

2019/20 INTERGRATED REPORT

The People Centric

Smart Market of the Future



a world class African city



Joburg|Market

Version 8: 30 March 2021

Company Information

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Joburg Market

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Glossary of terms

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

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About This Report

Introduction

The report was prepared to provide the Shareholder, the Board of Directors, and Stakeholders with an assessment of the JM's performance and impact for the twelve month period. It provides an understanding of the Company's strategic short- and medium-term approach to pertinent issues and the effectiveness of its approach to deliver effective fresh produce market services.

The Company's financial year is from 1 July to 31 June. The most recent annual integrated report published by the Company was the JM Annual Integrated Report 2018/19 published in accordance with the directives set by the shareholder.

*The Joburg Market
2019/20 Annual
Integrated Report
covers the activities
of the Company for
the financial year
1 July 2019 to 30
June 2020*

There were no significant changes during the reporting period in the JM business model, activity boundaries and the various functions inclusive of its supply chain. The Company's revised organisational structure is in the process of being implemented to optimise execution of the deliverables as outlined in the business plan of the entity. Four executive positions were reported vacant during the latter part of the 2019/20 financial year which underlines the leadership vacuum which had to be addressed.

JM aims to apply best practice in integrated reporting within the boundaries of the regulatory framework applicable to it as a Municipal Entity. The JM Integrated Report (IR) was therefore drafted in accordance with the following legislation and codes:

- International standards on integrated reporting;
- National Treasury Circular 63 (MFMA);
- The MFMA in terms of Sections 46, 65(1)(a) and 121(2)c;
- Section 18(1) (d) of the MSA;
- The South African Statements of Generally Recognised Accounting Practice (GRAP);
- King IV™ Code of Governance for South Africa;
- National Treasury Guidelines and Regulations;
- Batho Pele Principles; and,
- National Treasury Circular 88 (MFMA);

The JM materiality determination process

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

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

Our impact on the capitals

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

In an effort to reduce our impact on the environment, we are gradually transitioning to a cleaner energy mix, including renewable energy and conversion of waste to energy. Projects with the CoJ: EISD will be rolled out during the 2021/22 financial year.

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

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

Our intellectual capital consists of human skill and IT technology, which are key enablers of our Market business. Information technology, as well as innovation focuses on future technologies and operating methodologies under the SMART MARKET concept. Our Intellectual capital also includes organisational knowledge, systems, policies and procedures.

The Methodology to determine materiality for the 2019/20 Annual Integrated Report includes the following:

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

A list of relevant matters was compiled with consideration to:

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

The matters identified typically featured in Board and Committee meeting agendas, the Company's strategic risk register and risk appetite matrix, the Company's complaints reporting, and stakeholder feedback. Stakeholder feedback and input have been obtained

through a range of stakeholder activities, through meetings and through informal interactions with various stakeholders.

During the 2019/20 financial year the company dealt with the following significant matters:

OHASA matters

Assessments conducted by the company insurers affected the insurability of company in certain categories. A JM task team with the assistance of CoJ: GRAS was established to address priority aspects of safety at the premises of the company. During the 2020/21 reporting period JM will introduce a number of mechanisms to safeguard firefighting installations against vandalism.

CAPEX spending

During 2019/20 the JM could only spend R29.1m against a targeted employment of R66.5m worth of CAPEX, which represents a spent rate of 42% against budget and 44% against the scorecard target. JM has not achieved the target, due to challenges experienced with project dependencies lying on the critical path. In addressing these matters the new CEO, amongst others introduced the concept of appointing panels of service providers.

Matters of legacy litigation

Despite progress in resolving a number of cases the entity is still dealing with a number of remaining legacy matters of litigation. The company continued during the 2019/20 financial year to monitor same and worked with legal counsel in the efforts to conclude outstanding cases.

Staff morale

The company experienced a substantial drop in staff morale which has led a host of service performance challenges. The GreatPlace2Work programme was *inter alia* introduced as an effort to recover the situation.

STEP TWO: Determining material aspects and mitigation

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

No	Material Matter	Associated Strategic risk	Mitigation	Current impact on value creation	Timeframe of impact
1	Challenging Macro-economic factors	Business failure And, Financial instability (going concern)	<ul style="list-style-type: none"> - Improve legislative compliance and service standards - Improve on key ratios and good going concern - Prioritising of CAPEX expenses - Develop counter strategies to address the impact of the emergence of private Markets 	Negative	Short, Medium and long term
2	Natural disasters	Covid 19 pandemic	<ul style="list-style-type: none"> - Execute the Covid 19 business continuity 	Negative	Short and medium

No	Material Matter	Associated Strategic risk	Mitigation	Current impact on value creation	Timeframe of impact
			<ul style="list-style-type: none"> procedures - Enforce Covid19 directives in business operations 		term
3	Growth of the core business of JM	Failure to implement the Smart Market Strategy	<ul style="list-style-type: none"> - Refining trading floors and site management - Efficient consignment control practises - Promoting JM to current and potential users - Upgrade and extend physical facilities 	Negative	Short, Medium and long term
4	People development	Diminishing Staff morale	<ul style="list-style-type: none"> - Training staff in company specific competencies - Promoting a culture of performance - Enhanced health and safety - Roll out of the 	Negative	Short, Medium and long term
5	Pursuing sustainability	Loss of stakeholder confidence	<ul style="list-style-type: none"> - Delivering on shareholder value - Deliver value for money services to producers and buyers - Focus on key competencies - Operate as socially responsible institution - Compliance to legislation - Food safety and food quality awareness 	Negative	Short, Medium and long term

Table 1: Materiality analysis

Outlook

The impact in the short term and medium term outlook for the company is chiefly amplified by the economic risks embedded in the Covid 19 outbreak and the emergence of private fresh produce markets. As a result of the aforementioned as well as lower economic activity it is anticipated that the growth of JM will be much less than the anticipated medium term rate of 8%. Growth may reduce to a rate ranging between of 4.5% to 6% for the greater portion of 2020/21.

The recapitalisation of JM must be well-designed and rigorously executed to prevent an adverse impact on the sustainability of the company. The Board foresee a further extensive facility reconfiguration exercise and stakeholder consultation process led by the CEO.

Disclosure process and disclosure on the effects of Covid 19

Disclosures published in this report were suitably consulted and approved through the processes of the Audit and Risk Committee and Board of Directors. Disclosures are further published in compliance to the provisions for same as embodied in the companies Act (Act 71 of 2008) the King code and were duly assessed by the Auditor General of South Africa (AGSA) during the 2019/20 external audit.

The effect of the COVID-19 pandemic may trigger several disclosure obligations. Whilst this remains to be confirmed by National Treasury or any other competent agency, JM wishes to alert a potential “material adverse effect” (MAE) triggered as a result of the outbreak. A MAE is usually defined as any material adverse effects on the business, assets, and properties,

results of operations or financial conditions of a company. In this regard the Company had to incur deviations on the urgent procurement of PPE and decontamination measures to the value of R4.0M.

Assurance

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

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

Management of internal and external audit findings

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

The company scorecard contains for each of the audit sources a separate key performance indicator which is reported up in Chapter 3 - section 5 of this report. Monthly departmental forums are also being held and each report is to indicate outstanding audit matters and progress on each. The annual performance agreement with each manager is also aligned to the outcomes of both internal and external audit results.

Organisational risk management approach

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

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

Demographic and economic growth considerations

The influx of people into the greater COJ area is continuing and influenced by the Covid 19 pandemic at an increased rate. This migration is estimated at a rate of approximately 10 000 persons per month. JM is mindful of the impact on food security and the consequent need for suitable qualities and quantities of fresh produce on a daily basis. JM continued to support the indigent food programme of the CoJ. JM will continue to upgrade and extend its infrastructure and services for additional needs. This initiative also provides for the creation of additional jobs at the site of the Joburg Market and across the fresh produce value chain.

Reporting boundary

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

The Board is accountable for the integrity and completeness of the integrated report and any supplementary information, and is assisted by the Audit and Risk Committee and the Social and Ethics Committee. The Board has therefore applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the prescribed frameworks. Considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Board approved the 2019/20 integrated report as per sign-off below;



Dr. Murunwa Makwarela
Chairperson Board of Directors



Mr Mzwandile Hleko
Chairperson: REMSEC



Dr. Thembi Xaba
Chairperson: Audit & Risk Committee

Date 08 March 2021



CHAPTER ONE

CORPORATE PROFILE AND LEADERSHIP

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

CHAPTER ONE: CORPORATE PROFILE AND LEADERSHIP

Section 1: Member of the Mayoral Committee Review

The new City Administration took office on 4 December 2019 and for the Economic Development Department an immediate and one of the key focus areas was the active pursuance of quality service delivery to the citizens of Johannesburg.

A new reality dawned on the country and especially in the local government sphere on the 5th of March when the first Covid 19 case of the global pandemic hit home ground. Shortly thereafter on 26 March 2020 the national lockdown was enacted. This most unfortunate but necessary event drew the City into a disaster management mode which required quick and innovate thinking. In this regard I would like to extend my gratitude towards all the hard working office bearers and officials for their tireless working spirit and the commitment they displayed under difficult circumstances.

The Joburg Market, in terms of its unique nature fulfils a number of obligations in the economic development sphere which amongst others relates to ensuring food security as well as job creation. The company serves as an important instrument in our economic growth objectives which are aimed at increasing the City's economic growth rate. The company is well aligned in its strategic orientation to the National and Provincial Growth and Development Strategies as well as the IDP of the CoJ.

Despite the inhibiting effects of the Covid 19 disaster the JM was able improve its financial returns and achieved positive financial ratios which underlines the sustainability of this important service. The continued growth in the client base of JM as far as it relates to SADC illustrates the capacity to grow JM as regional participant in food security.

JM consulted with its key stakeholders through its strategic planning sessions and participated in the City IDP Consultation Sessions and related internal workshops of the CoJ. In serving the community JM conducted its role of serving as a safe food provider through the services of its laboratory and associated inspection service. The JM facilities through which market services are rendered to the public are to be improved specifically in the area of maintenance and the addition of trading amenities over the next three financial years. The CoJ will continue to carefully but diligently invest in these facilities which attract business on a local, regional and even a global scale, with fruits being received from various countries in the northern hemisphere and the east.

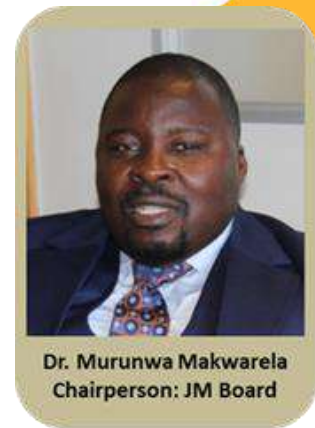
JM experienced a number of challenges over the past year which was substantially addressed through the interventions of the new CEO under guidance of the new Board of Directors. I am confident that the entity is ready to enter afresh into a period of stability, growth and development. I would therefore like to utilise this opportunity to convey my appreciation towards the Board of Directors, Management and Staff for their continued efforts to improve and sustain the JM which is regarded as a key participant and a gem in developing the economy of Johannesburg. Finally I would also like to register a word of thanks towards the Executive Mayor for his guidance and my fellow MMC's for their continued support.

Cllr. Lawrence Khoza
MMC: Economic Development



Section 2: Chairpersons Foreword

The Board and Management have noted with great appreciation that JM was able to sustain its growth in both its income and market share during the period under review, despite the impact of the Corona Virus outbreak. The proactive leadership and approach of the new CEO to prevent the spreading of the Covid 19 virus throughout the entire market site is highly commendable. The latter is to be considered against the backdrop of JM being a continuous operation and a facility where between 11000 and 14000 buyers visit on a daily basis the various trading halls and amenities available at JM.



The fresh produce industry is involved in concerted efforts, to achieve a positive transformation agenda which is being driven by numerous industry partners. Whilst this development is applauded it remains a fact that numerous participants are still being excluded from the mainstream of fresh produce marketing and in particular on the fresh produce markets. In this regard the Board of Directors and the CEO will pursue on all levels of the services offered at JM efforts to ensure inclusive participation by targeted groups.

Thanks to the consistent endeavours and the expertise of members serving on the new Board of Directors and Executives, JM was able to implement strategies to stabilise and sustain the Company. Bearing in mind the realities of the day, inclusive of the Covid 19 threat, the Board is aware of its task ahead to ensure that Joburg Market is an efficient and growing business that will continue to serve the public with the best possible assortments of fresh produce and associated services. Regarding the latter, the Board is confident that the strategies it is working on will provide a strong launching pad to propel JM towards its SMART MARKET OF THE FUTURE objectives.

The entity continues to deliver on food security, food safety and compliance drives as embedded in the strategies of the City and the fresh produce industry in general. The Board has also appraised itself of the various matters affecting the effective operation of the entity. The new Board Committees were duly established and executed their supervision and guidance of JM functions and enabled the Board to conduct effective oversight on the affairs of the company. Whilst the company is still being engaged in a number of legacy matters of litigation progress was made with in the efforts to reduce this risk. The Board will continue to support Joburg Market management in dealing with the matters at hand. Implementing the new organisational structure and the filling of key executive positions represents a key priority for the next six months ahead.

JM is operating in a unique environment from a municipal oversight perspective and the Board of Directors is well aware of the diverse and vast number of stakeholders involved in the fresh produce industry and their needs in respect of the services rendered by JM. Whether being on the fresh produce farming side or the trading side of the fresh produce distribution system, it is the intention of the Board to continue to ensure well integrated service delivery approaches to the clients of the company that will satisfy and nurture confidence in JM.

Preventative maintenance programmes will remain a focus area of the Board and its Committees to assist the CEO in ensuring that the trading and handling of fresh produce is conducted in compliant facilities.

The development of suitable increased trading spaces and the development of the Mandela Market Precinct, represent flagship projects aimed at ensuring a sustainable fresh produce market where the previously disadvantaged across the agricultural value chain will be included and promoted in a creative fashion.

The Joburg Market finds itself on a new trajectory in developing and delivering the services and facilities it intends to provide over the forthcoming three to five years. In order to achieve the planned targets, the Board and its Committees are fully committed and ready to assist in achieving the set objectives.

Dr. Murunwa Makwarela
Chairperson: JM Board



Section 3: CEO's Report

At the conclusion of the 2019/20 financial year Joburg Market is reflecting on a uniquely eventful reporting period. The Covid 19 pandemic brought about difficult conditions for all participants in the fresh produce distribution channel. Whilst the cultivation of fresh produce was immediately declared as an essential activity during the lock down period, numerous participants in the trading of fresh produce faced difficult challenges. In particular the hospitality industry could not operate and this has led to reduced sales in potatoes and various vegetable varieties. Consumers became more aware of the nutritional value of fruit and as a consequence the increased sale of various fruit cultivars realised improved income for JM. Under Section 7 across the page and Chapter 5 of this report the JM trading results illustrate how the company was actually able to improve on its targeted income.



Leanne Williams
Chief Executive Officer

The management team of JM is deeply aware of the impact and imperatives to be able to effectively govern within the “new normal” fresh produce market conditions. Stemming from the latter reality the development of the SMART MARKET OF THE FUTURE needs refined concepts to be formulated. In this regard the alignment of the new structure has also reached a stage where JM can fill vacancies, especially in the top echelons of the entity. JM will continue to consult on its strategies with its stakeholders. Whilst JM intends to implement several value adding mechanisms in this regard, it will also work towards integrating the capacities embedded in available technologies to also empower and develop both black buyers and black farmers. The entity will further implement enhancements of its trading system. Stakeholder consultations are conducted in terms of the Marketing and Communications strategy of the company. Stakeholder management is discussed under section 7 of this chapter.

The proper provisioning of suitable PPE to protect against the Corona Virus to members of staff was regarded paramount to ensure a safe and user friendly service environment. Special interventions relate to the sanitisation of the various market buildings dispersed across the 64 hectare site.

The entity strongly focused on its repairs and maintenance challenges affecting the fabric and efficiencies of its facilities, inclusive of the specialised amenities such as ripening and cold storage facilities as crucial service elements. Consequently a number of new interventions will follow during the first two quarters of 2020/21. The low capital expenditure for the 2019/20 financial year has freshly highlighted SCM and project management challenges. In the latter regard, the company will focus on the utilisation of service provider panels. Relevant to the equity principal the entity is currently self-funding its capital projects and is also repaying previously awarded shareholder loans.

The entity will during 2020/21 continue to work towards the attainment of a clean audit opinion. In consideration of the entity's top seven strategic risks the importance of overcoming the challenges embedded in insufficient trading space and ageing infrastructure remains crucial. In formulating solutions JM will *inter alia* also focus on overcoming legacy arrears in repairs and maintenance on the one hand but on the other hand also work towards sufficient CAPEX funding to extend trading space. The risks of eroding trading processes, from which the lion share of the company income derives, remains real and will be addressed through the

development of smart systems and techniques to curb the risk of fraud and other related activities. I have conducted an assessment of matters as raised in the 2018/19 Annual Integrated Report. In addition to the SCM matters raised above I also evaluated performance information and progress on significant matters affecting the company. The latter assessment is discussed under Chapter 3 of this report. JM has fully complied in terms of tax payments to the SA Revenue Services. I have conducted an assessment of monies which are payable to other organs of state and public entities and the results are outlined under section 4 of chapter 5.

I would like to thank the Board Directors, JM management and staff for the resilience displayed especially in managing the business impacts posed by the Covid 19 virus threat. My sincere gratitude is expressed towards the market agencies and the various tenant businesses for their continued support in ensuring JM remains a prime food business centre. In conclusion I would also like to acknowledge the support received from my colleagues within the various departments and entities of the City of Johannesburg.

Leanne Williams
Chief Executive Officer



Section 4: CFO's Report

At Joburg Market and around South Africa, we have taken a proactive approach as management of safeguarding our staff. Our employees and our stakeholders have quickly adapted to the measures put in place, such as maintaining a safe social distance, wear masks and wash hands regularly. The epochal nature of the Covid-19 pandemic and economic decline has made it necessary to adjust our revised budget for 2019/20FY to Covid-19 Special budget Adjustment. This revision was approved by Council on the 17th of June 2020 as a response to the City's strategic priorities. The impact on human lives and the national health system is expected to reach its peak in the coming months according to experts. It is against this backdrop that the results of the 4th quarter for the JM are presented.



In spite of the gloomy picture facing the world and the country at large, there has been some good news in the performance of the JM for the quarter under review. I would like to caution that the good news should be taken in the context of the JM pre coronavirus epidemic and thus self-congratulatory restraint needs to be exercised. This is because there was minimal impact on the JM due to the late application of the measures meant to curb and contain the spread of the virus. The notable highlights and lowlights include the following:

- Revenue recorded is R481.1m which represents compared to the budget amount of R474.2m. This is secondary to an increase in commission revenue which can be attributed to the performance of the potato section.
- Net surplus of R98.2m was achieved, compared to the budget of R125.5m resulting in 21.7% below budget.
- The cash and cash equivalents at the end of the reporting period is R194.7m; this is in the main cash deposits made by customers. The entity's cash position has improved against the 2018/19 financial year which was set at R170.9m. The liquidity and the solvency position of the entity remains consistently above the norm. This is mainly because the entity is highly cash generative with minimal debt.

The items listed below represent some of the challenges experienced in the third quarter. Some of these challenges are a continuation of what was experienced in the second quarter albeit on a lesser scale.

- Repairs & Maintenance are above budget by R1.1m with the actual spending recorded at R24.2m. This was to address the backlog in ageing infrastructure
- The remuneration to expenditure ratio percentage is 40% against a norm of 30-40%.
- The actual capital expenditure was R29.1m which is below the target of R66.5m and budget of R70.0m.
- The department still struggles with vacancies in both Finance and Supply Chain management due to resignations and suspensions. Some of these vacancies are critical as the intention for the post-lockdown period is to finalize the recruitment of these positions. With regard to suspensions the intention is to complete the process in the next financial year depending on the lifting of the lockdown.

It is a certainty that the next quarter will make for some very interesting readings. Most organizations and service providers are currently relooking at their budgets which have been

rendered useless and decimated by the outbreak of the virus. There remains no doubt that even though we are classified as essential services and might be insulated to a certain extent due to our placement in the value chain of food production, there will be an impact on our bottom line in the next quarter.

We have taken the proactive approach as management of safeguarding our staff, stakeholders by providing sanitizers and deep cleaning.

We remain grateful to our frontline staff (cashiering department, consignment, security etc.), who have diligently executed their tasks with bravery only reserved for soldiers at war. We hold on to the wise words said before: "This too shall pass". When this is all over and we look back, these words will certainly ring true to our very loyal and diligent staff, who throughout this period have given so much: "Never in the history of JM has so much been owed by so many to so few".

Boy Manqoba Ngubo
Chief Financial Officer (acting)

Section 5: Strategic Objectives

Mandate

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

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

Vision

A SMART fresh produce trading hub that is globally competitive.

Mission

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

Values

The values of JM include:

- Transparency
- Service Excellence
- Integrity
- Innovation

Alignment to the GDS and IDP of the Shareholder

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

No	JM Strategic Objectives	CoJ Priorities	Diphetogo principles
1	Investment in infrastructure – R1.2 billion infrastructures spend by 2021/22.	<p>CoJ Priority 1 Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.</p> <p>CoJ Priority 2 Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.</p>	<p>Economic Development Pillar The significant improvement in the ease and experience of doing business in the City</p>
2	Investment in creating expertise.	<p>CoJ Priority 1 Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.</p>	<p>Economic Development Pillar The significant improvement in the ease and experience of doing business in the City</p>

No	JM Strategic Objectives	CoJ Priorities	Diphetogo principles
		CoJ Priority 2 Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.	
3	Transformation at farm levels through targeted programmes and incentives	CoJ Priority 6 Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.	Economic Development Pillar Increasing the number of SMMEs as suppliers to the City.
4	Maximise revenue turnover to R10 billion per annum by 2021/22	CoJ Priority 7 Enhance our financial sustainability.	Finance Pillar Increase in the collection of revenue to increase funding to City projects.
5	Good Governance	CoJ Priority 5 Create an honest and transparent City that fights corruption.	Institutional Review Pillar The structural realignment of the organisation to strategic direction of the administration

Table 2: Strategic alignment

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

Joburg Market Towards a Smart Market



Figure 1: Overview of the JM Smart Market Strategy.

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

- A **CLEAN** market:
 - Physical cleanliness; and,
 - Promotes good governance.
- A **SAFE** market:
 - Secure business and customer environment;
 - OH&S compliance;
 - Food safety compliance.
- A **SMART** Market:
 - Modern Technological systems and services;
 - Optimised floor space;
 - Responding to evolving needs of stakeholders.

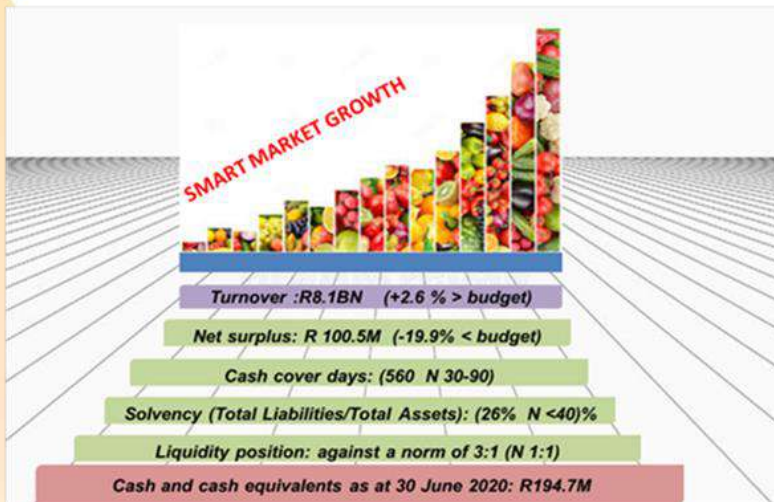
The company's business strategy consists of the following key strategic elements as captured in the sections to follow.

Strategic Objectives

The Joburg Market has adopted the following Strategic Objectives:

- Ensure financial sustainability and growth of the entity;
- Operate a sustainable, resilient premier marketing and trading facility;
- Become an agent for socio-economic transformation;
- Ensure that our staff are engaged, skilled and motivated;
- Become a high-performance organisation; and,
- Ensure effective stakeholder engagement.

Salient Features



Joburg Market serves as price barometer for fresh produce trading

National Market Share
45.2%

Tonnage sold
1.4 Million tons

Actively combating
Covid 19 infections

Publication of e-newsletter

Appointment of 82
staff members to
cleanse and sanitize the
JM site



Motivating our staff through #GreatPlace2Work



The People Centric Smart Market of the Future

Figure 2: Salient features of JM

Section 6: Overview of Joburg Market

The company owes its origins to the establishment of the fresh produce market at the Market Square in central Johannesburg in 1887 where three thousand people congregated to trade in fresh produce. As the City grew, so did the trading of fresh produce.

This prompted the building of a new facility in Newtown in 1913. In that year alone, the Market achieved an annual turnover of R1.5 million. The premises in Newtown became increasingly too small to handle trading. By 1974, the market had relocated to its current location in City Deep, in the South of Johannesburg.



Figure 3: Pictures showing the origins of the Joburg Market.

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

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

The Company is the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff compliment of 313 employees. JM trading facilities are provided to farmers across South Africa and beyond, whose produce is marketed and exposed daily to several thousands of buyers. JM, Market Agents and Tenants operating within JM's facilities create thousands of jobs across the agricultural value chain.

JM plays a critical role of determining the price for the fresh produce industry in South Africa since it represents 45.2% market share of the National Fresh Produce Market in both volume and turnover. The Company is the only fresh produce market with a South African National Accreditation System (SANAS TO532) accredited laboratory to ensure compliance to and maintenance of food safety standards.

Section 7: High-level Organisational structure and Stakeholder Management

The current high level organisational structure is illustrated below:

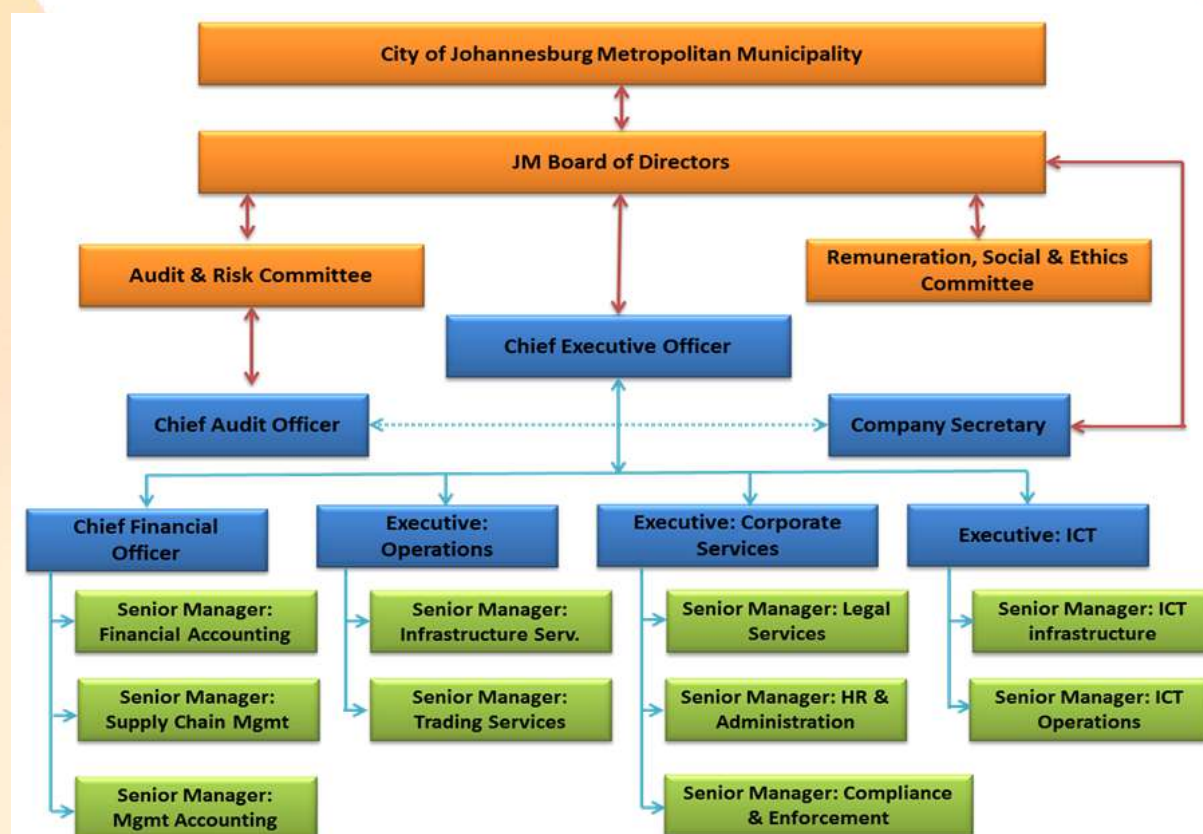


Figure 4: High level structure of the Joburg Market.

Stakeholder Management

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

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

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

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

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

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

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

No	Group	Functional relation	Principal involvement
Governance			
1.	CoJ	Governance Shareholder	Sole owners of the JM
2.	Board of Directors	Governance of JM	Governs JM in terms of SDA
3.	DED	Lead Department	Administrative link to CoJ
Company			
1.	Staff	Employees of JM	Managers and employees
2.	Unions	Trade Unions	SAMWU / IMATU
3.	EPWP	Job creation	Extended Public Works Programme
Core Business			
1.	Farmers	Production of produce	Supply JM from across RSA and internationally
2.	Transporters	Logistics – Farm to Market	Private contractors
3.	Market agents	Conducts actual selling of produce at JM	Private institutions
4.	Commercial Buyers	Buying of produce at JM	Distribute and process fresh produce
5.	Informal sector buyer	Informal traders	Intensive fresh produce distribution in various areas
International associates			
1.	World Union of Wholesale Markets (Head Office: Netherlands)	Communication and market concept development	International platform aimed at the development and sustainability of fresh produce markets
2.	Produce Marketing Association (USA)	Promotion of Produce trading entities	Promotion of fresh produce consumption and related research to enhance marketing of fresh produce
Markets at JM			
1.	Mandela Market	Traders at JM site established through empowerment programmes	Stall markets on JM site
2.	Unity Market		
Logistical services at JM site			
1.	Various informal entities	<ul style="list-style-type: none"> – Pallet runners – Porters – “Bakkie” operators – Food merchants – Recyclers 	Rendering of support services to traders on the market site for own account
Tenants			
1.	Food services	<ul style="list-style-type: none"> – Food distributors – Processors – Meat/fish traders – Soft drinks – General hospitality producers 	Rendering services enabling clientele to utilise JM site as “one stop” shopping centre

Financial services		
Retail bank branches	Banks	Servicing buyers on JM to conduct transactions
Goods and services suppliers		
Various companies	Multiple services rendered at the JM site	<ul style="list-style-type: none"> – Cleansing – Security – Waste disposal – Amenity gardens and land maintenance

Table 3: JM Stakeholders

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

Section 8: Joburg Market Value Creation Process

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

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

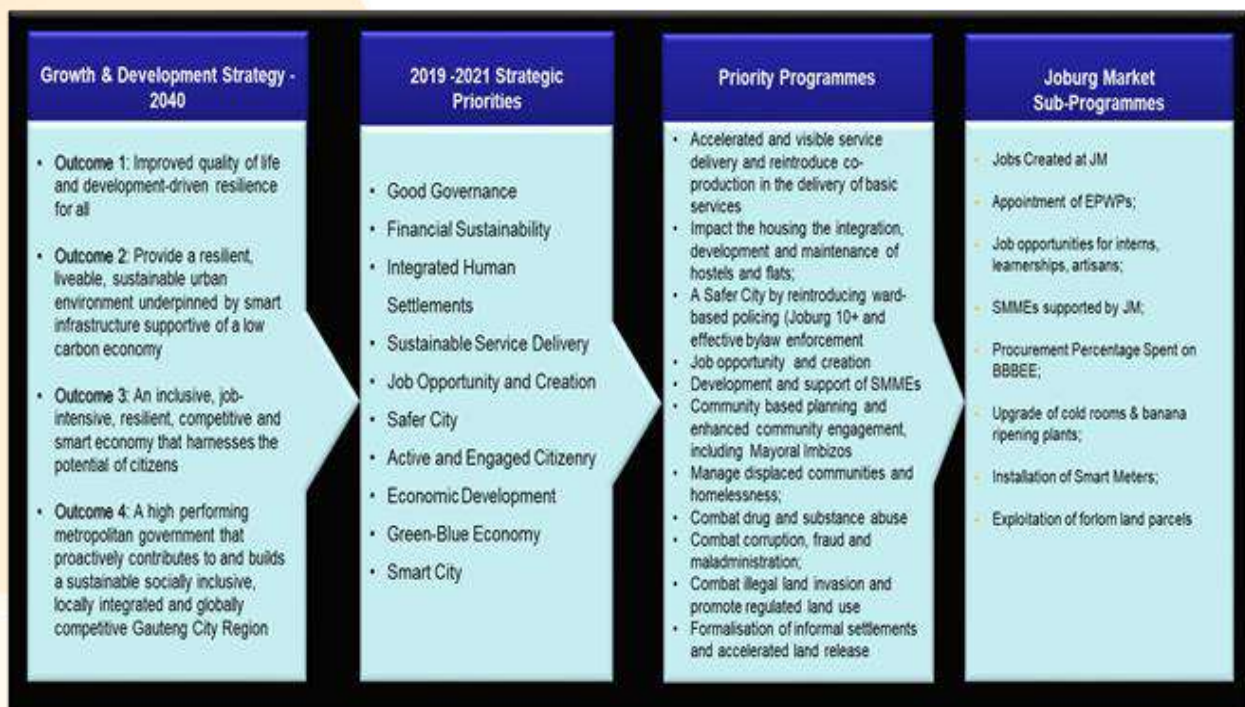


Figure 5: CoJ strategic programme

On entity level the value creation process is illustrated below:

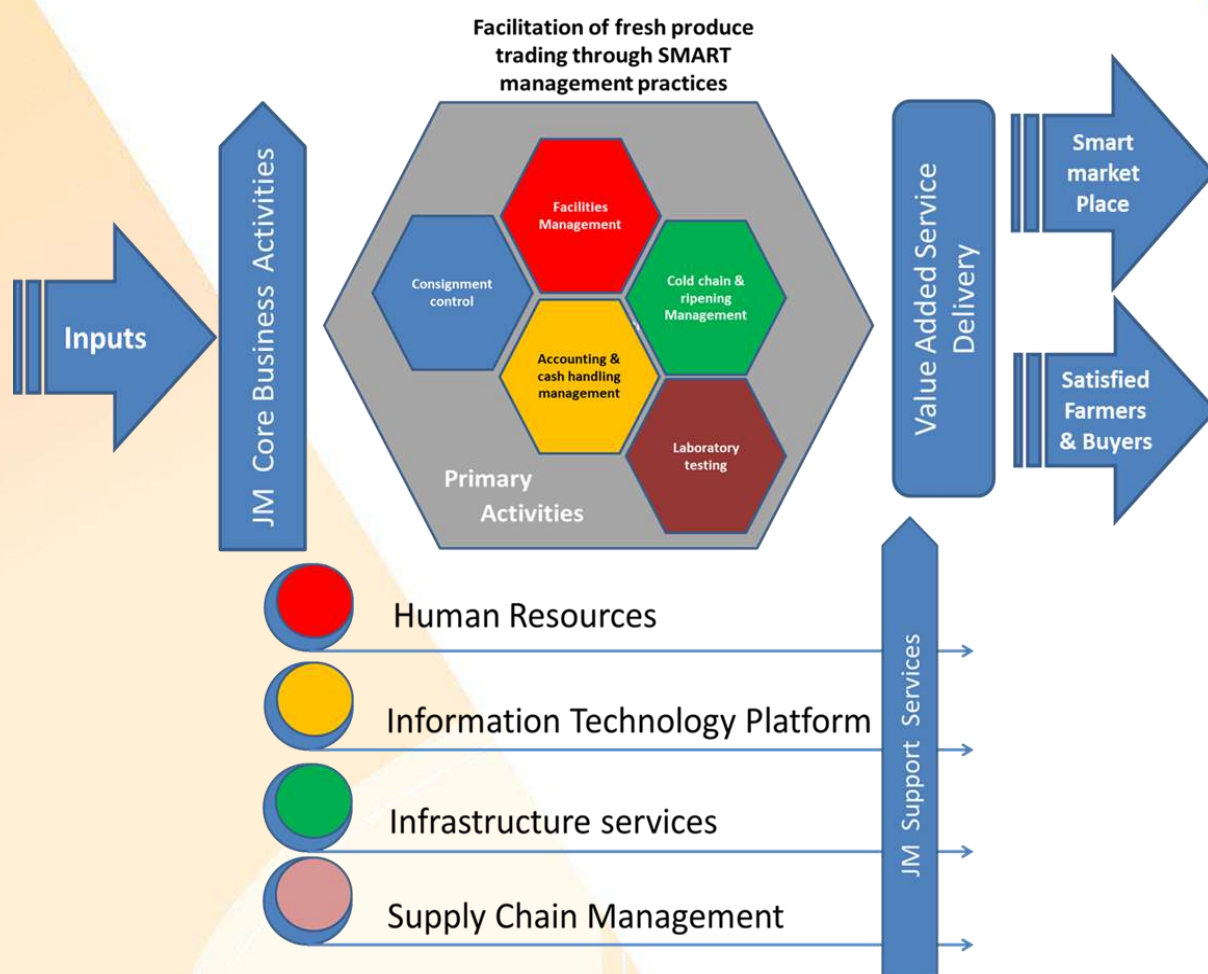


Figure 6: The JM Value Chain

The Fresh Produce Market Value Chain – A Smart Market of the Future perspective

The Fresh Produce Farmer pays a 5% market due or commission for heaving his/her produce traded at JM. Utilisation of the JM in particular holds a number of benefits for the producers of fresh fruit and vegetables. The latter can be listed as follows:

In the short term

- The produce supplied by the farmer is exposed to a very large audience of buyers competing to buy it. This brings about price stability;
- Once a consignment of produce is sold the farmer receives his payment quickly. Normally payment is concluded within 5 days which greatly improves the cash flow position of the farming enterprise;
- JM also has the capability to accommodate all produce assortments in terms of grade and sizes at competitive market prices. This enables the farmer to achieve fair returns through a competitive and managed trading system.

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

In the medium term

- A producer brand and associated quality that is regularly present on the market floor contributes towards it being a sought after supplier. This enhances the availability of a stable and growing loyal group of buyers for the farmer;
- Buyers acquainted to farmer brands knowing what their clients in turn require build loyalty towards a farmer brand by increasing the demand for the farmers brand and enhances growth in demand for the brand.

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

In the longer term

- Stability in produce supplies supported by superior market services and improved logistics enhances trust and the repeat in business from all buyers. This renders JM a trustworthy supplier of market services and also as custodian of a transparent and effective trading system;
- To continue rendering a full portfolio of trustworthy and suitable trading space and to sustain a buyer's core of magnitude are indicative of the key success factors of JM.

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

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

Risk	Short term mitigation	Medium Term Mitigation	Long term mitigation
Deterioration of JM business by competing new market ventures	Establish client loyalty on the supply and demand side of JM	Develop loyalty programmes supported by suitable incentives	Build longer term relationships with key suppliers and key buyers
Insufficient trading space	Plan Smart Market of the future trading spaces	Construct and implement Smart Market of the future trading spaces and amenities	Optimise Smart Market of the future systems and operating model

Figure 4: Key business risks

Business model

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

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

Trading of fresh produce takes place in three (3) trading halls, namely: Fruit Hall, Potato & Onion Hall and the Vegetable Hall, jointly measuring a total of 65 000 square metres of commission market trading space. The Market charges the producer a 5% commission on all

sales made on the commission floor. A further negotiable commission of 7, 5% is payable to Market Agents for selling produce on behalf of the farmer.

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

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

- Financial services;
- Project management expertise;
- Human resources support;
- Strategic services;
- Risk services;
- Trading and consignment regulation services;
- Information technology for sales processing;
- Facility management, and
- Property administration.

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

The competitive landscape

JM has conducted a competitor analysis and each direct and applicable indirect fresh produce channels were identified. The capacity of JM to address the various current and emerging competitors were carefully evaluated and the results were captured into the Marketing strategy of the company. In particular new fresh produce markets within the Gauteng region were identified as the most significant emerging competitors during 2019/20. JM will intensively implement its drive as being the best on-stop-market facility.



CHAPTER TWO

GOVERNANCE

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

CHAPTER TWO: GOVERNANCE

Section 1: Corporate Governance Statement

Corporate governance ensures that accountability and governance arrangements are in place. In line with, Section 121(2) (c) of the Municipal Finance Management Act (MFMA), the Joburg Market is required to compile and publish an Integrated Report and equally communicate information on governance matters with communities in compliance to the requirements of Section 18 (1) (d) of the Municipal Systems Act (MSA). The purpose of this Integrated Report is to promote accountability to the Shareholder, the City of Johannesburg, communities and other stakeholders for the decisions taken by the Board on matters relating to the governance of the entity throughout the 2019/20 financial year.

Governance Framework

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

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

Governance Arrangements

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

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

Implementation of the King Code of Corporate Governance

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

Ethical Leadership

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

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.

Corporate Social Investment

As part of its corporate social investment drive during the 2019/20 JM has continued with partnership establish with CoJ: DSD. During the period under review JM has conducted procurement of produce to enable the preparation of indigent food parcels.

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

Citizen involvement in the planning and implementation of projects

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

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

As at the end of the 2019/2020 financial year, JM created 219 jobs/job opportunities. In addition to this achievement, JM, in partnership with CoJ's Department of Social Development, has distributed food parcels to identified indigent families and deserving NGOs. With the implementation of projects, JM ensures that local labour is utilised, targeting largely the youth and women. In the year under review, a total of 128 EPWP's were deployed in various projects. The Audit and Risk Committee provides strategic project oversight and reports to Board on any non-compliances.

Compliance with laws, rules, codes and standards

The Board oversees the entity's compliance with applicable laws, rules, codes and standards and this remains an important consideration in all its decision-making processes. Reported incidents of non-compliance with laws and regulations are addressed in accordance with relevant governance prescripts. JM operates within its

Delegations of Authority, which is continuously reviewed in line with business and legislative requirements.

Environmental Management

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

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

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

The role of Internal Audit

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

CFO Professionally qualified

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

Section 2: Board of Directors

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

The Board remains accountable to the CoJ Metropolitan Municipality as the entity's sole shareholder.

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

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

Company Directors

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

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Board Committee Membership	
						Pre AGM 2020	Post AGM 2020
Yolisa Ngxabazi	Chairperson Non-executive	April 2019	LLB ITIL Foundation Certificate Legal Management Training	Black	Female	Chairperson	Retired
Abigail Ramakoaba	Non-executive	March 2017	Msc Bio-Chemistry	Black	Female	REMCO/SEC	Retired
Livhuwani Nengovhela	Non-executive	March 2017	International Executive Development Programme LLM in Labour Law B Com Honours	Black	Male	REMCO/SEC Chairperson ARC	Retired
Pat Naidoo	Non-executive	May 2017	B. Engineering MBA MSc Electrical Engineering PhD	Indian	Male	REMCO/SEC	Retired
Sihle Ndlovu*	Non-executive	March 2017	MBA Chartered Institute of Management Accounting (CIMA)	Black	Male	ARC	Retired
Busisiwe Makgalo	Non-executive	April 2019	Msc Research Methods M Phil Economic Development BA Sociology	Black	Female	REMCO/SEC	Retired
Michael Kgopa	Non-executive	April 2019	MBA Masters of Engineering Bsc Computer Science	Black	Male	ARC	Retired
Happy Godi	Non-executive	April 2019	LLB, Admitted Attorney Admitted Notary Public Admitted Conveyancer	Black	Male	REMCO/SEC	Retired

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Board Committee Membership	
						Pre AGM 2020	Post AGM 2020
Muimeleli Mutangwa	Non-executive	April 2019	MSc Engineering BSc Engineering Small Business Development	Black	Male	N/A	Retired
Michael Sass	Independent Audit Committee	April 2019	B Tech Civil Engineering Bsc Applied Science PhD National Dip Civil Engineering	White	Male	ARC Chairperson	Retired
Morwesi Ramonyai	Independent Audit Committee	April 2019	International Executive Development Programme Executive MBA B Com	Black	Female	ARC	Retired
Aubrey Mokwena	Independent Audit Committee	April 2019	MBA Post Grad Dip Taxation Professional Accountant Post Grad Dip in Accounting Science B Compt	Black	Male	ARC	ARC
Simon Clarke	Chairperson Non-executive	March 2020	BA Psychology BSc Psychology Honours Econometrics	White	Male	-	Chairperson
Rajen Chetty	Non-executive	March 2020	CA(SA) B Com Honours B Compt	Indian	Male	-	ARC Chairperson
Stanley Botha	Non-executive	March 2020	Diploma in Technology	Coloured	Male	-	REMCO/SEC Chairperson
Donique Hamilton***	Non-executive	March 2020	National Diploma Environmental Health B Tech Environmental Health	Coloured	Female	-	ARC
Tony Ferreira	Non-executive	March 2020	-	White	Male	-	REMCO/SEC

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Board Committee Membership	
						Pre AGM 2020	Post AGM 2020
Mary Liebenberg	Non-executive	March 2020	Grade 12	Coloured	Female	-	REMCO/SEC
Andre Smith	Non-executive	March 2020	LLB Logistics & Production Management	White	Male	-	REMCO/SEC
Omolemo Mathebe	Non-executive	March 2020	National Diploma Marketing National Diploma Media Practices	Black	Female	-	REMCO/SEC
Mzwandile Phupha	Non-executive	March 2020	Electrical Trade Theory N2	Black	Male	-	REMCO/SEC
Victor Chepape	Independent Audit Committee	March 2020	Community Based Development Board Leadership Programme	Black	Male	-	ARC
Madzikane Diko	Independent Audit Committee	March 2020	BSc Masters Development Communication Certificate in Management for Municipal Finance	Black	Male	-	ARC
Ayanda Kanana**	CEO Executive Director	September 2017	CA(SA)	Black	Male	-	-
Sifiso Dlamini	CFO Executive Director	January 2018	CA(SA)	Black	Male	-	-

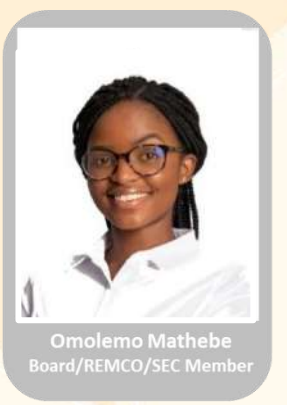
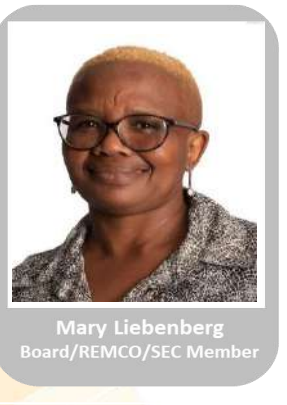
Table 5: Non- Executive Directors

Resignations:

- * - 04 February 2020
- ** - 17 February 2020
- *** - 30 April 2020

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

Board of Directors



A new Board of Directors was appointed on 11 March 2022 during the Annual General Meeting of the Company

Figure 7: Board Members

The following Board members resigned:

- Rajen Chetty
- Madzikane Diko
- Mzwandile Phupha

Independent

Audit

Committee Members



Figure 8: Independent Audit Committee Members

The independence of JM audit committee members

By providing an independent source of advice to the board, audit committees play a key role in an organization's governance structure. To ensure the audit committee's independence, it is a leading practice for the majority of its members to be independent from the organisation.

Joburg Market



Dawning of a new future

Members		Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
		A	B	A	B	A	B
Members - retired	Ngxabazi Y **	7	14	-	-	-	-
	Naidoo P **	5	14	-	-	2	4
	Ramakoaba A **	6	14	-	-	3	4
	Nengovhela L **	4	14	4	6	3	4
	Ndlovu S *	5	14	2	6	-	-
	Kgopa M **	7	14	5	6	-	-
	Makgalo B **	7	14	-	-	3	4
	Godi H **	7	14	-	-	2	4
	Mutangwa M **	7	14	-	-	3	4
	Sass M (IAC) **	4	14	5	6	-	-
	Ramonyai M (IAC) **	-	-	3	6	-	-
	Mokwena A (IAC) ***	-	-	6	6	-	-
	Members - New	Clarke S #	7	14	-	-	-
Chetty R #		7	14	1	6	-	-
Botha S #		7	14	-	-	1	4
Hamilton D *		4	14	-	6	-	-
Ferreira T #		7	14	-	-	1	4
Liebenberg M #		7	14	-	-	1	4
Smith A #		7	14	-	-	1	4
Mathebe O #		7	14	-	-	1	4
Phupha M #		6	14	-	-	1	4
Chepape V (IAC) #		-	-	1	6	-	-
Diko M (IAC) #	-	-	-	6	-	-	
Executives	Kanana A (Executive Director) *	4	14	4	6	1	4
	Dlamini S (Executive Director)	11	14	5	6	3	4

Table 6: Schedule of Meetings as at 30 June 2020

Key:

- A = Meetings attended**
B = Number of meetings scheduled
IAC = Independent Audit Committee Member
= New members
- Meetings attended by the Board and its Committees**
*** = Resigned**
**** = Retired**
***** = Re-appointed**

Section 2: Corporate Governance

2.1 Governance Report

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

COMPANIES ACT In terms of section 88(2) (e) of the Companies Act 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2020, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



Mr Keeran Singh Company Secretary (Acting)
The Joburg Market (SOC) Ltd
27 November 2020



Section 3: Executive Management Remuneration

Executive Members
<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) (Resigned, 17 February 2020)
<p>Ms. Leanne Williams (Chief Executive Officer)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> Master of Commerce Banking and Financial Risk Management Honours Bachelor of Commerce Industrial and Organisational Psychology Bachelor of Commerce Industrial and Organisational Psychology (Appointed, 18 May 2020)
<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 and Marketing)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> Master of Science in Engineering Business Management International Leadership Development Programme Municipal Executives Finance Management Senior Managers Programme Management Development Programme National Diploma: Electrical Engineering Artisanship Certificate: Electrician
<p>Mr. Charles Park (Executive Manager: Core Operations - Acting)</p> <p>Qualifications:</p> <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
<p>Mr. Sydney James (Acting Executive Manager: Core Operations)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> Master in Business Administration (MBA) Programme in Financial Management Higher Diploma Management (Appointed, 18 June 2020)
<p>Mr. Boy Ngubo (Acting Chief Financial Officer)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> Chartered Accountant (SA) Master of Business Administration (MBA) Post Graduate Diploma in Management and Leadership Post Graduate Diploma in Accounting Science (PGDA) Bachelor in Accounting Science (Appointed, 18 June 2020)

Table 7: Executive Committee

The summary below depicts remuneration of executive members as at 30 June 2020.

Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Subsistence	Acting	Leave Pay	Insurance	SDL	Bargaining Council levy	Bonus	Total
Ayanda Kanana	CEO	1 144 218	96 319	74 276	29 586	121 302	16 852		121 262	1 190	13 932	75		1 619 012
Sifiso Dlamini	CFO	1 580 375	209 641		39 000		1 300	10 404		1 785	12 887	112		1 855 503
Josiah Mazibuko	Acting CEO	1 726 427	92 744	81 480	39 860		1 300	35 799	114 146	1 785	16 043	112		2 109 695
Charles Park	Acting Core Operations Executive	1 140 297	69 344		31 733		400	140 122	96 914	1 785	11 650	112		1 492 357
Keeran Singh	Acting Company Secretary	494 536	104 903	28 194	37 447			67 410	23 312	1 785	6 147	112	48 566	812 410
Leanne Williams	CEO	245 046	18 140		4 387					149		9		267 732
Sydney James	Core Operations Executive	55 820												55 820
Boy Ngubo	CFO	65 374												65 374
Total		6 452 094	591 091	183 950	182 014	121 302	19 852	253 734	355 634	8 477	60 658	531	48 566	8 277 903


Table 8: Executive Remuneration

Key: SDL = Skills Development BCL = Bargaining Council

Section 5: Governance of Stakeholder Relations

In executing its mandate and driving business objectives, JM interacted with various stakeholders who have a direct or indirect influence on JM business. The table below outlines the stakeholders engaged in the 2019/20 financial year.

Stakeholders	Month	Venue	Discussions/Outcomes
<p>Farmers Weekly Conference</p> <p>Joburg Market participated as exhibitor at and sponsor of the above Conference.</p> <p>JM also sponsored fruits on all the serving stations and within the conference room to all registered delegates (around 250 people)</p> <p>Local and global agricultural leaders throughout Southern Africa attended; growers, exporters, wholesalers, retailers and input suppliers.</p> <p>A session of particular interest focused on local market access. The themes that were discussed in the session included accessing local informal markets, the South African produce markets and the South African retail sector. The session also explored the barriers to establishing more efficient rural and domestic markets such as; insecure property rights, weak financial services and poor infrastructure.</p>	10 July 2019	The Premium Hotel OR Tambo. Kempton Park.	<p>The FARMERS WEEKLY conference is an annual conference which is beneficial for the JM as it enhances stakeholder relations within the vast stretch of agriculture. JM is also recognised as a global role player in the industry.</p> <p>The following three benefits from participating in the 2019 FARMERS WEEKLY conference are applicable:</p> <ul style="list-style-type: none"> • Opportunity to link up with expertise and participants in the access to markets for informal traders • A Brand positioning opportunity for the Smart Market concept • Engagements with participants from SADC and Africa. JM is increasingly receiving buyers from the mentioned regions.
<p>ZZ2 & MAKEPISI FARM VISIT</p> <p>Joburg Market had an opportunity to share industry best practices and ideas to ensure that it properly considers SMART Concepts in its future planning. The visit to ZZ2 was well planned by it host as they took Staff around their operations and explained its inception. The core business of ZZ2 is based on Agriculture, Technology, Customer satisfaction and product enhancement.</p>	12 th to 14 th July 2019	Mooketsi, Limpopo	<p>The following benefits from visiting the ZZ2 & MAKEPISI FARMS are applicable:</p> <ul style="list-style-type: none"> • This also served as an opportunity to enhance the JM brand and to strengthen our relationship with the big players in the industry; • First-hand experience of current day challenges being experienced by black farmers.

Stakeholders	Month	Venue	Discussions/Outcomes
<p>Makepisi is also a commercial farmer but black owned. They had numerous challenges that they shared. This group is organised into the structure of a cooperative.</p>			
<p>PMA CONFERENCE</p> <p>PMA is a global trade association serving more than 3,000 member companies in 45 countries around the world. The association constantly seeks new ways to provide value and connect members throughout the global fresh produce industry.</p> <p>The PMA Fresh Connection Conference is aimed at providing a platform for companies to learn and network with fellow members within the context of the South African Development Community (SADC) regional produce community.</p> <p>The event is targeted broadly at the fresh produce supply chain growers, retailers (local and global sourcing), wholesalers, importers, exporters, input suppliers, service providers, industry organisations, national fresh produce markets, market agents, agro-processors, government & statutory control bodies and training.</p>	<p>29th -31st July 2019</p>	<p>Century City Conference centre, Cape Town</p>	 <p>The following benefits from participating in the 2019 PMA conference are applicable:</p> <ul style="list-style-type: none"> • Networking with international role-players • Exposure to innovation in Fresh Produce Marketing; • Access to a host of South African Fresh Produce framers and traders under one roof.
<p>MANDELA MARKET UPGRADE PROJECT (Sod Turning event)</p> <p>The Joburg Market (JM) is upgrading the existing Mandela Market trading facility. JM will be making significant modifications and alterations to Mandela Market and surrounding areas to improve service delivery at this market facility and provide a an enhanced facility for both current and future tenants.</p>	<p>September 2019</p>	<p>Mandela People's Market, Joburg Market</p>	<p>The project is ongoing. Stakeholders were invited to the event and networking took place. The following benefits will be accrued from the Mandela Market upgrade:</p> <ul style="list-style-type: none"> - Cold storage to extend the lifespan of fresh

Stakeholders	Month	Venue	Discussions/Outcomes
<p>The purpose of the project is to provide the current tenants with an upgraded operating facility. Extend and improve current working area for the Mandela Market Tenants. Provide a more suitable weather cover, additional trading floor space, adequate cold-storage facilities, and suitable storage facilities, ablutions for tenants and public as well as access to basic utilities.</p>			<p>produce;</p> <ul style="list-style-type: none"> - Compliant facilities for food handling and preparation; - Improved hygiene, safety and a more user operating environment.
<p>IMASA ANNUAL GENERAL MEETING</p> <p>The Institute of Market Agents of SA (IMASA) is the official organisation to represent Market Agents in South Africa. The annual general meeting is an opportunity where the fresh produce sector interacts and conducts networking. IMASA also conduct a number of annual awards. This year Joburg Market won the “Red Apple” award. JM was honoured for its consistent effort to invest and work hand in hand with IMASA Joburg to improve facilities and conditions for all role players in the market community.</p>	<p>5th -6th September 2019</p>	<p>Umhlanga Ridge, Durban</p>	<p>The following benefits from participating in the 2019 IMASA Annual General Meeting are applicable:</p> <ul style="list-style-type: none"> • Sharing practical modern day market challenges and opportunities • Building relationships on a focussed forum with agents as key clients of JM
<p>AGRI5 COMMODITIES, WORKSOP & EXPO</p> <p>This Expo took place at the East London Show grounds, East London. The objective of this expo was for it to serve as a platform in assisting emerging farmer organisations to facilitate the development of African farmers in order to increase their meaningful participation in the agricultural sector including agro processing.</p> <p>It is believed that this approach to networking would produce more measureable results for black commercial and emerging farmers going forward, to ensure their understanding on how to sustain and grow their farming ventures.</p>	<p>3rd-4th October 2019</p>	<p>East London show grounds, East London.</p>	<p>The following benefits from participating in the 2019 AGRI5 COMMODITIES, WORKSOP & EXPO are applicable:</p> <ul style="list-style-type: none"> • Meeting and liaising with more black farmers to attract more produce of such farmers to JM; • Promoting of JM as an effective trading facility for the needs of black farmers.

Stakeholders	Month	Venue	Discussions/Outcomes
<p>AFASA TRANSFORMATION CONFERENCE</p> <p>Joburg Market has received an invitation to participate at the AFASA Transformation Conference and AGM 2019 event which was held in Mangaung, Free State. The conference unpacked the state of agribusiness in the country, additionally this was also a platform for black farmers and agricultural stakeholders in general to learn, share ideas and to possibly initiate business opportunities through networking. The theme was “Farmers growing South Africa: Creating Jobs & Trade opportunities.”</p> <p>AFASA along with its commodity members outlined their 10 year plan on Agricultural Transformation in South Africa. The launch of an AFASA Agribusiness Transformation barometer, a yardstick necessary to measure year to year transformation progress in the agricultural sector was also discussed. The Minister of Agriculture was also present and her presentation focused on the development of small scale farmers.</p>	<p>6th -8th October 2019</p>	<p><i>Bloemfontein conference centre, Mangaung</i></p>	<p>The following benefits from participating in the 2019 AFASA TRANSFORMATION CONFERENCE are applicable:</p> <ul style="list-style-type: none"> • Engaging with numerous black farmers on marketing their fresh produce; • Building intergovernmental relationships on a focussed forum with agricultural policy makers; • Learning on needs of black farmers to serve as inputs for innovation at JM.
<p>As a result of the Covid 19 pandemic JM could not execute stakeholder engagements during the 2020 portion of the financial year</p>			

Table 9: Stakeholder engagements

Public accountability and Administration

Regional location and consultation

The company is situated in Region F, Ward 57 of CoJ. JM attended consultations which covered five wards of Region F, namely wards 57, 61, 65, 118 and 123 which were held during September to November 2019 with the purpose of IDP feedback and consultation with citizens in the various regions of the CoJ. Participation of the public was further conducted through the JM strategic planning process of the company which entailed consulting with fresh produce related businesses.

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

Bylaws

During the year under review JM has commenced with the promulgation process of its newly developed bylaw. Public consultations and other formalities were completed. It is anticipated that the Bylaw will be enacted during the third quarter of the 2020/21 financial year.

Public satisfaction on the services of JM

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

Oversight through committees of Council

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

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

Section 6: Company Secretarial Function

The Company Secretary is responsible for developing systems and processes to support the Board of Directors to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns due to the Companies and Intellectual Property Commission (CIPC). The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act and other relevant regulation and legislation. In addition, providing guidance to the Executive on all governance matters and provides guidance with respect to the efficacy of Board resolutions. This function acts as a link between Board of Directors and the Executive Management as well as the Board and the Shareholder.

Section 7: Internal Audit Function

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

Section 8: Corporate Ethics and Organisational Integrity

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

- Ethical conduct and legal compliance are the foundation for the JM position of industry leadership. The entity's ability to maintain its leadership position requires that each employee, officer and Director exhibit a high level of personal integrity when interacting with the JM customers, business partners, shareholders and each other. Directors, officers and employees must allow honesty, common sense and good judgment to govern their conduct.
- As a condition of employment, each officer, and employee of JM is expected to comply with the Code of Business Ethics and will be held accountable if he or she fails to do so. Any violation of this Code, or any conduct that violates any law, rule, regulation or ethical or professional norm, is subject to disciplinary action, up to and including termination of employment. Directors, officers and employees are also expected to cooperate fully with any Company audits or investigations and to answer all questions fully and truthfully. It is a violation of company policy to intimidate or impose any other form of retaliation on any employee who reports any actual or suspected illegal or unethical conduct. However, an employee who knowingly makes a false report may be subject to discipline.
- The code of ethics provides the standards or conducts which guides all JM Directors, officers, and employees. All JM Directors, officers and employees must conduct themselves appropriately and seek to avoid any event that could lead to the appearance of improper behaviour. A disclosure of interests is to be submitted annually by each and every employee of JM.

Section 9: Sustainability Report

The Board of Directors and the Audit and Risk Committee has conducted its assessment of the 2019/20 performance information of the company. The assessment *inter alia* included the following:

- The new CEO and the new Board of Directors ensured a reasonable understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected the AFS of the company and interrogated all key financial aspects of the report;

- Reviewed the process that JM has in place for determining materiality elements to be included in the report;
- Applied the assurance criteria in evaluating the data generation and reporting processes;
- Reviewed the processes and systems to generate, collate, aggregate, monitor and report on the selected KPIs of the company;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by management in the preparation of the company financials and business plan;
- Evaluated whether the selected materiality criteria presented in the integrated report are consistent with our overall knowledge and experience of sustainability management and performance at JM.

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

Environmental sustainability

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

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

Section 10: Anti-Fraud and corruption

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

Section 11: IT Governance

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

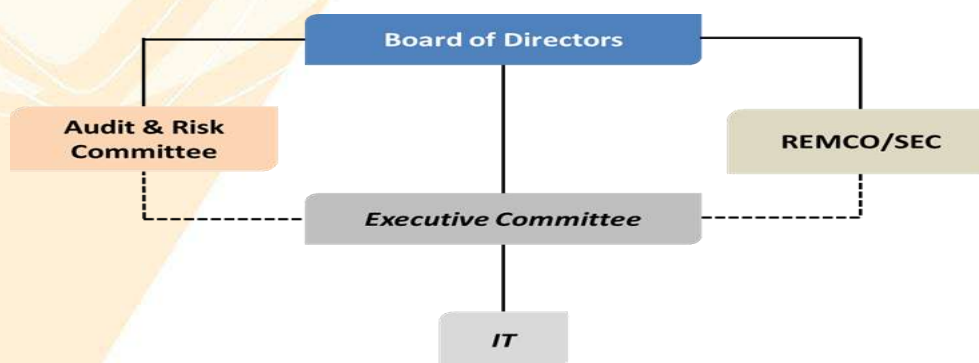


Figure 9: IT governance structure

In terms of IT governance, the department is also audited internally at least annually. The department's IT department and its systems are included in the AGSA external audit of the entity on an annual basis. The department reports quarterly on IT Risk Mitigation actions to the Risk department of the entity. Oversight by the JM Board is executed through the Audit and Risk Committee on a quarterly basis. Internally, governance oversight is provided by the Executive Committee (EXCO) with the operational accountability of governance matters residing with the Senior Manager: Information Services. The IT Department governance framework is the Information Systems Information Library (ITIL) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework which is widely used by governments internationally. The department intends aligning to the CoJ framework in line with the CoJ SAP implementation, when available after being reviewed pending the SAP rollout.

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

Section 12: Risk Management, risk opportunities and dependencies

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

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

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

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

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

Section 13: Anti- corruption and Fraud Investigations

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

The fraud hotline is a very useful tool in the fight against theft, bribery, misuse of property/company assets and other unlawful acts. The Hotline facility is available

telephonically on 0800 00 25 87. No tip-offs were received from the facility during the period under review.

Section 14: Fraud risk management/ Fraud prevention

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

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

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

Risk transfer and exposures

Claims

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

Suitable property assessments are conducted annually to ensure suitable insurance coverage of the facilities operated by the company. All open claims and all closed claims from for JM since the year 2015 until the end of June 2020 are tabulated under Chapter 5 of this report:

Exposure

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

Batho Pele principles

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

Principle	JM: Response
<p>Consultation</p> <p>Citizens should be consulted about the level and quality of the public services they receive and, where possible, should be given a choice about the services that are offered.</p>	<ul style="list-style-type: none"> • JM participated during the IDP 2019/20 rollout processes to ensure that consultations with the communities are adhered to; • In addition JM also on a regular basis engaged with users of its services
<p>Service standards</p> <p>Citizens should be told what level and quality of service they will receive so that they are aware of what to expect.</p>	<ul style="list-style-type: none"> • Service standards are discussed under chapter 3 of this report; • During the year under review JM included services standards as part of its day-to-day management and quarterly reporting.
<p>Access</p> <p>All citizens should have equal access to the services to which they are entitled.</p>	<ul style="list-style-type: none"> • JM has commenced with the construction of the Mandela Market to enhance the market facilities within which targeted participants will operate.
<p>Courtesy</p> <p>Citizens should be treated with courtesy and consideration.</p>	<ul style="list-style-type: none"> • JM has maintained its customer care services on the trading floors. • It also continued to engaged with members of the public by arranging market tours and briefing visitors on the processes at the markets
<p>Information</p> <p>Citizens should be given full accurate information about the public services they are entitled to receive.</p>	<ul style="list-style-type: none"> • JM continues to publish daily market prices on its website; • Clients are able to conduct account enquiries at customer care kiosks dispersed across the 3 trading floors
<p>Openness and transparency</p> <p>Citizens should be told how JM operates, the costs involved and who is in charge</p>	<ul style="list-style-type: none"> • JM as a service provider and transformation driver participates in fresh produce forums and highlights its costs structures and operating details. • The information on management is also available on the JM website audited by a complaints registration option
<p>Redress</p> <p>If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.</p>	<ul style="list-style-type: none"> • Customer complaints are speedily dealt with at customer care kiosks. • Serious complaints are escalated to the relevant managerial structures
<p>Value for money</p> <p>Public service should be provided economically and efficiently in order to give citizens the best possible value for money</p>	<ul style="list-style-type: none"> • JM is promoting all its services as value for money services and often highlights the cost advantages of using its services; • JM often highlights the cost advantages of using its services.

Table 10: Batho Pele compliance



CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

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

CHAPTER THREE: SERVICE DELIVERY MANAGEMENT

Section 1: Introduction

Operating Space of JM

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

JM has become an important supplier of fresh produce to numerous destinations in the SADC region and remains the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff complement of 382 employees. From an international trading perspective JM receives produce inter alia from countries like Spain and China. JM serves as central trading facility receiving produce on a daily basis. Produce is sold according to the principles of supply and demand. To serve the various framers and buyers in their various categories JM is to provide adequate trading facilities and related services

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

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

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

Key Deliverables on the SDA and the Share Holder Compact

The CEO has conducted an assessment of the agreements with the Shareholder. The company has duly performed on the imperatives as set out in the SDA and the Shareholder

Compact. There are no discrepancies between the two agreements. Key deliverables are discussed in the table below:

No	Deliverable/Imperative	SDA	Compact	Comments
1	-Financial controls and reporting -Key and Performance indicators	x	x	Consistent and in place
2	-Role and responsibilities of the board of director -Role and responsibilities of the chairperson of the board -Role and responsibilities of the CEO or M	x	x	Consistent and in place
3	-Provisions of the laws and regulations applicable to MEs, the Governance Framework and the terms and conditions contained in this Compact. -Adherence to the governance model	x	x	Consistent and in place
4	- Quarterly basis, prepare and present a report to the following Shareholder structures: Chairpersons' Quarterly Meetings with the Member of Mayoral Committee responsible for the service delivery mandate of the Company; -The Group Audit Committee; -The Group Performance Audit Committee; -The Shareholder Mayoral Committee.	x	x	Consistent and in place
5	-An annual report is prepared in accordance with the requirements of the MFMA	x	x	Consistent and in place
6	-The Financial Statement delivered -Financial controls and reporting	x	x	Consistent and in place
7	-Board shall develop an annual Business Plan and Budget which shall be approved within the time limits provided for in terms of section 87. -Business plan aligned with CoJ strategies	x	x	Consistent and in place
8	-Service level standards and performance objectives and targets and service standard	x	x	Consistent and in place
9	-Adherence to the City's Group Forensic and Investigation Services arrangements	x	x	Consistent and in place
10	-Directors shall be appointed in accordance with the City Group Policy or any other policy determined by the Shareholder	x	x	Consistent and in place
11	-Internal controls	x	x	Consistent and in place
12	Budget and Business Plan -As an outcome of the budgeting process, the Business Plan of JM identifies the key service delivery objectives of JM together with the resources allocated to the achievement of such objectives -For each Financial Year of JM, a multi-year budget and Business Plan is prepared and submitted to the City and finalised in accordance with the requirements of Section 87 of the MFMA and the Municipal Budget and Reporting Regulations.	x	x	Consistent and in place
13	Performance reporting: -Annually, six months, quarterly to all relevant committees of Council	x	x	Consistent and in place
14	Performance management -Consistency within SCM regulations	x	x	Consistent and in place
15	-Record keeping of performance	x	x	Consistent and in place

No	Deliverable/Imperative	SDA	Compact	Comments
16	-Human resources and human development and policies	x	x	Consistent and in place
17	-User forum	x	x	Consistent and in place
18	-Customer charter	x	x	Consistent and in place
19	-Social responsibility Food Support Centre	x	x	Consistent and in place
20	-OHASA arrangements in place - Also for Covid 19 regulations	x	x	Consistent and in place

Table no: 11 Key Deliverables on the SDA and the Share Holder Compact

Progress since the previous reporting period

Achievement of Key Performance Indicators and Service Standards

During the 2018/19 review period the company achieved 76.0% of its set KPI's. During the 2019/20 period the achievement of same regressed to 71.4%. The new Board and Management of the company will be driving the efforts for achievement of KPI's during 2020/21 towards 85% which represents the shareholder imperative.

The company will review the performance service standards to ensure the measurability of all such standards during the 2020/21 financial year.

Auditor General Findings

During the 2018/19 period the company resolved 83.8% of findings. The latter outcome was improved to 88.0% for the period under review. JM believes that with the strengthening of its internal controls and the filling of key internal vacancies this aspect of the company audit outcomes will be substantially improved.

Supply Chain Deviations

The company was able to marginally improve deviations from R9.226M during the previous review period to R9.05M during the 2019/20 financial year. The new management however has started to deal intensively with steps to reduce the need for deviations and it is foreseen that this phenomenon will drastically reduce it during the period ahead.

Supply Chain Irregular expenses

This category of expenses was mainly aggravated by the transition process for fleet, security and cleansing services contracts and amounted to R19.97M. The transition was also delayed during 2019/20 and the expenses in this regard escalated to R30.93M. In order to address this aspect JM has embarked on corrective measures which inter alia include the appointment of service provider panels to overcome the challenges.

Progress on other significant matters

During both the review periods JM still faces a number of matters of litigation. Although the numbers and exposures have improved JM with the guidance of its Board of Directors will continue to reduce the exposures in this regard. It will further strengthen its compliance functions during the planning period ahead.

A further significant matter refers to staff morale. The company experienced that both the review periods were affected by low staff morale. This has however improved during the last quarter of 2019/20 and the company will continue with programmes to improve staff morale during the 2020/21 financial year.

Response to strategic direction

A fresh approach – Smart Market of the Future

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

- Identification of the JM target market on both the production and sales/distribution level in relevance to its position in the fresh produce marketing channel it participates. Supplementary to the latter is the objective of embedding innovation (SMARTNESS) to enhance the attractiveness of JM as marketing channel.
- Stemming from the latter is the most important strategic marketing task of accurately determining the needs of its various customers in the modern day context of its operations.
- In considering customer needs it is important to conduct in tandem to such processes the reality of competition and how to effectively address it with counter strategies.
- It is then also important to freshly consider the positioning of JM. That is how JM wants to be perceived by its customers and potential customers. JM must also maximally meet the service demands of its customers.

The strategic response of JM is as follows:

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

Future outlook on performance

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

The company has focussed on all the elements that need interventions to ensure accurate performance and accountability. The Company foresee it achieving at least 85% percent achievement of its performance imperatives over the medium term.

Potential implications for JM's Business Model and Future Performance

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

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

Alignment to CoJ priorities and Diphetogo principles

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

Section 2: Highlights and achievements

During the financial year under review JM recorded a number of highlights and achievements which are listed as follows:

Improved financial performance

A turnover achievement of R8.1 billion, which represents a positive growth of 2.1% compared to the budgeted turnover of R 7.9 billion

New leadership for JM

Appointment of a new Board and new Chairperson for the Board of Directors as well as the appointment of a new CEO

Managing Covid 19 controls

The JM was able to operate the JM effectively with a single lockdown as a result of Covid 19 risks at a facility where between 11000 and 14000 frequents the market on a daily basis.

Focussed maintenance of JM facilities

In view of the challenges posed by ageing infrastructure the focus has also shifted to resolving maintenance and development issues. Resulting from the latter the entity was able to spend its entire R&M budget achieving a final spending level of 101.9%. We feel this is imperative in developing and maintaining our world class Market.

Section 3: Performance against Company Scorecard

As part of its efforts to measure and where needed to adjust its strategies and practices JM conforms to the performance framework of its shareholder. The Scorecard is included under Section 8 below. The table below presents a summary of JM's performance against the 2019/20 Annual Targets for the period under review.

Item	Full year 2019/20
Total no. of KPIs on scorecard	7
No. of KPIs due	7
Number achieved	5
Number not achieved	2
% achievement	71.4%

Table 12: KPI's summary

Summary of achieved KPIs

KPI Achieved	Reason for achievement
% Targeted market share held by JM in relation to other FPMs	<ul style="list-style-type: none"> During the Covid 19 lockdown period farmers relied more on JM as a trustworthy facilitator of additional sales which could not be conducted on other markets. This has led to JM improving its market share against peer markets; JM was able to conduct continuous trading during the pandemic in view of its effective Covid 19 controls and no trading time was lost like for instance, the Tshwane Market had to be closed down for a number of days for decontamination purposes.
Turnover achieved	<ul style="list-style-type: none"> Despite the Covid 19 lockdown of the hospitality industry which affected vegetable sales substantially JM was able to maintain growth in turnover. This was mainly obtained from increased fruit sales as consumers became more health conscious to strengthen their immune systems.
% of repairs and maintenance budget spent	<ul style="list-style-type: none"> During the 4th Quarter of the fiscal year JM focussed on the resolution of bottlenecks being experienced with service providers contracted by JPC for works at JM; JM also initiated the creation of service panel providers to overcome challenges in the R&M category.
Number of jobs created	<ul style="list-style-type: none"> JM conducted the in-contracting of 71 members of a cleaning function; JM also continued with its EPWP and learnership programmes.
% resolution of Internal Audit findings	<ul style="list-style-type: none"> During the course of the year JM focussed on internal audit assurance and was able to improve its processes relating to resolution of audit findings through nurturing better ownership at divisional level.

Table 13: Achieved KPI's

Recovery plan for non-achieved KPIs

A total number of three KPIs were not achieved for the period under review:

KPI not Achieved	Reason for non-achievement	Recovery Plan
% of Capital Budget Spent	<ul style="list-style-type: none"> Continued project management implementation challenges with contractors Suspension of building and upgrading works as a result of the Covid 19 pandemic 	<ul style="list-style-type: none"> Reprioritisation of deliverables based budget adjustments Revisit project management approaches
% resolution of Auditor General findings	<ul style="list-style-type: none"> Capacity constraints mainly in terms of vacancies The Covid 19 outbreak also hampered auditing activities 	<ul style="list-style-type: none"> Service provider panels to extend auditing capacity The position of Senior Manager Internal Audit will be filled during the first quarter of the new financial year

Table 14: Non-achieved KPI's

Section 4: Challenges

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

- **Corona Virus pandemic:** The Covid-19 outbreak presented management with challenges in behavioural changes required for all Market users;
- **Infrastructure repairs:** Due to challenges with maintenance service providers, delays were experienced. In addition the entity needs to remedy substantial legacy maintenance items.
- **Inadequate trading space:** Sufficient trading space remains a major challenge, as market agents periodically had to store fresh produce on the platforms of some of the trading halls;
- **Specialised facilities:** Challenges experienced in the availability of banana ripening rooms and temperature fluctuations resulted in a number of these rooms not being functional. The SCM process is being followed to appoint service providers to repair the rooms and associated temperature fluctuation challenges;
- **Performance management system:** Performance contracts are only applicable to the top

three management levels and need to be extended to the remainder of supervisory and other levels.

Adjustments during the course of the financial year

During the course of the financial year two adjustments were made to the company scorecard.

During the Mid-year review process the scorecard was adjusted and approved by Council. Subsequently to the Covid 19 outbreak the company scorecard was adjusted again and approved by Council.

Disclosures

The entity wishes to register the following disclosures relevant to the indicated elements of performance information:

- Relevant to the Third Quarter of 2019/20 the entity accidentally omitted the inclusion of the mid-year deviation adjustments approved by the shareholder to the company scorecard;
- Relevant to the Fourth Quarter of 2019/20 the entity included the approved scorecard adjustments emanation from the anticipated impact of the Covid 19 pandemic on performance.
- The company has corrected the figure in the annual target column of the company scorecard to read the same as the cumulative target for the financial relevant to the Market Share of the company.

All the above corrections are incorporated into the final annual performance results and the affected items on the scorecard were provided with notes.





Section 5: Key focus areas for the first quarter of 2020/21

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

- Appointment of service provider panels at JM for various expenses items including capital and repairs and maintenance works.
- Implementation of the JM HR structure.
- Prioritisation of the Market Recapitalisation Programme.
- Intensification of stakeholder communications.
- Improvement of staff morale through the #GreatPlace2Work drive.
- Refinement of Covid 19 prevention measures.
- Extension of efforts towards enhancing the CoJ: DSD food support programme aimed at alleviating hunger during the Covid 19 pandemic.
- Review of various policies & procedures.

Section 6: Organisational Scorecard

The tables below provide details on organisational performance against targets.

KEY PERFORMANCE INDICATOR	BASELINE	2019/2020 TARGET	QUARTER 4 TARGET	ACTUAL 2019/20	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	44.02% Targeted market share held by JM in relation to other FPMs	44.6% Targeted market share held by JM in relation to other FPMs (*cumulative target number corrected)	44.6% Targeted market share held by JM in relation to other FPMs	45.2% Targeted market share held by JM in relation to other FPMs	Achieved. 
(1.2) Turnover achieved	R 7.9B achieved	*R 7.9B achieved *(Mid-year review and Covid 19 review)	R 7.9B achieved	R 8.1B achieved	Achieved 
(1.3) % of repairs and maintenance budget spent		85% of repairs & maintenance budget spent	85% of repairs and maintenance budget spent	104.72% of repairs and maintenance budget spent	Achieved 
(1.4) % of Capital Budget Spent	85% of capital budget spent	95% of capital budget spent	95% of capital budget spent	41.6% of Capital Budget Spent	Not achieved 




KEY PERFORMANCE INDICATOR	BASELINE	2019/2020 TARGET	QUARTER 4 TARGET	ACTUAL 2019/20	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) Number of jobs created	200 jobs created by JM	*120 jobs created by JM *(Mid-year review)	120 Jobs created by JM (Full year)	219 Jobs created by JM ----- Insourced = 71 Cleaners = 7 Learners = 13 EPWP = 128 Total = 219	Achieved 
<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) % resolution of Auditor General findings	80% resolution of Auditor General findings for 2018/2019	85% - 95% resolution of Auditor General findings for 2018/2019	85-95% resolution of Auditor General Findings	66% resolution of Auditor General Findings	Not achieved 
(3.2) % resolution of Internal Audit findings	80% resolution of Internal Audit findings	85% - 95% resolution of Internal Audit findings	80% resolution of Internal Audit findings due	88% resolution of Internal Audit findings due	Achieved 

Table 15: Company Scorecard

SCHEDULE OF KPI DEFINITIONS

Priority	Key Performance Indicators	Means of Verification	Definition
CoJ Strategic Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	% Targeted market share held by JM in relation to other FPMs	Statistical reports received from the institutions below: NDAFF: National Department of Agriculture, Forestry and Fishing	This KPI aims at JM achieving a set quarterly target market percentage share rating in relation to the 19 fresh produce markets of which the national statistics are published monthly by the NDAFF. One of the markets – Cape Town Market - withdrew from the national database and the market share of this entity is estimated based on observations made by the Executive Manager Agri-business. Such assessment is vital as the produce consigned to the Cape Town Market do impact on the produce distribution channel for fresh produce markets. Supplementary sources of information to determine the Cape Town Market share includes the publication of NDAFF statistic on market trading results in SA. Following such assessment a market share percentage to all markets inclusive of the estimated figure for Cape Town Market is produced for Joburg Market * NDAFF – National Department of Agriculture, Forestry and Fishing
CoJ Strategic priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.	Turnover achieved	Financial Statements SPS monthly trading reports	The KPI measures the monetary value of produce sold on the JM through its SPS system.
Mayoral priority 6: Create a City that responds to the needs of citizens, customers, stakeholders and businesses	% of repairs and maintenance budget spent	Financial Statements	This KPI measures the Repairs & Maintenance budget expended in monetary (R/M) terms in relation to the entity's formal OPEX budget for R&M. The targets and results in the company scorecard are exhibited in cumulative indicators.
Mayoral priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress	No. of jobs created by JM	Appointment documents and project monitoring reports	This KPI measures jobs created in the following areas: - Jobs created by contractors appointed to render services on the JM site - Jobs created within the JM administration as follows: o EPWP jobs o Internships and learnerships. o Insourcing
Mayoral priority 7: Enhancing our financial sustainability	% resolution of Auditor General findings	Final AG report	Resolution of findings will imply "findings due" as the result of an evaluation of the collected audit evidence against audit criteria. It states that findings can indicate conformity or nonconformity with audit criteria, or opportunities for improvement. The company will respond accordingly to the resolution of findings by AGSA.
Mayoral priority 7: Enhancing our financial sustainability	% resolution of Internal Audit findings	Internal Audit Report	Resolution of findings will imply "findings due" as the result of an evaluation of the collected audit evidence against audit criteria. It states that findings can indicate conformity or nonconformity with audit criteria, or opportunities for improvement. The company will respond accordingly to the resolution of findings by Internal Audit.
Mayoral priority 7: Enhancing our financial sustainability	% of entity capital budget spent	% of spending level of CAPEX against demand plan	This KPI measures the capital budget expended in monetary (R/M) terms in relation to the entity's formal capital budget. The targets and results in the company scorecard are exhibited in cumulative indicators.

Table 16: KPI Definitions

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

The table below serves as basis for comparing the last three financial years in terms of performance indicators. From the later it can be deduced that the market share of JM grew from an initial base of approximately 42% to 45% in the last two years. JM was also able to produce between 200 and 300 jobs throughout the period per annum.

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

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

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

In balancing its short term interest, JM will utilise an integrated model where human skill and phased expenses will be employed to develop a launching pad for its growth objectives. In the medium term JM will optimize available floor space and imbed technology in the cold chain and logistical operation of the market to maximize the achievement of targets set for the medium term.

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

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

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

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

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

JM has captured its key strategic objectives in alignment with CoJ priorities and strategic pillars as identified in the GDS, IDP and Mayoral Priorities. This is captured under Chapter 1 section 5.

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

- Failed tender processes;
- Lack of expertise in Supply Chain;
- Lack of technical expertise in technical specifications.

The resolution of external audit findings ranged between 76% and 83% which is below the objective of 95%. In addressing this challenge JM has introduced a number of measures inherent in its management structures to ensure more regular and more efficient tracking of progress in resolving such findings.

With regards to internal audit findings the entity improved from a 76% rate to an 89% rate of resolutions which indicates exceeding the 95% targeted resolution rate.

As indicated earlier in the report JM has conducted an assessment of competitors in its overview of the competitive environment. Table 17 is utilized to compare JM with other markets in its operating space. In terms of ratios, JM's market share is 2, 4 times that of the Tshwane Market. All other Fresh Produce Markets are significantly smaller markets are holding less than 3% market share.

Service Objectives	Service Target(s)	2017/18		2018/19		2019/20	
		Target	Actual	Target	Actual	Target	Actual
Priority: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021							
% Targeted market share held by JM in relation to other FPMs	Growth of the business of JM	42.5% Targeted market share held by JM in relation to other FPMs	44.02% Targeted market share held by JM in relation to other FPMs	44.0% Targeted market share held by JM in relation to other FPMs	45.5% Targeted market share held by JM in relation to other FPMs	44.6% Targeted market share held by JM in relation to other FPM	45.2% Targeted market share held by JM in relation to other FPMs
Priority: Ensure pro-poor development that addresses inequality and provides meaningful redress							
No. of jobs created by SMME's utilised by JM	Empowerment of targeted groups	110 jobs created	218 Jobs created	200 jobs created	326 jobs created	120 jobs created	219 Jobs created
Priority: Enhancing our financial sustainability							
R/M value of CAPEX spent	Enhance quality of life by improving services and taking care of the environment	95% of capital budget spent	87.2% of capital budget spent	95% of capital budget spent	85% of capital budget spent	95% of capital budget spent	43.8% of Capital Budget Spent
Priority: Enhancing our financial sustainability							
Achieve a clean Audit	Institute an honest responsive and productive government	Clean	Unqualified	Clean	Unqualified	Clean	** To be confirmed
% resolution of Auditor General Audit findings	Institute an honest responsive and productive government	N/a	N/a	95% resolution of Auditor General Audit findings	83% resolution of Auditor General Audit findings	85% - 95% resolution of Auditor General findings for 2018/2019	76% resolution of Auditor General Findings
% resolution of Internal Audit findings	Institute an honest responsive and productive government	N/a	N/a	95% resolution of Internal Audit findings	76% resolution of Internal Audit findings	85% - 95% resolution of Internal Audit findings	89% resolution of Internal Audit findings due

Table 17: three year comparison of service objectives achieved

The table above was prepared with the view to enable a 3-year comparison of annual results. ** Due to the Covid 19 pandemic the external audit process is being delayed and an audit outcome is anticipated after publication of the report

Comparative figure of turnover of the 18 Fresh Produce Markets

National Market	JULY 2019	AUGUST 2019	SEPTEMBER 2019	OCTOBER 2019	NOVEMBER 2019	DECEMBER 2019	JANUARY 2020	FEBRUARY 2020	MARCH 2020	April 2020	MAY 2020	June 2020	YEAR TO DATE	% SHARE
	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	JM target 44.60%
	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	RAND	JM full year 45.24%
JOHANNESBURG	654 619 253,00	643 452 974,00	623 726 174,00	772 269 257,00	714 915 526,00	735 932 359,00	664 728 095,00	666 688 988,00	699 778 061,00	644 946 729,00	662 486 774,00	620 613 786,00	8 104 157 976,00	45,24
TSHWANE	265 636 812,04	274 848 587,83	260 541 300,38	316 384 505,52	299 661 825,79	307 719 556,96	290 188 511,22	295 844 747,69	301 170 446,54	257 285 848,45	258 868 565,74	230 248 421,35	3 358 399 129,51	18,75
DURBAN	128 249 182,84	131 777 595,26	126 189 323,52	141 725 529,52	138 914 897,15	164 754 495,26	161 188 111,79	151 649 860,99	153 542 711,78	134 781 751,46	144 941 214,65	123 382 029,13	1 701 096 703,45	9,50
BLOEMFONTEIN	37 285 486,99	35 275 012,06	39 346 421,45	48 813 227,71	43 739 298,83	48 536 046,52	43 816 441,79	37 405 303,54	41 202 027,29	40 430 413,89	39 693 697,30	35 483 412,98	491 026 790,35	2,74
EAST LONDEN	35 920 049,37	33 983 274,00	33 948 064,52	41 166 759,43	38 496 772,78	46 346 641,18	41 487 551,98	35 863 209,49	40 049 534,01	35 474 230,00	38 108 268,80	36 650 429,69	457 494 785,25	2,55
PIETERMARITZBURG	31 057 976,48	27 850 841,32	29 996 368,00	32 697 406,44	28 761 253,76	35 799 869,15	32 327 986,66	29 112 741,20	39 839 307,61	31 445 314,18	35 007 306,90	29 193 440,22	383 089 811,92	2,14
SPRINGS	39 286 737,48	38 763 864,70	40 990 048,51	45 120 027,06	41 291 115,88	42 279 317,24	40 709 950,16	36 901 457,60	31 754 544,74	29 037 068,88	31 135 745,15	40 944 716,45	458 214 593,85	2,56
PORT ELIZABETH	24 026 320,72	21 974 990,03	20 706 398,84	26 573 697,37	23 818 950,63	26 090 223,16	25 876 504,18	24 631 416,20	30 212 079,30	25 689 992,25	28 694 898,05	22 320 321,91	300 615 792,64	1,68
KLERKSDORP	27 939 694,10	29 056 355,99	28 605 840,29	34 258 690,08	35 101 172,72	34 065 421,16	31 275 107,14	30 938 655,78	29 043 652,95	25 114 183,94	24 503 650,40	27 478 423,86	357 380 848,41	1,99
WELKOM	16 543 114,50	16 075 692,52	18 397 463,97	22 536 641,33	19 781 411,32	24 222 405,33	20 589 344,40	16 845 088,85	18 390 443,70	18 663 361,00	17 723 343,00	19 364 712,00	229 133 021,92	1,28
VEREENIGING	9 485 002,00	8 895 031,00	9 517 225,00	9 435 826,00	8 119 104,00	6 870 353,00	7 112 816,70	5 475 993,30	4 673 453,00	3 984 106,38	4 851 978,00	5 670 908,00	84 091 796,38	0,47
MPUMULANGA	3 647 552,00	5 014 069,00	4 270 435,00	4 214 914,00	4 653 475,00	6 836 585,00	3 197 270,00	2 699 521,00	3 316 829,51	3 814 442,00	4 370 854,74	4 121 727,20	50 157 674,45	0,28
KIMBERLEY	2 985 045,90	2 711 376,50	2 589 463,50	3 266 526,50	3 911 263,00	3 804 375,00	3 991 653,00	3 379 119,00	3 030 690,00	3 414 073,00	3 352 023,82	3 536 563,80	39 972 173,02	0,22
WITBANK	3 726 055,84	3 566 367,23	3 979 506,04	4 922 206,82	4 666 957,75	5 068 001,82	3 786 575,82	2 764 101,87	2 794 743,00	2 397 493,88	3 127 556,14	4 647 128,89	45 446 695,10	0,25
GEORGE	2 235 033,00	3 088 196,00	2 150 759,00	2 403 588,00	93 224,00	3 168 853,00	2 109 114,00	1 740 017,50	1 668 014,00	1 344 195,00	2 309 274,00	2 395 435,00	24 705 702,50	0,14
NELSPRUIT	1 280 472,00	5 014 069,00	4 270 435,00	1 367 635,00	1 737 646,00	2 157 072,00	1 118 870,00	1 069 817,00	1 547 927,00	1 262 093,00	2 040 333,00	1 305 625,00	24 171 994,00	0,13
UNITATA	473 928,00	696 007,00	1 811 827,00	1 095 852,00	1 700 391,00	2 228 584,00	2 368 450,99	2 209 421,00	1 516 412,07	926 407,80	1 235 144,00	1 919 070,00	18 181 494,86	0,10
Cape Town	141 511 080,96	134 485 933,35	141 741 582,45	169 039 985,76	157 191 949,06	175 182 027,50	149 796 319,50	143 046 278,97	154 444 268,86	149 720 295,28	137 109 402,50	134 957 527,91	1 788 226 652,10	9,98
TOTAL	1 425 908 797,22	1 416 530 236,79	1 392 778 636,57	1 677 292 275,54	1 566 556 234,67	1 671 062 186,28	1 525 668 674,33	1 488 265 738,98	1 557 975 146,36	1 409 731 999,39	1 439 560 030,19	1 344 233 679,39	17 915 563 635,71	

Table 18: Comparative figures of 18 Fresh Produce Markets

Section 7: Performance against Service Standards

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance Explanation	Mitigations Comments
1. Opening a new buyer account	20 minutes	2.83 Minutes	Yes	Yes	17.17 Minutes Favourable	Target achieved	The Service Level Target was successfully met.
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	100% uptime recorded	Database Report	Yes	0%	Target achieved	There were no SPS disruptions for the quarter.
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.67 Minutes	Yes	Yes	28.33 minutes Favourable	Target achieved	The Service Level Target was successfully met.
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	100% Completed within 24 hours	Work Order Sheet	Yes	0%	Target achieved	Work orders were attended to as soon as they are reported for repairs.
5. Repairs to ripening facilities	90% Availability	42% Availability	Daily Monitoring summary report	Yes	48% Unfavourable	Target not achieved	Electromechanical failures which resulted in higher room temperature.
6. Cold Room facilities	Average temperature variance not greater than 2°C of agreed customer requirements	1.79°C	Average Set Daily Temperature Reading 1.90°C	Yes	0.11°C Favourable	Target achieved	There is constant monitoring of temperature variation.
7. Stakeholder complaints	Response within 12 hours	Data to measure the Service Standard is not available	None	N/A	None	Data not available	There is no data available to measure
8. Stakeholder complaints	Resolution within 48 hours	Data to measure the Service Standard is not available	None	N/A	None	Data not available	There is no data available to measure

Table 19: Service standards performance

The illustration below summarises the monthly movement in the achievement of JM service standards

Description	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Total Targets Achieved	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %
	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊
Moving Total Targets Achieved	63 %	125.00 %	187.50 %	250.00 %	312.50 %	375.00 %	437.50 %	500.00 %	562.50 %	625.00 %	687.50 %	750.00 %
Average Monthly Achievement	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %	62.50 %
	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊	😊

Table 20: Service standards results

☹ **Not Achieved**

😊 **Achieved**

Public Satisfaction on JM services

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

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements since the completion of the 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.	Not Resolved
2	Construction of separate and designated roads and road signs for forklifts, trolleys and pedestrians.	- A new tender for Road signage and OHSA are undergoing procurement to address the identified challenge; - Proposals in the precinct design will include doubling of Ramps at halls to separate human and mechanical traffic.	Not Resolved
3	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	- This remains Work in Progress o Road rehabilitation was completed. o Ablution blocks refurbished; o Drainage System was unblocked and cleaned; o Exit Gate improvements implemented o Precinct Development Plan completed o Effectuated repairs and maintenance on the cold rooms and banana ripening plant o Over R 9 million was spend on various repairs and maintenance intervention - Going Forward o Repairs and Maintenance Budget was increased to over R32 million; o SLA signed with JPC to assist with R & M Programmes	Ongoing

Table 21: Listed concerns



CHAPTER FOUR

RESOURCES MANAGEMENT

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

CHAPTER FOUR: HUMAN REOURCS MANAGEMENT

Section 1: Employee Remuneration and benefits

JM believes that its remuneration of its employees is fair and aligned to best practises. In addition to a basic salary pension fund/retirement fund, medical aid, housing allowance, study assistance is available to employees. Tools of trade are amongst others offered in the form of cellular & data allowances and where applicable overtime and acting allowances are paid within the framework of HR policies.

For long term service additional annual leave days are awarded in accordance with JM policies.

The internal and external factors affecting remuneration at JM is as follows:

- JM is subjected to the termination of remuneration reviews as decided upon by the shareholder.
- During the period under review no substantial changes were incorporated into the remuneration policy of the entity.
- The remuneration committee has achieved its stated objectives during the financial year under review.
 - In this regard, fees for non-executive directors were determined by the CoJ.
 - Remuneration disclosures were executed in terms of the Companies Act and are also tabled in this report.

Quarter	OPEX (R/M)	PERSONNEL COSTS (R/m)	%
Q1	72 223 923	35 541 937	49.20
Q2	71 429 134	34 426 315	48.19
Q3	82 542 153	35 094 957	42.52
Q4	140 020 790	40 816 791	29.15
Total	366 216 000	145 880 000	40% (Rounded)

Table 22: Q4 Opex vs personnel costs as at 30 JUNE 2020

Section 2: Key Vacancies

A significant achievement for the JM is the appointment of the CEO; which has provided stability and ensured decision making is accounted for in the entity. Two temporary executive Managers (CFO and Operations executive) have also been appointed to facilitate the preparations for year-end and external audit, as well as, to assist with capital projects roll-out. Key vacancies over the period have been affected by the late approval of the new organisational structure by the previous Board; and after approval, financial considerations also affected the placements. Efforts were made to address vacancies in critical areas of the business to ensure suitable business continuity.

Key vacancies are to be filled on executive level. For effective running of the business the budget adjustments were approved. Although funding was granted the processes of filling critical vacancies were affected by the lockdown. Short term capacity has been brought in to

deal with leadership vacuum issues. The Complimentary services unit requires urgent attention to fill vacancies and these will be finalised during the first quarter. Complimentary Services is a critical area of the business and as a revenue generating unit, it cannot be left without capacity for protracted periods. The supply chain environment is also a priority to be attended to in the filling of vacancies.

Section 3: Employment Equity

The employment equity profile of JM remains a concern. In particular on the various management levels where the replacement of white males, that have exited the system has not been achieved. Although the JM has made efforts to attract other groups into the company; the efforts have proven to be inadequate, and new initiatives are being explored to deal with the representation of all groups at all levels of the JM employment categories.

Skills Level	Job Level	Population group				
		Africans	Coloureds	Indians	Whites	PWDs
Professionally Qualified	D1 – D5	16	1	2	6	1
Senior Technicians	C1- C5	59	3	2	8	1
Semi-Skilled	B1- B5	141	6	0	12	4
Unskilled	A1- A3	46	0	0	0	0
Total	308	262	10	4	26	6

Table 23: EE Targets vs. Actuals – As At 30 July 2020.

Section 4: Skills Development and Training

Skills development initiatives are focused in building and enhancing skills of employees. A total of 332 employees received training at a cost of R1 885 737. This cost is inclusive of all skills development initiatives, study bursaries for employees and continuous professional development initiatives for all Managers who belong to registered professional bodies. Included in the cost are the two learnerships which were concluded in quarter three; being the Wholesale and Retail (W&R) Operations (29 beneficiaries) and End-User Computing (12 beneficiaries). The learnership beneficiaries are all unemployed Youth that JM has trained through Pivotal Grants from the W&R Seta.

Two new learnerships have been approved for quarter four but have been postponed to the next quarter due to training providers not being able to do contact training sessions under the lockdown. The 22 unemployed Youth will commence their training on Electrical and Horticulture Learnerships during the next quarter.

Statutory training, in terms of the Skills Development Act, is also prioritised for those employees requiring fulfilling specific annual skills refresher training. Due to lockdown restrictions planned refresher courses for Safety Representatives, first aiders and fire marshals planned for quarter four have been delayed and will be prioritised in the next quarter to ensure full compliance.

The skills audit project was completed for levels 4 to 6 and the results will be implemented subject to the roll-out plan developed by the City.

The skill levels for the period 2018/19 to 2019/20 are summarised in the table below:

Skills Level	Job Level	2017/18		2018/19		2019/20			
		No. of Posts	No. of Employees	No. of Posts	No. of Employees	No. of Posts	No. of Employees	Vacancies (Full time equivalent) No.	Vacancies (as a % of total) %
Professionally Qualified	D1- D5	47	35	47	31	40	26	14	35
Senior Technicians	C1- C5	83	69	83	68	103	73	30	29
Semi-Skilled	B1-B5	176	168	176	165	140	163	(23)	(16)
Unskilled	A1- A3	41	38	41	35	40	46	(6)	(15)
Total		347	310	347	299	323	308	15	4.64

Table 24: Skills levels for the period 2018/19 to 2019/20

Section 5: Performance Management

Performance Management remains a challenge with only the top three levels being engaged on performance contracts. The remainder of employees will only be included in the performance management system during the 2020/21 financial year. Discussions were initiated and all employees were taken through performance management training.

Organisational Development Performance

- **JM performance policy**
No changes were made to the policy during the 2019/20 financial year. The policy is however due for review in the 2020/21 financial year.
- **Assessment of the performance**
Managers on Level 1-3 who are subjected to performance were assessed in terms of their personal scorecards.
- **All performance contracts signed**
All performance agreements were duly signed for level 1 – 3 employees.
- **Performance training**
No formal training was conducted during the period under review.
- **Payment of performance bonuses**
Performance bonus payments were accrued in abeyance of the annual external audit outcome.

Section 6: Disciplinary Matters and Outcomes

All disciplinary matters due for quarter four were postponed due to lockdown regulations. JM has nine employees on suspension; three of which have been dismissed, two scheduled for hearings in July 2020. Three senior JM management employees are currently on suspension, the disciplinary process will commence during Q1 of the new financial year.

Out of five cases at Bargaining Council, three are scheduled for 30 June and 3 July 2020 respectively. At Labour Court there were two pending cases; one has been concluded and JM is negotiating a settlement with the former employee. The JM has a functional Local Management Committee (LMC).

Section 7: Leave & Productivity Management

Leave processed has reduced considerably in quarter 4; in particular in the annual and sick leave categories, due to people being on lockdown. The implementation of the rotation system in the operations department has allowed employees time to be at home and attend to their personal matters thus reducing the need for leave.

Type of Leave	7*	8*	9*	10*	11*	12*	01*	02*	03*	04*	05*	06*	Total Days Taken
Annual Leave	326	377	405	475	589	909	489	331	144	20	40	67	4172
Sick Leave	313	208	245	359	261	144	162	206	239	29	72	36	2274
Family Responsibility Leave/Parental	34	29	35	46	39	45	43	20	29	5	3	1	324
Study Leave	13	1	35	36	42	23	2	16	0	0	0	24	192
Leave Sold	93	35	82	104	53	166	359	448	55	10	0	0	1405
Long Service	16	12	0	18	20	80	42	0	33	0	0	8	229
Maternity	0	0	0	0	0	123	0	0	0	0	123	0	246
Special	0	4	0	1	11	0	0	0	0	0	0	0	16
Unpaid	33	15	5	14	0	9	23	17	23	2	12	33	153
TOTAL	828	681	807	1053	1015	1494	1120	1038	523	64	240	148	9011

Table 25: Leave Analysis – as at 30 June 2020.

*7=July; *8=August etc.

Section 8: Employee Wellness

The JM clinic operates to manage all health and wellness issues of employees; providing only primary health care services to employees. The provision of Employee Assistance Programme (EAP) to assist with social problems has been outsourced to an external provider.

The clinic conducts pre-employment screening for employees and the annual medical surveillance for all employees in designated categories as per Occupational Health and Safety Act requirements. The reports are signed off by an Occupational Health Doctor contracted on an *ad-hoc* basis.

The insourcing of 82 cleaners as well as the implementation of the EPWP programme placed a strain on the clinic operations due to the fact that both these categories of employees do not have medical aid cover and with the reported poor services in the public health facilities; they relied on the use of the internal clinic for their health concerns.

A total of 1624 visits to the clinic by employees were recorded. This number is also indicative of some repeat visits by the patients as well as the first aid service provided to users of the facility by others than JM employees. The clinic manages all employees with chronic health conditions to ensure they adhere to their treatment regime.

Quarterly health education and awareness campaigns are conducted and at each campaign base screenings for life style diseases and related illnesses are done. Any concerns noted are referred to other private health practitioners and / or public health facilities as appropriate, for further assessment and treatment.

With the advent of the Covid-19 pandemic; the clinic played a pivotal role in ensuring information sharing on Covid-19 to employees and in conducting screening. The screening approach after level 4 regulations were promulgated by the Minister of Labour on 29 April

2020; was then decentralised and 26 Supervisors trained to conduct screening at all workstations before the start of the various shifts.

A total of 25 Covid-19 tests have been facilitated by the clinic through the City's test sites with two positive results received on 23 June 2020. These EPWPs beneficiaries are currently on quarantine and three identified direct contacts of the one case have been tested and results awaited, they are now in isolation and one work site was decontaminated after the case was confirmed.

JM is enforcing all Covid-19 protocols to ensure the safety of employees and users of the facility and similar expectations are demanded from the tenants and Market agents. Daily screening of employees is compulsory.

During the Q4 period, 13 injuries were recorded at the JM. These injuries were to customers (8), JM staff (3) and Market Agents staff (2).

HIV and Aids awareness

An important highlight for 2019/20 relates to the commemoration of the World Aids Day event. A further programme was rolled out with the introduction of an educational campaign aimed at introducing self-testing kits. During the latter campaign 100 self-testing kits were introduced.

Quarterly health education and awareness campaigns are conducted and at each campaign base screenings for life style diseases such as HIV and Aids and related illnesses are done. Any concerns noted are referred to other private health practitioners and / or public health facilities as appropriate, for further assessment and treatment.

Section 9: Employee Benefits

JM employees fall into the below mentioned retirement benefit categories:

City of Johannesburg Pension Fund:	12 Members (1 Member on Disability)
Momentum Provident Fund and:	180 Members
E-Joburg Retirement Fund:	118 Members

The following are three medical aid schemes in operation within JM from which employees can make a selection:

Discovery Health:	25 Members
Bonita's:	234 Members
LA Health:	8 Members

The JM also offers housing and Medical Aid Gap cover benefits to 70 and 96 beneficiaries respectively

Section 10: Status of labour cases

Dismissals were completed relevant to following cases:

- A forklift driver for Assault - 1 August 2019
- A quantity surveyor for allegations relating to dishonesty and/or fraud - 12 February 2020

- Two EPWP beneficiaries for damage to property - 12 February 2020

Cases for conclusion relates to the following:

- CCTV Manager - Harassment and Victimization - Suspended on 6 March 2020.
- Cashier - Dishonesty/ misrepresentation of facts - Suspended on the 17 October 2019.
- Procurement Officer - Procurement irregularities - Suspended on the 13th March 2019.
- Supply Chain Manager - Dishonesty and dereliction of duty – Suspended on the 13th March 2019

Number of reinstatements

No reinstatements were conducted during the 2019/20 financial year

Labour disputes - Value of claims awarded

No claims were determined or awarded during the period under review in favour of the company.

Labour disputes where awards were made in favour of the employee (Value of claims awarded)

- A Labour Court prescription point case was ruled in favour of the erstwhile employee.
- The matter is to be heard on merits in the new financial year.

CHAPTER FIVE: FINANCE

Section 1: Statement of Financial Position and high-level notes

STATEMENT OF FINANCIAL POSITION

	R'000 Actual 2020 June	R'000 Actual 2019 June
ASSETS		
Non-current assets	352 097	351 289
Property, plant and equipment	319 097	318 386
Investment property	17 330	18 624
Intangible assets	3 924	6 354
Deferred tax	11 746	7 925
Current assets	714 224	539 725
Receivable from exchange transactions	55 445	41 143
Loans to shareholders	436 709	309 255
Current tax receivable	24 556	15 943
Current VAT receivable	2 862	2 440
Cash and cash equivalents	194 652	170 944
Total assets	1 066 320	891 014
NET ASSETS AND LIABILITIES		
Net Assets and Liabilities	778 178	679 954
Contribution from owner	20 000	20 000
Accumulated funds	758 178	659 954
Non-current liabilities	17 938	22 912
Loans from shareholders	4 206	10 307
Employee benefit obligations	2 453	2 528
Deferred tax	11 279	10 077
Current liabilities	270 205	188 147
Trade and other payables	259 258	177 256
Loans from shareholders	6 100	8 192
Bank overdraft	20	0
Provisions	4 826	2 698
Total net assets and liabilities	1 066 321	891 013

Table 26: Statement of Financial Position of JM as at 30 June 2020

Statement of financial position variance analysis:

- The positive variance of R711k on property plant and equipment is attributable to:
 - Depreciation amount of R22.0m and WIP impairment of R5.9m and disposal of R500k
 - Additions to property plant and equipment amounting to R29.3m
- Loan to shareholder (sweeping account) and cash equivalents increased by R127.5m and R23.7m respectively.
- Deferred tax liability increased by R1.2m in the current financial year, whereas deferred tax asset increased by R3.8m.
- Loans from shareholder decreased by R2.1m due to loan repayments made during the year.
- Current liabilities increased by R82.1m mainly due to trade payables.

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

	Quarter ended 30 June 2020						
				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	8 104 558	7 938 532	7 894 779	166 027	209 779	2,1%	2,7%
Tonnage	1435	1449	1452	(14)	(17)	-0,9%	-1,2%
Rand/Ton	R 5 673	R 5 480	R 5 437	193	235	3,5%	4,3%
Revenue	481 149	474 163	468 073	6 985	13 076	1,5%	2,8%
Expenses	(368 776)	(326 225)	(323 875)	(42 551)	(44 901)	13,0%	13,9%
Surplus before interest & tax	112 373	147 938	144 198	(35 565)	(31 825)	-24,0%	-22,1%
Net interest (paid)/earned	29 772	26 345	28 843	3 427	929	13,0%	3,2%
Surplus before tax	142 145	174 283	173 041	(32 138)	(30 896)	-18,4%	-17,9%
Taxation	-43 923	-48 799	-49 074	4 876	5 151	-10,0%	-10,5%
Surplus	98 222	125 484	123 967	(27 262)	(25 745)	-21,7%	-20,8%

Table 27: JM high level performance of the entity

Joburg Market's overall financial performance as at 30 June 2020 is pleasing despite the challenges experienced by the economy due to the COVID-19 epidemic and the national lockdown imposed in the country. Surplus is recorded at R98.2m against a budget of R125.5m resulting in a negative variance of R27.3m (21.7%) when compared to budget. This is due to water and sewerage back billing relating to 2018/19 financial year.

2.1 Turnover and Revenue Analysis for quarter ended 30 June 2020

The turnover generated by JM was R8.1b, which represents 2.6% compared to the budget of R7.9b. The tonnage was below budget by 14 tons and price per ton increased by R167 compared to the budget.

Year on year analysis

				Variance			
	Actual	Budget	Last Year Q3	Actual vs Budget	Actual vs Last Yr Q3	Actual vs Budget	Actual vs Last Yr Q3
	R '000	R '000	R'000	R'000	R'000	%	%
Turnover	8 141 366	7 938 532	7 894 779	202 834	246 587	2,6%	3,1%
Tonnage	1 435	1 449	1 452	(14)	(17)	(0,9%)	(1,2%)
Rand/Ton	R 5 647	R 5 480	R 5 437	167	210	3,1%	3,9%
REVENUE	481 149	474 163	468 073	6 985	13 076	1,5%	2,8%
Cold storage facilities	4 091	5 647	4 560	(1 555)	(469)	(27,5%)	(10,3%)
Ripening facilities	611	4 409	1 826	(3 798)	(1 215)	(86,2%)	(66,6%)
Commission 5%	408 365	396 928	398 730	11 437	9 635	2,9%	2,4%
Direct Delivery Comm	3 138	2 546	4 563	592	(1 425)	23,3%	(31,2%)
Pallets	1 049	1 242	1 166	(193)	(117)	(15,6%)	(10,0%)
Cash Handling fee	4 342	4 004	3 663	338	679	8,4%	18,5%
Trolley Rental Deposit	102	169	115	(66)	(13)	(39,2%)	(10,9%)
Electricity recovery	23 138	20 286	17 396	2 852	5 742	14,1%	33,0%
Water recovery	6 384	5 200	4 721	1 184	1 663	22,8%	35,2%
Rental Income	25 291	29 035	27 323	(3 743)	(2 032)	(12,9%)	(7,4%)
Floor storage fees	1 376	1 312	1 404	64	(28)	4,9%	(2,0%)
Sundry revenue - other	3 260	3 387	2 606	(127)	654	(3,7%)	25,1%

Table 28: JM Revenue as 30 June 2020.

Multiyear analysis

R' 000						
Details	2017/18	2018/19	2019/20			
	Actual	Actual	Original budget	Adjusted budget	Actual	Variance to budget
	R000	R000	R000	R000	R000	R000
Rental of facilities and equipment	47 992	53 609	70 712	69 844	54 814	15 030
Agency Services	367 794	398 730	408 345	396 928	408 366	-11 438
Interest earned-external investment	8 666	11 935	10 564	11 352	12 101	-749
Interest earned-external debtors	99	265	150	150	262	-112
Interest on sweeping Account	10 263	17 135	23 127	24 432	22 496	1 936
Other Revenue	16 637	15 307	7 391	7 391	12 944	-5 553
Total Operational Revenue	451 451	496 981	520 289	510 097	510 983	-886
Expenditure:						
Employee related costs	136 012	141 874	150 863	145 311	148 060	-2 749
Depreciation & assets impairment	23 439	25 314	25 193	25 193	26 177	-984
Repairs & maintenance	19 978	9 517	32 704	23 154	21 563	1 591
Contracted services	41 825	43 677	48 401	49 180	46 127	3 053
Other Expenditure	71 075	101 036	86 498	83 387	125 341	-41 954
Internal Transfer	3 759	2 457	9 589	9 589	1 517	8 072
Total expenditure	296 088	323 875	353 248	335 814	368 785	-32 971

Table 29: JM

Revenue composition of JM is made up of:

- Commission income = 85% which is predominantly cash;
- Rental income (including both water and electricity recoveries) =13% and
- The balance = 2% made up of the various other small items.

Revenue variance analysis:

- Commission income was R408.4m compared to the budget of R396.9m. this equates to an increase of 2.9%
- Rental lease income (including both water and electricity was R54.8m compared to the budget of R54.5m. This represents a minimal positive variance of 1%.
- Cold storage and banana ripening facilities were under budget by R10.1m collectively due to a decline in demand for cold storage and banana ripening facilities and equipment as a results of high stock turnover rate and poor state of these facilities.

2.2 Operational Expenditure Analysis for the 4th Quarter ended 30 June 2020

	Expenditure - for the year ended 30 June 2020							
					Variance			
	Actual	Budget	Last Year (Q4)	Actual as % of Total	Actual vs. Budget	Actual vs. Last Yr. (Q4)	Actual vs. Budget	Actual vs. Last Yr.
R '000	R '000	R'000	Expenses	R'000	R'000	%	%	
Expenses	-368 776	-326 225	-323 875	100%	-42 551	-44 901	13%	7,21
Personnel costs	-148 281	-145 311	-132 960	40,2%	-2 970	-15 321	2,0%	11,5%
Human Resources	-9 268	-9 704	-10 874	2,5%	436	1 606	-4,5%	-14,8%
Marketing	-2 190	-4 202	-1 519	0,6%	2 012	-671	-47,9%	44,2%
Repairs and Maintenance	-24 248	-23 154	-9 384	6,6%	-1 094	-14 864	4,7%	158,4%
Operations	-118 770	-90 661	-107 744	32,2%	-28 109	-11 026	31,0%	10,2%
Information Technology	-7 478	-6 406	-5 348	2,0%	-1 071	-2 130	16,7%	39,8%
Finance and administration	-26 774	-21 594	-31 962	7,3%	-5 181	5 188	24,0%	-16,2%
Depreciation	-31 767	-25 193	-24 084	8,6%	-6 574	-7 683	26,1%	31,9%

Table 30: Operational Expenditure Analysis for the 4th Quarter ended 30 June 2020

Total operating expenditure as at 30 June 2020 was recorded at R368.8m compared to the budget of R326.2m and an overall negative variance of R42.6m

- Personnel costs over budget by R3.0m due to cleaning insourcing.
- Under spending on market research, advertising and communication expenditure resulted in positive variance of R2.0m.
- Operational Expenditure is over budget by R28.1m as a result of water and sewerage supply back billing for 2019 and increased electricity tariffs for 2019/20 financial year.
- Finance and administration costs over budget by R5.2m due to the management fees charged on CAPEX projects and repairs and maintenance.

Section 3: Cash Flow Statement

Cash Flow Statement	R'000	R'000
	2020 - Actual 30-Jun	2019 - Actual 30-Jun
Cash flows from operating activities		
Receipts		
Sale of goods and services	470 906	457 613
Interest income	33 822	28 458
	504 728	486 072
Payments		
Employee costs	-155 835	-138 059
Suppliers	-118 822	-138 897
Finance costs	-1 522	-3 107
Taxes paid on surpluses	-54 116	-54 817
	-330 295	-334 880
Net cash flows from operating activities	174 433	151 192
Cash flows from investing activities		
Purchase of property, plant and equipment	-27 659	-15 259
Sweeping account	-127 453	-155 649
Net cash flows from investing activities	-155 112	-170 908
Cash flows from financing activities		
Repayment of shareholders' loan	-9 709	-10 409
Finance lease payments	0	-138
Net cash flows from financing activities	-9 709	-10 547
Net increase in cash and cash equivalents	23 688	-30 263
Cash and cash equivalents at the beginning of the year	170 944	201 207
Cash and cash equivalents at the end of the year	194 632	170 944

Table 31 Cash flow statement for the 4th Quarter ended 30 June 2020

Section 4: Capital Projects & Expenditure

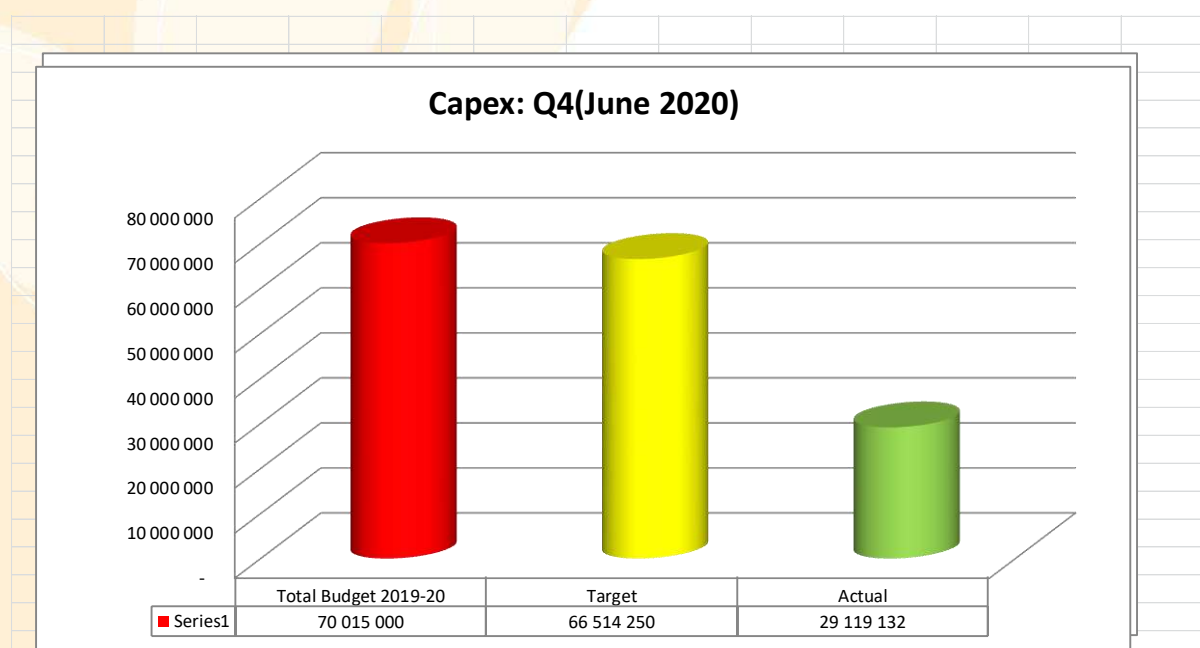


Table 32: Capital Expenditure Analysis for the 4th Quarter ended 30 June 2020

- The cumulative Q4 target was R66.5 and actual capital expenditure recorded at the end of the quarter was R29.1m which represents 41.6% against budget.
- JM has not achieved the Q4 target, due to challenges experienced with project dependencies lying on the critical path.

2019/20					
Project Description (By Project)	Jsip Project number	Budget R000'	Adjusted budget R000	YTD Actuals R000	YTD Variance R000
New Rocker Bins Renewal Plant and Equipment	2586	500	500	0	500
Refurbishments/Construction of ablution facilities	3357	4 000	4 000	1 155	2 845
IT servers and UPS Renewal Computer Hardware	3850	15	15	0	15
Market of the Future B	3353	2 000	2 000	461	1 534
Office equipment New/renew	3351	2 500	2 500	1 362	1 138
Computer equipment renewal /New	2584	2 000	2 000	423	1 577
Computer hardware new/Renewal	3958	3 000	3 000	3000	0
Upgrade CCTV Renewal computer software	2275	3 500	3 500	0	3 500
Replacement of roof at trading halls	3364	6 000	6 000	0	6 000
Upgrade of hall 9 renewal building alterations	2504	9 000	9 000	0	9 000
Renovations and upgrades to the Main Building	2598	37 500	37 500	21 245	16 255
Civil Resurfacing of Platform	3366			124	-124
Upgrade of exit and entrance gate	2383			1 349	-1 349
TOTAL		70 015	70 015	29 119	40 896

4.1: Capital Projects

Project Name	Budget 2019/20 R 000	Q4 Actual Spent R 000	Comments
Operational Capital: Upgrade CCTV Renewal Computer Software.	3 500 000	-	SLA was signed between JM and MTC in order for the latter to design plans for and construct the CCTV control room as part of phase 1. Phase 2 will consist in the installation of the CCTV network.
Computer Hardware New/Renewal Computer Hardware.	5 000 000	3 422 756	Invoice at finance, all goods received
IT Serves and UPS	15 000	-	Invoice at finance, all goods received
Mandela Market - Building and Services Renovations and Upgrade	37 500 000	21 244 713	Multi- year project, currently at execution.
Market of the Future B: Upgrading of Market Facilities to enable new legislation.	2 000 000	461 144	Consignment control kitchen container, project is complete
Upgrade of Exit and Entrance Gate Renewal Building Alterations	-	1 349 014	Road rehab project done by JRA
Upgrade Hall 9 Renewal Building Alterations	9 000 000	-	Tender was non-responsive
New Rocker Bins Renewal Plant and Equipment	500 000	-	Project was cancelled
Refurbishment/Construction of Ablution Facilities Renewal Building Alterations	4 000 000	1 155 271	Project allocated to JPC, awaiting invoices from JPC
Replacement of Roof at the Trading Halls New Building Alterations	6 000 000	-	Consultant to conduct full analysis and provide specification and BOQ, was presented in BSC and was not evaluated
Civil Resurfacing of all Platforms within the Market New Building Alterations	-	123 700	Consultants developed specification BOQ for the resurfacing of platform 5.
Office Equipment New/Renewal	2 500 000	1 362 533	Project is complete; only two boardroom tables were removed from the project items.
Totals	70 015 000	29 119 131 (41.6%)	

Table 33: Capital projects breakdown for the 4th Quarter ended 30 June 2020

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

5.1 Key financial ratios for quarter 4 ended 30 June 2020

Financial ratios	Norm	Ended 30 June 2020
Liquidity (CA/CL)	1:1	3.1
Solvency (Total Liabilities/Total Assets)	<40%	27%
Debtors days	30	43
Cash Cover days	30-90	560
Remuneration to expenditure ratio	30-40%	40%

Table 34: Key financial ratios

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.

5.2 Analysis of Debtors Collections for the 4th quarter ending 30 June 2020

An amount of R51.3m has been collected during the reporting period compared to R60.6m in the prior year. The collection rate achieved for 12 months ending 30 June 2020 is 82% against target of 95%. This performance is less than the rate achieved in the prior year due to unresolved maintenance and leasing queries. It is also noted that there was a significant effect of Covid-19 on the liquidity of the tenants and thus this hampered their ability to pay their accounts as due.

Billing and collections rate 2019/20	
Billing	
Description	Actual YTD
Total of Rental & Utilities	46 927 932
Total of Cold Storage & Ripening	17 188 803
Total Billing	64 116 735
Collections	
Description	Actual YTD
Total of Rental & Utilities	35 144 369
Total of Cold Storage & Ripening	16 205 080
Total Collection	51 349 449
Collection percentages	
Description	Actual YTD
Rental & Utilities Rate	76%
Cold stores & Ripening	97%
Total Average collection	82%
Prior Year Percentages	
Description	Actual YTD
Prior Year Percentages	98%

Table 35: Billing and Collections rate as at 30 June 2020

5.3 Bad Debts

Provision for bad debts amounted to R28.5m. There was an increase of R8.7m in provision in the current financial year. An amount of R2.6m was recommended by the attorneys for write-off and will be tabled at EXCO and Board for approval as per policy provisions. There has been no collection on the amount recommended for write-off.

5.4 Analysis of Cash Collections 4th quarter ended 30 June 2020

5.4.1 Buyers Deposit

An amount of R8.2b was deposited by the buyers into their buyer's cards for the period under review. This resulted in the turnover of R8.1b with the balance of R100m remaining in the customer's account as deposits. This represents an increase of 2.18% compared to last year.

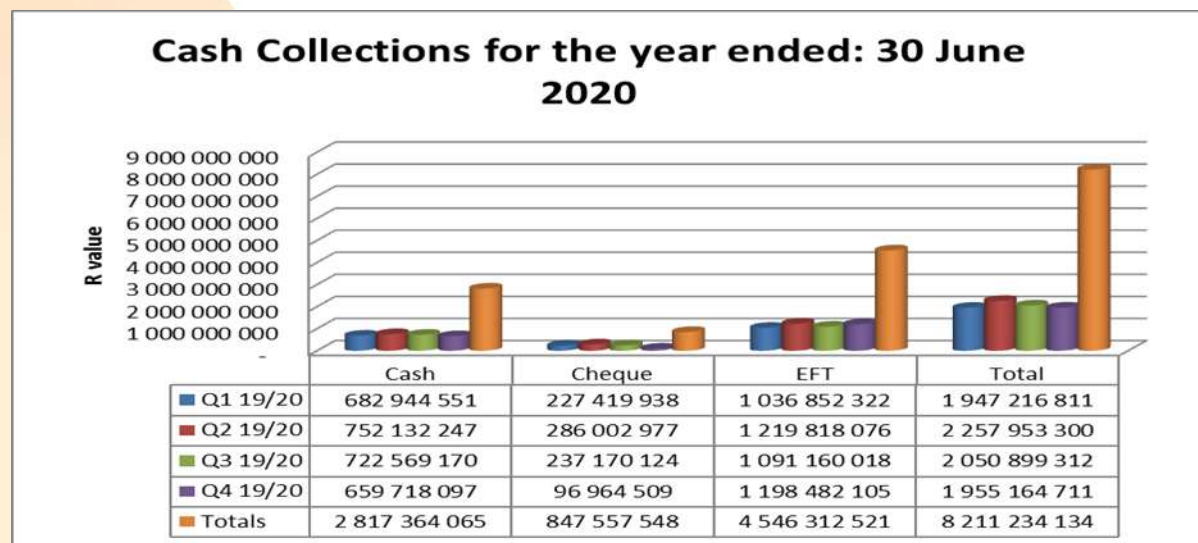


Table 36: Cash collection for the year ended 30 June 2020

5.4.2 Cashiering Shortages & Recoveries

A total cash shortage for the year ended 30 June were R296 041 against the cash shortage recoveries of R271 027. The department under recovered by R25 014 due to the timing difference of payroll deductions.

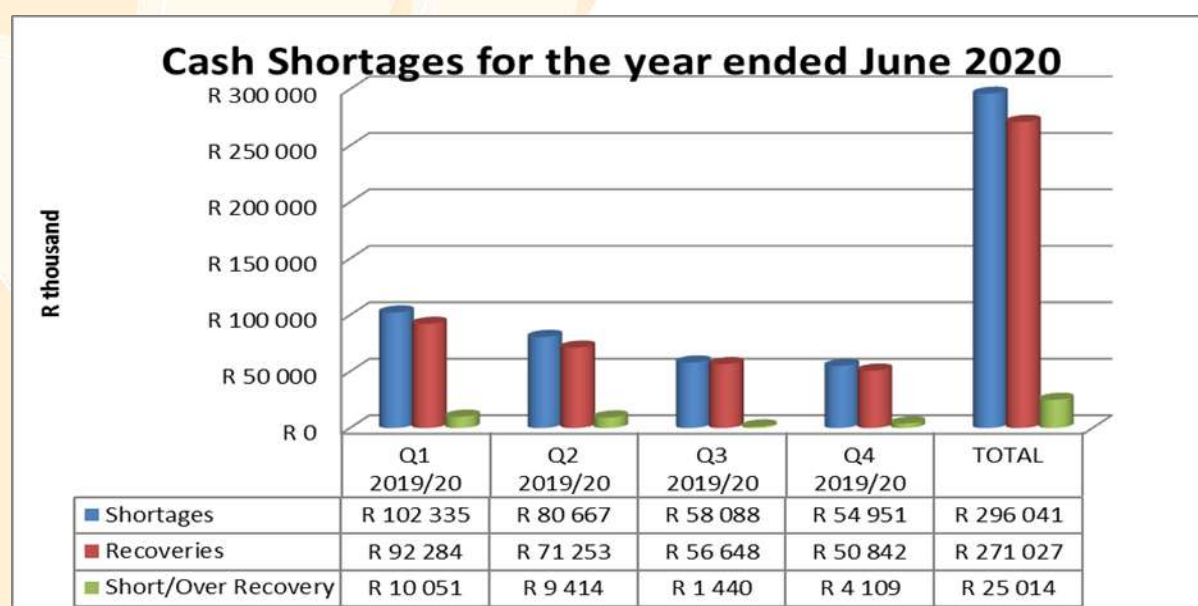


Table 37: Cashiering shortages & Recoveries at 30 June 2020

Section 6: Supply Chain Management

6.1 Deviations

Type of Deviations	Amount (R/M)
Sole Supplier	608 186
Exceptional Cases	1 055 354
Impractical-Contract extension	216 000
Emergency Procurement	3 464 353
Total	R5 343 893

Table 38: Deviations as at 30 June 2020

Details regarding the deviation are as follows:

- Emergency procurement
- Various Suppliers - Acquisition of COVID-19 consumables
- Rentokil - Decontamination services to combat COVID-19
- Prisma Payment Technology - Deviation approved to restore power in the cold room storage
- Mathukulula Engineering - Cloth masks acquired as part of the COVID-19 preventative measures for employees
- Various Suppliers - This was for the purchase of till slips generated during the sale of fruits and vegetables at the halls.
- The entity had gone out on tender before but the process had to be halted due to the lockdown. Exceptional Cases
- Morrels Botique - SCM advertised on the notice board twice for space optimisation workshop. The RFQ was nonresponsive and the dates of the workshop were already close and there was no time to re-advertise.
- Savoy Hotel - Accommodation in Kimberley for staff members participating in sporting activities as part of stakeholder engagement.
- Nexus Forensic Services - Initially appointed to do a fraud investigation relating to one of Joburg Market employees. A deviation was approved when they were required to testify during the hearing on the matter.
- Ramatshila Attorneys - Deviation approved to allow the same attorneys to carry on with the case that they had already started with. The legal firm is part of the panel of professional firms at COJ
- Various Suppliers - Plastic bags were acquired for food parcels to assist with the supply of food parcels to the needy. This is a COJ initiative. Impractical - contract extension
- Servest Hygiene Services - The contract was extended since it was challenging to go out on tender during COVID-19 lockdown period Sole Supplier
- Chemetrix - The licence for distribution and servicing of laboratory equipment is currently held by one service provider, the deviation was approved before 30 June 2020.

6.2 Irregular Expenditure

No.	Company Name	Reasons	R'000 As at 30 June 2020
1	Appnetix	Tax matters of the entity not resolved with SARS.	10 260
2	Kaqala Media t/a cape media	The services were rendered without prior authorisation.	33 000
3	Motswako	The contract expired and the printing and photocopying was centralised to COJ hence the tender was not advertised.	381 885
4	JDA	Tax matters of the service provider are non-compliant.	468 935
5	MTC	Tax matters of the service provider are non-compliant.	816 186
6	V2V Trading	The service provider was provided work for repairs & maintenance after the contract had expired.	355 677
7	V2V Trading	The contractor provided ad-hoc services (Sky Jack), which did not form part of contract with JM.	50 931
8	Imvula Quality Protection	The contract expired and the tendering process was put on hold due to in-sourcing of security by the City of Johannesburg.	12 030 131
9	AVIS fleet	The contract expired; however, there was a need to use the vehicles. The extension of the contract was done by COJ, which allowed the entities to rent Avis cars for transportation purposes. National Treasury deemed the contract to be irregular.	1 208 796
10	Morubisi Technologies	The contract had to be extended whilst COJ was looking into in-sourcing of the control room staff.	6 466 856
11	Brand enterprise	Covid-19 PPE procured from service provider after the budget was depleted.	15 960
12	S.A.F.I.C	Supply chain processes were not followed.	73 576
13	Afrirent	The entity had entered into the contract via section 32, however this contract was declared irregular by the Auditor General at the originating entity/organisation	392 933
14	Bakgatla Holdings	Goods purchased from supplier without following supply chain processes.	8 220
15	Kebrascan Engen	Diesel purchases from a service provider that is not tax compliant.	154 104
16	Diatshwana Holdings	Purchased medicines which was not in the service provides initial awarded contract.	20 775
17	Thotokgelo	The service provider was awarded a contract for over R1m whilst they were not a registered for VAT vendor (as per the VAT Act, you must be registered for VAT as soon as you foresee that your revenue will exceed R1m).	1 076 030
18	Bazalwane Business Partners	Goods purchased from supplier without following supply chain Processes	112 000
21	Wild Stallion	Supplier was appointed to supply goods even though they were not the cheapest when compared to other suppliers who submitted quotes	26 475
22	Metro File PTY LTD	Deviated from obtaining 3 quotes without obtaining CFO/delegated official approval	37 933
23	Indingo Travel (PTY) LTD	Deviated from obtaining 3 quotes without obtaining CFO/delegated official approval	51 827
24	AON Insurance	Contract Found irregular at the City of Johannesburg	768 898
	Total Amount		25 262 948

Table 39: Irregular expenditure as at 30 June 2020

6.3 Fruitless and Wasteful Expenditure

The below expenditure was incurred under Fruitless and wasteful expenditure:

Details of matter	Amount (R/M)
PAYE payment to SARS	467 808
Interest incurred on legal services	59 269
Generator that was never commissioned(Non-Functionality)	16 003 050
Total	R16 530 127

6.4 BBB-EE expenditure for the period

Expenditure	YTD -Actual JM Spend	Spent on related parties	Available Amount	YTD spent on BBB-EE	YTD % spent on BBB-EE
	(R)	(R)	(R)	(R)	
OPEX	188 728 000	-61 425 425	127 302 575	127 302 575	100%
CAPEX	29 119 133	-24 210 142	4 908 990	4 909 990	100%

Table 40: Joburg Market BBB-EE procurement spending during the acquisition of goods and services as at 30 June 2020

OPEX Expenditure

The total amount spent for OPEX is R188 728 000. Included in the latter is an amount of R61 425 425 which does not form part of the total actual expenditure on BBB-EE as it was spent on COJ entities namely; JPC, MTC, City Power Joburg Water and Pikitup.

CAPEX Expenditure

The total amount for CAPEX is R29 119 133. Included in that total is an amount of R24 210 142 which has been deducted from the total CAPEX expenditure as it was spent on projects that were carried out by COJ related entities namely; JPC, MTC and JDA.

6.5 Payments within 30 days

Payments of Creditors Within 30 Days				
Item	Quarter 1 2019/20	Quarter 2 2019/20	Quarter 3 2019/20	Quarter 4 2019/20
Total Payments	278	211	276	264
Paid Within 30 Days	127	103	174	178
Percentage Achieved	46%	49%	63%	67%

Table 41: Payment of Suppliers within 30 days

The payment of suppliers within 30 days is still below the required requirements of the MFMA legislation. There is however a gradual improvement since new measures was put in place. This will be constantly monitored to ensure that it falls within the timelines of MFMA. All invoices are now required to be submitted to the finance department by the service providers and it is from there that the payment process is triggered.

Section 7: Pending Litigations and Possible Liabilities

Details of matter	Amount (R/M)
Dispute with service provider due to a utility cost analysis project that was suspended as a result of an invalid tender award	792 070
Dispute with a customer who sustained injuries in an accident involving a forklift of an agent	4 020 000
Dispute with a customer who slipped on a peel of lettuce on the premises of the entity and sustained injuries	1 780 000
Total	R6 592 070

Table 42: Contingent liabilities of the entity

Section 8: Insurance Claims against/to JM

Policy Type	NUMBER Total	Open	GROSS Closed	Total	Open	NETT Closed	Total	Open	Closed
Assets all Risks	11	4	7	283 079,00	131 247,00	151 832,00	-	-	-
Contract Works - Annual	1	-	1		-	-	-	-	-
Contract Works Public Liability	1	-	1	-	-	-	-	-	-
Directors & Officers Liability	2		2	2 175 998,00	-	2 175 998,00	2 175 998,00	-	2 175 998,00
Employers Practices Liability	29	5	24	1 599 506,00	939 457,00	660 049,00	155 250,00	-	155 250,00
Group Personal Accident	29	5	24	1 083 091,00	500 000,00	583 091,00	1 083 091,00	500 000,00	583 091,00
Motor fleet	19	1	18	331 688,00	6 613,00	325 076,00	253 088,00	-	253 088,00
Public Liability	40	26	14	7 010 089,00	6 506 302,00	503 787,00	5 719 91,00	5 600 00,00	119 691,00
TOTAL	132	41	91	12 483 451,00	8 083 619,00	4 399 33,00	9 387 18,00	6 100 00,00	3 287 118,00

Table 43: Table below depicts insurance claims for JM.

JM has 41 open claims of which 40 are non-motor claims and 1 is a motor claim. All Closed Claims from Insured Year 2015 until the end of May 2020

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

Amounts Owed By		
Name of Department/Entity	30-Jun-20	30-Jun-19
City Of Johannesburg	R 442,915,806	R 317,482,306
City Parks/Zoo	R 127,240	R 91,886
Total	R 443,043,046	R 317,574,192

Table 44: Amounts owing to Government Departments and Public Entities

Amounts Owed To		
Name of Department/Entity	30-Jun-20	30-Jun-19
City Of Johannesburg	R 83,562,123	R 34,332,668
City Of Johannesburg Loans	R 10,306,693	R 18,499,142
<i>Metro Trading Company</i>	R 833,384	R 4,422,616
<i>JRA</i>		R 7,728,975
<i>COJ Property Company</i>	R 36,464,814	R 4,169,846
<i>City Parks & ZOO</i>	R 11,680	
<i>Johannesburg Development Agency</i>		R 539,276
	R 131,178,694	R 69,692,522

Table 45: Amounts owing to Government Departments and Public Entities

CHAPTER SIX: INTERNAL AUDIT

Section 1: Progress on Internal Audit Plan

The following is a summary of the internal audit plan for 2019/2020 as approved by the ARC.

Description	Progress status on the plan on 30 June 2020			
	Project Allocation	Not started	Execution Phase	Completed
Planned audits for the year	15	3	3	9
Percentage	100%	20%	20%	60%

Table 46: Progress on the plan as at 30 June 2020 (Q4)

Section 2: Progress on Resolution of Internal and External Audit Findings

In the 30 June 2019 Management Report the AGSA raised 29 new audit findings (2018: 14). The number of internal audit findings was 43 (2018: 64). The following is a summary of unresolved audit findings at 30 June 2020.

Audit	Total findings	Resolved					Summary		
		Q1	Q2	Q3	Q4	Total resolved	Total findings due	% Resolved	Closing findings
AGSA Findings	29	0	0	19	3	22	29	76% *	7
Internal Audit Findings	106	51	7	30	4	92	106	88%**	14

Table 47: Resolution of findings breakdown as at 30 June 2020

Scope of AGSA findings

External Audit Category	Total	Matters affecting opinion	Other matters	Administrative matters
AGSA (2018/2019)	29	6	23	0
Audit of performance information	0	0	0	0

Table 48: Resolution of findings breakdown as at 30 June 2020

The % of resolved AGSA findings is arrived at as follows:

*The AGSA issued 29 findings and 22 findings were resolved giving a resolution % of $(22/29) = 76\%$. The % resolved for internal audit findings is arrived at as follows:

The % resolved for internal audit findings is arrived at as follows:

- ** The total number of findings was 106 and during the year 92 findings were resolved.
- One of the findings will be due when management will obtain authority to sign the leases.
 - The resolution rate is $(92/105) = 88\%$.

Of the 19 findings (AGSA) resolved 3 were those affecting the audit opinion.

Total matters affecting the opinion	6
Less resolved	(3)
Balance affecting the opinion	3 findings not resolved.

Section 3: Overall Status of Internal Controls

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

Based on internal audit outcomes during the year, there were some areas that need management attention. These areas include infrastructure maintenance, management of performance information and payments of suppliers within 30 days. The noted areas are regularly discussed with management so that corrective actions can be implemented.

The internal controls are thus evaluated as adequate and partially effective, i.e. “require improvement” during the financial year ended 30 June 2020.

Section 4: Auditor-General’s Report for the current year

Report of the auditor-general to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on the Joburg Market (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Joburg Market (SOC) Limited set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Market (SOC) Limited as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general’s responsibilities for the audit of the financial statements section of this auditor’s report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants’ *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material uncertainties relating to contingent liabilities

7. With reference to note 28 to the financial statements, the municipal entity is the defendant in various lawsuits. The outcome of these matters cannot currently be determined and/or reliably measured; therefore, no provision for any liabilities that may result was made in the financial statements.

Fruitless and wasteful expenditure

8. As disclosed in note 33 to the financial statements, capital work in progress of R5 928 654 was impaired because of discontinued projects that were started in previous years but were subsequently abandoned. This resulted in fruitless and wasteful expenditure by the entity.

Material impairments

9. As disclosed in note 8 to the financial statements, the receivables from exchange transactions balance has been significantly impaired. The provision for impairment was R28 518 112 (2019: 19 846 733), which represents a significant portion of the total receivables from exchange transactions.

Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

12. The board of directors, which constitutes the accounting officer, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance measures included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the municipal entity's annual performance report for the year ended 30 June 2020:

Strategic objective	Pages in the annual performance report
Strategic objective 1 – ensuring the financial stability and growth of the entity	x – x
Strategic objective 2 – become an agent for socio-economic transformation	x – x

19. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures

to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for these strategic objectives:

- Strategic objective 1 – ensuring the financial stability and growth of the entity
- Strategic objective 2 – become an agent for socio-economic transformation

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

25. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, non-current assets, non-current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Reasonable steps were not taken to prevent irregular expenditure of R3 110 213 disclosed in note 34 to the financial statements, as required by section 95(d) of the MFMA.

27. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R5 928 654, as disclosed in note 33 to the financial statements, in contravention of section 95(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by work-in-progress projects that were discontinued and from which the entity did not receive any benefit.

Consequences management

28. Some irregular expenditure incurred by the municipal entity were not investigated to determine whether any person was liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

Procurement and contract management

29. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management regulation 17(1)(a) and (c).

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

35. Action plans did not assist in strengthening internal controls for the reconciliation of the general ledger and supporting schedules.
36. Non-compliance with laws and regulations could have been avoided had management taken appropriate measures to ensure compliance with laws and regulations.
37. Internal audit did not fully implement its annual plan, which resulted in internal control deficiencies not being identified and corrected for compliance with legislation.

Other reports

38. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
39. A number investigations relating to allegations of procurement irregularities, fraud and corruption were referred to the City of Johannesburg Group Forensic and Investigation Services for investigation. Some of the investigations were in progress, some were closed due to lack of evidence and others were finalised by the reporting date.

Auditor-General

Johannesburg

15 March 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic objectives and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Joburg Market (SOC) Limited to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

Section 5: Historical Audit Findings and Remedial Actions

Relevant to historic external audit findings the entity is able to report the actions it is implementing to resolve all outstanding findings. The actions in this regard are tabled below:

Unresolved findings are as follows:	Remedial action
Historical audit findings	
(1) Invoices not paid within 30 days	There is regular analysis of the payments made outside the 30 days prescript and divisional management have to provide regular progress on their invoice processing activities. It is estimated that this finding will be resolved by 30 June 2021.
(2) Policies – Rental income not collectable	The collection process and relevant formalities for long outstanding debtors is in progress. All debtors will be managed in accordance with governing policies of the entity.
Recent audit findings	
1) Policies – Rental agreements not signed and renewed	Signing of lease agreements is currently in progress with 40% already finalised. It is estimated that the process will be completed by 31 May 2021.
2) Policies – Policies not reviewed	A process to review all policies and procedures is under way and satisfactory progress has been made to date. The review process will be completed by 30 June 2021.

Reference No	Strategic Objectives	Risk Name	Causes/ Background to risks	Impact	Inherent Impact Rating	Likelihood	Inherent Likelihood Rating	Inherent Risk Rating	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale			
1	Operating sustainable /resilient premier marketing and trading facility	Business failure	1. Inadequate trading space	Critical	5	Likely	4	20	Very High	1. Floor Space Committee meets to discuss space optimization	Ineffective	High	1. Optimise the precinct plan as recommended by JDA (to have procured the virtual view of the plan)	1. Exec: Core Operations	Sep-20			
			2. Ageing infrastructure							2. JPC appointed to conduct repair and maintenance works	Ineffective					3. Appoint a panel of maintenance Service Providers	1. Exec: Core Operations 2. CFO	Sep-20
			3. Non compliance to Legislative requirements/standards							3. Maintenance plan in place	Ineffective					3. Finalise the Compliance Universe and get it approved	1. Company Secretary 2. Legal	Aug-20
			4. Outdated business continuity plan							Draft Compliance universe in place	Ineffective					3. Finalise the Compliance Universe and get it approved	1. Company Secretary 2. Legal	Aug-20
			5. Competition							1. IT has a disaster recovery plan 2. Operations has a business recovery strategy 3. Specification for business continuity has been finalised	Ineffective					4.1. Business Impact analysis in key areas 4.2. Update and improve existing business continuity plan	1. CEO	Oct-20
2	Become an agent for socio-economic transformation	Failure of transformation programs	1. Insufficient budget for transformation projects 2. Lack of Stakeholder support (internal & external) 3. Outdated transformation strategy	Major	4	Likely	4	16	High	1. None 2. Stakeholder engagement forums 3. None	None Partially Effective None	High	1. Business case in place to motivate for the budget 2. Continuous Stakeholder engagement at different forums 3. Review transformation strategy to be in line with business strategy	1. Strategy Executive 2. Exec Core Operations 2. CFO Strategy Executive	Q4 Continuous (quarterly reporting) Aug-20			
3	Operating sustainable /resilient premier marketing and trading facility	Covid 19 pandemic	1. Gauteng Region is currently reaching a peak in Covid 19 infection rates	Critical	5	Almost Certain	5	25	Very High	1. JM educates the staff and public by doing awareness programmes and providing Covid 19 PPE for staff as prescribed	Partially Effective	High	1. Provide PPE, support and all necessary information to staff on continuous 2. JM will follow CoJ protocols and provide a safe environment to everyone to ensure reduction of infections 3. Continue to provide a clean and safe environment to the public 4. Source more budget to manage covid 19	CEO CEO CEO CEO	Daily reporting Daily reporting Daily reporting Monthly			
			2. JM has introduced control measures and strictly follows protocols							2. JM follows covid 19 protocols by doing a Company covid 19 workplan, providing all the necessary support for staff and public	Partially Effective							
			3. JM receives a substantial number of clients/visitors daily which requires high levels of alertness							3. JM has many people that visit JM daily and ensures that the public and buyers adhere to the covid 19 protocols of social distancing, wearing masks and	Partially Effective							
			4. Provide financial support							4. JM providing Covid budget to purchase PPE for covid 19	Ineffective							
4	Ensuring the engagement, skilling and motivation of staff	Diminishing Staff morale	1. Disengaged staff (People Management)	Critical	5	Almost Certain	5	25	Very High	1. Continuously fulfill the Company's statutory obligations 2. Local Management Forum (LMF) 3. Grievance procedure 4. Service Provider appointed for EAP	Partially Effective	High	1. Conduct an anonymous employee satisfaction survey 2. Engage AgriSeta as a strategic partner for agriculture specific skills programme 3. To develop and implement change management programmes 4. Review the JM organisational structure	HR HR HR HR	Dec-20 Aug-20 30 September 2020 Dec-20			
			2. Inadequate skills transfer							2. None	None							
			3. Resistance to change							3. None	Nil							
			4. Inability to fill critical vacancies due to budget constraints							4. Motivation done for budget to fund critical vacancies	Ineffective							
5	Becoming a High Performance Organisation	Failure to implement the Smart Market Strategy	1. Lack of performance management at lower levels and poor employee performance culture	Major	4	Possible	3	12	High	1. Performance Management policy 2. Non cash incentive approved	Ineffective	Medium	1. Cascade performance management to all the levels 2. Departmental strategy workshops 3. None 4.1 Conduct JM skills audit for level 6-8 4.2 To identify key skills for the new business and re-skill the current workforce 5. To review the business processes to align to the smart market strategy (Update SOP and policies)	HR EXCO EXCO HR EXCO	Jul-20 Q4 TBD 4.1-4.3 December 2020 5. September 2020			
			2. JM Strategy not adequately cascaded down to the rest of the company							2. None	None							
			3. Failure to fill vacancies							3. None	Nil							
			4. Mismatch between the available skill and the business requirements							4. Skills audit have been conducted (level 1-4)	Partially Effective							
			5. Business processes not supporting organisational strategy							5. None	None							
6	Ensure financial sustainability	Financial instability (going concern)	1. Increased competition as a result of emerging fresh produce markets	Critical	5	Almost Certain	5	25	Very High	1. JM is currently in the process of implementing the recapitalisation project to meat industry 2. None	Partially Effective Ineffective	High	1. Recapitalisation programme implementation 2. Determine a strategy to entice the farmers (Improvement of services & facilities) 1. Appoint panel of service providers for repairs and maintenance	Exec: Core Operations EXCO Exec: Core Operations	TBD TBD 30-Aug-20			
			2. Farmers and buyers opting to trade at alternate markets to avoid paying commissions							4. JM appointed JPC to assist with Repair and Maintenance work while 5 discipline (mechanical, electrical, civil, building and plumbing) preventative maintenance contractors are in the Supply Chain Management process of being appointed.	Ineffective							
			3. Failure to spend the allocated maintenance budget							1. Draft Marketing & Communication strategy	Ineffective							
7	Maintaining an effective and inclusive stakeholder management process	Loss of stakeholder confidence	1. Unavailability of Stakeholder and communication strategy and plan	Major	4	Likely	4	16	High	2. Senior Marketing Manager responsible for stakeholder management 3. Stakeholder engagement forum	Partially Effective Partially Effective	Medium	1. Finalise and implement the marketing and communications strategy. 2. To appoint Stakeholder Management resource 3. Redevelop stakeholder engagement strategy	CEO CEO CEO	TBD TBD TBD			
			2. Lack of dedicated resource for Stakeholder engagement							1. Draft Marketing & Communication strategy	Ineffective							
			3. Inadequate Stakeholder engagement							2. Senior Marketing Manager responsible for stakeholder management 3. Stakeholder engagement forum	Partially Effective							