



prasa

PASSENGER RAIL AGENCY
OF SOUTH AFRICA

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CORPORATE PLAN

2021/2024



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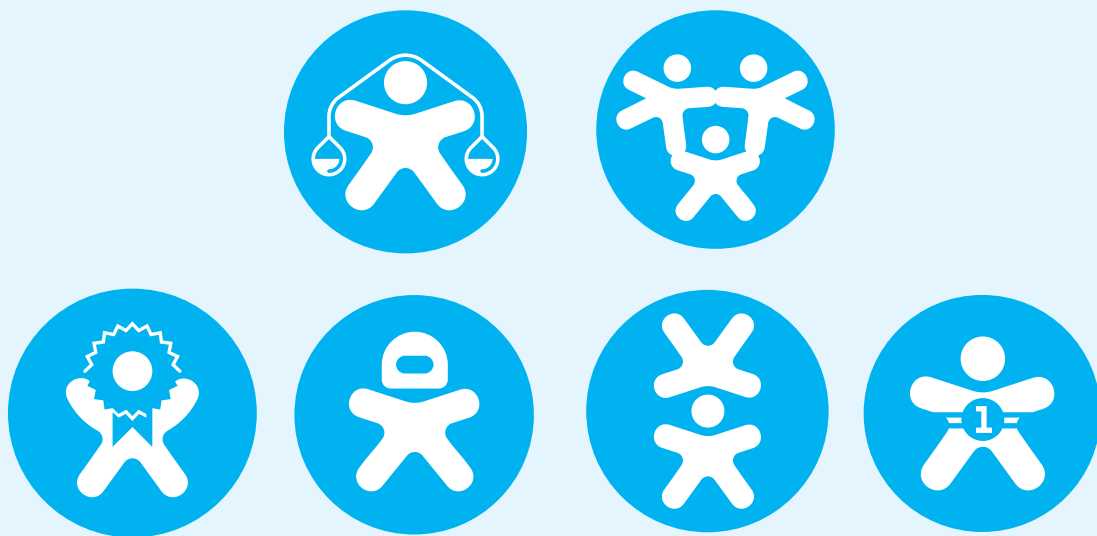
Vision

Be a recognised provider and manufacturer of safe and reliable public passenger services and products.

Mission

Provide safe, reliable, affordable commuter rail, long-haul passenger rail and long-haul intercity bus services.

Values



Fairness and Integrity

We practice fairness and integrity

We treat our customers and colleagues the same as we would like to be treated



Teamwork

We are a team

We work in collaboration with our colleagues to achieve customer excellence a common goal and recognising each others strengths and contribution



Service Excellence

We practice service excellence

We provide a service that meet and exceed customer expectations



Safety

We prioritise safety

We ensure that we work safely and our customers and colleagues are safe



Communication

We communicate effectively

We share information and communicate professionally with colleagues, customer and relevant stakeholders in an open and honest way



Performance Driven

We are performance driven

We are performance driven while we provide high level of customer service to enable PRASA to realise its vision of a great customer experience.

Legislative and other mandates

Legislative mandate

PRASA is a schedule 3B national government business enterprise reporting to the Minister of Transport. It derives its mandate from the Legal Succession to the South African Transport Services Act (1989), as amended.

PRASA's main objective and business is to ensure, in consultation with the Department of Transport, that rail commuter services, and long-haul passenger rail and bus services, are provided within, to and from South Africa in the public interest. This objective is set out in terms of the principles in section 4 of the National Land Transport Act (2009).

PRASA's secondary objective and business is to generate income by exploiting its assets. In carrying out its objectives and business, PRASA ensures due regard for key government social, economic and transport policy objectives.

Governmental plans, policies and legislation informing the corporate plan

2020 economic reconstruction and recovery plan

The 2020 economic reconstruction and recovery plan is aimed at stimulating equitable and inclusive growth to ensure that South Africa's economy recovers from the impact of the COVID-19 pandemic. The plan also seeks to tackle unemployment and inequality. Passenger and railway transportation are central to enable communities to access employment opportunities. As the economy recovers, PRASA's ability to provide an effective and efficient transport system to commuters and passengers is pivotal for economic growth, and for alleviating poverty and unemployment.

South African communities have an opportunity to protect PRASA's assets through the People's Responsibility to Protect (PR2P) programme. Although PRASA is committed to providing adequate protection of its assets, customers and employees, the programme will seek to instil a culture of responsibility for protecting its assets among its constituents.

The economic reconstruction and recovery plan has three phases: engage and preserve; recover and reform; reconstruct and transform. This has a direct link to PRASA in that the agency has to ensure that its employees are protected through compliance to health and safety legislation, as well as COVID-19 guidelines; that its rail network is rehabilitated to enable the recovery of the corridors (infrastructure and stations); and that its fleet is modernised while embracing transformation objectives.

PRASA, through its core stabilisation and sustainability strategy, will embrace the economic reconstruction and recovery plan priorities of:

- **Aggressive infrastructure development** through spending its capital budget in line with the agency's planned capital programmes of infrastructure rehabilitation and renewal, fleet recovery and renewal, and station modernisation and precinct development. Critical to enable and sustain investments is progressive and preventative maintenance capacity to timeously maintain PRASA's fleet, infrastructure and stations.
- **Employment-orientated strategic localisation** through employing from local communities where skills exist and allowing communities to create cooperatives that will allow them to participate in PRASA's reconstruction. The PR2P programme also plays a pivotal role in creating employment in local communities by encouraging people to protect PRASA assets, commuters and employees.
- **gender equality and the economic inclusion of women and young people** through the PRASA employment equity plan.
- PRASA has identified the following enablers for the successful implementation of the economic reconstruction and recovery plan:
- **Social compacting** – PRASA will embrace partnerships with local communities through signing memorandums of understanding with recognised community structures such as the South African National Civic Organisation.
- **Skills development** – PRASA will create capacity in core and critical skills while repositioning the agency's workforce to embrace new ways of work through various learning and development programmes.

PRASA's recovery and investment plan also places commitments on the Department of Transport, in line with the economic reconstruction and recovery plan, to develop a strategy for the sustainable funding of rail infrastructure. This commitment aligns with ongoing work to develop a sustainable funding model for PRASA.

2017 National Rail Policy White Paper

With the aim of reviving and revitalising rail transport in South Africa, the 2017 National Rail Policy White Paper submits an entire suite of investment and institutional interventions envisaged to be completed by 2050. Remedial interventions in the policy will focus on infrastructure investment interventions to enhance rail's inherent competitiveness, and enabling interventions to alter institutional arrangements to ensure that rail functions effectively in delivering its share of the national transport task.

The white paper recognises that present sources of funding for freight and passenger rail are inadequate, and that government will ensure that additional sources are tapped. As in other rail systems, government will take responsibility for infrastructure funding, while train operators will be required to fund their own rolling stock. The white paper also foresees the involvement of the private sector in infrastructure and rolling stock.

The white paper proposes devolving and assigning the function of urban rail (Metrorail operations) to local government, an initiative that will be integrated into other local transport initiatives. After the devolution of urban rail, the white paper sees PRASA's role as a provider of long-distance services (to be delivered by the most economically advantageous mode, by bus or train); and high-speed services.

The Department of Transport will drive overall rail revitalisation, in conjunction with Department of Public Enterprises, PRASA, Transnet, a transport economic regulator, the Railway Safety Regulator, provincial governments and local governments. Department of Transport will manage the intervention through a national rail master plan.

2007 Public Transport Strategy

The public transport strategy resulted in the consolidation of the passenger rail sector and the rollout of the national rail plan in the short- to medium-term. The strategy focused on three phases: Phase 1 (2007-2010), driven by preparations for the 2010 FIFA World Cup; Phase 2 (2010-2014), to promote and deliver basic networks; and Phase 3 (2014-2020), to advance and sustain accessible networks. The strategy addressed both urban and rural system requirements, with

an emphasis on urban areas. The high-level public transport action plan supplements and supports the public transport strategy.

The envisaged outcomes for rail in phase 1 were to improve service levels with increased frequency and reliability; improve rail infrastructure, including the removal of capacity-limiting bottlenecks; improve signalling capability; and enhance levels of security and accessibility associated with the station precincts within corridors A and B.

The strategy provided the impetus for the modernisation of rail, particularly through replacing and upgrading signalling systems, as well as through the rolling stock fleet renewal programme.

Legislation specific to transport

Legal Succession to the South African Transport Services Act (1989), as amended.

National Land Transport Act (2009).

National Railway Safety Regulator Act (2002).

Priorities of National Development Plan and the sixth administration

The imperatives considered by government and the stakeholder for PRASA, as informed by the National Development Plan and priorities of the sixth administration, are:

- Providing public transport solutions that respond to the needs of travellers.
- Providing reliable, safe and affordable transport
- Improving accessibility and connectivity for marginalised communities.
- Providing public transport development solutions for rural communities
- Supporting economic growth and spatial development through the provision of access to major employment areas.
- Contributing to a reduction in emissions and cleaner cities.

Situational analysis

Performance environment

In 2019, the former PRASA Board of Control terminated private security contracts that were deemed irregular and unlawful by the Public Protector. This contributed to a spike in crime against PRASA assets and infrastructure.

Due to extensive overhead traction cable theft and infrastructure damage, in November 2019, Metrorail was forced to suspend its Western Cape services on the central line between Cape Town, Kapteinskloof and Chris Hani, and Cape Town and Bellville via Sarepta. The sustained vandalism and theft of overhead and signalling infrastructure prevented the reinstatement of train services until February 2021, when a limited service to Langa was introduced with 17 train trips per day, of which eight are in the morning peak and nine in the afternoon peak.

In Gauteng, in December 2019 services were also suspended between Mabopane and Pretoria, De Wildt and Pretoria, Mabopane and Belle Ombre, and De Wildt and Belle Ombre as a result of the extensive theft and vandalism of railway infrastructure. Vandalised assets include train stations, power supply systems such as overhead traction equipment (OHE), and signalling systems. Limited services of six trips per day (three in the morning peak and three in the afternoon peak) were introduced in November 2020, with diesel traction.

The declaration of a national state of disaster on 15 March 2020 and the lockdown from 26 March 2020 due to the COVID-19 pandemic resulted in all commuter rail services (Metrorail), all long-distance rail services (mainline passenger service [MLPS]) and Autopax bus operations being prohibited for the duration of the lockdown at level 5. This resulted in a total loss of fare revenue for three months.

Crime increased exponentially after the announcements, with unprecedented destruction of the national rail network. Dire socioeconomic conditions as a result of rising unemployment, as well as the encroachment of informal settlements on the operational tunnel, are among the factors that contributed towards the increased rate of incidents. This was exacerbated by the open nature of the PRASA rail network, which allows criminal elements easy access to the operational tunnel and provides an ideal environment for opportunistic criminal activity.

Metrorail's resumed service to five of 46 corridors commenced on 1 July 2020, with only peak services in Western Cape, Gauteng and Eastern Cape, and peak and off-peak services KwaZulu-Natal, with less than 25% of train set capacity. To maintain social distancing, initially only single tickets were sold, limited to a specific number of passengers

per corridor. The capacity per train was increased to 70% as the lockdown regulations were relaxed. In July 2020, the first month of service resumption, only 171 472 passenger trips were recorded. This increased to a high of 986 839 passenger trips in October 2020. This is in stark contrast to the average of 13 million passenger trips recorded for April to October 2019¹. Integrated plans between the various divisions of PRASA enabled Metrorail to resume services in a phased approach in 2020/21 based on priority corridors.

MLPS started in November 2020 for Eastern Cape and Western Cape to Gauteng, in time for the peak holiday season. The rest of the services are hamstrung by the unavailability of trains to resume services, and a tender to lease trains in the short term has been delayed. The rollout of the full service on other routes is set to commence in April 2021. The market for discretionary travel for this period remained constrained as result of economic decline and increased unemployment. The recovery of MLPS is set to continue in 2021/22, and is premised on the leasing of reliable trains in the medium term.

Autopax is financially and operationally distressed. Due to major cash flow constraints to sustain the business, exacerbated by the national state of disaster and lockdown regulations, many buses are parked as a result of mechanical breakdowns. This has contributed to poor fleet maintenance and led to services being unreliable. As a result, passenger numbers are unacceptably low, market share has contracted and revenue collection has reduced. The external creditors' book has increased to a level that threatens the continued trading of the company.

Autopax operations resumed in July 2020 at lockdown level 3 with limited interprovincial travel. Only 50% loading capacity was permitted and only passengers with a permit could travel. At level 2, Autopax began operating at 70% loading capacity and the travel permit requirement was removed. As no revenue was generated during the lockdown, from late March to June 2020, no buses have been repaired. Limited cash resources have been and will continue to be a challenge in getting the full fleet back into operation in the foreseeable future, resulting in fewer trips being undertaken and fewer passengers being transported.

Passenger uptake of bus services has been low because of a combination of social distancing requirements on public transport and economic decline. Discretionary travel has decreased as passengers have been hit hard by unemployment and loss of income. The focus of the subsidiary in the peak holiday season, in December 2020 and January 2021, was to release more buses to recover some of the revenue lost in 2020/21. However, passenger demand remained depressed and was lower than expected due to

[1] The number of passenger trips after October 2019 decreased dramatically as result of the suspension of the Central Line and the Mabopane corridor.

the higher-level COVID-19 restrictions effected over the festive period. In response, Autopax adjusted its schedules to optimise revenue and render services on routes with high passenger demand.

Further, as only essential businesses were allowed to operate during the lockdown, there was a negative impact on the revenue performance of Corporate Real Estate Solutions (CRES), particularly rental income. Advertising income was also negatively affected by cancelled campaigns due to a lack of audience at stations, as was parking income and bus billing as no buses were in operation and services at stations were limited at stations. With the limited and phased resumption of services, the environment for tenants and informal traders remains constrained as not all stations have fully reopened and passenger numbers remain low.

The COVID-19 pandemic also affected the following megaprojects:

Rolling stock fleet renewal programme

The local factory of Gibela, the main contractor, was shut down during lockdown level 5, and operated with limited capacity during lockdown levels 3 and 4. Gibela's local and international supply chains have also been severely affected by the COVID-19 pandemic. Although 20 train sets have been provisionally accepted to date, the target of 35 for 2020/21 will not be achieved. Although Gibela will attempt to increase manufacturing activities, the continuation of the COVID-19 pandemic will mean that the recovery of the train programme will occur only in later years, as both Gibela and its suppliers will be unable to increase production past five trains per month. PRASA and Gibela are reviewing an extension to the delivery programme.

Signalling replacement programme

Delays were experienced due to an unprecedented increase in theft and vandalism; community unrest; and in Western Cape, due to health, safety and security issues. The lockdown resulted in a minimum of three months' further delay to implementation. Proposals such as casting concrete around cables to mitigate against theft have been considered to protect the installations, although such interventions are not in the scope of work for suppliers. The state of infrastructure has resulted in Metrorail not granting occupations for teams to work on the rail network. As a result of vandalism and theft, there is a high probability that all installations will require further work after completion.

Ministerial directives for PRASA

The Minister of Transport appointed a Board of Control on 27 October 2020 with the aim of stabilising the agency and creating a good basis for the development of an effective turnaround plan that will take into consideration the nine-point plan, the directives of the Minister of Transport to the Board of Control, and the President's 2021 State of the Nation Address.

The COVID-19 pandemic worsened the underlying challenges facing PRASA. Its recovery is likely to be drawn out as commuters and passengers remain affected not only as result of the regulations around the pandemic, but also by the economic impact of unemployment and loss of income. PRASA's commuter train, long-haul passenger train service and bus service levels hit an all-time low in 2019/20. The Minister of Transport placed PRASA under administration and appointed an administrator in December 2019. The mandate of the administrator was provided in the following nine points linked to five strategic objectives for the MTEF period:

Mandate from Minister of Transport	Strategic objective in 2020/21 Corporate Plan
1. Undertake a review of PRASA's organisational design and business model.	Revenue enhancement and cost containment
2. Address all matters raised in the Auditor-General of South Africa's report and ensure that there are no repeat findings.	Governance
3. Attend to issues that require engagement with Transnet in order to unlock blockages that negatively affect operations.	
4. Ensure effective consequence management and provide support to investigations currently under way by law enforcement authorities.	
5. Accelerate interventions aimed at improving operational performance.	Service recovery
6. Build capacity to support interventions aimed at recovering the system by establishing requisite supplier panels through competitive bidding or other permissible means.	
7. Implement security interventions across all corridors.	Safety and security management
8. Expedite implementation of the modernisation programme, with priority focus on fencing, signalling, perway and station upgrades.	Capital and modernisation programme acceleration
9. Urgently develop capacity to manage PRASA's capital programme, working with other state entities in the short term.	

Progress made on the nine points in 2020/21:

1. The organisational design was reviewed. A shared services model for support departments (Human Capital Management [HCM], Supply Chain Management [SCM], Finance, Operational Safety and ICT) is in progress for implementation from 2021/22. Work on an operational corridor approach in operations aligned with the capital programme is envisaged.
2. The Auditor-General issued another disclaimer on the 2019/20 audit conducted during the current financial year. A special task team that focuses on addressing matters of emphasis, other significant matters, irregular expenditure, and fruitless and wasteful expenditure was put in place in November 2020. The Minister of Transport also emphasised this to the Board of Control.
3. Operational blockages with Transnet, although addressed during the year, were also impeded by the impact of the COVID-19 pandemic.
4. Investigations by the Special Investigating Unit are nearing completion. Consequence management through this process, as well as investigations by the Hawks, have made good progress. External law firms have been appointed to manage all disciplinary processes, with external initiators and presiding officers to ensure objectivity.
5. The improvement of operational performance and the acceleration of the modernisation programme remains a key focus as part of this corporate plan. Following the lockdowns in the first quarter, several tenders were advertised and evaluated for award to recover the operations. These include general overhaul contracts, and long-term contracts for maintenance components, material, and maintenance services.
6. Capacity initiatives using other state entities have been pursued. These include security contracts, repairs to corridors vandalised through Transnet, and uniforms for security staff (protection services).
7. In response to rampant vandalism and theft, the revised security strategy approved in August 2020 suggests integrating technology with human deployment. Subsequently, 2 133 security staff had been recruited by December 2020, which, along with other security interventions, has had a positive impact on the number of asset-related crime incidents, which have shown a consistent downward trend to levels lower than in 2017/18. Fencing and walling have been elevated as part of the security strategy to protect the rail system, as well as employees and security staff, from criminal elements.
8. Modernisation programmes such as depot modernisation have been a focus for tendering and awards. The depot modernisation programme is expected to commence by the end of the current financial year.
9. Capacity to address skills shortages in maintenance and capital projects is receiving attention. This is also included in this corporate plan.

The Minister of Transport highlighted the focus areas for the Board of Control in December 2020 as:

1. Implementing of the security and asset protection strategy and plan.
2. Merging CRES and Intersite.
3. Integrating Autopax as a division of PRASA.
4. Resolving the locomotives acquisition from Stadler Rail.
5. Ensuring the general overhaul of rolling stock.
6. Ensuring the implementation of the presidential directive

on the rollout of the rehabilitation of the central line in Cape Town and the Mabopane to Pretoria line in Gauteng.

World Bank analysis of PRASA's strategy

National Treasury engaged the World Bank in August 2020 to provide technical and financial support to PRASA. The World Bank reviewed ongoing challenges to PRASA's recovery, undertook appropriate high-level diagnostics, and outlined key measures.

The report, received in November 2020, suggested that PRASA faces an unprecedented challenge in addressing the wave of theft, vandalism and wanton destruction, exacerbated by the impact of the COVID-19 pandemic. The World Bank indicated that the restoration phase would require a clear mandate, a defined and attainable timeline, and a focus only on those key areas necessary to restore priority services in a safe, reliable and affordable manner.

Despite acknowledging that current recovery planning from most divisions was sound, the report stated that the scope of PRASA's recovery planning is too broad. "Taken as a whole, it would be unrealistic of the organisation to satisfy all the specified objectives in the timeframes suggested even in normal times." The World Bank indicated that due to the unprecedented nature of the challenges PRASA faces, especially the dire situation in which it is operating, a far greater managerial focus on defined priority actions and the postponement of some less critical areas would be required. The organisation highlighted other areas of proposed improvement as laudable but possibly not a priority. These included:

1. CRES and Intersite activity, except that related to the operational restoration of Metrorail stations.
2. Enhanced and integrated ticketing systems.
3. Improvements to IT systems.
4. Structural changes to the organisation.
5. The reintroduction of MLPS services.
6. Corridor expansion plans.

In terms of long-distance services, MLPS and Autopax, the World Bank indicated that, given the decline in traffic over the past 10 years, a credible recovery plan should be based on a robust analysis of the market, the consideration of a market failure that justifies service provision by the public sector, and any social or economic benefits.

PRASA has considered the inputs from the World Bank, and recovery planning has been streamlined between the Rail, Technical and CRES divisions. The organisation also highlighted PRASA's security plan as a foundation of the recovery plan. Its recommendations include:

1. Insourcing 3 100 security personnel trained to protect the assets and commuters.
2. Deploying a cutting-edge security initiatives, including the electronic guarding of assets using remotely piloted aircraft systems, infrared beams for intrusion detection, pain threshold audio deterrents, and visual fogging of targeted facilities.
3. Constructing walling to prevent access to restricted areas.

Overview of PRASA's status

The nature and complexity of PRASA's problems is characterised by:

- People, asset and infrastructure protection.
- An inadequate maintenance regime and quality of maintenance work and planning.
- Delayed modernisation programme to improve the passenger and rail experience.
- A decline in customer and stakeholder confidence.
- A complex operating model.
- An inefficient and ineffective procurement process and capital programme execution.
- The collapse of commuter and passenger services for both rail and buses.
- Poor financial position.

- Asset transfer from Transnet and renegotiation of network access and charges with Transnet Freight Rail.

The strategy for the MTEF period was developed in the context of:

- The global COVID-19 pandemic.
- Stagnant global and national economic growth.
- A constrained fiscus.
- Degraded performance and the consequent struggle to meet PRASA's mandate.
- Rampant vandalism, theft and destruction of infrastructure before and escalation during COVID-19 lockdowns.
- Limited capacity and capability to deliver on key programmes.
- Successive unqualified audit opinions and disclaimers in 2018/19 and 2019/20.

SWOT analysis for PRASA

An assessment of PRASA's environment in terms of strengths, weaknesses, opportunities and threats (SWOT) are as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Continued support for PRASA's modernisation programme through the provision of capital grants. • Shared service model supported by management and the Board of Control. • The commitment of staff to improve PRASA's operations. • Board stability and leadership. 	<ul style="list-style-type: none"> • Declining revenue and the rising cost of doing business. • Personnel costs are the largest driver of spending (52%). • A decline in customer and stakeholder confidence. • Inadequate maintenance regime and poor quality of maintenance work and planning. • Procurement processes that have long lead times. • High cost per passenger transported. • Lack of information systems (old and obsolete systems). • Technical capacity to implement capital programme and engineering function (maintenance). • Disconnect between strategy development and strategy implementation. • Limited in-house capacity and capability. • Irregular expenditure management. • Open network that facilitates vandalism and theft, fare evasion, and trespassing in restricted areas, sometimes leading to public fatalities. • Public claims against PRASA. • Poor asset management and verification.
Opportunities	Threats
<ul style="list-style-type: none"> • Asset transfer from Transnet and renegotiation of network access charges with Transnet Freight Rail. • People, assets, infrastructure and protection. • Improvements to the passenger rail travel experience through depot and fleet modernisation. • Improvements to customer and stakeholder confidence. • Appointment of transactional advisers and technical capacity for megaprojects. • Partnership with other state-owned entities • Review of organisational design and business model. • Inventory management. • Build core competencies. 	<ul style="list-style-type: none"> • Theft and vandalism. • Repeated failures to respond to the needs of customers. • One-year operating permit. • Historical debt. • Illegal occupation of PRASA land and reserves. • Inability to execute capex. • Commensurate opex to support capital programme. • Legal challenges. • High number of employees in the risk pool. • Payment of creditors.

PESTLE analysis

An analysis of the political, economic, social, technological, legal and environmental environment reveals the following:

Political	Economic
<ul style="list-style-type: none">Political support for passenger rail effectiveness and reliability.	<ul style="list-style-type: none">Economic growth remains stifled between 0.5% and 2%.Rebuilding passenger rail transport in South Africa after the COVID-19 pandemic.Insufficient or unstable electricity supply.
Social	Technological
<ul style="list-style-type: none">Migration of rural people to cities.Passenger safety and security concerns need to be addressed.	<ul style="list-style-type: none">Rail system is outdated and faces signalling challenges, which affects operations.Cyberattacks.Data fraud and theft.Disruptive technologies.
Environmental	Legal
<ul style="list-style-type: none">Rail transport has lower greenhouse gas emissions.Extreme weather events.Modal shift from road to rail can reduce the number of road accidents.	<ul style="list-style-type: none">Legislation facilitating rail transport includes the Legal Succession to the South African Transport Services Act (1989) and the Railway Safety Regulator Act (2002).

The context, nature and complexity of challenges, national risks, and SWOT and PESTLE analyses compel PRASA to make three key choices for the agency in this MTEF period:

- Ensure that Metrorail, the core of PRASA's business, works (first choice).
- Ensure that infrastructure is sustainable through depot upgrades, station improvements and modernisation, and corridor fencing (second choice).
- The employee, with a focus on performance culture (third choice).

PRASA'S game plan for the MTEF period

Strategic intent

PRASA's strategic intent is to be recognised as a provider and manufacturer of safe and reliable public transport services and products. The pillars below are the high-level objectives that define the areas of activities and initiatives that will direct PRASA in the pursuit of its long-term goals.

Pillars of the strategy

Pillar 1 Drive stability of leadership and skilled, capable and performing workforce	Pillar 2 Recover Rail and Autopax performance	Pillar 3 Improve operational safety security and compliance	Pillar 4 Enable transition to a digitally enabled organization
Pillar 5 Improve financial performance and business sustainability	Pillar 6 Improve customer experience through service and operational excellence	Pillar 7 Modernise rail through manufacturing, infrastructure development and maintenance	Pillar 8 Restructure and improve performance of the secondary mandate

Key measures to track and achieve over the next five years

Measure	Baseline 2019/20	2021/22	2022/23	2023/24	2024/25	2025/26
R63.5 billion capital investment spend	R2.4bn	R9.7bn	R12.6bn	R12.9bn	R13.7bn	R14.5bn
R15.3 billion revenue generated from operations	R1.8bn	R2bn	R2.8bn	R3.3bn	R3.5bn	R3.7bn
85% network availability by 2025/26	New indicator	60%	65%	75%	80%	85%
Fleet availability – 260 train sets available for service by 2025/26	110	193	210	230	250	260
15% reduction in personnel costs (non-core skills)	52% as a % of opex	47% as a % of opex	44% as a % of opex	41% as a % of opex	39% as a % of opex	37% as a % of opex
350 million Metrorail passenger trips by 2025/26	132.7 mil	69 mil	238 mil	311 mil	330 mil	350 mil
468 000 MLPS passengers by 2025/26	206 000	183 000	387 000	417 000	442 000	468 000
2.6 million Autopax passengers by 2025/26	1.5 mil	2 mil	2.4 mil	2.5 mil	2.5 mil	2.6 mil
R969 million Autopax revenue by 2025/26	R425.6m	R565.8m	R783.8m	R830.8m	R889m	R969m

Other indicators of performance over the period include:

- Seven main rolling stock depots modernised to adequately accommodate the new electric multiple unit (EMU) train fleet.
- A significant improvement in on-time arrivals and departures.
- Business effectiveness through fit-for-purpose operating and organisational structures.
- Improved employee and customer experience.
- Full protection of the agency's network, people and assets.

Strategic pillars

The pillars reflect PRASA's strategic objectives over the MTEF period. The following section provides detail of the strategies that will be pursued.

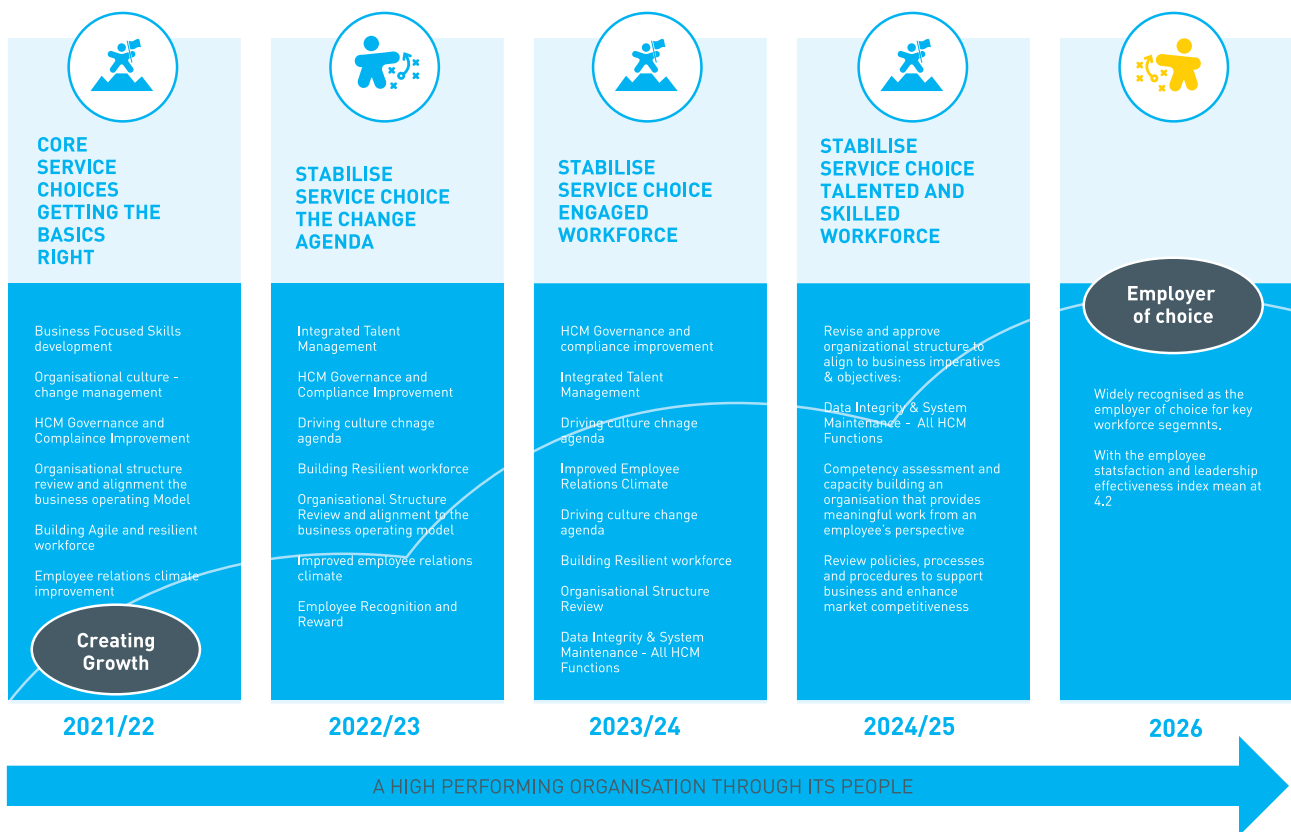
Pillar 1: Drive the stability of leadership, and a skilled, capable and performance-driven workforce

HCM roadmap alignment

The interventions recommended in the HCM roadmap include but are not limited to:

- Aligning the operating model alignment to optimise structures to deliver on the agency's mandate.
- Centralising support functions through shared services.
- Strengthening the roles of regions and adopting a holistic corridor improvement approach to capital project planning.

Figure 1: HCM Roadmap



Our culture: Value proposition

Instilling the right organisational culture to build the PRASA we all want

The agency's change initiatives to drive a culture of high performance will be anchored and focused on the following areas:

- Develop leadership behaviours and competencies aligned with the desired organisational culture.
- Improve upward and downward communication by reactivating the "top 300" leadership forums and establishing employee appreciation forums.
- Create and support a culture that values creativity and innovation.
- Empower employees to make decisions within the boundaries of their delegated authority. This requires an assessment and revision of current practices of delegating authority.
- Integrate corporate values and leadership competencies into performance management and hiring processes.
- Create an effective management succession system that attracts, rewards and retains good leaders.

People choices for the MTEF period

The focus for this pillar is getting the basics right in HCM.

Core service choices: Phase 1 (2021-2022)

Organisational culture: Change management

- Define and review the PRASA way (Culture Charter values and behaviour).
- Model PRASA leadership behaviour.
- Enhance employee communication through culture change.
- Enforce performance management and contracting – improved business performance and accountability.

Improve HCM governance, compliance and performance

- Ensure compliance monitoring, accountability and consequence management by line managers (HCM self-audit).
- Conduct HCM audit (close all pending findings and prevent reoccurrence).
- Review and increase awareness of policies, processes and procedures.

Develop business-focused skills

- Conduct functional-focused skills audits, competency assessments and capacity building.
- Improve technical planning capacity.
- Increase skills and competencies in support functions.
- Source a professional, multidisciplinary nine-person team (registered and experienced architect, engineers, quantity surveyors) to provide training to and capacitate CRES project managers (towards professional registration).
- Increase the number of qualified artisans for the provision of maintenance services to real estate portfolio facilities using internal resources over the MTEF period. Accordingly, 30 trade hands currently employed nationally would need to be trained – 18 over the MTEF period and the remaining in the next MTEF period. The internal pool of resources would help improve the turnaround times to restore maintenance faults in facilities.

Improve employee relations

- Enable rigorous and continual labour engagement.
- Review, align and standardise conditions of employment and employment contracts across the business.

Build an agile and resilient workforce

- Ensure employee wellness that supports the new way of working.
- Review and increase awareness of the employee wellness programme.
- Develop an integrated wellness programme for PRASA.
- Finalise and implement a wellness contract for PRASA.
- Pick up the ball with management – address increases to lift morale.

Create technical in-house capacity

- Fill critical vacancies.
- Source retired engineers and technologists on a fixed-term basis to address skills during the network recovery phase. This includes structured skills training programmes.
- Ensure technical staff attend requisite higher learning training (tertiary institutes).
- Source a professional, multidisciplinary nine-person team (registered and experienced architect, engineers, quantity surveyors) to provide training to and capacitate CRES project managers (towards professional registration).

Conclude, approve and implement PRASA business operating model

- Review organisational structures and align them with the business operating model. Ensure that fit-for-purpose structures are developed and approved through this redesign.
- Develop and implement shared services model for half of PRASA's support-service departments.
- Consolidate and integrate PRASA subsidiaries into the group.
- Conduct workforce planning.
- Develop and implement a programme management office structure suitable to manage the PRASA capital investment programme's planned expenditure of R63 billion over the next five years.

Stabilise service choices: Phase 2 (2022-2023)

Ensure integrated talent management

- Incentivise and reward performance.
- Embed a high-performance culture.
- Improve the application of talent management processes and ensure consistency.
- Increase supervisor and leadership development, and partner with an institution of higher learning.
- Conduct an employee engagement survey.

Improve HCM governance, compliance and performance

- Align HCM technology with the market (SAP modules, automation).
- Ensure compliance monitoring, accountability and consequence management by line managers (HCM self-audit).
- Conduct HCM audit (close all pending findings and prevent reoccurrence).
- Review the HCM value chain in line with the new PRASA model.
- Simplify performance management contracting.
- Improve business performance and enforce accountability.
- Review all employment contracts.

Drive an agenda of culture change

- Increase focus on ethical leadership and behaviour.
- Entrenching the “We Are PRASA” culture.
- Ensure employee engagement.

Recognise and reward employees

- Implement non-discriminatory cost-of-living increases.
- Design and implement a PRASA-wide recognition programme.
- Review and implement grading hierarchy linked to the new business model and structures.

Improve employee relations

- Improve employee communication structures.
- Integrate the bargaining forum and council.
- Provide structured employee relations training programmes for line managers.

Build a resilient workforce

Implement, manage, monitor and evaluate an integrated wellness programme.

Review organisational structures and align them with the business operating model

- Introduce shared administrative support for senior management up to executive level.
- Restructure the business in line with the approved organisational structures and operating model. Seek funding from National Treasury to offer voluntary severance packages to reduce non-core competencies.
- Implement the corridor management approach in line with the PRASA business operating model and eliminate duplications.
- Develop and approve fit-for-purpose structures.
- Complete the shared services model for all PRASA support service departments.

Sustain service choices: Phase 3 (2023-2026)

Improve HCM governance, compliance and performance

- Review policies, processes and procedures to support the business and enhance market competitiveness.
- Ensure compliance monitoring and accountability by line managers (HCM self-audit).
- Conduct HCM audit (close all pending findings and prevent reoccurrence).
- Achieve a high-performing organisation.
- Ensure best practice use of HCM technology for the entire employee life cycle.

Ensure integrated talent management

- Implement succession planning.
- Introduce talent forums.
- Introduce assessment centres.

Drive an agenda of culture change

- Improve the PRASA culture.

Sustain service choices: Phase 3 (2023-2026)

Recognise and reward employees

- Pay for performance.
- Implement non-discriminatory cost-of-living increases.
- Ensure a competitive employee value proposition.

Improve employee relations

- Provide training programmes for line managers.

Build a resilient workforce

- Maintain an integrated wellness programme with a wellness contract in place for PRASA to provide a holistic approach that incorporates total employee wellbeing at all levels (psychosocially, medically and physically), and thereby ensure a productive and healthy workforce.

Review organisational structures

Revise and approve organisational structures to ensure alignment with business imperatives and objectives.

Pillar 2: Recover Rail and Autopax services

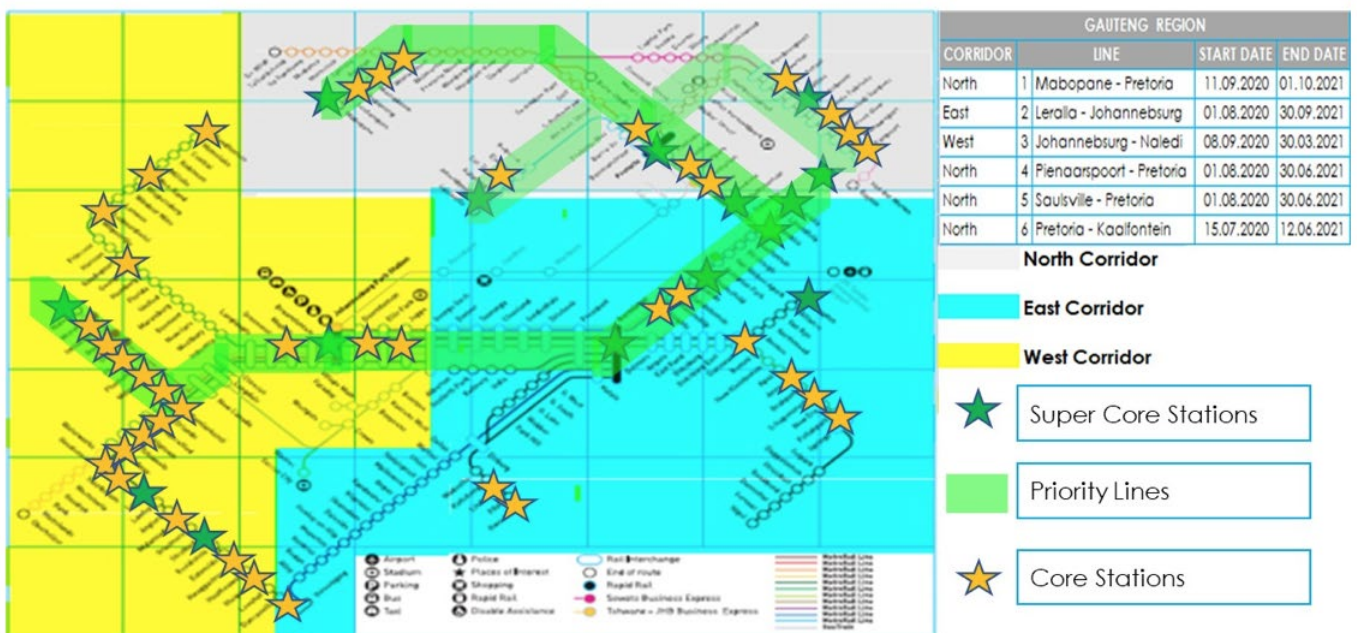
This pillar covers Metrorail commuter services, MLPS and Autopax long-haul bus services.

Metrorail recovery

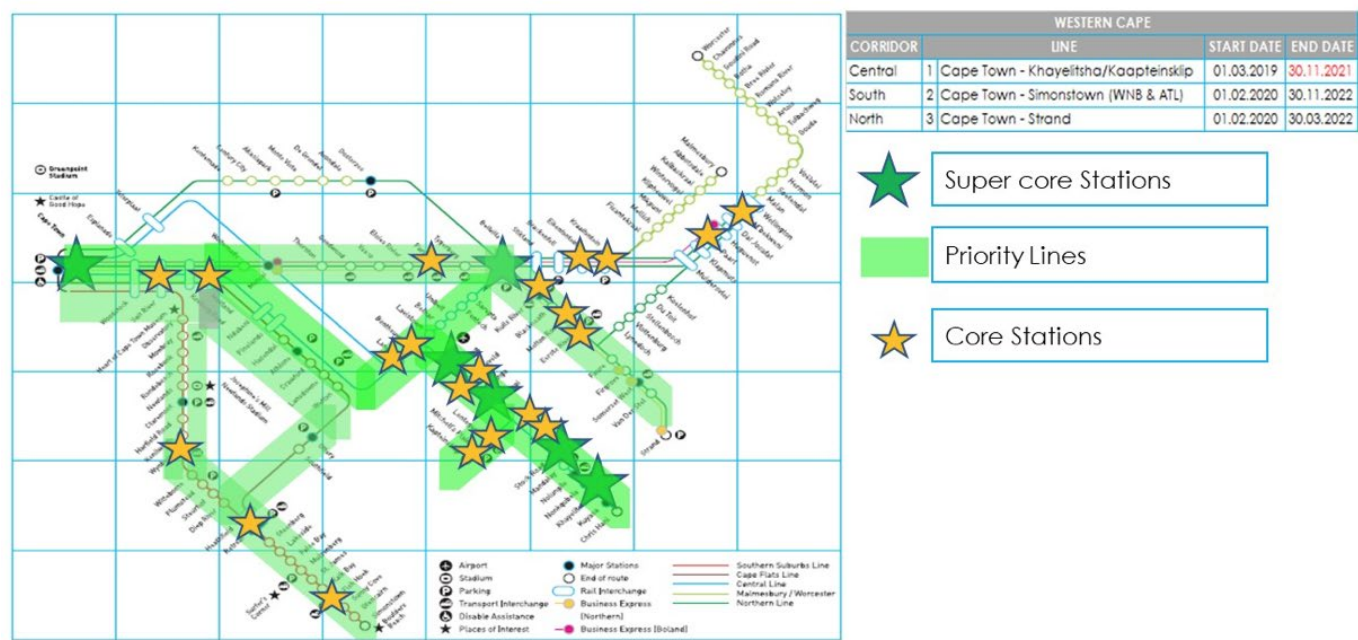
Following the wanton destruction of assets from late 2019 to mid-2020, Metrorail's recovery plan is based on the identification of the 10 corridors that will result in most of the commuters in Western Cape, Gauteng and KwaZulu-Natal again having access to affordable transport. The aim of the recovery is also to reintroduce services that have improved availability, reliability, safety and security. The rollout plans for the corridors selected are informed by the extent of the damage and required time to recover and rehabilitate, as well as the rollout of the security strategy to ensure that recovered infrastructure is not exposed to further destruction.

The top 10 corridors identified for Metrorail based on the highest number of commuters and busiest stations (super core and core stations) are:

Gauteng priority lines



Western Cape priority lines



KwaZulu-Natal priority lines (Umlazi-KwaMashu)



Metrorail corridor rollout choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Prioritise top 10 corridors/lines (security, rolling stock – movement of EMUs to coastal regions and running them for revenue stream, infrastructure upgrades, super core and core stations).

Review operational standards.

Ensure effective scheduling (trains, staff rostering and resources/work tools).

Efficient organisational reporting and monitoring

- Centralise GEXCO reporting on the integrated divisional project plan for the delivery of the top 10 corridors.
- Restructure the CEO forum to a steering committee with project managers from the different divisions and streams to report on the top 10 projects.

Unpack the role of stakeholder management for the rollout corridor and ensure alignment with corridor launch plan, including branding and community engagement.

Align the new EMUs and the Railway Safety Regulator process for the permit to commercialise the service.

Central line recovery

- Finalise the relocation of illegal settlements so that assets can be reused for train operations.
- Rehabilitate the perway system.
- Rehabilitate the power supply system (substations and OHTE).
- Design and construct walling.
- Rehabilitate train stations.
- Roll out added security interventions for infrastructure protection (remotely piloted aircraft systems, e-guarding and response vehicles).
- Complete resignalling installation.
- Resource the programme management office.

Mabopane corridor recovery

- Rehabilitate the power supply system (substations and OHTE).
- Design and construct walling.
- Rehabilitate train stations.
- Roll out added security interventions for infrastructure protection (remotely piloted aircraft systems, e-guarding and response vehicles).
- Complete the resignalling programme across the corridor.
- Resource the programme management office.

Real estate response to rail service resumption

Three key interventions are in place to support the quick resumption of rail services that have been vandalised. Facilities management, incorporating cleaning, horticulture and maintenance.

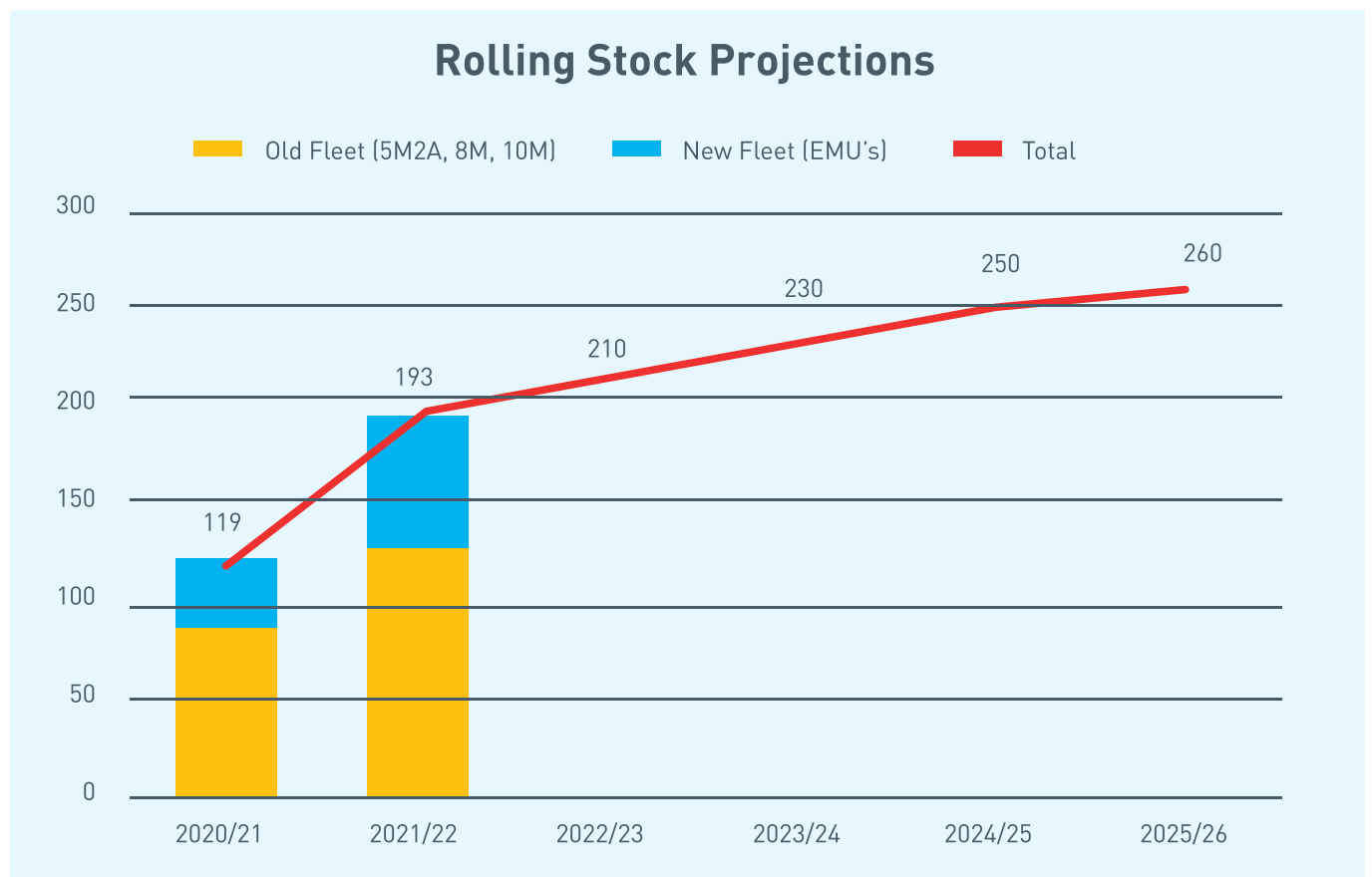
The capital intervention programme, which is allocated R76 million in the fourth quarter of 2020/21 and R136 million in 2021/22 to repair stations quickly by restoring ablutions, lighting and electricity, and ticket offices; and to conduct general building repairs.

Alternative building technology, using repurposed containers to provide ticketing offices, ablutions and services to 41 stations that have been totally vandalised at an estimated cost of R28 million. This is set to be completed in the first quarter of 2021/22.

Rolling stock recovery

- Implement all long-term contracts to support the train set recovery programme.
- Capacitate the engineering structures within regions and head office.
- Upskill depot personnel, especially in the shedding department, to improve the quality of maintenance.
- Focus on vandalised coaches and allocate them to ad hoc contractors to increase the number of operational coaches.
- Recover 60% of out-of-service operational coaches (321 motor coaches and 668 plain trailers, which is a total recovery of an additional 74 train sets nationally).
- Close all Railway Safety Regulator directives.

Rolling stock recovery projections



Detail on infrastructure recovery plans

Central line recovery

In November 2019, Metrorail was forced to suspend its Western Cape services due to extensive overhead traction cable theft and infrastructure damage. This suspension affected an estimated 43% of the daily commuters served by Metrorail in this region. The lines affected are Cape Town-Philippi, Philippi-Kapteinsklop, Philippi-Chris Hani, and Cape Town-Bellville via Sarepta. In the days following, sustained vandalism and theft of overhead and signalling infrastructure prevented the reinstatement of train services. The service is still suspended.

Figure 2: Western Cape Central Line



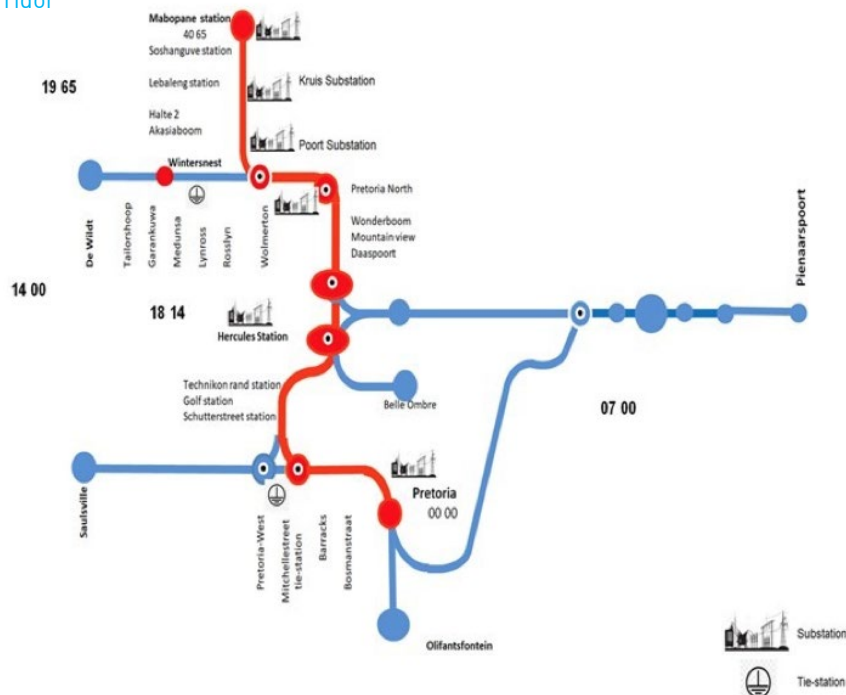
Revised timelines for central line recovery

Project	Sub-project	Outputs	Start date	Completion date
Central line corridor	Encroachments	Relocation of illegal settlements	Feb 2021	Mar 2021
	Walling (height 3m with strength of 30-40MPa)	Structural engineering designs and project management	Feb 2021	Dec 2021
		Construction of 160km (2 x 80km) of concrete wall	Jun 2021	Dec 2021
	Street-to-street pedestrian bridges	6 new pedestrian bridges	Sep 2021	Jun 2022
	Perway material replacement	Perway rehabilitation	May 2021	Jul 2021
	Heavy on-track machines	Perway rehabilitation	Jul 2021	Sep 2021
	OHSE agent	OHSE consultant	Apr 2021	Apr 2022
	Restoration of 33kV network	Reinstatement of 33kV transmission line	Apr 2021	Aug 2021
	Restoration of 11kV network and substations	Reinstatement of 11kV transmission line and substations	Apr 2021	Oct 2021
	Restoration of 3kV and OHE network	Reinstatement of 3kV traction distribution lines	Apr 2021	Oct 2021
	Restoration of 11kV and 3kV substations	Recovery of substations	May 2021	Nov 2021

Mabopane corridor recovery

In December 2019, PRASA was forced to suspend its services on the Mabopane-Pretoria corridor due to extensive theft and vandalism of railway infrastructure. This suspension affects an estimated 62 000 daily commuters who depend on Metrorail services as their mode of transportation. The lines affected are Mabopane-Pretoria, De Wildt-Pretoria, Mabopane-Belle Ombre, and De Wildt-Belle Ombre. Assets vandalised in the corridor include train stations, and power supply and signalling systems.

Figure 3: Mabopane corridor



The Mabopane recovery programme is aimed at rehabilitating railway infrastructure and preventing a reoccurrence of the current situation through an integrated approach that includes all elements required for the train service to be reinstated. This includes:

- Rehabilitating the OHTE.
- Rehabilitating substations.
- Rehabilitating stations.
- Designing and constructing walling.
- Constructing street-to-street pedestrian bridges.
- Implementing the resignalling programme.

Revised timelines for Mabopane corridor recovery

Project	Sub-project	Outputs	Start date	Completion date
Central line corridor	Walling (height 3m with strength of 30-40MPa)	Structural engineering designs and project management	Feb 2021	Dec 2021
		Construction of 90km (2 x 45km) concrete wall	Jun 2021	Dec 2021
	Street-to-street pedestrian bridges	8 new pedestrian bridges	May 2021	May 2022
	Resignalling system	Upgrading of old, vandalised signalling system with the electronic signalling system	Jan 2021	Nov 2021
	OHSE agent	OHSE consultant	Apr 2021	May 2022
	3kV DC substation rehabilitation	Reinstatement of 3kV DC power supply network	Apr 2021	Oct 2021
	Rehabilitation of OHTE system	Reinstatement of 3kV DC power supply network	Apr 2021	Oct 2021
	Rehabilitation of train stations	Reinstatement of train stations for revenue collection	May 2021	Sep 2021
	Restoration of 11kV network and substations	Reinstatement of 11kV transmission line and substations	Apr 2021	Oct 2021
	Restoration of 3kV and OHTE network	Reinstatement of 3kV traction distribution lines	Apr 2021	Oct 2021
	Restoration of 11kV and 3kV substations	Recovery of substations	May 2021	Nov 2021

Infrastructure recovery detail for other priority corridors

As a result of the wanton destruction of infrastructure, the following infrastructure recovery work for Phase 1 needs to be accomplished:

Gauteng²

Corridors	Project description	Output	Start date	Completion date
Daveyton-Johannesburg	Supply and install traction transformers	Substation recovery	Mar 2021	Feb 2022
	Refurbish OHTE	OHTE availability	Mar 2021	Feb 2022
Johannesburg-Leralla	Refurbish 39.39km of OHTE	OHTE availability	Nov 2020	Feb 2022
	Supply signal cables and vandal-proof signal bases	Improved signalling system	Aug 2021	Dec 2021

²The period of the project is indicative as the bill of quantities and timelines is in discussion with Transnet Rail Maintenance Engineering.

Corridors	Project description	Output	Start date	Completion date
Johannesburg-Leralla	Refurbish and upgrade Geldenhuys traction substation	Substation recovery	Mar 2021	Jan 2022
	Rebuild and upgrade Booyens 3kV DC traction substation	Substation recovery	Mar 2021	Feb 2022
	Replace high-speed circuit breakers (HSCBs) at various substations	Substation recovery	Mar 2021	Jan 2022
Johannesburg-Pretoria	Rehabilitate substations	Substation recovery	Mar 2021	Feb 2022
	Refurbish and upgrade 6.6kV Motor Operated Devices at Centurion, Pretoria and Pinedene	Substation recovery	Mar 2021	Feb 22
	Refurbish 32.45km of OHTE	OHTE availability	Mar 2021	Mar 2022
	Rehabilitate GSM-R systems on an "as and when" basis (37 sites)	Telecoms availability	Jun 2021	Mar 2022
	Rehabilitate public address systems and display boards for integrated communications systems at 140 stations	Passenger communication	Jul 2021	Mar 2022
Naledi-Johannesburg	Refurbish 29.1km of OHTE	OHTE availability	Mar 2021	Mar 2022
	Rehabilitate aerial and underground fibre optic network and optical transport network	Telecoms availability and redundancy	May 2021	Feb 2022
	Supply signal cables and vandal-proof signal bases	Improved signalling system	Aug 2021	Dec 2021
	Supply and install traction transformers	Substation recovery	Jul 2021	Feb 2022
	Procure universal concrete sleepers and replace rotten wooden sleeper	Track quality and stability	Jul 2021	Dec 2021
Pretoria-Piensaarspoort	Rehabilitate OHTE	OHTE availability	Nov 2020	Feb 2022
	Rehabilitate signalling system	Improved signalling system	Nov 2020	Nov 2021
	Replace 46km of vandalised contact, catenary and feeder wires	Improved signalling system	Nov 2020	Mar 2022
	Supply signal cables and vandal-proof signal bases	Improved signalling system	Aug 2021	Dec 2021
	Rehabilitate aerial and underground fibre optic network and optical transport network (21km)	Telecoms availability and redundancy	May 2021	Feb 2022
	Rehabilitate perway through on-track machines: Rail grinding (46km) and track tamping	Track quality and alignment	Mar 2021	Sep 2021
Pretoria- Saulsville	Rehabilitate signalling system	Improved signalling system	Nov 2020	Dec 2021
	Rehabilitate substations: Supply and install 5MVA and 6MVA traction transformers, 100kVA auxiliary transformers and 6MW rectifiers	Substation recovery	Mar 2021	Jan 2022

KwaZulu-Natal³

Corridor	Project description	Output	Start date	Completion date
KwaMashu/Bridge City line	Install signal cables, points rodding and testing, and commission the signalling system	Improved signalling system	Dec 2020	Dec 2021
	Rehabilitate drainage and formation	Stable drainage and formation	Nov 2020	Mar 2022
	Rehabilitate aerial and underground fibre optic network and optical transport network	Telecoms availability and redundancy	Jun 2021	Mar 2022
Umlazi line	Install signal cables, and test and commission the signalling system	Improved signalling system	Nov 2020	Mar 2022
	Rehabilitate perway through ballast screening and track tamping	Track alignment	Nov 2019	Aug 2021
	Supply and installation 1:7 track turnouts	Track quality	Nov 2019	Mar 2023
	Rehabilitate aerial and underground fibre optic network and optical transport network	Telecoms availability and redundancy	Jun 2021	Mar 2022
	Reinstate Umlazi substation	Substation recovery	Jul 2021	Feb 2022
	Rehabilitate drainage and formation between Zwelethu and Reunion	Stable drainage and formation	Jul 2021	Dec 2021
Crossmoor line	Vandal-proof trackside equipment	Reduced theft and vandalism risk	Oct 2020	Mar 2021
	Replace 37km of worn-out 48kg/m rails	Safer rails for trains	Sep 2019	Mar 2022
	Refurbish 26.72km of OHTE	OHTE availability	Dec 2020	Mar 2022
Kelso line	Design and install new interlocking, level crossing axle counters and failsafe data-transfer equipment	Improved signalling system	Dec 2020	Feb 2022
	Replace 6.6kV/400V transformers and H frames	Substation recovery	Dec 2020	Mar 2022
	Replace 37km of worn-out 48kg/m rails	Safer rails for trains	Sep 2019	Mar 2022
	Refurbish Winkelspruit substation	Substation recovery	Dec 2020	Mar 2022

³The period of projects is indicative as discussions with Transnet Rail Maintenance Engineering are in progress.

Western Cape⁴

Corridor	Project description	Output	Start date	Completion date
Cape Town-Cape Flats	Rehabilitate perway through on-track machines: Rail grinding and track tamping	Track alignment	Sep 2019	Mar 2022
	Replace cables and vandal-proof train detection system	Improved signalling system	Feb 2020	Mar 2022
	Replace 6 vandalised points machines to create more flexibility for train operations	Improved signalling system	May 2021	Jan 2022
Cape Town-Simon's Town	Install 11kV and 33kV transmission	Substation recovery	Dec 2020	Mar 2022
	Replace cables and vandal-proof train detection system	Improved signalling system	Feb 2020	Mar 2022
	Refurbish/Install PA system (5 stations)	Passenger communication	Aug 2021	Feb 2022
	Refurbish fibre optic network	Telecoms availability	May 2021	Mar 2022
	Replace cables and vandal-proof train detection system: More than 30 axle counter heads to be equipped with vandal-proofing mechanism	Improved signalling system	May 2021	Feb 2022

Stabilise service choices: Phase 2 (2022-2023)

Prioritise the next phase of corridors/lines; implement the expansion of security, rolling stock and infrastructure; and resume services at intermediate and small stations.

Roll out the next corridors with the resumption of core stations and expand train services to increase patronage. The corridors are:

Residensia – New Canada
 Daveyton – Germiston
 Kwesine – Germiston
 Cape Town – Stellenbosch
 Belville – Wellington
 Kelso – Reunion
 Randfontein – Johannesburg
 Springs – Dunswart
 Crossmoor – Durban
 Pinetown – Durban

Expand train services to other prioritised routes and increase patronage.

Roll out EMUs in the newly rehabilitated infrastructure and increase rolling stock capacity.

Central line and Mabopane corridor recovery

- 6 Pedestrian bridges completed on central line.
- 8 Pedestrian bridges completed along the Mabopane corridor.

Rolling stock recovery

- Adhere to annual maintenance schedule.
- Manage material and component stock levels to support maintenance requirements.
- Manage quality by monitoring the performance of all service providers through service-level agreements.
- Support the technical support and spares supply agreement by adhering to all PRASA obligations.
- Recover an additional 60% of out-of-service coaches through the ad hoc contract.

Sustain service choices: Phase 3 (2023-2026)

Ensure a fully modernised operational environment.

Consider spatial developments and the movement of communities.

⁴The period of projects is indicative as discussions with Transnet Rail Maintenance Engineering are in progress.

Sustain service choices: Phase 3 (2023-2026)

Undertake greenfields projects, taking into consideration the branch line strategy.

Corridors:

- Hammanskraal – Pretoria
- Siyabuswa – Pretoria
- Motherwell – Gqeberha
- Umdantsane-East London
- Lanseria – Johannesburg

Offer new products.

Sustain a three-year safety permit.

Introduce the speed rail.

Conclude the study on connecting Emfuleni and Khayelitsha.

Conduct market research for a train between East London and Mthatha.

Rolling stock recovery

- Ensure all processes and procedures are reviewed and updated.
- Ensure succession within grades of all technical personnel is in place to support long-term maintenance requirements.
- Develop a disposal strategy for old rolling stock by developing clear criteria for the entire fleet.

MLPS recovery choices for the MTEF period

MLPS resource requirements

MLPS is near collapse. Its performance has declined for the past decade, with revenue decreasing from R248 million in 2012/13 to R67 million in 2019/20. In 2020/21, because of COVID-19 lockdown restrictions, MLPS was allowed to commence services only at level 1. This, in addition the unavailability of reliable trains, is set to lead to revenue of only R8.7 million for the current financial year.

A three-year lease contract for the refurbishment of 12 locomotives will commence in March 2021. This is against a backdrop of years of struggling with failed locomotives due to maintenance capacity challenges. Although the lease price will be costly, it will bring the services back on track, and restore stability, reliability, confidence and growth in MLPS over the MTEF period.

Impact of leased locomotives on financial and service performance

The decision to lease locomotives is expected to arrest the decline in performance and improve service availability and reliability, which will result in an increase in patronage and revenue. Revenue in 2021/22 is expected to be R95 million, and total operational costs are set to increase from R403 million in 2020/21 to R663 million in 2021/22, mainly driven by estimated expenditure of R169 million for leasing locomotives. The lease cost (25% of operational costs) will remain in place for three years, while revenue is expected to increase further to R206 million in 2022/23 and R241 million in 2023/24.

Ideally, MLPS should operate its own assets to capitalise on economies of scale. The net financial impact of leased locomotives on financials is expected to be negative in 2021/22 but positive in 2022/23 and 2023/24 due to anticipated revenue growth as a result of the expected

increase in the number of passengers from increased train trips and occupancy levels. Growth during off-peak times is estimated to be 30% capacity in 2021/22, mainly due to social distancing requirements and a slow public response due to fear of the pandemic and historical mistrust of the MLPS service. Patronage is, however, expected to increase to 50% capacity in 2022/23 and reach its peak of 65% to 85% between 2023 and 2026 as result of restored confidence in the service, as well as anticipated improvements in business and the general macro-economic environment in the country as life returns to normal following the pandemic.

Throughout the MTEF period, MLPS will intensify its marketing campaign to inform the public of its reinstated services and ensure communication is widely circulated in areas where its patronage traditionally resides. The following choices are expected to lead to this growth over the MTEF period.

Acquisition of locomotives

The performance of the MLPS locomotive fleet has declined consistently after decades of contributing substantially to the country's formative development. In its current form, the fleet impedes MLPS from fulfilling its mandate, as prescribed by the Legal Succession to the South African Transport Services Act (1989), and is in no position to support the business to compete for market share. These locomotives are plagued with failures resulting in low service reliability, predictability and availability. The technology on these locomotives dates back to 1968, with minimum improvements and/or compatibility replacements of technologies to counter obsolescence, skill deficiency and limited industry support. The average age of the fleet is between 38 and 40 years, and it is thus clear that new fleet or technology upgrades are required to improve reliability and availability for MLPS.

The intention is to procure, at an estimated cost of R3.95 billion over the MTEF period:

- 28 New diesel locomotives to augment the shortfall of diesel locomotives and replace the current 7E locomotives.
- Systems upgrades/remanufacturing of 19 6E-electric locomotives to modern reliable technology.
- The upgrading of 6 maintenance depots to build internal capacity and provide support for locomotives.

- The outsourcing of second- and third-level locomotive maintenance for three years while depots are being upgraded.

The programme is envisaged to run for a period of three years, including spare parts for running maintenance.

Core services choices: Phase 1 (2021-2022)

- Reintroduce Komati, Musina and Durban routes.
- Maintain current frequencies.
- Improve safety performance.
- Increase passenger numbers and revenue.
- Collaborate with Transnet on infrastructure and passenger trains.
- Services:
 - › Johannesburg-Cape Town
 - › Johannesburg-Gqeberha
 - › Johannesburg-East London
 - › Johannesburg-Komatipoort
 - › Johannesburg-Musina
 - › Cape Town-East London
 - › Johannesburg-Durban (dependent on the availability of reliable 18E locomotives)

MLPS rolling stock recovery

- Lease locomotives for three years.
- Outsource locomotive maintenance for three years.
- Fill key critical vacancies.
- Procure additional locomotives to augment Stadler locomotives.
- Maintain 17 train sets to support train operation requirements.
- Conduct first-line maintenance on PRASA locomotives to augment the 18 leased locomotives
- Commence with the acquisition of locomotives for MLPS.

Stabilise service choices: Phase 2 (2022-2023)

- Stabilise the service and improve on-time performance.
- Increase frequency.
- Increase passenger numbers.
- Increase revenue.
- Improve safety performance.
- Introduce charter trains.

Services:

- Johannesburg-Cape Town
- Johannesburg-Gqeberha
- Johannesburg-East London
- Johannesburg-Komatipoort
- Johannesburg-Musina
- Cape Town-East London
- Johannesburg-Durban

MLPS rolling stock recovery

- Upgrade MLPS maintenance depots.
- Procure the locomotive shortfall based on the agreement on the number of locomotives from Stadler.
- Maintain 17 train sets to support train operation requirements.
- Conduct first-line maintenance on PRASA locomotives to augment the 18 leased locomotives.
- Conduct long-term strategy studies and benchmarking.

Sustain service choices: Phase 3 (2023-2026)

- Expand services:
 - Johannesburg – Moria (Moria Train Precinct with accommodation)
 - Johannesburg- Emalahleni
 - Botshabelo – Thabanchu - Bloemfontein
 - QwaQwa – Bloemfontein
 - Johannesburg- Mafikeng
 - Introduce cross-border services (Mozambique and Zimbabwe).
- Establish public-private partnerships to partner with the tourism market.
- Reintroduce the premier class service.
- Start rebranding MLPS products to compete with other luxury trains.

MLPS locomotive recovery

- Insourcing locomotive maintenance.
- Establish a business case for the locomotive long-term strategy.

MLPS corridor plans

	Corridor	Line/Route	Recovery
1	Trans-Karoo	Cape Town-Johannesburg	Routes will operate three return trips per week. Occupancy is expected at 30% capacity in 2021/22, increasing to 55% in 2022/23 and 65% in 2023/24. During the December/January peak in 2021/22, occupancy will be limited to 50% capacity due to COVID-19 regulations. During the peaks in 2022/23 and 2023/24, occupancy is expected to be about 90% capacity.
2	Amatola	Johannesburg-East London	
3	Trans Natal	Johannesburg-Durban	
4	Algoa	Johannesburg-Gqeberha	
5	Komatipoort	Johannesburg- Komatipoort	Routes will operate two return trips per week. Occupancy is expected to operate at 30% capacity in 2021/22, but increase to 45% in 2022/23 and 50% in 2023/24. During the December/January peak in 2021/22, occupancy will be limited to 50% capacity due to COVID-19 regulations. During the peaks in 2022/23 and 2023/24, occupancy is expected to be about 90% capacity.
6	Musina	Johannesburg-Musina	
7	High peak period only	Cape Town-East London	These routes will operate only during the December/ January peak and are not expected to have occupancy exceeding 55% due to low demand.
8	High peak period only	Cape Town-Queenstown	

- The tourist class will operate as special charter services based on demand and agreed price.
- The cross-border service will be reintroduced using both sitter and tourist services.

Autopax recovery choices for the MTEF period

Autopax's short-term focus is to stabilise the company, minimise costs and revive operations. To divisionalise the company to be self-sustainable and maximise operational efficiencies, the following short-term actions are being implemented:

- Revise the operating model.
- Consolidate operating depots.
- Rightsize staff structures based on the number of buses in operation.
- Consolidate routes.
- Consolidate ticket sales offices.
- Reduce the number of audit findings.
- Dispose of redundant and scrapped buses.
- Improve bus availability.

Core service choices: Phase 1 (2021-2022)

Divisionalise Autopax.

Identify and operate high-demand long-distance routes that contribute to fixed costs.

Diversify Autopax revenue streams (long-distance, bus hire, rail support, bus advertising).

Intensify inspections on high-demand routes.

Implement the revised operating model to become financially self-sustainable, focusing on the product offering, fit-for-purpose structure and the go-to-market strategy.

Replace old and redundant buses to improve bus availability. All new coaches to have full maintenance contracts.

Adhere to service schedule (on-time departures and arrivals).

Stabilise service choices: Phase 2 (2022-2023)

Integrate and coordinate Autopax services with those of MLPS and Metrorail.

Ensure each route is a profit centre.

Integrate ICT systems between the different functions.

Conduct quality management and assurance.

Passenger choices

- Scheduling of services to meet changing passenger demand.
- Accessibility to Autopax service offering and passenger communication.

Monitoring of operational performance

- Electronic monitoring of drivers and buses.
- Electronic driver rating scorecard and monitoring of drivers' route behaviour.

Revise and update all policies and procedures

Sustain service choices: Phase 3 (2023-2026)

Ensure clean audit with minor emphasis on matter items.

Expand services to Southern African Development Community (SADC) countries.

Maintain financial sustainability and increase net asset value.

Participate in the multimodal transport network.

Offer value-added services as part of tickets sold.

Autopax infrastructure plan

Project name	Project description	Output	Start date	Completion date
New buses	148 coaches	Revenue-generating asset	April 2021	March 2022
	35 coaches	Revenue-generating asset	April 2022	March 2023
Workshop equipment	Forklifts, spray booth, compressors, brake testing machines, air lines and reels, lubricant dispensing lines, etc.	Bus maintenance equipment procured	April 2021	March 2022
Revenue and bus monitoring	Electronic revenue control and bus/driver monitoring	Efficient revenue and operational control	April 2021	March 2022

Pillar 3: Improve operational safety, security, risk and compliance

This pillar includes the security and operational safety strategies and links to Choice 1 – the recovery of Metrorail. It also addresses risk management, including the Auditor-General's findings, and compliance management.

Safety permit (operating licence)

The Railway Safety Regulator issued PRASA with a one-year safety permit on condition that it conducts an independent assessment of the PRASA security plan. The assessment by an independent company appointed by the regulator commenced on 1 February 2021 and is due to be completed by 30 April 2021. The aftermath of the security contract cancellations in October 2019 and the COVID-19 stage 5 lockdown in March 2020 has exposed PRASA to significant theft of and vandalism to railway infrastructure and station facilities. This, together with the historical infrastructure and rolling stock maintenance backlog, has led to high number of railway safety occurrences largely caused by human errors. PRASA is the process of implementing rehabilitation, modernisation and security interventions for railway infrastructure, rolling stock and station facilities. These programmes are at various stages of procurement, and some are already at the implementation stage. The safety strategic choices are aimed at creating a corporate safety culture and strengthening overall compliance with legislation and standards governing safety, health and the environment. By improving safety in this regard, PRASA will aim to qualify for the three-year safety permit introduced by the regulator in 2019.

Addressing the Auditor-General's findings

The Auditor-General issued a disclaimer of opinion in 2018/19 and 2019/20. In addressing the audit outcomes, PRASA established a task team on audit findings, later renamed Operation Clean Audit task team. The team's purpose is two-fold: to address the external audit findings, and to ensure sustainable improvement in the control environment. It is tasked with:

- Defining the elements of internal controls and ensuring their implementation, including awareness of them.
- Reviewing the audit findings and their respective root causes.
- Developing remedial actions based on root cause analysis and monitoring the implementation of these actions.
- Recommending policies and procedures for management's consideration towards the improvement of the control environment.

The task team has representation from the various areas of the business, and may co-opt any employee who may assist in achieving its purpose. It has developed an audit action plan in terms of which the audit findings have been categorised as "qualification", "significant" and "matters of emphasis". As qualification and significant matters have an impact on the audit outcome/opinion, the team has set itself the target of addressing all qualification matters and 80% of significant matters. It has also conducted root cause analysis for qualification and significant matters, and action plans have been defined. The team monitors progress on a bi-weekly basis and holds bilateral discussions with the executives concerned. It reports to group executive committee and the audit and risk committee monthly.

Health, safety, security, risk and compliance choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Operational safety

- Define and implement a safety culture characterised by visible and felt leadership.
- Ensure compliance to occupational health and safety legislation (the Occupational Health and Safety Act [1993] and Railway Safety Regulator Act [2002]), and SANS 3000-1 series and related standards through the implementation of an integrated safety management system.
- Develop occurrence reporting, investigation and analysis capabilities.
- Adopt multiple processes to promote employee and community awareness and knowledge of safety.
- Establish and maintain the safety critical grades employee risk profiles, and develop a programme for competency management.
- Develop a safety management system (SMS) ICT tool to capture occurrences and monitor safety indicators.
- Establish and capacitate the inspectorate function to enforce safety compliance through audits, inspections and work stoppages where risks are identified to be high.
- Develop a safety case consisting of the railway infrastructure and station rehabilitation and modernisation programme, and the security strategy implementation plan, supported by a quality management system implementation plan, to help build a compelling case for a three-year safety permit.
- Human factors management Railway Safety Regulator compliance – Phase 1
 - Build human factor management capacity to help reduce occurrences of human error

Core service choices: Phase 1 (2021-2022)

Security

Improved visibility and presence of security

- Establish national and regional security control centres, and integrate regional security control centres with manned and unmanned sites.
- Deploy physical security guards.
- Roll out the implementation strategy.
- Deploy personnel, both permanent and contract, across the sites.
- Ensure visible patrols through “boots on the ground” and policing.
- Install visible and noticeable cameras as deterrents.
- Implement technology interventions, including walling projects.
- Protect revenue.
- Implement the PR2P programme by March 2021 through community policing forums and non-profit organisations.
- Implement a centralised shared service with devolved command and control functions to regions/sites.

Risk

- Re-establish and capacitate risk management within PRASA and fill approved positions in the structure.
- Review risk and business continuity management policies and frameworks.
- Develop and implement the risk management strategy.
- Embed integrated risk management throughout the PRASA Group.
- Implement the fraud and corruption prevention plan.
- Initiate the implementation of the quality management system.
- Facilitate the addressing of external audit findings by the Auditor-General.

Compliance

- Embed the group-wide compliance function and training on key compliance discipline/policies with dotted lines to the Executive/General Manager: Compliance.
- Develop a policies repository.
- Embed the remediation of audit findings related to compliance with laws, especially SCM regulation.
- Develop legislative, regulatory and compliance work plans.
- Provide training on the Public Finance Management Act (1999) and key SCM regulation.
- Conduct quarterly monitoring and reviews of high to medium compliance risks.

Stabilise service choices: Phase 2 (2022-2023)

Operational safety

- Graduate to a three-year safety permit.
- Embed and maintain the corporate safety culture (training, reward and recognition, etc).
- Evaluate and monitor the performance of all SMS components using the SMS (ICT) tool.
- Enable the organisation to move to safety maturity level 3, where safety risks are fully defined and understood throughout the organisation.
- Strengthen the inspectorate function to regularly and proactively monitor the condition and degradation of assets to ensure that there is no deterioration in risk levels pertaining to safety or reliability.
- Embed the SMS through safety workshops to socialise the procedures and monitor their implementation.

Security

- Coordinate special security operations:
 - › National joint operation committee.
 - › South African Police Service.
 - › National Prosecuting Authority.
 - › State Security Agency.
 - › Private security companies.
 - › Communities (safety patrollers).
 - › PR2P.
 - › Eskom, Transnet and Telkom.

Stabilise service choices: Phase 2 (2022-2023)

- Technology integration
 - › Integrate all physical security capability management platforms into a physical security information management system.
 - › Enable e-guards and armed response.
 - › Deploy remotely piloted aircraft systems.
 - › Enable information-gathering capability (investigations, legal, forensic laboratory support, and vetting and screening).
 - › Implement aerostat at strategic assets and operational hotspots to monitor cable infrastructure.
 - › Implement technical surveillance countermeasures.
 - › Develop a plan to accredit certain key assets as national key points.

Risk

- Create a risk management culture and embed risk management in decision-making.
- Implement combined assurance on key risks.
- Deepen the implementation of the quality management system.
- Reduce audit findings by the Auditor-General by a minimum of 50% from the previous financial year.

Compliance

- Facilitate the combined assurance model.
- Embed and maintain a culture of compliance and corporate governance through training.
- Professionalise the compliance function as a discipline (recruit professional compliance practitioners and train practitioners already employed).
- Ensure compliance functionaries are members of accredited governance and compliance professional bodies.
- Ensure PRASA's continual improvement in compliance based on benchmarking and gap analysis.

Sustain service choices: Phase 3 (2023-2026)

Operational safety

- Ensure a fully matured safety culture and robust SMS.
- Ensure the continued optimisation of the SMS where management is constantly searching for ways to continue reducing the frequency of accidents.
- Train and motivate employees to look for ways to improve safety, and incentivise them to provide ideas to improve safety.
- Regularly review the range of indicators to ensure that new trends are identified quickly, and that any negative trend is quickly mitigated.

Security

- Ensure "proactive alerts" – tracking and analysis through threat intelligence, cyber forensics and business intelligence.
- Implement an integrated governance, risk and compliance solution for compliance and risk analysis.
- Integrate and collaborate with partner technology systems (such as the South African Police Service, the State Security Agency, communities and private security companies) to have real-time communication.
- Implement geographical information system reporting, and business intelligence and analytics platforms.
- Train security officers as peace officers.
- Ensure revenue recovery or enhancement.

Risk

- ISO 9001: 2015 certification.
- Towards a clean audit outcome from the Auditor-General.

Compliance

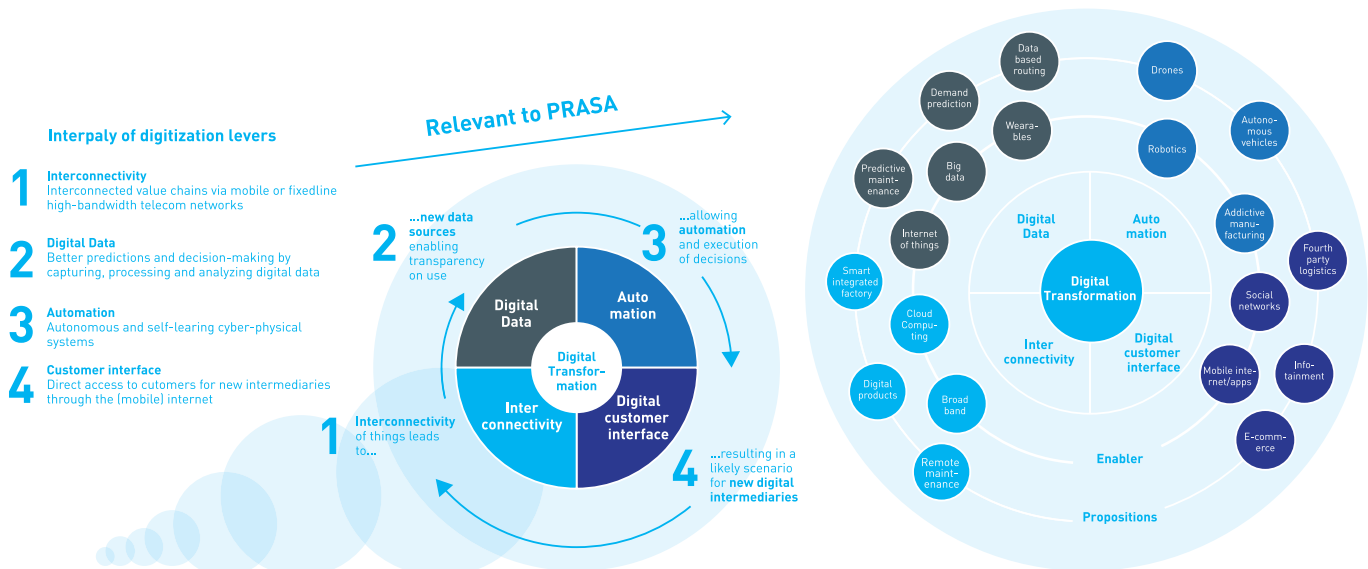
- Ensure a fully integrated, centralised compliance function reporting within the group.
- Develop an independent compliance function.
- Second compliance practitioners to business.
- Review the compliance manual.

Pillar 4: Enable the transition to a digitally enabled organisation

The focus of this pillar is to begin preparing for the fourth industrial revolution. Digitisation in the rail industry and its relevance for PRASA is depicted in the following diagram:

Pursue efforts to train our current security officers as peace officers which will be on the same level as SAPS members in order to give SAPS more support in terms of their responsibility within the rail environment.

Figure 4: Rail industry digitisation and its relevance for PRASA



According to research by Boston Consulting Group, digitisation can help rail operators improve on-time performance and create a better connection with passengers, while advanced analytics can uncover new opportunities in the different locations and parts of the transportation value chain that they serve. However, to be effective, this needs to be supported by robust and modern infrastructure and systems.

Figure 5: Potential value of transformation

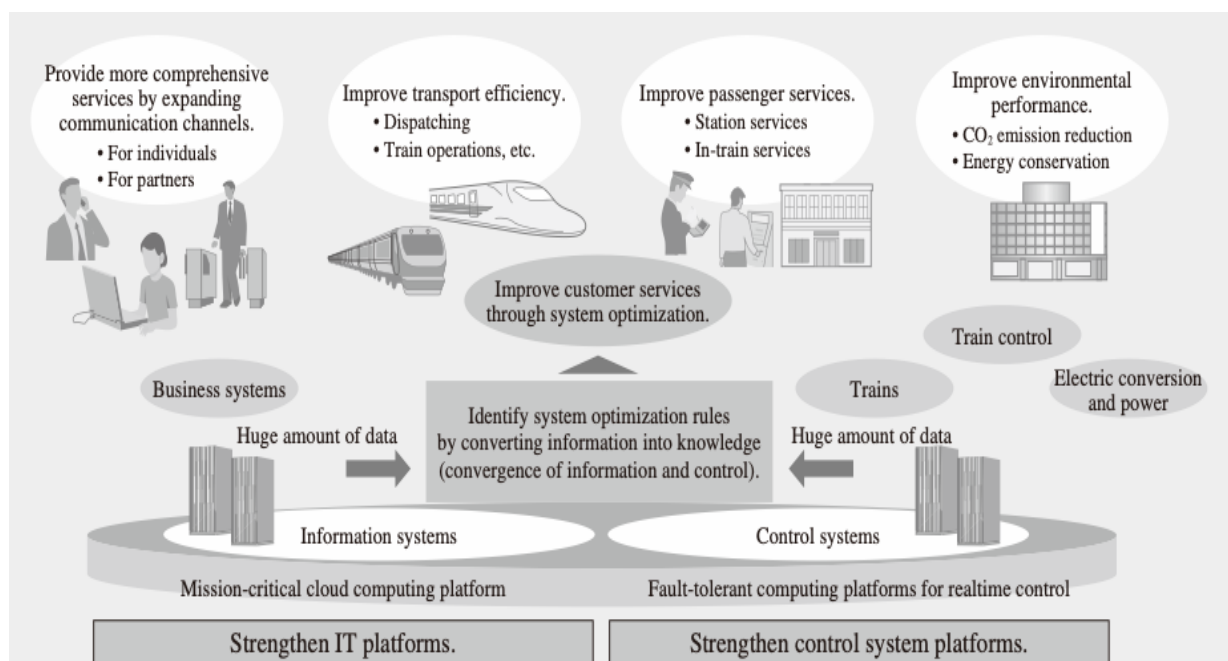
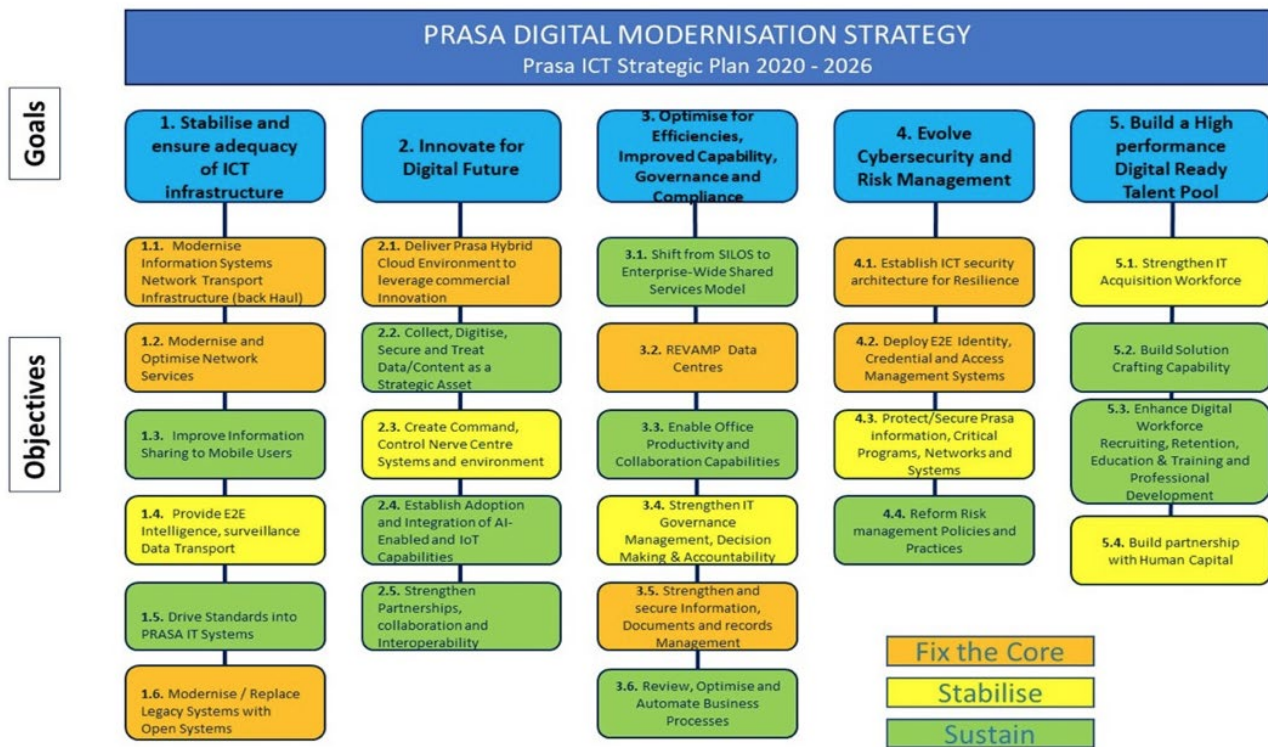


Figure 6: ICT strategy (2020-2026)



Phase 1 of the ICT strategic choices focuses primarily on rebuilding the ICT base/foundation (infrastructure and capacity) whereas the focus of Phase 2 is on supporting business by building newer applications, especially those that maximise revenue.

Digitally enabled choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

- Modernise network transport infrastructure for information systems (back haul).
- Modernise and optimise network services.
- Deliver PRASA's hybrid cloud environment to leverage commercial innovation.
- Build digital capabilities to empower PRASA's workforce.
- Modernise or replace legacy systems with open systems.
- Collect, digitise, secure and treat data and content as strategic assets.
- Protect and secure PRASA information, critical programmes, networks and systems.
- Create command and control nerve centre systems and environment.
- Revamp and optimise data centres.
- Establish resilient ICT security architecture.
- Deploy end-to-end identity, credential and access management systems.
- Strengthen and secure the management of information, documents and records.
- Develop an SMS (ICT) tool to capture the safety incidents and monitor safety indicators.
- Develop an ICT platform to report and remediate irregular and fruitless and wasteful expenditure.
- Procure ICT systems for compliance to enable interactive regulatory updates.

Stabilise service choices: Phase 2 (2022-2023)

Enable information sharing with mobile users (commuters, customers and employees).

Drive standards in PRASA IT systems.

Establish the adoption and integration of artificial intelligence-enabled and internet of things capabilities.

Evaluate and review the effectiveness of the SMS (ICT) tool.

Shift from silos to the enterprise-wide services model (central ICT unit).

Enable office productivity and collaboration capabilities.

Digitise/Automate processes.

Build a data repository and engine.

Strengthen IT governance management, decision-making and accountability.

Reform risk management policies and practices.

Strengthen the IT acquisition workforce.

Build mobile apps and online application capabilities and platforms.

Build business intelligence capabilities to ensure a data-driven PRASA.

Procure and implement the governance, risk and compliance tool.

Sustain service choices: Phase 3 (2023-2026)

Build capabilities to craft solutions.

Enhance the digital workforce.

Recruit, retain, educate and train to ensure continual professional development.

Build partnerships with human capital.

Finalise the implementation of the governance, risk and compliance tool.

Pillar 5: Improve financial performance and business sustainability

Labour cost-reduction strategies over five years

This will focus on:

- Automation of time and attendance (payroll) linked to biometric access control.
- Strategic use of overtime.
- Review of conditions of service.
- Review the five-day and six-day worker agreements and move to 24-hour, seven-day operations.
- Automated administration of HCM through employee self-service and management self-service.
- Continuous improvement programme (productivity vs efficiency using Six Sigma)
- Trade time off (e.g. half days).
- Identify and eliminate redundancies and duplications.
- Cross train employees through multitasking and cross-functional projects, for example.

Financial sustainability choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Principles (cost drivers to be used and service-level agreement) of charges to other business units agreed upon, including alignment with mandates. Other business units determine costs.

Maximise advertising revenue (including Autopax onboard value-added services, e.g. free Wi-Fi) and scrap sales to increase revenue.

Tech and rail to be consolidated at the regional level for regional manager to have full control of product/service.

Review fare structure for Metrorail in light of improvements to frequency, predictability and reliability, and costing, as a result of the new trains to be rolled out.

Labour cost-reduction strategies

Core service choices: Phase 1 (2021-2022)

- Implement an ideal/optimal organisational structure with skilled personnel, including shared services, Metrorail service design and uniformity, including proposal by Autopax.
- Use low-cost staffing options such as learnerships.
- Financial sustainability to inform insourcing or outsourcing of services.
- Eliminate inefficiencies through the identification of redundancies and restructuring.
- Review legacy labour agreements to reduce allowances and overtime.

Improved staff supervision and performance management.

Implement activity-based costing to assist in identifying redundancy and inefficiencies.

Review property portfolio to ensure aggressive revenue generation from rental.

Business decisions must be based on commercial considerations or terms, taking into account the financial stability of the business.

Commercialise fibre and build higher towers (telecoms infrastructure) to contribute to other revenue sources through Intersite/CRES.

Set-off of Transnet and PRASA debt

Review SCM policy to allow for the acquisition of product-specific parts (e.g. bus and train parts) from original equipment manufacturers.

Improve Autopax market share due to fewer competitors, and lease buses.

Lease additional buses to small operators in communities in exchange for retainer.

Maximise the use of funding/subsidies.

Stabilise service choices: Phase 2 (2022-2023)

Costing of corridors and business areas towards treating corridors as profit centres.

Revenue and costs accounted for per station and depot.

Automated ticketing, remission and accounting to reduce personnel requirements and printing costs, and improve revenue collection.

Metrorail fares

- Different fare structure that limits discounted fares instead of direct Metrorail fare increases.
- Implement a simplified fare increase process – notices versus commuter forum engagement.
- Automated fare increases to cover difference in costs and subsidy (agree on funding model with National Treasury and Department of Transport).

Labour cost-reduction strategies

- Electronic fare collection benefits in terms of improved customer services, security and cost savings on overtime.

Maximise input VAT claims and debt write-offs.

Improve customer value and satisfaction, as determined by customer surveys and customer relations management, to improve services based on customer needs.

Business/Divisional financial statements to ensure that business performance is measured.

Eliminate legacy agreements to reduce allowances and overtime.

Measure the effectiveness of activity-based costing.

Place all support departments on shared services.

Identify new revenue streams.

Determine the cost of running trains per kilometre.

Conduct fixed and variable cost analysis.

Sustain service choices: Phase 3 (2023-2026)

Consider move to schedule 2 from schedule 3B public entity in order to borrow at lower costs and transfer identified assets to special purpose vehicle.

Strategic partnerships to develop properties in and around rail and increase revenue streams.

New corridors identified and built in high-density areas where revenue generation can be maximised.

Access debt funding to improve balance sheet.

Implement SADC routes through Autopax and MLPS.

SCM choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Efficient, effective and agile procurement process

- Short term: “Contractathon” for rapid execution through a transactional advisory panel for focused delivery and agility.
- Structural improvements:
 - › Centralised SCM through modelling and structure consolidation.
 - › Create procurement governance structures across the business to support SCM practitioners and avoid nonresponsive bids while improving procurement lead times.
 - › Establish sound tender administration and management offices for bid security.
 - › Strengthen contract management by establishing and capacitating a centralised contract administration function.
 - › Capacitate structures with proficient practitioners.
 - › Build future in-house competency capability by on-boarding graduate-in-training programme with engineering capability.
 - › Standardise job roles and naming convention across the organisation in line with HCM processes.
 - › Establish a sound logistics and inventory management function, and develop related policies.
- Strengthen the control environment to eliminate audit findings by:
 - › Developing a SCM control framework (business critical controls) for standardisation.
 - › Strengthening and securing bid documents and records management.
 - › Enhancing systems to enable purchase-2-pay controls and reporting (upgrade of supplier relationship management)
 - › Provide regular training to bid committees to enhance knowledge and understanding of SCM prescripts and processes.
- Fleet management and recapitalisation.
- Vendor management and configuration of transformation reports (BBBEE).
- Automated supply chain performance dashboard.

Stabilise service choices: Phase 2 (2022-2023)

Efficient, effective and agile procurement process

- Institutionalise SCM controls.
- Adopt centralised strategic sourcing and strengthen procurement for capital programmes.
- Conduct SCM competency assessments.
- Establish SCM role-based induction.
- Strengthen supplier development capability and supplier management.
- Establish a specification registry.
- Improve material planning and replenishment to drive commodity grouping.
- Automate procurement to enhance controls through e-tendering.
- Implement vendor-managed inventory and consignment stock to strengthen the availability of maintenance material.

Sustain service choices: Phase 3 (2023-2026)

Efficient, effective and agile procurement process

- Optimise long-term contracts
- Inventory/Stock disposal incorporated into SAP system.
- Warehouse process re-engineering and optimisation.
- Smart contract management implementation.

Pillar 6: Improve customer experience through service and operational excellence

The plans for this pillar are founded on the Passenger Service Charter, which is a declaration of PRASA's commitment to deliver acceptable service quality to all customers. The minimum service levels are detailed in the graphic below. Customers will, at any time, know how the service is performing relative to the minimum service levels.



The Passenger Service Charter provides a set of aspirational norms and standards for service quality across all PRASA brands that include Metrorail, Premier Classe, Translux, Shosholoz Meyl, and City to City. We endeavor to provide you with:

SAFETY AND SECURITY

- Investigate reported incidents within 24h
- Cooperate fully with law enforcement and prosecutorial agencies.
- Provide an independent whistleblower telephone line and email facility.
- Publicly publish the outcomes of investigations once they are concluded.
- Maintain our infrastructure, trains and vehicles in accordance with legal prescripts.

CUSTOMER INFORMATION

- Disseminate service information across multiple platforms.
- Publish the most up to date timetables.
- Inform customers of service disruptions within 10 minutes of a verified disruption.
- Publish up to date fare structures.
- Provide adequate and clear signage within and around each station or stop.
- Provide timetable information and a map of services at each station and stop.
- Provide service information on-board all our services.
- Ensure that every Customer Services personnel, and information desk has the most up to date information about the status of our services.
- Obtain information from customers on how to improve dissemination of information.

SERVICE RELIABILITY

- Departure and arrival times will not deviate from the timetable by more than 10 minutes.

- Where services deviate by more than 10 minutes from the published times, this will not be more than 10% of services provided in any given year.
- Passengers will be informed of any time-table deviation through all our official platforms.
- Where possible, an alternative service will be provided in case the primary service is experiencing a failure of more than 3 hours.
- Where external factors affect the punctuality and reliability of services, we will make every effort to minimise the inconvenience to customers.
- We will publish performance on service reliability on a weekly basis across all our official information platforms.

CLEANLINESS AND CONDITIONS OF FACILITIES AND VEHICLES

- Stations will be cleaned daily.
- Our trains and buses will be cleaned daily.
- Out of service ablution facilities, lifts ramp, escalators, broken windows, station lighting, floor tiles, roller shutter doors and manhole covers and other unserviceable installations will be repaired within 72 hours of a reported incident.

JOURNEY COMFORT

- Daily inspections will take place to ensure that all our trains and vehicles have adequate ventilation, heating and lighting.
- Our drivers have been fully trained in safe driving techniques to maximize customer comfort.
- All our trains and vehicles are driven with proper regard to the comfort and safety of our customers.
- Crowding does not exceed 5 persons per square metre.

JOURNEY CONVENIENCE

- We will provide ticketing infrastructure that allows payment across multiple fare media.

- We will coordinate our timetable with other operators to ensure that, at designated interchange facilities, where we have services with headways of more than one hour, the departure and arrival of our services allow for connection with other major services.
- We will maximise the number of available outlets to purchase journey tickets or load fare media. Tickets are available at stations and appointed agents, whose names and locations are available from our website (www.prasa.com).
- We will make every effort to match seat availability to customer demand.
- Seat reservation is only available on selected services that include Autopax, Premier Class, Shosholoz Meyl (Sitter and Sleeper) travel classes.

UNIVERSAL ACCESSIBILITY

- We will make every effort to ensure a high level of accessibility of our stations and stops at selected stations and stops.
- Selected stations will provide facilities for persons with reduced mobility.

CUSTOMER COMMENTS AND COMPLAINTS

- Our employees will treat our customers in a courteous, respectful and fair manner in line with our Code of Conduct and established values.
- All our Customer Care Officials are clearly identifiable wearing full uniform with name badges bearing the company logo.
- We will respond within 72 hours to customer complaints and suggestions.

Scan the QR code to access the full Passenger Charter on the our website.

www.prasa.com
0800 65 63 63 (toll-free)



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The charter will be implemented through an integrated customer value chain model, depicted below, to ensure that the entire business is focused on creating value for customers.

Figure 6: Customer value chain model

Prepare for travel	En-route to station	Arrival & entering the station	Waiting at the platform and/or waiting area	Boarding train/bus	Onboard bus/train	Exit/transfer	En-route to destination	Arrive at destination
Reliable and accessible pre-trip information	Functional coordination with other modes of transport	Safe station environment; clean station environment; informative signage & staff; accessible facilities; functional equipment	Safe waiting area; reliable real-time information; clean ablution facilities and amenities; real-time incident reporting; functional equipment	Safe boarding; real-time incident reporting	Safe on-board experience; No overcrowding; real-time incident reporting	Reliable and accessible real-time exit/transfer information; accessible facilities; functional equipment; real-time incident reporting	Functional coordination with other modes of transport	Ability for customer to provide feedback
ICT; Tech; Rail/Autopax	ICT; Rail/Autopax; Strategic Network Planning	Cres; ICT; Rail/Autopax	Cres; ICT; Security	Security; Rail/Autopax; Cres; Tech	ICT; Tech; Rail/Autopax	ICT; Tech; Rail/Autopax	ICT; Rail/Autopax; Cres; Strategic Network Planning	ICT; Research

Customer service choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

- Implement and monitor the Passenger Service Charter and conditions of carriage, which define PRASA's value proposition to customers (availability, predictability, reliability, safety and security), including for COVID-19 compliance (improvement to 60% on the customer satisfaction index for rail and buses).
- Enforce service-level agreements between customer service department and other key service delivery departments, and highlight levels of service per corridor.
- Instil a culture of professionalism by providing the necessary tools of trade.
- Provide uniforms to staff to instil a sense of pride and professionalism.
- Implement a rewards and recognition programme.
- Enhance customer communication across all channels (e.g. migration to a single PRASA contact centre number).
- Ensure a fully operational PRASA contact centre.
- Increase surveys from one to two surveys per year (customer satisfaction index) to keep abreast of the changing customer needs and requirements.
- Ensure management visibility on trains and at stations.
- Introduce mystery shopping and a research tool as part of service improvement.
- Pilot the automated ticketing system project.
- Digitise timetables.
- Reduce cash handling at stations.
- Measure on-time departures and arrivals as per the timetable/schedule.

Stabilise service choices: Phase 2 (2022-2023)

Customer service – continue service delivery priorities, improve the customer satisfaction index and extend services to other routes/lines

- Ensure service level agreements are linked to performance contracts.
- Roll out the automated ticketing system.
- Launch the customer mobile app.
- Introduce quarterly surveys.
- Explore retail strategic partnerships that improve the accessibility and expansion of selling points.
- Increase patronage and expand services to other routes.
- Roll out speed points for card payments.
- Measure and improve customer value and service delivery.
- Develop and implement customer relationship management system

Marketing, communications and stakeholder management choices

The aim for marketing, communications and stakeholder management is to identify key communication touch points and keep commuters/passengers and various stakeholders informed on any developments that affect them.

The marketing choices in Phase 1 are to restore customer confidence. In Phase 2, the aim is to regain the market, while in Phase 3 the aim is to grow the market.

Core service choices: Phase 1 (2021-2022)

Garner public support for the journey towards restoration and recovery by:

- Campaigning to show the state of rail, as it is.
- Embarking on the road to recovery of corridors as they come on stream.
- Publicising services of recovered corridors and passenger numbers.
- Recovering and engaging in new capital projects.
- Recovering routes for the MLPS.
- Attracting passengers for bus services with new fleet.
- Enhancing safety and security measures.
- Improving infrastructure (e.g. signalling, perway).
- Improving trains (general overhaul).
- Embarking on the modernisation programme.

Finalise policies and communication standard operating procedures for spokesperson(s).

Restructure unit to shared services in Phase 2, including skills/qualification audits, and resourcing (budget and personnel).

Brand architecture including corporate identity, train and station branding.

Internal staff programmes to boost morale, performance, safety and lived values.

Reputation management

- Promote rail as the backbone for public transport and a mode of choice – give commuters a safe, reliable, efficient, and clean service.
- Restore stakeholder confidence.
- Drive and own the PRASA narrative – balance positive and negative news, highlight wins.
- Instil commitment to the operational safety and security of infrastructure/assets and people.
- Instil community ownership of PRASA assets and infrastructure.
- Instil trust in PRASA as a public entity.
- Increase positive media coverage of PRASA in terms of micro media analysis (per area, per person and per issue).
- Boost staff morale and improve performance through effective change management and informed staff.

Marketing

- Understand the changing preferences and demands of commuters, passengers and users of our facilities.
- Maintain relevance in a highly competitive public passenger transport environment.
- Arrest declining stakeholder and public confidence.
- Recover lost business and regain and increase patronage.
- Allow for premium pricing to increase revenue.
- Increase return on investment.
- Attract the best employees.

Branding

- Affinity and alignment with a common PRASA brand (internal and external).
- Brand architecture (house of brands or branded house?)
- Brand equity – value and value for money.
- Update corporate identity manuals.
- Corporate identity policy.

Stakeholder campaigns and events

Engagements and activations

Seek initiatives that increase contact with commuters and surrounding communities to encourage:

- Ownership and protection of assets by the community.
- PRASA leadership interaction with commuters and communities.
- Targeted events and initiatives at stations, corridors and communities.
- Initiatives in partnership with local municipalities in areas where PRASA operates to improve the conditions of those communities.

Marketing and branding of Autopax services

- Rebuild brand trust and customer confidence
- Deliver on brand promise of being a reliable, affordable, predictable and safe bus operator.
- Aggressive brand and revenue campaigns.
- Strategic media partnerships.
- Leverage social media platforms.

Stabilise service choices: Phase 2 (2022-2023)

Showcase progress/wins – recovery programme:

- Safety and security.

Market capital programmes, modernisation and other investments.

Market services of rail, bus, CRES, as well as safety and security improvements:

- Regain passenger numbers and revenue in new/recovered corridors.
- MLPS – increase passenger numbers and revenue.
- Bus services – increase passenger numbers and revenue.

Phase 2 – Shared services structure for marketing and communications

Implement and monitor rebranding processes and adherence to policies and guidelines.

Reputation management

External marketing and communication

- Ensure that PRASA's business imperatives are understood and supported by stakeholders.
- Enhance public perception and reputation of PRASA.
- Build positive media and stakeholder relations.
- Gain lost public and stakeholder confidence.
- Secure 80% positive media coverage and awareness.

Internal marketing and communication

- Instil a culture of excellence.
- Boost morale and influence positive change.
- Gain support from employees for the pursuit of common objectives.
- Ensure that employees understand their role in the pursuit and delivery of the stated strategic objectives.

Marketing

- Grow customer base and increase patronage through the promotion of:
 - › A reliable, predictable and safe commuter/passenger service.
 - › Destination stations for work, shop, play and dine.
 - › Transformed passenger rail travel.

Branding

- Roll out common branding at all PRASA touch points.
- Implement and monitor corporate identity usage.
- Implement and monitor corporate identity policy.

Sustain service choices: Phase 3 (2023-2026)

Attract new passengers to all services by:

- Marketing services of Rail, bus and CRES.
- Enhancing safety and security.

Market capital programmes, modernisation and other investments.

Implement shared services structure.

Monitor rebranding processes and adherence to policies and guidelines.

Support organisational strategy and growth path.

Reputation management

Internal marketing and communication

- Drive a culture of excellence.
- Maintain high morale and influence positive change.
- Gain support from employees in pursuit of common objectives.
- Ensure that employees understand their role in pursuit and delivery of strategic objectives.

Marketing

- Regain and increase patronage.
- Increase revenue.
- Be the preferred mode of transport.

Branding: Maintain brand and branding integrity.

Campaign plans

The 'stop and report' campaign

The message of this campaign is: "Stop" when trains don't move, people lose jobs, children can't get to school and the economy suffers. "Report" all crimes to 0800-number



Stakeholder campaigns through wall murals

"Danger walls" with clear messaging discouraging vandalism and cable theft. The messaging is painted as a danger strip, pronouncing that:

- Cable theft kills.
- Cable theft delays trains and prevents people from getting to and from work.
- Cable theft leads to slow economies, poverty and unemployment.
- Report cable theft immediately and save our people and economy.



Township wall media for capital projects:

This campaign uses vibrant and upbeat illustrations that show the progress of PRASA stations, and illustrations of the final product. This is to give audiences hope, and the ability to look forward to something.

New stations



Rebranding/brand alignment

An example of this is the general overhaul rebranding exercise.



Pillar 7: Modernise rail through manufacturing, infrastructure development and maintenance

This pillar focuses on:

01

Maintenance

- Strategy to develop in house capability
- Ability to respond quickly to situation / theft and vandalism
- Relationships with TVETs, Interns, Artisans

02

Quick Wins

- PRASA Technical wins

03

Risk/Dependencies

- Security
- SCM (including VO's)
- Stakeholder Management
- Funding

Quick wins for this pillar are:

Revised Central Line and Mabopane timelines <ul style="list-style-type: none">• Walling• SCM timelines• Signalling Contractor acceleration of works	Rolling Stock Recovery <ul style="list-style-type: none">• Depot-lifting jacks, Code 29• Address theft and vandalism
Depot Modernisation <ul style="list-style-type: none">• Finalise appointments/award• SCM acceleration	Capacity <ul style="list-style-type: none">• Resuscitate internship/artisans• Establish in-house maintenance capacity with spares/material• Mentorship and coaching
Walling <ul style="list-style-type: none">• Proposal for undertaking internally• Develop a fencing strategy in house which will be implemented by PRASA	Research and Development <ul style="list-style-type: none">• Technology advancements• Partnership with learning institutions
Manufacturing Strategy <ul style="list-style-type: none">• To include AU and SADC demand strategy and capacity for PRASA to manage manufacturing factory• Localised supplier base to support manufacturing strategy	RME-Timelines <ul style="list-style-type: none">• Finalise corridor recovery implementation programme

PRASA's maintenance management philosophy is premised on the integration of all maintenance engineering tasks to ensure that optimum levels of availability and performance are achieved. This is with the aim of moving away from unplanned to planned work. The following steps must be taken to achieve this:

- Ensuring the availability of facilities for operation.
- Minimising maintenance interference.
- Providing facilities at appropriate standards within the required levels of reliability.
- Ensuring economic and efficient maintenance input.
- Providing all the above in a safe and responsible manner.

Manufacturing, infrastructure development, maintenance and modernisation choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Rolling stock fleet renewal programme

- Deliver 44 new trains from factory.
- Commence with the supplier park development.
- Generate PRASA's strategy for taking over Gibela factory at the end of contract. This strategy will also deal with the eventual rolling stock orders from the rest of Africa.

Rolling stock accelerated rolling stock programme

- Allocate 70% of the external heavy maintenance capacity (\approx 280 coaches) to ad hoc/vandalised coaches.
- Allocate the remaining 30% capacity to coaches overdue for general overhaul maintenance (\approx 120 coaches).
- Defer the restoration of wrecks and damaged coaches to year 3 of the general overhaul contract.
- Develop a plan for in-house skills capacity.

Note:

- Contractors' capacities and state of readiness are unknown as contracts are still to be awarded. After contracts are awarded, ramp-up plans will be requested from contractors to enable an improved recovery plan.

Depot modernisation

- › Wolmerton turnkey contractor – Phase 3 awaiting award by the end of 2020/21.
- › Springfield and Durban yard – appointment of design team as part of accelerated work package.
- › Salt River – appointment of design team as part of accelerated work package.
- › Paarden Eiland turnkey project – tender closed on 16 February 2020, targeted completion by the end of March 2022.
- › Seven depot fencing projects – tender closed on 5 February 2020.

Perway maintenance:

- Supply and deliver rails nationally following the awarding of the contract for 150km of 48kg/m rails.
- Rehabilitate track geometry through the R150 million on-track machine capacity (National Treasury emergency request for quotation awaiting award before the end of 2020/21).
 - › Tamping – KwaZulu-Natal: 132km; Western Cape: 397km; Gauteng: 853km.
 - › Screener – KwaZulu-Natal: 18.5km; Western Cape: 90.6km; Gauteng: 141.5km.
 - › Grinder – KwaZulu-Natal: 38.4km; Western Cape: 76km; Gauteng: 626km.
 - › Regulator – KwaZulu-Natal: 106km; Western Cape: 397km; Gauteng: 853km.
- Replace emergency 37km rails and seven 1:7 turnouts in KwaZulu-Natal (Durban-Umlazi) through National Treasury emergency request for quotation awaiting award before the end of 2020/21.
- Repair skid marks and replace perway material through Transnet Rail Maintenance and Emergency.

Gauteng:

- › Rerailing using internal capacity
- › Pretoria – Pienaarspoort: Rail grinding and track tamping
- › Rehabilitation through on-track ballast tamping machine, as and when required.
- › Rail refurbishment through welding and grinding.
- › Procure universal concrete sleepers to replace wooden sleepers.
- › Supply of sleepers and fastenings, as and when required.

KwaZulu-Natal:

- › Durban-KwaMashu: Drainage and formation rehabilitation.
- › Reunion-Kelso: Replace worn out 48kg/m rails.
- › Reduce perway-related train delays by fast-tracking the procurement of on-track machines and resources.
- › Fast-track the procurement of rail and rail components.
- › Rehabilitate structures of bridges and tunnels.
- › Rehabilitate formation, drainage system and embankments at A corridors.

Western Cape:

- › Cape Town-Retreat (Athlone): Rehabilitate work through on-track machines, rail grinding and track tamping.

Core service choices: Phase 1 (2021-2022)

Electrical maintenance

- Award contract for the supply of electrical tool and OHTE material nationally.
- Award contract for the supply of substation material and tools nationally.
- Award contract for the supply and installation of OHTE equipment for all regions, as and when required.
- Appoint a panel of contractors for the rehabilitation of 3kV DC substations, OHTE and signalling power supply.

Gauteng

- › OHTE rehabilitation (replace vandalised contact, catenary and feeder wires, total 160.94km): Pretoria-Piensaarspoort (46km); Pretoria-Saulsville (14km); Pretoria-Kaalfontein (32.45km); Leralla-Johannesburg (39.39km); Johannesburg-Naledi (29.1km).
- › Refurbish and upgrade traction substation at Geldenhuys.
- › Rebuild and upgrade Booysens 3kV DC traction substation.
- › Supply and install traction transformers at Oakmore and Crown stations.
- › Replace HSCBs at various substations.
- › Mabopane, Randfontein: Supply, install, commission and test indoor-outdoor equipment for substations.
- › Refurbish intake substations.
- › Refurbish and upgrade 6.6kV Motor Operated Devices at Centurion, Pretoria, Winterneest, Mitchell Street and Pinedene.
- › Supply and install 5MVA and 6MVA traction transformers, 100kVA auxiliary transformers and 6MW rectifiers at Cor Delfos and Centurion stations.
- › Refurbish 3kV DC and 11kV substations at Hercules, Mabopane, Wolmerton, Eerste Fabrieke, Pinedene, Pretoria, Mitchell Street and Winterneest stations.

KwaZulu-Natal

- › Repair and replace various electrical components.
- › Supply and install batteries and chargers.
- › Supply and deliver contact wire.
- › Award contract for OHTE, as and when required.
- › Retrofit HSCBs.
- › Replace 6.6kV cables in various locations.
- › Reinstate lightning protection.
- › Replace 6.6kV/400V transformers and H frames.
- › Reunion-Kelso: Rehabilitate Winkelspruit substation.
- › 26.72km of OHTE refurbished in Crossmoor-Merebank.
- › Procure OHTE inspection and rehabilitation machines.
- › Emergency repairs to substation at Booth, Reunion, Umlazi and Winkelspruit.

Western Cape

- › Claremont: Upgrade substation (R8 million).
- › Nyanga: Redesign and relocate 3kV DC substation.
- › Langa: Design and construct 3kV DC traction substation.
- › Paarden Eiland: Design and construct 3kV DC traction substation.
- › Replace 11kV transmission line (total 38.41km): Langa-Phillipi (16.34km); Phillipi-Chris Hani (14.48km); Phillipi-Kapteinsklip (7.59km).

Signalling maintenance

- Signal rehabilitation: Supply signal cables and vandal-proof signal bases at Leralla-Johannesburg-Naledi and Pretoria-Piensaarspoort.
- Gauteng
 - › Rehabilitate signalling system.
 - › Supply and deliver signalling tools and equipment.
- KwaZulu-Natal
 - › Durban-Umlazi: Install signal cables, test and commission signalling system.
 - › Durban-Kwamashu: Install signal cables, points rodding and testing, and commission signalling system.
 - › Reunion-Kelso: Design and install new interlocking, level-crossing, axle counters and fail-safe data transfer equipment.
 - › Crossmoor-Merebank: Vandal-proof trackside equipment.
- Western Cape
 - › Cape Town-Newlands-Simon's Town: Signal rehabilitation – replace cables and vandal-proof train detection system (more than 30 axle counter heads to be equipped with vandal-proofing mechanism).
 - › Cape Town-Bellville (Mutual): Signal rehabilitation – replace cables and install vandal-proof train detection system (about 10km of signal cable to be installed and vandal-proofed using high-strength concrete).
 - › Cape Town-Retreat (Athlone): Signal rehabilitation – replace six vandalised points machines to create more flexibility for train operations.

Core service choices: Phase 1 (2021-2022)

Telecoms maintenance:

- National projects.
- Restore 10 M and 5 M2A train driver simulator restoration system (R8 million) for training centres in all three regions.
- GSM-R network firewall interface for remote support for KwaZulu-Natal, Western Cape and Gauteng.
- Rehabilitate the fibred monitoring system (R1 million) to cover 70km from Johannesburg to Pretoria.
- Upgrade data logger firmware and recovery for traction controller unit in Gauteng.
- Gauteng
 - › Rehabilitate GSM-R systems at 37 sites, as and when required.
 - › Procure telecommunications materials as and when required.
 - › Procure telecoms tools and equipment.
 - › Rehabilitate aerial and underground fibre optical network, and optical transport network: Pretoria-Piensaarspoort, Leralla-Johannesburg, Johannesburg-Naledi.
 - › Rehabilitate PA systems and display boards for integrated communications system at 140 stations.
- KwaZulu-Natal
 - › Rehabilitate aerial and underground fibre optical network, and optical transport network: Reunion-Umlazi (10km), and Umgeni-KwaMashu (8km).
 - › Rehabilitate the PA systems and display boards for integrated communications system at Crossmoor, Bayview, Haven-side, Rosburgh and Reunion stations.
 - › Refurbish/Install telecontrol systems at substations in Ilfracombe, Park Rynie, Northdene, KwaMashu, Duffs Road and Umbilo.
- Western Cape
 - › Refurbish fibre optical network: Cape Town-Simon's Town (18km), Cape Town-Chris Hani (30km) and Cape Town-Strand (20km).
 - › Refurbish/Install PA system: Cape Town-Simon's Town (five stations), Cape Town-Chris Hani (25 stations), and Cape Town-Strand (15 stations).

Infrastructure modernisation: Perway (level crossings and footbridges)

- Complete planning for the construction of footbridges at Perseverance and Fort Jackson (Eastern Cape).
- Complete planning for the construction of footbridges at Umbilo, Congella and Renishaw (KwaZulu-Natal).
- Complete designs for the elimination of the level crossing at Berwyn Road in Durban South.
- Appointment of a turnkey contractor for the construction of temporary footbridges in Mamelodi (Gauteng).

Infrastructure modernisation: Platform rectification

- Commence construction at Atteridgeville Station (Gauteng).
- Appoint contractors for turnkey solutions at 21 stations in north Gauteng.
- Complete planning for 29 stations for a national programme.

Infrastructure modernisation: 120km/h programme

- Procure reviewer to ensure compliance with the International Federation of Consulting Engineers contracting method.
- Appoint turnkey contractor for the 120km/h programme.

Infrastructure modernisation: Electrical

- Complete substation designs (Nyanga, Langa, Paarden Eiland in Western Cape).
- Complete substation refurbishment designs (Booth, Northdene, Springfield in KwaZulu-Natal).
- Appoint turnkey service providers for the replacement of HSCBs nationally.
- Complete the project for the replacement of foundations, structures and small-part steel in north Gauteng.

Infrastructure modernisation: Signalling

- Gauteng: Finalise 26 interlockings.
- Western Cape: Finalise 20 interlockings – provided security, power supply in place and occupations granted.
- KwaZulu-Natal: Interim solution to rehabilitate current system (covered under Transnet projects).

Stabilise service choices: Phase 2 (2022-2023)

Rolling stock fleet renewal programme

- Deliver 51 new trains from factor.
- Complete supplier park.

Rolling stock accelerated rolling stock programme

- Allocate 60% of the external heavy maintenance capacity (≈ 240 coaches) to ad hoc/vandalised coaches.
- Allocate the remaining 40% capacity to coaches overdue for general overhaul maintenance (≈ 160 coaches).
- Defer the restoration of wrecks and damaged coaches to year three of the general overhaul contract.
- Implement/Roll out the plan.

Depot modernisation

- Complete Benrose (December 2022).
- Complete Wolmerton (December 2022).
- Key milestone: Phased completion for Salt River and Springfield – extend existing maintenance depot facilities and construct new facilities.

Perway maintenance:

- Rehabilitate track through on-track machines on a three-year contract.
- Procure perway material nationally: Sleepers and fastenings, turnouts, 57kg/m and 48kg/m rails, other rails and turnout components.
- Continue with projects started in 2021.
- Ensure that maintenance audits are reinstated and conducted annually.
- Ensure that all maintenance plans, processes and procedures are reviewed and updated.
- Adhere to annual maintenance schedule to reduce/eliminate backlog.
- Manage stock levels of material and components to support maintenance requirements.

Electrical maintenance

- Replace substation equipment or power supply equipment, as and when required.
- Continue with projects started in 2021.
- Ensure that maintenance audits are reinstated and conducted annually.
- Ensure that all maintenance plans, processes and procedures are reviewed and updated.
- Ensure that all processes and procedures are reviewed and updated.
- Adhere to annual maintenance schedule to reduce/eliminate backlog.
- Manage stock levels of material and components to support maintenance requirements.

Signalling maintenance

- Continue with projects started in 2021.
- Ensure that maintenance audits are reinstated and conducted annually.
- Ensure that all maintenance plans, processes and procedures are reviewed and updated.
- Ensure that all processes and procedures are reviewed and updated.
- Adhere to annual maintenance schedule to reduce/eliminate backlog.

Telecoms maintenance

- Upgrade data logger firmware and recovery for traction controller unit in KwaZulu-Natal and Western Cape.
- Implement a train collision avoidance system (R200 million).
- Continue with projects started in 2021.
- Ensure that maintenance audits are reinstated and conducted annually.
- Ensure that all maintenance plans, processes and procedures are reviewed and updated.
- Adhere to annual maintenance schedule to reduce/eliminate backlog.

Infrastructure modernisation: Perway (level crossings and footbridges)

- Construction of footbridges at Perseverance and Fort Jackson in Eastern Cape.
- Construction of footbridges at Umbilo, Congella and Renishaw in KwaZulu-Natal.
- Commence with construction for the elimination of the level crossing at Berwyn Road in Durban South.
- Construct temporary footbridges in Mamelodi (north Gauteng).

Infrastructure modernisation: Platform rectification

- Construction commencement for turnkey platform rectification:
 - › Bosman-Saulsville: Bosman Street, Barracks, Pretoria West, Rebecca, Elektro, Cor Delfos, Kalafong, Saulsville.
 - › Pretoria-Piensaarspoort: Pretoria Station, Loftus Versveldpark, Hartebeesspruit, Koedoespoort, Silverton, Eersterus, Waltloo, Denneboom, Eerste Fabrieke, Piensaarspoort.

Stabilise service choices: Phase 2 (2022-2023)

Infrastructure modernisation: 120km/h programme

Construction commencement

- (Phase 1A) Olifantsfontein-Irene.
- (Phase 1B) Kaalfontein grade separation.
- (Phase 2A) Germiston-Knights new (excluding Germiston and Knights stations).
- (Phase 2B) Olifantsfontein-Knights including Leralla line (excluding Leralla Station).
- (Phase 3) Germiston Station upgrade.
- (Phase 4) Irene-Pretoria.

Infrastructure modernisation: Electrical

- Install and commission for substations in Western Cape (Nyanga, Langa, Paarden Eiland).
- Appoint service providers for substation refurbishment programme in KwaZulu-Natal (Booth, Northdene, Springfield).
- Commence installation for the HSCB replacement programme.

Infrastructure modernisation: Signalling

- Central traffic control: Established for Gauteng and Western Cape
- Complete the fibre network for PRASA (Gauteng and Western Cape): Tender will be out by beginning of March 2021.
- Finalise Gauteng and Western Cape contracts.
- Roll out modern signalling programme in KwaZulu-Natal.

Sustain service choices: Phase 3 (2023-2026)

Rolling stock fleet renewal programme

- Deliver 62 new trains in 2024 and potentially 70 train sets per year thereafter, depending on PRASA requests and export opportunities.

Rolling stock accelerated rolling stock programme

- Allocate 60% of the external heavy maintenance capacity to general overhaul maintenance (≈ 360 coaches).
- Allocate 30% capacity to ad hoc/vandalised coaches (≈ 120 coaches).
- Remaining 10% of capacity to be allocated to wrecks and damaged coaches (≈ 40 coaches).
- Have fully-fledged, in-house maintenance skills capacity.

Depot modernisation

- Springfield and Durban yard completed by October 2023.
- Salt River completed by October 2023.
- Braamfontein completed by 2024.
- Gqeberha and East London completed by 2025.

Perway, electrical, signal and telecoms maintenance:

- Ensure succession within grades of all technical personnel is in place to support long-term maintenance requirements.

Infrastructure modernisation: Perway (level crossings and footbridges)

- Commission footbridges at Perseverance, Fort Jackson Umbilo, Congella, Renishaw and Mamelodi.
- Commission level crossing at Berwyn Road in Durban South

Infrastructure modernisation: Platform rectification

- Platform rectification continuation:
 - › Koedoespoort, Silverton, Eersterus, Waltloo, Denneboom, Bosman Street, Barracks, Pretoria West, Rebecca, Elektro, Cor Delfos, Kalafong, Saulsville.

Infrastructure modernisation: 120km/h programme

Complete the 120km/h programme:

- (Phase 1A) Olifantsfontein-Irene.
- (Phase 1B) Kaalfontein grade separation.
- (Phase 2A) Germiston-Knights new (excluding Germiston and Knights stations).
- (Phase 2B) Olifantsfontein-Knights including Leralla line (excluding Leralla Station).
- (Phase 3) Germiston Station upgrade.
- (Phase 4) Irene-Pretoria.

Sustain service choices: Phase 3 (2023-2026)

Infrastructure modernisation: Electrical

- Construction commencement for substation refurbishment programme in KwaZulu-Natal (Booth, Northdene, Springfield).
- Continue rollout plan for the national HSCB replacement programme.

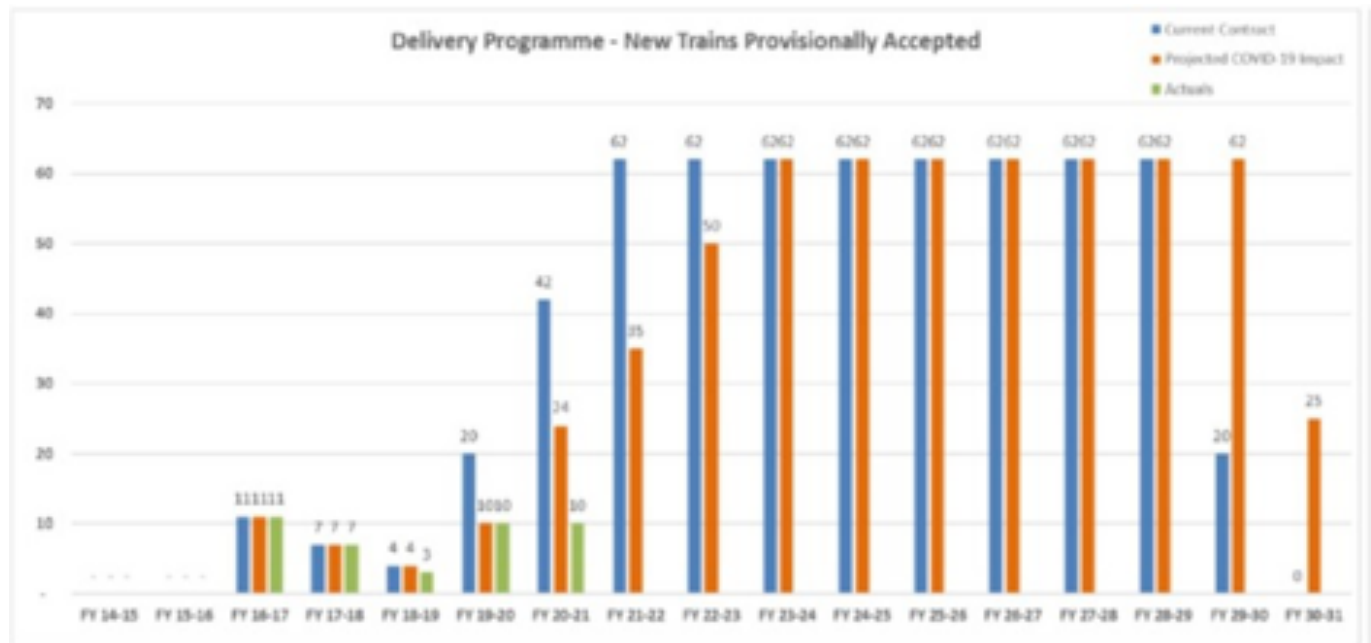
Infrastructure modernisation: Signalling

- Durban – Finalise signalling and telecoms design (complete fibre network and commission 20 interlockings):
 - › 2023: 3 interlockings.
 - › 2024: 6 interlockings.
 - › 2025: 11 interlockings.

7.7.2 Flagship modernisation projects

Rolling stock fleet renewal programme

The rolling stock fleet renewal programme entails PRASA procuring approximately 7 224 new items of rolling stock, with a projected investment of R123.5 billion over a 20-year period. New rolling stock is a critical component for the modernisation and growth of the current rail system. Gibela was appointed to supply 3 600 new Metrorail coaches over the 10-year period 2015-2025. The first 18 train sets (six coach sets) were manufactured in Brazil, with subsequent sets produced in South Africa at the local factory in Nigel, Gauteng. To date, 33 train sets from the local factory have been provisionally accepted by PRASA. The delivery schedule of the rolling stock fleet renewal programme, including the impact of COVID-19 on the delivery, is indicated below.



Depot modernisation

The depot modernisation programme is interlinked with the requirements from the rolling stock fleet renewal programme. The requirements for the depots are as follows:

Depot modernisation

The depot modernisation programme is interlinked with the requirements from the rolling stock fleet renewal programme. The requirements for the depots are as follows:

Region	Train allocations	Depot	Current capacities	Future capacities (depot end state)
North Gauteng	62*	Wolmerton	72**	131**
South Gauteng	202*	Braamfontein	114**	179**
		Benrose	52**	104**
KwaZulu-Natal	101*	Durban	114**	133**
Western Cape	197*	Salt River	42**	113**
		Paarden Eiland (PRASA)	30**	60**
		Paarden Eiland (Transnet Freight Rail)	–	52**
Eastern Cape	38*	Gqeberha and East London	TBC	TBC
Total	600 new six-car train sets*		424**	772**

* Depot facility agreement, April 2014.

** Staging master plan for the 2030 Metrorail fleet, December 2012.

EMU capacities to be delivered through the depot modernisation programme:

	2021/22				2022/23				2023/24			
	Train set capacity				Train set capacity				Train set capacity			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Wolmerton Phase 3	40			46				45				
Springfield/Durban	2											
		8										
				30			40				53	
Paarden Eiland	10			50				52				
Salt River					30							
							40					43
Depot modernisation programme depot capacity (cumulative)	52	60	60	186	216	216	296	393	393	393	446	489
Gibela contractual delivery	40					12	12	13	13	17	17	14
Gibela delivery (COVID-19 impact)	8	9	9	8	9							
Gibela delivery (programme cumulative)	48	57	66	74	83	95	107	120	133	150	167	181
Capacity utilisation (Gibela/depot modernisation programme)	92%	95%	110%	40%	38%	44%	36%	31%	34%	38%	37%	37%

Signalling modernisation

New long-term and medium-term projects to address Railway Safety Regulator directives for signalling modernisation:

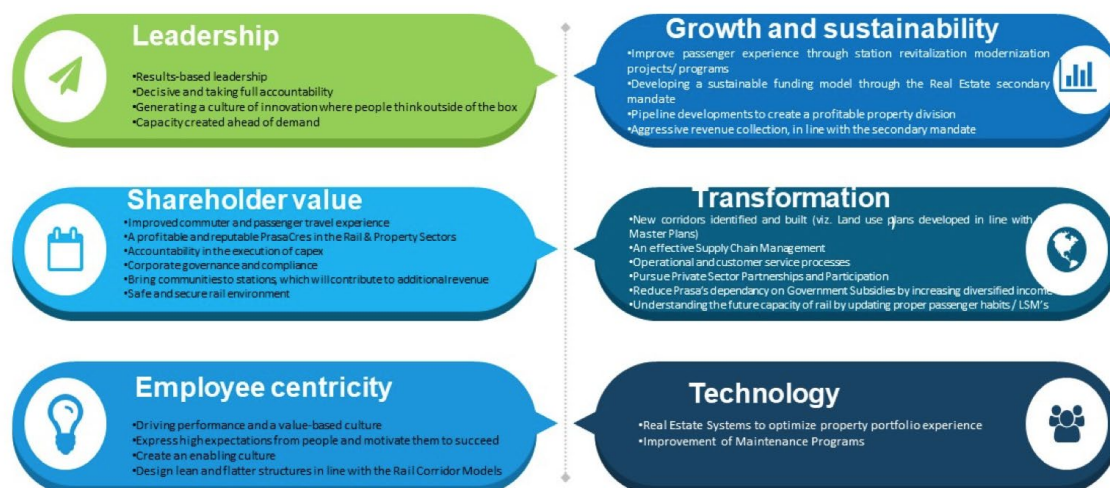
- Design and construct KwaZulu-Natal PRASA train control system (nine years including maintenance and defect liability).
- Design and construct Gauteng and Western Cape optical transmission network (three years).
- Supply and maintain national GSM-R operational portable handheld radios.
- Design and construct automatic train protection system for Gauteng and Western Cape PRASA train control (seven years including maintenance and defect liability).
- Design and construct national GSM-R redundancy network for digital radio communication (seven years including maintenance and defect liability).
- Design and construct national electronic authorisation system (four years to eliminate manual train authorisation).
- These projects are anticipated to be advertised by March 2021.

Pillar 8: Restructure and improve the performance of secondary mandate

Our strategy is focused on ensuring that the PRASA Group meets the requirements of its legislative mandate. One of the strategic focus areas is to increase income generated from the property portfolio by unlocking embedded value, thereby reducing dependence on subsidies from government.

Real estate

The response of real estate function to the eight pillars is reflected in its strategic objectives:



Intersite

One of the priorities provided by the Minister of Transport to the Board in December 2020 was to finalise the merger of the subsidiary Intersite and CRES.

The consolidation of Intersite, CRES and all property functions that reside within PRASA Technical into a single consolidated entity was approved by the Board of Control on 12 February 2020. The consolidation approved is a hybrid model, i.e. all assets are warehoused within a division (CRES), with a special purpose vehicle (Intersite) for the purpose of deal execution and asset management.

The main reasons for this choice are:

- Ease and simplicity of implementation.
- Realisation that a separate legal form can be used to raise debt while mitigating risk and exposure to the PRASA balance sheet.

In terms of the hybrid model, Intersite personnel will be transferred out of the entity and given the options of either being absorbed into CRES, any area within the group or severance. These options are presented to Intersite personnel and management to ensure strategic fit and alignment to the "new vision" of the consolidated entity, address duplications in roles and responsibilities, and provide options to ensure the best outcomes for employees and the organisation.

The day-to-day management of the special purpose vehicle will reside with CRES. It will be used exclusively for transactions related to revenue generation and secondary mandate opportunities. This will ensure that all risks associated with the transactions are ring-fenced and that it delivers value to shareholders. The special purpose vehicle will still have its own Board of Directors, as stipulated by the Companies Act (2008), however, the Board can comprise members from the PRASA Board of Control or senior management within CRES or PRASA Corporate.

The real estate function includes property upgrades and improvements, property development, station modernisation, property management and commercialisation, and facilities and energy management. In responding to the strategy, CRES and Intersite have embarked on various programmes:

- CRES embarked on a request for proposals for leasing, upgrading and commercialising 30 properties. 19 proposals were received and have been approved.
- Leases currently in process to be signed, combination of commercial (retail, hotel, industrial, etc); student accommodation; and social/affordable rental housing.
- Opportunities exist to improve the current rentals; and an analysis of the portfolio is under way.
- Various commercial projects as part of the national sta-

tion upgrade programme are in construction:

- › oMabopane Station retail.
- › oSaulsville Station retail.
- › oParade Concourse, Cape Town Station retail.
- › oIsipingo Station retail.
- Buy back of development leases: Bellstar Junction, Bellville.
- Development initiatives through Intersite (R1.8 billion).
- Planned national station upgrade commercial projects:
 - › oCape Town Station retail redevelopment.
 - › oCape Town student accommodation.
 - › oFirgrove retail.

Scope of CRES portfolio:



Definitions of real estate programmes

National station improvement programme – Minor station improvement programme that addresses functional aspects of the stations such as ticket offices, ablution facilities, shelters, benches and platform resurfacing.

National station upgrade programme – Major upgrades of the stations addressing structural capacity, access and retail interventions in and around the station precinct.

Workplace improvement programme – Improvement and upgrade of staff workplace facilities at campuses and depots.

Alternative building technology programme – Using repurposed containers and/or similar structures to provide ticketing offices, ablution facilities and services possibly as a permanent solution for PRASA to run the train service and provide good services.

Capital intervention programme – Accelerated repair, restoration and general maintenance of station facilities (stolen and or vandalised ablution facilities, lighting, electrical wires, plumbing, etc).

Modern stations, properties and facilities choices for the MTEF period

Core service choices: Phase 1 (2021-2022)

Delivered facilities management services in line with prioritised rail corridors.

Corridor densification programme executed.

Diversified income optimised:

- Commercialised assets.
- Advertising.
- Scrap.
- Renewable energy.
- Telecoms.

Real estate systems to optimise performance.

Agree on financial performance indicators to deliver secondary mandate and reduce dependency on subsidies.

Provide capital investment to Intersite.

Approve the consolidation of CRES and Intersite functions.

Develop long-term funding strategy, including necessary approvals.

Revitalise and modernise stations (alternative building technology programme, capital intervention programme, national station improvement programme, national station upgrade programme).

Deliver workplace improvement programme in line with internal customer demand.

Consolidate north and south Gauteng support functions.

Execute service-level agreements with internal and external customers.

Implement an integrated risk-management approach.

Establish a centralised credit management system to maximise cashflow optimisation.

Consolidate station modernisation programme under the real estate function (e.g. Greenview, Philippi, Oakmoor).

Identify levers that can enable an integrated urban development framework to achieve densification around passenger rail stations.

Professional service units to support real estate project management unit

- Source multidisciplinary nine-person team (registered and experienced architect, engineers, quantity surveyors) which will be fully available daily for three years.
- Available on demand, flexible allocation to any project without SCM procurement delays.
- All costs will be assigned and capitalised on projects.

Stabilise service choices: Phase 2 (2022-2023)

Stabilise project management capacity.

Corridor densification programme executed.

Private sector optimisation to take advantage of Intersite opportunities that require investment outside of PRASA's affordability.

Provide capital investment to Intersite.

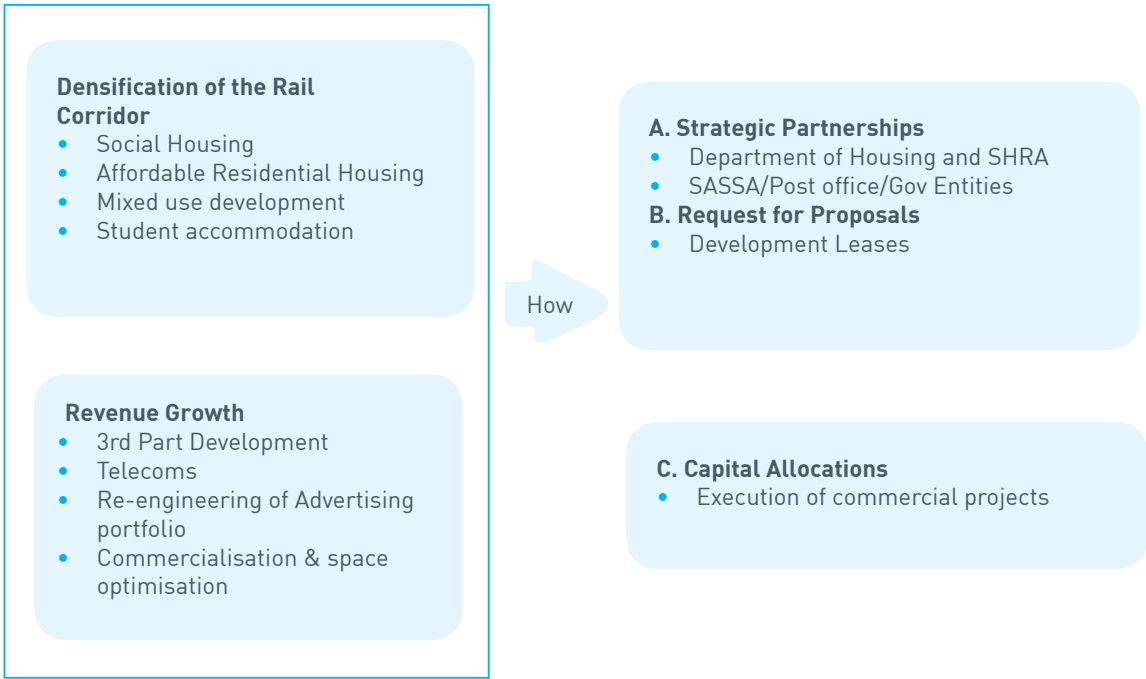
Sustain service choices: Phase 3 (2023-2026)

Land use management plans aligned with rail master plans.

- Support Department of Transport in developing rail master plans in line with provincial and municipal transport plans.
- Management plans signed off to inform acquisition strategy for parcels of land/servitudes.

Diversified income streams

Figure 7: Key focus areas for increasing commercial revenue though diversified income streams



Examples of precinct development through focus hub and precinct portfolios



Status of corridor densification strategies

Social housing developments

Site	Region and city	Development proposal	Number of units	Retail (m²)	Occupation date
Silverton vacant land	North Gauteng region (Pretoria)	Social housing	189	–	Nov 2023
Koedoespoort vacant land	North Gauteng region (Pretoria)	Affordable housing	508	–	Jun 2024
Villieria vacant land	North Gauteng region (Pretoria)	Social housing	896	–	Jan 2024
Woodstock Grey Street vacant land	Western Cape region (Cape Town)	Social housing	247	–	Feb 2024
Goodwood (Elsies River) vacant land	Western Cape region (Cape Town)	Social housing	848	–	Aug 2023
Leralla vacant land	South Gauteng region (Soweto)	Social housing	1 020	8 276	Oct 2024
Benoni Vacant land	South Gauteng region (Ekurhuleni)	Social housing	630	3 450	Aug 2024
Total			4 338	11 726	

Student accommodation and other residential developments

Site	Region and city	Development proposal	Number of units/ beds	Retail (m²)	Occupation date
Lab building, Hatfield conversion	North Gauteng region (Pretoria)	Residential apartments	338	–	Jan 2023
Tippet Building conversion	South Gauteng region (Johannesburg)	Affordable housing	262	–	Mar 2023
Metropark and Rotunda building conversion	South Gauteng region (Johannesburg)	Residential units and hotel with retail	210 units and 123 hotel rooms	1 896	Dec 2022
Woodstock Market vacant land	Western Cape region (Cape Town)	Residential	168	372	Jun 2023
Total			978	2 268	

Student accommodation					
Hercules vacant land	North Gauteng region (Pretoria)	Student accommodation	1 248	–	May 2024
Gqeberha conversion of building	Eastern Cape region (Gqeberha)	Student accommodation	196	–	Oct 2022
Lab building, Braamfontein conversion	South Gauteng region (Johannesburg)	Student accommodation	700	–	Jan 2022
Cape Town Station	Western Cape region (Cape Town)	Student accommodation	3 200	–	Jan 2024
Total			5 344	–	

Commercial developments

Site	Region and city	Development proposal	GLA (m²)	Occupation date
Koedoespoort vacant land	North Gauteng region (Pretoria)	Industrial units	4 614	Apr 2023
Salt River land and building	Western Cape region (Cape Town)	Industrial	6 421	Apr 2022
Springfield vacant land	KwaZulu-Natal (Durban)	Industrial	7 486	Oct 2022
Total industrial			18 521	
Firgrove vacant land	Western Cape region (Cape Town)	Retail	12 095	Oct 2023
Cape Town Station redevelopment of existing retail	Western Cape region (Cape Town)	Retail	7 000	Nov 2023
Total			19 095	

Progress on density planning approvals at municipalities

Development Category	Projects	Construction Timelines	Key Enablers	Densification Required? (i.e. increase number of dwelling units/hectare)
New Mixed Use (Social Housing/Res, Student Acc, Retail, Hotel)	*Cape Town Station	2021	Planning Approvals	Yes
	Metropark/Rotunda	2022		Already Densified
	Leralla	2023	Conclusion of Long-term leases	Yes
	Benoni	2023		Yes
	*Firgrove Phase 2	2023	*Blended Finance	Yes
	Woodstock Market Street	2023		Yes
Retail Projects underway	Isipingo	2021	Capital allocation	N/A
	Firgrove Phase 1	2021		
	Parade Concourse (CTS)	2021	Planning Approvals	
	Mabopane Station retail	2021		
	Saulsville Station	2021		
New and Existing Social Housing Projects	Goodwood Station	2021	Planning and environmental approvals	Yes (Approved)
	Villieria	2024		Yes
	Heideveld	2023	Tap into existing relationships (MoU)	Yes (Approved)
	Retreat	2023		Yes (Approved)
	Goodwood site 2	2024	Developers to obtain Grant Funding/Equity Grant funding SHRA	Yes
	Woodstock Grey	2024		Yes
	Silverton	2024		Yes
	Naledi	2024		Yes
Residential (Apartment)	Tippet Building	2023	Planning Approvals	No
	South Station Building	2023		No
	Hatfield Lab building	2023		Yes
	Diepriver Station	2022		Yes
	Koedoespoort	2023		Yes
Industrial	Saltriver	2022	Planning approvals	No
	Springfield	2022	Capital allocation	No
	Koedoespoort Industrial	2023		No
	Umgeni			N/A

Support to other government priorities

Addressing gender-based violence

PRASA is committed to protecting our employees, passengers and all recipients of our services from gender-based violence and femicide (GBVF) while on our premises. This will be done through an intensive programme for GBVF, which we have recognised as something that profoundly affects employees' physical and mental health and wellbeing, leading to stress, anxiety, and loss of self-esteem and motivation.

GBVF programme initiatives (2021/22):

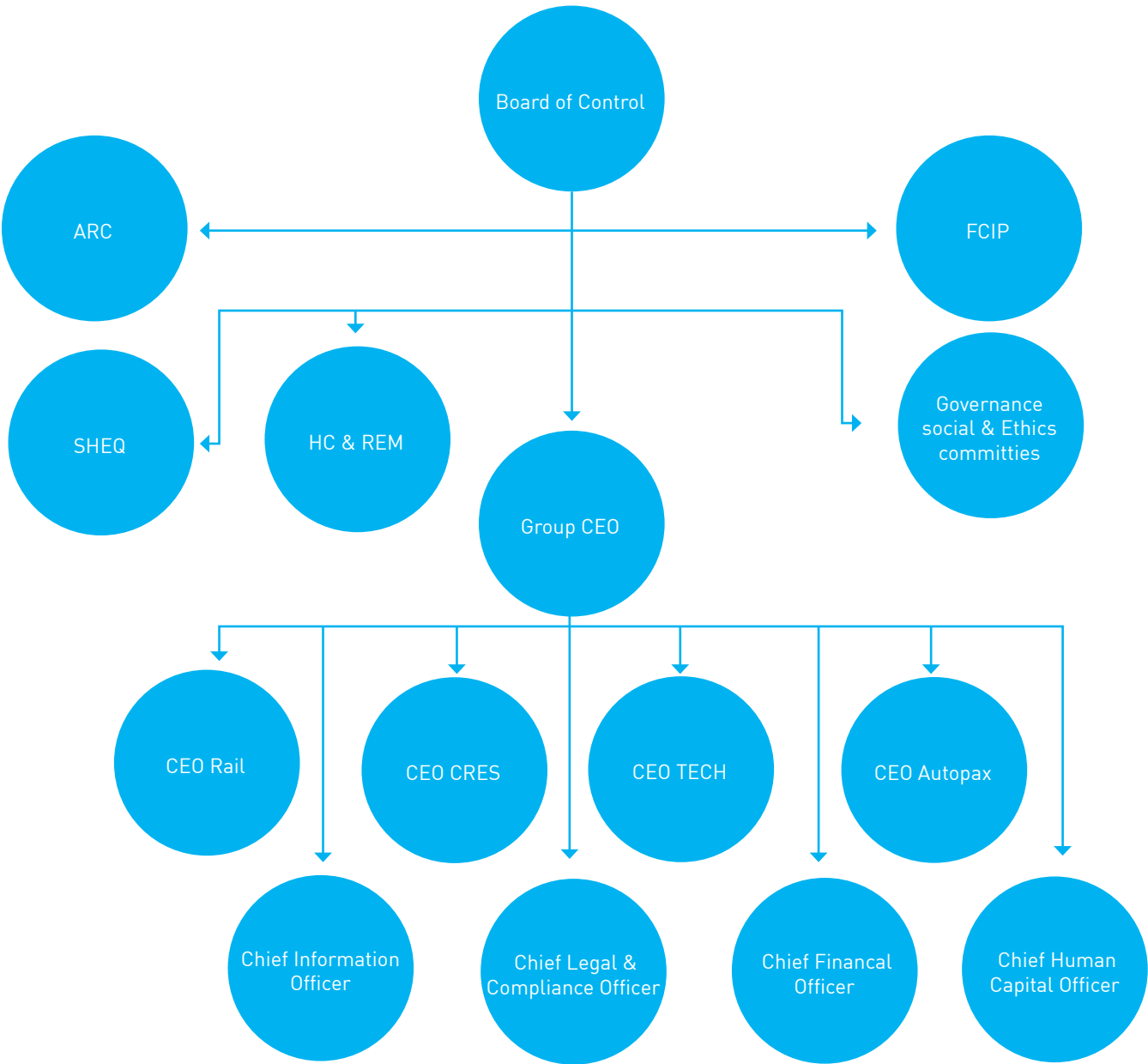
	Initiative	Target audience	Action	Frequency
1	GBVF steering committee	All commuters and employees	Establish steering committee to drive the GBVF programme	Monthly meetings
2	GBVF strategy/ policy/ procedure	All commuters and employees	Develop a GBVF strategy/ policy/ procedure/	Annual review
3	Dedicated toll-free number/ email address	All commuters and employees	Introduce a dedicated telephone number/ email address to report all GBVF incidents on PRASA premises	Monthly review
4	Campaign on education and awareness to prevent and condemn GBVF	All commuters and employees	A proposal for 365-day campaign to be developed through emails, posters and flyers, billboards, TV, radio, social media, webinars, etc	Monthly
5	Violence-free public rail transport spaces for women and children	All commuters	Increase visibility and availability of peace officers and police on PRASA trains and at stations through security deployment plan in relation to GBVF	Monthly
6	Dedicated women and children coaches	All female commuters	Engage internal stakeholders to investigate the viability of dedicated women and children coaches	Daily
7	Increase GBVF safety initiatives on all PRASA premises	All commuters and employees	Link to upgrading programme of camera surveillance equipment	Annually
8	Women, youth and people with disabilities equipped with employable skills	All female employees, eligible women and youth in the community who meet the criteria	Development of a proposal for learnerships/ internships/ scholarships and placing advertisements for such on various social media platforms	Annually or biannually, depending on the type and duration of programme offered
9	Women in Rail empowerment and development programme	All female employees	Resuscitate the Women in Rail programme through a pilot project	Annually or biannually, depending on the type and duration of programme offered
10	Essential psychosocial support; and developing norms and standards for substance abuse, and violence against women and children	All employees and their immediate family members	Through the employee wellness programme service provider: Face-to-face and group sessions (post COVID-19 pandemic) Emails, Zoom and other available electronic channels (during COVID-19 pandemic)	As and when required, depending on participant availability and needs
11	Telephonic counselling/ support for GBVF	All employees and immediate family members	Finalise employee wellness programme service provider procurement process and appoint a service provider	Always

Job creation

Support for job creation is mainly provided through modernisation programmes and projects. As at the end of the third quarter of 2020/21, jobs in the signalling upgrade programme amounted to 1 691. As PRASA is in the process of awarding contracts, new baselines need to be established for the MTEF period. Contracts in the award process with the potential to create jobs are related to general overhauls, depot modernisation, station revitalisation and modernisation, and walling projects. As part of the implementation of the contracts, reporting on job creation per the targeted groups based on gender, youth and people with disabilities will be obtained from the contractors and suppliers. This will be aligned with government's employment and job creation objectives and coordinated with other government agencies.

By the end of 2020, PRASA had employed 2 133 new protection services staff with the intention to employ a further 1 000, in line with the security strategy. This will reflect in the employment equity reports provided on a quarterly basis to the shareholder.

Governance structure



1. Audit and Risk Committee (ARC)
2. Safety, health, Environment and Quality Assurance Committee (SHEQ)
3. Finance, Capital, Investment and Procurement Committee (FCIP)
4. Human Capital and Remuneration Committee (HR&REMC)
5. Governance and social & ethics Committee

Financial plans

Consolidated statement of financial performance

PRASA GROUP	2022	2023	2024
Statement of Financial Statements	R000	R000	R000
Rental income	810 171	899 905	999 708
Fare Revenue	1 153 743	1 924 044	2 301 815
Government subsidy	6 923 253	7 240 066	7 515 518
Other income	113 705	126 229	131 146
Insurance recoveries	30 000	30 000	30 000
Total Revenue	9 030 872	10 220 244	10 978 187
Personnel costs	6 573 116	6 956 600	7 341 495
Training	157 960	156 137	156 441
Material	268 214	334 625	350 266
Energy	854 087	936 948	983 182
Municipality costs	509 080	551 567	597 049
Leases	420 194	437 649	454 316
Maintenance	818 099	883 639	915 039
Communication	91 705	95 986	100 361
Insurance claims/Self-insurance	300 651	315 683	329 889
Insurance premiums	316 965	348 348	382 856
Audit fees:External	33 532	35 188	36 926
Audit fees:Internal	33 088	34 676	36 202
Professional services	365 882	270 903	263 741
TCO	110 028	114 495	118 877
Legal fees	46 756	47 939	50 048
Security services	1 014 558	275 375	287 660
Health & Risk	337 643	358 526	374 205
Travel & Accommodation: Other	12 457	12 946	13 518
Travel & Accommodation: Staff	30 966	32 283	33 575
Auxiliary transport	51 257	49 728	52 007
Bank charges, penalties & levies	9 646	10 095	10 531
Office expenditure	5 095	5 427	5 754
Publication & Marketing	158 355	163 647	176 684
Printing costs	14	15	16
Haulage costs	122 010	127 867	133 493
Computer costs	304 618	318 989	333 034
Management Fees	89 108	92 373	96 522
Other Operating costs	116 602	120 560	126 322

PRASA GROUP	2022	2023	2024
Statement of Financial Statements	R000	R000	R000
Total Operating expenditure	13 151 688	13 088 217	13 760 014
OPERATING SURPLUS OR (SHORTFALL) BEFORE INTEREST	(4 120 816)	(2 867 973)	(2 781 827)
Finance income	661 614	353 865	220 000
OPERATING SURPLUS OR (SHORTFALL) BEFORE DEPRECIATION	(3 459 202)	(2 514 108)	(2 561 827)
Capital subsidy & grants amortisation	6 480 761	10 821 908	13 003 019
Depreciation	(3 027 314)	(3 718 629)	(4 436 820)
Loss/Profit on disposal of assets	(383 033)	(383 407)	(383 767)
Impairment losses/gain	(71 337)	(71 337)	(71 337)
OPERATING SURPLUS OR (SHORTFALL)	(460 124)	4 134 428	5 549 268

Consolidated statement of cash flow

FINANCIAL STATEMENT	2021 MTEF		
	2022	2023	2024
Cash Flow Statement			
R'000			
Operating Cash Flow			
Net Earnings	(484,235)	4,108,215	5,521,673
Depreciation & Amortization	(2,999,078)	(6,648,536)	(8,111,095)
Interest Income	(661,614)	(353,865)	(220,000)
Other Non Cash Items	(90,773)	(95,174)	(99,456)
Changes in Working Capital (mainly increase in creditors)	1,923,654	11,615,688	15,764,526
Cash from Operations	(2,312,045)	8,626,328	12,855,648
Interest Income	661,614	353,865	220,000
Net cash used from operating activities	(1,650,432)	8,980,194	13,075,648
Investing Cash Flow			
Acquisition of PPE	(17,568,609)	(24,847,644)	(24,124,597)
Acquisition of Intangible assets	(287,000)	(940,000)	(996,000)
Acquisition of investment Property	(637,462)	(825,258)	(891,360)
Cash from Investing	(18,493,070)	(26,612,903)	(26,011,957)
Capital Subsidy and Grants Received	9,746,209	12,618,475	12,936,309
Cash from Financing	9,746,209	12,618,475	12,936,309
Net Increase (decrease) in Cash	(10,397,293)	(5,014,234)	(0)
Opening Cash Balance	15,411,527	5,014,234	0
Closing Cash Balance	5,014,234	0	(0)

Consolidated statement of financial position

FINANCIAL STATEMENT	2021 MTEF		
	2022	2023	2024
Statement of Financial Performance			
R'000			
Assets			
Cash	5,014,234	0	[0]
Accounts Receivable	1,605,563	1,355,932	1,169,612
Inventory	552,933	466,266	442,953
Prepayment for Capital Expenditure	1,053,535	1,221,143	1,484,527
Property & Equipment	59,442,238	80,257,053	99,654,467
Prepayment for Capital Expenditure	11,164,054	9,942,910	8,458,383
Investment Property	5,545,769	6,371,027	7,262,387
Intangible Assets	471,772	1,271,229	2,102,448
Operating Lease Receivable	1,966,668	1,868,334	1,774,917
Total Assets	86,816,765	102,753,894	122,349,735
Liabilities			
Account Payable	7,466,840	21,527,675	39,782,167
Provision for Claims	416,382	437,201	459,061
Employee Benefit Obligations	979	1,028	1,079
Provision for Claims	1,852,064	1,944,668	2,041,901
Employee Benefit Obligations	6,705	7,041	7,393
Operating Lease Deferred Income	1,423,685	1,494,869	1,614,458
Capital Subsidy and Grants	50,969,963	48,553,052	44,133,641
Total Liabilities	62,136,619	73,965,534	88,039,701
Shareholder's Equity			
Equity Capital	4,248,258	4,248,258	4,248,258
Retained Earning	20,431,888	24,540,103	30,061,776
Shareholder's Equity	24,680,146	28,788,361	34,310,034
Total Liabilities & Shareholder's Equity	86,816,765	102,753,894	122,349,735

Planned capital investment

During the capital budgeting process for the MTEF period, the enterprise programme management office received 962 capital-funding projects, including 6 new projects from asset protection and 1 from ICT. The projects were mainly from CRES (629 projects), Technical and Rail engineering services (308 projects), signalling and telecommunications (7 projects), rolling stock fleet renewal programme (1 project), ICT (5 projects), security or asset protection (7 projects) and Intersite (5 commercially oriented business cases).

A detailed prioritisation assessment is undertaken regarding funding requests received and, in general, the following key areas were assessed:

- Alignment of each business case with the prescribed capital budgeting guidelines.
- Likely financial impact of the proposed programme/project, capex and operational.
- Return on investment and/or socioeconomic dividend.
- Associated risk assessments and proposed mitigation measures.
- Implementation readiness of each programme/project.
- Strategic intent aligned with approved corporate plan.

The capital programme is structured to give effect to PRASA's strategic direction by selecting projects that are critical to the recovery of the commuter and passenger rail system and to bridge the gap between strategy formulation and execution, with a focus on skills development and collaboration with other entities such as Transnet. The capital programme is based on:

- Recovering and restoring Metrorail, focusing on the top-10 critical and core corridors.
- Accelerating the modernisation programme by driving the depot modernisation programme.
- Rebuilding and upgrading train stations and to fence and/or wall the rail corridors that will be critical contributors to Metrorail's recovery.
- Projects and programmes aligned with the priority corridors for the deployment of new trains mainly related to infrastructure such as signalling, electrical, platforms and perway.

Crafting PRASA's response to the approved capital allocation from the Department of Transport, the evaluation process continues to prioritise projects/programmes aligned with the following simplified business priorities (without necessarily excluding PRASA's main strategic objectives) and facilitate the requisite business growth over the period ahead:

- Supporting urgent priorities that achieve the modernisation of rail system performance such as the rolling stock fleet renewal programme, station and depot modernisation, and signalling and telecommunications.
- Initiatives to immediately improve customer experience, which include the rehabilitation of infrastructure such as drainage projects, the national station improvement programme, the capital intervention programme, perway, security systems, electrical, ICT.
- Projects and programmes to improve rail system performance. These include network rail extensions, fencing, the national station upgrade programme and upgrade work in large stations such as Park and Mabopane.
- Exploit assets to generate additional revenue.

- Ensure rail safety and security.
- Projects and programmes already committed from previous financial years for finalisation.
- Projects and programmes demonstrating readiness to spend particularly on the priority corridors for the deployment of the new train service.

Budget framework

PRASA Group's total capital baseline amounts to about R35.3 billion over the MTEF period, as shown in Table 1. The capital budget allocation from the Department of Transport reflects a baseline reduction of R17.3 billion over the MTEF period. However, allocations to earmarked programmes have increased substantially, with significant increases to the rolling stock fleet renewal programme and signalling, from no allocations to R4.83 billion and R 1.97 billion, respectively. Additional funding has been approved for new or other capital projects in the capital programme, which increases from R395 million to R1.43 billion in 2021/22.

Capital expenditure is expected to amount to R35.3 billion over the MTEF period (R9.7 billion in 2021/22, R12.6 billion in 2022/23 and R12.9 billion in 2023/24). The R9.7 billion allocation in 2020/21 basically caters for earmarked funds, which are:

- Rolling stock fleet renewal programme (specific and exclusive).
- Signalling and telecommunications.
- General overhaul of Metrorail coaches.
- General overhaul (refurbishment) of mainline coaches.
- The general overhaul programme has been boosted by R1.2 billion, from R201 million to R1.4 billion, due to the delay in awarding contracts since 2019.

Budget framework over the MTEF period

Budget Framework		2020/21	2021/22	2022/23	2023/24	Total
R thousands		Main Budget	Medium-Term Expenditure			MTEF
2020 MTEF Baseline (after reductions)		700,909	9,746,208	12,618,476	12,936,309	35,300,993
2020 MTEF Baseline (before reductions)		15,804,860	16,685,383	17,519,652	18,395,635	52,600,670
Capital Baseline Reduction		-6,910,770	-4,628,845	-335,530	-163,080	-5,127,455
Other PRASA Capital		395,172	1,439,864	1,707,516	1,769,442	4,916,822
Year-on-year increase			1290.5%	29.5%	2.5%	
*Earmarked Funds		305,737	8,306,344	10,910,960	11,166,867	30,384,171
New Rolling Stock (*Specific and Exclusive)		0	4,830,522	6,801,794	6,908,676	18,540,992
Signalling		0	1,965,689	2,323,866	2,408,144	6,697,699
General Overhaul of Metrorail Coaches		200,762	1,354,535	1,601,351	1,659,427	4,615,313
General Overhaul of Mainline Coaches (Refurbishment)		104,975	155,598	183,949	190,620	530,167
Commitments						
Projected commitments into the 2020/21		26,351,269	0	0	0	0
Available budget		700,909	9,746,208	12,618,476	12,936,309	35,300,993

The 2020/21 reduced Capital Baseline R 6.4 billion. A further R 2.3 reduction on RSFRP decreased Capital Baseline to R 4.1 billion on 25.05.2020.

16-11-2020 – 1.36 billion RSFRP and 1.33 billion from Signalling, leaving these programmes with no budget for 2020/21 financial year. A further R 713 million is deducted from R 914 million earmarked for Metrorail General Overhaul in the same period.

The total budget allocation for earmarked funds since 2013/14 amounts to R48.7 billion. These programmes are the rolling stock fleet renewal programme (R27 billion), signalling and telecommunications (R11 billion), general overhaul of Metrorail coaches (R8.8 billion) and the refurbishment of MLPS coaches (R1.7 billion).

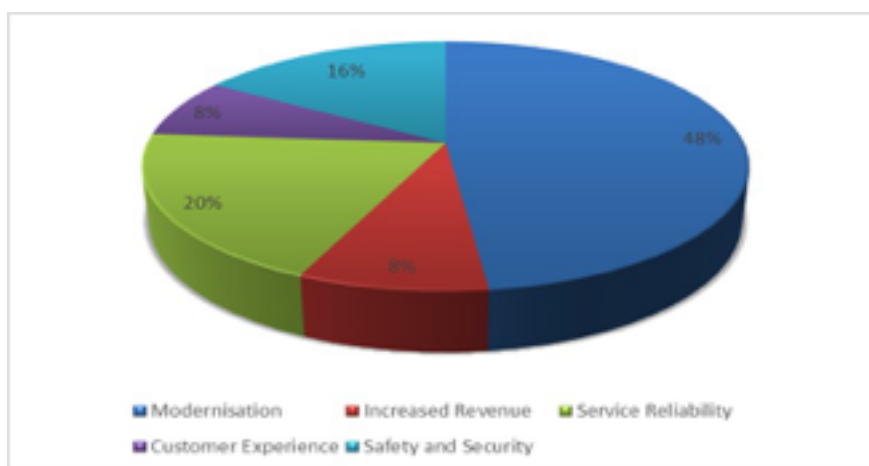
	Rolling stock fleet renewal programme	Signalling and telecoms	Metrorail general overhaul	MLPS refurbishment
Year	Rm	Rm	Rm	Rm
2013/14	0	814	2 109.97	681.52
2014/15	5 447.95	854.78	1 000.22	100
2015/16	2 560.51	1 875.97	1 267.47	217.33
2016/17	4 170.27	1 844.18	1 283.52	103.75
2017/18	4 420.48	1 912.84	1 360.53	151.42
2018/19	4 676.87	2 023.77	1 409.46	160.20
2019/20	5 823.27	1 789.11	180.00	169.17
2020/21	0	0	200.76	104.98
Total	27 099.34	11 114.66	8 811.94	1 688.35

The projected bank balance and committed reserves for the capital programme in 2021/22 is R19.3 billion. The capital budget deficit for 2021/22 will be funded from the R19.3 billion brought forward from 2020/21.

Amount in R Million	Rolling Stock Fleet Renewal	Signalling Earmarked	Metrorail General Overhaul Earmarked	MLPS General Overhaul Earmarked	Other Capital Projects	Total
Description						
Included in March 2020 bank balance	11,831.79	3,702.97	-	-	5,412.79	20,947.55
Project 2020/21 Spending to 31 March 2021 as of November 2020 (incl. R5.4 billion Gibela Advance payment)	8,337.40	1,047.92	91.74	45.20	2,569.35	12,091.60
2020/21 Project capital receipts	-	-	200.76	104.98	395.17	700.91
Projected Balance as at 31 March 2021	3,494.38	2,655.06	109.03	59.78	3,238.62	9,556.86
2021/22 Allocation	4,830.52	1,965.69	1,354.54	155.60	1,439.86	9,746.21
2022/23 Allocation	6,801.79	2,323.87	1,601.35	183.95	1,707.52	12,618.48
2023/24 Allocation	6,908.68	2,408.14	1,659.43	190.62	1,769.44	12,936.31
2021 MTEF Projected available cash	22,035.38	9,352.75	4,724.34	589.94	8,155.44	44,857.85
Available for 2021/22	8,324.91	4,620.74	1,463.56	215.37	4,678.48	19,303.07
2021/22 Budget	4,830.52	1,965.69	1,354.54	155.60	10,186.73	9,746.21
2022/23 Budget	6,801.79	2,323.87	1,601.35	183.95	15,701.94	26,612.90
2023/24 Budget	6,908.68	2,408.14	1,659.43	190.62	14,840.09	26,006.96
2021/22 cumulative Projected (Over)/Under spend	3,494.38	2,655.06	109.03	59.78	(5,508.24)	810.00
2022/23 Cumulative Projected (Over)/Under spend	3,494.38	2,655.06	109.03	59.78	(19,502.67)	(13,184.43)
2023/24 Cumulative Projected (Over)/Under spend	3,494.38	2,655.06	109.03	59.78	(32,573.32)	(26,255.08)

Business drivers and benefit analysis

Over the MTEF period, the largest capital share relates to the modernisation objectives of rail through programmes such as new rolling stock, signalling and telecommunications, station modernisation, 120km/h perway, and depot modernisation. This is followed by programmes aimed at improving service reliability, which include the capital intervention programme to sustain current operations, the refurbishment of infrastructure focusing on electrical works, rail tracks, signalling, and drainage projects. Programmes that are aimed at improving safety and security include level crossings, platform rectification and initiatives such as asset protection and fencing. Increased revenue is achieved through programmes such as national station upgrade, national station improvement, and Park Station projects.



Capital budget for the MTEF period

The capital budget over the next three years is reflected in Table 2. The allocations are aligned with business priorities to improve services.

Planned spending on the rolling stock fleet renewal programme is largest cost driver, increasing steadily over the 10-year period ahead. Other main cost drivers include investment in the accelerated rolling stock programme for old train sets, signalling, and improvements to stations and other related infrastructure. The capital budget is aligned with deliverables of the ministerial mandate, which encompass service recovery or reinstatement, safety and security management, accelerating capital programmes and modernisation and enhancing revenue. This while reducing costs and adopting measures to ensure good governance.

Other critical deliverables include but are not limited to: corridor protection, high-tech security deployment, recovery of verified components, rolling stock components at depots, the electrical rehabilitation programme, on-track machines, perway rehabilitation programmes, and general security measures that are key to service recovery and reinstatement.

The prioritisation framework continues to support key programmes, which include: depot modernisation, station upgrades, signalling and telecommunications, 120km/h perway, electrical capacity in substations, overhead lines, station improvements, accelerated rolling stock, security projects including fencing, ICT and other related infrastructure.

Table 2: Capital programme for the MTEF period

Capital Programme (Rm)	2021/22	2022/23	2023/24	Total MTEF
PRASA Corporate	9 042,229	10 621,639	10 903,078	30 566,946
Rolling Stock Fleet Renewal Programme* (Specific and Exclusive)	4 830,522	6 801,794	6 908,676	18 540,992
Signalling and Telecommunications Programme*	1 965,689	2 323,865	2 408,144	6 697,698
Information and Communications Technology (ICT) Systems	600,130	242,480	149,008	991,618
Enterprise Resource Planning (ERP)	71,000	179,000	0,000	250,000
Automatic Ticketing System Programme	60,000	500,000	800,000	1 360,000
Railbound Programme (Rail Ops Management Solutions)	156,000	261,000	196,000	613,000
Asset Protection: Group Security Projects)	574,750	313,500	441,250	1 329,500
Vehicle Fleet Replacement Programme	784,138	0,000	0,000	784,138
PRASA Technical (Engineering Services)	3 001,343	3 424,663	3 266,128	9 692,134
Capital Intervention Programme	1 792,600	1 906,250	1 500,750	5 199,600
Depots Machinery and Equipments	62,410	57,150	61,150	180,710
Rolling Stock Adhoc Condition Work	150,000	150,000	150,000	450,000
Rolling Stock Components	387,333	387,333	387,333	1 161,999
Ontrack rehabilitation programme: Machines	10,000	283,000	481,100	774,100
Fencing Programme (Stations and Corridors)	599,000	640,930	685,795	1 925,725
PRASA Technical	4 772,018	10 396,801	9 513,135	24 686,954
General Overhaul of Metrorail Coaches*	1 354,535	1 601,351	1 659,427	4 615,313
Refurbishment of Smeyl Coaches*	155,599	183,949	190,620	530,168
Depots Modernization Programme: Hig-tech Fencing and Security	32,984	2,250	0,000	35,234
Bus Depot	0,090	0,000	0,000	0,090
Depots Upgrade Programme (9 Depots)	2 168,275	3 966,543	3 623,447	9 758,266
Station Modernization Programme (27 stations)	43,000	30,000	42,000	115,000
Electrical Programme: Substations	71,731	64,009	46,279	182,020
Electrical Programme: National Overhead Equipment & Transmission lines	19,401	12,671	23,302	55,373
Footbridges and Structures	101,520	92,280	57,000	250,800
Level Crossings	52,391	5,000	0,000	57,391
120km/h Perway Programme: Trackline Doubling and Infra Upgrade	50,000	200,000	500,000	750,000
120km/h Perway Programme: Trackwork & Platform Rectification	174,545	1 865,404	1 274,856	3 314,806
Locomotives	324,947	1 676,343	1 946,204	3 947,494
Green View - Pienaarspoort Corridor (Mega Project)	70,000	100,000	150,000	320,000
Motherwell Rail Extension	148,000	592,000	0,000	740,000
Other: Office Furniture and Equipment	5,000	5,000	5,000	15,000

Capital Programme (Rm)	2021/22	2022/23	2023/24	Total MTEF
Property Portfolio (CRES)	1 445,080	2 046,700	2 144,616	5 636,396
National Station Improvement Programme (NSIP) - incl., CIP & NRIP	386,669	313,102	297,282	997,053
National Station Upgrade Programme (NSUP)	249,845	460,668	514,041	1 224,553
Park Station Upgrade	52,487	446,411	610,506	1 109,405
Mabopane Station Upgrade	250,828	244,007	88,209	583,044
Workplace Improvement Programme, (incl depots facilities)	298,450	445,772	447,755	1 191,977
Real Estate Asset Management (REAM)	101,747	11,740	12,644	126,131
Energy Renewable Programme	105,055	125,000	174,178	404,233
Intersite Investments	232,400	123,100	180,000	535,500
Umlazi station development	9,900	23,100	0,000	33,000
Umngeni Décor and lifestyle business park	97,600	0,000	0,000	97,600
Cape Town Station Mixed Use Development	40,000	100,000	180,000	320,000
Commercial Fibre Network Extension (WC)	33,300	0,000	0,000	33,300
Commercial Fibre Network Extension (KZN)	51,600	0,000	0,000	51,600
Total	18 493,070	26 612,903	26 006,957	71 117,930
2021 MTEF Allocation	9 746,209	12 618,475	12 936,309	35 300,993
Reserves to Fund the Shortfall in the 2021/22, Fiscus to Fund outer years	-8 746,861	-13 994,428	-13 070,648	-35 816,937
Year-on-year growth/decline in MTEF Allocations	96,2%	22,8%	2,5%	

Risk management plan

The risk management function has been practically non-existent over the past few years. In 2020/21, the Board approved a risk management strategy, which sets out focus areas to rebuild the enterprise risk management function and position it as a business enabler.

Enterprise risk management covers the following functional areas:

- Enterprise risk.
- Business continuity management.
- Fraud and corruption prevention plan.
- Safety, health, environment and quality.
- Safety, health and environment is being moved to the Office of the Nominated Manager or Operational Safety as part of developing an integrated safety management system within PRASA.

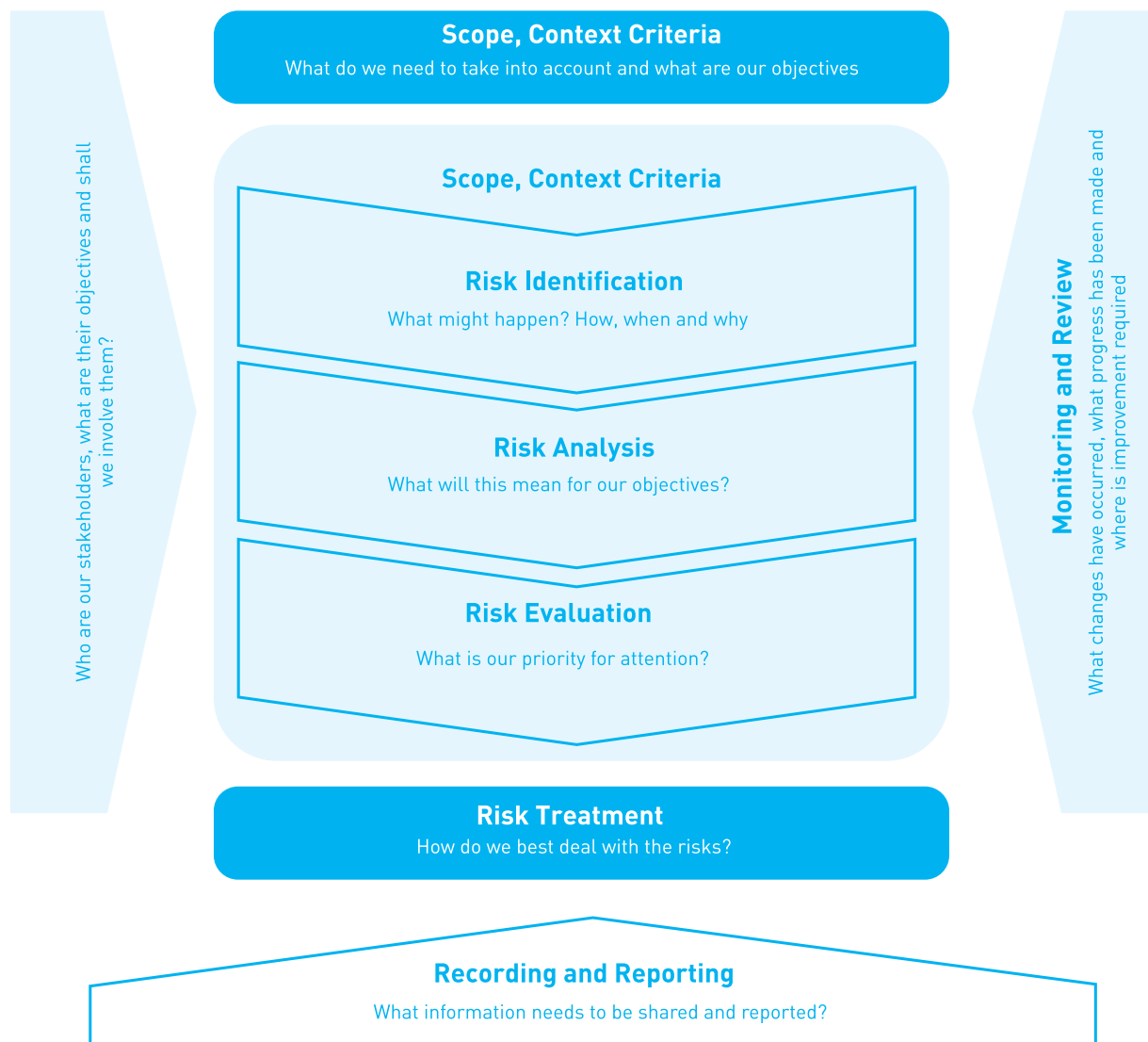
Risk management objectives

The rebuilding and implementation of enterprise risk management should afford PRASA to think strategically about the risks to strategic decisions on an ongoing basis, and be confident in its ability to manage uncertain events. Accordingly, PRASA's risk management objectives are to:

- Enable the business through embedding risk management in decision-making.
- Strengthen governance by inculcating an appropriate risk culture (maintaining a balance between conformance and performance).
- Strengthen the organisational resilience by ensuring that business/operational continuity and disaster management plans are an essential part of organisational planning and development.
- Support key projects by undertaking risk assessment.
- Enhance operational efficiencies and effective through the implementation of a quality management system.
- Facilitate the addressing of all the qualifications and significant findings by the Auditor-General.

Approach to risk management

PRASA has adopted an enterprise-wide risk management approach, which requires that all risks and opportunities that could affect the organisation in achieving its objectives are considered in a structured and systematic risk management process that aligns strategy, risk and performance. This enterprise-wide approach is underpinned by the risk management process below:



The application of this process is triggered by the following events:

- Cyclical event (e.g. quarterly or annual reviews).
- Significant changes that are either internal (e.g. strategy formulation or major organisational change) or external (changes in the operating environment).
- Project conceptualisation and implementation.
- Regulatory requirement (e.g. operational risk registers in support of the annual safety improvement plan submission to the Rail Safety Regulator).

Risks and mitigations

Risk description	Mitigations
Financial sustainability and working capital constraints	<ul style="list-style-type: none"> Finalise the funding model. Address revenue leakages. Implement cost-containment and revenue enhancement initiatives.
Loss or suspension of operating permit	<ul style="list-style-type: none"> Maintain an integrated safety management system. Address the state of infrastructure. Develop an effective security plan.
Skills and capacity to deliver on the mandate	<ul style="list-style-type: none"> Finalise and implement operating model. Undertake skills audit and address skills gap(s). Outsource to other state-owned entities and third-party service providers.
Encroachment into the rail infrastructure and rail reserves	<ul style="list-style-type: none"> Implement and maintain responsive stakeholder management plan.
Theft, vandalism and destruction of infrastructure	<ul style="list-style-type: none"> Implement effective security plan. Rehabilitate and modernise infrastructure. Implement walling project.
Noncompliance with the prescripts of the Public Finance Management Act (1999) and National Treasury Regulations	Maintain an effective compliance management programme.
Litigation	<ul style="list-style-type: none"> Implement focused legal strategy to address contingent liabilities and related matters.
Ineffective asset management	<ul style="list-style-type: none"> Implement and embed the asset management life cycle principles. Assign accountability and responsibility for asset management at appropriate levels. Implement appropriate asset management system/tool.
Going concern status of Autopax	<ul style="list-style-type: none"> Conclude on whether to make Autopax a division of PRASA or retain it in its current form. Approve and implement Autopax short-term strategy. Develop and implement a medium-term to long-term strategy for Autopax. Effectively implement recommendations from the industry expert appointed to advise the Minister of Transport on the future business model of Autopax.
Impact of COVID-19 pandemic	<ul style="list-style-type: none"> Develop and implement the service resumption plan. Establish a COVID-19 task team and steering committee to monitor and manage issues related to COVID-19. Provide shareholder support for expenses related to COVID-19. Consider implications of COVID-19 during planning and execution.
Fraud and corruption	<ul style="list-style-type: none"> Implement the fraud and corruption prevention plan. Maintain anonymous fraud and corruption reporting, whistleblowing mechanism and awareness. Strengthen investigative capacity within the organisation and respond decisively on incidents of fraud, corruption and malfeasance.
Reputational risk	<ul style="list-style-type: none"> Implement effective stakeholder management plan. Restore governance. Improve organisational performance. Implement sustained branding campaigns.

Shareholder compact performance plan

Outcome of Minister	Pillar	Output	Performance indicator	Baseline			
				2019/20	2021/22	2022/23	2023/24
Affordable, safe and reliable public transport	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance	New rolling stock deployed to priority corridors	Number of new train sets provisionally accepted per annum	10	44	50	62
	Pillar 8: Restructure and improve performance of the secondary mandate.			0	43	45	75
	Pillar 2: Recover Rail and Autopax performance	Return of passengers to rail and Autopax	Number of Metrorail passenger trips per annum	125 million	69 million	238 million	311 million
			Number of MLPS passengers per annum	205 793	183 000	387 000	417 000
			Number of Autopax passengers per annum	1.5 million	1.96 million	2.43 million	2.48 million
Improved transport safety and security Affordable, safe and reliable public transport (infrastructure projects)	Pillar 3: Improve operational safety, security, and compliance.	Improved rail safety environment	Number of safety occurrences for specified categories reported per annum (open line collisions & derailments, level crossing occurrences, signals passed at danger, people struck by train, platform train interchange occurrences)	834	748	708	671
			Number of security occurrences per RSR categories 1-9 reported per annum	4 584	4 258	3 832	3 449
Affordable, safe and reliable public transport (infrastructure projects)	Pillar 7: Modernize Rail through manufacturing, Infrastructure development, and maintenance.	Signalling programme: Completion of installations (commissioning of interlockings)	Number of Gauteng interlockings commissioned	13	26	–	–
			Number of Western Cape interlockings commissioned	17	16	–	–
			Number of KwaZulu-Natal interlockings commissioned	New Project	–	–	3

Outcome of Minister	Pillar	Output	Performance indicator	Baseline			
				2019/20	2021/22	2022/23	2023/24
Affordable, safe and reliable public transport (infrastructure projects)	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance.	Depot modernisation (EMU capacity completed)	EMU capacity in depots completed per annum	New Project	186	393	489
			Depot fencing for depots and yards completed	New Project	7 sites	–	–
	Pillar 2: Recover Rail and Autopax performance	Recovery of Mabopane corridor electrical train services	Full electrical train service reintroduced between Mabopane and Pretoria	New Project	Q3	–	–
		Recovery of Central Line electrical train services	Full Electrical train service reintroduced between Cape Town, Kapteinsklip and Chris Hani	New Project	Q3	–	–
	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance.	Refurbished and repaired Rolling Stock through General Overhaul program	Number of Metrorail coaches overhauled per annum	1	110	130	350
			Number of MLPS Coaches refurbished per annum	0	10	30	50
		Increased availability of trains	Number of train sets in service (non-cumulative)	110	193	210	230

Quarterly targets

Quarterly targets							
Outcome of Minister	Pillar	Performance indicator	Annual target	Quarterly targets (cumulative)			
			2021/22	Q1	Q2	Q3	Q4
Affordable, safe and reliable public transport	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance	Number of new train sets provisionally accepted for 2021/22	44	Subject to finalisation of revised commercial agreement with Gibela			
	Pillar 8: Restructure and improve performance of the secondary mandate.	National station improvement and upgrade projects completed for 2021/22	43	0	2	9	43

Outcome of Minister	Pillar	Performance indicator	Annual target	Quarterly targets (cumulative)			
			2021/22	Q1	Q2	Q3	Q4
Affordable, safe and reliable public transport	Pillar 2: Recover Rail and Autopax performance	Number of Metrorail passenger trips for 2021/22	69 million	6.69 million	14.32 million	39.66 million	69 million
		Number of MLPS passengers for 2021/22	183 000	36 400	72 800	126 000	183 000
		Number of Autopax passengers for 2021/22	1.95 million	440 000	901 000	1.43 million	1.95 million
Improved transport safety and security	Pillar 3: Improve operational safety, security, and compliance.	Number of safety occurrences for specified categories reported for 2021/22 (open line collisions & derailments, level crossing occurrences, signals passed at danger, people struck by train, platform train interchange occurrences)	748	230	424	591	748
		Number of security occurrences per RSR categories 1-9 reported for 2021/22	4 258	1 065	2 129	3 193	4 258
	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance	Number of Gauteng interlockings commissioned for 2021/22	26	5	10	15	26
		Number of Western Cape interlockings commissioned for 2021/22	16	3	7	11	16
		EMU capacity in depots completed for 2021/22	186	52	60	60	186

Outcome of Minister	Pillar	Performance indicator	Annual target 2021/22	Quarterly targets (cumulative)			
				Q1	Q2	Q3	Q4
Affordable, safe and reliable public transport (infrastructure projects)	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance	Depot fencing for depots and yards completed in 2021/22	7 sites	–	–	–	7 sites
	Pillar 2: Recover Rail and Autopax performance	Full electrical train service reintroduced between Mabopane and Pretoria	Q3	–	–	Nov 2021	–
		Full electrical train service reintroduced between Cape Town, Kapteinsklip and Chris Hani	Q3	–	–	Nov 2021	–
	Pillar 7: Modernize Rail through manufacturing, Infrastructure development and maintenance	Number of Metrorail coaches overhauled for 2021/22	110	–	–	35	110
		Number of MLPS Coaches refurbished for 2021/22	10	–	–	5	10
		Number of train sets in service (Non-cumulative)	193	138	157	175	193

Fraud And Corruption Prevention Plan

Context

All organizations are subject to fraud and corruption risks. Large fraud and corruption have led to the downfall of entire organizations, massive investment losses, significant legal costs, incarceration of key individuals, and erosion of confidence in the markets. Published fraudulent and corrupt behaviour by key executives has negatively impacted the reputations, brands, and images of many organizations around the globe.

The National Government launched an anti-corruption strategy as far back as 1997. This was further enhanced by anti-corruption provisions in the Public Finance Management Act, Treasury Regulations and the Public Service Act. National Government has also formed the Anti-Corruption Task Team as a multi-institution body that ensures that the fight against fraud and corruption is integrated between fraud and corruption fighting agencies. The principles of good corporate governance also necessitate the establishment of a fraud and corruption prevention plan. Such legislation, regulations and standards have increased management's responsibility for fraud and corruption risk management.

Reactions to recent corporate scandals have led the public and stakeholders to expect organizations to take a "zero tolerance" to fraud and corruption attitude. Good governance principles demand that an organization's board of directors, or equivalent oversight body, ensure overall high ethical behaviour in the organization, regardless of its status as public, private, government, or not-for-profit; its relative size; or its industry. The Accounting Authority's role is critically important because historically most major fraud and corruptions are perpetrated by senior management in collusion with other employees. Vigilant handling of fraud and corruption cases within an organization sends clear signals to the public, stakeholders, and Regulators about the Accounting Authority and management's attitude towards fraud and corruption risks and about the organization's fraud and corruption risk tolerance.

Introduction

Given the nature of PRASA's statutory mandate, PRASA must execute its responsibilities with integrity especially in its interaction with its employees, stakeholders, the public, suppliers and partners and in the management of its resources.

The Fraud and Corruption Prevention Plan ("the Plan") is premised on the organizations core ethical values driving the business of PRASA, the development of its systems, policies and procedures, interactions with service providers,

public and other stakeholders or even decision-making by individual managers representing the organization. This means that all PRASA's departments, service providers and external stakeholders must be guided by the Plan as the point of reference for their conduct in relation to PRASA.

In addition to promoting ethical conduct within PRASA, the Plan is intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption.

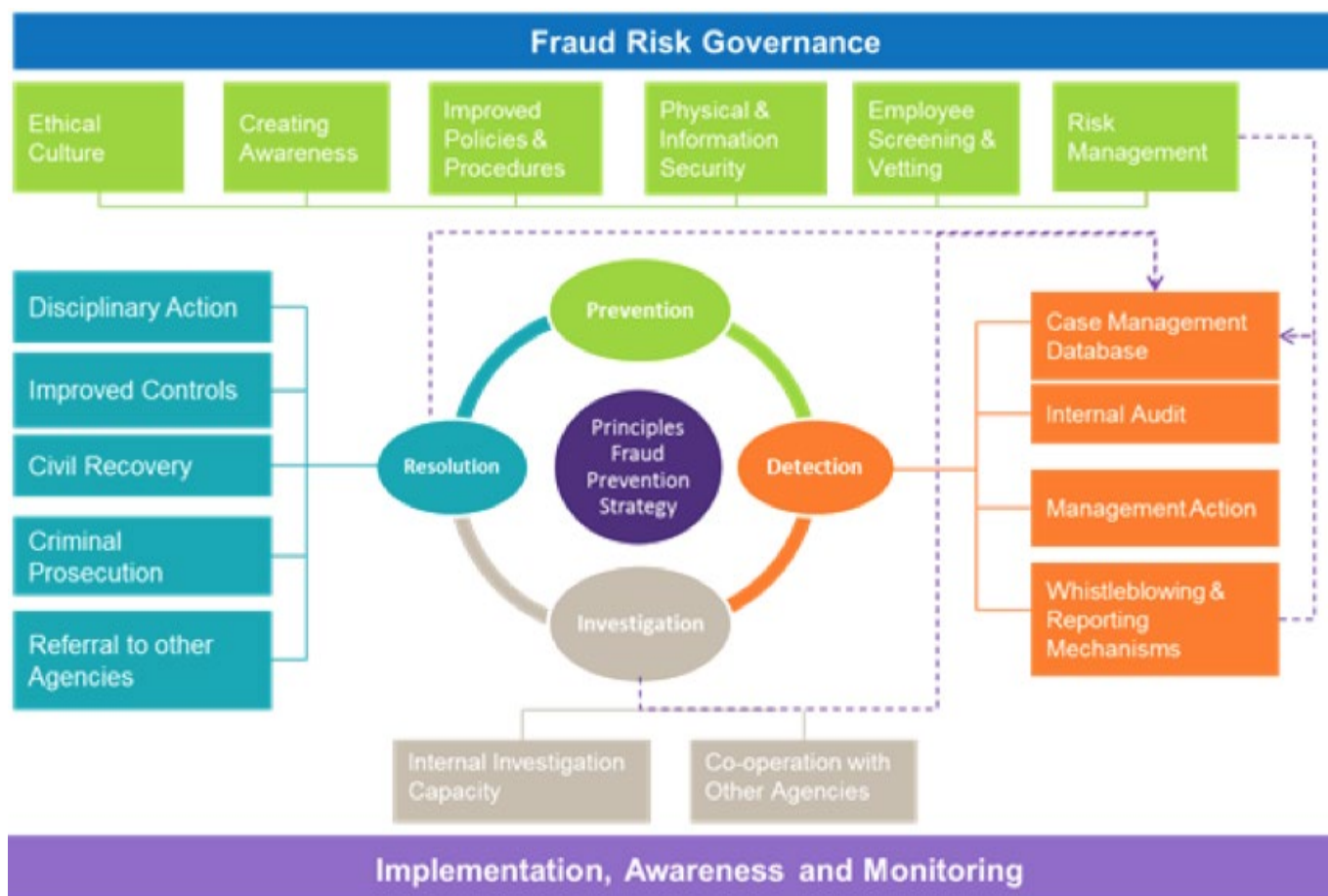
This document details the steps, which will be taken by PRASA to promote ethical conduct and address fraud and corruption.

The issues addressed in this document are the approach to fraud and corruption prevention, the roles and responsibilities in the prevention and detection of fraud and corruption, defining fraud and corruption, fraud and corruption warning signs and the Fraud and Corruption Policy.

Components of The Plan

The following are the main principles upon which the Plan of PRASA is based:

- Creating a culture which is ethical and intolerant of fraud and corruption;
- Deterrence of fraud and corruption;
- Detection of fraud corruption;
- Investigating detected fraud and corruption;
- Taking the appropriate action in the event of such irregularities e.g. disciplinary action, recovery of losses, prosecution and
- Applying sanctions, that includes blacklisting and prohibition from further employment.
- Reporting fraud and corruption activities to the relevant authorities;



Objectives of The Plan

The following are the objectives of the plan

- Building an image of PRASA that has confidence and trust of employees, clients, the public and other stakeholders;
- Encouraging a culture within PRASA where all employees, stakeholders and clients continuously behave ethically, and promote professional ethics in their dealings with, or on behalf of PRASA;
- Improving the accountability, efficiency and effective administration within PRASA, including in decision making and management conduct;
- Improving the application systems, policies and procedures;
- Changing aspects of PRASA that encourage Fraud and Corruption and corruption and allow these to go unnoticed or unreported; and
- Encouraging all employees, stakeholders the public and clients to prevent Fraud and Corruption and corruption impacting or having the potential to impact PRASA.

Approach to Fraud and Corruption Prevention

The approach to fraud and corruption prevention is schematically represented as follows:



Focus on the Organisation – Internal Controls

Prevention controls

Authorization controls: - which require that all transactions must be authorized or approved by an appropriate responsible person and that the limits for these authorizations are specified in the delegations of authority of PRASA.

Physical controls: - which are concerned mainly with the custody of assets and involve procedures and security measures designed to ensure that access is limited to authorized personnel.

Detection controls

Arithmetic and accounting controls: - which are basic controls within the recording function which ensures that transactions to be recorded and processed have been authorized, are complete, are correctly recorded, and accurately processed. Such controls include checking arithmetical accuracy of records, the maintenance and checking of totals, reconciliation, controls accounts and accounting for documents.

Physical controls: - which relate to the security of records and are similar to preventive controls in that they are also designed to limit access.

Supervision: - which relates to supervision by responsible officials of day-to-day transactions and the recording thereof.

Management Information: - which relates to the review of management accounts and budgetary controls. These controls are normally exercised by management outside the day-to-day routine of the system.

Segregation of duties

One of the primary means of control is the separation of those responsibilities or duties that would, if combined, enable one individual to record and process a complete transaction, thereby providing him/her with the opportunity to manipulate the transaction irregularly and commit Fraud and Corruption and corruption.

Segregation of duties reduces the risk on intentional manipulation or error and increases the element of checking.

Functions that should be separated include those of authorization, execution, custody, recording, and, in the case of computer-based accounting systems, systems development and daily operations.

Placed in context with Fraud and Corruption and corruption prevention, segregation of duties lies in separating either the authorization or the custodial function from the checking function.

Focus on Employees

Key ambassadors for the successful implementation of the Plan for PRASA are its employees. In essence, this means that their conduct often forms the base upon which PRASA

as an organization is judged. PRASA employees therefore have to demonstrate behavior beyond reproach in the execution of their duties.

Employee focused anti-Fraud and Corruption and anti-corruption measures should be visible from the point of advertising a vacant post, recruitment, specific employment conditions, maintaining high employee morale, performance management and even exit procedures upon resignation or retirement. The approaches indicated below are key to PRASA's efforts in this regard:

Advertising posts: The inclusion of specific provisions when advertising posts to provide an indication to applicants that only people with the highest levels of personal integrity will be considered and that submission to appropriate pre-employment screening processes are obligatory for consideration for any post.

Pre-employment screening and probity: PRASA intends ensuring that pre-employment screening procedures are applicable to all employees, regardless of level, including employees and temporary and contract workers. Relevant probity will be included in all employee screening processes. These will include independent confirmation of claimed qualifications, screening for criminal records, confirming references claimed, disciplinary records and insolvency.

Probation: Compulsory probationary periods are applicable to all full-time employees. This provision will be extended to include seconded employees and temporary and contract workers. Relevant vetting will again be considered for employees on probation, during probation and prior to their final appointment in view of the long duration of probationary period.

Ongoing Financial disclosure and lifestyle audits: All employees will, in accordance with the relevant PRASA policies, be obliged to make financial disclosure wherein personal assets and private business interest must be declared.

Employee Induction programs: Employee induction is an opportunity to introduce employees to the culture and ethos of the organization. The current induction process of PRASA is focused primarily on technical and conditions of service- related items. Efforts will be made to ensure that organizational strategy, business ethics and conduct standards are included in employee induction. Specific steps will also be developed to include including seconded employee, interns and temporary and contracting workers in relevant aspects of induction programs.

Obligatory leave periods: In order to limit the risk of over-worked employees who could become lackadaisical leading to non-compliance of internal controls and further limit the risk of unethical individuals monopolizing specific tasks. Managers will be encouraged to ensure that appropriate controls, e.g. appropriate scrutiny and supervision, are put in place in instances where employees do not take leave for extended periods of time due to work commitments.

Exit procedures for employees and control over assets: The exit procedures for employees leaving PRASA require the return of assets and an exit interview. Steps will be taken

to ensure that specific follow-up time frames are set to encourage managers to apply the requirement related to the return of assets more promptly. PRASA will ensure that the exit interview process is extended to include assessment of the perceptions of the business ethics and conduct standards within the organization. This will assist in identifying areas for improvement.

Focus on Service Providers and Other Stakeholders

PRASA has several stakeholders with whom it interacts e.g. suppliers, contractors, consultants, employee representative organizations; Departments of Local Government; Commuters and the general public.

All stakeholders with whom PRASA interacts are expected to abide by the principles contained in the Plan. PRASA shall exercise all possible legal rights to ensure that service providers and other stakeholders comply with the principles enunciated in this plan.

Employees face the greatest challenge to their integrity in the form of enticement to accept bribes from unethical suppliers, contractors and consultants. Furthermore, these trading partners are also viewed as untrustworthy in delivery of goods and/or service. Approach to address the risk of fraud and corruption relating to service providers and suppliers are the following:

- Appropriate terms and conditions in invitations to propose for services relating to the standards of business ethics expressed by PRASA;
- Appropriate pre-award screening of credentials supplied by contractors;
- Provisions for the compulsory declaration of actual and/or potential conflicts of interest both by suppliers and employees of PRASA dealing with suppliers;
- Appropriate contract terms and conditions indicating the conduct expected by PRASA;
- Ongoing communication of these standards;
- Sound project management;
- Monitoring and evaluation of breaches;
- Taking action in the event of breaches such as disciplinary proceedings, criminal prosecution, loss/damages recovery and placing of appropriate prohibitions on future contracts and cancellation of impugned contracts; and
- Adherence to the Supplier Code of Ethics supplied by PRASA.

ROLES AND RESPONSIBILITIES

The Accounting Authority

To set the appropriate tone at the top, the Accounting Authority ("Accounting Authority") first should ensure that the Accounting Authority itself is governed properly.

The Accounting Authority also has the responsibility to ensure that management designs effective Fraud and Corruption risk management documentation to encourage

ethical behaviour and to empower employees, customers, and vendors to insist those standards are met every day. The Accounting Authority should:

- Understand Fraud and Corruption risks.
- Maintain oversight of the Fraud and Corruption risk by ensuring that Fraud and Corruption risk has been considered as part of the organization's risk assessment and strategic plans. This responsibility should be addressed under a periodic agenda item at Accounting Authority meetings when general risks to the organization are considered.
- Monitor management's reports on fraud and corruption risks, policies, and control activities, which include obtaining assurance that the controls are effective. The Accounting Authority also should establish mechanisms to ensure it is receiving accurate and timely information from management, employees, internal and external auditors, and other stakeholders regarding potential fraud and corruption occurrences.
- Ensure that concomitant the internal controls are established by management.
- Set the appropriate tone at the top through the Group Chief Executive Officer ("Group CEO") Job description, hiring, evaluation, and succession-planning processes. In this Plan reference to GCEO includes the Administrator and any person holding that position.
- Have the ability to retain and pay outside experts where needed.
- Provide external auditors with evidence regarding the Accounting Authority's active involvement and concern about fraud and corruption risk management.

Relevant Committee of the Accounting Authority

The relevant committee of the Accounting Authority ("the Committee") should be composed of independent members and should have at least one Chartered Accountant who is a financial expert, preferably with an accounting background. The Committee should meet frequently enough, for long enough periods, and with sufficient preparation to adequately assess and respond to the risk of fraud and corruption, especially management fraud and corruption, because such fraud and corruption typically involves override of the organization's internal controls. It is key that the Committee receive regular reports on the status of reported or alleged fraud and corruption.

The Committee must take a proactive approach to fraud and corruption risk management and ensure that management maintains an active role in the oversight of the organization's assessment of fraud and corruption risks and uses internal auditors, or other designated personnel, to monitor fraud and corruption risks. Such a committee also provides the external auditors with evidence that the committee is committed to fraud and corruption risk management and will discuss with the external auditor the auditors' planned approach to fraud and corruption detection as part of the financial statement audit.

Management

Management has overall responsibility for the design and implementation of a fraud and corruption risk management program, including:

- Setting the tone at the top for the rest of the PRASA Group. The organization's culture plays an important role in preventing, detecting, and deterring fraud and corruption. Management needs to create a culture through words and actions where it is clear that fraud and corruption is not tolerated, that any such behaviour is dealt with swiftly and decisively, and that whistleblowers will not suffer retribution.
- Implementing adequate internal controls — including documenting fraud and corruption risk management policies and procedures and evaluating their effectiveness — aligned with the organization's fraud and corruption risk assessment. To conduct a reasonable evaluation, it is necessary to compile information from various areas of the organization as part of the fraud and corruption risk management program.
- Reporting to the board on what actions have been taken to manage fraud and corruption risks and regularly reporting on the effectiveness of the fraud and corruption risk management program. This includes reporting any remedial steps that are needed, as well as reporting actual fraud and corruption.

Employees

Strong controls against fraud and corruption are the responsibility of everyone in the organization. All levels of staff, including management, should:

- Have a basic understanding of fraud and corruption and be aware of the red flags.
- Understand their roles within the internal control framework.
- Employees should understand how their job procedures are designed to manage fraud and corruption risks and when noncompliance may create an opportunity for fraud and corruption to occur or go undetected.
- Read and understand policies and procedures (e.g. the Fraud and Corruption Prevention Policy, ethics related policies, and Whistle Blower Policy), as well as other operational policies and procedures, such as procurement manuals.

Internal Audit

Internal auditors should review the comprehensiveness and adequacy of the risks identified by management — especially with regard to management override risks i.e. the participation in activities that may lead to fraud and corruption.

Internal auditors should consider the organization's assessment of fraud and corruption risk when developing their annual audit plan and review management's fraud and corruption management capabilities periodically. They should interview and communicate regularly with those conducting the organization's risk assessments, as well as others in key positions throughout the organization, to help them ensure that all fraud and corruption risks have been considered appropriately.

When performing engagements, internal auditors should spend adequate time and attention to evaluating the design and operation of internal controls related to fraud and corruption risk management.

They should exercise professional scepticism when reviewing activities and be on guard for the signs of fraud and corruption.

Potential fraud and corruptions uncovered during an engagement should be treated in accordance with a well-defined response plan consistent with professional and legal standards.

Internal audit should also take an active role in support of the organization's ethical culture.

Human Capital Management

PRASA is committed to developing human resources systems, policies and procedures, which incorporate fraud and corruption prevention practices. PRASA has recognized the fact that there is a risk of poor implementation of its human resource systems, policies and procedures and undertakes testing thereof during risk assessments in which control shortcomings are subsequently addressed.

CATEGORISING FRAUD AND CORRUPTION AND MISCONDUCT

Fraud and Corruption financial issues/reporting	Misappropriation of assets	Other threats
<ul style="list-style-type: none"> • Theft of petty cash • Suppliers invoicing for work not done • Improper revenue recognition • Overstatement of assets • Understatement of liabilities • Customer over-charging • Fraud and Corruptionulent cashing of cheques • Manipulation of apparent performance 	<ul style="list-style-type: none"> • Payroll & Pension Fraud and Corruption • Theft of property • Procurement Fraud and Corruption • Disposals related Fraud and Corruption i.e. land , plant, vehicles scrap • Theft • Sales and marketing Fraud and Corruption 	<ul style="list-style-type: none"> • Abuse of leave • Theft of blank cheques • Abuse of the system overtime • Fraud and Corruptionulent information provided by suppliers when tendering for work • Fraud and Corruptionulent payment certificates submitted for payment • Non- compliance to delegated authority limits

HIGH LEVEL ACTIVITIES ON FRAUD AND CORRUPTION PREVENTION

Work Stream	Description	High Level Activities	Deliverables
Fraud related policies/ response plan	A Fraud Policy and Response Plan will be implemented, and such will articulate PRASA's policy stance to fraud and steps being taken to mitigate against fraudulent activities.	Assess and review fraud related policies including, Fraud and Corruption Prevention Policy, Ethics Policy Whistle-blower Policy, Conflict of Interest Policy.	<ul style="list-style-type: none"> Approved Policies and Standard Operating Procedures (SOPs)
		Implement a Fraud and Corruption Prevention Plan.	<ul style="list-style-type: none"> Fraud and Ethics climate survey Fraud awareness campaigns.
Fraud risk assessment	Perform a fraud risk assessment to identify areas of vulnerability workshops and interview techniques. Advanced data analytical techniques may be used where available.	Root cause analysis and identification of internal control breakdowns based on fraud history and on-going investigations	<ul style="list-style-type: none"> List of root causes and focus areas.
		Detailed fraud risk assessment.	<ul style="list-style-type: none"> Fraud Risk Profile.
Fraud awareness training	Training is essential to keep new and existing employees abreast of the control and ethical environment. This will be achieved through, amongst others, fraud awareness workshops.	Phase 1: Fraud awareness workshops aimed at all employees.	Increased fraud awareness at management level.
Whistle-blower mechanism	Existence of an anonymous Fraud Tip-Offs Line which all stakeholders can report suspected fraud, corruption, or unethical behaviour.	Regular communication is essential to create awareness and build trust so we will be formulating a project plan containing annual campaigns and monthly communication initiatives such as newsletter articles, and other toolsets.	<ul style="list-style-type: none"> Fraud risk trend analysis reports. Investigations where warranted.
Third Party Compliance	Fraud awareness training and adherence to the Code of Ethics will be extended to third party suppliers in the form of a supplier code of conduct.	Setting up of system, support and review.	<ul style="list-style-type: none"> System to monitor compliance to PRASA fraud policies by third party suppliers.
Staff vetting and lifestyle audits	Steps will be taken to ensure that all relevant details about prospective employees are acquired prior to their employment. By conducting active screening of new and existing employees, PRASA would limit its fraud risk exposure.	Performing and assisting management to perform relevant staff vetting. Follow up on unusual trends identified.	<ul style="list-style-type: none"> Lifestyle audit reports
Relationships between stakeholders (e.g., employees, customers, suppliers, etc.)	Fraud detection mechanisms will be implemented to identify and appropriately manage conflicts of interest and collusion.	Proactively manage the "red flags" of unexpected conflicts of interests, fraudulent payments and other irregularities that are normally hidden in large data sources.	<ul style="list-style-type: none"> Annual declarations of the conflict of interest by all employees. Supplier declaration of potential or existing conflict of interest during the tender process.

