Autopax Passenger Services
(SOC)
Business Plan

2019/2020
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1. INTRODUCTION

Autopax Passenger Services (SOC) Ltd also known as Autopax is a wholly-owned subsidiary of Passenger Rail Agency of South Africa (PRASA). Autopax exist to service the primary mandate of PRASA which is, provide in consultation with the Department of Transport, for long haul passenger rail and bus services within, to and from the Republic in terms of the principles set out in section 4 of the National Land Transport Act, 2009 (Act No. 5 of 2009).

The company derives its mandate from the shareholder’s compact. Based on the Shareholder’s compact, Autopax is mandated to deliver quality and safe long distance bus passenger services in South Africa with a view to grow the market share and expanding the business and thus creating shareholder value.

2. EXECUTIVE SUMMARY AND BACKGROUND

Autopax has ambitions of assuming leadership in the long distance road passenger transport solutions. The attainment of this ambition is centred on the company’s mission of providing a preferred, sustainable, high quality, seamless and affordable road passenger transport services. This business strategy is necessitated by a number of business challenges that confronts the company today. In the process of crafting a strategic plan that will return the company to a financially sustainable level, the leadership of the business is confronted with the challenge of effectively managing the current business whilst creating and implementing the future Autopax business based on this strategy.

The organisation finds itself in a financially and operationally distress state requiring, management and leadership with aptitude that can catapult the business into new frontiers. The company is also confronted by a business unfavourable organisational culture that permeates within its human capital that is compounded by the collapse in employee morale and motivation. The company has overtime experienced a decline in corporate and ethical culture, leading to collapse in corporate governance.

Due to major cash flow challenges to sustain the business, there is a high number of the bus fleet that remains off the road (parked due to mechanical breakdowns), the cash flow constraints has also contributed hugely to poor fleet maintenance regime leading to unreliability of services.
This has in the main resulted in unacceptable lower levels in passenger numbers, contraction in market share and reduced revenue collection. The external creditors’ book has increased to the level that threatens the continued trading of the company.

The lack of robust Information and Communication Technology (ICT) solutions which is a basic requirement in any bus operations has also contributed to the multifaceted challenges that confronts the business. These challenges include, but not limited to inadequate fleet management and monitoring, poor revenue collection and protection systems and inadequate inventory and materials management.

2.1. Why is the business in this state?

During the 2014/2015 financial year the company posted a profit of R7,920,829.00, however in the following two years the company made losses. It is projected that the company will post loss of over R300,000,000.00 at the end of the 2018/2019 financial year. It is clear that the challenges that the company is currently experiencing today are a manifestation of what happened since 2015/2016 financial year.

Management has taken time to reflect on the above and concluded that the following are some of key reasons the company has deteriorated over a period of time.

a. Lack of core technical expertise: The Company has overtime lost individuals with core technical expertise, most of this positions have not being filled or replaced with right skills due to cash flow challenges in the business. The business also has a number of employees in management and at critical junior level functions without core technical skills. This challenge permeate in a number of areas in the business including the collapse of the fleet maintenance regime in the Technical Department. The high number of the fleet breakdowns points directly towards lack of core technical skills in the business. This situation has also been very prevalent in the operations planning environment like bus scheduling and dispatching which is at the core of any bus industry operations. Due to cash flow challenges, the company has not invested in people development to curtailing this challenges.
b. **Lack of management and leadership skills:** The business is operating with very thin expertise at management and leadership level. This has also resulted in the compression in roles due to the fact that managers are then required to execute and perform roles at the lower levels with little or capacity to delegate.

c. **Lack of effective employee skills development:** The Company has overtime invested less and less in employee skills development as well management & leadership development due to cash flow constraints. This impacted a lot on the skills in the company across all levels of the business. The company was previously accredited as a fleet repairer by various Original Equipment Manufacturers, this accreditation has since been lost. The issue of ineffective employee skills development is also prevalent in all spheres of the business.

d. **Performance management:** The Company has implemented performance management in 2018/19 and need to inculcate the culture of performance management to hold people accountable. Service providers are also made to account on poor service deliver through supplier performance management process.

3. **VISION, MISSION, VALUES AND LEADERSHIP**

3.1. **Vision:** To be the leader in road passenger transport solutions to the nation and SADC member states.

3.2. **Mission:** We provide preferred, sustainable, high quality, seamless and affordable road passenger transport services.

3.3. **Values:** Autopax aligns with the values of PRASA being:

   - **Fairness and Integrity** - Treating our customers and our colleagues the same as we would like to be treated.
   - **Service excellence** - Provide the kind of service that ensures that our customer leaves with a smile.
   - **Performance driven** - Developing the ability to venture into new breakthrough areas of opportunity whilst offering quality products to our customers.
Safety - Ensuring our customers and colleagues enjoy their journey and arrive safely and refreshed.

Communication - Sharing information with our customers and colleagues in an open and honest way.

Teamwork - Working together with our customers to achieve a common goal and recognising each other’s worth.

3.4. Leadership

The business need to embark on a development of leadership. The job of managers and supervisors at Autopax is to make it easier for their employees to serve customers — both internal and external. Leading other people at Autopax is not a right, it is a privilege and responsibility that must be continuously earned by serving and mentoring others to help them grow by sharing information, providing respectful feedback and being accountable.

Autopax considers its leadership as conduit of its value system and has thus adopted an approach towards transforming each leader into a “Servant Leader”. The approach towards servant leadership emphasizes the serving of others as the leader’s number one priority, a holistic approach to work, promoting a sense of community, and the sharing of power in decision making.

Complementary to the organizational values as detailed earlier, the following additional characteristics or attributes will be actively cultivated in the leadership of team Autopax.

- **Listening**: A critical communication tool, necessary for actively demonstrating respect for others.
- **Empathy**: The ability to mentally project one’s own consciousness into that of another individual.
- **Healing**: The servant leader recognizes the shared human desire to find wholeness in one’s self, and support it in others.
- **Awareness**: The ability to practice “intelligent opportunism” in a quest to maximized opportunities for Autopax.
- **Persuasion**: The effective servant-leader builds group consensus through ‘gentle but persistent persuasion” and does not only rely on position as a source of power.
- **Conceptualization**: The servant leader must conceive solutions to problems that do not currently exist today (Scenario Planning).
❖ **Stewardship**: Organizational stewards, or ‘trustees’ are concerned not only for the individual followers within the company, but also the organization as a whole and its impact on and relationship with all of society.

❖ **Commitment to the growth of people**: A demonstrated appreciation and encouragement of others. The secret of institution building is to be able to weld a team of such people by lifting them up to grow taller than they would otherwise be.

❖ **Courageous**: Having uncomfortable conversation and saying what needs to be said, communicating openly when you don’t have all the answers and making a decision to move ahead.

❖ **Perseverance**: Ability to persevere even when the going is tough and the team morale is low.

❖ **Decisiveness**: Ability to make quick decisions in a difficult or complicated situation.

4. **LEGISLATIVE MANDATE**

The crafting of the Autopax business plan takes cognisance of the legislative environment within which the company operates with specific reference to the following:

❖ The National Land Transport Act (Act 5 of 2009).
❖ Public Finance Management Act (Act 1 of 1999)
❖ Companies Act (Act 71 of 2008)
❖ Labour Relations Act (Act 66 of 1995)
❖ Employment Equity Act (Act 55 of 1998)
❖ Basic Conditions of Employment Act (Act 75 of 1997)

5. **PHILOSOPHY BEHIND OUR BUSINESS**

Autopax as a subsidiary of the Passenger Rail Agency of South Africa exist to service the primary mandate of PRASA. The company has a substantial impact on the country’s Integrated Public Transport Network (IPTN). It is based on this view that Autopax has a direct impact on the socio-economic transformation and initiatives of the country. This Business Plan begin to
ensure that Autopax does not only regain its position as a leader in long distance road passenger transport (including the cross border operations in key identified areas), but will effectively and efficiently support Rail Operations within the PRASA Group. The Autopax business strategy is premised on the fact that the turnaround of PRASA Rail Operations can be fast-tracked through robust functioning of the bus operations. The company will also strengthen its Charter Services operations in its quest to improve its financial and operational performance.

6. HISTORICAL BUSINESS PERFORMANCE AND CHALLENGES

The company only posted a profit during the 2014/2015 financial year. At the end of 2018/2019 financial year the total amount of historic debt accumulated in the past three years will be circa R206 267 459.00 and R603 656 501.00 which is made up of external creditors book and PRASA debt respectively. The total number of buses fully operational on road has been increased to circa 180 per month during the 2018/2019 financial years in contrast to 90 buses per month during the last quarter of 2017/2018 financial year. Based on the above, the company continues to identify areas that requires urgent attention to improve the financial and operational performance of the business as per of this business plan.

a. Decrease in fleet availability – Whilst the number of operational fleet has increased during the current financial year, the number of operational fleet remains low. More than half of the total fleet is parked at the depot or with various service providers due to either mechanical breakdowns or accidents. The reduction in fleet availability has direct detriment effect on revenue, passengers and customer satisfaction.

b. Inadequate fleet maintenance regime – The current fleet is over eight (8) years old and 60% of the fleet has exceeded 800 000 kilometres. Due to the age of the fleet the cost of maintenance is very high. The current financial state of the business makes it difficult to provide adequate fleet maintenance regime. The inadequate preventative fleet maintenance regime has a negative impact on the durable lifespan of the fleet as well reliability of the service.

c. Reduction in revenue and passenger number – Since the 2014/2015 financial year, the company has been experiencing a decline in fare revenue coupled with increase in
net losses. This is directly attributable to the reduction experienced in passenger numbers due to reduced fleet available for all operational requirements. The fact that the company is operating older fleet creates a challenge in terms of competitiveness with passengers preferring new fleet.

d. **Unsustainable cost structure** – The Company has experienced a marked increase in the cost structure of operating the business. The increase in the operational cost is as a result of reduced revenue collection. Employee costs constituted 42% of operational expenditure as at the end of 2018/2019 financial year, this figure is expected to remain the same at the end of 2019/2020 financial year. The other operational costs that have increased in the last three financial years include fuel and general operational costs.

e. **Lack of infrastructure** – The Company does not have the requisite infrastructure to adequately run its operations. This includes Depots, Information and Communication technology and fleet maintenance workshops. This contributes directly to poor balance sheet, ineffective revenue collection and protection systems in the company as well as inability to effectively manage all key resources in the business including but not limited to fleet, fuel, passengers and inventory.

7. **HISTORICAL FINANCIAL PERFORMANCE**

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<tr>
<td>Total Revenue</td>
<td>848 058 302</td>
<td>913 897 048</td>
<td>943 216 225</td>
<td>915 686 367</td>
<td>568 152 487</td>
</tr>
<tr>
<td>Fare Revenue</td>
<td>683 452 962</td>
<td>750 688 611</td>
<td>709 299 138</td>
<td>616 971 349</td>
<td>509 658 791</td>
</tr>
<tr>
<td>Operational Expenditure</td>
<td>888 035 246</td>
<td>879 603 569</td>
<td>959 992 612</td>
<td>1 004 366 494</td>
<td>833 446 322</td>
</tr>
<tr>
<td>Profit/(Loss)</td>
<td>-75 102 504</td>
<td>7 920 829</td>
<td>-28 548 430</td>
<td>-212 457 978</td>
<td>-304 590 046</td>
</tr>
<tr>
<td>Passenger Numbers</td>
<td>2 737 150</td>
<td>2 725 890</td>
<td>2 515 873</td>
<td>2 252 011</td>
<td>1 898 777</td>
</tr>
<tr>
<td>Total Employees</td>
<td>1 770</td>
<td>1 447</td>
<td>1 619</td>
<td>1 376</td>
<td>1 076</td>
</tr>
<tr>
<td>Employee Costs/Opex</td>
<td>32%</td>
<td>35%</td>
<td>36%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>74%</td>
<td>77%</td>
<td>74%</td>
<td>62%</td>
<td>62%</td>
</tr>
<tr>
<td>Kilometres Travelled</td>
<td>54 484 358</td>
<td>55 556 374</td>
<td>57 627 360</td>
<td>53 623 691</td>
<td>38 262 447</td>
</tr>
</tbody>
</table>
8. MARKET ANALYSIS, PASSENGER PROFILE AND PASSENGER SATISFACTION INDEX

a. Market Share Analysis

According to the Lufthansa study of 2012, Autopax brands had 25% Market share within the long distance bus passenger industry. This study was however, based on the fleet strength of Autopax and route network. A follow up study was conducted which evaluated Autopax market share at 23% of the market and was based on competitor revenue and passenger numbers.

b. Customer profile Analysis

<table>
<thead>
<tr>
<th>Primary Target Market</th>
<th>Translux</th>
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<tbody>
<tr>
<td>LSM 2-4</td>
<td>LSM 4-6</td>
</tr>
<tr>
<td>95% Black</td>
<td>Majority Black</td>
</tr>
<tr>
<td>Females</td>
<td>Majority Age: 18 – 35 (youth)</td>
</tr>
<tr>
<td>Age 18 – 65</td>
<td>Over 50% are single</td>
</tr>
<tr>
<td>Urban (travelling to Rural)</td>
<td>Monthly Income R2000 – R10 000</td>
</tr>
</tbody>
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<table>
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<tr>
<th>Reasons for Travel</th>
<th>Reasons for Travel</th>
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<tbody>
<tr>
<td>Going Home</td>
<td>Going Home</td>
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<tr>
<td>Vacation</td>
<td>Vacation</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Why City to City</th>
<th>Why Translux</th>
</tr>
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<tbody>
<tr>
<td>Price</td>
<td>Luxury and Comfort</td>
</tr>
<tr>
<td>Routes (travel to rural areas)</td>
<td>Speed of travel</td>
</tr>
<tr>
<td>They believe its value for money</td>
<td>Suitable Route</td>
</tr>
</tbody>
</table>

(Source: NHTS 2013)

- 38 million citizens live in households with no access to cars
- 80% of adults do not have a driver’s license
- 7 million workers and learners use public transport
- 13.7 million people used public transport at least once a week while 7 million use a car
d. Competitor analysis

<table>
<thead>
<tr>
<th>Translux</th>
<th>City to City</th>
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</thead>
<tbody>
<tr>
<td><strong>Direct Competitors</strong></td>
<td><strong>Direct Competitors</strong></td>
</tr>
<tr>
<td>• Greyhound</td>
<td>• City liner</td>
</tr>
<tr>
<td>• Inter cape</td>
<td>• Eldo Coaches</td>
</tr>
<tr>
<td>• APM</td>
<td></td>
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<tr>
<td><strong>Indirect Competitors</strong></td>
<td><strong>Indirect Competitors</strong></td>
</tr>
<tr>
<td>• Low cost airlines</td>
<td>• Minibus Taxi’s</td>
</tr>
<tr>
<td></td>
<td>• Shosholoza Meyl Trains</td>
</tr>
</tbody>
</table>

e. Key Research insights on Long Distance bus passenger: Choice of transport mode

- Cost of transport - Price
- Speed (number of “unproductive” hours spent)
- Reliability of service (including departure and arrival time)
- Frequency of services
- Safety of passengers
9. VALUE PROPOSITION

MARKET OFFERING
- Affordable service
- Service lower and middle LSM groups

MARKETABLE PRODUCT
- Build Brand Trust
- Product Appeal
- Value add services

OPERATIONAL SERVICE
- On time
- Reliable
- Comfort

CUSTOMER CENTRICITY

TECHNICAL
- Reliability
- Availability
- Predictability
- Safe

PROFESSIONAL EMPLOYEES
- Efficient
- Courteous
- Knowledgeable

10. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

Strengths
- Well established brands
- Dominant player in city to city routes
- Access to over 500 buses
- Routes and accessibility
- Leverage the mother brand (PRASA)
- Institutional knowledge of the business

Weaknesses
- Unstable ICT environment
- Limited Brand visibility/Marketing
- Sizeable number of Old Fleet
- Declining Financial Position
- Declining customer satisfaction index
- Pillage
- Labour relations

Opportunities
- Additional Routes
- Charter business
- African Markets/Cross Border
- Commuter Operation
- Rebranding and Repositioning our services
- Cost optimisation

Threats
- Taxi intimidation
- Service delivery protest
- Increased competition (incl. low cost airlines)
- Increased road carnages
- PRASA bad publicity
- Price War
11. STRATEGY AND BUSINESS PLAN REVIEW

The strategy and business plan review is about the following milestones:

- The strategy and business plan review focuses on major financial and operational turnaround of the business.
- It is aimed at ensuring that Autopax becomes a financially viable entity, capable of delivering on PRASA’s primary mandate as per the Legal Succession Act.
- It is also aimed at repositioning Autopax to effectively and efficiently support PRASA Rail operations.
- It is focused on investing in new capacity and resources that will meet passenger demands in a medium to long term horizon.
- Reviewing and addressing the company’s weak balance sheet.

12. BUSINESS PLANNING AND STRATEGIC FRAMEWORK

The 2019/2020 business plan will ensure that whilst it supports the company’s core strategic direction, plan also begin to explore its strategic growth trajectory. To this end the company has identified possible growth opportunities in the intercity business, Cross Board operations as well Charter. The company will improve synergies with Rail Operations as part of its strategic growth plans. This approach will require the company to review its fleet capacity to meet the anticipated demand. Measures are afoot to implement this growth trajectory focusing on the radical fleet recovery plan.

a. Planned fleet operations (Bus allocation)

<table>
<thead>
<tr>
<th>#</th>
<th>Growth area</th>
<th>Current Allocation</th>
<th>New Allocation</th>
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<tbody>
<tr>
<td>1</td>
<td>Intercity Scheduled services</td>
<td>178</td>
<td>260</td>
</tr>
<tr>
<td>2</td>
<td>Charter services</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>3</td>
<td>Cross Boarder services</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>Rail Operations</td>
<td>0</td>
<td>72</td>
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<tr>
<td></td>
<td>Total operational fleet</td>
<td>180</td>
<td>415*</td>
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</table>

*This figure is inclusive of 10% (41) Technical spare capacity.
b. The strategy – Growth focused

The company’s growth trajectory strategy in about the increase in the number of operational buses and will pivot around the following:

- **Organic growth in Intercity and Cross Border operations** – The company has identified a number of routes that present a growth opportunity for the business. To this end, the company will be lodging applications with the relevant authorities with the aim of increasing the number of intercity services.

- **PRASA Rail operations** – During the 2014/2015 financial year, the company was able to effectively and efficiently support rail operations leading into inter-company revenue of over R65 000 000.00. The Autopax strategy and business plan are aimed at returning the company to this position. This plan will assist PRASA Rail operations during occupations and emergencies.

- **Cross Border operations** – The company is currently operating two daily services between Gauteng and Maputo. The company has recently acquired fourteen (14) permits to operate between Gauteng and Zambia (Lusaka). The company is also in the process of acquiring additional cross operating permits focusing at Swaziland, Lesotho, Namibia, Botswana and Zimbabwe.

- **Charter services** – The charter market remains a huge opportunity for Autopax towards the realisation of the growth trajectory strategy. The company has in the last two financial years failed to convert a number of charter opportunities. With the increase in the number of operational buses, the company will be in a position to fully explore this market.

- **Feeder services for Metrorail** – The company is exploring plans with Metrorail with the aim of ensuring that it is in a position to provide Metrorail with feeder services as per the Legal Succession Act.
c. The Strategic framework

![Diagram of the Strategic framework]

- **Vision 2021**
  - Customer centricity optimisation
  - Supply Chain optimisation
  - Control optimisation
  - Cost optimisation
  - Asset optimisation
  - Revenue Optimisation
  - Route optimisation

- **Making Autopax Work**
  - Financial Management, Viability and Sustainability
  - Effective and Efficient Operations
  - Excellent Customer Service
  - Performance excellence
### d. Key strategic levers

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<tr>
<th>#</th>
<th>Strategic levers</th>
<th>Strategic intent</th>
<th>Focus areas</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>1</td>
<td>Financial management, viability and sustainability</td>
<td>Financial viability and sustainability</td>
<td>Route optimisation</td>
<td>Improve route profitability and performance</td>
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<td>Implement asset management strategy</td>
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<td>Reduction in the cost of doing business</td>
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<td>Establish optimal funding model (OPEX and CAPEX)</td>
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<td>Revenue Optimisation</td>
<td>Achieve fare revenue targets.</td>
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<td>Strengthen revenue inspection capacity</td>
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<td>Achieve solvency and liquidity ratios</td>
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<td>2</td>
<td>Effective and Efficient Operations</td>
<td>Operational excellence and increased reliability</td>
<td>Asset optimisation</td>
<td>Operate roadworthy fleet</td>
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<td>Reduction in breakdowns</td>
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<td>Reduction in maintenance costs</td>
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<td>Revenue Optimisation</td>
<td>Operating clean buses</td>
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<td>On time departures</td>
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<td>Enable people and processes with Information and Communication Technology</td>
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<td>Achieve accredited status as a preferred repair and maintenance centre</td>
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<td>Documented Standard Operating Procedures</td>
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<td>Cost optimisation</td>
<td>Black economic empowerment</td>
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<td>Improve mobility of citizens</td>
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<td>Promote enterprise development</td>
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<td>Employment creation (Internship and Learnership)</td>
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<td>Supply Chain optimisation</td>
<td>Cost optimisation</td>
<td>Implement Strategic sourcing</td>
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<td></td>
<td>Corporate Governance</td>
<td>Control optimisation</td>
<td>Eradication of irregular expenditure</td>
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<td>Eradication of fruitless and wasteful expenditure</td>
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<td></td>
<td>Enhanced ethical culture</td>
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<td>Compliance to policies, procedures and legislation</td>
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<td></td>
<td>Clean audit</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Excellent Customer service</td>
<td>High levels of Customer centricity</td>
<td>Improved customer satisfaction index</td>
<td></td>
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<td></td>
<td></td>
<td>Customer centricity</td>
<td>Agile and customer focused employees</td>
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<td>Passenger growth</td>
<td></td>
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<td></td>
<td>Professionalization of service offering</td>
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<td></td>
<td></td>
<td>Rebuild brand trust and loyalty</td>
<td></td>
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<tr>
<td>4</td>
<td>Performance excellence</td>
<td>Capacitation of employees</td>
<td>Employee training and development</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Performance management</td>
<td>Embedded performance contracting, assessment and reward regime</td>
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<td></td>
<td></td>
<td></td>
<td>Enabling a performance culture</td>
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<td></td>
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<td></td>
<td>Fit for purpose organisational structure supported by proper job grading and salary structure regime</td>
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<td></td>
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<td></td>
<td>Leadership and management development programmes</td>
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<td></td>
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<td></td>
<td>Implement business based Change management initiatives</td>
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</tr>
</tbody>
</table>
13. BUSINESS OBJECTIVES

a. Route optimization

The company continues to review the current routes and the schedule with a view of identifying profitable and non-profitable routes. This process has culminated in the reduction of certain routes with a view to curtail the cost of doing business. The process will ensure that profitable routes will are in a position to generate a minimum of 75% seat utilisation on each service off-peak and 95% seat utilisation during peak. All identified non-profitable routes will be terminated with after due monitoring.

It is management’s considered view that the implementation of the Route Optimisation will lead the company to realise the desired financial management, viability and sustainability.

b. Revenue optimisation

The company is embarking on a radical organic growth strategy through market penetration and market development. The main aim of pursuing this radical growth strategy will be to ensure that the company increases its market share through improved and reliable bus service. The market penetration strategy will have a high success rate given the passenger loyalty towards both Brand Translux and City-to-City. On the other hand the market development growth strategy will be realised through strengthening and resourcing the Autopax Charter Services, complete support of Rail Operations and Cross Border Services. The Revenue optimisation will focus on Revenue generation, Revenue collection and Revenue protection.

It is management’s considered view that the implementation of the Revenue optimisation will lead the company to realise the desired financial management, viability and sustainability.

c. Asset optimisation

Through the process of defining what will make Autopax work, the business plan and strategy has determined the criticality of Autopax operating the optimum complement of fleet. The company will immediately embark on a process of identifying and utilising just the right optimum fleet level. The process will be support by a robust fleet maintenance regime that will ensure that all operational vehicles remain on the road all the times. Based on this position Autopax will also ensure that there is adequate fleet to support Rail Operations, strengthen Charter services and pursue the Cross Border market.
The implementation of the asset optimisation process will ensure that the company realises the desired effective and efficient operations.

d. Cost optimisation

Management has engaged in a robust and detailed process of understanding the company’s revenue generation potential and the cost of doing the business. This process was intended to ensure that the company’s cost structure is proportionate to the revenue generation. Other measures that will be implemented to realise this objective will include total moratorium on all external permanent appointments, unless approved by the Chief Executive Officer. Through this process the company will also review the impact of inter-company costs on the financial management, viability and sustainability of Autopax. The fact that Autopax does not own the infrastructure that it uses to operate its core business poses a challenge to the balance sheet of the company.

The implementation of this objective will ensure that the company realises the strategic lever of financial management, viability and sustainability as well as effective and efficient operations.

e. Control optimisation

Based on the harsh reviews by the Auditor-General South Africa and internal Risk Management, the Business plan will also focus on reviewing and improving the control environment. This process will focus on review of all business processes, policies and standard operating procedures to ensure that the control environment is strengthened. Autopax like many of its competitors in the industry is operating in a highly technologically advanced industry. To this end, the business plan will also focus on implementing the Information and Communication Technology that supports the day-to-day operations of the business. The company will also ensure that in the near future it explores the opportunities offered by the world of Internet of Things (IoT) for improving efficacies in the operations of the business including implementing measures that will differentiates the company from its competitors in the eyes of the passenger. The objective of optimising the control environment will also require entrenching the culture of consequence management in line with the Board approved Performance Management policy.

This objective will ensure that the business realises the strategic lever of effective and efficient operations and performance excellence.
f. **Supply Chain optimisation**

Due to the nature of its operations, Autopax requires a strengthened and fully functional procurement capability. This will be supported by a business focused and aligned demand management framework. The recently board approved Supply Chain Management policy will implemented swiftly supported by line management capacity building programmes. The company will place most emphasise on strategic sourcing and supplier development focusing on Women, Youth enterprises and Cooperatives.

This objective will ensure that Autopax realises the strategic lever of *effective and efficient operations.*

g. **Performance management**

Instilling a performance management based culture in the business is at the centre of the company’s quest towards performance excellence. The Board has approved the company’s policy on Performance Management. All employees on Management levels will be contracted on performance management. The company will also ensure consequence management in the business to entrench the performance based culture.

This objective will ensure that Autopax realises the strategic lever of *Performance excellence.*

h. **Customer centricity**

Autopax acknowledges that it is operating within a highly competitive environment. The business plan will ensure that the company realise its full potential through passenger confidence in the two brands. The company will also focus on reclaiming its apex position as a dominant player in the industry. This objective will be realised through on-time departure management, effective en-route monitoring with consequence management. The company will ensure improved quality of service through focused customer service and provision of passenger friendly clean fleet. The communication between the Operations and Sales departments will be strengthened to ensure that passenger experience is improved. This will led to increase in market share and improved customer satisfaction index.

This objective will ensure that Autopax realises the strategic lever of *excellent customer service.* It is management’s considered view that the implementation of the customer centricity will lead the company to realise the desired Excellent Customer Service.
14. Appendices

14.1. 2019/2020 Predetermined Objectives
14.3. Business plan Risk register
14.4. 2019/2020 Budget
## 15.1. 2019/2020 Predetermined Objectives

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIC INITIATIVE</th>
<th>Strategic Priority Areas</th>
<th>Key Performance Area</th>
<th>Performance Indicator</th>
<th>Base</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>2019/20</td>
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<tr>
<td>Financial Viability and Sustainability</td>
<td>Asset Optimisation</td>
<td>Operational Generated Revenue</td>
<td>Fare revenue</td>
<td>R 631 579 651</td>
<td>Increase revenue to R 782 680 558 by March 2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fare revenue - luggage</td>
<td>R 1 536 020</td>
<td>Increase luggage revenue to R 3 000 000 by March 2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fare revise</td>
<td>R 0</td>
<td>Increase Fare revenue lure by R 65 000 000 by March 2020</td>
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<td>Cost Optimisation</td>
<td>Liability ratio</td>
<td>Improve liquidity ratio</td>
<td>0.22</td>
<td>Improve liquidity ratio to 0.7 by March 2020</td>
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</tr>
<tr>
<td></td>
<td>Solvency ratio</td>
<td>Improve solvency ratio</td>
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<td>Improve solvency ratio to 0.7 by March 2020</td>
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<td>Asset Optimisation</td>
<td>Asset Optimisation</td>
<td>Subject Fleet Management Programme</td>
<td>Fleet Availability</td>
<td>52% Fleet Availability</td>
<td>100% Fleet availability by March 2020</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Bus Scheduling (On Time service rate)</td>
<td>70% On Time Service Rate</td>
<td>100% on time service rate by March 2020</td>
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<tr>
<td></td>
<td></td>
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<td>Breakdowns per 60,000 km</td>
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<td>1 breakdowns per 60,000km</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Accidents per kilometers travelled</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Injuries per number of passengers transported</td>
<td>10</td>
<td>0 injuries per 2,892 098 passengers by March 2020</td>
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<td>Operational Excellence</td>
<td>Passenger and Road Safety</td>
<td>ISO 9001(2015) &amp; SANS 10399 certification</td>
<td>National/Cross border Permits Management</td>
<td>Maintain Cross border Permits and renewal National Permits for Operating Licenses</td>
<td>0</td>
<td>100% valid permits renewed and 100% permits converted into operating licenses as per NLTA Act and OBLTA Act</td>
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<tr>
<td></td>
<td>Control Optimisation</td>
<td>Fuel Consumption</td>
<td>36.84 litres/100km</td>
<td>37 litres/100km</td>
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<td></td>
<td>Enterprise Wide Risk Management</td>
<td>0</td>
<td>100% implementation of mitigating controls and 10% reductions of extreme/high risks by March 2020</td>
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<tr>
<td>Corporate Governance</td>
<td>Safety Health Environment and Quality Management</td>
<td>0</td>
<td>Statutory deadlines met 100% Compliant with Act 85 of 1995, requirements and maintain ISO 9001:2015 and SANS 10369 certification</td>
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<td></td>
<td>Audit Results</td>
<td>Waiting for Results</td>
<td>Unqualified Report for Financial and Performance Information 2019/2020</td>
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<tr>
<td>Operational Excellence</td>
<td>Network Availability</td>
<td>90% Network Availability</td>
<td>90% Network Uptime Availability by March 2020</td>
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<td></td>
<td>Preliminary System Design and Implementation of Business application</td>
<td>70%</td>
<td>Develop and Implement 2 Core Business Solutions by March 2020</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Valid Contracts (%)</td>
<td>100% valid Contracts as per contracts register by March 2020</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Financial Viability and Sustainability</td>
<td>Supply Chain Optimisation</td>
<td>Value for Money through Smart and Efficient Supply Management(ESCM)</td>
<td>Supplier Performance Index</td>
<td>40%</td>
<td>Manage 100% Supplier Performance for contract listed on the contracts register by March 2020</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Cost saving on contract negotiations</td>
<td>Cost saving on contract negotiations</td>
<td>10% Cost saving from Contract negotiations by March 2020</td>
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<td></td>
<td></td>
<td></td>
<td>BAC Spend</td>
<td>BAC Spend for March 2020</td>
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<tr>
<td>Excellent Customer Services</td>
<td>Operational Excellence</td>
<td>Service Excellence</td>
<td>Increased passengers/ patronage growth (long Distance Operations)</td>
<td>1 237 252 passengers / patronage on long distance routes</td>
<td>2 492 098 passengers/ patronage on long distance routes by March 2020</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>On Time Departures</td>
<td>99% on time departures</td>
<td>99% on time departures by March 2020</td>
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<td></td>
<td></td>
<td></td>
<td>Residual Passenger Complaints</td>
<td>0.392</td>
<td>0.3% Passenger Complaints on passengers transported by March 2020</td>
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<td></td>
<td></td>
<td>Customer Satisfaction</td>
<td>80% Customer Satisfaction rating for Bus departures by March 2020</td>
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<tr>
<td>Performance Excellent</td>
<td>Capacity of employees</td>
<td>Performance Management</td>
<td>Critical performance and execution of performance reviews for management</td>
<td>80%</td>
<td>80% Performance Reviews of all (Management) staff by March 2020</td>
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<tr>
<td></td>
<td>Training and Development</td>
<td>Training plan for the business</td>
<td>Obtain 23% of identified training needs</td>
<td>Obtain 80% of identified training needs by March 2020</td>
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<tr>
<td></td>
<td>Contribution to socio economic policies of Government</td>
<td>Employment Equity</td>
<td>compliance with government policy in terms of 15% and 40% job opportunities for Youth and people with special needs</td>
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<tr>
<td></td>
<td>Financial viability and sustainability</td>
<td>Payroll data integrity</td>
<td>0</td>
<td>0% overpayments</td>
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<tr>
<td></td>
<td></td>
<td>Employee costs</td>
<td>Personal cost (employee settlement costs)</td>
<td>0</td>
<td>20% reduction in settlement costs</td>
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</tbody>
</table>
### 15.2. 2019/2020 Annual Performance Plan (APP).

#### Financial Management, Viability and Sustainability

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIC INTENT</th>
<th>Strategic Priority APX</th>
<th>Key Performance Area</th>
<th>Performance Indicator</th>
<th>Base</th>
<th>2019/20</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fare revenue</td>
<td>R41 579 851</td>
<td>Increase revenue to R 761 481 558 by March 2020</td>
<td>Quarter 1: R 186 572 673, Quarter 2: R 186 442 503, Quarter 3: R 198 957 108, Quarter 4: R 189 528 274</td>
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<td></td>
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<td></td>
<td>Fare revenue-Luggage</td>
<td>R1 336 020</td>
<td>Increase luggage revenue to R3 000 000 by March 2020</td>
<td>Quarter 1: R 750 000, Quarter 2: R 750 000, Quarter 3: R 750 000, Quarter 4: R 750 000</td>
</tr>
<tr>
<td></td>
<td>Asset Optimisation</td>
<td></td>
<td></td>
<td>Fare rev-Hire</td>
<td>0.00</td>
<td>Increase rev-Hire revenue to R 65 000 000 by March 2020</td>
<td>Quarter 1: R 17 000 000, Quarter 2: R 16 000 000, Quarter 3: R 16 000 000, Quarter 4: R 16 000 000</td>
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<tr>
<td></td>
<td>Cost Optimisation</td>
<td>Liquidity ratio</td>
<td>Improve liquidity ratio</td>
<td>0.22</td>
<td>Improve liquidity ratio to 0.47 by March 2020</td>
<td>Increase liquidity ratio to 0.28, Increase liquidity ratio to 0.34, Increase liquidity ratio to 0.4, Increase liquidity ratio to 0.47</td>
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<td></td>
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<td>Solvency ratio</td>
<td>Improve solvency ratio</td>
<td>0.10</td>
<td>Improve solvency ratio to 0.7 by March 2020</td>
<td>Increase solvency ratio to 0.4, Increase solvency ratio to 0.5, Increase solvency ratio to 0.6, Increase solvency ratio to 0.70</td>
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</tr>
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<td>Performance Area</td>
<td>Key Performance Indicators</td>
<td>2019/20</td>
<td>Quarter 1</td>
<td>Quarter 2</td>
<td>Quarter 3</td>
<td>Quarter 4</td>
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<tr>
<td><strong>Asset Optimisation</strong></td>
<td><strong>Operational Governance Excellence</strong></td>
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<tr>
<td>Asset Maintenance Programme</td>
<td>Fleet Availability: 100% Fleet availability by March 2020</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td></td>
<td>Bus Service: 5% On-Time Service Rate</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td></td>
<td>Breakdowns per 100,000 km: 0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
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<tr>
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<td>Accidents per kilometers travelled: &lt;197 accidents per 26.83 km</td>
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<td>&lt;197</td>
<td>&lt;197</td>
<td>&lt;197</td>
<td>&lt;197</td>
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<td></td>
<td>fatalities per 100 passengers transported: 0</td>
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<td>0</td>
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<tr>
<td></td>
<td>Injuries per kilometers travelled: 15 passengers injuries per 2.197,000 km</td>
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<td>15</td>
<td>15</td>
<td>15</td>
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<td>fatalities per 100 passengers transported: 0</td>
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<td>0</td>
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<tr>
<td><strong>National/State Border Permits Management</strong></td>
<td>ISO 15001:2016 &amp; SANS 10399 certification</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td><strong>Corporate Governance</strong></td>
<td>National/State Border Permits Management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>General Rule: 100% Fleet permits renewed and 100% permits converted into operating licenses per NELTA Act and CBRTA Act</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td><strong>Operational Excellence</strong></td>
<td>Enterprise Wide Risk Management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>Enterprise Risk: 100% implementation of mitigating controls and 5% reduction of extreme/high risks to low risk by March 2020</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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</tr>
<tr>
<td></td>
<td>Safety/Health Environment and Quality Management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Safety/Health Environment: 100% Compliant with Act 85 of 1999 requirements and maintain ISO 19011-2008 and SANS 10399 certification</td>
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<td>100%</td>
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<td>100%</td>
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<td><strong>Effective and Efficient operations</strong></td>
<td>National/State Border Permits Management</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td><strong>Network Availability</strong></td>
<td>Network Availability: 100% Network Availability by March 2020</td>
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<td>100%</td>
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<td>100%</td>
<td>100%</td>
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<td></td>
<td>Preliminary system design and implementation of business application</td>
<td>Specifications to serve at the required level of service</td>
<td>Develop and implement 2 Core Business Solutions</td>
<td>Develop and implement 2 Core Business Solutions</td>
<td>Develop and implement 2 Core Business Solutions</td>
<td>Develop and implement 2 Core Business Solutions</td>
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<td><strong>Financial Viability and Sustainability</strong></td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Valid contracts: 100% valid contracts as per contracts register</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<td><strong>Supply Chain and Logistics Efficiency</strong></td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Supplier Performance: 100% Supplier Performance for contract listed on the contracts register</td>
<td>100%</td>
<td>100%</td>
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</table>

**Key Performance Indicators (KPIs)**

- **Fleet Availability**: 100% Fleet availability by March 2020
- **Bus Service**: 5% On-Time Service Rate
- **Breakdowns**: 0.01 breakdowns per 100,000 km
- **Accidents**: <197 accidents per 26.83 km
- **Fatalities**: 0 fatalities per 1,977,000 passengers transported
- **Injuries**: 19 passengers injuries per 2,197,000 passengers transported
- **ISO 15001:2016 & SANS 10399 Certification**: 100% maintenance of ISO 19011-2008 and SANS 10399 certification
- **Fuel Consumption**: 9.64 litres/3200km
- **Net Profit**: 97% operating margin
- **Network Uptime**: 90% availability
- **Effective and Functional ICT systems**: Preliminary system design and implementation of business application
- **Value for Money Through Smart and Efficient Supply Chain Management**: Cost saving in contract negotiations
- **BEE Spend**: 115% BBBEE spend
- **Cost Saving**: 10% cost saving from contract negotiations
### Annual Performance Plan APP 2019/2020

<table>
<thead>
<tr>
<th>STRATEGIC OBJECTIVE</th>
<th>STRATEGIC INTENT</th>
<th>Strategic Priority APP</th>
<th>Key Performance Area</th>
<th>Performance Indicator</th>
<th>Base 2019/20</th>
<th>2019/20</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent Customer Services</td>
<td>Operational Excellence</td>
<td>Customer centricity optimisation</td>
<td>Service Excellence</td>
<td>Increased passengers/patronage growth (Long Distance Operations)</td>
<td>1 237 252 passengers/patronage on long distances routes</td>
<td>2 492 008 passengers/patronage on long distances routes by March 2020</td>
<td>634 479 passengers/patronage on long distances routes</td>
<td>621 294 passengers/patronage on long distances routes</td>
<td>638 661 passengers/patronage on long distances routes</td>
<td>617 264 passengers/patronage on long distances routes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>On Time Departures from departure points</td>
<td>79% on time departures</td>
<td>95% on time departures by March 2020</td>
<td>95% on time departures</td>
<td>95% on time departures</td>
<td>95% on time departures</td>
<td>95% on time departures</td>
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<tr>
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<td></td>
<td>Reduced Passenger Complaints</td>
<td>0.392</td>
<td>&lt;3% Passenger Complaints on passengers transported by March 2020</td>
<td>&lt;3% Passenger Complaints on passengers transported</td>
<td>&lt;3% Passenger Complaints on passengers transported</td>
<td>&lt;3% Passenger Complaints on passengers transported</td>
<td>&lt;3% Passenger Complaints on passengers transported</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Customer Satisfaction Improved (Market Survey)</td>
<td>Waiting for Results</td>
<td>80% Customer Satisfaction rating for Autopax by March 2020</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>80 % Customer Satisfaction rating</td>
</tr>
<tr>
<td>Performance Excellent</td>
<td>Capactition of employees</td>
<td>Performance Management</td>
<td></td>
<td>Signed performance contracts and conclusion of performance reviews for management</td>
<td>89% Performance agreements and 10% performance Review</td>
<td>100% Performance Reviews of all (Management) staff by March 2020</td>
<td>100% Performance contracts</td>
<td>100% Performance reviews</td>
<td>N/A</td>
<td>100% Performance reviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training and Development</td>
<td>Management</td>
<td>Training plan for the Business</td>
<td>Obtained 22% of identified training needs</td>
<td>Obtain 80% of identified training needs by March 2020</td>
<td>Obtain 20% of identified training needs</td>
<td>Obtain 30% of identified training needs</td>
<td>Obtain 10% of identified training needs</td>
<td>Obtain 20% of identified training needs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employment Equity</td>
<td>Control Optimisation</td>
<td>Compliance with government policy in terms of EE</td>
<td>0</td>
<td>40% job opportunities for youth and people with special needs</td>
<td>Develop strategy to attract required applicants</td>
<td>Implement targeted recruitment as per strategy</td>
<td>Implement targeted recruitment as per strategy</td>
<td>Monitoring and evaluation</td>
</tr>
<tr>
<td>Financial viability and sustainability</td>
<td>Personnel cost Structure</td>
<td>Payroll data integrity</td>
<td></td>
<td>Payroll data integrity</td>
<td>0</td>
<td>0% overpayments</td>
<td>0% overpayments</td>
<td>0% overpayments</td>
<td>0% overpayments</td>
<td>0% overpayments</td>
</tr>
<tr>
<td></td>
<td>Employee costs</td>
<td>Personnel cost (employee settlement cost)</td>
<td></td>
<td>Personnel cost (employee settlement cost)</td>
<td>0</td>
<td>20% reduction in settlement costs</td>
<td>5% reduction in settlement cost</td>
<td>5% reduction in settlement cost</td>
<td>5% reduction in settlement cost</td>
<td>Overall 20% reduction in settlement cost</td>
</tr>
</tbody>
</table>

**Annual Performance Plan APP 2019/2020**

**Excellent Customer Services**

- **Operational Excellence**: Customer centricity optimisation

**Performance Excellent**

- **Capactition of employees**: Performance Management

**Financial viability and sustainability**

- **Personnel cost Structure**: Payroll data integrity
- **Employee costs**: Personnel cost (employee settlement cost)
## 15.3. Business Plan Risk Register

<table>
<thead>
<tr>
<th>NO</th>
<th>TURNAROUND FOCUS AREAS</th>
<th>RISK</th>
<th>INHERENT RATING</th>
<th>STATUS</th>
<th>MITIGATION</th>
<th>RESIDUAL RATING</th>
</tr>
</thead>
</table>
| 1. | Financial Management Viability and Sustainability | Directors trading recklessly due to breach of solvency and liquidity threshold parameters (liquidation) | Extreme risk    | Materialised | • Review of cash flow and prioritisation of suppliers payments based on age analysis  
• Review of financial ratios ( Liquidity and Solvency)  
• Cost management review with the objective to reduce the cost of doing business  
• Internal recruitment only to curtail employee costs.  
• Ensure efficiency and effectiveness at all levels of operation  
• Independent review of Autopax financial position (Within 3 months)  
• Increase no of buses as per technical recovery plan and overall business requirements (scheduled services, cross border, metrorail and charter)  
• Conduct continuous price negotiations with current and potential Suppliers / Service providers,  | Low |
| 2. | Financial Management Viability and Sustainability | Risk of loss of revenue and an increase in net losses (Liquidity and Solvency) | High Risk       | Materialised | • Strengthen budget management and controls (Daily and weekly monitoring of cost and revenue)  
• Daily review of revenue for both fare revenue and ticket sales,  
• Cost Management: Elimination of fruitless and wasteful expenditure, Compliance with Industry norms and BCEA requirements  
• Prioritise revenue leakage and prevention programme  
• Optimisation of staff deployment, All recruitment of new employees is approved by Executive: HCM and CEO  
• Effective rostering and scheduling of staff  
• Report and review performance daily, weekly, monthly and quarterly  
• Budgeted EBITDA loss of R 15 m for the 2018-2019 financial year with saving targets set to reduce cost by R 15 m in order to achieve break even  
• Develop capitalisation strategy  
• Reviewed and will implement the new fare pricing structure  
• Continuous assessment of route profitability  
• Analysis of service utilisation  
• Strengthening financial controls and adherence to delegation of authority  
• Conduct continuous price negotiations with current and potential Suppliers / Service providers,  
• Strict adherence to the bus maintenance regime  
• Finalising and implementing performance contracts  
• Board has approved turnaround plan / strategy that will stabilise the business and enable it to achieve its performance targets  
• Employees are made aware of Standard Operating Procedures.  
• Capacitate and right size the business  
• Maintain and monitor Dynamic pricing  | Low |
### 3. Financial Management Viability and Sustainability

<table>
<thead>
<tr>
<th>Loss of Market share</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Bus recovery plan for existing demand  
• Identify areas that will give the entity a competitive edge (pricing, look and feel of buses, cleanliness, on time departures, on-board entertainment)  
• Elimination of negative customer perceptions e.g., breakdowns  
• Reposition brand management to create customer loyalty and trust through marketing campaigns  
• Improve relationships with third party agents uncompetitive behaviours  
• New reservation system installed  
• Roll out and conduct training on hand held devices to sell tickets en-route  
• Consequence management  
• Implement marketing activities as per approved budget  
• Assess growth opportunities for both local and cross border operations  
• Route profitability analysis conducted to understand supply and demand  
• Reposition brand management to create customer loyalty and trust through marketing campaigns  
• Improve quality of service (On time departures, Cleanliness of buses, roadworthy buses, reduction in breakdowns, compliance with laws and regulations)  
• Training of all staff in customer service  
• Implement Zambia cross border route and apply for 4 additional cross border routes |
| Low |

### 4. Effective and Efficient Operations

<table>
<thead>
<tr>
<th>Inability to respond to industry norms, standards and trends</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Bus recovery plan for existing demand  
• Identification of all industry norms and standards and implement in priority order (Technical, Operations and Sales)  
• Engage OEM's to ensure compliance with best practice maintenance norms and standards in the technical environment  
• Performance management to ensure adherence to these standards  
• Up skilling of staff and gradually implement works study activities in order of priority  
• Secure funding and implement capitalization strategy |
| Low |

### 5. Effective and Efficient Operations

<table>
<thead>
<tr>
<th>Business disruptions due to operational incidents and external factors</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Monitoring of driver behaviour to prevent accidents  
• Training of additional staff on substance abuse monitoring  
• Engage authorities and taxi structures to prevent taxi intimidation  
• Business continuity planning and implemention with internal and external stakeholders  
• Ensure a functional security team to prevent loss of equipment and assets of the organisation  
• Implementation of the training and Apprenticeship programme.  
• Implementation of fleet maintenance programme |
| Low |

### 6. Effective and Efficient Operations

<table>
<thead>
<tr>
<th>Inability to manage key resources, including fleet, fuel and inventory</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Recruitment and selection for Acquisitions Manager, Materials Manager and Storeman are approved and will be implemented,  
• Implementation of internal and external training as per training plan  
• Execution of improvements and extension of infrastructure as per project plan  
• Implement consequence management for inadequate driver behaviour, deviation from routes, vehicle abuse (excessive idling, harsh braking etc) |
<p>| Low |</p>
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<tbody>
<tr>
<td>7.</td>
<td>Effective and Efficient Operations</td>
<td>Lack of ICT Automation</td>
<td>High Risk</td>
<td>Materialised</td>
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<td>8.</td>
<td>Effective and Efficient Operations</td>
<td>Cyber Crime</td>
<td>High Risk</td>
<td>Materialised</td>
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<tr>
<td>9.</td>
<td>Effective and Efficient Operations</td>
<td>None compliance to legislations, regulations and policies</td>
<td>High Risk</td>
<td>Materialised</td>
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<tr>
<td>10.</td>
<td>Effective and Efficient Operations</td>
<td>Labour unrest</td>
<td>High Risk</td>
<td>Materialised</td>
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<td>11.</td>
<td>Excellent Customer Service</td>
<td>Inability to respond to customer demands</td>
<td>High Risk</td>
<td>Materialised</td>
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</table>
12. **Performance Excellence**

<table>
<thead>
<tr>
<th>Ineffective performance management system</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Improve quality of service (On time departures, Cleanliness of buses, roadworthy buses, compliance with laws and regulations)
  • Insourced bus cleaning function to control standards and to operate clean and fumigated busses. |

13. **Financial Management, Viability and Sustainability**

<table>
<thead>
<tr>
<th>Ineffective institutional arrangement and shareholder relations</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Implement performance contracting for 2018/2019 financial year
  • Conduct bi-annual performance reviews and implement consequence management
  • Implementation of budgeted training plans, conduct internal training of staff on policies, procedures and implementation of induction programmes
  • Review on performance monthly, quarterly and implement consequence management |

14. **Effective and Efficient Operations**

<table>
<thead>
<tr>
<th>Ineffective internal control system and consequence management</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Communicating and conducting training and awareness on staff of policies, regulations, laws applicable to Autopax and capacitate management on the implementation of discipline
  • A number of HCM policies have been approved
  • Performance management
  • Training of staff on general management, processes and procedures
  • Review of performance contracts bi-annually
  • Taking appropriate actions on deviations
  • Adherence to budgets
  • Balancing of cost to revenue ratio
  • Review the handling disciplinary cases with regard to (Appropriateness of charges, fairness, balance misconduct to sanctions) |

15. **Excellent Customer Service**

<table>
<thead>
<tr>
<th>Risk of reputational damage</th>
<th>High Risk</th>
<th>Materialised</th>
</tr>
</thead>
</table>
| • Improve quality of service (On time departures, Cleanliness of buses, roadworthy buses, compliance with laws and regulations)
  • Insourced bus cleaning function to control standards and to operate clean and fumigated busses.
  • Communicating and conducting training and awareness on staff of policies, regulations, laws applicable to Autopax and Driver training on customer service
  • Improving and adhering to maintenance plans and consequence management for deviations
  • Timeous response to customer complaints with quality feedback and consequence management for deviations
  • Clear identification of areas that can lead to reputational risk i.e. Perceived corruption, fulfilment of legislative mandate, implementation of legislative mandate, compliance to governance, meeting of targets and objectives, financial prudence, fulfilment of other government imperatives and policies i.e. women empowerment and Black economic empowerment |
15. BUDGET ASSUMPTIONS 2019-2020

AUTOPAX BUDGET ASSUMPTIONS 2019-20

GENERAL ASSUMPTIONS

- 415 operational buses
- 51 811 687 kilometres will be operated for all revenue streams (scheduled services, duplicates, charters, inter-company)
- With the holding entity’s assistance 190 buses will be refurbished before 1 April 2019 (R63 750 000)
- With the holding entity’s assistance 198 engines will be repaired/replaced before 1 April 2019 (R69 539 452)

REVENUE

FARE REVENUE

Budgeted at R 761 480 558.

Peak & Off peak days
All days in school holiday = Peak (Starting one day before the school holiday and ending one day after the school holiday)
All days not in school holiday = Off peak

Fare Price
Basis of fare price based on most current prices.
Assumed a price increase of 5% (across the board) on 1 April 2018. This is the projected CPI increase for 2019/20.
Peak periods = increased with 20%
Peak period in Dec/Jan = increased with 25%

Seat Occupancy
Translux = off peak (75%), Forward Peak (90%) Return Peak (90%)  
City to city = off peak (75%), Forward Peak (90%) Return Peak (90%)

Revenue per route
=Price x % utilisation x seats x 90% (Inland and Coastal)  
=Price x % utilisation x seats x 90% (North Limpopo)  
(90% represents passengers not travelling from start to finish at the maximum fare as well as elderly, students and school children not paying full price)

Passengers/Seats per route
=% utilisation x seats

**FARE REVENUE (CONTINUED):**

Variables used in calculating the fare revenue budget are the following:
- Current route structure including expected routes to be operated in future  
- Number of normal and duplicate trips per route  
- Number of peak duplicate trips per route  
- Seat occupancy % per route (in normal season and peak season)  
- Base fare prices in off peak season  
- 20% fare price increase (on base prices) in peak season

Calculated revenue is adjusted for senior citizens and small children not paying full fare price as well as for passengers not travelling the maximum distance  
(Budgeted revenue = 90% x calculated revenue).

Based on the above the passenger numbers and trips are then calculated. After calculation of the passenger numbers and trips, the fare revenue amount is calculated.

**FARE REVENUE – CROSS BORDER**

- Zambia cross border. Three (3) forward trips and three (3) return trips per week included.  
- Maputo cross border. Daily trip included.

**FARE REVENUE - LUGGAGE**
- Budgeted at R3 million for the year. Additional luggage revenue expected from the Zambia cross border services.

**SUNDRY INCOME**

- R10 million is included for advertising revenue. Bus exterior / interior advertising space to be utilized.

**FARE REVENUE – CHARTER/SPECIAL HIRE**

Revenue was budgeted as follows:
- Assumed 41 buses will be used
- Assumed each bus will travel 75 494 kilometres per annum (6 291 per month), 3 095 238 km’s for the year for 41 buses
- Based on the actual rate of R 21 per km
- R21 x 3 095 238 km = R 65 000 000

Autopax currently does not have dedicated buses to operate special hires. The budgeted charter revenue is subject to Prasa’s assistance in repairing 198 bus engines (R 69.5 m) and refurbishing 190 buses (R 63.8 m).

**FARE REVENUE – INTER-COMPANY**

- Budgeted at R 81 879 660 m and it consist of Metrorail and Shosholoza Meyl.
- Operating the same number of vehicles as during 2014/15
- Assumed 3 611 807 kilometres for the year

**FARE REVENUE – INTER-COMPANY (CONTINUED)**

Autopax currently does not have dedicated buses to operate these services. The budgeted inter-company fare revenue is subject to Prasa’s assistance in repairing 198 bus engines (R 69.5 m) and refurbishing 190 buses (R 63.8 m).

**EXPENDITURE**
PERSONNEL:

- Salary increases of 5.1% for Executives and Senior Management and 5.3% for Managers
- Salary increase of 8% for Jnr officials (as per main collective agreement)
- Budgeted for critical vacancies (includes 1 HCM and 1 Technical Executive)
- The following employee numbers were budgeted for:

<table>
<thead>
<tr>
<th>Employee Level</th>
<th>Number of employees Actual</th>
<th>Number of employees Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exec Management</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Snr Management</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Manager</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>Asst. Management</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Jnr Official 5Day</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>Jnr Official 6Day</td>
<td>928</td>
<td>986</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1076</strong></td>
<td><strong>1141</strong></td>
</tr>
</tbody>
</table>

- Directors:
  - Budgeted at R 1 673 335. This includes four (4) directors and a 5.1% increase based on the current expense.

- Meal allowance for drivers (GL 439011):
  - Budgeted as per route requirements. Budgeted at a rate of R 60 per driver per day multiplied by the number of drivers on the trip as well as the trips per month for each route requiring meal allowances. A total annual amount of R 5 105 580 was included in the budget.

- Training:
  - Only critical training is budgeted for as follow:

<table>
<thead>
<tr>
<th>Planned Intervention</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan Training</td>
<td>R 30 000</td>
</tr>
<tr>
<td>Advance Coach Driver Training</td>
<td>R 250 000</td>
</tr>
<tr>
<td>Employee Bursaries</td>
<td>R 200 000</td>
</tr>
</tbody>
</table>
Maintenance and materials are budgeted at R 88 503 204.

The budget is based on the actual cost to maintain 415 buses expected to run a total of +/- 52m kilometres a year including new cross-border routes as budgeted and agreed between operations and sales and marketing departments.

- Preventive Maintenance
  - Bus Servicing Schedule (22 500Km Multi-grade, e.g.
    - A service: 22 500km
    - B service: 45 000km (includes diff service)
    - C service: 67 500km
    - D service: 90 000km (includes air-compressor and diff services)
  - A backlog of +/- 60 000 kilometres overdue on the official service schedule. Catch up is included in the April and May 2019/20 services plan.
  - COF preparation (maintenance materials) – if vehicles are maintained there will be no need to prepare the vehicle before it goes for COF.
  - COF testing (testing fee)
    - The testing fee in the current financial year is R 1 530 x 2 = R3 160 per annum for all depots.
    - CT=R 410 for every 6 months;
    - PTA=R 650 for every 6 months; and
    - HRM=R 470 for every 6 months
    - These prices are not expected to increase as there are current contracts in place.
  - Breakdowns
    - All breakdowns within the 200km radius will be attended to by Autopax using the monthly running repair material demand from the stock in the stores.
    - All breakdowns more than the 200km radius will be done by the external breakdown suppliers.
2 mechanics will be permanently placed in the eastern Cape.
1 mechanic will be permanently placed in Durban.
1 mechanic will be permanently placed in Polokwane.
1 mechanic will be permanently placed in Nelspruit.

- Maintenance Campaigns (mitigating breakdowns)
  - Air blockage “Air Leaks” (leading to vehicle not building air) that requires refurbishment of the air system (two coils, two straight, u-shape and a flex pipe, 4-way protection valve, complete air dryer, air compressor kit)

**MAINTENANCE (CONTINUED)**

- Engine Overheating (leading to engine knocks) and V-belts.
  Thermostats, viscos fan (replacement or resetting), jockey pulley bearings and v-belts.
- Not selecting gears; due to electrical faults and overheating transmission oil. The overheating transmission oil was due to inferior quality oil used and not replacing the oil at recommended intervals. This is addressed by ensuring the correct oil grade is used on the transmissions and the oil change to be done at recommended intervals.
- Estimated cost to be spent per annum is around R4m.
- The first priority are buses which are repeat offenders in terms of the above-mentioned breakdowns.

- **Components Change outs and overhauls**
  - Major Components Change outs/Overhaul (Engine, Gearboxes, Differentials)
  - In the current financial 2018/19
    - 25 engines are being replaced at R335K each
    - Differential and gearboxes are estimated at R 5.123m
    - In 2019/20 there is an approved budget of R69m
  - Minor Components change outs/ overhaul
    This will go according to a maintenance plan of 6 month check and change.

- **Air-conditioning Maintenance**
  - In 2018/19, Autopax spent an estimated cost of R4.2m. This amount is expected to increase since Autopax is expecting to release more buses to maximum capacity as per operational demand.

- **Tyre Maintenance and Management**
The budgeted mileage for the next financial year based on operation’s planning is +/- 52m Km, resulting to an average of 4.3m km per month. In the current financial year there was no contract in place (only a mini contract of R500K per depot).

- CPK was used in 2019/20; the budgeted new proposed method will be outright buying. The service provider will also perform a full tyre management service.

- **Body Shop maintenance**
  - Bus windows replacement
  - During the current financial year, window replacements are estimated around R8.5m.
  - In 2019/20 it is expected that the cost will increase as the running fleet is also expected to increase from +/- 190 to 415 vehicles.

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**MAINTENANCE (CONTINUED)**

- **Body Refurbishment programme**
  - Based on dents, scratches, minor and major accident busses.
  - With the shareholder’s assistance 190 buses will be refurbished at R 63.8m before 1 April 2019.

- **Workshop Equipment maintenance**
  - Main air-compressors (Servicing & Running repair), 1 in Salvokop and 1 in Harmony.
  - As per the OEM maintenance plan these compressors should be serviced at 2 500 hours or once a year. One minor (R 9 000) and one major (R 25 000).
  - Cape Town needs a new installation: estimated cost is R 500K subject to full assessment.
  - Brake Testing Machines (Calibrations & Running repairs), 1 in Cape Town, 1 in Harmony and 1 in Salvokop.
  - As per legislation requirements, the brake testing machines should be calibrated every 6 months at R16 500.
  - Stand-by generators (Servicing & running repair), 2 in Harmony and 1 in Pretoria.
  - Cape Town needs a new installation: estimated cost is R800K subject to full assessment.
    - As per the OEM maintenance plan the generators should be serviced at 600 hours or once a year.
  - Oil-water separator plant maintenance (Removal of sludge)
    - As per the Environmental regulation there is a need to have and maintain an oil-water separator plant. To comply with the requirement, the sludge removal will be done quarterly at R 9 000 per depot depending quantities and work to be done.
  - Workshop lifting equipment (testing & repair)
As per legislation requirement for lifting equipment, the workshop lifting equipment must be tested every 12 months with inspections every 3 months at R 7 000.

**ENERGY / DIESEL**

- Diesel was calculated based on the estimated whole sale list price (WSLP) of R 14.43 from April 2019 to R16.20 in March 2020. A base price of R 13.13 (WSLP in Jan 2019) was used and increased/decreased based on the oil price forecast for the period.
  
  The following anticipated discounts on home base fuel were subtracted from the WSLP:
  
  - Harmony Depot - 51 cents discount
  - Salvokop - 51 cents discount
  - Cape Town - 50 cents discount
  - Queenstown - 30 cents discount
  - Port Elisabeth - 38 cents discount

- Consumption was based on 37 litres per 100 km for all vehicles, therefore 0.37 litres per km.

- Diesel calculation:
  
  - Diesel was calculated using the WSLP less the above mentioned discounts.
  - The WSLP was multiplied by consumption (0.37) and total km’s for each budgeted route and multiplied by the number of budgeted trips per month.
  - Formula = WSLP x 0.37 x km’s for trip x number of trips budgeted per month.

- It was assumed that the bus will fill up at the depart depot as soon as it leaves (assuming that it arrived with an empty fuel tank).

- For Metrorail, Shosholoza, the Prasa staff bus and charters the monthly average of the budgeted km’s were used for the calculation.

- Diesel was budgeted at R 261 670 389 for the year.

**LEASES**

- Where contracts could be obtained, the contractual amount for the budget year was included.
- Where no contracts could be obtained, the budget amount was based on the actual lease expenses for the past year.
- Pool cars are budgeted for at the current contract amount for the external leased cars. Monthly lease cost for pool cars received from Prasa was not budgeted for.
- All leases were budgeted at R 20 999 191 for the year.
- Inter-company rent (R 9.4 m), Jhb park station bus entry (R 15.5 m) and MAN bus lease cost (R 6.9 m) was not budgeted for. Inter-company water, electricity and rates were budgeted for (R 3 m).

**COMMUNICATION**
- Telecommunication services (GL 473000) – Based on actual costs plus CPI increase – annual amount of R 1 290 864 budgeted.
- Cellular phone costs (GL 473030) – Based on the current Vodacom contract costs – annual amount of R 1 120 653 budgeted.
- Alarm systems (GL 473040) – Based on actual alarm cost payable per Sales office / Depot – annual amount of R 289 907 budgeted.

**INSURANCE**
- Insurance Premium (GL 465030) - Based on actual costs plus CPI increase – annual amount of R 8 149 742 budgeted
- 3rd Party insurance claims (GL 465025) – No budget included as business cannot budget for anticipated accidents.

**AUDIT FEES**
- External audit fees – Anticipated Auditor General Fees, based on current year actual with a CPI increase – annual amount of R 2 157 791 budgeted.

**PROFESSIONAL SERVICES**
- Professional service consultants (GL 473200) – the following was included:
  o Board support and salary bands benchmarking & job profiling – annual amount of R 850 000 budgeted.
- Pension administrative costs (GL 473230) – the following was included:
  o Momentum - Pension administrative costs – annual amount of R 67 138 budgeted.

**SECURITY**
- General security services (GL 477200) – based on actuals plus CPI increase – annual amount of R 7 084 067 budgeted.
- Cash in transit (GL 477205) – based on actuals as per Standard Bank contract – annual amount of R 4 697 812 budgeted.
- Inspectorate (GL 477210) – No budget included as inspections are done in-house.

**HEALTH AND RISK**
- Consist of Health & Sanitation cost, Medical examination cost, cleaning of stations and offices, Fire extinguishing service, Accident Assistance and First aid kits:
- Health and Sanitation (GL 466000) – includes bus and depot fumigation and sanitation services for head office – annual amount of R 1 017 360 budgeted.

**HEALTH AND RISK (CONTINUED)**

- Medical examination cost (GL 466005) – Budgeted at 400 employees per annum at R2000 per employee – annual amount of R 800 000 budgeted.
- Cleaning of offices (GL 466010) – Based on previous year’s budget plus CPI increase plus R2 000 for garden cleaning for head office only – annual amount of R 360 000 budgeted.
- Fire extinguishing services (GL 466015) – as received from business units – annual amount of R 437 160 budgeted.
- Accident Assistance (GL 466020) – Based on the current contract with Europe Assist – annual amount of R 168 000 budgeted.
- First aid kits (GL 466040) – as received from business units – annual amount of R 27 500 budgeted.

**TRAVEL AND ACCOMMODATION (MANAGEMENT)**

- Consists of Accommodation and meals, Car hire and flights – based on expected travel activities:
  - Accommodation & meals: Amounts based on National Treasury Instruction 04 of 2017/2018): Maximum of R 1 440 per night per person. This rate include breakfast, lunch, dinner and parking – annual amount of R 891 840 budgeted.
  - Car hire: as received from business units – annual amount of R 53 010 budgeted.
  - Flights: Amounts based on flight rates as at 15 Jan 2019 – annual amount of R 890 700 budgeted.

**TRAVEL AND ACCOMMODATION (DRIVERS)**

- Budgeted as per route requirements. Budgeted on different rates per driver per night multiplied by the number of drivers on the trip as well as the trips per month for each route requiring overnight accommodation. A total annual amount of R 16 520 526 was included in the budget.

**OFFICE EXPENDITURE**

- Consist of postal services, stationery and office supplies and plant & garden maintenance. Budget based on actual requirements as received from business units plus CPI increase – annual amount of R 576 048 budgeted.
COMMISSION PAID (GL 479200)

- % of Fare revenue (GL800100). Based on actual commission percentages of the past year – annual amount of R 25 317 106 budgeted.

PUBLICATIONS AND MARKETING

- Advertising and publicity (GL 477005):
  o Marketing
    ▪ Retain existing customer base (promote return ticket; online sales) – annual amount of R 1 000 000 budgeted.

- Books and subscription (GL 477010)
  o Risk
    ▪ Company registration: Annual returns – annual amount of R 5 000 budgeted.

- Films and videos (GL 477020)
  o Marketing
    ▪ On board entertainment – annual amount of R 1 500 000 budgeted.

- Branding (GL 477050)
  o Marketing
    ▪ Office brand refreshing – annual amount of R 500 000 budgeted.

COMPUTER EXPENSES

Consist of data network (GL 473015), computer maintenance (GL 451023), computer consumables (GL 472030) and software license fees (GL 473400):

- Data network (GL 473015):
  o Vodacom Push to talk for drivers, MTN data cards, Vodacom cellphone contract and Bus tracking – annual amount of R 2 637 546 budgeted.
  o Telkom Data lines – annual amount of R 475 050 budgeted.
- **Computer maintenance (GL 451023)**
  - Budgeted for maintenance of printers under SCM – annual amount of R 214 248 budgeted.

- **Software license fees (GL 473400):**
  - Annual software maintenance – annual amount of R 489 027 budgeted.

- **Computer consumables (GL 472030):**
  - Computer & Printing consumables - Printer cartridges – annual amount of R 1 012 964 budgeted.

**OTHER OPERATING COSTS**

- **Wash & parking:**
  - Budgeted at R456 564 for the year and it covers end destination bus washing only.

- **Toll fees:**
  - Budgeted as per route requirements. Budget based on the specific rate for each toll Plaza on the route multiplied by the number of trips per month for each route. 2019/20 rates are based on 2018/19 rates increased with CPI of 5.3% - annual amount of R 26 556 408 budgeted.

- **E-toll fees:**
  - Budgeted as per route requirements. Budget based on the standard tariff for each e-toll Plaza on the route multiplied by the number of trips per month for each route. 2019/20 rates are based 2018/19 rates increased with CPI of 5.3% - annual amount of R 4 853 857 budgeted.

  - Vehicle/traffic fines are not budgeted for.

**FINANCE INCOME**

- **GL 804000 (Interest received – bank)** - Utilise averages for April 2018 to Nov 2018 (with no increase). Annual amount of R 971 028 budgeted.

**FINANCE COST**

- **GL 482010 (Interest paid-Creditors)** - Utilise averages for April 2018 to Nov 2018 (with no increase). Annual amount of R 3 439 908 budgeted.
- **GL 482011 (Storage fees)** - Utilise averages for April 2018 to Nov 2018 (with no increase). Annual amount of R 7 668 budgeted.

**DEPRECIATION**
- Based on expected future depreciation for current assets (SAP system calculated) – annual amount of R 23 685 425 budgeted.
- Depreciation rates used as per Annual Financial Statement’s accounting policy.
- Does not include any capital additions.

**CAPITAL REQUIREMENTS**

- Autopax is not budgeting for any capital items.

**ALL OTHER EXPENSES**

- A CPI increase of 5.3% was added to the current forecast of 2019/20.

DATED IN ______________________ on this ______ DAY of ________________ 2019.
SIGNED

___________________________________________________________
(Chief Executive Officer: Autopax)

DATED IN ______________________ on this ______ DAY of ________________ 2019.
SIGNED

___________________________________________________________
(Chairman: Autopax Board)