



# CORPORATE PLAN

FOR THE 2017 MTEF PERIOD  
[2017/18 TO 2019/20]



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The Corporate Plan provides a framework for the delivery of services by the Mayibuye Transport Corporation. It is a clear statement of our vision, strategic aims and key priorities for the next three years.

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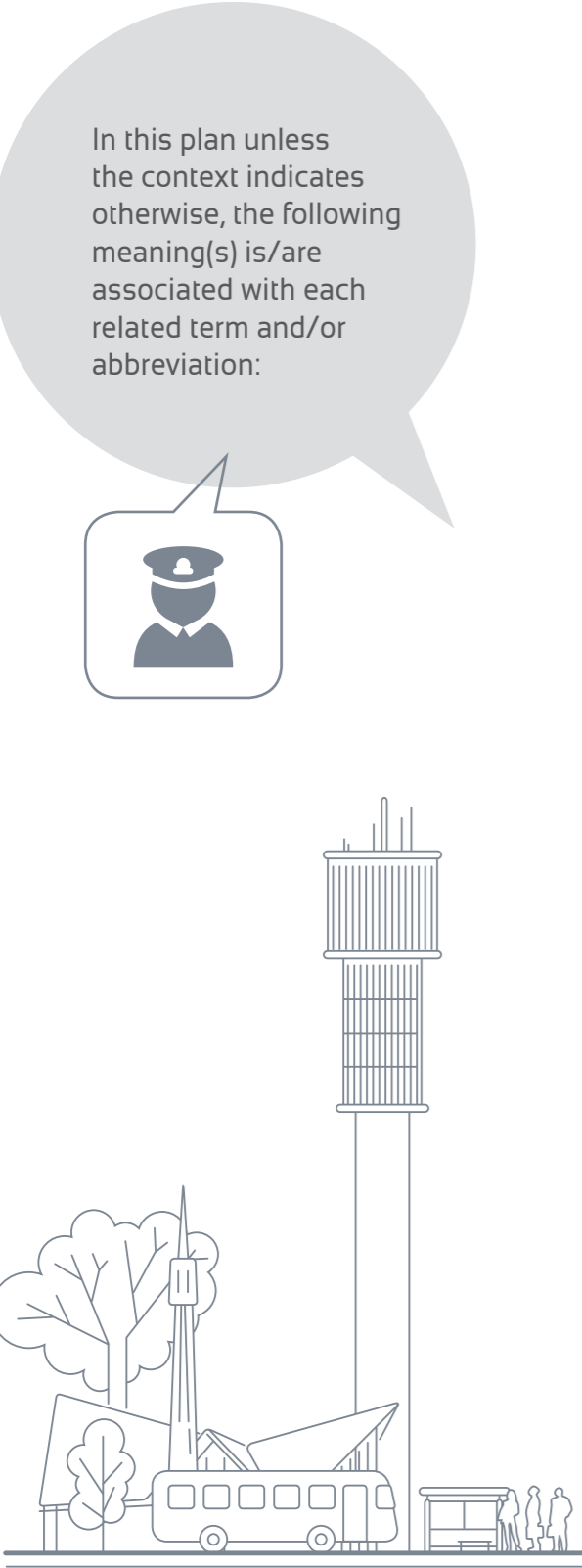
This document contains forward-looking statements that are subject to risks and uncertainties, including statements about Mayibuye Transport Corporation's beliefs and expectations. These forward-looking statements are based on assumptions that Mayibuye Transport Corporation has made considering its experience in the industry in which it operates, as well as its perceptions of historical trends, current conditions, expected future developments and other factors which Mayibuye Transport Corporation believes are appropriate under the circumstances. Relevant persons should understand that these statements are not guarantees of future performance or results. Due to these factors, Mayibuye Transport Corporation cautions that relevant persons should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to time, and it is impossible to predict these events or how they may affect the Mayibuye Transport Corporation.

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# ACRONYMS AND ABBREVIATIONS



AFS	Annual Financial Statements
AG	Auditor-General
AO	Accounting Officer
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CS	Company Secretary
CSI	Corporate Social Investment
DOT	Department of Transport
EM	Executive Manager
ENG	Engineering
EXE	Executive Office
FIN	Finance
FMS	Fleet Management System
GAAP	South African Statements of Generally Accepted Accounting Practice
HDI	Historically Disadvantaged Individuals
HR	Human Resources
HRM	Human Resource Management
IA	Internal Audit
ICT	Information and Communication Technology
PIPTMP	Provincial Integrated Public Transport Master Plan
MEC	Member of the Executive Council
MTC	Mayibuye Transport Corporation
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NTR	National Treasury Regulations
OHSA	Occupational Health and Safety Act
OPS	Operations
PFMA	Public Finance Management Act
PDP	Provincial Development Plan
PMDS	Performance Management Development System
SABEA	South African Bus Employer's Association
SABOA	South African Bus Operator's Association
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SOP	Standard Operating Procedure

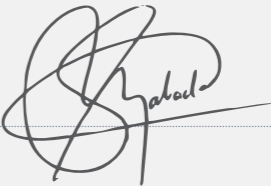


# OFFICIAL SIGN OFF

**SUBMISSION OF THE CORPORATE PLAN TO THE EXECUTIVE AUTHORITY**  
 In accordance with the provisions of Section 52 of the Public Finance Management Act, 1999 (Act 1 of 1999) as amended, the Corporate Plan for the 2017 MTEF period (2017/18 to 2019/20) is hereby submitted to the Member of the Executive Council Responsible for Transport in the Province of the Eastern Cape.

**It is hereby certified that this Corporate Plan:**

- Takes into account all the relevant policies, legislation and other mandates for which the Mayibuye Transport Corporation is responsible;
- Accurately reflects the strategic goals and objectives which the Mayibuye Transport Corporation will endeavour to achieve over the next three years.

SUBMITTED BY:

<div>Mr S Galada</div> <div>Chief Financial Officer</div> <div>SIGNATURE</div>		<div>10 February 2017</div> <div>DATE</div>
<div>Mrs NV Madyibi</div> <div>Chief Executive Officer</div> <div>SIGNATURE</div>		<div>10 February 2017</div> <div>DATE</div>
<div>Ms FKP Ntlemenza</div> <div>Accounting Authority</div> <div>SIGNATURE</div>		<div>10 February 2017</div> <div>DATE</div>

# FOREWORD FROM THE CHAIRPERSON

On behalf of the Mayibuye Transport Corporation (MTC) Board, I am pleased to present the 2017/2018 MTC Corporate Plan. As a living document, the MTC Strategic Plan 2016/2020 has been refined by way of the subsequent Corporate Plans, to accommodate changes and set priorities for the future.

The 2017/2018 Corporate Plan takes a comprehensive, forward-looking approach to addressing transport needs of our customer base during the 2017 MTEF period. The Corporate Plan sets forth the principles that guide the MTC's decisions and provides strategies to achieve our goals. The Corporate Plan also addresses many of the legislative mandates and current and emerging issues that will potentially affect the MTC.

I am proud of the numerous accomplishments the MTC has achieved thus far in fulfilling our top priorities: - satisfying our customers, increasing mobility,

and ensuring that our business processes are maximised and maintained.

Moreover, we are doing this more efficiently, reliably and safely. While we continue to improve all service offerings to deliver the promise of being the public transporter of choice, we still face many challenges such as funding constraints, illegal competition, and inadequate provincial infrastructure. We must continue to work with all our stakeholders on a shared goal of improving the quality of life of Eastern Cape residents, business and visitors.

The 2017/2018 Corporate Plan is intended to provide an overall framework and sets priorities as to how we move forward together. With the help of the MTC team, we will strive to meet the Strategic Goals, as supported by this Corporate Plan. Through our culture of Batho-Pele and innovation, we will continue to improve the quality of life for all in the Eastern Cape.



Ms Fezeka K P Ntlembeza  
Chairperson of the Board



# 1 INTRODUCTION

# 1 OVERVIEW

The Mayibuye Transport Corporation is governed by the Corporations Transitional Provisions Act of 1995 (Act no. 12 of 1995) with the objective to plan and finance or to establish undertakings for the transportation of passengers at reasonable rates along designated routes and per set timetables. The Public Finance Management Act (PFMA) lists the MTC as a Schedule 3D provincial public entity under the jurisdiction of the Department of Transport. The institutional environment of good governance is prescribed by the Constitution of South Africa, 1996; the Public Finance Management Act, 1999 and the Protocol on Corporate Governance and the King Code IV on Corporate Governance.

The MTC through its provision of public transportation assists in advancing the values of human dignity, equality and freedom, while ensuring the realisation of the economic and social advancement of citizens by contributing to the overall economic growth of the province.

The success of the MTC is deeply rooted in its human capital and the underpinning corporate strategy. The MTC has redesigned and strengthened its business model as a transport corporation, while at the same time being compliant with the Public Finance Management Act. Through its understanding of the importance of collaboration and partnerships, the organisation continues to deliver services in many marginalised and under-served rural communities of the Eastern Cape. These services transform lives and give hope to many people.

# 2 PURPOSE

The principal objective of the Mayibuye Transport Corporation is to provide safe, reliable and affordable public transport to predominantly rural areas of the Eastern Cape. The necessity to be self-sustainable in accordance with the National Land Transport Act expands this strategic intent.

Beyond its transport operations, the MTC acts as an implementing agent in artisan development programmes, assisting Government to advance the achievement of the National Skills Development Strategy.

Operating through its four Bus Depots and Head Office, the MTC aims to position the Eastern Cape

This three-year Corporate Plan, for the financial years starting 1 April 2017 and ending 31 March 2020, is directly in line with the MTC's legislative and fiduciary obligations. The Corporate Plan reflects several strategic choices on how best to position the MTC and to apply its resources to achieve maximum socio-economic impact by enhancing its relevance to government and the communities it serves.

The Corporate Plan primarily consists of the following sections:

- **External Environmental Analysis:** This section contextualises the socio-political, economic and market trends that have an impact on the operations of the MTC. It also reviews the public transport landscape, legislative imperatives of the MTC as per the Corporate Plan and addresses fundamental questions raised;
- **Internal Environmental Analysis:** This section outlines the vision, mission, and values and provides an overview of the corporate structure and principles of the MTC, a SWOT analysis and main conclusions regarding the existing internal operating environment such as current risks and stakeholder engagement;
- **Risk Assessment and Corporate Governance aspects:** This section outlines the challenges facing the MTC and the possible mitigation strategies and key corporate governance issues;
- **Financial Management Plan:** This section provides projected financial information and resource requirements.

as the most liveable province in South Africa by increasing mobility between urban and peri-urban areas. The Head Office is situated in East London which houses the Administration team. The Zwelitsha depot is located opposite Zone 8, along Route 347. It covers the region of Bhisho, King William's Town and surrounding rural areas. The Reeston Depot is located at the Mdantsane Access Road between Mdantsane and East London to service the greater Buffalo City Metro Municipality area. The Queenstown Depot is located at Queendustria, Ezibeleni and services the Whittlesea, Sada and Ntabethemba areas of the Chris Hani District Municipality. The Alice Depot covers the Raymond Mhlaba Municipal area.

## 3 VISION

To be the Public Transporter of Choice.

## 4 MISSION

It is the mission of the MTC to "Provide a safe, reliable, affordable public bus transport service that is responsive to its environment".

## 5 CORE VALUES

The MTC's values are the cornerstone of its organisational culture and its way of servicing public transport. The MTC is guided by and committed to the following values:

### BATHO-PELE (SOTHO FOR "PEOPLE FIRST")

Be a service orientated organisation which strives for excellence in service delivery and is committed to continuous service delivery improvement for the achievement of a better-life-for-all whilst including all citizens through services and programmes.

### INTEGRITY

Work ethically, honestly and transparently.

### CONSULTATION

Create an enabling environment for community and stakeholder participation.

### INNOVATIVE

Strive towards radical and revolutionary changes in thinking, services, processes or organisation.

### ACCOUNTABILITY

Act honourably and take ownership of our actions and the outcomes thereof.



## 2 EXTERNAL OPERATING ENVIRONMENT

# 1 MACRO ENVIRONMENT

The macro-environmental analysis identifies the most significant opportunities and threats, based on the external factors in the MTC’s remote environment. The MTC’s environment refers to the global public transport industry. Each external factor presents an opportunity or threat that the Corporation must address through strategic action. It is held that the growth of the South African public transport industry will be affected by the following aspects:

## 1.1 POLITICAL

There have been minor policy adjustments which strongly emphasise implementation of strategies. There is a heightened focus on intergovernmental relations with the major departments including the National Department of Transport and Municipalities regarding the planning and implementation of key strategies.

The Eastern Cape Department of Roads will be joining the Eastern Cape Department of Transport with effect from 1 April 2017. This amalgamation of two vital mandates will further assist the MTC’s ability to provide safe and reliable transport. In its National Household Travel Survey 2013, Statistics South Africa reported that the most pressing problems mentioned nationally are the poor condition of roads (13,0%). Provinces with the most complaints about the status of roads were Eastern Cape (26,3%), Free State (21,0%), Limpopo (17,9%) and North West (19,8%). Nationally, eleven percent (10,5%) of households identified lack of buses as their primary transport related problem, with most complaints coming from those residing in Gauteng (12,5%), Western Cape (12,0%), KwaZulu-Natal (11,8%) and Eastern Cape (11,6%).

### LEGISLATION

There have been no major changes to transport industry related legislation. The following has been identified as applicable to the MTC:

- Constitution of the Republic of South Africa (1996)
- Basic Conditions of Employment Act (No 75 of 1997)
- Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993)
- Consumer Protection Act (No. 68 of 2008)
- Employment Equity Act (No. 55 of 1998)
- Labour Relations Act (No. 65 of 1995)
- National Land Transportation Act (No. 5 of 2009)
- National Road Traffic Act (No. 93 of 1996)
- National Road Transportation Act (No. 74 of 1977)
- Occupational Health and Safety Act (No. 85 of 1993)
- Preferential Procurement Policy Framework Act (No.5 of 2000)
- Public Finance Management Act (No. 1 of 1999 as Amended by No.29 of 1999)
- Skills Development Act (No. 97 of 1998)
- Skills Development Levy Act (No. 9 of 1999)
- Unemployment Insurance Act (No. 63 of 2001)

## 1.2 ECONOMIC FACTORS

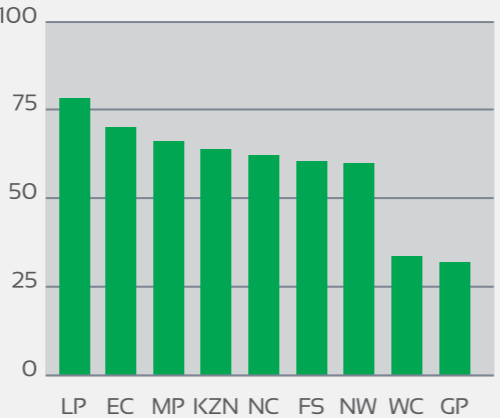
### DISPOSABLE INCOME AND UNEMPLOYMENT

Statistics South Africa estimates the average earnings before deductions in the country at just over R17 000 per month.

Poverty is a key development challenge in social, economic and political terms; not only in South Africa but throughout the developing world. In post-apartheid South Africa, fighting the legacy of poverty and under-development has always been a central theme of Government which is reiterated in the National Development Plan (NDP). The guiding objectives of the NDP are the elimination of poverty and the reduction in inequality. At 70.6%, the Eastern Cape has the second highest level of poverty in the country.

Inequality in our society remains a serious problem. South Africa has a huge income gap between the rich and the poor. The Gini coefficient, which is a number between zero and one, where zero indicates total equality and one indicates total inequality, is calculated to be approximately 0,65 based on expenditure data (per capita excluding taxes) and 0,69 based on income data (per capita including salaries, wages and social grants) in 2011. These high levels of inequality, amongst the largest in the world, are only slightly smaller than the Ginis recorded in 2006. The National Planning Commission (NPC) adopted the use of the lower-bound poverty line (R443 in 2011 prices) regarding its poverty targets outlined in the NDP. They have set the ambitious goal of eliminating all poverty below this line by 2030. As of 2011, 32,3% of the population or roughly 16,3 million people were living below this poverty threshold. Per the poverty

### POVERTY LEVEL



gap, around R31,7 billion per annum would be needed to eliminate poverty at this level (Statistics South Africa, 2014).

Transport is estimated as the second largest expenditure group at 17,1% of total household consumption expenditure. Roughly one out of every six Rand spent goes towards transportation. The biggest expense group namely Household and Related Amenities (Electricity, Rates, Water, Rent, Mortgage, and alike) and the third largest expenditure group, Food, is set to increase drastically within the new financial year. Such increases will make a significant impact on the users of public transport to afford any fare increases.

South Africa’s jobless rate rose to the highest in over a decade in the third quarter of 2016 as more people started looking for employment. The level of unemployment increased to 27.1% in the quarter through September, the highest in at least eight years, from 26.6% in the previous three months (Statistics South Africa, 2016).

### INTEREST RATES AND FUEL COSTS

The South African Reserve Bank raised the repurchase rate by 25 basis points to 7% (South African Reserve Bank, 2017), aimed at kerbing the depreciation of its currency and high inflation. For South African consumers, though, the increased rate means that they will be paying even more toward their debt. The knock-on effect of this repo rate increase is that the cost of food, transport and rentals will climb even higher as stores, transport operators and landlords try to pass along the cost of their increased expenses onto consumers. The cost of expanding transportation operations by way of borrowing may prove detrimental to transport sector growth.

Consumer prices in South Africa rose 6.6% year-on-year in November of 2016, following a 6.4% increase in October in line with market expectations (South African Reserve Bank, 2017). This increase substantially erodes the disposable income of MTC’s client base, consequently limiting our scope for increasing fares and reducing reliance on government funding.

The ongoing lower price of oil is protecting South African road users against the prevailing Rand/US dollar exchange rate, reports the Automobile Association (AA). The AA commented: “The weak oil price means South African motorists have yet to be exposed to the full effect of the Rand’s slump. If the oil price turns the corner without some recovery from the Rand, substantial fuel price increases are likely.”

The Volatile Fuel Price remains a challenge for providers of public transport. A greater analysis of the value chain and opportunities for bulk purchases of fuel at all levels of government may be required.

A greater impetus is necessary for diversifying the transport sector’s source of fuel by investing in alternative and domestic fuels, thus being able to mitigate the risk of general fuel price increases while growing employment within the sector.

### GROSS DOMESTIC PRODUCT & GOVERNMENT FUNDING

South Africa’s GDP growth forecast for 2016 has been revised down to 0.9% from an estimated 1.7% at the time of the Medium Term Budget Policy Statement (MTBPS). Real GDP increased by 0,4% in the first nine months of 2016 compared with the first nine months of 2015 (Statistics South Africa, 2016). The weaker outlook is the result of lower commodity prices, higher borrowing costs, diminished business and consumer confidence, and drought. The limited growth in GDP will negatively impact on the ability of public transport operators to obtain the required level of investment from Government.

In support of Presidential Outcome 6: “An efficient, competitive and responsive economic infrastructure network”, the Department of Transport undertook a review of the public transport systems, and this process would culminate in the development of a public transport strategy. The development of a Provincial Integrated Public Transport Master Plan (Plan) was completed during the first quarter of the 2013/2014 financial year. The Minister of Finance indicated during his budget speech that investment in public transport, which are made in partnership with cities are already beginning to reshape the urban landscape and are modernising public transportation arrangements. A fast, comfortable and low-cost urban transport system, called the “Bus Rapid Transit” (BRT) system, is being planned for some major cities. The implementation of high-quality public transport networks will bring about benefits to public transport users. Some of the main advantages of the proposed “Bus Rapid Transit System [BRT] is:

- Lower public transportation costs.
- Reduced travel times.
- Extended hours of operation
- High frequencies along trunk corridors
- Full access for passenger with special needs
- Integrated fare structure through a standard ticket system on all modes on the network.

Integrated rapid public transport service networks are the mobility of the future and are the best viable option that can ensure sustainable, equitable and uncongested mobility in cities. It provides a mobility solution that is attractive to both current public transport users as well as current car users. The successful implementation of these networks in the targeted twelve cities and six rural district municipalities will see improvement in public transport service for potentially over half of the country’s population.

The primary concern remains the ability to fund public transportation services. The Department of Transport struggles to source adequate funds for the growing public transport passenger base.

## 1.3 SOCIETAL FACTORS

### POPULATION GROWTH

The Eastern Cape's population increased from 6,6 million people in 2011 to 7 million in 2016, making it the third most populous province in the country, behind Gauteng (13,4 million) and KwaZulu-Natal (11,1 million). The number of households in the region has also increased to 1,8 million in 2016, from 1,7 million in 2011. The district municipality with the largest share of households in the province is Buffalo City (368 520), followed by OR Tambo (313 889), Nelson Mandela Bay (247 759), Amathole (222 415), Alfred Nzo (195 979), Chris Hani (191 356), Sarah Baartman (138 182) and Joe Gqabi (95 294). The consequence of the increased population yields changes in the structure and the size of demands on urban management systems, urban infrastructure and transport services. Ongoing urbanisation is creating increased demand for daily travel between homes and urban activities.

The challenge for the Transport sector is to secure investment in infrastructure at a rate commensurate with the rate of growth in the South African Population. Failing which the industry will face similar difficulty as those experienced by the energy sector in that it will not be able to support future consumer demand.

### GEOGRAPHIC DISTRIBUTION OF POPULATION AND MIGRATION PATTERNS

The provincial estimates show that Gauteng has the largest share of the population, followed by KwaZulu-Natal and Eastern Cape. By 2015, approximately 11,3% of South Africa's population live in Western Cape.

The Eastern Cape, Free State and Limpopo experienced the largest outflows. The migration to other provinces negatively affects the size of national government funding the Eastern Cape receives where factors related to population size determines budget allocations.

In line with international trends, traditional population concentrations near city centres have spread to the suburbs. Many businesses and industrial establishments have moved to new decentralised development areas, spread far and wide. Homeowners and company employees are forced to rely ever more on motor vehicle transport, leading to increased traffic congestion. The challenge is now to provide attractive public transport services.

### TRANSPORT TRENDS

With the increasing cost of fuel and increasing levels of congestion in especially our urban areas, people will increasingly turn to public transport and the trends are already evident. Available statistics indicate that 80 percent of South Africa's population is entirely dependent on public transport (bus, commuter rail and taxis) for its mobility needs.

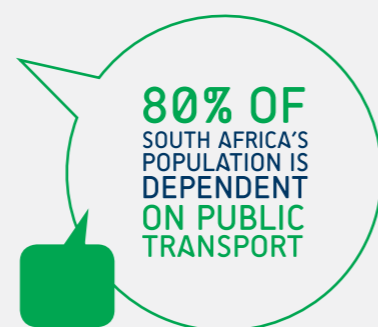
For a country with a relatively small average household income, South Africa has a high rate of car ownership. For every 1000 people, there are 109 cars owned. This ownership rate compares to 15 per 1000 in Lagos, 50 in Nairobi, and 500 in New York.

The high car ownership rate means that 32% of commuter's travel by private car. 25% travel by minibus taxi, 23% walk, 8% go by bus, and 6% by train. The remaining 6 percent travel by other means including bicycle and animal-drawn vehicles.

## 1.4 TECHNOLOGICAL FACTORS

A positive change in technology is buses that lower the floor for easy entry also referred to as a "Kneeling Bus". These provide better accessibility for disabled and elderly people. Various types of sophisticated technologies are invented and implemented in international transportation facilities. Services like path navigator, wireless communication in the vehicle and other safety measures are already in use in international public transport, but in South Africa, it is lagging. This is primarily due to the significant infrastructure backlog which is exasperated by funding constraints. As an example, a single kneeling bus costs more than R6m with is nearly three times the cost of a standard bus. Additional costs relating to kerb engineering and road conditions push the costs of such initiatives way outside the ability of most public bus operators.

As the Province improves its wireless networks, so too will the MTC's ability be strengthened to provide better service offerings, convenience and information to its client base.



# 2 TASK ENVIRONMENT

**The task environment relates to the set of forces that affect the MTC's ability to obtain inputs and dispose of its outputs. Changes in the environment create opportunities for management to strengthen the MTC. However, other changes will pose a threat if the MTC is unable to adapt.**

Public transport has been described by the former Chairperson of the Transport Portfolio Committee in Parliament as being in a state of crisis. Train users complain bitterly about overcrowding and security issues, whereas bus users complain about the absence of facilities at bus stops and the infrequency of services at off-peak times. Minibus taxi commuters complain about accidents, the un-roadworthiness of vehicles, and the absence of facilities at taxi ranks.

It is important to note that a third of households spend more than 10% of their monthly income on public transport, and 58% of all workers spend over 10% of their personal income on public transport. Half a million school learners walk for over two hours a day to get to and from school, either because there is no public transport available or because it is too expensive.

The commuter train system is operated in six metropolitan regions by state-owned Metrorail. The carries 1,7m paying passengers every weekday, and has a 14, 7% share of the public passenger market. Rail is the cheapest form of public transport in most urban areas, but its reach is limited.

The bus sector, which is largely in private hands, has a 19% share of the public passenger market. There are 15,000 buses in service making 720m passenger trips per annum. The industry employs 34,500 people directly. Most commuter services are subsidised, with subsidies being channelled by provincial governments. Contracts are currently awarded either through competitive tendering or negotiated contracts.

The minibus taxi sector (or combi taxi sector as it is locally known) has grown enormously in the past twenty years. There are about 130,000 kombi taxis in operation, most of them owned by small operators. The sector employs approximately 185,000 workers as drivers, queue marshals and administrators. Government is in the process of attempting to tighten up regulation of the sector by enforcing a permit system and encouraging the scrapping of old vehicles through the disbursement of scrapping allowances costing a total of R7bn.

## 2.1 INDUSTRY RIVALRY

Price, the frequency of trips, the convenience of pick-up points, safety records, and service reliability generate the greatest levels of differentiation within the Eastern Cape Public Transport environment.

In so far as brand strength is concerned, there is a moderate level of awareness of competing brands. However local public transport brands in themselves are not entirely developed. National brands enjoy more recognition and may benefit from such when competing for the N2 long distance trips.

There is little to no competition in establishing barriers to switching between transport operators as the cost of switching of brands is limited to the remaining balance of stored value tickets. There are no penalties for customers who swap from one operator to another.

A significant element in the market is the number of competitors. Small undertakings are seldom encountered due to the large initial capital outlays. The modern trend is to amalgamate into relatively large organisations. There remain a significant number of barriers to entering the public transport space. Permit requirements, having to inform competitors of intention to participate, and a non-existent or underdeveloped customer base may all prove challenging to potential rivals. Vehicle maintenance and fuel costs remain both volatile and high.

Train trips have remained consistent. However, trains are increasingly using their bus fleet to transport clients from the train to residential areas. This level of vertical integration may prove to be a source of increased competition for the MTC in the near future. It could also turn out to be an opportunity should the MTC be successful in lobbying the train service to transfer its bus operations to the MTC at a reduced risk and cost.

Fixed costs include fuel, fleet purchases, fleet maintenance, drivers and support staff. While larger bus operators may enjoy the same fuel costs as the MTC; the MTC enjoys an advantage over smaller operators and taxis due to procuring fuel in bulk. Fleet maintenance costs, however, remain higher in comparison to smaller players due to the absence of control over maintenance standards and regulations i.e. when compared to the lever of monitoring in the aviation sector. Subjecting all operators to maintenance inspections and standard will normalise maintenance costs.

The prevailing market structure and the nature of competition is a major factor in the determination of prices. Railways have traditionally justified rate differentiations because government policy dictated that low rated services were run at a loss and the only way to make up these losses was to increase the prices on high-rated traffic. This led to a rate differential on the order of 10 to 1 in South Africa, compared to an average of 3 to 1 in most other countries. Modal competition has made the implementation of sound rating policies and efficient rating systems imperative. This is one of the most important and intricate tasks of the transport sector.

Concentration and balance: Rivalry remains relatively low in the MTC's area of operations due to the physical location of depots for the larger bus operators. This is with an exception for the Queenstown area where the MTC and AB350 directly compete for routes.

With particular focus on the main rival categories, the following factors are pertinent:

#### THE MINIBUS-TAXI INDUSTRY

Taxi Associations which represent the interests of multiple minibus-taxi owners – usually concentrate on geographic areas or specific routes and are sometimes controlled by syndicates. Minibus-taxi passengers are charged cash fares and few owners pay taxes on their earnings but justify this by claiming that the bus operators receive subsidies.

Taxi drivers frequently stop to collect and discharge passengers at will and wherever convenient, often in street intersections.

#### BUSES

Buses in South Africa fall into three broad categories, urban, rural and inter-city. The municipalities or large private companies are the main providers or scheduled bus services in urban areas. The rates account is utilised to subsidise municipal services. On certain privately operated urban routes, weekly tickets applying to

distances exceeding 15 kilometres enjoy a government-funded discount on the economic fare.

Other issues affecting the bus industry are:

- Urban buses suffer extreme disadvantage from competition by private cars and traffic congestion, with few examples of bus transportation priorities (widely found in Western cities) in South Africa. Buses, bound by published timetables and fixed fares, routes and stopping places, cannot compete effectively with minibus-taxis that charge what circumstances allow and which run (and stop) when and where they please. The consequence has been severe deterioration of urban bus service in all South African cities.
- Increasing traffic congestion results in buses being delayed en-route, leading to schedule delays. Most bus services are not regularly monitored for on-time performance but unless respectable traffic priorities for buses exist, monitoring achieves little.
- Bus shelters and toilet facilities with running water are often dilapidated and in poor condition. Citizens regard these facilities as local authority responsibilities, and they are in most cases sited on the council-owned ground.
- The recent plans to introduce a BRT (Bus Rapid Transport) system in Johannesburg and Cape Town has run into significant difficulties since taxi operators allege that this

will deprive them of passengers. They have threatened to disrupt services and damage facilities, and have also claimed "ownership" over routes – indeed intellectual property rights over the concept.

## 2.2 RAIL TRANSPORT

Administered by the National Department of Transport, the operation of all suburban rail services is contracted to Metrorail, a subsidiary of Transnet. Factors affecting local rail travel include:

- Much of the rolling stock is vandalised and exceeds 30 years in age.
- There are many complaints about the unreliability of service and train cancellations. To address this, they have introduced their bus fleet to accommodate passengers affected by delays.
- Customers express sharp criticism about the inadequacy of announcements.
- Fare evasion is a major problem, as is security at stations and on trains.
- Taxi operators are often reluctant to transport passengers to the nearest railway station, preferring to carry passengers the entire distance to their destinations.
- There is insufficient coordination between rail and road operators that benefits the commuter. There are few places where customers are able to purchase combined road/rail through tickets, but where they can, ridership has increased.

## 2.3 CUSTOMERS

Pricing policies have always been a controversial issue. Transport rates affect all sectors of the national economy. However, price setting is an extraordinarily complicated issue. Customers can easily substitute one mode of carriage for another. The existing client base is highly price-sensitive, and this poses a challenge to extend profit margins. Volume (Stored Value) purchases are growing in popularity regardless of the limited cash flow available to households. Increased awareness of the benefits of bulk purchasing has yielded positive results.

Differentiation costs remain high because of the impact of the reliability and convenience of existing bus services. Customers prefer established brands and are hesitant to utilise alternatives. Information about alternative modes of transport is not readily available. Information about MTC products is also underdeveloped and provides therein an opportunity to increase market share.

## 2.4 SUPPLIERS

There are approximately 420,000 workers in the industry, with about a quarter of these employed in micro enterprises. Large enterprise employee about half of them. Trade union density is around 40%. Trade union density is closer to 55% when excluding the taxi sector. Centralised collective bargaining takes place in the road freight, bus, motor ferry and toll gate sectors. Collective bargaining in all other areas, except the taxi industry, takes place at a company level. A Sectorial Determination promulgated by Government, after consultation with Labour and Employers, govern minimum wages in the taxi sector.

Differentiation of inputs is significant when considering the extreme variances in the quality of parts available. Substitute products are limited. There is minimal threat of forward integration. It is unlikely that any of the chassis manufacturers and engine suppliers are likely to develop a bus operation in the future.

# 3 ANALYSIS SUMMARY

## OPPORTUNITIES

- Act as an implementing agent for the Bus Rapid Transport System in the Buffalo City Metropolitan area
- Increase Product Communication
- Diversify Tick Sale Network
- Lobby PRASA for them to outsource their bus operations
- Link alternative modes of transport
- Expand services within the Tourism industry
- Business Ventures through negotiated agreements
- Participating in the Accelerated Artisan Development Programme

## THREATS

- Increased presence of National Bus Operations within the Eastern Cape
- Increased presence of railway buses
- Increased presence of private bus operators within the MTC's area of operations
- Pricing rivalry generated by Taxi and Private Bus Operators

The bus sector, which is largely in private hands, has a 19% share of the public passenger market.



# 3 INTERNAL OPERATING ENVIRONMENT

# 1 OVERVIEW

The Mayibuye Transport Corporation operates as a parastatal bus passenger transport service provider belonging to the Eastern Cape Provincial Government. At present, the MTC is funded in part through own revenue with the greater part obtained through a grant-in-aid from the Provincial Department of Transport.

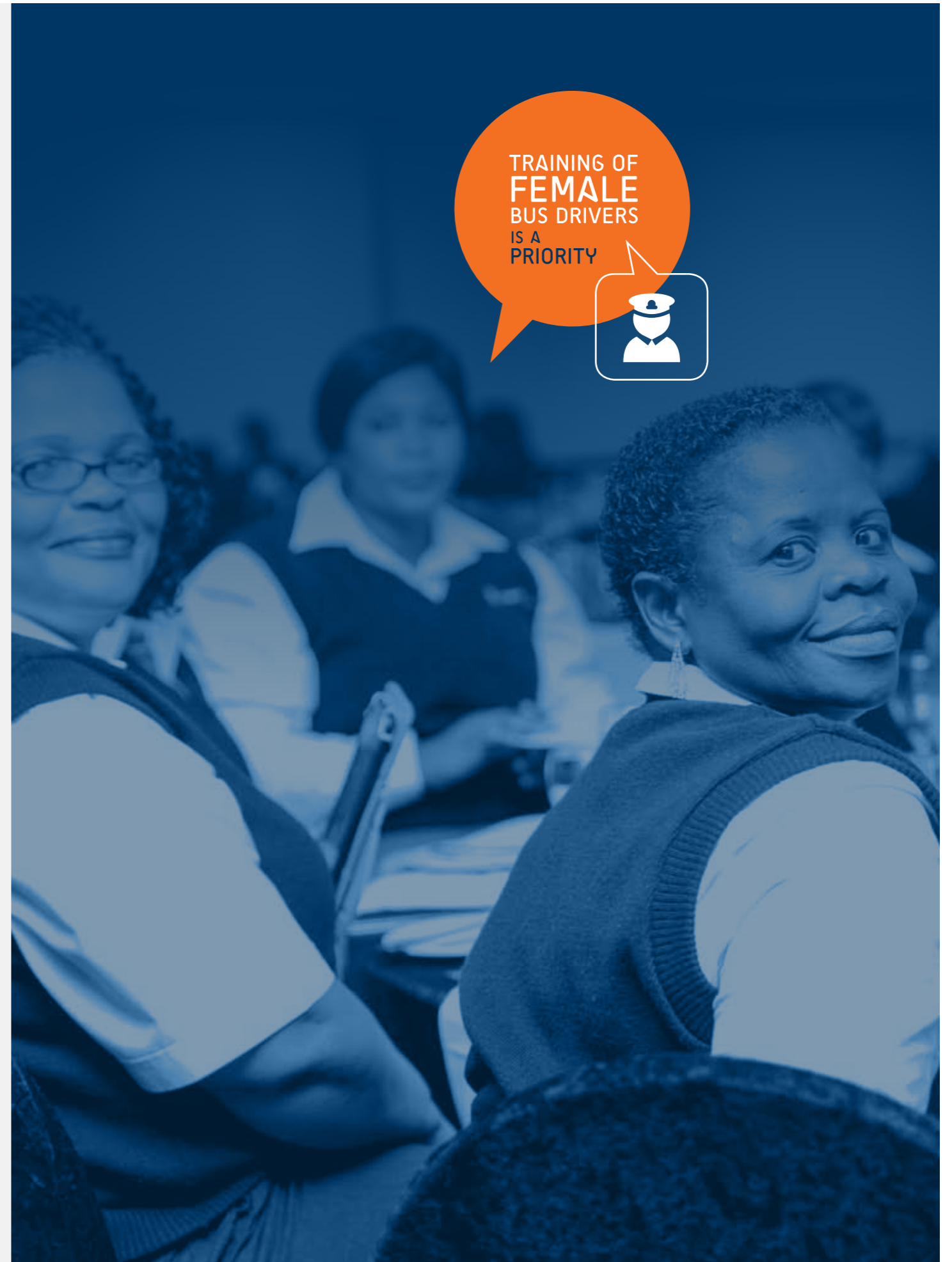
The challenges faced by the Corporation is summarised as follows:

- The existing business model does not heed macro public transport policy in South Africa. The National Land Transport Act of 2009 propagates a contracting relationship between government and operators, which is interpreted to mean that (PDoT presentation 2014) the MTC cannot tender for government contracts as per this legislation. The MTC has not yet implemented the current public transport policy due to lack of funding and capacity for implementing the system. In their paper titled "Problems with the Implementation of Bus Transport Contracting in South Africa", Walters and Heyns (2012) state that "Without adequate funding, public transport cannot be improved, plans cannot be implemented and human capacity cannot be built."
- Many customers are from poor backgrounds and cannot afford an economic fare. A significant size (30%) of the MTC customer base is unemployed with most clients earning a household income of less than R5000 per month.
- The bulk of the MTC routes run within the most underdeveloped parts of the Province which result in extensive mechanical repair and maintenance costs.
- The MTC is faced with budgetary constraints which impedes its ability to implement planned projects and capacitate the organisation with adequate human resources.

In addressing these issues, the MTC:

- Continues to seek support for its restructuring plan so that the entity will be able to participate in the negotiated contracts scheme being offered by the National Department of Transport;
- Lobbies the Department of Road and Public Works to improve the rural roads where the MTC operates;
- Prioritises multi-skilling, and diversification of staff capacity through artisan programmes and other forms of skills development;
- Maintains a policy, procedural and management framework to support an effective, efficient and sustainable organisation; and
- Is increasing the services being offered by the Corporation through the introduction of regional routes, Park and Ride services and additional trips on existing duties.

TRAINING OF  
FEMALE  
BUS DRIVERS  
IS A  
PRIORITY



# 2 GOVERNANCE STRUCTURES

## 2.1 SHAREHOLDER

On an annual basis the MTC reviews and agrees on its Shareholder's Compact with its Executive Authority, the MEC for Transport. The Shareholder's Compact documents the necessary procedures for quarterly reporting to the Executive Authority and facilitates effective performance monitoring, evaluation and corrective action. The Shareholder's Compact represents an agreement between the Executive Authority, as the majority shareholder, and the Accounting Authority of the entity, on performance expectations and parameters.

## 2.2 BOARD

The current Board assumed office on 1 February 2016. The MEC responsible for Transport appointed the nine members of the Board.

The work of the five duly constituted Board Committees assures the effectiveness of the Board. The Board Committees assist the Board in its performance of tasks to comply with the principles of good governance for public entities regarding the Public Finance Management Act No. 1 of 1999, other applicable legislation as well as the provisions of the King IV Report on Governance. Furthermore, the committees have the following responsibilities:

## 2.3 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The committee provides a forum for discussing business risks and control issues for developing relevant recommendations for consideration by the board and approval or final decision.

## 2.4 FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee provides leadership in the development of the MTC Finance and Investment Policies, Strategies and Plans. The Finance and Investment Committee also provides governance direction guidance and advice to management on finance and investment opportunities for MTC. This committee also considers all significant tenders and makes recommendations to the Board for approval and award.

## 2.5 HUMAN RESOURCES AND REMUNERATION COMMITTEE

The HR and Remuneration Committee considers human resource related matters in respect of personnel and corporate services issues including communication, administration and marketing.

The Committee is also charged with recommending the remuneration of the Chief Executive, the review of the compensation of members of the Board, and various members of senior management, including the non-executive board members', and non-executive members' fees and honoraria.

## 2.6 OPERATIONS AND ENGINEERING COMMITTEE

The Operations and Engineering Committee provides leadership in the development of the MTC Operations and Engineering Strategies and Plans. The Operations and Engineering Committee provides governance direction, guidance and advice to management on industry Operations and Engineering Norms, Standards and new technological innovations. The committee also monitors progress in the achievement of the core activities.

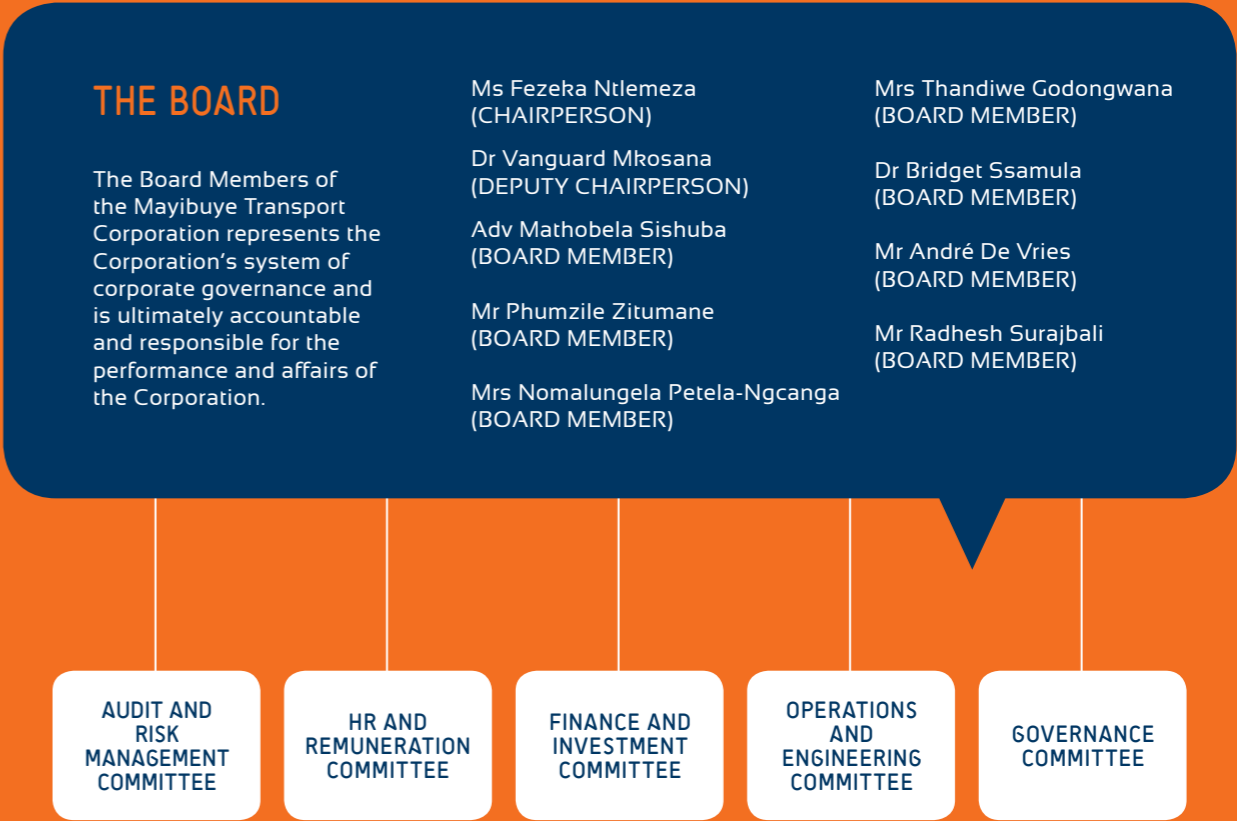
## 2.7 GOVERNANCE COMMITTEE

The Governance Committee is responsible for the health and functioning of the Board. It recruits new members, conducts orientation, produces Board training materials and evaluates the performance of Board Members and the performance of the Board itself. The Governance Committee is responsible for ensuring the effectiveness of the Board and recommends to the Board policies and processes that are designed to provide for effective and efficient governance. Its role combines the functions of a Governance Committee, Executive Committee, as well as a Social and Ethics Committee.

## 2.8 THE BOARD

The Board and its Committees meet on a quarterly basis and hold special meetings as and when required. The Departments present business plans and quarterly performance reports to Board Committees. The CEO submits the Corporate Performance reports to the Board on a quarterly basis. Regarding the Board's oversight function, the Board Chairperson and the Chief Executive Officer hold a bilateral at least once each month.

The figure below depicts the current Board Structure with its various committees:



### 2.9 EXECUTIVE MANAGEMENT

The MTC is a regional organisation with local reach, i.e., it has offices in three major municipalities. Its operational model provides for a hybrid of the centralised business process and decentralised operations which encourage innovation and flexibility to enhance efficiency. As per the organogram to follow, the organisation is lead by the Chief Executive Officer. Four Executives report directly to her.

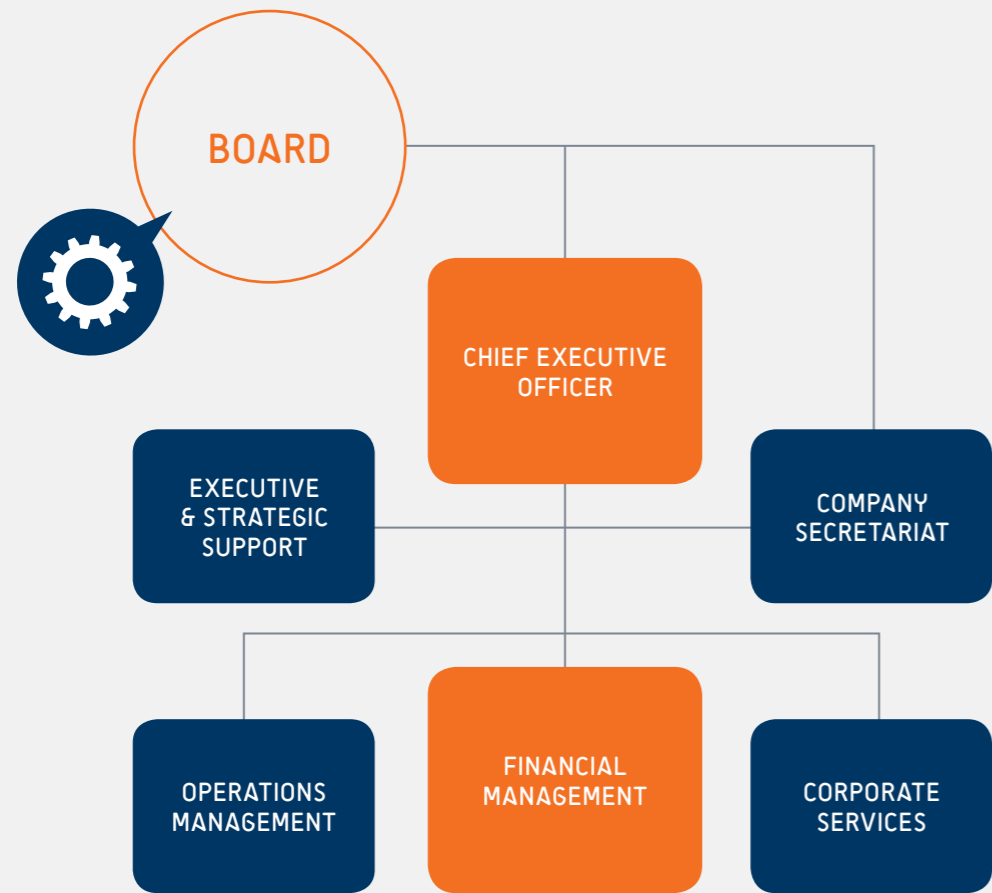
The Executive Office provides leadership in the development and execution of the MTC long-term strategy to create synergies within the Corporation.

The Finance Department provides a comprehensive financial management service to the whole of Mayibuye Transport Corporation.

The Corporate Services Department provides Corporate Support Services to the entire Corporation inclusive of Human Resources Management, Information and Communication Technology (ICT), Marketing and Corporate Communications.

The Operations Department has the overall responsibility for overseeing and co-ordinating the activities of the Operations and Engineering functions of the Corporation to achieve synergy between these roles.

The macro view of the organisational structure below reflects the MTC’s reconfigured operating model.



## 3 ANALYSIS SUMMARY

Aligning the MTC’s internal strengths and weaknesses with the external opportunities and threats it faces is critical in ensuring a distinctive advantage which will enable the MTC to outperform its competitors.

### STRENGTHS

- Implementation of HR Development Strategy
- Dedicated staff and leadership
- Pockets of excellence in service delivery to clients
- Robust Monitoring and Evaluation System
- High levels of customer satisfaction
- Significant support of Government Mandate with 80% of services operated within rural areas.

### WEAKNESSES

- Lack of Integrated Operations Technology
- Under-resourced Marketing Function
- Inability to react to opportunities with speed (e.g. time constrained funding)
- High driver turnover
- Monitoring of revenue collection
- Lack of planning and project management skills

The board is unreservedly committed to applying the fundamentals of good governance: transparency, integrity, accountability and responsibility.



## 4 PERFORMANCE OBJECTIVES

# 1 STRATEGIC GOALS

The Board held a strategic planning workshop in September 2016. The purpose of the session was to review whether the strategy continued to speak to what Mayibuye has set out to do. The Vision, Mission and Strategic Goals were reviewed during this session.

The fundamental test has been whether the goals and objectives will provide the necessary focus to ensure that the MTC achieves its ultimate future state of being the Public Transporter of Choice. The strategic goals remain unchanged compared to the 2016/17 financial year.

Listed below are the approved set of Strategic Goals for the period 2017/2018 to 2019/2020.

## STRATEGIC GOAL 1

Ensure accessible, reliable, safe and affordable public bus transport services that satisfy the needs of our customers.

## STRATEGIC GOAL 2

To be a catalyst to the Eastern Cape Developmental Priorities through the provision of a viable public bus transport service.

Goal Statement: To ensure that MTC is the preferred strategic partner in the public transport throughout the province whenever development issues are considered.

## STRATEGIC GOAL 3

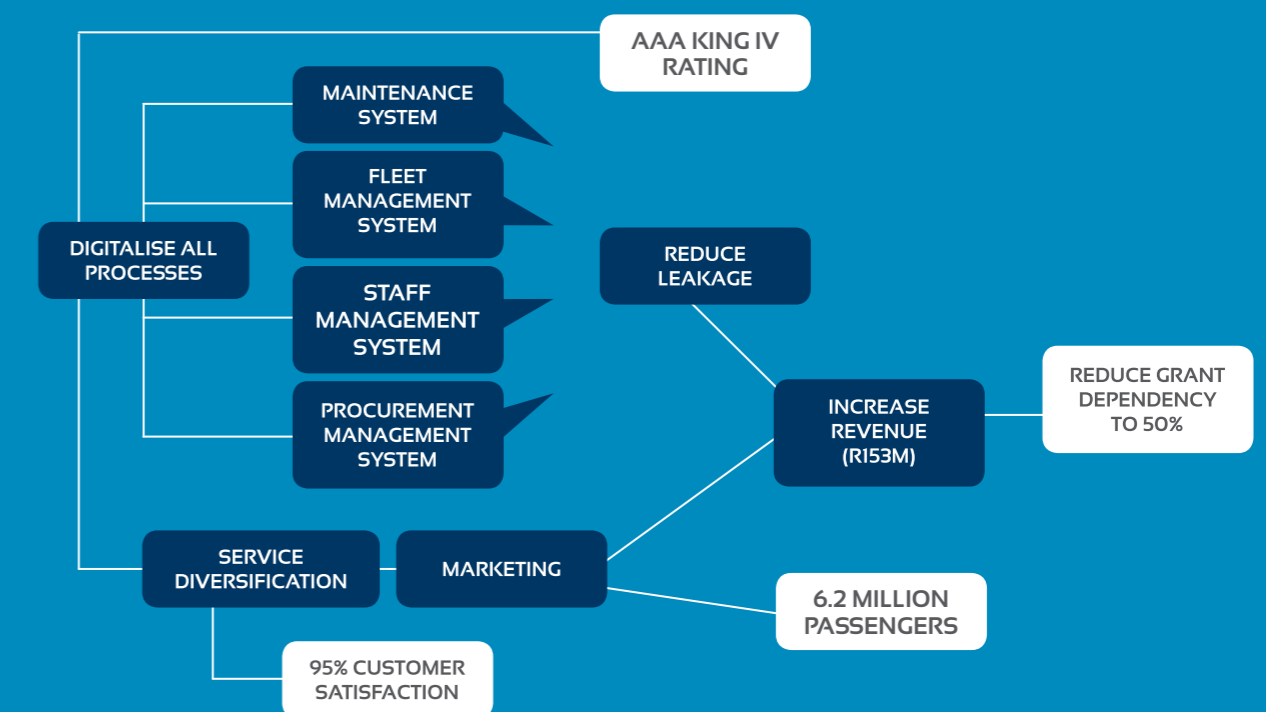
Develop the MTC into a fit-for-purpose public transport provider.

Goal Statement: MTC becomes an innovative change-oriented and learning organisation that attracts and retains competent human capital and have in place appropriate structures and systems.

# 2 STRATEGIC OBJECTIVES

It is appreciated that a fundamental purpose of strategy is to provide focus. History has taught that limited resources are best served when directed toward a small targeted list of objectives. The MTC Leadership has significantly streamlined its strategic objectives. The entire entity is now able to have a single page view and clear understanding of what we need to do at a strategic level to acquire and keep customers.

The focus of our initiatives over the next 5 years to 10 years is graphically depicted as follows:



To that end, the MTC is in pursuit of the following strategic objectives for the 2017 MTEF period:

- Increase number of passengers transported from 1 735 049 per annum to 2 419 010 per annum by 31 March 2020;
- Increase the customer satisfaction rating from 85% to 90% by 31 March 2020;
- Reduce dependency on grant from 80% to 72% by 31 March 2020; and
- Increase the King IV application rating from AA to AAA by 31 March 2020.

# 3 PERFORMANCE OBJECTIVES

Increase the number of passengers transported from 1 735 049 per annum to 2 419 010 per annum by 31 March 2020		Annual Budget 2017/2018 [R]	Performance Indicator	Indicator Type	Baseline	Targets 2017/2018					Target 2018/19	Target 2019/20
						Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual		
OPS	Increase the number of people who use the MTC bus services from 1 735 049 per annum to 2 036 204 per annum by 31 March 2018	789 085	Number of passengers transported	Quarterly Periodic	1 735 049 (Annual: 15/16)	476 651	498 251	519 851	541 451	2 036 204	2 199 100	2 419 010
OPS	Expand the MTC's area of operations from 1274 trips per week to 1374 trips per week by 31 March 2018	508 000	Number of trips operated per week	Quarterly Average	1274 (Q4:15/16)	1 314	1 354	1 394	1 434	1 374	1 475	1 623
ENG	Maintain a rate of zero fatal accidents caused by the MTC	6 115 995	Number of fatal accidents caused by the MTC	Quarterly Periodic	0 (Annual: 15/16)	0	0	0	0	0	0	0
ENG	Ensure that no trips are cancelled due to non-availability of buses	49 524 565	Number of trips cancelled due to non-availability of buses	Quarterly Cumulative	-	0	0	0	0	0	0	0

Increase the customer satisfaction rating from 85% to 90% by 31 March 2020		Annual Budget 2017/2018 [R]	Performance Indicator	Indicator Type	Targets 2017/2018							
					Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual	Target 2018/19	Target 2019/20
OPS	Increase the level of customer satisfaction from 85% to 86,5% by 31 March 2018	1 183 250	Percentage of respondents which are neutral, somewhat satisfied or very satisfied with the MTC Bus Service	Annual Average	85,00 (Annual: 15/16)	-	-	-	86,50	86,50	88,00	90,00

Reduce dependency on grant from 76% to 72% by 31 March 2020		Annual Budget 2017/2018 [R]	Performance Indicator	Indicator Type	Baseline	Targets 2017/2018					Target 2018/19	Target 2019/20
						Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual		
OPS	Reduce reliance ratio of subsidy to own generated income from 76:24 to 75:25 by 31 March 2018	94 500	Grant versus Own Income Ratio	Quarterly Periodic	76:24 (Annual: 15/16)	77:23	74:26	75:25	74:26	75:25	75:25	72:28
EXE	Increase the 10 MTC divisions which have an established Business Process Catalogue from 1 to 2 by 31 March 2018	0	Number of Business Process Catalogues established	Annual Periodic	1 (Q4: 16/17)	-	-	-	1	1	2	2
ICT	Digitalise 2 MTC business process by implementing an ICT Master Systems Plan by 31 March 2018	2 107 403	Number of digital systems implemented based on the Master System's Plan	Quarterly Cumulative	1 (Q3:16/17)	-	1	2	2	2	3	3
ENG	Increase the number of depots revamped from 2 to 3 by 31 March 2018	2 706 002	Number of Depot Revamps completed	Annual Periodic	2 (Q3:16/17)	-	-	-	1	1	1	1
FIN	Develop a Long-Term Funding Strategy for the MTC by 31 March 2018	299 500	Number of Long Term Funding Strategies Approved	Annual Periodic	0	-	-	1	-	1	-	-

1 This amount includes operating expenses and capital expenses. It excludes salary expenses

2 This amount includes operating expenses and capital expenses. It excludes salary expenses

Increase the King IV application rating from AA to AAA by 31 March 2020		Annual Budget 2017/2018 [R]	Performance Indicator	Indicator Type	Baseline	Quarter 1	Targets 2017/2018				Annual	Target 2018/19	Target 2019/20
CS	Demonstrate successful, responsible and accountable corporate governance by gaining a level AA King IV application rating by 31 March 2018	5 369 808	King IV Application Rating	Annual Cumulative	AAA King III (Annual: 15/16)	-	-	-	-	-	AA: High Application	AA: High Application	AAA: Highest Application
FIN	Resolve all findings that affect the 16/17 audit outcome by 31 March 2018	5 019 120	Number of unresolved findings that affect the prior year audit outcome	Annual Cumulative	0 (Annual: 15/16)	-	-	-	-	0	0	0	0
FIN	Improve internal audit's conclusion of the MTC control environment from "Weak" to a minimum of "Acceptable" by 31 March 2018	962 850	Number of internal audit reports concluded as "Acceptable" or better	Quarterly Periodic	1 (Annual: 15/16)	-	1	1	1	1	3	3	3
EXE	Reduce 2 of the 11 Strategic Risks to an acceptable level by 31 March 2018	2 488 422	Number of Strategic Risks reduced to an acceptable level	Annual Cumulative	1 (Annual: 15/16)	-	-	-	-	2	2	3	3
HR	Improve the average employee performance score from 3,46 to 3,50 by 31 March 2018	858 000	Employee average performance score for the organisation	Quarterly Cumulative	3,46 (Annual 15/16)	3,50	-	-	3,50	-	3,50	3,50	3,50
HR	Develop a capable workforce by increasing the number of training initiatives completed in accordance with the CEO approved workplace skills plan from 87 to 115 by 31 March 2018	1 267 500	Number of training initiatives completed in accordance with the CEO approved workplace skills plan	Quarterly Cumulative	87 (Annual: 15/16)	20	60	87	87	115	115	150	150
HR	Maintain the number of interns enrolled in the Internship Programme at 25 by 31 March 2018	0	Number of Interns enrolled in the Internship Programme	Annual Cumulative	25 (Annual: 15/16)	-	-	-	-	25	25	25	25
HR	Develop a capable workforce by promoting 20 learners from year 1 to year 2 of the 3-year apprenticeship programme by 31 March 2018	100 000	Number of learners enrolled in year 2 of the 3-year apprenticeship programme	Annual Cumulative	20 (Annual: 15/16)	-	20	-	-	-	20	20	25

1 This amount includes operating expenses and capital expenses. It excludes salary expenses



# 5 RISK MANAGEMENT PLAN

# 1 EXECUTIVE SUMMARY

Successful enterprise risk management increases the probability of achieving objectives and positions the MTC to identify and proactively realise opportunities.

The MTC refers to risk as being: “The possibility of any event, negative or positive, either internally or externally generated (where the impact may be internal or external), which may critically impact on the achievement of business objectives”

The strategic risks currently faced by the MTC, are presented in section 3 of this Risk Management Plan and are ranked from highest to lowest inherent risk exposure.

The inherent nature of the risk is the assessment of the risk without specific, focused controls in place. The residual risk assessment is undertaken on a quarterly basis by the Risk Management Committee following the approval of the Strategic Risk Register. The residual nature of the risk is the assessment of the risk considering the existing controls and their perceived effectiveness.

The larger the difference between the inherent and residual risk factors the more effective the controls in place are perceived to be, and therefore more reliance placed on the controls.

The smaller the difference between the inherent and residual risk factors, the more management actions and improved control effectiveness is needed to ensure that the risk is properly managed. It should be noted that the higher the inherent risk factor, the greater the need for effective controls. The items will therefore attract more management attention in order to:

- Maintain the quality of control where control effectiveness is considered adequate
- Improve quality of control further where residual risk is too high



# 2 THE MTC RISK RATING SCALES

Each risk is evaluated in terms of potential impact, likelihood of occurrence and the perceived effectiveness of controls in place to manage the risks per the criteria set out in the tables to follow:

## STRATEGIC RISK CATEGORIES

Cost Ranking	Rating	Description
Negligible	1	Minimal financial loss; Less than R30k
Minor	2	R31k to R200k
Moderate	3	R200k to R1.5m
Major	4	R1,51m to R30M
Extreme	5	Above R30M

Velocity Ranking	Rating	Description
Very low	1	Very slow onset, occurs over a year or more
Low	2	Onset occurs in a matter of several months
Medium	3	Onset occurs in a matter of a few months
High	4	Onset occurs in a matter of days to a few weeks
Very High	5	Very rapid onset, little or no warning, instantaneous

Vulnerability Ranking	Rating	Description
Very low	1	Real options deployed to maximize strategic flexibility; High enterprise level/process level capabilities to address risks; Redundant response mechanisms in place and regularly tested for critical risks; Contingency and crisis management plans in place and rehearsed regularly
Low	2	Strategic options defined; Medium to high enterprise level/process level capabilities to address risks; Responses implemented and achieving objectives except under extreme conditions; Contingency and crisis management plans in place; some rehearsals
Medium	3	Stress testing and sensitivity analysis of scenarios performed; Medium enterprise/process level capabilities to address risks; Responses implemendt and achieving objectives most of the time; Most contingency and crisis management plans in place, limited rehearsals.
High	4	Scenario planning for key startegic risks performed; Low enterprise/process level capabilities to address risks; Responses partially implemented or not achieving control objectives; Some contingency or crisis management plans in place.
Very High	5	No scenario planning performed; Lack of enterprise/process level capabilities to address risks. Responses not implemented. No contingency or crisis management plans in place.

Impact Ranking	Rating	Description
Incidental	1	Resolved in day-to-day management, Possible complaint - not reportable to shareholder; Isolated staff dissatisfaction.
Minor	2	Local reputational damage; Minor breach of policy/process; Requires monitoring and action at middle management level.
Moderate	3	Adverse short-term local media coverage; Numerous public complaints; Widespread staff morale problems and high turnover; Requires monitoring and action at senior management level.
Major	4	A threat to the long-term sustainability of the organisation; Demand for shareholder inquiry; High level of public embarrassment; Adverse and extended national media coverage; Not perceived as employer of choice; Some Senior Managers Leave; Significant loss of market share.
Extreme	5	Near and/ or collapse of the organisation; Long-term negative media coverage; Game-changing loss of market share; Significant Prosecution and fines and litigation; Significant injuries or fatalities to stakeholders; Multiple senior leaders leave.

Likelihood Ranking	Rating	Description
Rare	1	Hasn't occurred before or will only occur in exceptional circumstances; Less than 10% chance of occurrence over life of strategic plan.
Unlikely	2	Rarely occurs; Once in 25 years; Between 10 and 35% change of occurrence over life of the strategic plan.
Possible	3	The risk may occur; It is possible but not common; Once in 10 years; Between 35% and 65% chance of occurrence over life of the strategic plan.
Likely	4	Has before, will again; Once in 2 years up to once in 5 years; Between 65% and 90% change of occurrence over life of the strategic plan.
Very likely	5	Occurs frequently; Up to once in 2 years or more; 90% of greater chance of occurrence over the life of the strategic plan.

Risk Severity	Rating
Insignificant	1
Low	2
Moderate	3
High	4
Extreme	5



# 3 STRATEGIC RISK REGISTER

STRATEGIC RISK REGISTER				INHERENT RISK[ir]				RISK TOLERANCE[rt]									
RANK	TITLE	DESCRIPTION	ROOT CAUSE[S]	COST	VELOCITY	VULNERABILITY	IMPACT	LIKELIHOOD	SEVERITY	IDEAL CONTROLS/ MITIGATION	COST	VELOCITY	VULNERABILITY	IMPACT	LIKELIHOOD	SEVERITY	OWNER
1	Competition	Opposition from Taxis; Other operators which threaten MTC's market share.	Inadequate Law Enforcement; Taxi Operators are aggressive.	4.20	4.60	4.00	3.80	4.40	4.20	Develop and implement MOUs between the MTC and Taxi Associations; Seek community support.	3.00	4.00	3.00	2.00	3.00	3.00	Chief Operations Officer
2	Human Capital	Insufficient Competencies; Low Staff Morale; Lack of Artisans; Bus drivers not available or not fit for duty; Failure to retain and recruit suitable calibre staff to deliver the MTC's services to the required standard; Work performed by mechanical staff may be sub-standard and result in accidents.	Lack of HR Plan and accountability for HR related targets; Staff satisfaction not monitored;Inadequate Staff Induction;Lack of succession planning; Lack of Management Development Programme; Inadequate Delegation of Tasks;Underdeveloped Apprenticeship Programme; Ineffecient Recruitment Processes; Lack of competency assessments; Impractical Training Schedule.	4.20	4.00	4.20	4.00	4.20	4.12	Develop and implement a comprehensive HR Plan for the MTC; Link results of the HR Plan to relevant performance agreements; Develop and implement a Staff Satisfaction Index and improvement plan.	3.00	3.00	2.00	2.00	3.00	2.60	Senior Manager: HR
3	Funding	Key interventions are financially constrained; Limited resources to effect massive change; Overreliance on Government Funding; Own-revenue unable to carry business costs; Low-income client base.	Lack of Long Term Funding Strategy.	4.80	3.00	3.80	4.00	4.20	3.96	Develop a Long Term Funding Strategy.	4.00	2.00	3.00	2.00	3.00	2.80	Chief Financial Officer
4	Supply Chain	Inefficient Supply Chain Processes which do not adequately support the operations of the organisation; Sub-standard service from Vendors; Inadequate Management of Contracts.	Lack of Procurement Plan; Lack of accountability for Supply Chain targets; Manual Processes.	3.60	4.20	3.60	3.60	4.00	3.80	Develop and implement a Procurement Plan for the MTC; Link results of the Procurement Plan to relevant performance agreements; Automate Supply Chain Processes.	3.00	3.00	3.00	1.00	3.00	2.60	Chief Financial Officer
5	Change Management	Inadequate Change Management Process; Inconsistent, limited internal communication.	Lack of Change Management Plan; Ownership not clearly assigned; Lack of accountability for Change Management Targets/ Commitment.	3.80	3.60	3.80	3.80	4.00	3.80	Develop a Change Management Procedure for the MTC; Ensure compliance with the Change Management Procedure.	3.00	3.00	3.00	1.00	3.00	2.60	Senior Manager: HR
6	Roads	Poor road conditions.	Lack of maintenance by the Department of Public Works.	3.80	4.00	3.60	3.40	4.00	3.76	Regularly lobby Public Works for maintenance of the roads negatively affecting the MTC's operations.	3.00	3.00	3.00	2.00	3.00	2.80	Chief Operations Officer

STRATEGIC RISK REGISTER				INHERENT RISK[ir]				RISK TOLERANCE[rt]										
RANK	TITLE	DESCRIPTION	ROOT CAUSE[S]	COST	VELOCITY	VULNERABILITY	IMPACT		LIKELIHOOD	SEVERITY	IDEAL CONTROLS/ MITIGATION	COST	VELOCITY	VULNERABILITY	IMPACT	LIKELIHOOD	SEVERITY	OWNER
7	Ethics	Non-compliance with policies and procedures; Unethical behaviour and conduct including fraud and corruption; Undisclosed conflict of interest by officials.	Lack of understanding of Ethics; Inadequate systems of internal control; Lack of proper induction programme and manual for new staff; Employees not adhering to performance agreements, policies and procedures; Inability to detect legislative changes; Ineffective management of accountability, discipline and grievance issues; Lack of understanding of King IV requirements.	4.00	3.80	3.40	3.80		3.80	3.76	Develop and implement an Ethics Management Plan for the MTC; Link results of the Ethics Plan to relevant performance agreements; Maintain an independent Ethics Hotline; Develop Staff Induction Satisfaction Index and Improvement Plan; Develop and implement a KingIV Management Plan for the MTC; Link results of the KingIV Plan to relevant performance agreements; Obtain loDSA electronic assessment of KingIV compliance.	3.00	3.00	2.00	2.00	3.00	2.60	Company Secretary
8	Project Management	Under-performance in terms of time, cost and quality; No long term view in developing infrastructure and supportive architecture; Short-term approaches proving costly in the long term.	Lack of project management skills; Underdeveloped Project Management processes.	3.60	3.60	3.60	3.80		4.00	3.72	Subject Management Team to advanced project management training; Develop Project Management SOPs for the MTC; Link results of projects to relevant performance agreements.	3.00	2.00	2.00	2.00	2.00	2.20	EM: Strategy and Executive Support
9	Business Systems	Numerous inefficient/manual Business Processes; Lack of integration of systems.	Numerous inefficient/manual Business Processes; Lack of Computer Skills amongst staff; Lack of SOPs; Inadequate roll-out of SOPs.	3.20	3.40	3.60	3.80		4.20	3.64	Develop and implement a Master Systems Plan for the MTC; Link results of the Master Systems Plan to relevant performance agreements; Subject identified staff to International Computer Driver's License Training; Develop a Business Process Catalogue and supporting SOPs; Launch approved SOPs.	2.00	2.00	3.00	2.00	3.00	2.40	Senior Manager: ICT

STRATEGIC RISK REGISTER				INHERENT RISK(ir)				RISK TOLERANCE(rt)									
RANK	TITLE	DESCRIPTION	ROOT CAUSE(S)	COST	VELOCITY	VULNERABILITY	IMPACT	LIKELIHOOD	SEVERITY	IDEAL CONTROLS/ MITIGATION	COST	VELOCITY	VULNERABILITY	IMPACT	LIKELIHOOD	SEVERITY	OWNER
10	Passenger Demand	Passenger Demand may not be in sync with growth targets of the MTC.	MTC Products not well communicated to customers and staff; Lack of Service Excellence Standards and accountability; Inaccurate fare pricing; Rejection of Fare Prices by Customers; Brand not managed properly; Lack of approved Marketing Strategy.	3.40	3.20	3.80	3.20	3.60	3.44	Develop and implement a Marketing Strategy for the MTC; Link results of the Marketing Strategy to relevant performance agreements; Subject identified staff to Customer Service Training; Develop and Implement a Service Excellence Plan for the MTC; Link results of the Service Excellence Plan to the relevant performance agreements; Develop and implement a Fare Pricing and Communication Strategy; Link results of the Fare Pricing and Communication Strategy to relevant performance agreements.	2.00	2.00	3.00	2.00	3.00	2.40	Senior Manager: ICT
11	Business Continuity	MTC not prepared to optimally recover from disaster or emergency situations; Service Delivery Protests which may harm the business of the MTC.	Lack of Business Continuity Plan	3.60	3.60	3.40	3.60	2.80	3.40	Monitor compliance with the Insurance Service Level Agreement; Develop and implement a Business Continuity Plan for the MTC; Link results of the Business Continuity Plan to relevant performance agreements.	3.00	3.00	2.00	2.00	2.00	2.40	Chief Risk Officer



# 6 FRAUD PREVENTION POLICY

# 1 LEGISLATIVE MANDATE

This Policy derives its existence and operations from the following legislative mandates:

- Prevention and Combating of Corrupt Activities Act, Act 12 of 2004;
- Protected Disclosure Act, Act 26 of 2000;
- Public Finance Management Act (Act No. 1 of 1999 as amended by Act No. 29 of 1999); and
- Regulations emanating from the above legislation.



## 2 ABBREVIATIONS AND ACRONYMS

"MTC"	Mayibuye Transport Corporation
"CEO"	Chief Executive Officer
"EM"	Executive Manager
"PFMA"	Public Finance Management Act (Act No. 1 of 1999 as amended by Act No. 29 of 1999).
"RMC"	Risk Management Committee



# 3 DEFINITIONS

## "FRAUD AND CORRUPTION"

Includes, but is not limited to the following:

"Fraud" i.e. "unlawful and intentional making of a misrepresentation which causes actual prejudice or which is potentially prejudicial to another"

- "Corruption" in terms of section 3 of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 is committed by any person who directly or indirectly:
- accepts or agrees or offers to accept any gratification from any other person, whether for the benefit of himself or herself or for the benefit of another person; or
  - gives or agrees or offers to give to any other person any gratification, whether for the benefit of that other person or for the benefit of another person, in order to act, personally or by influencing another person so to act, in a manner –
    - that amounts to –
      - illegal, dishonest, unauthorised, incomplete, or biased; or
      - misuse or selling of information or material acquired in the course of the, exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation;
    - that amounts to –
      - the abuse of a position of authority;
      - a breach of trust; or
      - the violation of a legal duty or a set of rules; designed to achieve an unjustified result; or
    - that amounts to –
      - any other unauthorised or improper inducement to do or not to do anything.

## "THEFT"

i.e. "unlawful and intentional misappropriation of another's property which is in his/her lawful possession, with the intention to deprive the owner of its rights permanently"

## "FRAUDULENT AND CORRUPT ACTS TO REPORT"

Fraudulent acts to report may include:

Systems issues: Where a process/system exists which is prone to abuse by employees, the public or other stakeholders, e.g.

Procurement fraud, e.g. irregular collusion in the awarding of tenders or orders for goods and/or services, sensitive information deliberately disclosed to contractors or consultants;

Deliberate non-compliance with delegation of authority limits;

Collusion in contracts management;

Loan fraud, e.g. inducement of staff to omit/modify information and conditions applicable to loan agreements; deviation from standard practices and policies, submission of inaccurate information;

Travel and subsistence fraud; and Disclosing confidential or proprietary information to outside parties.

Financial issues: i.e. where individuals or companies have fraudulently obtained money from MTC e.g.

Creditors fraud e.g. diverting payments to incorrect creditors

Suppliers submitting invalid invoices or invoicing for work done;

Payroll fraud e.g. creation of "ghost employees";

Theft and misappropriation of funds; and

Making a profit from insider knowledge

Equipment and resource issues: i.e. where the MTC's equipment is utilised for personal benefit or stolen, e.g.

Theft of assets, e.g. computers;

Sensitive data deliberately destroyed or misused for personal advantage and/or unauthorised use or release of sensitive MTC information;

Soliciting gifts or favours from consultants or other suppliers, e.g. acceptance of "kick-backs",

Pursuing private business interests without permission

## "POLICY"

Anti-Fraud and Corruption Policy and Response Plan

## "CHIEF RISK OFFICER"

A senior official who is the head of the risk management unit

## "CORPORATION"

Mayibuye Transport Corporation

## "EXECUTIVE AUTHORITY"

The Member of the Provincial Executive Council who is accountable to the Provincial Legislature for that public entity or in whose portfolio it falls

## "PROTECTED DISCLOSURE ACT"

Protected Disclosure Act, Act 26 of 2000

# 4 ANTI-FRAUD AND CORRUPTION PRINCIPLES

- 4.1 The MTC is wholly committed to protecting its revenue, expenditure, assets and reputation from any attempt by any person to gain financial or other benefit in an unlawful, dishonest or unethical manner.
- 4.2 The MTC has zero tolerance to fraud and corruption.
- 4.3 In addition, all fraud and corruption will be investigated and followed up by the application of all remedies available within the full extent of the law, as well as the application of appropriate prevention and detection controls.
- 4.4 Employees who commit an act of fraud and corruption will be subject to disciplinary action, up to and including termination with cause.
- 4.5 Where possible and practicable, the MTC will pursue full recovery of all losses resulting from an act of fraud and corruption.

The MTC undertakes to maintain effective governance and the highest standard of ethics business operations.



## 5 BACKGROUND

- 5.1 The Mayibuye Transport Corporation is committed to maintaining the highest standards of honesty and integrity and ethical conducts and has adopted this policy to ensure consistent and effective investigation, reporting and disclosure and minimisation of fraud and corruption occurrences within the Corporation.
- 5.2 Furthermore, the purpose of this document is to confirm that the Corporation supports and fosters a culture of zero tolerance to fraud, corruption and theft in all of its activities.

# 6 AIMS AND OBJECTIVES OF THE POLICY

- 6.1 The aim of the policy is to prevent fraud and corruption within Mayibuye Transport Corporation (hereafter referred to as "MTC" or "the Corporation").
- 6.2 The policy will assist individuals and their line managers in ensuring that their actions can withstand scrutiny.
- 6.3 The overall aim is to maintain the reputation and integrity of the MTC.
- 6.4 The main objectives of the Policy are to:
  - 6.4.1 Encourage a culture within the MTC where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of the MTC;
  - 6.4.2 Improve accountability, efficiency and effective administration within the MTC
  - 6.4.3 Improve the application of systems, policies, procedures and regulations;
  - 6.4.4 Ensure the implementation of a Whistle Blowing Policy and Fraud Hotline to effectively deal with the reporting of fraud and corruption cases. These structures should be regularly communicated to employees, customers and suppliers. Employees must be assured that they will be protected and treated respectfully in the case of lodging complaints;
  - 6.4.5 Ensure effective referral and follow-up procedures on fraud and corruption reports; and
  - 6.4.6 Encourage all employees and other stakeholders to strive toward the prevention and detection of fraud and corruption impacting or having the potential to impact the MTC.
  - 6.4.7 The policy should be read in conjunction with the Code of Ethics and Whistle Blowing Policy, which supports and encourages all employees to report suspected illegal activity without fear of victimisation or detriment as a result of making a disclosure.

## 7 STRATEGIES

- 7.1 Anti-Fraud AND Corruption Strategy
  - 7.1.1 Every employee is responsible for executing risk management processes and adhering to risk management procedures laid down by the department management in their areas of responsibilities.
  - 7.1.2 The primary objective of anti-fraud and corruption strategy is to develop and reinforce, or instil a culture of ethical behaviour amongst employees and other role players.
  - 7.1.3 The main principles of a Fraud and Corruption Prevention Strategy include:
    - 7.1.3.1 Creating a culture which is intolerant to fraud, corruption and related misconduct; and
    - 7.1.3.2 Deterrence, prevention, detection, investigation, resolution of incidents of fraud, corruption and related irregularities.
  - 7.1.4 This strategy to address fraud and corruption will contain the following components:
    - 7.1.4.1 Creation of fraud and corruption awareness through training and communication;
    - 7.1.4.2 A Code of Ethics and Business Conduct containing a set of values in which management believes, and require their employees to adhere to;
    - 7.1.4.3 MTC policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury regulations);
    - 7.1.4.4 Disciplinary code and procedures;
    - 7.1.4.5 Implementation of sound internal controls to prevent and detect fraud and corruption;
    - 7.1.4.6 An effective internal audit function;
    - 7.1.4.7 An anti-fraud and corruption investigative capacity;
    - 7.1.4.8 Ongoing fraud and corruption risk assessment;
    - 7.1.4.9 Management structures to develop, implement, monitor and assess the Fraud and Prevention strategy;
    - 7.1.4.10 An anti-fraud and corruption policy, including a response plan and comprehensive processes for the appropriate resolution of related incidents;
    - 7.1.4.11 An anti-fraud and corruption reporting mechanism for confidential reporting;
    - 7.1.4.12 Physical and information security; and
    - 7.1.4.13 Ongoing maintenance and review.

# 8 CODE OF ETHICS AND BUSINESS CONDUCT [‘THE CODE’]

- 8.1 The MTC has developed and adopted a Code of Ethics that will be applicable to all employees, temporary employees, part-time employees, casual employees, occasional employees and all service providers used by or acting on behalf of the MTC;

8.2 All employees will be required to officially acknowledge that they are aware of what is expected of them in terms of the Code by signing an acknowledgement of receipt.

8.3 The Code will form an integral part of the planned induction programmes for all new employees.

## 8.4 THE MTC’S CODE OF ETHICS HAS THE FOLLOWING ELEMENTS:

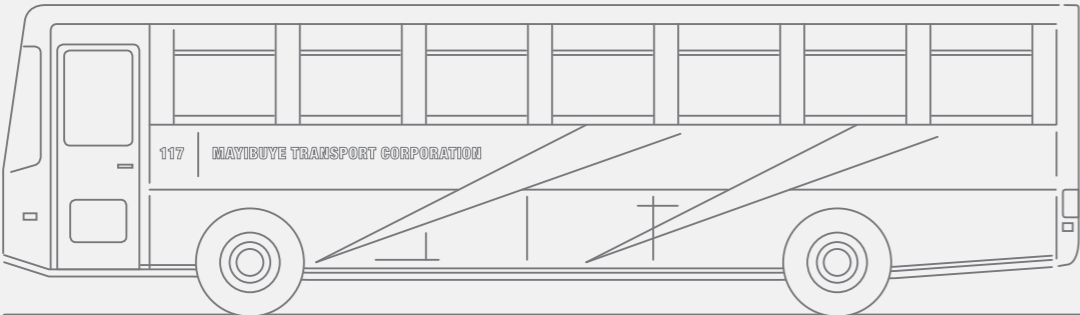
- 8.4.1 Obey the law;

8.4.2 Respect others;

8.4.3 Be fair;

8.4.4 Be honest;

8.4.5 Protect the environment.



# 9 SYSTEMS, POLICIES AND PROCEDURES

- 9.1 The MTC has several systems, policies and procedures designed to ensure compliance with legislation. (Compliance Diaries)

9.2 All employees and other stakeholders are expected to comply with the applicable policies and procedures.

9.3 The MTC has identified fraud and corruption risk in this area as being the lack of application, knowledge, awareness, effective communication and training with regard to its prevailing systems, policies and procedures (e.g. non-compliance with financial, regulatory and best practices as contained in GAAP and the PFMA). Furthermore, the MTC has also identified a risk that some policies and procedures may be inadequate.

9.4 The management of the MTC will improve awareness and knowledge of the relevant systems, policies and procedures, including inter alia the requirements of the PFMA amongst its employees. The MTC will develop clearly defined communication and training strategies to create awareness of existing and new policies and procedures in order to ensure that all employees are made aware of, and adequately trained in the implementation of policies and procedures relevant to their duties and responsibilities, including:

9.4.1 Provisions for all employees to acknowledge, in writing, that they have read the policies and procedures applicable to their duties, have undergone relevant training and/or are aware of these policies and procedures;

9.4.2 The keeping of adequate records serving as proof that employees have been made aware of the policies and procedures relevant to their duties; and

9.4.3 The development and distribution of a regular communiqué outlining the importance of complying with policies and procedures and the implications for employees, for example – the taking of corrective action against offenders not complying with policies and procedures.

9.5 A structured monitoring mechanism will be developed for the keeping of proper records of the policies and procedures that are being updates, and of new policies and procedures that are being developed in order to set clear targets and monitor progress.

9.6 The MTC is committed to developing human resources systems, policies and procedures, which will incorporate the fraud and corruption prevention practices detailed below:

9.6.1 The development of a system for pre-employment screening and promotion practices with objective standards in order to reduce the risk of nepotism and favouritism, both of which are damaging forms of fraud and corruption;

9.6.2 The MTC recognises that, despite ongoing organisational and policy changes, for example employment equity policies, the matching of competencies to job specifications/requirements are extremely important.

9.6.3 As part of its approach to the management of human resources, the MTC will continue to pursue steps to limit the risk incompetent people being appointed; and the pre-screening of potential candidates for employment by human resources (verification of academic qualifications and previous work experience).

9.6.4 Management must be held accountable for complying with, and implementing, the MTC’s systems, policies and procedures and for preventing fraud and corruption. This will continually be addressed in job descriptions, agreed work plans, performance agreements and appraisals.

9.7 The MTC will also develop a system with clear guidelines for the placing of prohibitions on individuals and restriction of entities found guilty of fraud and corruption against it.

# 10 DISCIPLINARY CODE AND PROCEDURES

- 10.1 The disciplinary code and procedures prescribe appropriate steps to be taken to resolve disciplinary matters. Human Resources will support the MTC in instituting and completing disciplinary action for cases of fraud and corruption.
- 10.2 The MTC recognises the fact that the consistent and efficient application of disciplinary measures is an integral component of effective fraud and corruption prevention. The following steps to expedite the consistent, efficient and speedy application of disciplinary measures will be initiated:
  - 10.2.1 Creating awareness amongst employees of conduct, which is forbidden in terms of disciplinary code. Where disciplinary standards are not adhered to, action will be taken against offenders;
  - 10.2.2 Ongoing training of supervisors/managers in the application of disciplinary measures and the disciplinary process, and sustaining this training;
  - 10.2.3 Developing a system to facilitate the consistent application of disciplinary measures; and
  - 10.2.4 Regular monitoring and review of the application of discipline with the objective of improving weaknesses identified.
  - 10.2.5 Where supervisors managers are found to be inconsistent and/or inefficient in the application of discipline firm corrective action will be considered.

# 11 INTERNAL CONTROLS TO PREVENT AND DETECT FRAUD

- 11.1 This section of the plan relates to basic internal controls to prevent and detect fraud and corruption and the training of employees in the system of internal control and the conducting of day-to-day duties.
- 11.2 The systems, policies and procedures of the MTC prescribe various basic internal controls, which if effectively implemented, would limit the risk of fraud and corruption. These controls may be categorised as follows, it being recognised that the categories contain overlapping elements:
  - 11.2.1 Prevention controls (Authorisation and Physical)
  - 11.2.2 Detection controls (Arithmetic and Accounting, Physical, Supervision and Management information)
- 11.3 Prevention controls
  - 11.3.1 These are intended to deter undesirable events (including fraud and corruption) from occurring and are divided into two sub-categories, namely, Authorisation and Physical.
  - 11.3.2 Authorisation
 

All transactions require authorisation or approval by an appropriate responsible person. The limits for these authorisations are specified in the delegations of authority of the MTC as well as in various government prescripts. All individuals with specified delegations for the authorisation of transactions must be trained and/or made to acknowledge their understanding of their responsibilities in terms of the PFMA and Code of Conduct.
  - 11.3.3 Physical
 

These controls are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access to assets is limited to authorised personnel e.g. stores.
- 11.4 Detection controls
 

These controls are designed to detect and correct undesirable events which have occurred and are divided into four categories, namely, Arithmetic and Accounting, Physical, Supervision and Management Information.

  - 11.4.1 Arithmetic and accounting
 

These are basic controls within the recording function which check that transactions to be recorded and processed have been authorised, that they are complete, and that they are correctly recorded and accurately processed. Such controls include checking the arithmetical accuracy of records, the maintenance and checking of totals, reconciliations, control accounts, and accounting for documents.
  - 11.4.2 Physical
 

These controls relate to the security of records. They therefore underpin arithmetic and accounting controls. Their similarity to preventive controls lies in the fact that these controls are also designed to limit access.
  - 11.4.3 Supervision
 

This control relates to supervision by responsible officials of day-to-day transactions and the recording thereof.
  - 11.4.4 Management information
 

This relates to the review of management accounts and budgetary control. These controls are normally exercised by management outside the day-to-day routine of the system.



## 12 SEGREGATION OF DUTIES

- 12.1 One of the primary means of control is the separation of those responsibilities or duties that would if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit fraud and corruption.
- 12.2 Segregation of duties reduces the risk of intentional manipulation or error and increases the element of checking.
- 12.3 Functions that should be separated include those of authorisation, execution, custody, recording and, in the case of computer-based accounting systems, systems development and daily operations.
- 12.4 Placed in context with fraud and corruption prevention, segregation of duties lies in separating either the authorisation or the custodial function from the checking function.
- 12.5 The MTC will continue to initiate steps to address the problem of lack of training, expertise and knowledge regarding systems, policies and procedures to improve internal control. Areas of weakness will be identified during audits and risk assessments.
- 12.6 Furthermore, the MTC will also continue to re-emphasise to all supervisors and managers that consistent compliance by all employees with internal control is one of the fundamental controls in place to prevent fraud and corruption.
- 12.7 Supervisors and managers will be encouraged to recognise that internal control shortcomings identified during audits are, in many instances, purely symptoms and that they should strive to identify and address the causes of these internal control weaknesses, in addition to addressing the control weaknesses.
- 12.8 Furthermore, the MTC will develop a formal system by which the performance of supervisors and managers are appraised by taking in to account the number of audit queries raised and the level of seriousness of the consequent risk to the MTC because of the internal control deficiency identified. This is intended to raise the level of supervisor and manager accountability for internal control.
- 12.9 Where supervisors and managers do not comply with basic internal controls, e.g. non-adherence to the delegation of authority limits, firm corrective action(s) will be considered.

## 13 PHYSICAL SECURITY

The MTC will consider conducting a regular detailed review of the physical security arrangements at its offices and improve weaknesses identified. Specific focus areas will be physical security over infrastructure, assets and staff.

## 14 INFORMATION SECURITY

- 14.1 The MTC will ensure that all employees are sensitised on a regular basis to the fraud and corruption risks associated with information security and the utilisation of computer resources, in particular – access control, and ensure that systems are developed to limit the risk of manipulation of computer data
- 14.2 Regular communiqués will be forwarded to employees, focusing on e-mail and internet usage and the implications (e.g. disciplinary action) of abusing these and other computer related facilities. Where employees are found to have infringed and/or failed to comply with prevailing policies in this regard, disciplinary action will be taken.
- 14.3 Regular reviews of information and computer security will also be considered. Weaknesses identified during these reviews will be addressed (e.g. undefined security access rights by application owners, distributed and unmanaged hardware file servers within the MTC and non-implementation ICT governance within the MTC).

## 15 EFFECTIVE INTERNAL AUDIT

- 15.1 The MTC requires that regular internal audits to be conducted by Internal Audit to validate compliance with established policies and procedures. This process is supervised by the Chief Audit Executive. Therefore, a positive support from all MTC supervisors and managers for Internal Audit and its functions, speedy response to, and the addressing of queries raised by Internal Audit is vital to the success of the plan.
- 15.2 The objectives of these regular internal audits are to:
  - 15.2.1 Provide assurance that the system of internal controls is adequate and effective;
  - 15.2.2 Ensure that appropriate policies and procedures are in place to best achieve the objectives set by the MTC;
  - 15.2.3 Diligently monitor the MTC's processes and control environment;
- 15.4 Ensure that there is a process of identifying, assessing and managing risk within the MTC;
- 15.5 Provide reports containing informed recommendations to management on the findings. This will ensure that practices within the MTC are improved and controls strengthened on an on-going basis;
- 15.6 Maintain a reporting relationship to the Audit and Risk Committee and the Chief Executive Officer; and
- 15.7 Provide the Audit and Risk Committee with reports on the adequacy and effectiveness of controls.

**COMPLIANCE**  
BY ALL EMPLOYEES WITH  
INTERNAL CONTROL  
IS ONE OF THE FUNDAMENTAL  
CONTROLS IN PLACE TO  
**PREVENT**  
FRAUD AND CORRUPTION



# 16 ANTI-FRAUD AND CORRUPTION INVESTIGATIONS

- 16.1 All reported unethical behaviour for staff with a job grade of D2 or below will be managed by the Chief Risk Officer and in the event of staff with a job grade of D3 or above will be dealt with by the Audit and Risk Committee Chairperson.

16.2 The Chief Risk Officer and the Audit Committee Chairperson respectively will ensure that all reported irregularities are adequately dealt with and/or investigated. If necessary, a forensic auditor may be engaged to supplement this investigation.

16.3 Any whistle-blower may be provided with regular feedback regarding the process, at the discretion of the Chief Risk Officer and the Audit and Risk Committee Chairperson respectively.

16.4 The Chief Risk Officer must table a list of all unethical behaviour cases as well as status reports on investigations at every Audit and Risk Committee meeting in accordance with the responsibility highlighted in 16.1 above.

16.5 The Audit and Risk Committee Chairperson must table a list of all unethical behaviour cases as well

as status reports on investigations at every Board meeting in accordance with the responsibility highlighted in 16.1 above.

16.6 All information relating to unethical behaviour and irregularities that are received and investigated will be treated confidentially notwithstanding the responsibility highlighted in 16.4 and 16.5 above.

16.7 Any cases implicating the Chief Executive Officer, will directly be reported to the Chairperson of the Audit and Risk Committee and the Chairperson of the Board.

16.8 Any cases implicating a member of the Board or its Committees, other than the Audit and Risk Committee, will directly be reported to the Chairperson of the Audit and Risk Committee who will report same to the MEC for Transport in the Eastern Cape.

16.9 Any cases implicating a member of the Audit and Risk Committee, will be directly reported to the Chairperson of the Board.

# 17 ONGOING RISK ASSESSMENTS



- 17.1 The MTC acknowledges that it faces diverse risks from both internal and external sources.

17.2 The MTC will review the risk assessment to ensure that it is taking action to manage and mitigate the fraud and corruption related risks disclosed therein.

17.3 The Chief Risk Officer will ensure that:

17.3.1 Risk assessments are conducted on an ongoing basis and that the MTC’s risk profile is updated on an ongoing basis; and

17.3.2 An annual organisation wide risk assessment is conducted to ensure pro-active actions to manage and mitigate risks identified.

# 18 MANAGEMENT STRUCTURES AND RESPONSIBILITIES

- 18.1 The following section outlines the fraud and corruption risk management responsibilities associated with different roles within the MTC.

18.2 The Risk Management Committee, assisted by Internal Audit Unit, has the responsibility for receiving, investigating and reporting on allegations of unethical behaviour, fraud and corruption for staff of job grade D2 or below and to recommend the required action to be taken by line management. Accordingly:

18.2.1 Where the investigation indicates that the allegations were correct, the Chief Risk Officer shall disclose all details to the CEO, and depending on the nature of the allegations, the sensitivity of the matter and possible risk to the organisation, report the matter to the applicable line management recommending the required action to be taken by line management.

18.2.2 All reported cases in which the contravention is suspected or proven to be valued at R100 000 or above, must be reported to the South African Police Services (SAPS).

18.2.3 Line Management is responsible for the maintenance and implementation of disciplinary action and reporting criminal matters to the South African Police Service (SAPS) through the Risk Management Committee.

18.3 The Audit and Risk Committee, assisted by Internal Audit Unit, has the responsibility for receiving, investigating and reporting on allegations of unethical behaviour, fraud and corruption for staff of job grade D3 and above and to recommend the required action to be taken. Accordingly:

18.3.1 If Staff graded at D3 or above are implicated, the matter is directed to the CEO by the Audit and Risk Committee Chairperson.

18.3.2 The CEO will investigate the matter by engaging the services of independent forensic investigators. If the allegations are correct the CEO will take necessary action including disciplinary action or criminal action and report the outcome to the Chairperson of the Audit and Risk Committee.

18.3.3 All reported cases in which the contravention is suspected or proven to be valued at R100 000 or above, must be reported to the South African Police Services (SAPS).

18.3.4 The CEO is responsible for the maintenance and implementation of disciplinary action and reporting criminal matters to the South African Police Service (SAPS).

18.4 If the case implicates the CEO, the Audit and Risk Committee Chairperson must make the necessary recommendation to the Board for further action. The Shareholder should also be alerted of such allegations. The Board shall take necessary actions including disciplinary action.

18.5 If a member or members of the Board implicated, the Audit Committee Chairperson shall consult the MEC of Transport who shall appoint independent forensic investigators and if allegations are correct shall take necessary action including disciplinary or criminal action.

18.6 If a member or members of the Audit and Risk Committee are implicated, the Board Chairperson shall appoint independent forensic investigators and if allegations are correct shall take necessary action including disciplinary or criminal action.

18.7 Human Resources (HR) function has the responsibility of providing guidance and support on the disciplinary process relating to staff.

# 19 FRAUD AND CORRUPTION REPORTING AND MONITORING

- 19.1

Fraud and corruption in any institution is a serious matter which must be dealt with promptly and competently.
- 19.2

Apart from the legal implications of fraud and corruption, improper acts have the potential to undermine the public image of the MTC.
- 19.3

Employees must act promptly on any allegation or observation of potential fraud or corrupt conduct.
- 19.4

Fraud Tip-Offs Anonymous Hotline

19.4.1

The MTC has implemented a Fraud Tip-Offs Anonymous Hotline facility to ensure the following:

19.4.1.1

To encourage employee participation in supporting, and making use of this facility and to raise the level of awareness that the MTC is serious about fraud and corruption.

19.4.1.2

To detect incidents of fraud and corruption by encouraging of whistle blowers to report incidents which they witness and to assist in identifying areas of fraud risk in order that preventive and detective controls can be appropriately improved or developed.

19.4.1.3

To assist the MTC in managing the requirements of the Protected Disclosures Act by creating an additional channel through which whistle blowers can report irregularities
- 19.5

Protection of whistle-blowers

19.5.1

The MTC has developed the Whistleblowing Policy intended to encourage employees and stakeholders to raise serious concerns pertaining to inter alia fraud and corruption without fear of victimisation.

19.5.2

The identity of whistle-blowers will be kept confidential, and will not be revealed to any persons other than the Chief Risk Officer, except with the whistle-blower's express written agreement.

19.5.3

Whilst it is recognised that in some instances a "whistle-blower" may want to remain anonymous, this could make it difficult to follow up on allegations made. Whistle blowers will therefore be encouraged to identify themselves to the Chief Risk Officer.

19.6

Monitoring

19.6.1

The Chief Risk Officer will monitor and review the effectiveness of the Fraud Tip-Offs Anonymous Hotline.

19.7

which they witness or which come to their attention; and

19.8

To further assist the MTC in identifying areas of fraud and corruption risks in order that preventive and detective controls can be appropriately improved or develop.
- # 20 PHYSICAL SECURITY AND INFORMATION SECURITY
- 20.1

The lack of adequate physical protection and information security measures has been identified as a major risk. This will be addressed through:

20.1.1

Identifying vulnerable areas and performance gaps;

20.1.2

Revising security measures to ensure that vulnerabilities are effectively addressed;

20.1.3

Document security procedures;

20.1.4

Communicating the security procedures to all employees and stakeholders; and

20.1.5

Developing and implementing an information security policy and procedures that deals with the control over physical documents that contain confidential information.
- # 21 ADMINISTRATION
- 21.1

The custodian of this policy is the Chief Executive Officer who is supported in its implementation by all managers of the Corporation.

21.2

The Chief Risk Officer, supported by all other managers of the Corporation, is responsible for the administration and revision of this policy. This policy will be reviewed at least annually and appropriate changes will be made should these be required.
- # 22 CREATING AWARENESS
- 22.1

This is a cornerstone for the Anti-Fraud and Corruption strategy and comprises two approaches, namely Education and Communication.

22.2

Education

22.2.1

The creating of awareness amongst employees is intended to address the following issues:

22.2.2

Informing employees on an ongoing basis on what constitutes fraud and corruption;

22.2.3

Promote policies that must be adhered to, including the values and principles of public administration as contained in the Constitution and standard of professional conduct;

22.2.4

Informing employees of fraud and corruption risks to enable understanding of specific risks to which the MTC may be exposed, thus enhancing the prospect of detecting irregularities earlier;

22.2.5

Encouraging employees to blow the whistle on fraud and corruption; and

22.2.6

Employee awareness of the current legislative framework as it relates to fraud and corruption, and their obligations and rights should they blow the whistle on fraud and corruption.

22.3

Communication

22.3.1

The objective of the communication plan is to:

•

Create awareness amongst employees, and other stakeholders, of the Anti-fraud and prevention strategy to inculcate a culture where all stakeholders strive to contribute toward the eradication of corruption and fraud; and

•

To ensure that there is no uncertainty amongst personnel, suppliers and clients about the policies and procedures that shape the MTC's approach to fraud as being one of "zero tolerance".

•

The communication plan will make use of a variety of mediums, including but not limited to:

•

Email communiqués and circulars

•

Posters

•

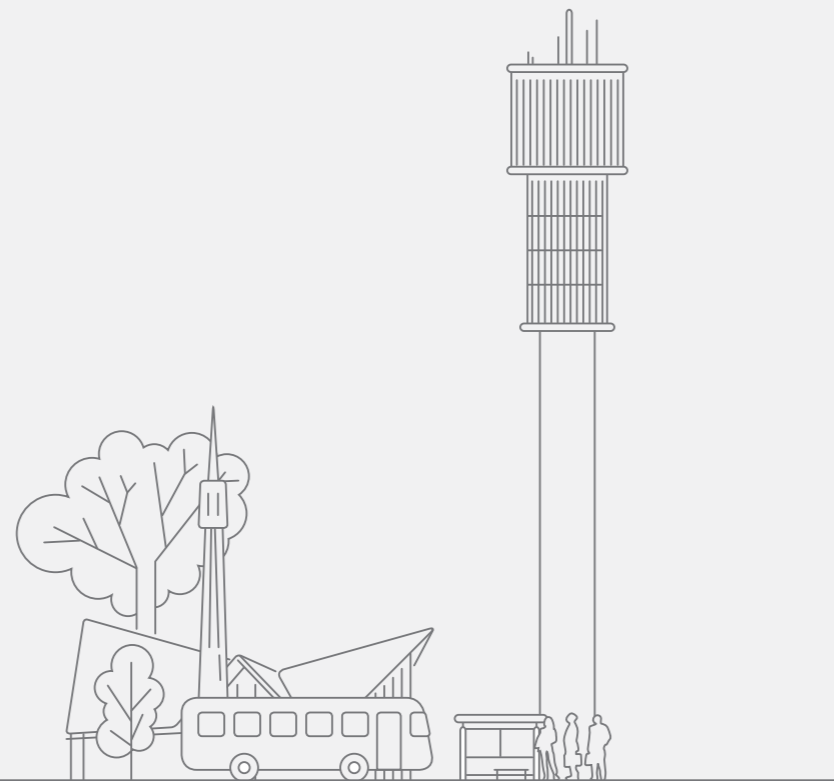
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# 23 OUTCOMES

- 23.1 The Anti-Fraud and Corruption Policy and Response Plan sets out the responsibilities of individuals at all levels of the entity, and how the Corporation will manage risks that are associated with fraud and corruption (including bribery) and the protocols that are in place to:
  - 23.1.1 Encourage prevention
  - 23.1.2 Promote detection
  - 23.1.3 Investigate allegations of fraud and corruption and take remedial actions where appropriate.
- 23.2 The desired outcomes of this policy are:
  - 23.2.1 Higher profile and awareness of fraud throughout the Corporation.
  - 23.2.2 Greater management awareness of the risks of fraud and corruption
  - 23.2.3 Improved management controls
  - 23.2.4 Improved compliance the Corporation policy, procedures and practices as evidenced though ongoing management monitoring, internal audit reviews and the level of identified fraud and irregularity.





## 7 FINANCE PLAN

# 1 OVERVIEW

The MTC's assessment of the Corporation's projected budget for the three years ending 2019/20 amounts to R143 703 000, R153 459 920 and R153 827 812 respectively and reflects grant amounts of R107 704 000, R114 581 000 and R111 061 000 respectively. The grant amount is based on indicative figures from the Eastern Cape Department of Transport and has been adjusted to reflect on MTC's Annual Operating Plan for the next three years. Own generated revenue amounts to R35 999 000, R38 878 920 and R42 766 812 respectively which reflects an average increase of 8,25%.

## 1.1 BUDGETING PROCESS

The corporation's budget process is influenced by the departmental programs in the annual operating plan. Departments submit projects to be performed to the Strategic Management Office where a consolidated annual operational plan is being developed for the

Corporation. A combination of incremental and zero based budgets are prepared by the Finance department in line with the consolidated annual operational plan. After consultation and presentation of the budget it is approved by the Accounting Authority. The budget implementation commences 1 April of each financial year.

## 1.2 FUNDING MODEL

The Corporation has three sources of funding, namely: -

- Own generated income;
- Operational grant; and
- Capital grant.

Own generated revenue funds operating and administrative expenses while operating grant funds direct operating costs. Capital grant funds capital expenditure. The corporation has targeted to reach a ratio of grant to own funding of 74:26 within the 2017 MTEF.

# 3 CAPITAL EXPENDITURE PLAN

Key to the operations of the corporation is the availability of buses and the appropriate facilities for the maintenance of the fleet. Additional to that are offices that are used to support the operation such as bus dispatcher office, cashiers' offices, drivers' restrooms and other administrative offices. The corporation can deliver on its strategic goals through the allocation by the Provincial Department of Transport of capital transfers to the corporation to fund the corporation's long-term infrastructure plan thereby rendering it possible for the corporation to continue with its recapitalisation plan which includes:

- Procurement of new buses,
- Refurbishment of old buses,
- Upgrades and additions to buildings,
- Replacements of workshop assets.

Capital expenditure budget has been estimated to amount to R13 008 000, R13 728 000 and R13 885 000 per year respectively and is based on indicative MTC Own Revenue. This excludes any proceeds we may receive from the Department of Transport for recapitalisation of the Corporation.

# 4 BORROWING PLAN

The Corporation has no intention of borrowing during the current MTEF cycle.

## SUMMARY OF FINANCIAL POSITION

R thousand	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	Audited outcome		Actual outcome	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term receipts estimate
<b>Revenue</b>							
<b>Tax revenue</b>	-	-	-	-	-	-	-
<b>Non-tax revenue</b>	<b>129 076</b>	<b>196 771</b>	<b>144 100</b>	<b>173 558</b>	<b>169 558</b>	<b>169 558</b>	<b>153 828</b>
Sale of goods and services other than capital assets	26 599	29 162	27 546	58 431	58 431	58 431	42 767
Entity revenue other than sales	389	883	6 874	-	-	-	-
Transfers received	102 088	166 726	108 990	115 127	111 127	111 127	111 061
Sale of capital assets	-	-	690	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Other non-tax revenue	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>129 076</b>	<b>196 771</b>	<b>144 100</b>	<b>173 558</b>	<b>169 558</b>	<b>169 558</b>	<b>153 828</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>100 119</b>	<b>124 833</b>	<b>116 993</b>	<b>151 231</b>	<b>151 231</b>	<b>151 231</b>	<b>139 943</b>
Compensation of employees	54 791	61 374	62 391	81 837	81 837	81 837	73 627
Goods and services	44 695	62 549	54 081	64 150	64 150	64 150	61 330
Interest on rent and land	633	910	521	5 244	5 244	5 244	4 986
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payments for capital assets</b>	<b>18 640</b>	<b>11 420</b>	<b>-</b>	<b>22 327</b>	<b>18 327</b>	<b>18 327</b>	<b>13 885</b>
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>118 759</b>	<b>136 253</b>	<b>116 993</b>	<b>173 558</b>	<b>169 558</b>	<b>169 558</b>	<b>153 828</b>
<b>Surplus / (Deficit)</b>	<b>10 317</b>	<b>60 518</b>	<b>27 107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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## MATERIALITY & SIGNIFICANCE FRAMEWORK

# 1 BACKGROUND

This document was developed to give effect to the March 2005 amendment to the Treasury Regulations, whereby the following new requirement was placed on public entities:

- Section 28.3 - Materiality and Significance [Sections 55 (2) and 54 (2) of the PFMA]
- 28.3.1 For purposes of mater [section 55 (2) of the Act] and significant [section 54 (2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.
- Section 29.1 – “the corporate plan must cover a period of three years and must include (f) a materiality / significant framework, referred to section 28.3.1”
- Section 30.1.3 (e) – “The strategic plan must include the materiality / significant framework, referred to section 28.3.1”

The following sections in terms of the PFMA apply to the Corporation:

- 54. Information to be submitted by accounting authorities: “Before a public entity concludes any of the following transactions,

the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

- a establishment or participation in the establishment of a company;
- b participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- c acquisition or disposal of a significant shareholding in a company;
- d acquisition or disposal of a significant asset;
- e commencement or cessation of a significant business activity; and
- f a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.”

- 55. Annual report and financial statements.
- “The annual report and financial statements referred to in subsection (1) (d) must—

- a fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;
- b include particulars of—
  - i. any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;
  - ii. any criminal or disciplinary steps taken as a consequence of such losses or
  - iii. irregular expenditure or fruitless and wasteful expenditure;
  - iv. any losses recovered or written off;
  - v. any financial assistance received from the state and commitments made by the state on its behalf; and
  - vi. any other matters that may be prescribed; and
  - vii. include the financial statements of any subsidiaries.”

# 2 MATERIALITY AND SIGNIFICANCE GUIDANCE

Practice Note 4 of 2009/10 - Submission of Corporate Plans in terms of Section 52 of the PFMA, stipulates the following:

“Treasury Regulation 28.3 requires that the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.”

As a guideline, National Treasury’s Practice Note on Application under Section 54 of the PFMA, suggests that all transactions be deemed “significant” where the rand value exceeds any of the following:

- 1% - 2% of the value of total assets;
- 0.5% - 1% of total revenue; or
- 2% - 5% of profit after tax.

In terms of Section 54(2) of the PFMA, before a public entity concludes several different transactions, the public entity is required to inform the National Treasury and to seek approval for the transaction from its executive authority. The significance framework specifies, for each type of transaction specified under Section 54(2), when the transaction will be considered “significant” enough to warrant that the public entity seek such approvals. The significance framework must be included each year in the corporate plan submission.

In addition to quantitative guidelines like those outlined above, it is recommended that qualitative factors also be considered.

A materiality framework must also be included in the corporate plan. The materiality framework specifies the conditions for reporting in terms of Section 55(2)(b) of the PFMA. The materiality framework should specify the criteria for inclusion of the following:

- Irregular expenditure;
- Fruitless and wasteful expenditure; and
- Losses through criminal conduct.

“Materiality” is explained in the Framework for the Preparation and Presentation of Financial Statements (issued by the Accounting Standards Board) in the following terms:

“Information is material if its omission, misstatement, or non-disclosure could influence the decisions of users made based on the financial statements. Materiality depends on the size of the item or error judged in the circumstances of its omission, misstatement, or non-disclosure in the financial statements. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.”

Accordingly, the MTC will be dealing with this framework under two main categories, being quantitative and qualitative aspects. The policy set out hereunder will be appropriately presented in the annual report as required.

**MTC**  
**SAFE**  
RELIABLE  
AFFORDABLE  
**PUBLIC**  
TRANSPORT



# 3 MATERIALITY AND SIGNIFICANCE LEVEL

## 3.1 MATERIALITY

The MTC assesses the level of material loss, irregular expenditure and fruitless expenditure as R1 437 030, being 1% of projected gross revenue (R143 703 000) of the 2017/18 financial year. Projected gross revenue is defined as consisting of 100% grant receivable (R107 704 000) and own-revenue generation (R35 999 000).

Different levels of materiality can be set for different classes of transactions. The MTC has however taken the approach of setting a more conservative materiality level that will be used for all classes of transaction. The materiality level is in line with the Auditor-General materiality.

## 3.2 SIGNIFICANCE

The MTC assesses the level of significant loss as R1 500 000, being equal to the accounting officer's delegation in terms of the adopted delegation of authority charter.

Different levels of significance can be set for different classes of transactions. The MTC has however taken the approach of setting a more conservative significance level that will be used for all classes of transaction.

## 3.3 QUANTITATIVE ASPECTS

In determining the said materiality and significance value as 1% of gross revenue, The MTC also took cognisance of the following factors:

- Nature of the MTC;
- Statutory requirements laid down on the MTC; and
- The control and inherent risk of the MTC

The MTC receives its funding from the Department of Transport and is listed in the Public Finance Management Act (PFMA) as a Schedule 3D Public Entity. The MTC accordingly decided to give preference to a lower level of materiality and significance (i.e. closer to the lower level of the acceptable percentage range) due to it being so closely governed by various acts and public accountability responsibility it has to stakeholders.

In assessing the control risk of the MTC, and concluding that a materiality and significance level of 1% of total revenue should be used, cognisance was given to amongst others:

- Proper and appropriate governance structures has been established;
- An audit committee that closely monitors the control environment of the MTC, is established;

- The function of internal audit is outsourced;
- A three-year internal audit plan, based on annual risk assessments being performed, is annually reviewed and agreed by the audit committee;
- The function of financial management and administration is performed by the MTC employees, however, it has been identified that key posts are not included in the organisational structure;
- The results of the external audit as well as internal audit reports highlighted that there are weaknesses in controls which lead to the qualified opinion in the 2014/15 financial year. The qualification related to a prior-year comparative;
- There is a risk of day to day loss in the operational activities relating to revenue; and
- A higher risk level related to systems not adequately being monitored, accounted for or serviced to deliver service i.e. financial programmes as well as engineering equipment.

Due to the above factors, a midpoint range of 1% of revenue was utilized.

## 3.4 QUALITATIVE ASPECTS

The Materiality and significant framework is not merely related to the size of the entity and the elements of its financial statements. Misstatements that are large either individually or in the aggregate may affect a "reasonable" user's judgement.

However, misstatements may also be material and significant on qualitative grounds. These qualitative grounds include amongst other:

- New ventures that the MTC has entered;
- Unusual transactions entered that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements;
- Transactions entered that could result in reputational risk to the MTC;
- Any fraudulent or dishonest behaviour of an officer of staff of the MTC;
- Any infringement of the MTC, agreed performance levels; and
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations).

## 3.5 DISCLOSURE

This materiality and significance framework will be disclosed in the MTC Annual Report and Corporate Plans as required by the Treasury Regulations.





## 9 APPENDICES

# APPENDIX 1

## BOARD LISTING

Name	Academic Qualifications	Area of Expertise	Other Boards Currently Serving on	Yrs. Service on MTC Board
Ms Fezeka Khuthazwa Pearl Ntlemeza (CHAIRPERSON)	Baccalaureus Juris, Law Certificate: Legislative Drafting, Post-Graduate Diploma in Labour, Master of Business Administration Degree	Strategic Management, Public Administration, Governance, Human Resource Management	Audit Committee Member at Joe Gqabi District Municipality and its Agency, Council Member of the University of Fort Hare	1
Dr Vanguard Mkosana (DEPUTY CHAIRPERSON)	Doctorate in Journalism, Masters in Journalism, Diploma in HR, Diploma in Gender Equity, Employment Promotion & Poverty Alleviation; Certificate in Corporate Coaching; Certificate in Public Management & Development, Certificate in Applied IT for Executive Management; Senior Executive Programme for Southern Africa Certificate	Leadership Development, Strategy development & implementation, Executive coaching & Mentoring, Negotiations, Conflict resolution, Governance (Ethics based leadership), Social facilitation	Executive Director of Phokophela Investment Holdings (Pty) Ltd, Chairman of the Eastern Cape Rural Development Agency	3
Mr André De Vries	BA (Public Admin)	Public Transport Specialist		11
Mrs Thandiwe Godongwana	Bachelor of Science Degree, Business Management Diploma, HDE, BED, Quantitative Finance	Business Management	Board Member and Director of Closure and Rehab Solutions, Board Member and Director of Ditulo Furnishers, Board Member and Director of Pan African Benefits Services	1
Mrs Nomalungelo Beula Petela-Ngcanga	Teachers Diploma, Diploma in Educational Management, Public Speaking and Speed Reading (NQF Level 5) Certificate, Certificate in Advanced Governance and Public Leadership, Governance and Leadership	Leadership, Community Development, Education		3
Adv Mathobela Harold Sishuba	Baccalaureus Juris, LLB Degree, Certificate in Management Practice	Law	National Executive Committee Member of Advocates for Transformation (AFT) National, Executive Committee Member of the General Council of the Bar of South Africa (GCB), National Executive Committee Member of the National Association of Democratic Lawyers (NADEL), Member of the Bonza Bay Rotary Club, Member of the Eastern Cape Development Corporation (ECDC) Board, Member of the Eastern Cape Provincial Disciplinary Committee of the ANC (Chief Evidence Leader)	3
Dr Bridget Ssamula	PhD in Transportation Engineering, MBA in Aviation Management	Strategic Planning, Transportation Network Design, Costing and Optimisation, Transport Operations Planning and Modelling	Member of the panel of experts for the Gauteng Transport Commission, Board Member for ATNS, Chairperson of the Consulting Engineers South Africa (CESA)Transnet Liaison Committee	1
Mr Radhesh Surajbali	National Diploma in Public Administration (Honours) Post Graduate Certificate- Executive Development Programme	Supply Chain Management Policy, Norms and Compliance Monitoring	None	1
Mr Phumzile Goodwin Zitumane	B. Com, Master of Business Leadership, Emerging Leaders Programme, Executive Development Programme, Leadership Development Programme	Financial Management, Governance, Strategic Leadership, Organisational Development	Member of the Amathole District Municipality Performance Audit Committee and the Audit and Risk Committee, Member of the Eastern Cape Department of Local Government & Traditional Affairs Audit Committee, Member of the Eastern Cape Department of Sports, Arts and Culture Audit Committee, Chairperson of the Risk Management Committee for the Department of Sport, Arts and Culture, Board Member of Aspire (Pty) Ltd	3

# APPENDIX 2 EXECUTIVE MANAGEMENT LISTING

Name	Academic Qualifications	Area of Expertise	Yrs. MTC Service
Mrs Ntombizine Madyibi (Chief Executive Officer)	Bachelor of Commerce Bachelor of Commerce Honours Master of Business Administration Labour Law Diploma (Cum Laude)	Leadership, Strategic Management, Knowledge Management, Advanced Financial Analysis and Management, People Management, Project Management, Change Management, Risk Management, Marketing Management, Stakeholder Management, Communication Management, Organisational Development, Innovation Management, Operations Management, Interpretation and Application of Labour Law.	3 years
Mr Spelele Galada (Chief Financial Officer)	B. Com Hons Accounting, B. Com Accounting, Postgraduate Diploma in Financial Accounting	Leadership and Management, Strategy, Operations Management, Knowledge Management, Financial Management, HR Management, Project Management, Change Management, Risk Management, Business Development, Organisational Development, Innovation Management, Total Quality Management; Public Financial Management.	3 years
Mr David Gwabenii (Chief Operations Officer)	B. Com Hons Accounting, B. Compt Accounting, Postgraduate Diploma in Financial Accounting, Advanced professional certificate in Auditing	Strategic Leadership and Management, Operations Management, Knowledge Management, Financial Management, People Management, Project Management, Change Management, Risk Management, Health and Safety, Business Planning and Monitoring, Strategic Development, Organisational Development, Innovation Management, Lean and continuous improvement.	0.5 years

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