



Transport Authority for Gauteng

ANNUAL REPORT

2022/23

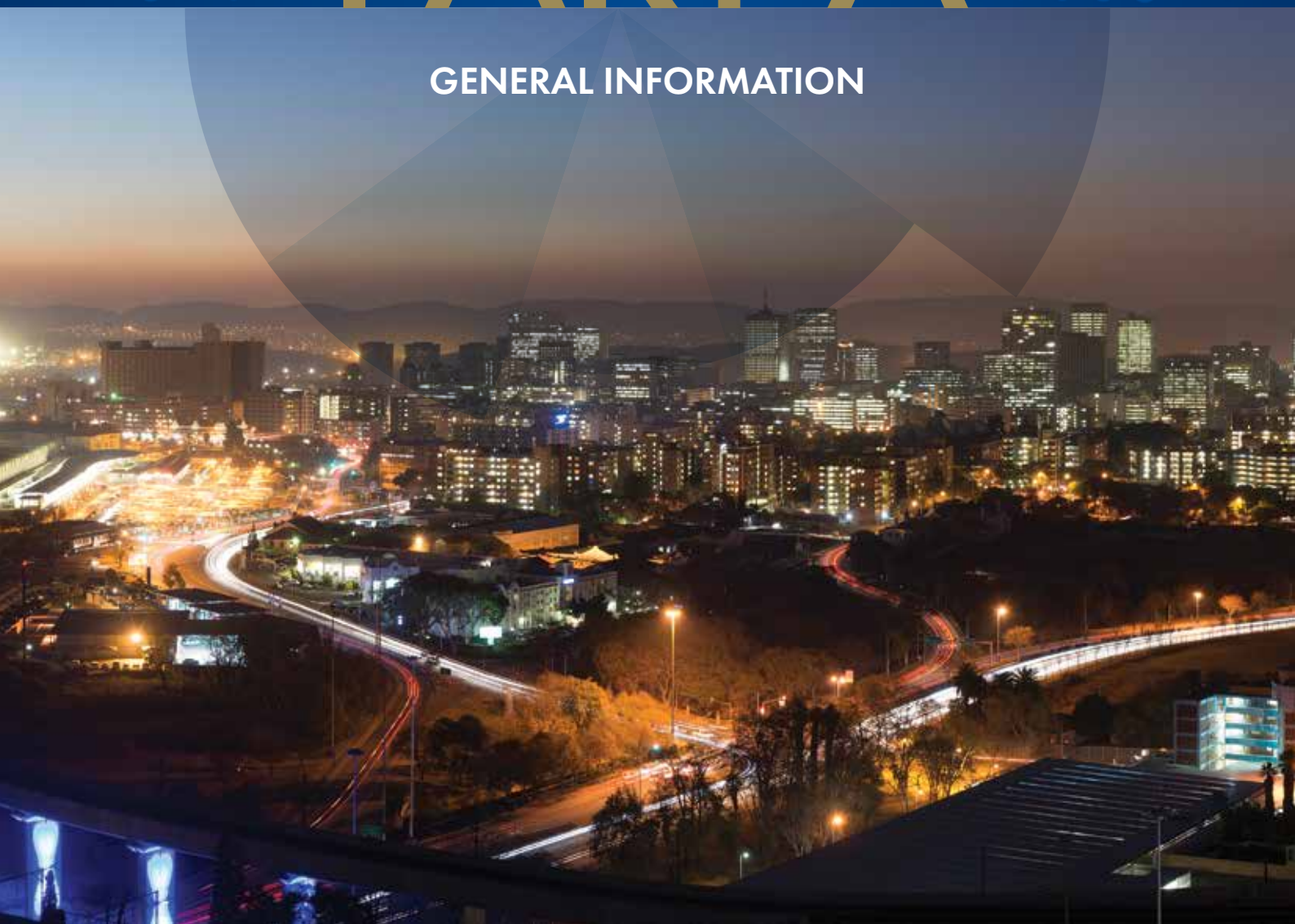
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PART A

GENERAL INFORMATION



1 TAG GENERAL INFORMATION

Name	Transport Authority for Gauteng (TAG)
Physical address	44 Grand Central Boulevard, Grand Central Ext. 1, Midrand, Johannesburg, 1685
Postal address	PO Box 1266, Kelvin, 2054, South Africa
Telephone number	+27 11 086 3500
Website address	https://gautengonthemove.co.za/

2 ABOUT THE REPORT

2.1 Scope

The Annual Report reviews the Transport Authority for Gauteng's (TAG) financial, operational and governance performance for the financial year ended 31 March 2023.

2.2 Reporting Framework

TAG's Annual Report was prepared in compliance with:

- The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999);
- The Companies Act, 2008 (Act 71 of 2008);
- The South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP);
- Elements of the National Treasury Annual Report Guide for Schedule 3A and 3C Public Entities; and
- The King IV Report on Corporate Governance for South Africa, 2016 (King IV Report).

2.3 Assurance

The Audit and Risk Committee has reviewed the Annual Financial Statements for the year ended 31 March 2023 and concluded that these comply in all material respects with the requirements of the SA Standards of GRAP.

2.4 Board Responsibility

The Board, assisted by its committees, is responsible for ensuring the integrity of the Annual Report. The 2022/23 Annual Report was approved by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Transport Authority for Gauteng.



Mr Thendo Ratshitanga
TAG: Board Chairperson



Mr Elzer (Jack) van der Merwe
TAG: Interim Chief Executive Officer

3 FOREWORD

BY THE MEC FOR TRANSPORT AND LOGISTICS

The Gauteng Provincial Government (GPG) has a vision for the sustainable socioeconomic, political, cultural, sporting and environmental development of the province. This visionary blueprint encapsulates our commitment to transform transportation through four pillars: Infrastructure, Operations, Institutions and Enabling Technology. The GPG's vision is embedded in the heart of our strategy that is Growing Gauteng Together through Smart Mobility.

The Transport Authority for Gauteng (TAG) is mandated with the objective of integrating transport systems, fostering co-operation and co-ordination between public transport authorities and operators in the city region. The establishment of TAG has paved way for a cross- municipal boundary integration of public transport that promises solutions that are modern, reliable, affordable, and efficient in the Gauteng Global Region by 2030.

Since its inception TAG has endeavoured to deliver on its mandate by laying the necessary foundation irrespective of the limited resources that the entity has. In the financial year under review TAG has developed various planning policy documents such as the Provincial Land Transport Framework (PLTF); is currently reviewing the 25- year Integrated Transport Master Plan (ITMP25) which will enable the Gauteng Department of Roads and Transport to further unlock the economic development potential of Gauteng-City-Region together with the transformation of the urban area towards sustainability.

Governance

Most of the important things that we accomplish in life are done in partnership with others. Therefore, I would like to thank the Board for their diligence in overseeing the affairs of the TAG. Under the stewardship of Thendo Ratshitanga, the Board is presenting the first Annual Report of the entity and the remarkable progress achieved in the face of challenges. Irrespective of the limited resources TAG endeavoured to deliver on its mandate, it has laid the necessary foundation to accomplish the GPG's vision of Growing Gauteng through Smart Mobility. By attaining an unqualified audit outcome from the Auditor-General of South Africa (AGSA). It is a positive step in the right direction.



Appreciation

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

Lastly, I would like to express my gratitude to the TAG Board Chairperson and the Board members at large for their commitment in their oversight of the TAG activities. Your work is recognised.

A final word of thanks goes to the TAG CEO, Mr Jack van der Merwe, for the hard work and dedication to TAG. Your contribution and commitment are recognised and appreciated.

Our achievements in smart mobility solutions reflect our unyielding commitment to the well-being and prosperity of our citizens.

A handwritten signature in black ink, appearing to read 'Kedlbone'.

Ms Kedlbone Diale-Tlabela
MEC for Transport and Logistics

4 FOREWORD

BY THE BOARD CHAIRPERSON

It is a great honour to present this report for the 2022/23 financial year on behalf of the Board of Directors. TAG was audited for the first time this year since its incorporation and I am proud to report that we attained an unqualified audit outcome from the Auditor-General of South Africa. This is a very significant outcome which clearly demonstrates that our systems are working effectively.

I must, however, state that there is room for improvement as we move to operationalise the Authority to achieve its purpose and objective (i.e. improving and transforming the lives of the people of Gauteng by planning, implementing and operating an integrated transport system that promotes sustainable, long term socio-economic growth).

We appointed and received excellent inputs from external experts on global and national environments (economy, politics, and the future) and on transport trends past, current and future. These inputs will help us to look beyond the MTEF period to a 20 to 25 year horizon.

From a governance perspective, the Board and Board committees provided the necessary strategic direction, leadership and oversight. Some of the Board's achievements were:

- The development and review of the policy universe for TAG;
- The approval of the organisational structure where critical vacancies were identified;
- The approval of job profiles for senior management roles;
- The approval of the pre-planning initiatives to enable TAG to do the prescribed planning, as required by the Gauteng Transport Authority Act (GTA Act), 2019 (Act 2 of 2019);
- Approval for the TAG to enter into a Service Level Agreement (SLA) with the Gautrain Management Agency (GMA) to provide various essential services for TAG that have carried us despite a lack of concurrence and capacitation of the structure;
- Approval of the audited Annual Financial Statements where TAG received an unqualified audit opinion for the 2022/23 financial year from the AGSA.



Some of the key challenges experienced included the delays in obtaining concurrence on the remuneration structure for TAG, which has delayed the appointment of TAG staff. Furthermore, TAG remains unlisted as a Schedule 3C Public Entity as required by the PFMA, despite having made every possible attempt to secure the listing by submitting the relevant documentation.

However, the Board is proud to announce that during the strategic planning workshop, the MEC announced that through engagements with National Treasury the listing of TAG was finally approved with formal confirmation expected before the end of 2023.

Despite the challenges highlighted TAG continuously made an effort to deliver on its core mandate by laying the necessary foundation. Although the Authority did not achieve all the goals as set out in the Strategic Plan and Annual Performance Plan, the impact of the work thus far has not gone unnoticed.

As the Board nears the end of its term, I trust that a firm foundation was laid which will enable the incoming Board to steer the Authority to greater heights in achieving the mission and vision of TAG.

We hope that the incoming Board will pick up the baton and ensure that the mandate of TAG is fully carried out in the next 5-year strategic cycle. We highlight the following key opportunities that ought to be given priority:

- Green transport;
- Devolution of commuter rail to Gauteng;
- Knowledge management.

On behalf of the Board, I would like to thank the MEC for Transport and Logistics, Ms Kedibone Diale-Tlabela, for her unwavering support and her commitment to ensuring that the bottlenecks facing the entity were opened.

I also extend this appreciation to the Gauteng Department of Roads and Transport: Head of Department, Dr Thulani Mdadane, and its entire staff as well as all our valued stakeholders whom I have not named individually.

Furthermore, I wish to commend my fellow Board members for their devotion, commitment and perseverance in exercising their fiduciary duties, even when the Authority seemed to be at a standstill.

In conclusion I wish to extend my appreciation to the CEO and his support team (the GMA executive and senior management) for doubling-up your responsibilities and supporting TAG in its activities.

**THANK YOU. REALEBOGA.
NDIYABULELA. NDOLIVHUWA!**



Mr Thendo Ratshitanga
TAG: Board Chairperson



5 CHIEF EXECUTIVE OFFICER'S OVERVIEW

Gauteng is the economic powerhouse of southern Africa. On average a total of 200 000 people migrate to Gauteng from other provinces in South Africa every year. The prediction is that the population of Gauteng will grow to 19.2 million by 2037. For this Global City Region to grow and prosper, it is essential that it has a well-functioning, integrated public transport system. Together with this challenge the province will have to provide well located housing for the expected growth in population. Land-use planning, transport planning and economic planning must be approached in a holistic and integrated manner. To achieve this in a Global City Region such as Gauteng the establishment of a transport authority is vital.

The GTA Act was promulgated with the object to establish and empower a Gauteng transport authority to give effect to the Constitution, National Transport Policy, and provincial legislation to consolidate certain transport functions of organs of State. The aim is to:

- Integrate transport systems in the province;
- Foster co-operation and co-ordination between public transport authorities and operators in the province;
- Improve and optimise the planning and implementation of public transport services in the province; and
- Facilitate and rationalise the funding of public transport activities and initiatives in the province.

During the 2022/23 financial year TAG was confronted with a challenge that impacted its functioning. The challenge was obtaining concurrence from the Provincial Treasury on the proposed remuneration structure of TAG employees. Because of this lack of concurrence, TAG could not appoint any new staff and as such TAG could not be operationalised. This long outstanding issue will have to be addressed in the 2023/24 financial year.

To counter this challenge, TAG entered into a Service Level Agreement (SLA) with the Gautrain Management Agency (GMA) to provide TAG with management services. I would like to thank the GMA Board, management and staff for providing these services to TAG during the 2022/23 financial year.

Some of the achievements of TAG during the financial year included developing the basis for future planning through the development of the Provincial Land Transport Framework (PLTF), as required by Clause 35 of the National Land Transport Act, 2009 (Act 5 of 2009). A start was made in



the review of Gauteng's 25-Year Integrated Transport Master Plan (ITMP25) and the scoping of the Strategic Transport Plan and the Integrated Implementation Plan, as prescribed in Clauses 7 and 8 of the GTA Act.

TAG was audited by the Auditor-General of South Africa (AGSA) for the first time and received an unqualified audit Report.

TAG must address the following issues in the upcoming financial year:

- Obtaining concurrence from the Provincial Treasury on the proposed remuneration structure;
- Being listed as a Schedule 3C Public Entity, as required by the PFMA;
- Planning for the appointment of a permanent CEO and a new Board;
- Operationalisation of TAG;
- Completing the review of the ITMP25 and starting with the development of the Strategic Transport Plan and the Integrated Implementation Plan;
- Addressing the implementation of new policies:
 - Devolution of Urban Commuter Rail to the province; and
 - User-side public transport subsidies.
- Preparing for the transition from current internal combustion engines to new energy vehicles (NEV); and
- Achieving a clean audit from the AGSA.

I would like to thank the members of the TAG Board, under the leadership of the Chairperson, Mr Thendo Ratshitanga, for their continued support, encouragement, advice and oversight of TAG during the 2022/23 financial year.

Finally, I would like to thank our outgoing MEC, Mr Jacob Mamabolo, MPL, for his unwavering support of TAG and its activities. Your vision for an affordable, integrated public transport system for all the people of Gauteng will keep on inspiring us to work towards achieving this goal. To our incoming MEC, Ms Kedibone Diale-Tlabela, MPL, I would like to assure you of the total support of each and every one at TAG. We are aligned to your vision of addressing congestion on our road network by ensuring and facilitating the shift from road-based motorised transport to rail-based transport for passengers and freight in Gauteng.

In conclusion, I would like to quote MEC Kedibone Diale-Tlabela, MPL:

"The establishment of the Gauteng Transport Authority is taking us closer to the single, integrated, inter-modal, reliable, safe, and affordable public transport system across the Gauteng City Region."



Mr Jack van der Merwe
TAG: Interim CEO



6 STATEMENT

OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

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

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



Mr Thendo Ratshitanga
TAG: Board Chairperson



Mr Jack van der Merwe
TAG: Interim CEO



PART B

ABOUT THE TRANSPORT AUTHORITY FOR GAUTENG



1 ABOUT TAG

The Transport Authority for Gauteng (TAG) was established in terms of the Gauteng Transport Authority Act (GTA Act), 2019 (Act 2 of 2019).

The preamble of the Act states:

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

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

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

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

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

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

ACKNOWLEDGING that the National Land Transport Act, 2009 (Act 5 of 2009), prescribes national principles, requirements, guidelines, frameworks and national norms and standards with respect to the national land transport system that must be applied uniformly in the provinces and other matters contemplated in Section 146(2) of the Constitution;

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

2. The objects of this Act are to:

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

4. (1) The objectives of the Authority are to:

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

5. (1) The functions of the Authority are to:

- a) undertake strategic transport and integrated planning for transport in the province;
- b) promote the development of an integrated and accessible public transport network in the province;
- c) regulate public transport fares in the province; and
- d) secure the -
 - i) provision of public passenger transport services;
 - ii) provision of public transport infrastructure;
 - iii) provision of an integrated ticketing and information system for public transport;
 - iv) effective management of traffic;
 - v) effective management of transport demand;
 - vi) development and implementation of a single public transport insignia;

- vii) collection of statistical data and information on transport;
- viii) conduct of research on transport; and
- ix) fostering of good relations and co-operation with and between various organs of state.

(2) The Authority may do all such things that may arise out of or are consequential on or are necessary or expedient for the performance of its functions or are ancillary thereto.

(3) The responsible Member may, with the consent of the Board, by notice in the Provincial Gazette confer on the Authority such additional functions in relation to transport as may be appropriate' to achieve the objects of this Act and the objectives of the Authority.

2 PURPOSE, VISION, MISSION AND VALUES



2.1 The purpose of TAG

TAG derives its mandate from legislation, specifically the Gauteng Transport Authority Act, 2019 (Act 2 of 2019).



2.2 TAG's vision

Seamless mobility for sustainable economic growth for all in Gauteng.



2.3 TAG's mission

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



2.4 TAG's values

- Innovative
- Ethical
- Scientific and Data Driven
- Customer Centric
- Transformative
- Consultative

3 LEGISLATIVE AND OTHER MANDATES

3.1 Constitutional Mandate

The Gauteng Provincial Government saw fit to create the Transport Authority for Gauteng through the GTA Act in order to discharge its Constitutional mandate more effectively in the province.

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

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

3.2 Legislative Mandate

TAG is a Gauteng Provincial Government (GPG) Provincial Public Entity that derives its mandate primarily from the Gauteng Transport Authority Act.

The legislative mandates of TAG arise from legislation and frameworks which include:

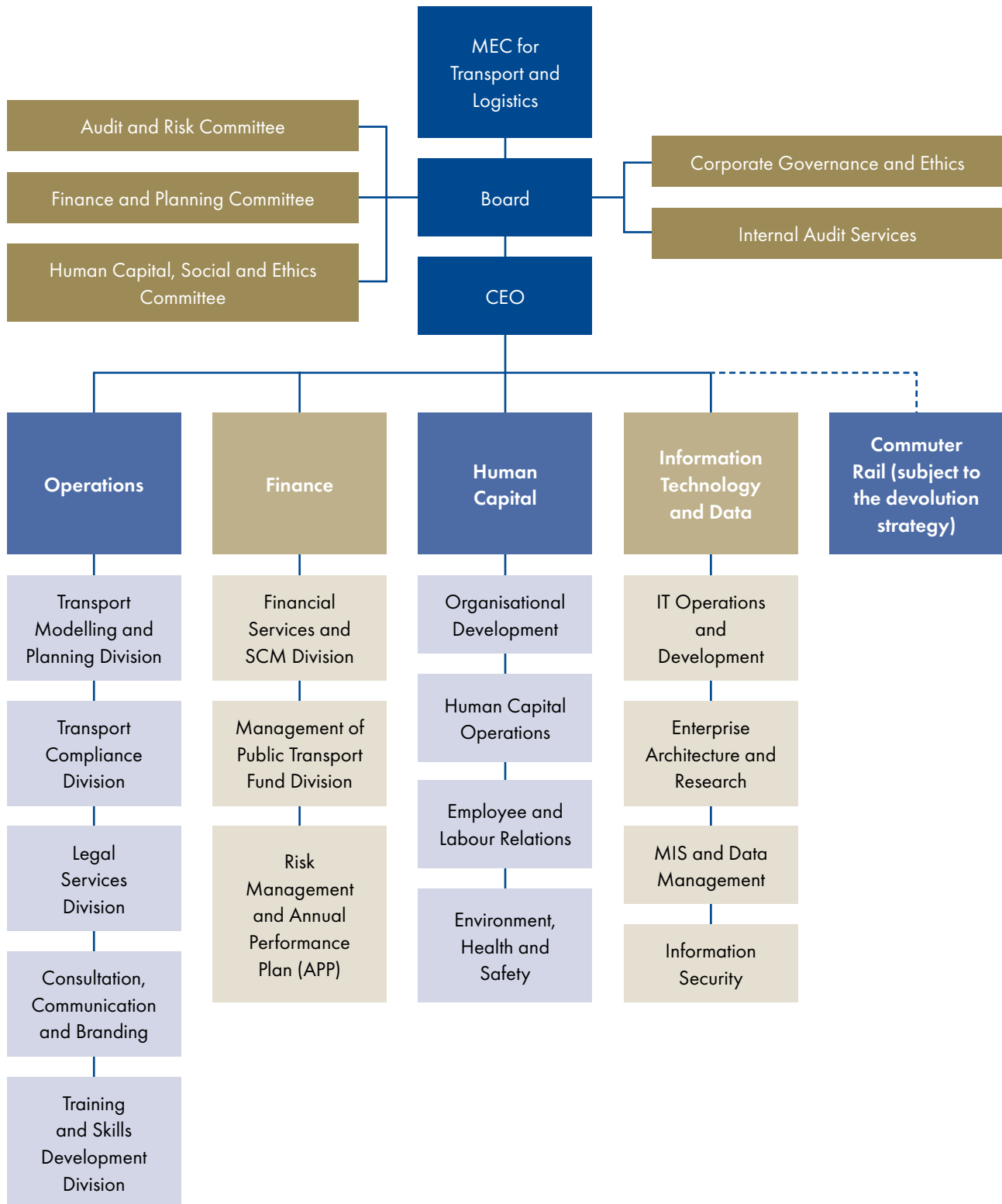
- The Gauteng Transport Authority Act (GTA Act), 2019 (Act 2 of 2019);
- The National Land Transport Act, 2009 (Act 5 of 2009);
- The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), as amended;
- The Gauteng Transport Infrastructure Act (GTIA), 2001 (Act 8 of 2001), as amended;
- The Preferential Procurement Policy Framework Act (PPPFA), 2000 (Act 5 of 2000);

- The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), as amended;
- The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended;
- The Gauteng Planning and Development Act, 2003 (Act 3 of 2003);
- The Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003);
- The Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005);
- The Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013);
- The Protection of Personal Information Act (PoPI Act), 2013 (Act 4 of 2013); and
- The Treasury Regulations, promulgated in terms of Section 76 of the PFMA;

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

- The Medium-Term Strategic Framework (MTSF);
- The New Growth Path (NGP);
- The National Development Plan (NDP);
- The Gauteng Employment, Growth and Development Strategy (GEGDS);
- Gauteng's 25-Year Integrated Transport Master Plan (ITMP25);
- The 5-Year Gauteng Transport Implementation Plan (GTIP5);
- The Strategic Integrated Projects identified by the Presidential Infrastructure Co-ordinating Commission (PICC);
- The Public Service Corporate Governance of Information and Communication Technology Policy Framework;
- The Public Sector Integrity Management Framework;
- Growing Gauteng Together through Smart Mobility 2023;
- The National Rail Policy;
- The Protocol on Corporate Governance in the Public Sector; and
- The King IV Report.

4 ORGANISATIONAL STRUCTURE





PART C

STRATEGIC OBJECTIVES AND PERFORMANCE INFORMATION



1 PERFORMANCE INFORMATION

1.1 Annual Performance Report

No.	Output Indicator	Annual Target 2022/23	Annual Target 2023/24	Annual Target 2024/25	Evidence provided as proof of delivery	Achievement 2022/23					Comment
						Q1	Q2	Q3	Q4	Total	
Outcome 1: Establish and empower the Gauteng Transport Authority in order to: (a) give effect to the Constitution and national transport policy and legislation within the province; and (b) consolidate certain transport functions of organs of State in the Province.											
Output: Ensure the establishment of the TAG as a fully representative Transport Authority that has the support and buy-in of all the Transport stakeholders and role players in Gauteng.											
1	Facilitate the listing of the TAG as a Schedule 3(c) Provincial entity in terms of the Public Finance Management Act (PFMA).	approval by National Treasury for the Listing	-	-	Letter from National Treasury approving the listing / Government Gazette of the listing	-	-	-	1	0	Not Achieved; Application for listing as a Schedule 3(c) Provincial Public Entity, in terms of the PFMA, was filed with Treasury, but the listing itself has not been approved. A meeting was set up with Senior Officials of National Treasury to discuss TAG. Various follow-up discussions were held with National Treasury to determine the progress. Information on this interaction with National Treasury was provided to the AGSA. A legal Opinion was obtained on the status of TAG during the period that it is not registered as a Schedule 3(c) Provincial Public entity.

No.	Output Indicator	Annual Target 2022/23	Annual Target 2023/24	Annual Target 2024/25	Evidence provided as proof of delivery	Achievement 2022/23					Comment
						Q1	Q2	Q3	Q4	Total	
2	Create the technical capacity in the TAG to undertake the required planning.	100% completion of Phase 1 Recruitment Plan	100% completion of Phase 2 Recruitment Plan	100% completion of Phase 3 of Recruitment Plan	100% Filled vacancies	-	-	80%	20%	0%	Not Achieved; The process of applying for concurrence started on 20 May 2022 and is still unresolved after nearly 14 months. This has resulted in numerous correspondence, the intervention of the MEC for Transport and Logistics and the MEC for Finance and various letters from the TAG Board Chairperson to the MEC. A Service Level Agreement between TAG, GMA and the Department was signed to ensure that the GMA provide TAG with the necessary support functions during the period of waiting for Provincial Treasury concurrence on the proposed remuneration structure for TAG.
3	Assist Local Authorities, that lack these skills, with technical advice	1 Signed MoU's with UITP (Training Interventions)	Two Training Initiatives	Two Training Initiatives	Signed MoU's and Attendance Registers for Training Initiatives	-	-	-	1 Signed MoU with UITP	1 Signed MoU	Annually

No.	Output Indicator	Annual Target 2022/23	Annual Target 2023/24	Annual Target 2024/25	Evidence provided as proof of delivery	Achievement 2022/23					Comment
						Q1	Q2	Q3	Q4	Total	
Outcome 2: Outcome 2: Foster co-operation and co- ordination between public transport authorities and operators in the province of Gauteng Province, its residents, and visitors.											
Output: To promote a robust co-operative and productive environment with all the relevant structures of Government and stakeholders.											
4	On a political level – The MEC / Municipal Members of the Mayoral Committee	2 Quarterly Meetings	4 Quarterly Meetings	4 Quarterly Meetings		1		1	1	3	Achieved;
5	On a technical level – TAG, the Department HOD and the heads of the Municipal Departments.	Bi-Annual Meetings	Bi-Annual Meetings	Bi-Annual Meetings		1	2			3	Achieved;
Outcome 4: Develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province											
Output: Develop, consult, and approve the Strategic Transport Plan as prescribed in the GTA Act.											
11	Develop and get approval of the PLTF.	Approved PLTF by the MEC for Public Transport and Roads Infrastructure	-	-	Quarterly Reports	1	1	1	-	0	Not Achieved; The PLTF was approved by the TAG Board on 15 December 2022. The PLTF was presented to the MEC on the 15 January 2023. She approved the PLTF and requested that it be presented to the Executive Council for noting. A Memorandum was drafted and is presently in the Exco process.

No.	Output Indicator	Annual Target 2022/23	Annual Target 2023/24	Annual Target 2024/25	Evidence provided as proof of delivery	Achievement 2022/23					Comment
						Q1	Q2	Q3	Q4	Total	
12	Review of the ITMP25	SCM Procurement Process concluded and contract awarded.	ITMP25 Review project completed	ITMP25 approved by Gauteng Provincial Executive Council	Quarterly Reports	1	1	1	1	1	Achieved;
13	Embark on the process of developing the Strategic Transport Plan and the approval thereof.	SCM Procurement Process concluded and contract awarded.	Strategic Transport Plan approved PLTF by the MEC for Public Transport and Roads Infrastructure	Quarterly Reports	1	1	1	-	0	0	Not Achieved; The process of Developing the Strategic Transport Plan has commenced. The Terms of Reference of the Strategic Transport Plan was developed and the SCM process of appointing a Service Provider was embarked upon. The bid evaluation process was completed on the 24 May 2023
14	Embark on the process of developing the Integrated Implementation Plan and the approval thereof.	Embark on the process of developing the Integrated Implementation Plan and the approval thereof.	Embark on the process of developing the Integrated Implementation Plan and the approval thereof.		Quarterly Reports	1	1	1	-	0	Not Achieved; The process of developing the Integrated Implementation Plan has commenced. A decision was taken to combine the Strategic Transport Plan and the Integrated Implementation plan into one contract. The bid evaluation process was completed on the 24 May 2023.

No.	Output Indicator	Annual Target 2022/23	Annual Target 2023/24	Annual Target 2024/25	Evidence provided as proof of delivery	Achievement 2022/23					
						Q1	Q2	Q3	Q4	Total	Comment
Outcome 7: Improve access to the transport system, including public passenger transport services, by all persons and, in particular, persons with disabilities.											
Output: Establish a forum with the Disabled Association of South Africa to ensure the transport system addresses their needs and to promote the use of the system by persons with special needs.											
17	Adopt a stakeholder-inclusive approach that balances the needs of the stakeholders.	1 approved Stakeholder Management Strategy / Policy	-	-	Approved Stakeholder Engagement Plan	-	-	-	1	0	Not Achieved; Due to the failure of obtaining concurrence with the Provincial Treasury on the TAG remuneration Structure, the identified Communication Executive could not be appointed.
Outcome 9: Promote increased use of cycling and walking as means of transport.											
Output: Advocacy role of informing the public of the health and environmental benefits of non-motorised transport (NMT)											
20	Implement a partnership strategy that involves stakeholders contributing towards the attainment of an increased use of NMT.	1 MoU	1 MoU	1 MoU	1 Signed MoU	-	-	-	1	1	Achieved;

1.2 Activities

TAG requested the Gautrain Management Agency (GMA) to undertake the procurement, as well as provide project management and administration support on its behalf for the following three projects:

- a) The review, development, and update of the Provincial Land Transport Framework (PLTF) for the Gauteng province for the five-year period 2023 to 2027;
- b) The review, preparation, and updating of the 25-Year Integrated Transport Master Plan (ITMP25) for Gauteng; and
- c) Development and preparation of the Strategic Transport Plan as well as the Integrated Implementation Plan for Gauteng, as required in Section 7 and 8 of the GTA Act.

This request was in line with the Service Level Agreement (SLA) that was signed between TAG, the GMA and the Gauteng Department of Roads and Transport (GDRT). The procurement process will be managed through the GMA's Supply Chain Management (SCM) Unit, and adhere to Bid Specification, Bid Evaluation, and Bid Adjudication Committees, as stipulated in the GMA's Supply Chain Management Policy. Further information on these three projects, supported by the GMA, follows.

1.2.1 Provincial Land Transport Framework

The GMA issued a request for proposal (RFP) during June 2021 for a service provider to review, develop and update the Gauteng PLTF in accordance with the requirements of the National Land Transport Act. The successful bidder was appointed by TAG in March 2022.

In accordance with the National Land Transport Act, each province must prepare a PLTF. The Member of the Executive Council (MEC) responsible for transport must prepare a five-year PLTF in accordance with the requirements prescribed by the Minister after consultation with all MECs. The PLTF must provide a transport framework as an overall guide to transport planning within Gauteng, being guided by the National Land Transport Strategic Framework, as well as the Regulations Relating to the Minimum Requirements for the Preparation of Provincial Land Transport Frameworks, 2011.

The PLTF must include the planning of both intra-provincial and inter-provincial long-distance services, which must be linked, where applicable, with other public transport services, and may provide for charter services and staff services, and in the case of inter-provincial transport, this must be done in consultation with the MEC of the other province or provinces concerned. The PLTF must summarise all available integrated transport plans in the province. The MEC must update the PLTF every two years.

GMA provided and continues to provide project management and administration support to TAG during the development of the PLTF for Gauteng for the five-year period 2023 to 2027. The draft Gauteng PLTF was published for public comment and it was shared with other provinces between November 2022 and February 2023, as prescribed by the National Land Transport Act. The CEO of TAG acted as the project leader for the development of the PLTF.

The updated PLTF was completed in March 2023 and presented to the Gauteng Executive Council in August 2023, to take note of the process that was followed and the content of the PLTF, before the MEC can submit the PLTF to the National Minister of Transport for approval.

1.2.2 25-Year Integrated Transport Master Plan

The ITMP25 was developed by the GDRT and approved by the Gauteng Executive Council in 2013. The ITMP25 maps out the background, objectives, key initiatives and projects, and the key role-players that are central to the implementation of the plan over the next 25 years. The ITMP25 also broadly incorporates the short-term interventions listed in the 5-Year Gauteng Transport Implementation Plan (GTIP5).

The GDRT is of the opinion that now is the appropriate time to review the ITMP25 approved in 2013. The reviewed ITMP25 will underpin the province as the economic powerhouse of southern Africa, by stimulating and having sustainable long-term economic growth, skills development, and job creation. The Gauteng province through its Department of Roads and Transport aims to contribute to the continual transformation of society and creation of a better life for all the people of Gauteng, based on the reviewed ITMP25.

The GMA issued a request for proposal (RFP) during July 2022 for a service provider to review, prepare and update the ITMP25 for the Gauteng province. The successful bidder was appointed by TAG in June 2023 with a contract term of 18 months.

The reviewed ITMP25 must enable the Gauteng Provincial Government, from a transport perspective, to further unlock the economic development potential of Gauteng together with the transformation of the urban area towards greater efficiency and sustainability. It must consider current and future land-use patterns, trends, and policies. Furthermore, the reviewed ITMP25 must focus on a functional transport area. The strengthening of the Gauteng Global City Region must also be underpinned through the review of the ITMP25. The GMA is providing project management, technical and administration support to TAG during the review, preparation, and update of the ITMP25 for the duration of the project. The review of the ITMP25 is currently in the execution phase.

1.2.3 Strategic Transport Plan and Integrated Implementation Plan

One of the first planning requirements as prescribed by the GTA Act is the development of a Strategic Transport Plan. The TAG must ensure that the first Strategic Transport Plan is published no later than six months following the review of the PLTF in accordance with Section 35 of the National Land Transport Act.

TAG must then ensure that an Integrated Implementation Plan is developed as soon as practicable after the approval of the Strategic Transport Plan, in accordance with Section 8 of the GTA Act.

TAG requested GMA to undertake the procurement and the development of the Strategic Transport Plan and the Integrated Implementation Plan thereof as a single programme due to planning requirements as prescribed by the GTA Act.

The GMA issued a request for proposal (RFP) during January 2023 for a service provider to develop and prepare the Strategic Transport Plan covering the period of 15 years for Gauteng, as well as the Integrated Implementation Plan thereof, covering the period of five years. The tender was awarded to the successful bidder in July 2023 with a proposed contract term of 24 months. TAG is currently in the process of concluding the SLA with the successful bidder.

The GMA will provide project management, technical and administration support to TAG during the development and preparation of the Strategic Transport Plan, as well as the Integrated Implementation Plan thereof, for the duration of the project. The CEO of TAG is the project leader for the development of the Strategic Transport Plan and the Integrated Implementation Plan. The execution phase for this project will commence in September 2023.





PART D

GOVERNANCE AND ETHICS



1 INTRODUCTION

Governance oversight over a public entity in the province vests in the Provincial Legislature, the Executive Authority, and the Board of the public entity. The TAG Board endorses the corporate governance principles as set out in the King IV Report. The Board provides effective and ethical leadership and is committed to a governance framework that is built on the principles of integrity, accountability, fairness, and transparency. The Board sets the tone and promotes a sound governance culture, ensuring that ethical standards and governance practices are filtered down across all levels of the organisation.

2 EXECUTIVE AUTHORITY

The Gauteng Member of the Executive Council (MEC) for Transport and Logistics is the Executive Authority of TAG. The Executive Authority is charged with oversight of the Strategic Plan, Annual Performance Plan, Business Plan, Budget, Annual and Quarterly Reports of TAG as required by the PFMA and the Gauteng Transport Authority Act. The relationship between the MEC and the Board is managed through regular engagements between the MEC and the Chairperson of the Board, Chairpersons of the Board committees, and the CEO. The engagements aim to establish transparency and accountability on matters related to the implementation of the provisions of the PFMA, the GTA Act and the objectives of the Gauteng Department of the Roads and Transport, Gauteng Provincial Government, and National Government.

The following documents were submitted to the Executive Authority during the 2022/23 financial year to assist in the oversight of TAG:

- a) Quarterly Performance and Performance Information Reports.
- b) Strategic Plan for the 2023/24 to 2025/26 financial years.
- c) Annual Performance Plan for the 2023/24 financial year.
- d) Provincial Land Transport Framework (PLTF) as required by Clause 35 of the National Land Transport Act.

Meetings with the MEC were held on 7 March and 27 March 2023 for the period under review.

3 ACCOUNTING

AUTHORITY (BOARD)

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

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

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

The roles, responsibilities, membership requirements and procedural conduct for Board members are detailed in the TAG's Board Charter.

3.1 Board Composition

The Board Chairperson and the members of the Board are appointed by the Gauteng Executive Council, after receiving recommendations from the Executive Authority, and after consultation with the relevant municipalities. The Board was appointed for a three-year term from 1 May 2021 to 30 April 2024. The Board comprises 12 non-executive members from wide-ranging backgrounds, and with varying industry and professional experience. The CEO is an ex officio member of the Board. Section 10(2) of the GTA outlines the composition of the Board as follows:

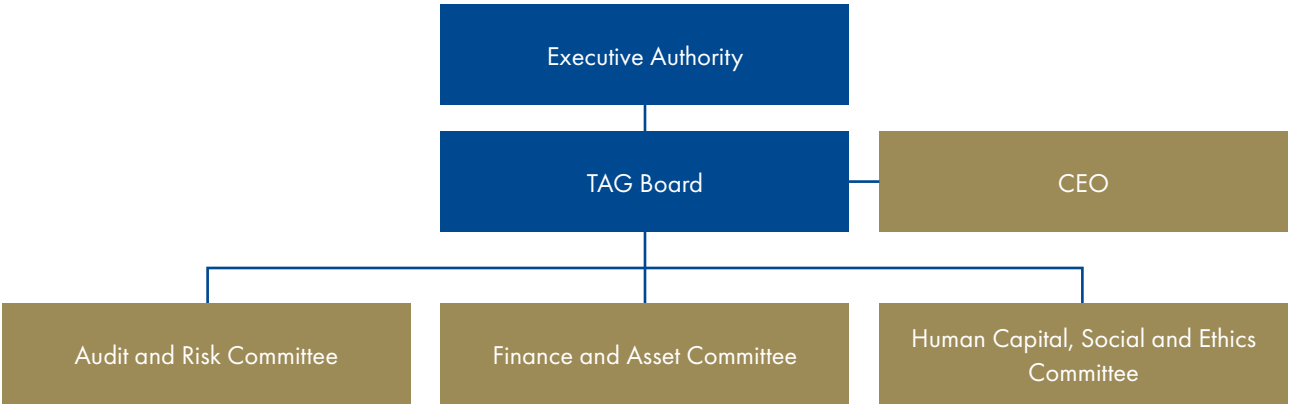
- 10 (1) The Board consists of a chairperson and no more than 12 other members who must perform the functions and exercise the powers of the Authority in accordance with this Act.

- 10 (2) The Board is constituted as follows, having regard to the demographics of the Republic:
- (a) the chief executive officer of the Authority as an ex officio member;
 - (b) three members nominated by the metropolitan municipalities in the province;
 - (c) two members nominated by the district municipalities in the province;
 - (d) one member from the Department nominated by the MEC; and
 - (e) six ordinary members appointed by virtue of their collective expertise in any combination of financial and risk management, transport planning, transport engineering, economic development, and environmental matters, legal and compliance, or human resources.

The roles and responsibilities of the Board Chairperson and the CEO are formalised and separated as clearly defined in the Board Charter and the GTA Act. The separation of responsibilities ensures a balance of authority and power, with no one person having unrestricted decision-making powers. The Board's term of office is three years as governed by the Act. The Act also makes provision for the re-election of existing members of the Board, provided that the members of the Board do not serve for more than two terms.

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

TAG Governing Structure



3.2 Brief Profiles of Members of the Board

	<p>Mr Thendo Ratshitanga (49) Chairperson and Independent Non-Executive (Appointed: 1 May 2021 – 30 April 2024)</p> <p>Master’s in Public and Development Management, Post-Graduate Diploma in Public Policy and Development Management, Certificate in Social Entrepreneurship, Certificate in Programme for Management Development, Certificate in Aquaponics Design.</p>
<p>TAG Board Committee Membership: Member of the Finance and Planning Committee Member of the Human Capital, Social and Ethics Committee</p>	<p>Professional Memberships: Institute of Directors in Southern Africa (IoDSA)</p>
<p>Skills, Expertise and Experience: Business Management, Public Sector Management, Public Policy Development, Corporate Marketing Communications and Corporate Governance.</p>	

	<p>Mr Bolokang Lengane (50) Independent Non-Executive (Appointed: 1 May 2021 – 30 April 2024)</p> <p>BCom (Accounting), BCom Hons (Accounting).</p>
<p>TAG Board Committee Membership: Chairperson of the Audit and Risk Committee Member of the Finance and Planning Committee</p>	
<p>Skills, Expertise and Experience: Accounting, Auditing, Enterprise Risk Management, Business Planning and Strategy Development, Corporate Governance and Stakeholder Management.</p>	



Ms Fikile Mkhize (51)

Independent Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

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

TAG Board Committee Membership:

Chairperson of Human Capital, Social and Ethics Committee
Member of the Audit and Risk Committee

Professional Memberships:

IoDSA, The Institute of Risk Management South Africa

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

Skills, Expertise and Experience: Board Leadership, Business Resilience, Combined Assurance, Commercial Law, Contract Management, Corporate Governance, Ethics Management, Financial Management, Human Capital Management, Information Communications Technology, Programme and Project Management, Project Finance, Risk Management and Compliance, Risk Finance, Stakeholder Management and Inter-governmental Framework, and Integrated Strategic Planning and Reporting.



Mr Stanley Ace Ngobeni (47)

Independent Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

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

TAG Board Committee Membership:

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

Professional Memberships:

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

Skills, Expertise and Experience: Corporate Governance, Finance and Accounting, Legal and Compliance, Project Management, Audit and Forensic, Risk Management and Business Continuity, Corporate and Project Finance, Information Technology, Economic Development, Business Development/Entrepreneurship, Human Resources, Fund Development.



Ms Vidhu Vedalankar (64)

Independent Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

Master's in Town and Regional Planning, Postgraduate Certificate in Executive Development Programme, BSc (Mathematics and Physics).

TAG Board Committee Membership:

Member of the Audit and Risk Committee

Member of the Finance and Planning Committee

Skills, Expertise and Experience: Corporate Governance, Strategy and Policy Development, Enterprise Risk Management Strategy, Fraud and Corruption Management Strategy; Compliance, Stakeholder Management, Finance Management and Reporting.



Mr Themba Jeffrey Ngcobo (59)

Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

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

TAG Board Committee Membership:

Member of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Skills, Expertise and Experience: Strategic Planning and Formulation, Human Capital, Corporate Governance, Communication and Stakeholder Management, Change Leadership and Management, Stakeholder Management, Financial Management, Development of Process Improvement Plans.



Ms Malebo Matolong (47) Cert.Dir. | Pr.Eng

Independent Non-Executive

(Appointed: 1 May 2021 – 31 December 2023)

Master's in Business Administration, Master's of Project Management, BEng Hons (Transportation Engineering), BSc (Civil Engineering).

TAG Board Committee Membership:

Chairperson of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Professional Memberships:

Engineering Council of South Africa, IoDSA

Skills, Expertise and Experience: Integrated Land Use – Transport Planning, Project Management, Public Transport System Design, Public Transport Policy and Regulation, Public Transport Planning Strategy Formulation, Transport Master Planning, Freight Transport Planning, Rural Transport Planning, Contract Management, Transport Planning Coordination at Local, Provincial and National Level, Financial Management, Stakeholder Management and Corporate Governance.



Ms Lebogang Lydia Mogakabe (40)

Independent Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

MTech (Civil Engineering), BTech (Transportation Engineering), National Diploma in Civil Engineering.

TAG Board Committee Membership:

Member of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Skills, Expertise and Experience: Transport Planning, Transport Systems Development, Transport Modelling, Financial Management, Stakeholder Management/Inter-governmental Relations, Public Transport Integration, Traffic Engineering, Traffic Safety Plans, Corporate Governance.



Mr Samuel Ntshenki Mofokeng (50)

Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

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

TAG Board Committee Membership:

Member of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Other Directorships:

Vaal Triangle Eisterdfoddod, SANMPA, Midvaal Youth Centre, Aaron Mokoena Foundation.

Skills, Expertise and Experience: Corporate Governance, Stakeholder Engagement, Inter-governmental Relations, Marketing.



Mr Robert Hendrikse (50)

Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

National Diploma in Town Planning.

TAG Board Committee Membership:

Member of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Skills, Expertise and Experience: Town Planning, Local Government Governance.



Mr Aubrey Motubatse Motubatse (51)

Non-Executive

(Appointed: 1 May 2021 – 30 April 2024)

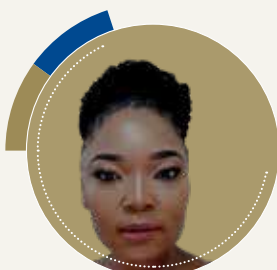
MSc (Development Planning), Master of Business Leadership, Post-Graduate Diploma in Transport Management, Higher Education Diploma, BA (Education).

TAG Board Committee Membership:

Member of the Finance and Planning Committee

Member of the Human Capital, Social and Ethics Committee

Skills, Expertise and Experience: Transport Policy and Strategy, Integrated Transport Planning, Public Transport Management, Public Transport Subsidies, Transport Law Enforcement, Growth and Development Strategies, Financial Management, Corporate Governance.



Ms Molatelo Rapetsoa (47)

Non-Executive Member

(Appointed: 1 May 2021 – 30 September 2023)

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

TAG Board Committee Membership:

Member of Finance and Asset Committee

Member of Human Capital, Social and Ethics Committee

Professional Memberships:

ECSA

Skills, Expertise and Experience: Transportation planning and management, Programme, Project and Contract management with special emphasis on municipal infrastructure, Strategic Development, Transformation, Change Management, Corporate Governance, Risk Management.



Mr Jack van der Merwe (75)

Chief Executive Officer

(Appointed: 1 February 2021 – 31 May 2024)

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

TAG Board Committee Membership:

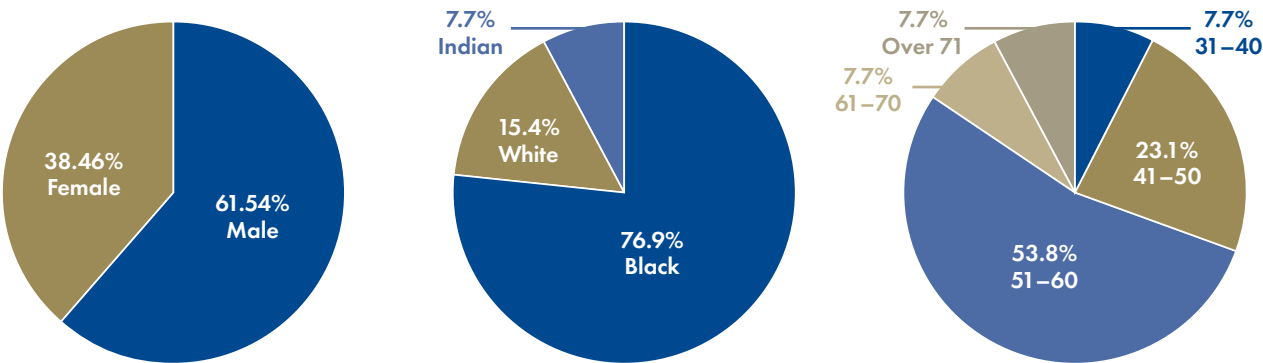
Member of the Finance and Planning Committee

Professional Memberships:

Honorary President: International Association of Public Transport (UITP), African Association of Public Transport (UATP), IoDSA.

Skills, Expertise and Experience: Public Transport Sector, Public-Private Partnership (PPP) Contracts and Projects, Strategic Planning, Governance.

The Board has sufficient knowledge, skills and experience and its size is appropriate for the nature and complexity of the TAG environment. There is a wide range of skills and these contribute to the effectiveness of the Board. Diversity in terms of female representation has been flagged as one of the areas for improvement in the appointment of the incoming Board.



The recruitment of a new Board will commence in the 2023/24 financial year to ensure proper handover from the current Board to the incoming Board in April 2024. A Board Profile has been developed that takes into consideration the requirements of the Act, results of the 2021/22 financial year evaluation of the Board and Board committees, as well as inputs from the Board, and the requirements of TAG’s strategic projects.



3.3 Board Policies

The table that follows highlights key policies governing the activities of the Board:

Appointment of the Board	The Framework for the Recruitment, Selection and Continuity of the Board, Board Committees and CEO provides guidance to the MEC and the Board in discharging its roles and responsibilities in appointing members of the Board, Board committees, and the CEO, in line with the Act, PFMA and King IV Report. The Framework was revised during the reporting period to incorporate the recommendations from the Board and Board committees Evaluation and was approved by Board and the MEC.
Succession Planning	Succession Planning is a key focus area to ensure that institutional knowledge is retained following the expiry of each Board's term of office. The Board has adopted the staggered rotation approach for continuity and for enhancing its capacity by introducing new members of the Board, with fresh perspectives and skills in line with the Authority's evolving strategy.
Business Code of Conduct and Ethics	<p>The Code provides a proactive approach to promoting good governance and responsible conduct by Board members. The Code is divided into two parts namely Ethical Principles and Conduct Principles.</p> <p>Ethical Principles – Provide Board members with guidance for value-based decision making and conduct. The Ethical Principles are also essential in living the TAG's core values. They are an important reference point for Board members and form the basis for effective and ethical performance in the execution of their roles and responsibilities.</p> <p>Conduct Principles – These principles embody the responsibilities and obligations that Board members commit to. The Code includes for example, conflict of interest, directorship, employment and other activities, gifts, political parties, disclosure of confidential information etc.</p> <p>Board members declare their interests annually and sign to declare their commitment to uphold the Ethical Principles and the Standards of Conduct outlined in the Code.</p>
Remuneration of the Board	<p>In terms of the Act, the remuneration of the members of the Board is determined by the Executive Authority, in consultation with the Gauteng MEC of Finance. The structure of the remuneration is based on the following:</p> <ul style="list-style-type: none"> • Preparation and attendance of meetings, workshops and other events paid in accordance with the National Treasury Guidelines. • Travelling and other expenses associated with attending meetings, workshops and events reimbursed in line with TAG Policies. <p>The remuneration of the Board for the 2022/23 financial year is disclosed in the Annual Financial Statements.</p>

3.4 Board's Focus Areas and Achievements during the 2022/23 Financial Year

The inability to appoint personnel as a result of not obtaining the Gauteng Provincial Treasury's concurrence with the Reward and Remuneration Structure, has had a devastating impact on TAG's ability to achieve its mandate. TAG currently has one employee who is the interim CEO. To mitigate the impact, TAG has entered into an SLA with the GMA for support functions such as Corporate Governance and Ethics, Human Capital, Legal and Compliance, Finance and SCM as well as Information and Communication Technology services.

Key focus areas for the financial year included:

- Approval of the TAG Strategic Plan for the 2023/24 to 2025/26 financial years.
- Annual Performance Plan for the 2023/24 financial year.
- Approval of the Provincial Land Transport Framework (PLTF).
- MoUs signed with the Mobility Centre for Africa (partnership for shared Information) and the International Association of Public Transport (UITP) (training interventions).
- Launch of the TAG-UITP Africa Regional Training Centre.
- SLA signed between the GMA and TAG.
- Establishment of the TAG Fraud Hotline.
- The Board conducted a Performance Evaluation for its first year in office, with a positive overall score of 3.9 out of 5.

3.5 Board Processes

The table that follows highlights the Board Processes that are critical for the effectiveness and efficiency of the Board.

Conflict of Interest	<p>All members of the Board are required to declare any actual or potential conflict of interest and sign the Confidentiality and Declaration of Conflict-of-Interest Forms prior to their appointment and thereafter annually, or whenever significant changes arise.</p> <p>At the beginning of all Board and Board committees meetings, all members of the Board are required to declare any actual or potential conflict of interest in respect of agenda items. The declarations are then deliberated and where an actual conflict of interest exists, the member is recused from the discussions on that agenda item. The Corporate Governance and Ethics Business Unit keep registers for annual declarations and all declarations made at Board and Board committees meetings.</p>
Action Plan from the Evaluation of the Performance of the Board and Board Committees	<p>A Performance Evaluation of the Board, Board committees and individual Board members is conducted every two years. The Board deliberated on the benefits of conducting an internal self-evaluation after one year in office and resolved on 31 May 2022 to conduct an internal self-assessment to identify areas for improvement in its performance and strengthen the areas where it was performing effectively.</p> <p>During the 2022/23 financial year, the Board focused on implementing the Action Plan from its evaluation for the 2021/22 financial year.</p>
Board and Board Committees Meetings and Events	<p>An Annual Board Plan and Annual Work Plans for the Board committees facilitate effective meetings and ensure that agenda items are aligned with the Board Charter and Board committees' Terms of References.</p>

3.6 Board and Board Committees' Membership and Attendance

The table that follows details the Board and Board committees' membership and attendance for the financial year.

BOARD AND BOARD COMMITTEES' MEMBERSHIP AND ATTENDANCE				
BOARD MEMBERS		BOARD COMMITTEES' MEMBERSHIP		
	Board	Audit and Risk Committee (ARC)	Finance and Planning Committee (FPC)	Human Capital, Social and Ethics Committee (HCSEC)
Mr Thendo Ratshitanga (Board Chairperson)	7/7		4/5	4/4
Mr Bolokang Lengane (Chairperson of ARC)	7/7	4/4	5/5	
Ms Fikile Mkhize (Chairperson of HCSEC)	7/7	4/4		4/4
Ms Malebo Matolong (Chairperson of FPC)	7/7		5/5	
Mr Stanley Ngobeni	7/7	4/4	5/5	
Ms Vidhu Vedalankar	7/7	4/4	4/5	
Mr Jeff Ngcobo	5/7		5/5	4/4
Ms Molatelo Rapetsoa	7/7		4/5	4/4
Ms Lebogang Mogakabe	7/7		5/5	3/4
Mr Sam Mofokeng	7/7			2/4
Mr Robbie Hendrikse	5/7		3/5	1/4
Mr Aubrey Motubatse	2/7			1/4
Mr Jack van der Merwe (Interim CEO)	7/7		5/5	4/4

4 BOARD COMMITTEES

Members of Board committees are appointed by the Board in line with the Act and the Framework for the Recruitment and Selection of Board, Board committee members, and the CEO. The term of office of the Board committee members is aligned with that of the Board. All Board committees are chaired by Non-executive members of the Board. The Chairpersons of all Board committees are members of the Human Capital, Social and Ethics Committee in order to promote effective collaboration and co-ordination among Board committees.

The Board Charter and the Terms of Reference of the Board committees are reviewed every two years to enhance their effective functioning. The implementation of the Board committees' Terms of References was monitored through the Board committees' Annual Work Plans on a quarterly basis.

4.1 Audit and Risk Committee Report

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

4.2 Finance and Planning Committee Report

The Finance and Planning Committee (FPC) is constituted as a Board committee in accordance with Section 20(1)(a) (iii) of the Act.

The GMA's Chief Operations Officer, CFO and Senior Executive Managers responsible for the Corporate Services Business Units have standing invitations to all FPC meetings to provide the necessary information and inputs in their areas of responsibility.

4.2.1 Committee's Focus Areas and Achievements during the 2022/23 financial year

Reviewed the following matters for recommendation to the Board:

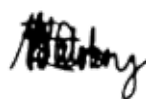
- The Provincial Land Transport Framework;
- TAG's Budget for the 2022/23 financial year;
- Quarterly Performance and Performance Information Reports;
- The reports on the Integrated Fare Management System;
- The progress report on the listing of TAG as a Schedule 3C Public Entity by the National Treasury; and
- The report on the Hydrogen Study Tour to Germany and the Nordic Countries.

Reviewed and approved quarterly reports on the following key matters:

- Performance Evaluation of the Finance and Planning Committee for the 2021/22 financial year;
- Establishment of a Centre of Excellence Report;
- Consolidated Finance Reports;
- Asset Management and Asset Maintenance Reports;
- Supply Chain Management Reports; and
- Facilities Management Reports.

The FAC is satisfied that it has performed its duties in accordance with its approved Terms of Reference for the 2022/23 financial year. The pending listing of TAG as a Schedule 3C Public Entity is a concern for the committee. TAG applied for listing from National Treasury in 2021. National Treasury has acknowledged that all the required documents were received and that they are still in the process of evaluating our request.

Engagements with National Treasury regarding the listing of TAG was finally approved with formal confirmation expected before the end of 2023 as per feedback from the MEC.



Ms Malebo Matolong
TAG: FPC Chairperson

4.3 Human Capital, Social and Ethics Committee Report

The Human Capital, Social and Ethics Committee (HCSEC) is a statutory committee constituted in terms of Section 72 of the Companies Act, 2008 (Act 71 of 2008), Section 20(1) (b)(ii) of the GTA Act, King IV and the TAG Board Charter. The HCSEC oversees the management of ethics and assists the Board in ensuring that the ethics of TAG are managed in a way that supports the establishment of an ethical culture. HCSEC is also responsible for drawing matters within its mandate to the attention of the Board and the MEC, as required.

4.3.1 Committee's Focus Areas and Achievements during the 2022/23 financial year

Reviewed Human Capital Policies and Key Documents and recommended them to the Board for approval.

Deliberated on the Performance Evaluation Report of the Human Capital, Social and Ethics Committee for the 2021/22 financial year and developed an Action Plan to address the outcomes.

Reviewed, monitored and/or approved quarterly reports on the following matters:

- Integrated Ethics Management Reports;
- Achievement of B-BBEE targets;

- Human Capital Quarterly Reports, including progress reports on Phase 1 Recruitment Plan (appointment of critical positions and secondment of personnel); and
- Training and development of the Board.

The HCSEC's effectiveness was hampered by a lack of personnel in the Authority as a result of not obtaining Gauteng Provincial Treasury's concurrence on the Reward and Remuneration Structure of the Authority. The following matters were negatively impacted as a result:

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

The Performance Contract and Performance Review for the CEO are matters which require attention and will be finalised during the 2023/24 financial year.

Fikile Mkhize

Ms Fikile Mkhize

TAG: HCSEC Chairperson

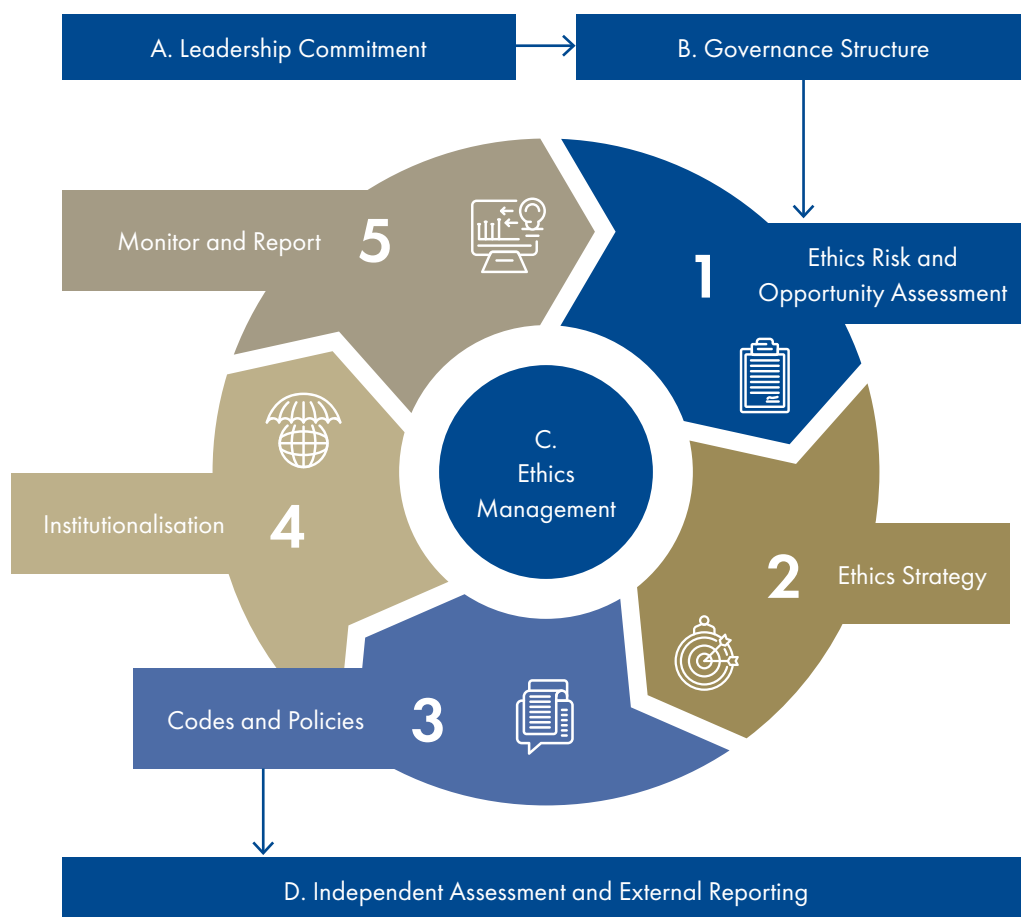
5 MANAGEMENT OF ETHICS

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

5.1 Ethics Management Framework

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

Diagram 1: Ethics Management Framework



The codes address key matters and ethical principles to be applied by the members of the Board, employees and service providers, in execution of their duties.

The Board approved the following documents as part of the suite of ethics codes for TAG:

- Business Code of Conduct and Ethics for the Board.
- Business Code of Conduct and Ethics for Employees.
- Adopted GMA's Supplier Code of Conduct and Ethics.

5.2 Fraud and Corruption

Addressing fraud and corruption requires a holistic approach focusing on detection, prevention, and redress, underpinned by effective collaboration between all stakeholders. Preventing fraud should be the primary aim of any organisation's Fraud Plan as it requires less resources with more benefits, compared to an approach based on detection and recovery. Prevention of fraud also contributes to the establishment of an ethical culture in the organisation.

As a mitigation measure to address fraud and corruption, TAG established a Fraud Hotline with effect from 1 January 2023, managed by an external service provider, Vuvuzela Hotline (Pty) Ltd. Fraud hotlines are a critical ethics management tool to identify gaps in an organisation's management processes and internal controls or to identify incidents of fraud, corruption, or other unethical behaviour.

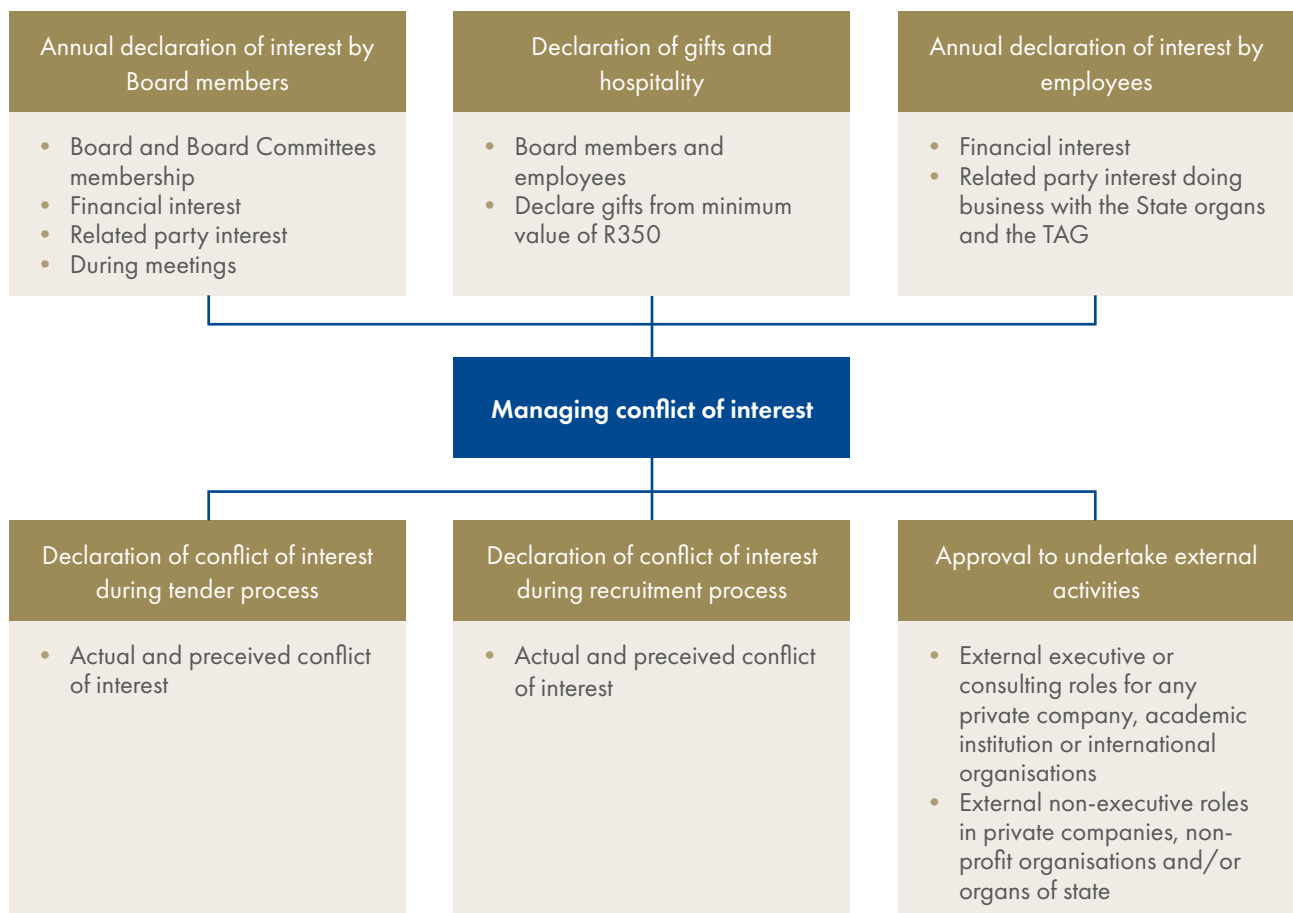
No fraud or corruption incidents were reported during the period under review.

5.3 Management of the Conflict of Interest

Conflict of interest is an ethics risk and the failure to manage it can have negative consequences for organisations and the individuals involved. Loss of public trust, reputational damage, and erosion of employee morale are some of the consequences of improper management of conflicts of interest. The effectiveness and integrity of TAG's decision-making processes may also be impacted negatively.

TAG has put in place the following processes and procedures to manage conflict and/or potential conflicts of interest. Refer to Diagram 2 that follows.

Diagram 2: Managing conflict of interest



5.4 Declaration of Gifts

TAG's Gift and Hospitality Policy provides guidance on the management of gifts received from third parties. TAG has put in place measures to manage corporate gifts and mitigate the related risks while continuously monitoring compliance with the Gift and Hospitality Policy.

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

6 INTERNAL AUDIT

In the financial year under review, GMA's Internal Audit function delivered objective and independent assurance and advisory services related to TAG's controls, governance, and risk management processes. Adhering to the provisions set out in the Public Finance Management Act (PFMA) and internal auditing standards, the Internal Audit function maintains its independence from the areas it reviews. This independence is ensured through established reporting protocols, which dictate that it reports administratively to the CEO and functionally to the Audit and Risk Committee (ARC).

The GMA Internal Audit's mandate is derived from the SLA which was mutually agreed upon by the GMA and TAG. This agreement outlines various responsibilities, including but not limited to:

- Providing assurance services for TAG's financial statements, annual, and quarterly performance plans.
- Conducting reviews within the scope of the internal audit function, as requested by TAG's management and/or Board.
- Involvement in policy formulation, stakeholder engagement, audit planning, audit execution, and audit reporting.
- Presenting a Consolidated Internal Audit Report to TAG's ARC on a quarterly basis or as required. This comprehensive report encompasses, among other aspects, the progress made against TAG's audit plan and an overview of all TAG activities conducted by GMA's Internal Audit function during the quarter.

The overarching conclusion of GMA's Internal Audit function is that TAG's system of internal control, governance, and risk management processes functioned as intended during the review period.

For external audit purposes, the Auditor-General of South Africa conducted a thorough review and considered the work performed by GMA's Internal Audit function.

7 B-BBEE COMPLIANCE REPORT†

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

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

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

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

Approved by:



Mr Jack van der Merwe

TAG: Interim CEO

Accounting authority:

Sphere of Government/Public Entity/Organ of State:

Date: 30 September 2023

8 PFMA COMPLIANCE REPORT†

Supply Chain Management

Contract variations and expansions

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



PART E

HUMAN CAPITAL MANAGEMENT



1 FOCUS IN THE YEAR

UNDER REVIEW

The establishment of TAG as an entity required that good corporate governance be adhered to in line with the PFMA, King IV Report and the Labour Relations Act. Therefore it is critical that proper processes for Human Capital are in place to ensure that the Authority is capacitated with the best talent that will ensure that it achieves its mandate and strategic objectives.

The Board approved Human Capital Policies, Job Evaluations and Job Gradings for ten positions for phase 1 recruitment. The ten (10) positions were advertised, and all the required processes were completed except the offer stage, which could not be completed due to delays in acquiring the necessary concurrence from Provincial Treasury on the Salary Structure. At the end of the financial year the Board had approved 19 critical Human Capital policies.

In terms Section 37(3) of the Gauteng Transport Authority Act (GTA Act), 2019 (Act 2 of 2019), TAG must consult and get concurrence from the Provincial Treasury on the TAG remuneration, allowances, benefits, and other terms and conditions of appointment of members of staff. Management engaged with the Provincial Treasury to finalise the TAG remuneration structure as approved by the Board but ultimately their response was not in favour of the proposed remuneration structure.

In line with the SLA between TAG, the GMA, and GDRT, the GMA provided resources in terms of Human Capital to support TAG. These services range from full time acting positions, part time or ad-hoc services as well as secondments of personnel where GMA has capacity to do so. The SLA which expired at the end of this financial year had been extended as part of the broader functional support from GMA to TAG until 2024 with the concurrence of the MEC.

2 HUMAN CAPITAL

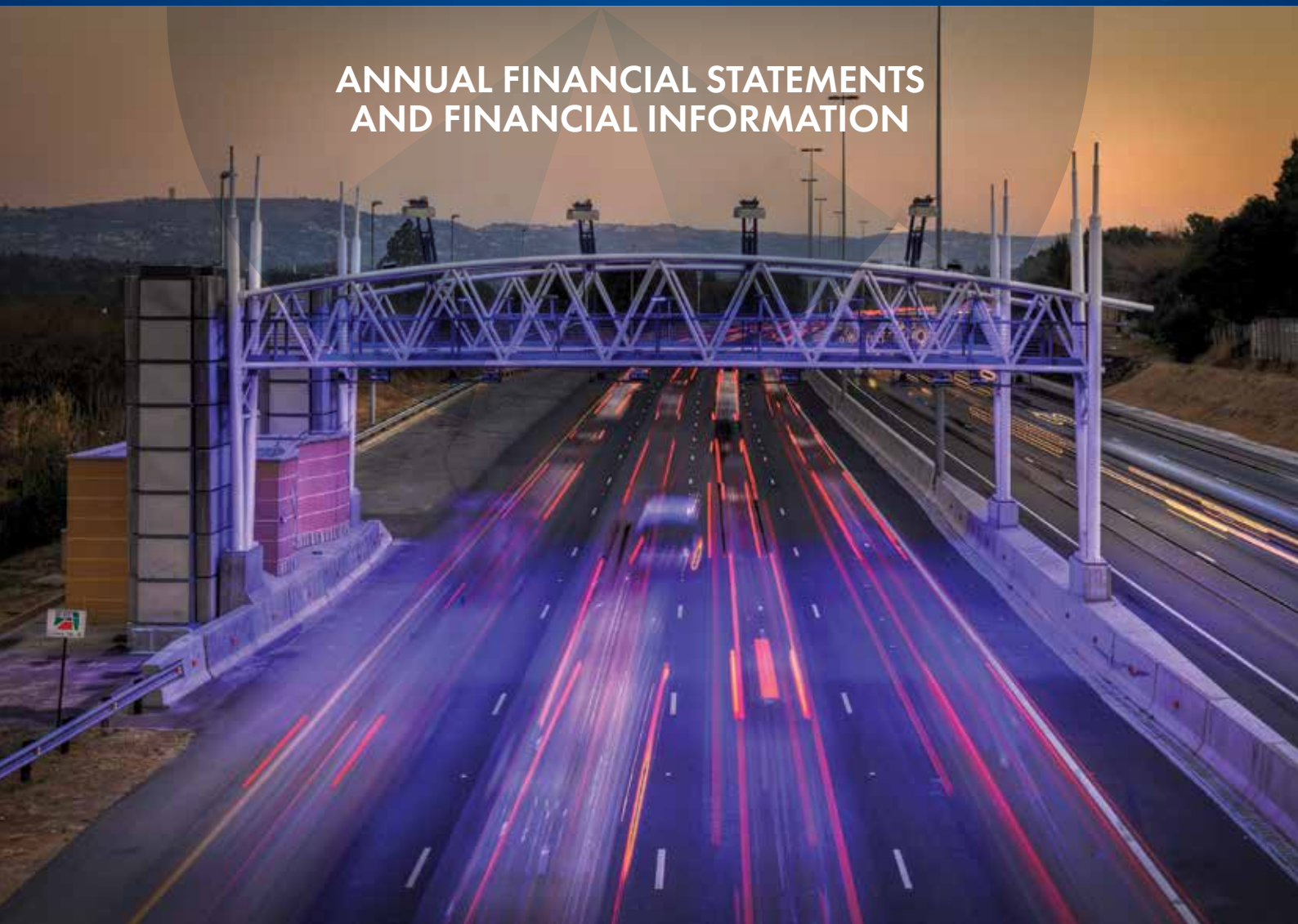
OVERSIGHT STATISTICS

There are no human capital statistics available.



PART F

ANNUAL FINANCIAL STATEMENTS
AND FINANCIAL INFORMATION



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ABBREVIATIONS

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

ADMINISTRATIVE INFORMATION

Domicile	Republic of South Africa	
Nature of Principal Activities	<p>The Transport Authority for Gauteng (TAG) is a Provincial Public Entity, in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended (PFMA), reporting to the Member of the Executive Council (MEC) of the Gauteng Department for Roads and Transport.</p> <p>TAG was established in terms of the Gauteng Transport Authority Act, 2019 (Act 2 of 2019), to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng province. TAG has applied to National Treasury to be listed as a schedule 3(C) Public Entity.</p>	
Board members	Mr Thendo Ratshitanga	Appointed as Chairperson from 1 May 2021 to 30 April 2024
	Ms Malebo Matolong	Appointed from 1 May 2021 to 30 April 2024
	Mr Stanley Ace Ngobeni	Appointed from 1 May 2021 to 30 April 2024
	Ms Vidhu Vedalankar	Appointed from 1 May 2021 to 30 April 2024
	Ms Fikile Mkhize	Appointed from 1 May 2021 to 30 April 2024
	Ms Lebogang Lydia Mogakabe	Appointed from 1 May 2021 to 30 April 2024
	Mr Themba Jeffrey Ngcobo	Appointed from 1 May 2021 to 30 April 2024
	Ms Molatelo Rapetsoa	Appointed from 1 May 2021 to 30 April 2024
	Mr Robbie Hendrikse	Appointed from 1 May 2021 to 30 April 2024
	Mr Sam Mofokeng	Appointed from 1 May 2021 to 30 April 2024
	Mr Bolokang Lengane	Appointed from 1 May 2021 to 30 April 2024
	Mr Aubrey Motubatse	Appointed from 23 September 2021 to 30 April 2024
	Mr Elzer (Jack) van der Merwe	Interim Chief Executive Officer - Appointed from 1 February 2020 to 31 May 2024
	Mr Makhukhu Mampuru	Appointed from 1 May 2021 to 30 August 2021
Postal Address	PO Box 1266, Kelvin, 2054, South Africa	
Physical Address	44 Grand Central Boulevard, Grand Central Ext. 1, Midrand, 1685, South Africa	
Chairperson	Mr Thendo Ratshitanga	1 May 2021 to 30 April 2024
Chief Executive Officer	Mr Elzer (Jack) van der Merwe	
Chief Financial Officer	Mr Preston Mabena	
Head of Corporate Governance and Ethics	Ms Mahlatse Ralefeta	
Auditor	Auditor-General of South Africa	
Contact Information	<p>Telephone No.: +27 11 086 3500</p> <p>Website: www.gautengonthemove.co.za</p>	

CHIEF FINANCIAL OFFICER'S OVERVIEW

I am pleased to present an overview of the Annual Financial Statements of the Transport Authority for Gauteng (TAG) for the 2022/23 financial year. Despite the challenges encountered due to governance and capacity-related issues, TAG managed to receive an unqualified audit outcome. While these challenges have impacted the TAG audit process, it is important to recognise the progress that has been made and the potential that TAG holds for the future.

It is crucial to address these challenges as they had an impact on our audit outcome, leading to uncertainties in our financial statements. We understand the concerns this may raise among our stakeholders and are committed to addressing these challenges. Despite the ongoing challenging operating environment TAG's focus has remained on managing factors within its control.

The Auditor-General of South Africa also reports on the annual performance report and compliance with legislation and in both areas no findings were identified for reporting purposes. TAG identifies and fully discloses any unauthorised, irregular or fruitless and wasteful expenditure incurred, which was zero in the 2022/23 financial year.

I would like to take this opportunity to commend the GMA's dedicated finance team for their tireless efforts in ensuring timely and accurate financial reporting for TAG. Their commitment to upholding high standards of financial transparency has been instrumental in achieving an unqualified audit outcome for TAG.

I extend my gratitude to the TAG Board and management for their ongoing counsel, guidance, and support. Collective inputs and thinking from a multitude of perspectives are always important.



TAG appreciates the support and understanding of our stakeholders during this time and assures them that we are committed to transparency and accuracy in our financial reporting.

Thank you for your continued trust, belief, and support in the Transport Authority for Gauteng.

A handwritten signature in black ink, appearing to read 'M Mabena'.

Mr Preston Mabena

TAG: Acting Chief Financial Officer

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

for the year ended 31 March 2023

The TAG Board is responsible for the preparation of the Annual Financial Statements.

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

It is the responsibility of the independent auditors to report on the fair presentation of the Annual Financial Statements.

Internal and Accounting Controls

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

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

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

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

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

Based on the information and explanations provided by management and the internal auditors, the TAG Board is of the opinion that the internal financial controls are adequate, effective and efficient and that the financial records may be relied upon for preparing the Annual Financial Statements in accordance with GRAP and to maintain sound accountability for the TAG's assets and liabilities. Nothing has come to the attention of the TAG Board to indicate that a breakdown in the functioning of these controls, resulting in material loss to the TAG, has occurred during the year and up to the date of this report.

Going Concern

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

Audit and Risk Committee

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

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

Annual Financial Statements

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

The Annual Financial Statements for the year ending 31 March 2023 set out on pages 44 - 74 were approved on 17 July 2023 by the Board and signed on its behalf by the Chairperson of the Board and the Chief Executive Officer of the Transport Authority for Gauteng.



Mr T Ratshitanga

TAG: Board Chairperson



Mr E van der Merwe

TAG: Interim CEO

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2023

1. LEGISLATIVE REQUIREMENTS

The Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2023, as required by section 77 of the Public Finance Management Act No. 1 of 1999, as amended by Act No. 29 of 1999, (PFMA) read with Treasury Regulation 27.1.10.

The Audit and Risk Committee was established and constituted in accordance with section 20(1)(b)(i) of the Gauteng Transport Authority Act, the King IV Report and the TAG Board Charter.

2. AUDIT AND RISK COMMITTEE'S RESPONSIBILITY

During the period under review, the committee fulfilled its statutory duties as required by the TAG Act and the PFMA as read with the Treasury Regulations (regulation 27.1.8), as well as various additional responsibilities assigned to it by the Board.

The committee's activities are also guided by its terms of reference, which are approved by the Board.

3. AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee charter requires that the committee comprises a minimum of three independent members. The Audit and Risk Committee consists of four independent non-executive members and is chaired by Mr Bolokang Lengane CA(SA).

The chief executive officer of TAG and the chief financial officer of the Gautrain Management Agency have a standing invitation to all meetings of the committee.

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

The chairperson of the Audit and Risk Committee reports to the Board on a quarterly basis, with regard to the Audit and Risk Committee's deliberations, decisions and recommendations. During the period under review, the committee held 4 quarterly

meetings as required in terms of the terms of references.

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

Name of Member	Total Committee Meetings Held	Total Committee Meetings Attended
Mr Bolokang Lengane (Chairperson)	4	4
Ms Fikile Mkhize	4	4
Mr Stanley Ngobeni	4	4
Ms Vidhu Vedalankar	4	4

4. RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION

In terms of the terms of reference of the Audit and Risk Committee, it is responsible for the oversight of the risk management function.

As the TAG has not begun operating fully, while awaiting concurrence from Gauteng Treasury on proposed remuneration of its personnel, the risk management and monitoring was limited to strategic risks reported as part of the performance report.

The Risk Management and Internal Audit functions are not yet operational.

The TAG has a management support services with the Gautrain Management Agency (GMA). Where necessary, the TAG relied on the Internal Audit function of the GMA to provide assurance. For the year under review, the Internal Audit function of GMA provided an assurance report on the Annual Financial Statements prior to the board approving them.

The Audit and Risk Committee was also responsible for overseeing and reviewing the internal controls of TAG, and as such, the committee reviewed the quarterly reports of management on the effectiveness of the internal controls.

Based on the results of internal audit reviews for the 2022/2023 financial year, the overall control environment across TAG is 'satisfactorily effective' in providing reasonable assurance.

5. EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

During the reporting period, the Audit and Risk Committee reviewed the Annual Financial Statements and is satisfied that the Annual Financial Statements have been prepared in terms of GRAP and the PFMA. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the Annual Financial Statements;
- Clarity and completeness of disclosure, and whether disclosures made have been set properly in context including matters relating to any unauthorised, irregular, fruitless and wasteful expenditure;
- Changes in the accounting policies and practices;
- Significant adjustments resulting from the audit;
- Compliance with accounting standards and legal requirements;
- Explanation for the accounting treatment adopted;
- Reasons for year-on-year fluctuations; and
- Asset valuations.

The review of the TAG Annual Financial Statements for the 2022/2023 financial year was done at the joint sitting of the Audit and Risk Committee together with the Finance and Planning Committee of TAG, which meeting was held on 28 September 2023 and recommended to the Board for approval on 30 September 2023.

6. PERFORMANCE INFORMATION MANAGEMENT

The Audit and Risk Committee is also responsible for the review of performance information. The Audit and Risk Committee reviewed the quarterly reports of TAG's performance against predetermined objectives. The Audit and Risk Committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for performance information management.

7. THE QUARTERLY REPORTS SUBMITTED IN TERMS OF THE TAG ACT

The Audit and Risk Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. During the period under review,

quarterly reports were presented by management to enable the Audit and Risk Committee to:

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

8. EXTERNAL AUDITOR'S REPORT

The Audit and Risk Committee concurs with and accepts the conclusion and audit opinion of the external auditor on the Annual Financial Statements. The Audit and Risk Committee is of the view that the audited financial statements be accepted and read together with the report of the AGSA. The Audit and Risk Committee met with the external auditor to ensure that there are no unresolved issues.

9. CONCLUSION

The Audit and Risk Committee has executed its roles and responsibilities in terms of its Board-approved terms of references.



Mr Bolokang Lengane CA(SA)

Chairperson of the TAG Audit and Risk Committee

Date: 30 September 2023

REPORT OF THE BOARD

for the year ended 31 March 2023

The members of the Board have pleasure in presenting their report for the year ended 31 March 2023.

General Review

The Transport Authority for Gauteng (TAG) was established in terms of the Gauteng Transport Authority (GTA) Act, 2019 (Act 2 of 2019) to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng province.

The failure to secure the concurrence of the Provincial Treasury vis-a-vis the TAG remuneration, allowances, benefits, and other terms and conditions of appointment of members of staff determination, in accordance with Section 37(3) of the GTA.

The ongoing process of obtaining concurrence from the Provincial Treasury has taken more than 13 months and has resulted in a situation that no TAG staff could be appointed.

Financial Overview

The financial overview of the TAG is comprehensively disclosed in the Annual Financial Statements.

Financial Results

The summary of the financial results of the TAG for the year ended 31 March 2023 is detailed in the table that follows.

	31 March 2023	31 March 2022
Summary of Financial Results (R'000)		
Total income	20,930	9,660
Total expenditure excluding depreciation and amortisation	20,665	9,624
Total expenditure	20,930	9,660
Net surplus/(loss) for the year	-	-
Net surplus/(loss) for the year excluding depreciation and amortisation	-	-
Total assets	4,908	4,159
Total liabilities	3,691	3,317

Going Concern

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

Appreciation

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

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

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2023

Report of the auditor-general to Gauteng Provincial Legislature on the Transport Authority for Gauteng

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Transport Authority for Gauteng set out on pages 44 - 77, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Transport Authority for Gauteng as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

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

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promote economic progress in the province; provide a well -functioning, effective and modern, integrated, and safe public transport system for all users in the province; and integrate the development of transport infrastructure and services in the province presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Implement the approved Strategic Transport Plan.
 - Embark on the process of developing the Integrated Implementation Plan and the approval thereof.
 - Develop and get approval of the PLTF.
 - Review of the ITMP25.
 - Embark on the process of developing the Strategic Transport Plan and the approval thereof.
 - Implement the approved Integrated Implementation Plan.
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements

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

14. I performed the procedures for the purpose of reporting material findings only.
15. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Report on compliance with legislation

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

Annual Financial Statements

20. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.
21. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of the cash, accounts receivables, government grants, other disclosure item and the cash flow statement identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report, which includes the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected outcomes presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected outcome presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
27. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
28. The accounting officer did not adequately perform the oversight responsibility for financial reporting and compliance with applicable legislation. This resulted in material misstatements on the financial statements and non-compliance with applicable laws and regulations.
29. Senior management did not adequately review the Annual Financial Statements to ensure compliance with SA Standards of GRAP.

Auditor-General

Johannesburg

30 September 2023



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Sections 55(1)(a); 55(1)(b); 55(1)(c)(i) Sections 56(1); 56(2) Section 57(b) Section 66(4)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Regulation 8.2.1; 8.2.2 Regulation 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.3(a); 16A6.3(a)(i); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a) (ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c); 31.2.5; 31.2.(a) Regulation 33.1.1; 33.1.3
Public Service Regulation	Public service regulations 13(c);18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Sections 29; 34(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations (PPR) 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA Supply Chain Management (SCM) Instruction Note 9 of 2022-23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
PFMA SCM Instruction Note 9 of 2022-23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury (NT) Instruction Note 1 of 2015-16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 3 of 2021-22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4(c); 4.4(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction Note 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 3 2019-20	Paragraph 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 11 2020-21	Paragraph 3.1 Paragraph 3.4(a); 3.4(b) Paragraph 3.9 Paragraph 6.1; 6.2; 6.7
8 NT SCM Instruction Note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a); 3.2.4(b); 3.3.1 Paragraph 4.1
PFMA SCM Instruction Note 4 of 2022-23	Paragraph 4(1) Paragraph 4(2) Paragraph 4(4)
Practice Note 5 of 2009-10	Paragraph 3.3
PFMA SCM Instruction Note 8 of 2022-23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT Instruction Note 4 of 2015-16	Paragraph 3.4
NT Instruction Note 3 of 2019-20 – Annexure A	Sections 5.5.1(iv) and (x)

STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Note(s)	12 Months 31 March 2023 R '000	12 Months 31 March 2022 R '000
Assets			
Current Assets			
Accounts receivable	1	3,691	3,317
Non-current Assets		1,216	842
Property, plant and equipment	2	1,216	842
Total Assets		4,908	4,159
Liabilities			
Current Liabilities		3,691	3,317
Payables (Exchange transactions)	3	3,691	3,317
Total Liabilities		3,691	3,317
Accumulated surplus/(deficit)		1,217	842
Total Net Assets		4,907	4,159

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

	Note(s)	12 Months 31 March 2023 R '000	12 Months 31 March 2022 R '000
Revenue			
Revenue from non-exchange transactions		20,930	9,660
Government grants	9	20,930	9,660
Assets received for no consideration		-	-
Total Revenue		20,930	9,660
Expenditure		20,930	9,660
Board and committee member remuneration	4	930	834
Employee costs	5&6	8,144	7,059
Depreciation	7	265	36
Operational expenditure	8	11,591	1,731
Net Surplus/(Deficit) For The Year		-	-

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2023

	Note(s)	Accumulated Surplus/ (Deficit)	Total Amount
Balance as at 31 March 2021		43,732	43,732
Surrendered amount		(43,732)	(43,732)
Net surplus/(loss) for the year		-	-
Surrendered amount		-	-
Balance as at 31 March 2022		-	-
PY Accumaled surplus/Assets balance		1,217	-
Net surplus/(loss) for the year		-	-
		-	-
Balance as at 31 March 2023		1,217	1,217

CASH FLOW STATEMENT

for the year ended 31 March 2023

	Note(s)	12 Months 31 March 2023 R '000	12 Months 31 March 2022 R '000
Cash Flows from Operating Activities			
Receipts		15,137	10,463
Grant income		15,137	10,463
Payments		(14,498)	(9,584)
Board and committee member remuneration		(930)	(834)
Employee costs		(8,144)	(7,059)
Operating expenditure		(5,424)	(1,691)
Net cash from operating activities	10	639	879
Cash Flows from Investing Activities		(639)	(878)
Acquisition of property, plant and equipment		(639)	(878)
Acquisition of intangible assets		-	-
Cash Flows from Financing Activities		-	-
Finance lease payments		-	-
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2023

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

	Note(s)	Approved Budget 2023 R '000	Revised Budget 2023 R '000	Actual Amounts on a Comparable Basis 2023 R '000	Funds from Prior Period and Other Income 2023 R '000	Difference between Revised Budget, Funds from Prior Period and Actual Amounts 2023 R '000
Final budget appropriation		54,915	54,915	54,915	-	-
Approved budget		54,915	54,915	54,915	-	-
Funds from previous year		-	-	-	-	-
Other income – RUF		-	-	-	-	-
Other income – Interest income		-	-	-	-	-
Payments		54,915	52,415	18,774	-	33,985
Project expenditure		19,000	19,000	4,014	-	14,986
Review ITMP25		11,500	11,500	-	-	11,500
PLTF		3,900	3,900	3,720	-	180
Strategic Transport Plan and Intergrated Implementation Plan		2,800	2,800	-	-	2,800
Technical Consultants		800	800	294	-	506
			-	-	-	-
Operating and support costs		35,915	33,415	14,760	-	18,999
Human Resources		20,965	20,965	7,102	-	13,863
Administration		6,600	6,600	6,489	-	111
Corporate Governance		3,150	3,150	825	-	2,325
ICT Hardware and Software		2,500	-	344	-	-
Communication and Marketing Costs		1,200	1,200	-	-	1,200
Legal Costs		1,500	1,500	-	-	1,500
Net receipts/Budget surplus	23	-	-	-	-	33,985*

* R33,9 million was surrendered to Provincial Treasury.

ACCOUNTING POLICIES

for the year ended 31 March 2023

1.1 Presentation of the Annual Financial Statements

General Information

The Transport Authority for Gauteng (TAG) was established in terms of the Gauteng Transport Authority Act, 2019 (Act 2 of 2019) to develop an integrated transport system which contributes to environmental sustainability and social cohesion and promotes economic progress in the Gauteng province.

Basis of Preparation

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

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

Additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the relevant legislative requirements of the PFMA.

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

Use of Estimates and Significant Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognised in the period in which the estimates are revised and in any future financial periods affected.

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

Useful lives and residual values (GRAP 17, 31 and 103)

Significant judgement is used in estimating the period over which an asset is expected to be available for use by the TAG and its residual value. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Impairment of receivables (GRAP 104)

Significant judgement is used in estimating the impairment of receivables based on past payment history, risk profile, credit reputation and market information.

Segment reporting (GRAP 18)

Significant judgement is used in identifying service and geographical segments of the TAG.

Presentation Currency

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

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

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

Comparative Information

Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in these Annual Financial Statements.

Prior year comparatives

Where necessary comparative figures have been adjusted to conform to the changes in presentation in the current year.

Going Concern Assumption

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

1.2 Property, Plant and Equipment

Recognition and Measurement

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

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

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

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

Costs for acquired assets include:

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

The cost of self-constructed assets is determined using the same principles as those applied for an acquired asset and includes the cost of materials, direct labour and other resources incurred in constructing the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by

management, and an initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

Reversal of Impairment

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

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

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

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

Derecognition

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

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

1.3 Provisions and Other Liabilities

A provision is a liability of uncertain timing or amount.

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

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

1.4 Finance Leases

Recognition

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

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

Measurement

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

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

the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

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

Derecognition

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

1.5 Contingencies and Commitments

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

A contingent liability is:

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

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

1.6 Revenue (Non-Exchange Transactions)

Government Grants

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

1.7 Revenue (Exchange Transactions)

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

Finance Income

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

Finance income comprises of interest income on funds invested.

Other Income

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

1.8 Finance Expenses

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

1.9 Employee Benefits

Short-Term Employee Benefits

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

Recognition and Measurement

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

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

Short-Term Compensated Absences

- Accumulating compensated absences e.g. annual leave, are those that are carried forward and can be used in future periods if the current period's entitlement

is not used in full. The TAG recognises the expected cost of such absences when employees render services that increases their entitlement to future compensated absences. Accumulated compensated absences are vesting, in that employees are entitled to a cash payment for unused leave entitlement on leaving the TAG.

- The TAG measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- Non-accumulating compensated absences e.g. sick leave, do not carry forward, they lapse if the current reporting period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the TAG. The TAG recognises no liability or expense until the time of the absence, because employee service does not increase the amount of the benefit.

Bonus, Incentive and Performance Related Payments

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

Post Employment Benefits: Defined Contribution Plan

Recognition and Measurement

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

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

1.10 Operating Leases

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

Lease payments under an operating lease shall be recognised as an expense in the Statement of Financial Performance on a straight-line basis over the lease term unless another

systematic basis is more representative of the time pattern of the user's benefit.

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

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

1.11 Irregular Expenditure

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

1.12 Fruitless and Wasteful Expenditure

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

1.13 Taxes and Levies

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

1.14 Taxation

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

1.15 Related Parties

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

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

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

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

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

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

1.16 Subsequent Events

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

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

1.17 Budget Information

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

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

1.18 Segment Reporting

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

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

1.19 Financial Instruments

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

Initial Recognition

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

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

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

Initial Measurement

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

Subsequent Measurement

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

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

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

Derecognition

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
 - a) Significant risks and rewards are transferred to another party; or

- b) Despite having retained significant risks and rewards, the TAG has transferred control of the asset to another entity.

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

Gains and Losses

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

Offsetting

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

Impairment

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

Financial Assets Held at Amortised Cost

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

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

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

Financial Assets Held at Cost

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

Cash and Cash Equivalents

Cash and cash equivalents are recognised at fair value.

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

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

Receivables

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

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

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

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

Payables

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

1.20 Financial Risk Management

The entities activities expose it to the following risks:

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

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

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

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

(A) Credit Risk

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

(i) Deposits

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

(B) Liquidity Risk

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

(C) Market Risk

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

(i) Price Risks

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

(ii) Interest Rate Risks

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

1.21 New Standards and Interpretations

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

None

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

None

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. Accounts Recievables

	2023 R '000	2022 R '000
Accounts recievables	3,691	3,317
Total	3,691	3,317

2. TAG Assets

	2023 R '000			2022 R '000		
Summary	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Office equipment	474	70	405	-	-	-
Computer equipment	762	184	578	762	32	730
Furniture and fittings	281	47	234	116	4	112
Total	1,517	301	1,216	878	36	842

	2023 R '000					
Reconciliation – 2023	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Office equipment	-	474	-	-	70	405
Computer equipment	730	-	-	-	152	578
Furniture and fittings	112	165	-	-	43	234
Carrying value – 2023	842	639	-	-	265	1,216

	2022 R '000					
Reconciliation – 2022	Opening balance	Additions	Capitalised	Write-off	Depreciation	Closing balance
Office equipment	-	-	-	-	-	-
Computer equipment	-	762	-	-	32	730
Furniture and fittings	-	116	-	-	4	112
Carrying value – 2022	-	878	-	-	36	842

3. Payables (Exchange Transactions)

	2023 R '000	2022 R '000
GMA payables	3,691	3,317
Total	3,691	3,317

4. Board Members and Other Committee Members' Remuneration

	2023 R '000		
	Board fees	Other expenses	Total remuneration
Board member remuneration – 2023			
Names of Board members			
Mr T Ratshitanga (Chairperson)	163	6	169
Mr EB Lengane	137	7	144
Ms SF Mkhize	134	8	142
Ms YM Matolong	162	24	186
Mr SA Ngobeni	97	6	103
Ms VN Vedalankar	101	7	107
Ms LL Mogakabe	-	-	-
Mr E van der Merwe	-	-	-
Mr A Motubatse	-	-	-
Mr Molatelo Rapetsoa	-	-	-
Mr SM Mofokeng	-	-	-
Mr R Hendrikse	-	-	-
Mr TJ Ngcobo	-	-	-
Total	794	57	851
Audit and Risk Committee remuneration			
Names of Audit and Risk Committee members			
Mr EB Lengane (Chairperson)	26	-	26
Ms SF Mkhize	18	-	18
Mr SA Ngobeni	18	-	18
Ms VN Vedalankar	18	-	18
			-
Total	79	-	79

Board member remuneration – 2022	2022 R '000		
	Board fees	Other expenses	Total remuneration
Names of Board members			
Interim Board (April 2021 to May 2021)			
Mr M Mokoena (Chairperson)	-	-	-
Dr P Dala	-	-	-
Ms L Fosu	-	-	-
Ms S Hlapolosa	-	-	-
Ms S Zamxaka	-	-	-
Ms KE Moloto-Stofile	-	-	-
Mr D Nadison	-	-	-
Ms MR Mabusela-Jonga	-	-	-
Ms L Mtiya	-	-	-
Board (1 May 2021 to March 2023)			
Mr T Ratshitanga (Chairperson)	169	3	173
Mr EB Lengane	122	1	123
Ms SF Mkhize	147	1	149
Ms YM Matolong	137	2	138
Mr SA Ngobeni	97	1	98
Ms VN Vedalankar	104	0	105
Ms LL Mogakabe	-	-	-
Mr Molatelo Rapetsoa	-	-	-
Mr SN Mofokeng	-	-	-
Mr R Hendrikse	-	-	-
Mr TJ Ngcobo	-	-	-
Total	777	8	785
Audit and Risk Committee remuneration			
Names of Audit and Risk Committee members			
Mr EB Lengane (Chairperson)	14	-	14
Mr SA Ngobeni	14	-	14
Mr F Mkhize	10	-	10
Ms VN Vedalankar	10	-	10
Total	49	-	49

5. Executive Management Remuneration

	2023 R '000					
	Basic salary	Company contributions	Bonus	Acting allowances	Lump sums	Total remuneration
Mr E van der Merwe (CEO)	4,845	695	-	-	-	5,540
Total	4,845	695	-	-	-	5,540

	2022 R '000					
	Basic salary	Company contributions	Bonus	Acting allowances	Lump sums	Total remuneration
Mr E van der Merwe (CEO)	4,845	687	-	-	-	5,533
Total	4,845	687	-	-	-	5,533

6. Employee Costs

	2023 R '000	2022 R '000
Salaries, bonuses and allowances	5,898	6,279
Increase/(Decrease) in leave accrual	-	-
Increase/(Decrease) in bonus accrual	1,356	-
Leave paid	-	-
Provident fund contributions and subsidy	615	536
Employer contributions	274	243
Total	8,144	7,059

7. Depreciation and Amortisation Costs

	2023 R '000	2022 R '000
Depreciation	265	36
TAG assets	265	36
Total	265	36

8. Operational Expenditure

	2023 R '000	2022 R '000
Travel, accommodation, entertainment and subsistence	1,660.03	-
Recruitment costs	76	994
Training and membership fees	609	
PLTF costs	7,714	31
Maintenance	-	68
Marketing and communication initiatives	-	18
Building rent and utilities	1,276	580
Office running costs	44	
IT related costs	213	
Total	11,591	1,691

9. Revenue from Non-Exchange Transactions

MTEF funding	20,930	9,660
Total	20,930	9,660

10. Reconciliation of the Budget to Actual Amounts in the Statement of Financial Performance

Net deficit as per the Statement of Financial Performance

Base adjusted for:

Depreciation	265
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Other non-cash items related to assets:

Other non-cash movement	
Lease movement	-
Increase/(decrease) in current liabilities	374

Cash flows from operating activities

Net cash from investing activities

Acquisition of property, plant and equipment	(639)
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Net increase in cash and cash equivalents

Net surplus/(deficit) before Project Funds from previous period

Add: Funds available	33,985
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Net receipts

33,985

11. Commitments

	2023 R '000	2022 R '000
PLTF consultants	662	4,381
Information technology and good services	1,616	341
Corporate governance	184	-
	2,462	4,722

12. Related Party Transactions

Non-executive Board Members and Board Committee Members

The total value of remuneration of the Non-Executive Board members including the Audit and Risk Committee members are disclosed in note 4. TAG did not enter into any other transactions with Non-Executive Board members including the Audit and Risk Committee members.

Executive Management

The total value of remuneration of executive management is disclosed in note 5. TAG did not enter into any other transactions with executive management.

Gauteng Provincial Government

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

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

During the financial year under review, the TAG entered into financial transactions with Gautrain Management Agency under the Executive Authority of the MEC of the Gauteng Department of Roads and Transport. The detail transaction is disclosed under note 3 'Payables'.

13. Financial Instruments and Risk Management

TAG's financial instruments consist of payables.

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

	2023 R '000	2022 R '000
Financial assets - at carrying value		
Receivables	3,691	3,317
Financial liabilities - at carrying value		
Payables	3,691	3,317

Financial Instruments

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

On 31 March 2023, TAG did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

Fair Value of Financial Instruments

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

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

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

Risk Management

Interest Rate Risk Management

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

Liquidity Risk Management

TAG manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

Maturity Period	0–12 Months	1–5 Years	>5 Years
Financial Liabilities			
Payables	3,691	-	-

14. B-BBEE Performance

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

15. Subsequent Events

None

16. Going Concern

On 31 March 2023, the TAG Board has every reason to believe that the TAG has adequate resources in place to continue in operation in the foreseeable future. TAG is a provincial entity and is funded by budget allocations from the Gauteng Provincial Government. The entity has been allocated a budget of R54,9 Million for the 2023/24 financial year. The budget is sufficient to ensure that TAG is able to meet all its obligations for the 2023/24 financial year.

The Gauteng Provincial Government and Gauteng Treasury have allocated funds for TAG through the MTEF Budget process as part of their budget/commitments to ensure the existence and running of the TAG for the next three financial years. These commitments have a positive impact on the Annual Financial Statements and confirms that TAG does not intend to liquidate the entity or to cease operations and remains a going concern and its mandate has not change.

17. Segment Reporting

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

ANNEXURE A:

APPLICATION OF KING IV REPORT

APPLICATION OF KING IV REPORT - 16 BEST PRACTICE PRINCIPLES

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

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

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

King IV Principle	Action taken
<p>Stakeholders</p> <p>Principle 16: In its execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>Governance of TAG's stakeholder relationships is the responsibility of the Board assisted by the Human Capital, Social and Ethics Committee.</p> <p>The Human Capital, Social and Ethics Committee reviewed, monitored and approved quarterly reports on:-</p> <ul style="list-style-type: none"> • Achievement of B-BBEE targets <p>The effectiveness of the Committee was hampered by a lack of personnel in the entity, as such negatively impacted on :_</p> <ul style="list-style-type: none"> • Development of an Integrated Stakeholder Engagement Strategy; • Management of TAG's social impact on the economy of Gauteng.

LIST OF

ABBREVIATION AND ACRONYMS

AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
FPC	Finance and Planning Committee
GMA	Gautrain Management Agency
GDRT	Gauteng Department Roads and Transport
GRAP	Generally Recognised Accounting Practice
GTA Act	Gauteng Transport Authority Act, 2019 (Act 2 of 2019)
GTIP5	Gauteng Transport Implementation Plan – 5 Year
HCSEC	Human Capital, Social and Ethics Committee
IoDSA	Institute of Directors in South Africa
King IV Report	King IV Report on Corporate Governance for South Africa, 2016
ITMP25	Gauteng's 25-Year Integrated Transport Master Plan
MEC	Member of the Executive Council
MPL	Member of the Provincial Legislature
PFMA	Public Finance Management Act
PLTF	Provincial Land Transport Framework
RFP	Request for Proposal
RUF	Railway Usage Fee
SLA	Service Level Agreement
TAG	Transport Authority for South Africa
UITP	International Association of Public Transport (Union Internationale des Transports Publics)

Notes

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