



Joburg|Market

a world class African city

# 2022-23 INTEGRATED REPORT



## COMPANY INFORMATION: JOBURG MARKET (SOC) LTD

**Country of Incorporation and Domicile:** South Africa

**Registration Number:** 2000/023383/07

**Registered Address:** Market Main Building  
4 Fortune Road  
(Off Heidelberg Road)  
City Deep  
2049

**Postal Address:** P O Box 86007  
City Deep  
2049

**Municipal Erf Number:** Erf 117 & 118 City Deep

**Telephone Number:** (011) 992-8000

**Fax Number:** (011) 613-7381

**Website:** [www.joburgmarket.co.za](http://www.joburgmarket.co.za)

**Bankers:** Standard Bank

**Auditors:** Auditor-General of South Africa

**E-mail:** [info@joburgmarket.co.za](mailto:info@joburgmarket.co.za)

**Anti-Fraud Hotline:** 0800 002 587

**GPS Coordinates:** S26° 13' 678" E28° 04' 866"



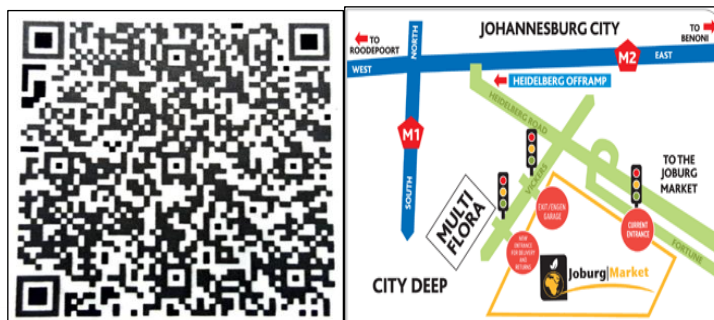
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## Glossary of terms

ACRONYM	DETAIL
AGM	Annual General Meeting
ARC	Audit and Risk Committee
AGSA	Auditor-General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COJ	City of Johannesburg
COBIT	Control Objectives for information Technology
CUM	Cumulatively
DED	Department of Economic Development
DOH	Department of Health
DOL	Department of Labour
DSD	Department of Social Development – City of Johannesburg
EAP	Employee Assistance Programme
EISD	Environment and Infrastructure Services Department
EPWP	Expanded Public Works Programme
GAP	Good Agricultural Practice
GDS	Growth and Development Strategy
GRAS	Group Risk and Assurance Services
HR	Human Resources
IDP	Integrated Development Plan
ITL	Information Technology Infrastructure Library
JDA	Joburg Development Agency
JM	Joburg Market
KPA	Key Performance Area
KPI	Key Performance Indicator
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act, 56 of 2003
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
NAMC	National Agricultural Marketing Council
NDAFF	National Department of Agriculture, Forestry and Fisheries
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OPEX	Operational Expenditure
REMSEC	Remuneration & Social and Ethics Committee
RSA	Republic of South Africa
SADC	South African Development Community
SANAS	South African National Accreditation System
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SMME	Small Medium and Micro Enterprise
SLA	Service Level Agreement
SPS	Sales Processing System
UIFW	Unauthorised, irregular, fruitless and wasteful expenditure
YTD	Year to date



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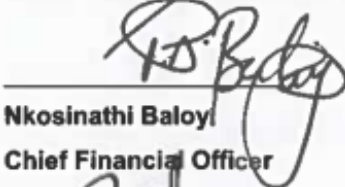
**Noxolo Mabuza**  
Senior Manager, Planning and Transformation

30/11/2023  
Date



**Catherine Setlhako**  
Senior Legal Advisor, Group Legal and Contracts

04/12/2023  
Date



**Nkosinathi Baloyi**  
Chief Financial Officer

30/11/23  
Date



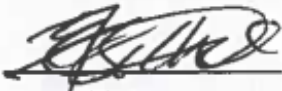
**Lulama Ndlovu**  
Chief Executive Officer (Acting)

30/11/2023  
Date



**Executive Director Economic Development**

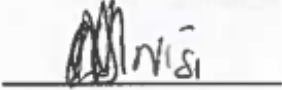
30/11/2023  
Date



**Enos Sithole**  
Chairperson: Board of Directors

30/11/2023  
Date

**APPROVED / NOT APPROVED / NOTED / DEFERRED / WITHDRAWN**



**Cllr Nomoya Mnisi**  
Member of Mayoral Committee: Economic Development

30/11/2023  
Date



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## About the Report

### Introduction

In terms of the Constitution of the Republic of South Africa, 1996, JM represents a Schedule 4B functional area service. The City of Johannesburg is the sole shareholder of this company. The report provides information on our internal and external operating context, strategy, risks and opportunities, performance, governance and prospects.

The integrated report seeks to meet stakeholder information requirements holistically and as such this primary report includes information on materiality, financial results, fresh produce market services, corporate governance, performance objectives and outcomes. This report covers the JM financial year which represents the period 1 July 2022 to 30 June 2023. The last annual integrated report published by JM was the Joburg Market 2021/22 integrated report, published in 2022 and available at [www.joburgmarket.co.za](http://www.joburgmarket.co.za). As indicated above JM is a municipal owned entity and no other entities are covered in the report. Mention is made of our contracted service providers and fresh produce market service providers in relation to our business model and use of resources. There were no significant changes during the reporting period in the size, structure, material aspects and boundaries of JMs'

*The Joburg  
Market  
2022/23  
Integrated  
Report covers  
the activities of  
the Company  
for the financial  
year 1 July 2022  
to 30 June 2023*

Supply chain. No material restatements of information reported in previous reports are contained in this report. JM aims to apply best practice in integrated reporting within the boundaries of the regulatory framework applicable to it as a Municipal Entity and as governed *inter alia* under the legislation quoted below. The JM Integrated Report (IR) was therefore drafted in accordance with the following legislation and codes:

- International standards on integrated reporting;
- National Treasury Circular 63 (MFMA);
- The MFMA in terms of Sections 46, 65(1) (a) and 121(2) c; Section 18(1) (d) of the MSA;
- The South African Statements of Generally Recognised Accounting Practice (GRAP);
- King IV™ Code of Governance for South Africa;
- National Treasury Guidelines and Regulations;



- Batho Pele Principles
- National Treasury Circular 88 (MFMA);
- National Development Plan
- Integrated Development Plan
- Joburg 2040 Growth and Development Strategy and,
- The Companies Act, 2008.

Information papers issued by the Integrated Reporting Committee of South Africa provide important guidance and we are also gradually aligning our reporting to this source. Reporting on material matters are related to issues that substantively impact, or have the potential to substantively impact on JMs' strategy, governance practices, performance, prospects or capitals, i.e. financial capital, social and relationship capital, human capital, intellectual capital, manufactured capital and natural capital. The JM identified material matters, which were then evaluated and prioritised. Our view of value forms the basis for this process (see pages 10 to 13) for the full process and material matters identified. The structure of the Joburg Market Integrated Report is as follows:

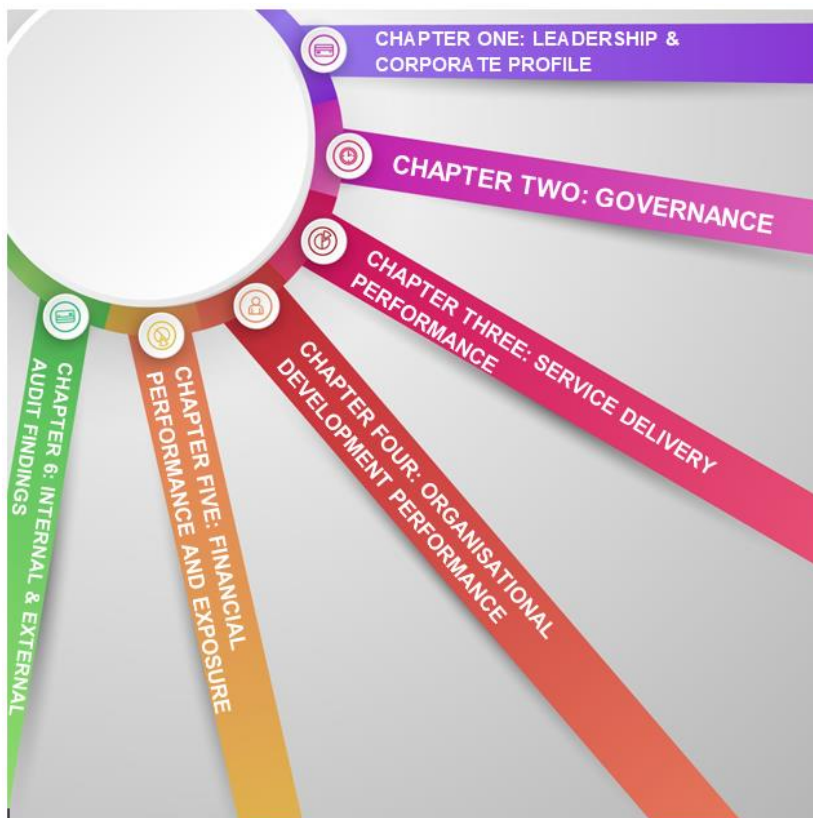


Figure 1: Structure of the Integrated Report



In terms of the JM reporting suite JM annually publishes a single, consolidated integrated report as required by the Shareholder which is aligned to regulations published by National Treasury. This report includes information that must be disclosed by the Board of Directors in the Board governance and remuneration report and the summarised 2022/23 annual financial statements. The report is distributed electronically to stakeholders.

Integrated reporting information linkages: For reporting feedback and AGM-related questions: MlanduK@joburg.org.za for the attention of Mlandu Kona • Stakeholder questions: for the attention of Lulama Ndlovu at LNdlovu@joburgmarket.co.za • Media questions: HMabaso@joburgmarket.co.za> for the attention of Hope Mabaso.

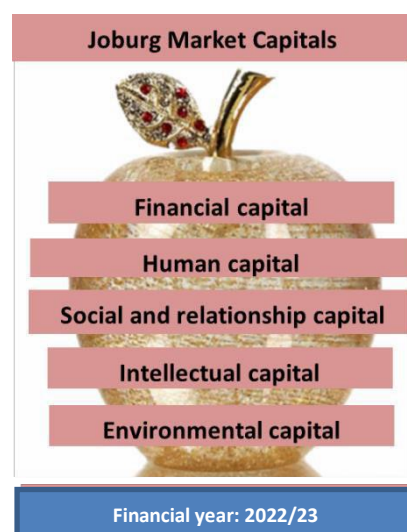
### The JM materiality determination process

JM is committed to ensuring that its shareholder, its office bearers, staff and stakeholders have access to accurate and reliable information. The Board of Directors acknowledges its responsibility to assure the integrity of the JM Annual Integrated Report. As such, it has taken responsibility for determining the matters that materially impact the company's ability to create value for its shareholder and to ensure the sustainability of the JM over the short, medium and long term.

The purpose of the materiality process is to ensure that matters that substantively affect JM's ability to create value are identified and reported on. A material matter will usually be one that substantively impacts, or has the potential to substantively impact, JM strategy, governance practices, performance, prospects or its important capitals, such as financial capital, social and relationship capital, human capital and intellectual capital.

### Our impact on the capitals

JM has considered the six capitals identified in the International Integrated reporting Framework. A number of these capitals play a role in our business, some as inputs and others in the form of outcomes, although the capitals are interrelated in the way that they affect our value creation process. In order to operate, our business requires financial capital, which consists of equity in the form of equity invested by the shareholder through shareholder loans and retained earnings. Our financial capital increases or decreases based on our financial performance and the execution of our financial objectives. The various elements of our financial capital, and our financial performance, are discussed under the financial reporting in chapter 5.



In an effort to reduce our impact on the environment, we are gradually transitioning



to a cleaner energy mix, including renewable energy and conversion of waste to energy. Solar solutions were investigated during the year under review and will be implemented through a phased approach during the 2023/24 financial year. JM will also develop specifications for potential tri-generation options.

JM's human capital comprises of our employees and contractors, and their competencies, capabilities and experience. Human capital is enhanced by the development of learners as part of our skills pipeline, and through training. JM wishes to build a skills base based on the unique operating environment of fresh produce trading. We strive for racial, gender and disability transformation of our employee base, while being cognisant of optimising our workforce to be efficient and productive, in order to manage one of our most significant cost elements. JM aims towards ensuring that fair remuneration and a healthy working environment to develop and sustain and also to retain top talent, critical skills and intellectual capital. Our workforce, employment equity and wellness are discussed under chapter four.

Employees are remunerated in line with the Human Resources policies of the company and the following benefits are listed:

#### Financial

- Housing subsidy;
- Housing GAP assistance;
- Study assistance;
- Provident fund;
- Medical aid fund.

#### Non-financial

- Wellness centre services;
- Participation in events (I.e. World food day, World Aids day, etc.).

Our social and relationship capital includes our relationships with customers, suppliers, communities and the public in general. The unique relationships JM is sustaining with its various stakeholders are outlined under section 5 in chapter 2. The development of target beneficiaries is positively impacted by our market trading and operational activities enabling economic growth, as well as our contribution to job creation, skills development, supplier transformation and broad-based black economic empowerment. In addition, our corporate social investment (CSI) activities improve the lives of many less fortunate South Africans. Our unique stakeholder relationships are critical to our ability to create value. The latter and our CSI activities are embodied in this report under Chapter 2.

Our intellectual capital consists of human skills and IT technology, which are key enablers of our Market business. Trading Information technology, as well as innovation



focuses on future technologies and operating methodologies under the SMART MARKET concept. The JM computerised trading system is purpose designed and staff members are trained and developed to conduct their activities with the aid of this system which has provided the entity with a strong competitive advantage in the fresh produce industry. Our Intellectual capital thus includes organisational knowledge, systems, policies and procedures.

The Methodology to determine materiality for the 2022/23 Annual Integrated Report includes the following:

### **STEP ONE: Identifying relevant matters based on their ability to impact value creation.**

A list of relevant matters was compiled with consideration to:

- The Company's value drivers;
- Matters identified during stakeholder identification and analysis;
- External matters that impacted on the JM;
- The JM's internal business context;
- The JM's performance.

The matters identified typically featured in Board and Committee meeting agendas, the Company's strategic risk register and risk appetite matrix, the Company's complaints reporting, and stakeholder feedback. Stakeholder feedback and input have been obtained through a range of stakeholder activities, through meetings and through informal interactions with various stakeholders.

During the 2022/23 financial year the company dealt with the following significant matters:

#### **OHASA matters (Occupational health and Safety)**

Certain aspects of safety on the JM site were identified by the company insurers as matters of compliance. Particular attention was required to ensure compliant firefighting equipment. A JM task team with the assistance of CoJ: GRAS continued to address priority aspects of safety at the premises of the company. During the 2023/24 and 2024/25 reporting periods JM will continue to introduce a number of mechanisms to enable fire sprinkler systems and to safeguard firefighting installations against vandalism. The latter project commenced during the 2021/22 financial year.

#### **HIV and Aids**

JM continued to support staff members affected by HIV/Aids. The World Aids Day commemoration was conducted and continues to be an annual event. Activities in the latter regard included VCT (voluntary counselling and testing).

Other services also rendered during the programme include blood pressure monitoring, blood sugar testing and BMI calculations amongst other activities,



### CAPEX spending

During 2022/23 the JM have spent R96.6M against a targeted employment of R95.5M worth of CAPEX, which represents a spent rate of 100.2% against budget. JM has achieved the target, mainly due to improved controls over implementation by inter alia monitoring projects through a CAPEX forum.

### Matters of current and legacy litigation

Despite progress in resolving a number of cases the entity is still dealing with a number of remaining legacy matters of litigation. The company continued during the 2022/23 financial year to monitor same and worked with legal counsel in the efforts to conclude outstanding cases. The exposure to potential legal claims are estimated at R1 080 017 M and are listed under section 7 in chapter 5

### Staff morale

The company experienced a marginal decline in staff morale which can be attributed to the absence of permanent leadership in the top echelon of the company. The company is monitoring issues as expressed by staff members and engages with such matters.

### STEP TWO: Determining material aspects and mitigation

The Identification of a list of material aspects was conducted which was then tested against the strategic risk register. The current impact on value creation by each material matter was determined. A timeframe of impact was then established for each material matter. The table below summarises the profile of each material matter:

No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
1	Challenging Macro-economic factors	Business failure  And,  Financial instability (going concern)	1. Pursuance of service excellence  2. Improve on key ratios and good going concern  3. Prioritising of CAPEX expenses  4. Develop counter strategies to address the impact of the emergence of private Markets  5. Curbing of the diversion of fruit commodities from JM	New Customer Charter. Full roll out to be achieved by 30 June 2023  Promote trading on JM as reliable one-stop-shopping facility  Refine SCM processes to improve CAPEX and Repairs & Maintenance programme execution  Effective application of Bylaw licencing system by 31 May 2023	Negative	Short, Medium and long term



No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
2	Disasters	Covid-19 pandemic, and Incidence of fire	6. Execute the Covid-19 business continuity procedures  7. Fire prevention plans and procedures	Implement site specific actions to prevent spreading of the risk. JM has placed special emphasis on vaccination programmes from March 2022 and will continue until June 2023 depending on the availability of vaccines.  Implement with aid of JM risk control measures and the new Bylaws - January 2022 with full roll out by 31 May 2023	Negative	Short and medium term
3	Growth of the core business of JM	Failure to implement the Smart Market Strategy	8. Refining trading floors and site management  9. Efficient consignment control practises  10. Promoting JM to current and potential users  11. Upgrade and extend physical facilities	Smart Market management plan – commenced May 2022. The revised masterplan will be completed by April 2023  Smart Market consignment control plan will be aligned with the Smart Market masterplan to be completed by April 2023  Smart Market Promotional programme – Commenced May 2022 and will continue until June 2024  Smart Market floor space upgrade first works – July 2023	Negative	Short, Medium and long term
4	People development	Diminishing Institutional knowledge and expertise	12. Training staff in company specific competencies  13. Promoting a culture of learning  14. Enhanced JM business experience exposure	Smart Market training - March 2023  Smart Market motivational programmes - March 2023  Smart Market multi – skilling - March 2023	Negative	Short, Medium and long term
5	Legislative compliance	Exposure to physical risks and litigation	15. Legislative compliance drive in co-operation with CoJ Group Compliance function	Promote compliance to new JM bylaw and directives – Commenced February 2022 and will continue up to 31	Negative	Short, Medium and long term



No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
			16.Ensuring total OH&S compliance across the JM site through integrated inspections and enforcement	May 2023 Promote Smart Market compliance drive –Commence February 2022 and will continue until June 2024		
6	Social unrest	Trading of produce disabled through buyer and supplier intimidation	17.Coordination of trading contingencies through forums with market agents 18.Coordination of site and amenity protection through multi-disciplinary enforcement agencies	Smart Market management plan - May 2023 Promote Smart Market compliance drive –Commence February 2022 and will continue until June 2024	Negative	Short and medium term
6	Pursuing sustainability	Loss of stakeholder confidence	19.Delivering on shareholder value 20.Deliver value for money services to producers and buyers 21.Focus on key competencies 22.Operate as socially responsible institution 23.Compliance to legislation 24.Food safety and food quality awareness	Promote trading on JM as SMART MARKET.- June 2022 Promote JM as efficient 1 stop shopping facility – Commence February 2022 and will continue up to 30 June 2024 Smart Market management plan - May 2023 New Customer Charter. Full roll out to be achieved by 30 June 2023 Promote compliance to new JM bylaw and directives – Commenced February 2022 and will continue up to 31 May 2023 Promote services of the JM laboratory - May 2023	Negative	Short, Medium and long term

Table 1: Profile of material aspects and mitigation





## Outlook

The impact in the short term and medium term outlook for the company is chiefly amplified by the economic risks embedded in the Covid-19 outbreak and the emergence of private fresh produce markets. As a result of the aforementioned as well as lower economic activity it is anticipated that the growth of JM will be much less than the anticipated medium term rate of 8%. Growth may reduce to a rate ranging between of 3% to 6% for the greater portion of 2022/23.

It remains a key requirement that the recapitalisation of JM must be well-designed and rigorously executed to prevent an adverse impact on the sustainability of the company. The Board foresees a further extensive facility reconfiguration exercise and stakeholder consultation process led by the JM executive.

## Disclosure process and disclosure

Disclosures published in this report were suitably consulted and approved through the processes of the Audit and Risk Committee and Board of Directors. Disclosures are further published in compliance to the provisions for same as embodied in the companies Act (Act 71 of 2008) the King code and were duly assessed by the Auditor General of South Africa (AGSA) during the 2022/23 external audit.

## Assurance

The Accounting Officer has assessed the Integrated Report in terms of Section 121 of the MFMA, Section 46 of the MSA and the relevant National Treasury regulations. JM will continue to improve its internal reporting processes to ensure compliant and accurate reporting.

Internal controls and combined assurance assessments are considered by the Audit and Risk Committee and ultimately evaluated through Board oversight. The combined assurance model was applied to ensure suitable assurance from management as well as the conducted external audit procedures. The risk management processes were executed with diligence under the guidance of City of Johannesburg Group Risk and Audit Services (CoJ GRAS), the Audit and Risk Committee as well as external assurance providers. The Board also duly participated in a strategic risk assessment exercise. All reports and related matters were suitably considered during Board meetings.

## Management of internal and external audit findings

The management of internal and external audit findings are embedded in the forums of JM and its management structures. Each executive and senior manager is to report on progress and tasked to ensure the resolution of each finding as soon as practically possible.

The company scorecard contains for each of the audit sources a separate key performance indicator which is reported upon in Chapter 3 of this report. Monthly departmental forums are also being held and each report is to indicate outstanding audit matters and progress on each. The annual performance agreement with each manager



is also aligned to the outcomes of both internal and external audit results.

### **Organisational risk management approach**

The JM Board continues to ensure that the risk management guidelines of the shareholder are followed and applied. In applying its risk management policy, all important decisions of JM are risk based and suitable risk assurance is provided on company and Board level. Risk assessment includes annual workshops held between the Board of Directors and the Executive.

Developments within the fresh produce industry are continually evaluated during the financial year. JM has continued with a risk identification process to ensure compliance. Being a service provider where trust forms a fundamental basis for continued support by both producers and buyers of fresh produce, JM is also cognisant of reputational risk. In the latter regard, JM considers its stated values and pursue the objective of being a high-performance fresh produce market. In dealing with perishable products within our facilities JM strive towards maximum food safety and quality as well as executing environmental friendly practices. This was again prudently monitored against the Covid-19 outbreak being experienced in South Africa and globally over the past year. Human safety remains a key priority as large numbers of people are present on the market site during peak hours. In this regard special attention is given to future planning of safer facilities and operating environments.

### **Demographic and economic growth considerations**

The migration is estimated at a rate of approximately 10 000 persons per month. JM is mindful of the impact on food security and the consequent need for suitable qualities and quantities of fresh produce on a daily basis. JM continued to support the indigent food programme of the CoJ. JM will continue to upgrade and extends its infrastructure and services for additional needs. This initiative also provides for the creation of additional jobs at the site of the Joburg Market and across the fresh produce value chain.

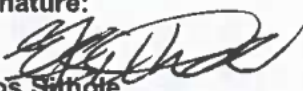

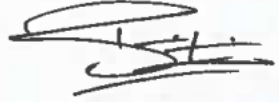
### **Reporting boundary**

The reporting boundary of JM seeks to establish a consistent boundary for reporting across all of its sustainable development metrics. JM do report on developments, impacts and data outside the reporting boundary where these are material to the business and its sustainable development performance. In the context of this report, outside of the organisation refers to market agents, producers, buyers and various intermediaries in the distribution channel for fresh produce. Within the organisation refers to all operations of JM and onsite service providers like security, cleansing and sanitisation which are under our management, in terms of a contractual obligation.

The Board is accountable for the integrity and completeness of the integrated report and any supplementary information, and is assisted by the Audit and Risk Committee and the Remuneration, Social, Ethics and Transformation Committee. The Board has therefore applied its collective mind to the preparation and presentation of the integrated report and



has concluded that it is presented in accordance with the prescribed frameworks. Considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Board approved the 2022/23 integrated report as per sign-off below;

<p><b>Signature:</b>  <b>Enos Sithole</b> Chairperson: Board of Directors</p>	<p> <b>Mantombi Nkosi</b> Chairperson: Audit and Committee</p>	<p> <b>Keeran Singh</b> Company Secretary</p>
<p>Date: <u>30/11/2023</u></p>	<p>Date: <u>30/11/2023</u></p>	<p>Date: <u>30/11/2023</u></p>



## Joburg market high level performance at glance

### Human Resources



Total number of employees:  
419



Staff turnover: 3%



Employment Equity: 51%  
males' vs 49 females



Skills development  
Expenditure: R531 781



Subsidised Study  
Assistance expenditure:  
R1 293 260 for 44  
beneficiaries

### Economic Development



EPWP Opportunities  
created: 103



Internships opportunities  
created: 8



SMME opportunities  
created: 85

### Governance



General good performance  
on all governance related  
matters



Resolution of all  
Internal and External  
audit findings: 100%



Implementation of all Risk  
mitigation strategies: 100%



Clean audit outcome



Overall 83% KPI  
performance

### Revenue



Achieved & exceeded  
turnover target of  
R8.92Bn by 15.4%  
**Final figure: R10.30Bn.**



Increase in revenue by R88  
Million compared to the prior  
year



Direct revenue: R604.4m  
**Over achievement of  
0.8%** Compared to the  
budget amount of R599.7m

### Sustainability



Net surplus: R141.4m  
Budget: R119.0m  
Achieved 18.7% surplus over  
budget.



The cash and equivalents:  
R473.9m



The liquidity is above the norm  
at 2.2:1. Solvency is above the  
norm at 3.7.1



Remuneration to expenditure  
ratio is above the norm at 43.7%

Operations run 6 days a week  
on a 24-hour cycle.

### Expenditure Management



Capex Spend: 100.2%  
Spend of R95.6m compared to  
target R95.5m.



BBEEE Spent: R203 035 million



Payment of invoices within 30  
days: 100%



**Joburg|Market**

## **ANNUAL INTEGRATED REPORT 2022/23**

### **CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE**

- **Corporate Governance Statement**
- **Member of the Mayoral Committee Review**
- **Chairpersons Foreword**
- **CEO's Report**
- **CFO's Report**
- **Strategic Objectives**
- **Overview of Joburg Market**
- **Joburg Market Value Creation Process**

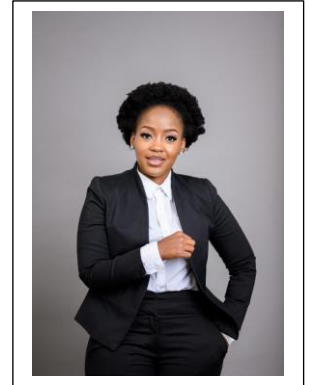


# CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

## Section 1: Member of the Mayoral Committee Review

During 2022/23 we saw the repeal of the state of disaster. The Covid-19 pandemic finally became a lesser risk to us all. We have learnt several lessons in managing our personal lives and the methods through which we serve our communities.

Never should we underestimate the potential of any future outbreaks of this or even brand-new viruses. We should not lose sight of the fact that thousands of our fellow residents lost their lives, businesses lost their patrons and many closed down. We experienced the impact on the tourism and hospitality industries. These industries are vital to job creation and today, more than ever before, we are committed to seeing the re-emergence of these sectors.



Joburg Market is deeply rooted in serving numerous sectors with fresh produce daily to support the recovery of the food-related industries in this post-pandemic phase.

By implementing JM's future-focused Smart Market plans, we will see young people, women, and the disabled becoming the success stories of tomorrow in the fresh produce business. Amongst others, the rejuvenation of the Soweto Market in a new and sustainable form will enable the delivery of initiatives that empower our targeted beneficiaries in the fresh produce market environment and I am proud to be associated with this ideal.

From a governance point of view, the expectation is that JM should be part of the Government of Local Unity as mandated by the Executive Leadership of the City, incorporating the jointly developed IDP in its strategic orientation. I would like to record my gratitude to all the hard-working office bearers and officials for their tireless working ethic and the support and they have shown in delivering services to the City's residents under difficult circumstances during the 2022/23 financial year.

In the aftermath of the KZN and Gauteng unrest which affected fresh produce trading well after the event, JM remained committed towards growing its financial returns and still achieved positive financial ratios which underpin the resilience of this important entity. Amidst the various other challenges in the logistical value chain JM's client base as it relates to the SADC region illustrated improved patronage. JM's capacity to grow as a regional market remains a most positive outlook and it will play a vital role in ensuring food security.

The entity remains burdened by its ageing infrastructure and the breakdowns being experienced in crucial plant and equipment driving amenities such as cold stores and ripening chambers. In addition to the latter JM is experiencing a substantial shortage in trading space. JM was awarded grant funding for developing the floor space plans and a special focus will be placed on this matter as well as the rollout of suitable maintenance programmes over the next three financial years. The leadership of the City will continue to support JM in achieving the best solutions for the mentioned challenges.



In terms of community consultations, JM continued with its key stakeholder engagements despite the limitations posed by the COVID-19 pandemic. The entity participated in the City's IDP Consultation Sessions and related internal workshops. In serving the community, JM conducted its role effectively in serving as a trustworthy corporate citizen.

I would also like to express my appreciation towards the Board of Directors, Management, and Staff for their continued efforts to improve and sustain the JM which is still regarded as a leading institution and market leader in developing the economy of Johannesburg and supplying fresh produce across the country, the continent and other international destinations.

In closing, I would also like to record my sincere gratitude towards the Executive Mayor, Mr. Kabelo Gwamanda, for his leadership and my fellow MMCs for their valued support.

**Cllr. Nomoya Mnisi**  
**MMC: Economic Development**



## Section 2: Chairpersons Foreword

Against the backdrop of the erratic weather patterns being experienced in the Southern African region, the food security situation enjoys more attention than ever before. Crop damages caused by cyclone Freddy in Limpopo and Mozambique inter alia damaged banana crops. The latter should also be considered against the risk of rising food inflation as a result of anticipated increases in fuel and electricity costs as well as the ever-increasing cost to produce sufficient food levels across the globe. The latest CPI data from Stats SA (for January 2023) showed that food price inflation hit a 14-year high at 13.4%, despite headline inflation easing to 6.9% in the same month.

The world economy also continues to be affected by the war in Ukraine. The latter will further contribute towards the cost of living. Production cost has increased substantially and will worsen in the months ahead. We have further learnt that local producers are forced to produce more and more quantities of fresh produce per commodity line to ensure the sustainability of farming operations. JM continues to monitor the trends in fresh produce prices as part of its role to assist in monitoring food security within the City of Johannesburg.

I would like to welcome the new members to the JM Board of Directors appointed at the Annual General Meeting held on 01 March 2023. In addition, I would also extend a word of welcome to the members of the Independent Audit Committee. Our new MMC, Cllr. Nomoya Mnisi was appointed on 02 February 2023. We are looking forward to working with her.

The JM Board of Directors will be conducting its strategic breakaway session during May 2023 in alignment with the new Mayoral Priorities and the IDP process. The Board of Directors is aware of the various elements impacting amongst others, commercial and emerging producers, commercial and emerging agents as well as formal and informal sector entrepreneurs. A fresh evaluation of the need to modernise and increase trading space at JM was conducted and direction was given on the need to conduct such space extension on an urgent basis. JM will also consider at its forthcoming strategic session exploring possible ways in which it could participate in efforts to enhance the position of these important targeted groups. It is my privilege to convey a word of thanks to all members of the Board and the Executive for the diligence displayed during a most successful induction session. May JM grow from strength to strength in the years ahead.

**Enos Sithole**

**Chairperson: JM Board of Directors**





## Section 3: CEO's Report

### Introduction

It gives me great pleasure to present to you our 2022/23 Integrated Annual Report, offering a comprehensive overview of Joburg market's performance in our operations, finances, governance and sustainability.

For the 2022/23 financial year, Joburg Market continued to execute its mandate with due diligence which is to manage and operate a market facility through the provision of fresh produce market facilities and complementary services to the fresh produce industry. This will include the following;

- Provision and management of facilities and services for the distribution of fresh produce;
- Ensuring a competitive, resilient and sustainable fresh produce trading platform;
- Enabling market access, sustainable availability and affordable fresh produce;
- Enabling food security and safety and compliance to food quality standards.

### Highlevel summary of 2022/23 financial year

#### Trading results

After the financial year, JM was able to achieve its trading targets. Under Section 7 across the page and Chapter 5 of this report, the JM trading results illustrate how the company was actually able to improve on its targeted turnover of R8.9Bn by achieving R10.3Bn which implies a growth rate of 15.4%. The latter was achieved despite difficult circumstances where a variety of weather conditions affected supplies and thus prices. The war in Ukraine also led to an oversupply of fruit commodities that could not be exported and the bulk of these products were consequently diverted to JM.

#### Safety Health and Environment

From a health and safety perspective staff and other stakeholders were continuously alerted to the dangers of the Covid-19 virus and vaccination drives were introduced following the lifting of the state of disaster. PPE is continuously being provided to ensure minimization of infections should a flare-up of the virus be experienced.

The challenges with aging plants and equipment also affected critical installations such as the ammonia plant which produces refrigeration for the cold stores. In the latter regard, suitably qualified service providers were appointed to conduct repairs and also as a matter of prudence, a conditional assessment of the ammonia plant was conducted.

#### SMART market development

JM has continued with its planning to enable the implementation of the SMART MARKET. The Board of Directors has approved an approach to the SMART MARKET strategy. JM will continue to consult on its SMART Market strategies with its stakeholders including



market agents, farmers and farmer's organisations. JM has appointed MTC to investigate the possible development of modern payment systems. It is the objective to integrate the capacities embedded in available technologies into the JM trading system.

### **Stakeholder engagements**

JM is engaged in an intensive course of engagement with stakeholders operating at JM. In the main these consultations related to service delivery and challenges related to technical breakdowns and power failures inter alia caused by load shedding. Stakeholder consultations are conducted by the JM Integrated Marketing and Communications strategy. Stakeholder management is discussed under section 7 of this chapter.

### **Repairs and maintenance**

The main focus of the repairs and maintenance programmes is working towards improving the quality of the market amenities. The focus is on all disciplines of technical maintenance which includes Electrical-, building works and plant and equipment.

The company experienced challenges with the upgrading of ripening and cold storage facilities as a dispute arose with the appointed contract which disabled the final completion of the project at yearend. JM has however introduced further measures which enabled the replacement of the failing contractor. A further key project aimed at the installation of SMART meters was encumbered by a legal dispute and the project will now be implemented during the 2022/23 financial year. The latter two delays prevented the targeted capital expenditure for the 2021/22 review period.

### **Capital programme**

In applying the equity principle it is confirmed that the entity remains self-funding in the implementation of its capital projects. In terms of funding the entity did not engage in any borrowings but continued with self-funding of its projects.

The new Tshiamo Market construction works reached a 90% completion rate. The Company was able to spend 100.2% of its capital programme. A summary of the capital spending schedule is illustrated in Chapter 5 section 4.1.

### **The impact of COVID 19**

The impact of the Covid-19 pandemic in particular also remains fresh in the minds of all the businesses in the fresh produce industry. The food services business serving the hospitality sector felt its severe consequences. Wholesalers on the JM market site experienced the inability of their customers to pay their accounts and later on, many such customers closed their shops.

The pandemic offered a conundrum of its own as can be observed in the following dynamic. During the peak of the pandemic retailers, however, found a greater awareness amongst end consumers who related to the health benefits of consuming more Fresh produce. The latter was translated into the increased sale of various fruit and vegetable varieties.



## **Audit opinion**

During the previous external audit session, JM achieved an unqualified audit opinion with listed matters of emphasis. It remains our main drive to achieve the resolution of findings from the mentioned period. During the 2021/22 financial year, JM continued to work towards the attainment of a clean audit opinion. The five-year history of external audit opinions is tabled in Chapter 6, section 4 of this report.

## **Risk Management**

The entity's top strategic risks underline the importance of overcoming the challenges contained in insufficient trading space and ageing infrastructure. From a business continuity perspective, the company also provided for effective risk management as far as it relates to COVID-19 as well as the impact of power interruptions.

The risks of eroding trading processes, from which JM derives up to 85.1% of its company income, remain real and will be addressed by developing smart systems and techniques to curb the risk of fraud and other related activities. As indicated JM derives the vast portion of its income from market commission and approximately 8.1% of income is generated from leases with tenants. The income portion from commission followed a growing trend over the past decade. The balance of income is collected from trading support services. A breakdown of income is depicted in the Chapter 5, section 2.1.

I have also conducted an assessment of matters as raised in the 2021/22 Annual Integrated Report. In addition to the capital programme matters raised above I also evaluated performance information and progress on significant matters affecting the company. The latter assessment is discussed in Chapter 3 of this report. JM has fully complied in terms of tax payments to the SA Revenue Services.

## **Assessments conducted by accounting officer**

I have also conducted an assessment of monies which are payable to other organs of state and public entities which inter alia includes the payments due on municipal services and related taxes and the results are outlined under section 4 of chapter 5. I wish to confirm my conviction that the latter imperatives are suitability monitored and controlled.

The entity is a financially liquid company and as a going concern, it also exceeded the benchmark ratios as discussed in chapter 5. The company is self-funding and no shareholder loans were obtained during the financial year under review.

Relating to the Service Delivery Agreement with the shareholder and the Shareholder Compact I conducted an assessment to ensure company compliance to the provisions embodied in the mentioned agreement. The company is complying with the various provisions as can be observed in the assessment schedule depicted under Chapter 3, section 1.

## **Word of gratitude**

I want to convey my sincere gratitude to the Board Directors, JM management and staff for the resilience displayed especially in managing the business impacts posed by the COVID-19 virus and technical challenges posed by facilities and installations.



My appreciation is also expressed towards the market agencies and the various tenant businesses for their continued support in ensuring JM remains an effective and preferred food business centre. In conclusion, I would also like to acknowledge the support received from my colleagues within the various departments and entities of the City of Johannesburg.

**Solomon Mphakathi**  
**Chief Executive Officer (Acting)**



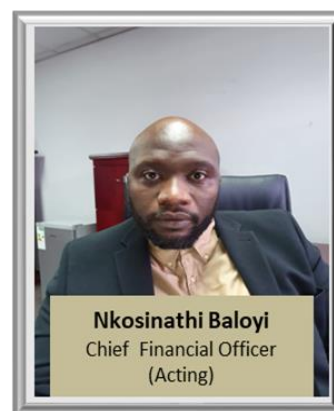
## Section 4: CFO's Report

At Joburg Market, we have taken a proactive approach to the management of safeguarding our staff up to and beyond the recent discontinuation of the disaster status of the COVID-19 pandemic. Our employees and our stakeholders have quickly adapted to the measures put in place, such as maintaining a safe social distance, wearing masks and washing hands regularly. The epochal nature of the Covid-19 pandemic and economic decline has made it necessary to adjust our daily operations.

JM also experienced challenges to the maintenance of amenities such as its cold storage and ripening amenities and additional measures were required to bolster efforts aimed at operationalising several inactive ripening chambers.

Despite the gloomy picture of rising inflation and facing the world and the country at large, there have been good results in the performance of JM for the full year under review. The notable highlights and lowlights include the following:

- JM achieved and exceeded its turnover target of R8.92Bn by 15.4% to record a final figure of R10.30Bn.
- Joburg Market has seen an increase in revenue compared to the prior year
- Direct revenue recorded is R604.4m which represents compared to the budget amount of R599.7m an over achievement of 0.8%.
- Net surplus of R141.4m which represents, compared to the budget of R119.0m and results in a surplus achieved 18.7% over budget.
- The cash and cash equivalents at the end of the reporting period is R473.9m; this is in the main cash deposits made by customers. The entity's cash position has improved overall compared to the 2022/23 FY.
- The liquidity and the solvency position of the entity remains consistently above the norm at 2.2:1. This is mainly because the entity is highly cash-generative with minimal debt.
- The remuneration to expenditure ratio percentage is 43.7% against a norm of 25-40%. This is secondary to the nature of our business operations which run 6 days a week on a 24-hour cycle.
- The capital expenditure was achieved at 100.2% which represents a cumulative spending level of R95.6m compared to the target of 95.5m.



The department still struggles with vacancies in both Finance and Supply Chain management due to resignations and suspensions. Some of these vacancies are critical. Regarding suspensions, the intention is to complete the process in the next financial year depending on progress and consequent management processes.

We remain grateful to our frontline staff (cashiering department, consignment, security etc.), who have diligently executed their tasks.

**Nkosinathi Baloyi**  
**Chief Financial Officer**



## Section 5: Strategic Objectives

### Mandate

The company is mandated to operate and manage a premier fresh produce market facility that provides industry related complementary services. In accordance with our SMART Market strategy, we have expanded our mandate to include, the;

- provision and management of safe, clean and smart facilities for the marketing, trading and distribution of fresh produce;
- provision of Smart Information Technologies and Devices for the fresh produce industry;
- food safety and quality standards thus promoting healthy lifestyles;
- Enabling market access, availability and affordable of fresh produce to our buyers.

### Vision

A SMART fresh produce trading hub that is globally competitive.

### Mission

A trading platform that catalyses the growth of the City's economy through an inclusive business environment.

### Values

The values of JM include:

- Transparency
- Service Excellence
- Integrity
- Innovation

### Alignment to the GDS and IDP of the Shareholder

The COJ-IDP contains delivery objectives designed in line with the vision and mission of the City.



<b>JM Strategic objective: Operate a sustainable, resilient premier marketing and trading facilities</b>			
<b>COJ strategic pillar</b>	<b>JM Programmes</b>	<b>Outcomes</b>	<b>Impact</b>
<ul style="list-style-type: none"> <li>Economic impact and mitigation measures</li> </ul>	<ul style="list-style-type: none"> <li>Promote JM as a One-stop-market facility</li> <li>Promote JM as a Agro processing hub;</li> <li>Assist SMME exporters to develop in SADC region;</li> <li>Assist developing SMME's to access export opportunities in SADC region;</li> </ul>	<ul style="list-style-type: none"> <li>JM positioned as investment friendly business environment;</li> <li>Increase the rand value of trade and Investment business transactions;</li> <li>Achieve a strong business to business trading environment within JM;</li> <li>Achieve increased SMME's and BEE's</li> </ul>	<ul style="list-style-type: none"> <li>Transformation in work and live environment;</li> <li>Prevent people from going hunger;</li> <li>International buyers' transactions lead to more jobs created at JM;</li> <li>Traders conducting large scale</li> </ul>
<b>JM Strategic objective: Operate a sustainable, resilient premier marketing and trading facilities</b>			
<b>COJ strategic pillar</b>	<b>JM Programmes</b>	<b>Outcomes</b>	<b>Impact</b>
	<ul style="list-style-type: none"> <li>Create a refined client and business opportunity data base and network in conjunction with the DED opportunity centre at JM</li> </ul>	<ul style="list-style-type: none"> <li>business opportunities;</li> </ul>	<ul style="list-style-type: none"> <li>transactions leading to improved income;</li> <li>Growth in number of businesses operated by targeted groups at JM</li> </ul>
<b>JM Strategic Objective: Become an agent for socio-economic transformation &amp; Focus on transformation of emerging farmers/market agents</b>			
<b>COJ strategic pillar</b>	<b>JM Programmes</b>	<b>Outcomes</b>	<b>Impact</b>





<ul style="list-style-type: none"> <li>• <b>Food security response</b></li> </ul>	<ul style="list-style-type: none"> <li>• Sustain agricultural stakeholder relationships / management programmes;</li> <li>• Participate in Local Agri-forums</li> <li>• Support establishment of Agri-business ventures at JM</li> <li>• Develop BEE trading facilities</li> <li>• Link BEE participants to mainstream food business</li> <li>• BEE agro processors, emerging agents, emerging farmers project</li> </ul>	<ul style="list-style-type: none"> <li>• Enabled environment for availability of high quality vegetables &amp; fruit</li> <li>• Agribusiness Ventures and Urban Farm Enterprises providing fresh produce which is locally grown</li> <li>• Food for growing urban population</li> <li>• Viable food procurement and distribution systems</li> <li>• Work with large food retailers and distributors to create localised system to ensure food security</li> <li>• Decrease in unemployment rate and alleviation of hunger; and</li> <li>• Local economic development.</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient production of quality produce for self-sustainment and trading balances for income</li> <li>• Effective participation by historic disadvantaged entrepreneurs in large transactions</li> <li>• Creation of job opportunities in value adding activities</li> </ul>
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**JM Strategic Objective: Ensure suitable Covid 19 control measures to ensure continuation of JM services and Ensure effective stakeholder engagement**

COJ strategic pillar	JM Programmes	Outcomes	Impact
<ul style="list-style-type: none"> <li>• Enforcement and compliance measures</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagements</li> <li>• Covid 19 control measures</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced JM market site safety on Covid 19 controls</li> <li>• Meaningful state-society engagement;</li> </ul>	<ul style="list-style-type: none"> <li>• Continued produce supply and trading ensuring uninterrupted food supply to the community</li> <li>• Well informed and confident users of the JM and its services</li> </ul>

**JM Strategic Objective: Become a high-performance organisation and Improve operational efficiencies within consignment tracking of fresh produce**

COJ strategic pillar	JM Programmes	Outcomes	Impact
<ul style="list-style-type: none"> <li>• Continuation of Municipal Services</li> </ul>	<ul style="list-style-type: none"> <li>• Fresh produce market operations best practices</li> <li>• Innovation in trading methodologies</li> </ul>	<ul style="list-style-type: none"> <li>• CoJ a technologically competent institution</li> <li>• Johannesburg Market a Smart Market with enhanced service</li> </ul>	<ul style="list-style-type: none"> <li>• Exponential growth in fresh produce trading at JM</li> <li>• Efficient market system and services</li> </ul>
		<ul style="list-style-type: none"> <li>• efficiencies and productivity</li> <li>• Smart and effective service delivery maintained as the norm</li> <li>• Job creation through improved economic development opportunities at Joburg Market environment</li> </ul>	<ul style="list-style-type: none"> <li>• maximizing user satisfaction and trust</li> </ul>



JM Strategic Objective: Become a implementer of green economy opportunities			
COJ strategic pillar	JM Programmes	Outcomes	Impact
<ul style="list-style-type: none"> <li>Continuation of Municipal Services</li> </ul>	<ul style="list-style-type: none"> <li>Separation of organic and non-organic waste (energy strategy)</li> <li>SMME's dealing with harvested non-organic material (green jobs)</li> <li>Utilise food safe chemicals for sanitisation</li> <li>Generation (bio-gas, solar, and tri-generation)</li> </ul>	<ul style="list-style-type: none"> <li>Job creation and income generation as a result of energy diversification</li> <li>JM becoming a fresh produce market leader in innovation in respect of the green economy</li> <li>Energy generation through organic waste conversion</li> </ul>	<ul style="list-style-type: none"> <li>Transformation in fresh produce market operating practices;</li> <li>Self-sustaining families and SMME's</li> <li>Clean air &amp; Safe food</li> </ul>

Table 2: Strategic alignment

JM has adopted a strategy based on achieving key organisational priorities on the basis of being a “SMART” Market. The entity seeks to become a Clean, Safe and Smart Market.

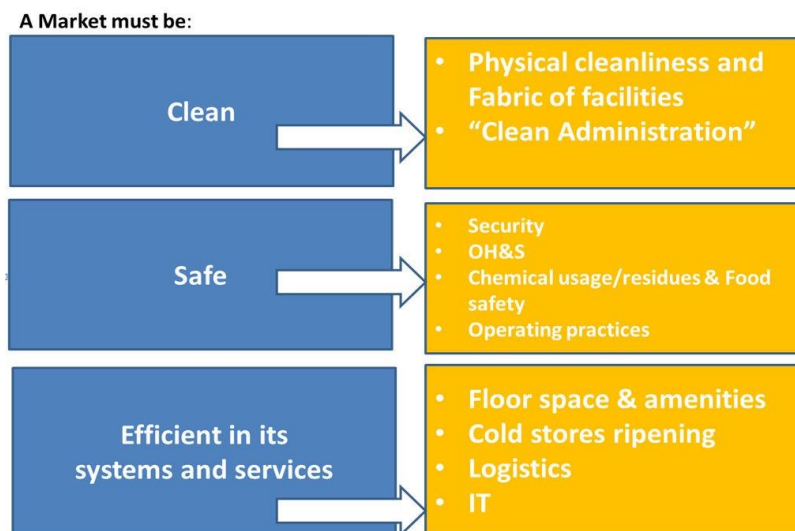


Figure 2: Overview of the JM Smart Market Strategy.

These key organisational priorities are fully aligned to the development objectives of CoJ. They include the following;

- A **CLEAN** market:
  - Physical cleanliness; and,
  - Promotes good governance.
- A **SAFE** market:
  - Secure business and customer environment;
  - OH&S compliance;
  - Food safety compliance.



- A **SMART** (Effective) Market:
  - Modern Technological systems and services;
  - Optimised floor space;
  - Responding to evolving needs of stakeholders.

The company's business strategy consists of the following key strategic elements as captured in the sections to follow.

### Strategic Objectives

The Joburg Market has adopted the following Strategic Objectives:

- Ensure financial sustainability and growth of the entity;
- Operate a sustainable, resilient premier marketing and trading facility;
- Become an agent for socio-economic transformation;
- Ensure that our staff are engaged, skilled and motivated;
- Become a high-performance organisation;
- Ensure effective stakeholder engagement;
- Upgrade ammonia plant, cold-storage and banana ripening facilities;
- Improve operational efficiencies within consignment tracking of fresh produce;
- Upgrade and improved maintenance of facilities and infrastructure;
- Focus on transformation of emerging farmers/market agents;
- Become an implementer of green economy opportunities.



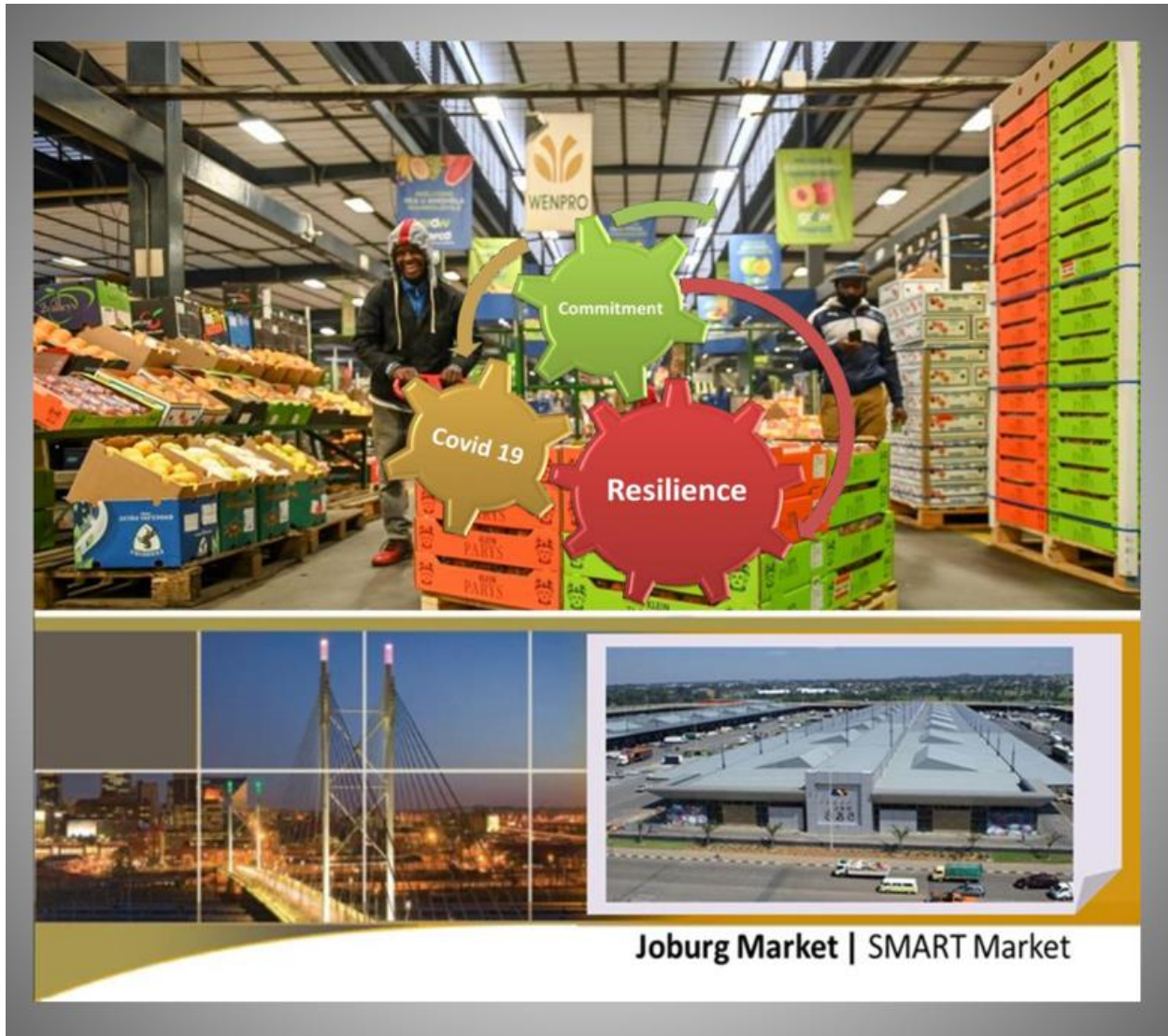


Figure 3: JM commitment towards a prudent post Covid-19 awareness

## Section 6: Overview of Joburg Market

The company owes its origins to the establishment of the fresh produce market at the Market Square in central Johannesburg in 1887 where three thousand people congregated to trade in fresh produce. As the City grew, so did the trading of fresh produce. This prompted the building of a new facility in Newtown in 1913. In that year alone, the Market achieved an annual turnover of R1.5 million. The premises in Newtown became increasingly too small to handle trading. By 1974, the market had relocated to its

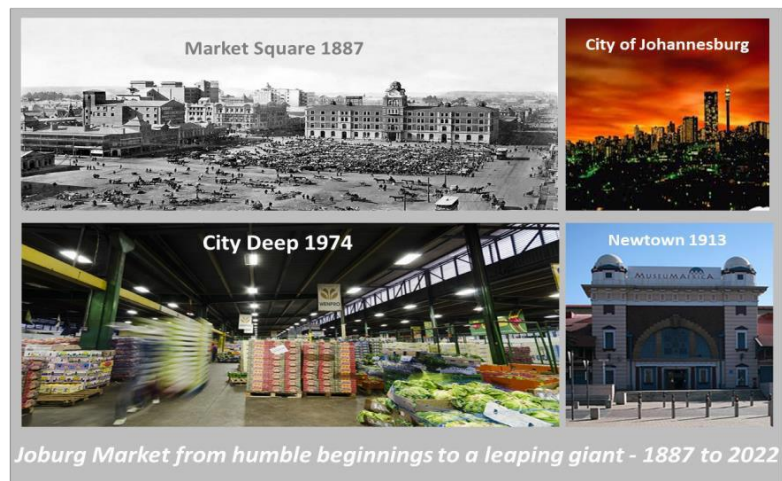


Figure 4: Pictures showing the origins of the Joburg Market



current location in City Deep, in the South of Johannesburg.

The political transition in South Africa saw Joburg Market (JM) emerging as a private company, wholly-owned by the City of Johannesburg Metropolitan Municipality (CoJ). In 2000, the company was converted into a State-Owned Company (SOC), in line with the implementation of the Companies Act of South Africa (Act No. 71 of 2008).

The Company is required to comply with various legislative provisions that set out the statutory requirements, among them being the Companies Act, the Municipal Systems Act and the Municipal Finance Management Act 56 of 2003.

The Company is the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff compliment of 398 employees. JM trading facilities are provided to farmers across South Africa and beyond, whose produce is marketed and exposed daily to several thousands of buyers. JM, Market Agents and Tenants operating within JM's facilities create thousands of jobs across the agricultural value chain.

JM plays a critical role of determining the price for the fresh produce industry in South Africa since it represents 45.6% market share of the National Fresh Produce Market in both volume and turnover. The Company is the only fresh produce market with a South African National Accreditation System (SANAS TO532) accredited laboratory to ensure compliance to and maintenance of food safety standards.



## Section 7: High-level Organisational structure and Stakeholder Management

The current high level organisational structure is illustrated below:

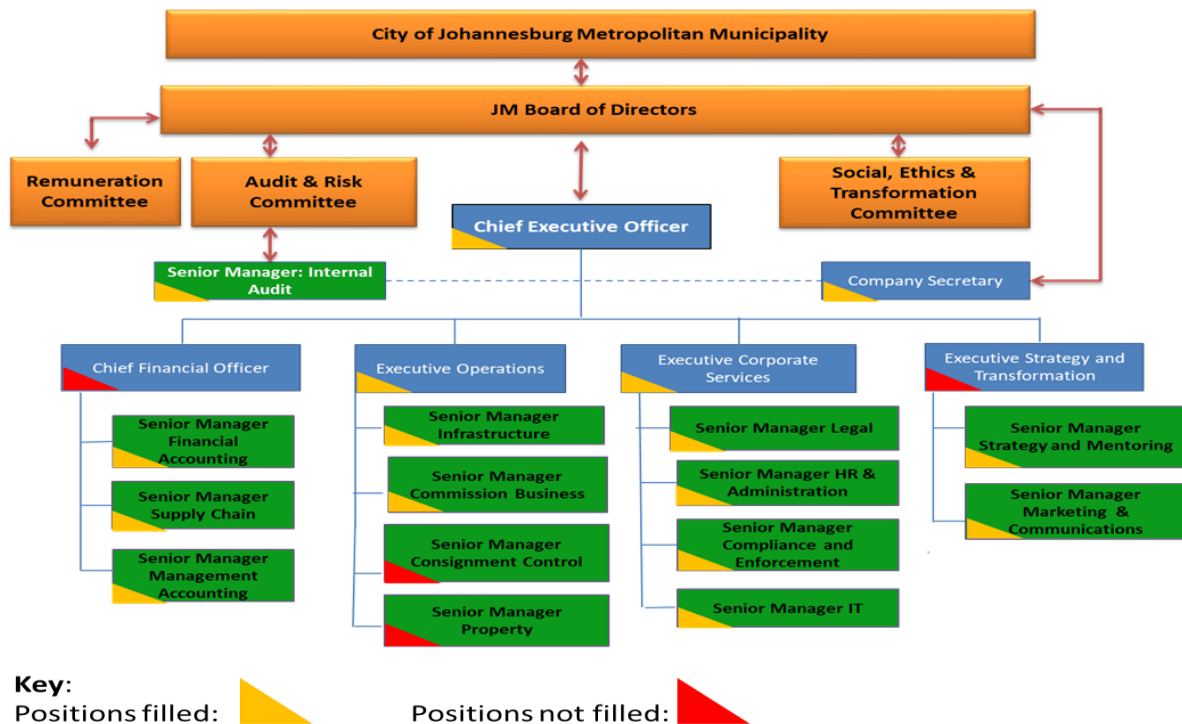


Figure 5: High level structure of the Joburg Market.

### Stakeholder Management

Stakeholder engagement is an enabler of our strategy and therefore a high priority, as our reputation depends on and is influenced by stakeholder perceptions, which in return affect our performance.

Stakeholder inclusivity requires ongoing conversations in order to understand and adequately respond to stakeholder needs, interests and expectations. Responsible lobbying and shareholder activism form an important part of stakeholder engagement.

Our stakeholder engagement approach is aimed at a better understanding of the vision and values of our stakeholder groups, which ultimately support the achievement of our objectives. The table below depicts our stakeholder groups and the principle involvement of JM with each group.

JM is always cognisant of how it is viewed by its stakeholders. The company has also kept a record of legacy concerns raised by clients and on which it is still focusing for resolutions. Chapter 3 – section 7 provides for a summary of public satisfaction on JM services.

Our stakeholder engagement approach is aimed at a better understanding of the vision and values of our stakeholder groups, which ultimately support the achievement of our objectives. The table below depicts our stakeholder groups and the principle involvement of



JM with each group.

In addition to the above monthly engagements with key stakeholders and daily interaction by the CEO with various individual stakeholders are utilised to determine how JM is being viewed by its stakeholders.

Key risks opportunities are mainly embedded in the options for JM to renew extend and optimise trading space and associated technologies. In the latter regard JM will amongst others:

- Implement the JM Precinct Development Plan and the identified strategic /priority projects;
- Complete the upgrading of cold rooms and banana ripening facilities;
- Pursue space rationalisation optimisation project;
- Expand trading areas, and;
- Implement SMART MARKET ITC solutions

No	Group	Functional relation	Principal involvement
<b>Governance</b>			
1.	CoJ	Governance Shareholder	Sole owners of the JM
2.	Board of Directors	Governance of JM	Governs JM in terms of SDA
3.	DED	Lead Department	Administrative link to CoJ
<b>Company</b>			
1.	Staff	Employees of JM	Managers and employees
2.	Unions	Trade Unions	SAMWU / IMATU
3.	EPWP	Job creation	Extended Public Works Programme
<b>Core Business</b>			
1.	Farmers	Production of produce	Supply JM from across RSA and internationally
2.	Transporters	Logistics – Farm to Market	Private contractors
3.	Market agents	Conducts actual selling of produce at JM	Private institutions
4.	Commercial Buyers	Buying of produce at JM	Distribute and process fresh produce
5.	Informal sector buyer	Informal traders	Intensive fresh produce distribution in various areas
<b>International associates</b>			
o	World Union of Wholesale Markets (Head Office: Netherlands)	Communication and market concept development	International platform aimed at the development and sustainability of fresh produce markets
o	Produce Marketing Association (USA)	Promotion of Produce trading entities	Promotion of fresh produce consumption and related research to enhance marketing of fresh produce
<b>Markets at JM</b>			
1.	Tshiamo Market	Traders at JM site established through empowerment programmes	Stall markets on JM site
2.	Unity Market		
<b>Logistical services at JM site</b>			
1.	Various informal entities	– Pallet runners – Porters	Rendering of support services to traders on the market site for own account

No	Group	Functional relation	Principal involvement
		<ul style="list-style-type: none"> <li>– “Bakkie” operators</li> <li>– Food merchants</li> <li>– Recyclers</li> </ul>	
<b>Tenants</b>			
1.	Food services	<ul style="list-style-type: none"> <li>– Food distributors</li> <li>– Processors</li> <li>– Meat/fish traders</li> <li>– Soft drinks</li> <li>– General hospitality producers</li> </ul>	Rendering services enabling clientele to utilise JM site as “one stop” shopping centre
<b>Financial services</b>			
	Retail bank branches	Banks	Servicing buyers on JM to conduct transactions
<b>Goods and services suppliers</b>			
	Various companies	Multiple services rendered at the JM site	<ul style="list-style-type: none"> <li>– Cleansing</li> <li>– Security</li> <li>– Waste disposal</li> <li>– Amenity gardens and land maintenance</li> </ul>

Table 3: JM Stakeholders

The various stakeholder engagements undertaken during the financial year are outlined under Chapter 2– Section 5 of this report.

**Our Local Community – Mandela Day Celebrations on July 18, 2022**



Chefs with Compassion in collaboration with Joburg Market and other sponsors launched its third annual #67000 litre Mandela Day soup cooking challenge to home cooks, soup kitchens, corporates, and other compassionate South Africans, with the aim of smashing the target for the third time.

The 67000-litre soup challenge for Mandela Day has fed close on 600 000 hungry people over the first two years as cooks across the country rose to the challenge








## Section 8: Joburg Market Value Creation Process

At JM value is created through the delivery of integrated fresh produce market services supported from a strong and sustainable financial and operational perspective. The Company provides services to farmers who are its customers in the production supply of fresh produce. JM operates in a unique environment that serves through its very large facilities agents and buyers through its trading system and associated support services. As the largest marketing channel for fresh produce in South Africa and on the African continent it daily trades in wide varieties of qualities and quantities of fresh produce. The company's footprint therefore even expands into the SADC region and this is evident from the numerous buyers who frequent the JM premises.

The delivery of the company's strategic agenda is set around the requirements of CoJ as a Shareholder which expects JM to operate a well-functioning trading facility aimed at creating financial returns, whilst supporting the producers, traders, communities and citizens of Johannesburg. This will ensure that key outcomes such as food security, a well-nourished and healthy population, a job creating organisation and food safety are achieved.

The JM programmes were aligned to the shareholder priorities as outlined under section 5 above. On entity level the value creation process is illustrated below

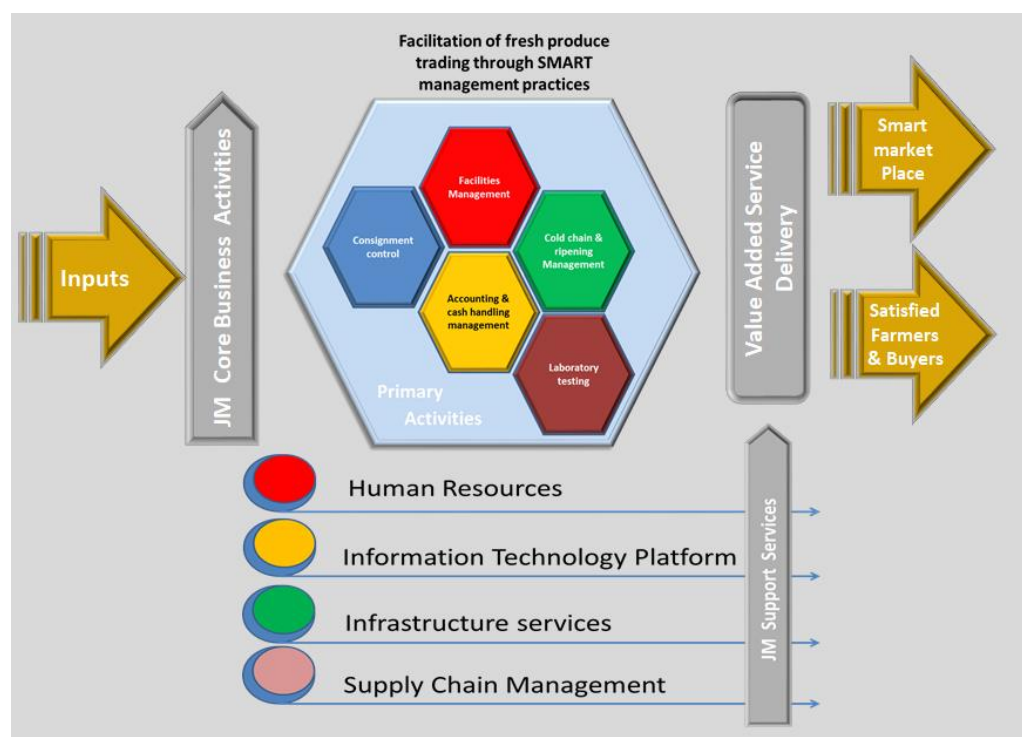


Table 4: The JM Value Chain

### The Fresh Produce Market Value Chain and Smart Market strategy

The Fresh Produce Farmer pays a 5% market due or commission for having his/her produce traded at JM. Utilisation of the JM in particular holds a number of benefits for the



producers of fresh fruit and vegetables. The latter can be listed as follows:

### **In the short term (Strategy to promote and develop JM as One - stop - shopping facility)**

- The produce supplied by the farmer is exposed to a very large audience of buyers competing to buy it. This brings about price stability;
- Once a consignment of produce is sold the farmer receives his payment quickly. Normally payment is concluded within 5 days which greatly improves the cash flow position of the farming enterprise;
- JM also has the capability to accommodate all produce assortments in terms of grade and sizes at competitive market prices. This enables the farmer to achieve fair returns through a competitive and managed trading system.
- Human resources will be trained and developed in line with the JM customer charter to be able to render efficient customer services on all levels and to enable a bother free buying experience to buyers and farmers.
- Internal and external auditing as risk based functions will provide information on gaps to be managed and timeous implementation of resolutions prevent undue losses during this development phase.

The above attributes enables JM to attract repeat business with farmers and buyers alike from the SADC and international destinations.

### **In the medium term (Strategy to create adequate and purpose designed trading amenities)**

- A producer brand and associated quality that is regularly present on the market floor contributes towards it being a sought after supplier. This enhances the availability of a stable and growing loyal group of buyers for the farmer;
- Buyers acquainted to farmer brands knowing what their clients in turn require build loyalty towards a farmer brand by increasing the demand for the farmers brand and enhances growth in demand for the brand.
- Human resources will be developed and trained to be able to identify and being responsive to client needs and develop new operational procedures towards piloting SMART Market services.
- Internal and External audit findings will add significant value in the assessment of investments in amenities and the assurance of value for money spent.

It is this medium term characteristics that enable JM to grow faster than its peer markets and which underpins the role of JM as price barometer.

### **In the longer term (Strategy to achieve full SMART MARKET status)**

- Stability in produce supplies supported by superior market services and improved logistics enhances trust and the repeat in business from all buyers. This renders JM a trustworthy supplier of market services and also as custodian of a



transparent and effective trading system;

- To continue rendering a full portfolio of trustworthy and suitable trading space and to sustain a buyer’s core of magnitude are indicative of the key success factors of JM.
- Human resources will be developed and trained to be able to operate within the dynamics of SMART MARKET technologies and deployment of new service devices and methodologies of operations.
- Internal and external audit findings will enable as crucial function the objective source to test the efficiencies of the integrated SMART MARKET services and amenities. The latter will guide adjustments where required and to reduce business risks.

The envisaged longer term benefits enable JM to plan timeously for facility extensions to achieve synergistic growth in its business.

Specific risks therefore need to be mitigated over all the planning time horizons of JM:

Risk	Short term mitigation 0 to 3 years	Medium Term Mitigation 3 to 5 years	Long term mitigation >5 years
<b>Deterioration of JM business by competing new market ventures</b>	Establish client loyalty on the supply and demand side of JM	Develop loyalty programmes supported by suitable incentives	Build longer term relationships with key suppliers and key buyers
<b>How and when</b>	New Customer Charter Roll out of launching deliverables by March 2023	Promote trading on JM as SMART MARKET.- June 2024 to July 2024	Final phase Smart Market Promotional programme - May 2027
<b>Insufficient trading space</b>	Plan Smart Market of the future trading spaces	Construct and implement Smart Market of the future trading spaces and amenities	Optimise Smart Market of the future systems and operating model
<b>How and when</b>	Smart Market floor space upgrade - July 2023 (Phase 1)	Smart Market floor space upgrade - July 2024 (Phase 2)	Smart Market floor space upgrade - July 2025 (Phase 3)

Table 5: Key business risks

### Business model

JM provides trading facilities and support services in order to facilitate the effective trading of fresh fruit and vegetables. Often being described as the stock exchange for fresh produce – the specialised central trading system of the company renders the service through unique systems and processes.

Producers, buyers and other intermediaries depend on the accuracy and real time availability of trading results to enable critical decision making.

### Value for money market services

Trading of fresh produce takes place in three (3) trading halls, namely: Fruit Hall, Potato & Onion Hall and the Vegetable Hall, jointly measuring a total of 65 000 square metres of



commission market trading space. The Market charges the producer a 5% commission on all sales made on the commission floor. A further negotiable commission of 7, 5% is payable to Market Agents for selling produce on behalf of the farmer.

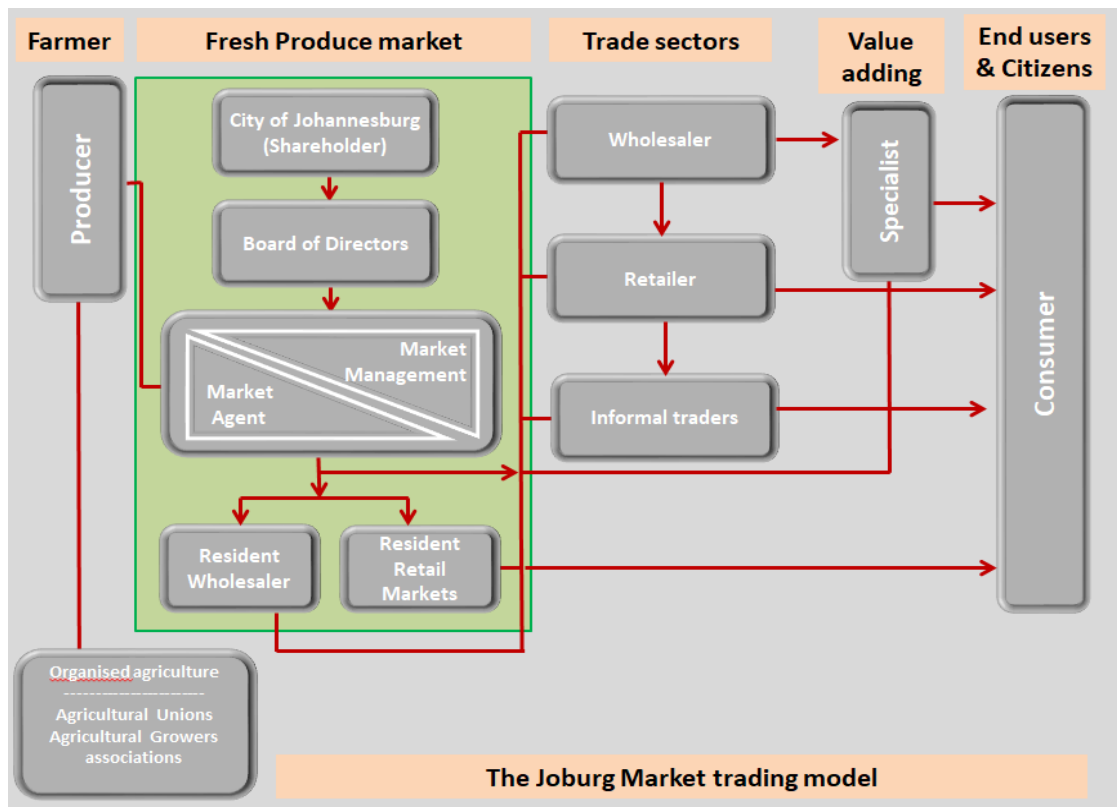


Figure 6:JM Trading model

The business of JM is in essence comparable to a stock exchange; JM under the guidance of the CEO ensure the availability on amenities, systems and services to enable a trading platform where supply and demand factors determine the market prices for all fresh produce commodities traded. The CEO also serves as an independent referee between parties should a dispute arise. The Market Bylaw serve as legislative source to govern trading practices on the market. The SPS trading system is a central system on which all trading elements are captured.

The nature of the fresh produce market was discussed above and against that backdrop the 'value for money services' is now discussed. Markets must provide certainty and thus accountable trading systems.

- The central trading system of the market is a sophisticated purposed designed electronic trading methodology. Every element of the consignment is captured and managed through this system and consequently is every function performed by the agent and the market authority is conducted in real time mode.
- The market authority conducts a dedicated financial accounting service inclusive of a cashiering system linked to a trust account system which enables the payment of proceeds on every consignment the following working day. This is the fasted payment system in the industry and offers multiple advantages to producers.



- Protection of the farmer is further embedded in the assurance systems which enable traceability to determine whether fair prices and utmost care was taken by the agent in dealing with what the farmer entrusted to the agent.

Firstly consignment control ensures that each and every consignment to its finest details was accurately captured and traded through the system. This enables a trustworthy trading history and return for the farmer.

Laboratory and inspection services ensure that the farmer do not suffer undue losses of stock, etc. Joburg Market has invested in the development of a SANAS accredited laboratory. Produce discarded are being dealt with in scientifically sound practices and suitable audit trail. Producers and agents are not charged additionally fees for disposal of written off produce.

Dispute resolution is conducted and the Market Director (CEO) may order compensation of an aggrieved party. Transgressions of market agents are also being dealt with through this avenue.

- Cleansing and sanitization of the market facilities ensure a safe food centre serving both the supply and demand side of market clients.
- Physical security services supported by a most modern and extended CCTV system ensures protection of the entire market facility serving farmers especially overnight when their consignments are delivered to the market.
- Cold stores and ripening facilities are maintained and upgraded to ensure the availability of these vital support services to farmers and their agents.
- Maintenance, upgrading and extension of market facilities are conducted to ensure a compliant and serviceable market facility.
- Marketing services and agri-business support services are conducted to inform farmers and attract buyers to the market to ensure a vibrant market place to the advantage of producers.

This also includes the dissemination of market trading results on which South African Producers can always rely.

JM also provides cold storage services to ensure compliant preservation of large volumes of produce which is required to be kept within the logistical cold chain. Premises are also being leased to food related enterprises serving as a complementary feature in serving the requirements of the thousands of buyers visiting the JM site daily.

The company currently holds substantial expertise to enable suitable levels of services it renders. These include;

- Financial services;
- Project management expertise;
- Human resources support;
- Strategic services;



- Risk services;
- Trading and consignment regulation services;
- Information technology for sales processing;
- Facility management, and
- Property administration.

The Value for Money market services are depicted in the illustration below.

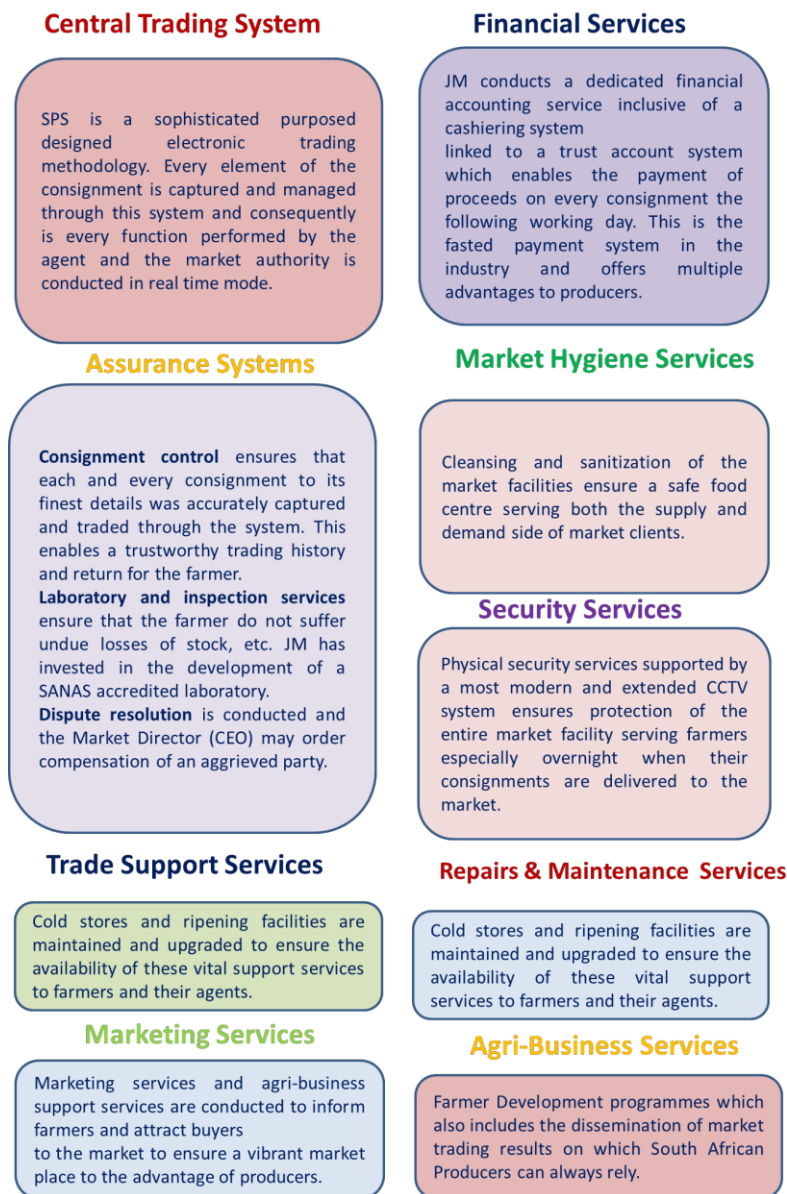


Figure 7: JM levels of services

The company further sustained its certification for its food testing lab through the SA National Accreditation System (SANAS) system.



## The competitive landscape

JM has conducted a competitor analysis and each direct and applicable indirect fresh produce channels were identified. The capacity of JM to address the various current and emerging competitors were carefully evaluated and the results were captured into the Marketing strategy of the company. In particular new fresh produce markets within the Gauteng region were identified as the most significant emerging competitors during 2020/21. JM continued to monitor the developments during 2022/23 and conducted a competitor analysis. JM will intensively implement its drive as being the best on-stop-market facility.





## **ANNUAL INTEGRATED REPORT 2022/23**

### **CHAPTER TWO: GOVERNANCE**

- **Corporate Governance Statement**
- **Board of Directors**
- **High-Level Organisational Structure**
- **Executive Management**
- **Governance of Stakeholder Relations**
- **Risk management**
- **Anti-corruption and Fraud Investigations**
- **IT Governance**
- **Joburg Market By-Laws**
- **Public Satisfaction on JM Services**
- **Company Auditors**
- **Board Evaluation**
- **Combined Assurance**



## CHAPTER TWO: GOVERNANCE

### Section 1: Overview

Corporate governance ensures that accountability and governance arrangements are in place. In line with, Section 121(2) (c) of the Municipal Finance Management Act (MFMA), the Joburg Market is required to compile and publish an Integrated Report and equally communicate information on governance matters with communities in compliance to the requirements of Section 18 (1) (d) of the Municipal Systems Act (MSA). The purpose of this Integrated Report is to promote accountability to the Shareholder, the City of Johannesburg, communities and other stakeholders for the decisions taken by the Board on matters relating to the governance of the entity throughout the 2022/23 financial year.

#### Governance Framework

JM recognises that conducting its affairs with integrity will ensure that the public and its parent municipality, the City of Johannesburg Metropolitan Municipality, have confidence in its work. To that end, the JM Board of Directors and executive management team subscribes to the governance principles as prescribed by relevant legal and regulatory prescripts.

The Board also actively reviews and enhances the systems of internal control and governance procedures in place to ensure that JM is managed ethically and within prudently determined risk parameters. During the period under review, the Board conducted assessments to ensure that JM complied with the requirements of the Companies Act, the Municipal Systems Act and the MFMA.

#### Governance Arrangements

JM falls under the Department of Economic Development, who provides strategic direction on key business issues and reports to the office of the relevant MMC who exercises political oversight. JM is also part of the Economic Development Mayoral Cluster Committee, which coordinates and integrates all departments and entities responsible for economic development in the City. The Council's Section 79 Portfolio Committee on Economic Development provides political oversight on JM's operations.

The Joburg Market has signed both the Shareholder Agreement and the Service Delivery Agreement. These documents define the strategic and operational direction that the company is required to take and defines service standards, scorecards and performance measures expected by the Shareholder. In addition, the Board of Directors is appointed by the Shareholder to take accountability for strategic and operational matters related to strategy, risk mitigation and performance management.

#### Oversight committees

The Council's Section 79 Portfolio Committee on Economic Development provides political oversight on JM's operations. On a quarterly basis the Committee conduct oversight of the Department of Economic Development as well as its entities of which JM



represents such an entity. The Committee also produces oversight reports and set oversight questions to which

JM replies writing and presents its responses at the committee sessions. The latter committee also facilitated the public consultations for the new JM bylaw during the year under review.

JM also reports on a similar basis to the CoJ: Group Performance Audit Committee, the CoJ: Group Audit Committee (GAC) and the Municipal Public Accounts Committee (MPAC). The chairperson of the JM Board Audit and Risk Committee attended the meetings of GPAC. At all the mentioned committees JM duly attended the meetings and responded in full to all JM matters raised at these forums.

### **Ethical Leadership**

The Board of Directors, as the Governing Body remains committed to the implementation of good corporate governance principles as set out in King IV. The Board is also committed to exercising ethical and effective leadership in the running of operations at the Joburg Market. Ethical leadership is characterised by Integrity, Competence, Responsibility, Accountability, Fairness and Transparency. The Board strives to ensure that these values permeate throughout JM business operations and in relationship with staff and all other stakeholders.

### **Citizen involvement in the planning and implementation of projects**

The Joburg Market works closely with various stakeholders to ensure the participation of stakeholders in the planning and execution of strategic projects. These engagements involve allowing tenants, market agents, wholesalers and other stakeholders define what their business requirements are. Through the project office, the necessary project planning, which include feasibility studies is undertaken.

This information serves as input to the Joburg Market Medium Term Revenue and Expenditure Framework (MTREF). Projects are then motivated and where applicable, the necessary budgets procured. JM's procurement strategies are geared towards empowering local communities through the rollout and implementation of various work packages.

As at the end of the 2022/2023 financial year, JM created 118 jobs/learnerships opportunities. In addition to this achievement, JM, in partnership with CoJ's Department of Social Development, has distributed food parcels to identified indigent families and deserving NGOs. With the implementation of projects, JM ensures that local labour is utilised, targeting largely the youth and women. In the year under review, a total of 103 EPWP workers were deployed in various projects. The Audit and Risk Committee provides strategic project oversight and reports to Board on any non-compliances.

### **Compliance with laws, rules, codes and standards**

The Board oversees the entity's compliance with applicable laws, rules, codes and standards and this remains an important consideration in all its decision-making



processes. Reported incidents of non-compliance with laws and regulations are addressed in accordance with relevant governance prescripts. JM operates within its Delegations of Authority, which is continuously reviewed in line with business and legislative requirements.

### **Environmental Management**

The Joburg Market subscribes to the principle of sustainable development in relation to all operational and capitalised projects, from conceptual design, right up to project handover. Sustainable development is understood as: 'development that meets the needs of the present without compromising the ability of future generations to meet their needs'. It is a fitting response to the organisation being an integral part of society, its status as a corporate citizen and its stakeholders' needs, interests and expectations.

The planning in some of our strategic projects have incorporated elements such as the potential harvesting of rain water, the deployment of photovoltaic systems to power up new buildings and the upgrading of our cold store management systems to be much more energy efficient.

In addition, our partnership with the community in terms of waste material reclamation this activity has culminated into the establishment of job opportunities that includes recycling of paper, wood, plastics and other waste material. The company is also working on the concept of introducing a bio digester to turn our waste produce into useable alternatives.

### **The role of Internal Audit**

In compliance with Section 138 of the Companies Act, JM has an Internal Audit Unit. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. In addition, Internal Audit assists the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The role played by the Internal Audit Unit in the period under review is captured in Chapter 6 of this Integrated Report.

### **Combined Assurance**

In terms of King IV, assurance has been broadened to cover all sources – including external assurance, internal audit, management oversight and regulatory inspections.

JM applies a combined assurance framework with the aim of integrating the assurance provided by internal and external assurance providers on high-risk areas facing the entity. JM uses the three lines of defense model to coordinate and optimise our assurance efforts. This model includes management, internal oversight functions (human resources, compliance, health and safety and risk management), and external assurance functions (outsourced internal audit, external audit, and other ad-hoc specialists). This model is overseen by the Audit and Risk Committee of the Board.

Furthermore, the Board is satisfied with arrangements in place for ensuring an



effective combined assurance model in the entity.

### Acting CEO professional commitments

The Acting CEO is currently serving as Board Member of JM and do not hold any external body interests which could interfere in his duties at JM.

### CFO Professionally qualified

The CFO of JM is suitably qualified and holds the professional qualification of Chartered Accountant (SAICA).

### Implementation of the King Code of Corporate Governance

JM applies the King IV™ governance principles to entrench and strengthen recommended practices in its governance structures. The Board and Executive Team recognise and are committed to the principles of openness, integrity, and accountability advocated by the King Code on Corporate Governance. Through this process, the shareholder and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters.

### King IV™ Application Register

King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired governance outcomes are listed below, together with the practices implemented and progress made towards achieving the 17 principles in meeting those outcomes. It is done on an “apply and explain” basis, as recommended by King IV™.

KING IV PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
<b>Governance Outcome One: Ethical Culture</b>		
<b>Principle 1: Leadership.</b> The governing body should lead ethically and effectively.	Joburg Market's board of directors is its governing body. The director's hold one another accountable for decision-making and behave ethically, as characterised in King IV.	An employee code of conduct policy is in force throughout the Entity. All directors and employees are obligated under the code to act with honesty and integrity and to maintain the highest ethical standards.  Declarations of interest are managed in line with the Companies Act 71 of 2008 and directors are required to disclose their shareholdings and additional directorships on an annual basis.
<b>Principle 2: Organisational Ethics.</b> The governing body should govern the ethics of the organisation in a way that supports the establishment	The board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the Entity and its stakeholders. It is the primary body responsible for the	The employee code of conduct sets the minimum standards expected of all employees of the Joburg Market. Furthermore, the market by-laws set the minimum standards expected of the market

KING IV PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
of an ethical culture.	corporate governance values of the Entity.	agents and suppliers of the Joburg Market.
<p><b>Principle 3: Responsible Corporate Citizenship.</b> The governing body should ensure that the organisation is seen to be a responsible corporate citizen.</p>	<p>The board approves the strategy and priorities of the business as set out in its annual integrated report. Through stakeholder engagement and collaboration, Joburg Market is committed to finding lasting solutions to sustainability challenges.</p> <p>The board, with the support of the Social, Ethics and Transformation Committee oversees and monitors how the Entity's activities affect its status as a responsible corporate citizen and reports annually on the Entity's sustainability and transformation activities.</p>	Integrated Annual Report.
<b>Governance Outcome Two: Performance and Value Operation</b>		
<p><b>Principle 4: Strategy and performance.</b> The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The board informs and approves Joburg Market's strategy, which is aligned with the mandate of the Shareholder and the value drivers of Joburg Market's business.</p> <p>The board oversees and monitors management's implementation of the strategy and business plan on a quarterly basis.</p>	Integrated Annual Report.
<p><b>Principle 5: Reporting.</b> The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects.</p>	<p>The board, through the Audit Committee, ensures that the necessary controls are in place to ensure and safeguard the integrity of all financial information and reporting documentation. The Entity ensures its financial statements are prepared in accordance with applicable accounting standards and legislative requirements.</p>	Integrated Annual Report. Audited Financial Statements.
<b>Governance Outcome Three: Adequate and Effective Control</b>		
<p><b>Principle 6: Primary role and responsibilities of the governing body.</b> The governing body should serve as the focal point and</p>	<p>The board meets once a quarter. Should an important matter arise between scheduled meetings, additional meetings are convened once permission is granted by the</p>	<p>The board has an approved charter, which it reviews annually. The charter sets out its governance responsibilities, including its role, responsibilities,</p>



KING IV PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
custodian of corporate governance in the organisation.	respective Portfolio MMC.	membership requirements and procedural conduct.  Group Shareholder Policy.
<p><b>Principle 7: Composition of the governing body.</b></p> <p>The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	The shareholder assesses the adequacy of the board's composition annually to ensure that it is still fit for purpose, has the right balance of skills, experience, diversity, independence and knowledge.	Board Assessments.
<p><b>Principle 8: Committees of the governing body.</b></p> <p>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties.</p>	<p>Committees are to be established to assist the board in discharging its responsibilities.</p> <p>The committees of the board comprise the Audit and Risk Committee and the Remuneration Committee as well as the Social, Ethics and Transformation Committee</p>	Shareholder Compact.  Committee Terms of Reference.
<p><b>Principle 9: Evaluations of the performance of the governing body.</b></p> <p>The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	The effectiveness of the performance of the board, its committees, individual Non-Executive directors and the Chairperson is assessed annually by the Shareholder.	Board Assessments.
<p><b>Principle 10: Appointment and delegation of management.</b></p> <p>The governing body should ensure that the appointment of, and delegation to, management, role clarity and effective exercise of authority and responsibility.</p>	The board plays a role in the appointment and recommendation of the CEO to the Shareholder.	Group Shareholder Policy.
<p><b>Principle 11: Risk Governance.</b></p> <p>The governing body should govern risk in a way that supports the organisation in</p>	The ARC committee assists the board with the governance of risk. Joburg Market's enterprise risk management and combined assurance framework, together	Integrated Annual Report.

KING IV PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
setting and achieving its strategic objectives.	with other Group policies and procedures inform its risk management culture.	
<p><b>Principle 12: Technology and Information Governance.</b></p> <p>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	Information management is an important part of Joburg Market's business and is essential to the strategy, performance and sustainability of the Group.	ICT Policies.  Integrated Annual Report.
<p><b>Principle 13: Compliance Governance.</b></p> <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>Joburg Market is committed to conducting its business in compliance with all applicable laws and regulations.</p> <p>Safety, health and environmental laws are all identified as key legal compliance areas and therefore receive the necessary attention on an on-going basis.</p>	Group Policies and Procedures.
<p><b>Principle 14: Remuneration Governance.</b></p> <p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	Independent approval and overseeing of the overall remuneration structure is delegated by the board to the Remuneration Committee.	Committee Terms of Reference.
<p><b>Principle 15: Assurance.</b></p> <p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the external reports</p>	The board, supported by the ARC committee, ensures an effective control environment, which supports the integrity of information.	Committee Terms of Reference.  Audited Financial Statements.  Integrated Annual Report.
<b>Governance Outcome Four: Trust, Good Reputation and Legitimacy</b>		
<p><b>Principle 16: Stakeholders.</b></p> <p>In the execution of its governance role and</p>	Joburg Market has identified its stakeholder group and actively balances their legitimate and	Group Shareholder Policy. Service Delivery Agreement. Shareholder Compact.



KING IV PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.	reasonable needs, interests and expectations.	Union Agreements.
<p><b>Principle 17: Institutional Investors.</b></p> <p>The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.</p>	The Joburg Market is a Municipal State Owned Entity and does not have any institutional investors; as such this principle does not apply.	Not Applicable

Table 6: King IV™ Application Register

## Section 2: Board of Directors

The JM Board of Directors consists of executive and non-executive directors. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery to the CoJ as prescribed in the SDA, the MFMA and the MSA.

The Board remains accountable to the CoJ Metropolitan Municipality as the entity's sole shareholder. An SDA concluded in accordance with provisions of the Municipal Systems Act, governs the shareholder relationship between the parties. The roles of Chairperson and Chief Executive Officer are separate and the Chairperson of the Board has no executive functions. Board members have unfettered access to the Company Secretary, who is responsible for providing advisory services to the Board and its Committees on statutory, compliance, regulatory and other related matters.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. The term of office of the non- executive directors is subject to review at the Annual General Meeting (AGM) and/or Shareholder General Meetings.

JM accesses professional corporate governance services through the Group Governance function of the Shareholder. The support provided by the latter function is most effective and professional and the appreciation is registered for the services rendered during the past financial year on various levels and in forums of the Company.





## Company Directors

The table below depicts pertinent details of previous and current Non-executive Directors and Independent Committee members:

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
<b>Mr. Thokozani Thwala</b>	Chairperson Non-Executive Director	<b>February 2022</b>	Master of Development Finance. Postgraduate Diploma in Management. National Diploma – Public Management. Trade & Investment Promotion Programme. Economic Development GGDA In-House. Economic and Development Policy. Econometrics for the Practitioner.	Black	Male	-	49	Board Chairperson & Strategy and Operations Committee	-
<b>Dr. Thembi Xaba</b>	Non-Executive Director	<b>March 2021</b>  <b>Re-appointed February 2022</b>	PhD in Business Management. Administration Masters in Development Finance (AACSB/EQUIS/AMBA Accredited). Advanced Diploma in Economic Policy. Post Graduate in Land and Agrarian Studies. B-Tech Agriculture	Black	Female	1. Crookes Brothers Ltd 2. National Agricultural Marketing Council 3. Gibela Business Incubator 4. Mazibuye Investments 5. Abuyile	49	ARC Chairperson	-



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
			Management. National Diploma: Agriculture Resource Utilisation. Certificate in Senior Management. Development Programme Certificate in Project Management. Course in Entrepreneurship in Emerging Economies. Course in Applied Data Envelopment Analysis. Course in Applied Efficiency & Productivity Analysis.			Investments			
<b>Ms. Sanelisiwe Mmusi</b>	Non-Executive Director	<b>February 2022</b>	Master of Business Administration. Bachelor of Science (Hon) Environmental Science. Bachelor of Economics in Environmental Economics.	Black	Female	1. Black Velvet Civils 2. The White House on Nicol 3. Braamrand Investment 4. Velvet Civils	35	REMSETC	-
<b>Mr. Vuma Ngcobo</b>	Non-Executive Director	<b>February 2022</b>	Bachelor of Accounting Sciences. Postgraduate Diploma in Internal Auditing (in progress).	Black	Male	-	30	Strategy and Operations Committee	-
<b>Mr. Emmanuel Sifiso Cele</b>	Non-Executive Director	<b>February 2022</b>	Master of Business Administration. Global Executive	Black	Male	1. Inzuzo Capital 2. Ndosi KaMagaye	46	REMSETC	-



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
			Development Programme. Post Graduate Diploma in Business Management. Bachelor of Social Science Degree (Honours) Industrial Sociology). Bachelor of Social Science Degree (Organizational Psychology & Industrial Sociology).			Search Partners 3. Ndosi KaMagaye Petrol Station 4. GStone Gaming 5. Ubuhle Studio 6. Palladium Buildings 7. Modern Gentlemen Holdings 8. Ndosi KaMagaye Investments 9. REXIWELLS 10. Shakaland Property Holdings			
<b>Dr. Nandipha Madiba</b>	Non-Executive Director	<b>February 2022</b>	PhD DBA (BWU). MBA, Cum laude. Hons (B Compt) + CTA (NDP)-Papers. BCom (Acc). Post Grad Diploma in Financial Management. Post-graduate Certificate: Advanced Taxation Certificate. Diploma in Human Resources Management.	Black	Female	1. About Survival Consulting Agency 2. AWIMEF 3. Bafazi BeAfrika Investment Holdings 4. Sasol Oil 5. Tshwarisano LFB 6. Isibane 7. Sci-Bono Discovery	59	ARC	-



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
			<b>Professional Bodies:</b> Member of Directors South Africa (IoDSA)			Centre 8. WOESA 9. FLSA 10.YDEI Africa Foundation 11.MadiNod 12.Marine Heritage 13.Esylife Africa 14.Legacy Creators 15.Overberg Water Board 16.GPL: Legislature Services Board			
<b>Mr. Jan Mocke</b>	Non-Executive Director	<b>February 2022</b>	B(Eng)Electronic. Master's in Business Leadership.	White	Male	1. TEDA 2. Areyehohle 3. Win-A-Way 4. C-Klip	64	Strategy and Operations Committee Chairperson	-
<b>Ms. Zakithi Mthembu</b>	Non-Executive Director	<b>February 2022</b>	Bachelor of Laws. Bachelor of Commerce (Law and Business Management). Admitted legal practitioner (Attorney) of the High Court of South Africa	Black	Female	-	34	REMSETC	-
<b>Mr. Zamikhaya Xalisa</b>	Non-Executive Director	<b>March 2021</b>  <b>Re-appointed</b>	Masters in Sustainable Agriculture. MBA. Management  <b>Professional Bodies:</b> Member of Directors South Africa (IoDSA)	Black	Male	1. Helen Joseph Hospital 2. Ntinga Development	49	REMSETC Chairperson	Board Chairperson & Strategy and Operations



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023 Committee
		<b>March 2023</b>	Advancement Programme. B.Tech in Agricultural Management. National Diploma in Farm Business Management. Finance for Non-Financial Managers. Designing and Executive BEE Strategy. Project Management.			Agency			
<b>Ms. Zanele Ngwepe</b>	Independent Audit Committee Member	<b>March 2021</b>  <b>Re-appointed February 2022</b>	B.Com. B.Com Accounting Honours. CA(SA).	Black	Female	1. Nolwazi Financial Consulting	44	ARC	-
<b>Mr. Aubrey Mokwena</b>	Independent Audit Committee Member	<b>March 2021</b>  <b>Re-appointed February 2022</b>	MBA. Postgraduate Diploma in Taxation. Postgraduate Diploma in Accounting Science. BCOMPT.	Black	Male	1. Worthing Properties 2. Lehlaka Consulting and Management	41	ARC	-



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
<b>Mr. Raymond Magagula</b>	Independent Audit Committee Member	<b>February 2022</b>	Strategy and Corporate Governance. Digital Transformation. Application Management. Operations Management.	Black	Male	1. Maggax Digital Media 2. Cosmo City Experts	49	ARC	-
<b>Ms. Vuyiswa Gumede</b>	Non-Executive Director	<b>March 2023</b>	Diploma in Teaching. Diploma in Human Resource Management. Advanced Certificate in Education.	Black	Female	1. Maxeke Hospital	53	-	REMSETC Chairperson
<b>Mr. Ordirile Bolokang</b>	Non-Executive Director	<b>March 2023</b>	National Diploma in Mechanical Engineering. Post Graduate Certificate in Education.	Black	Male	-	37	-	Strategy and Operations Committee
<b>Mr. Ratshibvumo Ramabulana</b>	Non-Executive Director	<b>March 2023</b>	Bachelor of Laws (LLB). Certificate in Practical Legal Training. Pupillage.	Black	Male	-	35	-	REMSETC
<b>Mr. Godfrey Tsotetsi</b>	Non-Executive Director	<b>March 2023</b>	Bachelor of Administration. Honours in Public Administration. Bachelor of Administration in Public Administration & Public Management.	Black	Male	-	61	-	Strategy and Operations Committee

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
			Advanced Governance and Public Leadership. Professional Certificate in Public Management. Diploma in Road Transportation Management.						
<b>Ms. Nomveliso Mpongo</b>	Non-Executive Director	<b>March 2023</b>	BA Degree. Postgraduate Diploma in HIV/Aids. Remedial Education Diploma. Junior Secondary Teachers Certificate. Advanced Certificate in Education Human Rights and Values.	Black	Female	-	65	-	RENSETC
<b>Ms. Manini Vilakazi</b>	Non-Executive Director	<b>March 2023</b>	National Diploma in Public Relations.	Black	Female	1. BBMAT Group	58	-	REMSETC
<b>Mr. Fuzile Vondo</b>	Non-Executive Director	<b>March 2023</b>	Bachelor of Public Management. Certificate in Strategy Thinking, Planning and Implementation. Certificate in Governance and Leadership Oversight. Diploma in Compt and Technology.	Black	Male	-	45	-	ARC & Strategy and Operations Committee Chairperson



Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
Ms. Noxolo Sicam	Non- Executive Director	March 2023	Finding Funding Certificate.	Black	Female	-	35	-	Strategy & Operations Committee
Ms. Mantombi Nkosi	Non- Executive Director	March 2023	National Diploma in Accountancy. Programme in Commercial Accounting.  <b>Professional Bodies:</b> Member of the Institute of Internal Auditors South Africa. (IIA SA)	Black	Female	-	28	-	ARC Chairperson
Mr. Musa Shibambu	Non- Executive Director	March 2023	Masters in Philosophy. FinTech. Postgraduate Diploma in Business Management.	Black	Male	Akila Afrika Zaliwa	36	-	REMSETC
Mr. Grant Son	Independent Audit Committee Member	March 2023	Masters in Philosophy. Pre LLM. Environmental Management Studies. MBA.  <b>Professional Bodies:</b> Member of Directors South Africa (IoDSA)	Coloured	Male	SIBS I am Black Gold	47	-	ARC
Mr. Motsamai Karedi	Independent Audit Committee Member	March 2023	Honors in Commerce. Certificate in Management.	Black	Male	1. Payela Petroleum	57	-	ARC
Mr. Gift Netshidzati	Independent Audit Committee Member	March 2023	National Certificate on Metropolitan Police.	Black	Male	Chidzati Group Net-Rad New Horizon Chidzati Trading & Projects Heartwood Independent College	44	-	ARC





Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
<b>Mr. Thulani Ngcobo</b>	Independent Audit Committee Member	<b>March 2023</b> <b>Resigned April 2023</b>	Governance and Leadership. Bachelor of Education.	Black	Male	-	48	-	ARC

**Table 7: Non- Executive Directors**

The Company Secretary has certified in terms of Section 88(2) (e) of the Companies Act no. 71 of 2008 that all statutory returns have been submitted to the Registrar of Companies



## Board of Directors

						
<b>Zamikhaya Xalisa Chairperson of the Board</b>	<b>Vuyiswa Gumede Remuneration, social, ethics and Transformation Committee Chairperson</b>	<b>Mantombi Nkosi Audit and Risk Committee Chairperson</b>	<b>Chris Vondo Strategy and Operations Chairperson</b>	<b>Gift Netshidzazi Independent Audit Committee Member</b>	<b>Grant Son Independent Audit Committee Member</b>	<b>Motsamai Karedi Independent Audit Committee Member</b>
						
<b>Odirile Bolokang Non-executive Director</b>	<b>Noxolo Sicam Non-executive Director</b>	<b>Nomveliso Mpongo Non-executive Director</b>	<b>Manini Vilakazi Non-executive Director</b>	<b>Ratshibvumo Ramabulana Non-executive Director</b>	<b>Mr. Godfrey Tsoetsi Non-executive Director</b>	<b>Musa Shibambu Non-executive Director</b>

Figure 8: Joburg Market Board Members

## Independent Audit Committee Members

The independence of JM audit committee members are observed in compliance to the rules of the shareholder and the provisions of the King IV™ code. By providing an independent source of advice to the board, audit committees play a key role in an organisation's governance structure. To ensure the audit committee's independence, it is a leading practice by the shareholder to ensure that the majority of its members are independent from the organisation. The below table reflects the total number of meetings held and the recommendations made for the 2022/23 financial year;

Independent Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21/07/2022	The Q4 Report for FY2021/22 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
21/07/2022	The UIFW reduction strategy be and is hereby recommended to the Board for approval.	<b>Adopted</b>
21/07/2022	The Information Technology Policy be and is hereby recommended to the Board for approval.	<b>Adopted</b>
25/08/2022	The Audit Strategy as presented by the AGSA be and is hereby recommended to the Board for approval	<b>Adopted</b>
25/08/2022	The unaudited financial statement for the year ended 30 June 2022 be and is hereby recommended to the Board for approval	<b>Adopted</b>
25/08/2022	The draft performance information for FY2021/22 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
25/08/2022	The draft annual integrated report for FY 2021/22 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
25/08/2022	The UIFW write-off report be and is hereby recommended to the Board for approval.	<b>Adopted</b>
20/10/2022	The Q1 Report for FY2022/23 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
20/10/2022	The business continuity management policy be and is hereby recommended to the Board for approval.	<b>Adopted</b>
20/10/2022	The business continuity management systems implementation plan be and is hereby approved.	<b>Adopted</b>
28/11/2022	The Auditor General SA Audit report and Management letter –year ended 2021/22 be and is hereby recommended to the Board for approval	<b>Adopted</b>
28/11/2022	The audited financial statements for the year ended 20 June 2022 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
28/11/2022	The annual integrated report for FY 2021/22 be and is hereby recommended to the Board for approval subject to alignment of the Finance Chapter with the approved audited financial statements.	<b>Adopted</b>
28/11/2022	The adjustment budget as presented be and is hereby recommended to the Board for approval with proviso that this budget is used to achieve Joburg Market's	<b>Adopted</b>

	CAPEX spend.	
12/01/2023	The Q2 Report for FY2022/23 be and is hereby recommended to the Board for approval subject to amendments.	<b>Adopted</b>
13/04/2023	The Compliance management policy be shared with members for possible consideration for approval.	<b>Adopted</b>
13/04/2023	The Q3 Report for FY2022/23 be and is hereby recommended to the Board for approval subject to amendments.	<b>Adopted</b>
13/04/2023	Management ensures Internal Audit conducts investigations and implements consequence management where necessary.	<b>Adopted</b>
13/04/2023	Management to resolve the challenges regarding the CCTV contract.	<b>In progress – nearing conclusion</b>
13/04/2023	The risk management plan FY2023/24 be and is hereby recommended to the Board for approval.	<b>Adopted</b>
13/04/2023	The adjusted internal audit plan be and is hereby approved subject to the human resources audit remain part of the plan.	<b>Adopted</b>
13/04/2023	The Finance Performance Report includes disclosing the breakdown of targeted groups in the HR expenditure portion and how JM is responding to the imperative as well as the financial ratios be aligned to the norms as communicated by CoJ.	<b>Adopted</b>
13/04/2023	Management compiles a Procurement Turnaround strategy	<b>In progress – to be finalised in January 2024</b>
13/04/2023	Management shares the complete contract listing with expiry dates of the various contracts for suppliers and service providers at the JM.	<b>Adopted</b>
13/04/2023	A feasibility study be carried out on acquiring the Engen Garage at the Market exit gate.	<b>In progress – service provider to be appointed.</b>
13/04/2023	Management shares the CoJ dashboard of Audit findings as well as the circular regarding the UIFW together with JMs UIFW write off report with the Committee.	<b>Adopted</b>
13/04/2023	Management shares the disaster recovery plan with the Committee.	<b>Adopted</b>
13/04/2023	Management report quarterly on the website portal development.	<b>Adopted</b>
26/06/2023	The Audit and Risk Committee Terms of Reference FY2023/24 be and is hereby adopted and recommended to the Board for approval.	<b>Adopted</b>
26/06/2023	The UIFW write-off be and is hereby recommended to the Board for approval subject to the investigation reports being shared with the Committee prior to the Board Meeting to be held on 30 June 2023.	<b>Adopted</b>

**Table 8: Independent Audit Committee Recommendations**



## Schedule of meetings

Members		Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
		A	B	A	B	A	B	A	B
Non-Executives	Mr. Thwala T (Chairperson) **	6	13	-	-	2	4	-	-
	Mr. Cele S **	7	13	-	-	-	-	3	4
	Dr. Madiba N **	8	13	5	7	-	-	-	-
	Ms. Mmusi S **	8	13	-	-	1	4	2	4
	Mr. Mocke J **	8	13	-	-	3	4	-	-
	Ms. Mthembu Z **	8	13	-	-	-	-	3	4
	Mr. Ngcobo V **	8	13	-	-	3	4	-	-
	Dr. Xaba T **	7	13	5	7	-	-	-	-
	Mr. Xalisa Z ***	10	13	-	-	1	4	3	4
	Mr. Magagula R (IAC) **	-	-	5	7	-	-	-	-
	Mr. Mokwena A (IAC) **	-	-	5	7	-	-	-	-
	Ms. Ngwepe Z (IAC) **	-	-	3	7	-	-	-	-
	Ms. Gumede V #	5	13	-	-	-	-	1	4
	Mr. Bolokang O # \$	4	13	-	-	1	4	-	-
	Mr. Ramabulana R # \$	5	13	-	-	-	-	-	4
	Mr. Tsotetsi G #	5	13	-	-	1	4	-	-
	Ms. Mpongo N #	5	13	-	-	-	-	1	4
Ms. Vilakazi M #	5	13	-	-	-	-	1	4	

	Mr. Vondo C #	5	13	1	7	1	4	-	-
	Ms. Sicam N #	5	13	-	-	1	4	-	-
	Ms. Nkosi M #	5	13	2	7	-	-	-	-
	Mr. Shibambu M #	5	13	-	-	-	-	1	4
	Mr. Son G (IAC) #	-	-	2	7	-	-	-	-
	Mr. Karedi M (IAC) #	-	-	1	7	-	-	-	-
	Mr. Netshidzati G (IAC) #	-	-	1	7	-	-	-	-
	Mr. Ngcobo T (IAC) *	-	-	-	7	-	-	-	-
Executives	Ms. Williams L (Chief Executive Officer) %	-	13	-	7	-	4	-	4
	Mr. Mphakathi S (Acting Chief Executive Officer)	8	13	5	7	2	4	1	4
	Mr. Baloyi N (Chief Financial Officer)	9	13	7	7	4	4	4	4

**Table 9: Schedule of Meetings as at 30 June 2023**

**Key:**

**Meetings attended by the Board and its Committees**

**A = Meetings attended**

**B = Number of meetings scheduled**

**IAC = Independent Audit Committee Member**

**# = New members**

**\* = Resigned**

**\*\* = Retired**

**\*\*\* = Re-appointed**

## Section 3: Corporate Governance

### 3.1 Governance Report

**COMPANY SECRETARY'S CERTIFICATION  
DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION  
88 (2) (E) OF THE COMPANIES ACT.**

In terms of section 88 (2) (e) of the Companies Act 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2023, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



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**Mr. Keeran Singh**

Joburg Market (SOC) Ltd  
Company Secretary

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**Date**

## Section 4: Executive Committee and Executive remuneration

Executive Members
<p><b>Mr. Solomon Mphakathi (Acting Chief Executive Officer)</b></p> <p>Qualifications:</p> <ul style="list-style-type: none"> <li>• Executive Development Programme,</li> <li>• Masters of Management in Finance and Investments</li> <li>• Senior Leadership Development Programme</li> <li>• Municipal Finance Management Programme</li> <li>• Chartered Accountant, CA (SA)</li> <li>• Bachelor in Accounting Hons/CTA</li> <li>• Post graduate certificate in Financial Accounting (Appointed, 01 April 2022)</li> </ul>
<p><b>Mr. Junior Nkosinathi Baloyi (Acting Chief Financial Officer)</b></p> <p>Qualifications:</p> <ul style="list-style-type: none"> <li>• Bachelor in Accounting</li> <li>• Bachelor in Accounting Hons</li> <li>• Advanced Financial Accounting, advanced Taxation, Advanced Auditing,</li> <li>• Advanced Management Accounting and Financial management</li> <li>• Chartered Accountant, CA (SA)</li> <li>• Advanced Financial Management Certificate (Appointed 01 April 2022)</li> </ul>
<p><b>Mr. Bongani Radebe (Executive Manager: Core Operations)</b></p> <p>Qualifications:</p> <ul style="list-style-type: none"> <li>• Masters in Management</li> <li>• Postgraduate Diploma In Management</li> <li>• B. Uiris (Law Degree)</li> <li>• Diploma in Criminal Justice and Forensic Investigations (Appointed, 01 October 2020)</li> </ul>
<p><b>Ms. Phoebe Nimmerhoudt (Executive Manager Corporate Services)</b></p> <p>Qualifications</p> <ul style="list-style-type: none"> <li>• BA Degree (Industrial Psychology) (Appointed: 07 September 2020)</li> </ul>

Table 10: Executive Committee



The recorded attendance of meetings and subsequent remuneration by Board and Independent Audit Committee Members for the FY period ended 30 June 2022.

	Members	Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
Non-Executives	Mr. Thwala T (Chairperson) **	6	13	-	-	2	4	-	-
	Mr. Cele S **	7	13	-	-	-	-	3	4
	Dr. Madiba N **	8	13	5	7	-	-	-	-
	Ms. Mmusi S **	8	13	-	-	1	4	2	4
	Mr. Mocke J **	8	13	-	-	3	4	-	-
	Ms. Mthembu Z **	8	13	-	-	-	-	3	4
	Mr. Ngcobo V **	8	13	-	-	3	4	-	-
	Dr. Xaba T **	7	13	5	7	-	-	-	-
	Mr. Xalisa Z ***	10	13	-	-	1	4	3	4
	Mr. Magagula R (IAC) **	-	-	5	7	-	-	-	-
	Mr. Mokwena A (IAC) **	-	-	5	7	-	-	-	-
	Ms. Ngwepe Z (IAC) **	-	-	3	7	-	-	-	-
	Ms. Gumede V #	5	13	-	-	-	-	1	4
	Mr. Bolokang O #	4	13	-	-	1	4	-	-
	Mr. Ramabulana R #	5	13	-	-	-	-	-	4



	Mr. Tsotetsi G #	5	13	-	-	1	4	-	-
	Ms. Mpongo N #	5	13	-	-	-	-	1	4
	Ms. Vilakazi M #	5	13	-	-	-	-	1	4
	Mr. Vondo C #	5	13	1	7	1	4	-	-
	Ms. Sicam N #	5	13	-	-	1	4	-	-
	Ms. Nkosi M #	5	13	2	7	-	-	-	-
	Mr. Shibambu M #	5	13	-	-	-	-	1	4
	Mr. Son G (IAC) #	-	-	2	7	-	-	-	-
	Mr. Karede M (IAC) #	-	-	1	7	-	-	-	-
	Mr. Netshidzati G (IAC) #	-	-	1	7	-	-	-	-
	Mr. Ngcobo T (IAC) *	-	-	-	7	-	-	-	-
	Executives	Ms. Williams L (Chief Executive Officer) %	-	13	-	7	-	4	-
Mr. Mphakathi S (Acting Chief Executive Officer)		8	13	5	7	2	4	1	4
Mr. Baloyi N (Chief Financial Officer)		9	13	7	7	4	4	4	4

Table 11: Attendance of meetings by Board and Independent Audit Committee Members for the FY period ended 30 June 2022.

Board Members			YTD
1	Mr. T. Thwala **	Chairperson	146 000,00
2	Dr. T. Xaba **	Member	226 000,00
3	Ms. S. Mmusi **	Member	128 000,00
4	Mr. V. Ngcobo **	Member	130 000,00
5	Mr. S. Cele **	Member	120 000,00
6	Dr. N. Madiba **	Member	136 000,00
7	Mr. J. Mocke **	Member	174 000,00
8	Ms. Z. Mthembu **	Member	120 000,00
9	Mr. Z. Xalisa ***	Chairperson	254 000,00
10	Ms. V. Gumede #	Member	118 000,00
11	Mr. O. Bolokang #	Member	-
12	Mr. R. Ramabulana #	Member	2 258,88
13	Mr. G. Tsotetsi #	Member	108 000,00
14	Ms. N. Mpongo #	Member	108 000,00
15	Ms. M. Vilakazi #	Member	100 000,00
16	Mr. C. Vondo #	Member	118 000,00
17	Ms. N. Sicam #	Member	100 000,00
18	Ms. M. Nkosi #	Member	130 000,00
19	Mr. M. Shibambu #	Member	100 000,00



<b>TOTAL</b>			<b>2 318 258,88</b>
<b>Independent Audit Committee Members</b>			<b>YTD</b>
1	Mr. Raymond Magagula **	IAC	40 000,00
2	Mr. Aubrey Mokwena **	IAC	40 000,00
3	Ms. Zanele Ngwepe **	IAC	24 000,00
4	Mr. G. Son #	IAC	16 000,00
5	Mr. M. Karedi #	IAC	24 000,00
6	Mr. G. Netshidzati #	IAC	24 000,00
7	Mr. T. Ngcobo *	IAC	-
<b>TOTAL</b>			<b>168 000,00</b>

Table 12: Remuneration by Board and Independent Audit Committee Members



## Section 5: Governance of Stakeholder Relations

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
Monthly IMASA meetings with Market Agents	<ul style="list-style-type: none"> <li>Discuss and address fresh produce industry challenges, opportunities and performance. Address day-to-day market operational activities</li> </ul>	<ul style="list-style-type: none"> <li>Develop a partnership approach to adequately manage market and fresh produce industry activities</li> </ul>
Producers and their organisations	<ul style="list-style-type: none"> <li>Agri-SA and Agri-Gauteng engagements on market matters</li> <li>Potatoes SA Industry Round table on fresh produce markets</li> </ul>	<ul style="list-style-type: none"> <li>A draft Memorandum of understanding was achieved on co-operation between JM and the two organisations.</li> <li>Potatoes SA and JM agreed on the establishment of a forum to cooperate on market matters and transformation initiatives.</li> </ul>
Agricultural students and emerging farmers	JM facilitated 2 groups of farmers and agricultural students	JM was able to clearly illustrate the role it plays in fresh produce marketing. The visitors were provided with the updated version of the JM Producer's Guide.
Unity market	Market By-laws and trading demarcation	JM continued to engage with traders and engaged with them on matters of cleanliness, orderly trading, maintenance of the facilities and their lease agreements.
Tshiamo market	Tshiamo market construction and relocation of traders during construction works	The Tshiamo Market upgrade is 90% completed and it is anticipated that traders will be able to take up the permanent trading spaces by November 2022. Engagements with the traders pertained to the construction works as well as their lease conditions.
Community engagements	Youth Day Celebration event	<p>On 16 June 2022 JM offered a sponsored event with the Abraham Kriel Bambanani (AKB) Childrens Home in Wesbury. The event was addressed by the MMC for Economic Development MMC Nkululeko Ntobeko Mbundu.</p> <p>The Children's home received donations of fruit and vegetables which will alleviate the pressure on ensuring healthy feeding of beneficiaries</p>

**Table 13: Stakeholder engagements**

In executing its mandate and driving business objectives, JM interacted with various stakeholders who have a direct or indirect influence on JM business. The table below outlines the stakeholders engaged in the 2022/23 financial year.



Figure 9: Stakeholder engagements



## Public accountability and Administration

### Regional location and consultation

JM is located in Region F, Cluster no 4 in Ward 57. On 26 February 2022 JM participated in the session held with the community. Although no specific matters were raised for JM, the Company will also work with the Ward Councilor should any future JM matters require attention.

Participation of the public was further conducted through the JM strategic planning process of the company which entailed consulting with fresh produce related businesses.

JM is focusing on providing access to opportunities for the public in participating in opportunities to trade with JM. In addition to advertisement through its website and the media JM is also committed towards enabling SMME's.

### Bylaws

During the year under review JM has commenced with the promulgation process of its newly developed bylaw. The JM bylaw regulates trading and associated practices at the premises of JM. The new bylaw envisages unique new arrangements which *inter alia* include the introduction of a licencing system for market agents and service level agreements with the mentioned grouping. Public consultations and other formalities were completed. The new bylaw was promulgated on 05 January 2022. Bylaw information can be obtained from the JM website at [www.joburgmarket.co.za](http://www.joburgmarket.co.za)

### Public satisfaction on the services of JM

Joburg Market is embedding professionalism into all aspects of its services. We believe every visit to the Joburg Market should be a pleasant experience supported by an efficient customer services system. To continuously provide improved service delivery JM developed its performance against a set of service standards. A dedicated email address was maintained to provide easy access for the public towards the resolution of service difficulties. The email address is [complaints@joburgmarket.co.za](mailto:complaints@joburgmarket.co.za). Against the backdrop of the nature of its services and the trading of perishable products JM maintain customer service desks across its various trading halls.

### Oversight through committees of Council

JM serves under the oversight provisions exercised by the Economic Development Committee (Section 79) of the CoJ. The committee duly executed quarterly oversight of its entities and departments and also conducted oversight in respect of JM activities.

JM also attended oversight meetings of and reported to the Group Performance Audit Committee (GPAC), Group Risk Committee (GRC) and Group Audit committees (GAC) of the parent municipality.



## Section 6: Company Secretarial Function

The Company Secretary is responsible for developing systems and processes to support the Board of Directors to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns due to the Companies and Intellectual Property

Commission (CIPC). The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act and other relevant regulation and legislation. In addition, providing guidance to the Executive on all governance matters and provides guidance with respect to the efficacy of Board resolutions. This function acts as a link between Board of Directors and the Executive Management as well as the Board and the Shareholder.

## Section 7: Internal Audit Function

JM's Internal Audit Department is mandated to operate under the auspice of the Audit and Risk Committee to independently appraise the adequacy and effectiveness of the Company's systems, financial internal controls and accounting records. The findings in the latter regard are reported to CEO, Management, the ARC and the Auditor-General. The Senior Manager Internal Audit has direct access to the Chairperson of the ARC and reports functionally to the ARC and administratively to Chief Executive Officer. The Internal Audit Plan is based on the high risk areas of the organisation as identified in the strategic risk register and operational risk register. The Internal Audit Plan is updated annually, based on the risk assessment and results of the audit work performed. Detailed activities of the Internal Audit unit during the period under review are provided in Chapter 6.

## Section 8: Corporate Ethics and Organisational Integrity

The Board is cognisant of the need to ensure the establishment of a suitable Code of Ethics. Amongst others, the Company has an ethics framework and an ethics risk register. The entity currently has a code of ethics, which is briefly outlined as follows:

- Ethical conduct and legal compliance are the foundation for the JM position of industry leadership. The entity's ability to maintain its leadership position requires that each employee, officer and Director exhibit a high level of personal integrity when interacting with the JM customers, business partners, shareholders and each other. Directors, officers and employees must allow honesty, common sense and good judgment to govern their conduct. More information on JM policies can be obtained by sending an email request to [info@joburgmarket.co.za](mailto:info@joburgmarket.co.za)
- As a condition of employment, each officer, and employee of JM is expected to





comply with the Code of Business Ethics and will be held accountable if he or she fails to do so. Any violation of this Code, or any conduct that violates any law, rule, regulation or ethical or professional norm, is subject to disciplinary action, up to and including termination of employment. Directors, officers and employees are also expected to cooperate fully with any Company audits or investigations and to answer all questions fully and truthfully. It is a violation of company policy to intimidate or impose any other form of retaliation on any employee who reports any actual or suspected illegal or unethical conduct. However, an employee who knowingly makes a false report may be subject to discipline.

- The code of ethics provides the standards or conducts which guides all JM Directors, officers, and employees. All JM Directors, officers and employees must conduct themselves appropriately and seek to avoid any event that could lead to the appearance of improper behaviour. A disclosure of interests is to be submitted annually by each and every employee of JM.

## **Section 9: Sustainability Report**

The Board of Directors and the Audit and Risk Committee has conducted its assessment of the 2022/23 performance information of the company. The assessment *inter alia* included the following:

- The new Acting CEO and the new Board of Directors ensured a reasonable understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected the AFS of the company and interrogated all key financial aspects of the report;
- Reviewed the process that JM has in place for determining materiality elements to be included in the report;
- Applied the assurance criteria in evaluating the data generation and reporting processes;
- Reviewed the processes and systems to generate, collate, aggregate, monitor and report on the selected KPIs of the company;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by management in the preparation of the company financials and business plan;
- Evaluated whether the selected materiality criteria presented in the integrated report are consistent with our overall knowledge and experience of sustainability management and performance at JM.

We believe that the evaluation we have conducted is sufficient and appropriate to provide a basis for our conclusions.



## Environmental sustainability

The Company is currently exploring various eco and environmentally friendly initiatives including conversion of waste to energy or tradable by-products. These initiatives are at conceptual stage.

In view of JM being a food centre the company has continued to utilise cleansing chemicals suitable for use in such areas.

## Section 10: Anti-Fraud and corruption

The company has an Anti-Fraud and Corruption Policy in place. The policy includes procedures on reporting fraud and how to access the tip-off hotline. The hotline is a 24hour service centrally managed by CoJ with monthly incident reports sent to the Senior Manager: Internal Audit for follow-up. The fraud hotline is a very useful tool in the fight against theft, bribery, misuse of property/company assets and other unlawful acts. The hotline facility is accessed telephonically on 0800 00 25 87; SMS 32840; Email: anticorruption@tip-offs.com and website: tip-offs.com. No hotline tip offs were received during the financial year under review.

## Section 11: IT Governance

Joburg Market's Information Services Department is managed by the Senior Manager: Information Services. The IT governance structure at JM is depicted in the illustration below.

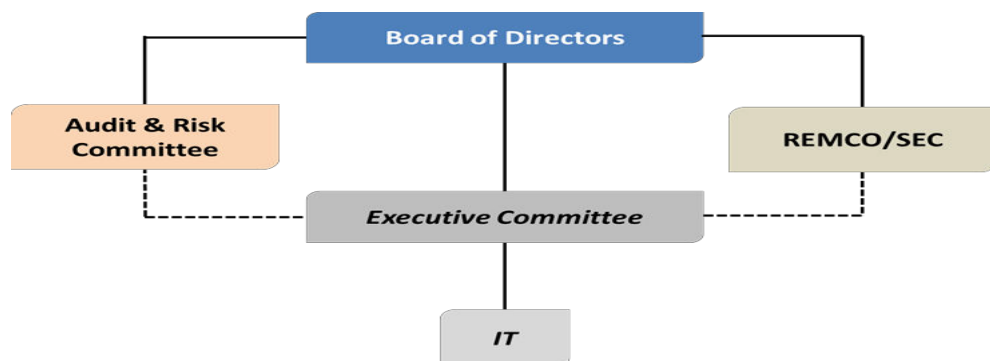


Figure 10: IT governance structure

In terms of IT governance, the department is also audited internally at least annually. The department's IT department and its systems are included in the AGSA external audit of the entity on an annual basis. The department reports quarterly on IT Risk Mitigation actions to the Risk department of the entity. Oversight by the JM Board is executed through the Audit and Risk Committee on a quarterly basis.



Internally, governance oversight is provided by the Executive Committee (EXCO) with the operational accountability of governance matters residing with the Senior Manager: Information Services. The IT Department governance framework is the Information Systems Information Library (ITIL) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework which is widely used by governments internationally. The department intends aligning to the CoJ framework in line with the CoJ SAP implementation, when available after being reviewed pending the SAP rollout.

The Company has implemented internal service standards, incorporated into internal KPAs and is measured monthly and quarterly.

## Section 12: Risk Management, risk opportunities and dependencies

The Audit and Risk Committee of Joburg Market has adopted an integrated approach to risk management and utilises the CoJ Group Risk Management Framework, the Group Risk Management Policy as well as the CoJ's Compliance Framework. Risk Management processes are reviewed annually to continuously align to the City's Risk Management and the Compliance Monitoring Frameworks.

Stakeholder consultations are conducted in terms of the Marketing and Communications strategy of the company. Stakeholder management is discussed under section 7 of this chapter.

The Audit and risk committee and the Board of Directors held a joint risk session during the period under review. The JM strategic risk register was updated and is attached to this report as Annexure 1 and contains the most significant risks that JM is subjected to. Progresses on significant matters are also reported on Chapter 3 section 1.

The top 7 risks of the entity are tabled below:

#	Risk Name	Impact Rating	Likelihood	Inherent Risk	Control Effectiveness	Residual Risk Exposure
1	<b>Business Failure</b>	Critical	Almost certain	Very high (25)	Ineffective	High (20)
2	<b>Inadequate space and space utilisation</b>	Critical	Almost certain	Very High (25)	Ineffective	High (20)



#	Risk Name	Impact Rating	Likelihood	Inherent Risk	Control Effectiveness	Residual Risk Exposure
3	Ineffective transformation programmes	Major	Almost certain	High (20)	Ineffective	High (20)
4	Inadequate fit for purpose (Human resources)	Major	Almost certain	High (20)	Partially effective	High(16)
5	Lack of integrated marketing, communication, strategy and stakeholder relations	Major	Almost certain	High (20)	Partially effective	High (16)

Table 14: Risk management and compliance

JM is also affected by a number of dependencies which are listed as follows:

- Availability of Capital and Operating budget to address the significantly aged market facilities.
- The increase of market commission rates are burdened by industry norms which mainly disable the increase of *ad valorem* market commission.
- JM relies on market agents to attract vast volumes of produce to its trading floors which is often difficult to assess for determining whether the agent acted in the best interest of JM.

#### Risk appetite and risk tolerance

#	Risk Categories	Risk Appetite	Risk Tolerance
1	Fraud and Corruption	Zero	Zero Tolerance
2.	Non Compliance with Supply Chain Management Regulations:	Zero	Low Tolerance
3.	Regulatory Non-compliance	Zero	Low Tolerance
4	Financial Governance/Management risks	Low	Low Tolerance
5.	Financial under performance (% aligned to SDIP annual target)	Approved annual target	Low Tolerance
6	Service delivery and Operational Risks: (organisational performance indicators)	Approved annual Target	Low Tolerance
7	Organisational & governance risks (accountability)	Low	Low Tolerance
8	Information and Communication Technology (ICT) Governance and Delivery	Low	Moderate
9	Financial reporting -Adverse & Disclaimer audit outcome:	Zero	Zero Tolerance
10	Financial reporting –Unqualified audit (with matters of emphasis):	Low	Moderate



#	Risk Categories	Risk Appetite	Risk Tolerance
11	Non-Financial Reporting (AoPO/ Organisational Performance): Adverse & disclaimer audit outcome	Zero	Zero tolerance
12	Non-Financial Reporting (AoPO/ Organisational Performance): Unqualified audit outcome (with matters of emphasis)	Low	Moderate

Figure 11: Risk appetite and risk tolerance

Key: Risk appetite and risk tolerance

Assessment	Description
<b>High Risk Appetite</b> 5	JM <b>accepts opportunities that have an inherent high risk</b> that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
<b>Moderate Risk Appetite</b> 4	JM <b>is willing to accept risks that may result</b> in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
<b>Modest Risk Appetite</b> 3	JM <b>is willing to accept some risks in certain circumstances</b> that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
<b>Low Risk Appetite</b> 2	JM <b>is not willing to accept risks in most circumstances</b> that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
<b>Zero Risk Appetite</b> 1	JM <b>is not willing to accept risks under any circumstances</b> that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.

Table 15: Risk appetite and risk tolerance

## Section 13: Anti-corruption and Fraud Investigations

The Anti-Fraud and Corruption Policy includes procedures on reporting fraud and how to access the tip-off hotline. The Hotline is a 24-hour service centrally managed by CoJ with monthly incident reports sent to the Senior Manager: Internal Audit for follow up.

The fraud hotline is a very useful tool in the fight against theft, bribery, misuse of property/company assets and other unlawful acts. The Hotline facility is available telephonically on 0800 00 25 87. No tip-offs were received from the facility during the period under review.



## Section 14: Fraud risk management/ Fraud prevention

Joburg Market has a zero tolerance approach toward fraud and corruption. Its anti-fraud and corruption policy which seeks to create a climate that does not tolerate fraud and corruption. The role of management in the fight against fraud and corruption includes:

- Monitoring internal controls and reporting thereon.
- Evaluating the potential for the occurrence of fraud and how the organization manages fraud risk.
- Identifying areas of exposure and assessing controls as it relates to risk of fraud.
- Considering the probability of significant errors, fraud, non-compliance and other exposures when developing the audit objectives.
- Raising awareness on fraud and corruption to the Joburg Market community.
- Conducting preliminary investigation on allegations of fraud and corruption reported through the hotline.

Internal audit provides assurance on fraud prevention measures as implemented by JM management.

### Risk transfer and exposures

#### *Claims*

Claims registered with the Insurers are constantly monitored and followed up. Oversight by the Board is also conducted through a schedule and progress monitoring on matters of litigation.

Suitable property assessments are conducted annually to ensure suitable insurance coverage of the facilities operated by the company. All open claims and all closed claims from for JM since the year 2015 until the end of June 2022 are tabulated under Chapter 5 of this report.

#### Exposure

Joburg Market is currently being penalised in terms of its insurance cover relative to fire and explosions. The report from the insurers was carefully evaluated and JM has sought assistance from Group Risk Advisory Services (GRAS) to assist the company in clearing up the challenge.



## Batho Pele principles

Principle	JM: Response
<p><b>Consultation</b></p> <p>Citizens should be consulted about the level and quality of the public services they receive and, where possible, should be given a choice about the services that are offered.</p>	<ul style="list-style-type: none"> <li>• JM participated during the IDP 2021/22 rollout processes to ensure that consultations with the communities are adhered to;</li> <li>• In addition JM also on a regular basis engaged with users of its services</li> </ul>
<p><b>Service standards</b></p> <p>Citizens should be told what level and quality of service they will receive so that they are aware of what to expect.</p>	<ul style="list-style-type: none"> <li>• Service standards are discussed under chapter 3 of this report;</li> <li>• During the year under review JM included services standards as part of its day-to-day management and quarterly reporting.</li> </ul>
<p><b>Access</b></p> <p>All citizens should have equal access to the services to which they are entitled.</p>	<ul style="list-style-type: none"> <li>• JM has commenced with the construction of the Tshiamo Market to enhance the market facilities within which targeted participants will operate.</li> </ul>
<p><b>Courtesy</b></p> <p>Citizens should be treated with courtesy and consideration.</p>	<ul style="list-style-type: none"> <li>• JM has maintained its customer care services on the trading floors.</li> <li>• It also continued to engage with members of the public by arranging market tours and briefing visitors on the processes at the market.</li> </ul>
<p><b>Information</b></p> <p>Citizens should be given full accurate information about the public services they are entitled to receive.</p>	<ul style="list-style-type: none"> <li>• JM continues to publish daily market prices on its website;</li> <li>• Clients are able to conduct account enquiries at customer care kiosks dispersed across the 3 trading floors</li> </ul>
<p><b>Openness and transparency</b></p> <p>Citizens should be told how JM operates, the costs involved and who is in charge</p>	<ul style="list-style-type: none"> <li>• JM as a service provider and transformation driver participates in fresh produce forums and highlights its costs structures and operating details.</li> <li>• The information on management is also available on the JM website auditioned by a complaints registration option</li> </ul>
<p><b>Redress</b></p> <p>If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.</p>	<ul style="list-style-type: none"> <li>• Customer complaints are speedily dealt with at customer care kiosks.</li> <li>• Serious complaints are escalated to the relevant managerial structures</li> </ul>
<p><b>Value for money</b></p> <p>Public service should be provided economically and efficiently in order to give citizens the best possible value for money</p>	<ul style="list-style-type: none"> <li>• JM is promoting all its services as value for money services and often highlights the cost advantages of using its services;</li> <li>• JM often highlights the cost advantages of using its services.</li> </ul>

Table 16a: Batho Pele Principles



JM has aligned its strategies, implementation plans and business operations to the vision of Batho Pele, namely “a better life for all South Africans by putting people first”. The Batho Pele principles which are aligned to the constitution form the basis for our stakeholder engagement principles. The JM Board, executives and staff subscribe to the Batho Pele principles, which require all employees of the CoJ to be polite, open, and transparent and deliver good service to the public. These principles are the following:

Principle	JM: Response
and efficiently in order to give citizens the best possible value for money	<ul style="list-style-type: none"> <li>JM often highlights the cost advantages of using its services.</li> </ul>

Table 17: Batho Pele compliance

### Corporate Social Investment

JM has continued with CoJ Department of Social Development serving indigent families with food parcels as part of the City’s food security programme. JM continued to assist indigent families





## ANNUAL INTEGRATED REPORT 2022/23



### CHAPTER THREE SERVICE DELIVERY PERFORMANCE

- **Highlights and Achievements**
- **Service Delivery Challenges**
- **Response to Strategy Direction**
- **JM's Future Outlook on Performance**
- **Potential implications for JM's Business Model and Future Performance**
- **Company objectives aligned to COJ Priorities**
- **Performance against Service Standards**
- **Performance against Predetermined Objectives**
- **Public Satisfaction on Municipal Services**
- **Public Satisfaction on JM Services**

# CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

## Section 1: Introduction

### Operating Space of JM

The Joburg Market SOC Limited, is globally known as the Joburg Market (JM), and is being operated as a municipal entity wholly owned by the City of Johannesburg Metropolitan Municipality. It was established as an outcome of the Egoli 2000 restructuring process and introduced under the provisions for alternative delivery mechanisms as embodied in the Municipal Systems Act and finally converted into a state-owned company in line with the provisions of the Companies Act 71 of 2008.

JM has become an important supplier of fresh produce to numerous destinations in the SADC region and remains the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff complement of 321 employees. From an international trading perspective JM receives produce inter alia from countries like Spain and China. JM serves as central trading facility receiving produce on a daily basis. Produce is sold according to the principles of supply and demand. To serve the various framers and buyers in their various categories JM is to provide adequate trading facilities and related services

JM finds itself in the operating space of the central marketing concept of fresh produce trading where buyer and seller literally meet at the market place where both parties can negotiate prices on the basis of the physically observable produce characteristics such as quality, quantities available, fitness for human consumption and many more.

Actual negotiations occur between the buyer and the selling agent who conducts such sales on behalf of the farmer. To ensure a transparent, accountable trading environment JM performs a number of crucial functions, which are briefly listed below:

- The CEO as accounting officer also serves as independent referee in respect of disputes to ensure a fair market place;
- Cleansing and sanitisation of the facility towards food safety and suitable hygiene;
- Produce inspection services backed up by an on-site SANAS accredited laboratory;
- Security and safety services to ensure a safe market environment for all;
- Financial and payment accounting services to ensure accurate accounting of proceeds from sales to farmers and efficient revenue collection;
- Consignment control services to ensure that all produce are captured and sold according to market rules;
- Trading Hall regulation through the Sales Hall Management component to ensure smooth trading operations;
- Maintenance and extension of market facilities through a property management team and the infrastructure maintenance division;
- Marketing and transformation to enable the access to the previously disadvantaged and the promotion of JM as preferred business place;
- A dedicated IT department operating a real time computerised trading system;



- Human Resources to ensure the availability of a suitable and motivated staff component.

### Joburg Market organisational strategy

The JM organisational strategy seeks to effectively deliver a unique fresh produce market service which is sustainable and create value in the short, medium and longer term. Interventions for each period are discussed under chapter 1, section 8.

The core service of JM is embedded in the vision and mandate of the entity namely, the Company is mandated to manage and operate a market facility through the provision of SMART market facilities and complementary services to the fresh produce industry. This will also imply the following for JM;

- The Company must sustain its relevance by creating suitable trading spaces to be able to trade very large volumes of fresh produce;
- The portfolio of service available on the market site must render it a useful “One-stop- Service Centre” and;
- Enhance services rendered through modern innovative approaches and technologies.

As biggest fresh produce in in Africa the JM thus needs to be able to cater for a wider audience than most of its peer markets in the RSA. The impact of being an efficient market as envisaged under the SMART MARKET strategy will amongst others bring more business to JM and will create more jobs within the JM and the City. This strategy will also enhance the export of produce from JM to SADC destinations and enable the procurement of all fresh produce and related support services under the “umbrella” of a one-stop-shopping facility.

### Key Deliverables on the SDA and the Share Holder Compact

The CEO has conducted an assessment of the agreements with the Shareholder. The company has duly performed on the imperatives as set out in the SDA and the Shareholder Compact. There are no discrepancies between the two agreements. Key deliverables are discussed in the table below:

No	Deliverable/Imperative	SDA	Compact	Comments
1	-Financial controls and reporting -Key and Performance indicators	x	x	Consistent and in place
2	-Role and responsibilities of the board of directors -Role and responsibilities of the chairperson of the board -Role and responsibilities of the CEO	x	x	Consistent and in place



3	-Provisions of the laws and regulations applicable to MEs, the Governance Framework and the terms and conditions contained in the Shareholder Compact. -Adherence to the governance model	x	x	Consistent and in place
4	- Quarterly basis, prepare and present a report to the following Shareholder structures: Chairpersons' Quarterly Meetings with the Member of Mayoral Committee responsible for the service delivery mandate of the Company; -The Group Audit Committee; -The Group Performance Audit Committee; -The Shareholder Mayoral Committee.	x	x	Consistent and in place
5	-An annual report is prepared in accordance with the requirements of the MFMA	x	x	Consistent and in place
6	-The Financial Statement delivered -Financial controls and reporting	x	x	Consistent and in place
7	-Board shall develop an annual Business Plan and Budget which shall be approved within the time limits provided for in terms of section 87. -Business plan aligned with CoJ strategies	x	x	Consistent and in place
8	-Service level standards and performance objectives and targets and service standard	x	x	Consistent and in place
9	-Adherence to the City's Group Forensic and Investigation Services arrangements	x	x	Consistent and in place
10	-Directors shall be appointed in accordance with the City Group Policy or any other policy determined by the Shareholder	x	x	Consistent and in place
11	-Internal controls	x	x	Consistent and in place
12	<b>Budget and Business Plan</b> -As an outcome of the budgeting process, the Business Plan of JM identifies the key service delivery objectives of JM together with the resources allocated to the achievement of such objectives. -For each Financial Year of JM, a multi-year budget and Business Plan is prepared and submitted to the City and finalised in accordance with the requirements of Section 87 of the MFMA and the Municipal Budget and Reporting Regulations.	x	x	Consistent and in place
13	<b>Performance reporting:</b> -Annually, six months, quarterly to all relevant committees of Council	x	x	Consistent and in place
14	<b>Performance management</b> -Consistency within SCM regulations	x	x	Consistent and in place
15	-Record keeping of performance	x	x	Consistent and in place
16	-Human resources and human development and policies	x	x	Consistent and in place
17	-User forum	x	x	Consistent and in place



18	-Customer charter	x	x	Consistent and in place
19	-Social responsibility Food Support Centre	x	x	Consistent and in place
20	-OHASA arrangements in place - Also for Covid-19 regulations	x	x	Consistent and in place

**Table 18: Key Deliverables on the SDA and the Share Holder Compact**

## Progress since the previous reporting period

### Achievement of Key Performance Indicators and Service Standards

During the 2021/22 reporting period JM achieved 100% of its KPI's. During the 2022/23 period JM achievement is 84.6%. The Board and Management of the company will be driving the efforts for achievement of KPI's during 2023/24 towards 100% which represents the shareholder imperative.

The company will review the performance service standards to ensure the measurability of all such standards during the 2023/24 financial year. The resolution of external audit findings ranged between

### Auditor General Findings

During the 2021/22 period the company resolved 98% of findings. The latter outcome was improved to 100% for the period under review. JM believes that with the strengthening of its internal controls of the company will substantially improve audit outcomes during 2022/23.

### Supply Chain Deviations

The company accounting officers approved deviations to the value of R14.53M during the 2021/22 financial year. Management however has started to deal intensively with steps to reduce the need for deviations and it is foreseen that this phenomenon will continue to drastically reduce it during the period ahead. Deviations are listed under section 6 of chapter 5

### Supply Chain Irregular expenses

The company incurred irregular expenses which was aggravated by the transition process for fleet, security and cleansing services contracts and amounted to R11.4M. The transition to achieve normality in procuring the services affected by a number of historic arrangements related to in-contracting remained cumbersome to overcome. In order to address this aspect JM has continued to introduce corrective measures which *inter alia* include the appointment of service provider panels to overcome the challenges.

### Fruitless and wasteful expenses

During the period under review the company did not incur any fruitless or wasteful expenses.

### Progress on other significant matters

During both the review periods JM still faces a number of matters of litigation.



Although the numbers and exposures have improved JM with the guidance of its Board of Directors will continue to reduce the exposures in this regard. It will further strengthen its compliance functions during the planning period ahead.

The company experienced a marginal decrease in staff morale. The company will continue with programmes to improve staff morale during the 2022/23 financial year.

### **Response to strategic direction 2021/22 and beyond**

A fresh approach to the future on facilities services was established during 2021/22. As part of a transformational program the JM Board worked towards the establishment of a transformation committee. The objectives in this regard are briefly summarised as follows:

- Transformation which empowers targeted people across the Fresh Produce Value Chain encompassing access to fresh produce trading opportunities in all spheres of production and distribution;
- Business transformation which includes the development of premier quality market facilities compliant to food handling standards as well as matching services and systems which are performance driven in a company with total quality management standards.

JM is operating in the space of being a central market facility for fresh produce. Against this backdrop JM in its response focusses its attention as follows:

- Identification of the JM target market on both the production and sales/distribution level in relevance to its position in the fresh produce marketing channel it participates. Supplementary to the latter is the objective of embedding innovation (SMARTNESS) to enhance the attractiveness of JM as marketing channel.
- Stemming from the latter is the most important strategic marketing task of accurately determining the needs of its various customers in the modern day context of its operations.
- In considering customer needs it is important to conduct in tandem to such processes the reality of competition and how to effectively address it with counter strategies. JM will also refine its methods to monitor its competitive environment during the 2022/23 reporting period.
- It is then also important to freshly consider the positioning of the JM Brand. The Board has taken a conscience decision to place special emphasis of the promotion of the JM brand during 2022/23. The strategic response of JM is as follows:
  - Strategic renewal of the JM as a growing and relevant trading role-player with unique and SMART MARKET features in the Fresh Produce Industry;



- A prudent approach to pricing of its various services;
- The Joburg Market is as indicated a central market facility where the forces of supply and demand is balanced in a well governed trading system with its applicable protocols;
- The advertising and promotion of JM and its brand through modern and creative techniques inclusive of the role of electronic media such as social media options;
- Building of a people centric approach to staff and service delivery.

### **Future outlook on performance**

The new Board is has duly conducted its oversight role on performance matters. Under the leadership of the CEO the performance levels on the company scorecard was substantially improved.

The company has focused on all the elements that need interventions to ensure accurate performance and accountability. The Company foresees it achieving at least 100% percent achievement of its performance imperatives over the medium term. The company intends the rollout of a refined performance management manual and procedures aligned to the Group Performance framework to enhance performance reporting and awareness.

### **Potential implications for JM's Business Model and Future Performance**

As indicated in the preceding sections JM forms part of the central market system in the RSA. The model of being a commission based market system is a successful one and this form of market is supported by the wider industry. JM is serving as a price barometer for fresh produce prices. The JM is operated as a ME under ownership of the CoJ. This model has proved to be successful and has brought about a strong sense of trust and comfort within the fresh produce industry.

Whilst the model of JM is not foreseen to be changed in the medium to long term JM is planning to introduce a number of innovations to modernise and improve trading methodologies, its systems and market infrastructure through its recapitalisation programme.

### **Alignment to CoJ priorities and the Accelerated Service delivery drive**

The strategic alignment of JM to the CoJ imperatives is discussed in Chapter 1, Section 5.

### **Opportunities arising from risks identified, detailing clearly between the short, medium, and long-term**

The company has carefully considered opportunities arising from risks and has considered same in relation to its future outlook as discussed under chapter 1. The table below depicts the assessment conducted in the latter regard:



No	Risk	Impact	Opportunity	Outcome
1	Inadequate trading floor space for trading	<ul style="list-style-type: none"> <li>- Loss of market share</li> <li>- Decline in throughput</li> </ul>	Convert existing under roof spaces for fresh produce trading areas	Medium term alleviation of floor space short falls
2	Supply chain risks create opportunities to utilise technology to prevent SCM irregularities	<ul style="list-style-type: none"> <li>- Reputational</li> <li>- Financial losses</li> </ul>	Software application enhancements to reduce process and related areas of risk	Transparent and accountable SCM processes
3	Risks of losing customers create opportunities to grow wholesaler business at JM	<ul style="list-style-type: none"> <li>- Loss of market share</li> </ul>	To build a strong wholesaler buyer base at JM	Increased trading to overcome loss of buying power.
4	Compliance risks at facilities create opportunities to save audit time and costs	<ul style="list-style-type: none"> <li>- Reputational</li> <li>- Financial claims</li> <li>- Insufficient monitoring</li> </ul>	To enhance the use of information to identify trends and conduct focussed auditing in areas of risks	Reduced business risks
5	Risks of knowledge loss create opportunities for knowledge retention	<ul style="list-style-type: none"> <li>- Corporate memory</li> <li>- Industry related skills</li> </ul>	To establish a skills transfer intervention and create a repository for market administration purposes	Corporate memory and knowledgeable staff in market business
6	Reputational risks from social media create opportunities to foresee Issues	<ul style="list-style-type: none"> <li>- Negative social media coverage</li> </ul>	To establish a social media policy and monitoring mechanism	Pre-emptive management of social media risks to JM reputation

Table no: 11B Key Opportunities arising from risk identified

## Section 2: Highlights and achievements

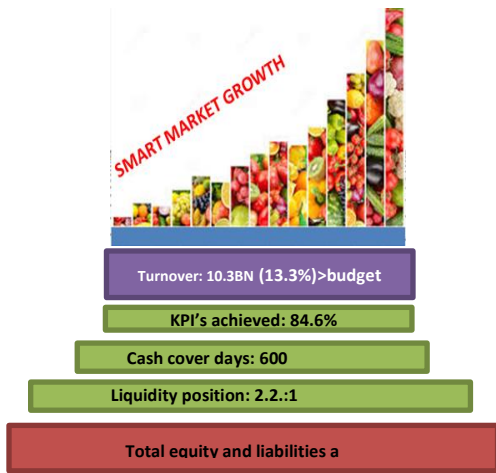
During the financial year under review JM recorded a number of highlights and achievements which are illustrated below:





**South Africa's Premier Fresh Produce Trading Market**

**Improved trading results**



**Improved financial performance**

JM achieved and exceeded its turnover target of R9.09Bn by 13.3% to record a final figure of R10.30Bn.

**New leadership for JM**

**New Chairperson and Board of Directors**



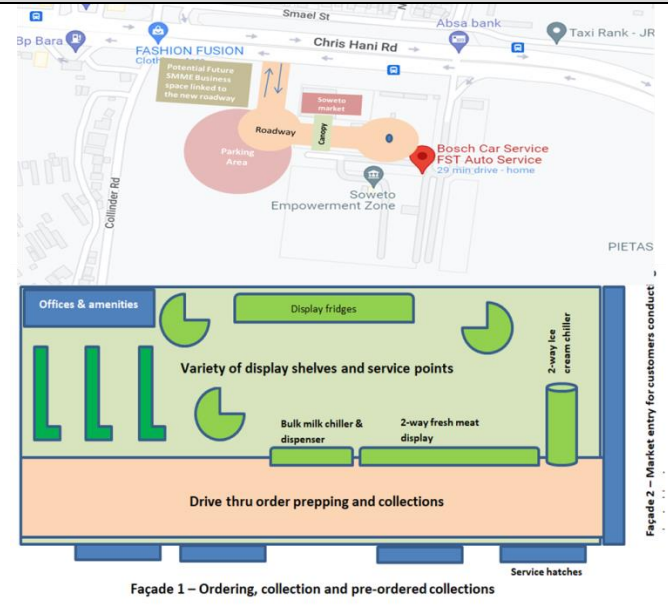
**Zama Xalisa**  
Chairperson: Board of Directors

**Appointment of a new Board and new Chairperson for the Board of Directors on 1 March 2023:**

- Mr. Zamikhaya Wauthas Xalisa (Chairperson)
- Ms. Vuyiswa Gumede
- Mr. Odirile Ronnie Bolokang
- Mr. Ratshibvumo Timothy Ramabulana
- Mr. Godfrey Coffee Tsotetsi
- Ms. Nomveliso Mpongo
- Ms. Manini Amelia Vilakazi
- Mr. Fuzile Chris Vondo
- Ms. Noxolo Nomonde Siviwe Sicam
- Ms. Mantombi Nkosi
- Mr. Musa Shibambu
- Mr. Grant Son (IAC)
- Mr. Motsamai Israel Karedi (IAC)
- Mr. Gift Netshidzati (IAC)
- Mr. Thulani Ngcobo (IAC)

**Transformation Focus**

**Creating sustainable trading ventures for targeted groups**



A new concept was developed for the rejuvenation of the Soweto Market

**Working towards Smart Market of the Future**



Joburg Market launched Tshiamo Market – an informal traders’ sales facility within the premises of Joburg Market, on the 26<sup>th</sup> May 2023.

**Job and Business enterprise development**



**Job creation**

A total of 104 new jobs were created under EPWP and learnerships.



**Targeted Procurement**

The Company achieved 100% in its BEE procurement drive for all SCM.

Table 19: highlights and achievements



### Section 3: Performance against Company Scorecard and the IDP

As part of its efforts to measure and where needed to adjust its strategies and practices JM conforms to the performance framework of its shareholder. The Scorecard is included under Section 8 below. The table below presents a summary of JM's performance against the 2022/23 Annual Targets for the period under review.

Item	As at 30 June 2023
Total no. of KPIs on scorecard	13
No. of KPIs due	13
Number achieved	11
Number not achieved	2
Percentage achievement	84.6%

Table 20: summary of JM's performance against the 2022/23 Annual Targets

Summary of the seven achieved KPIs

KPI Achieved	Reason for achievement
<b>% Targeted market share held by JM in relation to other FPMs</b>	Despite the high inflation rate and negative economic growth globally, JM was able to sustain and improve on its market share target.  JM anticipated a market share of 45.1% market share which was affected by the stay away of the majority of buyers at JM as traders feared to fully trade as a result of the mentioned unrest and a final market share of 45.5% enabled the targeted market share.
<b>RBn Turnover achieved</b>	The achievement of the turnover target was in main enabled through higher prices emanating from seasonal crop damages which in turn created undersupply conditions on markets and consequent higher prices and based on the positive variance turnover projection for Q4 derived by demand and supply.
<b>%Spent on repairs and maintenance to PPE</b>	JM has achieved 8.6% of the asset base line target in repairing and maintenance the PPE in accordance with national treasury guidelines (8% of Asset base line).
<b>% reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide</b>	The UIFWE Investigations conducted for the Irregular, fruitless and wasteful expenditure and finalised contribute to the reduction of UIFWE. This was as results of acceleration UIFWE strategy.
<b>% Percentage of valid invoices paid within 30 days of invoice date</b>	The JM has improved and enhance the payment of suppliers within 30 days.
<b>% spent on capital budget against approved capital budget</b>	JM was able to improve the processes within bid committees to enhance the procurement of relevant services. Oversight relative to service providers enhanced the completion of works awarded. The EXCO as forum conducted due management controls to enhance the performance of projects at JM.



<b>KPI Achieved</b>	<b>Reason for achievement</b>
<b>Number of jobs created</b>	JM also continued with its EPWP and learnership programmes and was able to substantially increase its efforts to employ additional EPWP numbers especially in the refinement of cleansing services at its premises.
<b>Number of SMME's supported</b>	The JM has achieved 82 SMME's support compare to the target of 65 demonstrating the transformation and the support for the SMME's.
<b>% resolution of Internal Audit findings</b>	Internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within agreed timeframes; root causes are identified and repeat findings are prevented. Efforts are focused in ensuring that findings classified as "high risk" receive adequate management attention. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
<b>% resolution of Auditor General findings</b>	The targeted achievement of resolution of AG findings was in main enabled through the reintroduction of the Operation Clean Audit forum of the entity. Improved responses from divisional heads were achieved. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
<b>% Percentage implementation of the strategic risk management action plan findings resolved</b>	Strategic risk management action plan implemented accordingly.
<b>% resolution of Auditor General findings</b>	The targeted achievement of resolution of AG findings was in main enabled through the reintroduction of the Operation Clean Audit forum of the entity. Improved responses from divisional heads were achieved. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
<b>% Percentage implementation of the strategic risk management action plan findings resolved</b>	Strategic risk management action plan implemented accordingly.

Table 21: Summary of the achieved KPIs

## Section 4: Recovery Plan for Non-Achieved KPI's

<b>KPI not Achieved</b>	<b>Reason for non-achievement</b>
<b>% spent on operating budget against approved operating budget</b>	The underperformance is mainly driven by the additional controls and processes implemented by management as part of expenditure management process. Cost containment and measures were implemented to reduce unnecessary expenditure from an operation point of view. From a business perspective, this was a key milestone by the entity in ensuring that we spend money where there is value. Furthermore, from an SCM perspective, additional processes implemented like market analysis which provides guidance to management on the price to be paid for goods and services. Overall the above resulted in the entity spending less than what was budgeted but



	the entity was still able to execute on its mandate.
<b>% achievement of service standards</b>	JM has achieved 5 out of 6 of its service standards. The matter of technical breakdowns of Ripening Rooms is being addressed through focused repairs by dependable service providers. Additional rooms (14) are expected to be available in the first quarter of the new financial year.

Table 22: Summary of the non-achieved KPIs

## Section 5: Challenges

In pursuing its deliverables over the reporting period the entity had to content with a number of challenges which are summarised below:

### ➤ Power failures and cable theft

Power cuts caused by the above incidences has exposed the Company in particular to claims from users of the JM cold storage and ripening facilities.

JM also experienced a fire incident in a substation located at its fruit trading hall on 19 March 2022.

[Resolution: Urgent construction of a power supply line to JM by City Power to enable ring feed power to JM during prolonged breakdowns in power supply as a result of cable theft;

*JM has also engaged with City Power on an urgent basis and is seeking relief from load shedding which application is currently being considered by City Power]*

### ➤ Inadequate Trading Space

Sufficient trading space remains a major challenge, as market agents continued to periodically store fresh produce on the platforms of some of the trading halls.

[Resolution: JM has obtained grant funding to commence with the extension of floors pace programme. JDA is the implementing agent and has concluded formalities for the appointment of a professional team for the project].

### ➤ Contractor failures & litigation

#### **SMME failure to deliver on time**

[Resolution: Introduce refined project management arrangements with the view to pre-empt the challenges – I.e. closer monitoring of the quantity surveying planning relevant planning done by the SMME].

#### **Quality of works**

[Resolution: Project Steering committee protocols are to be implemented to detect emerging quality problems at earlier stages].

#### **Cold stores/Ripening contractor dispute arose during implementation**



[Resolution: JM has replaced the failing contractor and introduced a short term intervention restore rooms that can be recovered as quick wins. New contractors are currently successful in overcoming challenges with plant and equipment at the two installations it is anticipated that JM will shortly reintroduce 10 of the 19 faulty ripening chambers which will alleviate the shortfall in ripening capacity].

## **Section 6: Key Focus Areas for the Initial Period of 2023/24**




The key focus areas of the Company for the next reporting period include the following;

- Urgent implementation of a power ring feed and additional generators to reduce key business risks to JM;
- Roll out of the new customer charter;
- CAPEX spent fast tracking;
- Special focus on the preventative maintenance plan;
- Refining of all reporting;
- Further implementation of the Transformation Strategy and Framework;
- Pursuance of SMART MARKET operations;
- Execution of the Market Recapitalisation Programme – Phase 1 & 2;
- Intensification of stakeholder communications;
- Improvement of staff morale;
- Further review of various policies & procedures






## Section 7: Organisational Scorecard

The Tables below provides details on organisational performance against targets.




KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
<b>JM Strategic Objective: To Provide a Resilient and Premier Trading Facility by June 2027</b>						
<b>(1.1) % Targeted market share held by JM in relation to other FPMs</b>	45.0% Targeted market share held by JM in relation to other NFPMs	45.4% Targeted market share held by JM in relation to other NFPMs	45.4% Targeted market share held by JM in relation to other NFPMs	45.6% Targeted market share held by JM in relation to other NFPMs	Achieved 	Strategy
<b>(1.2) RBn Turnover achieved</b>	R 8.76 Billion Turnover achieved	R9.09Bn Turnover achieved	R9.09Bn Turnover achieved	R10.30Bn Turnover achieved	Achieved 	Core Operations
<b>JM Strategic Objective: To ensure adherence to Good Governance Practices.</b>						
<b>(1.3) % of spent on repairs and maintenance to PPE</b>	% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	8.6% of repairs and maintenance budget spent	Achieved 	Core Operations






KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
<b>JM Strategic Objective: To Provide a Resilient and Premier Trading Facility by June 2027</b>						
<b>(1.4) % spent on capital budget against approved capital budget</b>	67% of Capital Budget Spent	100% of Capital Budget Spent	100% of Capital Budget Spent	100% of Capital Budget Spent	Achieved 	Finance
<b>(1.5) % spent on operating budget against approved operating budget</b>		100% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	97% of spent on the operating budget against operating budget	not Achieved 	Finance
<b>JM Strategic Objective: To Expand Opportunities to Historically Disadvantaged Groups</b>						
<b>(1.6) Number EPWP job opportunities created</b>	134 EPWP job opportunities created	65 EPWP job opportunities created	65 EPWP job opportunities created	103 EPWP job opportunities created	Achieved 	Human Resources





KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
<b>(1.7) Number of SMMEs created</b>	<i>New</i>	<i>65 SMM's supported</i>	<i>65 SMM's supported</i>	<i>82 SMM's supported</i>		<i>Operations, Finance, Compliance and IT</i>
<b>JM Strategic Objective: To Ensure Compliance with Regulatory Framework</b>						
<b>(1.8) % resolution of Auditor General findings</b>	<i>93% resolution of Auditor General Findings</i>	<i>100% resolution of Auditor General findings</i>	<i>100% resolution of Auditor General findings</i>	<i>100% resolution of Auditor General findings</i>	<i>Achieved</i> 	<i>Internal Audit</i>
<b>(1.9) % resolution of Internal Audit findings</b>	<i>92 % resolution of Internal Audit</i>	<i>100 % resolution of Internal Audit findings</i>	<i>100 % resolution of Internal Audit findings</i>	<i>100 % resolution of Internal Audit findings</i>	<i>Achieved</i> 	<i>Internal Audit</i>
<b>(1.10) % reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide</b>	<i>New</i>	<i>50% of UIFW reduction</i>	<i>50% of UIFW reduction</i>	<i>99% of UIFW reduction</i>	<i>Achieved</i> 	<i>Internal Audit</i>



KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
<b>(1.11) Percentage implementation of the strategic risk management action plan findings resolved</b>	<i>New</i>	<i>100% implementation of the strategic risk management action plan findings resolved</i>	<i>100% implementation of the strategic risk management action plan findings resolved</i>	<i>100% implementation of the strategic risk management action plan findings resolved</i>	Achieved 	<i>M&amp;E Strategy</i>
<b>(1.12)% Percentage of valid invoices paid within 30 days of invoice date</b>	<b>New</b>	<i>100% Percentage of valid invoices paid within 30 days of invoice date</i>	<i>100% Percentage of valid invoices paid within 30 days of invoice date</i>	<i>100% Percentage of valid invoices paid within 30 days of invoice date</i>	Achieved 	<i>Operations, Finance, Compliance and IT</i>
<b>(1.13)% achievement of service standards</b>	<i>New</i>	<i>100% achievement of service standards</i>	<i>100% achievement of service standards</i>	<i>83.3% achievement of service standards</i>	Not Achieved 	<i>M&amp;E Strategy</i>



## Annexure 1 – KPI Definitions

KPI NO	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION AND METHOD OF VERIFICATION (MOV)	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
1.1	% Targeted market share held by JM in relation to other FPMs	This KPI aims at Joburg Market achieving a set quarterly target market percentage share rating in relation to the 18 fresh produce markets of which the national statistics are published monthly by the SAUFM. * SAUFM– South African Union of Food Markets for member markets. *NDAFF – National Department of Agriculture, Forestry and Fisheries for Cape Town Market.	This information comes from Monthly National Statistical Reports generated by the South African Union of Food Markets	The indicator is calculated by dividing the volumes of produce sold at JM by the total produce sold in 18 national fresh produce markets, multiplied by 100 to get the percentage market share	JM is wholly dependent on statistical information received from SAUFM. <u>MOV:</u> For the 17 member markets use monthly markets return to populate JM control sheet For Cape Town Market use Monthly official NDAFF report to populate JM control sheet. The JM control sheet produces the exact calculation of JM market share.	The indicator is measuring outcomes	The reported performance is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Snr. Manger Strategic planning



1.2	RBN turnover achieved	The KPI measures the value of produce sold on the JM through its SPS system.	The KPI is intended to indicate progressive growth in turnover	The information is derived from SPS	Monthly and Quarterly Sales figures are aggregated to produce a cumulative figure <u>MOV:</u> Generate the monthly report for turnover on JM from the SPS central trading system	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Operations & CFO
1.4	Percentage capital budget spent against approved capital budget	The Capex spent on projects against the approved budget. The objective is to improve, stabilize and sustain a positive financial position		JM financial accounts	Total Capex spend divide by the budget Capex spend* 100	None identified	Cumulative		Monthly	No	95 %



### TECHNICAL INDICATOR DEFINITIONS FOR GATEKEEPER KPI'S

KPI NO.	KPI	SHORT DEFINITION	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE
1.4	Percentage operating budget spent against approved budget	Operational costs spent by the organization against the allocated budget the organization against the allocated budget. The objective is to improve, stabilize and sustain a positive financial position	JM financial accounts	Actual costs /Allocated budget *100	None	Cumulative	Monthly	No	95%
1.7	Percentage capital budget spent against approved capital budget	The Capex spent on projects against the approved budget. The objective is to improve, stabilize and sustain a positive financial position	JM financial accounts	Total Capex spend divide by the budget Capex spend* 100	None identified	Cumulative	Monthly	No	95 %
1.3	Percentage of spent on repairs and maintenance to property, plant and equipment.	It measures the level of Repairs & Maintenance to prevent breakdowns and interruptions to service delivery.	JM financial accounts	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	None identified	Cumulative	Monthly	Yes	8%
1.5	Percentage reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Percentage reduction on UIFWE compared to the previous financial year AG finding.	JM financial accounts	The UIFW Expenditure closing balance of the current financial year against (will be compared with) the closing balance of the previous financial year.	None	Non-Cumulative	Quarterly/ Annually	No	50%



1.6	Percentage of valid invoices paid within 30 days of invoice date	It measures the percentage of valid invoices paid within 30 days. The objective is to increase the number paid within 30 days	JM financial accounts	Total number of invoices processed for the month/Number of invoices paid within 30 days *100	None identified	Non-cumulative	Monthly	No	100%
3.2	Percentage resolution of Internal Audit findings	It measures the number of audit findings resolved against the total number of audit findings issued by the internal audit	Internal Audit Reports	Total number of internal audit findings resolved/total number of internal audit findings (excluding findings that are less than 60 days)*100	None identified	Cumulative	Annually	Yes	95%
3.1	Percentage resolution of AG findings	It measures the number of audit findings resolved against the total number of audit findings issued by the AGSA	Internal Audit Reports	Total number of Auditor General findings resolved/total number of Auditor General findings (excluding findings that are less than 60 days)*100	None identified	Cumulative	Annually	Yes	95%
3.3	Percentage implementation of the strategic risk management action plan findings resolved	The percentage of strategic risk action plans implemented compared to total number of strategic risk action plans.	Governance Report; Strategic Risk Plan; Strategic Risk Register and Audit Report	Number of implemented strategic risk action plans divided by total number of strategic risk action plans multiplied by 100	None identified	Cumulative	Monthly	Yes	85%



3.4	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total approved number of Service Level	JM service level reports	The number of KPIs achieved in the Service Level Standards Agreement against total no of Service Level	None identified	Cumulative	Monthly	Yes	85%
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**Table 23: Technical Indicator Descriptions**



## Section 8: Performance Reporting Disclosures

The disclosures listed below serves as adjustments to quarterly results as indicated:

- JM did not require any adjustments to any targets in the 2022/23 company scorecard;
- JM did however refine the definition applicable to the KPI measuring expenditure on Repairs and Maintenance.

2021/22 KPI summary		Number of KPI's	Adjustments conducted
1	No of KPIs' on approved scorecard (BP2021/22)	13	None
2	No of KPI's discontinued/removed	0	
3	No of KPI targets increased	0	
4	No of KPI targets reduced	0	
5	No of KPI targets improved	0	
No	Addition definition of strategic objectives	Nature of change	
6	% of Repairs and maintenance budget spent	<p>Inclusion of a refined strategic objective to better define investment in repairs and maintenance activities to read as follows:</p> <p>Immaculate physical market amenities and installations maintained by conducting repairs and maintenance to the value of R265 million by 2025/26.</p> <p>Motivation Refinement of strategic objective related to the Repairs and maintenance of market amenities and installations</p>	New definition

### Internal comparison of the previous years on performance as well as benchmarking with competing markets

The table below serves as basis for comparing the last three financial years in terms of performance indicators. From the later it can be deducted that the market share of JM grew from an initial base of approximately 44.5% to 45.6% in the last two years.



Service Objectives	Service Target(s)	2017/18		2018/19		2019/20		2020/21		2021/22	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
<b>Service</b>											
<b>Priority: Ensure pro-poor development that addresses inequality and provides meaningful redress</b>											
No. of jobs created by SMME's utilised by JM	Empowerment of targeted groups	110 jobs created	<b>218 Jobs created</b>	200 jobs created	326 jobs created	120 jobs created	219 Jobs created	50 Jobs created	134 Jobs created	55 Jobs created	118 Jobs created
<b>Priority: Enhancing our financial sustainability</b>											
<b>R/M value of CAPEX spent</b>	Enhance quality of life by improving services and taking care of the environment	95% of capital budget spent	87.2% of capital budget spent	95% of capital budget spent	85% of capital budget spent	95% of capital budget spent	43.8% of Capital Budget Spent	85% of Capital Budget Spent	67% of Capital Budget Spent	85% of Capital Budget Spent	86.2% of Capital Budget Spent
<b>Priority: Enhancing our financial sustainability</b>											
Achieve a clean Audit	Institute an honest responsive and productive	Clean	Unqualified	Clean	Unqualified	Clean	Unqualified	Clean	Unqualified	Clean	TBC
<b>% resolution of Auditor General Audit findings</b>	Institute an honest responsive and productive	N/a	N/a	95% resolution of Auditor General Audit findings	83% resolution of Auditor General Audit findings	85% - 95% resolution of Auditor General findings for 2018/20	76% resolution of Auditor General Findings	85 to 95% resolution of Auditor General	93 % resolution of Auditor General finding	85 to 95% resolution of Auditor General	85 to 95% resolution of Auditor General
<b>% resolution of Internal Audit findings</b>	Institute an honest responsive and productive	N/a	N/a	95% resolution of Internal Audit findings	76% resolution of Internal Audit findings	85% - 95% resolution of Internal Audit findings	89% resolution of Internal Audit findings due	85 to 95% resolution of Internal Audit findings	92 % resolution of Internal Audit findings	85 to 95% resolution of Auditor General	98% resolution of Auditor General finding

**Table 24:5 year Performance Comparison**

In considering the factors that would change the growths of the company it is clear that the extension of floor space will be the key driver in enhancing the turnover and consequently also the market share of JM. Future performance will also be driven by the following:

- A new by-law and licensing system
- A dynamic marketing and communication strategy aimed at procuring more fresh produce for JM.

It is anticipated if the above is implemented that JM can increase business on the JM by at least 30%.

In balancing its short term interest, JM will utilise an integrated model where human



skill and phased expenses will be employed to develop a launching pad for its growth objectives. In the medium term JM will optimize available floor space and imbed technology in the cold chain and logistical operation of the market to maximize the achievement of targets set for the medium term.

In the longer term JM will argument the effect of onsite business relationships with technologies as well as strategic marketing programs to consolidate long term growth.

The entity has learned from past experiences in particular where competitive actions have been started by industry partners. In this regard JM has learned significant lessons in crafting of new by-laws, licenses and service delivery agreements with market agents.

JM has also learned valuable lessons in the business transformation within the wholesale arena for fresh produce trading. In particular the emergent of exports has become a very important element which JM will peruse through its engagements with key stakeholders.

The future strategic direction of JM also based on the materiality identified by the company will be value creation driven; this will imply the following actions:

- A revised approach in seeking more business opportunities for JM
- Substantial investment in technology driven systems and people excellence.
- Renewal of all trading facilities on the JM site.

Relevant to Capex spend the entity was burdened with problems surrounding the execution of capital projects which can in main be attributed to the following factors:

- Failing contractors and legal disputes
- Lack of a optimally performing in Supply Chain department;
- Lack of technical expertise in technical specification

The resolution of external audit findings was set at 98% which signals a significant improvement. In addressing this challenge JM has introduced a number of measures to strengthen its internal audit function. With regards to internal audit findings the entity improved from 89% to 93% rate of resolutions which indicates exceeding the 85% targeted resolution rate.

As indicated earlier in the report JM has conducted an assessment of competitors in its overview of the competitive environment. Table 17 is utilized to compare JM with other markets in its operating space. In terms of ratios, JM's market share is 2.3 times larger than that of the Tshwane Market. All other Fresh Produce of which there is eighteen are significantly smaller in trade and physical facilities and they are holding less than 3% market share.



## Benchmarking - The 18 National Fresh Produce Markets

FULL YEAR SUMMARY FOR AUDIT PURPOSES: Comparative figure of turnover and mass of the 17 Fresh Produce Markets as well as Cape Town Market													Market share									
Q1 2022/23													Q2 2022/23		Q3 2022/23			Q4 2022/23			Q1 = 46.3%	Q3 = 45.5%
Q2 2022/23													Q3 2022/23		Q4 2022/23			Q2 = 45.9%	Q4 = 45.5%			
	JULY 2022	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	JANUARY 2023	FEBRUARY 2023	MARCH 2023	April 2023	MAY 2023	June 2023	YEAR TO DATE	% SHARE								
	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER									
	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND									
JOHANNESBURG	736 465 724,00	793 799 192,00	814 447 096,00	R 816 092 849,00	897 329 965,00	918 065 706,00	822 931 011,00	815 640 297,00	993 053 464,00	R 865 763 907,00	828 398 276,00	896 853 851,00	10 298 841 338,00	45,5								
TSHWANE	290 610 838,64	308 409 317,82	316 497 329,41	R 332 919 299,27	355 780 873,79	387 519 401,37	345 272 380,58	347 461 822,41	395 463 896,91	R 340 171 108,73	377 835 674,94	370 199 572,54	4 168 141 616,41	18,4								
CAPE TOWN	169 862 505,41	194 707 767,46	191 007 925,73	R 199 865 308,04	218 691 521,68	231 031 028,96	220 089 706,54	205 258 895,84	231 390 900,68	R 189 163 310,60	217 071 548,43	198 946 655,00	2 466 886 874,37	10,9								
DURBAN	145 670 903,30	159 967 058,11	156 437 936,18	R 158 556 030,09	175 941 280,23	205 710 848,26	189 192 327,26	191 034 017,41	213 617 932,39	R 188 537 215,12	204 405 440,86	196 865 939,91	2 185 936 929,12	9,7								
SPRINGS	39 905 332,01	56 837 532,15	54 303 786,50	R 52 958 804,05	60 678 624,07	62 323 587,99	51 981 218,25	54 621 609,46	64 449 742,48	R 54 706 326,20	52 634 329,39	66 565 790,57	671 966 683,12	3,0								
EAST LONDON	38 686 388,87	44 577 920,99	45 669 513,74	R 48 870 187,86	52 789 760,06	58 176 796,00	50 998 806,53	49 417 196,71	54 861 894,65	R45 223 776,08	52 887 082,22	51 286 662,29	593 445 986,00	2,6								
BLOEMFONTEIN	24 838 220,43	42 863 976,71	39 514 578,00	R 41 494 981,37	46 959 284,47	55 742 479,65	31 040 598,17	47 786 769,76	54 848 966,21	R 43 745 842,66	34 450 327,20	45 706 175,79	508 992 200,42	2,2								
KLERKSDORP	48 661 263,03	32 400 855,18	31 345 875,80	R 29 995 656,83	35 715 475,53	37 386 002,89	55 711 051,03	32 808 703,84	37 897 077,49	R 32 907 978,91	68 436 742,31	35 538 530,28	478 805 213,12	2,1								
PORT ELIZABETH	23 206 832,95	28 851 912,25	28 540 098,77	R 28 500 395,00	30 641 024,58	32 635 055,90	29 676 560,90	30 564 022,72	36 185 821,21	R 29 146 183,20	34 379 545,72	34 699 922,95	367 027 376,15	1,6								
PIETERMARITZBURG	30 419 176,57	26 392 608,50	24 178 971,70	R 25 313 220,50	29 276 876,36	31 800 585,50	33 221 645,90	29 266 959,65	32 755 731,69	R 28 396 933,50	38 127 784,89	33 351 461,10	362 501 955,86	1,6								
WELKOM	22 340 262,70	23 434 289,54	23 991 568,20	R 25 190 695,90	25 820 247,00	29 113 502,76	28 085 349,10	25 161 016,50	29 790 711,50	R 25 649 391,70	32 311 236,05	28 469 046,20	319 357 317,15	1,4								
VEREENIGING	6 398 912,00	6 865 986,00	6 706 608,00	R 6 713 842,00	5 450 990,96	5 785 154,00	5 536 963,00	4 864 277,00	5 697 706,00	R 5 398 072,00	7 652 423,00	6 945 389,00	74 016 322,96	0,3								
KIMBERLEY	2 996 054,40	4 913 163,09	4 632 087,08	R 4 547 624,85	5 443 779,00	5 421 137,41	3 825 865,01	4 023 290,44	4 994 886,76	R 4 539 450,74	4 242 502,58	6 465 440,61	56 045 281,97	0,2								
WITBANK	4 093 770,29	3 458 796,45	3 202 572,77	R 3 808 968,01	4 272 601,72	4 497 800,68	4 742 072,78	3 105 225,21	4 659 781,15	R 4 039 872,44	5 722 539,11	4 728 919,04	50 332 919,65	0,2								
NELSPRUIT	2 002 565,00	2 364 253,00	3 132 478,04	R 2 122 386,00	374 523,00	3 007 542,00	2 388 895,00	192 573,00	3 732 417,00	R 3 549 422,00	4 364 539,00	3 700 962,76	30 932 555,80	0,1								
UMTATA	421 931,00	348 219,00	134 305,00	R 163 021,00	123 900,00	0,00	52 335,00	107 845,00	137 958,00	R 48 781,00	0,00	0,00	1 538 295,00	0,0								
NELSPRUIT (*Withdrawn)														0,0								
TOTAL	1 586 380 680,00	1 730 192 848,25	1 743 742 730,92	1 777 113 269,77	1 945 290 727,45	2 068 216 629,37	1 874 746 786,05	1 841 314 521,95	2 163 538 988,12	1 860 987 371,88	2 062 919 991,70	1 980 324 319,04	22 634 768 865,10	0,0								

Table 25: Comparative figures of 18 Fresh Produce Markets

### Benchmark notes:

- The National Department of Agriculture Forestry and Fisheries has established a code of best practices for fresh produce markets which is in main developed on the practices of JM and the company is regarded by the department as the best practice example for markets.

Market	2021/22	2022/23	Growth
Joburg Market	45.6%	45.5%	↔
Tshwane Market	18.9%	18.4%	↓
Cape Town Market	10.5%	10.9%	↑
Durban Market	8.8%	9.7%	↑

- The fresh produce market share space in South Africa is dominated by JM and the other larger peer markets are substantially smaller than JM;

The six medium sized Markets holds on average 2-3% market share while the small markets has less than 1% market share.

- JM is also regarded as the one-stop-shopping market of magnitude and enjoys patronage in greater number than peer markets from across RSA and a number of other SADC countries.

## Section 9: Performance against Service Standards

The company was able to achieve five of its six of its services standards for the reporting period

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance Explanation	Mitigations Comments /	Reference to Evidence
1. Opening a new buyer account	20 minutes	1.72 minutes	SPS Report	No	18.28 minutes favorable	Target achieved	The Service Level Target was successfully met.	Account Creation Report
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	0 min down time during trading	Data base Report	No	0 minutes Favorable	Target achieved	The Service Level Target was successfully met	Oracle Data Report
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.65 minutes	SPS Report	No	28.44 minutes Favorable	Target achieved	The Service Level Target was successfully met.	Cashier Turn-around Time Report
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	100% Commencement within 24 hours	Work Order Sheet	No	0% Favorable	Target achieved	Work orders were attended to as soon as they are reported for repairs.	Core Operations Summary Report
5. Repairs to ripening facilities**	90% Availability	68% Availability	Daily Monitoring summary report	No	22% not favorable	**Target not achieved	The Service Level Target was not met.	Core Operations Summary Report
6. Cold Room facilities ***	Average temperature variance not greater than 2.0°C of agreed customer requirements	2.73°C (Ave set temp 2.06°C)	Average Set Daily Temperature Reading	No	0.67° favorable	Target achieved	There is constant monitoring of temperature variation.	Core Operations Summary Report
** Mitigation measures for standards no 5: JM is currently still introducing measures to effect interim urgent repairs. The company is closely monitoring the work undertaken by the new service provider.								

Table 26: Service standards performance



## Public Satisfaction on JM services

During the course of the past three financial years JM was able to resolve most legacy matters identified during stakeholder consultations. Three items however remains listed as the resolution of the concerns requires major capital investment in infrastructure.

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements since the completion of the	Status
1	Construction of bigger loading bays Need for a bigger market place and space	- Completed the new Precinct Development Strategy and Plan which will address loading bays as required. JM is in the process of securing CAPEX Budget for this project; - Proposals will include doubling of Ramps at halls to separate human and mechanical traffic.	Not Resolved
2	Construction of separate and designated roads and road signs for forklifts, trolleys and pedestrians.	- A new tender for Road signage and OHSA are undergoing procurement to address the identified challenge; - Proposals in the precinct design will include doubling of Ramps at halls to separate human and mechanical traffic.	Not Resolved
3	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	- This remains Work in Progress o Road rehabilitation was completed. o Ablution blocks refurbished; o Drainage System was unblocked and cleaned; o Exit Gate improvements implemented o Precinct Development Plan completed o Effectuated repairs and maintenance on the cold rooms and banana ripening plant o In excess of R9 million was spent on various repairs and maintenance interventions - Going Forward	Ongoing

Table 27: Public Satisfaction Listed concerns

## Stakeholder engagements on service delivery

During the review period JM conducted amongst others the following focused consultations with stakeholders at JM.

- Tshiamo Market: Local community consultations on the construction works in progress;
- Market agencies: Refinement of communications and attending a forum with market agencies on market services and facility upgrading;
- Covid-19 compliance with all tenants;
- Service requirements of tenants and matters related to repairs and maintenance





## **ANNUAL INTEGRATED REPORT 2022/23**

### **CHAPTER FOUR ORGANISATIONAL DEVELOPMENT PERFORMANCE**

- **Employee Remuneration**
- **Key Vacancies**
- **Employment Equity**
- **Skills Development and Training**
- **Disciplinary Matters and Outcomes**
- **Leave & Productivity Management**
- **Employee Wellness**
- **Employee Benefits**



# CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE

## Section 1: Employee Remuneration and benefits

Personnel costs are recorded at R198 196m compared to the budget of R196 054 which amount to over budget of R2.1m (1.1%).

ELEMENT	EMPLOYEE COST R'000	PERSONNEL BUDGET R'000
Amount	R198 196	R196 054
Variance		1.1%

Table 28: Personnel cost vs Personnel Budget

The summary below depicts remuneration of executive management members as at 30 June 2023.

EXEC CTC July 2022 - June 2023										
Name & Surname	Designation	Salary	Pension CC	Medical aid CC	Phone+Data+Housing	Acting	Insurance	SDL	Bargaining Council	Total
Solomon Mphakathi	Acting CEO	R -	R -	R -	R -	R -	R -	R -	R -	R -
Leanne williams	CEO	R 1 916 673,97	R217 963,51	R 98 760,00	R37 200,00	-	R 2 125,44	R 19 438,91	R 129,60	R 2 292 291,43
Bongani Radebe	Executive Manager Core Operations	R 1 373 239,12	R192 588,44	R 78 102,00	R24 000,00	R 33 567,74	R 2 125,44	R 16 378,65	R129,60	R 1 720 130,99
Phoebe Nimmerhodu	Executive Manager Operations	R 1 367 236,61	R105 113,71	R65 652,00	R 24 000,00	R -	R 2 125,44	R14 42,63	R129,60	R 1 578 999,99
Keeran Singh	Company Secretary	R1 290 930,59	R152 286,53	R 33 216,00	R 38 400,00	R-	R 2 125,44	R 15 747,34	R129,60	R 1 532 835,50
<b>Grand Total</b>		<b>R 5 948 080,29</b>	<b>R 667 952,19</b>	<b>R275 730,00</b>	<b>R 123 600,00</b>	<b>R 33 567,74</b>	<b>R 8 501,76</b>	<b>R 66 307,53</b>	<b>R 518,40</b>	<b>R 7 124 257,91</b>

Key: SDL = Skills Development BCL = Bargaining Council

Table 29: Executive Remuneration

### Staff cost versus Opex

Based on the Employee Cost and Total Operating Expenditure budgets for 2022/23, the total employee cost as a percentage of total Operating Expenditure is 42.5%. The overall percentage for 2022/23 against the budget is as per the table below:

ELEMENT	EMPLOYEE COST R'000	OPEX BUDGET R'000
Amount	R198 196	R466 723
Variance		42.5%

Table 23: Employee Costs versus Total Opex



### 1.1 Annual Turnover Rates over the last 5 Years:

Details	Total staff compliment at beginning of financial year	Terminations during financial year	Turnover rate
	No.	No.	%
2018/19	314	26	8.28
2019/20	302	15	4.97
2020/21	313	15	4.79
2021/22	321	13	4.05
2022/23	328	10	3.0

Table 30: Annual Turnover Rates over the last 3 Years

### 1.2 Quarterly Turnover Rates for 2022/23:

Quarterly	Total Appointments per Quarterly	Terminations per Quarter	Turnover Rate per Quarter
	No.	No.	%
Q1	19	4	21
Q2	4	2	50
Q3	4	3	75
Q4	5	1	14
Total	32	10	31

Table 31: Quarterly Turnover Rates for 2022/23

### 1.3 Annual Staff Movements for 2022/23:

Staff Movements	African		Coloured		Indian		White		Totals
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	18	13	0	0	0	0	1	0	32
Internal Appointments (upward mobility)	5	1	0	0	0	0	0	0	6
Dismissals	1	1	0	0	0	0	0	0	2
Retirements	0	2	0	0	0	0	0	2	4
Contract Expired	0	0	0	0	0	0	0	0	0
Resigned	2	1	0	0	1	0	0	0	4
Deceased	0	0	0	0	0	0	0	0	0
Medical Board	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>26</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>48</b>

Table 32: Annual staff movement rates for 2022/23



## Section 2: Employment Equity

From the table below it can be observed that the representation of women at the JM is as follows in leadership positions:

- Executive Management: 50% female;
- Mid Management and skilled professionals: 48% female;
- Overall representation of women at JM, including the Insourced Cleaners on CoJ payroll, accounts for 48.92% of the total employee count.

### 2.1 Employment Equity Demographics Status for Period under Review

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	2	0	0	0	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	10	2	1	5	6	0	0	2	0	0	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	47	1	1	2	45	3	1	7	0	0	107
Semi-skilled and discretionary decision making	67	2	1	3	75	5	0	5	0	0	158
Unskilled and defined decision making	68	2	0	0	54	0	0	0	0	0	124
TOTAL PERMANENT	194	7	3	10	180	10	1	14	0	0	419
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>194</b>	<b>7</b>	<b>3</b>	<b>10</b>	<b>180</b>	<b>10</b>	<b>1</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>419</b>

Table 33: The table above reflects the Employment Equity Demographics status which includes the 69 insourced cleaners on the payroll of the CoJ.

Definition of occupational levels are aligned to job grade in terms of the EEA9 from the Dep of Labour: Top Management = **Grade F (CEO)**; Senior Management = **Grade E (Executive Managers)**; Professionally qualified and mid-management = **Grade D (Managers below Executives)**; Skilled technical and academically qualified workers = **Grade C (Specialist workers)**; Semi-skilled and discretionary decision making = **Grade B**; and Unskilled and defined decision making = **Grade A**.

### 2.2 EE Targets vs. Actuals:

OCCUPATIONAL LEVELS	Target to be achieved by June 2027 (This target is set in the 5 year EE Plan 2022- 2027)					Status as @ 20 June 2023														
	MALE				TOTAL	FEMALE				TOTAL										
	A	C	I	W		A	C	I	W											



<b>Top Management</b>	0	0	0	0	0	1	0	0	<b>1</b>	0	0	0	0	0	1	0	0	1
<b>Senior Manager</b>	2	0	0	0	1	1	1	0	<b>5</b>	2	0	0	0	0	1	0	0	3
<b>Mid Manager / Professional</b>	12	2	1	5	16	0	1	2	<b>39</b>	10	2	1	5	6	0	0	2	26
<b>Skilled Tech / Junior Manager</b>	55	1	1	8	57	3	1	9	<b>135</b>	47	1	1	2	45	3	1	7	107
<b>Semi- Skilled</b>	70	2	1	6	74	4	1	5	<b>163</b>	67	2	1	3	75	5	0	5	158
<b>Unskilled</b>	75	4	1	9	73	4	1	0	<b>167</b>	68	2	0	0	54	0	0	0	124
<b>TOTAL</b>	<b>214</b>	<b>9</b>	<b>4</b>	<b>28</b>	<b>221</b>	<b>13</b>	<b>5</b>	<b>16</b>	<b>510</b>	<b>194</b>	<b>7</b>	<b>3</b>	<b>10</b>	<b>180</b>	<b>10</b>	<b>1</b>	<b>14</b>	<b>419</b>

Table 34: EE Targets for 2027 vs. the EE status at 30 June 2023

\*The EE target includes the 69 insourced cleaners, who are on CoJ payroll whereas the status includes them

### 2.3 Staff Establishment:

Description	FY2022/23			
	Approved no. of posts	No. of employees	No. of vacancies	% of vacancies
Top management	1	1	0	0
Executive management	5	3	2	40
Middle management	39	26	13	33
Skilled technical/junior management	135	107	28	20
Semi-skilled	163	158	5	3
Unskilled housekeepers/cleaners	167	124	43	25
Total	510	419	91	17

Table 35: Staff Establishment.

\*The numbers in this table includes the 69 insourced cleaners on CoJ payroll. These employees have now been included on JM organisational structure even though paid from CoJ payroll.

#### 2.3.1 Filing of the vacant positions:

- As at the end of 2022/23 FY there were four senior management positions remaining to be filled; the Executive Manager Strategy, Planning and Transformation, Chief Risk Officer, Senior Manager Property and Senior Manager Consignment Control. These positions are in the process of being filled and the recruitment process is planned to be concluded in the first quarter of 2023/24 FY.
- JM is currently embarking on the organisational design process to review the organisational structure to align to the Smart Market strategy. The newly designed organisational structure would accommodate the Chief Operating



Officer position to enhance internal capacity.

- In support of the job creation programme, JM has employed 100 EPWP beneficiaries in the 3<sup>rd</sup> quarter. The EPWP beneficiaries are employed over a period of 12 months. The beneficiaries are placed in various departments to assist with the general cleaning, security patrollers, administrative and data capturing work.

## Section 3: Skills Development and Training

3.1 The report on learning and development interventions is recorded below:

Occupation Level	Males				Females				Training Intervention	Amount (R)
	A	I	C	W	A	I	C	W		
Top Management	0	0	0	0	0	0	0	0	None	0
Senior Manageme	4	1	1	1	0	0	1	0	Chairing DC Hearing	26 112
Senior Manageme	4	1	1	0	0	0	1	1	Job Evaluation and Grading	14 800
Senior Manageme	1	0	0	0	0	0	1	1	MFMA Competency	174 000
Middle manageme	2	2	1	1	7	0	0	0	Chairing DC Hearing	42 432
Middle Manageme	5	1	1	1	7	0	0	0	Job Evaluation and Grading	27 750
Middle Manageme	0	0	0	0	1	0	0	0	Procurement Regulations	2 500
Skilled Technical	2	0	0	0	4	0	1	0	Procurement Regulations	17 500
Skilled Technical	1	0	0	0	0	0	0	0	Ammonia Licence A Training	4 000
Skilled Technical	1	0	0	0	0	0	0	0	Employee Relations and Engagement	10 000
Skilled Technical	2	0	0	0	0	0	0	0	SHRBP Certification	19 998
Skilled Technical	2	0	0	0	3	1	0	0	Job Evaluation and Grading	11 100
Skilled Technical	0	0	0	0	1	0	0	0	Senior Secretary Development	15 999
Skilled Technical	1	0	0	0	1	0	0	0	Business Continuity Certificate	56 800
Skilled Technical	0	0	0	0	1	0	0	0	Demand Management	9 750
Skilled Technical	0	0	0	0	1	0	0	0	SCM Contract Management	10 400
Skilled Technical	0	0	0	0	1	0	0	0	Total Quality Management	2 654
Skilled Technical	1	0	0	0	3	0	0	0	Chairing DC Hearing	13 056
Semi-Skilled	2	0	0	0	4	0	0	1	Chairing DC Hearing	22 848
Semi-Skilled	1	0	0	0	0	0	0	0	Ammonia Licence A Training	8 000
Semi-Skilled	1	0	0	0	2	0	0	0	SHRBP Certification	29 997

Semi-Skilled	0	0	0	0	1	0	0	0	COMPT1A	10 235
Unskilled	0	0	0	0	1	0	0	0	Job Evaluation and Grading	1 850
<b>Total Beneficiaries</b>	<b>30</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>38</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>88</b>	<b>531 781</b>

Table 36: Annual staff skills development schedule for 2022/23

### 3.2 Conferences:

Occupational Level	Males				Females				Training Intervention	Amount (R)
	A	I	C	W	A	I	C	W		
Top Management	1	0	0	0	0	0	0	0	Governance Standards	15 000
Senior Management	0	1	0	0	0	0	0	0	Corporate Governance	6 500
Middle Management	1	0	0	0	0	0	0	0	66th IPM Conference	14 000
Middle Management	0	1	0	0	0	0	0	0	Payday Biannual Seminar	6 398
Skilled Technical	0	0	0	0	1	0	0	0	2nd mental Health and Wellbeing	9 499
Skilled Technical	1	0	0	0	0	0	0	0	66th IPM Conference	14 000
Skilled Technical	1	0	0	0	0	0	0	0	CGCSA Summit	0
Skilled Technical	2	0	0	0	0	0	0	0	EEA Amendment Conference	5 500
Skilled Technical	0	0	0	0	0	0	1	1	Corporate Governance	13 000
Skilled Technical	0	0	0	0	1	0	0	0	Green Energy Conference	5 400
Semi-Skilled	0	0	0	1	0	0	0	0	Corporate Governance	6 500
Semi-Skilled	0	0	0	0	1	0	0	0	Payday Biannual Seminar	6 398
Semi-Skilled	1	0	0	0	0	0	0	0	EEA Amendment Conference	2 750
Semi-Skilled	0	0	0	0	1	0	0	0	66th IPM Conference	14 000
Semi-Skilled	2	0	0	0	1	0	0	0	CGCSA Summit	0
Unskilled	0	0	0	0	0	0	0	0		0
<b>TOTAL BENEFICIARIES</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>19</b>	<b>118 945</b>

Table 37: Annual conference attendance schedule for 2022/23

### 3.3 Subsidised Study Assistance:

Occupational Level	Males				Females				Training Intervention	Amount (R)
	A	I	C	W	A	I	C	W		
Top Management	0	0	0	0	0	0	0	0	None	0
Senior Management	0	0	0	0	1	0	0	0	BCom Law	26 500
Senior Management	1	0	0	0	0	0	0	0	Masters: Sustainability Management	40 560
Senior Management	1	0	0	0	0	0	0	0	MBA	3 000
Middle management	1	0	0	0	0	0	0	0	BCom Accounting	32 500
Middle Management	1	0	0	0	0	0	0	0	BSC Electrical Engineering	34 500
Skilled Technical	1	0	0	0	2	0	0	0	BA Public Administration	99 940
Skilled Technical	0	0	0	0	4	0	0	0	BCom General	95 213
Skilled Technical	1	0	0	0	0	0	0	0	BA Honours	42 754



Occupational Level	Males				Females				Training Intervention	Amount (R)
	A	I	C	W	A	I	C	W		
Skilled Technical	0	0	0	0	1	0	0	0	Honours Public Administration	38 763
Skilled Technical	0	0	0	0	1	0	0	0	BA Agriculture Honours	29 471
Skilled Technical	2	0	0	0	0	0	0	0	Advanced Diploma: IT	46 110
Skilled Technical	1	0	0	0	0	0	0	0	Cert: Operations Management	12 715
Skilled Technical	0	0	0	0	1	0	0	0	MSC Agriculture	27 540
Skilled Technical	1	0	0	0	0	0	0	0	Cert: Asset and Maintenance Management	45 540
Skilled Technical	0	0	0	0	1	0	0	0	BCom Honours	37 900
Skilled Technical	0	0	0	0	1	0	0	0	MBA	41 413
Skilled Technical	0	0	0	0	0	1	0	0	BCom HR Management	24 900
Skilled Technical	1	0	0	0	2	0	0	0	PGD: Business Management	232 648
Semi-Skilled	1	0	0	0	2	0	0	0	BCom SCM	50 346
Semi-Skilled	0	0	0	0	1	0	0	0	BCom Accounting	29 200
Semi-Skilled	0	0	0	1	0	0	0	0	Cert: Corporate Governance	6 090
Semi-Skilled	0	0	0	0	0	0	1	0	BA Public Administration	14 370
Semi-Skilled	1	0	0	0	0	1	0	0	BA Business Administration	64 690
Semi-Skilled	0	0	0	0	1	0	0	0	Bachelor of Business Administration	28 590
Semi-Skilled	0	1	0	0	0	0	0	0	HC: Business Management	29 100
Semi-Skilled	1	0	0	0	0	0	0	0	HC: ODETDP	38 990
Semi-Skilled	0	0	0	0	2	0	0	0	ND: Local Government Management	29 925
Unskilled	2	0	0	0	0	0	0	0	BCom SCM	50 400
Unskilled	0	0	0	0	1	0	0	0	BCom General	23 725
Unskilled	1	0	0	0	0	0	0	0	HC: Supply Chain Management	23 067
Unskilled	0	0	0	0	1	0	0	0	HC: HRM	21 900
<b>TOTAL BENEFICIARIES</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>22</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>44</b>	<b>1 293 260</b>

Table 38: Annual subsidised education schedule for 2021/22

The following projects were implemented during the period under review:

- **Skills Audit**

JM has undertaken the skills audit for permanent staff covering all the occupational levels inclusive of Insourced Cleaners who are on the City of Joburg payroll. The project was intended to establish the skills base of JM, skills gap, competency framework and identify the scarce and critical skills for JM. The phase 5 which included the data collection was concluded on the 5<sup>th</sup> June 2023. Out of 420 staff complement inclusive of the seconded Acting CEO, 378 participated whereas 42 did not participate in the process. This represents approximately 90% participation rate. The final outcome of the skills audit is expected in July 2023.



- **Top employers**

The Joburg Market is aspiring to become employer of choice. It has decided to register with the Top Employers Institute to compete with other companies for certification as the Top Employer or employer of choice. To be certified as the Top Employer or employer of choice, the Institute assesses the people management practices of the participating companies through the independently audited and fact-based HR Best Practices Survey on annual basis.

## **Section 4: Performance Management and organisational development**

### **4.1 Performance management Processes and Procedures**

The contracting and review processes:

- The 2021/22 FY performance bonus was concluded and paid in May 2023.
- The 2022/23 FY final performance assessments / reviews are due for finalisation in July 2023.
- The 2023/24 FY Performance agreement due for signing before the 31<sup>st</sup> July 2023.

## **Section 5: Disciplinary Matters and Outcomes**

### **Labour Relations**

#### **5.1 Disciplinary Matters and Outcomes**

5.1.1. The following five (5) disciplinary cases were concluded in the 2022/2023 FY:

5.1.1.1. Cashier: was charged for misappropriation of funds. JM and the employee entered into a Plea Agreement and the matter is closed.

5.1.1.2. Cleaner: was charged for assaulting a JM client. The employee was given a final written warning.

5.1.1.3. Line Processing Worker: was charged for absenteeism. She failed to return to work and was dismissed.

5.1.1.4. Forklift driver: was charged for absenteeism. He failed to return to work and was eventually dismissed.

5.1.1.5. Project Manager: was charged for gross negligence and dereliction of duties. He offered to resign from the employment of JM.

**5.1.2. The following four cases were still pending finalisation at the end of Q4.**



**5.1.2.1 Procurement Officer** was charged for contravening the Supply Chain Management process. At the disciplinary enquiry, the employee raised points *in limine* in an attempt to stop the disciplinary enquiry. Nonetheless, the chairperson ruled in favour of JM, and the enquiry was scheduled for 15 June 2022. However, the matter was further postponed, due to the unavailability of the key witness who was on study leave then. The case was then scheduled for 20 September 2022, but had to be postponed due to the passing of employee's mother. The case was heard on the 2 November 2022. *Status: case is still pending, the chairperson has recused himself from the matter, and JM is in the process of appointing a new chairperson.*

**5.1.2.2. Senior Manager Supply Chain Management** was placed on suspension on 30 June 2020. The disciplinary charges were brought against the employee on 1 March 2021. New information came to light which necessitated further investigation. The case was sent back to CoJ GFIS for further investigation. The investigation has not been completed due to refusal by the employee to participate in the interviews with CoJ GFIS investigators. Investigators have undertaken to finalise their investigation report irrespective of non- participation by the employee. On the 29 June 2022, GFIS issued a first draft investigation report recommending a disciplinary enquiry. JM has subsequently requested GFIS to issue a final investigation report on an urgent basis *Status: The final report is expected during the month of August 2023.***Chief Executive Officer** was placed on suspension on the 6 May 2021. The case was referred to GFIS for investigation. The employee was charged with contravening the Supply Chain Management processes. The disciplinary enquiry was held on the 15<sup>th</sup> June 2023. *Status: The matter could not finish and is continuing.*

**5.1.2.3. Senior Financial Controller** was placed on suspension on the 13 October 2021 pending finalisation of the investigation. The matter was referred to CoJ GFIS for investigation. On the 29 June 2022, GFIS issued first draft investigation report recommending disciplinary enquiry. GFIS has now presented a final investigation report and the employee was found to have been negligent. The employee was charged with gross negligence. Disciplinary enquiry was scheduled for 7 and 8 March 2023. The employee requested postponement. A new date is to be agreed upon.

### **5.3 Bargaining Council Cases:**

JM has now received one case from the Bargaining Council.

**Former Forklift Driver:** The employee was dismissed in 2019 and has filed his condonation application for the late referral in December 2023. Condonation application was granted to the erstwhile employee. The matter was set-down for conciliation and the matter is still unresolved. The applicant referred his matter for arbitration and the arbitration is scheduled for 28 June 2023.

### **5.4. Labour Court Cases:**



JM currently has three (3) labour cases before the Labour Court.

**5.4.1. Property Administrator:** The employee was dismissed for dishonesty. The employee referred the case for unfair dismissal to SALGBC. The employee lost the arbitration on the 4 February 2019. Subsequently, the employee served JM with the Labour Court review papers in February 2021. Due to the employee's late review application, the employee filed for a condonation application, which was opposed by JM on the 29 April 2021. *Status: No new movement is recorded for this case.*

**5.4.2. Executive Strategy and Transformation:** The employee resigned from JM on the January 2018 and referred a case of Constructive Dismissal to the SALGBC. The employee lost the contractive dismissal case on 9 May 2019. Furthermore, the employee served JM with a Labour Court review application. JM opposed the application on 25 February 2021. *Status: No new movement is recorded for this case*

**5.4.3. Security Officer:** The employee referred an Unfair Discrimination case that related to Equal Pay for Work of Equal Value to CCMA for Arbitration. The CCMA ruled in favour of JM in September 2016. The employee subsequently filed a review application with the Labour Court challenging the CCMA award. The employee has been changing attorneys and this has significantly delayed the finalisation of this matter. *Status: No new movement is recorded for this case.*

## Employee Engagement

### Local Labour Forum

- 5.4.3.1.** The Local Labour Forum (LLF) is a formal structure constituted by management representatives and Labour Union representatives which discusses labour matters that affect employees.
- 5.4.3.2. Major discussion point for the LLF was:**
- 6.** JM's implementation of the Salary Notch Progression system that is being negotiated centrally at the CoJ level. The salary notch progression system is planned to be implemented on the 1<sup>st</sup> July 2023.

### Human Resources Policies

In the 2022/23 FY JM reviewed and approved ten (10) HR policies to ensure the policies are keeping up with the internal and external environmental changes. The review of other policies is on-going.





## Section 6: Leave & Productivity Management - Leave Analysis: 2022/23

Type of Leave	22-Jul	22-Aug	22-Sep	22-Oct	22-Nov	22-Dec	23-Jan	23-Feb	23-Mar	23-Apr	23-May	23-Jun	Totals
Annual Leave	548.46	1898.7	443.24	551	612.41	410.22	716.58	352.46	333	402	429.46	690	7386.91
Sick Leave	314	273	239	516	281	127	268	260	179	112	173.51	129	2871.51
Family Responsibility Leave/Parental	20	52	34	57	31	20	49	26	22	20	43	23	397
Study Leave/Exam	30	6	1	68	97	3	0	0	5	5	72	127	414
Leave Sold	45	97	120	79	40	202	478	370	34	20	25	32	1542
Long Service	8	18	19	50	41	4	24	19	34	18	8	5	248
Maternity	371	155	0	0	0	0	0	0	0	0	0	123	649
Special	0	0	4	0	0	0	0	0	0	0	0	0	4
Unpaid	5	6	1	8	41	0	1	8	5	0	2	0	77
IOD	0	0	1	4	0	0	0	0	4	0	2	0	11
<b>TOTAL</b>	<b>1341.46</b>	<b>2505.7</b>	<b>862.24</b>	<b>1333</b>	<b>1143.41</b>	<b>766.22</b>	<b>1536.58</b>	<b>1035.46</b>	<b>616</b>	<b>577</b>	<b>755.07</b>	<b>1129</b>	<b>13600.51</b>

**Table 39: Leave Analysis**

The table above indicates the number of leave days either taken or sold captured in the payroll system. The reason for decimals in number of days is a result of the annual leave system design in the payday system

## Section 7: Employee Wellness

### 7.1 Employee Health (Clinic)

- The STI/Condom Week event took place in February and other health activities attended on the day included blood pressure tests, sugar level tests and weight measurements, HIV testing and issuing of condoms.
- In June 2023 the Clinic held yet another Health and Wellness event and the health activities attended were planned Pap smear, Prostate cancer screening, Physiotherapy, Eye screening and Audiological services.
- A total of 766 consultations were attended to in this quarter. Of the employees attended at the Clinic 4 cases were Injury on Duty and were referred to external for further attention.
- The Clinic continues to provide the following services:
  - Daily consultations of sick employees,
  - Injured employees and JM patrons,
  - Referral of patients to external service provider as and when required,
  - Employee medical surveillance,
  - Management of chronic and minor illnesses, and
  - On-going health education to JM employees.



- Medical surveillance equipment has been delivered. The clinic will now be able to conduct the full medical surveillance that covers the Eye testing, Lung testing and Ear testing to the employees on site.
- The MSP is now functional and a minimum of 15 employees per month is been done.
- To ensure the provision of holistic medical health to the employees, JM is currently in the process of procuring the services of the Occupational Medical Practitioner (Doctor) to attend to serious occupational medical health issues. The Doctor will also certify the fitness of employees and the results of the medical surveillance.

## **7.2. Employee Wellness (Employee Assistance Programme)**

- JM has appointed an external service provider, ICAS, for a period of three years, 2022/23, 2023/24 and 2024/25 to provide holistic employee wellness assistance to JM employees, to render amongst others, counselling and/or psychological services to JM employees and their immediate family members. The service provider conducted induction / awareness sessions to inform JM staff of the services offered.
- The ICAS provided a summary of counselling services offered to JM employees wherein the relationship problem ranked high and flagged as an element that could potentially impact productivity.
  - Relationship Issues accounted for 30.3% (10) of the total problems.
  - One case was flagged as a high risk pertaining to suicidal ideation.
  - During the financial year, the Employee Wellness division held the following events:
    - A two day wellness Day held on the 13<sup>th</sup> and 14<sup>th</sup> October 2022, wherein the external service providers offered to JM employees the following services, Dietician / nutritionist, Optometrists, Podiatrist.
    - On the 5<sup>th</sup> December 2022, the PSG Financial Services was invited to JM to offer financial advice to five (5) employees who nearing their retirement.
    - To encourage a healthy life style a programme called the Biggest Loser Challenge was held from April 2023 to June 2023.
    - As part of the fitness campaign on the 17<sup>th</sup> February 2023, the Joburg Market participated in the COJ Employee Engagement Day taking part in the sporting activities such as Tennis, Netball, Cycling, 5-a-Side Soccer, Basketball, Volleyball, Indigenous Games, Yoga, and a 2-hour Aerobics Marathon.
    - On the 28<sup>th</sup> March 2023 the South African National Blood Services joined hands with JM to create a platform for JM employees and Market patrons to donate blood on JM premises.
    - On the 16<sup>th</sup> May 2023, JM revived the Youth Desk wherein the Youth Committee was elected to develop JM youth programme of action. The Youth held its first Youth celebration of the 15<sup>th</sup> June 2023.



### 7.3. Covid-19 Report:

There was only one positive case reported in the 2022/23 FY. All protocols were observed

### 7.4. Employee Benefits

Retirement Funds: JM's policy requires that all its employees are members of the retirement fund; and. JM currently has two retirement funds - City of Johannesburg Pension Fund and E-Joburg Retirement Fund with the following number of members:

Pension/Retirement Fund	Members
City of Johannesburg Pension Fund	7
E-Joburg Retirement Funds	342

### 7.5. Medical Aid Schemes:

There are three medical aid schemes on offer to JM employees, with a breakdown below on the number of employees on each scheme:

Medical Aid Schemes	Members
1. Bonitas	252
2. Discovery Health	32
3. LA Health	10

Housing Allowances: The following are the housing allowances in operation within JM:

Housing: 91 beneficiaries  
\*Gap: 15 beneficiaries

\*GAP Market employees are defined as employees whose income is regarded as too low to access bank funded housing finance (mortgage finance), but too high to qualify for the national government's free-basic housing subsidy scheme. This is regulated in terms of the SALGBC collective agreement reached from time to time at the Bargaining Council.

## Section 8: Corporate Social Responsibility

The social responsibility of JM and the extent, to which legal, ethical, and economic responsibilities are concerned, as established by shareholders, remain a focus for the organisation. As a good corporate citizen, operations and projects decisions are taken with due consideration of the myriad of social responsibilities that affects society. This area of the business is overseen by the REMSEC Committee, with periodic feedback provided as and when required.



## **Corporate Social Investment**

As part of its corporate social investment drive during the 2022/23 JM has continued with partnership establish with CoJ: DSD. During the period under review JM has conducted procurement of produce to enable the preparation of indigent food parcels.

The company also assisted indigent families with food parcels aimed at assisting such families during a funeral.

Additional donations:

On 16 June 2022 JM offered a sponsored event with the Abraham Kriel Bambanani (AKB) Childrens Home in Wesbury. The Children's home received donations of fruit and vegetables which will alleviate the pressure on ensuring healthy feeding of beneficiaries.





**Joburg|Market**

## **ANNUAL INTEGRATED REPORT 2022/23**

### **CHAPTER FIVE FINANCE PERFORMANCE AND EXPOSURE**

- **Financial Overview**
- **Statement of Financial Performance for the Year(2022/23)**
- **Statement of Financial Position for the Year (2022/23)**
- **Analysis of the Cash Flow Statement for the Year (2022/23)**
- **Analysis of Supply Chain Management**
- **Contingencies**
- **Financial Statements**



# CHAPTER FIVE: FINANCE PERFORMANCE AND EXPOSURE

## Section 1: Statement of Financial Position and high-level not

### Short term financial strategy

JM appreciates the fact that its short-term financial goals should be achievable and adaptable to emerging circumstances in the fresh produce industry. As indicated under section 2.1 below 85.1% of JM income is derived from commission. This income source is constantly facing the risk of erosion practices within the value chain and hence JM will in the short term refine its central trading governance and systems to protect its collection of revenue from this stream.



The statement of JM's financial position is tabulated below:



**STATEMENT OF FINANCIAL POSITION for the period ended 30 June 2023**

	R'000 Actual 2023 June	R'000 Actual 2022 June
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>614 664</b>	<b>549 805</b>
Property, plant and equipment	576 707	510 179
Investment property	27 185	29 098
Intangible assets	520	780
Deferred tax	10 252	9 747
<b>Current assets</b>	<b>851 317</b>	<b>772 314</b>
Trade and other receivables	97 667	78 046
Loans to shareholders	220 547	422 220
Statutory Receivable	59 250	74 252
Operating Lease Asset	0	0
Cash and cash equivalents	473 853	197 796
<b>Total assets</b>	<b>1 465 981</b>	<b>1 322 119</b>
<b>NET ASSETS AND LIABILITIES</b>		
<b>Net Assets and Liabilities</b>	<b>1 066 969</b>	<b>925 614</b>
Contribution from owner	20 000	20 000
Accumulated funds	1 046 969	905 614
<b>Non-current liabilities</b>	<b>13 486</b>	<b>13 296</b>
Loans from shareholders	-	0
Employee benefit obligations	2 530	2 736
Deferred tax	10 956	10 560
<b>Current liabilities</b>	<b>385 526</b>	<b>383 208</b>
Trade and other payables	381 660	378 267
Loans from shareholders	0	0
Provisions	3 866	4 941
<b>Total equity and liabilities</b>	<b>1 465 981</b>	<b>1 322 119</b>

Table 40: Statement of financial position of JM as at 30 June 2023

**Statement of financial position variance analysis**

- The net increase of R66.5m (13.0%) in PPE is due to Capital Expenditure spend and depreciation for the period.
- Intangible assets increased by a total of R260K (33.3%) due to revaluation of useful life.
- Cash and cash equivalents increased by R276.1m (140.1%) due to an increase in the JM cash reserves and buyer's deposit.



## Section 2: Statement of Financial Performance and high-level notes

	Period ended 30 June 2023						
				Variance			
	<u>Actual</u>	<u>Budgeted</u>	<u>Last Year</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>
	<u>R '000</u>	<u>R '000</u>	<u>R'000</u>	<u>Budget</u>	<u>Last Yr</u>	<u>Budget</u>	<u>Last Yr</u>
			<u>R'000</u>	<u>R'000</u>	<u>%</u>	<u>%</u>	
Turnover	10 300 624	8 924 202	8 761 470	1 376 422	1 539 154	15,4%	17,6%
Tonnage	1 420	1 434	1 430	(13)	(9)	-0,9%	-0,6%
Rand/Ton	R 7 250,5	R 6 224,1	R 6 128,9	1 026,4	1 121,6	16,5%	18,3%
Revenue	604 428	599 725	515 764	4 703	88 664	0,8%	17,2%
Expenses	(454 725)	(466 723)	(424 504)	11 997	(30 221)	-2,6%	7,1%
Surplus before interest & tax	149 703	133 002	91 260	16 701	58 443	12,6%	64,0%
Net interest (paid)/earned	48 726	30 086	25 027	18 639	23 699	62,0%	94,7%
Internal Charges	-	-	-	-	-	-	-
Surplus before tax	198 428	163 089	116 287	35 340	82 142	21,7%	70,6%
Taxation	-57 074	-44 034	-42 866	(13 040)	(14 208)	29,6%	33,1%
Surplus	141 354	119 055	73 421	22 300	67 934	18,7%	92,5%

Table 41: JM high level performance of the entity

Joburg Market's Q4 financial performance as at 30 June 2023 recorded a surplus of R141.4m against a budgeted surplus of R 119.1m. Surplus after tax is over the budget by R22.3m which has resulted in a variance of 18.7%. The entity's Revenue has increased by R89.6m (17.2%) compared to the prior year's performance, however, total expenditure also increased by R30.2m (7.1%) compare to the prior year's due to increased spending on finance and administration (doubtful debt provision) and bank charges.

### 2.1 Turnover and Revenue Analysis for quarter ended 30 June 2023

The turnover generated by JM is above the budget by R1 376.4m (15.4%) due to higher than expected trade prices. Tonnage was below budget by 13 tons (0.9%) and price per ton was higher than budgeted by R1 027.7/ton (16.5%). Compared to prior year price per ton, there has been a decrease of R1 122.8/ton (18.3%) in the prices of fresh produce.

	Turnover & Revenue						
	Period ended 30 June 2023						
				Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual</u>	<u>Actual vs</u>
<u>R '000</u>	<u>R '000</u>	<u>R'000</u>	<u>Budget</u>	<u>Last Yr</u>	<u>vs</u>	<u>Last Yr</u>	
			<u>R'000</u>	<u>R'000</u>	<u>%</u>	<u>%</u>	
Turnover	10 300 624	8 924 202	8 761 470	1 376 422	1 539 154	15,4%	17,6%
Tonnage	1 420	1 434	1 430	(13)	(9)	(0,9%)	(0,6%)
Rand/Ton	R 7 250,51	R 6 224,10	R 6 128,94	1 026	1 122	16,5%	18,3%
<b>REVENUE</b>	<b>604 428</b>	<b>599 725</b>	<b>515 764</b>	<b>4 703</b>	<b>88 664</b>	<b>0,8%</b>	<b>17,2%</b>
Cold storage facilities	3 398	3 670	4 051	(272)	(654)	(7,4%)	(16,1%)
Ripening facilities	1 842	1 468	1 535	374	307	25,5%	20,0%
Commission 5%	515 031	446 210	438 073	68 821	76 958	15,4%	17,6%
Direct Delivery Comm	10 425	3 673	6 342	6 752	4 083	183,8%	64,4%
Pallets	1 227	1 433	1 074	(206)	153	(14,4%)	14,3%
Prepaid Electricity	-	-	-	-	-	0,0%	0,0%
Cash Handling fee	6 536	6 000	5 269	536	1 267	8,9%	24,0%
Gourmet Fresh - Transp	5 500	-	-	5 500	5 500	0,0%	0,0%
Trolley Rental Deposit	98	100	99	(2)	(1)	(2,0%)	(1,5%)
Electricity recovery	21 653	48 014	21 501	(26 361)	153	(54,9%)	0,7%
Water recovery	6 702	29 220	7 589	(22 518)	(888)	(77,1%)	(11,7%)
Rental Income	24 373	24 873	23 271	(500)	1 102	(2,0%)	4,7%
Floor storage fees	1 767	3 528	1 635	(1 761)	132	(49,9%)	8,0%
Sundry revenue - other	5 877	31 536	5 324	(25 659)	553	(81,4%)	10,4%

Table 42: JM revenue as 30 June 2023





- Commission income and direct delivery = 85.2%
  - Rental income (including both water and electricity recoveries) =8.7% and
  - Sundry revenue = 6.1%

### Revenue variance analysis

- Commission income is above budgeted by R68.8m (15.4%) based on the positive variance turnover projection for Q4 derived by demand and supply.
- Direct Deliveries is above budget by R6.7m (183.8%) due to an increase in direct consignment received by tenants in the fourth quarter.
- Banana Ripening is over-budget by R374k (25.5%) due to an increase in the demand of produce in ripening facilities and also due the improvement done on the facilities.
- Floor storage fees are below the budget by R1.7m (49.9%) due to less stock being kept in the storage facilities as more produce are channeled into the trading halls.
- Sundry revenue is below budget by 25.7m (81.4%) largely due to the budgeted EPWP funds which were not allocated in the current financial year.
- Electricity Recovery is under-budget by R26.4m (54.9%) due to less consumption on utilities than budgeted for by our tenants.

### Stakeholder engagements

During the period under review a number of tenants' engagements were held including engagements on collections and signing of lease agreements.

JM also continued to sustain a cordial relationship with CoJ Group Finance and municipal entities providing services to JM. The latter include amongst others project management engagements with JPC on the project management of the Tshiamo Market as well as Joburg Water on accounting of water consumption charges to JM. The Company wishes to express its appreciation for the cooperation and support enjoyed during these engagements.

### Expenditure variance analysis

	Period ended 30 June 2023							
					Variance			
	Actual	Budget	Last Year	Actual as % of Total	Actual vs. Budget	Actual vs. Last Yr	Actual vs. Budget	Actual vs. Last Yr.
	R '000	R '000	R'000	Expense	R'000	R'000	%	%
<b>Expenses</b>	<b>454 725</b>	<b>466 723</b>	<b>424 504</b>	<b>100%</b>	<b>-11 997</b>	<b>30 221</b>	<b>-3%</b>	<b>14,05</b>
Personnel costs	198 196	196 054	173 938	44%	2 142	24 257	1,1%	13,9%
Human Resources	15 766	13 546	9 753	3%	2 221	6 013	16,4%	61,7%
Marketing	3 714	3 702	8 267	1%	12	-4 553	0,3%	-55,1%
Repairs and Maintenance	31 244	44 782	30 877	7%	-13 538	368	-30,2%	1,2%
Operations	131 538	139 676	146 274	29%	-8 138	-14 736	-5,8%	-10,1%
Information Technology	6 127	11 945	5 007	1%	-5 818	1 120	-48,7%	22,4%
Finance and administrative	38 538	27 571	23 318	8%	10 967	15 220	39,8%	65,3%
Depreciation	29 602	29 447	27 069	7%	155	2 533	0,5%	9,4%

Table 43: Operational expenditure analysis as at 30 June 2023

Total operating expenditure for the year ended 30 June 2023 is recorded at R454.7m (excluding internal charges) compared to the budget of R466.7m. This represents an



under budgeted of R11.9m (3.0%) when compared to the budget.

- Repair and Maintenance is under budget by R13.5m (30.2%) due to R12.3m allocated to Operation department for diesel account cost on generators (load shedding) which arises from unforeseen circumstances.
- Information Technology is under budget by R5.8m (48.7%) due to the Microsoft license project not being implemented. The procurement of Microsoft licenses is centralized through City Group Information Technology.
- Personnel costs expenditure is over budget by 2.1m (1.1%) due to the PFA (SALGA) agreement once off payment.
- Operations Expenditure is under budget by R8.1m (5.8%) due to reduced utilisation by the tenant and close monitoring of cost.

### Section 3: Cash Flow Statement

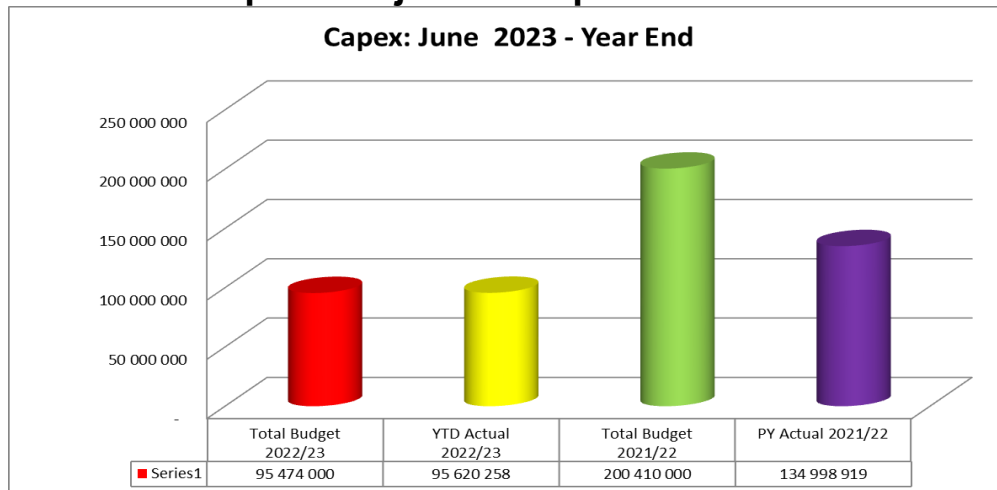
Cash flow statement for the period ended 30 June 2023

	R'000 Actual 30-Jun-23	R'000 Actual 30-Jun-22
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Sale of goods and services	670 521	633 596
Interest income	43 442	24 052
Other receipts	-	5 140
	<b>713 963</b>	<b>662 788</b>
<b>Payments</b>		
Employee costs	-199 147	-187 429
Cash paid to supplier	-285 211	-307 237
Tax paid	-56 473	-38 446
Finance costs	-	-428
	<b>-540 831</b>	<b>-533 540</b>
<b>Net cash flows from operating activities</b>	<b>173 132</b>	<b>129 248</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-70 333	-115 215
Loan to shareholder - Sweeping account	173 320	-19 916
<b>Net cash flows from investing activities</b>	<b>102 987</b>	<b>-135 131</b>
<b>Cash flows from financing activities</b>		
Repayment of shareholders' loan	-	-4 206
Post Retirement Liabilities	-62	-456
<b>Net cash flows from financing activities</b>	<b>-62</b>	<b>-4 662</b>
<b>Net increase in cash and cash equivalents</b>	<b>276 057</b>	<b>-10 546</b>
Cash and cash equivalents at the beginning of the year	197 796	208 342
Cash and cash equivalents at the end of the year	473 853	197 796

Table 44: Cash flow statement as at 30 June 2023



## Section 4: Capital Projects & Expenditure



**Figure 12: Capital expenditure analysis for the financial year ended 30 June 2023**

- Capex spend as at 30 June 2023 is recorded at R95.6m against a budget of R95.5m this represent 100.2%.



#### 4.1: Capital Projects

JFPM	JFPM		JFPM	JFPM	
CAPEX	Project	Approved Adjustment Budget	Approved Budget	Actual Spent	% Actual against budget
JSIP Number	Description	R	R	R	
2598	Tshiamo Market - Building and Services Renovations and Upgrade	40 000 000	30 500 000	31 787 072	104,22%
22489	Upgrade of Banana Ripening and Cold Rooms	20 000 000	10 000 000	9 610 476	96,10%
	Complementary Service	-	-	4 563 147	45,63%
	Operating Machinery	-	-	1 772 622	17,73%
	Installation of Smart meters	-	-	3 274 707	32,75%
3331	Installation of Sprinkler System( Fire Suppression System OHSA)	10 000 000	10 000 000	10 029 652	100,30%
3357	Refurbishment/Construction of Ablution Facilities Renewal Building Alterations	5 000 000	4 598 000	4 597 988	100,00%
3364	Replacement of Roof at the Trading Halls New Building Alterations	8 633 000	4 941 000	3 508 652	71,01%
6399	Construction of pack -house for emerging farmers	10 000 000	5 790 000	5 790 450	100,01%
22547	Alternative Energy Systems	10 000 000	1 645 000	1 645 000	100,00%
4039	Technical Equipment Renewal	4 000 000	28 000 000	28 650 968	102,32%
	Operational Capital: Computer Software New Computer Software CITY DEEP EXT.22	1 000 000	-	-	0
	Computer Equipment Renewal Computer upgrades	1 750 000	-	-	0
	Computer Software New/Renewal New Computer Hardware	1 000 000	-	-	0
	Upgrade of Market Facilities Cooling of the Halls	5 000 000	-	-	0
	Operational Capital - Cleaning in-sourcing	3 000 000	-	-	0
<b>Total</b>			<b>95 474 000</b>	<b>95 620 258</b>	<b>100,2%</b>

Table 45: Capital projects breakdown for the financial year ended 30 June 2023.

## Section 5: Ratio Analysis (minimum: liquidity, solvency, cost coverage)

### 5.1 Key financial ratios for the financial year ended 30 June 2023

#### Key Financial Overview for Year ended 30 June 2023

Financial ratios	Norm	Q4-1
Liquidity (CA/CL)	1.5:1	2.2:1
Solvency (Total Assets/Total Liabilities)	2.0:1	3.7:1
Debtor's days (average collection period)	30	53
Cash Cover (days)	30 - 90 Days	600
Remuneration to expenditure ratio (Incl EPWP)	25-40%	43.7%
Remuneration to expenditure ratio (Excl EPWP)	25-40%	42.5%

Table 45: key ratios for the review period

The table below highlighted some of the key ratios for the review period

The Joburg Market remuneration to expenditure ratio is higher than the norm as a result of the continuous nature of its operations which includes 24 hours functions, night shift arrangements and certain operations on public holidays. JM has a healthy Balance Sheet in terms of both liquidity and solvency; this indicates that the company has sufficient assets to cover its operations in the short term.

It is worth noting that it takes 53 days for debtors to pay amounts owing to Joburg Market against the required norm of 30 days.

### 5.2 Analysis of Debtors Collections for the year ending 30 June 2023

An amount of R66.3m has been collected during the reporting period compared against a billing figure of R66.1m. The collection rate achieved year to date is 93% against a target of 95%. This improvement is attributed to management's concerted effort to follow up on outstanding debtors, to settle their debt within 30 days.



Billing and collections rate Quarter YTD 2022/23													
Billing													
Descriptions	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD
Total of Rental & Utilities	4 544 461	4 516 023	4 581 249	3 954 895	4 817 651	3 420 722	2 861 637	4 213 288	3 176 057	6 028 055	4 654 381	2 976 549	49 744 988
Total of Cold Storage & Ripening	1 162 538	1 487 096	1 596 489	1 078 492	1 653 852	1 080 005	1 180 083	1 047 981	1 196 410	1 167 572	1 388 428	2 476 783	16 515 677
<b>Total Billing</b>	<b>5 706 999</b>	<b>6 003 089</b>	<b>6 177 738</b>	<b>5 033 387</b>	<b>6 471 503</b>	<b>4 500 727</b>	<b>4 041 700</b>	<b>5 261 269</b>	<b>4 372 467</b>	<b>7 195 627</b>	<b>6 042 807</b>	<b>5 453 332</b>	<b>66 260 645</b>
Collections													
Total of Rental & Utilities	3 760 843	3 732 405	5 611 793	1 679 105	2 684 698	3 895 714	3 492 146	4 994 387	2 076 067	5 962 545	2 881 072	5 639 329	46 410 104
Total of Cold Storage & Ripening	1 199 292	2 141 971	1 515 240	2 166 766	1 978 673	1 692 790	1 889 775	776 618	908 540	553 651	1 015 137	3 888 134	19 726 587
<b>Total Collection</b>	<b>4 960 135</b>	<b>5 874 376</b>	<b>7 127 033</b>	<b>3 845 871</b>	<b>4 663 371</b>	<b>5 588 504</b>	<b>5 381 921</b>	<b>5 771 005</b>	<b>2 984 607</b>	<b>6 516 196</b>	<b>3 896 209</b>	<b>9 527 463</b>	<b>66 136 691</b>
Collection percentages													
Descriptions													
Rental & Utilities Rate	83%	83%	122%	42%	56%	114%	122%	119%	66%	99%	62%	189%	93%
Cold stores & Ripening	103%	144%	95%	201%	120%	157%	160%	74%	76%	47%	73%	157%	119%
<b>Total Average collection</b>	<b>87%</b>	<b>98%</b>	<b>115%</b>	<b>76%</b>	<b>72%</b>	<b>124%</b>	<b>133%</b>	<b>110%</b>	<b>68%</b>	<b>91%</b>	<b>64%</b>	<b>175%</b>	<b>100%</b>

Table 46: Billing and collections rate as at 30 June 2023

### 5.3 Bad Debts

Provision for bad debts amounted to R36m. There was an increase of R8m in Doubtful Debts provision in the current financial year.

### 5.4 Analysis of Cash Collections for the financial year ended 30 June 2023

#### 5.4.1 Buyers Deposits

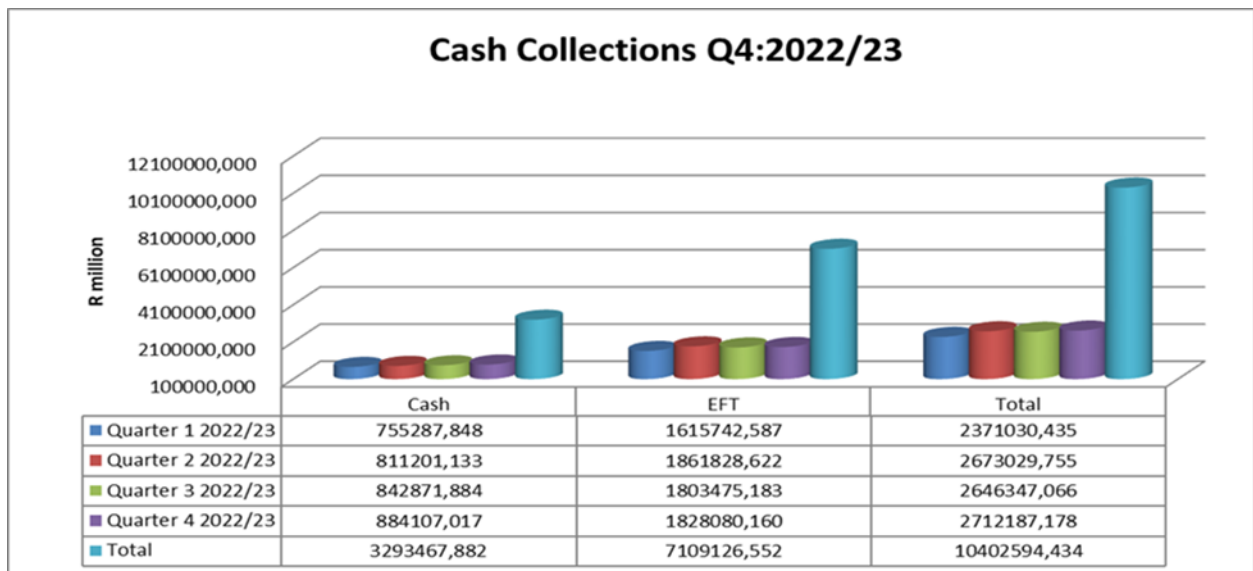


Figure 13: Cash collections for the reporting period ended 30 June 2023

A total collection of R10.4 billion was collected during the year compared to R8.7 billion collected in the year 2021/2022.



## 5.4.2 Cashiering Shortages & Recoveries

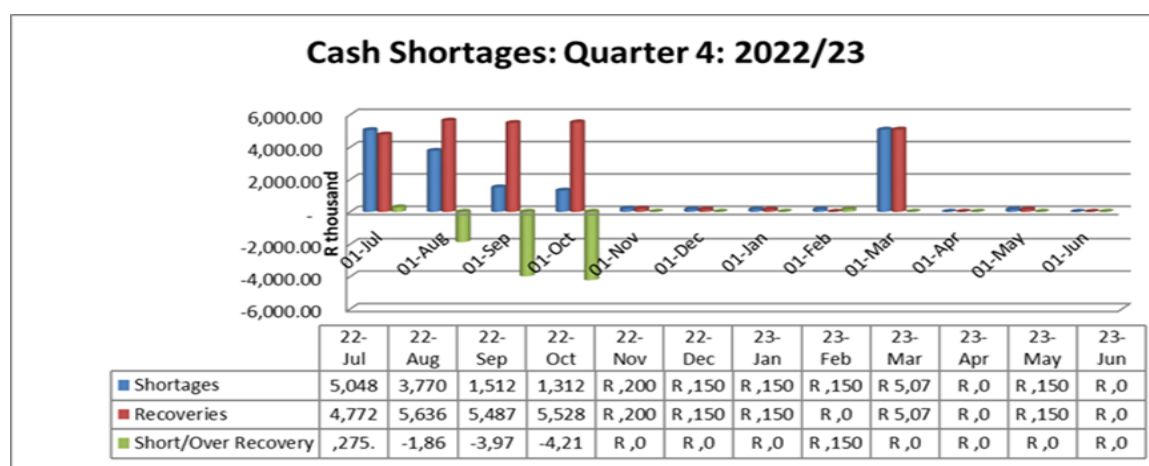


Figure 14: Cashiering shortages & recoveries for the review period ended 30 June 2023

The total shortages for 2022/2023 are R0 against recoveries the closing balance of R153.60 (due to unallocated receipts of R153.60).The department closing shortage for the month of June 2023 amounts to R0.00 balance.

## Section 6: Supply Chain Management

### 6.1 Deviations

The accounting officer followed due processes in considering the need for deviations. The entity incurred the following deviations which are illustrated in the table below:

No	Service Provider	Type of Deviation	Reason/s	Approved Deviation amount	Year Approved
1	Oracle Corporation South Africa(Pty) Ltd	Single provider (MFMA section 36 (a) (ii))	The licence renewal can be procured from the software manufacture only. Oracle suite in the JM SPS database environment.	R 2 381 493,09	30-Mar-23
2	Klaus Engineering Group	Exceptional (MFMA section 36 (a) (iv))	Tender process has been followed and declared non- responsive. Ammonia re Fridgeration is a highly specialised field	R 3 752 619,05	11-Apr-23
3	Kya Guards(Pty)Ltd	Emergency (MFMA section 36 (a) (i))	Additional security and equipment for a period of three(3) months. Security officer to patrol outside the Joburg Market precinct in order to prevent crime.	R 991 045,00	23-Jan-23
4	Waterbless (Pty)Ltd	Emergency (MFMA section 36 (a) (i))	Emergency supply of Generator diesel	R 6 000 000,00	11-Jul-22
5	Goscor Cleaning Equipment (Pty) Ltd	Emergency (MFMA section 36 (a) (i))	Procurement maintenance plan for 4X M20 scrubbing machine with 12 months maintenance plan	R 557 260,52	18-Nov-22
6	Serve Isizwe Holdings (Pty)Ltd	Emergency (MFMA section 36 (a) (i))	Emergency repairs, re-program and re-calibrate the banana ripening ABB control system	R 211 432,10	23-Jan-23
7	Latitude software	Single provider (MFMA section 36 (a) (ii))	Extention of IT service desk to include the infrastructure department. This will enhance the	R 235 540,68	08-Dec-22
8	PayDay software Systems (Pty)Ltd	Single provider (MFMA section 36 (a) (ii))	Software for Licence and support	R 467 224,00	08-Dec-22
9	Institute of Directors South Africa	Single provider (MFMA section 36 (a) (i))	Training and development programs for the Board of Directors	R 600 000,00	04-Apr-23
10	Elphash Trading Enterprise CC	Emergency (MFMA section 36 (a) (i))	Additional security to patrol outside the Joburg Market precinct in order to prevent crime for a period of 6 months	R 2 520 000,00	18-Apr-23
<b>TOTAL</b>				<b>R 17 716 614,44</b>	

Table 47: Deviations as at 30 June 2023

## 6.2 Irregular Expenditure

Name of Supplier	UIFW	Reasons for the Deviation	Amounts
Morubisi Technologies	Irregular	COJ Promised to do insource and did not materialize. Service provider appointed on CAPEX components. The Joburg Market appointed MTC to render the CCTV services, but to date has not been able to render such services. However for the sake of business continuity, Morubisi has been kept on board, as the services they render, are critical for Joburg Market. The amounts spent on Morubisi, is already more than 15% allowed for.	6 875 701.80
Afrent Fleet Rental	Irregular	Original COJ Contract declared irregular by the Auditor General	1 970 024.06
Avis Fleet Rental	Irregular	Original COJ Contract declared irregular by the Auditor General, on the 18th of November 2022 contract was extended on a month-to-month basis, not exceeding period of 6 months. Then the contract was extended till 17 May 2023.  The Contract expired now	289 451.03
Bash Electrical Contract	Irregular	Shortened closing period, whose reasons were not compelling to the Auditor General, hence declared Irregular	3 765 913.05
<b>Total</b>			<b>R 12 901 089,94</b>

Table 48: Irregular expenditure incurred during the review period

# All instances of irregular expenditure incurred in the current year relates to contracts identified as irregular in the prior year.  
# the irregular expenditure for actual expenditure exceeding the budget vote has no relation to supply chain processes

## 6.3 Fruitless and Wasteful Expenditure

The company incurred the following fruitless and wasteful expenses as outlined in the table below:

No.	Service Provider	Reasons	R
-	NONE	N/A	0
<b>TOTAL</b>			<b>0</b>

Table 49: Fruitless and Wasteful expenditure incurred in the current financial year

## 6.4 BBB-EE expenditure for the period

Expenditure	YTD - Actual JM Spend (R)	Spent on related parties (R)	Available Amount (R)	YTD spent on BBB-EE (R)	YTD % spent on BBB-EE
OPEX	226 055 694	-86 853 047	139 202 648	139 202 648	100%
CAPEX	95 620 257	-31 787 071	63 833 186	63 833 186	100%

Table 50: Joburg market BBB-EE procurement spending during the acquisition of goods and services as at 30 June 2023





## OPEX Expenditure

The total amount spent for OPEX is R226 055 694. Included in this is an amount of R86 853047 which does not form part of the total actual expenditure on BBB-EE as it was spent on CoJ entities for utilities being Electricity usage, Water, Sewage and Refuse

## CAPEX Expenditure

Total amount for CAPEX is R95 620 257. Included in there is an amount of R31 787 071 which does not form part of the total actual expenditure on BBB-EE as it was spent on CoJ entities (i.e. JPC).

## 6.5 Payments within 30 days

Payments of Creditors Within 30 Days	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD
Total Payments	144	120	139	121	121	121	74	131	133	59	123	95	1381
Paid Within 30 Days	144	120	139	121	121	121	74	131	133	59	123	95	1381
Percentage Achieved	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Table 51: Payment of suppliers within 30 days

The payment of suppliers within 30 days meets the 100% target required by the JM KPI.

## Section 7: Pending Litigations and Possible Liabilities

Details of matter	Amount (R/M)
Dispute with a company regarding professional fees in respect of road rehabilitation	1 080 017
Total	1 872 087

Table 52: Contingent liabilities of the entity

## Section 8: Insurance Claims against/to JM

Insurance claims affecting JM is currently estimated at R3.952 Million

## Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities

The entity wishes to disclose the following monies receivable from organs of government & the entity wishes to disclose the following monies payable to organs of government

Name of Department/Entity		
<b>Amounts owed by related parties</b>		
<b>Name of Department/Entity</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
The City Of Johannesburg Metropolitan Municipality	239 117 320	430 622 046
The Johannesburg City Parks/Zoo	370 298	72 848
Pikitup Johannesburg (SOC)Ltd	57 950	-
<b>Total</b>	<b>239 545 568</b>	<b>430 694 894</b>
<b>Amounts owed to related parties</b>		
<b>Name of Department/Entity</b>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
The City Of Johannesburg Metropolitan Municipality	166 799 609	162 997 455
Johannesburg Metro Trading Company	5 482 224	5 535 337
Johannesburg Property Company	58 519 412	40 840 079
The Johannesburg City Parks/Zoo	590 974	
Joburg Theatre (SOC)Ltd	159 965	645 683
<b>Total</b>	<b>231 552 184</b>	<b>210 018 554</b>

Table 53: Amounts owing by government departments and public entities

## Section 10: Austerity measures implemented

In order to achieve savings JM has continued with the limitation of the following measures:

- Discontinuation of flowers for offices and reception areas;
- Cancellation of all newspaper subscriptions;
- Limitation of official travelling.





**Joburg|Market**

**ANNUAL INTEGRATED REPORT 2022/23**

## **CHAPTER SIX INTERNAL AND EXTERNAL AUDIT FINDINGS**

- **Progress on Internal Audit Plan**
- **Progress on Resolutions of Internal and External Audit Findings**
- **Overall Status of Internal Controls**
- **Auditor-General's Report for current year**
- **Historical Audit Finding and Remedial Actions**



# CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS

## Section 1: Progress on Internal Audit Plan

Internal Audit performs its duties in accordance with the S165 of the MFMA and other relevant legislation and frameworks.

The scope of Internal Audit work is to provide reasonable assurance on whether the organisation’s network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that, amongst others:

- There is effectiveness and efficiency of operations.
- There is adequate compliance to laws and regulations and significant legislative or regulatory issues impacting the organisation are recognised and adhered to.
- Safeguarding of assets.
- Risks are appropriately identified and managed.
- Significant financial, operating and performance information is accurate, reliable and timely.

The following is a summary of progress on the approved internal audit plan for 2022/23 as at 30 June 2023.

Description	Progress status on the plan – Q4				
	Project Allocation	Not started	Planning & Execution	Reporting	Completed
Planned audits for the year	21	0	2	0	19
Percentage	100%	0%	10%	0%	90%

**Table 54: Table of planned audit audits for 2022/23**

The two audits still at the execution phase will be completed by 31 August 2023 before the start of the AGSA external audit.



## 1. Detail of planned audits

The following table provides the detail of the planned audits for 2022/23 financial year and progress status at 30/06/2022.

#	Planned Area of Coverage	Status	Planned hours	Risk Rating
1	Unauthorised Irregular, Fruitless and Wasteful Expenditure (UIFW)	Complete	300	Very High
2	Marketing and communication (Q3 –Q4)	Complete	300	High
3	IT Application Controls (SPS) (Q4)	Planning	200	Moderate
4	IT General Controls (Q4)	Planning	300	High
5	SCM Tendering and RFQ Process (Q1 - Q4)	Complete	300	Very High
6	Probity audits (Q1-Q4)	Complete	300	Very High
7	Infrastructure Maintenance (Q2- Q3)	Complete	300	Very High
8	Safety Health and Environment (SHE)	Complete	300	High
9	Review of Interim Financial statements	Complete	300	High
10	Auditing of Predetermined Objectives -AOPO (Performance Information) (Q1 - Q4)	Complete	300	High
11	Unauthorised Irregular, Fruitless and Wasteful Expenditure (UIFWe) (Q1-Q4)	Complete	300	Very High
11	5% Commission Business (Q3)	Complete	300	Very High
12	Fixed Assets (Q1 and Q4)	Complete	300	Very High
13	Service Standards (Q1 - Q4)	Complete	200	High
14	Follow up audits (monthly follow ups) (Q1-Q4)	Complete	400	High
15	Supplier Payments within 30 days (Q4)	Complete	200	Very High

Explanation of Risk Rating

Critical	Significant	Requires Improvement	Satisfactory
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## Section 2: Progress on Resolution of Internal Audit Findings

Internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within agreed timeframes; root causes are identified and repeat findings are prevented. Efforts are focused in ensuring that findings classified as “high risk” receive adequate management attention.

The following is a summary of movements in the 2022 Internal Audit findings up to 30/06/2023.

Internal Audit	Total finding	Q2	Q3	Q4	Total resolved	% Resolved	Closing findings
Internal Audit –21&22 FY	94	65	22	7	94	100%	0
Total	94	65	22	7	94	100%	0

### Section 3: Progress on Resolution of External Audit Findings (AGSA)

The following is a summary and status of audit findings at 30 June 2023. The following is a summary of movements in the AGSA Audit findings during Q4 up to 30/06/2023

External Audit	Total findings	Q2	Q4	Total resolved	% Resolved	Closing findings
AGSA- 2022 FY	17	15	2	17	100%	0
<b>Total</b>	<b>17</b>	<b>15</b>	<b>2</b>	<b>17</b>	<b>100%</b>	<b>0</b>

### Section 4: UIFW Expenditure written-off during the year

The following table indicates investigated amounts that were recommended for write off. The consequence management and other actions that emanated from the investigations are dealt with separately.

	Irregular	Fruitless & Wasteful	Total
Amount approved for write off - Aug 2022	56 358 207	16 003 050	72 361 257
Amount approved for write off - Jun 2023	172 587 807		172 587 807
	<b>228 946 014</b>	<b>16 003 050</b>	<b>244 949 064</b>

### Section 5: Effectiveness of internal controls

#### EFFECTIVENESS OF INTERNAL CONTROLS FOR Q4 ENDING 30 JUNE 2023

The overall assessment within JM is that the effectiveness of internal controls improved during the 2023 financial year.

The internal controls are thus evaluated as adequately designed and partially effective, i.e. “require improvement” during the financial year. Below are some of the reasons for this assessment.

The evaluation of internal controls is critical in ensuring that JM has adequate and effective systems, processes, policies and procedures that support the achievement of organisational objectives. Internal controls are designed and implemented by management in execution of day to day operations. Internal audit makes an assessment on the effectiveness of internal controls based on the results of audits conducted in various areas and other interactions within the entity.



Internal audit noted continuing improvement in the effectiveness of the internal controls during the financial ending 30 June 2023.

Internal Audit noted that Management continues providing measures to strengthen the capacity of crucial departments that have vacancies in key positions. Staff members that were on precautionary leave have been brought back and this serves to improve the capacity of the entity and the effectiveness of internal controls.

Internal Audit noted continued improvements in different areas, such as successfully completed capital expenditure and maintenance projects, this serves to improve capacity and prevent wasteful expenditure.

JM currently has adequate capacity to deal with CAPEX and Repairs & Maintenance because most of the panels of service providers are in place since the 2021 financial year. A combination of noted improved staff capacity and the various Panels on various disciplines further improves the control environment and effectiveness of operations of JM.

The internal controls are thus evaluated as adequate and partially effective, i.e. “require improvement” during the financial year ended 30 June 2023 and will be included at conclusion of the external audit.





**ANNUAL INTEGRATED REPORT 2022/23**

**CHAPTER SEVEN  
FINANCIAL STATEMENT 2022/23**









a world class African city



Joburg|Market



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