



JOBURG MARKET (SOC) LTD

Company Registration No:
2000/023383/07

**Mid-Term Report
2019/2020**

Towards being
Clean, Safe and Smart

Version 5.0
06/02/2020



COMPANY INFORMATION: JM (SOC) LTD

Country of Incorporation and Domicile: South Africa

Registration Number: 2000/023383/07

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(Off Heidelberg Road)
City Deep
2049

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City Deep
2049

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Auditors: Auditor-General of South Africa

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Anti-Fraud Hotline: 0800 002 587

GPS Coordinates:

S26° 13' 678"

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SIGN OFF PAGE: MID-TERM REPORT 2019/20

Josiah Mazibuko _____ Signature Executive: Strategic Projects & Marketing	Date of Approval
Ayanda Kanana _____ Signature Chief Executive Officer	Date of Approval
Sifiso I. Dlamini _____ Signature Chief Financial Officer	Date of Approval
Yolisa Ngxabazi _____ Signature Chairperson of the Board of Directors	Date of Approval
Cllr Lloyd Phillips _____ Signature MMC: Economic Development	Date of Approval

GLOSSARY OF TERMS

ACRONYM	DETAIL
APAC	Agricultural Produce Agents Council
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAPEX	Capital Expenditure
CASP	Comprehensive Agricultural Support Programme
CB	Commission Business
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoJ	City of Johannesburg
DAFF	Department of Agriculture, Forestry and Fisheries
CPI	Consumer Price Index
CSI	Corporate Social Investment
DED	Department of Economic Development
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
NFPM	National Fresh Produce Markets
GAP	Good Agricultural Practises
GDARD	Gauteng Department of Agriculture and Rural Development
GDS	Growth and Development Strategy
GLU	Government of Local Unity
HACCP	Hazard Analysis and Critical Control Points
HR	Human Resources
HRD	Human Resource Development
HSD	Health and Social Department
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
ICT	Information Communications Technology
IT	Information Technology
JM	Joburg Market
JDA	Johannesburg Development Agency
JPC	Johannesburg Property Company
LLF	Local Labour Forum
LSM	Living Standards Measure
OH&S	Occupational Health and Safety
OPEX	Operational Expenditure
MANCO	Management Committee
ME	Municipal Entity
OH&S	Occupational Health and Safety
MMC	Member of the Mayoral Committee
MOU	Memorandum of Understanding
MSA	Municipal Systems Act
REMSEC	Remuneration Social and Ethics Committee
RSA	Republic of South Africa
SADC	Southern African Development Community
SANAS	South African National Accreditation System
SAUFM	South African Union of Food Markets
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SHE	Safety, Health & Environment
SLA	Service Level Agreement

SMME	Small Medium and Micro Enterprise
SPS	Sales Processing System
W&R	Wholesale and Retail
WUWM	World Union of Wholesale Markets
REMSEC	Remuneration Social and Ethics Committee
RSA	Republic of South Africa
MANCO	Management Committee
ME	Municipal Entity
MFMA	Municipal Finance Management Act

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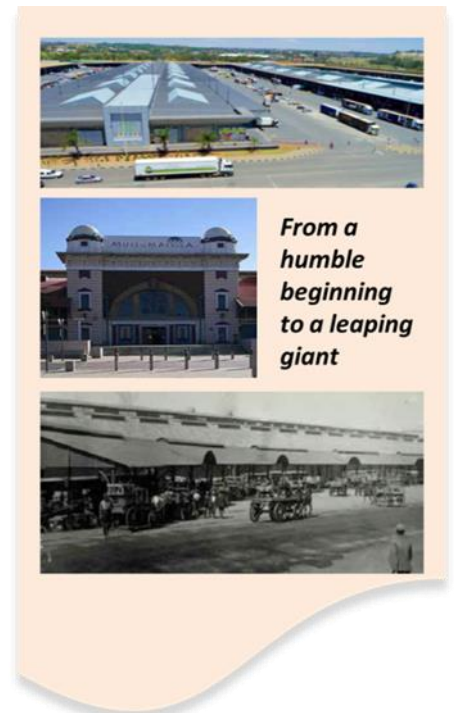
CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE

Section 1: Overview of the Entity

The Joburg Market SOC Limited, formally known as the Johannesburg Fresh Produce Market was incorporated in 2000. The company is wholly owned by the City of Johannesburg Metropolitan Municipality. It was created in terms of the provision for alternative delivery mechanisms as embodied in the Municipal Systems Act. It was converted into State Owned Company in line with the implementation of the Companies Act.

The Company is the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff complement of 302 employees. JM trading facilities are made available to farmers across the RSA, whose produce is marketed and exposed daily to thousands of buyers from the South Africa and the Southern African Development Community (SADC) region. JM, Market Agents and Tenants operating within JM's facilities create over 5000 jobs within the sector.

JM plays a critical role in influencing the price for the fresh produce industry in South Africa since it represents 45.5% 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 the maintenance of food safety standards.



Section 2: Business Strategy Overview

JM has adopted a strategy based on achieving key organisational priorities on the basis of “SMARTNESS”. The entity seeks to become a Clean, Safe and Smart Market. The key elements of the Smart Strategy are reflected below;



The company's business strategy consists of the following key strategic elements;

2.1 Mandate

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 include the following;

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

2.2 Vision

A smart fresh produce trading hub that is globally competitive

2.3 Mission

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

2.4 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

2.5 Values

The company's values are reflected below;

- Transparency
- Service excellence
- Integrity
- Innovation

2.6 Strategic Programmes and Projects

In the short to medium term, the Joburg Market is pursuing the implementation of the following strategic Programmes and Projects.;

- Investment in infrastructure – R1.2 billion infrastructure spend by 2022
- Investment in creating expertise
- Transformation at farm levels through targeted programmes and incentives
- Maximise revenue to turnover R10 billion per annum by 2022
- Good governance

2.7 Alignment with COJ Priorities and GDS 2040 Principles

These programmes are fully aligned to COJ Priorities, GDS 2040 Principles and GDS 2040 Outcomes. The Table below emphasises this fact;

NO	COJ PRIORITIES	GDS 2040 OUTCOMES
Strategic deliverable 1 – Investment in infrastructure – R1.2 billion infrastructure spend by 2021/22	Building and growing an inclusive economy	OUTCOME 2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy
Strategic deliverable 2 – Investment in creating expertise	Social Inclusion through Support and Enablement	OUTCOME 1: Improved quality of life and development-driven resilience for all.
Strategic deliverable 3 – Transformation at farm levels through targeted programmes and incentives	Social Inclusion through Support and Enablement	OUTCOME 3: An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens
Strategic deliverable 4 – Maximise revenue turnover to R10 billion per annum by 2022	Building and growing an inclusive economy	OUTCOME 2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy
Strategic deliverable 5 – Good governance	Good Governance	OUTCOME 4: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region

2.8 Strategic Programmes for 2019/2020

Emanating from the adoption of the Smart Market Strategy, a number of Smart technology programmes were identified and are being implemented. Key projects are depicted in the picture below;



2.9 Strategic Outlook for 2019/2020

JM's Strategic Outlook for the 2019/20 financial year is summarised below:

- Reinforcement of JM's Market share at 45.82% and growing our turnover to R8.1 billion per annum;
- Spending at least 85% on the repairs and maintenance budget;
- Spending at least 95% of the allocated capital budget;
- Rollout and implementation of the People's Market Precinct Development Project;
- Establishment of the Pack-house for emerging farmers;
- Collaborate with industry players to procure delivery trucks for emerging farmers utilisation;
- Creation of jobs – 30 SMME jobs; 100 EPWP opportunities; and 25 Internships;
- Development of the land adjacent to the market;
- Creation of key accounts and the close management of the needs of these stakeholder accounts;
- Reinforcement of ethical behaviour on the trading floor by protecting the integrity of transactions;
- Executive Recruitment and Implementation of the new top management structure
- Finalisation of the insourcing and on-boarding process for Cleaners;

The JM Business Plan can be accessed on the Website at www.joburgmarket.co.za.

Section 3: Salient Features

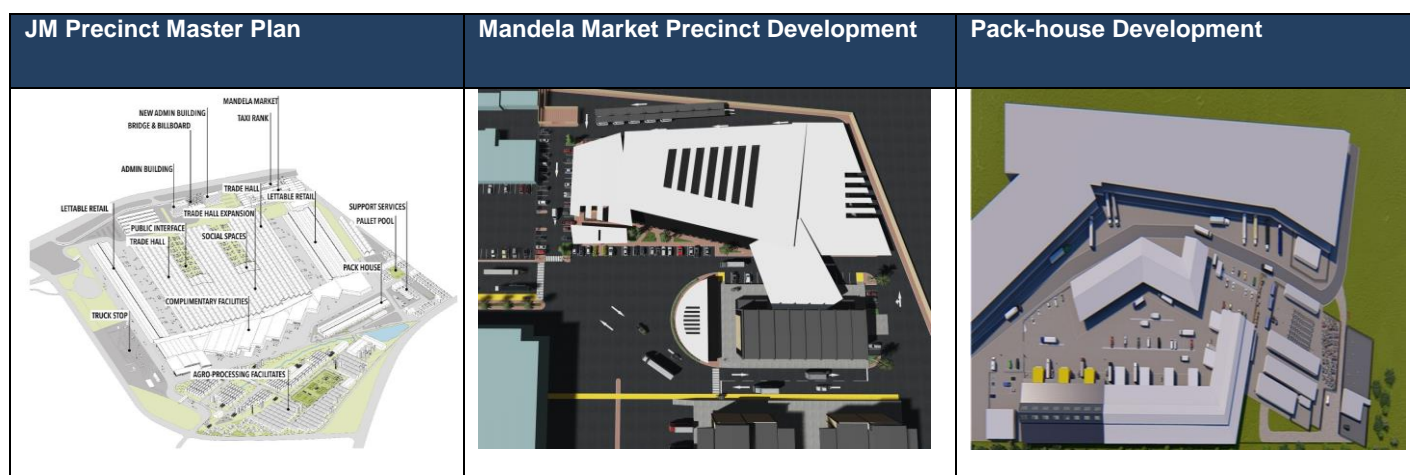
3.1 Non-financial salient Features

JM operates in a unique environment and is in essence a central fresh produce market that provides a solid trading platform and enables price discovery through the competitive trading floor where supply and demand factors are in play. JM has embarked on the SMART Market concept which is embedded in the following salient features:

- The South African fresh produce market system is unique in the world because it functions on a commission basis. This system is governed by legislation that protects the seller (the farmer) and the Agricultural Produce Agents Council (APAC) which trains, licenses and, if need be, disciplines market agents as well as the buyer;
- JM serves as a key price barometer for fresh produce in South Africa. One of the important salient features of JM is that it serves buyers across the entire spectrum and similarly producers of all sizes across RSA, SADC and certain international destinations.
- As intermediary in the distribution channel for fresh produce, numerous service providers render those services, which enable successful logistical tasking to ensure

that produce is not damaged or degraded from its shelf life which enables the consumer to have access to good quality and nutritious fresh fruit and vegetables.

- To be successful, JM renders services and maintain close contact with the daily operations of its fellow intermediary institutions.
- Food security is a key theme in the role JM is playing in the distribution channel.
- The upgrading of the JM infrastructure is critical for the growth and sustainability of the company. In this regard, a number of ambitious projects have been embarked upon. Some of the key projects are reflected below;



3.2 Financial salient features

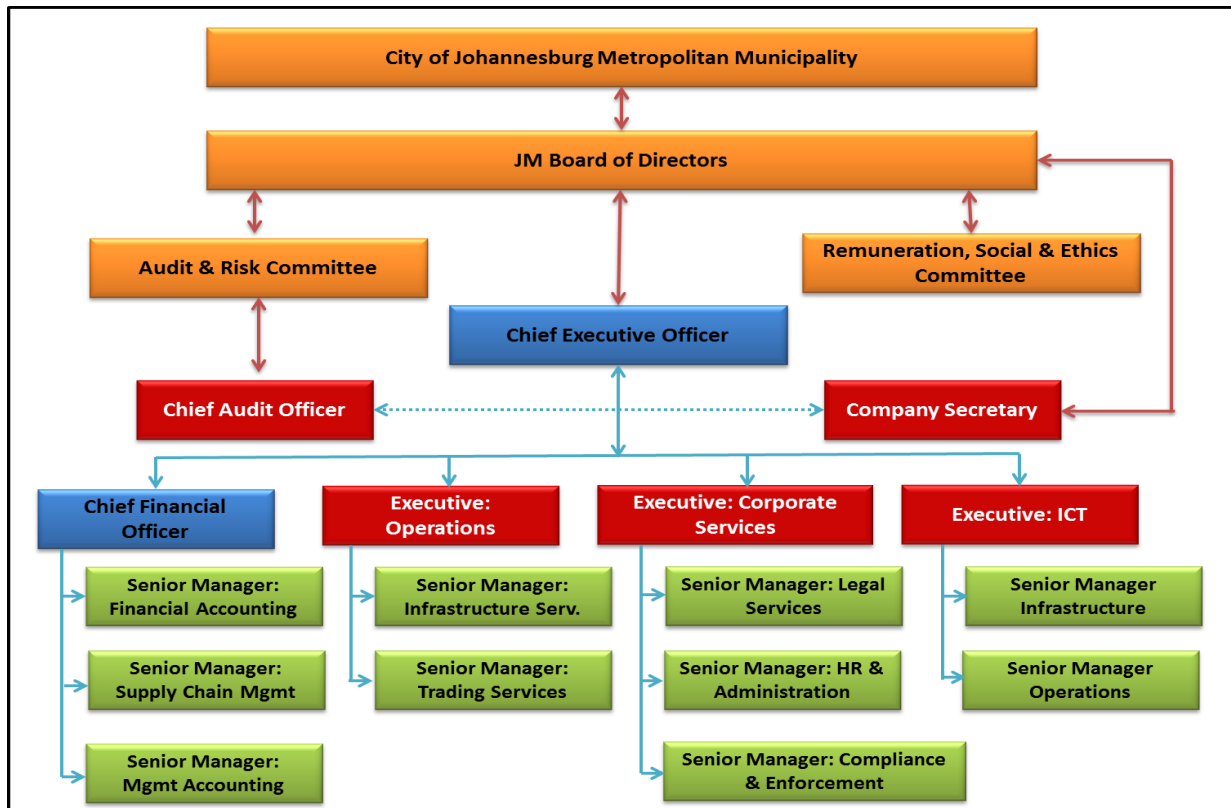
Key financial indicators as at 31 December 2019 are reflected below;

KPI	MID-TERM TARGET	MID-TERM ACTUAL	STATUS
Turnover	R 3.8 billion	R 4.1 billion	↑
Revenue	R 230 million	R 244 million	↑
Opex	R 153 million	R 144 million	↑
Surplus	R 82 million	R58 million	↑
Liquidity	2 : 1	3 : 1	↑
Debtors Days	30	31	→
Remuneration To Expenditure Ratio	30-40%	49%	↓
Solvency	<40%	25%	↑

The company remains a going concern, with enhanced prospect for future growth and sustainability.

Section 4: High-level Organisational Structure

The approved high-level structure of JM as at 31 December 2019 is depicted below:



Positions in red denotes vacancies at executive level

The structure is important for a number of reasons but the most essential are the establishment of an Executive Role for IT and reorganising corporate roles within the Executive for Corporate Services.

This enables the entity to focus on its core functions as well embrace the much needed improvements in technology. The high vacancy rate at executive level is receiving attention with the approval of funds by the shareholder for these priority vacancies.

Section 5: Chairperson's Foreword

In the period under review, the JM Board of Directors, in conjunction with Executive Management made great strides in refocusing the company in the achievement of shareholder agreement imperatives and mitigating against risks that tends to impede the realisation of organisational objectives. In this regards, Board has facilitated the resolution of these issues;



- The Mid-Year Deviation Report was presented to Board and approved for further submission to the Shareholder for ratification;
- The Strategic Risk Register was workshopped with key stakeholders including GRAS. This will enable management to implement appropriate interventions to limit the impact on business operations;
- Significant progress has been made to resolve long-outstanding litigation matters. The Audit and Risk Committee played a pivotal role in focusing energies around resolution of these litigation matters; and
- The Remuneration, Social and Ethics Committee facilitated the initiation of a process to appoint executives and senior managers into key vacant positions. Interviews for some of these positions were already held. The process is however suspended pending further instructions from CoJ.

Whereas Board has noted with great relief the financial performance of the company as well as the growing market share in the National Fresh Produce Market Industry, it has also noted the poor achievement of organisational targets. In particular, expenditures on both Capital Projects and Repairs and Maintenance remain unsatisfactory. The Board, through its committees will work with the executive team to ensure the implementation and monitoring of developed action plans to with positive outcomes.

Board has also noted changes in the political administration in the City and will work with the executive management team to incorporate the emerging priorities of the Government of Local Unity (GLU). Focus will be placed on key deliverables in the next six months as well as in the development and implementation of the 2020/2021 Business Plan as aligned to the Joburg 2040 GDS. This will inform what and how JM supports the GLU in the next 18 months.

On behalf of the Board, I would like to thank the Shareholder and other stakeholders for the continuing support and guidance and management for maintaining focus in pursuance of the achievement of organisational objectives.

Yolisa Ngxabazi
Chairperson of the Board of Directors

Section 6: CEO's Report

The company's performance in the first six months of the year presented robust financial performance permeated by some operational challenges. The company has developed and is implementing mitigating strategies that seeks to ensure that the organisational goals as per the business plan are achieved by the end of the financial year.



Key focus areas during the period under review included;

- Ensuring that JM continues to record enhanced financial performance. As at 31 December 2019, JM posted a turnover of over R 4 billion, which puts it on track to achieve the upwardly revised target of Turnover by the end of the financial year of R 8.1 billion. As a consequence, both the revenue to be generated from operations as well as the surplus has been revised in tandem.
- Accelerated stakeholder engagement interventions which sought to build and cement sustainable relationships. In this regard, top producers, the World Union of Wholesale Markets, industry-related conferences, and other stakeholder interventions, were attended, where meaningful participation by the company occurred. From the WUWM Conference, JM was invited to join the Board as an African Representative as well as host a forthcoming conference in South Africa. Both these issues will be presented to Board for approval.
- Key capital projects were activated for implementation. This includes amongst others the People Market Precinct Development Project whose sod-turning was attended by the political and administrative leadership from CoJ, with wide media coverage as well as the completion and handover of the Exit Gate Project.
- As part of the Mid-term Budget Process, I have also assessed the mid-year deviation request submitted by JM and provided guidance and direction to JM on the acceptability of the proposed deviations. This was submitted to the JM Board for approval and submitted to CoJ for further action. Key changes in the proposed deviations include making six of the KPIs smarter. Repairs and Maintenance and Capital Expenditure will see a reduction of R 10 million and R 14 million respectively; and
- The performance and delivery of Capital Projects and Repairs and Maintenance continue to be unsatisfactory. Concerted efforts have been made in the appointment of professional service providers to execute both types of projects. Detailed feedback on mitigation strategies for both issues is provided in Chapter 3 below.

For the remainder of the year, JM will focus on implementing key strategies to enable the realisation of business objectives. These strategies will include amongst others the following;

- The filling of critical executive and senior management positions to strengthen organisational delivery capabilities;
- Finalise the insourcing and on-boarding of Internal Audit capabilities to bolster capacity in the internal audit unit;

-
- Resolving Auditor General and Internal Audit Findings as per the AGSA Management Report submitted on 30 November 2019;
 - Appoint and on-board the Insourcing of cleaners as existing contract is coming to an end; and
 - The development and finalisation of the Business Plan for the 2020/2021 Financial Year.

These interventions will assist us to not only achieve our organisational objectives, but will enable JM to prepare adequately for the future. As we galvanise all our stakeholders, we remain on track to realising the great vision of a clean, safe and smart market.

Ayanda Kanana
Chief Executive Officer

Section 7: CFO's Report

We have reached the half way mark to the end of the financial year. The end of the midterm reporting period falls right in the middle of all the festivities that accompanies the Christmas holidays. With those festivities are usually accompanied by the increased buying activities especially the last week before Christmas. We also recorded a record month and a record day in the reporting period. The record month was October with a turnover of R772m and a record day in December with a turnover of R45.6m.

This halfway point also calls for the re-evaluation of where we are and where we want to be by the end of the year. That re-evaluation further requires that we tweak our plans accordingly to mirror the realities on the ground.

To this end we have submitted our revised plans for Capital and Operational budget for approval by Council in January. The biggest adjustment made has been on Repairs and Maintenance which has been revised down by R10m as well as Capital budget revised up from R 70m to R96m. This is mainly due to the challenges experienced in getting the process of on-boarding the service providers from JPC working. It is however pleasing that JM's continues to deliver a set of pleasing set of results for the period ending 31 December 2019.

The following represent the highlights for the period under review:

- Revenue recorded of R244m which represents an increase of R13.7m compared to budget. This is due to an increase in commission revenue which can be attributed to the performance of the fruit section.
- Net surplus of R82.4m which represents an increase of R24.5m compared to budget of R57.9m.
- The net closing cash position is R221.4m; this cash includes restricted cash deposits made by customers. The entity's cash is in fact R388.4m which is disclosed as loan to shareholder, which is a true reflection of the cash balance of JM.

The items listed below represent some of the challenges that JM faced during the midterm reporting period. Some of these challenges are a continuation of what was experienced in the 1st quarter which is itself a worry.

- Repairs & Maintenance is below budget by R14.4m with the actual coming in at R1.36m. This is mainly due to getting the process with JPC to run smoothly.
- The remuneration to expenditure ratio percentage is 49% against a norm of 30-40%. This in the main is due to the nature of our business operations which are 24 hours business.
- The actual capital expenditure was R17.7m compared to the budget of R24.5m for year to date.



Irregular expenditure remains a great concern for this management. Some of the irregular expenditure remains outside our control and we going to focus in taking steps to work through regularising it in the next quarter with the assistance of Group Forensic unit.

We remain committed to achieving our strategic objectives. Our energies for the remainder of the period under review remains focused on delivering on our recapitalization project. It therefore requires all our energies to be focused in particular in delivering the People's market within budget and on time. Given the human resource challenges experienced at the leadership level it requires all hands on deck which will sometimes take us out of our comfort zone.

Sifiso I. Dlamini
Chief Financial Officer

CHAPTER TWO: CORPORATE GOVERNANCE

Section 1: 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).

1.1 Non-executive Directors and Independent Audit Committee Members

The table below depicts the details of the Non-executive Directors and Independent Audit Committee members who were newly elected or re-elected during the AGM held on 17 April 2019.

Member	Appointment Date
Ms. Yolisa Ngxabazi (Chairperson)	April 2019
Ms. Abigail Ramakoaba	April 2019
Mr. Livhuwani Nengovhela	April 2019
Dr. Pat Naidoo	April 2019
Mr. Sihle Ndlovu	April 2019
Ms. Busisiwe Makgola	April 2019
Mr. Michael Kgopa	April 2019
Mr. Happy Godi	April 2019
Mr. Muimeleli Mutangwa	April 2019
Mr. Michael Sass (IAC)	April 2019
Ms. Morwesi Ramonyai (IAC)	April 2019
Mr. Aubrey Mokwena (IAC)	April 2019

Board of Directors
Board & Committees
Board & Executive Remuneration
Risk Management
Towards a Clean, Safe & SMART Market

Section 2: Corporate Governance

2.1 Governance Report

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.

2.2 Meetings as at 31 December 2019

As at 31 December 2019, the following board and board committee meetings were scheduled and attended by board and board committee members;

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Ngxabazi Y	4	4	-	-	-	-
Naidoo P	3	4	-	-	1	2
Ramakoaba A	4	4	-	-	2	2
Nengovhela L	2	4	3	4	2	2
Ndlovu S	4	4	1	4	-	-
Kgopa M	4	4	4	4	-	-
Makgalo B	4	4	-	-	2	2
Godi H	4	4	-	-	1	2
Mutangwa M	4	4	-	-	2	2
Sass M (IAC)	2	4	4	4	-	-
Ramonyai M (IAC)	-	-	2	4	-	-
Mokwena A (IAC)	-	-	4	4	-	-
Kanana A (Executive Director)	3	4	4	4	1	2
Dlamini S (Executive Director)	4	4	4	4	2	2

Meetings attended by the Board and its Committees

A = Meetings attended

B = Number of meetings scheduled

IAC = Independent Audit Committee Member

2.3 Board Committees

The Board of Directors at the Joburg Market has established two Board Committees to assist in the implementation of organizational strategy, minimizing organizational risks, ensuring good governance and ensuring that the organizational human assets are catered for. The two Board Committees are;

- The Audit and Risk Committee; and
- The Remuneration, Social and Ethics Committee

2.4 Remuneration Policy

Directors (non-executive directors and independent audit committee members) and officers are remunerated in accordance with the COJ's Group Remuneration Policy and the company's remuneration policy respectively. The policies are executed in full compliance with legislative imperatives regulating remuneration in the local government environment.

2.5 Remuneration of Non-Executive Directors

2.5.1 Quarterly Remuneration as at 31 December 2019

The remuneration of Non-Executive Directors as at 31 December 2019 is reported as follows:

No.	Name	Designation	Meeting Fee YTD (R)
1	Yolisa Ngxabazi	Chairperson	72 000
2	Abigail Ramakoaba	Member	60 000
3	Livhuwani Nengovhela	Member	58 000
4	Sihle Ndlovu	Member	54 000
5	Pat Naidoo	Member	48 000
6	Busisiwe Makgalo	Member	66 000
7	Michael Kgopa	Member	72 000
8	Happy Godi	Member	54 000
9	Muimeleli Mutangwa	Member	60 000
TOTAL			550 000

Non-Executive Director Remuneration is inclusive of all Board and Board Committee meeting attendances (ordinary, special & ad-hoc).

2.6 Independent Members' Payments

2.6.1 IAC YTD Remuneration as at 31 December 2019

The payments of Independent Audit Committee Members, as at 31 December 2019, are reported as follows;

No.	Name	Designation	Meeting Fee YTD (R)
1	Michael Sass	IAC	62 000
2	Morwesi Ramonyai	IAC	12 000
3	Aubrey Mokwena	IAC	24 000
TOTAL			98 000

The cost of Director Remuneration as at 31 December 2019 was R648 000.00 against a budget of R2 000 000.00 for the 2019/20 financial year. This equates to 32.4% expenditure for the financial year.

Section 3: Executive Management Remuneration

The table below summarises the total executive remuneration as at 31 December 2019 of the 2019/20 financial year.

Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Subsistence	Acting	Insurance	SDL	Bargaining Council Levy	Bonus	Total
Ayanda Kanana	CEO	894 892	76 180	54 222	23 400	97 508	3 277		892	9 913	56		1 160 340
Sifiso Dlamini	CFO	790 187	104 820		19 500		600		892	7 670	56		923 726
Josiah Mazibuko	Core Operations Executive	865 325	46 372	38 628	19 500		1 300		892	8 782	56		980 856
Charles Park	Acting Core Operations Executive	570 149	34 672		17 550			72 686	892	6 421	56		702 426
Keeran Singh	Acting Company Secretary	247 871	52 451	13 494	19 200			34 968	892	3 741	56	48 566	421 239
		3 368 424	314 495	106 344	99 150	97 508	5 177	107 653	4 462	36 527	280	48 566	4 188 586

3.1 Executive Management Team (EMT)

The EMT comprises of the Divisional Executives, the CFO and the CEO as set out below. EMT operates within the ambit of the approved company policies and procedures as well as all applicable regulations and legislation and takes responsibility for the overall management of the company.

Executive Management Team Member
<p>Mr. Ayanda Kanana (Chief Executive Officer)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Chartered Accountant (SA) • Bachelor of Commerce Honours • Bachelor of Commerce (Financial Accounting)
<p>Mr. Sifiso Dlamini (Chief Financial Officer)</p> <p>Qualification:</p> <ul style="list-style-type: none"> • Chartered Accountant (SA) • Bachelor of Accounting Science Honours • Bachelor of Commerce (Economics)
<p>Mr. Josiah Mazibuko (Executive Manager – Strategic Projects & Marketing)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Master of Science: Engineering Business Management • International Leadership Development Programme • Municipal Executives Finance Management • Senior Managers Programme

Executive Management Team Member
<ul style="list-style-type: none"> • Management Development Programme • National Diploma: Electrical Engineering • Artisanship Certificate: Electrician
Mr. Charles Park (Executive Manager: Core Operations - Acting) Qualifications <ul style="list-style-type: none"> • Master of Business Administration (MBA) • B-Tech in Transportation Management focused on Logistic Management • National Diploma in Transportation Management • Municipal Executives Finance Management: WITS Business School

Section 4: Company Secretarial Function

The Company Secretary is responsible for developing systems and processes to enable the Board to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns with 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 and Management as well as the Board and Shareholders.

JM currently has a vacancy in the Company Secretarial function.

Section 5: Internal Audit Function

In compliance with Section 138 of the Companies Act, JM has appointed 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.

JM's Internal Audit Unit has a specific mandate from the ARC to independently appraise the adequacy and effectiveness of the company's systems, financial internal controls and accounting records. The findings are reported to management, the ARC and the Auditor General. Internal Audit has direct access to the chairman of the ARC and reports functionally to the ARC and administratively to Chief Executive Office.

The internal audit coverage plan is based on the high risk areas of the organisation as identified in the strategic and operational risk registers. The coverage 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.

In the period under review, the JM Internal Audit initiated a procurement process to co-source additional capabilities from an external service provider. It is envisaged that this process will be concluded during the next quarter and will greatly bolster Internal Audit capabilities.

Section 6: Corporate Ethics and Organisational Integrity

The Joburg Market is committed to a policy of fair dealing, good faith, diligence, honesty and integrity in the conduct of its business. This commitment, which is actively endorsed by the Council, the Executive Mayor and his Members of the Mayoral Committee and the Boards of Directors of the company, is based on a fundamental belief that, as a municipal owned entity, its performance of its constitutional functions and business should be conducted transparently, honestly, fairly and legally.

The JM expects all Directors and staff members to share its commitment to high moral, ethical and legal standards. This ideal is driving the business conduct of each of our employees. Where non-compliance is detected the necessary remedial actions are activated.

Section 7: Sustainability Report

Sustainability reporting helps organizations to set goals, measure performance, and manage change in order to make their operations more sustainable and conveys disclosures on an organization's impacts – be they positive or negative – on the environment, society and the economy.

The Joburg Market is working in conjunction with COJ to pilot a project in which its waste will be converted to energy. This project is still at a planning stage.

An Energy Efficiency Project is also being pursued with City Power that would result in the retrofitting of lighting, air-conditioning, refrigeration and water systems being replaced within the Joburg Market Precinct. In the next quarter, consultants will conduct an energy audit, which will indicate the scope of work required to be undertaken.

Section 8: Compliance with laws and regulations

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.

The company is currently developing a compliance register in alignment to the compliance universe adopted by the City for the 2019/20 financial year.

Section 9: Corporate Governance Statement

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the Municipal Finance Management Act (MFMA) supports the requirements of Section 18(1) (d) of the Municipal Systems Act (MSA) that information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA, be undertaken through the compilation and publication of the Integrated Report. JM is in the process of finalising the Integrated Report of the previous Financial

Year. This will be made available to stakeholders after approval from the Mayoral Committee and Council.

Section 10: Implementation of the King Codes 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.

Section 11: Group 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.

11.1 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. Board strives to ensure that these values permeate throughout JM business operations and in relationship with staff and all other stakeholders.

11.2 Corporate Citizenship

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.

Section 12: Risk Management

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.

12.1 Annual Risk Management Plan

JM followed the CoJ Group Risk Assurance Services (GRAS) Annual Risk Management Plan for the Mid-Term Reporting period.

Section 13: Risk Management Status Update

The Audit and Risk Committee oversees progress on the implementation of the Annual Risk Management Plan at each quarterly meeting, and confirms the general alignment to the City's overall Group Compliance Plan for the year. As at Mid-term Review Period, the progress in line with the risk management plan is as follows:

Date	Key risk activities	Status
26 th November 2019	Audit & Risk Committee strategic risk workshop	Draft Risk Register to serve at Board
29 th November 2019	Risk Workshop held with Board members	JM Strategic risk register approved

13.1 Other risk activities conducted by JM are as follows

:

No	Matter	Remarks
1	Compliance	CoJ Compliance reports were submitted to GRAS in Q1. Mid-term Compliance Reports are being finalised for submission.
2	GRGC Meeting	JM attended the GRGC meeting that was hosted at the City on 2 nd December 2019 to address a number of risk related issues
3	Insurance	Insurance premiums have been calculated and allocated to all Entities and Departments by GRAS. The non- motor insurance invoice has been issued and in payment process

13.2 Strategic Risk Register Update

During the period under review, JM was able to align risks to causes/background with the assistance of GRAS. The Risk Assessment Sessions are still ongoing and will be completed in the next reporting period. The next sessions will cover the development of mitigation strategies. The Table below depicts progress made as at 31 December 2019.

Risk Description	Causes/Background to risks	Inherent risk rating	Residual risk rating

Risk Description	Causes/Background to risks	Inherent risk rating	Residual risk rating
1. Business failure	<ul style="list-style-type: none"> - Inadequate trading space - Ageing infrastructure - Noncompliance to legislative requirements /standards - Outdated business continuity plan - Competition 	25	20
2. Failure of transformation programs	<ul style="list-style-type: none"> - Availability of budget for transformation projects - Lack of stakeholder support (internal & external) - Lack of investment/commitment from the beneficiaries - Outdated transformation strategy 	20	16
3. Diminishing staff morale	<ol style="list-style-type: none"> 1. Disengaged staff 2. Change fatigue 3. Resistance to change 4. Inability to fill critical vacancies due to budget constraints 5. Inadequate of skills transfer 	25	20
3. Failure to implement the Smart Market Strategy	<ol style="list-style-type: none"> 1. Lack of performance management at lower levels 2. JM strategy not adequately cascaded down to the rest of the company 3. Inadequate understanding of the JM strategy by staff 4. Mismatch between the available skill and the business requirements 5. Business processes not supporting organisational strategy 6. Adequate Technological solution to support business strategy 7. Poor employee performance culture 8. Failure to fill vacancies 	25	20
4. Financial instability	<ol style="list-style-type: none"> 1. Increased competition: <ul style="list-style-type: none"> - Farmers and buyers opting to trade at alternate markets to avoid paying commissions. - Emerging fresh produce markets. 2. Inadequate maintenance budget expenditure 3. Inadequate maintenance planning and execution 4. Ineffective implementation of Capex plans. 5. Access to capital funding 	25	20
5. Loss of stakeholder confidence	<ol style="list-style-type: none"> 1. Unavailability of stakeholder and communication strategy and plan 2. Lack of dedicated resource for stakeholder engagement 3. Inadequate stakeholder engagement 	20	16

The strategic risk register was workshopped by EXCO, presented to the Audit & Risk Committee for recommendation to Board and was approved accordingly.

13.2 Projects and Contract Risks

Stemming from previous fiscal years, JM is currently engaged in investigations regarding projects that were found to be problematic from a number of perspectives. Incidents that were identified were major construction works that commenced without the requisite building plan approvals, and the appointment of service providers was found to be irregular.

In order to ensure suitable operations of key installations such as cold stores and ripening units, JM has appointed JPC for the provision of repairs and maintenance services.

13.3 IT Risk Governance and IT Risk Management

In terms of governance, the department is audited internally at least annually by Internal Audit. The department's governance is included in the AGSA audit of the entity annually. The department reports quarterly on Risk Mitigation actions to the Risk department of the entity. Internally governance oversight is provided by Exco with the operational accountability of governance matters residing with the Senior Manager of the department.

The IT department governance framework is the ITIL (Information Systems Infrastructure Library) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework and is widely used in governments internationally. IT policies were reviewed and are suitable for current operations.

13.4 Fraud Risk Management/ Fraud Prevention

Joburg Market has an anti-fraud and corruption policy which seeks to create a climate that does not tolerate fraud and corruption. The role of Internal Audit 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.

13.5 Risk Transfer and Exposure

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.

13.6 Combined Assurance

JM applies a combined assurance model, which seeks to optimise the assurance obtained from management, internal and external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance. The Board, through the ARC, is ultimately accountable for the JM system of internal controls, designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. Internal audit plays a pivotal role in this while the AGSA reviews key controls.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

This Chapter provides the overall performance of the company against organisational Strategy and Plan, scorecard and service standards. The Chapter also defines trading conditions, highlights and lowlights as well as the focus areas for the next reporting period.

Section 1: Performance Overview

1.1 Trading Halls Performance Overview

The Table 1 below depicts the performance of the Joburg Market in the period under review.

Table 1: Performance of the trading Halls

	Turnover (R,000)			Mass (,000 Tons)			R/kg		
	2019/2020	2018/2019	Growth\ (Decline)	2019/2020	2018/2019	Growth\ (Decline)	2019/2020	2018/2019	Growth\ (Decline)
Pots	695 959	696 094	(0.02)	168 361	165 418	1.78	4.13	4.21	(1.77)
Fruit	728 770	687 853	5.95	77 845	78 465	(0.79)	9.36	8.77	6.79
Veg	798 388	787 185	1.42	129 484	131 626	(1.63)	6.17	5.95	3.10
Midterm	4 144 916	4 043 018	2.52	746 082	754 591	(1.13)	5.56	5.36	3.69

From Table 1 above, it is evident that the Joburg Market achieved a turnover of R 4.1 billion whilst the tonnage sold reduced marginally by 1.13% from the previous year. As a consequence, the increase in turnover is directly related to the increase in the average price per kilogram of produce sold. The average price per kilogram increased from R5.36 to R5.56. Broken down, the performance of the various trading halls is as follows;

- The best performer was the **Fruit Hall** which posted a growth of about 5.95% in turnover compared to the same period in the previous year. This is largely attributable to the high demand (and therefore high prices) for bananas, apples and citrus.
- The **Potato Hall** experienced stunted growth of only 0.02% year-on-year, with volumes sold increasing marginally. The average price per kilogram regressed slightly (from R4.21 to R4.13) ensured that the Potato Hall posted positive results.
- The **Vegetable Hall** grew by 1.42% and experienced marginal reduction of 1.63% in volumes traded. During this period, the average price increased from R5.95 to R6.17, directly impacting on turnover. Some of the contributory factors for the poor performance of the vegetable hall include the following;
 - The extreme heat wave that was experienced had a negative effect on quality and sizes.
 - The decreased turnover was mainly due to the negative performance of tomatoes (-9.11%) and other vegetable lines.

- Tomatoes volumes were down due to two major producers not being in full production, namely Makepisi and Carpathian due to internal challenges experienced by both farmers.

1.2 Highlights and Achievements

The key achievements during the period under review include the following:

- **Record Day; Record Month:** JM recorded the highest Daily and Month Sales Records at R 45.6 million and R 772 million respectively. This has amongst others resulted in improvement in revenue generated by JM;
- **Job Creation:** A total of 116 job opportunities were afforded to unemployed youth and women. This was largely due to the successful implementation of the EPWP Programme. This Programme is a key government initiative, which contributes to Government Policy Priorities in terms of decent work & sustainable livelihoods, education, health; rural development; food security & land reform and the fight against crime & corruption. EPWP subscribes to outcome 4 which states “Decent employment through inclusive economic growth.”
- **Official Opening of the Exit Gate:** The Exit Gate Project was completed and an official opening ceremony was performed by the Ward 57 Councillor, Ms Fay Chame. The ceremony was attended by a number of dignitaries including the City Manager, Dr Ndivho Lukhwareni, Board Chairperson, Ms Yolisa Ngxabazi, the Special Advisor to MMC: Economic Development, Mr Andrew Steward. Customer experience of exiting from the Market has been greatly enhanced.



- **Mandela Market Project: Stakeholder Engagements:** The project team undertook a number of stakeholder engagement sessions with stakeholders that are impacted by the project. These engagements included;
 - Food Vendors, who would require to be relocated to a new area;
 - Taxi Drivers, who would be relocated to a different temporary operating area;
 - Mandela Market Beneficiaries, to confirm their requirements and share the projects plan; as well as
 - Hall 1 Tenants, who would be affected by the closure of the road along Hall 1.




- **36th WUWM Conference:** JM attended the 36th WUWM Conference held in Conference which was held in Guiyang, Guizhou Province, China from 30 October 2019 to 1 November 2019. Positive outcomes from the visit include the proposed appointment of JM Personnel into the WUWM Board as well as getting JM to host the conference in 2021 in South Africa.
- **PMA Conference:** Joburg Market participated in the recent Produce Marketing Association’s 9th Fresh Connections: Southern Africa Conference and Trade Show held in Cape Town. Not only was the Joburg Market a Diamond Sponsor Conference, but the CEO, Mr. Ayanda Kanana was also afforded the opportunity to address conference on the Joburg Market Strategy and Infrastructure Investments in the next three years. The presentation was very well accepted by conference. The visit to Cape Town was also extended to cover engagements with some of JM’s key producers.



Other achievements include the following;

- **Employee Self-Service Project:** The period under review was also used to finalise and implement the employee self-service (ESS) project, the online leave management system. After some teething challenges, the system has been adopted by users and is working well.
- **Outbound Stakeholder Engagement Programmes:** During the period under review, JM conducted a number of outbound stakeholder engagement programmes and marketing activities. Key amongst are as depicted in Table 2 below;

Stakeholder Category	Reason	
Industry Leaders – Farmers Weekly	The CEO, Mr. Ayanda Kanana was one of the key note speakers at the Farmers Weekly Conference and he addressed the challenges faced by emerging farmers to access markets.	A photograph of Mr. Ayanda Kanana, CEO, standing on a stage during a presentation. He is wearing a dark suit and is gesturing towards a large screen displaying a graph. The setting is a conference room with a patterned carpet and a table with papers and a water bottle in the foreground.

Stakeholder Category	Reason	
Top 10 Producer – ZZ2	As part of stakeholder Engagement, targeting the Top 10 Farmers, the JM team visited the ZZ2 Farm in Limpopo. The visit was also used to conduct farm visits and engage on JM Strategic direction and key investments in infrastructure at the JM.	
Top 10 Producer - Makepisi	To conduct farm visits and engage on JM Strategic direction and key investments in infrastructure at the JM	
IMASA Annual General Meeting	The Joburg Market attended the IMASA AGM in Durban. The CEO was given the opportunity to present the JM Transformation Leadership Agenda. The presentation was well received by delegates.	

Stakeholder Category	Reason	
Industry Leaders – PMA Conference	The Joburg Market was the Diamond Sponsor of this PMA Conference and the CEO, Mr. Ayanda Kanana was afforded the opportunity to address conference on the Joburg Market Strategy and Infrastructure Investments in the next three years.	
Space Optimisation Workshop	JM hosted a highly successful Space Optimisation Workshop at the Morrells' Boutique Hotel in Northcliff. The Executive Manager: Operations (Acting) has finalised detailed report on key resolutions emanating from the stakeholder engagement for further deliberations with market agents	 
Visit to Wilderklawer Farms	<p>JM officials undertook a highly successful visit to the Wilderklawer Farms in Kimberley, Northern Cape. The producer is one of JM's Top 10 producers specialising in the production of onions, carrots and potatoes.</p> <p>The engagements included not only the visits to the farms and fields but also included participation in a number of sporting events. This is an annual event and has been taking place over ten years.</p>	 

1.3 Lowlights and Challenges

JM also experienced a number of challenges which include but not limited to the following;

- **Inadequate Trading Space:** Trading space remains a challenge. During periods of over-supply of fresh produce, market agents store produce on the platforms and/roadway next to the platform. JM has as part of its Mid-Term Budget Review Process, spearheaded a drive to be allocated additional capital budgets to start with the professional services for the expansion of trading space project.



- **Repairs and Maintenance Expenditure:** The Repairs and Maintenance Budget has been revised down from R 32 Million to R 22 million due to delays in the appointment of Professional Service Providers to effect repairs and maintenance. As at 31 December 2019, JM has spent R 1.37 million on Repairs and Maintenance activities, which represents 6.02% expenditure. It is envisaged that Repairs and Maintenance will be expedited in the remaining six months as most service providers have been appointed. Detailed plans on execution are covered in the R & M section below;
- **2019/2020 Capital Programme:** As at 31 December 2019, only R 17.7 million out of a Mid-term Budget of R 24.5 million has been spent on CAPEX Projects. This represents a 72.2% achievement against target. It is envisaged that project delivery will accelerate in the next six months as outstanding projects are at advanced stages of procurement. As part of the Mid-Term Budget Review Process, the JM Capex was reduced from R70 million to R 55 million. This has however not been finalised yet as further engagements on CAPEX have been scheduled. Detailed plans on execution are covered in the CAPEX Performance section below;

Section 2: Performance against Service Standards

The Joburg Market achieved six (6) out of seven (7) service standards as per the Shareholder Agreement. Systems to monitor the service standards on stakeholder engagement are being developed. This represents a 75% achievement of service standards. Mitigating strategies are provided for areas of poor performance. The Table below provides more details.

Core Service	Service Level Standard Target	Actual	Evidence	Variance	Variance Explanation	Mitigations / Comments
1. Opening a new buyer account	20 minutes	2.21 minutes	Yes	17.39 minutes Favourable	Target achieved	The Target was met.
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	100% uptime recorded	Database Report	0%	Target achieved	There were no SPS disruptions in the mid-term.
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.58	Yes	28.02 minutes Favourable	Target achieved	The Target was met.
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	100% commencement with repairs within 24 hours	Work Order Sheet	0%	Target achieved	All reported infrastructure facilities repairs were commenced with as required.
5. Repairs to ripening facilities	90% Availability	87.70% Availability	Daily Monitoring summary report	24.94% Unfavourable	Not Achieved	Achieved only 67.67% availability. Specifications for the appointment of a service provider have been finalised.
6. Cold Room facilities	Average temperature variance not greater than 2°C of agreed customer requirements	0.44°C	Daily Temperature Reading Summary report Set at 1.65°C	1.69°C Favourable	Target achieved	The Target was met
7. Stakeholder complaints	Response within 12 hours	0	Website Report/ Email	0%	Not measured	Systems being put in place.

Core Service	Service Level Standard Target	Actual	Evidence	Variance	Variance Explanation	Mitigations / Comments
8. Stakeholder complaints	Resolution within 48 hours	0	Website Report	0%	Target achieved	All reported complaints were resolved within 48 hours

Section 3: Repairs and Maintenance Programme

The Joburg Market **Repairs and Maintenance** (R&M) Budget for the financial year 2019/20 was revised down to R 22.704 million. As at 31 December 2019, the total repair and maintenance worked completed equates to R 1.37m which represents a 6.02% achievement. Actual reporting will increase once JM and JPC streamline invoicing and payments processes. During the period under review, maintenance work executed included:

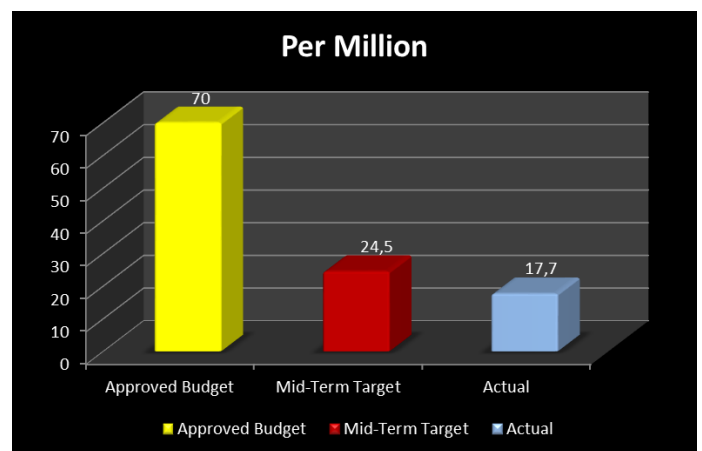
- Fixing and repairs on roller shutter doors,
- Pruning of trees and cutting of grass ,
- Fixing of blocked drains and basins urinals
- Repairs on water pipelines,
- Monitoring and manual setting (control) of Cold rooms temperatures
- Fixing of street lights, offices lights and Distribution Box repairs and replacements.
- Fixing and repairs on ceilings, cupboards, executive parking gate
- Laying and repairs on floor tiles next to Main Building
- Repairs and renovations at the Workshop,
- Repairs and services on Air-cons
- Pressure cleaning of storm water & sewer pipelines

Section 4: Capital Expenditure Performance

4.1 CAPEX Performance

The Table on the right depicts the JM Capex performance as at 31 December 2019.

- The approved CAPEX Budget is R 70 million;
- The Mid-Term Target is R 24.5 million;
- Actual expenditure to date is R 17.7 million.
- JM has achieved and exceeded the midterm target. This level of expenditure represents 25.28% against annual target.



As most projects are at advanced stages of procurement, with 82% of projects already awarded, it is anticipated that capital outflows in key projects would start trickling in from the beginning of Q3, which will result in improved performance.

4.2 Progress Feedback on CAPEX Budget Review Process

JM has been engaged in a number of meetings with CoJ's Technical Budget Steering Committee (TBSC) to motivate for existing and future projects capital allocations. Preliminary discussions with the TBSC have resulted in the review of JM's Capital Allocation for 2019/2020. All departments and entities were required to reduce Capex budgets by at least 10% and budgets were reallocated on projects not yet awarded and/or committed. The implications of these decisions on JM Capex Budget are reflected in the Table below;

Project	Original Approved	Proposed Adjustment	Budget Steering Committee	Technical Budget Steering Committee
DESCRIPTION	BUDGET	BUDGET	BUDGET	BUDGET
Upgrade CCTV Renewal Computer Software	3 500 000	3 000 000	3 000 000	3 000 000
Computer Hardware New/Renewal Computer Hardware	3 000 000	3 015 000	3 015 000	3 015 000
Computer Equipment Renewal Computer Upgrades	2 000 000	2 000 000	2 000 000	2 000 000
Mandela Market - Building and Services Renovations	50 000 000	38 000 000	38 000 000	38 000 000
Infrastructure Development: Cooling of the Halls	3 000 000	3 000 000	3 000 000	3 000 000
Directional Signage within Market Premises	2 000 000	2 000 000		
Refurbishment/Construction of Ablution Facilities	4 000 000	4 000 000	4 000 000	4 000 000
Civil Resurfacing of all Platforms within the Market	-	500 000		-
Office Equipment New/Renewal	2 500 000	2 500 000	2 500 000	2 500 000
Installation of Smart Meters		1 000 000	-	35 000 000
Extension of Tradings Halls		500 000		-
Construction of Pack House for emerging farmers		500 000		-
Upgrade of Banana ripening rooms & Cold rooms		2 000 000		-
	70 015 000	62 015 000	55 515 000	90 515 000

From the table, it is evident that;

- The approved CAPEX Budget of R 70 million was initialled reduced to R 62.015 million to accommodate the 10% reduction requested by CoJ on all departments and municipal entities;
- The remaining amount was further reduced by about R 6.5 million for all projects proposals that were unfunded. That brought the proposed JM Capex Budget to about R 55.5 million.
- The JM team was however implored to ensure that the Smart Meter project, estimated to cost about R 35 million be included and motivated for. This brings the possible allocation for JM in 2019/2020 to about R 90.5 million.

Due to a requirement for the revision of CAPEX Budget to be aligned to the new Government of Local Unity priorities, further engagements will be taking place.

4.4 Detailed feedback on the top three projects

Project Feedback on the top three projects is as follows;

4.4.1 Mandela Market Precinct Development Project:

This multi-year flagship project has already been awarded to JPC. The project alone accounts for 71% of the total CAPEX budget allocated to the Joburg Market for the current financial year. After many deliberations between JPC and JM, the following progress can be reported;

- The award letter for Phase 1 of the project has been given to and accepted by JPC;
- The SLA has now been finalised between the two entities.
- Service Providers have already been appointed by JPC.
- The Sod Turning event occurred Tuesday, 20 August 2019 and was a great success with wide media coverage.
- A number of project meetings and meetings with various projects stakeholders have been held.
- A project charter was discussed and approved subject to minor requested changes;
- Building Plans were signed and approved by the accounting officer.



During the period under review, an invoice of about R 10.5 million was received from JPC for project related costs. It is envisaged that project costings would start to flow during the third quarter of the current financial year. The second amount of R947 811 for the containers in the Mandela Market project that was invoiced by JPC in December 2019 but has subsequently been reversed.

4.4.2 Refurbishment/Construction of Ablution facilities

This project is at an advanced stage of award with the following progress being reportable;

- Project specifications have already been approved by the BSC;
- The project specifications have been forwarded to the JPC Procurement Department;
- JPC has requested that a Quantity Surveyor be appointed to develop a Bill of Quantities for the project so that responses can be equitable and fairly evaluated;

- JPC has already advertised the tender to their approved panel of service providers;
- The tender has now been awarded to JPC for R 2.9 million.
- The project activation will start in Q3.

4.4.3 Upgrade CCTV Renewal Computer software

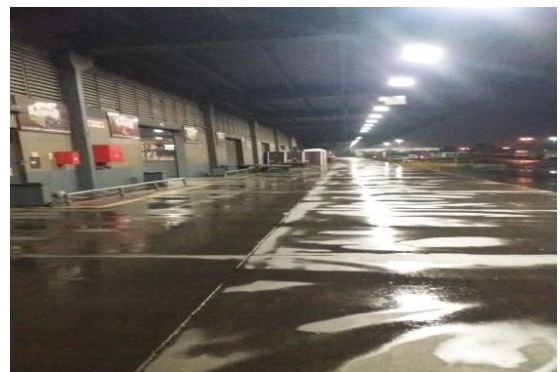
This project will be procured through Section 110 with MTC. Discussions and negotiations are at an advantaged stage. Progress made thus far include the following;

- The project specifications were approved by the BSC;
- An RFQ of the same project has already been forwarded to MTC;
- The Joburg Market has received the MTC Proposal. This will be forwarded to the next BEC and BAC after which an award letter will be provided to MTC;
- This project will be divided into two phases, whose budget extends over to financial years. Phase 1 of the project involves the design and construction of a new CCTV Control Room for about R 3.5 million, which is budgeted for in the current financial year. Phase 2 involves the establishment of building of a fibre network across JM Precinct, the installation of over 400 cameras and the commissioning of the installation.
- It is anticipated that this project will be conditionally awarded by 30 September 2019, with project costs starting to flow towards the beginning of Quarter 3.



Section 5: Cleanliness of the Market

In line with the new Smart Market Strategy of having a clean, safe and smart market, greater focus has been placed on driving hygiene management. Consequently, cleanliness of the Market in terms of Food safety measures is non-negotiable. JM focused on managing the performance of the cleaning contractors and issued non-compliance reports where required to the contractors. A number of SLA Meetings were held with service providers to ensure compliance to contract requirements. In addition, 116 EPWP workers were also deployed to different sections in the market to conduct cleaning activities.



Section 6: Stakeholder Engagements

Joburg Market conducted a number of stakeholder engagements. The table below is not exhaustive, but outlines stakeholder engagement sessions undertaken during the period under review;

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
Monthly IMASA meetings with Market Agents	<ul style="list-style-type: none"> Discuss and address fresh produce industry challenges, opportunities and performance. Address day-to-day market operational activities 	<ul style="list-style-type: none"> Develop a partnership approach to adequately manage market and fresh produce industry activities
South West Gauteng College Agriculture students	<ul style="list-style-type: none"> Exposure to Agribusiness and market operations (market tour) 	<ul style="list-style-type: none"> Assist young people to develop interest in agribusiness opportunities and careers
University of Johannesburg Science Honours Students	<ul style="list-style-type: none"> Exposure to market operations (market tour) Special interest in post-harvest physiology and handling/storage of produce (Ripening & Cold Storage) 	<ul style="list-style-type: none"> Collaboration opportunity in evaluating ripening process and providing recommendations for improvement in fruit ripening
Southern Africa Europe CEO Dialogue	<ul style="list-style-type: none"> CoJ entities establishing partnership with European countries seeking investment opportunities in South Africa 	<ul style="list-style-type: none"> Possible investment opportunities for the smart market strategy unfunded capital projects
Delegates from Rwanda	<ul style="list-style-type: none"> Rwanda seeks to establish a fresh produce market in their country Delegates sought to benchmark industry best practices and operating models of NFPMs. 	<ul style="list-style-type: none"> Rwanda keen to establish a peer to peer relationship with JM. Follow up meeting to be scheduled.
Gauteng Growth and Development Agency	<ul style="list-style-type: none"> Discuss Agro-processing opportunities in CoJ Land Bank funding instruments for small scale farmers GDARD service offering for small scale Farmers 	<ul style="list-style-type: none"> JM a distributing channel for produce from small scale
Jhb YARD (Youth in Agric. & Rural Development)	<ul style="list-style-type: none"> Exposure to Agribusiness and market operations (market tour) 	<ul style="list-style-type: none"> Assist young people to develop interest in agribusiness opportunities and careers
Tenant Relations (Property)	<ul style="list-style-type: none"> Meetings held with tenants regarding challenges with lease renewals Discussed lease agreement renewal terms & conditions and new rental rates; and tenants queries on different rental rates charged 	<ul style="list-style-type: none"> Address tenants concerns of disparities in rental amounts charged Finalise the signing of the lease agreements
National Metrology Institute of South Africa (NMISA)	<ul style="list-style-type: none"> Food Testing & Regulations Workshop aimed at sustainability of test laboratories for economic development ; Opportunities for test labs in the Africa 	<ul style="list-style-type: none"> Develop a partnership with NMISA and DAFF to advance the technical competency of JM Lab in the field of pesticide residue testing

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
(QA)	Continental Free Trade Area Agreement – how are labs positioning themselves to play a role in this area	
<ul style="list-style-type: none"> • Marble Hall Citrus • C2 Fruit and Veg Packers • 5 of Hereford area in Groblersdal small scale producers 	<ul style="list-style-type: none"> • To strengthen the relationship between producers and JM (Joburg Market). Explaining the SMART Market and all activities taking place on JM. 	<ul style="list-style-type: none"> • Producers were concerned that some farmers sell their farms because of the land claims and high production cost. • Higher transport cost for small scale farmers (Veggie farmers) does not make it viable to send to national fresh produce markets. • Made recommendation that JM needs to expand trading space and have HACCP accredited facility.
SJ Kruger (Brits area)	<ul style="list-style-type: none"> • Producer was visited to investigate E.coli contamination of bean sprouts. A food safety risk assessment was conducted whereby water and seed samples were taken for laboratory testing. Assessment of the producer's water chlorinator was undertaken. 	<ul style="list-style-type: none"> • Water and seed test results were compliant • Product samples were taken upon receipt at the market. • Strict food safety controls have been applied due to the product being high risk • Ongoing communication with the producer and market agents takes place
Round table dialogue on consolidation of food testing in SA (DAFF/DOH workshop)	<p>.JM Lab was invited to participate in a workshop for Consolidation of Regulatory Food Testing in South Africa: Ecosystem Development for Small Enterprise Program.</p> <p>The workshop sought to discuss and obtain collaboration and synchronisation of regulatory testing laboratories in SA from National, Provincial and Local Govt.</p>	<p>National Govt. seeks to formulate a pool of Food Testing Laboratories in South Africa that can assist SMME`s in Food industry.</p> <p>JM Lab needs to be geared up to participate and take up the opportunity.</p>

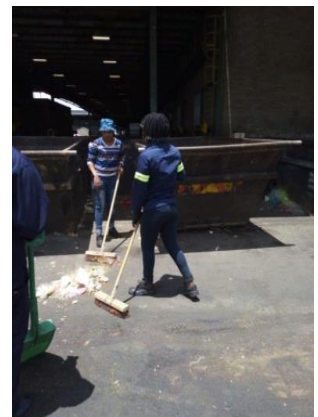
Section 7: Stakeholder Issue Resolution

JM has introduced measures to resolve all issues as raised by various stakeholders in a recent stakeholder survey and other engagements. As per the customer satisfaction survey conducted by JM, 13 stakeholder issues were identified for resolution. 10 out of 13 issues were resolved. Status feedback on outstanding issues is detailed in the table below;

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements since the completion of the survey	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.	Resolved Not
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.	Resolved Not
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 <ul style="list-style-type: none"> 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 Effected repairs and maintenance on the cold rooms and banana ripening plant o Over R 9 million was spend on various repairs and maintenance intervention - Going Forward <ul style="list-style-type: none"> o Repairs and Maintenance Budget was increased to over R32 million; o SLA signed with JPC to assist with R & M Programmes 	Ongoing

Section 8: Work Opportunities

Name of Supplier	Type of service	Number of jobs
EPWP Beneficiaries	Different work packages	116
Full Time Employee	Full Time Employee	10
Total Mid-term		126



During the period under review, and in compliance to a City-wide strategic imperative to create job opportunities for unemployed youth and women, JM has created job opportunities for the following categories of unemployed people.

Section 9: Key Focus Areas for the next quarter

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

- Expediting the rollout and implementation of the People's Market Precinct Development Project. Project meetings for the rest of the year have already been scheduled;
- Finalisation of outstanding project specifications and ensure submission of same to relevant procurement processes;

- Conclude and operationalise the Ablution Refurbishment Project in conjunction with JPC;
- Operationalise upcoming key Marketing and Communication Interventions and campaigns in line with organisational commitments;
- Appoint and on-board the Insourcing of cleaners as existing contract is coming to an end;
- Initiating and resolving the platform 5 resurfacing project;
- Appoint and on-board additional security guards and increase patrols and visibility in line with business requirement.

Section 10: Organisational Scorecard

The table below presents a summary of JM's performance against the 2018/19 Annual Targets for the period under review.

Item	Midterm KPI's
Total no. of KPIs on scorecard	8
No. of KPIs due	7
KPI's not due*	1
Number achieved	4
Number not achieved	3
% achievement	57.1%
No. of KPIs exceeded	2

*KPI's not due is as a result of the measurement to be conducted at end of mid-year

10.1 Reasons for poor performance and mitigation





As per the table above, four KPIs were not achieved as at the end of the midterm reporting period. These are the Percentage of Repairs and Maintenance Budget Spent; Number of performance review sessions completed and Capex Spent.




The Table below provides the reasons for the non-achievement of KPI as well as the proposed recovery plans.

KPI not Achieved	Reason for non-achievement	Recovery Plan
% of repairs and maintenance budget spent	<ul style="list-style-type: none"> • The appointment of service providers for plumbing, building and civil works and mechanical is delayed due to non-responsive bids 	<ul style="list-style-type: none"> • To simplify the engagement processes with JPC. • To appoint out own service providers.
Number of performance reviews completed (employees with performance contracts)	<ul style="list-style-type: none"> • Not all performance reviews were completed with all employees with performance contracts 	<ul style="list-style-type: none"> • The 2019/2020 performance contracts of all employees with performance contracts have already been completed and signed.
Percentage of CAPEX spent	<ul style="list-style-type: none"> • Continued project management implementation challenges with service providers 	<ul style="list-style-type: none"> • Most of the projects are still at the planning stage; • Most projects are now in the implementation stage; • Project meetings have been set up with service providers to expedite awarded projects

9.2 Detailed Organisational Scorecard

In the period under review, the organisational performance against the scorecard s as reflected below;

KEY PERFORMANCE INDICATOR	BASELINE	2019/2020 TARGET	MID-TERM TARGET	MID-TERM ACTUAL	PERFORMANCE INDICATOR
<ul style="list-style-type: none"> CoJ Strategic priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021 Joburg Market Strategic Objective: Ensuring the financial sustainability and growth of the entity 					
(1.1) % Targeted market share held by JM in relation to other FPMs	45.5% Targeted market share held by JM in relation to other FPMs	45.5% Targeted market share held by JM in relation to other FPMs	44.1% Targeted market share held by JM in relation to other FPMs	45.82% Targeted market share held by JM in relation to other FPMs	Achieved and exceeded 
(1.2) Turnover achieved	R 7.5 Bn achieved	R 7.9 Bn achieved	R3.850Bn Turnover achieved	R4.095Bn achieved	Achieved and exceeded 
(1.3) % of repairs and maintenance budget spent	70% of repairs & maintenance budget spent	85% of repairs & maintenance budget spent	25% of repairs and maintenance budget spent	6.02% of repairs and maintenance budget spent	Not achieved 
(1.4) % of Capital Budget Spent	85% of capital budget spent	95% of capital budget spent	35% of capital budget spent	25.28% of Capital Budget Spent	Not achieved 

KEY PERFORMANCE INDICATOR	BASELINE	2019/2020 TARGET	MID-TERM TARGET	MID-TERM ACTUAL	PERFORMANCE INDICATOR
<ul style="list-style-type: none"> CoJ Strategic priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress Joburg Market Strategic Objective: Become an agent for socio-economic transformation 					
(2.1) <i>Number of jobs created</i>	<i>200 jobs created by JM</i>	<i>30 jobs created by JM</i>	<i>10 Jobs created by JM</i>	<i>116 Jobs created by JM</i>	<i>Achieved and exceeded</i> 
<ul style="list-style-type: none"> CoJ Strategic priority 3: Create a culture of enhanced service delivery with pride Become a high performance organisation 					
(3.1) <i>Number of performance reviews completed (employees with performance contracts)</i>	<i>2 performance reviews sessions completed for employees with performance contracts</i>	<i>2 performance reviews sessions completed for employees with performance contracts</i>	<i>100% of 2018/2019 performance reviews sessions completed for employees with performance contracts</i>	<i>45% of 2018/2019 performance reviews sessions completed for employees with performance contracts</i>	<i>Not achieved</i> 
(3.2) <i>% resolution of Auditor General findings</i>	<i>80% resolution of Auditor General findings for 2018/2019</i>	<i>85% - 95% resolution of Auditor General findings for 2018/2019</i>	Not Due	Not Due	Not Due
(3.3) <i>% resolution of Internal Audit findings</i>	<i>80% resolution of Internal Audit findings</i>	<i>85% - 95% resolution of Internal Audit findings</i>	<i>80% resolution of Internal Audit findings due</i>	<i>82% resolution of Internal Audit findings due</i>	<i>Achieved and exceeded</i> 

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Section 1: HR Performance Overview

The departmental performance over the period has largely been in the recruitment space where the roll-out of the EPWP programme and the Cleaners insourcing took priority. Both these are shareholder programmes and JM needs to support through implementation; despite insufficient financial resourcing.

The total intake of EPWP beneficiaries was 61 while the cleaners targeted for insourcing is 93, which number is still being verified.

Key project handled include the recruitment of Executives; which targeted three positions due to a reduction in the budget allocated. The failure to capacitate the entity translates into the failure to fully implement strategic imperatives for the business since most departments do not have executive leadership.

Two key interventions have been finalised with the appointment of the Occupational Health Sessional Doctor who will assist with signing off of medical surveillance reports and pre-employment medical screening. The second appointment of an EAP service provider ensures that employees have access to a 24 hours counselling service to deal with personal issues.

1.1 Employee Wellness

The clinic continues to provide much needed health care or employees and the EPWPs and Learners doing Learnership programme. A total of 1330 patients have been attended to at the clinic; this number is inclusive of the pre-employment health screening and annual medical surveillance examination required in terms of the OHASA

The process of appoint a sessional doctor to sign off on pre-employment screenings and medical surveillance reports for all screenings done by the clinic is almost complete with the adjudication completed and only the final appointment letter needs to be signed..

The quarterly wellness education awareness campaigns provide much needed education to employees on health matters particularly on Chronic and communicable diseases. The World AIDS Day commemoration event was held in the form of HIV testing and 21% of employees participated in the event. The Women's month event and the Eye care event were the most attended, with almost 25% of employees participating in the events.

1.2 Injuries and sickness

A total of twelve injuries were attended at the clinic with four of those being serious; with patients ultimately being transported to different public medical institutions by the Ambulance for further attention.

Section 2: Employee Remuneration (Total Costs including Executives)

The ratio of salaries to Opex remains above 40% due in the main to JM's Operating Model (24 hours operation x 6 days a week) and exacerbated by low spending on the Opex budget.

Period	OPEX	Personnel Costs	%
Q1	72 223 923	35 541 937	49.21
midterm	68 161 823	35 111 816	51.5
Total Midterm	140 385 746	70 653 753	50.3

Section 3: Vacancies and recruitment

The JM has a total of 24 vacancies; inclusive of executive manager vacancies. The need to fill the executive vacancies and other critical positions across the business has been escalated to the City through the budget adjustment process. The initial response was a part approval of the original request; however a subsequent communication withdrew all approvals citing a new process being embarked upon.

The JM unlike other entities relies on IT Systems for its daily trading operations and without these critical skills the entity will struggle to meet stakeholder expectations, which will lead to revenue generation being compromised. The problem has been escalated to the City Manager for his intervention.

The lack of executive leadership in other departments also places a strain on the implementation of the capital projects and smooth running of the trading operations. The long standing acting arrangements create uncertainty and lead to negative audit findings.

3.1 Terminations

Ten appointments were made against eight terminations in the midterm reporting period. The two terminations in the white and Indian categories will further impact our equity profile considering these are Managers and the labour market is already having a limited supply of candidates in the agriculture sector where we source our skills. We continue to make efforts for these categories of employees; however the sector (agriculture) and the location of the JM make it unattractive for young people to consider opportunities at JM.

Table #: STAFF Movements

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	4	6	0	0	0	0	0	0	10
Deceased	1	0	0	0	0	0	0	0	1
Dismissals	1	0	0	0	0	0	0	0	1
Retirements	0	1	0	0	0	0	1	0	2
Contract Expired	1	0	0	0	0	0	0	0	1
Resigned	1	0	1	0	1	0	0	0	3
TOTAL	8	7	1	0	1	0	1	0	18

Our staff establishment figures will have a significant change in the next quarter with the implementation of the Cleaners insourcing project which JM will start in January. The project will see our equity profile again increasing the African category due to the cleaners being at the unskilled category and all being African.

TABLE #: STAFF ESTABLISHMENT

Description	2019/20			
	Approved no. of posts	No. of employees	No. of vacancies	% of vacancies
Top management	1	1	0	0
Executive management	4	2	2	50
Middle management	40	27	13	32.5
Skilled technical/junior management	103	68	35	34
Semi-skilled	140	169	(29)	(21)
Unskilled housekeepers/cleaners	40	37	3	7.5
Total	328	304	24	7.3

Section 4: Employment Equity

The employment Equity profile remains a concern particularly with the Indian population. Despite doing targeted advertising; the responses have not yielded the required candidates.

The nature of the business which is mostly labour intensive in semi-skilled levels plus the location of the business outside of the public transport nodes makes it difficult for people with disabilities to have an interest in the opportunities available in the business due to access considerations.

TABLE #: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW @ 25/09/2019

OCCUPATIONAL LEVELS	Target as @ June 2020									Status as @ December 2019								
	MALE				FEMALE				TOTAL	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W		A	C	I	W	A	C	I	W	
Top Management	1	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1
Senior Manager	3	0	0	0	1	0	0	0	4	2	0	0	0	0	0	0	0	2
Mid Manager / Professional	17	1	2	7	10	0	1	2	40	11	1	2	5	7	0	0	1	27
Skilled Tech / Junior Manager	43	2	1	8	37	2	2	8	130	27	1	1	1	28	2	1	7	68
Semi- Skilled	60	1	0	4	66	3	1	5	140	74	3	0	4	76	4	0	8	169
Unskilled	18	0	0	1	20	0	0	1	40	17	0	0	0	20	0	0	0	37
TOTAL	142	4	3	20	134	5	4	16	328	132	5	3	10	131	6	1	16	304

Section 5: Skills Development and Training

The plan for the period was to finalise the appointment of accredited training providers; however due to delays and stringent adjudication processes for the tenders, this was not finalise, and it has impacted the delivery of statutory training for Safety Committees and for Food Safety training updates for employees within the operations department.

As part of Manager Development and refresher orientation; all Managers were exposed to workshop on HR responsibilities of a Line Manager and the focus was on HR processes to reduce delays in responding to employee issues. Managers now understand their responsibilities of interpreting and applying policies instead of referring employees to HR for their problems which they should be resolving at the point of origin.

TABLE OF TRAINING INITIATIVES UNDERTAKEN IN THE PERIOD

Skills Development	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
Electrical construction skills programme	6	0	0	0	1	0	0	0	7	95 200
HR Skills for non HR professional training.	0	0	0	1	4	0	0	0	5	59 995
High Voltage Course training	1	0	0	0	0	0	0	0	1	9 075
Solar power Training	1	0	0	0	0	0	0	0	1	11 000
ISO 9001:2015 Understanding QA	0	1	0	0	1	0	0	0	2	0
ISO 17025 Laboratory System	0	0	0	0	1	0	0	0	1	9 793
Laboratory Uncertainty of Measurement	2	0	0	0	0	0	0	0	2	20 000
Organisational Development	0	0	0	0	1	1	0	0	2	19 998
PayDay Software HR Modules	0	0	0	0	2	0	0	0	2	13 800
Presiding and Chairing of DC Hearing	8	3	0	1	14	0	0	2	28	66 024
SAICA Assessor Training	0	0	0	0	1	0	0	0	1	10 000
WR Operation	7	0	0	0	17	0	0	0	24	108 000
End User Computing	7	0	0	0	5	0	0	0	12	54 000
Total Beneficiaries	37	4	1	2	48	1	0	2	95	422 885

5.1 Conference and Seminars

Employees; especially managers are required to register with their professional institutions as part of our professionalization of the Public Service. This also helps to ensure managers are subjected to ethical codes of conduct of their respective professions.

EMPLOYEES WHO WERE ENROLLED FOR CONFERENCES

Conferences & Seminars	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
Effective Risk Management Conference.	1	0	0	0	2	0	0	0	3	32 271
Institute on Internal Auditors National Conference	1	0	0	0	2	0	0	0	3	36 225
KPI conference	0	0	0	0	1	1	0	0	2	15 998
HR in the changing world conference.	2	1	0	0	3	0	0	0	6	53 623
Occupational Health and safety technology Conference	0	0	0	0	1	0	0	0	1	14 995
IMPISA (Municipal HR Professionals Body)	1	1	0	0	0	0	0	0	2	10 700
TOTAL BENEFICIARIES	5	2	0	0	9	1	0	0	17	163 812

5.2 Study Assistance

This benefit is offered to employees to assist them acquire their academic qualifications which could not be provided from the limited training funds. The benefit is offered for qualifications that are relevant not only for JM, but qualifications that could be utilised across the City Group. Where a beneficiary abandons, fails or resigns from the service; they have to reimburse JM for the applicable cost.

EMPLOYEES WHO ARE BENEFICIARIES OF THE STUDY ASSISTANCE SCHEME

INSTITUTION	MALES				FEMALES				TOTAL	AMOUNT (R)
	A	I	C	W	A	I	C	W		
Boston	0	0	0	0	1	0	0	0	1	16 445
Regent	0	0	0	0	1	0	0	0	1	23 600
MANCOSA	1	0	0	0	1	0	0	0	2	50 277
Milpark	0	0	0	0	1	0	0	0	1	24 700
UNISA	0	0	0	0	1	0	0	0	1	4 620
Monash	1	0	0	0	0	0	0	0	1	36 648
Oracle University	0	0	0	0	0	0	0	1	1	66 956
TOTAL BENEFICIARIES	2	0	0	0	5	0	0	1	8	222 823

Section 6: Labour cases and Outcomes

The labour relations environment is stable with unions and management meeting in the Local Management Forum (LMF). A total of 294 employees are members of Trade Unions; while the balance of 15 employees are free riders and they pay the agency shop fee as prescribed in the SALGBC Collective Agreement.

One new disciplinary cases of dishonesty has been reported in the period and the first sitting was postponed due to the unavailability of the investigator. There were two grievances lodged by employees against Managers. One protracted disciplinary case has been concluded; JM awaits the Chairperson's finding on the case.

Two cases of unfair dismissal are still at the Bargaining Council and two old cases at the Labour Court.

6.1 Employee Benefits

JM as an employer provides benefits to its employees in line with the provisions of the Basic Conditions of Employment Act (BCEA) and the South African Local Government Bargaining Council (SALGBC). The benefits are in line with the employment contract of each employee.

The current benefits provided by JM are:

Pension / Retirement Funding;

- Three funds are approved within JM and membership is as follows:
 - City of Johannesburg Pension Fund – 12 Members
 - Momentum Provident Fund and – 181 Members
 - E-Joburg Retirement Fund – 110 Members

Medical Aid Funding

- The following are three medical aid schemes accredited schemes operational in the JM:
 - Discovery Health – 26 Members
 - Bonita's – 222 Members
 - LA Health – 7 Members

Housing Allowance

The housing scheme caters for those with registered housing bonds; plus those in other forms of accommodation but only earning below a salary threshold of **R10 000.00** per month.

- Housing bond allowance – 70 employees
- Gap Allowance – 30 employees

CHAPTER FIVE: FINANCE PERFORMANCE AND EXPOSURE

Section 1: Highlights and Achievements

Joburg Market's overall financial performance for the midterm reporting period was pleasing. Turnover recorded for the quarter was R4.1bn which is an increase of R294.5m above budget. The increase in turnover can be attributed to improved performance of naartjies, green pepper, oranges and potatoes.

As a result of increased turnover, revenue recorded came in at R244.0m which is R13.7m above budget. The Surplus achieved was R82.4m which is R24.5m above budget mainly due to increase in revenue which is more than the budgeted revenue and a decrease in expenditure compared to the budgeted amount which is more than the actual results.

Section 2: Financial Overview for period ended 31 December 2019.

Joburg Market remains both liquid and solvent which is pleasing as this indicates that the company has sufficient assets to cover its operations in the short term. The only area that buckles this trend is the remuneration as percentage of expenditure which is above the norm. This however must be read in context of the nature of the organization which is a 24 hour and six day operation.

2.1 Key financial ratios for period ended 31 December 2019

The table below highlights some of the key ratio for the period under review to illustrate the points made above:

Financial ratios	Norm	Midterm
Liquidity (CA/CL)	1 : 1	3 : 1
Solvency (Total Liabilities/Total Assets)	<40%	25%
Debtor's days	30	61
Cash Cover (days)	30-90	987
Remuneration to expenditure ratio	30-40%	49%

2.2 Payment of creditors within 30 Days for period ended 31 December 2019

Payments of Creditors Within 30 Days		
	Quarter 1 2019/20	Midterm 2019/20
Total Payments	278	211
<i>Paid Within 30 Days</i>	127	103
<i>Percentage Achieved</i>	46%	49%

Section 3: Statement of Financial Performance for the period ended 31 December 2019

	Quarter ended 31 December 2019						
				Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>
	<i>R '000</i>	<i>R '000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>%</i>	<i>%</i>
Turnover	4 145 148	3 850 591	4 043 265	294 557	101 883	7.6%	2.5%
Tonnage	632348	700348	754588	(68 000)	(122 240)	-9.7%	-16.2%
Rand/Ton	R 6 555	R 2 658	R 5 358	3 897	1 197	146.6%	22.3%
Revenue	244 030	230 322	239 934	13 708	4 096	6.0%	1.7%
Expenses	(143 653)	(152 951)	(143 151)	9 298	(502)	-6.1%	0.4%
Surplus before interest & tax	100 377	77 371	96 783	23 006	3 594	29.7%	3.7%
Net interest paid/(earned)	(16 435)	5 672	(12 341)	(22 108)	(4 094)	-389.7%	33.2%
Surplus before tax	116 812	71 699	84 442	45 113	32 370	62.9%	38.3%
Taxation	34 402	13 761	23 644	20 641	10 758	150.0%	45.5%
Surplus	82 410	57 938	60 798	24 472	21 612	42.2%	35.5%

Section 4: Turnover and Revenue Analysis for the period ended 31 December 2019

Overall, the total turnover generated by Joburg Market was R4.1 billion which is R294.5m above budget. The tonnage was below budget by 68 tons which indicates a stagnating volume throughput on the floor. The rand per ton increased by more than 100% compared to budget.

Turnover & Revenue							
Quarter ended 31 December 2019							
				Variance			
	Actual	Budget	Last Year Q2	Actual vs Budget	Actual vs Last Yr Q2	Actual vs Budget	Actual vs Last Yr Q2
	R '000	R '000	R'000	R'000	R'000	%	%
Turnover	4 145 148	3 850 591	4 043 265	294 557	101 883	7.6%	2.5%
Tonnage	632 348	700 348	754 588	(68 000)	(122 240)	(9.7%)	(16.2%)
Rand/Ton	R 6 555	R 2 658	5 358	3 897	1 197	146.6%	22.3%
REVENUE	244 030	230 322	239 934	13 708	4 096	6.0%	1.7%
Cold storage facilities	1 122	2 730	2 277	-1 608	(1 155)	(58.9%)	(50.7%)
Ripening facilities	905	2 131	1 455	-1 226	(549)	(57.5%)	(37.8%)
Commission 5%	207 257	192 494	202 163	14 763	5 094	7.7%	2.5%
Direct Delivery Comm	2 000	1 231	2 325	770	(325)	62.6%	(14.0%)
Pallets	540	600	589	-60	(49)	(10.0%)	(8.3%)
Cash Handling fee	2 242	1 600	1 660	642	582	40.1%	35.1%
Trolley Rental Deposit	54	82	58	-27	(3)	(33.3%)	(5.5%)
Electricity recovery	11 520	10 218	10 662	1 302	858	12.7%	8.1%
Water recovery	2 911	2 514	2 493	397	418	15.8%	16.7%
Rental Income	12 658	14 044	14 264	-1 387	(1 606)	(9.9%)	(11.3%)
Floor storage fees	797	634	755	163	43	25.7%	5.6%
Sundry revenue - other	2 021	2 044	1 233	-22	788	(1.1%)	63.9%

Revenue composition of JM is made up of 84.93% commission income which is predominantly cash; 11.10% rental income (including both water and electricity recoveries) and the balance of 3.97% made up of the various other small items.

Commission income is R207.3m compared to a budget of R192.5m. This equates to an increase of 7.7%. The seasonality increase of fresh produce had a positive impact on the turnover. For a more detailed analysis see Chapter 3.

Rental lease income (including both water and electricity recoveries) was R27.1m compared to budget of R26.8m. This represents a marginal increase of 1.1%.

Cold storage facilities income was R1.1m compared to budget of R2.7m. This equates to a decrease of 58.9% due to low demand for the facilities. For a more detailed analysis see Chapter 3.

Section 5: Operational Expenditure Analysis for the period ended: 31 December 2019

Total operating expenditure as at 31 December 2019 was recorded at R143.7m compared to budget of R152.9m.

	Expenditure - Quarter ended 31 December 2019							
					Variance			
	Actual	Budget	Last Year (Q2)	Actual as % of Total	Actual vs. Budget	Actual vs. Last Yr. (Q2)	Actual vs. Budget	Actual vs. Last Yr.
	R '000	R '000	R '000	Expenses	R'000	R'000	%	%
Expenses	-143 653	-152 951	-143 151	100%	9 298	-502	-6%	285.40
Personnel costs	-69 968	-64 033	-66 591	48.7%	-5 936	-3 377	9.3%	5.1%
Human Resources	-2 512	-4 553	-5 305	1.7%	2 041	2 793	-44.8%	-52.6%
Marketing	-964	-1 854	-863	0.7%	889	-102	-48.0%	11.8%
Repairs and Maintenance	-1 367	-15 810	-5 566	1.0%	14 442	4 198	-91.4%	-75.4%
Operations	-43 970	-41 121	-39 591	30.6%	-2 849	-4 379	6.9%	11.1%
Information Technology	-3 349	-3 266	-2 517	2.3%	-83	-832	2.5%	33.0%
Finance and administration	-9 274	-10 624	-10 760	6.5%	1 350	1 486	-12.7%	-13.8%
Depreciation	-12 248	-11 690	-11 958	8.5%	-558	-289	4.8%	2.4%

- Personnel costs of R69.9m were recorded compared to budget of R64.0m. This represents 9.3% over budget, the personnel cost was cut by R37.5m during budget adjustment 2018/19 FY and this shortfall is carried over to the new financial period (2019/20 FY).
- Marketing costs of R964k were recorded compared to budget of R1.9m. This 48.0% under expenditure is as a result of under spending in marketing and communication line items.
- Repairs and maintenance costs of R1.4m were recorded compared to budget of R15.8m. The expenditure is under budget by 91.4% due to the fact that JPC is under performing in terms of appointing the services providers to conduct R&M.

Section 6: Statement of financial position as at 31 December 2019

Non-current assets have decreased by R749k to date; this is due to a decrease in intangible assets and deferred tax which are calculated at year end.

- Current assets have increased by R115.6m mainly due to an increase in loans to shareholder and cash.
- Non-current liabilities have increased by R12.4m mainly due to deferred tax which has not been calculated; the calculation of deferred tax takes place at year end.
- Current liabilities increased by R30.9m mainly due to trade payables to date.

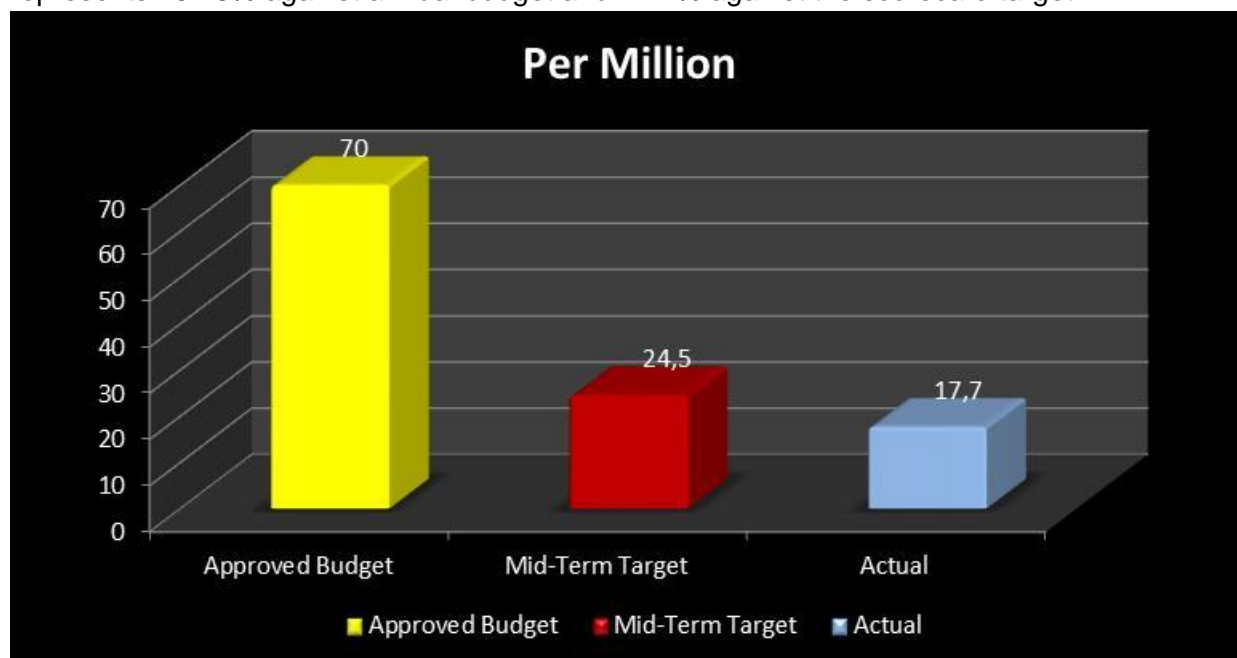
STATEMENT OF FINANCIAL POSITION		
	R'000	R'000
ASSETS	Actual Dec-19	Actual 2019 June
Non-current assets	355 657	354 908
Property, plant and equipment	350 160	340 252
Investment property	366	377
Intangible assets	5 131	6 354
Deferred tax	-	7 925
Current assets	651 010	535 503
Trade and other receivables	41 064	44 809
Loans to shareholders	388 466	309 255
Current tax receivable	-	7 459
Current VAT receivable	-	3 036
Cash and cash equivalents	221 480	170 944
Total assets	1 006 667	890 411
NET ASSETS AND LIABILITIES		
Net Assets and Liabilities	750 158	677 252
Contribution from owner	20 000	20 000
Accumulated funds	730 158	657 252
Non-current liabilities	37 735	25 322
Loans from shareholders	7 334	10 307
Employee benefit obligations	2 782	2 528
Deferred tax	27 620	12 487
Current liabilities	218 774	187 838
Trade and other payables	209 507	176 948
Loans from shareholders	7 175	8 192
Current VAT payable	993	-
Provisions	1 099	2 698
Current tax Payable	-	-
Total net assets and liabilities	1 006 667	890 411

Section 7: Cash Flow Statement for the period ended 31 December 2019

Cash Flow Statement	R'000	R'000
	2019	2018
	30-Jun	30-Jun
Cash flows from operating activities		
Receipts		
Sale of goods and services	458 955	429 736
Interest income	27 966	19 027
	486 921	448 763
Payments		
Employee costs	(132 960)	(138 030)
Suppliers	(130 598)	(103 807)
Finance costs	(2 809)	(4 018)
Taxes paid on surpluses	(54 817)	(24 940)
	(321 185)	(270 795)
Net cash flows from operating activities	165 737	177 968
Cash flows from investing activities		
Purchase of property, plant and equipment	(28 100)	(8 740)
Purchase of intangible assets	0	(4 702)
Net cash flows from investing activities	(28 100)	(13 442)
Cash flows from financing activities		
Repayment of shareholders' loan	(10 409)	(14 419)
Loan to shareholder	(155 649)	(71 988)
Finance lease payments	(136)	(935)
Net cash flows from financing activities	(166 194)	(87 341)
Net increase/(decrease) in cash and cash equivalents	(28 557)	77 185
Cash and cash equivalents at the beginning of the year	201 207	124 022
Cash and cash equivalents at the end of the year	172 649	201 207
Restricted cash*	156 954	181 818
Unrestricted cash	15 695	19 389
*Customer's deposit accounts for future purchases		

Section 8: Analysis of Capex for year ending 31 December 2019

The below graph illustrates the budget versus actual and target expenditure achieved. The total capital expenditure budget for the year was R70.m. The midterm target based on the scorecard was R24.5m and actual capital expenditure achieved was R17.7m which represents 25.28% against annual budget and 72.2% against the scorecard target



Section 9: Analysis of Debtors Collections for the period ending 31 December 2019

An amount of R27.75m has been collected during the reporting period from an actual bill of R31.34m. The collection rate achieved at 31 December 2019 is 87% against a target of 95%. This performance is less than the rate achieved in the prior year due to unresolved maintenance and leasing queries.

Billing and collections rate 2019/20	
Descriptions	Actual YTD
Billing	
Rental & Utilities	22 261 528
Cold Storage & Ripening	9 080 775
Billing	31 342 303
Collections	
Rental & Utilities	17 196 675
Cold Storage & Ripening	10 553 115
Collection	27 749 790
Collection %	
Rental & Utilities Rate	78%
Cold stores & Ripening	111%
Average collection	87%
Prior Year %	98%

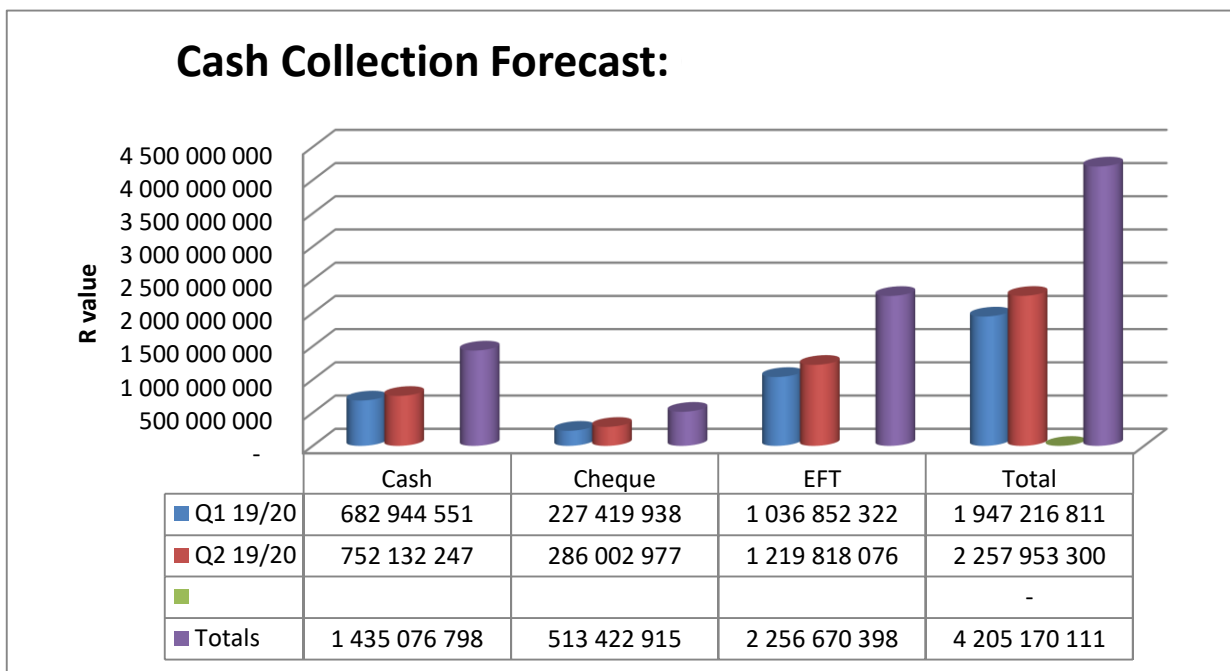
9.1 Bad Debts

Provision for bad debts amounted to R19.8m. There has been no increase in provisions in Midterm reporting period. An amount of R2.6m was recommended by the attorneys for write-off will be tabled at Exco and Board for approval as per policy provisions. There has been no collection on the amounts recommended for write-off.

Section 10: Analysis of Cash Collections period ended 31 December 2019

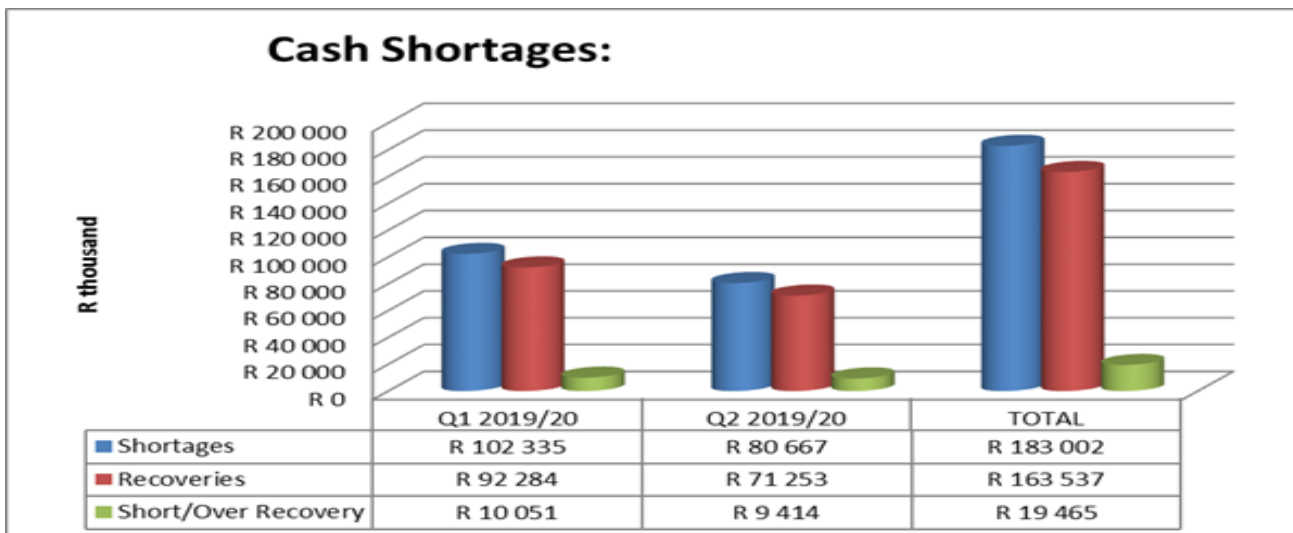
10.1 Collections

A total collection of R2.2 billion was achieved during the midterm reporting period. There was a notable increase of 2% compared to last year.



10.2 Cashiering Shortages & Recoveries

The total shortages for the midterm reporting period are R80 667 against recoveries of R71 253. The department under recovered by R9 414 due to the timing difference of payroll deductions.



Section 11: Analysis of Supply Chain Management

11.1. DEVIATIONS

The SCM policy allows the accounting officer to dispense the prescribed acquisition process to ensure that the organisation functions optimally and efficiently but ONLY under strict circumstances. This is governed by Regulation 36 of the SCM and in pursuance of the above; the following deviation was approved during the period under review.

No	Service Provider	Type of Deviation	Reason	R'000
1	Chemetrix (PTY) Ltd	Sole Supplier	The licence for distribution and servicing of the Laboratory equipment is currently held by one service provider. This deviation was approved in 20 September 2019	300 000
2	Morrellis Boutique	Exceptional cases	This deviation was approved on the 10 th October 2019. The SCM advertised on the notice board twice for space optimization workshop. The tender was non-responsive and the dates were closer and could not advertise for the third time	94 800
3	Savoy hotels	Exceptional cases	This deviation was approved on the 16 October 2019. This was for the accommodation in Kimberly for officials who were going there for stakeholder engagements.	60 554
4	Nexus Forensics Services	Exceptional cases	The scope of work was extended to accommodate emergent business requirement, which was testifying as key witness after completing the investigation. This was out of scope. This deviation was approved on the 11 th September 2019. This was legal services for one of the JM officials	100 000
	TOTAL			555 354

11.2. IRREGULAR EXPENDITURE

The following represents irregular expenditure incurred during period under review.

No	Service Provider	Reason	R'000
1	Imvula Quality Protection Services Pty (Ltd)	Contract is on a month to month basis. The appointment of a new service provider for security services was delayed due to a directive from CoJ. Approval has been provided to procure. The tendering process is underway. Tender has been advertised.	6 114 628

No	Service Provider	Reason	R'000
2	Morubisi Technologies	Contract is on a month to month basis. The appointment of a new service provider for CCTV services was delayed due to a directive from CoJ. Approval has now been provided to procure. MTC is now appointed.	4 056 482
3	Motswako company	The new supplier was appointed and there were Contractual issues which needed to be attended previously. The issues were resolved. JM has now received the photocopying machines acquired through the transversal contract.	656 523
4	Zeda Car leasing pty ltd (Avis)	Contract is on a month to month basis. The appointment of a new service provider for leasing of vehicles was delayed due to a directive from CoJ. Awaiting the COJ to finalize the new appointment.	724 593
TOTAL			11 552 226

11.3. FRUITLESS AND WASTEFUL EXPENDITURE

There was no fruitless and wasteful expenditure incurred in the period under review.

CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS

Section 1: Internal Audit scope of work

The internal audit department carries out its functions in accordance with the Section 165 of the MFMA, the recommendations of the King Report, other relevant legislation and best practice.

JM's Internal Audit department has a specific mandate from the ARC to independently appraise the adequacy and effectiveness of the company's internal control systems, financial controls and accounting records. Internal Audit reports are communicated to management, the ARC and the office of the Auditor-General. The Senior Internal Audit Manager has direct access to the chair 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 registers. The three year rolling plan is updated annually based on risk assessment, the results of Internal Audit work performed and the Auditor –General's Audit report and Management letter.

Internal audit assists management in maintaining an efficient and effective internal control environment by evaluating those controls and providing recommendations for enhancement. The controls subject to evaluation include the following, amongst others:

- Reliability and integrity of financial and performance information;
- Effectiveness and efficiency of operations;
- Effectiveness and efficiency of General and Application controls;
- Safeguarding of assets and
- Compliance to laws and regulations.

Section 2: Performance against Internal Audit Plan

The Internal Audit Plan for 2019/2020 was approved by the ARC during July 2019. Internal audit spent a significant portion of the Mid-term reporting period, amongst others, responding to the AGSA annual audit, working on the internal audit co-sourced tender and the SCM ad-hoc assignments (investigation). The progress on the 2019/2020 Internal Audit Plan as at 31 December 2019 is summarised as follows:

Description	Progress status on the plan to date on 31 December 2019					
	Project Allocation	Not started	Planning Phase	Execution Phase	Reporting Phase	Completed
Planned audits for the year	15	9	1	2	3	0
Total	15	9	1	2	3	0
Percentage	100%	60%	6.7%	13.3%	20%	0%

Detail of planned audits

The following table provides the detail of the planned audits for 2019/2020 financial year and progress status at 31 December 2019. The majority of the audit plan will be carried out during Q3 and Q4. The audit plan will be successfully completed because there will be adequate resources through the co-sourced arrangement between JM Internal audit staff and a new service provider which will commence in January 2020.

#	Planned Area of Coverage	Status Midterm (N1)	Risk rating
1	RFQ and Tendering Process	Not started	Very High
2	Probity audits	Reporting	Very High
3	Auditing of Predetermined Objectives (AOPO)	Planning	High
4	Auditing of Service Standards	Reporting	Moderate
5	Revenue –Complementary Service	Not started	High
6	Infrastructure & Maintenance	Execution	High
7	Assets Management	Not started	Moderate
8	Contract Management	Not started	High
9	Payroll administration, including overtime	Not started	Moderate
10	Marketing and Communication	Not started	High
11	Review of Interim Financial Statements	Not started	Moderate
12	Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIFWs)	Not started	Very High
13	Legislative Compliance Checklist	Not started	Moderate
14	Ad- Hoc assignments(EFTs; UIFWs Investigations and incentives)	Reporting	High
15	Follow Up audits(Monthly reviews)	Execution	Moderate

¹ Explanation of Risk Rating

Critical	Significant	Requires Improvement	Satisfactory
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N1= As at 31 December 2019, Internal audit spent a significant amount of time attending to the following matters:

- Responding to the AGSA audit findings;
- The procurement of the co-sourced internal Audit service provider;
- The finalisation of current SCM investigation.

As the focus on the above decreases, internal audit will henceforth be focussing on the approved audit plan until 30 June 2020.

Section 3: Follow up on Internal Audit and Auditor-General (AGSA) Findings

As required by the internal auditing standards and the Internal Audit Charter, internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within the timeframes management committed to and that the findings are not repeated. Internal Audit

efforts are focused in ensuring that findings classified as “high risk” receive adequate management attention and minimise repeat findings in subsequent audits.

3.1 Status on resolution of Audit Findings

The table below depicts the status of internal and external audit findings resolution at the JM;

	Opening balance (Q1)	New findings by 31 December 2019	Total Findings	Total Findings due	Resolved by 31 December 2019	% Resolved	Closing balance
AGSA Findings	3	29	*3	0	0	0%	29
Internal Audit Findings	71	0	71	71	58	82%	13
	74	29	74	71	58	82%	42

- As at 1 July 2019, there were 3 AGSA Audit carried over from the previous financial year and 71 internal audit findings;
- During the midterm reporting period, AGSA issued an additional 29 audit findings (inclusive of 3 repeat audit findings) that required management attention. These audits were generated towards the end of the midterm. As these audits were not due yet, none of them were resolved as at the end of the midterm.
- As far as Internal Audits are concerned, no new audit findings were generated during the midterm reporting period. However, 58 audit findings were resolved, which brought the percentage resolution of finding to 82% resolved.

Section 4: Building capacity in Internal Audit Department

4.1 INTERNAL STAFF CAPACITY

The Internal Audit unit’s staff complement consists of 7 employees. Three (3) positions are filled and four (4) are vacant.

Position	Approved Complement	Filled	Vacant
Senior Manager	1	0	1
Internal Auditors and Snr Internal auditors	6	2	2
Total	7	3	4
Percentages	100%	43%	57%

From the above, it is evident that the Internal Audit Department is hugely under-capacitated. This state of affairs tends to impact negatively on the department's ability to deliver on its mandate.

4.2 Panel Of Service Providers

A panel of service providers (PSP) is used to augment the internal audit capacity when additional resources are necessary to provide the required assurance to management and the Audit and Risk Committee through adequate coverage of the audit plan.

The PSP was very instrumental in augmenting the internal audit capacity up to 2018/2019 financial year. The validity of the PSP will end on 31 December 2019 and be replaced by a co-sourced arrangement from January 2020.

4.3 Progress In Appointing A Co-Sourced Internal Audit Service Provider

- The procurement process for the co-sourced service provider is progressing well and it is estimated that the SCM processes will have been completed and a service provider appointed by 31 January 2019. The Bid Adjudication Committee was initially set for 07 January 2020 after which a preferred service provider would be appointed. There were delays on the finalisation mainly due to the holidays, however, the tender should still be finalised within January 2020.
- The co-sourced working arrangement will entail a reputable audit firm sharing responsibilities with JM's internal audit staff to achieve the objectives and responsibilities of the internal audit unit.

***** END OF REPORT *****