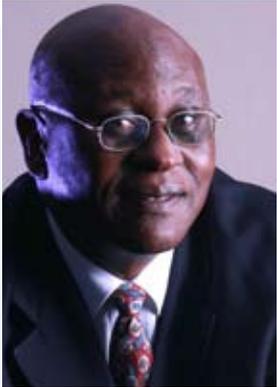




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**Board
Chairperson
Charles Ntuli**



**Mosenngwa Mofi
Chief Executive
Officer**



Brian Carver

Board of Directors



Chris De Vos



May Hermanus



Thato Tsautse



Willem Venter



Mala Somaru



Cedric Ntumba



**Brenda
Madumise**



Jacob Malatse



1. Foreword by Chairperson



This Strategic Plan for the period 2008/09 – 2010/11 sets the agenda for a decisive forward momentum in the consolidation of South Africa's railway safety model, which must result in sustainable interventions that make a lasting impact in improving safety performance in our railways.

While the resource constraints remain daunting, we are encouraged by the steady, yet focused progress of the RSR in the implementation of its strategic goals. The budgetary constraints have grossly limited the RSR's ability to execute the full spectrum of its mandate.

This document is a further elaboration on the strategic priorities identified in the 2007/08 – 2009/10 Strategic Plan and continues to maintain the momentum in the execution of those priorities.

We have noted the progress operators are making in relation to interventions being implemented in their environments that seek to make safety a priority and improve their safety performance. Notwithstanding, we remain concerned at the high number of incidents relating to vandalism, theft of safety-critical assets in the railway environment and irresponsible behaviour that places the lives of innocent commuters at risk. The continuing roll-out of the Railway Police and the successes they continue to record in arresting crime within the railway environment is commendable, and the Board has made a firm commitment to fully support them in their work.

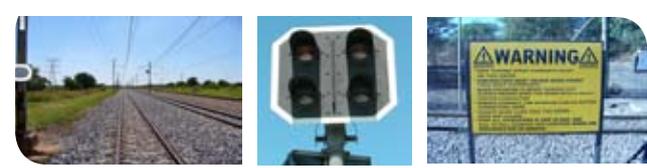
The amendment of the RSR's founding legislation will go a long way not only in consolidating the regulatory framework, but also in creating the necessary capacity that will enable the RSR to generate its own revenue thus augmenting funds allocated through the fiscus.

We present this Strategic Plan encouraged by the path the RSR has traversed since its inception and the impact it continues to make in instilling a safety culture in South Africa's railways.

On behalf of the Board, I wish to express our sincere appreciation to the Minister of Transport, Mr Jeff Radebe and the Director-General, Ms Mpumi Mpofu, for their continued support for the work of the RSR.

Handwritten signature of MC Ntuli.

MC NTULI
CHAIRPERSON



2. Strategic Overview and Key Developments



Introduction

The medium term strategic plan is presented against the gains that the Railway Safety Regulator has made in the past 2 years. Though still at its infancy as a fully fledged organisation and coupled with the need for adequate funding, the RSR has made significant strides in fulfilling its mandate as articulated in its founding legislation. Major progress has been made in developing the foundation for a railway safety regulatory framework, setting up the capacity for effective safety monitoring, compliance and enforcement as well as establishing partnerships with key stakeholders for cooperation in overseeing safety.

The 2008/09 financial year marks the third year of the RSR's existence as a fully fledged institution. In this regard, the assessment of the overall safety performance of the railway industry will be crucial in assessing the impact of the RSR's existence. The improvement in safety performance by the railway industry will become one of the critical yardsticks in measuring the RSR's performance. Safe railway operations are not only vital to the national economy, but also critical to the sustainability of our public transport system.

Safety Monitoring and Compliance

Over the past two years, the RSR has placed a lot of emphasis in auditing the railway operators' safety management systems, as these provide a sound basis for effective management of safety in the railway environment. We have paid particular attention to the two major operators, namely Transnet Freight Rail (TFR) and the South African Rail Commuter Corporation (SARCC). Their combined operations are by far the largest and it can be safely assumed that their combined rate of reportable occurrences is representative of over 80% of the reportable occurrences in the railway industry. It is therefore in this context that in the past years, occurrences investigated by the RSR were only limited to TFR and the SARCC. As part of the ongoing monitoring of safety performance by these two major operators, the RSR has set up liaison committees with both operators in the quest to ensure that all aspects related to safety regulation, monitoring and compliance are addressed in a systematic manner.

The RSR is also mindful of efforts at improving our railway operations following major capital investment initiatives by both operators. Transnet Freight Rail has introduced the Vulindlela safety programme which is at the core of TFR's improvements in safety performance. This re-engineering programme includes initiatives focusing on the implementation of a safety management system and is aimed at ensuring that safety structures are properly integrated into the business structures. The RSR will continuously monitor the implementation of this programme in line with our safety regulatory framework. Similarly, the SARCC is currently implementing measures to improve the safety and reliability of its assets, improve the general performance of its operations, improve the safety and security of commuters and assets as



well as improve the technical integrity of its infrastructure through appropriate cost-effective maintenance, capital projects and improved operational practices. As with TFR, the RSR will monitor the implementation of these measures in line with our regulatory framework.

With respect to the above initiatives, the RSR has begun to actively engage in the safety life cycle management of a railway system which includes design, commissioning & testing, operation, modification and decommissioning of the railway system or components thereof.

State of Railway Safety

With respect to the state of safety, the RSR will soon publish its second state of railway safety report for 2006/07. This report provides a broad overview of the profile of the sector and the general performance by railway operators in different categories including rail safety costs. This report will further serve as a yardstick to measure progress in the improvement of railway safety in the country. The ability of the RSR to respond to the critical challenges highlighted in the state of safety report is of utmost importance. In this regard, all interventions that the RSR undertakes to improve safety, should, as a minimum, be directed at addressing the findings of the State of Safety Report. The preliminary findings of the State of Safety Report are contained in the chapter dealing with the service delivery environment. The RSR will furthermore utilise the operators' Safety Plans to monitor and determine the level of safety performance by operators. This will be done through monitoring performance against the targets set out in the respective Safety Plans.

Overview of Medium Term Strategic Plan

This Strategic Plan sets the agenda for an intensified approach to railway safety in the medium term and similarly sets the agenda for the industry at large to prioritise safety in their operations. The plan is anchored in the following seven strategic thrusts which effectively become the roadmap for the RSR over the next three years:

- ◇ Consolidating the safety regulatory regime
- ◇ Developing a sustainable safety compliance regime
- ◇ Monitoring and evaluation of safety performance
- ◇ Appropriate responses to key initiatives
- ◇ Regional harmonisation of railway safety standards and international cooperation
- ◇ Consolidating stakeholder partnerships to improve safety and



- ◇ Sustainable institutional capacity and management.

The above strategic thrusts are discussed in detail in the chapter dealing with strategic priorities.

Way Forward

The RSR is about to enter the next phase of its development, being the continued strengthening and consolidation of its safety oversight responsibilities. In the medium term, we should see a much more sustained approach towards the development of a railway safety regime that is fully responsive to South Africa's national imperatives. The key challenge in ensuring that this objective is realised is for the RSR to ensure adequate and sustainable funding of its requirements. Thus far, the funding constraints remain a major impediment to the RSR fully executing its mandate.

MOSENNGWA MOFI
CHIEF EXECUTIVE OFFICER





3. Mandate, Vision and Mission

3.1. Mandate

The Railway Safety Regulator (“the RSR”) is a public entity established in terms of section 4 of the National Railway Safety Regulator Act, 2002 (Act No. 16 of 2002). The RSR is governed by a Board of Directors appointed by the Minister of Transport for a period of three (3) years.

The RSR’s core mandate is to oversee safety in the railway transport industry

The NRSR Act outlines five (5) main thrusts for the Regulator:

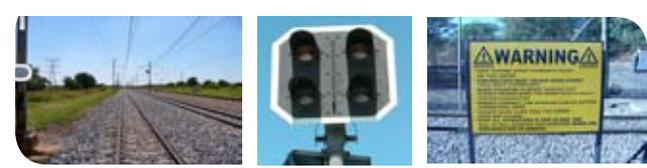
1. Setting up a regulatory institution for overseeing safe railway operations in South Africa;
2. Promote the use of rail as a mode of transportation through improved safety performance in the railway transport industry;
3. Ensure a safe and secure railway environment for the protection of persons, property and the environment;
4. Conclude cooperative agreements with organs of state to ensure effective management and overseeing of safe railway operations and to minimise duplication;
5. Promote the harmonization of the railway safety regimes of SADC railways.

3.2 Vision

To be the leader in regulating safety in the railway industry.

3.3 Mission

To provide for and promote safe railway operations in a responsible and supportive manner by applying best practice principles.



4. Legislative Mandate

The legislative mandate of the Railway Safety Regulator and its strategic planning is influenced by the following laws:

- ◇ National Railway Safety Regulator Act, 2002 (Act No. 16 of 2002)
- ◇ National Land Transport Transition Act, 2000 (Act No. 22 of 2000)
- ◇ Occupational Health and Safety Act, 1993 (Act No.85 1993)
- ◇ Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended
- ◇ Labour Relations Act, 1995 (Act No. 66 of 1995)
- ◇ Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- ◇ Skills Development Act, 1998 (Act No. 97 of 1998)
- ◇ National Archives of South Africa Act, 1996 (Act No. 43 of 1996)
- ◇ Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- ◇ Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- ◇ Employment Equity Act, 1998 (Act No. 55 of 1998)
- ◇ Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993)
- ◇ Legal Succession to the South African Transport Services Act, 1989 (Act No. 9 of 1989) as amended





5. Service Delivery Environment

Learning from the previous year's experience, the RSR in close collaboration with the major operators initiated a process where occurrence data would be verified on a monthly and a quarterly basis to ensure a high degree of data integrity. In addition, the RSR issued a number of guidelines to all operators to ensure correct data recording and reporting. As a result, all parties were provided the opportunity to adjust and reconcile the historical data reported to the Railway Safety Regulator during the financial year 2005/06. This report has therefore captured such adjustments from the historical data, which does not necessarily change the overall picture as reported previously.

The analysis of the RSR's service delivery environment is based on the preliminary State of Railway Safety reporting for the year 2007/08 which will be elaborated in the State of Railway Safety Report to be published during the course of the 2008/09 financial year.

The table below provides the categories in which railway occurrences are to be captured and reported to the Regulator. This chapter focuses on categories A and J, while a more detailed reporting on all categories will be contained in the State of Railway Safety Report.

CATEGORY	DESCRIPTION
A	<p>Collisions and derailments during movement of rolling stock, which cover the following:</p> <ul style="list-style-type: none"> a) a collision between rolling stock (including a train, a locomotive, or any other item of rolling stock) on a running line (excluding collisions during shunting operations); b) a collision of rolling stock with an obstruction on a running line (excluding collisions during shunting operations); c) a derailment of rolling stock (including a train, a light locomotive, or any other item of rolling stock) on a running line (excluding collisions during shunting operations); d) any collision or derailment during shunting operations; and e) any collision or derailment during the movement of rolling stock (excluding during shunting operations) on a line other than a running line. <p>NOTE Level crossing collisions or person(s) struck by rolling stock in motion are excluded from this category.</p>

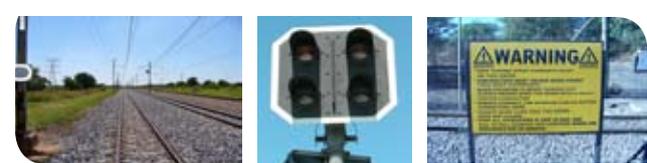


CATEGORY	DESCRIPTION
B	<p>Unauthorized movements (train movement exceeding the limit of authority), which cover the following:</p> <ul style="list-style-type: none"> a) a signal passed at danger (SPAD) <ul style="list-style-type: none"> 1) on a running line, 2) on any other line; b) a physical token passed <ul style="list-style-type: none"> 1) on a running line, 2) on any other line; c) verbal authority ignored <ul style="list-style-type: none"> 1) on a running line, 2) on any other line; and d) written authority ignored <ul style="list-style-type: none"> 1) on a running line, 2) on any other line.
C	<p>Level crossings, which cover the following:</p> <ul style="list-style-type: none"> a) a collision on a running line during a train movement at a recognised level crossing between road vehicle(s) (including motor vehicles, bicycles and animal-drawn vehicles) and rolling stock; b) collision on a running line during a shunting movement at a recognised level crossing between road vehicle(s) (including motor vehicles, bicycles and animal-drawn vehicles) and rolling stock; c) a collision at a recognised level crossing between road vehicle(s) (including motor vehicles, bicycles and animal-drawn vehicles) and rolling stock on any line other than a running line, including yards, sidings and private sidings; and d) a person struck at a recognized level crossing (pedestrian).
D	<p>Persons struck during train movements or shunting (or both), which cover the following:</p> <ul style="list-style-type: none"> a) a member of the public struck by a train (including being struck by an object protruding from rolling stock or from a load but excluding occurrences at a recognized pedestrian or road level crossing); b) an employee struck by a train (including being struck by an object protruding from rolling stock or from a load but excluding occurrences at a recognized pedestrian or road level crossing); c) a member of the public struck during a shunting operation (including being struck by an object protruding from rolling stock or from a load); and d) an employee struck during a shunting operation (including being struck by an object protruding from rolling stock or from a load)
E	<p>Occurrences involving people and trains, which cover the following:</p> <ul style="list-style-type: none"> a) a person fallen between a train and the platform; b) a person fallen from a moving or a stationary train; and c) an occurrence on board a train (excluding an occurrence that results from a derailment, a collision or a fire or any combination of these)

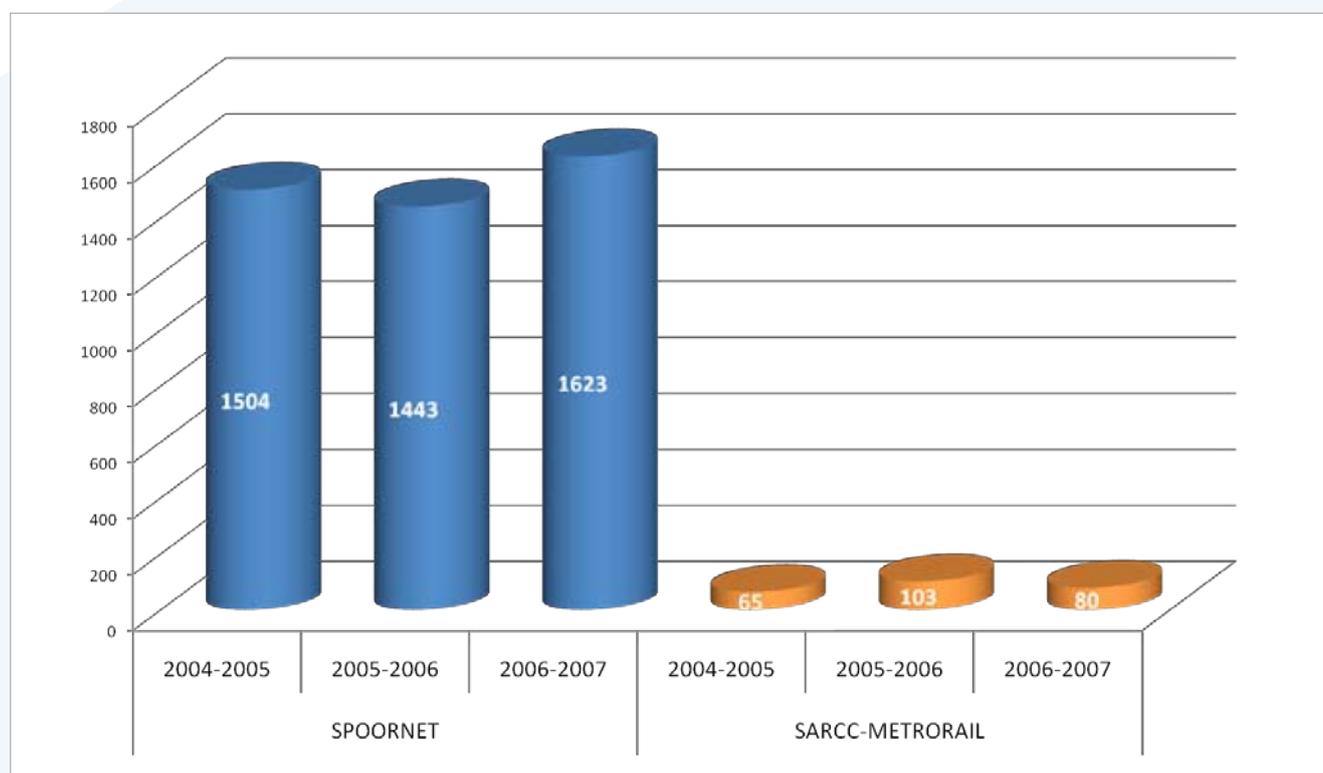


CATEGORY	DESCRIPTION
F	Occurrences involving people and stations, which cover the following: a) occurrences on the passenger area of a station; and b) occurrences on the public area of a station.
G	Electric shock to a person, which cover the following: a) an electric shock on the network infrastructure; b) an electric shock on rolling stock; and c) an electric shock on a station.
H	Uncontrolled release or spillage of dangerous goods, which cover the following: a) quantities exceeding the limits for "limited quantities" laid down in SANS 10228; and b) quantities not exceeding the limits for "limited quantities" laid down in SANS 10228.
I	Fires , which cover the following: a) a fire on a fixed operational asset under control of the operator, including a fire on a bridge, in a tunnel, in a relay room and on a substation; b) a fire on freight or rolling stock (or both); and c) a veld fire that threatens operational safety.
J	Security-related occurrences, which cover the following: a) an occurrence that affects personal safety, including theft, robbery, mugging, rape, murder, serious assault; b) piracy or hijacking, including theft of freight; c) vandalism, including theft and wilful damage to operational assets; and d) sabotage of operational assets
K	Crowd-related occurrences, which cover stampede, including damage to property.
L	Labour unrest, which cover labour unrest that causes a threat to security or to safe railway operations





Collisions and Derailments:



Graph 1: Collisions and Derailments

The total number of reported occurrences in the collisions and derailments category has increased marginally from 2005/06 to 2006/07. A further breakdown of this category demonstrates that the SARCC/Metrorail occurrences have dropped by 22.3%, Transnet Freight Rail (TFR) occurrences increased by 11% and the occurrences attributable to the remainder of the operators decreased by 11.7%.

A further analysis of Transnet Freight Rail's 1623 reported incidences in this category revealed the following:

- ◇ 72% of occurrences are attributed to shunting derailments.
- ◇ 26% of occurrences are attributed to goods train derailments
- ◇ 1% of occurrences are attributed to train-on-train collisions

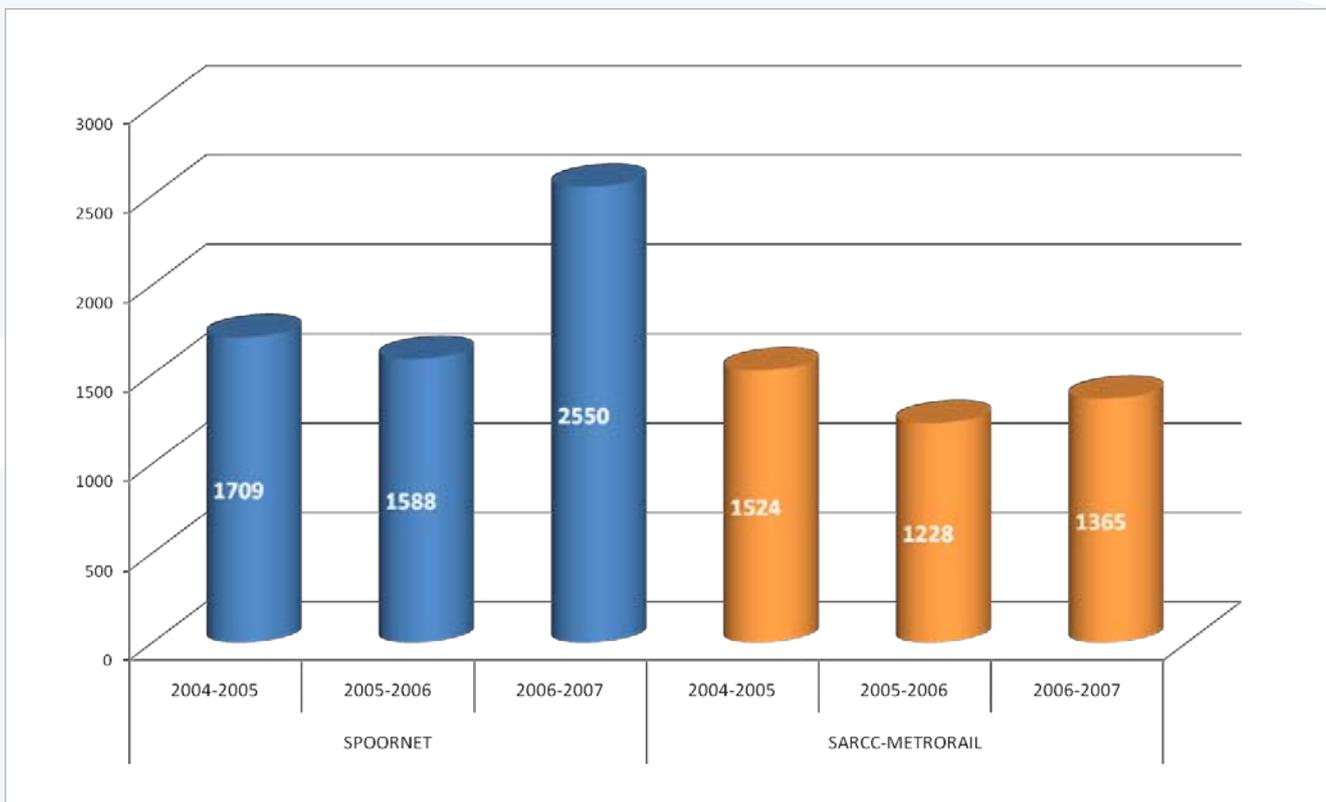
It should be further noted that TFR experienced 3.6% less train-kilometre movements on the running lines and 1.5% less shunt kilometres in marshalling yards in 2006/07 compared to 2005/06.



With regard to SARCC/Metrorail, an analysis of the 80 reported occurrences revealed the following;

- ◇ 59% of occurrences are attributed to collisions with an obstruction on the line;
- ◇ 24% of occurrences are attributed to collisions and derailments during shunting operations
- ◇ 9% of occurrences are attributed to derailments on the running line and 6% are attributed to train on train collisions

Security Related Occurrences



Graph 2: Security Related Occurrences



The security related occurrence category constitutes the highest number of reported occurrences compared to other categories. The report reflects an overall increase of reported occurrences from 3044 in 05/06 to 3967 in 06/07, which represents an increase of 23.2%. It is important to note that the occurrences reported in this category may not necessarily correlate with that of the SAPS (Railway Police) as these are occurrences directly reported to the RSR by operators.

Transnet Freight Rail reported 2550 security related incidences in 2006/07 compared to 1588 in 2005/06, representing a 37% increase. A further analysis of the security incidences has revealed the following:

- ◇ 89.8% of incidences are attributed to acts of vandalism, including theft and wilful damage to operational assets.
- ◇ 6% are attributed to acts of piracy or hijacking, including theft of freight.
- ◇ 2.5% are attributed to personal safety including robbery, mugging, theft, rape, murder and serious assault reported.
- ◇ 1.6% are attributed to acts of sabotage of operational assets

The SARCC/Metrorail reported 1365 security related incidences in 2006/07 compared to 1228 in 2005/06, representing a 10% increase. A further analysis of security related incidences has revealed the following:

- ◇ 59% of incidences are attributed to acts of vandalism including theft and wilful damage to operational assets.
- ◇ 40% are attributed to personal safety including theft, robbery, mugging, rape, murder and serious assault.
- ◇ 1% are attributed to sabotage of operational assets.

It is important to note that vandalism is the highest reported sub-category in the security related incidences. This implies that a lot of attention needs to be focused in this area. On the other hand, there is notable improvement on the incidences involving personal safety, although more still needs to be done. An analysis of personal safety for both TFR and the SARCC/Metrorail has revealed the following:

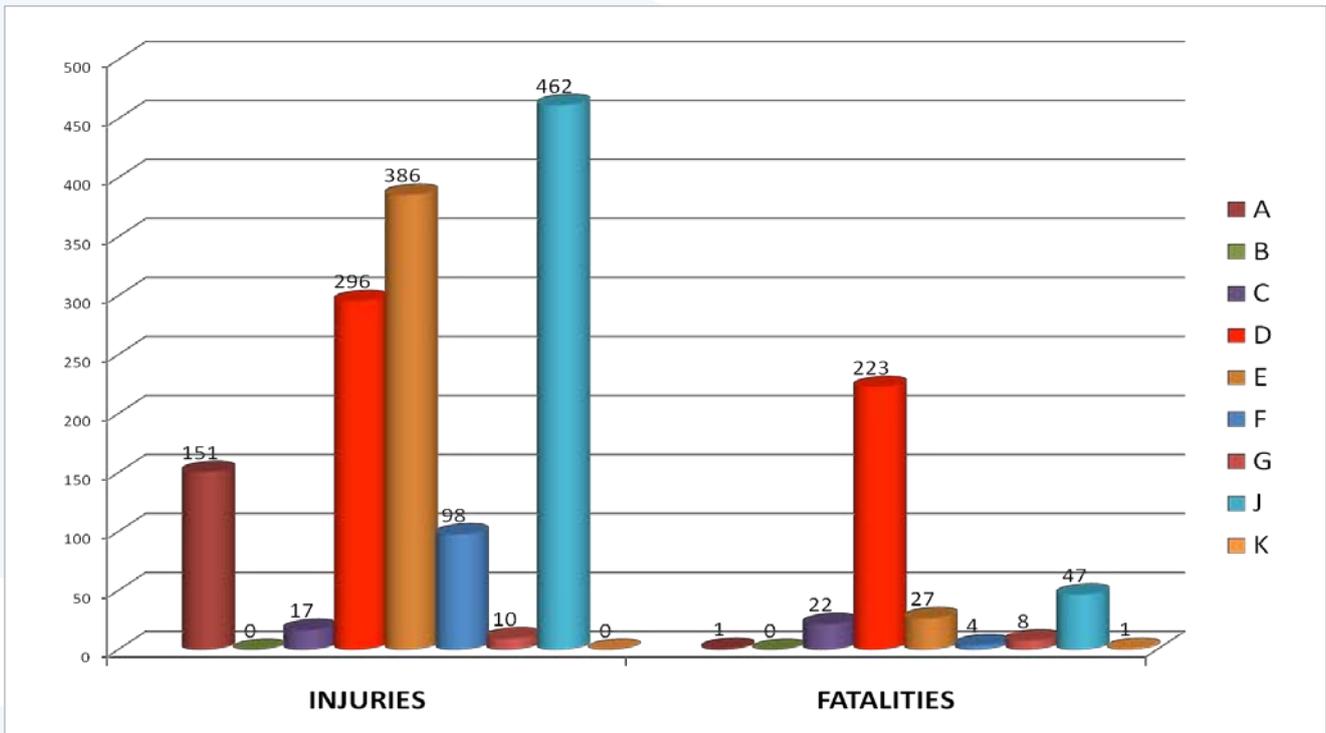
- ◇ 40% decrease of reported incidences for the SARCC/Metrorail from 2005/06 to 2006/07 and an overall of 51% improvement from 2004/05 to 2006/07.



- ◇ 60% decrease of reported incidences by TFR from 2005/06 to 2006/07 and an overall of 66% improvement from 2004/05 to 2006/07.

The RSR is mindful of the advanced stages of deployment of the Railway Police and the role they play in the significant improvements in reducing crime in the railway environment.

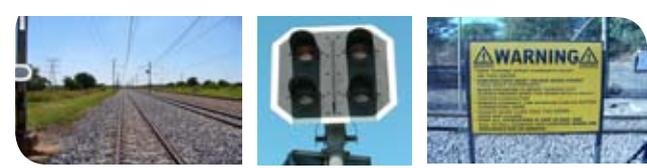
Fatalities in the Railway Environment



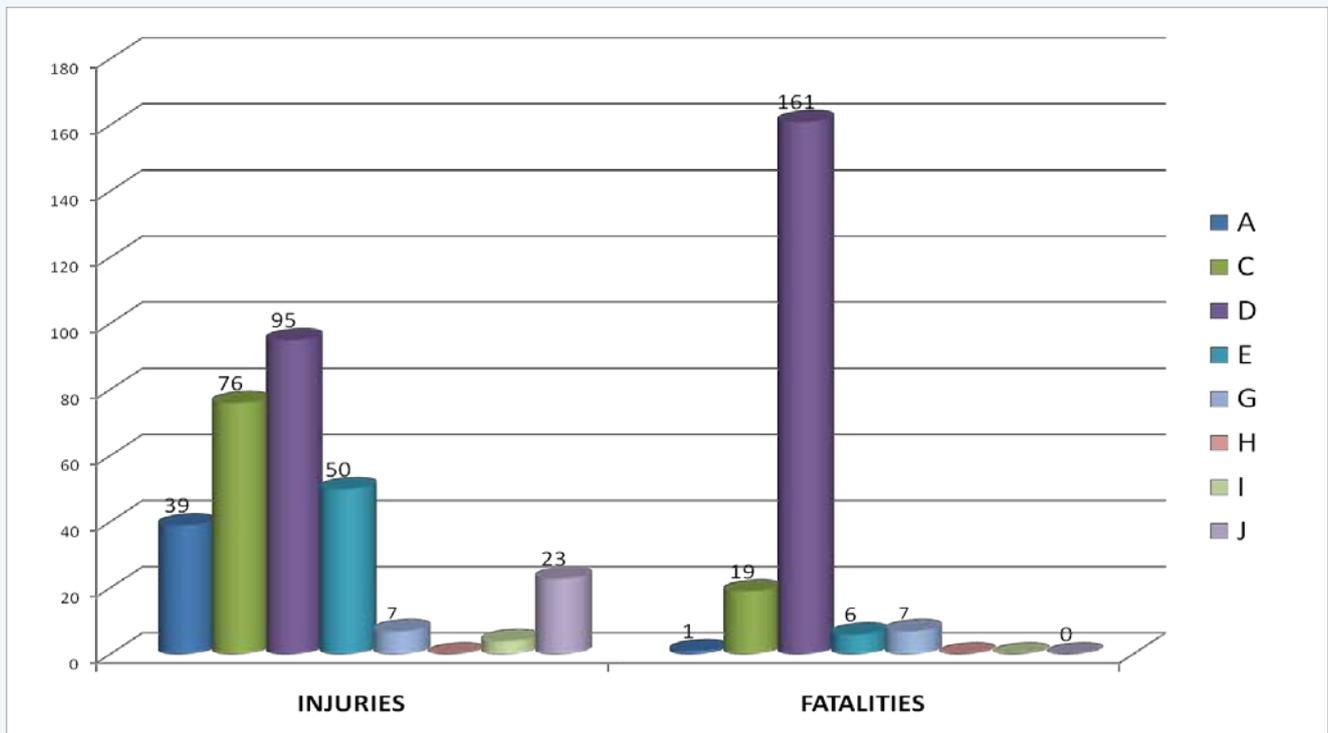
Graph 3: Fatalities and Injuries – SARCC/Metrorail

The report also reveals a high number of people struck by trains. A total of 584 incidences were reported in 2006/07 compared to 586 in 2005/06 which reveals a constant pattern for both years. The mushrooming of informal settlements along the railway reserve poses a major risk and may be attributed to the high fatality rates in this regard. Furthermore, suicide has been indicated as one of the contributory factors. A thorough study of the patterns will have to be undertaken in order to conclusively determine the contributory factors in this regard. A further breakdown of fatalities in the railway environment has revealed the following predominant categories that contribute to fatality rates:

- ◇ 71% of the fatalities involve people struck by trains.
- ◇ 9.2% of the fatalities resulted from security-related incidences.



- ◇ 7.5% of the fatalities resulted from level crossings incidences and
- ◇ 7.9% of the fatalities resulted from occurrence involving people and trains such as a person falling between train and platform, a person falling from a moving or stationery train and on occurrence on board a train excluding collision, derailment or fire.
- ◇ 2.4% of fatalities resulted from electric shock to persons

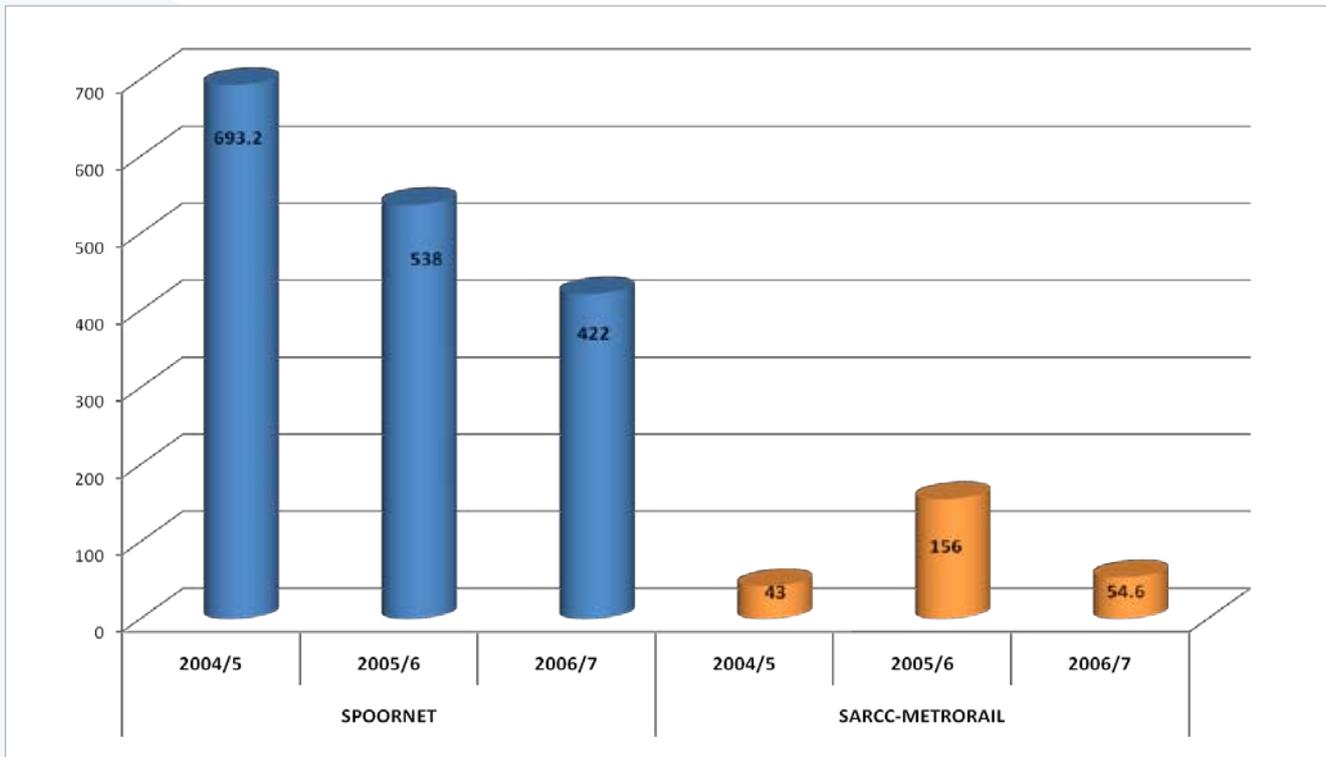


Graph 4: Fatalities and Injuries – Transnet Freight Rail





Cost of Railway Incidences



Graph 5: Incident Costs

The report indicates a total cost of R515m in 2006/07 for both TFR and Metrorail reflecting a decrease (23.9%) from a total of R677m in 2005/06. The incident costs exclude the costs of business interruptions and loss of income resulting from occurrences. Further analysis of the incident costs for both operators have revealed the following;

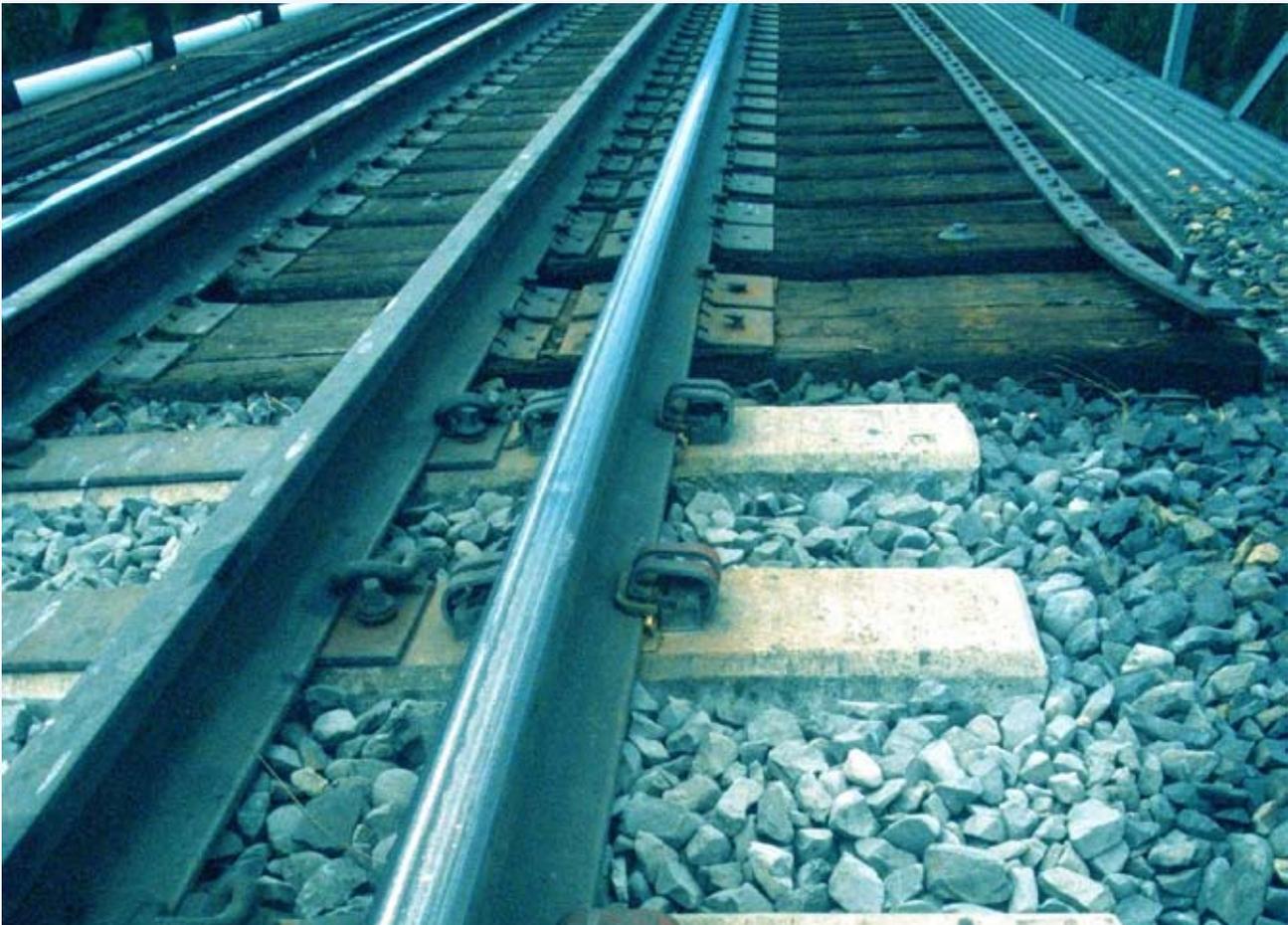
- ◇ The SARCC/Metrorail incident costs amounted to R54.6m reflecting a dramatic reduction of 61.2% from R141m in 2005/06.
- ◇ 59% (R32.4m) of total costs for the SARCC/Metrorail resulted from acts of arson (burning of trains), 17% (R9.2m) from vandalism, 23% (R12.9m) from collisions and derailments
- ◇ Transnet Freight Rail incident costs amounted to R461m reflecting a decrease of 13.9% from R536m in 2005/06.
- ◇ 88.5% of (R408.7m) resulted from collisions and derailments, 8.8% (R41.2m) from vandalism and theft of operational assets and the rest from incidental losses to assets.



Conclusion

While notable progress has been made in improving safety performance in our railways, more still needs to be done. The detailed elaboration of the state of safety in our railways and interventions the RSR seeks to implement to ensure sustainable improvement will be elaborated on in the State of Railway Safety Report 2006/07 which will be published during the 2008/09 financial year.

Despite pressing resource constraints, the Railway Safety Inspectorate continued to play a critical role in the undertaking of its responsibilities to oversee safety in the railway environment. They continued to undertake inspections, audits and occurrence investigations aimed at ensuring that operators fully comply with safety standards and regulations.





6. Strategic Priorities

6.1 CONSOLIDATING THE REGULATORY REGIME

This planning cycle will see the finalisation of the National Railway Safety Amendment Bill which seeks to strengthen the country's railway safety regulatory regime. The Amendment Bill seeks to clarify the RSR's regulatory oversight role over railway operators and owners, provide for a practical penalty regime and provide for revenue generation by the RSR.

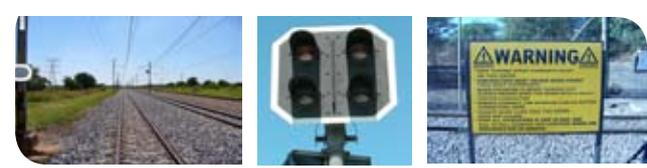
The regulatory framework will further be consolidated through the development of the safety regulations such as the amendment of the safety management system regulations, the development of compliance regulations, level crossing, railway construction works, and permit fee structure regulations. In addition to the development of regulations, a number of railway safety standards will be developed in close collaboration with the railway industry and the South African Bureau of Standards. A key priority is to develop the various parts of Technical Requirements for Engineering and Operational standards, with the initial publishing of the General Technical Standard and thereafter various parts of the technical requirements such as track, civil & electrical infrastructure, rolling stock, train control systems, train operations management and inter-modal and utilities management. Standards on Human Factor Management will also be developed.

The planning cycle will also see the RSR bolstering its capacity for research and development through collaboration with research and academic institutions around the country in order to continuously strengthen South Africa's railway safety regime. The research activities will also serve to support activities in key areas of the RSR's work through ensuring that the RSR's practices are benchmarked against similar institutions in order to ensure continuous improvement in the RSR's safety oversight role.

6.2 DEVELOPING A SUSTAINABLE SAFETY COMPLIANCE REGIME

The RSR will continue to strive to work towards an effective safety compliance regime to ensure improved safety performance by operators through the conducting of safety audits and inspections primarily focussing on the High Risk Operator category. The RSR will further strive to ensure continuous improvement of safety performance through conducting occurrence investigations and focusing on ensuring that corrective actions are put in place to avoid recurrence of railway occurrences.

The 2008/9-2010/11 planning cycle will also see the introduction of a Safety Permit Life Cycle Management Framework which will progressively phase in verification audits prior to the issuing of a new safety permit or renewal of safety permits. This framework will further ensure that each operator is subjected to at least one comprehensive audit during the life cycle of its safety permit.



The capacity of the Railway Safety Inspectorate will have to be strengthened in order to improve the qualitative aspects of its ability to respond to occurrences and unsafe conditions in our railways. The ability to conduct independent investigations and boards of inquiry is paramount to ensuring sustainable improvement of safety performance in the railways.

An objective risk classification model will be developed and deployed in order to drive safety performance improvement effort in the industry, while simultaneously being used as an objective barometer for the risk classification of an operator.

Of major significance is the RSR's plan to conduct technical audits on Transnet Freight Rail's dedicated corridors, namely coal, iron ore and Natal Corridor (Johannesburg to Durban). The intended outcome is to ensure that there is sustainable improvement in safety performance on these primary lines.

PASSENGER RAIL INTERVENTIONS

The RSR will pay particular attention to passenger rail in order to ensure sustainable improvement of safety performance. These interventions constitute focused and targeted actions that not only seek to ensure that passenger rail meets its stated targets for the hosting of the 2010 FIFA World Cup, but also to ensure that improved safety performance becomes its distinguishing feature beyond 2010. The following interventions will be undertaken by the RSR in the medium-term:

- a) Targeted audits on rolling stock to ensure passenger safety;
- b) Conduct train control system audits;
- c) Monitor the roll-out of the SARCC's capital investment programme as it relates to safety improvement;
- d) Conduct targeted infrastructure audits;
- e) Undertake compliance audits on Safety Management Systems implementation;
- f) Monitor the implementation of the SARCC's safety plans against the targets spelt out in those plans;
- g) Develop appropriate platform design standards;
- h) Support the Government Security Regulator (GSR) in the development of security standards for the railways;
- i) Address railway security through the National Rail Crime Combating Forum.

6.3 MONITORING AND EVALUATION OF SAFETY PERFORMANCE

The RSR will continue to strengthen its safety monitoring capacity through the publication of the State of Railway Safety reports, which will be used as an assessment tool to measure the general level of safety performance in the railway industry. The State of Railway Safety Report plays a strategic role in identifying areas requiring attention.



Linked to this will be the deployment of the National Railway Safety Information Management System (NIMS) which will serve as a repository for safety performance data to enable effective target setting and monitor trends across the industry. Due to resource constraints, the development of the system has been seriously delayed. Its development will depend on collaboration with operators to secure joint funding and its implementation will be done in phases.

Through the continuous evaluation of the Safety Plans submitted by operators on an annual basis, the RSR will improve the qualitative safety performance aspects of all data received from the operators for monitoring purposes and will result in more reliable and accurate performance data which will enable better evaluation and benchmarking.

The Railway Safety Inspectorate will continuously monitor the implementation of directives emanating from inspections, audits and investigations to ensure that operators put in place measures to improve safety and remain accountable for the implementation of these.

The RSR will furthermore establish closer collaboration with Emergency Services as well as monitor their capacity to respond to occurrences in the railway environment as this is vital to enable a synchronised approach to the challenges posed by these occurrences.

6.4 APPROPRIATE RESPONSES TO KEY INITIATIVES

The RSR has a direct interest in the safety life cycle of any railway system in the country, which includes the design, construction/manufacturing, testing, modification, commissioning and decommissioning of the railway system or components thereof. To date most of the RSR's attention was focused on the testing of new technology or the modification thereof under live conditions. Within the ambit of New Works the RSR is currently involved with the Gautrain Rapid Rail Link Project with respect to the review of design proposals. In all such instances, operators are requested to submit their proposal for changes or modification to technology to the RSR for purposes of reviewing the proposal against acceptable and appropriate standards.

a) Gautrain Rapid Rail Project

The development of the Gautrain Rapid Rail Link is gaining momentum and the first phase of its operation is planned to commence during the 2008/9-2010/11 planning cycle. The RSR will formalise relations with relevant authorities in order to gain insight and expertise in regulating new rail technologies similar to that employed by the Gautrain. Thus far, the RSR has conducted the following reviews on the Gautrain Project: train control systems, rolling stock and tunnels.

It is anticipated that during this planning cycle, the RSR will review internationally-developed



standards which will be applicable to the Gautrain, and will ensure that sufficient capacity within its Inspectorate is built to conduct audits, inspections and occurrence investigations on the Gautrain. It is anticipated that the Safety Permit for Gautrain will be issued in March 2010.

b) 2010 FIFA World Cup™

Railway safety remains a critical element in South Africa's hosting of the 2010 FIFA World Cup™ successfully. The RSR's interventions in ensuring sustainable safety performance improvements in South Africa's railways during the FIFA World Cup™ in 2010 and beyond, include:

- ◇ Ensuring development of relevant standards and regulations;
- ◇ Monitoring the Capital Infrastructure programmes;
- ◇ Improving Inspectorate capacity in order to improve response time to incidents, conduct regular audits and inspections;
- ◇ Collaborate with and analyse lessons learnt by institutions with similar mandates to that of the RSR in countries that have hosted the FIFA World Cup™.
- ◇ Ensuring that operators augment their Safety Management Systems by incorporating detailed action plans to step up safety management during the staging of the FIFA World Cup™.
- ◇ Closer collaboration with law enforcement agencies in order to synergise approaches and standards to safety and security in the railways.

c) National Freight Logistics Strategy

The National Freight Logistics Strategy envisages a significant increase in the role and mandate of the RSR. The implementation of these provisions will have a significant impact on the work of the RSR, including its resource base to ensure optimum performance in improving safety in the railways. It is envisaged that during the planning cycle, government's plan to assume ownership over branch lines will get underway. As part of this process, the RSR anticipates an increased role in relation to the revitalisation of branch lines and conducting of line assessments to ensure integrity of these and full compliance with relevant safety standards.

Work is already underway on the Kei Rail Project in the Eastern Cape with a Safety Permit having already been issued by the RSR. With regards to branch line revitalisation, as prioritised by the Department of Transport, the RSR will continue to provide guidance and support to



prospective rail infrastructure owners and operators in addition to ensuring that line quality assessments are undertaken.

d) Rail Sector Capital Investment Programme

The current planning cycle will see substantial investments in new capital works which range from new train sets to line extensions. As a custodian of railway safety standards it is imperative of the RSR to ensure that these are incorporated into the full life cycle of any new capital improvement project in the railways. Key among these is the implementation of the National Rail Plan by the SARCC, as well as the major capital works currently undertaken by TFR. The role of the RSR in such investments will be to ensure that safety compliance is incorporated into the new capital works from the planning stage through to the operations stage of any project. The capacity to provide oversight and issue notices and directives (no objection notice, improvement directive, prohibition notice, non-compliance notice) throughout the project life cycle needs to be strengthened to ensure that safety is firmly embedded in any new capital works in the railways.

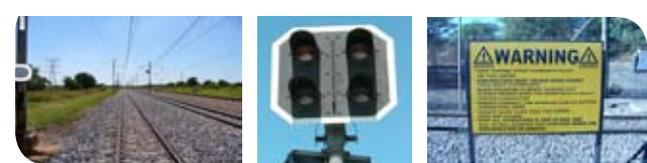
e) Urban Rail Development

A number of planning authorities (municipalities and provinces) have indicated their intention to undertake significant urban rail developments ranging from light rail systems to monorail systems. The most significant of these is the Port of Ngqura development in the Eastern Cape and the Moloto Corridor Rail Project in Mpumalanga. The RSR will continue to monitor progress on these projects and provide support and guidance where required.

6.5 REGIONAL HARMONISATION OF RAILWAY SAFETY STANDARDS AND INTERNATIONAL CO-OPERATION

The need for harmonisation of safety standards within the SADC region is of strategic importance. As the Regulator continues to put in place a sound regulatory framework for managing railway safety, coupled with the development of appropriate safety standards, the needs of the region will also be taken into account within the ambit of Article VII of the SADC Protocol on Transport, Telecommunications and Meteorology.

Working within the confines of its very limited resources, the RSR will ensure that necessary steps are taken to ensure that the harmonisation of the railway safety regime between South Africa and its neighbouring countries is accorded the necessary strategic importance and



attention. This will be done through active participation in the Southern African Railways Association and other relevant regional structures and fora.

Serious emphasis will be placed on international co-operation and benchmarking in order to draw lessons and collaborate on developmental programmes with regulatory bodies of materially similar mandate around the world.

6.6 CONSOLIDATE STAKEHOLDER PARTNERSHIPS TO IMPROVE SAFETY

The RSR will ensure the effective implementation of the railway safety regulatory regime through facilitating co-operation and co-ordination with various departments and organs of state. Following the conclusion of co-operative agreements with the Departments of Labour, Minerals and Energy, the National Nuclear Regulator, the Disaster Management Centre and the South African Police Services, the RSR will shift its emphasis towards the effective implementation of these.

The RSR's Strategic Initiative for Rail Safety Partnership which incorporates the Human Tragedy Project as a flagship project will be implemented with greater vigour bringing on board strategic partners both in the corporate, government, NGO sectors and rail operators in order to maximise public awareness and participation in improving railway safety.

The Human Tragedy Project which is aimed at developing interventions in dealing with informal settlements around rail reserves, trespassing and level crossings will be advanced with greater vigour to ensure that its outcomes add substantive value to the overall work of the RSR and its stakeholders.

The RSR fully participates in the National Rail Crime Combating Forum and its sub-committees which add tremendous value to the RSR work through the collaborative effort of this Forum. This Forum not only provides a platform for sharing of plans and information, but also creates the space for a synchronised approach in areas like communications where a need to consistently communicate the interventions being made to combat crime in the railway environment has been identified as paramount..

6.7 SUSTAINABLE INSTITUTIONAL CAPACITY AND MANAGEMENT

The planning cycle will see the development of the National Railway Safety Information Monitoring System (NIMS) envisaged in the RSR's founding legislation developed and deployed. This is a critical tool which will enable effective monitoring and tracking of safety performance in the railways and will serve as a knowledge repository for planning purposes, both on the part of the RSR and the operators, subject to defined rules. This process is subject to critical resource constraints and its funding dependent on collaboration with operators as alluded to earlier in this document.



Over the medium term, the RSR will place significant emphasis on human capital development in order to build the requisite capacity to make a telling difference in improving safety performance in the railways. Such development will be dovetailed by a continuous assessment and review of operational policies, systems, technologies and business process to ensure efficiency and effectiveness in the execution of its mandate. Directly related to this is the deployment of strategies to enable the RSR to attract and retain skilled engineers into its Inspectorate which will include the review of the remuneration structure, introduction of exchange programmes as well as collaborative programmes with operators and other relevant institutions.

This planning cycle will also see the development of a revenue generation plan in anticipation of the amendment of the NRSR Act, which will guide the RSR in ensuring financial sustainability in the long term. The RSR's ability to fully execute its mandate remains severely limited by budgetary constraints.



7. Budget Information

Revenue

R' thousand	Medium Term Receipt Estimate		
	2008/09	2009/10	2010/11
Receipts			
<i>Sale of goods and services other than capital assets of which</i>			
Safety Permit Processing Fee	4,000	4,000	4,000
Transfers received	33,361	34,523	30,994
Interest, dividends and rent on land	200	210	190
TOTAL RECEIPTS	37,561	38,733	35,184



Expenditure Trends

R' thousand	Audited Outcome			Preliminary Outcome	Medium Term Expenditure Estimates		
	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Economic Classification							
Current Payments	6,305	21,397	29,520	28,232	36,724	38,013	35,024
Compensation of Employees	2,054	5,990	15,484	17,556	21,127	22,822	24,077
Goods and Services	4,251	15,407	14,036	10,676	15,327	15,191	10,947
Payments for Capital Assets	380	3,864	1,193	602	1,107	720	160
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and Equipment	380	3,864	1,193	166	526	120	60
Software and other intangible assets	-	-	-	436	581	600	100
TOTAL PAYMENTS	6,685	25,261	30,713	28,834	37,561	38,733	35,184

Programme Allocation

Medium Term Budget Allocation			
R' thousand	2008/09	2009/10	2010/11
Programme			
Office of the CEO	2,563	2,643	2,401
Safety Assurance	11,182	11,531	10,474
Safety Regulation	5,387	5,556	5,047
Corporate Services	11,232	11,582	10,521
Finance	4,515	4,656	4,229
Legal Services	2,682	2,765	2,512
TOTAL PER PROGRAMME	37,561	38,733	35,184



8. Organisational Environment





9.Planned Quality Improvement Measures

The measures outlined below are an articulation of the RSR's planned interventions over the medium term. Note must be taken that these measures are limited by the budgetary constraints and the successful execution of some of these depends on the RSR's ability to secure additional funding in addition to any possible joint funding with major operators.

STRATEGIC PRIORITY 1: CONSOLIDATING THE REGULATORY REGIME

Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Consolidate railway safety regulatory regime through development of relevant regulations and review of enabling legislation to guide safety performance and maximise compliance.	National Railway Safety Regulator Amendment Bill	Tabling of National Safety Regulator Amendment Bill to Parliament	Mar '09		
	Penalty Regulations	Penalty Regulations promulgated		Sep '09	
	Level Crossing Regulations	Regulations promulgated	Mar '09		
	Amended Safety Management System (SMS) Regulations	Amended SMS Regulations promulgated	Mar '09		
	Design, Construction & Commissioning Regulations	Regulations promulgated	Mar '09		
	Permit Fee Regulations	Regulations promulgated	Sep '08		
	Guidance Notices	Published Guidance Notices	Mar '09		
	Issue Safety Permits for next 3-year cycle	Number of safety permits issued	Mar '09 (200)	Mar '10	Mar '11



Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Develop appropriate railway safety standards in order to ensure safety in railway operations	Standards on Platform Design	Published Standards	Mar '09		
	Standards on Transportation of Dangerous Goods by Rail	Published Standards	Mar '09		
	SANS 3000-2-1: Technical Requirements for Engineering and Operational Standards: General	Published Standards	Sep '08		
	SANS 3000-2-2: Technical Requirements for Engineering and Operational Standards: Track, Civil and Electrical Infrastructure	Published Standards	Sep '08		
	SANS 3000-2-3: Technical Requirements for Engineering and Operational Standards: Rolling Stock	Published Standards	Sep '08		
	SANS 3000-2-4 up to 6: Technical Requirements for Engineering and Operational Standards: Train Control Systems and Equipment; Train Operations Management; Intermodal and Utilities Management			Mar '10	
	SANS 3000-3: Human Factor Management Standards	Published Standards (subject to joint funding with operators)		Mar '10	



STRATEGIC PRIORITY 2: DEVELOPING A SUSTAINABLE SAFETY COMPLIANCE REGIME

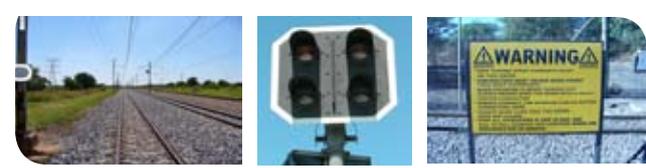
Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Enforce compliance with railway safety prescripts through audits and inspections to ensure sustainable improvement of safety performance.	Safety Audits and Inspections	Number of safety Management System audits conducted	Mar '09	Mar '10	Mar '11
		<i>Ad hoc</i> Technical Inspections undertaken	Mar '09	Mar '10	Mar '11
		Technical Audits on Transnet Freight Rail's Coal Link, Iron ore and NATCOR lines conducted	Mar '09		
		Adequacy audits on transportation of dangerous goods by rail undertaken	Mar '09 (20%)	Mar '10 (60%)	Mar '11 (100%)
		Safety assessments of revitalised branch lines conducted	Mar '09	Mar '10	Mar '11
		Targeted audits on SARCC/Metrorail rolling stock to ensure passenger safety	Mar '09	Mar '10	Mar '11
		Number of train control system audits on passenger rail	Mar '09	Mar '10	Mar '11
		Number of targeted audits on passenger rail infrastructure	Mar '09	Mar '10	Mar '11
		Extent of compliance to Safety Management Systems in passenger rail	Mar '09	Mar '10	Mar '11



STRATEGIC PRIORITY 3 : MONITORING AND EVALUATION OF SAFETY PERFORMANCE

Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Monitor and evaluate safety performance through the conduct occurrence investigations, Boards of Inquiry, trend analysis and assessment of new rail works.	Occurrence Investigations & safety trend analysis	Adoption of occurrence investigation reports including findings & recommendations	Mar '09	Mar '10	Mar '11
		Analysis of trends measured against safety plans	Mar '09	Mar '10	Mar '11
		Number of evaluations and assessments for New Works	Mar '09	Mar '10	Mar '11
Measure safety performance in the railways through benchmarking and publication of findings and analysis of state of railway safety in the country.	State of Railway Safety Report	Tabling of State of Railway Safety Report in Parliament	Mar '09	Mar '10	Mar '11





STRATEGIC PRIORITY 4 : APPROPRIATE RESPONSES TO KEY INITIATIVES

Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Ensure Gautrain processes comply with appropriate safety standards and operations are within acceptable safety parameters.	Construction & Testing Permits issued	Construction & Testing Permits issued to Gautrain	Mar '09	Mar '10	Mar '11
	Gautrain standards	Accepted internationally developed Gautrain standards	Mar '09	Mar '10	Mar '11
	Safety Permit for Gautrain	Review assessment of Gautrain standards Gautrain Safety Permit issued	Mar '09	Mar '10	
Ensure operational & technological modifications fully comply with safety standards and related regulatory framework	Assessment report on operational & technological modifications by TFR and SARCC	Operational and technological modifications by TFR and SARCC assessed/reviewed	Mar '09	Mar '10	Mar '11
Ensure responsiveness to key national initiatives through undertaking of technical assessments and reviews on New Rail Works, modifications to technology and operations	Guidance & Support provided to prospective operators	Number of operators provided with support in relation to safety management system requirements	Mar '09	Mar '10	Mar '11
	Safety and quality assessments conducted on revitalized lines	Number & outcomes of assessments conducted	Mar '09	Mar '10	Mar '11
	Safety Permits for revitalized branch lines	Safety assessments of revitalized branch lines conducted	Mar '09	Mar '10	Mar '11



STRATEGIC PRIORITY 5: REGIONAL HARMONISATION OF RAILWAY SAFETY STANDARDS AND INTERNATIONAL CO-OPERATION

Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Develop practices and norms to harmonise South Africa's railway safety regime with the SADC and AU objectives	Participation in Southern Africa Railway Association (SARA)	Regional standards for inter-operability developed		Mar '10	
		SADC manual for transportation of dangerous goods by rail developed	Mar '09 (25%)	Mar '10 (50%)	Mar '11 (100%)
		Regional safety policy developed		Mar '10	
Collaborate with international bodies to enhance RSR's capacity and knowledge base	Co-operation with international bodies on research, co-operation and skills development	Number of programmes and projects undertaken resulting from international co-operation and extent to which they enhance RSR's capacity and knowledge base	Mar '09	Mar '10	Mar '11





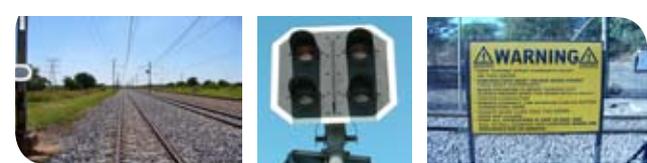
STRATEGIC PRIORITY 6: CONSOLIDATE STAKEHOLDER PARTNERSHIPS TO IMPROVE SAFETY

Objective	Output	Measure/ Indicator	Target		
			2008/09	2009/10	2010/11
Establish partnerships with key stakeholders to improve safety.	Agreements with relevant state entities	Signed Agreement with Department of Minerals and Energy (DME)	Mar '09		
		Signed Agreement with Disaster Management Centre.		Mar '10	
	Standard Operating Procedures giving effect to Agreements	Number of approved Standard Operating Procedures	Mar '09 (30%)	Mar '10 (60%)	Mar '11 (100%)
	Public Awareness Programmes in collaboration with operators and key stakeholders	Number of programmes executed	Mar '09	Mar '10	Mar '11
	Participation in stakeholder forums	Number of joint initiatives executed as a result of participation in forums	Mar '09	Mar '10	Mar '11
Engage stakeholders to enhance the RSR's public profile	Communication programmes and campaigns	Number of programmes and campaigns executed	Mar '09	Mar '10	Mar '11
	Participation in public discourse and media liaison	Number of feature articles published and media releases issued	Quarterly	Quarterly	Quarterly



STRATEGIC PRIORITY 7: SUSTAINABLE INSTITUTIONAL CAPACITY AND MANAGEMENT

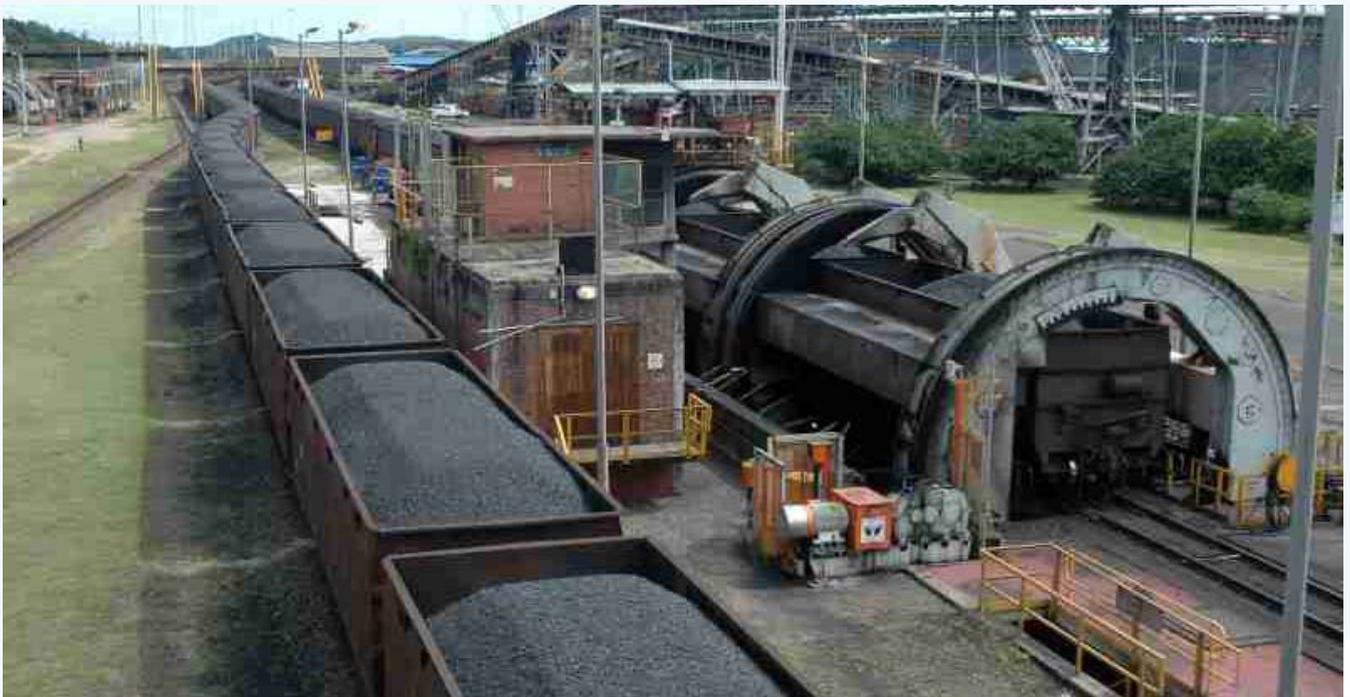
Objective	Output	Measure/ Indicator	Targets		
			2008/09	2009/10	2010/11
Ensure sound organizational management underpinned by effective and efficient systems, processes and procedures	National Railway Safety Information and Monitoring System	Development and deployment of system (NIMS)	Mar '09 (40%)	Mar '10 (100%)	
	Reviewed organizational policies	Periodic review of policies	Mar '09	Mar '10	Mar '11
	Reviewed guidelines & procedures	Periodic review of guidelines & procedures	Quarterly	Quarterly	Quarterly
	Organisation-wide Risk Profile (objectives)	Strategic Risk Assessment Report	Mar '09	Mar '10	Mar '11
	Strategic three-year rolling and annual internal audit plans	Approved Three-year and Annual audit plans	Apr '08	Apr '09	Apr '10
		Compliance with Audit Plans	Mar '09 (100%)	Mar '10 (100%)	Mar '11 (100%)
	Effective institutional corporate governance	Compliance Charters and Terms of Reference of Board, Board Committees and Management Committees	Mar '09 (100%)	Mar '10 (100%)	Mar '11 (100%)
	Capacity Development Programmes	Execution of planned programmes	Quarterly	Quarterly	Quarterly
	Organisational Development	Number of reviews conducted on structures, processes and systems to improve efficiency	Mar '09 (40%)	Mar '10 (75%)	Mar '11 (100%)



Objective	Output	Measure/ Indicator	Targets		
			2008/09	2009/10	2010/11
	Performance Management	Board Evaluation Report	Mar '09	Mar '10	Mar '11
		Performance Agreement with DOT	Mar '09	Mar '10	Mar '11
		RSR Performance Report	Quarterly	Quarterly	Quarterly
		Management Performance Appraisal	Quarterly	Quarterly	Quarterly
	Deployment of technology solutions	Implementation of Master Systems Plan	Mar '09 (30%)	Mar '10 (65%)	Mar '11 (90%)
		Rollout of applications and database tools to support internal processes	Mar '09 (60%)	Mar '10 (85%)	Mar '11 (100%)
Ensure prudent financial management and sound supply chain management practices	Documented financial controls, procedures and reports	Deploy and document controls, systems and rules of procedure to enable prudent financial management & level of compliance with the PFMA	Mar '09	Mar '10	Mar '11
		Compliance with financial prescripts	Mar '09	Mar '10	Mar '11
		Level of compliance with procurement prescripts	Mar '09	Mar '10	Mar '11



Objective	Output	Measure/ Indicator	Targets		
			2008/09	2009/10	2010/11
Ensure adequate capacity to support RSR interventions in new rail initiatives	Analysis reports and implementation plan on key initiatives	<ul style="list-style-type: none"> • Branch line revitalization • Capital investment programmes • International benchmarking & co-operation 	Mar '09		Mar '11
			Mar '09	Mar '10	Mar '11
Ensure that the RSR develops capacity for long term sustainability	Safety Permit Fee Model	Permit Fee Model implemented	Mar '09		
	Revenue Generation Plan	Revenue Generation Plan approved	Mar '09		



10. Employment Equity

CURRENT WORKFORCE ANALYSIS

Occupational Categories	Male				Female				TOTAL		
	African	Coloured	Indian	Male White	MALE TOTAL	African	Coloured	Indian		Female White	FEMALE TOTAL
Senior Management (CEO, General Managers, Senior Managers)	6	0	0	3	9	2	0	1	2	5	14
Middle Management (Managers, Assistant Managers)	5	0	1	2	8	2	1	0	0	3	11
Professionals (Railway Safety Inspectors)	3	0	0	2	5	0	0	0	0	0	5
Administrative Staff	3	0	0	0	3	9	1	0	0	10	13
Elementary Occupations	1	0	0	0	1	0	0	0	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0
TOTAL	18	0	1	7	26	13	2	1	2	18	44



11. Materiality and Significance Framework

11.1 Preamble

The Accounting Authority has, in terms of sections 55(2) and 54(2) of the Public Finance Management Act (PFMA) and Treasury Regulation 28.3.1, finalised and approved a framework of acceptable levels of materiality and significance. The previous year audit materiality was taken into account in developing the framework.

Materiality is defined as follows: “Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.” Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

In order to arrive at the materiality framework, the RSR has considered the following:

1. Nature of RSR business;
2. Statutory Requirements;
3. RSR Risk profile; and
4. Quantitative and qualitative factors.

11.2 RSR Materiality Framework

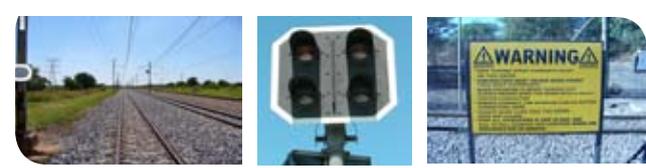
The framework, developed before the start of a financial year. Will enable the RSR to identify any losses or irregular, fruitless and wasteful expenditure and evaluate them accordingly as and when they occur. This will ensure that the correct information is included in the annual report. In this regard focus is on the two components of materiality, viz: Quantitative and Qualitative.

11.2.1 Total Materiality

Flowing from the definition of materiality, and also taking into account the percentage guidelines detailed in the table below, the level of a materiality has been assessed as R110 000, being 0.3 % of gross expenditure (2008/09 budgeted gross expenditure).

The gross expenditure percentage guideline was used due to the following:

- ◇ Over 85% of its expenditure relate to grant received from the government;
- ◇ Total expenditure may not exceed the total revenue for the entity (the entity does not budget for a deficit or a surplus);
- ◇ The nature and size to the entity; and
- ◇ Gross expenditure represents the core business activities of the RSR.



11.2.2 Quantitative Materiality

Basis	Amounts	Guideline percentage	Percentage used	Potential materiality amount
Gross Expenditure	36,454,000	0.25% -1.0%	0.3%	109,362
Gross Revenue	37,561,000	0.25% -1.0%	0.3%	112,683
Property, plant and equipment	1,107,000	2.0% -5.0%	3.5%	38,745

The amounts used above are calculated as follows:

(a) Gross Expenditure

Description	Budgeted amount (2008/09)
Employee costs	21,127,406
Good and services	15,326,594
Total	36,454,000

(b) Gross Expenditure

Description	Budgeted amount (2008/09)
Governments grants	33,361,000
Permit fees	4,000,000
Interest on bank	200,000
Total	37,561,000



(c) Property, plant and equipment

Description	Budgeted amount (2008-09)
Computer Equipment	881,000
Furniture and Fittings	226,000
Total	1,107 000

11.2.3 Qualitative Materiality

Materiality is not merely related to the size of the entity and/o elements of the financial statements. The following qualitative factors are also considered:

- ◇ Level of exposure to public interest and scrutiny;
- ◇ Level of compliance to applicable legislation;
- ◇ Unusual transactions entered into that are not of a repetitive nature and are disclosed purely due to the nature thereof (due to knowledge thereof affecting the decision making of the user of the financial statements);
- ◇ Transactions entered into that could result in a reputation risk for the entity;
- ◇ The impact of political decisions on the entity; and
- ◇ Any fraudulent or dishonest behaviour, regardless on the monetary value, of an employee of the entity.

11.3 Significance

Significant is defined as “extensive or important enough to merit attention”. The following transactions are seen as significant:

- ◇ Acquisition or disposal of a significant asset;
- ◇ Any commencement or cessation of a business activity; and
- ◇ Establishment or participation in a partnership, unincorporated joint venture or similar arrangement.

