



**JOBURG MARKET  
(SOC) LIMITED  
FIRST QUARTER  
REPORT  
2018/19**

Towards a  
*clean, safe and  
smart market.*

VERSION 1.5- draft  
Forecasted financials

## COMPANY INFORMATION: JM (SOC) LTD

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

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

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

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

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

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

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

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

**Bankers:** Standard Bank

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

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

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

**GPS Coordinates:**

S26° 13' 678"

E28° 04' 866"



**SIGN- OFF: QUARTER 1 OF 2018/19**

<b>Charles Hamilton</b>  _____ <b>Signature</b>  <b>Executive: Strategy &amp; Transformation (Acting)</b>	<b>Date of Approval</b>
<b>Sifiso I. Dlamini</b>  _____ <b>Signature</b>  <b>Chief Financial Officer</b>	<b>Date of Approval</b>
<b>Ayanda Kanana</b>  _____ <b>Signature</b>  <b>Chief Executive Officer</b>	<b>Date of Approval</b>
<b>Doris Dondur</b>  _____ <b>Signature</b>  <b>Chairperson of the Board of Directors</b>	<b>Date of Approval</b>
<b>Cllr Leah Ruth Knott</b>  _____ <b>Signature</b>  <b>MMC: Economic Development</b>	<b>Date of Approval</b>

## GLOSSARY OF TERMS

ACRONYM	DETAIL
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
COBIT	Control Objectives for information Technology
DOH	Department of Health
DOL	Department of Labour
EPWP	Expanded Public Works Programme
GAP	Good Agricultural Practice
GDS	Growth and Development Strategy
GDARD	Gauteng Department of Agriculture and Rural Development
GRAS	Group Risk and Assurance Services
HR	Human Resources
IDP	Integrated Development Plan
JDA	Joburg Development Agency
JM	Joburg Market
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OHS	Occupational Health & Safety
OPEX	Operational Expenditure
PSA	Potatoes South Africa
PSP	Payment Service Provider
REMCO	Human Resources & Remuneration Committee
SADC	South African Development Community
SANAS	South African National Accreditation System
SCM	Supply Chain Management
SDA	Service Delivery Agreements
SDBIP	Service Delivery and Budget Implementation Plan
SETA	Sector Education Training Authority
SMME	Small Medium and Micro Enterprise
SLA	Service Level Agreement
SPS	Sales Processing System
JDE	JDE Accounting System
SDC	Service Delivery Committee



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## CHAPTER ONE: CORPORATE PROFILE AND LEADERSHIP

### Section 1: Corporate Profile / Overview of the Entity

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 at this market 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. The Market achieved an annual turnover of R1.5 million in 1913. The premises in Newtown became too small and by 1974 the market relocated to its current location in City Deep.

The political transition in South Africa saw Joburg Market (JM) emerge as a private company wholly owned by the City of Johannesburg (CoJ) Metropolitan Municipality in 2000, it was later converted into a “state owned company” in line with the implementation of Companies Act of South Africa (Act No.71 of 2008). The company is required to comply with various pieces of legislation 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 represents the biggest fresh produce market in Africa in terms of the volume of fresh produce traded and has a staff complement of 309 employees. JM trading facilities are provided to approximately 6 000 active farmers whose produce is marketed and exposed daily to an average of 11 000 buyers from South Africa and the SADC region. JM, Market Agents and Tenants operating within JM’s facilities create jobs for several thousands of employees within the sector.

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

### Section 2: Business Strategy

The key elements of the JM Strategy are captured below;

#### **Mandate**

The Company is mandated to manage and operate a market facility through the provision of premier quality facilities and complementary services to the fresh produce industry. This will include the following;

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

#### **Strategic positioning**

Joburg Market is strategically focussed towards becoming a Clean, Safe and Smart Market



## Vision

A smart fresh produce trading hub that is globally competitive

## Mission

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

## Values

The values of the Joburg Market are the following;

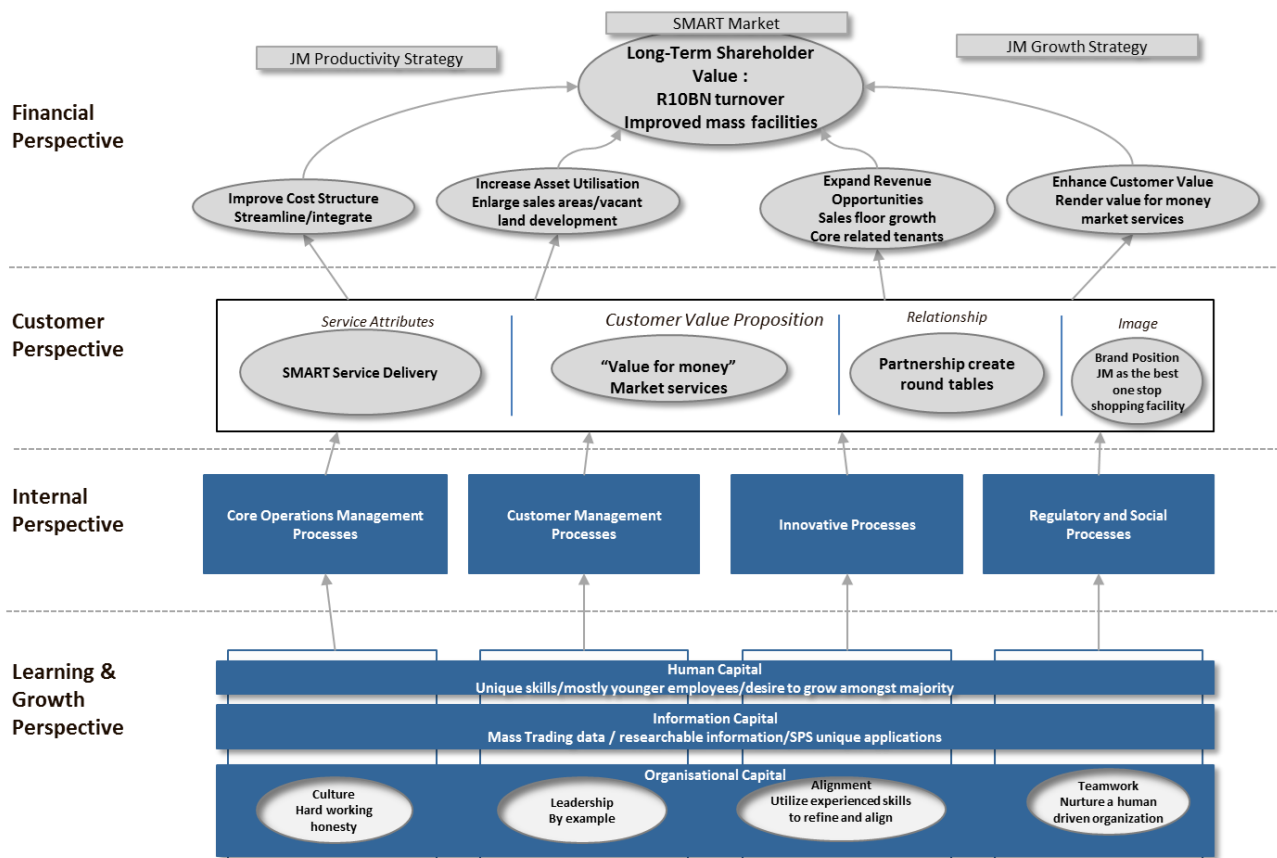
- Transparency
- Service excellence
- Integrity
- Innovation

## Long term Goals

JM pursues five long term goals which are listed below and linked with the CoJ Priorities set by the shareholder for 2018/19:

No	KPA	CoJ Priorities	Diphetogo principles
1	Strategic deliverable 1 – Investment in infrastructure – R1.2 billion infrastructure spend by 2021/22	CoJ Priority 1 - Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. CoJ Priority 2 - Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.	Economic Development Pillar: The significant improvement in the ease and experience of doing business in the City
2	Strategic deliverable 2 – Investment in creating expertise	CoJ Priority 1 - Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. CoJ Priority 2 - Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress.	Economic Development Pillar: The significant improvement in the ease and experience of doing business in the City
3	Strategic deliverable 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	Strategic deliverable 4 – Maximize revenue turnover to R10 billion per annum by 2022	CoJ Priority 7 - Enhance our financial sustainability.-	Finance Pillar: Increase in the collection of revenue to increase funding to City projects
5	Strategic deliverable 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

## Strategic map guiding end state outcomes



## Section 3: Salient Features

### Non-financial salient features

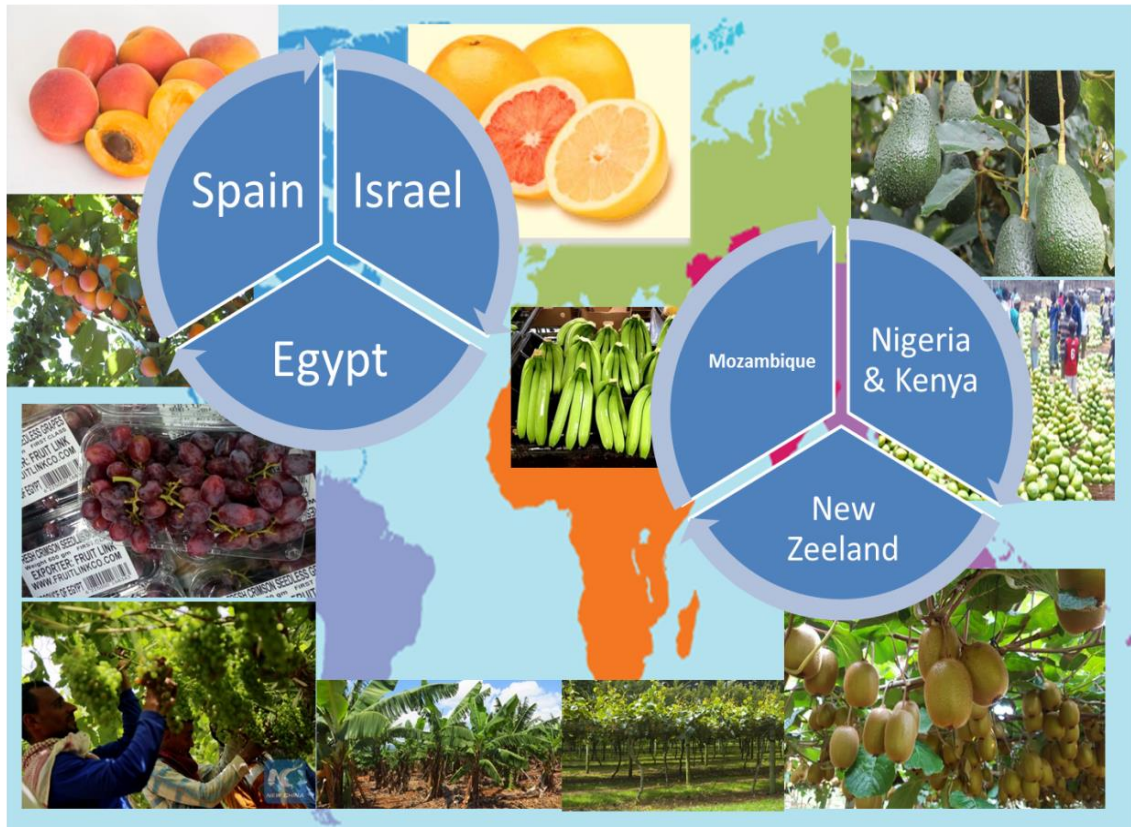
JM operates in a unique environment and is in essence a central fresh produce market that provides a solid trading platform and enables price discovery through the competitive trading floor where supply and demand factors are utilized. JM as the largest Market in Africa serves as a key price barometer for fresh produce in South Africa. One of the important salient features of JM is that it serves buyers across the entire spectrum and similarly producers of all sizes across RSA, SADC and certain international destinations.

As intermediary in the distribution channel for fresh produce numerous service providers render those services, which enables successful logistical tasking to ensure that produce is not damaged or degraded from its shelf life which enable the consumer to have access to good quality and nutritious fresh fruit and vegetables.

To be successful JM renders services and maintains close contact with the daily operations of its fellow intermediary institutions.

To serve its purpose, JM boasts a number of salient features, some of which are reflected below:

## Fruit imports to Joburg Market



From the illustration above it can be deduced that Joburg Market does receive consignments of fruits from international destinations. The reasons for this phenomenon are embedded in the globalisation of the fruit industry. The latter relates to the notion that every consumer should be able to consume fruits of choice throughout the year regardless of the season.

As a consequence South African consumers will be able to consume typical summer fruits even when the country is in its winter season and *vice versa*. Various countries across the globe will thus allow the imports of fruits which are not in season on their local calendar. The various fruit commodities JM received from various international producing countries are indicated in the above illustration

On a daily basis distribution of produce from the JM site is conducted to several destinations as illustrated below:



### Financial salient features

Key financial indicators for the first quarter of 2018/19 are illustrated below:

- Turnover: R1.9 billion which is 16.1% above budget**
- Net surplus: R19.6 million or 153.8% above budget**
- Liquidity position: 3.12 against a norm of 2.**
- Net closing cash position: R128.3 million vs budget of R98.1**

309 Staff members

35 Jobs created for SMME

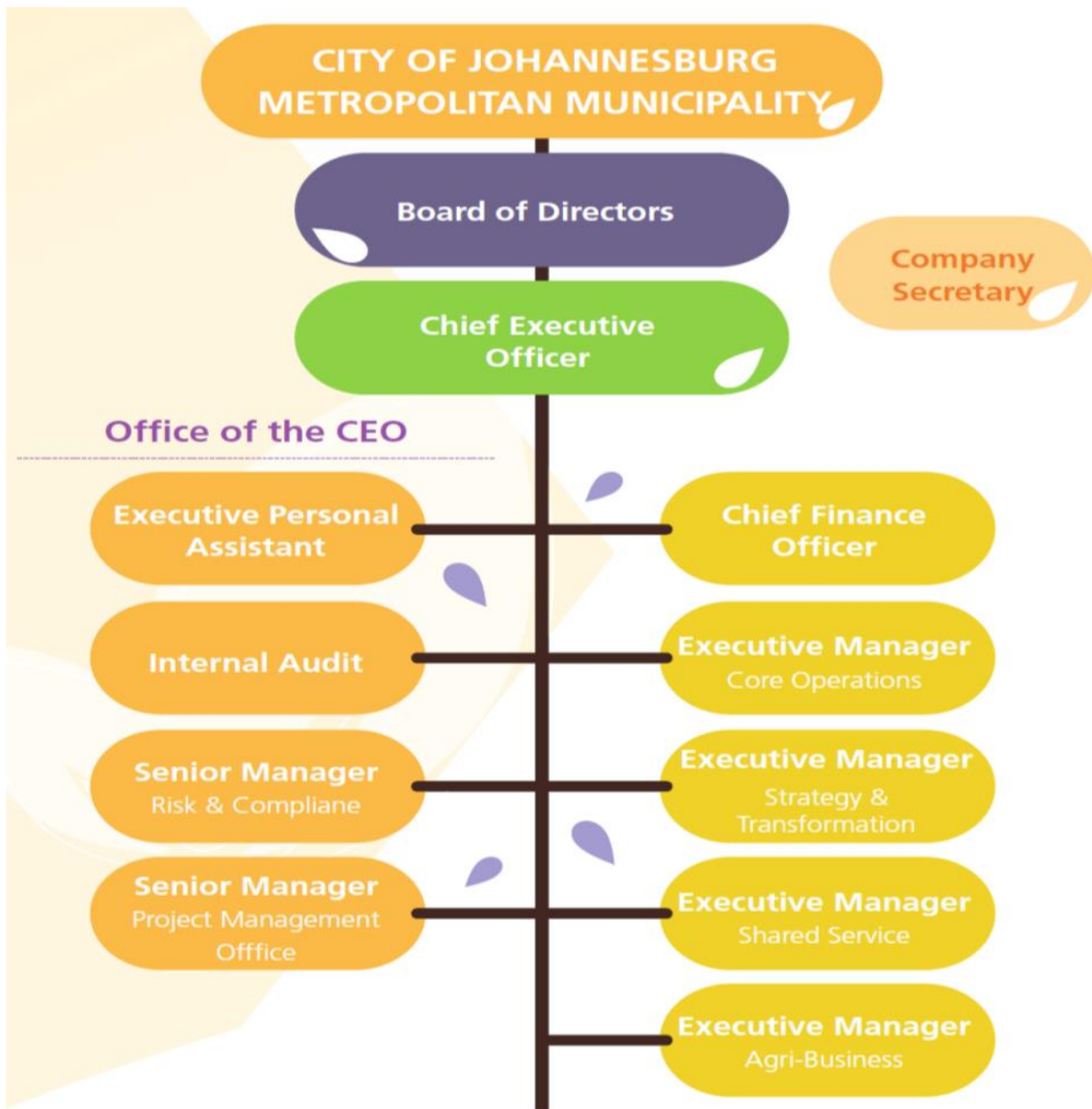
99 EPWP workers

21 Interns

464 Jobs created

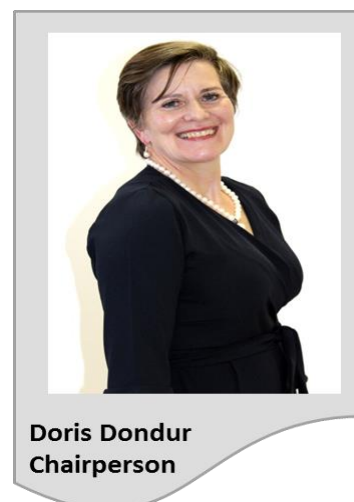
## Section 4: High-level Organisational Structure

The high level structure of JM as at 30 September 2018 is depicted below:



## Section 5: Chairperson's Foreword

At the conclusion of the first quarter of the 2018/19 fiscal year I am able to report on a most productive period for JM. The Board continued in supporting the Executive to implement the business plan objectives of the company and conducted oversight on matters brought forward from the previous fiscal year. The Board intensively engaged with the Executive through on all developmental objectives which were properly work shopped and packaged with management for the 2018/19 year. The Board and the Executive concluded on the need to deliver on its core mandate in the spirit of the drive articulated in the pursuance of being a Clean, Safe and Smart market



It was also regarded prudent to evaluate the expectations of stakeholders in the fresh produce market system as identified during previous planning periods. In the latter regard board members were able to consider the progress made and the plan of the executive to resolve all stakeholders concerns within reasonable time frames. The company was active in engaging stakeholders and participating in forums during the first quarter. These events were conducted in order to build the image of JM. Feedback received from these events was most encouraging and the company will further refine its marketing and communication efforts to maximise returns for JM.

The Company is still engaged in a number of current and legacy matters of litigation. A prudent approach is pursued in all matters at hand.

The Board has observed the positive trading and financial results recorded during the quarter under review and the health of the Company in monetary terms. It is clear that JM is continuing to grow as a regional market. SADC buyers and suppliers are continuing to grow at a rapid rate in their patronage of JM.

In looking forward the Board will continue to seek support and financing the JM facilities upgrade to be able to grow the business of JM. It remains a prime opportunity to create jobs locally and across the distribution chain for fresh produce.

Ms Doris Dondur  
Chairperson of the Board of Directors

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The Board has observed the positive trading and financial results recorded during the quarter under review and the health of the Company in monetary terms

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## Section 6: CEO's Report

At the conclusion of the first quarter, JM is able to report sound financial results as well as growth in its Market Share position. The Joburg Market achieved a turnover of R1.9 billion, when compared against budgeted turnover of R1.6 billion. This represent a growth of 16%, while mass increased by 6.6% especially due to high volumes received in potatoes, onions and citrus and suitable demand for these commodities.

Produce prices at domestic markets continued to display higher prices as a result of rising food inflation. This and other supply factors serve as the basis which enabled JM to produce a better than anticipated surplus. In relation to competing markets the JM was able to grow its market share to 45.6% which represents a substantially better growth rate than its counterpart markets in turnover. When the Cape Town Market is excluded JM actually commands 50% market share of markets affiliated to the SAUFM.

In bolstering its BEE objectives JM has paid substantial attention to its initiatives during the period under review. The arable land development for woman and youth in the south of Joburg is another closer to implementation. JM and JPC is in the final leg of signing the requisite documentation which will enable JPC to issue the Permission to Occupy and Build (PTOB) to JM.

A further programme aimed at creating an informal trader club was conceptualized and the project will be launched during November 2018. JM also finalized the concept of an economic development committee for JM which will include all stakeholders of JM in creating support structures for growth.

Joburg Market's overall financial performance for the first quarter FY 2018/19 was above expectation. Revenue for the quarter was R114 million or R14.3 million (14.3%) up compared to budget of R100 million. Expenses for the quarter were R69.3 million or R3.0 million (4.2%) down compared to budget and surplus achieved was R32.4 million or R19.6 million (153.8%) up compared to budget of R12.7 million.

JM introduced initiatives to achieve the measurement of the service standards it is pursuing. The latter includes customized measuring components of the SPS central trading system. In some instances measurement devices will be required and the need for these devices is currently being explored.

JM is actively implementing its theme for 2018/19 which is aimed at positioning JM as a clean, safe and smart market place. Details of this programme are provided under Chapter 3 of this report.

Stakeholder engagements were also executed and include attendance of the IMASA Conference. The PMA summit held in Pretoria offered JM an opportunity to exhibit and to present a paper. Stakeholders regard JM as the trendsetter for fresh produce markets.



In bolstering its BEE objectives JM has paid substantial attention to its initiatives during the period under review

For the year ahead, JM anticipates that numerous cost increases in production inputs and the world market conditions will cause food inflation in South Africa to rise substantially. In support of the CoJ drive towards food security, the JM strategic function is carefully monitoring developments in this sphere of food security.

JM has also continued to support the CoJ drive towards job creation initiative and created 155 jobs through, SMME, EPWP and internship during the quarter under review. JM will continue in the period ahead to actively find opportunities for employment under this programme in its drive towards local job creation.

Ayanda Kanana  
Chief Executive Officer



## Section 7: CFO's Report

The JM's overall financial forecasted performance for the period ending 30 September 2018 was above expectation. The revenue and surplus are ahead of budget and key liquidity ratios are above the norm. Overall performance is better than the budgeted amount. The magnitude of JM's position in the fresh produce industry is illustrated by the total turnover generated by the market of R1.9 billion which is 16.1% above budget of R1.6 billion. The cash position of the company increased due to the strong growth in working capital that was not used towards investing activities namely capital expenditure including savings in expenditure. In addition, JM has cash coverage of 169 days well above the norm of >45 days. The entity has sufficient cash flow to sustain the business going forward.



### 3 months highlights for 2018/19 are as follows:

- Revenue achieved was R114 million which equates to R14.3 million or 14.3% up compared to budget of R100 million
- Surplus achieved was R32.4 million which equates to R19.6 million or 153.8% up compared to budget of R12.7 million.
- Joburg Market achieved strong liquidity and solvency ratios as illustrated on the ratio analysis section of this report. We achieved a liquidity position of 3.12 against a norm of 2.
- The net closing cash position for 3 months was R128.3 million compared to budget of R98.1 million.

### 3 months lowlights for 2018/19 are as follows:

- The company's capital expenditure spend is R0.9 million or 10% against a target of R9.9 million for the quarter and 2.3% against annual budget of R39.6 million
- The remuneration to expenditure ratio percentage is 49% against a norm of 30-40%. JM is a 6 day 24 hour operation which is labour intensive entity that pays overtime and allowances.

### The focus for the second quarter is as follows:

- To finalise the appointment of the civil/building maintenance to accelerate repair and maintenance expenditure.
- To streamline the turnaround times and business processes at SCM in order fast track appointments of service providers.
- To improve internal controls at cashiering department to contain reported shortages
- A contract manager has been appointed to monitor contracts within JM.

Mr Sifiso I. Dlamini  
Chief Financial Office

## CHAPTER TWO

### Section 1: Board of Directors

The JM Board of Directors consists of executive and non-executive directors. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery to the CoJ as prescribed in the SDA, the MFMA and the MSA. The Board remains accountable to the CoJ Metropolitan Municipality as the entity's sole shareholder. A 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).

#### Directors

The table below depicts the details of the current Non-executive Directors and Independent Audit Committee members who were re-elected during the AGM held on 20 April 2018.

Member	Appointment Date
Ms. Doris Dondur (Chairperson)	April 2018
Ms. Abigail Ramakoaba	April 2018
Mr. Jan Mocke	April 2018
Mr. Livhuwani Nengovhela	April 2018
Dr. Pat Naidoo	April 2018
Mr. Sihle Ndlovu	April 2018
Mr. Robin Theunissen (IAC)	April 2018
Mr. Cassim Tilly (IAC)	April 2018
Mr. Robert Hill (IAC)	April 2018

### Section 2: Corporate Governance

#### 2.1 Governance Report

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

Stemming from the new policy on Board Committees becoming effective from the AGM, the various committees of Board could not meet pending an application for review to the Shareholder.

## Quarterly Meetings

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D	3	3	-	-	-	-
Ramakoaba A	1	3	-	-	-	-
Mocke J	3	3	-	-	-	-
Nengovhela L	3	3	1	1	-	-
Ndlovu S	2	3	-	-	-	-
Naidoo P	2	3	-	-	-	-
Theunissen R (IAC)	3	3	1	1	-	-
Hill R (IAC)	-	-	1	1	-	-
Tilly C (IAC)	-	-	-	1	-	-
Kanana A (Executive Director)	2	3	1	1	-	-
Dlamini S (Executive Director)	2	3	1	1	-	-

## Annual Meetings

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D	3	3	-	-	-	-
Ramakoaba A	1	3	-	-	-	-
Mocke J	3	3	-	-	-	-
Nengovhela L	3	3	1	1	-	-
Ndlovu S	2	3	-	-	-	-
Naidoo P	2	3	-	-	-	-
Theunissen R (IAC)	3	3	1	1	-	-
Hill R (IAC)	-	-	1	1	-	-
Tilly C (IAC)	-	-	-	1	-	-
Kanana A (Executive Director)	2	3	1	1	-	-
Dlamini S (Executive Director)	2	3	1	1	-	-

### Meetings attended by the Board and its Committees

A = Meetings attended

B = Number of meetings scheduled

IAC = Independent Audit Committee Member

## 2.2 Board Committees

During the 2018 AGM the Shareholder announced the reduction of the number of Board Committees. The two Board Committees that were authorized at the AGM are as follows:

- Audit and Risk Committee;
- Remuneration & Social and Ethics Committee

### 2.3 Remuneration Policy

Directors and officers are remunerated in accordance with the company's remuneration policy which is informed by directives issued by the shareholder. The policy is executed in full compliance with legislative imperatives regulating remuneration in the local government environment.

Remuneration of non-executive directors and independent audit committee members is determined in terms of the CoJ Group Remuneration Policy.

### 2.4 Remuneration of Non-Executive Directors

The remuneration on Non-Executive Directors is reported as follows:

#### Quarterly Remuneration

NON EXECUTIVE DIRECTORS REMUNERATION					
No.	Name	Designation	Meeting Fee Q1 (R)	Other (R)	Total (R)
1	Doris Dondur	Chairperson	36 000	0	36 000
2	Abigail Ramakoaba	Member	12 000	0	12 000
3	Jan Mocke	Member	43 000	0	43 000
4	Livhuwani Nengovhela	Member	41 000	0	41 000
5	Sihle Ndlovu	Member	24 000	0	24 000
6	Pat Naidoo	Member	24 000	0	24 000
<b>TOTAL</b>			<b>223 000</b>	<b>0</b>	<b>223 000</b>

#### Annual Remuneration

NON EXECUTIVE DIRECTORS REMUNERATION					
No.	Name	Designation	Meeting Fee YTD (R)	Other (R)	Total (R)
1	Doris Dondur	Chairperson	36 000	0	36 000
2	Abigail Ramakoaba	Member	12 000	0	12 000
3	Jan Mocke	Member	43 000	0	43 000
4	Livhuwani Nengovhela	Member	41 000	0	41 000
5	Sihle Ndlovu	Member	24 000	0	24 000
6	Pat Naidoo	Member	24 000	0	24 000
<b>TOTAL</b>			<b>223 000</b>	<b>0</b>	<b>223 000</b>

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

## 2.5 Independent members' payments

### Quarterly IAC Remuneration

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee Q1 (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	26 000	0	26 000
2	Robert Hill	IAC	5 000	0	5 000
3	Cassim Tilly	IAC	0	0	0
<b>TOTAL</b>			<b>31 000</b>	<b>0</b>	<b>31 000</b>

### Annual IAC Remuneration

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee YTD (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	26 000	0	26 000
2	Robert Hill	IAC	5 000	0	5 000
3	Cassim Tilly	IAC	0	0	0
<b>TOTAL</b>			<b>31 000</b>	<b>0</b>	<b>31 000</b>

The cost of Director Remuneration as at 30 September 2018 is R223 000 against a quarterly budget of R263 833 for the 2018/19 financial year.

## Section 3: Executive Management Remuneration

The table below summarises executive remuneration for the first quarter of 2018/19

Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Housing	Acting	Insurance	SDL	Bargaining Council levy	Total
Ayanda Kanana	CEO	423 261	36 138	24 654	11 700	45 000			446	4 704	26	545 930
Sifiso Dlamini	CFO	374 829	49 725		10 543				446	3 651	26	439 220
Charles Hamilton	Acting Strategy and Transformation Executive	377 019	77 439		8 850			51 626	446	4 482	26	519 888
Josiah Mazibuko	Core Operations Executive	411 230	21 998	17 568	9 750				446	4 170	26	465 188
Charles Park	Acting Core Operations Executive	266 126	17 800		9 847			34 125	446	3 007	26	331 377
Tshifhiwa Madima	Agri-Business Executive	328 264	18 728	12 723	9 750	24 000	2 557		446	3 542	26	400 036
Keeran Singh	Acting Company Secretary	116 010	24 625	6 192	9 600		2 557	16 417	446	1 545	26	177 418
		<b>2 296 738</b>	<b>246 454</b>	<b>61 137</b>	<b>70 039</b>	<b>69 000</b>	<b>5 114</b>	<b>102 167</b>	<b>3 123</b>	<b>25 101</b>	<b>184</b>	<b>2 879 058</b>

### 3.1 Executive Management Team (EMT)

The EMT comprises the Divisional Executives, the CFO and the CEO as set out below. EMT operates with approved Terms of Reference and takes responsibility for the overall management of the company.

Executive Member
<p><b>Mr. Ayanda Kanana (Chief Executive Officer)</b>  <b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Chartered Accountant (SA)</li> <li>• Bachelor of Commerce Honours</li> <li>• Bachelor of Commerce in Financial Accounting</li> </ul>
<p><b>Mr. Sifiso Dlamini (Chief Financial Officer)</b>  <b>Qualification:</b></p> <ul style="list-style-type: none"> <li>• Chartered Accountant (SA)</li> <li>• Bachelor of Accounting Science Honours</li> <li>• Bachelor of Commerce (Economics)</li> </ul>
<p><b>Mr. Charles Hamilton (Executive Manager – Strategy &amp; Transformation – Acting) (Date 01.03.2018)</b>  <b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Senior Management programme in Municipal Management/Business Administration</li> <li>• Strategic Forecasting and Risk Management</li> <li>• Baccalaureus Degree: Marketing</li> <li>• National Diploma: Marketing and Sales Management</li> <li>• Advanced Diploma: Marketing and Sales Management</li> <li>• Currently completing Master's Degree – Fresh Produce Marketing</li> <li>• Municipal Executives Financial Management</li> <li>• Local Government Monitoring &amp; Evaluation</li> </ul>
<p><b>Mr. Josiah Mazibuko (Executive Manager – Core Operations)</b>  <b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Master of Science in Engineering Business Management</li> <li>• Senior Managers Programme</li> <li>• Management Development Programme</li> <li>• National Diploma: Electrical Engineering</li> <li>• Artisanship Certificate as an Electrician</li> <li>• International Leadership Development Programme</li> </ul>
<p><b>Mr. Charles Park (Executive Manager: Core Operations - Acting)</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration (MBA)</li> <li>• B-Tech in Transportation Management focused on Logistic Management</li> <li>• National Diploma in Transportation Management</li> <li>• Municipal Executives Finance Management: WITS Business School</li> </ul>
<p><b>Mr. Tshifhiwa Madima (Executive Manager – Agri-Business)</b>  <b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Masters in Agricultural Economics</li> <li>• Honours degree in Agricultural Economics</li> <li>• Bachelor of Agricultural Management degree</li> <li>• Municipal Executives Financial Management</li> <li>• International Leadership Development Programme</li> <li>• Post Graduate Diploma in Business Management Practice</li> </ul>

#### Section 4: Company Secretarial Function

The Company Secretary is responsible for developing systems and processes to enable the Board to perform its functions efficiently and effectively. The Company Secretary is also responsible for all statutory returns with the Companies and Intellectual Property Commission (CIPC), The Company Secretary advises the Board on corporate governance issues, the requirements of the Companies Act and other relevant regulation and legislation.

In addition, providing guidance to the Executive on all governance matters and provides guidance with respect to the efficacy of Board resolutions. This function acts as a link between Board and Management as well as the Board and Shareholders.

#### Section 5: Internal Audit Function

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

The internal audit coverage plan is based on the high risk areas of the organisation as identified in the strategic risk register and operational risk registers. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. Detailed activities of the Internal Audit unit during the period under review are provided in Chapter 6.

#### Section 6: Corporate Ethics and Organisational Integrity

The Board is cognisant of the need to ensure the development of a suitable Code of Ethics. Amongst others, the company produced a 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;
- Provides the standards or conducts which guide all JM's directors, officers, and employees. All JM's directors, officers and employees must conduct themselves appropriately and seek to avoid any event that could lead to the appearance of improper behaviour;
- The Internal Audit function is responsible for the Fraud Awareness programme.

## Section 7: Sustainability Report

The company is currently exploring various eco and environmentally friendly initiatives including conversion of waste to energy, policy development relevant to electricity/battery operated forklifts, Installed day/night light sensors, etc. Some of these initiatives are at conceptual stage or under investigation.

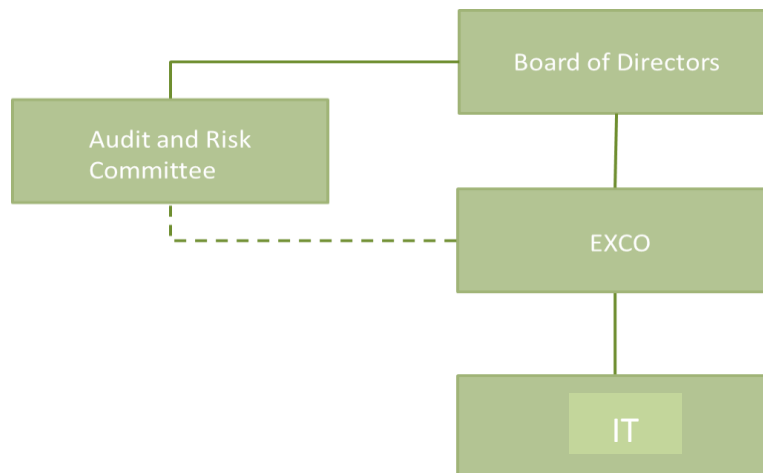
## Section 8: Anti – corruption and Fraud

The Anti-Fraud and Corruption Policy was approved and communicated to the entire staff in the organisation. The 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 accessed telephonically on **0800 00 25 87; SMS 32840**; Email: **anticorruption@tip-offs.com** and website: **tip-offs.com**.  
**No Tip offs**

## Section 9: IT Governance

Joburg Market’s ICT department is managed by the Senior Manager: Information Services, who reports to the CEO. The ICT department reports to the Audit and Risk Committee on all matters pertaining to ICT governance.



In terms of governance, the department is audited internally at least annually by Internal Audit. The department’s governance is included in the AGSA audit of the entity annually. The department reports quarterly on Risk Mitigation actions to the Risk department of the entity.

Internally governance oversight is provided by Exco with the operational accountability of governance matters residing with the Senior Manager of the department.

The IT department governance framework is the ITIL (Information Systems Infrastructure Library) framework, which is a subset of the Control Objectives for Information and Related Technologies (COBIT) framework and is widely used in governments internationally. IT policies were reviewed and approved by the JM Board in April 2018.



The department has completed an ICT strategy which has been sent to EXCO for comment and review. It is anticipated to be approved by Board in Q3 and will thus be tabled with EXCO in Q2.

The department intends to implement COBIT as a governance framework and is investigating the suitable steps towards this implementation.

The department has implemented internal service standards, incorporated into internal KPAs and measured quarterly.

The department's annual audit from the Auditor General commenced during September 2018 and should be concluded during quarter 2 of the current financial year.

## **Section 10: Compliance with laws and regulations**

The Board is responsible for ensuring 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 through relevant governance prescripts.

The entity has completed a Legal and Legislative compliance checklist which was duly evaluated by the Internal Audit Function of the company. A number of incidences of non-compliance were discovered in terms of statutory and SCM regulations pertinent to construction related contracts and are currently being investigated by the forensic services of CoJ. Incidence of non-compliance mainly related to failures in obtaining building plan approvals as well as Occupational Health and Safety prerequisites.

### **10.1 Corporate Governance Statement**

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

### **10.2 Application of King Code (Keeran to review)**

JM applies the governance principles contained in King Code and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives are committed to the principles of openness, integrity and accountability advocated by the King Code on Corporate Governance.

Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The Board of Directors has incorporated CoJ's Corporate Governance Protocol in its Board Charter which regulates its relationship with CoJ in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Code for Corporate Governance for South Africa. JM consolidated its position in respect of adherence to the King Code report on Corporate Governance. Continuous steps were taken to align practices with the King Report's recommendations and the Board continually reviews its processes to ensure that it enhances Corporate Governance. During the quarter under review JM's risk management

reviews, reporting and compliance assessments were conducted in terms of the Companies Act, the MSA and the MFMA.

The annual Board assessments and evaluations were conducted and a report for the previous year effectively completed in accordance with the provisions of section 121 of the MFMA.

## Section 11: Group Governance Framework

JM as an entity of the CoJ forms part of the governance structures as prescribed by the shareholder. Governance oversight meetings with the Group Governance function of the CoJ were duly attended. The customer centre approach of the CoJ and JM were captured in the Service Delivery Agreement (SDA) containing measurable service standards.

### 11.1 Ethical Leadership

The JM Board provides ethical and effective leadership in terms of codes, ethics and values.

### 11.2 Corporate Citizenship

JM as a corporate citizen recognises its social responsibilities to ensure that the company protects, enhances and invests in the well-being of the economy, society and natural environment. JM pursues its activities within the limits of social, political and environmental responsibilities outlined in international and national conventions on human and environmental rights. JM actively supports a number of CSI Programmes such as food hamper donations.

## Section 12: Risk Management

The Risk Management Committee of Joburg Market has adopted an integrated approach to risk management and has therefore adopted the CoJ Group Risk Management Framework and Group Risk Management Policy as approved by Council.

- The Municipal Entity utilises the CoJ **Risk Management Framework and Policy**
- Similarly, JM has adopted the CoJ's Compliance Framework

The Risk Management processes are reviewed annually to continuously align to the City's Risk Management Framework and the Compliance Monitoring Framework

### 12.1 Annual Risk Management Plan

JM follows the CoJ Group Risk Assurance Services (GRAS) annual Risk Management Plan for the financial year.

### 12.2 Annual Operational Plan for Regulatory Compliance Monitoring

The Audit and Risk Committee oversees progress on the implementation of the annual plan at each quarterly meeting, and confirms that general alignment to the City's overall Group Compliance Plan for the year.

As at end of 1<sup>st</sup> quarter the progress in line with the risk management plan is as follows:

Activity	% completed
11/9/2018 Manco Strategic risk workshop held	75 %
26/9/2018 Exco Strategic risk workshop held	

### 12.3 Quarterly Risk Management Status Update

The Audit and Risk Committee reviews the Strategic risk profile of the municipal entity, ensuring that these are aligned to the City-wide top strategic risks as applicable.

JM has conducted an EXCO Strategic Risk Assessment session for 2018/19 and the process assists management in proper planning and alignment of implementation strategies, making informed decisions, as well as ensuring effective and efficient use of resources. The risk assessment results are to be utilised to take proactive and preventative measures in addressing uncertainties / risks that could hinder achievement of the objectives.

The rolling out of the proposed intervention measures will be implemented and monitored and mitigated quarterly and reported.

### 12.4 Risk Management Status Update

The combination of the elements that make up an effective risk management culture and the level of detail enable the Company to better understand and continuously manage the identified risks.

### 12.5 Analysis of Risk (Inherent and Residual)

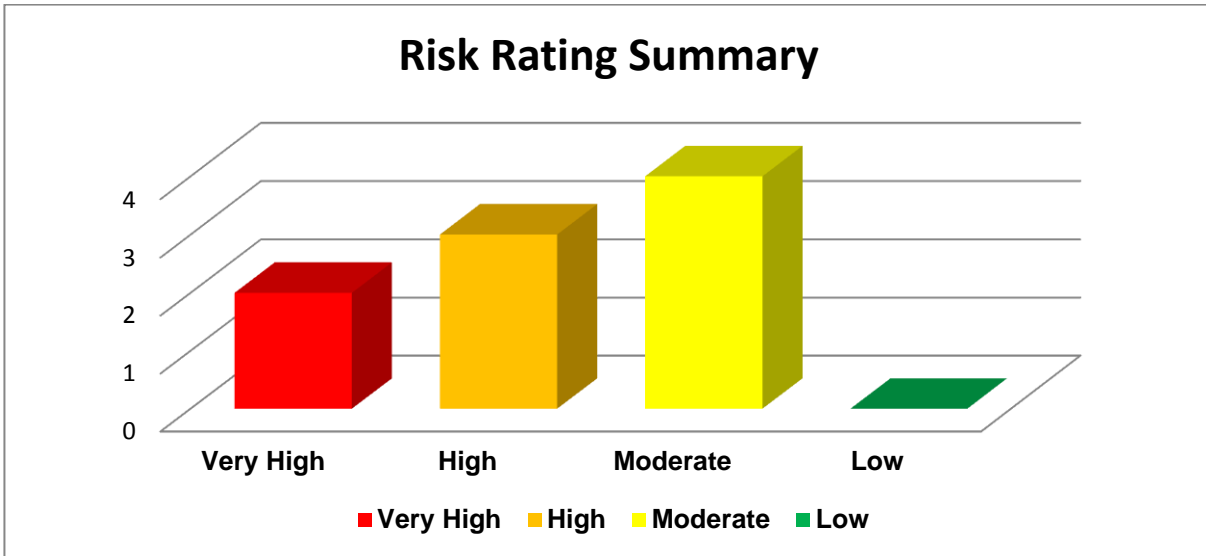
The chart below indicates the residual risks compared with the inherent risks assessed pertaining to Joburg Market:

### 12.6 Analysis of Risk (Inherent and Residual)

The chart below indicates the inherent risks as compared to the residual risks assessed pertaining to JM:

RESIDUAL RISK EXPOSURE PER TOLERANCE AND APPETITE STATEMENT		
RESIDUAL RISK	PRIORITY REFERENCE	RATING
PRIORITY 1	P1	19 >
PRIORITY 2	P2	12 TO 18.9
PRIORITY 3	P3	6 TO 11.9
PRIORITY 4	P4	< 6

Top risks rating



Analysis

Risk Rating	Very High	High	Moderate	Low
Number of risks	2 risks	3 risks	4 risks	0 risks

<b>likelihood of occurrence</b>	almost certain	<b>5</b>	Low	Moderate	High (15)	Extreme = 20	Extreme = 25
	likely	<b>4</b>	Low	Moderate	High (12)	High = 16	Extreme = 20
	possible	<b>3</b>	Low	Moderate	Moderate	High (12)	High(15)
	unlikely	<b>2</b>	Low	Low	Moderate	Moderate	Moderate
	remote	<b>1</b>	Low	Low	Low	Low	Low
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		insignificant	minor	moderate	major	severe	
<b>potential impact / consequences</b>							

## 12.7 Movement in the Top 9 Strategic Risks profile

During the quarter under review JM was able to improve on risks ratings as outlined in the table below:

Top 9 strategic risks						
Risk	Risk Name	Inherent risk rating	Residual Risk Rating		MOVE MENT	Status of risk rating
			Q4	Q1		
R1	Infrastructure risk	25	22.5	22.0	-0.5	Improved
R2	Poor performance	25	22.6	21.7	-0.9	Improved
R3	Fraud & corruption – Financial misconduct	20	18.0	18.0	0.0	Unchanged
R4	Stakeholder Management	16	14.4	12.0	-2.4	Improved
R5	Information & Knowledge Management	25	12.5	12.5	0.0	Unchanged
R6	Transformation	12	10.8	10.3	-.05	Improved
R7	Business interruptions	20	10.8	10.8	0.0	Unchanged
R8	Non-compliance risks	16	8.0	8.0	0.0	Unchanged
R9	Inability to maintain/increase market position	12	6.0	6.0	0.0	Unchanged

## 12.8 Fraud Awareness and status of reported cases

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

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

## 12.9 Risk Transfer through Insurance - (Exposures)

The insurance premiums paid by JM over the four preceding financial years were as follows:

Year	Premiums
2017/2018	R1,421 114
2016/2017	R1,421,114
2015/2016	R1,412,710
2014/2015	R1,332,746

The Entity has established the following mechanisms to monitor compliance with applicable laws and regulations:

- A compliance checklist is completed annually in order to assess the level of adherence to applicable laws governing the entity.
- Internal audit conducts its assignments taking into account the applicable legal and compliance framework.

The following key matters should be noted regarding legal and regulatory compliance matters within the Entity:

- Joburg Market has a Company Secretariat department that assists management and the Board on the applicable legal and compliance imperatives.
- Joburg Market has a Legal division that works on legal matters that the company may need to defend itself where necessary.

## CHAPTER THREE

### Section 1: Performance overview

The Core Operations Division's mandate is to manage and operate a market facility through the provision of premier market facilities and complementary services to the fresh produce industry. This includes amongst others the following;

The Core Operations division consists of the Commercial Services, Properties Management, Infrastructure Services, Consignment Control, PMO and Food Quality. The section below provides an overview of the performance of all these departments.

The key responsibilities and activities of the Infrastructure Services Department are to ensure that efficient and effective repair and maintenance activities are implemented. In the quarter under review these were some of the services in terms of repair and maintenance that was provided, namely:

Electrical, Plumbing, Mechanical works

- Servicing of UPS and replacing of batteries at laboratory
- Replacing of lights in sales halls
- Replacement of DB at hall
- Replacement of plugs in sales halls
- Cleaning and unblocking of drains
- Replacement of grills



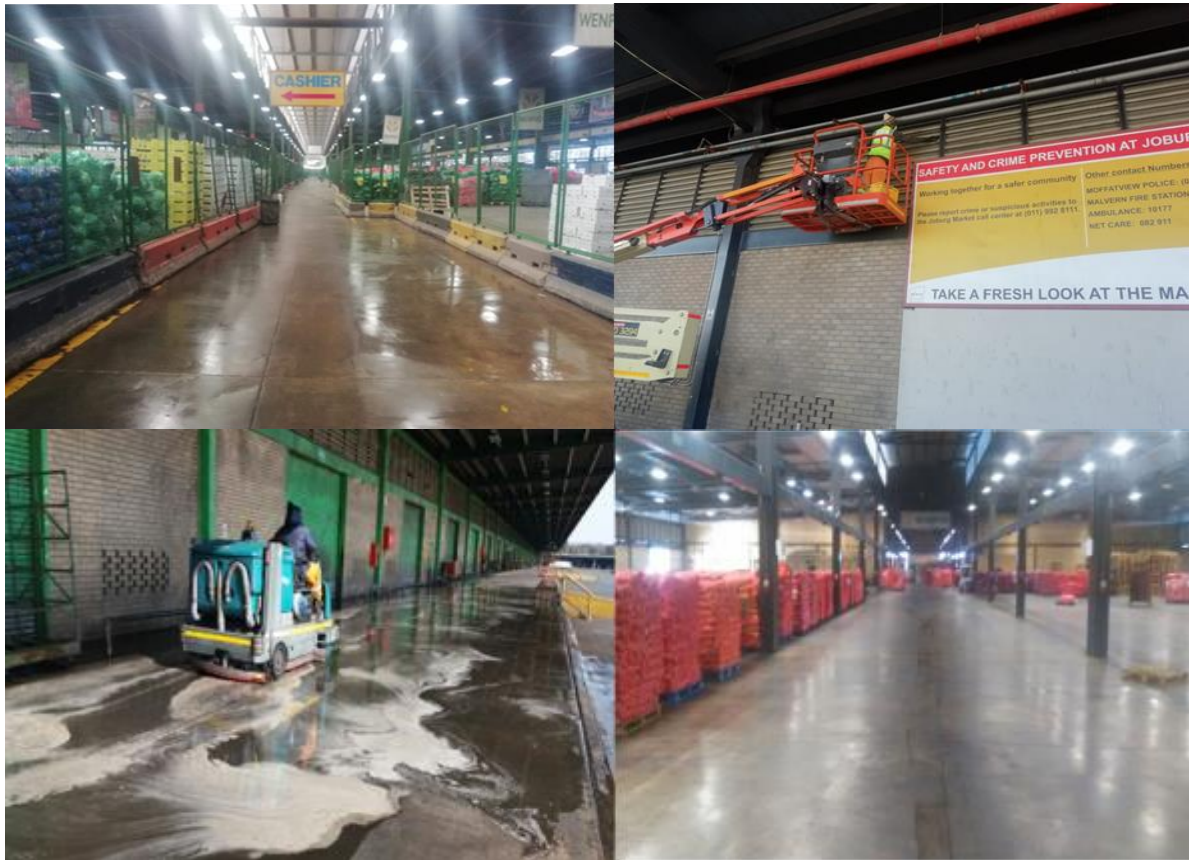
*UPS, Plugs & Lights Repairs*



*Cleaning & Unblocking of Drains*

The cleanliness of the Market in terms of Food safety measures is non-negotiable. JM focused on managing the performance of the cleaning contractors and issued non-

compliance reports where required to the contractor. EPWP workers were also deployed to different sections in the market to conduct cleaning activities.



Cleaning Activities at Sales Halls

The Repair & Maintenance (R&M) expenditure for the period under review is 4% of the total R&M budget. This expenditure will increase significantly in the coming quarters as the Civil and Building works has large amount of backlogs that needs to be address.

*The table below, shows the expenditure for the repair and maintenance*

Field of work	Actual spent
Consumables	R 58 940.98
Mechanical	R 170 924.36
Electrical	R 453 390.47
Plumbing	R 153 155.00
Building and civil	R 189 765.93
<b>Total</b>	<b>R 1 026 176</b>

During the quarter under review, all trading halls performed better than they did when compared to a similar period in the previous financial year The Joburg Market achieved a turnover of R1.9 billion, when compared against last year's turnover of R1.6 billion. This represent a growth of 16%, while mass increased by 6.6% especially due to high volumes received in potatoes, onions and citrus.



	Turnover (R,000)			Mass (,000 Tons)			R/kg		
	2018/2019	2017/2018	Growth \ (Decline)	2018/2019	2017/2018	Growth \ (Decline)	2018/2019	2017/2018	Growth \ (Decline)
<b>Pots</b>	615 754	512 341	20.18	181 773	172 364	5.46	3.39	2.97	13.96
<b>Fruit</b>	563 898	521 621	8.10	79 257	71 567	10.75	7.11	7.29	(2.38)
<b>Veg</b>	730 178	611 374	19.43	125 019	118 197	5.77	5.84	5.17	12.92
<b>Total</b>	<b>1 909 831</b>	<b>1 645 337</b>	<b>16.08</b>	<b>386 048</b>	<b>362 128</b>	<b>6.61</b>	<b>4.95</b>	<b>4.54</b>	<b>8.88</b>

The increase in volumes can be attributed to Potatoes farmers planning more hectares in the Northern Cape region, Banana farmers expanding production level in Mozambique, Vegetable farmers planting extra hectares in anticipation of frost damage in the winter months; however no significant frost damage was experienced during the winter season.

The top ten products performed well, showing an increase of 16% in the reporting period and constitute 69% of JM turnover.

The Complementary Services (Banana and Cold rooms') revenue increased by 6% compared to the corresponding period in the previous financial year. High volumes of citrus, apples and grapes were stored in the cold rooms which was 95% operational for the first quarter. However, mechanical challenges experienced in the Banana rooms resulted in a number of rooms not being operational. This matter is currently being addressed with the Service Provider to have all the rooms operational.

The Consignment Control Department has made significant improvement in terms of stock control as a result of the Security department, CCTV and EPWP workers taking an integrated process to manage all trucks entering the JM. Non-Market products e.g. diesel was prohibited from entering the JM as truck consignments are being inspected. A total of 26.4k trucks delivered fresh produce to JM and a total of 50k Goods Received Notes was generated on the Sales Processing System in the first quarter.



*Truck Inspections at Consignment Control*

The Food Quality Assurance Department undertakes food quality inspections, laboratory testing for pesticide residues and hygiene inspections of the Joburg Market facilities. A total of 386k tons of produce were received, of which 54k tons were inspected of which 18k tons were destroyed due to decay. The aim of pesticide residue testing is to ensure that farmers adhere to Good Agricultural Practices (GAP) during production and the responsible use of pesticides. A total of 139 samples of fruit and vegetables were analysed for pesticide residues, whereby minimum pesticide residue findings were detected however none of the Maximum Residue Limits (MRLs) were exceeded. A service provider was appointed to conduct a food safety risk assessment on food products received for sale, handled and stored at the market; and review the current food quality and food safety programmes at JM

including all other functions that impact on food safety and hygiene. The service provider has developed a comprehensive Food Safety Strategy that will be implemented in the next quarter to enhance food safety compliance and food hygiene at JM.



*Product Inspections & Laboratories Activities*

JM has property gross letting area of approximately 43 585m<sup>2</sup>. The finalisation and signing of lease agreements with tenants has been a challenge. In order to address this, JM has appointed a property evaluation consultant to conduct a property valuation assessment and to propose rental rates aligned to the current market rental rates in City Deep area with similar letting space. An action plan has been developed to address/undertake: situational analyses, stakeholder’s engagement, legal compliance matters and finalisation of lease agreement in the coming quarters.

*The table summarises the stakeholder’s activities undertaken in the quarter*

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
PMA (Delegates from, USA, Europe, China and ZZ2)	Site tour of JM and shared JM performance, the day to day operational activities and the SMART MARKET Strategy.	South Africa’s fresh produce industry operates different to theirs, but it is advanced in terms of Producers payment but lacking in terms of technology dynamic used.
IMASA – AGM (East London)	Discussed NFPM and IMASA’s challenges and opportunities in the fresh produce industry. Discuss JM SMART MARKET Strategy	IMASA supports the SMART MARKET Strategy and that similar initiatives should be undertaken in other NFPM’s in South Africa.
Subtropico Market Agents Board of Directors	Shared JM performance, the day to day operational activities and the SMART MARKET strategy.	Enhance strategic partners relations and to have a common goal in relation to the respective strategies.
Limpopo smallholder farmers from Tzaneen	Training workshop on JM operation, market access and site tour of Joburg Market	Information sharing and empowering smallholder farmers
Monthly IMASA meeting with Market Agents	Discuss and address fresh produce industry challenges, opportunities and performance. Address day-to-day market operational activities	Develop a partnership approach to adequately manage market activities

*Stakeholder Forums*



In compliance to a City-wide strategic imperative to create job opportunities for unemployed youth and women, JM has created job opportunities for 99 EPWP workers and 21 internships. The participants have made valuable contribution in terms of JM deliverables while acquiring on the job training.

*Cleaning of the Market Site*



As part of the SMART MARKET strategic imperatives, in promoting the transformation drive, product diversification is an integral programme undertaken in order to improve the buying experience and to make Joburg Market a one-stop shop. To this end, BEE market agents have been given an opportunity to sell eggs and long life milk on the sales floor, subject to strict terms and conditions. Sales have been slow; however JM buyers are becoming accustomed to buying the products.

*Sale of Eggs & Milk by BEE Agents*



## Section 2: Highlights and Achievements

No	Highlights/Achievements	Advantages to JM
1	Exceeded turnover in comparison to previous financial year first quarter performance by 16.08%	Increase in revenue, JM positioned as a channel of choice for both Producers and Buyers
2	Undertook stakeholder engagement/visits with industry role players and shared JM strategic plan to become a SMART MARKET	Improved and sustained stakeholders relationship and to promote JM as the channel of choice for the trade of fresh produce
3	Appointment of JRA to execute road rehabilitation	Improved road infrastructure leads to better customer satisfaction and service delivery
4	Food Safety Strategy developed	Enhance food hygiene and food safety at Joburg Market. Integration of interdepartmental functions that are pre-requisite programmes / disciplines for food safety compliance
5	Interviews conducted for critical position in the Core Operation Division	Improve service deliveries to stakeholders

### Section 3: Challenges Encountered

The division experienced a number of challenges which include but are not limited to the following;

Performance of Generator Farm: power outages in the City Deep area has decreased, but remains a challenge. The automation of the gen-farm is not optimal; therefore JM is in the process of appointing a service provider to conduct a technical assessment and provide recommendation to optimise the automation of the generators.

The platform resurfacing project had to be halted due to numerous challenges experienced in relation to poor workmanship. These challenges are being addressed to improve the product and to expedite capital expenditure.

The Mechanical Preventative Maintenance contractor's inability to adequately address mechanical breakdowns especially in the Banana Rooms has resulted in a number of rooms not being operational. Remedial action has been undertaken to improve the quality of work and turnaround times to address mechanical matters.

Repairs and Maintenance (R&M) Budget: for the period under review, 4% of the R&M budget has been spent. The challenges experienced with the Mechanical Preventative Maintenance contractor have impeded R&M expenditure. The appointment of the Civil/Building preventative maintenance contractor and corrective action by the Mechanical contractor will expedite R&M spending in the next quarter.

Adequate trading space remains a challenge, especially since Farmers are recovering from the drought experienced resulting in an increase of fresh produced received. JM strategic plan to increase trading space with required industry standards should position them to address this challenge.



*Need for addition trading space*

### Section 4: Capital Expenditure

The total capital budget allocated for the 2018/19 financial year is R 39 676 000 of the total allocated budget the following breakdown gives an indication of the current status.

Some of the funds were reallocated to address critical infrastructure concerns. The greatest allocation(R 11 926 000) has been for the rehabilitation of the roads at the Joburg Market. An award has been made to JRA to execute the project. The biggest drawback in the first quarter was the inability to spend CAPEX on the resurfacing project which constitutes 16%

of the capital expenditure. The project had to be halted due to numerous challenges experienced with the project that are being addressed.

Therefore the actual capital expenditure for the reporting period is R 950 000 which represents 2.3% of the total capital budget. Project expenditure will improve significantly in the next quarter, with all the currently committed projects expected to reach completion.

The tables below outline the status of CAPEX spend and allocation. Table 5.1 shows the overall breakdown of the projects in terms of their readiness for implementation and the budget allocated to the projects. The projects are divided into three categories.

**Table 4.1: Breakdown of projects**

Status	Budget (R,m)	Percentage of Total Budget
Awarded Projects	R 24.9	63%
Approved by BSC and ready for advert	R8.5	21%
Reprioritised	R6.2	16%
<b>Total</b>	<b>R 39 6</b>	<b>100%</b>

#### **Awarded projects**

These are projects that have award letters issued to service providers and are in the implementation phase. The projects are displayed in Table 5.2. The award amount represents 57% of the total CAPEX budget.

**Table 4.2: Projects that are awarded**

Awarded Projects	Budget (R,m)	Award Amount	Status
Bird Control Measures	R 1.7	R 1.7	Awarded & in progress
Road Rehabilitation	R 11.9	R 9 9	Awarded
Resurfacing of Platforms	R 6.3	R 6 .3	Awarded, & under review
IT Servers	R 5	R 5 .5	Awarded
<b>Total</b>	<b>R 24.9</b>	<b>R 22.5</b>	
<b>Percentage of CAPEX</b>	<b>63%</b>	<b>57%</b>	

#### **Approved and ready for advert**

The projects in table 5.3 have passed through the Bid Specification Committee (BSC) and are in the process of advertisement. They represent 20% of the total CAPEX budget.

Table 5.3: Projects approved by BSC

Approved by BSC and ready for advert	Budget (R,m)	Status
Furniture	R 1	To be Advertised on 12 October
Refurbishment of Ablutions	R 4	Advertised on 01 October
Upgrade of Hall 9 (Reprioritised to Exit Gate)	R 3	To be Advertised on 12 October
Note Counters	R 0.5	Undergoing evaluation at BEC
<b>Total</b>	<b>R 8.5</b>	
<b>Percentage of CAPEX</b>	<b>21%</b>	
<b>GRAND TOTAL (%)</b>	<b>78%</b>	

## Section 5: Compliance to Service Standards

The table below summarises the Service Standards applicable to JM for the 2018/19 fiscal year. During the first quarter JM has was able to achieve 4 out of 8 service standards.

During the 2017/18 financial year a lack of mechanisms to measure actual achievement disabled the company to provide credible evidence.

In order to ensure suitable achievement of the service standards the following steps will be introduced:

- strengthening of Internal Audit capacity
- Improvement in measurement instruments and verification.
- Integrated report processes on service standards.

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance explanation	Mitigations
1. Opening a new buyer account	20 minutes	6.99 minutes	Yes	No	13.01 minutes Favourable	Target achieved	None
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	100% uptime recorded	Database Report	No	0%	Target achieved	None
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.65	Yes	No	28.35 minutes Favourable	Target achieved	None
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	Commence R&M within 24 hours	Work Order Sheet	No	0%	Target Achieved	None

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance explanation	Mitigations
5.Repairs to ripening facilities	90% Availability	68.42% Availability	Daily Monitoring summary report	No	21.58% Unfavourable	Target not achieved  Room temperature fluctuations is a challenge, therefore some rooms may not be used for the ripening process. The appointed Mechanical Preventative Maintenance Contractor is failing to address breakdowns adequately and timeously. The current old infrastructure requires regular R&M.	Mechanical Preventative Maintenance Contractor has been put on terms to address backlog and poor performance. The department is going to outsource the service to improve the performance.
6.Cold Room facilities	Average temperature variance not greater than 2°C of agreed customer requirements	Average temperature variance at 2.09°C of agreed customer requirements	Daily Temperature Reading Summary report	No	0.09°C Unfavourable	Target not achieved  The appointed Mechanical Preventative Maintenance Contractor is failing to address breakdowns adequately and timeously	Measures to improve service level standards to be undertaken are as follows: Mechanical Preventative Maintenance Contractor has been put on terms to address backlog and poor performance. Encourage Market Agents to minimise duration of doors being open.
7.Stakeholder complaints	Response within 12 hours	Service Standard NOT measured for the month	None	N/A	None	Service Standard was not measured	Processes will be developed to measure the turnaround time for stakeholder query resolution.
8.Stakeholder complaints	Resolution within 48 hours	Service Standard NOT measured for the month	None	N/A	None	Service Standard was not measured	Processes will be developed to measure the turnaround time for stakeholder query resolution.

## Section 6: Key Focus Areas for the Next Reporting Period

The Core Operation division endeavours to focus on the following in the next quarter:

- Accelerate CAPEX and OPEX spending (Repair & Maintenance)
- Enhance Stakeholders Relationship Management
- Implement lease agreement action plan
- Implement Food Safety Strategy

## Section 7: Organisational Scorecard

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


Item	Quarter 1 KPI's
Total no. of KPIs on scorecard	17
No. of KPIs due	15
Number achieved	8
Number not achieved	7
% achievement	<b>53.3%</b>
No. of KPIs exceeded	7


All-time record sales for a specific day in September.


On 25<sup>th</sup> September 2018 JM recorded a all-time record daily sales to the value of R43M.

During quarter one all executive and senior managers scorecards were aligned to that of the CEO and all was included in signed performance contracts.




Diphetogo programme impact	National outcome 6: An efficient, competitive and responsive economic infrastructure network.				Company	Strategic policy/plan: JM Trading Space Optimization Programme			Output: Improved trading results		King IV Principle		Strategic Objective Total Weight 25%		Comments / Mitigations	Leader
	IDP Outcome 1: A growing, diverse and competitive economy that creates jobs					Strategic priority: Implement business growth programmes			Outcome: Growth of the business of JM		2.2: The governing body should ensure that reports and other disclosures enable stakeholders to make an informed assessment of the performance of the organization and its ability to create value in a sustainable manner		Q1			
	CoJ Strategic priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.															
KPI	Means of verification	Unit of measure	Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance			
						CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4					
<b>Strategic deliverable : Maximize revenue to turnover R10 billion per annum by 2022</b>																
Strategic objective: Ensure financial sustainability and growth of the entity																
Finance – Increase in the collection of revenue to increase funding to City projects	(1.1) % Targeted market share held by JM in relation to other FPMs	National market share report indicating JM in relation to other FPMs as measured by SAUFM	% (cum)	42.5% Targeted market share held by JM in relation to other FPMs	44.0% Targeted market share held by JM in relation to other FPMs	Develop monitoring & reporting software (SPS Data Warehouse)	0	0,95M	42.0% Targeted market share held by JM in relation to other FPMs	42.5% Targeted market share held by JM in relation to other FPMs	43.0% Targeted market share held by JM in relation to other FPMs	44,0% Targeted market share held by JM in relation to other FPMs	42.0% Targeted market share held by JM in relation to other FPMs	45.6% Targeted market share held by JM in relation to other FPMs	Target achieved and exceeded 	Agri- Business
						Total	0	0,95M								
			R/M (cum)	R 7.478 Bn.	R 7.478 Bn.		SPS: JM Real time central electronic trading system.	1,57Bn	1.57Bn	R3.956Bn	R5.5Bn	R 7.48 Bn	R1.57Bn	R1.9 Bn		




Diphethogo programme impact	National outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.			Company	Strategic policy/plan: JM: Transformation Strategy			Output: Empowerment of targeted groups		King IV Principle		Strategic Objective Total Weight		Comments / Mitigations	Leader	
	IDP Outcome 1: An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development IDP Outcome 3: Enhanced, quality services and sustainable environmental practices				Strategic priority: Drive Socio-economic Transformation			Outcome: BEE owned enterprises trading with/at JM		4.3: The governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards.		25%				
	Mayoral priority 2: Ensure pro-poor development that addresses inequality and poverty and provides meaningful redress Mayoral priority 6: Create a City that responds to the needs of citizens, customers, stakeholders and businesses											Q1				
	KPI	Means of verification	Unit of measure		Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets						Target
						CAPE X R/M	OPEX R/M	Q1	Q2	Q3	Q4					
<b>Strategic deliverable : Investment in infrastructure – R1.2 billion infrastructure spend by 2022</b>																
<b>Strategic objective: Operate a sustainable resilient premier marketing and trading facility</b>																
Economic Development: The significant improvement in the ease and experience of doing business in the City	(2.1) % of repairs and maintenance budget spent	Signed off completion certificate based on the programme progress monitor	% (cum)	New	100 % of repairs and maintenance budget spent	Communication s programmes aimed at BEE suppliers	0,08M		8% of repairs and maintenance budget spent	29% of repairs and maintenance budget spent	61,5 % of repairs and maintenance budget spent	100% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	9.1% of repairs and maintenance budget spent	Target achieved and exceeded 	Finance
						Administrative system improvements	0.07									
						Total	0,15									
	R/M (Cum)		New	R 30,889M				R 2,5M	R 9M	R 19M	R 30,889M	R 2,5M	R2.8M			

Diphetogo programme impact	National outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.			Company	Strategic policy/ plan: Transformation Strategy				Output: Empowerment of targeted groups		King IV Principle		Strategic Objective Total Weight 25%		Comments / Mitigations	Leader
	GDS principle 5: Achieving social inclusion be facilitating behavioral change and creating a common "Joburg identity"				Strategic priority: Drive Socio-economic Transformation				Outcome: BEE owned enterprises trading with/at JM		1.3: The governing body should ensure that the organization is a responsible corporate citizen.					
	Mayoral priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress															
	KPI	Means of verification	Unit of measure		Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target		
CAPEX R/M				OPEX R/M				Q1	Q2	Q3	Q4					
<b>Strategic deliverable: Transformation at farm levels and the value chain of JM through targeted programmes and incentives</b>																
<b>Strategic objective: Become an agent for socio-economic transformation</b>																
Economic Development: Increasing the number of SMMEs as suppliers to the City	(3.1) Complete 2 development support programmes for farmers from targeted groups	Completion certificate signed off on the completed scope of the programmes	number (cum)	New	2 x Completed development support programmes for farmers from targeted groups	Identification of targeted farmers in consultation with Provincial Departments of Agriculture.	0	0.2M	0	0	1x Completed development support programmes for farmers from targeted groups	2x Completed development support programmes for farmers from targeted groups	0	Not due for Q1		Agri Business
						Emerging farmers' communications programme and accredited training.	0	1.6M								
						Total	0	3,1M								
Economic Development: The rollout of a Youth Skills Program	(3.2) No. of jobs created by JM and Businesses and SMME's at the JM site	Appointment documents and project monitoring reports	Number (cum)	New	200 jobs created	On-site training of participants	0	0,08M	10 jobs created by JM and Businesses and SMME's at the JM site	35 jobs create by JM and Businesses and SMME's at the JM site d	110 Jobs created by JM and Businesses and SMME's at the JM site	200 Jobs created by JM and Businesses and SMME's at the JM site	10 jobs created by JM and Businesses and SMME's at the JM site	35 jobs created by JM and Businesses and SMME's at the JM site	Target achieved and exceeded 	Core operations
						Minor equipment	0	0,07M								

Dipheto go programme impact	National outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.			Company	Strategic policy/ plan: Stakeholder engagement, Marketing & communications strategies				Output: Empowerment of targeted groups	King IV Principle				Strategic Objective Total Weight 25%		Comments / Mitigations	Leader
	GDS principle 6: Promoting good governance				Strategic priority: Develop JM into a high performance organization				Outcome: BEE owned enterprises trading with/at JM	5.1: As part of its decision – making in the best interests of the organization, the governing body should ensure that a stakeholder-inclusive approach is adopted, which takes into account and balances their legitimate and reasonable needs, interests and expectations							
	Mayoral priority 3: Create a culture of enhanced service delivery with pride				Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance		
	KPI	Means of verification	Unit of measure					CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4				
<b>Strategic deliverable: Good Governance</b>																	
<b>Strategic objective: Ensure effective stakeholder engagement</b>																	
Economic Development: The significant improvement in the ease and experience of doing business in the City	(4.1) % resolution of stakeholder concerns (customer satisfaction survey)	Quarterly reports Concluded Satisfaction survey results	% (cum)	New	70 % resolution of stakeholder concerns (customer satisfaction survey)	Develop a new plan for stakeholder management. conduct meetings with key stakeholders to get deeper understanding of concerns of all stakeholder groups Develop a new survey approach for customer satisfaction measurement	0	0	-	-	-	70 % resolution of stakeholder concerns (customer satisfaction survey)	0 % resolution of stakeholder concerns (customer satisfaction survey)	57.7%			Strategy
							1 x survey	Total	0	180 000							





Diphetogo programme impact	National outcome 9: A responsive, accountable, effective and efficient local government system.				Company	Strategic policy/plan: Financial sustainability strategy			Output: Improved surplus generation		King IV Principle		Strategic Objective Total Weight		Comments / Mitigations	Leader
	GDS principal 4: Ensuring resource security and environmental sustainability. GDS principle 6: Promoting good governance					Strategic priority: Financial sustainability and growth			Outcome: Liquid going concern		4.3: The governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards		25%			
	Mayorality priority 7: Enhancing our financial sustainability															
	KPI	Means of verification	Unit of measure	Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance		
						CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4					
<b>Strategic deliverable: Good governance</b>																
Economic Development: Increasing the number of SMMEs as suppliers to the City	(5.1) % of valid departmental invoices paid within 30 days of invoice date	Creditors payment report	% (cum)	New	100% of valid departmental invoices paid within 30 days of invoice date	Creditor communications	0	0,09M	100% of valid departmental invoices paid within 30 days of invoice date	100% of valid departmental invoices paid within 30 days of invoice date	100% of valid departmental invoices paid within 30 days of invoice date	100% of valid departmental invoices paid within 30 days of invoice date	100% of valid departmental invoices paid within 30 days of invoice	37% of valid departmental invoices paid within 30 days of invoice	Target not achieved	Finance
			R/M (cum)	New	R56,12M	<b>Total</b>	<b>0</b>		0,09M	R14.0M	R28M	R42,1M	R0.09M	R15.8M		
Economic Development: The significant improvement in the ease and experience of doing business in the City	(5.2) % resolution of Auditor General and Internal Audit findings	Final AG report and final Internal audit report	AG opinion And Internal Audit reports	Unqualified audit	95 % resolution of Auditor General and Internal Audit findings	Validation of resolved findings by internal audit	0		0	30 % resolution of Auditor General and Internal Audit findings	50 % resolution of Auditor General and Internal Audit findings	95 % resolution of Auditor General and Internal Audit findings	0	19%	Target achieved	

Diphethogo programme impact	National outcome 7: Vibrant, equitable and sustainable rural communities with food security for all.				Company	Strategic policy/plan: JM: Food support strategy			Output: Increased number of food parcels distributed		King IV Principle		Strategic Objective Total Weight		Comments / Mitigations	Leader
	GDS principle 1: Reducing poverty					Strategic priority: Ensuring food safety and security as CSI initiative			Outcome: Effective pro poor support		1.3: The governing body should ensure that the organization is a responsible corporate citizen		15%			
	Mayoral priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress					Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target		
	KPI	Means of verification	Unit of measure	Baseline	CAPEX R/M			OPEX R/M	Q1	Q2	Q3	Q4				
<b>Strategic deliverable : Good Governance</b>																
<b>Strategic objective: Become an agent for socio-economic transformation</b>																
Social Services: The expansion of free basic services to those in greatest need with the City's ESP	(6.1) Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Quarterly report, Annual reports and Audited reports	Number (cum)	New	12500	Procurement, sorting and packing of food donations	v	0.750M	2000	4500	9500	12500	2000	252	Target not achieved	Agri-Business
					Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families				Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families		



COJ IDP Programme	National outcome 9: A responsive, accountable, effective and efficient local government system.				Strategic policy/plan: Financial sustainability strategy				Output: Improved surplus generation		King IV Principle		Strategic Objective Total Weight 20%		Comments / Mitigations	Leader	
	GDS Principle 4: Ensuring resource security and environmental sustainability				Strategic priority: Financial sustainability and growth				Outcome: Liquid going concern		2.1: The governing body should lead the value creation process by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable elements						
	Mayoral priority 7: Enhancing our financial sustainability																
KPI	Means of verification	Unit of measure	Baseline	Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance				
						CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4						
<b>Strategic deliverable : Investment in infrastructure – R1.2 billion infrastructure spend by 2022</b>																	
<b>Strategic objective: Operate a sustainable resilient premier marketing and trading facility</b>																	
(7.1) % of departmental capital budget spent	% of spending level of CAPEX against demand plan	% (cum.)	52,9%	100% of departmental capital budget spent	Specialist coaching & training		0,7M	16% of departmental capital budget spent	35% of departmental capital budget spent	62% of departmental capital budget spent	100% of departmental capital budget spent	16% of departmental capital budget spent	2.3 %** of departmental capital budget spent	Target not achieved		Finance	
			R/M (cum)	R59,3M	R52,9M	Capex spending	R52,9M										
						Capex spending workgroup refinement	0	0,5M									
(7.2) % of departmental operational budget spent	Financial Statements	% (cum)	New	100% of departmental operational budget spent	Monthly & quarterly variance analysis	0	0	15% of departmental operational budget spent	49% of departmental operational budget spent	72% of departmental operational budget spent	100% of departmental operational budget spent	15% of departmental operational budget spent	*20% of departmental operational budget spent	Target achieved and exceeded		Finance	
			R/M (cum)	New	R64,548M	Management reporting as early warning			R9.952M	R31.997M	R46.723M	R64,548M	R9.952M				
(7.3) Value of net surplus achieved	Financial Statements	R/M (cum.)	R81,17M Value of net surplus achieved	R64,5M Value of net surplus achieved	-	-	-	R8,0M Value of net surplus achieved	R14,5M Value of net surplus achieved	R39M Value of net surplus achieved	R64,5M Value of net surplus achieved	R8,0M Value of net surplus achieved	R32,4M Value of net surplus achieved	Target achieved and exceeded		Finance	

\*OPEX Excluding HR budget: This target and its results exclude the HR component. Should the HR component be considered the entity would also achieve the target.

\*\* Capital budget allocated for the current year amounts to R39.6 million.

COJ IDP Programme	National outcome 4: A skilled and capable workforce to support an inclusive growth path				Company	Strategic policy/plan : Human Resources Strategy			Output: Leadership- and skills development		King IV Principle				Strategic Objective Total Weight  15%	Comments / Mitigations	Leader	
	GDS Principle 5: Achieving social inclusion by facilitating behavioral change and creating a common "Joburg identity" and Principle 6: Promoting good governance					Strategic priority: Productive, motivated and engaged employees Ensuring food security and safety			Outcome: Expert employees in Market operations		4.4: the governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner							
	Mayoral priorities 3: Create a culture of enhanced service delivery with pride					Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Q1				
	KPI	Means of verification	Unit of measure	Baseline				CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4	Target				Performance
<b>Strategic deliverable : Good Governance</b>																		
<b>Strategic objective: Become a high-performance organisation</b>																		
Pillar 5 – Institute an honest responsive and productive government	(8.1) % of employees receiving performance coaching and review as per the policy	Training plan as identified in the individual Personal Development Plans.	% (cum)	New	100% of employees receiving performance coaching and review as per the policy	Leadership development programme	0	1.12M	10% of employees receiving performance coaching and review as per the policy	30% of employees receiving performance coaching and review as per the policy	70% of employees receiving performance coaching and review as per the policy	100% of employees receiving performance coaching and review as per the policy	10% of employees receiving performance coaching and review as per the policy	89% of employees receiving performance coaching and review as per the policy	Target achieved and exceeded 	Shared Services		
						Total	0	1,12M	1	2	4	7	1	275				
	(8.2) Number of days taken to resolve disciplinary cases	Record of findings at hearings	No of days	New	120 days taken to resolve disciplinary cases		0	0	120 days taken to resolve disciplinary cases	120 days taken to resolve disciplinary cases	120 days taken to resolve disciplinary cases	120 days taken to resolve disciplinary cases	120 days taken to resolve disciplinary cases	120 days taken to resolve disciplinary cases	174 days taken to resolve disciplinary cases	Target not achieved 		
(8.3) Number of days taken to fill critical vacancies	Signed appointment letters	No of days	New	90 days taken to fill crucial vacancies	Performance Management System implementation	0	0,265M	90 days taken to fill crucial vacancies	90 days taken to fill crucial vacancies	90 days taken to fill crucial vacancies	90 days taken to fill crucial vacancies	90 days taken to fill crucial vacancies	90 days taken to fill crucial vacancies	935 days taken to fill crucial vacancies	Target not achieved 			
Pillar 4 – Building Caring Safe and Secured Communities	(8.4) % of departmental performance targets achieved	Monitoring and Evaluation certificate	% cum	New	85%	Legal Appointments	0	0.378M	85% of departmental performance targets achieved	85% of departmental performance targets achieved	85% of departmental performance targets achieved	85% of departmental performance targets achieved	85% of departmental performance targets achieved	53.3% of departmental performance targets achieved	Target not achieved 	Shared Services		



COJ IDP Programme	National outcome 4: A skilled and capable workforce to support an inclusive growth path				Company	Strategic policy/plan : Human Resources Strategy			Output: Leadership- and skills development		King IV Principle				Strategic Objective Total Weight  15%	Comments / Mitigations	Leader	
	GDS Principle 5: Achieving social inclusion by facilitating behavioral change and creating a common "Joburg identity" and Principle 6: Promoting good governance					Strategic priority: Productive, motivated and engaged employees Ensuring food security and safety			Outcome: Expert employees in Market operations		4.4: the governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner							
	Mayoral priorities 3: Create a culture of enhanced service delivery with pride					Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Q1				
	KPI	Means of verification	Unit of measure	Baseline				CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4	Target				Performance
<b>Strategic deliverable : Good Governance</b>																		
<b>Strategic objective: Become a high-performance organisation</b>																		
Pillar 5 – Institute an honest responsive and productive government	(8.5) % implementation of the electronic business plan management system (SAP SSM)	Training plan as identified in the individual Personal Development Plans.	% (cum) No. (cum)	New No. (cum)	100% of targeted staff members trained 7 members				10% of targeted staff members trained	30% of targeted staff members trained	70% of targeted staff members trained	100% of targeted staff members trained	10% of targeted staff members trained	100% of targeted staff members trained	Target achieved and exceeded			
									3 members	5 members	6 members	7 members	3 members	3 members	3 members			
	(8.6) % monthly reporting into Capital Management System (iRIS)	CAPEX report	% (cum)	new	% monthly reporting into Capital Management System (iRIS)				100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	0% monthly reporting into Capital Management System (iRIS)	Target not achieved		
						Total	0	0										

## Section 8: Recovery plan for non-achieved KPI's

KPI not Achieved	Reason for non-achievement	Recovery Plan
% of repairs and maintenance budget spent	<ul style="list-style-type: none"> <li>The appointment of service providers for building and civil works is delayed due to non-responsive bids</li> </ul>	<ul style="list-style-type: none"> <li>Review of the procurement approach for these categories of service providers.</li> </ul>
% of valid departmental invoices paid within 30 days of invoice date	<ul style="list-style-type: none"> <li>Payments of creditors are subject to pre-approval by CoJ Budget office based on forecasts which causes delays</li> <li>Internal processes need refinement to ensure improved approval processes</li> </ul>	<ul style="list-style-type: none"> <li>The company will continue to engage with CoJ Budget Office on enabling the entity to conduct payments faster.</li> <li>JM is pursuing improvements in the SCM and project management sign-off processes.</li> </ul>
Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	<ul style="list-style-type: none"> <li>As a result of a current investigation in progress the Company is not in a position to accept donations from Market agents towards this course</li> </ul>	<ul style="list-style-type: none"> <li>JM will continue to engage with CoJ Forensic Services to fast track completion of the investigation.</li> </ul>
Value of CAPEX spent	<ul style="list-style-type: none"> <li>Poor project management planning</li> <li>A total of R13.0 million projects is under investigation</li> </ul>	<ul style="list-style-type: none"> <li>During the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2017/18 the demand planning for 2018/19 was addressed as an early intervention.</li> <li>JM is pursuing improvements in the SCM and project management processes.</li> </ul>
Number of days taken to resolve disciplinary cases	<ul style="list-style-type: none"> <li>Hearings at various forums are often delayed due to legal process and dependencies on support departments of CoJ</li> </ul>	<ul style="list-style-type: none"> <li>Regular engagement with support services</li> </ul>
Number of days taken to fill critical vacancies	<ul style="list-style-type: none"> <li>Some vacancies require multiple interviews</li> <li>Sometimes unavailable panel members for technical complex interviews</li> </ul>	<ul style="list-style-type: none"> <li>Improving job specification details</li> <li>Utilize panel members from other CoJ Departments</li> </ul>
% of departmental performance targets achieved	<ul style="list-style-type: none"> <li>Performance inhibited by internal dependencies</li> <li>Current performance system not an ideal model for JM</li> </ul>	<ul style="list-style-type: none"> <li>A M&amp;E function was established in the Office of the CEO</li> <li>New strategic approach towards setting, achieving and measuring performance</li> </ul>
% monthly reporting into Capital Management System (iRIS)	<ul style="list-style-type: none"> <li>Internal co-ordination requires intervention to ensure timeous data capturing</li> </ul>	<ul style="list-style-type: none"> <li>Scheduling of inputs to iRIS on entity level</li> <li>Oversight by Office of the CEO</li> </ul>

## Section 9: Challenges with compulsory KPI's

KPI not Achieved	Reason for non-achievement	Dependency	Mid-Year review request
% of valid departmental invoices paid within 30 days of invoice date	<ul style="list-style-type: none"> <li>Payments of creditors are subject to pre-approval by CoJ Budget office based on forecasts which causes delays</li> </ul>	<ul style="list-style-type: none"> <li>Scheduling and approval of payments to creditors in terms of forecasts as prescribed by CoJ Budget Office</li> </ul>	<ul style="list-style-type: none"> <li>To remove the KPI for current fiscal year in view of the impact of the dependency</li> </ul>
Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	<ul style="list-style-type: none"> <li>As a result of a current investigation in progress the Company is not in a position to accept donations from Market agents towards this course</li> </ul>	<ul style="list-style-type: none"> <li>CoJ Forensic Services to fast track completion of the investigation.</li> </ul>	<ul style="list-style-type: none"> <li>The KPI be removed and JM report separately from the scorecard on Corporate Social Investment</li> </ul>

KPI not Achieved	Reason for non-achievement	Dependency	Mid-Year review request
Number of days taken to resolve disciplinary cases	<ul style="list-style-type: none"> <li>Hearings at various forums are often delayed due to legal process and dependencies on support departments of CoJ</li> </ul>	<ul style="list-style-type: none"> <li>Support services</li> <li>Protracted legal processes in a number of cases</li> </ul>	<ul style="list-style-type: none"> <li>The KPI be removed and a workshop be convened to craft a new KPI in this regard</li> </ul>
Number of days taken to fill critical vacancies	<ul style="list-style-type: none"> <li>Some vacancies require multiple interviews</li> <li>Sometimes unavailable panel members for technical complex interviews</li> </ul>	<ul style="list-style-type: none"> <li>Technical complex positions take longer to fill</li> <li>Competiveness of salary category</li> </ul>	<ul style="list-style-type: none"> <li>The KPI be removed and a workshop be convened to craft a new KPI in this regard</li> </ul>
% implementation of the electronic business plan management system (SAP SSM)	<ul style="list-style-type: none"> <li>Electronic link between entity and SAP interface pose problems</li> <li>Learning and development curve delays</li> </ul>	<ul style="list-style-type: none"> <li>Link to CoJ SAP (JM not on SAP system and will require substantial more time to integrate into same)</li> </ul>	<ul style="list-style-type: none"> <li>The KPI be removed and a workshop be convened to craft a new KPI in this regard</li> </ul>

### Section 10: Key Focus Areas for the next reporting periods

During the next quarter, the JM will focus amongst others, on the following:

- Delivery of strategic projects and programmes identified during the strategic planning sessions of JM;
- Implementation of the Capital and Operating Expenditure Demand Plans for Core Operations;
- Finalization of specifications for all tenders to align with the organisational Demand Plan.
- Addressing issues identified from the CEO's Walk-About as priority matters;
- Updating of Core Operations Policies and Standard Operating Procedures;
- Appointment and utilisation of the Building and Civil Preventative Maintenance PSP to fast-track maintenance backlogs in these areas;
- Implementation of a lease agreement with JPC on use of available agricultural land.
- Implementation of the 2018/19 Business Plan.
- Implementation of by-law.
- Further implementation of ICAS program.
- Extension of the Eyethu Cleaning Campaign.

### Section 11: Resolution of stakeholder concerns

JM has introduced measures to resolve as many as possible challenges as tabled in the two illustrations below. The status as at 30 September 2018 is summarised as follows:

Item	Quarter 1
Total no of stakeholder concerns	13
Number of items partially resolved	1
Number achieved	7
Number not achieved	5
% Full achievement	<b>53.8%</b>
% Overall achievement	<b>57.7%</b>

## STAKEHOLDER SATISFACTION – PROGRESS ON STANDING MATTERS

No	Listed concerns	Achieved resolutions, mitigation and ongoing interventions to sustain achievements	Status
1	Lack of cleanliness at the market	<ul style="list-style-type: none"> <li>- The hygiene strategy was reviewed</li> <li>- Eyethu campaign was launched by CEO. Next session is on 15 October 2018.</li> <li>- Deep Cleansing by a focused team was commenced from the first week of September on a daily basis and weekends and is still continuing. Daily updates are done through photo sharing.</li> <li>- During October 2018 cleansing with steam and industrial scrubbers will be demonstrated.</li> </ul>	<b>Resolved:</b>
2	State of ablution facilities	<ul style="list-style-type: none"> <li>- Ablution facilities are daily monitored by Operational supervisory staff. Servicing records are kept</li> <li>- SHE monitors hygiene service providers</li> <li>- Remedial worksdone to areas contractors did not perform adequately</li> <li>- One ablution facility in Hall 1 still to be upgraded</li> </ul>	<b>Not Resolved</b>
3	Lack of security guards	<ul style="list-style-type: none"> <li>- In sourcing instructed by CoJ.</li> <li>- JM joined CoJ Workgroup and conducted various presentations.</li> <li>- The CoJ workgroup is of the view that JM should remain with private security providers. Approval from MAYCOM is expected shortly. A sample of workgroup communications are added for information: Item 3.</li> <li>- 7 EPWP patrollers were appointed</li> <li>- 20 additional security officers to be procured for the peak season once approved by the CoJ insourcing function</li> </ul>	<b>Resolved:</b>
4	Recklessness of trolleys and forklift drivers and the excess of forklifts in walking passages  Control of forklifts operating during trading hours	<ul style="list-style-type: none"> <li>- Bylaws applied intensively – number of fines doubled</li> <li>- Numbered forklifts has contributed to improved controls</li> <li>- Forklifts a standing item on forum agenda with agents</li> <li>- Next round of forklift branding will be conducted during October/November 2018</li> <li>- Forklift control group was established with all users of forklifts</li> </ul>	<b>Resolved</b>
5	Construction of bigger loading bays  Need for a bigger market place and space	<ul style="list-style-type: none"> <li>- JDA appointment to extend trading space is in the Bid evaluation stage.</li> <li>- Proposals will include doubling of Ramps at halls to separate human and mechanical traffic.</li> </ul>	<b>Not Resolved</b>
6	Separate entrance and walkways for people entering the market	<ul style="list-style-type: none"> <li>- This element is included in the scope of needs as outlined under section 5 above</li> </ul>	<b>Resolved</b>
7	Construction of separate and designated roads and road signs for forklifts,	<ul style="list-style-type: none"> <li>- Proposals in the JDA design will include doubling of Ramps at halls to separate human and mechanical traffic.</li> </ul>	<b>Not Resolved</b>

No	Listed concerns	Achieved resolutions, mitigation and ongoing interventions to sustain achievements	Status
	trolleys and pedestrians.		
8	Control of vehicles entering the market. Control of all traffic in the market	<ul style="list-style-type: none"> <li>- Boom gates were installed at the entry gates</li> <li>- Road resurfacing project at JM was signed off by CEO.</li> <li>- JRA will conduct works and road marking.</li> <li>- Critical operating areas was marked with road painting by the deep cleansing team</li> </ul>	<b>Not Resolved</b>
9	Establish a backup plan for businesses during periods of Eskom load shedding	<ul style="list-style-type: none"> <li>- In conjunction with market agents the arrangements pertaining to power failures are well structured.</li> <li>- Communications processes are in place and response times vastly improved</li> <li>- A automation solution is still being pursued</li> </ul>	<b>Not Resolved</b>
10	Need for more cashiers	<ul style="list-style-type: none"> <li>- Currently testing transaction times per client undertaken to identify improvements</li> <li>- Contingency arrangements are in place to deal with shortfall on cashiers 2 cashiers suspended pending investigations and 1 cashier potentially to be medically Boarded</li> </ul>	<b>Resolved</b>
11	Provision of a clean environment, including the hiring of inspectors for each hall	<ul style="list-style-type: none"> <li>- JM core operations will continue to utilize the monthly JM/IMASA forum to address matters of concern</li> </ul>	<b>Resolved</b>
12	Need for more security to guard the loss of stock	<ul style="list-style-type: none"> <li>- Seven EPWP patrollers were appointed and deployed in targeted areas</li> </ul>	<b>Resolved</b>
13	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	<ul style="list-style-type: none"> <li>- On 24 August 2018 the CEO personally instructed the next cleaning round of gutters and roofs in anticipation of the rain season.</li> <li>- Potholes where they emerged are fixed on a as when basis until the road surfacing will commence during the course of Q2.</li> </ul>	<b>50% of challenges resolved</b>

## CHAPTER FOUR

### Section 1: Human Resource Management

The first quarter focus is on planning the departmental programmes for the year to support business. In the quarter the focus was mainly on the recruitment of critical skills in areas where performance was a challenge and the business was negatively affected.

The signing of performance agreements for the senior management took priority to ensure the performance culture is instilled in managers soon. The roll-out of the performance management to other levels has been preceded by a performance management awareness training to ensure an understanding on the importance of performance management by all employees. The next step is for all managers to start engaging their employees on performance monitoring and ensure that employees are subjected to an assessment process to realise the high performance culture objective as pronounced in the JM's strategy plan.

The Momentum Fund transfer project has also not been concluded as it was planned. Employees on the advice of organised labour took the matter out of JM forum into the South African Local Government Bargaining Council (SALGBC).

JM continues in its focus to ensure harmonious relations with organised labour, disciplinary cases continue to receive attention at different structures.

#### **Employee Wellness**

HR implemented the wellness programme which seeks to assist employees with their psycho social problems that affect their performance. A service provider iCas has been appointed and the reports from employees who have accessed the service are positive. There were only two cases where employees reported receiving delayed referrals when their cases were urgent. These were discussed with the contract manager and have been investigated.

The education material distributed from iCas also enhances our health awareness initiatives. The clinic has seen a total of 768 patients in the quarter compared to 663 seen in the last quarter. The clinic has noted an increase in patients mainly from EPWP beneficiaries; this is understandable considering that they do not have medical aid and mostly would avoid public health facilities because of long queues and lack of medication. So even when they fall ill over weekends; they would rather wait for Monday to come to the JM clinic.

The nurse also conducts visits to employees hospitalised to assess their conditions and provide support from the employer's side. A total of nineteen employees with Diabetes and Hypertension are monitored at the clinic.

The process of recruiting a second Nurse for the clinic is nearing completion. An offer letter has been issued and we hope the candidate will respond positively.

#### **Injuries and sickness**

The JM in an effort to help employees be aware of workplace dangers to avoid injuries; rolled out a Health and Safety Awareness training which was successfully attended by 95% of the employees.

Employees have indicated that they never knew they also had responsibilities to ensure a safe workplace both for themselves and their fellow workers. A total of three injuries were treated at the clinic; one a customer and the other a JM employee.

## Section 2: Employee Remuneration (Total Costs including Executives)

The remuneration to opex ratio remains higher than required and this is due to factors affecting our operational budget expenditure. The salaries have also been inflated by the implementation of the general increase in July and the implementation of the salary benchmarking exercise. These two salary adjustments have added to the already high ratio.

**The provisional ratio as at 21 September is 43, 6 %**

## Section 3: Vacancies and recruitment

Critical vacancies in IT and the Ammonia Plant Technician remain a concern. The Ammonia area is a strategic function for the JM and due to the high salaries paid in the market for such positions; the JM is unable to attract the skill due to low salary scales. A process of reviewing the salary to pay the requisite premium is underway. The recruitment of the Senior Manager Infrastructure was completed and the candidate will take up the position in October 2018.

Two key positions within the QA unit have been filled by internal appointments; while in the budget office the position of Management Accountant was also filled by an internal candidate.

One key appointment in the office of the CEO was made; being for the Monitoring and Evaluation function, which function has been moved from the Strategy Department to the CEO's office to strengthen the company performance monitoring.

### Terminations

In the quarter JM registered three resignations at senior manager level and two others at officer level. One employee was placed on permanent disability.

**TABLE #: STAFF MOVEMENTS**

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	1	0	0	0	0	0	0	0	1
Dismissals	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	1	0	0	0	0	1
Resignations	3	0	0	0	1	0	1	1	6
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>8</b>

Our staff establishment in the quarter has dropped slightly from 314 last quarter to 309 this quarter. The drop is due to the resignations.

The compliment of EPWP beneficiaries remains at 99 with one absconsion reported in August. There have been reports of absenteeism and poor performance reported against the EPWPs. HR had a meeting with the beneficiaries to explain the importance of performance and the employer's rights in cases of poor performance. The culprits have been issued with warnings and one is due to face a disciplinary hearing for absenteeism.

Although Ministerial Determination states that if they are absent without a report for three days; the contract should be terminated, JM believes that we still need to follow due process and comply with the law.

There have been some good stories from some interns who have found permanent jobs. Two interns have resigned for permanent employment opportunities.

**TABLE #: STAFF ESTABLISHMENT**

Description	2018/19			
	Approved no. of posts	No. of employees	No. of vacancies	% of vacancies
Top management	1	1	0	0
Executive management	5	3	2	40
Middle management	47	32	15	31.9
Skilled technical/junior management	83	67	16	19.28
Semi-skilled	176	167	9	5.11
Unskilled housekeepers/cleaners	41	38	3	7.32
Learners				
<b>Total</b>	<b>353</b>	<b>308</b>	<b>45</b>	<b>12.75</b>

#### Section 4: Employment Equity

The JM's employment equity profile is reflective of the nature of business it conducts; coupled with the fact that the Market operations are not understood generally by job seekers it is difficult to attract a diverse staff compliment. The current profile is reflective of the realities of the agricultural sector profile; with the bulk of our staff being from the North where agriculture is a respected profession whilst in other areas Agriculture is still not regarded highly. Our profile is skewed more towards the African group while the Asian and Coloured population are just at the required levels. Our White population on the other hand has declined and the two resignations recorded this month have made it even worse. FOUR employees were referred to hospital when the clinic assessed their conditions to be serious requiring further medical attention.

**TABLE #: EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR PERIOD UNDER REVIEW @ 21/09/2018**

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1
Executive Management	3										3
Professionally qualified and experienced specialists and mid-management	13	2	3	6	8			1			33



Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	26	1	1	2	26	2	1	7	1		67
Semi-skilled and discretionary decision making	74	3		4	74	4		8			167
Unskilled and defined decision making	18				20						38
<b>TOTAL PERMANENT</b>	<b>135</b>	<b>6</b>	<b>4</b>	<b>12</b>	<b>128</b>	<b>6</b>	<b>1</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>309</b>
Temporary employees											
<b>GRAND TOTAL</b>	<b>136</b>	<b>6</b>	<b>4</b>	<b>12</b>	<b>128</b>	<b>6</b>	<b>1</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>309</b>

### Section 5: Skills Development and Training

The training focus for the first quarter was on awareness creation for employees in Occupational Health and Performance Management. The programmes were targeted at all employees and the attendance was declared compulsory; particularly the occupational health programme. The outcomes especially from the safety awareness training will be used to improve the safety measures in the JM and to inform future implementation of the employer's responsibilities framework.

The training offered in the quarter is reflected in the table:

Skills Development	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
Performance management Awareness Training	128	1	2	7	123	0	3	15	275	209 275
Health and Safety Awareness Training	106	3	6	10	111	1	6	16	259	123 025
Paper Trail Document Management	0	0	0	0	2	1	0	0	3	0
Payday Payroll	4	0	0	0	6	1	0	0	12	15 444
GC-MS Training	3	0	0	0	1	0	0	0	4	18000
<b>Total Beneficiaries</b>	<b>241</b>	<b>4</b>	<b>8</b>	<b>17</b>	<b>243</b>	<b>3</b>	<b>9</b>	<b>31</b>	<b>553</b>	<b>365 744</b>

### Subsidised study assistance beneficiaries

	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
<b>Total beneficiaries</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>205831.84</b>

The training of EPWP beneficiaries has not been implemented due to lack of funds. The anticipated grant from the W & R Seta was not approved. The interns in the service are included in the departmental training programmes as part of their workplace learning.

The roll-out of learnerships will be implemented in the second quarter.

### Section 6: Disciplinary Matters and Outcomes

HR has been spending considerable time with disciplinary cases. There seems to be a problem in the finalisation of cases which are handled externally. The external law firms are rather accommodative of the postponement requests to the detriment of the JM and this comes at a cost to JM. The one case the employee was suspended in February 2017; however the case has not even began. JM has since raised its concern with the appointed attorneys which unfortunately were appointed by the Shareholder.

Cases initiated by JM have been strictly managed and have been concluded with a reasonable period. The following are cases remain on our radar screen in the quarter:

STRUCTURE	NO OF CASES	STATUS	FINANCIAL IMPACT
JM Internal	5	1 concluded 2 employees resigned 2 in progress	
CCMA	3	All in progress	2 registered with insurance
SALGBC	3	1 employee resigned 2 scheduled for October & November	1 registered with insurance
Labour Court	4	1 finalised - JM Favour 3 still on court roll	Registered with insurance

### Employee Benefits

The JM as an entity of the City provides similar benefits for staff which benefits are in line with the South African Local Government Bargaining Council (SALGBC). The challenge remains the salary disparities which are a source of conflict between JM and its employees. JM has experienced an increase in claims of Equal Pay for Work of Equal Value which has been promulgated with the amendments to the Employment Equity Act in August 2014.

The PFA Benchmarking process has been finalised although the implementation resolution is not what was expected. Only 13% of the JM employees in levels C & D will benefit from the process. This is due to the decision taken by the mandating committee to only address those employees earning below their salary grade minimum. JM will implement the benchmarking in October backdated to August.

The annual general salary increase of 7% has been implemented in the September pay run back dated to July 2018; the increase excludes executive management.

### The current benefits provided by JM are:

Three Pension Funds are currently approved for JM employees

- City of Johannesburg Pension Fund – 14 Members
- Momentum Provident Fund and – 196 Members
- E-Joburg Retirement Fund – 100 Members

The status of the Momentum transfer project is at a point where employees took the case to the Bargaining Council; with the intention of forcing JM to liquidate the fund and pay them out their fund values before they could then be enrolled into eJoburg. The JM argued at that sitting that the dispute was a dispute of right; since in law the employer has an obligation to choose a pension fund scheme for its employees and the bargaining council has no jurisdiction over pension fund matters.

The commissioner in his ruling concluded that the bargaining council has no jurisdiction and issued a non-resolution certificate.

Following the opening of the window period allowing employees to transfer to eJoburg; only three employees indicated an interest to transfer.

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

- Discovery Health – 30 Members
- Bonitas – 231 Members
- LA Health – 6 Members

Housing Assistance provided for employees is:

- Housing Subsidy – 68 employees
- Gap Allowance – 29 employees.

**CARING FOR JM STAFF IS CONDUCTED THROUGH A PROGRAM KNOWN AS ICAS.**

Staff members have access to this program for multiple social support matters. Assistance includes advice on physiological, financial, family wellness and relevant to counselling. An example of promotional material utilised at JM is depicted below.



**Toll-free:**  
0800 212 393

**or dial \*134\*905#  
to request a  
call back.**

**Employee  
Wellness Programme**

Call for professional counselling on different aspects of your life, including:

- 
- Financial advice
  - Substance abuse
  - Relationships
  - HIV/AIDS
  - Family matters
  - Stress
  - Work
  - Trauma
  - Legal advice
  - Change



## Section 7: Turnaround Times

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance explanation	Mitigations
Number of days taken to fill critical vacancies	<p>*150 days for executive positions</p> <p>* 120 days for senior managers' positions</p> <p>* 90 days for middle management positions</p>		<p>*job adverts</p> <p>*appointment letters</p> <p>*acceptance letter from candidate</p> <ul style="list-style-type: none"> <li>•Refrigeration</li> <li>•Contracted Services Manager</li> <li>•Senior Manager Infrastructure (26 June)</li> <li>•Wellness Officer (Nurse)</li> </ul>	<p>(100) days- still negotiating</p> <p>82 days-JM offer declined by candidate</p> <p>92</p> <p>100 days still at negotiation</p>	<p>Not credible since all positions are from previous period</p> <p>All positions were advertised before the start of Q1 so standard was not fully applicable</p>	<p>*All positions were affected by late confirmation of budget.</p> <p>*Standard only introduced in the new financial year</p> <p>*No dedicated resource for the recruitment function</p> <p>* Poor response time from MIE for verification of qualifications and credit checks</p> <p>* Finalisation is also affected by availability of authorised signatories for final report and appointment letters.</p>	<p>*Dedicated resource to be appointed.</p> <p>*Standard to be fully measured effective Q2</p>
Number of days	Counting starts	*Senior Manager	Employee	Resignation		*only JM initiated	* all JM will be

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance explanation	Mitigations
taken to resolve disciplinary cases	<p>from date of issue of the charge sheet for non-forensic cases.</p> <p>*90 days general standard for ordinary cases</p> <p>*180 days for all forensic cases</p> <p>*180 days for cases involving senior management</p>	<p>(75 days)</p> <p>*Senior Financial Controller (76)</p> <p>*Executive (119 days)</p> <p>*Cashier (221 days)</p> <p>*Administrator Cashiering (378 days)</p>	<p>resigned</p> <p>Employee resigned</p> <p>Case finalised; awaiting outcome</p> <p>Ruling was for dismissal</p> <p>Case concluded; awaiting ruling of Chairperson</p>	<p>Letter</p> <p>Resignation letter</p> <p>Employee dismissed on 25 April 2018</p>		<p>disciplinary cases are being measured</p> <p>Delays are occasioned by:</p> <ul style="list-style-type: none"> <li>- unavailability of witnesses</li> <li>- Employee reporting sick</li> <li>- Unavailability of Chairperson</li> </ul> <p>The reasons advanced for postponements are all allowed in terms of policy and LRA Guidelines.</p>	<p>coordinate from HR to ensure compliance to set standards</p>

## CHAPTER FIVE: FINANCE

### Section 1: Financial Overview

Joburg Market's overall financial performance for the first quarter FY 2018/19 was above expectation. Revenue for the quarter was R114 million or R14.3 million (14.3%) up compared to budget of R100 million. Expenses for the quarter were R69.3 million or R3.0 million (4.2%) down compared to budget and surplus achieved was R32.4 million or R19.6 million (153.8%) up compared to budget.

The positive surplus is however dampened by the lack of spending on capital investment requirements and management is working towards addressing this challenge. In addition, overall operational expenditure was lower than budget.

#### Key financial ratios for the first quarter:

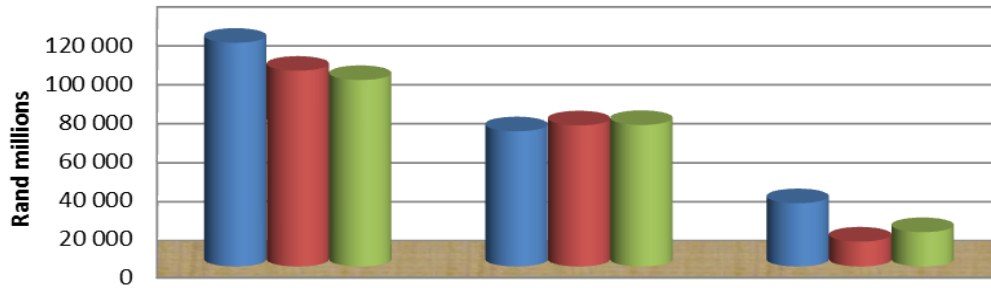
Financial ratios	Norm	Ending 30 Sep 2018
Liquidity (CA/CL)	Ratio :2	3.12
Working Capital (CA-CL)	N/A	R268 million
Solvency (Total Liabilities/Total Assets)	<40%	21%
Equity (Total Equity/Total Assets)	N/A	79%
Cash Cover	>45 days	169
Remuneration to expenditure ratio	30-40%	49%
Creditors Days	30 days	47

- As can be seen above, the company is performing above most relevant ratios.
- A positive working capital and liquidity ratio is above the norm.
- Cash coverage ratio is also above the norm of 45 days, this means the company has sufficient cash to meet its monthly fixed costs.

#### Revenue, Expenditure and Surplus Summary for 3 months period 2018/19

The below graph is a summary of the revenue, expenditure and surplus which compares the current quarter's results to budget and prior year. This graphs shows whether JM is growing or declining in revenue, expenditure and surplus when we compare the relevant periods.

## Comparative Analysis : Revenue, Expenditure and Surplus Q1 :2018-2019



	Revenue	Expenditure	Surplus
■ Actual	114 736	69 353	32 448
■ Budget	100 399	72 375	12 785
■ Last Year	95 638	72 591	17 618

- Revenue is above both budget and prior year for the quarter which is pleasing to note. Expenditure is lower than prior year and budget which will be elaborated on further in the report under the opex analysis.

### Section 2: Statement of Financial Performance

	3 months ending 30 September 2018						
				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	1 909 831	1 645 467	1 586 630	264 364	323 201	16.1%	20.4%
Tonnage	386	362	362	24	24	6.6%	6.6%
Rand/Ton	R 4 947	R 4 544	R 4 383	R 403	R 564	8.9%	12.9%
Revenue	114 736	100 399	95 638	14 337	19 098	14.3%	20.0%
Expenses	(69 353)	(72 375)	(72 592)	3 022	3 239	(4.2%)	(4.5%)
Surplus before interest & tax	45 384	28 024	23 046	17 360	22 338	61.9%	96.9%
Net interest (paid)/earned	516	(8 069)	2 427	8 584	(1 911)	(106.4%)	(78.7%)
Surplus before tax	45 899	19 955	25 473	25 944	20 426	130.0%	80.2%
Taxation	(13 452)	(7 171)	(7 855)	(6 281)	(5 597)	87.6%	71.3%
Surplus	32 448	12 785	17 618	19 663	14 830	153.8%	84.2%



### Section 3: Turnover and Revenue Analysis

Overall, the total turnover generated by Joburg Market was R1.9 billion equates to R264 million or 16.1% above budget; tonnage was above budget by 6.6% and also the rand per ton was above budget by 8.9%.

Revenue analysis for 3 months ended 30 September 2018/19							
	3 months ended 30 September 2018			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>
	R '000	R '000	R'000	R'000	R'000	%	%
<b>Turnover</b>	<b>1 909 831</b>	<b>1 645 467</b>	<b>1 586 630</b>	<b>264 364</b>	<b>323 201</b>	<b>16.1%</b>	<b>20.4%</b>
<b>Tonnage</b>	<b>386</b>	<b>362</b>	<b>362</b>	<b>24</b>	<b>24</b>	<b>6.6%</b>	<b>6.6%</b>
<b>Rand/Ton</b>	<b>R 4 947</b>	<b>R 4 544</b>	<b>R 4 383</b>	<b>R 403</b>	<b>R 564</b>	<b>8.9%</b>	<b>12.9%</b>
<b>REVENUE</b>	<b>114 736</b>	<b>100 399</b>	<b>95 638</b>	<b>14 337</b>	<b>19 098</b>	<b>14.3%</b>	<b>20.0%</b>
Cold storage facilities	767	904	805	(137)	(38)	(15.2%)	(4.8%)
Ripening facilities	846	808	932	38	(86)	4.7%	(9.2%)
Commission 5%	95 494	82 273	79 332	13 221	16 162	16.1%	20.4%
Direct Delivery Comm	1 073	895	607	178	466	100.0%	100.0%
Pallets	286	300	309	(14)	(23)	(4.7%)	(7.5%)
Cash Handling fee	774	683	741	91	33	13.4%	4.5%
Trolley Rental Deposit	32	34	43	(2)	(11)	(5.4%)	(25.7%)
Electricity recovery	5 182	4 958	5 186	223	(4)	4.5%	(0.1%)
Water recovery	1 134	1 173	1 154	(40)	(20)	(3.4%)	(1.8%)
Rental Income	7 298	5 670	5 439	1 628	1 859	28.7%	34.2%
Floor storage fees	436	387	409	49	27	12.7%	6.5%
Sundry revenue - other	1 416	2 314	681	(898)	735	(38.8%)	107.9%

- Total revenue is above budget by 14.3%. Total revenue at the end of the first quarter is R114.7 million compared to budget of R100.4 million.
- Revenue is made up of 83.2% commission income; 11.9% rental income (including both water and electricity recoveries) and the balance of 4.91% made up of the various other small items above.
- Commission income of R95.5 million was recorded compared to a budget of R82.2 million. This 16.1% increase is mainly attributable to higher revenues recorded by the market's trading due to increase in fresh produce being delivered.
- Rental income of R13.6 million was recorded compared to a budget of R11.8 million. This 15.3% increase is mainly due to previous vacant properties being occupied by tenants.
- Cold storage facilities income of R0.8 million was recorded compared to budget of R0.9 million. This 15.2% decrease is due to decreased demand for the market's cold store facilities.
- Banana ripening facilities income of R0.85 million was recorded compared to budget of R0.8 million. This 4.7% increase is due to increased demand for the market's ripening facilities as we enter banana season.

## Section 4: Opex Analysis compared to budget

Total operating expenditure excluding finance and taxation costs for the first quarter was recorded at R69.3 million compared to budget of R72.3 million. This amounts to a 4.2% under expenditure.

	3 months ended 30 September 2018						
				Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>
	<u>R '000</u>	<u>R '000</u>	<u>R'000</u>	<u>Budget</u>	<u>Last Yr</u>	<u>Budget</u>	<u>Last Yr</u>
			<u>R'000</u>	<u>R'000</u>	<u>%</u>	<u>%</u>	
<b>Expenses</b>	<b>(69 353)</b>	<b>(72 375)</b>	<b>( 72 591 )</b>	<b>3 022</b>	<b>72 522</b>	<b>(4.2%)</b>	<b>(99.9%)</b>
Personnel costs	( 34 086 )	( 36 548 )	( 35 248 )	2 462	1 162	(6.7%)	(3.3%)
Human Resources	( 2 675 )	( 1 263 )	( 1 016 )	( 1 412 )	( 1 659 )	111.7%	163.3%
Marketing	( 293 )	( 363 )	( 501 )	70	208	(19.2%)	(41.4%)
Repairs and Maintenance	( 2 774 )	( 5 866 )	( 6 177 )	3 092	3 403	(52.7%)	(55.1%)
Operations	( 18 753 )	( 16 302 )	( 16 491 )	( 2 451 )	( 2 262 )	15.0%	13.7%
Information Technology	( 1 048 )	( 1 283 )	( 1 568 )	235	520	(18.3%)	(33.1%)
Finance and administration	( 3 783 )	( 4 846 )	( 5 591 )	1 063	1 808	(21.9%)	(32.3%)
Depreciation	( 5 939 )	( 5 903 )	( 5 999 )	( 36 )	59 518	0.6%	(1.0%)

- Personnel costs of R34.0 million were recorded compared to budget of R36.5 million. This 6.7% under expenditure is mainly due to staff members vacancies not yet filled.
- Human resources costs of R2.6 million were recorded compared to budget of R1.2 million. This 111.7% over expenditure is mainly due to the bulk procurement of staff and safety uniforms which were last procured in bulk 3 years ago.
- Marketing costs of R0.29 million was recorded compared to budget of R0.36 million. This 19.2% under expenditure is due to timing difference on spending.
- Repairs and maintenance of R2.7 million was recorded compared to budget of R5.8 million. This 52.7% under expenditure is due on-going acquisition process of preventative maintenance programmes for civil and building.
- Operations costs of R18.7 million were recorded compared to budget of R16.3 million. This 15% over expenditure is due to increased operational costs of security and CCTV annual escalations.
- Information technology costs of R1.0 million were recorded compared to budget of R1.2 million. This 18.3% under expenditure is due to timing difference in procurement of IT services.
- Finance and administrative costs of R3.7 million were recorded compared to budget of R4.8 million. This 21.9% under expenditure is due to savings in consulting fees for legal and finance and other expenditure.

## Section 5: Statement of financial position

<b>STATEMENT OF FINANCIAL POSITION</b>		
	<b>R'000</b>	<b>R'000</b>
	<b>Draft</b>	<b>Actual</b>
<b>ASSETS</b>	<b>2018 Sept</b>	<b>2018 June</b>
<b>Non-current assets</b>	<b>344 212</b>	<b>353 694</b>
Property, plant and equipment	335 069	337 978
Investment property	396	400
Intangible assets	8 747	9 240
Deferred tax	0	6 076
<b>Current assets</b>	<b>394 274</b>	<b>394 759</b>
Trade and other receivables	36 394	37 036
Loans to shareholders	229 492	153 606
Current Tax receivable	71	
Current VAT receivable	0	2 910
Cash and cash equivalents	128 316	201 207
<b>Total assets</b>	<b>738 486</b>	<b>748 453</b>
<b>NET ASSETS AND LIABILITIES</b>		
<b>Net Assets and Liabilities</b>	<b>584 827</b>	<b>539 998</b>
Contribution from owner	20 000	20 000
Accumulated funds	564 827	519 998
<b>Non-current liabilities</b>	<b>30 956</b>	<b>37 032</b>
Loans from shareholders	18 499	18 499
Employee benefit obligations	2 782	2 782
Deferred tax	9 675	15 751
<b>Current liabilities</b>	<b>126 269</b>	<b>171 423</b>
Trade and other payables	112 206	152 847
Loans from shareholders	10 409	10 409
Finance lease obligations		136
Current VAT payable	3 654	
Current Tax payable		8 031
<b>Total net assets and liabilities</b>	<b>742 052</b>	<b>748 453</b>

- Non-current assets have decreased by R9.4 million to date; this is mainly due to depreciation expense and the disclosure of deferred tax on a net basis.
- Non-current liabilities have decreased by R6.0 million mainly due to the disclosure of deferred tax on a net basis.
- Current liabilities decreased by R45 million as a result of reversals and payments of accruals under trade payables.

## Section 6: Cash Flow Statement

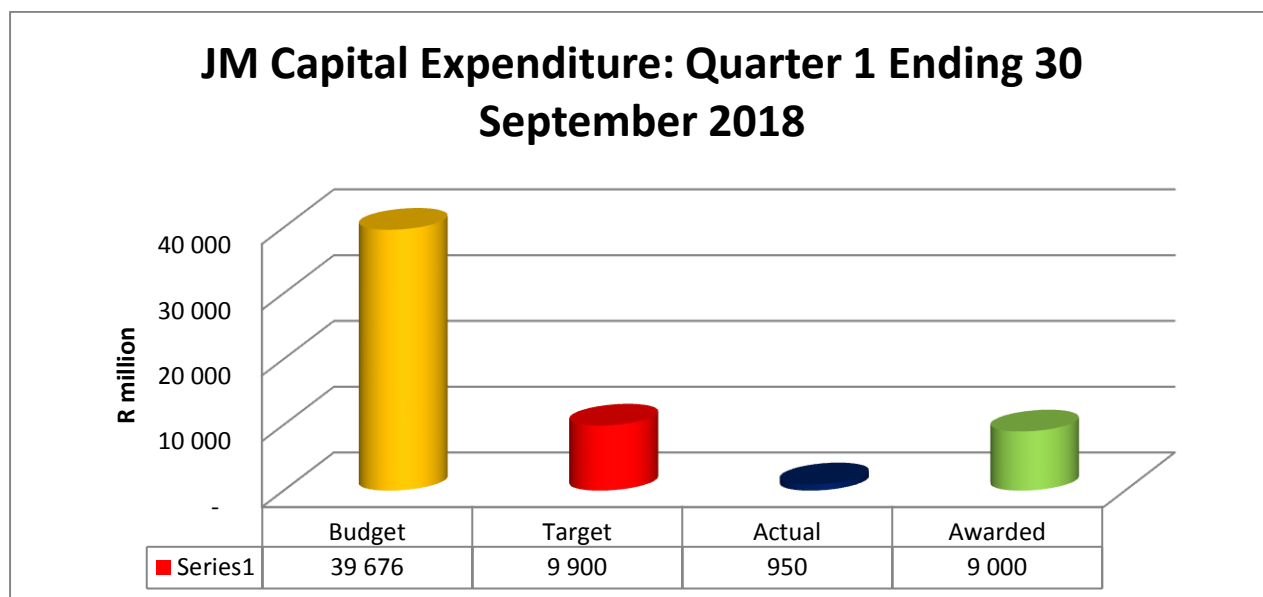
Cash Flow Statement	R'000	R'000
	2019 - Draft 30-Sep	2018 30-Jun
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Sale of goods and services	67 129	429 736
Interest income	3 686	19 027
	<b>70 815</b>	<b>448 763</b>
<b>Payments</b>		
Employee costs	-22 044	-138 030
Suppliers	-43 896	-103 807
Finance costs	-480	-4 018
Taxes on surpluses	-470	-24 940
	<b>-66 890</b>	<b>-270 795</b>
<b>Net cash flows from operating activities</b>	<b>3 925</b>	<b>177 968</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-630	-8 740
Proceeds from sale of property, plant and equipment		0
Purchase of intangible assets		-4 702
<b>Net cash flows from investing activities</b>	<b>-630</b>	<b>-13 442</b>
<b>Cash flows from financing activities</b>		
Repayment of shareholders' loan	-75886	-86 407
Finance lease payments	-136	-935
<b>Net cash flows from financing activities</b>	<b>-76022</b>	<b>-87 341</b>
<b>Net increase in cash and cash equivalents</b>	<b>-72 727</b>	<b>77 185</b>
Cash and cash equivalents at the beginning of the year	201 207	124 022
<b>Cash and cash equivalents at the end of the year</b>	<b>128 480</b>	<b>201 207</b>

- The cash position has significantly increased, mostly due to the pooling of funds system within the City of Joburg (shareholder).

## Section 7: Analysis of Capital Expenditure

The total capital expenditure budget for the year is R39.6 million and is self-funded. The quarterly target was R9.9 million and actual capital expenditure against the target is R0.9 million which represents 10% against target and 2.3% against approved budget. Joburg Market awarded R9 million for Road Rehabilitation to Johannesburg Roads Agency during the quarter under review.

The below table shows that 10% of the budget has been spent against target and 2.3% against approved budget. The awarded amount for Road Rehabilitation is R9 million.



### Analysis of Capital Expenditure

- The current ongoing project is the bird control which accounts for 90% of the reported expenditure.
- Approximately 10% of the expenditure is related to security radios.
- The Road Rehabilitation project is commencing in quarter 2.

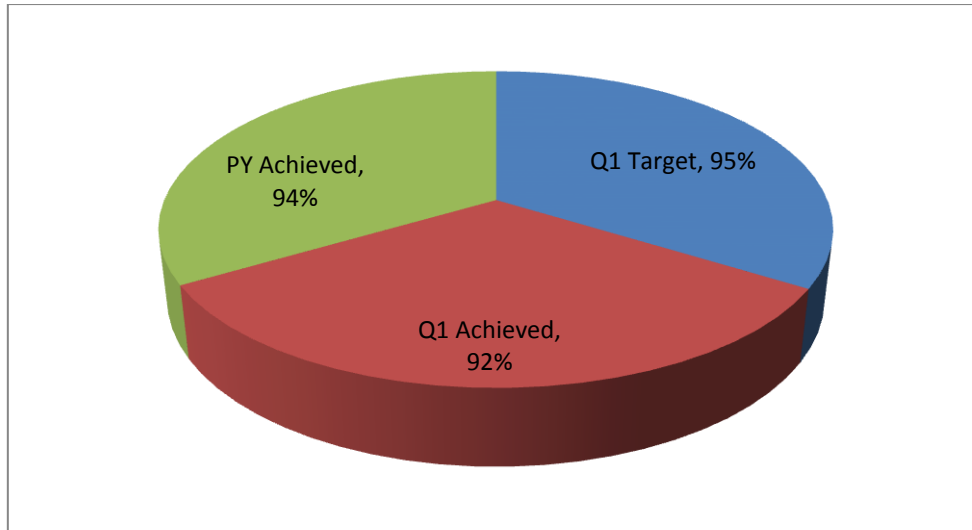
### Mitigation

JM Capex Forum Committee, Supply Chain and Project Management Office are working together to streamline the business processes in order to fast track project implementation.

## Section 8: Analysis of Debtors Collection

An amount of R16.4 million has been collected in Q1 compared to R13.3 million in the prior year. However the collection rate achieved for the quarter ending 30 September is 92% against a target of 95%. This performance is 3% below the rate achieved in the prior year.

The Table below describes the total billing, collections and the collection percentage achieved for the FY2018/19 compared to budget and prior year.



<b>Billing and collections rate 2018/19</b>	
<b>Billing</b>	
Descriptions	Actual YTD
Total of Rental & Utilities	12,068,833
Total of Cold Storage & Ripening	5,150,083
<b>Total Billing</b>	<b>17,218,916</b>
<b>Collections</b>	
Descriptions	Actual YTD
Total of Rental & Utilities	10,429,332
Total of Cold Storage & Ripening	6,019,893
<b>Total Collection</b>	<b>16,449,224</b>
<b>Collection percentages</b>	
Descriptions	Actual YTD
Rental & Utilities Rate	86%
Cold stores & Ripening	122%
<b>Total Average collection</b>	<b>92%</b>
<b>Description</b>	
Prior Year Percentages	94%
Year on Year Comparison	-2%

### Bad Debts

A long outstanding debtor's book of R8 million was handed over to attorneys for collection. This comprises 70% of the bad debts provided at June 2018 amounting to R11,4 million. Approximately 34% relates to Fruit & Vegetables City Distributors, with a proposed settlement agreement through commission contribution from operations. The attorneys recommended that R2.6 million (23%) should be written off; however certain accounts are still being pursued in line with the approved policy.

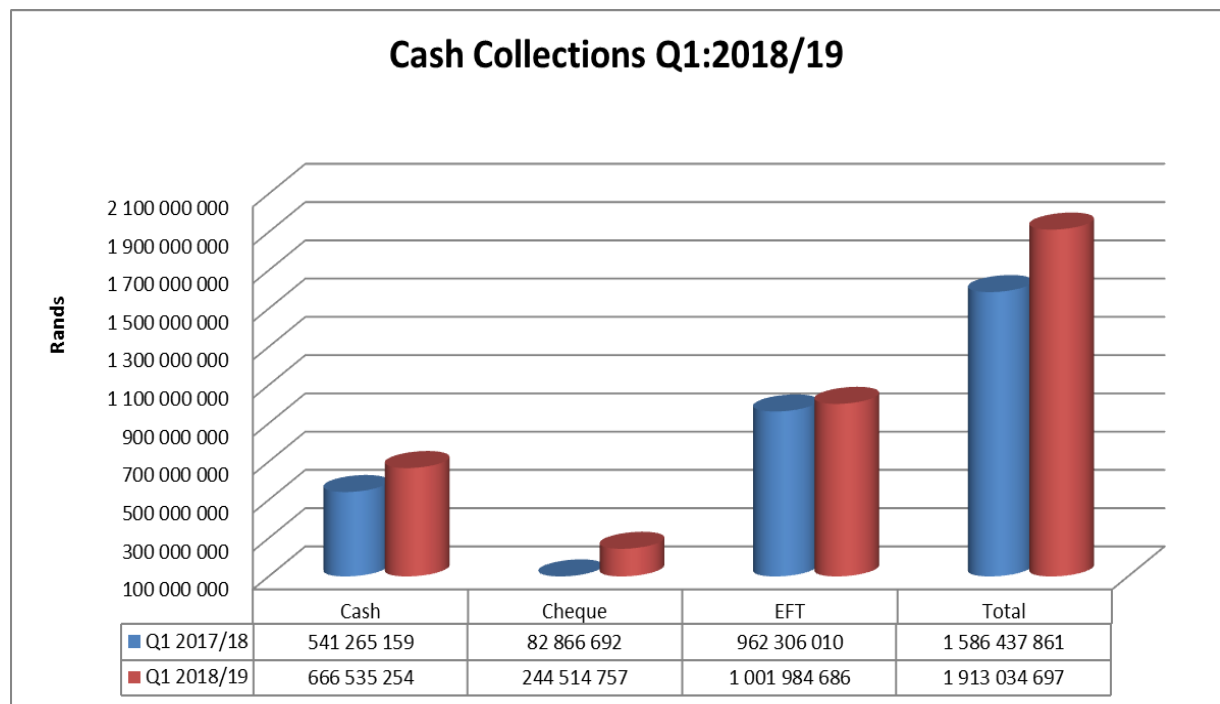
## Section 9: Analysis of Cashiering Collections

### Queuing System

Cashiering department has embarked on a process to find a solution that will address its compliance to service delivery standards (SDS). Currently there is a system which is under review for testing results. The department intends to start piloting the system as soon as the information has been communicated to the stakeholders. The pilot will only happen in counting house to see how the system works and feedback will be presented in the second quarter.

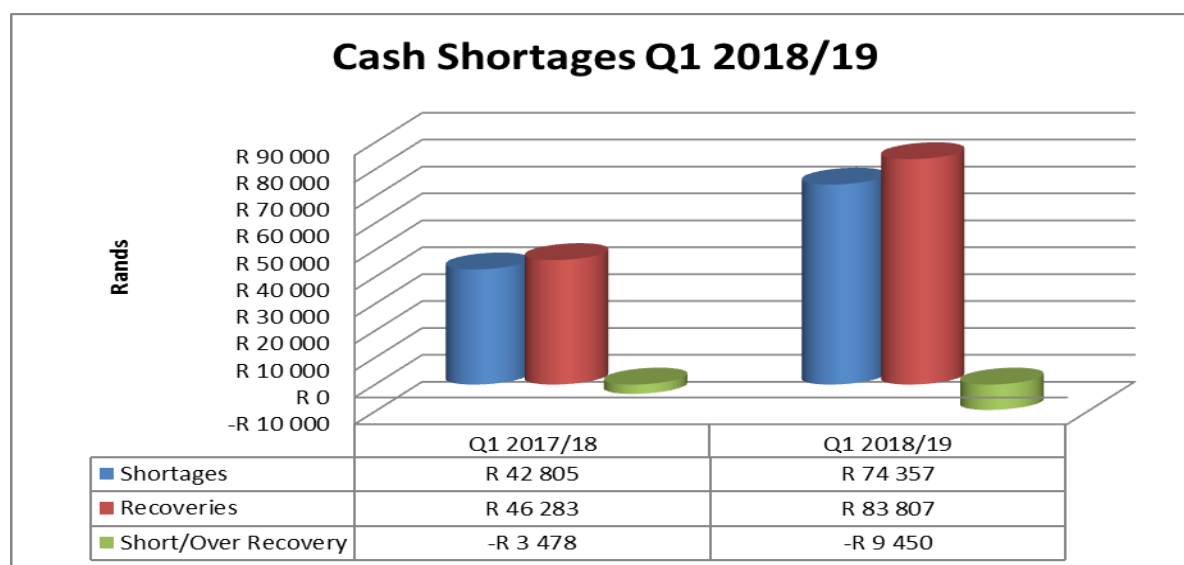
### Counting House: Security/Fidelity Company

The department had a meeting with Fidelity Company whereby they came with a proposal to install 4 additional cameras and interlocking system in the loading bay where their CIT officials are parking. The reason for that is to enable them to monitor and track their vehicles. This will be at Fidelity's cost. We are currently waiting for their proposal report and we will give feedback in the next quarter.



A total collection of R1.9 billion was achieved during this quarter compared to last year's R1.5 billion. There was a notable increase of 26% caused by seasonality increased sale of fresh produce.

## Cashiering Shortages & Recoveries



The total shortages for Q1 are R74 357 against recoveries of R83 807. The department over recovered by R9 450 due to the timing difference of payroll deductions. The shortages are due to the challenges of counting machines age which are currently being replaced through a tender process.

### Section 10: Analysis of Supply Chain Management

The table below represents tenders from R200 000 upwards for the advertisement period of 14 days to 30 days

Quarter	CAPEX bids received (BSC)	CAPEX bids advertised	CAPEX bids awarded	OPEX bids received (BSC)	OPEX bids Advertised	OPEX bids awarded
Q1	4	1	1	3	1	1

### Bids Awarded

Supplier Name	Allocation
Iron Mountain South Africa (PTY) LTD	OPEX
JRA	CAPEX

### Notice Board Process – Between R30 000 and R200 000

The notice board tender process advertises projects ranging from R30 000 to R200 000. Projects are advertised for 7 days on the JM website and tender notice board. As at 30 September 2018 projects were in the process of being approved for the order release, which is the final stage of the process.

Quarter	No. of requisition received	Projects in progress	Projects awarded	Projects on hold
Q1	7	4	3	0



## Projects Awarded

Supplier Name	Amount	Allocation
S1 Trading ( item-purchase: Heaters)	R96 629	OPEX
Diatshwana Holdings(Medical Consumables)	R200 000	OPEX
Nyalu communications(Protective Clothing)	R166 355	OPEX

## Three Quotations Process – From R 0 to R 29 999

Quotations are requested from the suppliers who are listed in the Joburg Market SCM data base.

Period.	No. of requisition received	Requisitions in progress	requisitions awarded	Projects on hold
Q1	140	18	122	0

## Deviations for 3 months period 2017/18 FY

The following deviations were recorded for the 1<sup>st</sup> quarter (01 July - 30 September 2018):

Deviation Type	Q 1 (R)	Q 2 (R)	Q 3 (R)	Q 4 (R)	Total (R)
Exceptional Case	0				0
Extension of Contracts and impractical to follow SCM process	313 970 (Ascent) 1 565 891 (Avis) 2 734 561 (Imvula)				4 614 422
Emergency	104 656 (Ascent)				104 656
<b>Total Amount</b>	<b>4 719 078</b>				<b>4 719 078</b>

The deviations for the period under review to date are listed in the table below:

No.	Company Appointed	Services rendered	Reasons for deviation	Amount committed (R)
<b>QUARTER 1</b>				
1	Imvula	Security services	The city is busy with the in-sourcing project of security personnel	2 734 561
2	Ascent	Database administration	The tender process is still underway	418 626
3	Avis	Lease of vehicles	The city extended the contract	1 565 891

## Contract Management Statistics

Contract Management statistics for the 3 months period 2018/19 is listed hereunder

No.	Active contracts	No. of contracts expired	No. contracts to be terminated within six months	No. Poor performance reported	No. of SLA completed
Q1	34	4	6	0	3

## Expired Contract

Service Providers	Start date	End date	Amount
ENS Africa	15.09.2017	14.09.2018	R 200 000

Service Providers	Start date	End date	Amount
First Corporate Transfer Secretaries	15.09.2017	14.09.2018	R 200 000
Dwellers	03.05.2018	30.06.2018	R 5 151 203
4 Chakras	18.06.2018	13.07.2018	R 327 520

### Terminated Contract

Service Providers	Start date	End date	Amount
Servest (Pty) Ltd	01.03.2017	28.02.2019	R 1 068 491
Air Products	17.01.2018	16.01.2019	R 144 953
Chemetrix	17.01.2018	16.01.2019	R 114 000
Multi-Locking Vehicle Tracking	13.10.2017	12.10.2018	R 200 000
Joren Communications	23.01.2018	22.01.2019	R 171 000
Global Payment Technologies (PTY) Ltd	30.04.2018	31.10.2018	R 102 603

### Extension of Contracts for the 3 months period 2018/19

Three contracts were extended during the financial year under review. The amount reflected is as per the approved deviations.

Description	Q1 - R	Q2 - R	Q3 - R	Q4 - R	Total - R
Extension of Contracts	4 719 078				4 719 078
<b>Total Amount</b>	<b>4 719 078</b>				<b>4 719 078</b>

### Contracts secured through other organ of state (Reg. 32) for the 3 months period 2018/19

*No contracts were secured through this process during the quarter under review*

### Irregular Expenditure

The table below indicates actual amount spent as irregular expenditure incurred for the 3 months period 2018/19

No	Company Appointed	Services rendered	Reasons for deviation/Irregular expenditure	Expenditure incurred to date (R) EXC VAT
1.	Imvula	Security services	The city is busy with the in-sourcing project of security personnel	2 734 561
2.	Ascent	Database administration	The tender process is still underway	418 626
3.	Avis	Lease of vehicles	The city extended the contract	1 565 891
<b>TOTAL IRREGULAR EXPENDITURE</b>				<b>4 719 078</b>

### BEE Capex and Opex Spend for the period ending 30 September 2018.

A total amount of R12, 525,864 spend against a targeted amount of R18 452 000. The above constitutes 68% of expenditure against the target.

### Fruitless and Wasteful Expenditure for the period ending 30 September 2018.

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

## CHAPTER SIX: INTERNAL AUDIT

### Section 1: Internal Audit scope of work

JM's Internal Audit department has a specific mandate from the ARC to independently appraise the adequacy and effectiveness of the company's internal control systems, financial controls and accounting records. Internal Audit reports are communicated to management, the ARC and the Auditor General. The Senior Internal Audit Manager has direct access to the chair of the ARC and reports functionally to the ARC and administratively to Chief Executive Officer.

The internal audit coverage plan is based on the high risk areas of the organisation as identified in the strategic risk register and operational risk registers. The coverage plan is updated annually, based on the risk assessment, the results of Internal Audit work performed and the Auditor –General's Audit report and Management letter.

### Section 2: Performance against Internal Audit Plan

During Quarter 1 to 30 September 2018, Internal Audit spent most of the time finalizing the 2017/2018 audit plan.

Table following table shows progress against the approved Audit Plan as at 30 September 2018.

Description	Status Year to date progress against the plan (2017/2018)					
	Project Allocation	Not started	Planning Phase	Execution Phase	Reporting Phase	Completed
Planned audits for the year	26	0	0	1	1	24
Total	26	0	0	1	1	24
Progress-% (30/09/2018)	100%	0%	0%	4%	4%	92%

At the end of September 2018, 92% of the planned audits were completed, 4% at reporting stage, 4% were in execution and will be finalised with the new audit plan for the 2018/2019.

#### Details of planned audits

The following table provides the detail of the planned audits and the risk statuses to date at 30/09/2018:

#	Planned Area of Coverage	Planned Hours	Planned Date	Status	Report Rating <sup>1</sup>
<b>Planned Q1 Audits</b>					
1	Legislative Compliance Checklist	300	Q1	Completed	Requires

#	Planned Area of Coverage	Planned Hours	Planned Date	Status	Report Rating <sup>1</sup>
					Improvement
2	Adherence to Demand Plan	150	Q1, Q3	Completed	Significant
3	Training and development	300	Q1	Completed	Requires Improvement
4	Food Security	200	Q1	Completed	Significant
5	Cashiering	200	Q2	Completed	Significant
6	Ammonia Plant – Follow up	200	Q1	Completed	Satisfactory
<b>Planned Q2 Audits</b>					
1	Auditing of Predetermined Objectives (AOPO) (Q1)	400	Q2, Q3, Q4	Completed	Significant
2	Rental Income (including management of debtors)	300	Q2	Completed	Critical
3	Payroll administration	300	Q4	Completed	Satisfactory
4	Payment of Suppliers -30 days	100	Q2,Q4	Completed	Significant
5	Staff verification	200	Q2	Completed	Satisfactory
6	Governance Processes (King IV Implementations)	200	Q4	Deferred to 2018/2019	N/A
<b>Planned Q3 Audits</b>					
1	Auditing of Predetermined Objectives (AOPO) (Q2)	400	Q2, Q3, Q4	Completed	Significant
2	Consignment Control	300	Q3	Completed	Requires Improvement
3	Internal Financial Controls	400	Q3	Completed	Satisfactory
4	RFQ and Tendering Process	200	Q3	Completed	Significant
5	Contract Management	150	Q3	Completed	Significant
6	Occupational Health and Safety	400	Q1	Completed	Significant
7	Adherence to Demand Plan	150	Q1, Q3	Completed	Significant
8	Payment of bonus		Q3		Satisfactory
<b>Planning Q4 Audits</b>					
1	Asset Management	200	Q4	Completed	Satisfactory
2	Overtime Management	200	Q4	Completed	Satisfactory
3	Payroll administration	300	Q4	Completed	Satisfactory
4	Payment of Suppliers -30 days	100	Q2, Q4	Completed	Requires Improvement
5	Review of financial statements	50	Q4		Satisfactory
<b>Probity Audits</b>					
6	Probity audit on JDE BI extension	40	Q4		Requires improvement
7	Probity audit on maintenance on JDE financial system	40	Q4	Completed	Requires improvement

#	Planned Area of Coverage	Planned Hours	Planned Date	Status	Report Rating <sup>1</sup>
<b>Q1 (30/9/'18) Audits (finalising Q4)</b>					
1	Implementation of IT Governance	200	Q1	Reporting Phase	N/A
2	Business Continuity Testing	200	Q1	Reporting Phase	N/A
	<b>Probity Audits</b>				
3	Probity audit on road rehab	40	Q1	Completed	Satisfactory
4	Probity audit on Building and Civil Maintenance	80	Q1	Completed	Significant
5	Probity audit on Solaris servers	40	Q1	Completed	Satisfactory
6	Probity audit on medical supplies	32	Q1	Completed	Satisfactory

Explanation of Report Rating

Critical	Significant	Requires Improvement	Satisfactory
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### Section 3: Effectiveness of Internal Controls

Based on the audits conducted, there has been a notable improvement in internal controls during past six months and the Internal Audit reports show these improvements with a significant number of audit reports showing a positive control environment. Based on the above the internal controls have improved and are effective. There are some areas that still further improvement in the control environment and Internal Audit will work with management by providing appropriate recommendations for improvement.

### Section 4: Follow up on Internal Audit and Auditor-General (AGSA) Findings

The 2016/2017 Auditor General's Management Report was issued with 34 findings. By 30 September 2018, 85% (29/34) have been resolved and 15% not resolved.

Follow ups are made on a monthly basis and report to the City of Johannesburg as part of monthly follow ups on the dashboard of unresolved findings. The JM Quarterly report also summarises the movement of findings on a quarterly basis.

#### Internal Audit Findings

During Q1 six audit reports were issued comprising a total of 25 findings. The follow ups of previous findings resulted in 6 previous findings being resolved. The opening findings was 39 and the closing number of unresolved findings was 58. Internal Audit findings by their nature will steadily change during the financial year as old findings are resolved and new findings are added from new audit reports.

**Q1 - 30 September 2018**

	<b>Opening balance of open findings</b>	<b>Findings resolved during the period under review</b>	<b>Findings added during the period under review</b>	<b>Open findings on 30 September 2018</b>
AGSA Findings	8	(3)	0	5
Internal Audit findings	39	(6)	25	58
<b>Total</b>	<b>47</b>	<b>(9)</b>	<b>25</b>	<b>63</b>