



Transport Authority for Gauteng
ANNUAL REPORT
2023/24



TABLE OF CONTENTS

ABOUT THE REPORT

1. About the report	6
1.1 Scope	6
1.2 Reporting framework.....	6
1.3 Assurance	6
1.4 Board Responsibility	6
2. Foreword by the MEC for Transport and Logistics	7
3. Foreword by the TAG Chairperson	8
4. Chief Executive Officer's Overview	9
5. Statement of responsibility and confirmation of accuracy for the annual report	11

PART A: ORGANISATIONAL OVERVIEW

1. About the Transport Authority for Gauteng ("TAG")	13
2. Purpose and Mandate of TAG	14
a. Vision and Mission Statement of TAG ...	14
b. Core Values of TAG	14
3. Legislative and other mandates	15

PART B: PERFORMANCE INFORMATION

1. TAG's Annual Performance Plan.....	17
2. The Transport Authority for Gauteng Programme.....	21
2.1. Provincial Land Transport Framework (PLTF).....	21
2.2. Twenty Five Year Integrated Transport Master Plan (ITMPs).....	21
2.3. Strategic Transport Plan and Integrated Implementation Plan thereof	22
3. Establishment of a Centre of Excellence	23

PART C: CORPORATE GOVERNANCE AND ETHICS

1. Introduction	25
2. Executive Authority	25
3. Accounting Authority (Board of Directors)	25
4. Board Committees	35
5. Management of Ethics	37
6. Internal Audit	39
7. B-BBEE Compliance Report.....	39
8. PFMA Compliance Report.....	41

PART D: HUMAN CAPITAL

1. Focus in the year under review.....	43
2. Human capital oversight statistics	43

PART E: ANNUAL FINANCIAL STATEMENTS

45

ANNEXURE A: APPLICATION OF KING IV REPORT - 16 BEST PRACTICE PRINCIPLES

1. Application of the King IV principles and disclosures	76
----------------------------------------------------------------	----

LIST OF ABBREVIATIONS AND ACRONYMS

80



GENERAL INFORMATION

NAME	Transport Authority of Gauteng
PHYSICAL ADDRESS	44 Grand Central Boulevard, Grand Central, Midrand, Johannesburg, 1632
POSTAL ADDRESS	PO Box 1266, Kelvin, 2054, South Africa
TELEPHONE NUMBER	+27 11 086 3500
WEBSITE ADDRESS	https://gautengonthemove.co.za



1. ABOUT THE REPORT

1.1. Scope

The annual report reviews the Transport Authority of Gauteng's (TAG) financial, operational and governance performance for the financial year that ended in March 2024.

1.2. Reporting framework

TAG's annual report is prepared in compliance with:

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

1.3. Assurance

The Audit and Risk Committee has reviewed the Annual Financial Statements for the year ended 31 March 2024 and concluded that these comply in all material respects with the requirements of SA Standards of GRAP.

1.4. Board responsibility

The Board, assisted by its Committees, is responsible for ensuring the integrity of the Annual Report. The 2023/24 Annual Report was approved by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Transport Authority of Gauteng.



Thendo Ratshitanga
TAG: Board Chairperson



Jack van der Merwe
TAG: Chief Executive Officer

2. FOREWORD BY THE MEC OF TRANSPORT AND LOGISTICS

It is my utmost pleasure and privilege to present the 2023/24 Annual Report of the Transport Authority of Gauteng (TAG). It reflects on our mandate and provides an overview of how the agency fulfilled its responsibilities during the financial year. This report acknowledges the transport sector as a significant contributor to the South African economy, and by extension, the economy of our province.

According to the latest census data by Statistics South Africa, Gauteng remains the most populous province, with 15 million people calling it home.

Despite being the smallest of South Africa's provinces, covering an area of just 18 178 km² or approximately 1,4% of the country's total surface area, Gauteng continues to attract people from outside its boundaries. As the economic hub of South Africa, it is no surprise that individuals flock to the region each year in search of better opportunities.

The vision of the Gauteng Department of Roads and Transport is a modern, integrated, efficient, and sustainable transport and road infrastructure system in Gauteng. This visionary blueprint captures our commitment to transforming transportation through four pillars: Infrastructure, Operations, Institutions, and Enabling Technology, to ensure the seamless mobility of all our people.

The Transport Authority of Gauteng's (TAG) was established with the mandate to help the Provincial Government of Gauteng realise its transport vision. TAG is tasked with overseeing integrated planning for transport in the province and promoting the development of an integrated and accessible public transport network.

Since its inception, the entity has successfully delivered on its mandate. Among its achievements, TAG has finalised the development of the Provincial Land Transport Framework (PLTF), as specified in the National Land Transport Act (Act No. 5 of 2009); and has initiated the review of the Twenty Five-Year Integrated Transport Master Plan (ITMP25) for the province. Once this review is completed, it will enable the Gauteng Department of Roads and Transport to further unlock the economic development potential of the Gauteng City Region and transform the urban area towards long-term sustainable economic growth.



Governance

The term of the current TAG Board is coming to an end in April 2024, and the recruitment of a new Board will be finalised during the 2024/25 financial year. A Board Profile has been developed in line with the requirements of the Act. TAG has once again received an unqualified audit outcome from the Auditor-General of South Africa (AGSA), a positive step in the right direction. Our goal remains to create a system that contributes to environmental sustainability, promotes social cohesion, and fosters economic progress.

Appreciation

I wish to express my gratitude to the outgoing TAG Board Chairperson, Mr Thendo Ratshitanga, and the Board members for their hard work and commitment in overseeing TAG's activities. You have laid the foundation for future work to be done.

My appreciation also goes to the outgoing TAG CEO, Mr Jack van der Merwe, whose contract ends on 31 May 2024, for his dedication and hard work toward TAG and the transport industry as a whole. Your contributions are deeply appreciated.

Finally, I extend my thanks to all the other transport industry stakeholders and the metropolitan councils of Ekurhuleni, Johannesburg, and Tshwane, as well as the District Councils of West Rand and Sedibeng, for their collaboration and support during the period under review.

A handwritten signature in black ink, appearing to be 'K. Diale-Tlabela'.

Ms Kedlbone Diale-Tlabela

MEC for Transport and Logistics

3. FOREWORD BY THE BOARD CHAIRPERSON

I am pleased to be presenting the Transport Authority of Gauteng's (TAG) second Annual Report on behalf of the TAG Board. In promoting the development of an integrated and accessible public transport network in the province, the establishment of TAG is taking the province closer to an integrated, inter-modal reliable public transport system. The Financial Year was met with challenges, including amongst others, the inability to appoint personnel for TAG because of the inability of obtaining concurrence of the Gauteng Provincial Treasury of the proposed Reward and Remuneration Structure of TAG. This has had a devastating impact on TAG's ability to fully achieve its mandate.

The pending listing of TAG as a Schedule 3(c) Public Entity continued to be a going concern for the Board. TAG applied for listing from National Treasury in 2021 and has yet to be listed notwithstanding various correspondences with National Treasury. Due to capacity issues occasioned by the lack of receipt of concurrence on the proposed reward and remuneration structure, the Authority could not implement some of its strategic focus areas as the business has not been fully operationalised due to staffing issues.

Governance

From a governance perspective, the Board and Board committees provided the necessary strategic direction, leadership and oversight, I am proud to report that the Authority attained a second unqualified audit outcome from the Auditor-General of South Africa. Much as this is an achievement, there is room for improvement in making sure that the systems are put in place for effective operationalisation of TAG. Some of the Board's achievements amongst others for the reporting period are:

- Approval of the TAG Strategic Plan for the 2023/24 to 2025/26 Financial Years.
- Annual Performance Plan for the 2023/24 and 2024/25 Financial Year.
- Implementation of the Provincial Land Transport Framework (PLTF).
- Appointment of a service provider for the review of the ITMP25.
- Appointment of a service provider for the preparation of the Strategic Transport Plan and the Integrated Implementation Plan.
- Development of TAG as a centre of excellence.
- Launch of the TAG-UITP Africa Regional Training Centre.



Despite the challenges highlighted, the TAG continued to make progress in its mandate. Although the Authority did not achieve all the goals as set out in the Strategic Plan and Annual Performance Plan, the impact of the work thus far is noticed and appreciated

Appreciation

As the Board's term comes to an end in April 2024, I would like to extend its gratitude to the outgoing TAG CEO, Mr Jack van der Merwe who continued to excel in navigating and balancing the strategic and operational aspects of the TAG during this period, and laying the foundation for the Authority to contribute in realising the Gauteng Provincial Government's vision of an integrated, inter-modal, reliable public transport system.

I would like to express my gratitude to my fellow Board members for their dedication and commitment in executing the oversight role, despite the challenges the Authority experienced. Gratitude also goes to the various metropolitan councils, and district municipalities in the province for their cooperation.

Finally, I would like to thank the MEC, of Transport and Logistics, Ms Kedibone Diale Tabela for her support in the past years.

Mr Thendo Ratshitanga
TAG: Board Chairperson

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

With rapid urbanisation the three Metropolitan Municipalities and two District municipalities in Gauteng, together with other municipalities in adjacent provinces, have developed into a single Global City Region, with Gauteng Province as its core. Daily transport in the province moves freely across the boundaries of these Municipalities and the conurbation functions as a single transport area.

The fact that Gauteng is the powerhouse of the Southern African Economy results in the daily movement of people, goods and services from adjacent Provinces and the functional transport area covers a much larger area than the boundaries of Gauteng. But with economic growth the demand for the movement of people, goods and services is continuously increasing resulting in an ever-increasing level and duration of congestion, loss of productivity, increase in environmental pollution and a decrease in the quality of life of all the people of Gauteng.

Furthermore, the issue of road freight overloading is causing problems on the Gauteng transport network. Since deregulation in 1987, internationally proven long-haul trucking technology and equipment that have been imported to South Africa and adapted for South African conditions have steadily improved in both vehicle performance and durability. Modern truck tractor–semi trailer combinations haul 38 tonne payloads at 80 km/h.

South Africa currently permits some of the largest vehicle combinations in the world for general freight haulage – an overall combination length of 22 m and load heights of 4.3 m, permitting a load area of 124 m³ and 38 tonne payloads and 56 tonne gross vehicle mass (GVM). The carrying capacities and dimensions of these vehicles are undoubtedly a contributory factor in attracting large volumes of bulk commodities.

At present, a feature of the road freight market is the extent to which road freight operators can offer competitive rates on the main corridors for the haulage of bulk commodities such as steel, fertiliser, cement, maize, timber, containers, and fuel. The rates are comparable to railway tariffs. However, road freight provides increased flexibility and negotiable back-haul cargoes.

The large numbers of heavy vehicles on the major freight corridors and on many provincial roads contribute to accidents, overloading, road damage, congestion, and pollution, and emphasise the importance of the



externalities of the mode. Provincial authorities who are tasked with controlling and enforcing road traffic legislation have not been provided with the additional capacity necessary to keep pace with the growth in the industry. One of the possible measures to internalise the impacts of heavy vehicles is to implement a user-pay principle.

We have created the perfect storm in Gauteng with the shift in freight from Rail-to-Road, the fact that Gauteng is the hub for many of the national road freight routes, has the largest population in the country, has limited road capacity to address this challenge of freight and commuters competing for this road capacity. This problem can be addressed in three ways:

- Shift as much as possible freight and commuters from road-based modes to rail-based modes, but the challenges facing Transnet and PRASA must first be addressed, at great cost;
- Increase the capacity of the road network in the province, again at great cost; or
- Maximise the current transport system through the development of an integrated transport system for Gauteng, which can optimally be achieved if all planning and operations for the province are coordinated by a Transport Authority, at a lesser cost.

The key requirement of an Integrated Public Transport System is that Transport planning, Land use planning and Development (Economic) planning must be coordinated.

This can only be optimally achieved if all three functions are coordinated within one single Transport Authority. International experience has shown that Transport Authorities play a key role towards improving public transport service delivery by grouping and integrating all transport functions in one single institutional structure.

To address these issues the Transport Authority for Gauteng (TAG) is currently in the process of developing the following two documents as prescribed in as prescribed in Clauses 7 and 8 of the Gauteng Transport Authority Act, Act 2 of 2019:

- The Strategic Transport Plan; and
- The Integrated Implementation Plan

During the previous financial year, TAG developed the Provincial Land Transport Framework (PLTF) for the department and is currently finalising the Review of the Twenty-five Year Integrated Transport Master Plan (ITMP25).

During the 2023/24 Financial year TAG was again confronted with a challenge that had an impact on its functioning. The challenge was obtaining concurrence from the Provincial Treasury on the proposed remuneration structure of TAG employees. Because of this lack of concurrence TAG could not appoint any new staff and as such TAG could not be operationalised. Furthermore, the listing of TAG as a Schedule 3(c) Public Entity by National Treasury is still outstanding. These long outstanding issues will have to be addressed in the 2024/25 Financial year.

To counter this TAG extended the Service Level Agreement (SLA) between the Gautrain Management Agency (GMA) and TAG to provide TAG with management services, for another year. I would like to thank the GMA Board, Management and Staff for providing these services to TAG during the 2023/24 Financial year.

TAG was audited by the Auditor General of South Africa (AGSA) for the second time and again received an unqualified Audit Report.

TAG must address the following issues during the 2024/25 financial year:

- Appointing a new TAG Board;
- Appointing a permanent CEO for TAG;
- Obtaining concurrence from the Provincial Treasury on the proposed TAG remuneration structure;
- Being listed as a Schedule 3 (d) provincial Public Entity, as required by the PFMA;
- Operationalisation of TAG;
- Achieving a clean audit from the AGSA.

The three-year tenure of the current TAG Board will come to an end on the 30th of April 2024. I would like to thank the Chairperson of the TAG Board, Mr Thendo Ratshitanga, for his insight and leadership during the last three years. I would also like to wish the individual Board members well in their future endeavours.

My contract, as Interim CEO of TAG, will come to an end on the 31st of May 2024. The appointment of a new TAG Board and CEO will have to be prioritised early in the 2024/25 financial year.

Finally, I would like to acknowledge the key role the previous two MEC's of the department, Dr Ismail Vadi and Mr. Jacob Mamabolo, MPL, played in championing the establishment of a Transport Authority for Gauteng and ensuring that the TAG Act was developed and promulgated. I would like to thank the current MEC Ms Kedibone Diale-Tlabela, MPL, for her support during the operationalisation of TAG.

In conclusion, I would like to quote P Ogen;

“Good Engineering Plans and good Economic Analysis can decide whether or not Development is possible, but Politics decides whether it will be done or not.”



Mr Elzer (Jack) van der Merwe

TAG: Chief Executive Officer

“ Good engineering and economic analysis can decide whether or not development is possible, but Politics decides whether it will be done or not. ”

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.



Thendo Ratshitanga
TAG: Board Chairperson



Jack van der Merwe
TAG: Chief Executive Officer





PART A

ABOUT THE TRANSPORT AUTHORITY OF GAUTENG



1. ABOUT THE TRANSPORT AUTHORITY FOR GAUTENG (TAG)

The Transport Authority for Gauteng (TAG) is established in terms of the Gauteng Transport Authority Act No. 2 of 2019.

The preamble of the Act states:

WHEREAS the Constitution of the Republic of South Africa, 1996 (the “Constitution”), declares that the Republic of South Africa is one sovereign democratic state with a three-tier governmental system constituted at national, provincial, and local and operating co-operatively with one another in mutual trust and good faith by:

- a. fostering friendly relations;
- b. assisting and supporting one another;
- c. informing one another of, and consulting one another on, matters of common interest;
- d. co-ordinating their actions and legislation with one another;
- e. adhering to agreed procedures; and
- f. avoiding legal proceedings against one another;

AND WHEREAS the Constitution in section 151(3), read with section 156(1), vests in a municipality, as the executive authority, with the right to administer or govern, on its own initiative, the local government affairs or matters of its community listed in Part B of Schedule 4 and Part B of Schedule 5, subject to national and provincial legislation, as provided for in the Constitution;

RECOGNISING that the Constitution in section 155(6), enjoins the provincial government, by legislative and other measures, to:

- a. provide for monitoring and support of local government in the province; and
- b. promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs;

AND RECOGNISING FURTHER that the Constitution, in section 155(7), vests legislative and executive authority on the provincial government to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156(1), read with section 151(3);

ACKNOWLEDGING that the National Land Transport Act, 2009 (Act No. 5 of 2009), prescribes national principles,

requirements, guidelines, frameworks and national norms and standards with respect to the national land transport system that must be applied uniformly in the provinces and other matters contemplated in section 146(2) of the Constitution;

AND ACKNOWLEDGING FURTHER that the National Land Transport Act, Act 5 of 2009,, in section 1i(b)(iii) mandates the provincial government with the responsibility for co- ordination between municipalities with a view to ensuring the effective and efficient execution of land transport in the province and for promoting provincial legislation and the objects of that Act.

The objects of this Act are to:

- a. establish and empower the Gauteng Transport Authority in order to:
 - i. give effect to the Constitution and national transport policy and legislation within the Province; and
 - ii. consolidate certain transport functions of organs of State in the Province;
- c. integrate transport systems in the Province;
- d. foster co-operation and co-ordination between public transport authorities and operators in the Province;
- e. improve and optimise the planning and implementation of public transport services in the Province; and
- f. facilitate and rationalise the funding of public transport activities and initiatives in the Province.

The objectives of the Authority are to:

- a. develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Province;
- b. provide a well-functioning, effective and modern, integrated and safe public transport system for all users in the Province;
- c. integrate the development of transport infrastructure and services in the Province;
- d. improve access to the transport system, including public passenger transport services, by all persons and, in particular, persons with disabilities;
- e. promote increased use of the public transport system;
- f. promote increased use of cycling and walking as means of transport; and
- g. promote value for money.

The functions of the Authority are to:

- a. undertake strategic transport and integrated planning for transport in the Province;
- b. promote the development of an integrated and accessible public transport network in the Province;
- c. regulate public transport fares in the Province; and
- d. secure the:
 - i. provision of public passenger transport services;
 - ii. provision of public transport infrastructure;
 - iii. provision of an integrated ticketing and information system for public transport;
 - iv. effective management of traffic;
 - v. effective management of transport demand;
 - vi. development and implementation of a single public transport insignia;
 - vii. collection of statistical data and information on transport;
 - viii. conduct of research on transport; and
 - ix. fostering of good relations and co-operation with and between various organs of state.
2. The Authority may undertake all actions that may arise from, are consequential to, or are necessary or expedient for the performance of its functions or are ancillary thereto.
3. With the consent of the Board, the responsible member may, by notice in the Provincial Gazette, confer additional functions on the Authority related to transport as may be appropriate to achieve the objects of this Act and the objectives of the Authority.

2. PURPOSE, VISION, MISSION AND VALUES

THE PURPOSE OF TAG

TAG derives its mandate from legislation, specifically the Gauteng Transport Authority Act No. 2 of 2019.



TAG's vision

Seamless mobility for sustainable economic growth for all in Gauteng.



TAG's mission

To enable the planning, implementation and operation of an integrated transport system that promotes sustainable, long-term socio-economic growth for all in Gauteng.



TAG's values

Innovative
Ethical
Scientific and data-driven
Customer-centric
Transformative
Consultative.

3. LEGISLATIVE AND OTHER MANDATES

3.1. TAG's constitutional mandate

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

In addition to the above, the Constitution grants legislative competence to Provinces regarding urban and rural development, with a particular emphasis on transport infrastructure. Within this context, the Province develops or improves urban and rural areas through the construction of transport infrastructure.



3.2. TAG's legislative mandate

TAG is a Gauteng Provincial Government (GPG) provincial public entity that derives its mandate primarily from the Gauteng Transport Authority Act. Legislative mandates of TAG arise primarily from legislation and frameworks:

- Gauteng Transport Authority Act No. 2 of 2019;
- National Land Act No. 5 of 2009;
- Public Finance Management Act No. 1 of 1999 (PFMA), as amended;
- The Gauteng Transport Infrastructure Act No. 8 of 2001 (GTIA), as amended;
- Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA);
- Local Government: Municipal Structures Act No. 117 of 1998, as amended;
- Local Government: Municipal Systems Act No. 32 of 2000, as amended;
- Gauteng Planning and Development Act No. 3 of 2003;
- Local Government: Municipal Financial Management Act No. 56 of 2003;
- Intergovernmental Relations Framework Act No. 13 of 2005;
- Spatial Planning and Land Use Management Act No. 16 of 2013;
- Protection of Personal Information Act No. 4 of 2013 (PoPI); and
- The Treasury Regulations, promulgated in terms of Section 76 of the PFMA.

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

- The Medium-Term Strategic Framework (MTSF);
- The New Growth Path (NGP);
- The National Development Plan (NDP);
- Gauteng Employment, Growth and Development Strategy (GEGDS);
- Gauteng 25-Year Integrated Transport Master Plan (ITMP25);
- Gauteng Transport Implementation Plan – 5 Year (GTIP5);
- Presidential Infrastructure Co-ordinating Commission (PICC);
- The Public Service Corporate Governance of Information and Communication Technology Policy Framework;
- The Public Sector Integrity Management Framework;
- Growing Gauteng Together 2030 Through Smart Mobility;
- The Rail Policy;
- Protocol on Corporate Governance in the Public Sector; and
- King IV Report.



PART B

STRATEGIC OBJECTIVES AND PERFORMANCE INFORMATION



1. TAG ANNUAL PERFORMANCE REPORT

No.	Outputs	Output indicator	Annual target 23/24	2023/24 year actual achievement	Reason for deviation	Mitigation
1	To ensure the listing of the TAG as a Schedule 3(c) Provincial entity in terms of the Public Finance Management Act (PFMA)	Schedule 3(c) of the PFMA listing in the Government Gazette	-	Target not measured in 23/24	Target not measured in 23/24	-
2	Concurrence by Provincial Treasury on TAG's reward and remuneration structure	Approval by Provincial Treasury	1	Target not Achieved	Target not achieved Waiting for the National Treasury approval of the TAG Business Case	-
3	Create the technical capacity in the TAG to undertake the required planning	Do a needs assessment in the three Metros and the two Districts and create the capacity at TAG	-	Target not measured in 23/24	TAG has developed a Business Case, as requested by Provincial Treasury, and answered 36 questions set by National Treasury Waiting for a response from NT	-
4	To assist local authorities, which lack these skills, with technical advice	Provide the necessary assistance to the local authorities	2	Target not measured	TAG is waiting for the concurrence of Provincial Treasury in order to appoint the necessary staff; Provincial Treasury will not give concurrence until the listing has been approved by National Treasury (refer to #2 above)	-
5	Create consultative forums with the stakeholders and role players:	Create stakeholder and role-player forums	2	Achieved through the review of the ITMP25 project in Q3 & Q4	Achieved	-
6	On a political level – the MEC / municipal members of the Mayoral Committee (to meet quarterly)	MEC / MMC meetings	4	Achieved	Achieved	-

No.	Outputs	Output indicator	Annual target 23/24	2023/24 year actual achievement	Reason for deviation	Mitigation
7	On a technical level – TAG, the HOD and the heads of municipal departments (to meet quarterly)	Technical meetings with personnel of local authorities	4	Achieved	Achieved	-
8	Forum for State-owned Enterprises in the transport field	Bi-annual meeting with senior officials of State-Owned Enterprises in the transport sector	1	Achieved through the review of the ITMP25 project in Q4	Achieved	-
9	Forum for operators	Bi-annual forum with operators in Gauteng	1	Achieved through the review of the ITMP25 project in Q4	Achieved	-
10	Forum for commuters	Bi-annual forum with commuters in Gauteng	1	Achieved through the review of the ITMP25 project in Q4	Achieved	-
11	Create a forum with the National and Provincial Treasuries	Bi-annual dialogue with the National and Provincial Treasuries	-	Target not measured in 23/24	Target not measured in 23/24	-
12	Create a forum with the financial sections of municipalities	Bi-annual dialogue with municipal financial sections	-	Target not measured in 23/24	Target not measured in 23/24	-
13	Develop and get approval for the PLTF	Final sign-off of the PLTF by the MEC and Minister of Transport	Approval	No approval	MEC has referred the PLTF to the Executive Council for noting; this happened in Q2 and the PLTF was sent to the Minister for approval in Q3; the PLTF has not been signed off by the Minister of Transport	-
14	Review of the ITMP25	Progress on the review of the ITMP25	80%	80%	Achieved	-
15	Embark on the process of developing the Strategic Transport Plan and the approval thereof	Process of developing the Strategic Transport Plan	30%	30%	Achieved	-

No.	Outputs	Output indicator	Annual target 23/24	2023/24 year actual achievement	Reason for deviation	Mitigation
16	Implement the approved Strategic Transport Plan	Publish the Strategic Transport Plan and monitor adherence to it	-	Target not measured in 23/24	Target not measured in 23/24	-
17	Embark on the process of developing the Integrated Implementation Plan and the approval thereof	Process of developing an Integrated Implementation Plan	-	Target measured in Q4 23/24; scope of work completed	Achieved	-
18	Implement the approved Integrated Implementation Plan	No action during these three years	-	Target not measured in 23/24	Target not measured in 23/24	-
19	Adopt a stakeholder-inclusive approach that balances the needs of the stakeholders	Establish a forum with the National Council for Persons with Disabilities (SADA)	Establish forum and have an inaugural meeting	Established forum in Q4; held the first meeting and developed a MOU in Q4	Achieved	-
20	Ensure the development of a regime for public transport ticket interoperability	Ensure the development of a regime for ticket interoperability in Gauteng and secure the necessary budget	Regime and budget	Q4 progress on the development of a regime for ticket interoperability for public transport in Gauteng; this is being undertaken by the GMA	Achieved	-
21	Develop a communication strategy to promote the use of public transport	Develop a communication strategy to promote the use of public transport	Develop the strategy	Q4 Progress on the development of a communication strategy to promote the use of public transport through the review of the ITMP25 project	Achieved	-

No.	Outputs	Output indicator	Annual target 23/24	2023/24 year actual achievement	Reason for deviation	Mitigation
22	Implement a partnership strategy that involves stakeholders contributing towards the attainment of an increased use of NMT	Implement a partnership strategy that involves stakeholders contributing towards the attainment of an increased use of NMT	Develop a partnership strategy	Q4 progress through the review of the ITMP2.5 project	Achieved	-
23	Ensure the development of business cases for the elements of the integrated public transport system, including all the externalities	Ensure the development of business cases for the elements (Capex & Opex projects) of the integrated public transport system, including all the externalities	Requirements of the Strategic Transport Plan	Q4 progress through the development of the Strategic Transport Plan project	Achieved	-

2. THE TRANSPORT AUTHORITY FOR GAUTENG PROGRAMME

The Transport Authority for Gauteng (TAG) requested the Gautrain Management Agency (GMA) to undertake the procurement, as well as provide project management and administration support to the TAG Programme that consists of the following three projects, during the year under review:

- a. The review, development and update of the Provincial Land Transport Framework (PLTF) for Gauteng Province;
- b. The review, preparation and update of the Twenty Five-Year Integrated Transport Master Plan (ITMP25) for Gauteng Province; and
- c. Development and preparation of the Strategic Transport Plan for Gauteng Province as well as the Integrated Implementation Plan thereof.

This request was in terms of the Service Level Agreement (SLA) that has been signed between the TAG, the GMA and the Gauteng Department of Roads and Transport (GDRT). The procurement process was managed through the GMA's Supply Chain Management (SCM) Unit, and adhered to Bid Specification, Bid Evaluation, and Bid Adjudication Committees, as stipulated in the GMA's Supply Chain Management Policy Manual. The three projects that form the TAG Programme, and is supported by the GMA, are discussed below.

2.1. Provincial Land Transport Framework (PLTF)

The GMA issued a Request for Proposal (RFP) in June 2021 for a service provider to review, develop and update the Gauteng PLTF in accordance with the requirements of the National Land Transport Act No. 5 of 2009. The successful bidder was appointed by TAG in March 2022.

Under the National Land Transport Act No. 5 of 2009, each province must prepare a PLTF. The Member of the Executive Council (MEC) responsible for transport must prepare a five-year PLTF in accordance with the requirements prescribed by the Minister after consultation with all the MECs. The PLTF must provide a transport framework as an overall guide to transport planning within the Gauteng Province. This framework should be aligned with the National Land Transport Strategic Framework (NLTSF), as well as the Minimum Requirements for the Preparation of Provincial Land Transport Frameworks, 2011.

The PLTF must include the planning of both intra provincial and inter provincial long-distance services, ensuring they are linked with other public transport services, where applicable. It may also provide for charter services and staff services. For inter provincial transport, this must be done in consultation with the MEC of the other concerned province(s). Additionally, the PLTF must summarise all available integrated transport plans in the province.

The MEC is required to update the PLTF every two years.

The GMA is providing project management and administration support to TAG during the development of the Gauteng PLTF for the five-year period from 2023 to 2027. The draft Gauteng PLTF was published for public comment and shared with other provinces between November 2022 and February 2023, as prescribed by the National Land Transport Act (NLTA), Act No. 5 of 2009.

The updated PLTF was completed in March 2023 and presented to the Provincial Executive Council in August 2023, to take note of the process that was followed and the content of the PLTF before the MEC submits the PLTF to the Minister of Transport for approval. The reviewed PLTF was subsequently submitted to the Minister of Transport for approval in March 2024. The Minister's approval requirement is prescribed by the NLTA, and comments are currently awaited.

2.2. Twenty Five-Year Integrated Transport Master Plan (ITMP25)

The ITMP25, developed by the Gauteng Department of Roads and Transport (GDRT) and approved by the Gauteng Executive Council in 2013, outlines the background, objectives, key initiatives and projects, and key role-players essential for implementing the plan over the next 25 years. The ITMP25 also broadly incorporates the short-term interventions listed in the 5-Year Gauteng Transport Implementation Plan (GTIP5).

The GDRT believes that now is the opportune moment to review the ITMP25, which was approved in 2013. The revised ITMP25 will support the Gauteng Province as the economic powerhouse of Southern Africa, aiming to stimulate sustainable long-term economic growth, skills development, and job creation. Through its Department of Roads and Transport, the Gauteng Province aims to contribute to the further transformation of society and create a better life for all the people of Gauteng, based on the revised ITMP25.

The GMA issued a Request for Proposal (RFP) in July 2022 for a service provider to review, prepare and update the ITMP25 for Gauteng Province. The successful bidder was appointed by TAG in June 2023 with a contract duration of eighteen (18) months.

The revised ITMP25 must enable the Gauteng Provincial Government, from a transport perspective, to further unlock the economic development potential of Gauteng and transform the urban area toward greater efficiency and sustainability. It must consider current and future land-use patterns, trends, and policies. Additionally, the revised ITMP25 must focus on

a functional transport area and underpin the strengthening of the Gauteng Global City Region.

The GMA provides project management, technical and administrative support to TAG during the review, preparation and update of the ITMP25 for the duration of the project. The review of the ITMP25 is currently in the execution phase. To date, three key stakeholder workshops have been held: Workshop 1 introduced the ITMP25 project; Workshop 2 presented the Status Quo and Current Realities Report; and Workshop 3 discussed the key initiatives planned to comprise the GTIP5. As part of stakeholder engagement, two project newsletters have been issued in the year 2024 via email and made available on the Gauteng on the Move website. The milestones achieved include the completion and approval of the following reports:

- Status Quo & Current Realities Report (including Vision and Objectives)
- Economic Development Scenario Planning Report
- Base Year Demographics Report
- Base Year Land Use Report
- Base Year Model Development Report
- Forecasted Demographics and Land Use Report (including Land Use Plan)
- Data Collection Report
- Interim 5-Year Implementation Plan

2.3. Strategic Transport Plan for Gauteng Province and the Integrated Implementation Plan thereof

One of the key planning requirements as prescribed by the Gauteng Transport Authority Act, 2019, Act 2 of 2019,

is the development of a Strategic Transport Plan. The TAG must ensure that the first Strategic Transport Plan is published no later than six months following the review of the PLTF in accordance with section 35 of the National Land Transport Act No. 5 of 2009.

The TAG must ensure that an Integrated Implementation Plan is developed as soon as practicable after the approval of the strategic transport plan, in accordance with section 8 of the Gauteng Transport Authority Act No. 2 of 2019.

The TAG requested GMA to undertake the procurement and development of the Strategic Transport Plan and its Integrated Implementation Plan as a single programme, in accordance with the planning requirements as prescribed by the Gauteng Transport Authority Act No. 2 of 2019.

In January 2023, the GMA issued a Request for Proposal (RFP) for a service provider to develop and prepare the Strategic Transport Plan for Gauteng Province, covering fifteen (15) years, as well as the Integrated Implementation Plan, covering a period of five (5) years. The tender was awarded to the successful bidder in July 2023, with a proposed contract duration of twenty-four (24) months. The Service Level Agreement was finalised in the fourth quarter of the 2023/24 financial year, and the project execution began in February 2024 and is currently underway.

The GMA is providing project management, technical, and administrative support to TAG throughout the development and preparation of the Strategic Transport Plan and the Integrated Implementation Plan. The draft Inception Report was submitted for TAG review in the fourth quarter of the



year under review, with finalisation expected in the first quarter of the 2024/25 financial year.

To date, two workshops have been held with strategic stakeholders. The first workshop focused on introducing the Strategic Transport Plan and gathering input from the attendees on Status Quo considerations. The second workshop, with strategic role-players, served as a feedback session and continued the dialogue on critical elements to be considered in the compilation of the Strategic Transport Plan.

3. ESTABLISHMENT OF A CENTRE OF EXCELLENCE

One of the Transport Authority of Gauteng’s objectives is to provide a well-functioning, effective, modern, integrated and safe public transport system for all users in the province. It is further expected to promote increased use of the public transport system and to conduct research on transport. In order to achieve these objectives, the Transport Authority of Gauteng has to amongst other initiatives establish itself as a Centre of Excellence providing knowledge and resources to the three spheres of government and the Agencies that provide Public Transport services.

As such the Transport Authority of Gauteng has identified the International Association of Public Transport (UITP a non-profit advocacy organization for public transport authorities and operators, policy decision-makers, scientific institutes and the public transport supply and service industry) as a partner in establishing the Centre of Excellence. The TAG together with some local municipalities, GMA and the GDRT are members of the UITP.

The UITP is an internationally recognized organisation that has more than 1900 members with a local presence in regional offices across the world. The UITP has a footprint in 100 countries, globally and it is the only organisation with a worldwide network that brings together all public transport stakeholders and all sustainable transport modes. It supports the entire Public Transport sector with the objective of advancing the development of sustainable urban mobility.

The UITP inspires excellence and innovation by sharing cutting-edge knowledge and expertise with its members, through access to experts, information, technical know-how, case studies, e-library, best practice, training and e-learning, associated with implementing Transport and Public Transport projects. The UATP also engages in the following activities;

- UITP gathers and analyses facts and figures to provide quantitative and qualitative information on key aspects of public transport and urban mobility.
- UITP manages an on-line information centre MyLibrary, which gives access to the full texts of

2.4. Proud contributions from the TAG Programme to date

The TAG Programme has contributed to skills development through masterclasses held for both the ITMP25 Project and the Strategic Transport Plan Project. These sessions have served as platforms for knowledge-sharing on various topics related to transport planning, as connected to the TAG projects.

The ITMP25 Project contributed two position papers – one on Green Hydrogen Transport and another on Freight Logistics – which were presented to the TAG Finance and Planning Committee.

UITP’s studies and conference papers, as well as references to books, articles and websites. A picture library and statistics on public transport operators are also available.

- UITP carries out studies, projects and surveys; the results are made available in brochures and reports.
- UITP works on projects for international institutions, such as the European Commission. Under the framework of these projects UITP launches and participates in thematic networks of mobility experts on public transport policy and organisation.
- UITP issues official positions on global mobility issues, representing the views of the sector.
- UITP tries to engage a number of international bodies - such as the United Nations (UNEP, UNDESA, UNFCCC, UNHABITAT), the World Bank and European institutions.
- UITP organises raining courses, workshops and seminars for public transport experts.
- UITP collaborates in the Transports Public show, in Paris.
- UITP empowers the youth for advocating sustainable transport through the Youth For Public Transport (Y4PT) Foundation (created on 25 November 2005 (16 years ago) by UITP Policy Board).
- UITP organises a biennial event, the UITP Global Public Transport Summit.

These activities are extremely beneficial to any organisation that is involved in Public Transport as it offers resources and networks to industry experts and other Public organisations.

The UITP has Regional Training Centres situated in select regions throughout the world. The TAG signed an MOA with the UITP in Berlin on the 22nd of September 2022 establishing a Regional Training Centre at TAG.

This has resulted in the establishment of a African Regional Training Centre at TAG.



PART C

GOVERNANCE AND ETHICS



1. INTRODUCTION

Governance oversight over a public entity in the Province rests in the Provincial Legislature, the Executive Authority, and the Board of the public entity. The TAG Board endorses the corporate governance principles outlined in King IV.

The Board provides effective and ethical leadership and is committed to a governance framework based on the principles of integrity, accountability, fairness, and transparency. By setting the tone at the top, the Board promotes a robust governance culture and ensures that high ethical standards and governance practices permeate all levels of the organisation.

2. EXECUTIVE AUTHORITY

The Gauteng Member of the Executive Council (MEC) for Transport and Logistics is the Executive Authority of the TAG. The Executive Authority has oversight powers over the Strategic Plan, Annual Performance Plan, Business Plan, Budget, and Annual and Quarterly Reports of TAG, as required by the PFMA and the Gauteng Transport Authority Act No. 2 of 2019.

The relationship between the MEC and the Board is managed through regular engagements between the MEC and the Chairperson of the Board, Chairpersons of the Board Committees and the CEO. The engagements aim to establish transparency and accountability on matters related to the implementation of the provisions of the PFMA, the Act and the objectives of the Gauteng Department of Roads and Transport, the Gauteng Provincial Government and the national Government.

The following documents were submitted to the Executive Authority during the 2023/24 financial year to assist in the oversight of TAG:

- a. TAG Quarterly Performance Information Reports;
- b. TAG Strategic Plan for the 2023/24 to 2025/26 financial years;
- c. TAG Annual Performance Plan for the 2023/24 financial year;
- d. Provincial Land Transport Framework (PLTF), as required in Clause 35 of the National Land Transport Act No. 5 of 2009; and
- e. The Integrated Transport Management Plan.

The MEC met with the Chairperson of the Board and the Committee Chairpersons on a quarterly basis, to discuss matters of common interest.

3. ACCOUNTING AUTHORITY

The Board is the Accounting Authority of the TAG, acting as the custodian of good corporate governance. It strives to achieve governance outcomes of ethical culture, good performance, effective control and legitimacy through ethical and effective leadership.

TAG's Governance Framework provides clarity by clearly defining roles and areas of accountability necessary for effective governance. The good governance practices and processes enable the Board to create value through:

- Adhering to legal, compliance, and accounting requirements, thereby contributing to a climate of discipline.
- Promoting ethical leadership and organisational culture by establishing an ethics management function.
- Improving TAG's resilience and performance through strategic partnerships with the GMA and service providers appointed to assist in achieving some of TAG's main objectives.
- Increasing brand visibility and securing buy-in on TAG's vision through continuous engagement with key stakeholders.

The role, responsibilities, membership requirements, and procedural conduct for Board members are documented in detail in the TAG's Board Charter.

3.1 Board composition

The Chairperson and members of the Board are appointed by the Gauteng Executive Council, following recommendations made by the Executive Authority and consultation with the relevant municipalities. The current Board was appointed for a three-year term, effective from 1 May 2021 to 30 April 2024. It comprises twelve non-executive members from diverse backgrounds and various industry and professional experiences, along with the CEO, who serves as an ex officio member.

SECTION 10 (2) OF THE ACT OUTLINES THE COMPOSITION OF THE BOARD AS FOLLOWS:

1. (1) The Board consists of a chairperson and no more than twelve other members who must perform the functions and exercise the powers of the Authority in accordance with this Act.
2. 10 (2) The Board is constituted as follows, having regard to the demographics of the Republic:
 - a. the chief executive officer of the Authority as an ex officio member;
 - b. three members nominated by the metropolitan municipalities in the Province;
 - c. two members nominated by the district municipalities in the Province;
 - d. one member from the Department nominated by the MEC; and
 - e. six ordinary members appointed by virtue of their collective expertise in any combination of financial and risk management, transport planning, transport engineering, economic development and environmental matters, legal and compliance, or human resources.

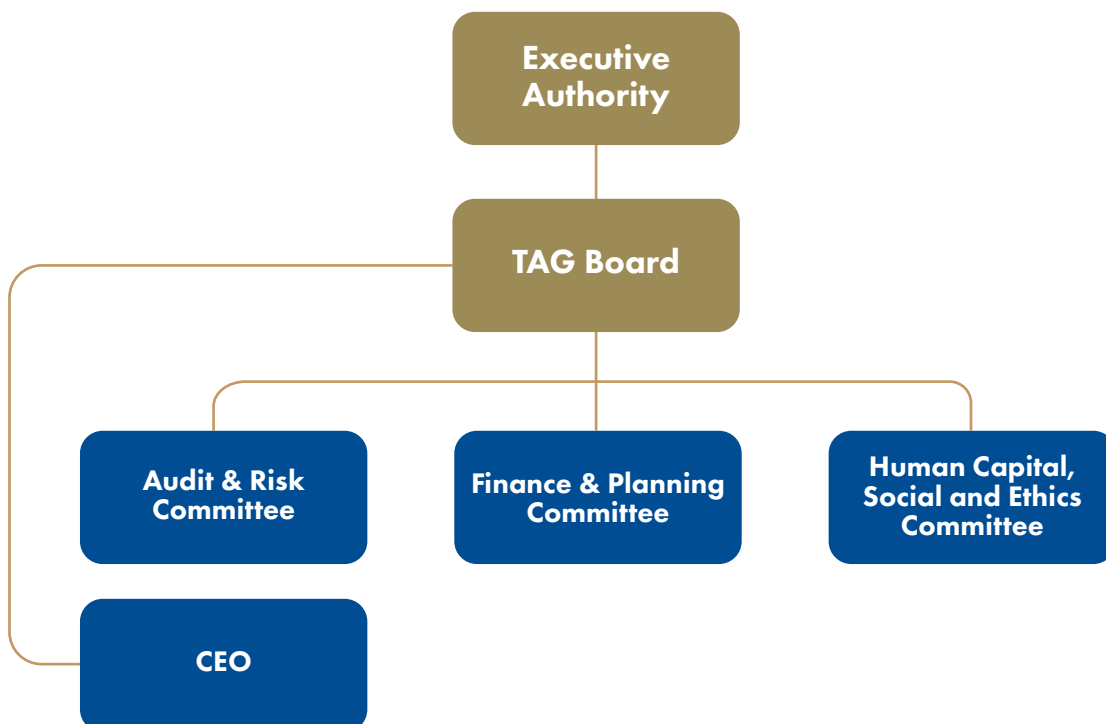
The Board was at all times properly constituted, however, there were two changes on the Board following the disqualification of Ms Molatelo Rapetsoa due to her resignation from the City of Tshwane, as her appointment to the Board was directly linked to her employment with the City. She ceased to be a member effective 31 August 2023. Additionally, Ms Malebo Matolong resigned as a member effective 31 December 2023.

The roles and responsibilities of the Board Chairperson and the CEO are formalised and separated, as clearly defined in the Board Charter and the TAG Act. The separation of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The Board's term of office is three years, as governed by the Act, which also allows for the re-election of existing Board members, provided they do not serve for more than two terms. The current Board's term ended on 30 April 2024, with no member's term of office being renewed.

The Board retained effective control through a clear governance structure, including three Board Committees to assist in discharging its duties. Additionally, the Board delegates some of its responsibilities, as defined in the Delegation of Authority, to the CEO, who is responsible for leading the implementation and execution of the approved strategy and policies, as well as managing the day-to-day operations of TAG.

TAG GOVERNANCE STRUCTURE



3.2 Brief profiles of members of the Board



Thendo Ratshitanga (51)
Chairperson and Independent Non-Executive Member
(Appointed effective 1 May 2021 to 30 April 2024)

Master's Degree in Public and Development Management, Post-Graduate Diploma in Public Policy and Development Management, Certificate in Social Entrepreneurship, Certificate in Programme for Management Development, Certificate in Aquaponics Design.

TAG Board Committee membership:

Member of TAG Finance and Planning Committee;
Member of Human Capital, Social and Ethics Committee

Professional memberships: Institute of Directors in Southern Africa (IoDSA)

Skills, expertise and experience: Business management, public sector management, public policy development, corporate marketing communications and corporate governance.



Mr Bolokang Lengane (52)
Independent Non-Executive Member
(Appointed: 1 May 2021 to 30 April 2024)

B Com (Accounting), B Com Hons (Accounting)

TAG Board Committee membership:

Chairperson of the Audit and Risk Committee and
Member of Finance and Planning Committee

Skills, expertise and experience: Accounting, auditing, enterprise risk management, business planning and strategy development, corporate governance and stakeholder management.



Ms Malebo Matolong (48) Cert.Dir. | Pr.Eng
Independent Non-Executive Member
(Appointed: 1 May 2021 to 31 December 2023)

Master of Business Administration, Master of Project Management, B Eng Hons in Transportation Engineering, Bachelor Degree in Civil Engineering

TAG Board Committee membership:

Chairperson of Finance and Planning Committee and
Member of the Human Capital, Social and Ethics Committee

Professional Memberships: Engineering Council of South Africa, Institute of Directors in Southern Africa

Skills, expertise and experience: Integrated land use – transport planning, project management, public transport system design, public transport policy and regulation, public transport planning strategy formulation, transport master planning, freight transport planning, rural transport planning, contract management, transport planning coordination at local, provincial and national level, financial management, stakeholder management and corporate governance.



Ms Fikile Mkhize (52)
Independent Non-Executive Member
(Appointed: 1 May 2021 to 30 April 2024)

Chartered Director (SA), Board Leadership Programme Certificate, Applied Directorship Programme Certificate, Municipal Executives' Financial Management Certificate, Development and Management of Local Government Certificate, Insurance and Risk Management Certificate, Senior Management Development Programme, Managing Managers for Results Certificate, Master of Business Leadership, Bachelor of Commerce

Other directorships: Coface SA Insurance Company Limited (Lead Independent Director; Audit Committee; Chairperson: Remuneration Committee, and Risk & Investment Committee), KwaZulu-Natal Gaming and Betting Board (Social Ethics & Transformation Committee); Chairperson: Human Resources & Remuneration Committee, and Transformation Fund Adjudication Committee), and Central University of Technology Innovation Services (Pty) Ltd (Interim Chairperson, and Audit Risk & IT Governance Committee)

TAG Board Committee membership:
Chairperson of Human Capital, Social and Ethics Committee and
Member of the Audit and Risk Committee.

Professional memberships: The Institute of Directors in South Africa (IoDSA), The Institute of Risk Management South Africa

Skills, expertise and experience: Board leadership, business resilience, combined assurance, commercial law, contract management, corporate governance, ethics management, financial management, human capital management, information communications technology, programme and project management, project finance, risk management and compliance, risk finance, stakeholder management and intergovernmental framework, and integrated strategic planning and reporting



Mr Stanley Ace Ngobeni (48)
Independent Non-Executive Member
(Appointed: 1 May 2021 to 30 April 2024)

Master's in Business Administration, B Hons in International and Domestic Taxation, B Com (Accounting), Higher Diploma in Computer Auditing, Project Management Certificate, Certificate in Mining Taxation, Certificate in Portfolio Management and Investment Analysis, and Africa Directors Programme Certificate.

TAG Board Committee membership:
Finance and Planning Committee and
Audit and Risk Committee

Professional memberships: South African Institute of Professional Accountants, South African Institute of Government Auditors, Institute of Internal Auditors, Association of Certified Fraud Examiners, Institute of Risk Management

Skills, expertise and experience: Corporate governance, finance and accounting, legal and compliance, project management, audit and forensic, risk management and business continuity, corporate and project finance, information technology, economic development, business development / entrepreneurship, human resources, and fund development



Ms Vidhu Vedalankar (65)
Independent Non-Executive Member
(Appointed: 1 May 2021 to 30 April 2024)

Master's Degree in Town and Regional Planning, Postgraduate certificate: Executive Development Programme, BSc in Mathematics and Physics

TAG Board Committee membership:

Member of Audit and Risk Committee and
Member of Finance and Planning Committee

Professional memberships: N/A

Skills, expertise and experience: Corporate governance, strategy and policy development, enterprise risk management strategy, fraud and corruption management strategy, compliance, stakeholder management, finance management and reporting



Mr Themba Jeffrey Ngcobo (60)

Non-Executive Member

(Appointed: 1 May 2021 to 30 April 2024)

Master of Business Leadership, Associate in Management (Management Development Programme), National Higher Diploma (Pulp & Paper Technology –School of Mechanical Engineering), National Diploma in Chemical Engineering

TAG Board Committee membership:

Member of Finance and Asset Committee and
Member of Human Capital, Social and Ethics Committee

Professional memberships: N/A

Skills, expertise and experience: Strategic planning and formulation, human capital, corporate governance, communication and stakeholder management, change leadership and management, stakeholder management, financial management, and development of process improvement plans



Ms Lebogang Lydia Mogakabe (41)

Non-Executive Member

(Appointed: 1 May 2021 to 30 April 2024)

Master of Technology in Civil Engineering, Bachelor of Technology in Transportation Engineering, National Diploma in Civil Engineering

TAG Board Committee membership:

Member of Finance and Asset Committee and
Member of Human Capital, Social and Ethics Committee

Other directorships: N/A

Professional memberships: N/A

Skills, expertise and experience: Transport planning, transport systems development, transport modelling, financial management, stakeholder management/intergovernmental relations, public transport integration, traffic engineering, traffic safety plans, and corporate governance



Mr Samuel Ntshenki Mofokeng (51)

Non-Executive Member

(Appointed: 1 May 2021 to 30 April 2024)

National Diploma: Public Management; Diploma: Dramatic Arts; Marketing Certificate, Arts and Culture Management Certificate; Project Management Principles Certificate; Certificate in Writing for Business Results; Certificate in Board Leadership Programme; Certificate in Public Transformation

TAG Board Committee membership:

Member of Finance and Asset Committee
Member of Human Capital, Social and Ethics Committee

Other directorships: Vaal Triangle Eisteddfod, SANMPA, Midvaal Youth Centre, Aaron Mokoena Foundation

Professional memberships: N/A

Skills, expertise and experience: Corporate governance, stakeholder engagement, intergovernmental relations, and marketing



Mr Robert Hendrikse (51)

Non-Executive Member

(Appointed: 1 May 2021 to 30 April 2024)

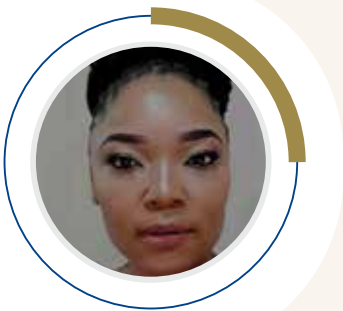
National Diploma – Town Planning

TAG Board Committee membership:

Member of Finance and Asset Committee
Member of Human Capital, Social and Ethics Committee

Professional memberships: N/A

Skills, expertise and experience: Town planning, local government governance



Ms Molatso Rapetsoa

Non-Executive Member

(Appointed: 1 May 2021 to 31 August 2023)

Master of Development Studies, Certificate in Municipal Financial Management Programme, Bachelor in Technology: Civil Engineering, National Diploma: Civil Engineering

TAG Board Committee membership:

Member of Finance and Asset Committee
Member of Human Capital, Social and Ethics Committee

Professional memberships: ECSA

Skills, expertise and experience: Transportation planning and management, programme, project and contract management with special emphasis on municipal infrastructure, strategic development, transformation, change management, corporate governance, and risk management



Mr Aubrey Motubatse Motubatse (52)

Non-Executive Member

(Appointed: 1 May 2021 to 30 April 2024)

Master of Science in Development Planning, Master of Business Leadership, Post Graduate Diploma in Transport Management, Higher Education Diploma, Bachelor of Arts, Bachelor of Education

TAG Board Committee membership:

Member of Finance and Asset Committee and
Member of Human Capital, Social and Ethics Committee

Professional memberships: N/A

Skills, expertise and experience: Transport policy and strategy, integrated transport planning, public transport management, public transport subsidies, transport law enforcement, growth and development strategies, financial management, and corporate governance



Mr J van der Merwe (76)

Chief Executive Officer

(Appointed: 1 February 2021 to 30 May 2024)

BSc (Civil Engineering), BSc Hons (Civil Engineering)

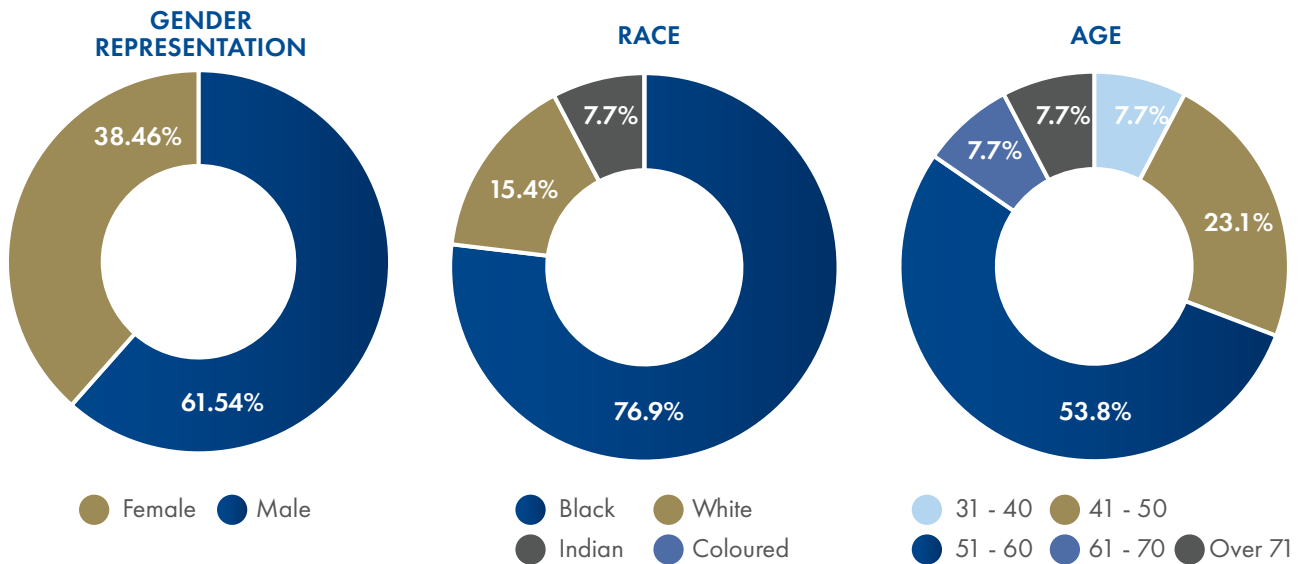
TAG Board Committee membership:

Member of Finance and Planning

Professional memberships: Honorary President: International Association of Public Transport (UITP), African Association of Public Transport (UATP), Institute of Directors in Southern Africa

Skills, expertise and experience: Public transport sector, Public Private Partnership (PPP) contracts and projects

The Board possesses the necessary knowledge, skills and experience, and its size is appropriate for the nature and complexity of the TAG environment. The Board benefits from a diverse range of skills, which enhances its effectiveness. However, diversity in terms of female representation has been identified as an area for improvement in the appointment of the next Board.



The recruitment of a new Board is currently in progress. A Board Profile has been created, considering the requirements of the Act, results of the 2021/22 financial year evaluation of the Board and its Committees, as well as input from the Board and TAG’s strategic projects.

3.3 Board policies

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

Appointment of the Board	The Framework for the Recruitment, Selection and Continuity of the Board, Board Committees and CEO provides guidance to the MEC and the Board in discharging their role and responsibility in the appointment of members of the Board, Board Committees and the CEO, in line with the Act, PFMA and King IV. The Framework was revised during the reporting period to incorporate the recommendations by the Board and Board Committees and was approved by the Board and the MEC.
Succession planning	Succession planning is a key focus area to ensure that institutional knowledge is retained following the expiry of each Board’s term of office. The Board has adopted a staggered rotation approach to maintain continuity and enhance its capacity by introducing new members with fresh perspectives and skills aligned with the organisation’s evolving strategy.
Business Code of Conduct and Ethics	<p>The Code provides a proactive approach to promoting good governance and responsible conduct by Board members. The Code is divided into two parts, namely Ethical Principles and Conduct Principles.</p> <p>Ethical Principles – Provide Board members with guidance for value-based decision-making and conduct. These principles are essential for embodying TAG’s core values. They serve as an important reference point for Board members and form the basis for effective and ethical performance in their daily roles and responsibilities.</p> <p>Conduct Principles – These principles embody the responsibilities and obligations that Board members commit to. The Code includes guidelines on conflict of interest, directorship, employment and other activities, gifts, political parties, and the disclosure of confidential information, among other topics.</p> <p>Board members declare their interests annually and sign to affirm their commitment to upholding the Ethical Principles and the Standards of Conduct outlined in the Code.</p>
Remuneration of the Board	<p>In terms of the Act, the remuneration of the members of the Board is determined by the Executive Authority, in consultation with the Gauteng MEC of Finance. The structure of the remuneration is based on the following criteria:</p> <ul style="list-style-type: none"> • Preparation for and attendance of meetings, workshops, and other events are paid in accordance with the National Treasury Guidelines. • Travel and other expenses associated with attending meetings, workshops, and events are reimbursed in line with TAG policies. • Board members appointed in a representative capacity from various municipal bodies are not remunerated for their services on the Board, but are reimbursed for their out-of-pocket expenses. • The remuneration of Board members follows National Treasury Guidelines. • The remuneration of the Board for the 2023/24 financial year is disclosed in the Annual Financial Statements.

3.4 Board’s focus areas and achievements during the 2023/24 financial year

The inability to appoint personnel for TAG due to not obtaining the Gauteng Provincial Treasury’s concurrence on the Reward and Remuneration structure, has severely impacted TAG’s ability to achieve its mandate. During the financial year under review, TAG only had one employee, the CEO. To mitigate this impact, TAG entered into a Service Level Agreement (SLA) with the GMA for support functions, including Corporate Governance and Ethics, Human Capital, Legal and Compliance, Finance and SCM, as well as Information and Communication Technology services. TAG appointed a service provider to render company secretariat services in support of the Board.

Key focus areas for the 2023/24 financial year included:

- Approval of the TAG Strategic Plan for the 2023/24 to 2025/26 financial years;
- Annual Performance Plan for the 2023/24 and 2024/25 financial years;
- Implementation of the Provincial Land Transport Framework;
- Appointment of a service provider for the implementation of the ITMP-25;
- Appointment of a service provider for the preparation of the Strategic Transport Plan and the Integrated Implementation Plan;
- Development of TAG as a centre of excellence;
- Launch of the TAG-UITP Africa Regional Training Centre; and
- Appointment of a company secretary.

3.5 Board processes

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

<p>Conflict of interest</p>	<p>All members of the Board are required to declare any actual or potential conflict of interest and sign the Confidentiality and Declaration of Conflict of Interest forms before their appointment and annually thereafter, or whenever significant changes arise.</p> <p>At the beginning of all Board and Board Committees meetings, members are required to declare any actual or potential conflicts of interest in respect of agenda items. These declarations are reviewed, and if an actual conflict of interest exists, the member is recused from discussions on that agenda item. The Corporate Governance and Ethics Business Unit maintains registers for annual declarations and all declarations made at Board and Board Committee meetings.</p>
<p>Action plan from the evaluation of the performance of the Board and Board Committees</p>	<p>Performance evaluations of the Board, Board Committees and individual Board members are conducted every two years. The Board has been following the recommendations of the IoDSA from its previous performance evaluation results. The Board has ensured that all key focus areas have been addressed and key challenges mitigated.</p>
<p>Board and Board Committees meetings and events</p>	<p>An Annual Board Plan and Annual Work Plans for the Board Committees are implemented to facilitate effective meetings and ensure that agenda items align with the Board Charter and Board Committees’ Terms of Reference.</p>

3.6 Board and Board Committees' membership and attendance

The table below highlights the Board and Board committees' membership and attendance.

BOARD AND BOARD COMMITTEES' MEMBERSHIP AND ATTENDANCE				
BOARD MEMBERS	BOARD COMMITTEES' MEMBERSHIP			
	Board	Audit and Risk Committee	Finance and Planning Committee	Human Capital, Social and Ethics Committee
Thendo Ratshitanga (Chairperson)	6/6		4/4	4/4
Mr Bolokang Lengane (Chairperson of ARC)	6/6	4/4	4/4	
Ms Fikile Mkhize (Chairperson of HCSEC)	5/6	4/4		4/4
Ms Malebo Matolong (Chairperson of FPC)	3/6		2/4	
Mr Stanley Ngobeni	6/6	4/4	4/4	
Ms Vidhu Vedalankar	6/6	4/4	4/4	
Mr Jeff Ngcobo	6/6		4/4	4/4
Ms Molatelo Rapetsoa	1/6		2/4	1/4
Ms Lebogang Mogakabe	6/6		4/4	4/4
Mr Sam Mofokeng	6/6			4/4
Mr Robbie Hendrikse	5/6		3/4	3/4
Mr Aubrey Motubatse	4/6			2/4
Mr Jack van der Merwe (CEO)	6/6		4/4	4/4

4. BOARD COMMITTEES

Members of Board Committees are appointed by the Board in accordance with the Act and the Framework for the Recruitment and Selection of Board, Board Committee Members, and the CEO. The term of office of the Board Committee members aligns with that of the Board. All Board Committees are chaired by non-executive members of the Board and each Board Committee is represented in the Social and Ethics Committee to promote effective collaboration and co-ordination among them.

The Board Charter and Terms of Reference of the Board Committees were reviewed and approved by the Board of Directors during the financial year under review. The implementation of the Board Committees' Terms of Reference was monitored through the Board Committees' Annual Work Plans on a quarterly basis.

Due to TAG not having a full-time company secretary during the first quarter of the 2023/24 financial year, the Board was unable to meet as required, resulting in its quarterly reporting meetings commencing in July 2023 for committees, and in August 2023 for the Board. This caused the subsequent quarterly meeting to be delayed by a month. Despite this, the Board and Committees were able to meet four times during the financial year as required by the Act, thereby fulfilling their duties.

4.1 Audit and Risk Committee report

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

4.2 Finance and Planning Committee report

The Finance and Planning Committee (FPC) is constituted as a Board Committee in accordance with section 20(1)(a)(iii) of the Act. The Committee was properly constituted at all times during the financial year. Following the resignation of Ms Matolong as a board member, which resulted in her ceasing to be a member and chairperson of the FPC, the Board appointed Ms Vidhu Vedalankar as interim Chairperson of the Committee.

The GMA's CFO and Senior Executive Managers responsible for Corporate Services Business Units have standing invitations to all FPC meetings to provide the necessary information and input in their areas of responsibility. The Committee held three ordinary meetings during the financial year, with the next meeting planned for 16 April 2024. The meetings were held on the following dates:

- 12 July 2023;
- 25 October 2023; and
- 29 January 2024; and one scheduled for April 2024.

Due to capacity issues caused by the lack of concurrence in the remuneration structure, the Committee commenced its quarterly meetings in July 2023, resulting in delayed quarterly reporting.

4.2.1 Finance and Planning Committee's focus areas and achievements during the 2023/24 financial year

Reviewed the following matters for recommendation to the Board:

- Approval of TAG's Budget for the 2023/24 financial year;
- Approval of TAG's Budget for the 2024/25 financial year;
- Review of the Provincial Land Transport Framework;
- Quarterly Performance and Performance Information Reports;
- Quarterly Financial Information Reports;
- Review of the Internal Audit Reports;
- Reports on the Integrated Fare Management System;
- Review of the progress update on the ITMP-25, Gauteng on the Move, Strategic Transport Plan and development of TAG as a centre of excellence;
- Progress report on the listing of TAG as a Schedule 3(c) Public Entity by the National Treasury and obtaining concurrence from the Provincial Treasury on the remuneration structure of TAG; and
- Hosting of the Smarter Mobility Africa Summit during October Transport Month.

Reviewed and approved quarterly reports on the following key matters:

- Performance evaluation report of the Finance and Planning Committee for the 2022/23 financial year and implementing the recommendations;
- Report on the Establishment of a Centre of Excellence;
- Consolidated finance reports;
- Asset Management and Asset Maintenance reports;
- Supply Chain Management reports; and
- Facilities management reports.

The FPC is satisfied that, despite the challenges, it has performed its duties in accordance with its approved Terms of Reference to the best of its ability. The pending listing of TAG as a Schedule 3(c) Public Entity remains a concern for the Committee. TAG applied for this listing from National Treasury in 2021 and has yet to be listed, despite various correspondences with National Treasury. Due to capacity issues caused by the lack of concurrence on the remuneration structure, TAG has been unable to implement some of its strategic focus areas, as the business has not been fully operational due to staffing issues.

Ms Vidhu Vedalankar

Interim FPC Chairperson

4.3 Human Capital, Social and Ethics Committee report

The Social and Ethics Committee (HCSEC) is a Statutory Committee constituted in terms of Section 72 of the Companies Act No.71 of 2008 ("the Companies Act"), Section 20(1)(b)(ii) of the Act, King IV and the TAG Board Charter.

The HCSEC provides oversight of ethics management and assists the Board in ensuring that TAG's ethics are managed in a way that supports the establishment of an ethical culture. HCSEC is also responsible for drawing matters within its mandate to the attention of the Board and the MEC as required.

4.3.1 Committee's focus areas and achievements during the 2023/24 financial year

- Reviewed human capital policies and key documents and made recommendations to the Board for approval.
- Reviewed the HCSEC Terms of Reference and recommended them to the Board for approval.
- Deliberated the Performance Evaluation Report of the Human Capital, Social and Ethics Committee for the 2022/23 financial year and developed an action plan to address the outcomes.
- Implemented the recommendations from the performance evaluation report and the key focus areas.
- Closed off the performance evaluation matters of the CEO for prior years and recommended the retrospective payment of his salary increments and performance bonus.
- Recruited and appointed a new CEO (this process was not completed. The plan is that a new CEO will be appointed during the 2024/25 financial year).
- Reviewed, monitored and/or approved quarterly reports on the following matters:
 - Integrated Ethics Management
 - Achievement of BBBEE targets
 - HC quarterly reports, including progress reports on the Phase 1 Recruitment Plan (appointment of critical positions and secondment of personnel)
 - Training and development of the Board.

The HCSEC's effectiveness was hampered by a lack of personnel in the organisation due to the failure to obtain the Gauteng Provincial Treasury's concurrence on the Reward and Remuneration Structure of the Authority. The following matters were negatively impacted as a result:

- Development of an Integrated Stakeholder Engagement Strategy;
- Oversight on Health, Safety and Environment matters; and
- Management of TAG's social impact on the economy of the Gauteng Province.

Ms Fikile Mkhize

HCSEC Chairperson

5. MANAGEMENT OF ETHICS

The governance and management of ethics has a direct impact on the achievement of the strategic objectives of organisations. Upholding ethical standards not only enhances an organisation’s reputation but also fosters trust with stakeholders. A strong ethical culture boosts employee morale, which has a direct impact on employee productivity, the organisation’s sustainability and performance.

It is important to recognise that while the company secretary and the GMA have managed compliance and ethics effectively under the SLA, it is equally vital to regularly assess the robustness of these mechanisms. The absence of reported unethical conduct, whistle blowing and conflicts of interest is a positive sign.

5.1 Ethics Management Framework

The GMA’s Corporate Governance and Ethics Business Unit (Ethics Management Office) is responsible for implementing the framework for the governance of ethics and operationalising the ethics management processes. TAG has adopted the Ethics Management Framework developed by The Ethics Institute to guide the management of ethics in TAG.

Ethics Management Framework – Diagram 1



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

The Board approved the following documents as part of the suite of Ethics Codes for TAG:

- a. Business Code of Conduct and Ethics for the Board;
- b. Business Code of Conduct and Ethics for the Employees; and
- c. Adopted the GMA’s Supplier Code of Conduct and Ethics.

5.2 Fraud and corruption

Addressing fraud and corruption requires a holistic approach that focuses on detection, prevention and redress, underpinned by strong collaboration among all stakeholders. Prevention should be the primary aim of an organisation’s Fraud Plan, as it is more resource-efficient and beneficial compared to a strategy based on detection and recovery. Additionally, preventing fraud contributes to the establishment of an ethical culture in the organisation.

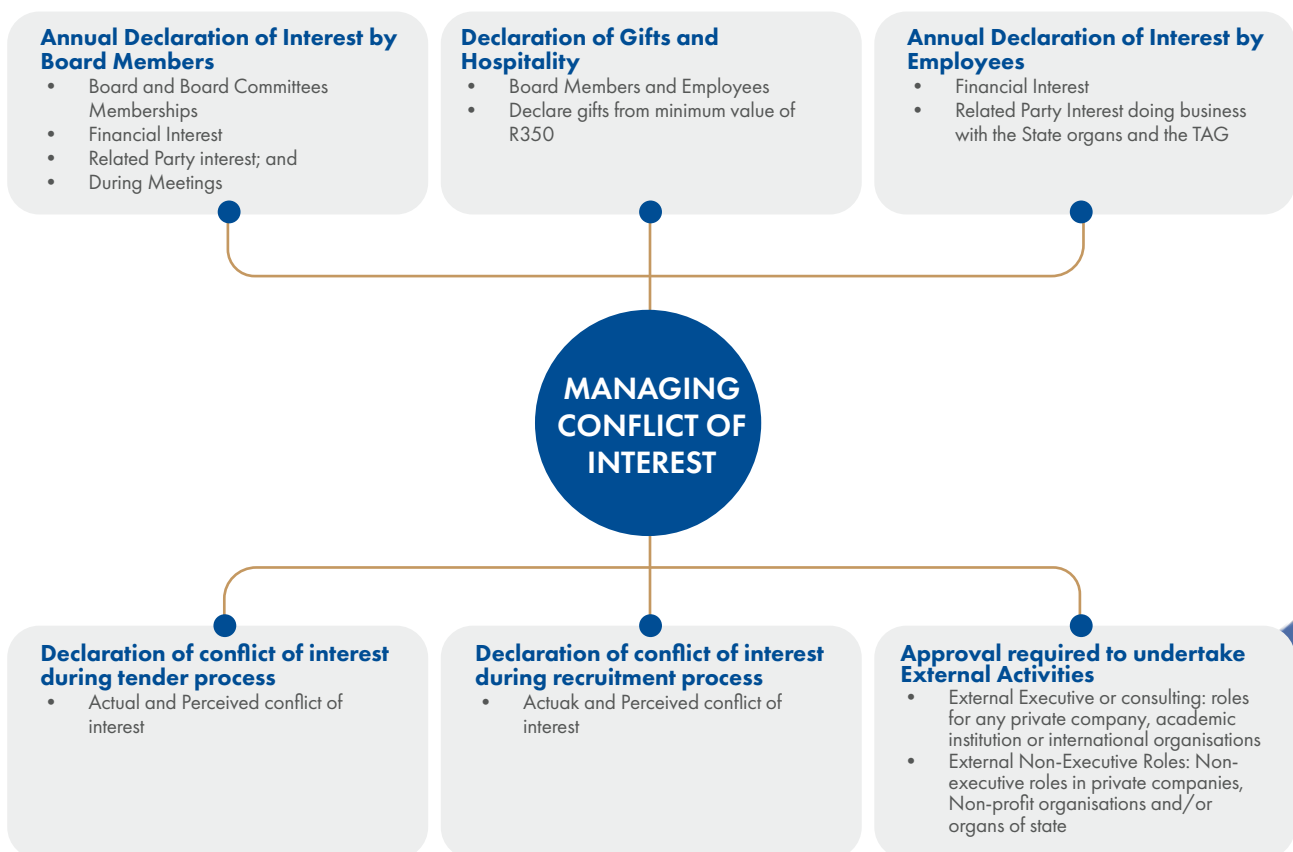
As a measure to address fraud and corruption, TAG established a Fraud Hotline effective 1 January 2023. This hotline is managed by an external service provider. Fraud hotlines are a critical ethics management tool for identifying gaps in the organisation’s management processes and internal controls, as well as for reporting incidents of fraud, corruption, or other unethical behaviour.

No fraud or corruption incidents were reported during the period under review.

5.3 Management of conflict of interest

Conflict of interest is an ethical risk that, if not managed properly, can have serious consequences for both organisations and individuals. Mismanagement of conflicts of interest can lead to loss of public trust, reputational damage and diminished employee morale. The effectiveness and integrity of the organisation’s decision-making processes may also be impacted negatively.

TAG has implemented the following processes and procedures to manage conflict and/or potential conflict of interest matters. Refer to diagram below:



5.4 Declaration of gifts

TAG's Gift and Hospitality Policy guides the management of gifts received from third parties. TAG has implemented measures to manage corporate gifts and mitigate related risks, and continuously monitors compliance with the Gift and Hospitality Policy.

No gifts were received or declared during the period under review.

6. INTERNAL AUDIT

During the financial year under review, GMA Internal Audit provided objective and independent assurance and advisory services related to TAG's controls, governance, and risk management processes. In adherence to the Public Finance Management Act (PFMA) and internal auditing standards, the Internal Audit Unit maintains its independence from the areas it reviews. This independence is upheld through established reporting protocols, requiring it to report administratively to the CEO and functionally to the Audit and Risk Committee (ARC).

The GMA Internal Audit's mandate is outlined in a Service Level Agreement mutually agreed upon by the GMA and TAG. This agreement outlines various responsibilities, including but not limited to:

- a. Providing assurance services for TAG's financial statements, and annual and quarterly performance plans.
- b. Conducting reviews within the scope of the internal audit function, as requested by TAG's management and/or Board.
- c. Engaging in policy formulation, stakeholder engagement, audit planning, audit execution, and audit reporting.
- d. Presenting Internal Audit Reports to TAG's Audit and Risk Committee (ARC) on a quarterly basis or as required.
- e. The overarching conclusion of the Internal Audit is that TAG's system of internal controls, governance, and risk management processes operated as intended during the review period.
- f. For external audit purposes, the Auditor-General conducted a thorough review and considered the work performed by the Internal Audit.

7. B-BBEE COMPLIANCE REPORT

Template on reporting by organs of State and public entities in terms of section 13(g)(1) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Act No. 46 of 2013:

Name of Sphere of Government / Public Entity / Organ of State:	Transport Authority of Gauteng
Registration Number (If Applicable):	Not Applicable
Physical Address:	44 Grand Central Boulevard Midrand, 1685
Type of Sphere of Government / Public Entity / Organ of State:	Public Entity
Organisation Industry / Sector:	Transport

The following table must be completed in full by the Sphere of Government / Public Entity / Organ of State:

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	<input checked="" type="radio"/> Yes / No	If Yes, please attach Qualification Criteria as well as the compliance report of implementation thereof in the Annual Report
Developing and implementing a preferential procurement policy	Yes / <input checked="" type="radio"/> No	If Yes, please attach Preferential Procurement Policy as well as the compliance report of implementation thereof in the Annual Report
Determining qualification criteria for the sale of state-owned enterprises	<input checked="" type="radio"/> Yes / No	If Yes, please attach Qualification Criteria as well as the compliance report of implementation thereof in the Annual Report
Developing criteria for entering into partnerships with the private sector	Yes / <input checked="" type="radio"/> No	If Yes, please attach Qualification Criteria as well as the compliance report of implementation thereof in the Annual Report
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment	<input checked="" type="radio"/> Yes / No	If Yes, please attach Qualification Criteria as well as the compliance report of implementation thereof in the Annual Report

Approved by:



Mr Elzer (Jack) van der Merwe
ACCOUNTING AUTHORITY

8. PFMA COMPLIANCE REPORT

SUPPLY CHAIN MANAGEMENT

8.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
---------------------	------------------	------------------------------------	-----------------	-------------------------

NO PROCUREMENT BY OTHER MEANS ABOVE R1 MILLION

Total

8.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000

NO CONTRACT VARIATIONS OR EXPANSIONS ABOVE THRESHOLD

Total





PART D

HUMAN CAPITAL MANAGEMENT



1. FOCUS ON THE YEAR UNDER REVIEW

1.1 Talent acquisition

Section 31(1) of the Transport Authority Act No. 2 of 2019 outlines the criteria and process for appointing the Chief Executive Officer (CEO) of the Authority. The Executive Council is tasked with making this appointment, in consultation with the Board and the responsible member. The CEO must be a citizen or permanent resident of the Republic and should be a fit and proper person with at least 10 years of relevant experience. The CEO's term is capped at five years but may be renewed at the discretion of the Executive Council. The terms and conditions of the CEO's office are determined by the Executive Council, based on recommendations from the responsible member after further consultation with the Board.

The process of appointing a CEO is a critical task for any organisation, and it can be fraught with challenges, as evidenced by the case of TAG. The limited pool of suitable applicants significantly hindered the selection process, highlighting the need for a more robust recruitment strategy which might involve broadening the search or reevaluating the job profile. Additionally, delays in obtaining approval from Provincial Treasury on salary structures have further impeded progress in finalising the appointment. These issues necessitate a pause in proceedings to ensure that the appointment is made with due diligence and compliance with the TAG Act. Such delays, while frustrating, provide an opportunity for TAG to reassess its approach and ensure that the eventual CEO appointment is made with the utmost consideration for the company's needs and regulatory requirements.

The decision by TAG to outsource its Company Secretariat services reflects a strategic move to enhance its corporate governance. By partnering with a reputable firm, TAG has taken a proactive step to ensure that its operations adhere to the highest standards of compliance and ethics. This collaboration is designed to support the effectiveness of TAG's Board and its Committees, thereby reinforcing the organisation's commitment to robust governance practices. Such measures are crucial for maintaining shareholder confidence and significantly contribute to the long-term success of the TAG.

1.2. Salary review

In alignment with the King IV principles which advocate for transparent, fair, and responsible governance, the proposal for salary increases and bonus payments for TAG employees was presented to the Board for consideration. The King IV framework emphasises outcomes-based governance, where remuneration practices are not only about compliance but also about contributing to the strategic objectives and overall success of the organisation. The TAG Remuneration and Benefits Policy, which is reviewed annually, ensures that salary adjustments are in line with market trends and organisational affordability, thereby maintaining internal equity and motivating employees through fair remuneration. The proposed salary increases, effective from 1 April, are a testament to TAG's commitment to its employees' welfare and recognition of their contributions, ensuring that remuneration remains competitive and aligned with the strategic direction of the organisation. This approach is expected to foster a motivated workforce, which is crucial for achieving the strategic goals and sustaining the long-term success of TAG. During the financial year under review, the Board made a significant decision to approve retrospective salary increases for TAG employees for the financial years 2020/21 and 2021/22, effective from April of each year. This decision acknowledges the efforts and contributions of employees during challenging times and aligns with fair remuneration practices. The salary increase was backdated to April of the respective financial years to ensure that employees are recognised and rewarded appropriately. This strategic approach reflects TAG's commitment to its workforce and can aid in retaining talent within the company.

1.3. Annual policy review

The Board's proactive approach in reviewing key human capital policies, as recommended by the Human Capital, Social and Ethics Committee, underscores the importance of staying current with legal and ethical standards. The changes implemented during the financial year reflect a commitment to adapting to evolving legal landscapes, especially in light of the ongoing court case regarding maternity leave policies. This case, pending confirmation from the Constitutional Court, could have significant implications for the organisation's operations and adherence to social and ethical norms. Handling such matters with diligence and foresight is crucial, ensuring that the organisation not only complies with current laws but also upholds principles of fairness and equity in the workplace.

2. HUMAN CAPITAL OVERSIGHT STATISTICS

Programme/ activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Project expenditure	-	-	-	-	-
GMA expenditure	38 746	19 213	49.6%	2	9 606
Total	38 746	19 213	49.6%	2	9 606



PART E

ANNUAL FINANCIAL STATEMENTS AND FINANCIAL INFORMATION





INDEX

Abbreviations.....	45
Administrative Information.....	46
Statement of Responsibility by the Members of the Board	47
Report of the Audit and Risk Committee.....	48
Report of the Board.....	50
Report of the Auditor-General	51
Statement of Changes in Financial Position	56
Statement of Financial Performance.....	57
Statement of Changes in Net Assets	58
Cash Flow Statement.....	59
Statement of Comparison of Budget and Actual Amounts.....	60
Accounting Policies	61
Notes to the Annual Financial Statements	70

ABBREVIATIONS

DRT	Gauteng Department of Roads and Transport
TAG	Transport Authority Gauteng
GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council tasked with transport and logistics
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act (Act 1 of 1999), as amended
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)



ADMINISTRATIVE INFORMATION

Domicile	Republic of South Africa	
Nature of Principal Activities	Transport Authority for Gauteng (TAG) is established in terms of Gauteng Transport Authority Act No. 2 of 2019, to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng Province. TAG has applied to National Treasury to be listed as a schedule 3(c) Provincial Public entity.	
Board Members	Mr Thendo Ratshitanga	Appointed as Chairperson from 1 May 2021 to 30 April 2024
	Ms Malebo Matolong	Appointed from 1 May 2021 to 31 December 2023
	Mr Stanley Ace Ngobeni	Appointed from 1 May 2021 to 30 April 2024
	Ms Vidhu Vedalankar	Appointed from 1 May 2021 to 30 April 2024
	Ms Fikile Mkhize	Appointed from 1 May 2021 to 30 April 2024
	Ms Lebogang Lydia Mogakabe	Appointed from 1 May 2021 to 30 April 2024
	Mr Themba Jeffrey Ngcobo	Appointed from 1 May 2021 to 30 April 2024
	Ms Molatelo Rapetsoa	Appointed from 1 May 2021 to 30 September 2023
	Mr Robert Hendrikse	Appointed from 1 May 2021 to 30 April 2024
	Mr Samuel Mofokeng	Appointed from 1 May 2021 to 30 April 2024
	Mr Bolokang Lengane	Appointed from 1 May 2021 to 30 April 2024
	Mr Aubrey Motubatse	Appointed from 23 September 2021 to 30 April 2024
	Mr Elzer van der Merwe	Chief Executive Officer - Appointed from 1 February 2020 to 31 May 2024
Postal Address	P O Box 1266, Kelvin, 2054, South Africa	
Physical Address	44 Grand Central Boulevard, Grand Central ext. 1, Midrand, 1685, South Africa	
Chairperson	Mr Thendo Ratshitanga – 1 May 2021 to 30 April 2024	
Chief Executive Officer	Mr. Elzer van der Merwe	
Chief Financial Officer	Mr. Preston Mabena	
Company Secretary	Ms. Lebong Radebe	
Auditor	Auditor-General of South Africa	
Contact Information	Telephone No.: +27 11 086 3500 Website: www.gautrain.co.za E-mail: info@gautrain.co.za	



STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 MARCH 2024

The TAG Board is responsible for the preparation of the annual financial statements. The term of the Board expired on 31 March 2024.

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

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

INTERNAL AND ACCOUNTING CONTROLS

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

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

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

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

As part of strengthening the internal controls, the TAG make use of the GMA Internal Audit function which comprises five personnel under the direction of the Chief Audit Executive.

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

liabilities. Nothing has come to the attention of the TAG Board to indicate that a breakdown in the functioning of these controls, resulting in material loss to the TAG, has occurred during the year and up to the date of this report.

GOING CONCERN

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

AUDIT AND RISK COMMITTEE

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

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

ANNUAL FINANCIAL STATEMENTS

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

The annual financial statements for the year ending 31 March 2024 set out on pages 56 to 75 were approved on 30 May 2024 by the CEO and signed on its behalf by the CEO of the Transport Authority of Gauteng.

MR. E. VAN DER MERWE
TAG: CHIEF EXECUTIVE OFFICER



REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 MARCH 2024

1. LEGISLATIVE REQUIREMENTS

The Audit and Risk Committee (“the Committee”) herewith presents its report for the financial year ended 31 March 2024, as required by section 77 of the Public Finance Management Act No. 1 of 1999, as amended by Act No. 29 of 1999, (PFMA) read with Treasury Regulation 27.1.10.

The Committee was established and constituted in accordance with section 20(1)(b)(i) of the Gauteng Transport Authority Act No. 02 of 20129, the King IV Report on Corporate Governance for South Africa (King IV) and the TAG Board Charter.

2. COMMITTEE COMPOSITION AND ATTENDANCE

The Terms of Reference of the Committee requires a minimum of three independent members. The Committee consisted of four independent non-executive members and was chaired by Mr. Bolokang Lengane CA(SA), during the financial year under review.

The Chief Executive Officer of TAG, the Chief Financial Officer and the Chief Audit Executive of the Gautrain Management Agency (GMA) have standing invitation to all meetings of the committee. The External and Internal Auditors were afforded the opportunity to meet the Committee separately from Management.

A brief profile of each Member of the Committee, as well as their qualifications, can be viewed in the Governance section of the Annual Report, under Members of the Board.

The Chairperson of the Committee reports to the Board on a quarterly basis with regard to the Committee’s deliberations, decisions and recommendations. During the period under review, the Committee held 4 quarterly meetings as required in line with the Terms of References, on the following dates:

- 25 July 2023
- 22 November 2023
- 16 February 2024
- 16 April 2024

The Committee also held 2 special meetings on 21 June 2023 and 28 September 2023.

The term of office of the Committee was aligned with the term of office of the Board. The Audit and Risk Committee’s term of office commenced on 01 April 2022 and ended on 31 May 2024.

The table below shows the attendance of these meetings: Audit and Risk Committee members and meeting attendance:

Name of member	Total committee meetings held	Total committee meetings attended
Mr Bolokang Lengane (Chairperson)	6	6
Ms Fikile Mkhize	6	6
Mr Stanley Ngobeni	6	6
Ms Vidhu Vedalankar	6	6

3. COMMITTEE’S RESPONSIBILITY

The Committee operates within a formal set of Terms of Reference which are reviewed and approved by Board. The role and responsibilities of the Committee include statutory duties as required by the PFMA as read with the Treasury Regulations and King IV, as well as oversight of risk governance, technology and information governance, and compliance assurance.

During the period under review, the Committee fulfilled its role and responsibilities.

RISK MANAGEMENT

TAG was not fully operational and therefore did not have a dedicated risk management team during the period under review, the risk register was developed as part of the strategic planning process and the following key strategic risks were identified and monitored on a quarterly basis:

- Business continuity risk due to lack of receipt of concurrence on the remuneration structure, thus resulting in the approved organisational structure not being filled;
- Delayed listing of TAG which has resulted in TAG’s inability to establish its own bank accounts and accounting systems.
- End of term of the current board without any transitional arrangements made could create a lacuna in the governance structure of TAG.

INTERNAL AUDIT FUNCTION

The Internal Audit function is managed by the GMA through a Service Level Agreement concluded between TAG and GMA to assist in capacitating TAG, due to the inability to implement the approved structure.

The Internal Audit team reviews the financial and performance information on a quarterly basis and reports to the Committee.



The quarterly financial information reports for Q1, Q2 and Q3 were approved. However, the Committee was not able to review and approve the Q4 prior to the end of term of office. Although the Committee received the quarterly performance information reports from the CEO on a quarterly basis, the Committee did not receive quality assured performance information reports from the internal audit team as the internal audit team was not provided with the portfolio of evidence to enable them to review the performance information. Notwithstanding the above, the Committee reviewed the quarterly performance information reports.

The Committee was also responsible for overseeing and reviewing the internal controls of TAG, and reviewed the quarterly reports on the effectiveness of the internal controls.

Based on the results of internal audit reviews on the financial information for the 2023/2024 financial year, the overall control environment across TAG is 'satisfactorily effective' in providing reasonable assurance.

EXTERNAL AUDIT

The Auditor General South Africa is the External Auditor for TAG. The Committee approved the Audit Strategy and Audit fees. The Committee is satisfied with the independence and effectiveness of the External Audit Function.

FINANCE FUNCTION

GMA provides TAG with Finance Management services as part of a Service Level Agreement concluded between GMA and TAG to assist in capacitating TAG, due to the inability to implement the approved structure.

The Committee is satisfied that the Finance Function has the appropriate expertise, resources and experience.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

During the reporting period, the Committee reviewed the Q1, Q2 and Q3 Financial Statements and is satisfied that they have been prepared in terms of GRAP and the PFMA. However, the term of office of the Board ended on 30 April 2024 prior to presentation of the consolidated Annual Financial Statements for the 2023/24 financial year. As a result, the Committee was not able to express an opinion on the finalised Annual Financial Statements.

An Interim Board was subsequently appointed post the end of the Financial Year, effective from 01 June 2024. The Interim Audit and Risk Committee subsequently considered and is satisfied with the appropriateness and accuracy of the Annual Financial Statements, the appropriateness of accounting policies and practices, the clarity of disclosures, as well as compliance with financial reporting standards and other relevant financial and governance reporting requirements.

QUARTERLY REPORTS SUBMITTED IN TERMS OF THE TAG ACT

The Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. During the period under review, quarterly reports were presented by management to enable the Committee to:

- Monitor the integrity, accuracy and reliability of the financial position of TAG;
- Review the financial reports of TAG and provide the accounting authority with an authoritative and credible view of the financial position of TAG;
- Review the internal financial and operational controls;
- Review the disclosure in the financial reports of TAG and the context in which statements on the financial position of TAG are made including matters relating to any unauthorised, irregular, fruitless and wasteful expenditure; and
- Review all material information presented including the monitoring of compliance with applicable laws and regulations.

4. FUTURE FOCUS AREAS

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

- Oversight on the implementation of Auditor General of South Africa's Audit recommendations.
- Drive enhancement of the internal control environment and Risk Maturity.
- Assurance over the integrity of TAG's Annual Financial Statements and the Accounting Policies.
- Continue to review among others, the internal audit function, risk management, compliance and IT control environment.

5. CONCLUSION

The Committee notes the Auditor General of South Africa's unqualified audit outcome, with findings for the 2023/24 Financial Year. The Committee will provide oversight on the implementation of Auditor General of South Africa's Audit recommendations.

Mr Bongisizwe Mpondo

Chairperson of the Interim TAG Audit and Risk Committee
Date: 23 August 2024



REPORT OF THE BOARD

for the year ended 31 MARCH 2024

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2024.

GENERAL REVIEW

Transport Authority for Gauteng (TAG) is established in terms of Gauteng Transport Authority Act No. 2 of 2019, to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng Province.

The failure to secure the concurrence of the Provincial Treasury vis-a-vis the TAG remuneration, allowances, benefits, and other terms and conditions of appointment of members of staff determination, in accordance with section 37(3) of the Gauteng Transport Authority Act, No. 2 of 2019 ("TAG Act").

The ongoing process of obtaining concurrence from the Provincial Treasury has taken more than 2 years and has resulted in a situation that no TAG staff could be appointed.

FINANCIAL OVERVIEW

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

FINANCIAL RESULTS

The summary of the financial results of the TAG for the year ended 31 March 2024 is detailed in the table below.

SUMMARY OF FINANCIAL RESULTS (R'000)		
	2024	2023
Total Revenue	29 793	24 512
Total expenditure excluding depreciation and amortisation	38 444	24 247
Total expenditure	38 746	24 512
Net surplus/ (loss) for the year	8 953	-0,03
Net surplus/ (loss) for the year excluding depreciation and amortisation	8 953	-0,03
Total assets	9 275	8 489
Total liabilities	17 011	7 273

GOING CONCERN

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

APPRECIATION

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

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



REPORT OF THE AUDITOR-GENERAL

TO GAUTENG PROVINCIAL LEGISLATURE ON TRANSPORT AUTHORITY GAUTENG

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Transport Authority Gauteng set out on pages 56 to 75, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Transport Authority of Gauteng as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Emphasis of matter

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

Prior period adjustments

7. As disclosed in note 1.1 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at, and for the year ended 31 March 2024.

Responsibilities of the Accounting Authority for the financial statements

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

Responsibilities of the Auditor-General for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 54, forms part of my auditor's report.



REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected outcome presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to outcome 4: develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected those indicators that measure the entity’s performance on its primary mandated functions and that are of significant national, community or public interest.
 - Final sign-off of the PLTF by the MEC
 - Progress on the review of the ITMP25
 - Process of developing the Strategic Transport Plan
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity’s mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the

public entity’s performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. The material findings on the reported performance information for the selected material indicators are as follows:

Various indicators

18. I could not determine the accuracy of various reported achievements, as the indicators were not well-defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator	Target	Outcome	Reported Achievement
Progress on the review of the ITMP25	80%	Outcome 4: Develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province	80%
Process of developing the Strategic Transport Plan	30%	Outcome 4: Develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province	30%



Other matters

19. I draw attention to the matters below.

Achievement of planned targets

- 20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.
- 21. The table that follows provides information on the achievement of planned targets and list the key indicator that was not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 17 to 20.

Outcome 4: Develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province

Targets achieved: 67%
 Budget spent: 100%

Key indicator not achieved	Planned target	Reported achievement
Final sign-off of the PLTF by the MEC and National Minister of Transport	Approval	No approval

Material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for outcome 4: develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

- 23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
- 24. I performed procedures to test compliance with selected requirements in key legislation in accordance

with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

- 25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

27. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of current assets, expenditure, disclosure item identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

- 28. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in outcome presented in the annual performance report that have been specifically reported on in this auditor's report.
- 29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in outcome presented in the annual performance report



or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INTERNAL CONTROL DEFICIENCIES

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. The matters reported below are limited to the significant internal control deficiencies that resulted

in opinion and the material findings on compliance with legislation included in this report.

34. Senior management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
35. Senior management did not implement controls over daily and monthly processing and reconciling of transactions.

Auditor-General

Johannesburg

31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR’S REPORT

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity’s compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to



draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(iii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Current Assets			
Receivables (Exchange Transactions)	1	8,360	7,273
Non-current assets			
Property, plant and equipment	2	914	1,216
TOTAL ASSETS			
		9,275	8,489
LIABILITIES			
Current liabilities			
Payables (Exchange Transactions)	3.1	17,011	7,273
Services Rendered (Employees)-Accruals	3.2	8,360	-
TOTAL LIABILITIES			
Accumulated surplus/(Deficit)		8,651	1,216
TOTAL NET ASSETS			
		9,275	8,489



STATEMENT OF FINANCIAL PERFORMANCE

for the period ended 31 March 2024

	Notes	2024 R'000	2023 R'000
REVENUE			
Revenue from non-exchange transactions			
Government grants	9	29,793	24,512
TOTAL REVENUE		29,793	24,512
EXPENDITURE			
Board and Committee member remuneration	4	704	930
Employee costs	5&6	19,213	8,144
Depreciation	7	302	265
Operational expenditure	8	18,527	15,173
NET SURPLUS/ (DEFICIT) FOR THE YEAR		(8,953)	0



STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2024

	Accumulated Surplus/ (Deficit) R'000
Balance as at 31-Mar-23	1,217
Net surplus/(loss) for the period	(8,953)
Balance as at 31-Mar-24	(7,736)



CASH FLOW STATEMENT

for the year ended 31 March 2024

Notes	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	29,241	15,137
Grant income	29,241	15,137
Payments	(29,241)	(14,498)
Board and committee member remuneration	(703)	(930)
Employee costs	(10,562)	(8,144)
Operating expenditure	(17,976)	(5,424)
Net cash from operating activities Note 10	0	639
CASH FLOWS FROM INVESTING ACTIVITIES	-	(639)
Acquisition of property, plant and equipment	-	(639)
Acquisition of intangible assets	-	0
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Movement in accounts receivables	-	-
Net increase in cash and cash equivalents	0	0
Cash and cash equivalents at beginning of the year		
Cash and cash equivalents at end of the year	0	0

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2024

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

	APPROVED BUDGET R'000	REVISED BUDGET R'000	ACTUAL AMOUNTS ON A COMPARABLE BASIS R'000	FUNDS FROM PRIOR PERIOD AND OTHER INCOME R'000	DIFFERENCE BETWEEN REVISED BUDGET, FUNDS FROM PRIOR PERIOD AND ACTUAL AMOUNTS R'000
Final budget appropriation	29 791	29 791	29 241	-	550
Approved budget	29 791	29 791	29 241	-	550
Funds from previous year	-	-	-	-	-
Other income - RUF	-	-	-	-	-
Other Income - Interest income	-	-	-	-	-
Payments	29 791	29 791	29 240	-	342
Project expenditure	10 700	10 700	12 403	-	(1 703)
Review ITMP25 & Strategic Transport & Integrated Implementation plan	8 800	8 800	11 631	-	(2 831)
PLTF	1 900	1 900	772	-	1 128
Technical Consultants	-	-	-	-	-
Operating and support costs	19 091	19 091	16 837	-	2 045
Human Resources	12 141	12 141	11 265	-	876
Administration	3 600	3 600	4 812	-	(1 212)
Corporate Governance	2 150	2 150	469	-	1 681
ICT Hardware and Software	500	500	291	-	-
Communication and Marketing Costs	200	200	-	-	200
Legal Costs	500	500	-	-	500
Net receipts/Budget surplus	-	-	-	-*	208**

Notes

23

* R 208 thousand was surrendered to Provincial Treasury.





ACCOUNTING POLICIES

for the year ended 31 March 2024

1.1 PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Transport Authority for Gauteng (TAG) is established in terms of Gauteng Transport Authority Act No. 2 of 2019, to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng Province.

BASIS OF PREPARATION

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

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

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

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

USE OF ESTIMATES AND SIGNIFICANT JUDGEMENTS

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

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

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

- **Useful lives and residual values (GRAP 17, 31 & 103)**
- **Impairment of receivables (GRAP 104)**
Significant judgement is used in estimating the impairment of receivables based on past payment history, risk profile, credit reputation and market information.
- **Segment reporting (GRAP 18)**
Significant judgement is used in identifying service and geographical segments of the TAG.

PRESENTATION CURRENCY

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

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

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

COMPARATIVE INFORMATION

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

GOING CONCERN ASSUMPTION

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



1.2 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION & MEASUREMENT

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

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

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

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

Costs for acquired assets include:

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

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

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

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Items of capital work-in-progress are measured at cost less impairment losses. The cost of capital work-in-progress assets includes costs of material, direct labour and any other costs directly attributable to bringing the asset to a condition where it is ready for its intended use. Capital work-in-progress is ready for its intended use once a hand over certificate is issued, and at this point capital work-in-progress is recognised as an item of property, plant and equipment.

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

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

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

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

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

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

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

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



IMPAIRMENT

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

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

REVERSAL OF IMPAIRMENT

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

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

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

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

DERECOGNITION

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

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

1.3 PROVISIONS AND OTHER LIABILITIES

A provision is a liability of uncertain timing or amount.

Provisions are recognised as liabilities when the TAG has a present legal or constructive obligation as a result of a past

event, for which it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

1.4 FINANCE LEASES

RECOGNITION

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

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

MEASUREMENT

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

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

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

DERECOGNITION

The finance lease liabilities are derecognised when the TAG's obligation to settle the liability has ceased. The assets capitalised under the finance lease are derecognised when



the TAG no longer expects any economic benefits or service potential to flow from the asset.

1.5 CONTINGENCIES AND COMMITMENTS

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

A contingent liability is:

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

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

1.6 REVENUE (Non-Exchange Transactions)

GOVERNMENT GRANTS

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

1.7 REVENUE (Exchange Transactions)

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

FINANCE INCOME

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

Finance income comprises of interest income on funds invested.

OTHER INCOME

Other income is recognised on the accrual basis when it is probable that future economic benefits will flow to the TAG and these benefits can be reliably measured.

1.8 FINANCE EXPENSES

All finance costs are recognised in the Statement of Financial Performance using the effective interest rate method.

1.9 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are benefits that are to be paid by the TAG within 12 months after the reporting date and are presented on an undiscounted basis. Short-term employee benefits in the TAG include salaries, pension contributions, bonuses and short-term compensated absences such as paid annual leave and paid sick leave.

RECOGNITION AND MEASUREMENT

When an employee has rendered services to the TAG during the reporting period, the TAG recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as:

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

SHORT-TERM COMPENSATED ABSENCES

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

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

- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the TAG. The TAG recognises



no liability or expense until the time of the absence, because employee service does not increase the amount of the benefit.

BONUS, INCENTIVE AND PERFORMANCE RELATED PAYMENTS

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

POST EMPLOYMENT BENEFITS: DEFINED CONTRIBUTION PLAN RECOGNITION AND MEASUREMENT

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

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

1.10 OPERATING LEASES

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

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

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

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating

lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.11 IRREGULAR EXPENDITURE

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

1.12 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.13 TAXES AND LEVIES

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

1.14 TAXATION

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

1.15 RELATED PARTIES

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



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

In respect of entities, other government entities or appointed members of the government, only transactions and balances under the Executive Authority of the MEC of Gauteng Department of Roads and Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity.

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

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

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

1.16 SUBSEQUENT EVENTS

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

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

1.17 BUDGET INFORMATION

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

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

1.18 SEGMENT REPORTING

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

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

1.19 FINANCIAL INSTRUMENTS

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

INITIAL RECOGNITION

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



TAG classifies a financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset and a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

INITIAL MEASUREMENT

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

SUBSEQUENT MEASUREMENT

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

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

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

DERECOGNITION

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
 - a) Significant risks and rewards are transferred to another party; or
 - b) Despite having retained significant risks and rewards, the TAG has transferred control of the asset to another entity.
- A financial liability is derecognised when the obligation has ceased. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

GAINS AND LOSSES

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

OFFSETTING

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

IMPAIRMENT

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

FINANCIAL ASSETS HELD AT AMORTISED COST

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

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

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

FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot



be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value.

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

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

RECEIVABLES

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

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

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

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

PAYABLES

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

1.20 FINANCIAL RISK MANAGEMENT

The entities activities expose it to the following risks:

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

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

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the TAG's activities. The TAG has a fundamental objective in maintaining a disciplined and constructive control environment in which all appointed officials understand their roles and obligations in relation to the TAG's overall risk management framework, policy, systems and processes.

This policy presents information about the TAG's exposure to each of the above risks, the TAG's objectives, policies and processes for measuring and managing risk and the TAG's management of capital, assets and liabilities. Further quantitative disclosures are included in the Notes to the annual financial statements.

(A) CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as committed transactions. Banks and financial institutions with an acceptable independent rating are accepted.

(i) Deposits

The TAG limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable independent credit rating. Management does not expect any counterparty to fail to meet its obligations with regards to the TAG deposits.



(B) LIQUIDITY RISK

Cash flow forecasting is performed on a monthly basis. This rolling forecast is monitored for liquidity requirements to ensure the TAG has sufficient cash to meet the Project’s monthly financial obligations as they fall due. Surplus cash held is invested in an interest bearing current account.

(C) MARKET RISK

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The TAG ensures that it reviews its cash management strategies to ensure finance income is maximised.

(i) Price Risks

The TAG does not hold equity security and is therefore not exposed to equity security price risk. The TAG is also not exposed to any commodity price risk.

(ii) Interest Rate Risks

As the TAG has no significant interest-bearing assets, the TAG’s income and operating cash flows are substantially independent of changes in market interest rates.

1.21 NEW STANDARDS AND INTERPRETATIONS

(A) Early adoption of Standards and Interpretations: Approved but not effective in the current year

The impact of this is currently being assessed by management.

Standards of GRAP	Details of the amendment to the Standards and the anticipated impact thereof	Financial Period
GRAP 1: Presentation on Financial Statements`	The new standard amendments prescribe what events or conditions may management consider when assessing going concern and material uncertainties	No effective date
GRAP 103: Heritage Assets	The new standard amendments prescribe the principles for recognising, measuring, presenting and disclosing Heritage Assets.	No effective date
GRAP 104: Financial Instruments	The new standard amendments prescribe the principles for recognising, measuring, presenting and disclosing financial instruments.	No effective date
GRAP 105: Transfer of Functions Between Entities Under Common Control	The new standard amendments prescribe the principles for recognising, measuring, presenting and disclosing Transfer of Functions Between Entities Under Common Control.	No effective date
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	The new standard amendments prescribe the principles for recognising, measuring, presenting and disclosing Transfer of Functions Between Entities Not Under Common Control.	No effective date
GRAP 107: Mergers	The new standard amendments prescribe the principles for recognising, measuring, presenting and disclosing Mergers.	No effective date

(B) New Standards and Interpretations: Approved but not effective in the current year

None



DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. Accounts Recievables

Accounts Recievables
TOTAL

	2024 R'000	2023 R'000
Accounts Recievables	8,360	7,273
TOTAL	8,360	7,273
1.1 Prior period error		
In 2022/23 financial year the amount reflected for accounts receivables and accounts payables for TAG was recorded at R3,690,546.95 instead of the actual submitted claim amount of R7,272,624.15. This resulted in the understatement of the accounts receivable balance for 2022/23 financial year, which is now corrected in 2023/24 financial year. The same impact of this omission applies or affects the revenue and the expenditure for the prior year.		
Impact on Accounts receivables		
Accounts receivable-2022/23	-	3,691
Correction-PY Adjustment	-	3,582
Re-stated amount-31/03/2023	-	7,273
Impact on Accounts payables		
Accounts payables-2022/23	-	(3,691)
Correction-PY Adjustment	-	(3,582)
Re-stated amount-31/03/2023	-	(7,273)
Impact on Revenue and Expenses		
Increase in revenue-2022/23	-	3,582
Increase in expenditure-2022/23	-	(3,582)
Re-stated amount-31/03/2023	-	-

2. TAG assets

SUMMARY

Office equipment
 Computer equipment
 Furniture & fittings
TOTAL

	2024			2023		
	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost/ Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Office equipment	474	164	310	474	70	405
Computer equipment	762	337	425	762	184	578
Furniture & fittings	281	101	179	281	47	234
TOTAL	1,517	603	914	1,517	301	1,216

Reconciliation - 2024

Office equipment
 Computer equipment
 Furniture & fittings
Carrying value - 2024

	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Office equipment	405	-	-	-	95	310
Computer equipment	578	-	-	-	152	425
Furniture & fittings	234	-	-	-	55	179
Carrying value - 2024	1,216	-	-	-	302	914



Reconciliation - 2023	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Office equipment	-	474			70	405
Computer equipment	730				152	578
Furniture & fittings	112	165			43	234
Carrying value - 2023	842	639	-	-	265	1,216

3.1 PAYABLES (EXCHANGE TRANSACTIONS)

	2024 R'000	2023 R'000
Trade Payables	8,360	7,273
TOTAL	8,360	7,273

3.2 SERVICES RENDERED (EMPLOYEES)-ACCRUALS

Gratuity	7,129	-
Leave	1,522	-
TOTAL	8,651	-

4. BOARD MEMBERS AND OTHER COMMITTEE MEMBERS' REMUNERATION

Board member remuneration - 2024

Names of Board members

	2024		Total remuneration R'000
	Board fees R'000	Other expenses R'000	
Mr T Ratshitanga (Chairperson)	123	3	126
Mr EB Lengane	98	4	102
Ms SF Mkhize	110	4	114
Mrs YM Matolong	59	3	62
Mr SA Ngobeni	102	3	106
Miss VN Vedalankar	94	3	97
Lebogang Mogakabe	-	5	5
Molatelo Rapetsoa	-	3	3
Ntshenki Mofokeng	-	3	3
Robert Hendrikse	-	3	3
Mr TJ Ngcobo	-	2	2
TOTAL	586	36	622

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members

	2024		Total remuneration R'000
	Attendance fees R'000	Other expenses R'000	
Mr EB Lengane (Chairperson)	16	-	16
Mr SA Ngobeni	16	-	16
Ms SF Mkhize	16	-	16
Miss VN Vedalankar	18	-	18
Mr T Ratshitanga	9	-	9
Mrs YM Matolong	5	-	5
TOTAL	81	-	81
			703



TRANSPORT AUTHORITY GAUTENG
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2024

Board member remuneration - 2023

Names of Board members

	2023		Total remuneration R '000
	Board fees R '000	Other expenses R '000	
Mr T Ratshitanga (Chairperson)	163	6	169
Mr EB Lengane	137	7	144
Ms SF Mkhize	134	8	142
Mrs YM Matolong	162	24	186
Mr SA Ngobeni	97	6	103
Miss VN Vedalankar	101	7	108
TOTAL	794	58	852

Audit & Risk Committee remuneration

Names of Audit & Risk Committee members

	2023		Total remuneration R '000
	Attendance fees R '000	Other expenses R '000	
Mr EB Lengane (Chairperson)	26	-	26
Ms SF Mkhize	18	-	18
Mr SA Ngobeni	18	-	18
Miss VN Vedalankar	18	-	18
TOTAL	80	-	80
			931

5. EXECUTIVE MANAGEMENT REMUNERATION

	2024					Total remuneration R '000
	Basic salary R '000	Company contributions R '000	Bonus R '000	Acting Allowances R '000	Lump sums R '000	
Mr E Van Der Merwe (CEO)	6,160	847	-	-	-	7,007
TOTAL	6,160	847	-	-	-	7,007

	2023					Total remuneration R '000
	Basic salary R '000	Company contributions R '000	Bonus R '000	Acting Allowances R '000	Lump sums R '000	
Mr E Van Der Merwe (CEO)	4,845	695	-	-	-	5,540
TOTAL	4,845	695	-	-	-	5,540

6. EMPLOYEE COSTS

	2024 R'000	2023 R'000
Salaries, bonuses and allowances	5,910	5,898
Increase/(Decrease) in leave accrual	1,522	-
Increase/(Decrease) in bonus accrual	9,210	1,356
Provident fund contributions & Subsidy	2,231	615
Employer contributions	340	274
TOTAL	19,213	8,144



7. DEPRECIATION AND AMORTISATION COSTS

	2024 R'000	2023 R'000
Depreciation	302	265
TOTAL	302	265

8. OPERATIONAL EXPENDITURE

Travel, accommodation, entertainment & subsistence	1,127	1,660
Recruitment costs	367	76
Training & membership fees	-	609
PLTF costs	14,913	7,714
Audit Fees	360	-
Building rent and utilities	1,285	1,276
Office running costs	-	44
IT related costs	475	213
Acc Exp	-	-
TOTAL	18,527	11,591

9. REVENUE FROM NON-EXCHANGE TRANSACTIONS

MTEF funding	29,793	24,512
Sub Total	29,793	24,512

10. RECONCILIATION OF THE BUDGET TO ACTUAL AMOUNTS IN THE STATEMENT OF FINANCIAL PERFORMANCE

Net Deficit per the Statement of Financial Performance	(8,953)	0
Base adjusted for:		
Depreciation	302	265
Other non cash movement		
Accruals	8 651	
Increase/(decrease) in current assets	(1 088)	
Increase/(decrease) in current liabilities	1 088	374
Cash flows from operating activities	0	639



11. COMMITMENTS

PLTF and ITMP25 Consultants
 Information technology
 Corporate Governance
 Comms, Facilities and Human Resources

	2024 R'000	2023 R'000
	20,349	662
	419	1,616
	771	184
	749	-
	22,289	2,462

12. RELATED PARTY TRANSACTIONS

Non-executive Board Members and Board Committee Members: The total value of remuneration of the Non-Executive Board Members including the Audit and Risk Committee Members are disclosed in note 3. TAG did not enter into any other transactions with Non-Executive Board Members including the Audit and Risk Committee Members.

Executive management: The total value of remuneration of executive management is disclosed in note 4. TAG did not enter into any other transactions with executive management.

Gauteng Provincial Government: An entity that is a member of the Gauteng Provincial Government and is under common control of the Gauteng Provincial Legislature is related to the TAG. However, only transactions and balances of the same economic entity will be disclosed. In respect of entities, other government entities or appointed members of the government, only transactions and balances under the Executive Authority of the MEC of Gauteng Department of Roads and Transport are disclosed. The Gauteng Department of Roads and Transport, and its entities have been identified as entities of the same economic entity. During the financial year under review, the TAG entered into financial transactions with Gautrain Management Agency under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport. The detail transaction is disclosed under note . 'Payables'.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

TAG's financial instruments consist of payables. The fair values together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position as detailed below.

	2024 R'000	2023 R'000
Financial assets - at carrying value		
Receivables	8,360	7,273
Financial liabilities - at carrying value		
Payables	8,360	7,273
Fair value of financial instruments:		
Financial assets at fair value:		
Financial liabilities held at fair value:		
Payables	8,360	7,273

Financial Instruments

Potential concentrations of credit risk consist mainly of cash and cash equivalents, trade receivables and other receivables. Other receivables consist of accrued interest and prepayments, upon which credit risk is limited as interest is receivable from banks with an acceptable independent rating and prepayments are minimal.

On 31 March 2024, TAG did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.



Fair Value of Financial Instruments

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

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

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

RISK MANAGEMENT

Interest rate risk management

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

Liquidity risk management

TAG manages liquidity risk through the compilation and monitoring of Accounts receivables and Accounts Payables.

MATURITY PERIOD	2024 (R'000)		
	0 - 12 Months	1 - 5 Years	>5 Years
Financial Liabilities			
Payables	8,360	-	-

14. BBBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

15. SUBSEQUENT EVENTS

The TAG board member's tenure of office ended 30 April 2024. The advertisement and recruitment process for the appointment of the new board is currently underway. The CEO is the only member of the board who still holds office and the CEO's tenure of office ends on 30 April 2024. The company secretariat's tenure of office ends on 30 June 2024.

16. GOING CONCERN

On 31 March 2024, the TAG Board has every reason to believe that the TAG has adequate resources in place to continue in operation in the foreseeable future. TAG is a Provincial entity and is funded by the budget allocations from the Gauteng Province. The entity has been allocated a budget of R29 Million for the 2024/25 financial year. The budget is sufficient to ensure that TAG is able to meet all its obligations for the 2024/25 financial year.

Gauteng Province and Gauteng Treasury have funds allocated for the TAG through the MTEF Budget process as part of their budget/commitments to ensure the existence and running of the TAG for the next three financial years.

These commitments have a positive impact on the annual financial statements and confirms that TAG does not intend to liquidate the entity or to cease operations and remains a going concern and its mandate has not change.

17. SEGMENT REPORTING

TAG has one economic activity that generates service potential, whose results are regularly reviewed by management to make decisions about resources to be allocated and for which financial information is available. TAG has a single service segment as well as a geographical segment.

ANNEXURE A

APPLICATION OF KING IV REPORT

APPLICATION OF KING IV REPORT - 16 BEST PRACTICE PRINCIPLES

King IV Principle	Action taken
<p>Leadership Principle 1: The governing body should lead ethically and effectively.</p>	<p>Development of guidelines and documents on the Business Code of Conduct and Ethics for the Board, employees and service providers</p>
<p>Organisational ethics Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board is responsible for steering and setting the strategic direction for ethics in the TAG, delegates the implementation and execution of management and oversees ethics performance through the Human Capital, Social and Ethics Committee. The focus area during the reporting period was the Board approval of the following documents:</p> <ul style="list-style-type: none"> • Integrated Ethics Management reports; • Achievement of BBBEE targets; • HC quarterly reports, including progress reports on the Phase 1 Recruitment Plan (appointment of critical positions and secondment of personnel); and • Training and development of the Board
<p>Responsible corporate citizenship Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board is responsible for corporate citizenship by setting the direction for how it is approached and addressed. The Board, through the Human Capital, Social and Ethics Committee, oversees and monitors the consequences of TAG's activities and outputs, as well as their effect on its status as a responsible corporate citizen.</p>
<p>Strategy and performance Principle 4: The governing body should appreciate that the organisation's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The Board is responsible for TAG's performance. TAG's strategy is approved by the Board, with its implementation delegated to management through the strategic plan and budget.</p> <p>The Board monitors TAG's performance through quarterly performance and performance information reports submitted to the MEC and the Gauteng Legislature. CEC's quarterly outlook reports focus on key matters necessary to be brought to the attention of the Board and Board Committees between quarterly meetings.</p>
<p>Reporting Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.</p>	<p>TAG adheres to National Treasury guidelines, the revised Framework issued by the Department of Planning, Monitoring and Evaluation, and leading corporate governance practices for annual reporting.</p> <p>TAG's Annual Financial Statements were prepared in accordance with the prescribed standards of Generally Recognised Accounting Practice (GRAP), including directives and guidelines issued by the Accounting Standards Board (ASB) and the Public Finance Management Act (PFMA). Details can be found in this Annual Report.</p>

King IV Principle	Action taken
<p>Primary role and responsibilities of the governing body</p> <p>Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Board provides leadership by steering TAG, setting its strategic direction, and approving policies and plans that give effect to the strategic direction. It oversees and monitors the implementation and execution of these plans by Management and ensures accountability for TAG's performance through reporting and disclosure.</p> <p>The Board's role and responsibilities are articulated in the Board Charter, which, along with the Terms of Reference for Board Committees is reviewed and approved annually by the Board.</p> <p>For more information, refer to the Corporate Governance and Ethics Management Report included in the Annual Report.</p>
<p>Composition of the governing body</p> <p>Principle 7: The governing body should comprise the appropriate balance of knowledge skills, experience diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>According to the TAG's Act, the appointment of the Board is the responsibility of the MEC. The Board therefore does not have a Nomination Committee to assist with the appointment of the Board, but TAG has instead developed the Framework on the Recruitment and Selection of Board, Board Committees and the CEO.</p> <p>The Framework promotes transparency and formalises the appointment process of the Board, Board Committees and the CEO. The Framework encourages collaboration between the Board and the MEC in this process. The MEC, in consultation with relevant municipalities, compiles a shortlist of suitable candidates for appointment. This shortlist is then submitted to the Executive Council, which recommends a suitable candidate from the shortlist for appointment as TAG Board members.</p> <p>Refer to the Corporate Governance and Ethics Report for a full disclosure regarding the composition of the Board and the role and responsibilities of the Chairperson and the CEO.</p>
<p>Committees of the governing body</p> <p>Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>In discharging its duties, the Board is empowered to delegate some of its responsibilities to Board Committees and the CEO through the delegation of authority framework and the Committees' Terms of Reference, while maintaining ultimate accountability.</p> <p>The Board Charter also indicates matters reserved for the Board and those delegated to Board Committees. The Board considers the recommendations and reports from the Board Committees.</p> <p>Refer to the Corporate Governance Report and Ethics Management Report for a full disclosure regarding the Board Committees.</p>
<p>Evaluations of the performance of the governing body</p> <p>Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chairpersons and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>Performance evaluation of the Board, Board Committees and individual Board members is conducted every two years.</p> <p>The Board conducted an internal self-assessment to identify areas of improvement in its performance and strengthen the areas where it was effectively performing.</p> <p>The Board focused on implementing the action plan after its evaluation.</p>

King IV Principle	Action taken
<p>Appointment and delegation to management Principle 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.</p> <p>Risk governance Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>The Delegation of Authority Framework (DoA) clearly sets out levels of authority and the required approvals for decision-making.</p> <p>The DoA is annually reviewed and approved by the Board.</p> <p>The Board, through the Risk and Audit Committee, is responsible for overseeing the risk management function.</p> <p>Since TAG has not yet fully commenced operations while awaiting approval from the Gauteng Treasury on the proposed remuneration for its personnel, risk management and monitoring have been limited to strategic risks reported as part of the performance report.</p>
<p>Technology and information governance Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The Board, through the Audit and Risk Committee, oversees the governance of technology and information, and management of associated risks, to enable the achievement of TAG's strategic objectives.</p> <p>The operational responsibility for the governance of technology and information has been delegated to Management.</p>
<p>Compliance governance Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>This approach has been followed by the TAG Board during the financial year under review.</p>
<p>Remuneration governance Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.</p>	<p>The Board has the ultimate responsibility for the governance of remuneration with some elements delegated to the Human Capital, Social and Ethics Committee (HCSEC). The Human Capital, Social and Ethics Committee reviewed and approved:</p> <ul style="list-style-type: none"> • The Human Capital quarterly reports, including the progress reports on the Phase 1 Recruitment Plan (appointments of critical positions and secondment of personnel); and • Training and development of the Board.
<p>Assurance Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and the organisation's external reports.</p>	<p>The Board has delegated the arrangements for assurance services to the Audit and Risk Committee. The Audit and Risk Committee provides oversight of the internal control environment and the integrity of information and reports for better decision-making.</p> <p>Internal Audit assures conformance with the Institute of Internal Auditors (IIA) standards and contributes to the effectiveness of governance, risk management and control processes. The Internal Audit Plan is completed and approved by the Audit and Risk Committee.</p> <p>Reviews of governance and controls by assurance providers to enhance the practice of combined assurance, were implemented and reported to the Audit and Risk Committee.</p> <p>Arrangements for assurance are fully disclosed in the Audit and Risk Committee Report contained in the Annual Financial Statements.</p>

King IV Principle

Stakeholders

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Action taken

Governance of TAG's stakeholder relationships is the responsibility of the Board assisted by the Human Capital, Social and Ethics Committee.

The Human Capital, Social and Ethics Committee reviewed, monitored and approved quarterly reports on:

- Integrated Ethics Management;
- Achievement of BBBEE targets;
- HC quarterly reports, including progress reports on the Phase 1 Recruitment Plan (appointment of critical positions and secondment of personnel); and
- Training and development of the Board.

The effectiveness of the Committee was hampered by a lack of personnel in the organisation due to the failure to obtain the Gauteng Provincial Treasury's concurrence on the Reward and Remuneration Structure of the Authority. The following matters were negatively impacted:

- Development of an Integrated Stakeholder Engagement Strategy;
- Oversight on Health, Safety and Environment matters; and
- Management of TAG's social impact on the economy of the Gauteng Province.

LIST OF ABBREVIATION AND ACRONYMS

TRANSPORT AUTHORITY OF GAUTENG

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DoA	Delegation of Authority
FPC	Finance and Planning Committee
GEGDS	Gauteng Employment, Growth and Development Strategy
GMA	Gautrain Management Agency
GDRT	Gauteng Department of Roads and Transport
GPG	Gauteng Provincial Government
GRAP	Generally Recognised Accounting Practice
GTIA	Gauteng Transport Infrastructure Act
GTIP5	Gauteng Transport Implementation Plan – 5 Year
HCSEC	Human Capital, Social and Ethics Committee
HC	Human Capital
IoDSA	Institute of Directors in South Africa
ITMP25	Gauteng 25-Year Integrated Transport Master Plan
MEC	Member of Executive Council
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Path
NLTSF	National Land Transport Strategic Framework
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Co-ordinating Commission
PLTF	Provincial Land Transport Framework
PoPIA	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework
RFP	Request for Proposal
SLA	Service Level Agreement
SCM	Supply Chain Management
TAG	Transport Authority for South Africa





Transport Authority for Gauteng

44 Grand Central Boulevard Grand Central Ext. 1 Midrand, Johannesburg, 1685

PO Box 1266, Kelvin, 2054, South Africa

Telephone: +27 11 086 3500

Website: www.gautengonthemove.co.za