transport's commitment to integrated transport solutions, especially for 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 continues to fulfil 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 current Gautrain Concession expires in March 2026 and replacement of the Concession has commenced. The feasibility study was concluded and submitted to both the National and Provincial Treasuries for approval of the Treasury Approval 1 (TA1).

2.2 SERVICE DELIVERY ENVIRONMENT

Gautrain service delivery, measured in terms of customer satisfaction, equates to an average Net Promotor Score ranging between 94% and 99% and an average of 97%, which is well above the benchmark of 86%. Irrespective of the service's very competitive service delivery and the recovery from the COVID–19 outbreak, the Gautrain's ridership has been slow. Also affecting Gautrain is the rising unemployment rate in South Africa which increased to a new record of 35.6% in the fourth quarter of 2023, reflecting the impact of the economic recession.

2.2.1 Service delivery improvement plan

The following are being considered and planned to improve service delivery towards increasing the Gautrain ridership and revenue:

- 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, improved signage, and a more customer-centric Gautrain website and mobile application;
- The Gautrain student product based on a 25% discount will be extended to scholars in 2023/24;
- An alternate ticketing solution is being considered to enable third-party ticket distributions for partnerships, loyalty programmes or special events; and
- Partnerships with special event organisers to support with transport to big concerts and sporting events thereby increasing ridership for weekend services.

2.3 THE GMA ENVIRONMENT

Significant developments within the GMA that may have had an impact on the Agency's delivery of 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 look forward to the coming years;
- Continued contribution to skills development with the GMA's graduate programme which ensures future skills needs;
- Planning for the end of the current Concession Agreement and the Beyond 2026;
- Maintaining the GMA's standards of governance and financial management;
- Leveraging the past consecutive clean audit that the GMA has achieved; and
- Developing partnerships with key public and private entities that jointly benefit both parties.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Key policy or legislative changes, with an impact on the GMA, include the Cybercrimes Act, which came into force in December 2021. A comprehensive gap analysis was conducted to establish the extent to which the GMA is compliant with the Cybercrimes Act and appropriate control measures, which will ensure full compliance therewith, were identified and are being implemented.

The GMA further reviewed and submitted, to the Portfolio Committee for Transport, comments on the Economic Regulation of Transport Bill, which was published for public comment.

The GMA continues to collaborate with the Gauteng Department of Roads and Transport, in reviewing and processing 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.

3. MANAGING OUR RISKS AND OPPORTUNITIES

Enterprise-Wide Risk Management Framework

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 the 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.

3.1 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.

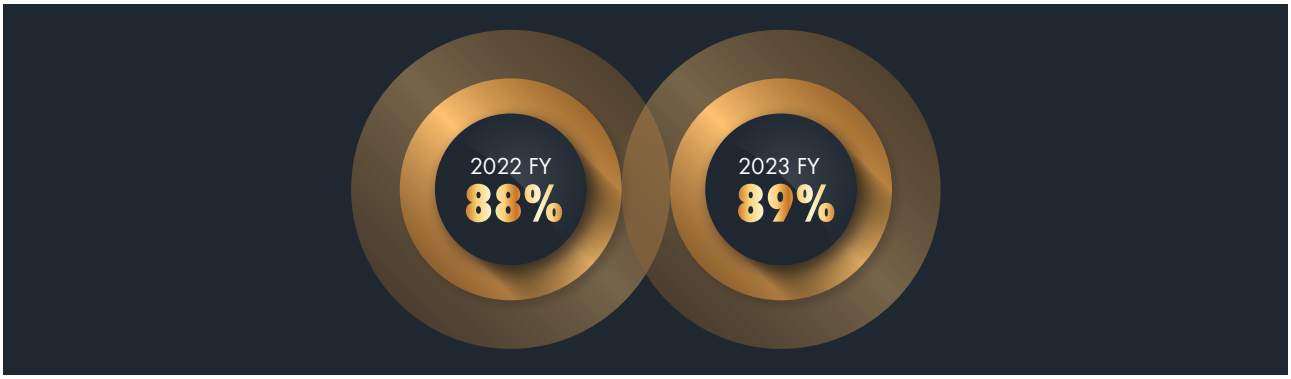


Diagram 3: *Risk maturity transition*

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

- Continuous development of Project Risk Registers for the Portfolio Management Office for active projects and review of project reports;
- Draft Sustainability Policy;
- Opportunity management with the continuous review of the opportunity risk register;
- Continued interrogation of risks in terms of the Six Capitals of King IV;
- Risk awareness initiatives; and
- Consideration of risks related to the Post 2026 strategy.

3.2 PROGRESS DURING THE PERIOD UNDER REVIEW

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

- Review of opportunities for the organisation per the opportunity management register;
- Strengthening the risk maturity within the entity, at all levels, by embedding the Agency's risk management culture – risk maturity was assessed and improved to 89%;
- Continuous monitoring of the Enterprise-Wide Risk Appetite and Tolerance Framework and Strategic Dashboard;
- Rigorous, continuous implementation and monitoring of the defined risk management plans;
- Continued assessment of the risks associated with post-2026 planning;
- New strategic and operational registers for the Knowledge Management Unit.
- Support of the Ethics Function;
- Development of a Strategic Risk Register for the Post-2026 Gautrain Project;
- Revised Disruption Register; and
- Draft Sustainability Policy.

3.3 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 was developed in terms of the prescripts below. The framework further outlines the authority and responsibilities of all stakeholders responsible for the management of risk.

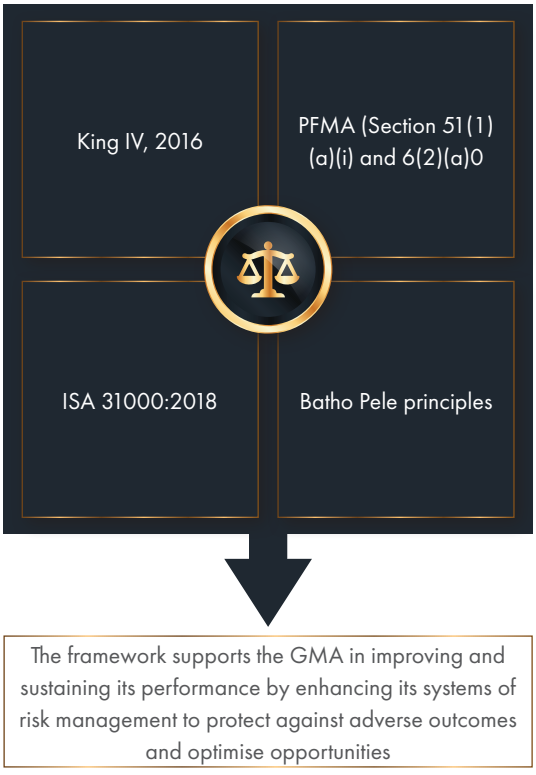


Diagram 4: *Enterprise-Wide Risk Management Framework*

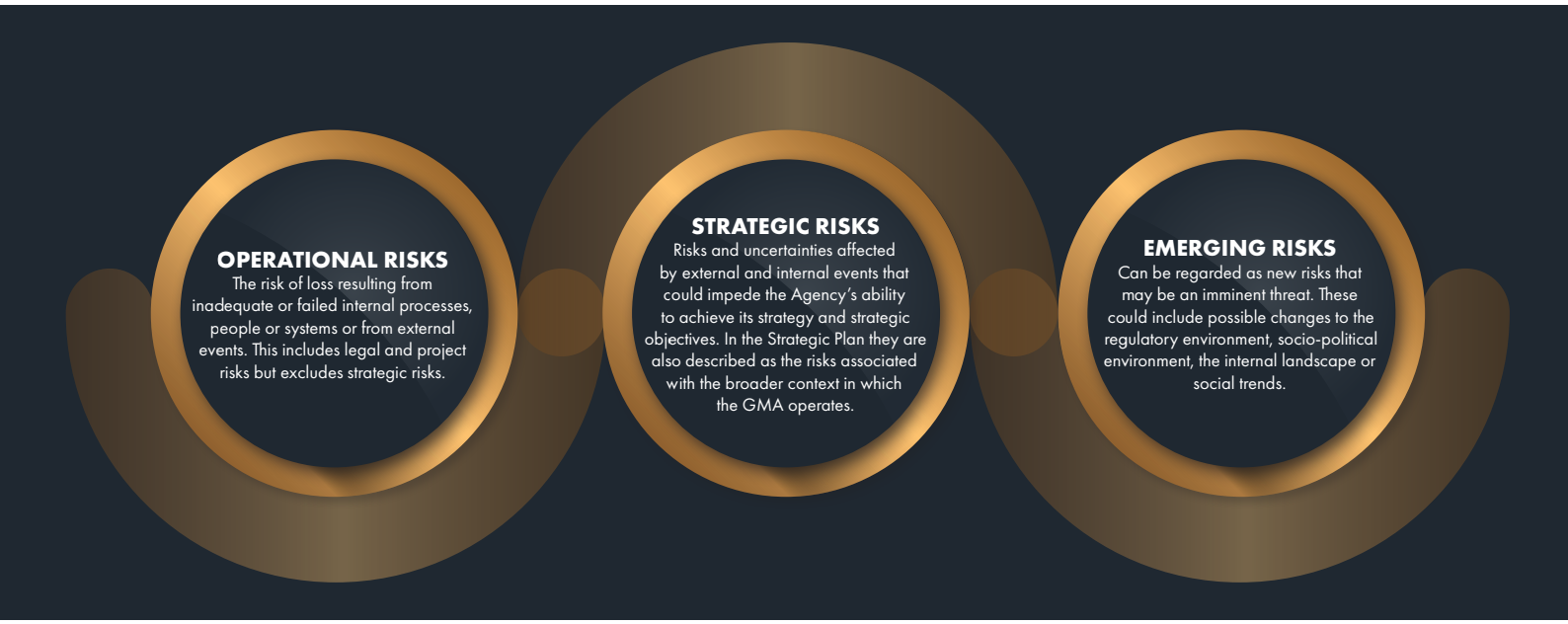


Diagram 5: *GMA risks*

3.4 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 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 on the 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, management of the top five strategic risks can be summarised as follows:

Table 2: *Top 5 Strategic Risks*

Risk no.	Risk description	Mitigations in place/to be implemented	Outputs (strategic objectives)	Six capitals	Inputs	Outcomes desired/ achieved
1	Business continuity at the end of the concession period in 2026 and beyond	• Asset Handover Project • GRRIN extensions • Post-2026 Gautrain Project	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 • Socio-economic development	• Additional trains • CA: old and new • Portfolio management • Innovation • Land acquisition	• Business continuity • Assets with desired RUL per CA • Growth in revenue • Growth in asset value • Economic benefits • SED benefits • Increase in the size of the system

Risk no.	Risk description	Mitigations in place/to be implemented	Outputs (strategic objectives)	Six capitals	Inputs	Outcomes desired/ achieved
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 the digital transformation of the organisation increases, the increasing value of procurement transactions (especially considering the Post- 2026 Project), and increased reliance on external consultants.	• Intelligence-based, and AI-driven threat monitoring and detection • Security Operation Centre (SOC) • User awareness and training • Data privacy and governance 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 • 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 passen Guarantee payment and results in a reputational loss. Operating in a post-COVID-19 economy and a hybrid working environment with train passenger numbers not at pre-COVID level yet. The consequences are as stated above.	• Monthly monitoring of passengers • Marketing mitigation measures • Penalty regime • Increased security at stations • Integrated Fare Management • System (IFM)/ Euro-visa Project • Post-2026 Project	Increase the ridership of the Gautrain System to minimise the Patronage Guarantee	• Financial • Social • Manufactured **Material theme** • Operational efficiency, sustainability and resilience • Responsible financial and contract management	• CA • Customer survey • Reputation audit • Additional trains	• Growth in revenue • High customer satisfaction • Growth in brand value • Growth in usage • Growth in asset value
4	Inability to meet PG commitments in the long term	The GMA funding plan includes: • A reprioritisation of GDRT and the GMA budget • Additional budget requests to Treasury • Commercial genesis	Increase the ridership of the Gautrain System to minimise the Patronage Guarantee	• Financial • Social • Manufactured • Operational efficiency, sustainability and resilience • Responsible financial and contract management	• GMA funding plan initiatives	• Business continuity

Risk no.	Risk description	Mitigations in place/to be implemented	Outputs (strategic objectives)	Six capitals	Inputs	Outcomes desired/ achieved
5	Perceptions about the Gautrain that impact negatively on its reputation and brand value	• Perception audits • Various brand value opportunities identified as part of the brand value strategy • Integrated Communication and Marketing Strategy • Procurement Plan • Brand Management Policy • Media Management Policy Spokesperson and Social Media Management Policy • Constant media analysis • Monthly MarkComms meetings with Concessionaire to monitor items of concern • Operation Shift - new website and app	To ensure that the obligations of the Concessionaire are met and that the concession agreement is managed for the optimal benefit of the Gauteng Province, its residents, users and visitors	Financial Manufactured Social	• Customer survey • Reputation audit • Brand valuation	• Growth in revenue • High customer satisfaction • Growth in brand value • Growth in usage • Growth in asset value

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.



4. CONSTRAINTS

The GMA operates under the constraints listed below. Constraints are defined as the real-world limits on the possibilities for projects. Unlike risks, constraints can be identified in advance. Whilst risk is defined as what "might happen" or "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.

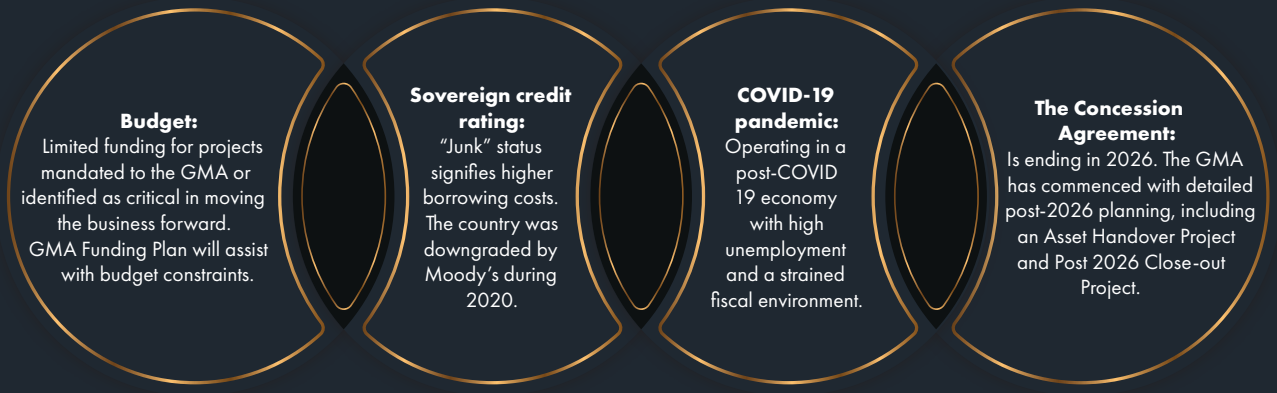


Diagram 6: *Constraints*



The GMA risks are summarised in Table 16 below.

Table 3: *GMA combined heat map as of 31 March 2023*

GMA COMBINED HEAT MAP AS OF 31 MARCH 2023						
IMPACT	Major		**CEO9** CEO10		**F2**	
	Significant		**CM2** TE5 IT5 CEO Emerging 4	T6 T7 CEO2 CEO Emerging 5 CL2 CL3 **CM1** CM3 IT1 **IT2** C6 CEO Emerging 6 KM1	**IT3**	
	Some/Moderate		F3 CEO8 P1 P7 C4 C5	T3 T5 CGS1 CM4 CEO1 CM5 CM6 IA2 CL1 RM1 CEO5 C1 C2 C3 KM 1 P3 P5 P6 P9 P10 P11 P14 P15 P16 P17 P18 P22 P23 P24 P26 P29 P30 P31 P34-44 P47-66	**T1** T4 CEO Emerging 1	
	Insignificant		IA1 HC1 IA4 P8 P12 P13 P20 P27 P28 P46	P32 P33 P45		
	None					
		Occurs Rarely	Improbable/Low	Medium	Real Chance	Almost Certain
	PROBABILITY					

T	Technical Services	**CEO**	Office of the CEO
TE	Technical Emerging	**CEO Em**	CEO Emerging
IT	Information Communication Technology	**CL**	Compliance and Legal
HC	Human Capital / Corporate Services	**F**	Finance
IA	Internal Audit	**P**	Post-2026 Gautrain Project
CM	Comms/Marketing	**KM**	Knowledge Management

The GMA risks (102 in total of which 4 are emerging risks) are well mitigated and the majority of the 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 are highlighted.

- **CEO 9:** Business continuity Post-2026 – see point 1 in Table 24;
- **T1:** Low or static growth in ridership – see point 3 in Table 24;
- **F2:** Inability to meet PG commitments in the long term – see point 4 in Table 24;
- **IT2/IT3:** Cyber security, information governance and service continuity – see point 2 in Table 24; and
- **CM1/CM2:** Perceptions about the Gautrain that impact negatively on its reputation and brand value – see point 5 in Table 24.

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 4: *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.

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 to further improve the risk maturity of the Agency, including:

- Continuous embedding of the 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 integration of Project Risk;
- 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.

5. 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 the 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.


GAUTRAIN
FOR PEOPLE ON THE MOVE
Sandton
STATION
Entrance
Escalators
Informations
Tickets
Car Rentals
GAUTRAIN
Sandton
STATION
Public Transport
Buses
Taxis
Drop off
Parking
Car Rentals
DESIGNATED SMOKING AREA

	Inputs
FINANCIAL CAPITAL	• Annual GPG MTEF allocation = R2 657 566 000 • Funds from ticket fares = R580 810 802,26 • Investment income = R15 062 000
MANUFACTURED CAPITAL	• System assets including trains, buses and midibuses
INTELLECTUAL CAPITAL	• Employees • Software • Procedures and protocols • Organisational systems • Knowledge management
HUMAN CAPITAL	• Employees' skills and experience • Employee capacity to innovate
SOCIAL AND RELATIONSHIP CAPITAL	• Partners • Gauteng MEC for Transport and Logistics • Concessionaire • Stakeholders
NATURAL CAPITAL	• Land • Electricity

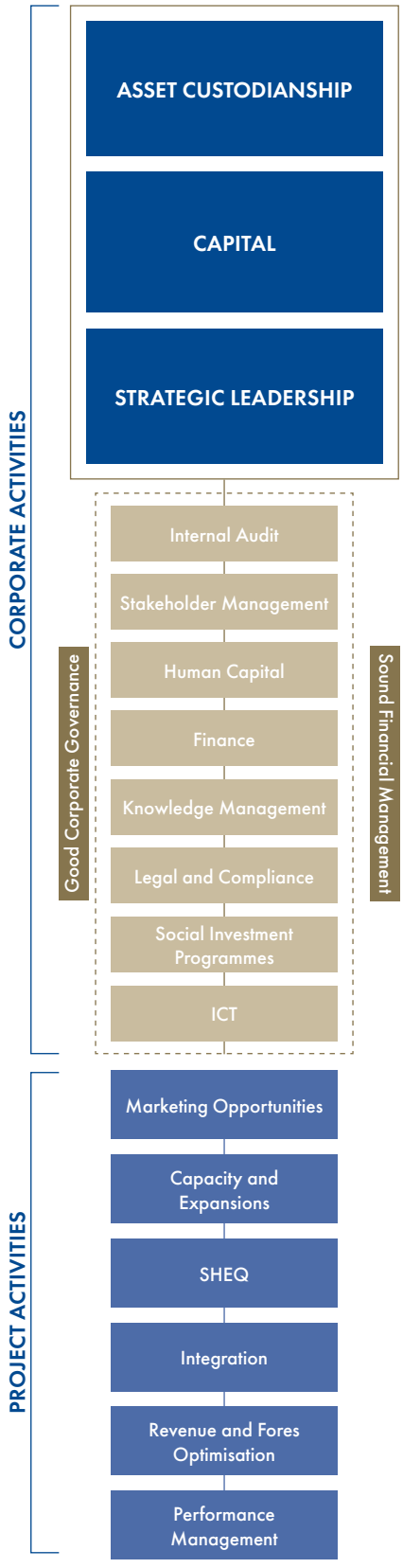


Diagram 7: *GMA's Business model and value creation*

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

6. 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.

The planning of the Post-2026 Project and the disbursement of considerable resources towards the project are continuing.

6.1. 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 the 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 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.

7. ACHIEVEMENT OF IMPACTS AND OUTCOMES

7.1 STRATEGIC PERFORMANCE OVERVIEW

The Gautrain Management Agency's (GMA) strategy is aligned with 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 GMA Board has started the last year of its term and has, in the year under review, continued to provide 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 fruits of these efforts were found in the tenth consecutive clean audit for the GMA.

The GMA made good progress across several areas in the 2022/23 financial year, especially in terms of oversight of the Concessionaire where the Gautrain achieved high levels of operational efficiency.

The overall system performance in the financial year was of an exceptionally high standard. The train service operations achieved an average availability of 99,71% and 98,39% punctuality over the review period. The train service operation maintained a high level of aggregated

monthly performance. The fare evasion rate applicable throughout the year remained below the 4% norm. The average fare evasion rate stood at 0.00% in 2022/23, which is lower than the 0.01% fare evasion rate recorded in 2021/22.

The GMA has, in collaboration with the Concessionaire, continued with the implementation of security initiatives in certain security environments. Amongst others, these security initiatives include the deployment of effective security measures to secure Gautrain commuters and infrastructure. This contributed to high levels of operational efficiency and customer satisfaction by maintaining uninterrupted and safe train and bus operations.

Since the start of the reporting financial year, there has been a significant increase in passenger trips, in comparison to the previous financial year. The overall increase in passenger trips was 63.35% compared to an increase of 64.58% during the previous year.

Table 5: *Passenger trips on the airport service and the general passenger service*

Service type	Airport passenger	General passenger	Total
FY 21/22	445,658	3,920,793	4,366,451
FY 22/23	672,684	6,459,938	7,132,622
% Change	**50.94%**	**64.76%**	**63.35%**

There have been similar growth patterns for the Gautrain Buses (Dedicated Feeder and Distribution Services or DFDS). Bus patronage has grown 74.6% in the 2022/23 financial year to reach 2.3 million annual passenger trips.

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 with the endeavour to attract passengers to the system.

The GMA has continued with the process to prepare for the Post-2026 Gautrain period, once the current concession ends in March 2026, to ensure that the Gautrain operations remain uninterrupted after the current Concession Agreement. The preparatory work involves the development of a detailed feasibility study which is in accordance with Treasury Regulation 16. The final feasibility study report was submitted to the National Treasury for Treasury Approval 1 and approval was received in April 2023. This means that the procurement stage will commence in the 2023/24 financial year. In preparation for the post-2026 Gautrain, the GMA has also embarked on the process of unpacking the Concession Agreement, through the Close-Out of the Concession Agreement (COCA) project.

The planning of the Gautrain Rapid Rail Integrated Network (GRRIN) extensions continued with the undertaking of the process to determine the route for Phase 2 of the extensions, and the Route Determination for Phase 1 of the extensions is now completed. The GMA is currently planning the Preliminary Route Alignment Study for the Soweto Extensions and Cosmo City Junction of the GRRIN Extensions. Developments in terms of the 2022 National Rail Policy are being followed to ensure that Gauteng's long-term planning for rail finds its way into the National Rail Master Plan being developed by the Department of Transport.

The performance of the midibuses feeder and distribution (MFDS) routes continued to exceed projected demand and management expectations. These are services provided by minibus taxi associations in partnership with the GMA and Bombela since 2011. Nine (9) MFDS routes have been introduced to support the train service at Marlboro, Centurion, and Hatfield Stations.

The MFDS ridership percentage increase over the last year was 52% and reached 594,713 annual passengers. The GMA continues to ensure that there is enough capacity to carry passengers and that the minibus taxi industry provides the required standard of service.

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) was met and exceeded. Key outcomes for the financial year were verified procurement expenditure by Black-owned businesses of R201 million, R916 million of subcontracting to black-owned businesses, and R1.1 billion of the procurement of South African materials. This has positively impacted the Gauteng economy.

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 88% to 89%.

Information and Communications Technology (ICT) strategic initiatives planned for the 2022/23 financial year were completed. These initiatives 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. The new KM strategy considers how best to harness the potential of talent, resources, structures, skills and processes and to optimise these for the benefit of the GMA and value creation.

7.2 IMPACT OVERVIEW

In terms of the GMA's set impact statement, "To contribute to economic growth and transformation as well as job creation, spatial integration and improved mobility to and from human settlements in the Gauteng Province", notable progress was made. This progress is evident in 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.

7.3 AREAS OF RECOGNITION AND CERTIFICATION

The GMA and Gautrain are consistently recognised and benchmarked by industry authorities. During the year under review, the GMA was recognised and benchmarked as follows:

TOP EMPLOYER CERTIFICATION 2023
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 2022-23

8. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The GMA's commitment to the safety and health of its employees and commuters is paramount to its business. The Agency's goal is to achieve sustainability and zero harm, which will enable the delivery of this strategic outcome.

8.1 HEALTH AND SAFETY

Safety hazards/incidents

The Concessionaire noted no major reportable incidents on the mainline train and bus services.

The Concessionaire noted two reportable incidents:

- A maintenance works train (V206) derailed between Rosebank Station and Park Station during engineering hours, with no injuries sustained.
- A collision of a train (RS003) that rolled forward to make contact, while travelling at a low speed, with another train (RS010) which was parked in front of it, resulted in minor damages to the coupler cover during train preparation.

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 1 and 2.

Table 6: *Safety hazards/incidents*

#	Operational governance dashboard	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022	Apr 2022 to Mar 2023
1	SPAD	16	6	1	18	7
2	Mainline derailments	0	0	0	0	1

#	Operational governance dashboard	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022	Apr 2022 to Mar 2023
3	Total near miss and hazards and safety concerns	147	77	14	21	145
3.1	Hazard and safety concerns	145	76	14	14	137
3.2	Near misses	2	1	0	5	8
4	Collisions – non-revenue and revenue period	1	0	0	1	1
5	Platform overrun	-	-	-	-	7

Table 7: *Corrective maintenance actions*

Operational governance dashboard	June 2019 to May 2020	June 2020 to Jan 2021	Feb 2021 to Mar 2021	Apr 2021 to Mar 2022	Apr 2022 to Mar 2023
Number of train rescues	2	7	0	0	0
Number of maintenance vehicles rescues	0	0	0	0	0
Percentage of trains supplied per month	99.91%	100%	100%	99.48%	99.71%
Number of train evacuations (in between stations)	3	0	0	0	0
Number of station or platform evacuations (at the station)	-	-	-	1	0

8.2 ENVIRONMENT

The GMA has shown 97% compliance with all environmental legislation and the project Environmental Management Plan (EMP). Areas of improvement are waste management, public consultation, community relations, depot and workshop management, and track and rail reserve maintenance. Compliance with 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 8 below.

The Gautrain has established its Sustainable Mobility Programme. The programme is intended to foster a balanced development of all relevant transport modes, while encouraging a shift to more sustainable modes.

8.3 QUALITY

The Agency has embarked on the adoption of the ISO Integrated Management System (IMS), intended to assist the organisation to have a centralised electronic system for storage of documents and for ease of document control. This adoption enables the GMA to continually improve its OHS performance, minimise the SHEQ risks, eliminate hazards, prevent work-related injury and ill health, and provide a safe and healthy environment.

The GMA aims to provide a framework for managing the SHEQ risks to address opportunities for improvement of SHEQ performance by making IMS a strategic and operational decision.

Table 8: *Significant environmental emergency events*

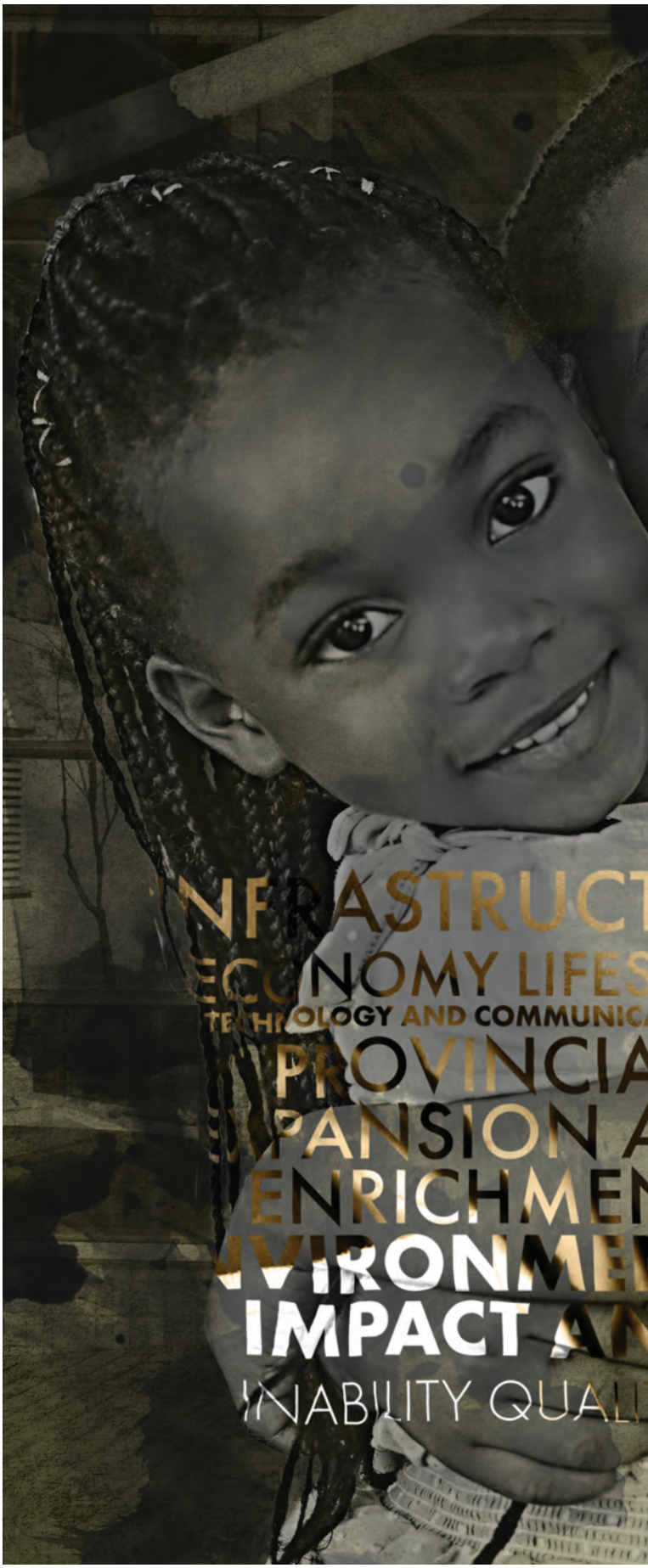
#	Operational governance dashboard	Jun 2019 - May 2020	Jun 2020 - Jan 2021	Feb 2021 - Mar 2021	Apr 2021 - Mar 2022	Apr 2022 - Mar 2023
22	Number of environmental spills	0	1	0	2	0
23	Number of bird/animal/objects/ people strikes	0	1	0	0	0
24	Theft and vandalism affecting service	0	3	0	1	4

Future focus

The GMA will work on the ISO Integrated Management System (IMS) certification for the organisation and support existing and future enhancements to the System to assure continual improvement and sustainability.

"WHEN PERFORMANCE IS MEASURED, **PERFORMANCE IMPROVES**. WHEN PERFORMANCE IS MEASURED AND REPORTED BACK, **THE RATE OF IMPROVEMENT ACCELERATES**."

- PEARSON'S LAW





PERFORMANCE INFORMATION

1. PERFORMANCE INFORMATION

1.1 OUTCOMES, OUTPUT, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

GAUTRAIN MANAGEMENT AGENCY QUARTERLY PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR				
Outcome 1: To ensure a reliable, efficient, affordable and sustainable rail service through maintaining a high level of service excellence in all performance related matters				
Outputs	**No.**	**Output Indicators**	**Audited 2018/19**	**Audited 2019/20**
Increase the Ridership of the Gautrain System so as to minimise the Patronage Guarantee	1	Average number of quarterly rail passengers (annualised)	13 966 482	13 929 916
	2	Number of activities undertaken in accordance with the Marketing Plan	16	16
	3	Average number of quarterly bus passengers (annualised)	3 982 971	4 255 503
	4	Identify and implement possible capacity system improvements and interventions on the existing Gautrain network	4	4
Ensure the efficient provision of capacity by the Concessionaire to match demand on the system	5	Number of monitoring events by the GMA of the Concessionaire on all capacity increase obligations set by the CA or by Variation Notice	6	6
Outcome 2: To assure that the obligations of the concessionaire are met and that the concession agreement is managed for the optimal benefit of Gauteng Province, its residents and visitors				
Outputs	**No.**	**Output Indicators**	**Audited 2018/19**	**Audited 2019/20**
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
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
	8	Number of Customer Satisfaction Surveys reviewed	2	2
	9	Resolution of Disputes in line with the provisions of the Concession Agreement	4	4
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

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
2 653 160	4 366 451	5 339 240	7 132 622	Year to date: 33.59% achieved over target.	Achieved - The COVID-19 recovery was quicker than expected, thus impacting the forecasts.	Quarterly
20	20	20	20	0	Achieved	Quarterly
861 706	1 332 671	1 552 040	2 326 389	Year to date: 49.89% achieved over target.	Achieved - 'The COVID-19 recovery was quicker than expected, thus impacting the forecasts.	Quarterly
4	4	4	4	0	Achieved	Quarterly
6	6	6	6	0	Achieved	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
11	11	11	11	0	Achieved	Quarterly
11	11	11	11	0	Achieved	Monthly
2	2	2	2	0	Achieved	B-annually
4	4	4	4	0	Achieved	Quarterly
1	1	1	1	1	Achieved	Annually

GAUTRAIN MANAGEMENT AGENCY QUARTERLY PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR				
Outcome 3: To ensure sound financial management of all GMA revenue sources and safeguards the assets of the Project To ensure that the concessionaire meets its obligations regarding the maintenance of the system to the benefit of the project and the Gauteng Province				
Outputs	**No.**	**Output Indicators**	**Audited 2018/19**	**Audited 2019/20**
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	Un-qualified audit report	Un-qualified audit report
To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets	12	Quarterly Report detailing the management of the GMA Assets in compliance with GMA Asset Management policies and procedures	4	4
To assure that the Concessionaire meets its obligations regarding the maintenance of the assets	13	Monthly oversight of Concessionaire asset maintenance regime	12	12
	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/ Cleanliness inspections
Outcome 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance				
Outputs	**No.**	**Output Indicators**	**Audited 2018/19**	**Audited 2019/20**
Evaluate the effectiveness of corporate governance in the GMA to achieve good governance.	15	Evaluation of the effectiveness of the Board and Board Committees	0	50% implementation of the Action Plan emanating from the Performance Evaluation of the Board and Board Committees.
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
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	94% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled
Provide assurance on compliance with internal controls in all 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
	19	Quarterly Consolidated Internal Reports issued to the ARC highlighting the progress against the approved Internal Audit Plan	4	4

Fulfil a planning function with regard to the Gauteng Rapid Rail extensions to enable the implementation of the GRRIN Extensions Project

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
Un-qualified audit report	Un-qualified audit report	Un-qualified audit report	Un-qualified audit report	0	Achieved	Annually
4	4	4	4	0	Achieved	Quarterly
12	12	12	12	0	Achieved	Monthly
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	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
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.	50% implementation of the Action Plan emanating from the Performance evaluation of Board and Board Committees.	50% implementation of the Action Plan emanating from the Performance evaluation of Board and Board Committees.	0	Achieved	Annually
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	Annually
89% of approved and budgeted vacant posts filled	91.3% of approved and budgeted vacant posts filled	90% of approved and budgeted vacant posts filled	92% of approved and budgeted vacant posts filled	2% approved and budgeted vacant posts filled	Achieved - Three additional positions were filled in the current year which were only targeted for the next financial year.	Quarterly
4	4	4	4	0	Achieved	Quarterly
4	4	4	4	0	Achieved	Quarterly

To oversee the GMA's Social Investment Programmes that transform people, spaces and the economy through sustainable partnerships

GAUTRAIN MANAGEMENT AGENCY QUARTERLY PERFORMANCE INFORMATION REPORT FOR THE 2022/23 FINANCIAL YEAR

Outcome 4: To enhance the management of the concession agreement through entrenching an environment of strong Corporate Governance and Legal Compliance

Outputs	No.	Output Indicators	Audited 2018/19	Audited 2019/20
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
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

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

Outputs	No.	Output Indicators	Audited 2018/19	Audited 2019/20
Develop and implement a reputation management strategy with stakeholders to increase Gautrain and GMA brand value.	23	Number of activities undertaken in accordance with Communication Plan	16	16

Outcome 6: To contribute to the economic growth and development of Gauteng through deliberate economic interventions and targeted job creation and support of BEEs and SMMEs in the Province

Outputs	No.	Output Indicators	Audited 2018/19	Audited 2019/20
To monitor and verify the Concessioaire socio-economic development obligations to ensure compliance wth 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	10	12
To oversee the GMA's Social Investment Programmes that transform peopl, spaces and the economy through sustainable partnerships.	25	Quarterly Progress reports on SIP activities	4	4

Outcome 7: To ensure that Gautrain is a catalyst and contributor to the total public transport solution in Gauteng through the development and implementation of integration strategies

Outputs	No.	Output Indicators	Audited 2018/19	Audited 2019/20
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
Provide effective facilitation of integration of Gautrain trains and buses with other mode of transport at Gautrain stations to enhance transport integration within the Province.	27	Number of initiatives implemented by GMA that support integration of modes	5	3
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	4	4

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

Outputs	No.	Output Indicators	Audited 2018/19	Audited 2019/20
Implement a partnership plan that involves stakeholders to contribute towards the GMA's sustainability	29	Interaction with partners: New partnerships or the renewal of existing partnerships.	Identification of and interaction with at least 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

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
4	4	4	4	0	Achieved	Quarterly
Not applicable	4	4	4	0	Achieved	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
16	16	16	16	0	Achieved	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
12	12	12	12	0	Achieved	Monthly
4	4	4	4	0	Achieved	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
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	Quarterly
3	3	3	3	0	Achieved	Quarterly
4	4	4	4	0	Achieved	Quarterly

Audited 2020/21	Audited 2021/22	Planned Annual Target 2022/23	ACTUAL PERFORMANCE 2022/23 TOTAL	Deviations from planned target to Actual Achievement 2022/23	Reasons for deviations	Report Frequency
16 signed MOUs	16 signed MOUs	16 signed MOUs	16 signed MOUs	0	Achieved	Monthly

1.2 LINKING PERFORMANCE WITH BUDGETS

The GMA has achieved 100% of the outcome indicators in the 2022/23 financial year. This achievement has been made with a 99.7% actual expenditure versus the budget for the 2022/23 financial year. It is evident from the achievements above that the budget was spent to achieve the GMA planned outcome indicators.

Programme/ activity/ objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Project expenditure	2,307,492				
GMA expenditure	304 610	187 556	62%	131	1 432
Total	**2 612 102**	**187 556**	**7,2%**	**131**	**1 432**

1.3 STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

There was no under-performance.

1.4 CAPITAL INVESTMENT

The Gautrain assets are currently being operated and maintained efficiently and effectively. The performance of the Gautrain assets is measured at the system level as defined in the CA. The system performance is reported as availability and punctuality which is the ability of the System to consistently deliver services to customers. The Gautrain has consistently performed above the set performance targets since the commencement of operations. Underpinning this excellent service performance, is a robust asset life cycle management and maintenance philosophy. The Concessionaire is contractually liable to maintain the Gautrain assets in accordance with the Asset Management and Maintenance Plan (AMMP). This plan outlines the various maintenance strategies applicable to each asset group, viz:

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

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

- Renewal of the CCTV cameras and communication networks' components.
- Enhance the maintenance programme for the elevators at the emergency access shafts.
- Continued refurbishment of Rolling Stock sub-systems.
- Continued replacement of the remaining Dedicated Feeder and Distribution Services (i.e. Gautrain bus fleet) and Gautrain midibuses which have all reached their contractual useful lives.

During the year under review, acquisition/upgrades of the following assets had 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 delivered, and the installation of the New Fare Gates is expected to start in Q2 of the current financial year, FY2023/24.
- The Techno gamma Track Geometry measuring vehicle was upgraded and new software was installed.
- The design for the new facilities has been completed and is currently going through the internal review and approval process. On completion, the design will be submitted to the relevant approving authority.

1.4.1 Capital investment, maintenance and asset management plan

The following infrastructure projects are currently in the planning stages:

- Province Variation Notice has been issued to the Concessionaire to provide a solution to connect additional station essential equipment to the existing backup power supply.
- The condition assessment of Gautrain assets to determine the remaining useful life, is in progress. Expenditure on various renewals continued in accordance with the major maintenance and renewal account.

1.4.2 Progress made on the maintenance of infrastructure

The Gautrain infrastructure has been maintained in accordance with applicable maintenance standards and plans and in compliance with the CA. No maintenance backlog was reported during the period under review.

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

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

1.4.4 Details on how the asset holdings have changed over the period

- The Concessionaire notified the Province of the interruption of 11 kV supply to the depot. The Concessionaire is installing and replacing new cables to ensure an uninterruptible power supply to both the bus and train depots;
- Disposal of assets due to obsolescence and reaching the end of life is ongoing. Assets are replaced with modern technology products.
- The Concessionaire notified the Province of the interruption of 11 kV power supply in the tunnel due to a faulty communication card. The Concessionaire has implemented remedial actions to prevent re-occurrence.

1.4.5 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.
- Additions to the current asset register from projects are submitted to GMA Asset Finance to update the register accordingly.

1.4.6 Current state of the Agency's capital assets

In accordance with the GMA Financial Policy Manual which requires an asset audit to be conducted every four years by an independent service provider to determine the remaining useful life, the second condition assessment of the Gautrain systems assets commenced during the second quarter of this financial year.

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

- The Concessionaire has continued to conduct major maintenance on station escalators, i.e. the replacement of handrails and other critical components.
- The joint project between the Province and the Concessionaire to assess the long-term integrity of the U-Shape structures (with emphasis on U-Shape 36), is underway.
- Repairs and upgrade of the Technogama Track Geometry measuring vehicle.

1.4.8 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 operator and maintenance fees and capital costs.

"PERFORMANCE METRICS **ARE NUMBERS IN CONTEXT**, RESULTS ARE RELATED TO **YOUR STRATEGIC GOALS**."

– PEARL ZHU





GMA PERFORMANCE

MANAGING OUR SOCIAL AND RELATIONSHIPS CAPITAL

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. 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.

Social and Relationship Capital Inputs

- New MDFS routes created additional employment opportunities
- Various relationships with strategic partners
- Relationships with municipalities, media and other stakeholders

Value Created

- Job creation
- Marketing opportunities
- Training and development

Added value of the GMA's stock of social capital involves the following:

- Socio-economic development
- Community partnerships
- Social investment programme
- Communication and marketing

1. SOCIO-ECONOMIC DEVELOPMENT

An Independent Socio-Economic Monitor (ISEM) has been appointed since the beginning of the concession to verify SED achievements attained on the Project by the Concessionaire. The SED achievements reported below are based on the verified achievements reported on a quarterly basis by the ISEM.



1.1 SED PERFORMANCE FOR THE YEAR 2022

The ISEM has completed its verification for the period January 2022 to December 2022 and Table 9 below summarises the achievements:

Table 9: *Summary of the SED achievements for January to December 2022*

SED PERFORMANCE:			JANUARY 2022 to DECEMBER 2022:		
SED ELEMENT		UNIT	Obligation	Verified	%
No.	Description			Achievement	Achievement
Black equity participation					
SED01: Shares held by BEs/Black Persons in BCC		%	25.00%	88.89%	356%
SED01: Shares held by BEs/Black Persons in BOC		%	25.10%	35.44%	141%
SED02: Shares held by Black Women in BCC		%	3.75%	33.49%	893%
SED02: Shares held by Black Women in BOC		%	3.75%	9.93%	265%
Procurement and sub-contracting					
SED03: Procurement from BEs/Black Persons		R'000	76 875.28	201 000.75	261%
SED04: Sub-contracting to BE		R'000	286 026.77	916 647.30	320%
SED05: Procurement and sub-contracting to New BE		R'000	344 917.78	824 924.99	239%
SED06: Procurement and sub-contracting expenditure to SMMEs		R'000	50 700.67	105 441.80	208%
Local content					
SED08: Employment of Local People		per months	15 905	18 354	115%
SED09: Procurement of South African Materials		R'000	216 569.80	1 089 877.58	503%
SED10: Procurement of South African Plant & Equipment		R'000	0.00	27 482.89	100%
Participation in SPG					
SED11: HDI staff seconded by SPG		per months	0.00	0.00	100%
SED12: Expenditure by SPG on Plant & Equipment		R'000	0.00	0.00	100%
SED13: Procurement from, or Sub-contracting to SPG		R'000	0.00	0.00	100%
Participation in management					
EEP01: HDIs in Management Positions		per months	348	525	151%
EEP02: Women in Management Positions		per months	180	289	161%
EEP07: HDIs in Occupational Level C		per months	612	2 288	374%
Direct employment					
EEP03: HDIs employed		per months	11 477	17 399	152%
EEP04: Women employed		per months	4 093	6 394	156%
EEP05: People with Disabilities employed		per months	240	265	110%
Training					
EEP06: Expenditure on Human Resource Development		R'000	5 260.80	7 472.07	142%
EEP08a: Women participating in the Learnership & Mentorship Programme		per months	0.00	0.00	100%
EEP08b: Employment & Mentorship of Women Learners		per months	0.00	0.00	100%

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 significantly exceeded its SED obligations during the Operating Phase. The trend of exceeding its obligations continues in the period under review.

1.2 SED PERFORMANCE SINCE THE COMMENCEMENT OF THE OPERATING PERIOD UNTIL THE END OF THE YEAR 2022

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 2022. Table Y below summarises the achievements:

Table 10: *Achievements from the operating period until the end of 2022*

SED PERFORMANCE:			Operating Period to DECEMBER 2022:		
SED ELEMENT		UNIT	Obligation	Verified	%
No.	Description			Achievement	Achievement
Black equity participation					
SED01: Shares held by BEs/Black Persons in BCC		%	25.00%	50.33%	201%
SED01: Shares held by BEs/Black Persons in BOC		%	25.10%	30.11%	120%
SED02: Shares held by Black Women in BCC		%	3.75%	14.73%	393%
SED02: Shares held by Black Women in BOC		%	3.75%	7.08%	189%
Procurement and sub-contracting					
SED03: Procurement from BEs/ Black Persons		R'000	616 403.48	1 338 314.60	217%
SED04: Sub-contracting to BE		R'000	2 089 106.02	5 584 249.06	267%
SED05: Procurement and sub-contracting to New BE		R'000	2 219 025.53	5 100 266.32	230%
SED06: Procurement and sub-contracting expenditure to SMMEs		R'000	410 336.43	628 289.41	166%
Local content					
SED08: Employment of Local People		per months	166 512.00	209 737.00	126%
SED09: Procurement of South African Materials		R'000	1 075 738.05	6 177 895.80	574%
SED10: Procurement of South African Plant & Equipment		R'000	299 468.47	354 712.51	118%
Participation in SPG					
SED11: HDI staff seconded by SPG		per months	0.00	0.00	100%
SED12: Expenditure by SPG on Plant & Equipment		R'000	0.00	0.00	100%
SED13: Procurement from, or Sub-contracting to SPG		R'000	0.00	0.00	100%
Participation in management					
EEP01: HDIs in Management Positions		per months	3 546	7 073	199%
EEP02: Women in Management Positions		per months	1 693	3 927	232%
EEP07: HDIs in Occupational Level C		per months	6 135	33 452	545%
Direct employment					
EEP03: HDIs employed		per months	119 222	196 085	164%
EEP04: Women employed		per months	42 975	60 912	142%
EEP05: People with Disabilities employed		per months	2 514	2 856	114%
Training					
EEP06: Expenditure on Human Resource Development		R'000	42 382.41	57 842.70	136%
EEP08a: Women participating in the Learnership & Mentorship Programme		per months	0.00	0.00	100%
EEP08b: Employment & Mentorship of Women Learners		per months	0.00	0.00	100%

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

By the continued achievement and exceeding performance in most elements, the Concessionaire continues to develop growth in the brand value and full compliance through procurement, sub-contracting and employment.

Strategic outlook

Schedule 22 of the Concession Agreement contains the monthly SED obligations. Table 11 below summarises these obligations for the 2023/24 financial year:

Table 11: *Obligations for the 2023/24 financial year*

SED PERFORMANCE:			OBLIGATIONS FOR THE FINANCIAL YEAR: 2023/24		
SED ELEMENT		UNIT	Obligation	Verified	%
No.	Description			Achievement	Achievement
Black equity participation					
SED01: Shares held by BEs/Black Persons in BCC		%	25.00%		
SED01: Shares held by BEs/Black Persons in BOC		%	25.10%		
SED02: Shares held by Black Women in BCC		%	3.75%		
SED02: Shares held by Black Women in BCC		%	3.75%		
Procurement and sub-contracting					
SED03: Procurement from BEs/ Black Persons		R'000	34 851		
SED04: Sub-contracting to BE		R'000	207 186		
SED05: Procurement and sub-contracting to New BE		R'000	225 741		
SED06: Procurement and sub-contracting expenditure to SMMEs		R'000	38 215		
Local content					
SED08: Employment of Local People		per months	15 911		
SED09: Procurement of South African Materials		R'000	98 323		
SED10: Procurement of South African Plant & Equipment		R'000	0.00		
Participation in SPG					
SED11: HDI staff seconded by SPG		per months	0.00		
SED12: Expenditure by SPG on Plant & Equipment		R'000	0.00		
SED13: Procurement from, or Sub-contracting to SPG		R'000	0.00		
Participation in management					
EEP01: HDIs in Management Positions		per months	348		
EEP02: Women in Management Positions		per months	180		
EEP07: HDIs in Occupational Level C		per months	613		
Direct employment					
EEP03: HDIs employed		per months	11 418		
EEP04: Women employed		per months	4 107		
EEP05: People with Disabilities employed		per months	240		
Training					
EEP06: Expenditure on Human Resource Development		R'000	3 943		
EEP08a: Women participating in the Learnership & Mentorship Programme		per months	0.00		
EEP08b: Employment & Mentorship of Women Learners		per months	0.00		

2. COMMUNITY PARTNERSHIPS

The partnership model developed by the GMA involves integrating the Gautrain System with the taxi industry. The taxi industry operates the Midibus Feeder and Distribution Services (MFDS) as an extension to the Gautrain service. The MFDS provides accessibility to efficient, safe and reliable public transport service in areas where other modes of transport services are not suitable.

2.1 PERFORMANCE OF THE YEAR UNDER REVIEW (FOCUS AREAS)

The GMA facilitated engagements with public transport stakeholders to enable the implementation of an MFDS partnership model to strengthen stakeholder relations and to increase the number of routes based on passenger demand for public transport and promote growth on existing MFDS routes. Additional MFDS routes were implemented to increase the geographical footprint of the feeder and distribution network and to provide connectivity to Gautrain stations.

The number of passengers increased from 435 000 in the previous financial year to 646 000 in the year under review. This translates to an increase of 50% more passengers annually than for the previous period.

2.2 FUTURE FOCUS

The GMA plans on optimising existing feeder and distribution services by appropriating a suitable mode based on current and future demand, and introducing new routes to meet the increasing demand for public transport based on new development trends. The GMA plans to implement technological solutions that will support MFDS operations and will provide convenience to public transport commuters and operators. The planned MFDS routes will be implemented in partnership with the minibus taxi industry. Continuous engagement with relevant public transport stakeholders will continue to ensure that planned routes are implemented.

3. COMPLIANCE AND LEGAL SERVICES

The GMA Act, read in conjunction with the PFMA, 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.

3.1 PERFORMANCE DURING THE 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. Notwithstanding the appeal lodged by Zurich, the Supreme Court of Appeal ruled in favour of the Province.

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 GMA, the GMA carried out a number of awareness initiatives, continued to monitor progress and report on the implementation of proactive measures, aimed at embedding and institutionalising legislative compliance. The GMA also continued to engage regulatory authorities on pending legislation that potentially impacts the GMA, with a view to constructively influencing the final versions thereof. 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 2023.

In preparation for the post-2026 Gautrain, the GMA embarked on the process of unpacking the Concession Agreement, through the Close-Out of the Concession Agreement (COCA) project.

3.2 FUTURE FOCUS

In the 2023/24 financial year, the GMA will focus more on the preparation for the Post-2026 Gautrain by unpacking the CA as well as outlining the requirements for COCA and taking appropriate steps to ensure a smooth transition. The roll-out of the Compliance Framework will be continued 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, to ensure that the GMA is fully compliant with its statutory obligations.

The draft GTI Bill, which is currently underway and is intended to overhaul and repeal the GTIA, will be processed in collaboration with the Gauteng Department of Roads and Transport 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 further continue to assist, by 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.

Now that the Supreme Court of Appeal has dismissed Zurich's appeal on merits, the Province will proceed with its Quantum court action, using the Intellectual Capital, and the outcome thereof will bring the matter to finality. The GMA will, in parallel, also continue to pursue a possible commercial settlement of this matter by continuing to engage Zurich in discussions.

4. SOCIAL INVESTMENT PROGRAMME

The GMA recognises the need for social cohesion and nation-building, and thus through the Social Investment Programme, supports community development. The objectives are to contribute to the social, economic and environmental upliftment of vulnerable communities in Gauteng, and to build good stakeholder relationships with communities to increase support in safeguarding the GMA's assets for all who use them.

4.1 PERFORMANCE OF THE YEAR UNDER REVIEW (FOCUS AREAS)

During the year under review, emphasis was put on the completion of an extensive social and economic impact study for the Alexandra community surrounding the Marlboro area, and support for various communities through employee volunteering initiatives.

4.1.1 Marlboro Precinct Project

A social and economic impact study was conducted to understand the needs of the community, as well as the risks and opportunities. Several stakeholder engagements took place to identify how best to progress with the Marlboro Precinct Project. Challenges were encountered in relation to the ownership of the land and use thereof that still need to be addressed. A strategy for the Marlboro Precinct Project will be developed in the new financial year.

4.1.2 Employee Corporate Social Investment Programme (ECSIP)

The ECSIP has proven to be a great success, enabling the GMA employees to extend their time and professional skills to benefit communities and partners that the Agency supports. The following activities took place in the year under review:

- A winter clothing collection drive with a sizable donation of clothing to several Social Investment Programme partners including Afrika Tikkun, Rays of Hope, Mould Empower Serve (MES) and Tomorrow Trust, as well as a shopping experience spree for 200 kids at Mr Price, Mall of Africa.
- Career conversation initiative was implemented for grade 11 and 12 learners from Tomorrow Trust. Six sessions were held with various GMA employees who made presentations on different careers and jobs that are relevant to their Units within the GMA.
- The GMA supported the Rays of Hope 2022 Mentorship Programme with ten staff members mentoring children and volunteers.
- A back-to-school stationery drive where the stationery was handed over to scholars for the start of the 2023 school year.
- During October Transport Month Campaign, the GMA, in collaboration with the City of Tshwane and the City of Johannesburg, hosted learners from Sizwile School for the Deaf and Ray of Hope to experience and learn about public transport integration in Gauteng.

4.1.3 Managing and monitoring the SIP budget

The SIP funds are focused on projects that support the GMA's purpose and priorities and contribute toward the United Nations Sustainable Goals. A total of R464 879,00 was spent during the year under review. The SIP funds are invested in different markets to ensure that they generate interest. The closing balance of R20 129 505,37 will be applied to SIP projects that will be implemented in the new financial year.

4.2 FUTURE FOCUS

SIP's aim for the 2023/24 financial year is to focus on one or two big sustainable projects, working together with partners to enable a shared value approach. Various Employee Corporate Social Investment Programme activities will be implemented, giving the staff further opportunities to support the communities and partners that the GMA works with.

5. COMMUNICATION AND MARKETING

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

5.1 PERFORMANCE DURING THE YEAR UNDER REVIEW (FOCUS AREA)

The core focus for the year under review was on positioning Gautrain as a world-class integrated public transport service and executing growth and retention marketing.

5.1.1 Marketing

The GMA continued to promote the discounted Gautrain student product through the 'Ride with the G' campaign at various tertiary institutions. The campaign included campus radio, activations and posters. Total products sold during the period under review have a total value of R6 041 430 in sales, four times more than the previous financial year.

A marketing campaign was implemented to promote the various midibus feeder and distribution services. The service was promoted through digital marketing, partnerships with malls and residential areas along the route, print advertising in magazines and activations. This contributed to an overall 28% increase in ridership for the midibus service.

Gautrain hosted a Free Travel Spree on 27 August 2022, giving the general public the opportunity to experience, free of charge, the Gautrain train, bus, and parking services. A series of partnerships were developed with various points of interest to create a holistic family outing. A total of 76 740 people attended the event, with an estimated 153 480 passenger trips having been taken on the day, the highest number of trips recorded in a single day since the start of operations.

Different activations and events were implemented to promote Gautrain. This included amongst others:

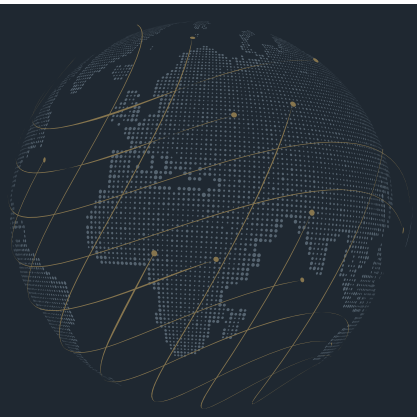
- African Aerospace and Defence show at Waterkloof Airbase in September;
- Replenishment Concert at SuperSport Park in October;
- Gautrain days at Balwin Properties along the Gautrain route; and
- Various exhibitions such as World Travel Market, The African Travel Indaba, Devac Infrastructure Conference, and The South African Transport Conference.

Various advertising initiatives were implemented, such as the Gautrain television and radio advert that was aired across various TV channels and radio stations and Airport TV in Gauteng, Durban and Cape Town.

5.1.2 Media management

The GMA has proactively engaged the media around the key thematic areas, highlighting the role and the mandate of the Agency.





BREAKING NEWS

The GMA and Gautrain proactively engage the media around the various themes and also highlight the role and mandate of the GMA and the Gautrain Project.

- A total of 1 977 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 estimated R99.5 million. The sentiment of the articles was recorded as 38% positive, 52% neutral, and 10% negative.
- Positive reports were received on mentions of Gautrain's DLTC facilities at Midrand and Centurion Stations, the Free Travel Spree promotion, the launch of Gautrain's children's book on climate change, sustainability and Gautrain's contribution to empowerment, Gautrain's A grading by the South African Institution of Civil Engineering in its 2022 Infrastructure Report card, Gautrain's contribution to travel in Gauteng, the Gautrain brand and Gautrain offering a free ride to school kids during October Transport Month.
- 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 projects and plans.
- The negative reports were mainly on the proposed Gauteng Rapid Rail Network Extensions project, Gautrain ridership, finance and service interruptions.

5.1.3 Brand management

The Gautrain brand was enhanced through various activities and reinforcements of the brand communities within different lifestyle segments. These included conferences and presentations, celebratory events such as October Transport Month, Earth Day, Gautrain Midrand and Centurion DLTC centres, competitions and station advertising.

The Gautrain was profiled at the Sunday Times Green Economy Event. The context of the event was on the role of public transport in reducing green emissions and sustainable commuting. A subsequent advertorial appeared in the Green Economy publication profiling Gautrain as a sustainable transport method.

In February, the GMA participated in the Green Conference in Cape Town as a sustainable public transport project.

Also in February, the GMA published a children's book on climate change titled Yolisa's Mighty Mission. The book was launched at the Soweto Theatre with the pupils from two local schools present, and distributed to various local libraries and schools.

As part of knowledge-sharing, the GMA continued 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 Gautrain brand is not being used without consideration of the GMA. No incidents were reported in the year under review.

5.1.4 Digital communication and marketing

The Gautrain commuter website continues to serve non-registered and registered commuters, with an audience overview of 1 172 973. A total of 58 864 downloads of the Gautrain mobile application were made, with 1 537 317 active users.

The GMA was profiled on both the GMA website and its social media platforms. The GMA website had 38 964 visits during the reporting period. Facebook, Twitter and Instagram are the primary social media platforms used by Gautrain. In addition, LinkedIn is being used for GMA-related information and has a followership of 28 075. All social media pages are gradually increasing in following: the Gautrain Facebook page had 64 458 followers at the end of the year under review, and the Gautrain Twitter page has 298 888 followers. Instagram, used predominantly for lifestyle promotion and campaigns, has 4 999 followers. Gautrain's social media advertising value for the year under review is estimated at R722 673 881,74.



Graph 1: *Overview of Gautrain's favourability for 1 April 2022 to 31 March 2023*

5.1.5 Strategic partnerships

Building smart partnerships is a key strategic enabler for the GMA and Gautrain Project. The GMA has steadily developed a strong network of partnerships over the last few years with various participants, including various government departments, NGOs and commercial companies. Strategic partnerships enable the co-creation of value for the Gautrain, Gautrain passengers, the GMA and stakeholders.

Below are some of the partnership initiatives that created value:

- The **GMA and Discovery Insure** partnership since 2014: The "Vitality Drive" agreement has since been renewed several times and the value-added offerings to Discovery Insure (DI) clients utilising the Gautrain services, have proven to be successful with current reports showcasing the average expenditure of DI clients across the entire Gautrain system to be over R5 million in the past year.
- **The GMA and Varsity Vibe** partnership since 2021: The partnership assists in ensuring a seamless student verification process assisting Gautrain to ensure students are registered at tertiary institutions. The partnership proved to be a great success and very beneficial in attaining new students and retaining current students to purchase Gautrain student products at a massive 25% discount. An added benefit to students enables them to gain discounts and rewards from all partners on the Varsity Vibe platform.
- **Shared Value Africa Initiative (SVAI)** partnership since 2021: This partnership proved to be a valuable collaboration and gained positive feedback, especially on social media platforms. The partnership focuses mainly on education initiatives to fight against GBV and offers opportunities for the SVAI to create awareness and promote the importance of achieving the UN SDGs; to successfully position the Gautrain as a partner for change; a supporter of achieving the United Nations (UN) Sustainable Development Goals (SDGs); and ambassador in the fight against Gender-Based Violence (GBV) in South Africa.

Future focus

The GMA will continue to pursue strategic partnerships to position the Gautrain system and brand as a contributor towards shared value and growth in passengers, as well as to position the use of public transport, and public transport integration, as an economically and environmentally positive lifestyle choice in the minds of current and future passengers.

5.1.6 Stakeholder management

- *Internal stakeholder management*

  Engagement with internal stakeholders included numerous electronic communiques and events such as staff meetings, webinars, management sessions and motivational events, with a strong focus on updating staff on the Post-2026 and GRRIN projects.

- *External stakeholder management*

  Customer satisfaction was tested through monthly surveys with Net Promotor Scores ranging between 94% and 99%, and an average of 97%, which is well above the benchmark of 86%. The value-for-money feedback continues to be of concern and is closely monitored.

Various stakeholder meetings were held in the quarter under review. The Post-2026 Project was introduced to various municipalities, and stakeholder engagement meetings on the Gauteng Rapid Rail Integrated Network (GRRIN) were held with several communities to discuss the progress of Route Determination for Phase 1 of the Project.

5.1.7 Future focus

To increase and sustain ridership by managing the GMA's and Gautrain's reputation and stakeholders and executing growth and retention marketing campaigns.

5.1.8 The GMA and Gautrain stakeholder universe

Stakeholder relations within the GMA are informed by the King IV Code, the International Integrated Reporting Framework issued by the IIRC, and the Global Reporting Initiative.

5.1.8.1 Addressing key stakeholder concerns during the year under review

Mapping relevant stakeholders is vital to the process to improve continuous engagement. The GMA operates within a complex landscape involving multiple stakeholders, both internal and external, with varying needs and expectations that are engaged on various platforms. However, this report is limited to stakeholders that have been engaged during the year under review.

These stakeholders are categorised in the diagram below:

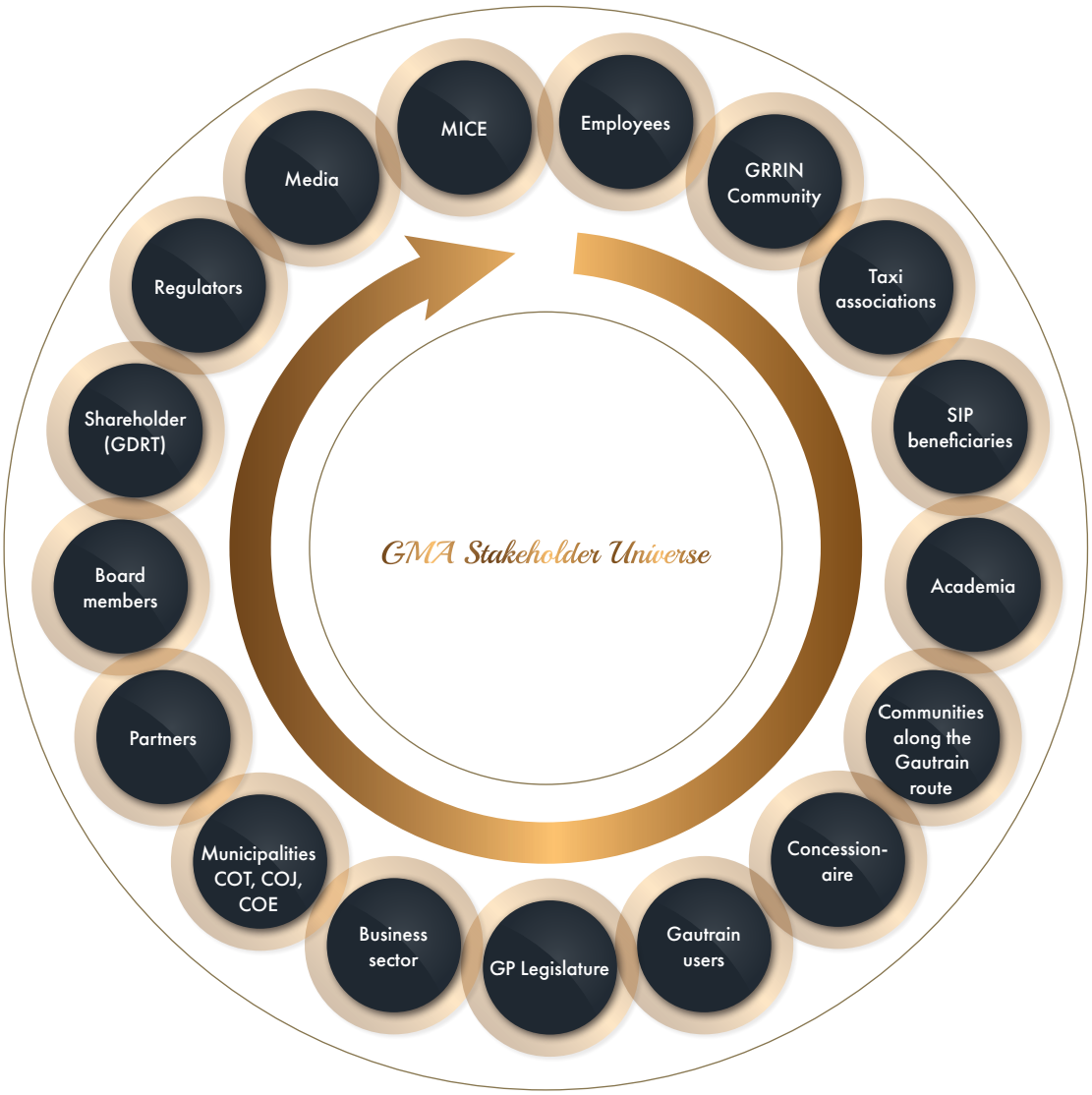


Diagram 8: *Stakeholder Universe*

Below are some of the key stakeholder issues raised during the year:

Table 12: *Some of the key issues arising from the 2022/23 multi-stakeholder engagement process*

EXECUTIVE AUTHORITY (MEC) AND OVERSIGHT DEPARTMENT	
Issues and areas of interest	**Outcomes**
• Service Level Agreement between the GMA and the Gauteng Department of Roads and Transport • Financial and operational sustainability • Governance and leadership issues • Strategic focus areas for the 2022/23 financial year, based on the Statement of Strategic Intent • Inclusion of strategic initiatives relating to the alignment of the Gauteng Government • Required support for the Post-2026 Project and funding support for Post-2026 Project	• The GMA started a process to track the KPIs at the various subcommittees of the Board to continuously monitor and evaluate the performance • Strengthening the alignment of the GPG strategy of "Growing Gauteng Together" • Political buy-in and support
GAUTENG LEGISLATURE AND PORTFOLIO COMMITTEE	
Issues and areas of interest	**Outcome**
• Route determination for GRRIN • Update on the preparations for the end of the Post-2026 Project (operating contract with the Concessionaire)	• Understanding of the route determination process • Update and buy-in of the Post-2026 Project
BOARD MEMBERS (ACCOUNTING AUTHORITY)	
Issues and areas of interest	**Outcome**
• Service Level Agreement between the GMA and the GDRT • The GMA Strategic Plan for the 2023/24 to 2025/26 financial years • APP for the 2023/24 financial year • Post-2026 Gautrain Project • Close out of the current Concession Agreement and preparations	• Compliance • Approval of the GMA Strategic Plan for 2023/24 to 2025/26 financial year • Approval of the APP for the 2023/24 financial year
EMPLOYEES AND MANAGEMENT	
Issues and areas of interest	**Outcome**
• The GMA strategic plan • Wellness programmes	• Information sharing on the strategic plan and the GMA's strategic direction • Well-being of employees
AFFECTED AND IMPACTED COMMUNITIES – GRRIN	
Issues and areas of interest	**Outcome**
• Route alignment process of GRRIN • Route determination process	• Understanding of the process and GRRIN Project
MUNICIPALITIES	
Issues and areas of interest	**Outcome**
• Transport integration	• Seamless support for operations
STRATEGIC PARTNERS	
Issues and areas of interest	**Outcome**
• Creating shared value initiatives for Gautrain commuters • Alignment in joint marketing initiatives to commuters	• Value creation/benefit for commuters and growth of commuter passengers
MEDIA	
Issues and areas of interest	**Outcome**
• Information sharing on our business	• Positive reporting on our business
FINANCIERS	
Issues and areas of interest	**Outcome**
• Funding	• Provision of financial support for the Post-2026 Project
DEVELOPMENTAL PARTNERS	
Issues and areas of interest	**Outcome**
• Public transport integration and travel data sharing	• Travel data which was used to update the Gautrain demand forecasts

MANAGING 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.

INTELLECTUAL CAPITAL INPUTS	VALUE CREATED
• Strategic partnerships and activities that the Agency has with academics • Repository of knowledge products such as case studies, technical papers, fact sheets and podcasts • Capacitation and skilling of employees	• Knowledge exchange and development • Codification of tacit knowledge and intellectual property for the Agency • Staff engagement, performance, stimulating innovation and capacity building • Contributing towards being an Innovation Centre of Excellence

1. INFORMATION TECHNOLOGY COMMUNICATION

ICT is a strategic lever for supporting business and improves business agility across the GMA's operations. It empowers businesses with the necessary tools for digital enablement, facilitating more effective use of technology, greater collaboration and knowledge sharing across the Agency.

1.1 PERFORMANCE UNDER REVIEW

The ICT function is working to digitally transform the business and progressively improve the level of ICT maturity in the organisation. In the year under review, key priorities include the following:

- Cybersecurity remains a critical aspect of today's business operations. The continuous monitoring of the security posture in line with security threats, is extremely important. The implementation of the Artificial Intelligence (AI) Capability Monitoring tool, SOAR and SOC, has improved the overall security score.
- Various performance dashboards for reviewing and analysing management information have been developed using the PowerBI business intelligence platform. The dashboards were developed for the Technical Business Unit, Finance, and Human Resources. Automation of these reports significantly reduces the time spent by employees to manually generate and analyse reports and data.
- Development of a Performance Management System.
- Implementation of a Compliance Tool, Project Events Tracking Tool, and Project Registration on the PMO platform.
- Development of the data platform that will enable the GMA to collect and analyse data from various sources – this will provide valuable insights that will help in better and faster decision-making, improve operational efficiency and improve ridership and introduce new product offerings.
- A project to move the HC business system to a new platform, is also underway and will be completed in the next financial year.

1.2 FUTURE FOCUS

The focus for the 2023/2024 financial year will be:

- Continue with the 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 posture.
-

2. KNOWLEDGE MANAGEMENT

The GMA Knowledge Management (KM) programme is anchored by five pillars, namely, knowledge capture, knowledge share, knowledge embedment, thought leadership, and research and innovation. The programme includes a wide variety of approaches, from lessons learned, and case studies, to knowledge shares, and incentives. A diverse portfolio of KM approaches provides a solution for every knowledge need and helps ensure that knowledge is embedded and flows across the organisation. The GMA seeks to achieve real-world business impacts such as improved productivity, accelerated innovation, and faster decision-making.

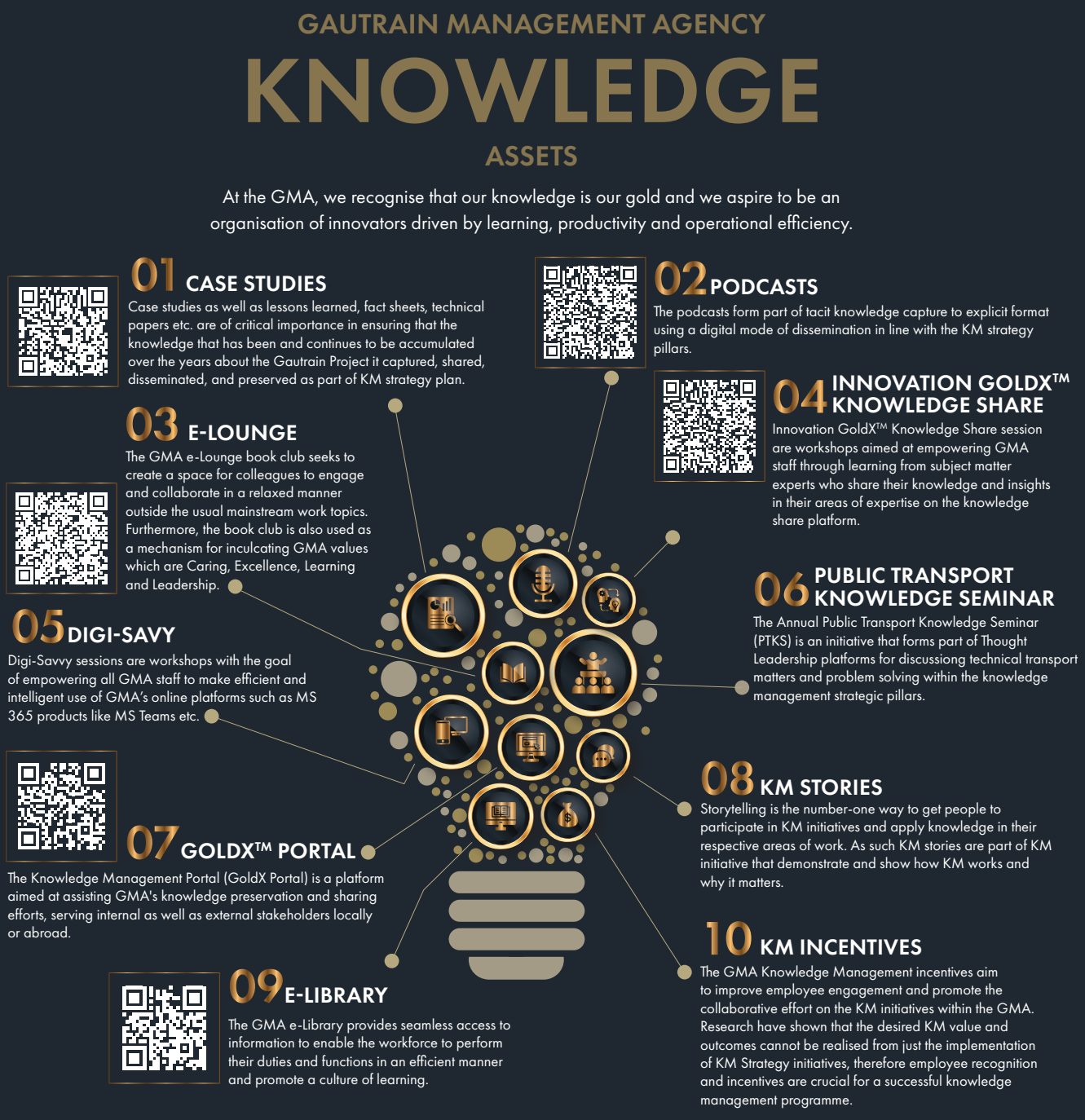


Figure 1: *GMA Knowledge Assets*

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 current KM strategy was approved by the GMA Board in the 2020/21 FY. The focus for the 2022/23 FY is a continuation of the implementation of new initiatives to improve the KM organisational maturity level and deliver on strategic imperatives.

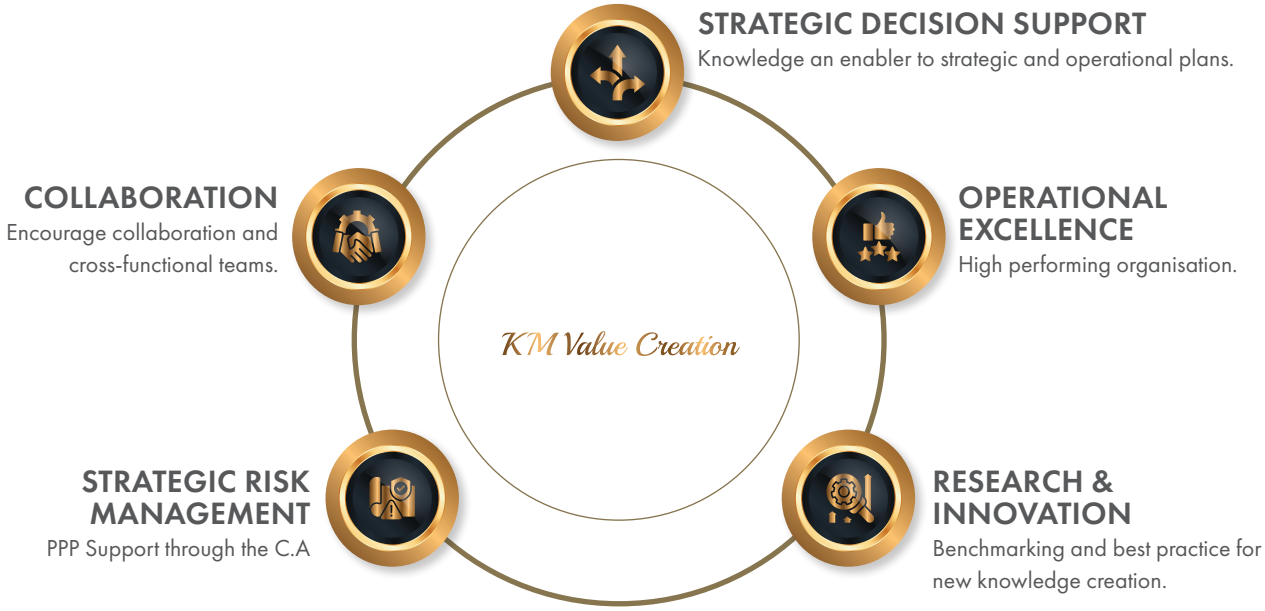


Illustration 11: *Value creation*

2.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

The KM function continues to provide strategic KM support to various organisational initiatives such as the Close Out of the Concession Agreement (COCA), Gauteng Rapid Rail Integrated Network (GRINN), Provincial Land Transport Framework, Gautrain System Asset Audit, Information Management System, and Post-2026.

Strategic partnerships are integral in the GMA's ability to deliver on some of the strategic initiatives. Collaboration through the newly formed partnership with GCRO during the last financial year, delivered the webinar series for the Annual Public Transport Knowledge Seminar 2021. The partnership for research and knowledge exchange is a joint project between KM and Communications sub-units.



Figure 2: *2022 Public Transport Knowledge Seminar*

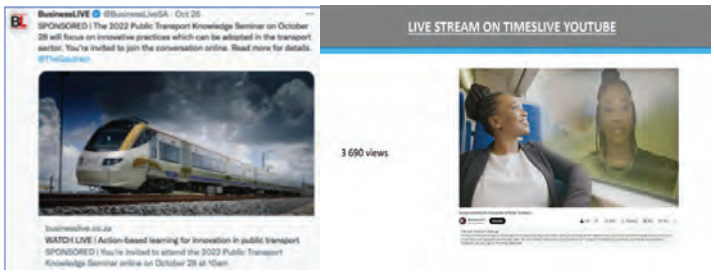


Figure 3: 2022 Public Transport Knowledge Seminar viewership statistics

The highlights of the work carried out in the financial year under review, in line with the approved KM strategy, can be summarised as follows:

2.1.1 The GMA Knowledge Centre of Excellence

Increased access and usage of knowledge content and products such as Gautrain Talks Podcasts by publishing internally and externally on social media platforms, including partnering with Buzzsprout Distribution Channels, for wider reach.

In support of the Knowledge Management Strategy and for the GMA to position itself as a thought leader and a Centre of Excellence in rail infrastructure and transport integration, the GMA supports external research support of students requesting information for their honours, masters, and Ph.D. studies. This year, a total of seven information requests were facilitated and supported.

2.1.2 Knowledge share sessions

Six knowledge share sessions were successfully conducted for this reporting period. GoldX™ Knowledge Management Incentives were awarded to employees under categories: Knowledge Assets; the Knowledge Management body of work through lessons learned, fact sheets and case studies, Records Management; Document Control; and the GMA e-Library.



Figure 4: Annual e-lounge report

2.1.3 Thought Leadership

A total of nine e-Lounge book club sessions were successfully delivered. Knowledge Partnerships for Thought Leadership and Leadership Development Programme were entered into with the University of the Witwatersrand (Wits) business school and the Gordon Institute of Business School (GIBS). Academic teaching case studies are in the final review phase as part of the MoU between the GMA and Bentley University.

2.2 FUTURE FOCUS

The GMA intends to invest resources in the identification, creation and protection of the organisation's knowledge capital and intellectual property (IP) through various initiatives.

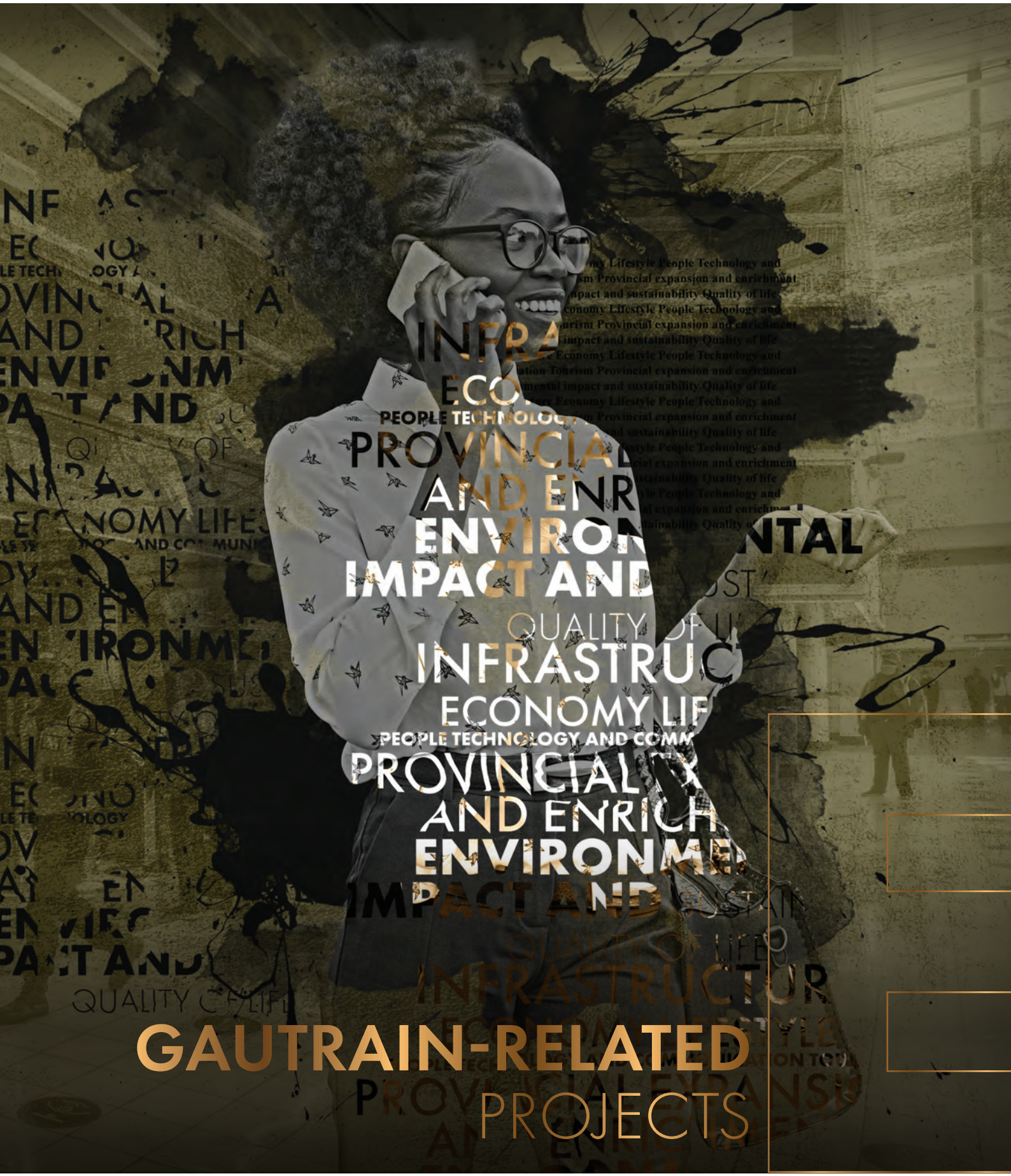
To continue growing the knowledge management capacity of the GMA, we need to implement strategies and initiatives to increase and protect our intellectual property and create a conducive environment for innovation.

The Agency, in partnership with NIPMO, will start a process of developing an IP policy and strategy in an effort to protect and harness the knowledge assets generated by the GMA and equip the organisation in technology transfer.



TRANSFORMING PEOPLE THROUGH DEPENDABLE, SAFE AND SUSTAINABLE **INTEGRATED MOBILITY SERVICES**.





GAUTRAIN-RELATED PROJECTS

MANAGING OUR 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, midibuses and other physical assets supporting the day-to-day operations of the GMA and Gautrain, including buildings, parking areas and offices.

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 concerning service frequencies and train set configurations.

1.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

Train availability and punctuality

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

Table 13: *Train service availability and punctuality*

TRAIN SERVICE AVAILABILITY / PUNCTUALITY													
	Q1 (FY 2022/23)			Q2 (FY 2022/23)			Q3(FY 2022/23)			Q4 (FY 2022/23)			Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2022/23
Scheduled trips	6,150	6,679	6,556	6,681	6,931	6,690	6,959	6,914	6,230	6,903	6,389	7,010	80,092
Actual trips	6,145	6,671	6,536	6,676	6,927	6,668	6,925	6,896	6,219	6,895	6,382	6,949	79,889
Trips cancelled	2	6	16	4	4	20	34	14	10	3	6	61	180
Early starts	3	2	4	1	-	2	4	4	1	5	1	-	27
Late arrivals	48	98	127	32	73	188	82	306	63	59	116	66	1,258
Service availability*	99,92%	99,88%	99,69%	99,93%	99,94%	99,67%	99,45%	99,74%	99,82%	99,88%	99,89%	99,13%	99,71%
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	99,17%	98,50%	98,00%	99,51%	98,95%	97,15%	98,67%	95,51%	98,97%	99,07%	98,17%	99,05%	98,39%
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) not regarded as "available"*

The train service operations achieved an average availability of 99,71% and 98,39% punctuality over the review period. The exceptional service quality levels were sustained due to fewer major service disruptions over the review period.

The overall increase in passenger trips was 63.35%, compared to an increase of 64.58% during the previous year.

Table 14: Passenger trips per financial year

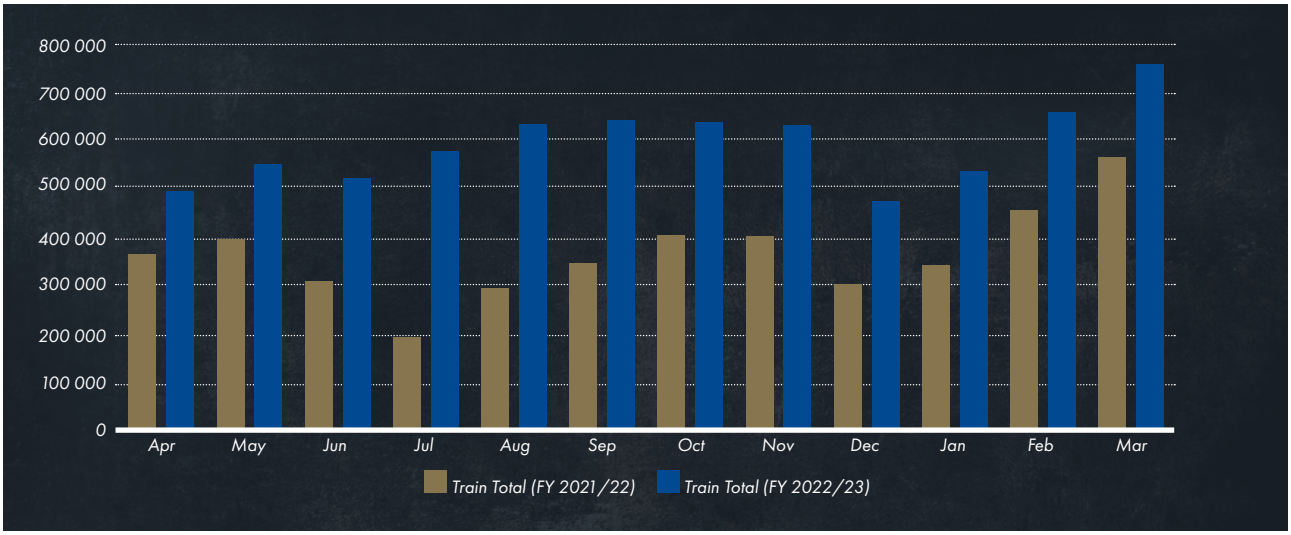
Service type	Airport passenger	General passenger	Total
FY 21/22	445,658	3,920,793	4,366,451
FY 22/23	672,684	6,459,938	7,132,622
% Change	**50.94%**	**64.76%**	**63.35%**

The significant increase in passenger trips can be attributed to COVID-19 restrictions lifted in FY 22/23 in the country as many sectors of the economy start to return to normal operations.

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 of 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 2: *Total train passenger trips – monthly for all rail services*

Graph 2 above shows that the total train passenger trips increased for all the months in 2022/23 when compared to the previous financial year. The increase for the months can be attributed to COVID-19 restrictions lifted in FY 22/23 in the country.

Train service timetable changes

Gautrain service changes following the end of the (COVID-19) State of Disaster:

- The regulated 70% capacity restriction was suspended from 1 June 2022.
- From 18 July 2022, two additional 8-car trains were added to the N/S peak-period service in response to improved demand bringing the total number of 8-car trains during peak periods to five.
- From 1 October 2022, both N/S and E/W weekend train service headways were improved. Weekend services commenced with a 30-minute headway from the start of service, improving to a 20-minute headway from 09:00 until 16:00, thereafter returning to a 30-minute headway until the end of service.
- Both the N/S and E/W weekday train service frequencies were maintained at 10 minutes during peak periods and 20 minutes during off-peak periods.

1.2 FUTURE FOCUS

As the end of the current concession draws closer, the GMA would continue to monitor and direct the train operations to ensure that signs of a decline in service standards can be addressed timeously in the interest of the passengers. This bodes well with the GMA's strategic direction that seeks to maintain performance excellence on Gautrain.

2. FEEDER AND DISTRIBUTION OPERATIONS

The Gautrain Dedicated Feeder and Distribution Services (DFDS), or bus services, support the rail system to enhance the accessibility of the specified stations. It also assists the train operational system in terms of the provision of suitable alternative means of transport when there is a problem in operating a full end-to-end rail service. The DFDS operate mainly on business days. At present there are 26 routes in operation on weekdays and two during weekends and public holidays. The two-weekend bus services are operated between Pretoria Station and Pretoria Zoo, and Midrand Station and Mall of Africa.

2.1 PERFORMANCE DURING THE 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 15: *DFDS or bus availability and punctuality*

DEDICATED FEEDER AND DISTRIBUTION (BUS) AVAILIBILITY / PUNCTUALITY													
	Q1 (FY 2022/23)			Q2 (FY 2022/23)			Q3(FY 2022/23)			Q4 (FY 2022/23)			Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2022/23
Service availability	99,52%	99,94%	99,98%	99,98%	99,99%	99,83%	99,70%	99,85%	99,75%	99,96%	99,22%	99,32%	99,73%
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	99,75%	99,94%	99,97%	99,93%	99,71%	99,58%	99,47%	99,18%	99,33%	99,32%	98,51%	98,73%	99,40%
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 throughout the review period. Overall, the bus service achieved an aggregated availability of 99.73% and punctuality of 99.40%.

The consistent high-performance levels of 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 74.56% compared to 2021/22 (see table below). The increase for the year can be attributed to COVID-19 restrictions lifted in the country. The previous year's increase relative to the year before, was 54.65%.

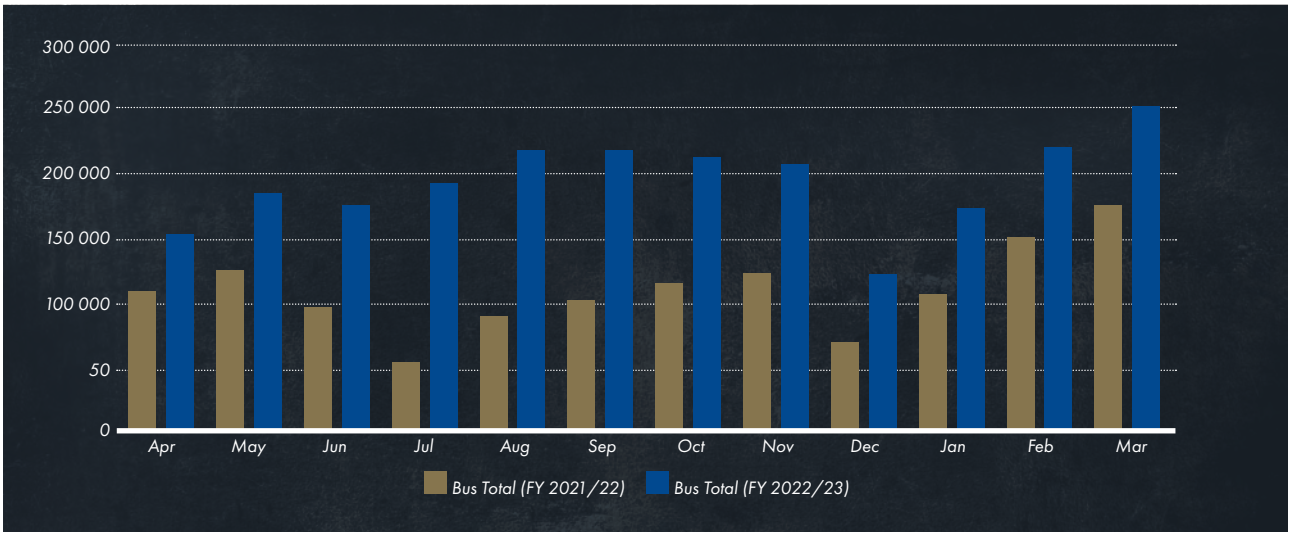
Table 16: *Bus service passengers per financial year*

	BUS TOTAL
FY 21/22	1,332,671
FY 22/23	2,326,389
% Change	**74,56%**

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

Passenger demand

Graph 3 below shows that the passenger demand for the bus service trips increased for all months in the 2022/23 FY, when compared to the previous financial year.



Graph 3: *Bus service monthly passenger demand*

The increase for the year can be attributed to COVID-19 restrictions lifted in the country.

Feeder and distribution service timetable changes

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

2.2 FUTURE FOCUS

The bus fleet renewal programme that resulted in the replacement of the buses that surpassed the 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.

3. PERFORMANCE MANAGEMENT

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

A comprehensive performance regime specified in the CA penalises the Concessionaire for non-adherence to pre-defined performance norms or standards of the critical elements of the Gautrain System. Non-conformance to these performance standards may result in various levels of penalties based on daily and/or 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 acceptable motivation and require evidence indicating no negligence and that appropriate incident management practice was applied.

3.1 PERFORMANCE DURING THE 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 17: *Penalty percentage as validated by the PMC*

PENALTY PERCENTAGE SUMMARY PER MEASUREMENT GROUP - OCD2													
Major Performance Measurement Groups	Penalty Percentage Weight	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	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%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
PP5 Cleanliness and Damage Repair Group	7%	0,00%	0,00%	0.00%	0,50%	0,50%	0,50%	0,00%	0,00%	5,99%	0,00%	5,00%	0,00%
Total Penalty Percentage (PP)	100%	0,00%	0,99%	0,00%	0,00%	0,50%	0,50%	0,00%	0,00%	5,00%	0,00%	5,00%	0,00%

Five penalties were levied during the period under review and were in the performance area of Cleanliness and Damage Repair Group. Four of the levied penalties were due to underperformance on the Escalator Availability measurement (July, August, September 2022, and February 2023) and the remainder was levied for underperformance on the Availability of Access Control measurement (December 2022). The GMA has, throughout the year, ensured that all service components, as per major performance groups, provide an acceptable consistent high-quality service to users of the Gautrain System.

3.2 FUTURE FOCUS

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

4. STATIONS OPERATIONS

The GMA monitors the Concessionaire's performance through qualitative and quantitative measurements relative to the set targets contained in the CA, for hygiene, equipment availability and level of service, takes corrective action as required and manages system improvement initiatives on behalf of the Province. 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.

4.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

During the period under review, the Concessionaire exceeded the station cleaning target with a result of 100% for this financial year. This is 5% above the 95% requirement. Both station condition and system infrastructure condition KPIs were measured at 100% for this financial year. The performance of lifts, fare gates as well as ticketing machines operated above their respective targets on average, with high compliance levels.

4.2 FUTURE FOCUS

Station capacity improvement initiatives are guided by the System Capacity Assessment process, which allows for the supply of resources and equipment at stations to follow passenger demand. The following projects have been identified as a result of this assessment:

- An introducing simulation modelling of stations: The simulations will allow the GMA to identify and influence bottleneck parameters, unlocking additional value for passengers by reducing their total commuting time. Station modelling has been prioritised based on estimated waiting time within the station precinct; and
- The provision of additional fare gates as an extension to the upgrade of the ticketing system: New generation fare gates are planned for Sandton, Park and OR Tambo stations to alleviate congestion and queues. These gates will provide enhanced features to limit possible fare evasion.

5. SYSTEM SECURITY

Security of the Gautrain System is one of the key objectives of the Gautrain GMA and needs to ensure that the Gautrain is a safe and reliable public transport system. The GMA monitors the Concessionaire in accordance with the CA System's security performance measures and other agreed thresholds for the Physical Security of Passengers (PC4 S1) and the Safety of Passenger Property (PC4 S2).

5.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

During the current financial year, no thresholds were exceeded for passenger security incidents. This can be attributed to the security measures the Concessionaire put in place during this financial year.

The Concessionaire continued to monitor and manage rail reserve events as part of the mitigation of security risks within and along the rail reserve. The number of rail reserve events is at an average of ten incidents. This is a slight increase in the average rail reserve events (i.e. eight incidents) from the previous financial year. This slight increase could be attributed to the peak in economic activity after the national lockdown. The Concessionaire has started with the construction project to protect the rail reserve area with vehicle barriers in the Eco-Park Centurion area, with the aim of mitigating security risks within and along the reserve. The reliability and efficiency of the system, due to fewer rail reserve events incidents, make a positive contribution to the safety and security of the Gautrain system.

The GMA has, through the Concessionaire, commenced the implementation of security initiatives near Gautrain stations. It is envisaged that these additional security measures will mitigate operational interruptions to the Gautrain Service and ensure the safety and security of the Gautrain System infrastructure, commuters and their property.

The implementation of the integrated security strategy has continued in the financial year. Through the strategic direction provided by the strategy, and in consultation with the Concessionaire, the implementation of the security initiatives will continue to ensure the Gautrain system is a safe and secure environment.

5.2 FUTURE FOCUS

The GMA will continue to monitor the performance of the Concessionaire through the security performance measures contained in the CA. Together with the Concessionaire, the GMA will continue to ascertain that all security enhancements that are outside the Gautrain stations and rail reserve are identified and implemented in order to ensure that Gautrain station precinct areas are safe and secured.

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 intervention.

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.

The GMA, together with the Concessionaire, monitors demand on the system via the quarterly, and special Capacity Committee meetings in order to implement capacity interventions when required.

6.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

Passenger trips have improved, relative to the previous financial year. This can be attributed to improved economic activity after the COVID-19 pandemic. Although the Gautrain System capacity constraints are not expected in the short term, it remains important to continuously monitor capacity utilisation.

Train overcrowding performance for the period under review remained at 100% throughout the financial year. No weekday train and DFDS overcrowding events were recorded during the period under review. This means none of the current 26 bus routes was under capacity pressure during peak hours during normal operations.

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

6.2 FUTURE FOCUS

It is the responsibility of the GMA to provide adequate rail service capacity in peak periods with the available rolling stock and demand management tools. It is forecasted that available rolling stock will be reaching capacity in the medium term. Opportunities for additional capacity are limited to:

- The re-configuring of the train's seating layout which will result in an increase in the standing-to-seating ratio.
- The improvement of the signalling layout to allow shorter headways than ten minutes.
- The procurement of additional rolling stock including the addition of train set staging and maintenance capacity.
- The rollout of auto-coupling across the existing fleet to allow for greater flexibility and faster transition between peak and off-peak services. The possibility of coupling at terminal stations is being investigated.
- Additional 8-car trains may be rolled out to increase system capacity during peak periods, however, the level to which additional capacity may be rolled out is limited to the availability of rolling stock.
- A Centurion–Sandton shuttle would increase capacity along the highest carrying links and will be considered once demand reaches critical levels.

The GMA intends to increase the number of train sets for which seats are to be removed to allow for more standing space together with the provision of handrails. These train sets would be operated in the 4-car time slots during peak to improve passenger convenience and reduce dwell times. After implementation, a passenger satisfaction survey would be used to measure passenger comfort before a final decision is taken to remove more seats from train sets.

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

7. ASSET MAINTENANCE, MANAGEMENT AND ASSURANCE

The GMA executes an oversight role on the 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.

7.1 PERFORMANCE DURING THE 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 repairs 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 18: *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 and install new-generation fare gates to alleviate capacity constraints at fare gates in three of the Gautrain stations, is currently underway.
  - The fare gates were delivered and the Concessionaire has appointed a contractor to carry out the necessary construction and installation works. The installation of the new fare gates is expected to start in Q2 of the current financial year (FY2023/24).
  - There was a change in the location of the test facility. The Concessionaire and the appointed contractor recommended that the test facility is constructed next to the bus driver canteen building.
  - The design for the new facilities has been completed and is currently going through the internal review and approval process. On completion, the design will be submitted to the relevant approving authority.

- **Enhancements to passenger experience:** Several initiatives are currently underway to enhance the passenger experience and encourage ridership:
  - The Concessionaire is currently determining the scope of work and will issue a variation proposal for the project to improve directional and wayfinding signage at Gautrain stations.
  - The Concessionaire has resolved the technical issues that needed to be resolved prior to the systemwide rolling-out of platform benches for passenger convenience.
  - The project roll-out plan will be commenced in the second quarter of the financial year.

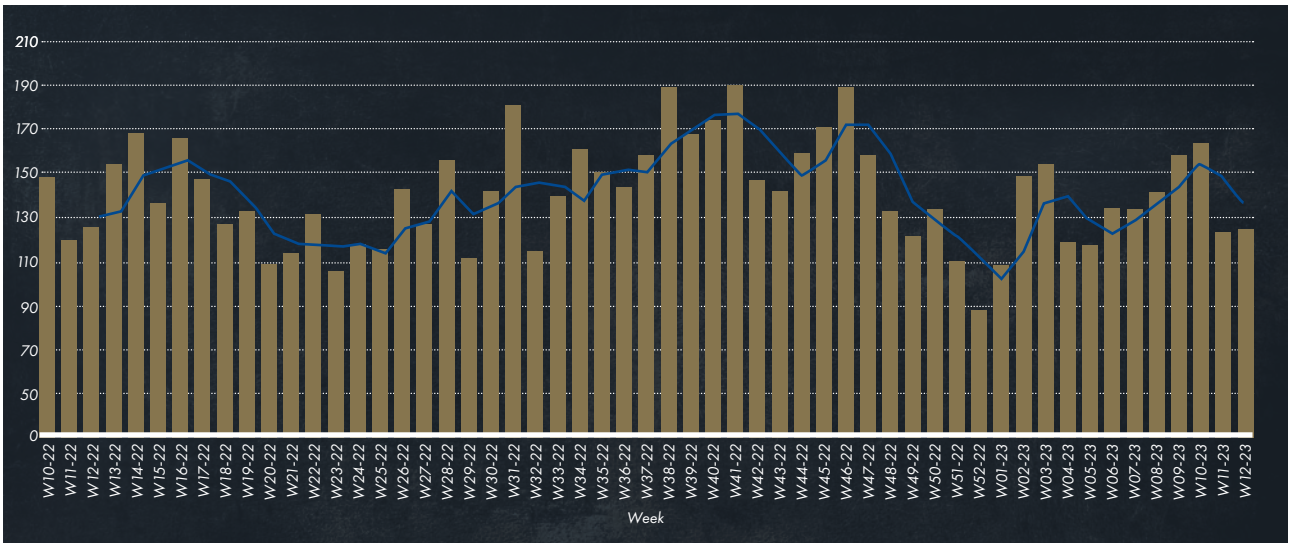
- **Upgrades and replacement of assets:** The Concessionaire has upgraded the relevant asset groups in line with the CA upgrades and replacement plan, including obsolescence management**.**
  - Replacement of Gautrain Dedicated Feeder and Distribution Service (DFDS): The Concessionaire has taken delivery of 81 x 12-metre buses and 37 x 9-metre buses. The buses are currently running in service.
  - The delivery of 7 x 18-metre buses has been significantly delayed, partly due to the worldwide disruptions in spares' logistical supply value chain. However, the supplier has taken remedial actions to source spares from alternative suppliers. The Concessionaire is evaluating alternatives to meet the contractual obligations, i.e. refurbishment of existing 18-metre buses to prolong the operational life of buses and procure a similar bus from alternative suppliers.

- **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 Condition Assessment of Gautrain Systems Assets project to determine the remaining useful life, is conducted in line with the GMA Asset Management Policy to audit the condition and RUL of Gautrain assets every three years. The project execution commenced in July 2022. The project consists of five stages and two stages have been completed. Stage three of the project is in progress.
  - Lessons learnt from the current Concession Agreement were prepared and made available to use as input into the preparation of the output-based specifications for asset lifecycle management of assets (i.e. development, acquisition, operations and maintenance, disposal/replacement) for the successor concessionaire.
  - Significant progress was made in closing out the major findings from the first audit project conducted in 2018 to determine the condition and RUL of Gautrain assets.

7.1.1 Integrated system approach

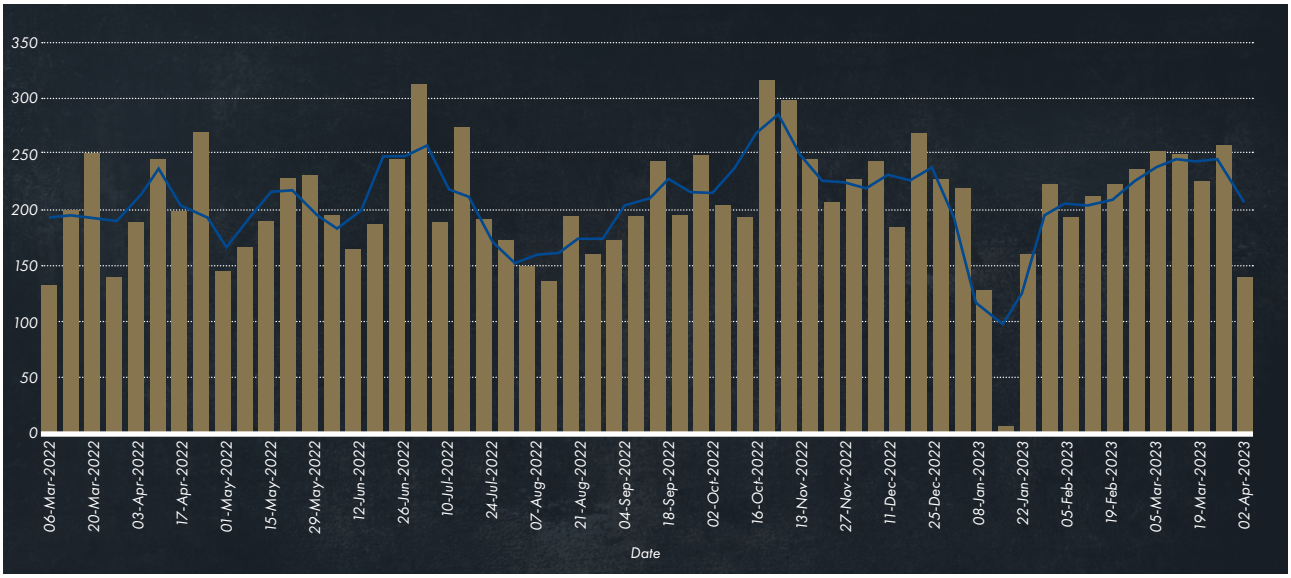
A robust maintenance management philosophy with supporting systems is in place to ensure asset integrity. The Concessionaire continuously implements measures to reduce the number of failures in the System; the GMA reviews these as part of assurance. The total number of service requests generated for the entire System, for the year under review, is shown in Graphs 13 and 14 below. All service requests are generated from the Maintenance Management Information System called MAXIMO.

The cyclical nature of service orders is directly proportional to the passenger numbers. The reduction in service order requests for the weeks during December indicates low passenger numbers.



Graph 4: *Core system total number of service requests*

The total weekly service orders generated for the non-core System are shown in Graph 5 below:



Graph 5: *Non-core system total number of service requests*

8. FARE EVASION

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

8.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

The fare evasion rate applicable throughout the year remained below the 4% norm. The average fare evasion rate stood at 0.00% in 2022/23, which is lower than the 0.01% fare evasion rate recorded in 2021/22. (See the table below.)

Blocked CSCs (Contactless Smart Cards) due to tailgating declined from 16.23 per million passengers in 2021/22 to 13.83 per million passengers in 2022/23.

Table 19: Fare evasion rate

FARE EVASION RATE - 2022/2023												
	Q1			Q2			Q3			Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly FER	**0,01%**	**0,01%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**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 Applicable FER*	**0,01%**	**0,01%**	**0,01%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**

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

8.2 FUTURE FOCUS

FEMP will be continuously revised to cater for new trends Europay Mastercard Visa (EMV), and ensure continuous compliance to Payment Card Industry (PCI) and Data Security Standards (DSS).

9. REVENUE MANAGEMENT AND FARE OPTIMISATION

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

Monthly income is influenced directly by the patronage usage of the System, the number of days and the combination of weekdays, weekends and the positioning of public holidays.

9.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

The financial year under review was characterised by a rapid recovery in usage of the system and related revenue.

The annual fare adjustment is agreed according to the timelines and framework prescribed in the Concession Agreement as guided by the ticketing regime. These are, amongst others, to maximise patronage in the System, and to set attractive fares 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, improve customer satisfaction and encourage usage of the System. This was evident as the broad fare adjustment, based on a general CPI of 5.56%, was agreed upon and implemented on 1 June 2022.

The highlights of the fare adjustment are summarised below:

- CPI increase on general and airport passenger service fares;
- Bus fare – R1 increase for rail users and R2 increase for non-rail users;
- 12% reduction in parking fares for the first day;
- No increase on Gautrain cards;
- No increase in penalty fares; and
- Scrapping of the refund fee (handling fee).

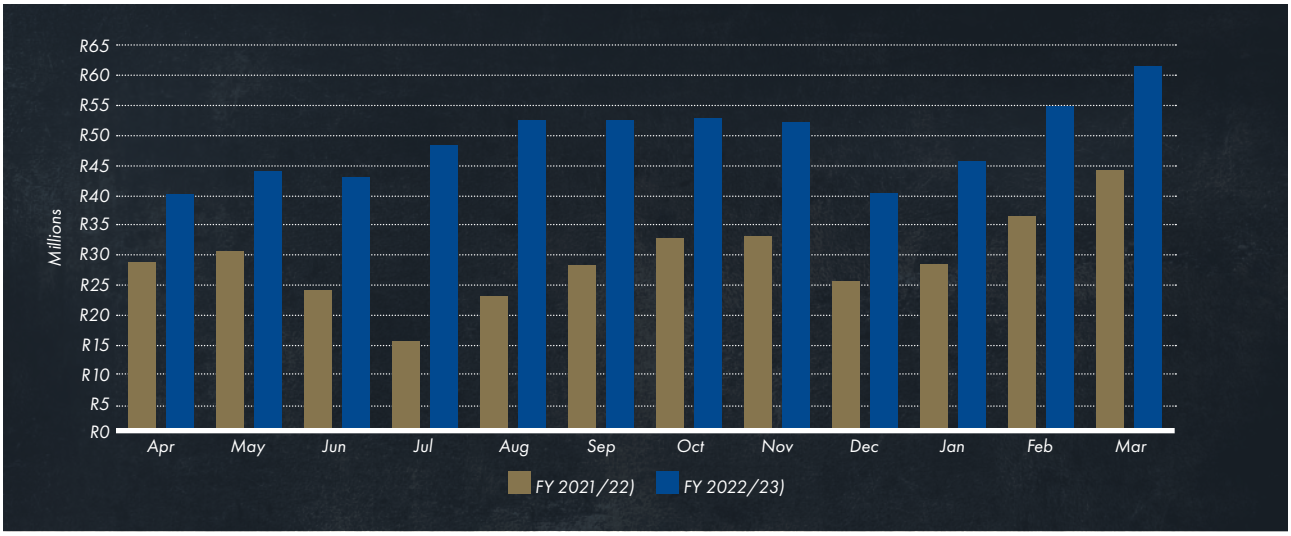
The structure of discounted products available for regular users on the general passenger service remained unchanged, as detailed below:

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

GPS Rail Ticket Product Preference is made up of Pay-As-You-Go (STR), Period Products and Single and Return Products. These constitute 69.0%, 21.3% and 9.7%, respectively. Usage of STR and Single and Return Products declined by 3.3% and 13.1%, respectively, whereas Period Products grew by 21.8% compared to the previous financial year.

Passenger convenience continued to be maintained through offering an option for passengers to load their Gautrain cards through the website and app. Furthermore, passengers had an option to use Europay Mastercard Visa (EMV) compatible cards as an alternative to Gautrain cards. EMV and web sales make up 16.9% and 6.5% of ticket sales, respectively. This is an increase of 55.4% on EMV usage and 31.7% for web sales, compared to the previous financial year.

Student Products usage gained momentum as face-to-face classes resumed in most institutions of higher learning. Usage was evident in related revenue as it fluctuated between 1.1% and 2.9% of GPS revenue compared to 0.1% and 1.2% in the previous financial year.



Graph 6: *System revenue*

The impact on revenue is clearly demonstrated in the graph above. Revenue increased by 67.2% compared to the previous financial year. Revenue recorded in March 2023 reached 71.9% of the Pre-COVID level. This is the highest revenue recorded since the 2020/21 financial year.

9.2 FUTURE FOCUS

Annual fare adjustments will be adopted in a manner that ensures that fares remain attractive and improve customer satisfaction.

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

The GMA has, as one of its strategic objectives, the integration of the Gautrain System with other transport services and public transport plans. The Agency aims to achieve this objective through engagement with key public transport stakeholders to discuss integration initiatives and to co–ordinate integrated transport planning in the Province. The GMA supports the improvement of the public transport network through the provision of scheduled, safe, and reliable mobility services and the implementation of infrastructure improvement projects.

To ensure that integration projects or initiatives are implemented effectively, the GMA participates in the planning structures and engages relevant public transport stakeholders.

10.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

The GMA added three Midibus Feeder and Distribution Service (MFDS) routes to the existing six routes that improve accessibility to the Gautrain System. The GMA has obtained approvals from the relevant stakeholders to proceed with the implementation of amendments to certain Dedicated Feeder and Distribution Service (DFDS) routes to increase the footprint of feeder services.

The GMA participated in provincial and municipal engagement structures to facilitate transport planning and the implementation of integrated public transport services. The implementation of MFDS routes was achieved through collaboration with key transport stakeholders and affected parties to implement and improve the service efficiency of the feeder and distribution services.

10.2 FUTURE FOCUS

The GMA will continue to implement its three–year plan to provide mobility services at various stations by using the MFDS partnership model in the new financial year to increase the public transport network of the Gautrain feeder and distribution services.

The GMA further plans to implement the optimisation of existing mobility services (midibus and bus routes) and to implement infrastructural improvement projects at Gautrain stations. 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 and their experience of the System.

11. LAND ACQUISITION AND WAYLEAVE MANAGEMENT

One of the GMA's strategic outcomes is to ensure the protection of the rail reserve and other public transport infrastructure in terms of the GTIA. The GMA continues to facilitate, through the Gauteng Department of Roads and Transport, the GTIA planning and land acquisition processes for future extension projects.

11.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

The GMA processed various GTIA applications from third parties within the performance target. It is through most of these GTIA applications that the GMA, in collaboration with the Concessionaire, makes a positive contribution to the facilitation of developments in the vicinity of Gautrain stations and rail reserve. These applications were assessed in consultation with the Concessionaire and BOC in order to prevent any negative impacts on the Gautrain System. The GMA has improved the current GTIA procedures and systems to enhance the GTIA application processes and procedures.

The GMA captured and managed these applications using its Geographic Information System (GIS). To manage the Gautrain rail reserve land information and keep track of development activities along the Gautrain reserve, and capture current and future development trends for planning purposes, the GMA used the GIS. The GMA has now completed a GIS web-based Land Information Register (LIR).

The GMA has commenced with implementing a project for the deployment of drone technology within the GMA. The objective of this project is to enhance the GMA's technological tools that are intended to add value to the effective management of Gautrain assets, including the Gautrain rail reserve and associated infrastructure. GTIA applications key stakeholder engagements have continued and will continue in the new financial year. In order to ensure the GMA's assurance role, GTIA and security-related site inspections have been conducted to enhance the safety and security of the Gautrain system.

11.2 FUTURE FOCUS

The GMA will continue to ensure the protection of the Gautrain rail reserve by using the prescripts of the GTIA. Using the latest drone technology data, the GMA will effectively manage GTIA applications and Gautrain land or assets. The management of the Gautrain rail reserve land information and facilitation of GTIA applications processes will be supported through the continued use of the GIS and related technologies. To ensure sharing of development data and alignment of key stakeholders' strategic development plans, stakeholder engagements on GTIA applications and GIS data sharing will continue in the new financial Year.

12. PLANNING FOR FUTURE 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 above is enabled through the commissioning of several projects whose implementation further assists 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.

12.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

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 prevailing passenger demand on the Gautrain, the implementation of capacity interventions and performance monitoring of Gautrain rail service capacity is ongoing.

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 Gautrain fleet, remain on hold. A reassessment to inform the continuation of this project will be done on the capacity requirements of the Gautrain System at the appropriate time.

Bus service capacity

The implementation of the bus fleet renewal programme is underway. All 12-metre buses that were procured as part of the bus fleet renewal programme, have operating licences and have been deployed to service. The first batch of manufactured 9-metre buses was delivered and will be introduced into the Gautrain System at the appropriate time. The Concessionaire and the bus manufacturer have agreed on the revised delivery schedule for the outstanding 18-metre buses.

Planning for the implementation of additional Midibus Feeder and Distribution Services (MFDS routes is ongoing. The projects to implement additional MFDS routes from Midrand Station to Halfway Gardens, Summerset, and Vorna Valley, are in the procurement phase. Additional MFDS routes from Marlboro Station, Linbro Park and Lakeside, as well as from Midrand Station to Kyalami, are in the implementation phase. Planning is currently underway for the replacement of the aging MFDS fleet that has exceeded its useful life, to maintain the required service level.

Park-and-ride capacity

The construction works at the new Centurion parking facility, as well as the upgrades to the adjacent intersections, as required by the City of Tshwane (CoT), were completed and are in the process of final handover for revenue collecting operations. These adjacent intersections are operational at the request of the CoT, whilst being in the handover process.

The study to assess and determine the efficiency of the Hatfield Station parking facility, to ensure optimal usage and improved passenger experience, has been deferred to a time when the traffic conditions have normalised. The feasibility of short-term solutions and implementation thereof, will be investigated by the Concessionaire.

Station and rail network capacity

The execution phase for the project to install and commission the next-generation fare gates and associated infrastructure at allocated Gautrain stations, has commenced. The installation of the next-generation fare gates will increase efficiency at Gautrain stations and will also be able to meet future needs for fare evasion prevention measures.

12.2 FUTURE FOCUS

The following capacity management interventions are planned for the next financial year:

- Delivery and deployment to service of the new 9-metre and 18-metre buses which are part of the bus fleet renewal programme;
- Implementation of additional MFDS routes and replacement of the ageing MFDS fleet;
- Installation and commissioning of the additional next-generation fare gates and associated infrastructure to meet future needs at specific Gautrain stations; and
- Commencement of revenue-generating operations at the Centurion parking extension.

13. PLANNING FOR FUTURE CAPACITY - GAUTENG RAPID RAIL INTEGRATED NETWORK EXTENSIONS

The 25-Year Gauteng Integrated Transport Master Plan (GITMP25) which 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. 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), which was completed in 2016.

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 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. The feasibility study, together with an application for Treasury Approval 1 (TA1) for Phase 1, was submitted to National Treasury in April 2017. While various approvals are being sought, long-term planning and route determination will continue.

13.1 PERFORMANCE DURING THE YEAR UNDER REVIEW

The Preliminary Route Alignment Study to enable the determination of the route for Phase 1, was undertaken as per the prescripts of the GTIA and enabled the MEC to determine the route in the period under review. Several enquiries have been received by the GMA since the publication of this route. The GMA developed and continually implements the stakeholder management plan for the determined route. This includes responses to the enquiries received, and the availability of all documentation related to the process followed on the GMA's website, which also includes an interactive map of the determined route, as well as a list of frequently asked questions (FAQs) on the Gautrain website.



Figure 5: *Determined route for Phase 1 of the GRRIN extensions*

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 was concluded in the period under review. 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, as mentioned in the Gauteng State of the Province Address of 2021. The project progresses to the inception phase with the technical deliverables scheduled for completion in the next financial year.

The outcome of the TAI application for Phase 1, as per the original submission to the National Treasury in April 2017, is still pending, together with a subsequent application for Conditional Treasury Approval 1 (CTA1) that was submitted in November 2019. Further correspondence and meetings with the National Treasury to enable the confirmation of the TA1 or CTA1 continued in the period under review.

13.2 FUTURE FOCUS

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

- Advancing the TA1 approval process for Phase 1 of the proposed GRRIN extensions with the National Treasury;
- Continuation of the stakeholder engagements for the determined route for Phase 1 of the proposed GRRIN extensions;
- Determination and publication of the route for the Soweto extensions and Cosmo City junction of the proposed GRRIN extensions; and
- Conclusion of the pre-feasibility study to investigate possible further extensions of the footprint of the rapid rail network to the eastern, western, and southern parts of Gauteng, including connectivity to the Special Economic Zones (SEZs) that form part of the GPG strategic planning.

14. PLANNING FOR THE FUTURE: POST-2026 PROJECT

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 in March 2026. The

Gautrain Management Agency (GMA) is the institution responsible for the CA in accordance with Section 5 of the GMA Act (as amended) and Section 50 of the Gauteng Transport Infrastructure Act. Over the past years, GMA exercised its duty to oversee the CA on behalf of Gauteng Provincial Government and aims to continue fulfilling these obligations until the current CA comes to an end.

14.1 PERFORMANCE UNDER REVIEW

The GMA has since built a capacity, involving the appointment of transaction advisors with technical, finance, commercial, legal, economic and Broad-Based Black Economic Empowerment (BBBEE) skills and experience to support the implementation of this project. The GMA is continuing to intensify its effort to implement the project, and the development of the feasibility study is already complete. The study was conducted from September 2021 for ten months until the end of June 2022. As part of this process, the GMA presented the results of the study to the Gauteng Department of Roads and Transport and Gauteng Provincial Treasury during the second quarter, with the results endorsed by both departments. In September 2022, the GMA submitted the final feasibility study report for the Post-2026 Gautrain to the National Treasury for Treasury Approval 1 and awaits approval. During this period, the GMA also presented the study results to the National Treasury Panel with the focus being on the affordability, risks transfer and value-for-money proposition.

In summary, the study identified and evaluated the best vehicle required to continue with the operation of the Gautrain, while also ensuring that the service is affordable and continues to provide value for money. Further, the study assessed the best way to harness, leverage and tap into measures aimed at increased capacity, revenue, and improved service offering to ensure a sustainable Gautrain post-March 2026.

The study concluded that a PPP structure was recommended as the optimal institutional delivery vehicle for the Post-2026 Gautrain as it offers significant advantages in the ability of the Government to transfer risk to the private party. Furthermore, the study concluded that the Post-2026 Gautrain aligns comprehensively with provincial and national transport and economic imperatives. The Post-2026 Gautrain would provide significant economic and transport benefits to the Province and the country, and it offers better affordability and value for money.

As part of implementing both the GRRIN and Post-2026 Gautrain projects, the GMA has entered into a Memorandum of Agreement (MoA) with the DBSA regarding potential project preparation funding support for the key studies.

In the year under review, the GMA identified key studies for potential funding support, involving a green energy study on the current and future GMA stations, exploring opportunities for energy sources that are non-polluting and are lower in operational cost. Further key studies include the development of the financing strategy to fully assess and incorporate the various financing arrangements, covering government funding, debt, equity, etc., for the GRRIN and Post-2026 Gautrain projects, both for development and operation.

Lastly, is the funding support for the development of a detailed localisation strategy, including the assessment of the local suppliers forming part of the supply chain for the acquisition of rolling stock, supply of components and maintenance. Through this process, the DBSA partnered with other development finance agencies, involving KfW, and Agence Française de Développement (AFD) to provide grant funding for the identified GMA studies.

The two studies involving green energy and localisation are currently underway, with the final reports expected to be finalised in the new financial year. The Terms of Reference (ToR) for the financing strategy are complete and will be issued to the market in the new financial year.

14.2 FUTURE FOCUS

It is planned to secure the National Treasury TA1 and TAIIA approvals to allow the project to enter a procurement phase. Once the approval is granted, the project will enter the procurement phase, involving the finalisation of the bid documents, final PPP Agreement, and inviting bidders for the appointment of the preferred bidder.

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.

Performance during the period under review

Pursuant to the settlement agreement for operating period disputes entered into between the parties on or about 31 May 2019, the parties agreed to 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. The Province was notified of ten Project Events, all of which were settled between the parties. None of the Project Events was referred for adjudication. 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.

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;
- The installation of additional fare gates;
- The procurement of additional signage;
- Implementation of backup power on the System;
- Refurbishment of driver restrooms at Gautrain stations; and
- Enhancement of the first-line emergency response and fire defence on the System.

16. COMMERCIALISATION

The Commercialisation function within the GMA is intended to leverage the Gautrain System's assets and the GMA's resources to create additional value for the citizens of the province, encourage the use of the Gautrain and other modes of public transport and generate additional revenue.

16.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

Governance

During the period under review, the two principal governance frameworks were implemented:

- The Commercial Governance Framework (CGF) which standardises the development and operation of commercial initiatives emanating from the GMA; and
- The Agency Management as a Service (*AMaaS*) framework was developed to provide a guideline on the operating procedure for the implementation of projects on behalf of other organs of state.

DLTC performance

In the 2022/23 financial year, the GMA continued to develop and operate Driver's License and Testing Centres (DLTC) at Gautrain Stations (as mandated by GDRT) by developing two DLTC facilities at the Centurion and Midrand Gautrain Stations and to continue operating the pilot facility. From inception to the end of the financial year, the three DLTC facilities have generated revenue of R26.3 million. The DLTC fleet has renewed approximately 60 000 licenses during the reporting period and has also been well received by the public, having an average customer satisfaction rating of 4 (out of 5).

Agency services performance

The Agency Management, as a Service business line, is predicated on utilising the GMA's capacity and expertise to provide support in a range of knowledge areas to other state-owned entities. During the period under review, services were rendered to the Transport Authority for Gauteng (TAG) and GPDRT. The GMA was able to generate revenue in agency fees for business support from these engagements.

16.2 FUTURE FOCUS

In the next financial year, the GMA plans to execute the following:

- Launch an additional Smart DLTC at Sandton Station;
- Launch a Pilot Coffee Shop at Midrand Station;
- Continued support for the Transport Authority of Gauteng and Gauteng Department of Roads and Transport; and
- The GMA is in the process of establishing a provincial Transport Management Centre on behalf of the GPDRT and this facility will be launched during the new financial year.


THULE

"CORPORATE GOVERNANCE IS ABOUT **OUTCOMES, ETHICS, VALUE-CREATION, EFFECTIVE CONTROL** AND **LEGITIMACY**".





GOVERNANCE IN ACTION

VALUE CREATION THROUGH ROBUST GOVERNANCE

The GMA, led by the Board, understands that adherence to good corporate governance principles and guidelines is key to the sustainability of the Agency. The Board is the Accounting Authority in terms of the Public Finance Management Act (PFMA) and is responsible for ensuring that its business is conducted in accordance with the law and requisite standards, and that the affairs and resources of the agency are safeguarded and properly accounted for, used economically, efficiently and effectively.

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.

GAUTENG PROVINCIAL LEGISLATURE

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.

The GMA held a number of engagements and provided responses to questions raised by the Portfolio Committees of the Gauteng Provincial Legislature.

1. EXECUTIVE AUTHORITY

The Gauteng MEC for Transport and Logistics is the Executive Authority of the GMA. The PFMA and the GMA Act give authority to the Executive Authority for oversight powers with reference to the Strategic Plan (SP), Annual Performance Plan (APP), budget, Service Level Agreement (SLA) and 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 Roads and Transport, Gauteng Provincial Government and the National Government.

The following documents were submitted to the Executive Authority during the 2022/23 financial year:

DESCRIPTION	DATE
GMA Performance and Performance Information Reports for the 1st Quarter of the 2022/23 Financial Year	29 July 2022
GMA Integrated Annual Report for the 2022/22 Financial Year	25 August 2022
GMA Strategic Plan for the 2023/24 to 2025/26 Financial Years	30 September 2022
GMA Annual Performance Plan for the 2023/24 Financial Year	30 September 2022
Service Level Agreement between the MEC and the GMA for the 2023/24 Financial Year	30 September 2022
GMA Performance and Performance Information Reports for the 2nd Quarter of the 2022/23 Financial Year	27 October 2022
GMA Performance and Performance Information Reports for the 3rd Quarter of the 2022/23 Financial Year	31 January 2023
Revised GMA Annual Performance Plan for the 2023/23 Financial Year	23 February 2023
GMA Performance and Performance Information Reports for the 4th Quarter of the 2022/23 Financial Year	28 April 2023

THE GMA'S GOVERNANCE STRUCTURE

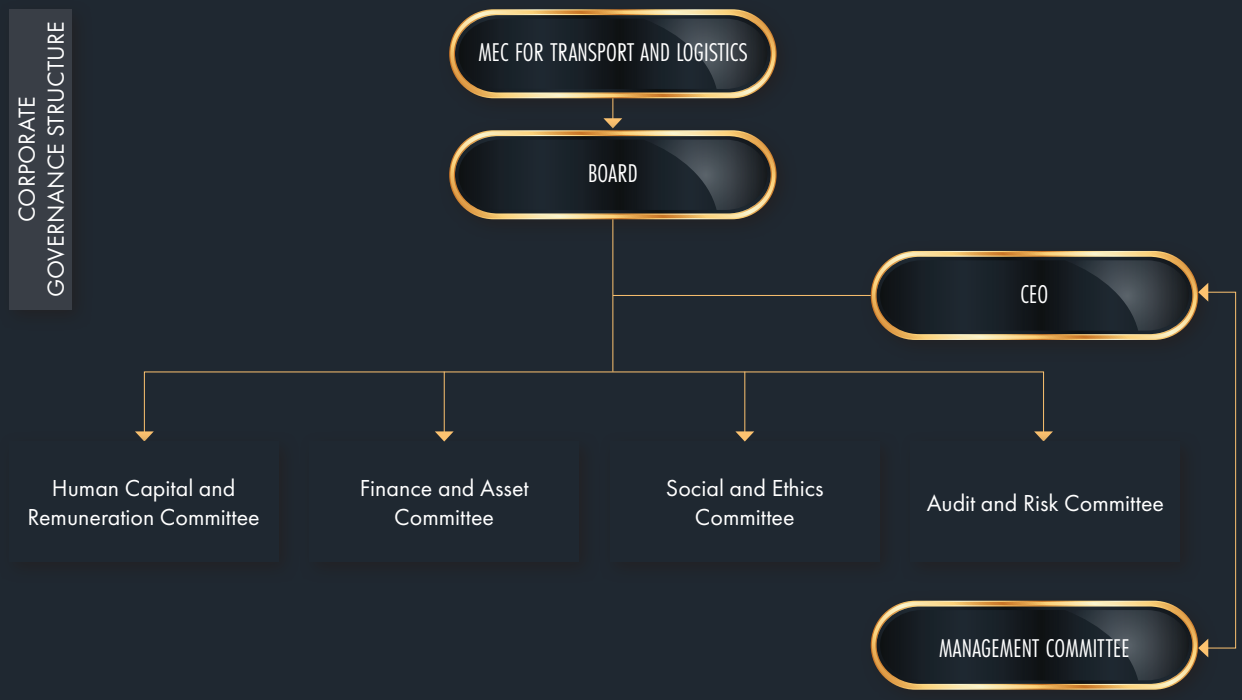


Diagram 9: *GMA Governance Structure*

2. ACCOUNTING AUTHORITY (THE 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, and effective control and legitimacy through ethical and effective leadership. The Board's main governance responsibilities and governance outcomes are highlighted in the figure below.

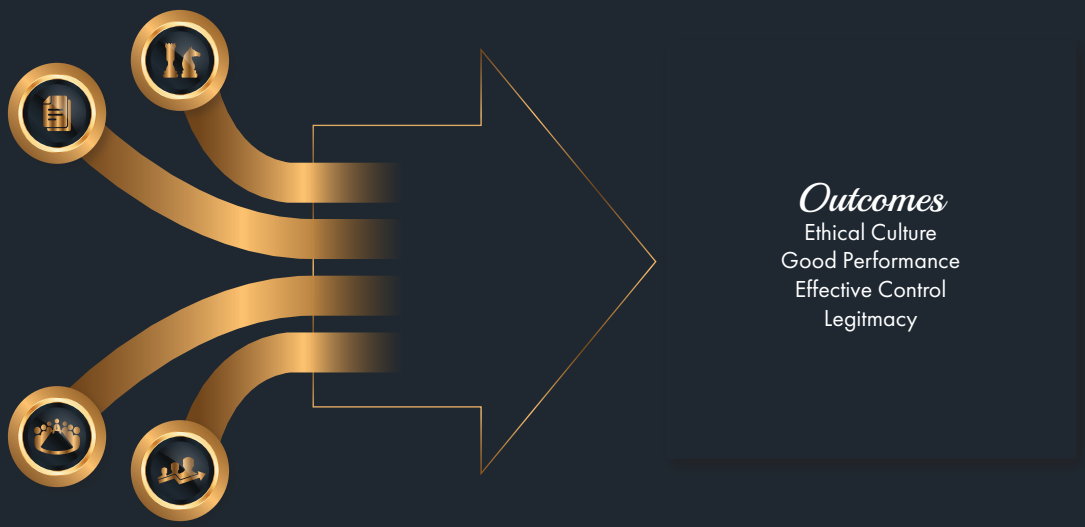


Diagram 10: *The Board's main governance responsibilities and outcomes*

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 enable 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); and
- Increasing the 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 of Board members are documented in a Board Charter.

2.1 BOARD COMPOSITION

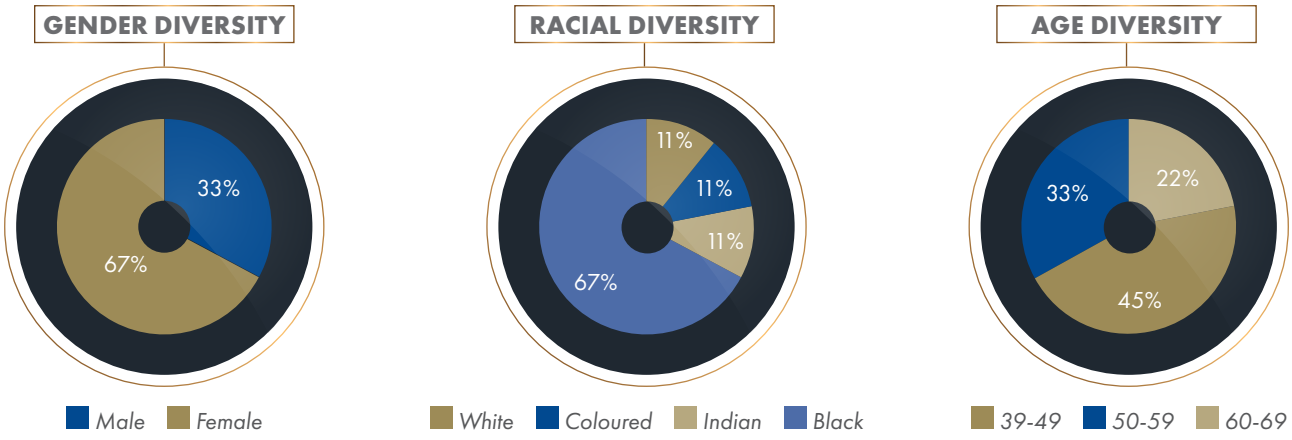
The Board comprises eight non-executive members from wide-ranging backgrounds and with varying industry and professional experience. The CEO is an ex officio member of the Board. The role and responsibilities of the Board Chairperson and the CEO are formalised and separated as clearly defined in the 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 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 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 and policies, as well as the day-to-day operations of the GMA.

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 concerning 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.

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





The corresponding colour bar denotes the Chairperson of the committee

2.2 BRIEF PROFILES OF MEMBERS OF THE BOARD



MR MOGOPODI MOKOENA (59)

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



MS LUNGILE MTIYA (48)

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 WILLIAM DACHS (53)

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 ABEL MAWELA (62)

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 the 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



MR DONOVAN NADISON (58)

Independent Non-Executive Member

(Re-appointed: 1 January 2021)

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

- **Board Committee membership:** Chairperson of the Social and Ethics Committee, Member of the Human Capital and Remuneration Committee
- **Other directorships:** New Africa Business Investments (Pty) Ltd, New Africa Consulting cc
- **Independent committee roles:** Industrial Development Cooperation of South Africa Limited, (1) Steering Committee Member – Presidential Social Employment Fund; (2) Steering Committee Member - Partnership Programme Development Impact 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; water sector regulatory systems; social economy impact services



MR SAKI ZAMXAKA (44)

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 REBONE MABUSELA-JONGA (45)

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



MS PULI MOLOTO-STOFILE (68)

Independent Non-Executive Member

(Re-appointed: 1 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; Chairperson: 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), Associate member of the Association of Arbitrators (Southern Africa)
- **Skills, expertise and experience:** Commercial Law, Corporate Law, Labour Law, Commercial Litigation, Corporate Governance, Regulatory and Compliance, and Mediation and Arbitration



DR. PRITTISH DALA (40)

Independent Non-Executive Member

(Appointed: 1 January 2018)

Ph.D. (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



2.3 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. The Framework was revised during the reporting period to incorporate the recommendations from the Board and Board Committees Evaluation and was approved by the Board and the MEC.
Succession Planning	Success Planning is a key focus area to ensure that institutional knowledge is retained following the expiry of each Board's term of office. The Board has adopted the staggered rotation approach for continuity and for enhancing its capacity by introducing new members of the Board, with fresh perspectives 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 roles 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, disclosure of confidential information, etc. Board members declare their interest annually and sign to declare their commitment to upholding the Ethical Principles and the 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 is paid due to the nature and activities of the Gautrain Project. • Travelling and other expenses associated with attending meetings, workshops and events are reimbursed in line with GMA Policies. The Remuneration of the Board for the 2022/23 financial year is disclosed in the Annual Financial Statements.

2.4 THE BOARD'S FOCUS AREAS AND ACHIEVEMENTS DURING THE 2022/23 FINANCIAL YEAR

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter and key focus areas for the 2022/23 financial year included:

- Recovery from the impact of COVID-19 on Gautrain operations and the GMA;
- GMA Funding Strategy;
- Post-2026 Gautrain Project;
- GMA Strategic Plan for the 2023/24 to 2025/26 financial years;
- Annual Performance Plan for the 2023/24 financial year;
- Policies and Key Documents for the 2023/43 financial year;
- Gauteng Province's Construction All Risks (CAR) insurance claim;
- GMA commercial initiatives;
- Close out of the current Concession Agreement;
- Integration of the Gautrain System with other public transport systems;
- Service Level Agreement between the GMA and the Transport Authority for Gauteng; and
- Service Level Agreement between the GMA and the Gauteng Department of Roads and Transport.

2.5 BOARD PROCESSES

The table below highlights Board processes that are critical for the effectiveness and efficiency of the Board.

Delegation of authority	The Delegation of Authority Framework was developed within the parameters of the above GMA's legal and regulatory framework, as a means of creating structured decision-making at all levels of the GMA. The Board recognises that delegating authority does not reduce its responsibilities. The Board regularly reviews the governance structures to ensure support for effective decision-making. The Framework is reviewed annually to ensure that it is still relevant and applicable to the GMA's environment. The Framework is also reviewed to align it with the GMA Board Charter, Board Committees' Terms of Reference, key documents and policies. The Framework for the 2022/23 financial year was approved by the Board on 31 May 2022.
Conflict of interest	All members of the Board are in line with the Business Code of Conduct and Ethics for Members of the Board, 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.
Action plan for the 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 action plan was developed to address areas of concern emanating from the evaluation and 50% of the activities in the action plan have been achieved during the reporting period. The Board will continue to monitor the implementation of the remaining activities in the action plan.
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 physically and virtually during the 2022/23 financial year. 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 responsibility.

2.6 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 Mogopodi Mokoena **Chairperson**	9/9	-	5/6	5/5	-
Ms Lungile Mtiya **Deputy Chairperson**	9/9	-	-	5/5	4/4
Mr William Dachs **CEO**	9/9	-	6/6	-	4/4

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**
Ms Puli Moloto-Stofile	8/9	-	-	5/5	4/4
Mr Abel Mawela	9/9	6/6	-	-	4/4
Mr Donovan Nadison	9/9	-	-	5/5	4/4
Dr Prittish Dala	9/9	6/6	6/6	-	4/4
Ms Rebone Mabusela-Jonga	9/9	6/6	6/6	-	-
Mr Saki Zamxaka	6/9	5/6	3/6	-	-
BOARD ADVISORS					
Mr Jan-David de Villiers **National Department of Transport**	8/9	0/6		-	-
Ms Tryfina Mokele **Gauteng Provincial Treasury**	8/9	3/6		-	-
Ms Malebo Ndamase **Gauteng Department of Roads and Transport**	6/9	0/6		-	-

3. 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 co-ordination 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 Reference was monitored through the Board Committees' Annual Work Plans on a quarterly basis.

3.1 AUDIT AND RISK COMMITTEE REPORT

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



3.2 FINANCE AND ASSET COMMITTEE REPORT

The Finance and Asset Committee (FAC) is constituted as a Board Committee in accordance with Section 19 of the GMA Act and a minimum of three Committee members make up 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.

3.2.1 The Committee's focus areas and achievements during the 2022/23 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 of the Gauteng Rapid Rail Network Extensions;
  - Reports on commercial initiatives;
  - The GMA funding strategy;
  - The GMA's budget;
  - Quarterly performance and performance information reports;

- Reports on Gauteng Province's Construction All Risks (CAR) insurance claim;
- Reports on Public Transport ticketing interoperability; and
- 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;
  - Consolidated finance reports;
  - Asset Management and Asset Maintenance reports;
  - Supply Chain Management reports;
  - Reports on the implementation of the GMA Integrated Security Strategy;
  - Portfolio Management Office reports;
  - System Asset and Maintenance reports;
  - Facilities Management reports; and
  - Gautrain Capacity Challenge reports.

The FAC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2022/23 financial year.



Dr P Dala
FAC Chairperson



3.3 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.

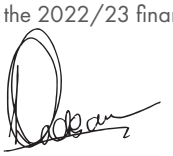
The SEC provides oversight over the management of ethics and assists the Board to ensure that the ethics of the GMA is managed in a way that supports the establishment of an ethical culture. The SEC also has the responsibility to draw matters, within its mandate, to the attention of the Board and the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

3.3.1 The Committee's focus areas and achievements during the 2022/23 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 Stakeholder Management activities;
  - Social Investment Programme reports;
  - Health, Safety and Environment report;
  - Achievement of BBBEE targets;
  - HC quarterly reports; and
  - 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 2022/23 financial year.



Mr Donavan Nadison
SEC Chairperson



3.4 HUMAN CAPITAL AND REMUNERATION COMMITTEE REPORT

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

The 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.

3.4.1 The Committee's focus areas and achievements during the 2022/23 financial year

- Reviewed and recommended the following documents to the Board for approval:
  - Policies and key documents;
  - Proposed bonus payments for the 2021/22 financial year, annual salary increases and pay scale for the 2022/23 financial year;
  - Reports on Knowledge Management (KM); and
  - Board Training and Development Plan.

- Reviewed, monitored and/or approved quarterly reports on the following matters:
  - Human Capital (HC);
  - Implementation of the Board Training and Development Plan; and
  - Implementation of HC programmes.

The HCRC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2022/23 financial year.



Ms L Mtiya
HCRC: Chairperson

3.5 KEY FOCUS AREAS OF THE BOARD AND BOARD COMMITTEES FOR THE 2023/24 FINANCIAL YEAR

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

- Post-2026 Gautrain Project;
- Close out of the current Concession Agreement;
- Implementation of the commercial initiatives;
- Gauteng Rapid Rail Integrated Network Extensions;
- The GMA's funding strategy;
- Increase Gautrain ridership;
- Grow the GMA's Knowledge Management capacity;
- Digitisation and automation of business processes; and
- Risk and opportunities.

4. MANAGEMENT OF ETHICS

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

The GMA has adopted the ethics management framework, as developed by the ethics institute, to provide a roadmap for managing ethics in the organisation.



Diagram 11: *Ethics management framework*

Ethics management in action (focus area)

4.1.1 Ethics codes, related policies and key documents

4.1.1.1 Ethics Management Strategy

The GMA Ethics Management Strategy and Implementation Plan were approved by the GMA Board during the current reporting period. The Ethics Management Strategy provides a broad outline of the strategic focus areas and the activities that the GMA should pursue in dealing with ethics risks, as well as building and maintaining an ethical culture by prioritising the management of ethics.

The development of the Ethics Management Strategy was inclusive, consultative and transparent to ensure buy-in and collaboration in its implementation. The approach followed, is shown in the figure below:

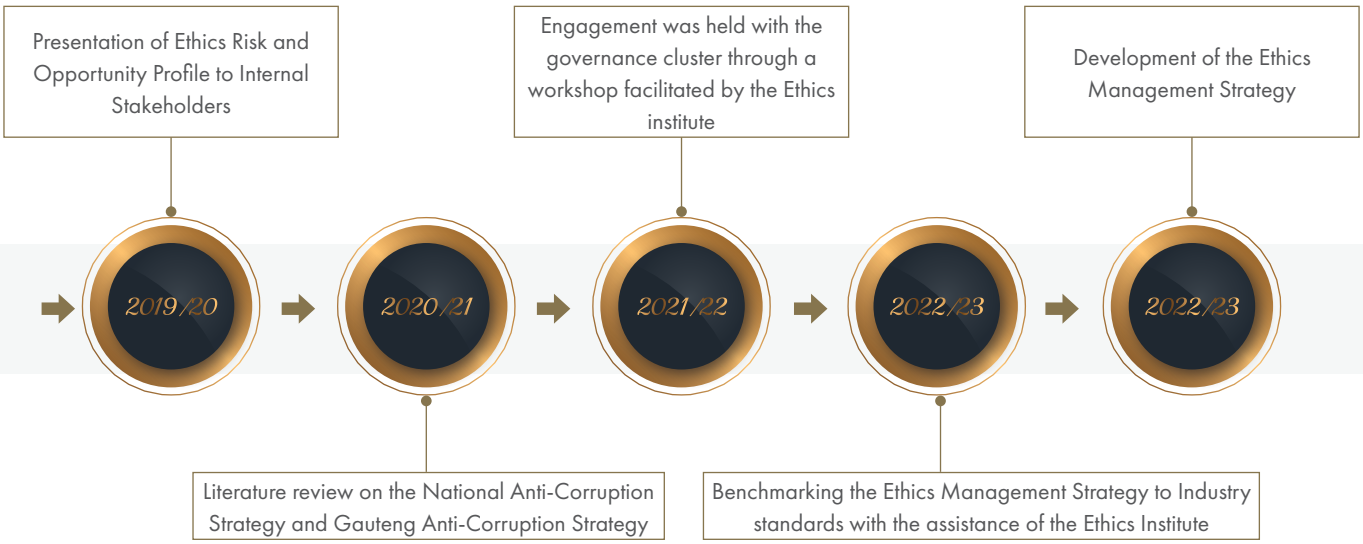


Figure 6: *Ethics Management approach*

4.1.1.2 Code of Conduct

The GMA's suite of ethics codes provides guidance to members of the Board, employees and service providers on the principles of acceptable behaviour. The Codes address key matters and ethical principles to be applied by the members of the Board, employees and service providers, in the execution of their duties.



Non-compliance with the Codes is addressed in the GMA's Board Charter, Disciplinary Code and Procedures for Employees, as well as the applicable Supply Chain Management Procedures.

4.1.2 Institutionalisation of ethics

4.1.2.1 Ethics training and awareness interventions

Regular, practical and tailored training for all employees is a critical element to enhance the ethical maturity of an organisation, as well as to create and maintain an ethical culture.

The GMA's Ethics Training and Awareness Plan for the 2022/23 financial year was developed, taking into account the ethics risk profile of the organisation, to address key risks identified. Refer to the diagram below for Training and Awareness Initiatives conducted during the year under review.

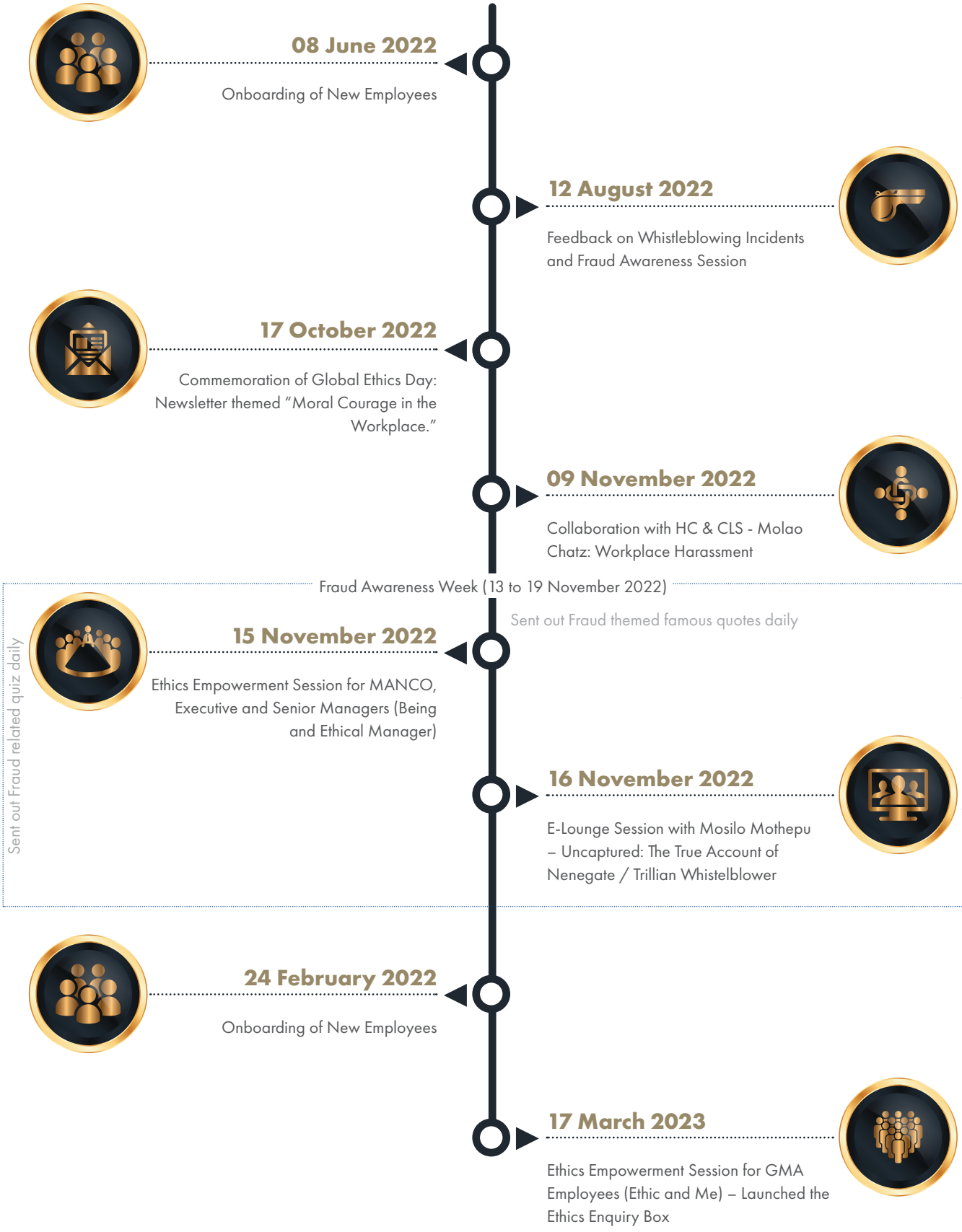


Diagram 11: *Ethics Training and awareness initiatives for the 2022/23 financial year*

The Training and Awareness interventions contributed to improved ethical compliance i.e. declaration of interest, declaration of gifts, etc., and improved employee awareness of ethics, as evidenced by the number of employees seeking guidance.

4.1.2.2 Fraud and corruption

The GMA subscribes to the principles of clean governance and zero tolerance for 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 Training and Awareness Programme, to ensure employees are empowered to prevent, detect and report unethical incidents.

Fraud hotline

Fraud hotlines are critical ethics management tools 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.

All incidents reported through the Fraud Hotline are investigated by Internal Audit and referred to an external service provider for a detailed investigation, where required. Reports on fraud and corruption incidents, fraud and corruption investigations, as well as fraud prevention interventions are presented to the Social and Ethics Committee, as well as the Audit and Risk Committee, on a quarterly basis.

One incident of alleged nepotism, unfair bias and favouritism was reported through the GMA Fraud Hotline during the 2022/23 financial year. Internal Audit conducted a preliminary investigation and concluded that the allegations raised could not be established or substantiated. An employee session to provide feedback from the investigation was held on 12 August 2022 with the aim of promoting transparency on how incidents are reported and handled.

Management is in the process of implementing value-added recommendations from the investigation.

4.1.3 Trend analysis of ethics-related activities

4.1.3.1 Reporting of fraud and corruption incidents

The implementation of stringent, practical and thoughtful protection of whistle-blowers mechanisms is fast becoming a topic that all entities should address in the country. Efforts to promote the integrity of the Fraud Hotline (which includes transparency on outcomes of investigations), and to strengthen the protective measures for whistle-blowers, are underway.

4.1.3.2 Management of the conflict of interest

Conflict of interest is an ethics risk, and failure to manage it 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 may also be impacted negatively.



The GMA has put in place the following processes and procedures to manage conflict and/or potential conflict of interest matters. Refer to the diagram below:

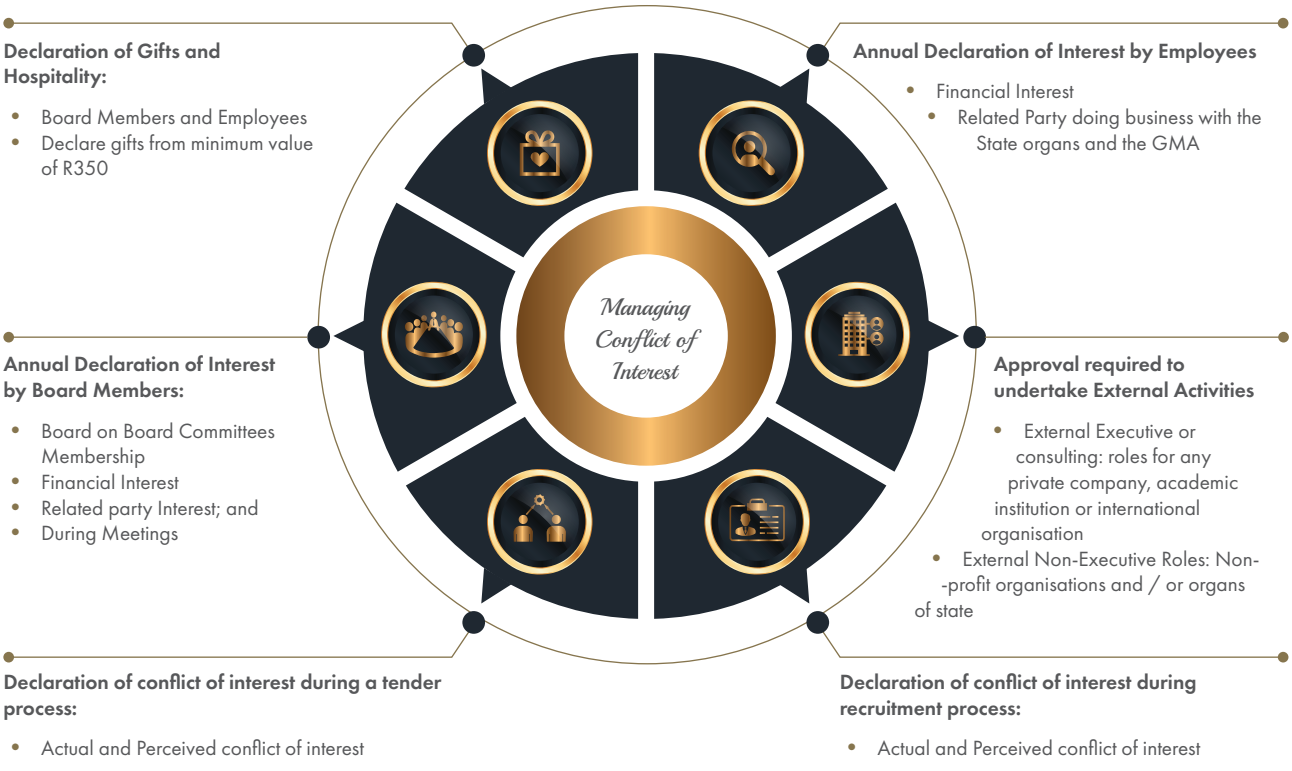


Diagram 11: *Ethics Training and awareness initiatives for the 2022/23 financial year*

4.1.3.3 Declaration of gifts

The GMA's Gift and Hospitality Policy provides guidance on the management of gifts received from third parties. The GMA has put in place measures to manage corporate gifts and mitigate related risks. The GMA continuously monitors compliance with the Gift and Hospitality Policy and also monitors the trends in respect of gifts declared.

4.2 STRATEGIC FOCUS

Efforts to promote the integrity of the Fraud Hotline (which includes transparency on outcomes of investigations), and to strengthen the protective measures for whistle-blowers, will continue.

Management is in the process of implementing value-added recommendations from the investigation. The Ethics and Training and Awareness Programme will continue to be implemented in the new financial year.



5. INTERNAL AUDIT

The Internal Audit function is independent and the unit reports, administratively, to the CEO and, functionally, to the Audit and Risk Committee (ARC), as provided for in the PFMA.

The ARC approves a Risk-based Three-year Rolling Strategic Internal Audit Plan, inclusive of a one-year Operational Plan, at the beginning of each year. Its main function is to provide assurance to management and the Board on the adequacy and effectiveness of governance, risk management and controls. The Internal Audit Plan is based on critical risks facing the entity and it covers all the business units within the GMA. The Internal Audit function provides an independent assessment/evaluation of the GMA governance, risk management and controls processes which management and the Board have implemented to accomplish the GMA purpose of: "Transforming spaces, people and the economy through mobility".

5.1 PERFORMANCE DURING THE PERIOD UNDER REVIEW

5.1.1 Highlights of the Key Control Dashboard in compliance with the PFMA

Internal Audit reviewed a quarterly assessment of the GMA Stakeholder Key Control Dashboard conducted by management.

Overall assessment of the Key Control Dashboard highlights, in the main, that the GMA complies with the PFMA requirements in areas of leadership, financial, performance and governance.

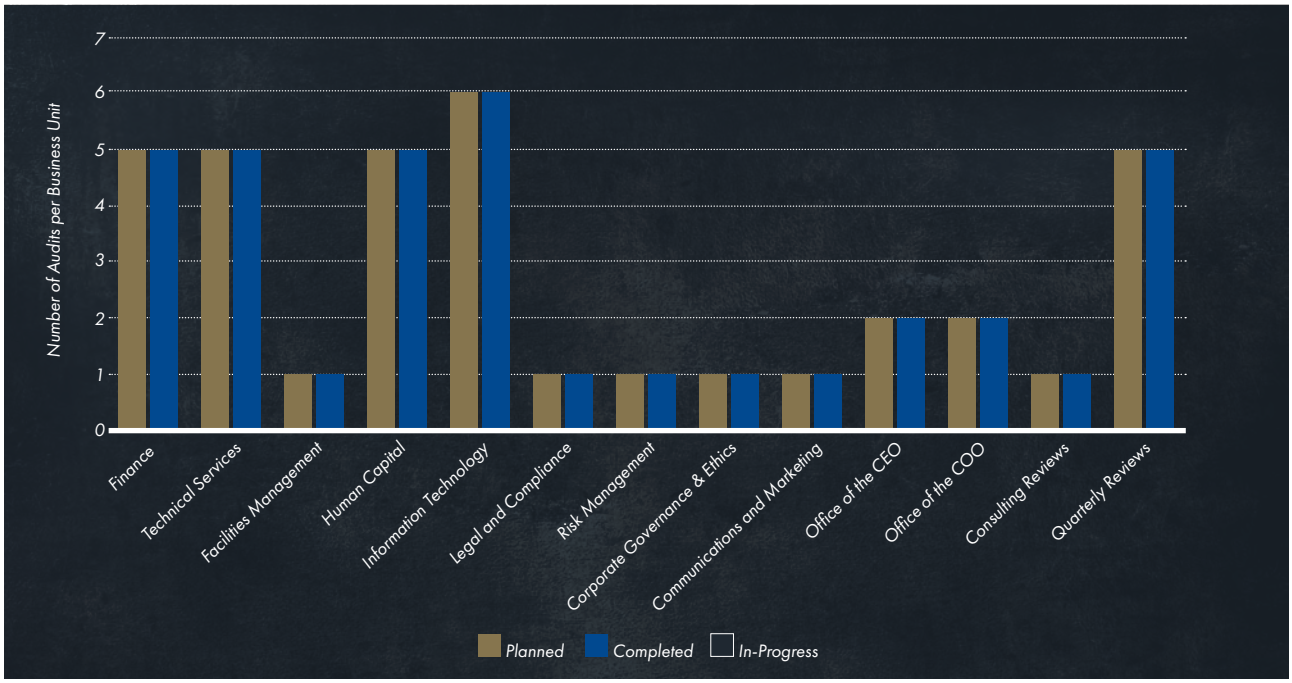
5.1.2 Progress against approved Internal Audit Plan

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.

Internal Audit completed all auditable areas as per the approved Internal Audit Operational Plan for the 2021-2022 financial year.

The Internal Audit Plan covered 35 auditable areas that spanned across the following business units: Office of the CEO, Office of the COO, Commercial Management, Enterprise Project Management, 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 whistle-blowing and management (consulting) requested reviews.



Graph 7: *The GMA's Internal Audit Performance vs. Plan*

Through execution and completion of the Annual Operational Plan, Internal Audit ensures that the GMA 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 the 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 purposes.

5.2 FUTURE FOCUS

To address the GMA strategic outcome of enhancing the management of the Concession Agreement through entrenching an environment of strong corporate governance and legal compliance, the GMA, through the Internal Audit function, will:

- Implement the Strategic Internal Audit Plan for 2024 to 2026, which includes the 2023-2024 Operational Plan, and covers all high-risk areas that may impede the achievement of the GMA strategic and operational objectives.
- Ensure continuous employment of the Intellectual, Financial, Human, and Social and Relationship capitals to identify synergies to leverage to enhance audit processes and ensure operational efficiency, sustainability, and resilience.

6. AUDIT AND RISK COMMITTEE REPORT

Refer to the report of the Audit and Risk Committee in the Annual Financial Statements on pages 131 to 132 for the full disclosure of the activities of the Audit and Risk Committee.

7. B-BBEEE 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 19: *The GMA's 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 20: *The 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 / ~~No~~**	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 / ~~No~~**	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 the contract for all tenders from R10 million.
Determining qualification criteria for the sale of state-owned enterprises	**Yes / ~~No~~**	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 / (No)**	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	**(Yes) / No**	If Yes, please attach the Qualification Criteria as well as the compliance report of implementation thereof in the Annual Report.

Approved by:

Mr. Mogopodi Mokoena
GMA: Board Chairperson

Mr. William Dachs
GMA: Chief Executive Officer
July 2023



BUILDING AND NURTURING AGILE AND RESILIENT LEADERS WHO TRANSFORM SPACES, **PEOPLE AND THE ECONOMY** THROUGH MOBILITY.





MANAGING HUMAN CAPITAL

HIGHLIGHTS ON HUMAN CAPITAL

HUMAN CAPITAL INPUTS

- **13 GRADUATES** were employed during the financial year under review
- **R1 457 MILLION** spent on education and training and development
- **99 WOMEN** employed (more than 50%)
- **78 YOUTH** employed (more than 50%)

VALUE CREATED

- Job creation
- Knowledge exchange
- Training and development

KEY FACTORS IMPACTING THE GMA'S HUMAN CAPITAL

ASSOCIATED KEY RISKS	THE STRATEGIC RESPONSE
• High turnover/attrition risk	• Employee wellness programmes that prioritise overall mental and physical well-being of employees
• Development impact risk	• Transformed and skilled staff complement
• Reputational risk	• Culture interventions that focus on employee well-being
• Sustainability risk	• A culture that embraces diversity and inclusion

GOVERNANCE OVERSIGHT

The Board's oversight of the management of human capital at the GMA has been delegated to the Human Capital and Remuneration Committee. The Human Capital and Remuneration Committee has the responsibility to review and recommend all Human Capital policies to the Board for approval and, once approved, management will then ensure that all employees are socialised on the policies. On a quarterly basis, HC submits progress on the implementation of the HC programmes to the Human Capital and Remuneration Committee for review and approval.

INTRODUCTION

The GMA's human capital includes its people, their development and the culture the Agency fosters. The employees drive the overall performance and sustainability of the business.

1. PERFORMANCE DURING THE PERIOD UNDER REVIEW

1.1 EMPLOYEE OVERVIEW

In the year under review, the GMA had 222 approved positions, with 143 positions approved and funded for the 2022/23 financial year and the total headcount at the end of the financial year was represented by 131 employees, 25 fixed-term DLTC employees and 13 graduates.

Overall, the GMA had 169 employees at the end of the 2022/23 financial year. During the financial year under review, the GMA recruited 23 new employees, 13 graduates and 25 fixed-term DLTC employees, while 7 employees terminated their employment with the GMA.

The number of vacancies at the end of the financial year under review, was 12, translating to 92% of approved positions filled, a vacancy rate of 8%, and an overall turnover rate of 5,3%.

Key initiatives in human capital management

- To capacitate the organisation with the employment of appropriate skills for the GMA, and agencies/mandate programmes.
- To create the Agency's own talent pool while responding to unsustainable youth unemployment, the GMA hired 13 graduates into the Graduate Development Programme.
- To improve employee engagement and retention, attract new talent, increase collaboration between Business Units and speed up the adoption of new trends within the GMA through upskilling and reskilling programmes.
  - Reinforcing and aligning performance management for all levels within the Agency.
  - Engagement with and training of all staff in the programmes that capacitate staff for Post-2026.
  - Training and development special focus on graduate and internship development programmes:
- Leadership development programme; and
- Special technical skills.
- Foster equal opportunities for all employees and promote principles of diversity and transformation that will enhance the level of effectiveness and efficiency of its programmes.
- Build a high-performing, diverse workforce, based on mutual acceptance and trust:
  - Employment equity three-year plan and implementation (implementation plan has been completed and the Agency has started a new plan with a new committee in place); and
  - Diversity, transformation, and inclusion (employment equity) and B-BBEE reporting.
- Ensure employee well-being as part of the GMA's culture which drives work-life balance, including physical fitness and mental well-being.
- Ensure an integrated, streamlined, and digitised Human Capital function and operations aligned to the GMA's Digital Strategy.
- Transforming the Human Capital Information System to align with technological changes.
- Develop and implement Recognition Programmes within the GMA which promote best practices required to support the achievement of the organisation's goals and strengthen the GMA's Employee Value Proposition.
- The GMA was certified as a Top Employer in 2023. The certification programme enables organisations to assess and improve the workplace environment and their human capital practises. The Agency is addressing all the highlighted gaps in the Top Employer survey, to improve its standing.

1.2 OUR CULTURE

People are key enablers towards effective strategy execution and delivery of our mandate. Our corporate cultural practices, processes, frameworks, and governance structures are anchored in our value systems. The GMA's organisational culture is characterised by employees who live its values of caring, excellence, learning and leadership.





Diagram 12: Organisational culture and values diagram

Our working environment

The GMA recognises that the future prosperity of the organisation depends largely on the competence and motivation of its employees. The agency encourages a culture of continuous development and advancement of learning and training through various training programmes.

As part of promoting a learning culture and being an employer of choice, the GMA provides opportunities for employees to grow and develop their careers within the Agency. The approach to talent management focuses on career management and building the critical competencies required to achieve the strategy of the GMA.

1.2.1 Graduate Development Programme

The GMA has sought to grow its young talent initiatives to develop a pool of scarce and critical skills for the Agency and contribute towards alleviating the high youth unemployment rate in South Africa.

The Graduate Development Programme is both structured into formal and informal learning to provide the necessary skills that will enable the graduates to fully function in their future aspired roles.

The 2022 cohort of graduates consists of a diverse group of 13 young employees eager to learn and contribute to the Gauteng and South African economies. The graduates have been employed in different Business Units and were allocated a mentor and coach to guide them throughout their development journey of three years.

As part of the Graduate Development Programme induction, the new graduate trainees went through a Knowledge Immersion Day at the Gordon Institute of Business Science (GIBS). This was to expose the graduates to the new world of work, and action learning through engaging with stimulating themes around the significance of knowledge management in anticipation of their three-year journey at the GMA.

1.2.2 Leadership Development Programme

The GMA implemented the Leadership Development Programme with the first cohort of senior management, completing the Leadership Assessments. The Leadership Development Programme will be supported by two business schools onboarded to provide development courses to all identified individual management leaders. The objectives of the Leadership Development include:

1. Identifying high-flyers, solid-performers and high-potentials for the Leadership Development Programme.
2. Assessing leaders for Leadership Development.
3. Ensuring adequate bench strength and succession management.
4. Developing leaders and diversifying the leadership pipeline.

So far, a group of twelve management members have completed their assessments and feedback was provided to the CEO for consideration. The next step in the leadership development programme, is the engagement of business school partners to design an individual development plan/programme aligned to each leader's assessment outcomes.

1.2.3 Recognition Programme

The GMA, during the financial year under review, launched the GMA Recognition Programme with the celebration of the ten consecutive clean audits and recognising long service for all employees who have been with the GMA in the last ten years, as well as recognising excellence and innovation within the GMA.

The overall strategic aim of the Recognition Framework is to develop and implement the recognition programmes within the GMA, which promote the best practices required to support the achievement of the organisation's goals. The Framework intends to ensure that the GMA can attract and retain competent, well-motivated and committed people. The philosophy underpinning the Framework is that people should be rewarded for their performance and the value they add towards achieving the business objectives.

The philosophy of the programme is based on the following factors:

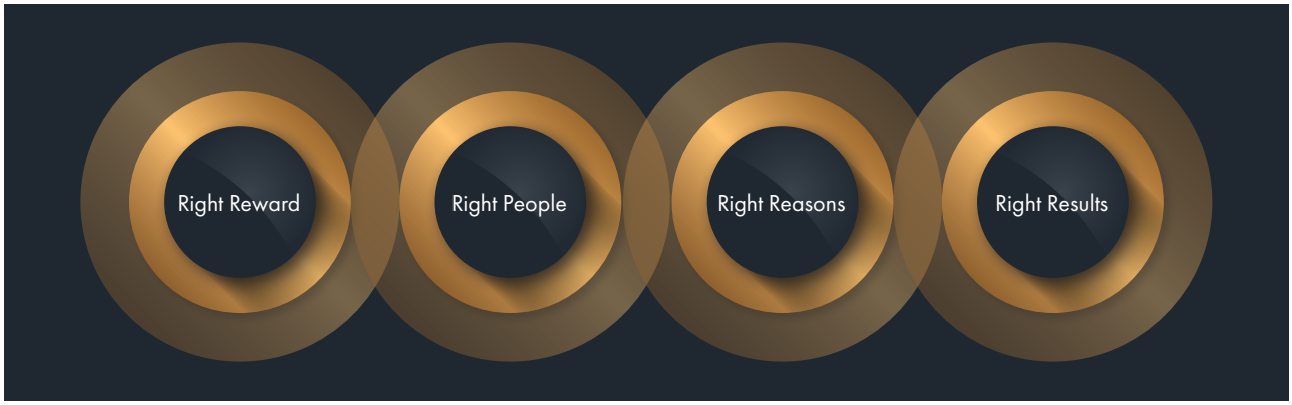


Diagram 13: *The GMA recognition philosophy*

2. HUMAN CAPITAL OVERSIGHT STATISTICS

Table 21: *Personnel cost by programme/activity/objective*

Programme/ activity/ objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Project expenditure	2 307 492				
GMA expenditure	304 610	187 556	62%	131	1 432
Total	**2 612 102**	**187 556**	**7,2%**	**131**	**1 432**

Table 22: *Personnel cost by salary band*

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	18 918 563	10%	3	6 306
Senior management	52 151 472	28%	19	2 745
Professional qualified	80 288 380	43%	56	1 412
Skilled	27 887 308	15%	43	649
Semi-skilled	6 947 259	4%	3	2 316
Unskilled	1 362 578	1%	7	195
TOTAL	**187 555 560**	**100%**	**131**	**1 422**

Table 23: Performance rewards

To encourage good performance, the GMA has granted the following performance rewards during the year under review:

Programme/activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	4 498	14 420	31%
Senior management	9 383	42 768	22%
Professional qualified	11 504	67 553	17%
Skilled	2 442	25 445	10%
Semi-skilled	188	6 760	3%
Unskilled	140	1 223	11%
TOTAL	**28 155**	**158 169**	**18%**

Table 24: Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
CEO's Office	12 200	41	0,3%	1	41
Commercial Management	17 298	137	0,8%	5	27
Communication and Marketing	16 477	43	0,3%	6	7
Compliance and Legal	10 173	17	0,2%	1	17
COO's Office	8 588	-	0,0%	0	0
Corporate Governance	6 449	64	1,0%	5	0
Corporate Services	17 406	106	0,6%	4	27
Finance	21 780	231	1,1%	5	46
Information and Communication Technology	16 305	-	0,0%	0	0
Internal Audit	10 930	223	2,0%	5	45
Knowledge Management	7 696	-	0,0%	0	0
Portfolio Management	7 419	47	0,6%	3	16
Technical Services	33 602	106	0,3%	8	13
Total	**186 324**	**1 013**	**7,2%**	**43**	**24**

Table 25: Employment and vacancies

Programme/activity/objective	2022/2023 Number of employees	2022/2023 Approved posts	2023/2024 Number of employees	2023/2024 Vacancies	% of vacancies
CEO's Office	3	3	3	0	0%
Commercial Management	9	10	9	1	11%
Communication and Marketing	14	14	14	0	0%
Compliance and Legal	6	7	6	1	17%
COO's Office	4	4	4	0	0%
Corporate Governance	5	5	5	0	0%
Corporate Services	20	22	20	2	10%
Finance	14	15	14	1	7%
Information and Communication Technology	11	13	11	2	18%
Internal Audit	7	8	7	1	14%

Programme/activity/objective	2022/2023 Number of employees	2022/2023 Approved posts	2023/2024 Number of employees	2023/2024 Vacancies	% of vacancies
Knowledge Management	6	6	6	0	0%
Portfolio Management	4	6	4	2	50%
Technical Services	28	30	28	2	7%
Total	**131**	**143**	**131**	**12**	**9,2%**

Table 26: Employment and vacancies

Programme/activity/objective	2022/2023 Number of employees (31 March 2021)	2022/2023 Approved posts (1 April 2021)	2023/2024 Number of employees (31 March 2023)	2023/2024 Vacancies	% of vacancies
Top Management	3	3	3	0	0%
Senior Management	19	19	22	3	2%
Professional qualified	56	65	70	5	3%
Skilled	43	43	47	4	3%
Semi-skilled	3	6	7	1	1%
Unskilled	7	7	7	0	0%
TOTAL	**3**	**3**	**3**	**0**	**0%**

Table 27: Employment changes

Salary band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top management	3	0	0	3
Senior management	14	6	1	19
Professional qualified	53	7	4	56
Skilled	32	13	2	43
Semi-skilled	5	0	2	3
Unskilled	5	2	0	7
Total	112	28	9	131

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

Table 28: Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0%
Resignation	8	89%
Dismissal	0	0%
Retirement	1	11%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	9	100%

Table 29: Labour relations: Misconduct and disciplinary action

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

Table 30: Equity target and employment equity status

	MALE							
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	0	0	0	1	1	1
Senior management	8	2	1	1	1	1	1	1
Professional qualified	23	33	2	1	1	1	0	3
Skilled	13	20	0	1	2	2	0	3
Semi-skilled	1	2	0	1	0	1	0	0
Unskilled	1	2	0	0	0	0	0	0
TOTAL	**48**	**60**	**3**	**4**	**4**	**6**	**2**	**8**

	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0
Senior management	7	3	0	1	0	1	1	1
Professional qualified	27	26	0	1	1	2	2	3
Skilled	24	13	1	2	0	1	3	4
Semi-skilled	2	2	0	1	0	0	0	0
Unskilled	6	1	0	1	0	1	0	0
TOTAL	**66**	**46**	**1**	**6**	**1**	**5**	**6**	**8**

	DISABLED STAFF			
	Male		Female	
Levels	Current	Target	Current	Target
Top management	0	1	0	0
Senior management	1	0	0	0
Professional qualified	0	1	1	1
Skilled	1	1	0	2
Semi-skilled	0	0	0	0
Unskilled	0	0	2	0
TOTAL	**2**	**3**	**3**	**3**


Park Station
KINGS OF JO'BURG

"**SUSTAINABLE CHANGE**, AFTER ALL, DEPENDS NOT UPON COMPLIANCE WITH EXTERNAL MANDATES OR BLIND ADHERENCE TO REGULATION, BUT RATHER UPON **THE PURSUIT OF THE GREATER GOOD**".

– DOUGLAS B. REEVES





PFMA COMPLIANCE REPORT

SUPPLY CHAIN MANAGEMENT

Table 31: Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or variation)	Contract number	Original contract value	Value of previous contract expansions or variations	Value of current contract expansions or variation
No contract variation or expansion over 15% of the original contract value in FY 2022/2023.						

IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Table 32: Reconciliation of irregular, fruitless, and wasteful expenditure and material losses

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	0	0
Add: expenditure confirmed	0	0
Less: expenditure condoned	0	0
Less: expenditure not condoned and removed	0	0
Less: expenditure recoverable	0	0
Less: expenditure not recovered and written off	0	0
Closing balance	**0**	**0**

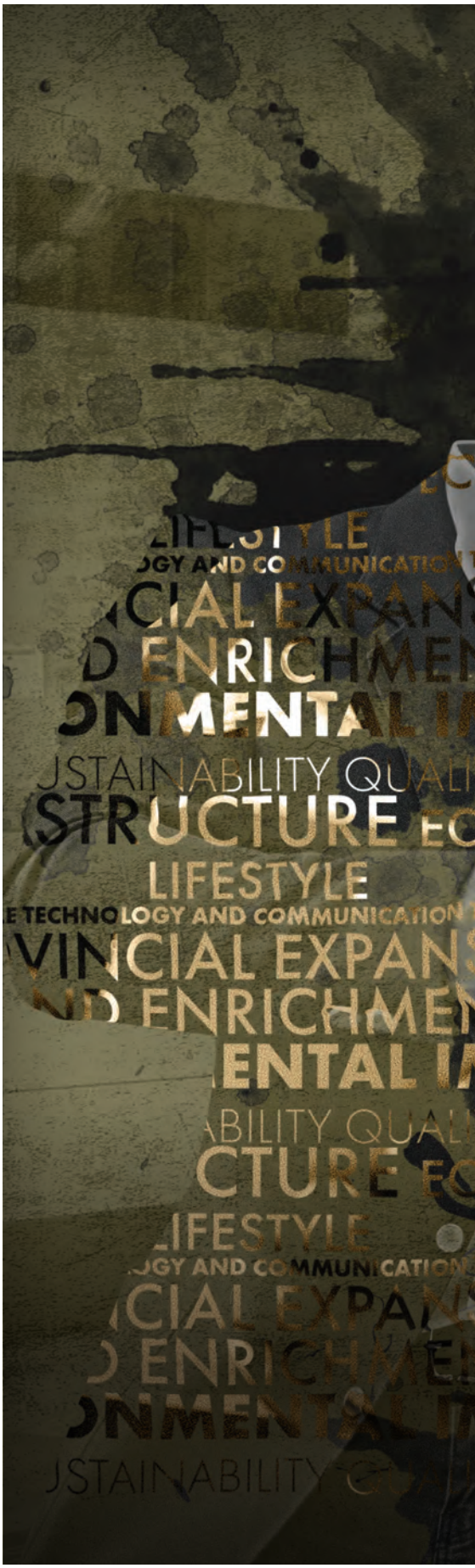

Platforms
Lifts
Complimentary Bag Wrap
Stairs
Toilets

GAUTRAIN MANAGEMENT AGENCY

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MANAGING THE FINANCIAL CAPITAL

CHIEF FINANCIAL OFFICER'S OVERVIEW

Preston Mabena
CFO: GMA



I am delighted to present to you the Chief Financial Officer (CFO) overview for the financial year 2022/23, which once again showcases our continued commitment to Financial Excellence. As the Chief Financial Officer, I am proud to announce that our Annual Financial Statements have received a clean audit outcome for the eleventh year, reflecting our dedication to maintaining sound financial practices.

For most of the last few years, the world has seen a slow recovery from the Covid pandemic that rocked the world. Global economic growth is predicted to be 3.3% in 2022 and 2.7% in 2023. From a country's perspective, unemployment in the financial year under review has been at its highest at 32,7% in the fourth quarter of 2022 to 32,9% in the first quarter of 2023. However, despite the slow recovery from the Covid-19 pandemic, the GMA demonstrated resilience and adaptability in navigating through this time.

The relevance of the above and the slow global economic recovery on the GMA's performance is that all these external environmental factors have contributed to the slow recovery of passenger numbers on the Gautrain system, thus having an impact on the Patronage Guarantee. Despite this continued challenging operating environment, the GMA's focus has remained on managing factors within its control. This has included a sustained focus on ensuring safe and efficient operations within the Gautrain and managing the Concession Agreement between the Gauteng Provincial Government and the Bombela Concession Company.

GMA has achieved 100% of the outcome indicators in the Annual Performance Plan with 99.7% of the actual expenditure versus the budget for 2022/23.

GMA's balance sheet continues to demonstrate a strong financial position at R25.2 billion in the 2022/23 financial year on historical costs basis. Though the financial performance shows a deficit of R999 million after depreciation, there is a surplus before depreciation. The cash and cash equivalents are R982,9 million. Additionally, our cash flow statement reflects a disciplined approach to cash management, providing GMA with the necessary flexibility to navigate through uncertain times.

The Auditor General also reports on the annual performance report and compliance with legislation and in both areas, nothing has been identified for reporting purposes.

To enhance accountability, GMA identifies and fully discloses any unauthorised, irregular as well as fruitless and wasteful expenditure incurred, which has been zero in the past 11 financial years.

A culture that enforces the principle that a clean audit is not only the responsibility of the finance section and that the process of achieving a clean audit starts on the first day of the financial year has been established in the GMA.

APPRECIATION

I would also like to take this opportunity to commend our dedicated finance team for their tireless efforts in ensuring timely and accurate financial reporting. Their commitment to upholding high standards of financial transparency has been instrumental in our consistent clean audit outcomes, providing stakeholders with confidence and trust in our financial performance.

I extend my gratitude to the GMA the Board and management for their ongoing counsel, guidance, and support. Collective inputs and thinking from a multitude of perspectives are always important. Appreciation also goes to the wider GMA family for their determination and efforts.

Our clean audit outcome for the eleventh consecutive year is a remarkable achievement that we can all be proud of. As we move forward, let us continue to work together to build upon this strong foundation, driving GMA toward greater success.

Thank you to everyone for your unwavering support.



Preston Mabena
CFO: GMA

"Additionally, our cash flow statement reflects a disciplined approach to cash management, providing GMA with the necessary flexibility to navigate through uncertain times".

GAUTRAIN MANAGEMENT AGENCY

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 I	Operational Commencement Date Phase 1
OCD 2	Operational Commencement Date Phase 2
PAYE	Pay As You Earn Tax
PFMA	Public Finance Management Act (Act 1 of 1999), as amended
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
PRA	Performance Reserve Account
Project	Gautrain Rapid Rail Link Project
PST	Provincial Support Team (Transaction Advisors to the Gautrain Project)
SED	Socio-Economic Development
SIP	Social Investment Programme
System	Gautrain Rapid Rail Link System
TRAC-SA	Technology Research Activity Centre of South Africa

GAUTRAIN MANAGEMENT AGENCY

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 01 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Ms P Moloto-Stofile	Appointed as Deputy Chairperson from 01 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr W Dachs	Chief Executive Officer - Appointed from 01 February 2020 to 31 January 2023 and reappointed from 01 February 2023 to 31 January 2024
	Dr P Dala	Appointed from 01 January 2018 to 31 December 2020 and reappointed from 01 January 2021 to 31 December 2023
	Mr A Mawela	Appointed on 01 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
	Ms L Mtiya	Appointed from 01 January 2021 and as Deputy Chairperson from 01 June 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 - 01 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 2023

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 seven 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, 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.

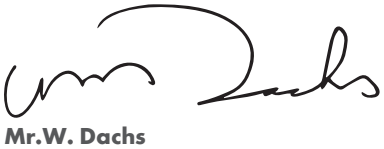
ANNUAL FINANCIAL STATEMENTS

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 2023 set out on pages 128 to 183 were approved on 31 May 2023 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 2023

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 Public Finance management Act (PFMA).

The Committee is pleased to present its report for the Financial Year ended 31 March 2023 in accordance with Section 37 of the GMA Act, PFMA, National 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 page 93 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 final year of its three-year term of office which ends on 31 December 2023.

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. At each meeting, 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: 01 APRIL 2022 TO 31 MARCH 2023

Member	Position	Attendance of Meetings
Mr Abel Mawela	Chairperson Independent Non-Executive	6 out of 6
Dr Prittish 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)	3 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 2022/23 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.

The Committee is satisfied that it has fulfilled its role and responsibilities as set out in the Terms of Reference and the Annual Work Plan for the 2022/23 Financial Year.

The Committee's activities for the 2022/23 Financial Year were as follows:

3.1 ANNUAL FINANCIAL STATEMENTS

The Committee received the quarterly consolidate finance report at each quarterly meeting. The Committee reviewed and examined the completeness, appropriateness and accuracy of the Annual Financial Statements for the year ended 31 March 2023. The Committee also reviewed 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 was 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 reviewed GMA's Enterprise-Wide Risk Management Framework, Policies and Procedures and monitored the implementation thereof. Considered risk associated with GMA's key projects namely Post-2026 Gautrain, Close out of the current Concession Agreement, Gauteng Rapid Rail Network (GRRIN) Extensions, Commercial and GMA's strategic risks and assessed the adequacy of the controls and the combined assurance delivered over the identified risks.

GMA's Risk Management Maturity for the 2022/23 Financial Year was measured at 89% as compared to 88% for the 2021/22 Financial Year and was achieved by the implementation of various initiatives.

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, thus conformed that the audit scope and key audit risks were appropriate.

The Committee reviewed the findings and recommendations of the External Auditor as reported in the 2022/23 Management Letter 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 Internal Audit and External Audit functions and ensured co- ordination between the Internal Audit Plan with the External Auditor's 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.

4. KEY FOCUS AREAS FOR 2023/24 FINANCIAL YEAR AND BEYOND

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, and compliance.
- Continue to focus on the IT environment and cloud migration to ensure focused data protection and increased cybersecurity to mitigate cybercrime.
- Review risk and opportunity registers including a disruption risk register.
- Review risks and opportunities associated with the following strategic projects:
  - Post-2026 Gautrain.
  - GRRIN Extensions.
  - Close out of the current Concession Agreement.
  - GMA Funding Strategy.
  - Commercial initiatives.

5. 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 2023.



Mr ABEL MAWELA
CHAIRPERSON: GMA AUDIT AND RISK COMMITTEE

GAUTRAIN MANAGEMENT AGENCY

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

The Members of the Board have pleasure in presenting their report for the year ended 31 MARCH 2023

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 2023 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)	2023	2022
Total income	409,191	517,227
Total expenditure excluding depreciation and amortisation	376,765	265,547
Total expenditure	1,408,231	1,315,675
Net surplus/ (loss) for the year	(999,040)	(798,449)
Net surplus/ (loss) for the year excluding depreciation and amortisation	32,426	251,679
Total assets	25,299,798	26,197,755
Total liabilities	1,261,810	1,160,823

GOING CONCERN

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

APPRECIATION

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

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

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

FOR THE YEAR ENDED 31 MARCH 2023

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 128 to 183, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts 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 2023, and its financial performance and cash flows for the year then ended in accordance with the South African 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 responsibilities of the auditor-general 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 2022-23 financial year, the public entity paid the operator R2 371 508 000 (2021-22: R2 286 368 000) 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 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.

Responsibilities of the auditor-general 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

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for outcomes presented in the annual performance report**.** The accounting authority is responsible for the preparation of the annual performance report.
14. I selected the following outcomes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected outcomes that measure the public entity's performance on its primary mandated functions and that are of significant public interest.

Outcomes	Page numbers	Outputs
To ensure reliable, efficient, affordable and sustainable rail service through maintaining high level of service excellence in all performance related matters.	44-45	Increase the ridership of the Gautrain system so as to minimise the patronage guarantee. Ensure the efficient provision of capacity by the Concessionaire to match demand on the system.
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.	44-45	Ensure the consistent and accurate application of the penalty regime in accordance with the CA so as to maintain a system and services that meets the specification and is attractive to passengers. Ensure that the management of the relationship with the concessionaire optimises performance delivery. To monitor, evaluate and assess the relevant legislative compliance of the concessionaire and the GMA for purposes of achieving appropriate compliance with the applicable prescripts.
To ensure sound financial management of all GMA revenue sources and safeguards the assets of the Project. To ensure that the concessionaire meets its obligations regarding the maintenance of the system to the benefit of the project and the Gauteng province.	46-47	To ensure the improved quality of overall financial management via efficient implementation of approved financial policies. To completely and accurately account for assets of the GMA, and to ensure adequate safeguarding, verification and accountability over these assets. To assure that the concessionaire meets its obligations regarding the maintenance of the assets.

15. I evaluated the reported performance information for the selected outcomes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
    - The indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - The indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - The reported performance information is presented in the annual performance report in the prescribed manner
    - There are adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion/ conclusion.
18. I did not identify any material findings on the reported performance information for the selected outcomes.

REPORT ON COMPLIANCE WITH LEGISLATION

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
22. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

23. The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
25. My responsibility is to read this other information and, in doing so, consider whether it 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.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL

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

Auditor-General

Johannesburg
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 selected requirements in key legislation.

FINANCIAL STATEMENTS

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
- Conclude on the appropriateness of the 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 public entity's 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

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.

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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Treasury	TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 31.2.1 TR 31.3.3 TR 31.1.2(c) TR 33.1.1 TR 16A9.1(b)(ii) TR 16A9.1(e) TR 16A9.1(f) TR 30.1.1 TR 30.1.3(a) TR 30.1.3(b) TR 30.1.3(d) TR 29.3.1 TR 30.2.1 TR 29.3.1 16A6.1 16A8.4 16A9.1(d) 16A6.2(a) & (b) 16A8.3 16A3.2(a); 16A6.4; 16A6.5 16A6.3(c) 16A9.1(d); 16A3.2 16A6.3 (a) and (b) 16A9.2(a)(ii) 8.2.1 and 8.2.2
Preferential Procurement Regulations of 2022 (PPR)	3(1) 4(1) 4(2) 4(3) 4(4) 5(1) 5(2) 5(3) 5(4) 5 (4)
Public Finance Management Act 1 of 1999 (PFMA)	PFMA 54(2)(c) PFMA 54(2)(d) PFMA 51(1)(e)(iii) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 57(b) PFMA 55(1)(c)(i) PFMA 55(1)(b) PFMA 55(1)(a) PFMA 38(1)(b) PFMA 45(b) PFMA 57(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	PRECCA 34(1)
PFMA instruction note no.3 of 2021/22	Definition par. 4.2 (b) Par 4.4 par. 4.3 par. 4.4 (c) par. 4.4.(d)
SCM Instruction Note 03 of 2021-22	Par 3.2.1 Par 4.1 par. 7.2 par 3.3.1 par. 4.2 (b)

Legislation	Sections or regulations
SCM Instruction No. 2 of 2021/22	par. 3.2.1 par. 3.2.4 par. 3.2.4 (b)
NT Instruction 07 of 2017/18	par 4.3
NT Instruction 4A of 2016/17	par 6
NT Instruction note 4 of 2015/16	par. 3.4
NT Instruction No 5 of 2020/21	Par 4.8 Par 4.9 par 5.3
Preferential Procurement regulations (PPR), 2011	PPR 2011 4(1) PPR 2011 4(3) PPR 2011 4(4) PPR 2011 4(5) PPR 2011 5(1) PPR 2011 5(2) PPR 2011 5(3) PPR 2011 5(5) PPR 2011 6(1) PPR 2011 6(2) PPR 2011 6(3) PPR 2011 6(5) PPR 2011 6(4) PPR 2011 7(1) PPR 2011 10 PPR 2011 11(2) PPR 2011 11(4) PPR 2011 11(5) PPR 2011 11(8)
Treasury Instruction note 11 of 2020/21	par. 3.1 par. 3.4 (b) and 3.9
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	PPPFA Section 2(1)(a) PPPFA Section 2(1)(f)
Second amendment NT Instruction No 5 of 2020/21	par 1
Construction Industry Development Board Act 38 of 2000 (CIDB)	CIDB Act section 18(1)
CIDB regulations	CIDB regulation 17 CIDB regulation 25 (7A)
Erratum NT Instruction note No 5	par 2
Preferential Procurement regulations (PPR), 2017	PPR 2017 5(1) PPR 2017 5(3) PPR 2017 5(6) PPR 2017 5(7) PPR 2017 6(1) PPR 2017 6(2) PPR 2017 6(3) PPR 2017 6(5) PPR 2017 6(6) PPR 2017 6(8) PPR 2017 7(1) PPR 2017 7(2) PPR 2017 7(3) PPR 2017 7(5) PPR 2017 7(6) PPR 2017 7(8) PPR 2017 8(2) PPR 2017 8(5) PPR 2017 9(1) PPR 2017 10(1) PPR 2017 10(2) PPR 2017 11(1)
Public Service Act	18(1),(2)

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 R '000	2022 R '000
ASSETS			
Current assets		**1,013,145**	**1,032,237**
Cash and cash equivalents	2	982,913	1,003,774
Receivables (Exchange transactions)	3.1	30,232	28,463
Non-current assets		**24,286,653**	**25,165,517**
Property, plant and equipment	4	24,280,479	25,159,439
Heritage assets	5	3,295	3,295
Intangible assets	6	1	1
Receivables (Exchange transactions)	3.2	2,878	2,782
TOTAL ASSETS		**25,299,798**	**26,197,755**
LIABILITIES			
Current liabilities		**1,180,978**	**1,084,168**
Payables (Exchange transactions)	7	286,651	256,492
Finance lease liability	8	1,134	683
Obligations arising from restricted SIP funds	9	20,166	19,340
Obligations arising from restricted Project funds	10	804,292	745,028
Other liabilities (Exchange transactions)	13	63,302	50,020
Provisions	11	5,433	12,606
Non-Current Liabilities		**80,833**	**76,655**
Finance lease liability	8	299	360
Obligations arising from restricted Concessionaire funds	12	80,534	72,495
Other liabilities (Exchange transactions)	13	-	3,800
TOTAL LIABILITIES		**1,261,809**	**1,160,823**
Accumulated surplus/(Deficit)		24,037,989	25,036,932
TOTAL NET ASSETS AND LIABILITIES		**25,299,798**	**26,197,755**

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 R '000	2022 R '000
REVENUE			
Revenue from non-exchange transactions	12.	**336,846**	**493,658**
Government grants		336,846	493,658
Revenue from exchange transactions	15.	**72,345**	**23,569**
Finance income		50,543	23,080
Licences and Permits		17,345	452
Other income		4,458	37
TOTAL REVENUE		**409,191**	**517,227**
EXPENDITURE		**1,408,230**	**1,315,675**
Board and committee member remuneration	16.	1,801	1,765
Employee costs	17 & 18	194,679	162,044
Depreciation	19.	1,031,466	1,050,088
Amortisation	19.	0	40
Finance costs		154	40
GMA Operational expenditure	20.0	169,563	101,291
DLTC Expenses	20.1	10,568	408
NET SURPLUS/ (DEFICIT) FOR THE YEAR		**(999,039)**	**(798,449)**

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Accumulated Surplus/ (Deficit) R '000	Total Amount R '000
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**
PY DLTC payable	95	95
Net surplus/ (loss) for the year	(999,039)	(999,039)
Balance as at 31 MARCH 2023	**24,037,989**	**24,037,989**

GAUTRAIN MANAGEMENT AGENCY

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Notes	2023 R '000	2022 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**2,918,589**	**2,906,338**
Grant income		2,657,566	2,776,816
Interest received		53,627	53,841
Operating period penalty income		1,376	74
Net Performance Reserve account receipts		5,343	4,266
Other income		200,556	71,340
Insurance claim GMA		121	1
Payments		**(2,926,165)**	**(2,672,452)**
Project expenditure		(2,550,449)	(2,391,674)
Board and committee member remuneration		(1,389)	(1,799)
Employee and related costs		(188,210)	(153,281)
External audit fees		(3,494)	(3,243)
SIP expenditure		(290)	(46)
Operating expenditure		(182,333)	(122,409)
Net cash from operating activities	**21.**	**(7,576)**	**233,885**
CASH FLOWS FROM INVESTING ACTIVITIES		**(12,218)**	**(4,205)**
Acquisition of property, plant and equipment		(12,218)	(4,205)
Acquisition of intangible assets		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(1,066)**	**(445)**
Finance lease payments		(1,066)	(445)
Net increase(Decrease) in cash and cash equivalents		**(20,860)**	**229,235**
Cash and cash equivalents at beginning of the year		**1,003,774**	**774,541**
Cash and cash equivalents at end of the year		**982,913**	**1,003,774**

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

GAUTRAIN MANAGEMENT AGENCY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 2023 R '000	Revised Budget 2023 R '000	Actual Amounts on a Comparable Basis 2023 R '000	Funds from Prior Period and Other Income 2023 R '000	Difference Between Revised Budget, Funds From Prior Period and Actual Amounts 2023 R '000
Final budget appropriation		**2,657,566**	**3,034,910**	**3,034,910**	**-**	**-**
Approved budget		2,657,566	2,657,566	2,657,566	-	-
Funds from previous year		-	243,309	243,309	-	-
Other income - RUF & Other			101,628	101,628		
Other income - DLTC		-	17,345	17,345	-	-
Other Income -(Interest income,PLTC,Sales & rental)		-	15,062	15,062	-	-
Payments		**2,657,566**	**2,657,566**	**2,975,767**	**325,946**	**7,746**
Project expenditure		**2,312,589**	**2,312,589**	**2,606,212**	**270,604**	**(23,019)**
Construction costs		-	-	-	-	-
Land costs		-	-	-	-	-
Operating payment/ Patronage guarantee		2,161,489	2,161,489	2,487,354	270,604	(55,261)
Operating period variations		82,679	82,679	73,667		9,012
System improvements		68,421	68,421	45,191	-	23,230
Operating and support costs		**344,977**	**344,977**	**369,554**	**55,342**	**30,765**
DLTC - Expenditure		-	-	-	10,568	10,568
Operating expenditure		267,586	267,586	281,341	-	(13,755)
GMA capex costs		11,227	11,227	12,218	-	(991)
Specialised technical services		44,827	44,827	63,202	27,330	8,956
Legal and additional commercial costs		17,864	17,864	10,278	17,444	25,030
Independent monitor costs		3,472	3,472	2,514	-	958
Net receipts/ Budget surplus	22.	**-**	**-**	**-**	**325,946***	**7,746**

** R 325 ,9 million was spent from funds from the previous year and other income for Patromage Guarantee and other expenses in the current year.*

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.1 Presentation of the Annual Financial Statements (continued)

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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. 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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.2 Property, Plant and Equipment (continued)

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
• Rolling stock	• 15 years
• Commercial Assets	• 30 years

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

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

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

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

IMPAIRMENT

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

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

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.2 Property, Plant and Equipment (continued)

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.4 Intangible Assets (continued)

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

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

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

SUBSEQUENT EXPENDITURE

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

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

AMORTISATION

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

The range of estimated useful lives are as follows:

Gautrain System assets	
• Servitudes	• Infinite
GMA assets	
• Computer software	• 2-8 years
• Computer licenses	• Over the period of the license

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

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

IMPAIRMENT

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

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

REVERSAL OF IMPAIRMENT

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

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

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

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

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.4 Intangible Assets (continued)

DERECOGNITION:

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

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

1.5 PROVISIONS AND OTHER LIABILITIES

A provision is a liability of uncertain timing or amount.

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

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

1.6 OBLIGATIONS ARISING FROM RESTRICTED FUNDS

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

OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

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

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

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

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.6 Obligations Arising from Restricted Funds (continued)

imposed on the Concessionaire after OCD 2. The funds in this account are ring-fenced, as no other payments from or to the PRA are allowed, except as permitted by and in accordance with the Concession Agreement and as summarised above.

OBLIGATIONS ARISING FROM RESTRICTED INSURANCE PROCEEDS ACCOUNT

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

1.7 FINANCE LEASES

RECOGNITION

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

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

MEASUREMENT

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

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

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

DERECOGNITION

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

1.8 COLLABORATION PROJECT FUNDS

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

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

1.9 CONTINGENCIES AND COMMITMENTS

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

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1.9 Contingencies and Commitments

A contingent liability is:

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

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

1.10 REVENUE (Non-Exchange Transactions)

GOVERNMENT GRANTS

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

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

1.11 REVENUE (Exchange Transactions)

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

FINANCE INCOME

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

Finance income comprises 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:

GAUTRAIN MANAGEMENT AGENCY

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FOR THE YEAR ENDED 31 MARCH 2023

1.13 Employee Benefits (continued)

- A liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GMA recognises the excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund to the GMA; and
- As an expense in the Statement of Financial Performance.

SHORT-TERM COMPENSATED ABSENCES

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement is not used in full. The GMA recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the GMA.

  The GMA measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the GMA. The GMA recognises no liability or expense until the time of the absence, because employee service does not increase the amount of the benefit.

BONUS, INCENTIVE AND PERFORMANCE RELATED PAYMENTS

- The GMA recognises a liability and an expense for the expected cost of bonus, incentive and performance related payments when it has a present legal or constructive obligation to make such payments as a result of past events; and a reliable estimate of the obligation can be made.

POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAN

RECOGNITION AND MEASUREMENT

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

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

1.14 OPERATING LEASES

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

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

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

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1.15 IRREGULAR EXPENDITURE

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

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.17 TAXES AND LEVIES

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

1.18 TAXATION

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

1.19 RELATED PARTIES

A related party to the GMA is a person or entity with the ability to control or jointly control the GMA, or exercise significant influence over the GMA and vice versa, or an entity that is subject to common control, or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the GMA, but is not in control over those policies. A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

GAUTRAIN MANAGEMENT AGENCY

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1.20 SUBSEQUENT EVENTS

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

- The GMA shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date, and
- The GMA shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date for those events that are indicative of conditions that arose after the reporting date.

1.21 BUDGET INFORMATION

The GMA includes an additional financial statement on comparison of budget amounts and actual amounts arising from the execution of the Budget in its annual financial statements, together with disclosure of the reasons for material differences between the approved budget, final budget and actual amounts. This reporting disclosure assists the GMA to discharge its accountability obligations and enhances the transparency of the annual financial statements, by demonstrating compliance with the approved budget for the financial year, for which the GMA is held publicly accountable.

The Statement of Comparison of Budget and Actual Amounts presents separately, for each level of governance oversight, the approved and final budget amounts and the actual amounts on a comparable basis to the budget. The budget adopts a cash basis of accounting, whilst the annual financial statements are prepared on the accrual basis of accounting. In order to assist users in understanding the application of the budget, the GMA includes a separate reconciliation of actual amounts on a comparable basis to the budget, to the actual amounts in the annual financial statements (net surplus in the Statement of Financial Performance). The GMA is committed to expend funds and operate within the limits of its approved budget allocation.

1.22 SEGMENT REPORTING

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

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

1.23 FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, other receivables, liabilities (accruals) and other payables.

INITIAL RECOGNITION

The GMA recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the GMA becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.23 Financial Instruments (continued)

INITIAL MEASUREMENT

When a financial instrument is recognised, the GMA measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- -Financial instruments at cost.

DERECOGNITION

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
  a. Significant risks and rewards are transferred to another party; or
  b. Despite having retained significant risks and rewards, the GMA has transferred control of the asset to another entity.

- A financial liability is derecognised when the obligation has ceased. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in Statement of Financial Performance.

OFFSETTING

The GMA does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

IMPAIRMENT

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

FINANCIAL ASSETS HELD AT AMORTISED COST:

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

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

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

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1.23 Financial Instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

FINANCIAL ASSETS HELD AT COST:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value.

Cash and cash equivalents comprise cash at the bank including deposits held at call with banks. These are short-term, highly liquid investments, readily convertible into known amounts of cash, held with registered banking institutions, and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank including deposits held on call with banks.

RECEIVABLES

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the GMA will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of any debtor, probability that the debtor will be bankrupt or under financial administration, and default or delinquency in payments, are considered indicators that the receivable is impaired, and that a provision should be raised.

The provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest rate and is recognised in the Statement of Financial Performance. Uncollectable debts are written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance.

PAYABLES

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.24 FINANCIAL RISK MANAGEMENT

The entities activities expose it to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

The GMA Board has overall responsibility for the establishment and oversight of the GMA's Risk Management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the GMA's risk management policies. The Committee reports regularly to the Board on its activities. The GMA's risk management policies and systems are established to identify and analyse the risks faced by the GMA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.24 Financial Risk Management (continued)

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

GAUTRAIN MANAGEMENT AGENCY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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	Financial Period
GRAP 1: Presentation on Financial Statements	The new standard amendements prescribe what events or conditions may management consider when assessing going concern and material uncertainties	Effective for reporting periods beginning on or after 1 April 2023
GRAP 103: Heritage Assets	The new standard amendements prescribe the principles for recognising, measuring,presenting and disclosing Heritage Assets. The impact of this is currently being assessed by management.	Effective for reporting periods beginning on or after 1 April 2023
GRAP 104: Financial Instruments	The new standard amendements prescribe 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 2023

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2. CASH AND CASH EQUIVALENTS

	2023 R '000	2022 R '000
Bank - Current account	882,791	912,215
Social Investment Programme funds	20,130	19,362
Performance Reserve Account funds	79,594	71,818
Insurance Proceeds account	398	379
TOTAL	**982,913**	**1,003,774**

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

	2023 R '000	2022 R '000
Accrued income	**15,654**	**20,534**
Accrued interest income	13,667	18,739
Accrued interest income - SIP funds	108	636
Accrued bus savings	1,041	769
Accrued interest on bus savings	839	389
Other receivables	**12,679**	**6,165**
TAG receivable	9,484	3,317
DLTC Recievable	211	23
Collaboration project funds - DBSA	2,985	2,825
Prepayments	**1,898**	**1,765**
Operating expenditure	1,898	1,765
TOTAL	**30,232**	**28,463**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

3. RECEIVABLES (EXCHANGE TRANSACTIONS) (continued)

3.2 Receivables (Exchange Transactions) - Non-current assets

3.2 RECEIVABLES (EXCHANGE TRANSACTIONS) - NON-CURRENT ASSETS

	2023 R '000	2022 R '000
Deposit	**2,878**	**2,782**
Rental deposit	2,173	2,173
Interest accrued on rental deposit	705	609
TOTAL	**2,878**	**2,782**

4. PROPERTY, PLANT AND EQUIPMENT

	2023 R '000	2022 R '000
Gautrain system assets	24,263,873	25,145,629
GMA assets	16,606	13,810
	24,280,479	**25,159,439**

4.1 GAUTRAIN SYSTEM ASSETS

	2023			2022		
	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	9,560,719	20,745,401	30,306,120	8,708,719	21,597,401
Plant and equipment	434,025	193,656	240,369	434,025	174,190	259,835
Rolling stock	4,017,464	1,168,149	2,849,315	4,017,464	1,048,065	2,969,399
Buses	441,366	85,896	355,470	365,981	116,364	249,617
Infrastructure - work in progress	61,391	-	61,391	64,998	-	64,998
Commercial Assets	7,742	194	7,548	-	-	-
	35,272,487	**11,008,614**	**24,263,873**	**35,192,967**	**10,047,338**	**25,145,628**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.1 Gautrain System assets (continued)

Reconciliation - 2023	Opening balance	Additions	Capitalisation	Write-off	Depreciation	Closing balance
Land	4,379	-	-	-	-	4,379
Infrastructure assets	21,597,401	-	-	-	852,001	20,745,400
Plant and equipment	259,836	-	-	-	19,465	240,370
Rolling stock	2,969,398	-	-	-	120,084	2,849,315
Buses	249,617	135,522	-	-	29,669	355,470
Infrastructure - work in progress	64,998	4,135	(7,742)	-	-	61,391
Commercial Assets	-	-	7,742	-	194	7,548
Carrying value - 2023	**25,145,628**	**139,657**	**-**	**-**	**1,021,413**	**24,263,873**

Reconciliation - 2022	Opening balance	Additions	Capitalisation	Write-off	Depreciation	Closing balance
Land	4,379	-	-	-	-	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	2,969,398
Busses	275,554	-	-	-	25,937	249,617
Infrastructure - work in progress	342,946	-	277,948	-	-	64,998
Carrying value - 2022	**26,154,075**	**315,860**	**277,948**	**-**	**1,046,358**	**25,145,628**

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 118 Busses and is currently in the process of replacing the remaining 7 Busses.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 GMA assets

4.2 GMA ASSETS

	2023			2022		
	R'000	R'000	R'000	R'000	R'000	R'000
SUMMARY	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Motor vehicles	947	947	-	947	848	99
Office equipment	4,531	3,272	1,259	4,161	3,310	851
Computer equipment	24,247	15,643	8,604	18,500	16,045	2,455
Furniture & fittings	8,258	2,762	5,496	7,241	2,839	4,402
Leasehold improvements	15,309	15,309	-	15,277	10,257	5,020
Leased office equipment	2,260	1,059	1,201	1,507	524	983
TOTAL	**55,552**	**38,992**	**16,560**	**47,633**	**33,823**	**13,810**

Reconciliation - 2023	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Motor vehicles	99	-	-	-	99	-
Office equipment	851	690	-	1	280	1,260
Computer equipment	2,455	9,836	(46)	1,325	2,315	8,604
Furniture & fittings	4,402	4,005	-	1,662	1,249	5,496
Leasehold improvements	5,020	-	32	-	5,052	(0)
Leased office equipment	983	1,585	-	310	1,057	1,201
Carrying value - 2023	**13,810**	**16,115**	**(14)**	**3,298**	**10,053**	**16,560**

Reconciliation - 2022	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Motor vehicles	198	-	-	-	99	99
Office equipment	993	47	(0)	-	189	851
Computer equipment	3,232	153	97	-	1,026	2,455
Furniture & fittings	392	4,196	(23)	(50)	213	4,402
Leasehold improvements	6,955	-	-	(302)	1,633	5,020
Leased office equipment	779	982	-	207	571	983
Carrying value - 2022	**12,549**	**5,377**	**73**	**(145)**	**3,730**	**13,810**

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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

5. HERITAGE ASSETS

5.1 Gautrain system assets

5. HERITAGE ASSETS

5.1 GAUTRAIN SYSTEM ASSETS

	2023			2023		
	R'000	R'000	R'000	R'000	R'000	R'000
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Infrastructure heritage asset	3,295	-	3,295	3,295	-	3,295
	3,295	**-**	**3,295**	**3,295**	**-**	**3,295**

Reconciliation - 2023	Opening balance	Transfers	Disposals	Write-off	Depreciation	Closing balance
Infrastructure heritage asset	3,295	-	-	-	-	3,295
Carrying value - 2023	**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**

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

	2023 R '000	2022 R '000
Gautrain system assets	1	1
	1	**1**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

6. INTANGIBLE ASSETS (continued)

6.1 Gautrain System assets

6.1 GAUTRAIN SYSTEM ASSETS

	2023			2023		
	R'000	R'000	R'000	R'000	R'000	R'000
SUMMARY	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Servitudes	1	-	1	1	-	1
TOTAL	**1**	**-**	**1**	**1**	**-**	**1**

Reconciliation - 2023	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	-	-	-	-	1
Carrying value - 2023	**1**	**-**	**-**	**-**	**-**	**1**

Reconciliation - 2022	Opening balance	Additions/ Transfers	Disposals	Write-off	Depreciation	Closing balance
Servitudes	1	-	-	-	-	1
Carrying value - 2022	**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.

6.2 GMA ASSETS

	2023			2023		
	R'000	R'000	R'000	R'000	R'000	R'000
SUMMARY	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Computer software	-	1	1	9,802	9,804	1
TOTAL	**-**	**1**	**1**	**9,802**	**9,764**	**1**

Reconciliation - 2023	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	(9,801)	-	-	-	(9,802)	1
Carrying Value - 2023	**(9,801)**	**-**	**-**	**-**	**(9,802)**	**1**

Reconciliation - 2022	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Computer software	1	-	-	-	-	1
Carrying Value - 2022	**1**	**-**	**-**	**-**	**-**	**1**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

7. PAYABLES (EXCHANGE TRANSACTIONS)

	2023 R '000	2022 R '000
Accrued project expenditure	230,714	209,763
Accrued operational expenditure	14,970	13,122
Accrued leave, Pension and bonus expenditure	40,738	33,607
DLTC Accrued leave	229	-
TOTAL	**286,651**	**256,492**

8. FINANCE LEASE LIABILITY

	2023		
	R'000	R'000	R'000
	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases - 2023			
Within one year	1,046	88	1,134
Within two to five years	287	11	299
TOTAL FINANCE LEASE LIABILITY	**1,333**	**100**	**1,433**
Less: Amount due for settlement within 12 months (current portion)	(1,046)	(88)	(1,134)
TOTAL NON-CURRENT LEASE LIABILITY	**287**	**11**	**299**

The lease term varied between 1 and 2 years and the average effective borrowing rate applied is 11,25%. Interest rates are not fixed. All leases have fixed repayment terms.

	2022		
	R'000	R'000	R'000
	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases - 2022			
Within one year	621	61	682
Within two to five years	345	15	360
TOTAL FINANCE LEASE LIABILITY	966	77	1,043
Less: Amount due for settlement within 12 months (current portion)	(621)	(61)	(683)
TOTAL NON-CURRENT LEASE LIABILITY	**345**	**15**	**360**

The average lease term is 2 years and the average effective borrowing rate is 11.25% (linked to prime interest rate). All leases have fixed repayment terms.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

9. OBLIGATIONS ARISING FROM RESTRICTED SIP FUNDS

	2023 R '000	2022 R '000
Social Investment Programme Fund (SIP)	20,166	19,340
TOTAL	**20,166**	**19,340**
Reconciliation - Movement during the year:		
(Includes all accrued income and expenditure)		
Obligation at the beginning of the year	19,340	18,739
Add: Interest income	1,057	646
Less: Expenditure	(231)	(45)
Obligation at the end of the year	**20,166**	**19,340**

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS

	2023 R '000	2022 R '000
Provincial Grants:		
MTEF Equitable Share	642,856	603,843
Private Sector		
Private Sector	161,436	141,185
TOTAL	**804,292**	**745,028**
Reconciliation of movement during the year:		
Obligation at the beginning of the year	745,028	783,672
Add: Project Funds received during the year - capital	2,530,658	2,822,819
Less: Project Expenditure paid during the year - capital	(2,471,394)	(2,327,155)
Less: Projects Funds From Previous Periods	-	(534,308)
Obligation at the end of the year	**804,292**	**745,028**

10.1 PROJECT FUNDS RECEIVED DURING THE YEAR

Project income earned (includes all accrued income)		
Public Sector	**2,312,589**	**2,776,816**
MTEF Equitable Shares	2,312,589	2,776,816
Private sector	**218,070**	**46,003**
Performance deductions	814	74
Rental income	1,339	1,240
Interest on bus savings	8,131	3,595
Bus savings	12,120	13,930
RUF Revenue	195,666	27,164
TOTAL	**2,530,659**	**2,822,819**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

10. OBLIGATIONS ARISING FROM RESTRICTED PROJECT FUNDS (continued)

10.2 Project Expenditure Incurred During the Year

10.2 PROJECT EXPENDITURE INCURRED DURING THE YEAR

	2023 R '000	2022 R '000
Project expenditure incurred (includes all accrued expenditure)		
Operating period variation costs	40,416	12,412
System improvements & repairs	59,470	28,375
Patronage guarantee cost	2,371,508	2,286,368
TOTAL	**2,471,394**	**2,327,155**

10.3 ANALYSIS OF THE MOVEMENT DURING THE YEAR:

Provincial - MTEF Equitable Share		
Obligation at the beginning of the year	283,360	(167,615)
Add: Current year receipts	2,312,589	2,776,816
Less: Project expenditure	(2,469,241)	(2,325,841)
	126,708	**283,360**
Other Private Sector Income		
Add: Obligation at the beginning of the year	201,185	183,660
Add: Performance deductions	814	74
Add: Rental income	1,339	1,240
Add: Interest on bus savings	8,131	3,595
Add: Bus savings	12,120	13,930
Less: Project expenditure	(2,153)	(1,314)
	221,436	**201,185**

11. PROVISIONS

	2023 R '000	2022 R '000
Land provision	5,433	12,606
TOTAL	**5,433**	**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	(7,173)	-
Closing balance	**5,433**	**12,606**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS (continued)

12. OBLIGATIONS ARISING FROM RESTRICTED CONCESSIONAIRE FUNDS

	2023 R '000	2022 R '000
Obligations arising from:		
• Restricted Performance Reserve Account funds	80,133	72,115
• Restricted Insurance Proceeds funds	401	380
	80,534	**72,495**
Obligations arising from restricted Performance Reserve Account funds		
(Includes all accrued income and expenditure)		
Restricted Performance Reserve account	80,133	72,115
TOTAL	**80,133**	**72,115**

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.

	2023 R '000	2022 R '000
Obligations arising from Restricted Insurance Proceeds funds		
Restricted Insurance Proceeds account	401	380
TOTAL	**401**	**380**
Reconciliation - Movement during the year:		
(Includes all accrued income and expenditure)		
Obligation at the beginning of the year	380	369
Add: Interest income	21	11
Obligation at the end of the year	**401**	**380**

The Insurance Proceeds account is used for the receipt of insurance proceeds to the Concessionaire as a result of successful insurance claims from the Gautrain System assets pursuant to Schedule 18 of the Concession Agreement. These funds are restricted.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)

13. OTHER LIABILITIES (EXCHANGE TRANSACTIONS)

	2023 R '000	2022 R '000
Other liabilities (Exchange Transactions) - Current liability		
Rental deposit payable	130	130
IFM Project Funds	60,693	49,590
DLTC Payables/AARTO	939	299
DLTC Payables/Dept	4,011	-
Operating lease liability	**(2,471)**	**-**
	63,301	**50,020**
Other liabilities (Exchange Transactions) - Non-current liability		
Operating lease liability	-	(231)
Other Project related liability	-	6,347
TOTAL	**-**	**6,116**
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	(231)	2,316
Movement	(2,241)	(2,547)
Closing balance	**(2,471)**	**(231)**

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	**6,347**	**38,924**
Movement during the year	(6,347)	(32,577)
Closing balance	**(0)**	**6,347**

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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

14. REVENUE FROM NON-EXCHANGE TRANSACTIONS

14. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2023 R '000	2022 R '000
MTEF funding	336,846	493,658
Sub Total		
TOTAL	**336,846**	**493,658**

15. REVENUE FROM EXCHANGE TRANSACTIONS

	2023 R '000	2022 R '000
Finance income	**50,543**	**23,080**
Other income	**4,458**	**37**
Insurance claim GMA	125	1
Management support fee	3,942	-
Profit on sale of Assets	391	36
DLTC Licences and Permits	**17,345**	**452**
Drivers Licences	13,378	376
Drivers Licences Permit	2,538	68
Magement fee/Traffic fines	257	8
PDP Permits & other income	1,172	-
TOTAL	**72,345**	**23,569**

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 Proffessional 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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

	2023			
Board member remuneration - 2023	**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	168	2	350
Ms P Moloto-Stofile	90	121	0	211
Mr A Mawela	104	105	1	210
Mr D Nadison	90	139	2	230
Dr P Dala	112	162	1	275
Ms L Mtiya (Deputy Chairperson)	90	121	1	212
Mr S Zamxaka	-	-	-	-
Ms R Mabusela-Jonga	103	110	3	216
TOTAL	**769**	**926**	**10**	**1,705**

	2023		
Audit & Risk Committee remuneration	**R '000**	**R '000**	**R '000**
Names of Audit & Risk Committee members	Attendance fees	Other expenses	Total remuneration
Mr A Mawela	50	-	50
Dr P Dala	21	-	21
Mr S Zamxaka	-	-	-
Ms R Mabusela-Jonga	25	-	25
TOTAL	**96**	**-**	**96**
TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2023			**1,801**

	2022			
Board member remuneration - 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	-	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	1	197
TOTAL	**720**	**930**	**2**	**1,653**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

16. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION (continued)

	2022		
Audit & Risk Committee remuneration	**R '000**	**R '000**	**R '000**
Names of Audit & Risk Committee members	Attendance fees	Other expenses	Total remuneration
Mr A Mawela	50	-	50
Dr P Dala	35	-	35
Mr S Zamxaka	-	-	-
Ms R Mabusela-Jonga	28	-	28
TOTAL	**112**	**-**	**112**
TOTAL BOARD MEMBERS' AND OTHER COMMITTEE MEMBERS' REMUNERATION - 2022			**1,765**

17. EXECUTIVE MANAGEMENT REMUNERATION

		2023					
		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	4,959	635	1,888	-	-	7,482
Mr T Kgobe	COO	4,208	553	1,399	48	-	6,207
Mr R.Pillay	CCO	2,535	364	741	-	-	3,640
Mr P Mabena	CFO	3,755	493	1,312	-	-	5,560
Mr N Magoai	SEM: Legal	2,531	364	792	-	-	3,687
Dr. B Jensen Vorster	SEM: Communications & Marketing	2,741	382	811	-	-	3,935
Ms P Yende	SEM: Corporate Services	2,213	303	761	-	-	3,277
Miss NF Lugisani	Chief Information & Digital Officer	3,063	417	896	74	-	4,450
Mr.S.Mabaso	SEM: Technical Services	2,567	358	518	143	-	3,586
TOTAL		**28,572**	**3,869**	**9,118**	**265**	**-**	**41,823**

Bonuses are paid in arrears, thus the amounts disclosed above related to bonuses paid for the prior financial period.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

17. EXECUTIVE MANAGEMENT REMUNERATION (continued)

		2022					
		R '000	R '000	R '000	R '000	R '000	R '000
		Basic salary	Company contributions	Bonus	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.

18. EMPLOYEE COSTS

	2023 R '000	2022 R '000
Salaries, bonuses and allowances	170,379	141,674
Increase/(Decrease) in leave accrual	1,163	419
Increase/(Decrease) in Bonus accrual	7,588	7,539
Leave paid	421	176
Provident fund contributions & Subsidy	13,159	10,875
Employer contributions	1,969	1,361
TOTAL	**194,679**	**162,044**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

19. DEPRECIATION AND AMORTISATION COSTS

19. DEPRECIATION AND AMORTISATION COSTS

	2023 R '000	2022 R '000
Depreciation	**1,031,466**	**1,050,088**
Gautrain system assets	1,021,413	1,046,358
GMA assets	10,053	3,730
Amortisation	**-**	**40**
GMA assets	-	40
TOTAL	**1,031,466**	**1,050,128**

20. GMA OPERATIONAL EXPENDITURE

	2023 R '000	2022 R '000
Project support consultants - Transaction advisors	9,609	19,650
Technical costs, communication & public relations & land procurement	3,537	5,647
Commercial costs	6,072	14,003
Independent monitor costs	2,510	2,749
Independent socio-economic monitor costs	2,510	2,749
Travel, accommodation, entertainment & subsistence	1,307	118
Recruitment costs	1,356	1,068
Employee wellness	335	98
Loss of assets due to write-offs, donations & theft	-	71
Training & membership fees	2,522	1,803
Maintenance costs	302	268
Audit fees	3,703	3,441
Marketing and communication initiatives	21,099	16,480
Legal Expenses	-	-
Consultant costs	80,910	26,020
Building rent and utilities	18,727	11,852
Office running costs	2,699	38
Insurance costs	2,479	1,581
IT related costs	20,508	14,948
Corporate affairs	626	323
GYM Expenses	870	782
TOTAL	**169,563**	**101,291**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

20. GMA OPERATIONAL EXPENDITURE (continued)

20.1 DLTC Expenditure

20.1 DLTC EXPENDITURE

	2023 R '000	2022 R '000
DLTC Expenses	**10,568**	**408**
Registration Fee	-	4
Bank Charges	514	11
Subsistence allowance	-	26
Licences Card orders	4,635	44
AARTO /Traffic fines	-	95
Paycost - Emp - Salaries	3,426	225
Employee- Training	171	-
Stationery	425	-
Comms - Exhibitions	297	-
Recruitment cost	371	-
Utilities	11	-
Paycost - Emp - Overtime	418	-
Paycost - General rembursement	33	-
Paycost - Leave pay	233	-
Paycost - Emp - CC UIF	35	2

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

21. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2023 R '000	2022 R '000
Net Deficit per the Statement of Financial Performance	(999,039)	(798,449)
Adjusted for:		
Amortisation	-	40
Depreciation	1,031,466	1,050,088
Increase in provisions relating to employee cost(leave accrual)	1,163	419
Increase in provisions relating to employee cost (Bonus accrual)	7,588	7,322
Items shown separately on the face of cash flow statement	(210,417)	(43,997)
GMA RUF REVENUE	(195,666)	(27,164)
PRO Interest income - Project	(479)	(1,588)
PRO Other income - Performance	(814)	(74)
PRO Other income - Bus savings	(12,120)	(13,930)
PRO Other income - Rental Inco	(1,339)	(1,240)
Other non-cash items related to assets:	62,541	(2,009)
Write-off of assets, donations, profit/loss on sale of assets	3,298	34
Funds from previous year	55,342	-
Finance costs	154	-
Lease and other movement	3,747	(2,043)
Increase/(Decrease) in current liabilities	**96,809**	**59,446**
Increase/(Decrease) in non-current liabilities	**4,177**	**(30,851)**
(Increase)/Decrease in receivables	**(1,864)**	**(8,125)**
Net cash inflows from operating activities	**(7,576)**	**233,885**

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

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	2023 R '000
Net Deficit per the Statement of Financial Performance	(999,039)
Base adjusted for:	
Amortisation	-
Depreciation	1,031,466
Other non-cash items related to assets:	62,387
Write-off of assets, donations, profit/loss on sale of assets	3,298
Funds from previous year	55,342
Lease and other movement	3,747
Increase/(decrease) in current liabilities	96,809
Increase in non-current liabilities	4,177
(Increase)/Decrease in receivables	**(1,864)**
Cash flows from operating activities	**193,936**
Net cash from investing activities	**(12,218)**
Acquisition of property, plant and equipment	(12,218)
Acquisition of intangible assets	-
Net cash from financing activities	**-**
Finance lease payments	-
Net increase in cash and cash equivalents	**(20,860)**
Other items not included in the budget:	**253,872**
Interest income	53,627
Security budget	9,255
Bus savings received	10,929
Net SIP fund expenditure	(1,628)
Net Performance Reserve account receipts	5,343
Other Income	176,225
Insurance income & Proceeds on sale of Assets	121
Net Surplus/ (deficit) before Project Funds from previous period	**253,872**
Less: Funds from previous period	**(246,126)**
Net Receipts	**7,746**

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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. CONTINGENCIES AND COMMITMENTS

23.1 Commitments

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 monthly 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's expect the PG to grow at CPI given that growth has now stabilised and the MRTR increases at a rate above inflation. The Patronage Guarantee payment for the 2022-23 financial year is disclosed in note 10. GMA had planned to transport 5 339 240 rail passengers and 1 552 040 bus passengers. GMA have managed to transport 7 132 622 rail passengers and 2 326 389 bus passengers by year end.The Patronage Guarantee exposure is capped as per the Concession Agreement (Minimun Required Total Revenue less the Concessionaire Demand Forecast).

	Contract End date	2023 R '000	2022 R '000
Contractual commitments			
Information technology goods & services	2023	16,590	31,907
General consultants	2023	2,263	3,793
Technical consultants	Time Driven	164,279	148,630
Communication & marketing initiatives	2023	9,791	16,804
Capital commitments			
Capital Variations Commitments		52,330	84,647
		245,254	**285,782**

23.2 OPERATING LEASE COMMITMENTS:

	2023 R '000	2022 R '000
Total future minimum lease payments due:	25,213	28,079
• within one year	9,455	9,943
• within two to five years	15,758	18,136
• five years onwards	-	-
	25,213	**28,079**

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 annaul 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 esclation between 8% and 9% over the period of the lease.

Further more 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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

23. CONTINGENCIES AND COMMITMENTS (continued)

23.3 Operating Lease Commitments

23.3 OPERATING LEASE COMMITMENTS:

	2023 R '000	2022 R '000
Leases expense	870	782

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 in the South Gauteng High Court against Zurich SA (Pty) Ltd for the physical damage caused to the tunnel (Construction All Risk) between Marlboro portal and Rosebank station during construction. The matter was heard from October 2019 and finalised on 17 November 2020. Judgment, on the merits, was granted in favour of the Province, on 02 March 2021. Zurich was subsequently granted leave to appeal, on 15 June 2021. The appeal was heard on 16 August 2022, in the Supreme Court of Appeal, and judgment, in favour of the Province, was delivered on 28 September 2022. The Province has since recovered an amount of R700 000 from Zurich, in respect of the costs incurred in the Supreme Court of Appeal process. The process to recover the quantum, on behalf of the Province, is currently underway.

Land Cost Disputes

This relates to land disputes raised by the property owners on the valuation of their expropriated properties. An estimate of R38,2 million has been claimed. These claims are dependent on the dates and outcome of court cases, therefore a provision has not been raised.

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 recievables'.

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.

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

	2023 R '000	2022 R '000
Financial assets - at carrying value		
Cash and cash equivalents	982,913	1,003,774
Accrued income	15,654	20,534
Other receivables	12,679	6,165
Rental Deposit	2,878	2,782
TOTAL	**1,014,125**	**1,033,255**
Financial liabilities - at carrying value		
Payables	245,684	222,885
Finance lease liability	1,433	1,043
Other liabilities	63,302	53,820
Obligations arising from restricted SIP funds	20,166	19,340
Obligations arising from restricted Project funds	804,292	1,279,336
Obligations arising from restricted Concessionaire funds	80,534	72,495
TOTAL	**1,215,410**	**1,648,920**
Fair value of financial instruments:		
Cash and cash equivalents	982,913	1,003,774
Accrued income	15,654	20,534
Other receivables	12,679	6,165
Rental Deposit	2,878	2,782
TOTAL	**1,014,125**	**1,033,255**
Financial liabilities held at fair value:		
Payables	245,684	222,885
Finance lease liability	1,433	1,043
Other liabilities	63,301	53,821
Obligations arising from restricted SIP funds	20,166	19,340
Obligations arising from restricted Project funds	804,292	1,279,336
Obligations arising from restricted Concessionaire funds	80,534	72,495
TOTAL	**1,215,409**	**1,648,920**
The revenue and expenses that are included the Statement of Financial Performance are detailed below per category of financial instrument:		
Income from Cash and Cash Equivalents		
Finance Income	50,543	23,080
Expenses from Finance Lease Liability		
Finance Costs	(154)	(40)
TOTAL	**50,389**	**23,040**

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 2023, the GMA did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Fair Value of Financial Instruments

The carrying amounts of the following financial instruments, approximate their fair value due to the fact that these instruments are predominantly short term nature.

- Cash and cash equivalent bank balances with commercial interest rates.
- Short term receivables - due to the short term nature of GMA's receivables, amortised cost approximates its fair value.
- Long term receivables bear interest at a rate that approximates market rates.
- Other payables - are subject to normal trade credit terms and short payment cycles. The cost of other payables approximates its fair value.

No financial instrument is carried at an amount in excess of its fair value.

RISK MANAGEMENT

Interest rate risk management

The GMA does not have significant interest-bearing assets, and therefore the GMA's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk management

The GMA is not exposed to any foreign exchange risk relating to the certified Schedule 12 Milestones, as National Treasury has accepted responsibility for the foreign exchange risk relating to foreign component of milestone payments.

The Gautrain Project has limited its exposure to any foreign exchange risk relating to the payment of Variation Milestones, as predetermined fixed hedge rates have been agreed by both the Province and the Concessionaire.

During the period under review no foreign exchange variances for Variation Milestones were reported.

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:

	2022		
	R '000	R '000	R '000
	0 - 12 Months	1 - 5 Years	> 5 Years
MATURITY PERIOD			
Financial Assets			
Accrued income	15,654	-	-
Other receivables	12,679	-	-
Rental Deposit	-	2,878	-

GAUTRAIN MANAGEMENT AGENCY

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	2022		
	R '000	R '000	R '000
	0 - 12 Months	1 - 5 Years	> 5 Years
MATURITY PERIOD			
Financial Liabilities			
Payables	245,684	-	-
Finance lease liability	1,134	299	-
Other liabilities	-	63,301	-
Obligations arising from restricted SIP funds	20,166	-	-
Obligations arising from restricted Project funds	804,292	-	-
Obligations arising from restricted Concessionaire funds	-	80,534	-

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.

	2023	
	R '000	R '000
	Accumulated Surplus	Net Assets
Interest rate increase of 200 basis points	32,251	32,251
Interest rate decrease of 200 basis points	-32,251	(32,251)

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 2023 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 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 2023/24 financial year. The budget is sufficient to ensure that GMA is able to meet all its obligations for the 2023/24 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.

CORPORATE GOVERNANCE AS "**THE EXERCISE OF ETHICAL AND EFFECTIVE LEADERSHIP**" BY THE GOVERNING BODY





ANNEXURE A:

REPORT ON GMA'S KING IV APPLICATION AND DISCLOSURE FOR THE 2022/23 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 2022/23 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. Implementation of the Action Plan emanating from the Performance Evaluation of the Board, Board Committees and individual Board Members conducted during the 2021/22 Financial Year was monitored and details are discussed under Principle 9.
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 Ethics Codes and the related Policies are reviewed annually and approved by the Board. • Training on the Ethics Codes and related Policies to the employees continued during the reporting period. • GMA has an independent Fraud Hotline and quarterly reports received are considered by the Audit and Risk Committee, as well as the Social and Ethics Committee. • GMA commemorates Global Ethics Day and International Fraud Awareness Week annually through various interventions. • GMA hosted the Annual Compliance Day on 16 February 2023 with the theme "Compliance Begins with Me". The aim was to enhance compliance awareness and reinforce strong organisational compliance culture. • GMA launched Molao Chatz initiatives and issued newsletters related to legislative and case law developments. • GMA Organisational Culture and Value Charter which provides identified behaviours that define the organisation's values and are aligned to the strategic objectives, as well as the GMA brand was approved. GMA's Core Values and Value Statements were communicated to ensure shared belief. • GMA's Core Values are displayed on TV screens at the office and attached to the internal e-mail signatures, to assist in reinforcing core values message to all employees. GMA's Core Values are also mentioned in all employees engagements as part of embedding a culture that is aligned to the values. • 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. Pledging events take place annually. • Quarterly Integrated Ethics Management Reports are presented to the Social and Ethics Committee. Planned future areas are: • Implementation and Monitoring of the Ethics Management Plan. • Continue with Ethics and Fraud Prevention workshops and training. • 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. The Board, through the Social and Ethics Committee, oversees and monitors the consequence of the GMA's activities and outputs, as well as their effect on its status as a responsible corporate citizen. Key elements 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 first group of graduates completed their three-year programme and were appointed in the GMA effective 01 July 2022. The second group of graduates started their three-year programme from January 2023. More details are in the 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. GMA achieved the B-BBEE targets for business owned by women and youth during the period under review but targets for people living with disabilities remained a challenge. GMA will continue with investigations into how to improve its performance. • **Society** - GMA's Social Investment Programme (SIP) focuses on education, community care, environment and township economy. GMA has conducted a socio-economic research study to understand the community of Alexander, enabling GMA to consider value creation in the area and possible shared value projects to be implemented. The GMA started an Employee Volunteering Program, allowing staff to share their time, skills and where possible donations to support beneficiaries in need, these included mentoring, skills and job sharing as well as donations in relation to winter clothing and stationary for the youth. Details of the key focus areas during this reporting period and the planned future areas are found in the main Integrated Report.

KING PRINCIPLES	APPLICATION AND EXPLANATION
Principle 3: RESPONSIBLE CORPORATE CITIZEN Board ensures the GMA is and is seen to be a responsible citizen.	• **Safety, Health and Environment -** Some of the emergency response drills conducted on the Gautrain System highlighted various enhancements. To proactively mitigate against potential risks, the GMA and Concessionaire focused on establishing an in-house emergency response capability that can act as first line responders in case of emergencies on the Gautrain System, through the appointment of a specialised first response tactical firefighting service provider that provides similar services to major organisations in South Africa. The overarching purpose of the first line responders is to undertake effective and efficient evacuation procedures in order to cause ZERO harm and save lives in the event of a major System incident. Furthermore, the first line responders will be able to provide initial fire fighting capability in preparation for a hand over to the local emergency services upon their arrival. Gautrain's environmental compliance is managed through the Record of Decision (RoD) and the Operations & Maintenance Environmental Management Programme (O&M EMPR) issued by the Gauteng Department of Agriculture and Rural Development (GDARD). An Independent Environmental Consultant (IEC) undertakes monthly, quarterly and annual inspections, and environmental audits to verify compliance to the ROD and O&M EMPR. During this reporting period the Gautrain System obtained 97% environmental compliance indicating a continuous improvement from previous years. As part of the inspections and the prevalent occurrence of sinkholes in the dolomitic area in Centurion, a potential risk was flagged by the consultant. The Concessionaire has, as part of the overall Gautrain Dolomite Risk Management Strategy, installed additional boreholes in the dolomitic area in order to increase the water level monitoring points to enable early detection of any geohazard for the formation of a sinkhole. As part of the strategy towards ZERO harm to people and the environment, the GMA has embarked on the development and implementation of an Integrated Management System (IMS) based on ISO 45001, 14001 and 9001 management systems. The purpose of adopting an IMS approach is to enable the GMA to improve our overall performance and provide a sound basis for sustainable environmental, health and safety initiatives and overall customer satisfaction. GMA has, in light of the COVID-19 pandemic, reviewed its response to infectious diseases by conducting a holistic risk assessment including all possible infectious diseases that may have an impact on the health and well-being of employees. Based on the results of the risk assessment, the GMA will implement mitigation measures to reduce the risk of exposure within the workplace. The procurement and provision of Personal Protective Equipment (PPE) to all GMA employees for further protection against occupational hazards will be made. 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.	The board is responsible for GMA's performance. GMA's strategy is approved by the 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.

KING PRINCIPLES	APPLICATION AND EXPLANATION
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 for the GMA and its stakeholders. Details can be found in the Integrated Annual Report.
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 the Board. Refer to the Corporate Governance and Ethics Management 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. The 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 in consultation with the Gauteng Executive Council. 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 Management Report for a full disclosure regarding the Board Committees.
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 last Performance Evaluation was conducted during the 2021/22 Financial Year. During the period under review, an Action Plan emanating from the Performance Evaluation was developed and 50% of the action items were implemented. The remaining action items will be implemented during the 2023/24 Financial Year.

KING PRINCIPLES	APPLICATION AND EXPLANATION
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 (DoA) clearly sets out levels of authority and the required approvals for decision making. The DoA is reviewed and approved by the Board annually. The DoA is considered by Board Committees and recommended to the Board for approval.
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 • Revising 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 88% to 89%. • Including ethics in performance management processes via the GMA values • Implementing risk awareness initiatives. • Developing the GMA Sustainability Policy. • Aligning the risk management processes with ISO standards. • Developing new strategic and operational risk registers e.g Post-2026, Commercial etc. The gaps identified in the implementation and monitoring of the effectiveness of the risk management were as follows: • Lack of a formal Sustainability Plan and Sustainability Framework. • Roll-out of PMO risk management process to other business units. The above gaps will be addressed in the next reporting period to improve the risk maturity of the GMA. Full disclosure on Risk Management can be found in the Integrated Annual Report.

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 and leverage on the usage of data to become a data-driven organisation. During the reporting period, ICT continued the drive to digitally transform the GMA into a mobile, agile, innovative, data-driven 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, improve overall workforce efficiency and use data to drive strategy. The implementation of the Digital and Data strategies is still underway. These strategies aim to utilise data to gain a competitive advantage, improve customer experience and add value to the GMA, and its customers, using data and analytics. The Data strategy also focuses on Data Governance to ensure that data is correctly managed and protected. Arrangements for Technology and Information Governance are fully disclosed in the Integrated Annual Report.
Principle 13: COMPLIANCE GOVERNANCE Board governs compliance with applicable laws and adopts non-binding rules, codes and standards in a way that supports the GMA in setting and achieving its strategic objectives.	The GMA has approved a number of prescripts including but not limited to the Legal Compliance Policy, Legal Compliance Framework and Legal Compliance Strategy. 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. Full disclosure on Compliance and Legal Services can be found in the Integrated Annual Report.

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 responsibly 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 made under exceptional circumstances. Overview of the GMA Reward and Remuneration Policy is as follows: • Annual review of the Policy to align it with market principles. • Approved remuneration structures include the basic 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 as well as the equal pay principle. • 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 the Board and Senior Executive Management is disclosed in the Annual Financial Statements included in the Integrated Annual Report.
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 is completed and 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.

KING PRINCIPLES	APPLICATION AND EXPLANATION
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 and beyond will further emphasise 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.

GAUTRAIN MANAGEMENT AGENCY

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


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GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

GAUTRAIN
FOR PEOPLE ON THE MOVE
GAUTRAIN MANAGEMENT AGENCY

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