



SELECT COMMITTEE ON TRANSPORT, PUBLIC SERVICE & ADMINISTRATION, PUBLIC WORKS & INFRASTRUCTURE PRESENTATION ON PRASA'S ANNUAL REPORT

28 February 2024

2022/23 a year of significant shift for PRASA

During the year under review, great strides were made in restoring services to most of the metropolitan areas where PRASA operates.

26 of the 40 corridors have been successfully restored and are now serviced by the modern Isitimela Sabantu, the EMUs produced in Nigel.

PRASA has shown an improvement in train operation, the tightening of controls and progress in addressing audit issues raised by the Auditor-General of South Africa

Significantly, the Board has addressed the issue of leadership stability and a sound recovery plan.

These efforts are part of our plan to return passenger rail to its rightful place as the backbone of public transport.

Our key achievements

Performance against pre-determined objectives improved to 59% from 19% in 2021/21

Capital spend of R13,58 billion exceeded the allocation of R12,62 billion.

18 Service lines / sections recovered and 22 Service lines (55%) in operation.

12 Service lines in operation with new trains (EMUs)

146 new trains (EMUs) as from start of contract was delivered.

Moving out of the cycle of “Disclaimers” by AGSA to a “Qualified” audit.

Successful competition of Operation Bekela on the Central Line.

Annual Performance against Pre-determined objectives



Annual Performance on Pre-determined Objectives

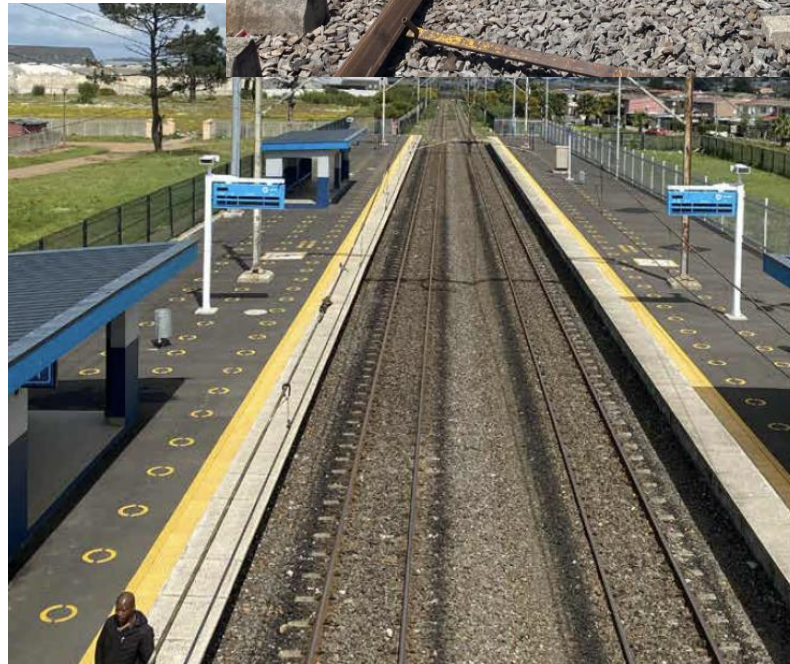


| | |
|----|--|
| 1 | Number of additional service lines in operations with minimum or full standards of operation |
| 2 | General overhauls of Metrorail coaches completed |
| 3 | Level of operations on the Central Line or sections of the Central line as per the deadline |
| 4 | Number of security occurrences reported to RSR (categories 1 - 9) per financial year |
| 5 | Number of safety occurrences reported to RSR (categories A-L) per financial year |
| 6 | Status of the project phase(s) for the KZN re-signalling contract |
| 7 | Number of stations revitalised by improving functionality, rebuild or commercialisation |
| 8 | Number of correctly configured operational trainsets (incl. new EMUs, GOs, repairs & maintenance) |
| 9 | Number of service lines or sections of a service line with operations - part or full with new EMUs |
| 10 | Number of EMU train sets provisionally accepted |
| A | Status of the project phase(s) for the Western Cape Central line re-signalling |
| B | Level of implementation complete on the security plan for the financial year |
| C | Localisation in rolling stock expansion as per Gibela MSA |
| D | Number of passenger trips per financial year |
| E | Level of operations on the Mabopane line as per the deadline |
| F | Status of contracts, commencement & construction on the depot modernisation programme |
| G | General overhauls of MLPS coaches completed |

Service Line recovery since 2021/22

| Province | Rail Line | Date Re-opened | Train Sets |
|----------------|--|----------------|---------------|
| Gauteng | Pretoria to Mabopane | 17 Jan 2022 | EMU |
| | Pretoria to Saulsville | 29 Jan 2022 | EMU |
| | Pretoria to Centurion | 31 March 2023 | EMU |
| | Pretoria to Pienaarspoort | 3 Oct 2022 | EMU |
| | DeWildt to Hercules | 24 Oct 2022 | EMU |
| | Johannesburg to Naledi | 28 Nov 2022 | EMU |
| Western Cape | Bellville to Eerste Rivier | 16 Jan 2023 | Yellow & Grey |
| | Cape Town to Simon's Town | 3 Mar 2022 | EMU |
| | Cape Town to Retreat via Athlone | 3 Mar 2022 | EMU |
| | Cape Town to Bellville via Goodwood | 16 Mar 2022 | Yellow & Grey |
| | Langa to Nyanga | 23 March 2023 | Yellow & Grey |
| | Cape Town to Bellville via Sarepta | 1 Aug 2022 | Yellow & Grey |
| | Langa to Pinelands | 1 Aug 2022 | Yellow & Grey |
| | Cape Town to Bellville via Goodwood | 29 Nov 2022 | EMU |
| | Cape Town to Bellville via Monte Vista | 13 Dec 2022 | EMU |
| KwaZulu- Natal | Umlazi to Reunion | 23 Jan 2023 | Yellow & Grey |
| | Durban to Umbogintwini | 15 Aug 2022 | Yellow & Grey |
| | Durban to Cato Ridge | 7 Nov 2022 | Yellow & Grey |

Rebuild and Recovery



IN PROGRESS GERMISTON – KATLEHONG - KWESINE



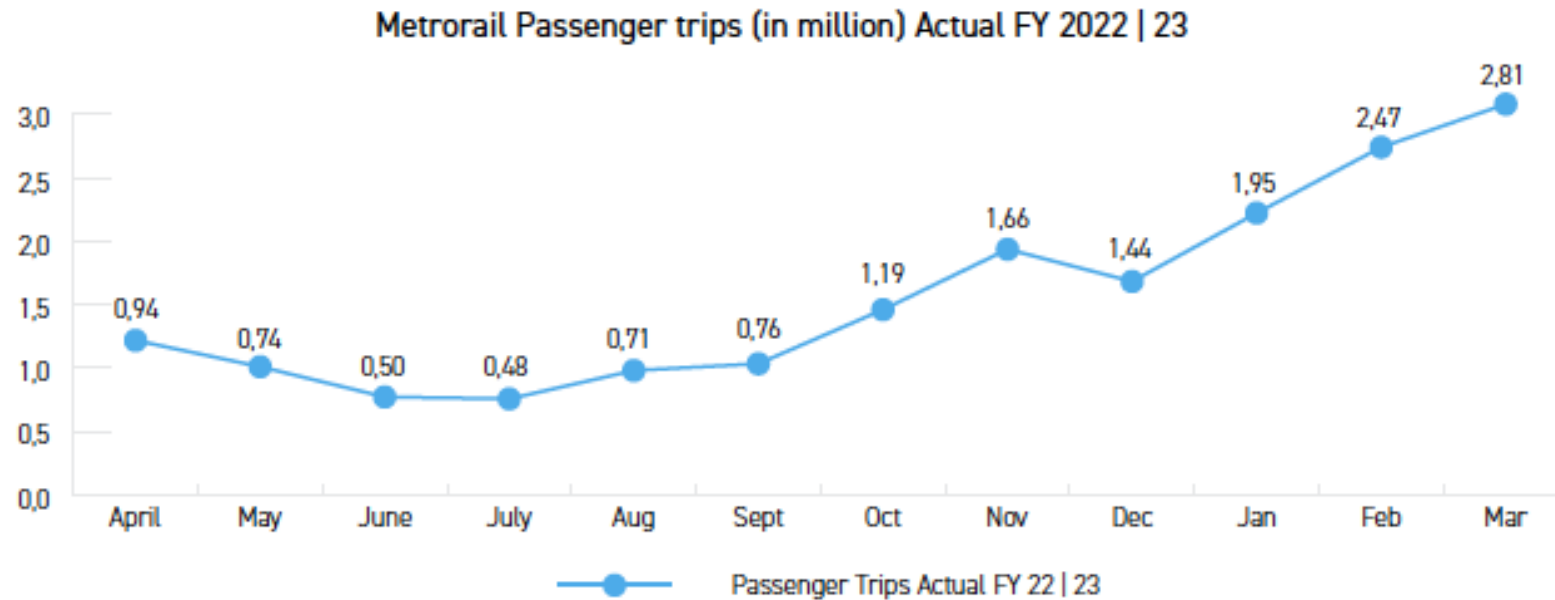
IN PROGRESS: NEW CANADA - MIDWAY



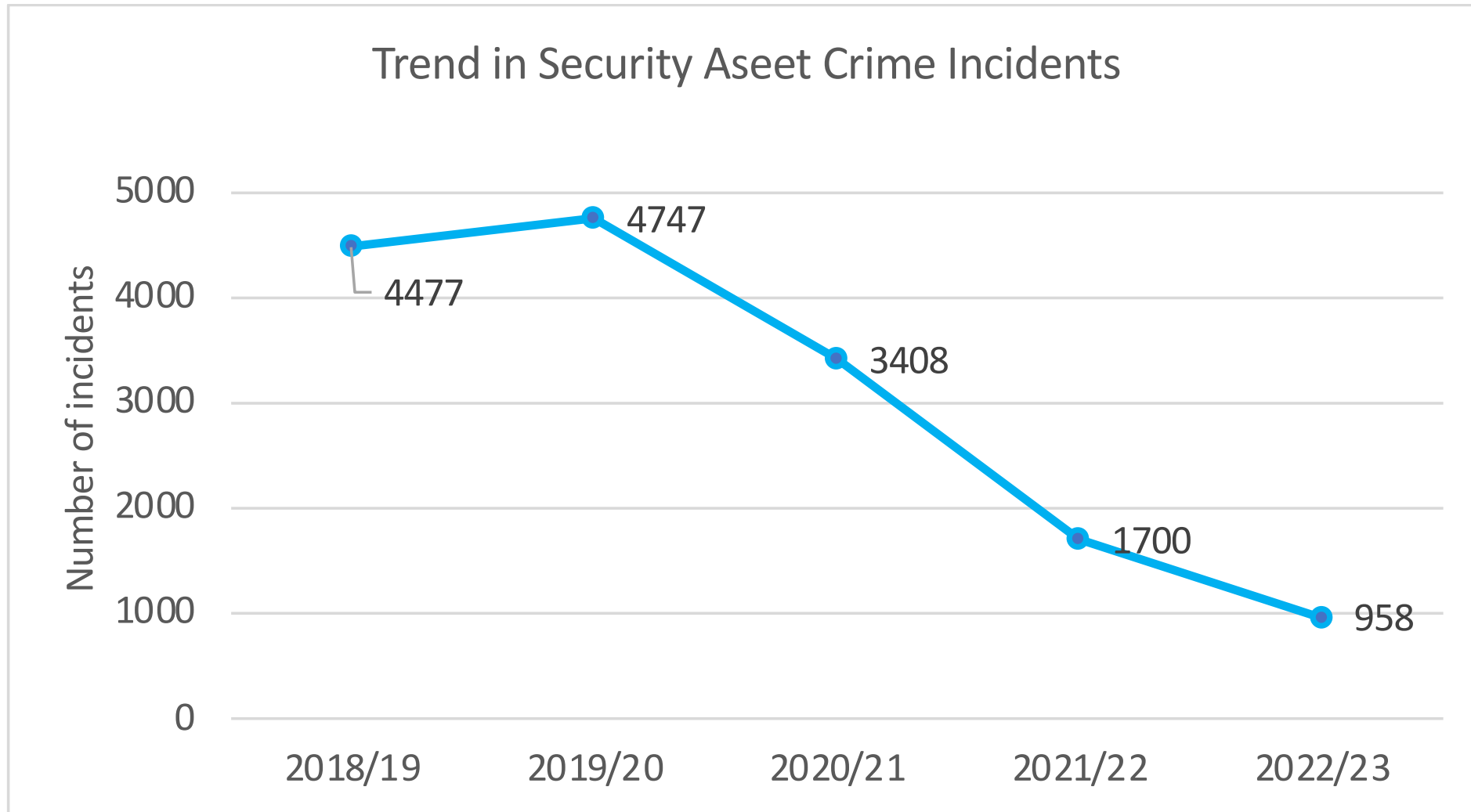
IN PROGRESS: JOHANNESBURG - ROODEPOORT



Passenger recovery with re-instatement of lines



Impact of security strategy



Audit outcomes

PRASA has **significantly improved** the audit outcomes during the 2022/23 financial year leading to a **qualification** opinion rather than a disclaimer of opinion.

The recovery to an unqualified opinion is a journey and not an event.

The following are **major areas of improvement**:

Annual financial statements – The quality of financial statements have improved, removing findings from prior years.

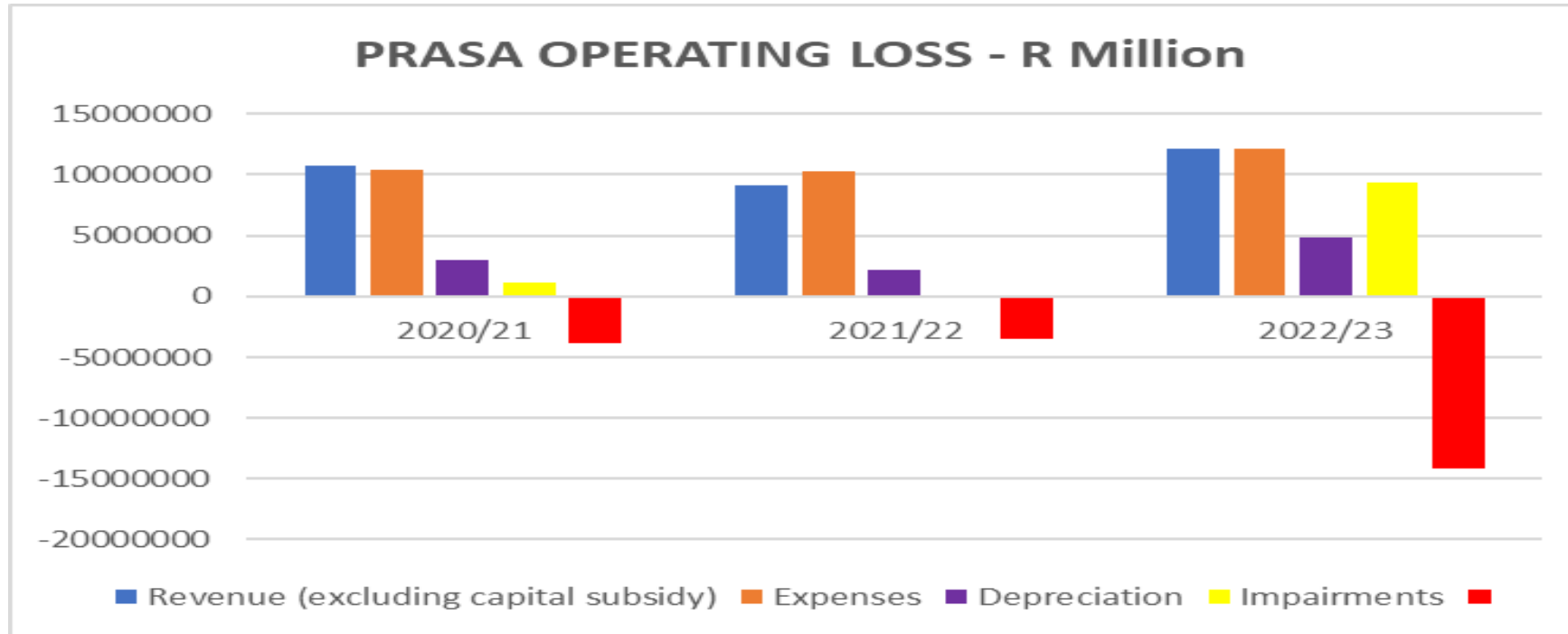
Property, plant and equipment - Credible asset registers were created and reconciled.

Commitments – The long outstanding indexation disputes with Gibela resolved.

Finance resources – Some key appointments made, and temporary resources secured to cover various areas.

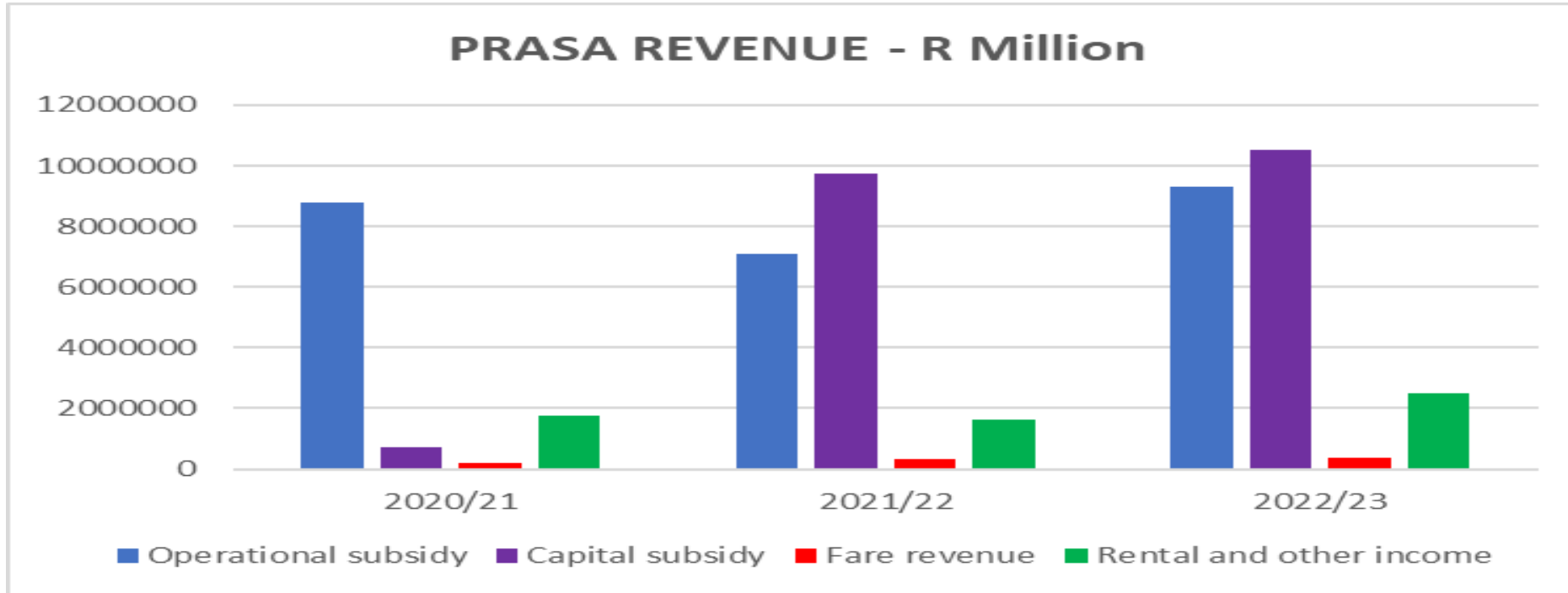
Irregular, Fruitless and Wasteful Expenditure – Registers now in place and reconciled.

Annual Financial Statements



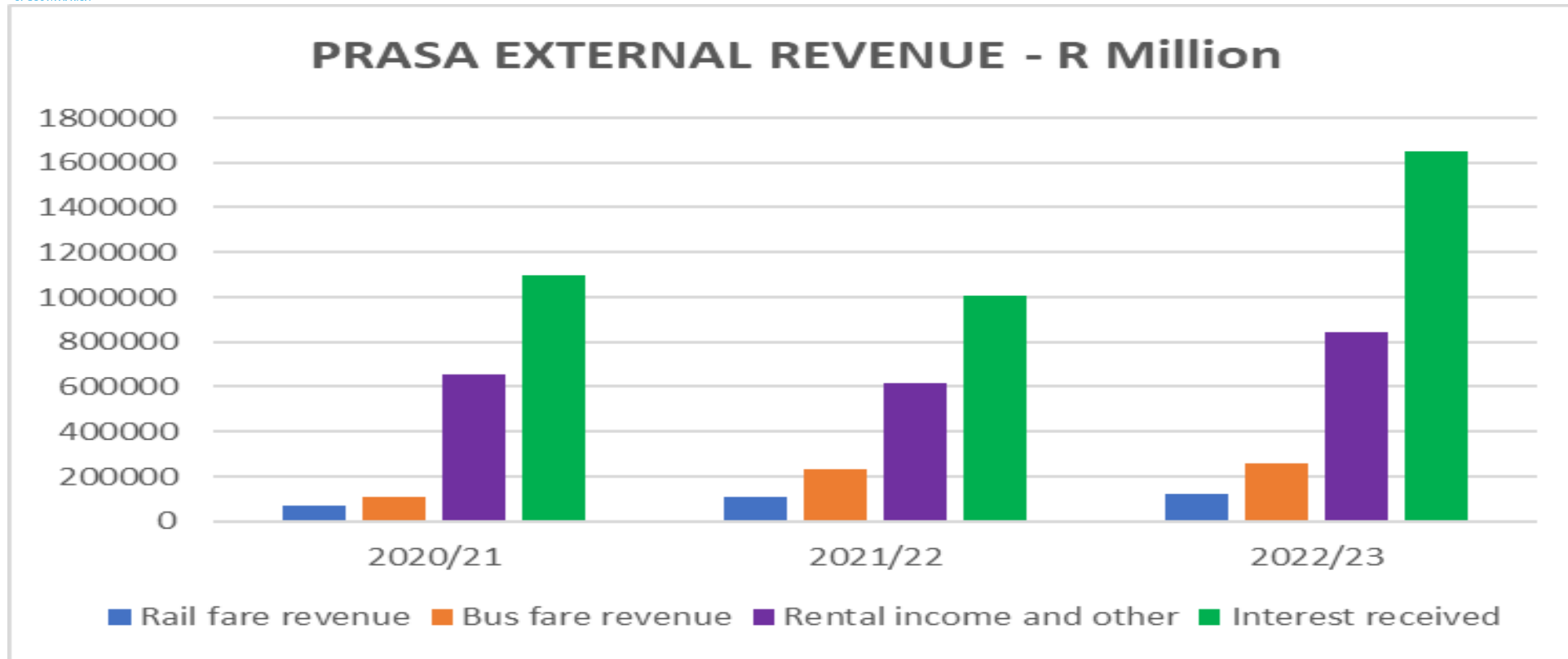
- Operating loss widening due to asset write offs and impairments. This has arisen from the clean-up of assets during this financial year.
- Core operating costs lag revenue generated.
- Including capital subsidy as income can be misleading as indicates profits made when in fact this is not available for operations.

Annual Financial Statements



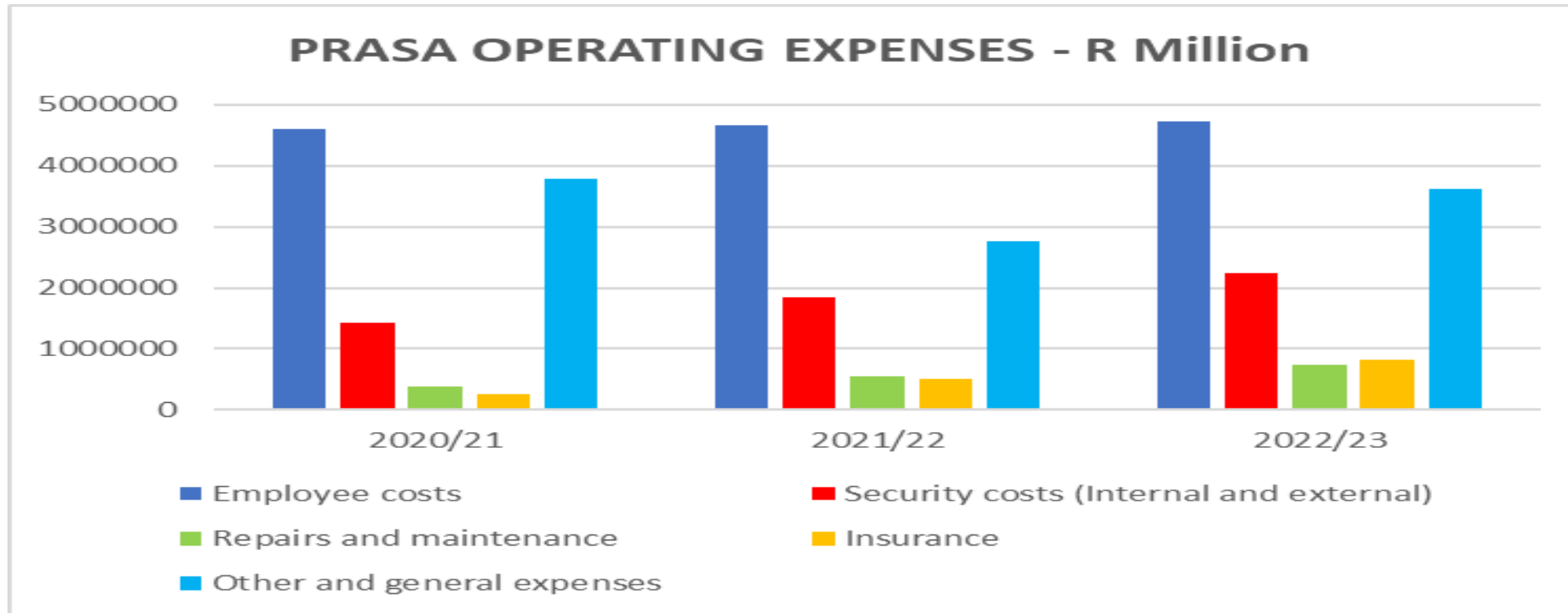
- Heavily dependent on subsidy operationally.
- Interest and rental income far greater contributor than fare revenue.
- Capital subsidy and spend vital to recovering networks to generate fare revenue.
- Fare revenue impacted network availability.

Annual Financial Statements



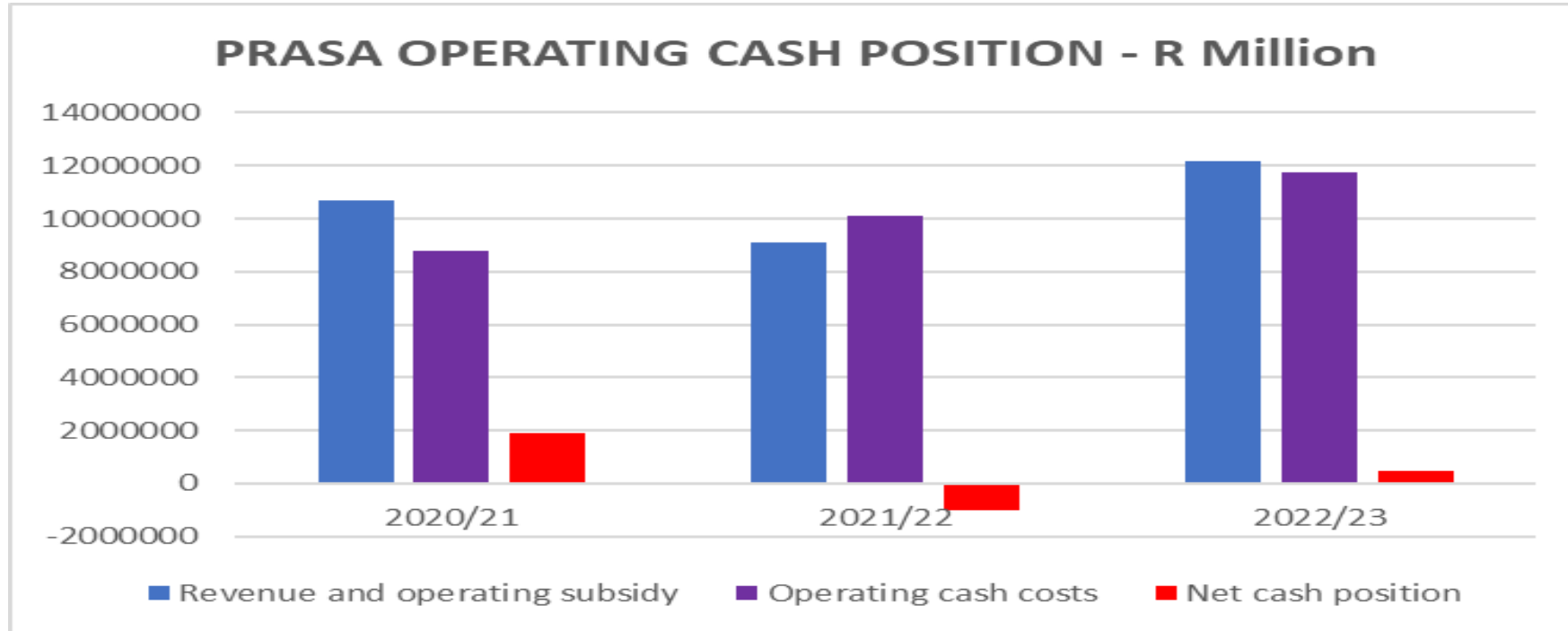
- Heavily dependent on interest income to survive operationally.
- Rental income growing and vital to create a long-term income stream.
- Rail fare revenue lags and subject to recovery of the network.
- Bus revenue impacted by old buses and operating model.

Annual Financial Statements



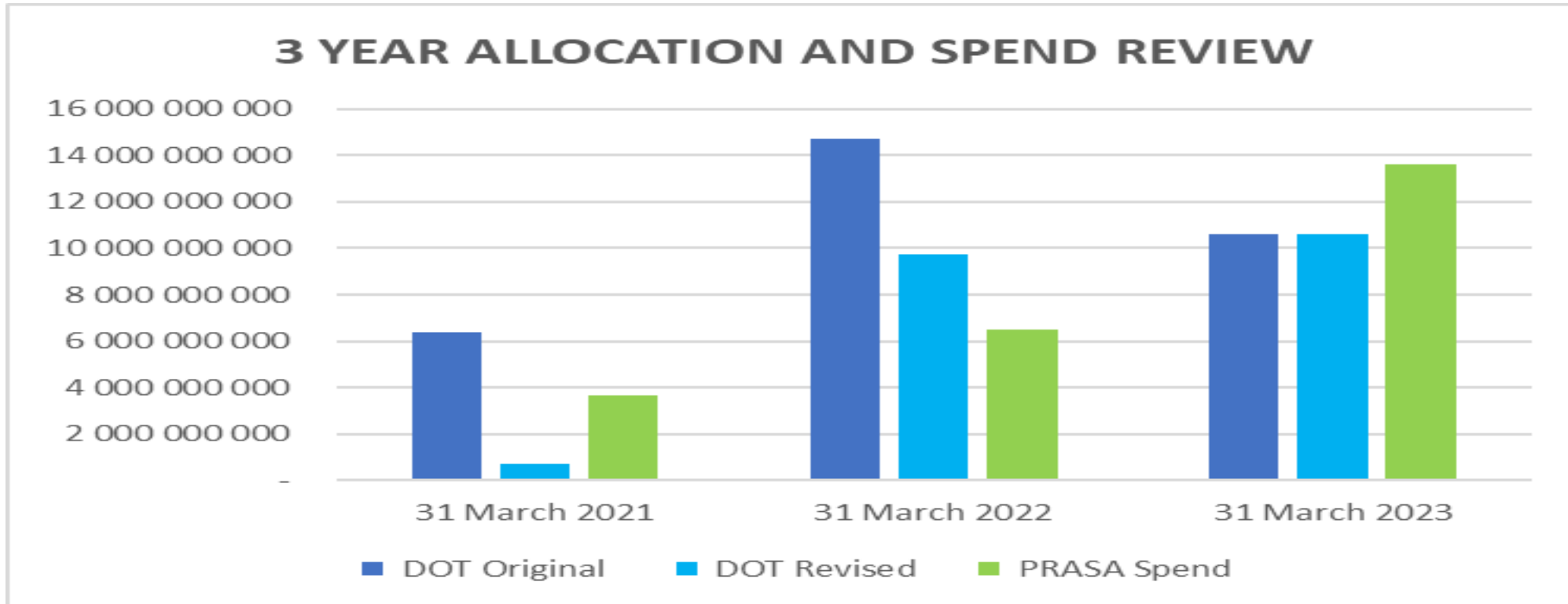
- Employee costs remain stable over the period increasing with inflation.
- Security costs increasing exponentially as assets are built and operations increase.
- Repairs and maintenance increasing as operations return.
- Insurance is increasing significantly as asset base grows.
- Other expenses include energy, municipal costs, ICT, legal, lease costs etc.

Annual Financial Statements



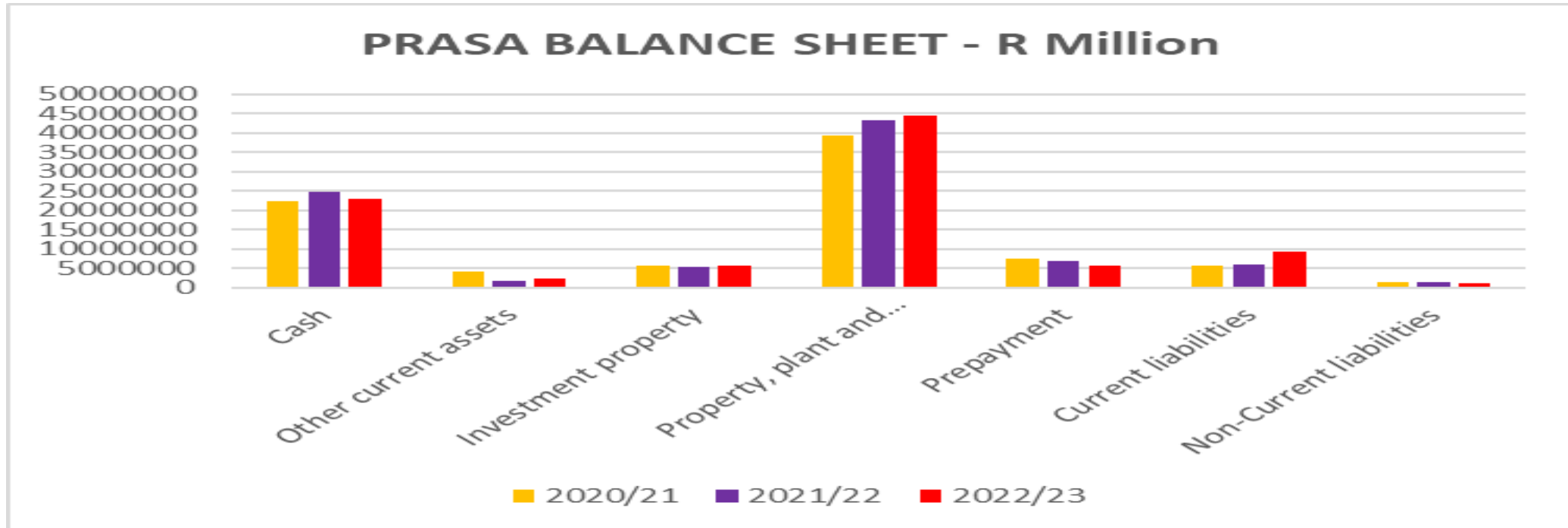
- Cash is the key criteria to measure PRASA's performance.
- Prior years included additional operational subsidy support for covid and security costs.
- Current year includes R2 billion reallocation to settle creditors.
- PRASA living on thin margins and propped up by interest earned on capex balances.

Capital spend



- PRASA exceeded budget capex spend for the first time ever in 2022/23.
- Modernisation has changed to rebuild due to devastation of network through theft and vandalism.
- Resources being put in place to increase skill and capacity.
- Gibela delivering trains at rate of 60 per annum.
- Significant signalling programs kicking off in 2023/24.

Annual Financial Statements



- Cash balance starting to decrease as capex spend picks up steam.
- Investment property seeing improvement following covid impact on retailers.
- PPE, increasing due to capital spend and despite large write-offs and impairments.
- Prepayment to Gibela decreasing as train deliveries increase.
- Creditors increase due to R3 billion in payments going through on 1 April instead of 31 March and increased capex creditors.



9108 Pretoria

Thank You

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