

JOBURG MARKET (SOC) LTD

Company Registration No:
2000/023383/07

**Mid-Year Report
2018/2019**

Towards being
Clean, Safe and Smart

Version 1.6
Final Draft



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 3(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
Bankers:	Standard Bank
Auditors:	Auditor-General of South Africa
E-mail:	info@joburgmarket.co.za
Anti-Fraud Hotline:	0800 002 587

GPS Coordinates:

S26° 13' 678"

E28° 04' 866"



SIGN OFF PAGE: MID-YEAR REPORT 2018/19

Charles Hamilton _____ Signature Executive: Strategy & Transformation (Acting)	Date of Approval
Sifiso I. Dlamini _____ Signature Chief Financial Officer	Date of Approval
Ayanda Kanana _____ Signature Chief Executive Officer	Date of Approval
Jan Mocke _____ Signature Chairperson of the Board of Directors	Date of Approval
Cllr Leah Ruth Knott _____ Signature MMC: Economic Development	Date of Approval

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
COJ	City of Johannesburg
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
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, 56 of 2003
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OPEX	Operational Expenditure
REMCO	Remuneration Committee
RSA	Republic of South Africa
SADC	South African Development Community
SANAS	South African National Accreditation System
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SMME	Small Medium and Micro Enterprise
SLA	Service Level Agreement
SPS	Sales Processing System

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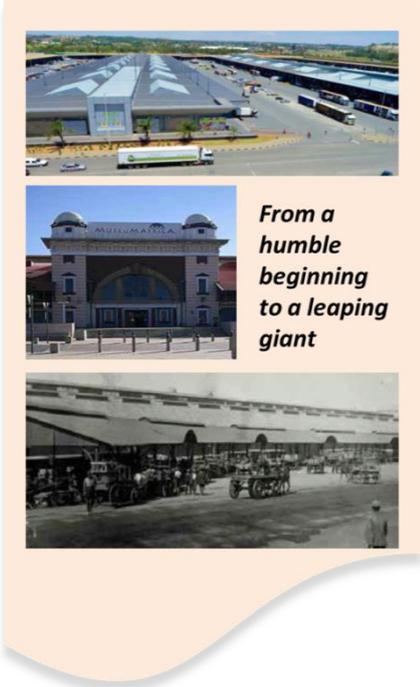
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CHAPTER ONE: CORPORATE PROFILE AND LEADERSHIP

Section 1: Corporate Profile / Overview of the Entity

Mandate
Strategy
Vision & Mission
Towards a Clean, Safe & SMART Market



The company owes its origins to the establishment of the fresh produce market at the Market Square in central Johannesburg in 1887 where three thousand people congregated 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 Metropolitan Municipality (CoJ) in 2000, it was later converted into a State-Owned Company (SOC) in line with the implementation of the Companies Act of South Africa (Act No. 71 of 2008).

The Company is required to comply with various 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 307 employees. In addition 25 interns and 99 EPWP workers were also accommodated. JM trading facilities are provided to farmers across the RSA whose produce is marketed and exposed daily to thousands of buyers from South Africa and the Southern African Development Community (SADC) region. JM, Market Agents and Tenants operating within JM's facilities create jobs for employees within the sector.

JM plays a critical role of determining the price for the fresh produce industry in South Africa since it represents 44.02% 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;

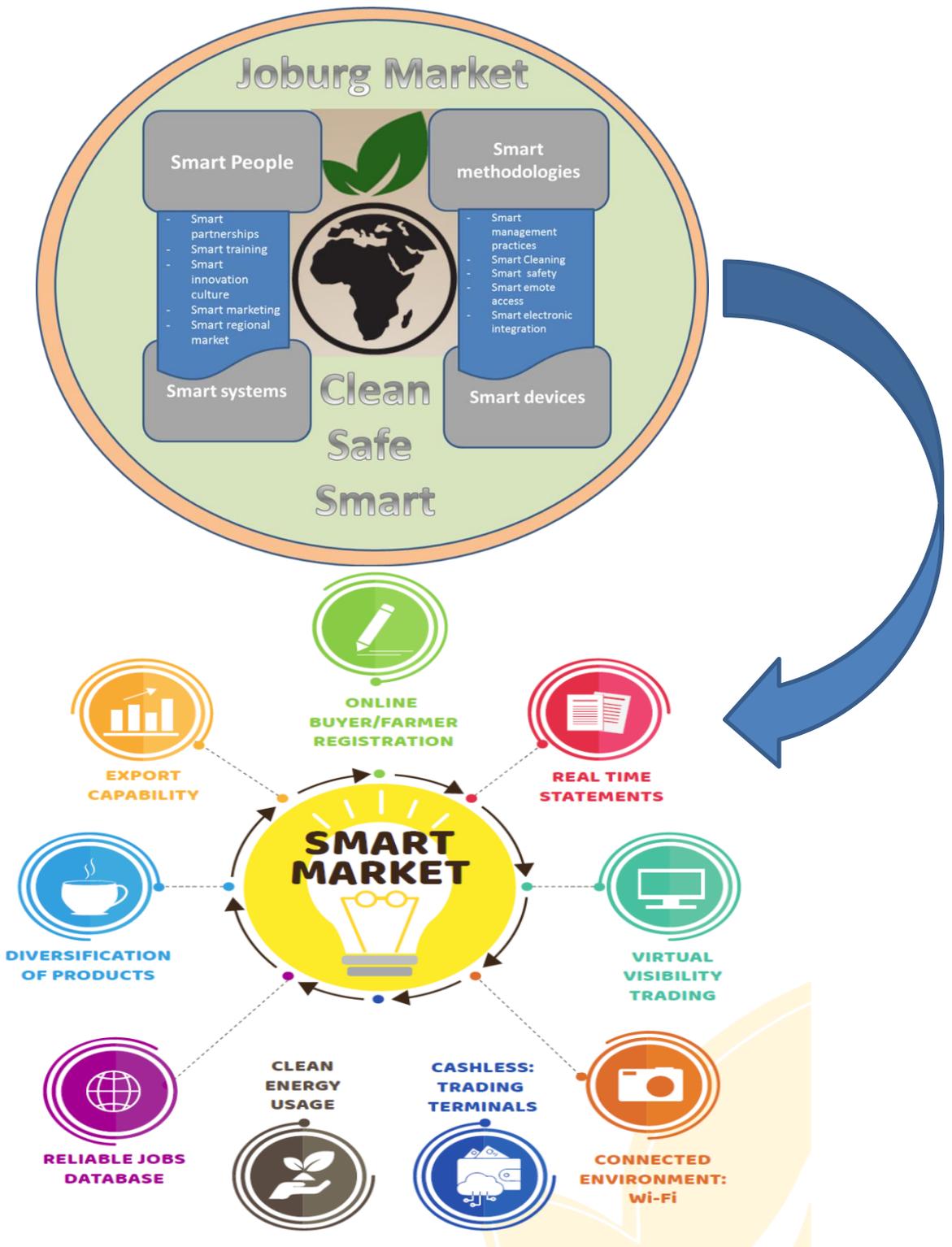
- Transparency
- Service excellence
- Integrity
- Innovation

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

Smart devices and smart business methods are illustrated in the graphic expression below:



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.

Numerous service providers serve as intermediaries in the fresh produce distribution chain. As specialists they are tasked to procure fresh produce according to the specifications of their clients. These functionaries enable the successful delivery of produce with suitable shelf life to the advantage of the end consumer.

To be successful JM renders services and maintains close contact with the daily operations of its fellow intermediary institutions, which *inter alia* include Market Agencies, wholesalers and growers associations.

To serve its purpose, JM boasts a number of salient features, some of which are reflected in discussions below. Joburg Market does receive consignments of fruits from international destinations such as Spain and SADC countries like Mozambique and Zimbabwe. The latter includes deciduous summer fruits as well as subtropical fruits such as avocado's and bananas. 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. Various fruit commodities are received by JM from a number of fruit producing countries.

On a daily basis distribution of produce from the JM site is conducted to several destinations in the SADC region.

Financial salient features

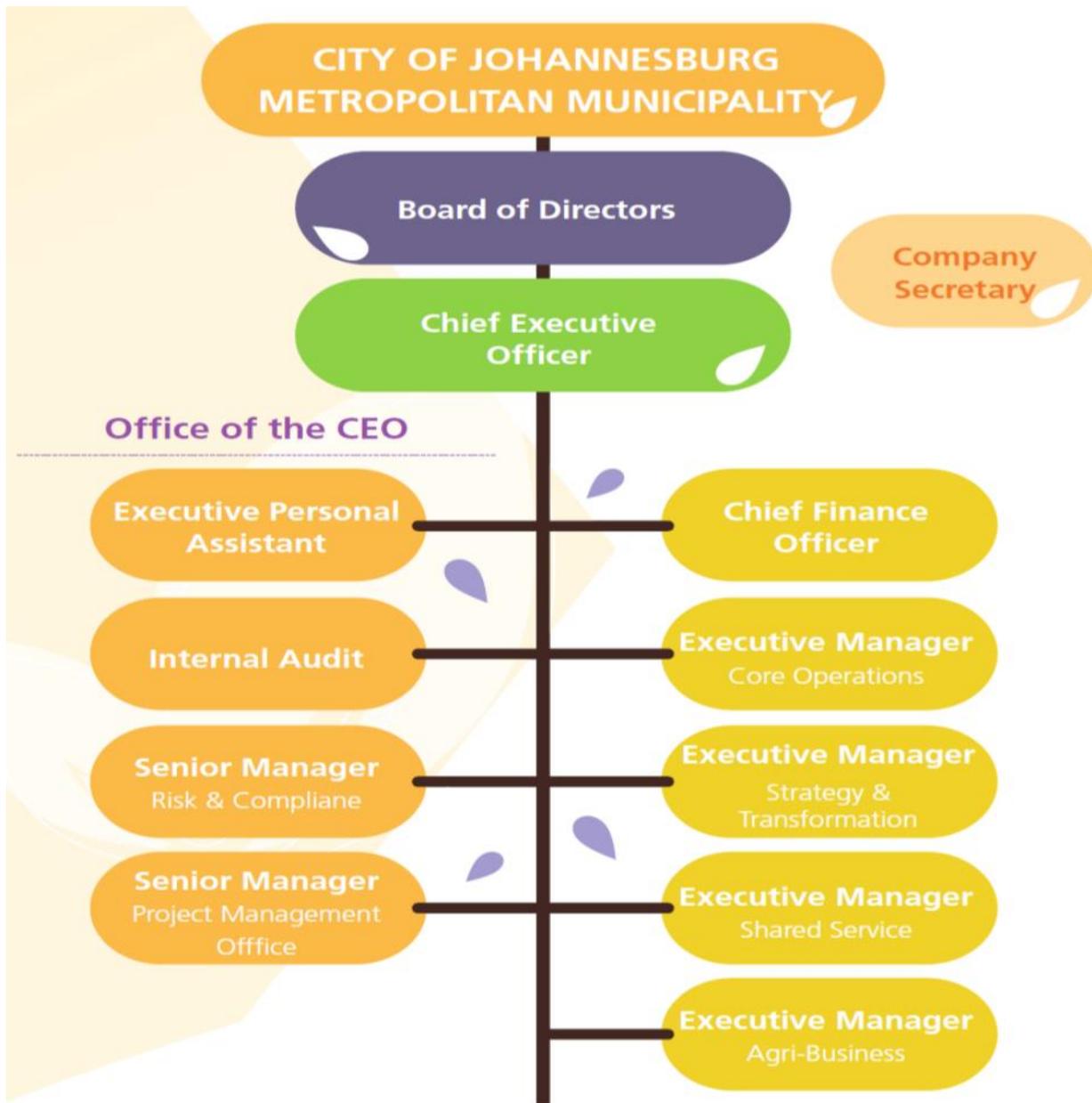
Key financial indicators at the conclusion of the mid-year period ending 31 December 2018 are illustrated below:



Section 4: High-level Organisational Structure

307 Staff members
30 Jobs Created
99 EPWP workers
25 Interns
Towards a Clean, Safe & SMART Market

The high level structure of JM as at 31 December 2018 is depicted below:



Section 5: Chairperson's Foreword

The Joburg Market is an organisation in transformation. This is done against the backdrop of the thrust to develop JM as a SMART market. In terms of transforming the company took the first major steps and is now reaching a stage where JM is able to take a look at a new organisational structure and moving the entity towards a high performing institution.

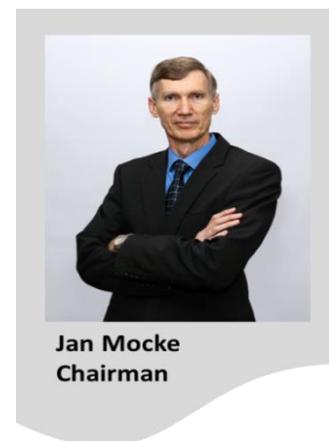
The company will continue tirelessly with its efforts to upgrade and construct new generation market amenities of quality and suitability. In this regard the Johannesburg Development Agency will assist in planning the best possible alternatives to JM.

The current drought cycle represents yet another natural disaster and also holds the potential to seriously affect the production of fresh produce. The drought has already caused fluctuations in produce supplies and consequently lower availability to markets in a number of commodity lines occurred at times. In the circumstances, I would like to thank every fresh produce producer for their continued efforts to keep our markets stocked with suitable quantities of fresh produce. In these difficult times, I would like to assure you of our well wishes and sincerely hoping that all producers will be able to overcome their setbacks.

I would further like to extend the Boards' sincere gratitude to the Market Agents, Wholesalers and Tenants who worked tirelessly to serve the large client base, resulting in the efficient distribution of fresh produce, also during the past festive season. JM remains the fastest growing market in South Africa. Looking back at the midyear review stage, I would like to commend management and staff of JM for their contributions, commitment and the sound market management practices, which ensured a healthy and sustainable business.

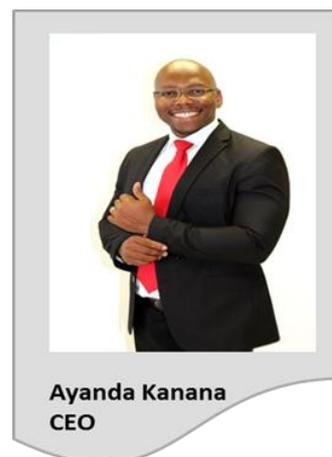
Ms. Doris Dondur resigned as Chairperson of the Board during October 2018. On behalf of the Board and staff of JM I wish to convey our sincere gratitude to her for her exceptional dedication to JM and the tireless support she was always willing to provide at all hours. Our best wishes accompany her for all her future ventures. It is also my pleasure to welcome two newly appointed Board members. Mr. Tumelo Mlangeni and Dr. Wellington Thwala took up their seats as non-executive directors to the JM Board of Directors during November 2018. I would also like to convey the Board's best wishes towards all our stakeholders for the year 2019. May our mutual endeavours be rewarded with success and may all our undertakings grow from strength to strength.

Jan Mocke
Chairman: Board of Directors.



Section 6: CEO's Report

The mid-year review coincides with the festive season. The supply of a number of commodities which favoured the consumer at times was turned around during the period under review and led to a 5.2% increase in the rand per tonne. The six month period under review reflects the turbulent conditions in produce trading trends. Overall prices of produce year on year increased by 5.8% from R5064 to R5358 per ton.



With the dedication of staff shown towards business optimization and cost control, the company was able to achieve a net surplus of R76M. The resulting surplus is 108.7% higher than the budget of R36.4M. JM continued to focus on savings such as interest charges and saved R5.9M on such costs.

The effort to improve the fabric of the Market, which was constructed during 1975, is also reaping results albeit not at the intended rate. The JM road resurfacing was successfully concluded. Preventative maintenance programmes are being rolled out, however JM could only spend R5.5M of the budgeted R13.5M. This 58.8% under expenditure is due to an on-going acquisition process of preventative maintenance programmes for civil, plumbing, mechanical and building maintenance contractors. The laboratory of the entity continues to conduct analysis as accredited facility according to SANAS standards.

Two newly appointed directors were appointed to the Board. On behalf of the Executive and staff members I would like to welcome Mr. Tumelo Mlangeni and Dr. Wellington Thwala and wish them well for their period of tenure. In closing I would like to welcome Mr. Jan Mocke as the new Chairperson of the Board of Directors. The executive team is looking forward in working with Mr Mocke and the Board during 2019.

Ayanda Kanana
Chief Executive Officer

Section 7: CFO's Report

The JM's overall financial performance for the period ended 31 December 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 R4 billion which is 11.3% above budget of R3.6 billion for the reporting period. The cash position of the company increased due to the strong growth in working capital. In addition, JM has cash coverage of 205 days well above the norm of >45 days. The entity has sufficient cash flow to sustain the business going forward.



Sifiso Dlamini
CFO

6 months highlights for 2018/19 are as follows:

- Revenue achieved was R239.9 million which equates to an increase of R20.5 million or 9.4% compared to budget of R219.4 million
- Net surplus achieved was R76 million which equates to an increase of R39.6 million or 108.7% compared to budget of R36.4 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 3.49 against a norm of 2. This means the entity has sufficient cash to meet its short term obligations.
- The net closing cash position for 6 months was R161 million compared to budget of R98.1 million.
- JM capital expenditure was R19.6 million or 99% against a target of R19.8 million. This is the first time such a high capex ratio was achieved in 3 years.

6 months lowlights for 2018/19 are as follows:

- Repairs & Maintenance is below budget by R7.9 million (58.8%) due to an ongoing acquisition process of preventative maintenance programmes for plumbing, civil, mechanical and building.

The focus for the next reporting period is as follows:

- To finalise the appointment of the plumbing/civil/building/mechanical maintenance to accelerate repairs 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 by filling 3 vacancies in February.

Mr Sifiso I. Dlamini
Chief Financial Officer

CHAPTER TWO

Section 1: Board of Directors

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

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 and two additional members were appointed on 06 November 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
Dr. Wellington Thwala	November 2018
Mr. Tumelo Mlangeni	November 2018
Mr. Robin Theunissen (IAC)	April 2018
Mr. Cassim Tilly (IAC)	April 2018
Mr. Robert Hill (IAC)	April 2018

The Chairperson of the Board Ms. Doris Dondur* resigned as Chairperson and Non-Executive Director of the Joburg Market in October 2018.

The Mayoral Committee resolved to appoint Mr. Jan Mocke as the Chairperson of the Joburg Market Board in December 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.

Meetings as at mid-year

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D*	2	4	-	-	-	-
Ramakoaba A	4	4	-	-	2	2
Mocke J	3	4	-	-	2	2
Nengovhela L	4	4	3	3	2	2
Ndlovu S	4	4	-	-	-	-
Naidoo P	3	4	-	-	1	2
Thwala W**	1	4	-	-	-	-
Mlangeni T**	1	4	-	-	-	-
Theunissen R (IAC)	2	4	3	3	-	-
Hill R (IAC)	-	-	3	3	-	-
Tilly C (IAC)	-	-	-	3	-	-
Kanana A (Executive Director)	4	4	3	3	2	2
Dlamini S (Executive Director)	4	4	3	3	2	2

Annual Meetings

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D*	5	7	-	-	-	-
Ramakoaba A	5	7	-	-	2	2
Mocke J	6	7	-	-	2	2
Nengovhela L	7	7	4	4	2	2
Ndlovu S	6	7	-	-	-	-
Naidoo P	5	7	-	-	1	2
Thwala W**	1	7	-	-	-	-
Mlangeni T**	1	7	-	-	-	-
Theunissen R (IAC)	5	7	4	4	-	-
Hill R (IAC)	-	-	4	4	-	-
Tilly C (IAC)	-	-	3	4	-	-
Kanana A (Executive Director)	6	7	4	4	2	2
Dlamini S (Executive Director)	6	7	4	4	2	2

Meetings attended by the Board and its Committees

A = Meetings attended

B = Number of meetings scheduled

IAC = Independent Audit Committee Member

*Resigned on 29 October 2018

**Appointed on 06 November 2018

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:

Remuneration first 3 months of 2018/18

NON EXECUTIVE DIRECTORS REMUNERATION					
No.	Name	Designation	Meeting Fee Q1 (R)	Other (R)	Total (R)
1	Doris Dondur	Chairperson	32 000	0	32 000
2	Abigail Ramakoaba	Member	46 000	0	46 000
3	Jan Mocke	Member	70 000	0	70 000
4	Livhuwani Nengovhela	Member	65 000	0	65 000
5	Sihle Ndlovu	Member	36 000	0	36 000
6	Pat Naidoo	Member	63 000	0	63 000
7	Wellington Thwala	Member	12 000	0	12 000
8	Tumelo Mlangeni	Member	12 000	0	12 000
TOTAL			336 000	0	336 000

Remuneration as at Mid-year

NON EXECUTIVE DIRECTORS REMUNERATION					
No.	Name	Designation	Meeting Fee YTD (R)	Other (R)	Total (R)
1	Doris Dondur	Chairperson	68 000	0	68 000
2	Abigail Ramakoaba	Member	58 000	0	58 000
3	Jan Mocke	Member	113 000	0	113 000
4	Livhuwani Nengovhela	Member	106 000	0	106 000
5	Sihle Ndlovu	Member	60 000	0	60 000
6	Pat Naidoo	Member	87 000	0	87 000
7	Wellington Thwala	Member	12 000	0	12 000
8	Tumelo Mlangeni	Member	12 000	0	12 000
TOTAL			516 000	0	516 000

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

2.5 Independent members' payments

IAC Remuneration for first 3 months of 2018/19

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee Q1 (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	42 000	0	42 000
2	Robert Hill	IAC	15 000	0	15 000
3	Cassim Tilly	IAC	15 000	0	15 000
TOTAL			72 000	0	72 000

IAC Remuneration as at mid-year

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee YTD (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	68 000	0	68 000
2	Robert Hill	IAC	20 000	0	20 000
3	Cassim Tilly	IAC	15 000	0	15 000
TOTAL			103 000	0	103 000

The cost of Director Remuneration as at 31 December 2018 is R619 000 against a mid-year budget of R527 666.00 for the 2018/19 financial year. This expense is 17% above budget as a result of the need for a special meeting during the period under review.

Section 3: Executive Management Remuneration

The table below summarises executive remuneration at mid-year of 2018/19

Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Housing	Acting	Leave Pay	UIF	SDL	BCL	Bonus	Total
Ayanda Kanana	CEO	899 806	76 180	49 308	23 400	90 000				892	9 912	53		1 149 551
Sifiso Dlamini	CFO	790 187	104 820		20 293					892	7 677	53		923 922
Charles Hamilton	Acting Strategy and Transformation Executive	755 164	154 878		17 700			103 252		892	8 976	53		1 040 914
Josiah Mazibuko	Core Operations Executive	868 817	46 372	35 136	19 500					892	8 781	53		979 551
Charles Park	Acting Core Operations Executive	355 342	23 226		12 797			45 500		595	4 014	35		441 508
Tshifhiwa Madima	Agri-Business Executive	695 995	39 478	25 446	19 500	48 000	5 114		148 811	892	8 946	53		992 236
Keeran Singh	Acting Company Secretary	232 497	49 250	12 384	19 200		5 114	32 833		892	3 550	53	45 602	401 376
		4 597 808	494 205	122 274	132 389	138 000	10 228	181 585	148 811	5 949	51 856	350	45 602	5 929 058

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
Mr. Ayanda Kanana (Chief Executive Officer) Qualifications: <ul style="list-style-type: none">• Chartered Accountant (SA)• Bachelor of Commerce Honours• Bachelor of Commerce (Financial Accounting)
Mr. Sifiso Dlamini (Chief Financial Officer) Qualification: <ul style="list-style-type: none">• Chartered Accountant (SA)• Bachelor of Accounting Science Honours• Bachelor of Commerce (Economics)
Mr. Charles Hamilton (Executive Manager – Strategy & Transformation – Acting) (Date 01.03.2018) Qualifications: <ul style="list-style-type: none">• Senior Management programme in Municipal Management/Business Administration• Strategic Forecasting and Risk Management• Baccalaureus Degree: Marketing• National Diploma: Marketing and Sales Management• Advanced Diploma: Marketing and Sales Management• Municipal Executives Financial Management• Local Government Monitoring & Evaluation
Mr. Josiah Mazibuko (Executive Manager – Core Operations) Qualifications: <ul style="list-style-type: none">• Master of Science in Engineering Business Management• Senior Managers Programme• Management Development Programme• National Diploma: Electrical Engineering• Artisan Certificate: Electrician• International Leadership Development Programme• Municipal Executives Finance Management
Mr. Charles Park (Executive Manager: Core Operations - Acting) <ul style="list-style-type: none">• Master of Business Administration (MBA)• B-Tech in Transportation Management focused on Logistic Management• National Diploma in Transportation Management• Municipal Executives Finance Management: WITS Business School
Mr. Tshifhiwa Madima (Executive Manager – Agri-Business) Resigned 31 December 2018 Qualifications: <ul style="list-style-type: none">• Masters in Agricultural Economics• Honours degree in Agricultural Economics• Bachelor of Agricultural Management degree• Municipal Executives Financial Management• International Leadership Development Programme• Post Graduate Diploma in Business Management Practice

Section 4: Company Secretarial Function

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

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

JM has a vacancy in the Company Secretariat function; filling of this vacancy is dependent on the directive of the Shareholder.

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. Internal Audit 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.

The Shareholder has indicated their intention to centralize all Internal Audit functions of the City Group. While this is pending the JM has extended the services of the Internal Audit panel until the end of the current financial year.

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. Discussions are underway with the CoJ EISD department to build a bio-digester. Part of the inputs for the creation of energy will be the fresh produce waste from the Market.

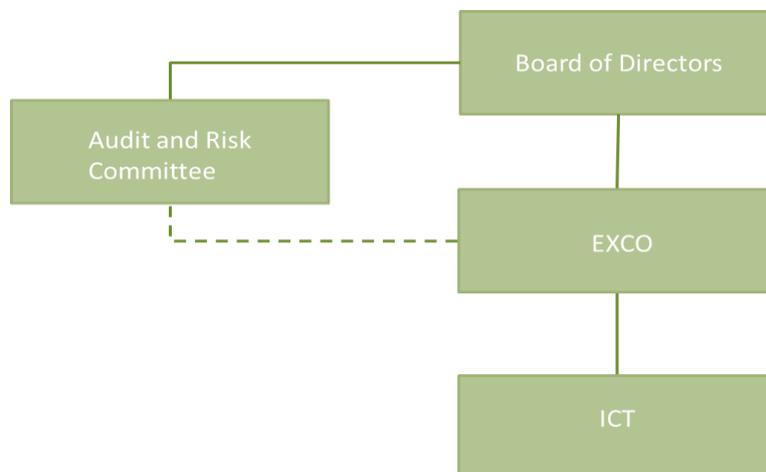
Section 8: Anti – corruption and Fraud

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. No calls were received during the period under review.

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 were received from the facility during the mid-year reporting period.

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 at least annually by Internal Audit. The department's governance is included in the AGSA audit of the entity annually. The department reports quarterly/mid-year and annually 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 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.

The department is participating in an attempt, commissioned by the CoJ CIO Forum, to standardise all IT related policies in the CoJ

The department's annual audit from the Auditor General concluded during the period under review with no findings reported against the department.

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

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 period 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 committee meeting, and confirms that general alignment to the City's overall Group Compliance Plan for the year.

As at end of mid-year the progress in line with the risk management plan is as follows:

Activity
11/9/2018 Manco Strategic risk workshop held
15/10/2018 Exco Strategic risk workshop held

12.3 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, monitored and mitigated.

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)

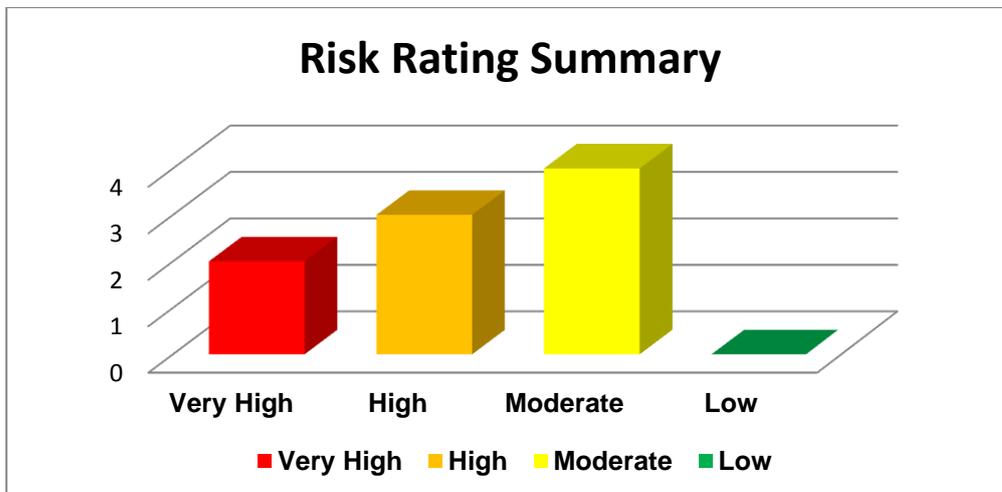
The chart below indicates the residual risks compared with the inherent risks assessed pertaining to Joburg Market:

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 19
PRIORITY 3	P3	6 TO 12
PRIORITY 4	P4	< 6

Top risks rating



Analysis

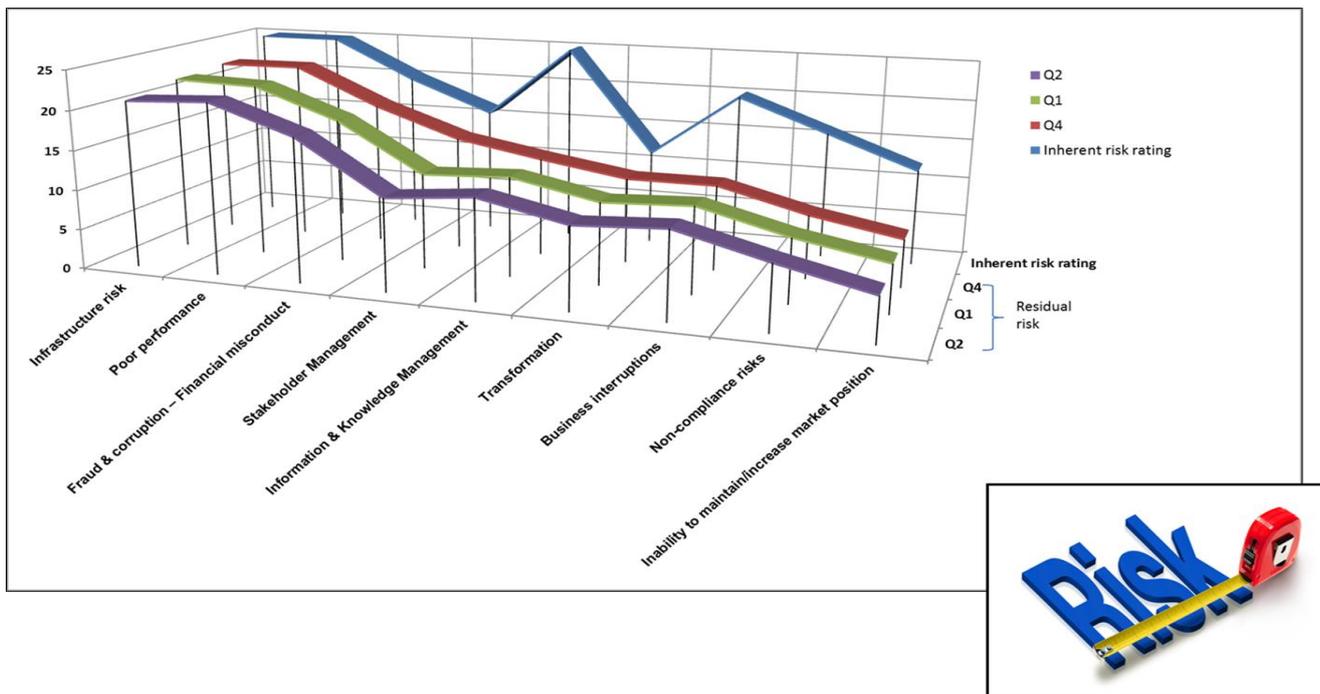
Risk Rating	Very High	High	Moderate	Low
Number of risks	2 risks	3 risks	4 risks	0 risks

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

12.7 Movement in the Top 9 Strategic Risks profile

During the reporting period 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			MOVEMENT	Status of risk rating
			Q4	Q1	Q2		
R1	Infrastructure risk	25	22.5	22.0	21.0	-1.0	Improved
R2	Poor performance	25	22.6	21.7	21.5	-0.2	Improved
R3	Fraud & corruption – Financial misconduct	20	18.0	18.0	18.0	0.0	Unchanged
R4	Stakeholder Management	16	14.4	12.0	11.5	-0.5	Improved
R5	Information & Knowledge Management	25	12.5	12.5	12.5	0.0	Unchanged
R6	Transformation	12	10.8	10.3	10.2	0.1	Improved
R7	Business interruptions	20	10.8	10.8	10.8	0.0	Unchanged
R8	Non-compliance risks	16	8.0	8.0	8.0	0.0	Unchanged
R9	Inability to maintain/increase market position	12	6.0	6.0	5.5	-0.5	Improved



From the table and graph above the following can be observed:

- JM was able to achieve positive movement in 5 risk ratings and no did not regress in any ratings;
- The best improvement was achieved with Risk R1 – This improvement is attributable to the major road resurfacing project and which was highly appreciated by stakeholders;
- Risk R2 – This risk was improved through the actual assessments conducted on performance contracted managers Guidance was provided to managers to improve on reporting and suitable evidence;
- Risk R4 – This risk was further improved as a result of the continued efforts by the CEO to intensively engage with stakeholders;
- Risk R6 – Transformation was improved through the establishment of a multidisciplinary team to support the implementation of agri-business projects;
- Risk R9 – The JM market position in relation to its peer markets was further improved.

JM has conducted through various Exco and Manco, as a risk management self-assessment of the JM risks, based on the methodology prescribed by the shareholder (GRAS). The results to date are reflected in the section above. This process is on-going and management will continue to strengthen the risk management processes in the company with valued guidance to be received from the Board of Directors in the upcoming board risk sessions.

12.8 Risk Transfer through Insurance - (Exposures) and compliance

Relevant to insurance JM is insured through the centralised insurance function of CoJ. As discussed under Chapter 3 of this report claims relevant to cold storage claims were settled by the insurers.

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.
- At present the company is engaged in a number of legacy and current matters of litigation which is managed under continuous oversight by the Board of Directors



CHAPTER THREE

Section 1: Performance overview

During the period under review, the overall financial, operational and technical performance of the Joburg Market is considered satisfactory.

Highlights and Achievements

A number of highlights were recorded during this period. This includes amongst others the following:

- The turnover generated by Joburg Market was R4.043 billion which is R363.5 million or 11.3% above budget. The tonnage throughput was also above budget by 37 tons or 5.2% and rand per ton was R294 or 5.8%. The increase in volumes can be attributed to:
 - Potato and onion farmers planting more hectares which resulted in increased yield and pressure on price;
 - Banana farmers expanding production level in Mozambique; and
 - Vegetable farmers planting extra hectares some production areas in anticipation of frost damage in the winter months; however no significant frost damage was experienced during the winter season.
- During the period under review, the average price per ton of fresh produce appreciated from R5064 to R 5358, which represents a growth of 5.8%;

- The Road Rehabilitation Project resumed in earnest. The ring road has been successfully completed by the JRA. This has helped resolve a long-standing customer query. An article on the sterling work undertaken by the JRA was also written for media release by the Office of the MMC: Economic Development. The project is nearing completion.



Road resurfacing

- In order to reduce bird activities in the trading halls and to enhance food safety measures, a service provider was appointed to reduce bird activities in the trading halls. The project entailed permitted bird culling, removal of bird nests, installation of bird deterrent devices on the roofs of buildings, covering of roof openings with steel mesh and installation of bird spikes on high beams and lights.
- After protracted engagements, AON South Africa has agreed to settle Seven (7) long outstanding claims, totalling R0.5M from Market Agents. Indications are that all claims will be processed within the next four weeks. Some of these claims date back to 2014.

- 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. In addition, express speed bumps have been installed and the boom gates utilized to improve access control at the consignment gates.



Consignment control gate

Core Operations
Company Scorecard
Service Standards
Focus Areas
Towards a Clean, Safe & SMART Market

- The Food Quality Assurance Department undertakes food quality inspections, laboratory testing for pesticide residues and hygiene inspections of the Joburg Market facilities for compliance. A total of 380.2 thousand tons of produce were received, of which 44.0 thousand tons were inspected for quality non-compliance reasons.
- Joburg Market hosted a number of stakeholder engagements during period under review. Details are provided in the relevant section below.

Lowlights and Challenges

Although the overall performance of the Joburg Market during the period under review was considered satisfactory, a number of lowlights were also encountered, which included amongst others the following:

- A number of outages were experienced due to Eskom Rolling Blackouts and faults on the City Power Electrical Network and equipment. The configuration of the generator sets is way below performance standards and unsatisfactory. Discussions with the Original Equipment Manufacturer are underway to find a permanent solution to the challenges;
- The Joburg Market experienced some labour turbulence, largely related to the Politically Facilitated Agreement (PFA) and some operational issues. The executive team engaged the trade unions representatives and contained the situation. As a result, the impact on business operations was negligibly small. Skeleton staff was deployed in strategic areas to mitigate against any business disruptions;
- The quality of work executed by Pikitup on waste removal continues to be sub-standard. A number of complaints were taken up with the company to improve the quality of service, which is progressively getting worse. A meeting has been arranged with their executive team to remedy the situation. Further feedback will be provided.
- Due to lapsed infrastructure maintenance contracts, maintenance in the halls have deteriorated significantly resulting in complaints from Market Agents. Tender Specifications for the various maintenance contracts have been developed and submitted to the Bid Specification Committee for approval;
- 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. The report is going through the required governance structures;
- The platform resurfacing project had to be halted due to numerous challenges experienced in relation to poor workmanship. The appointed services provider's contract has expired and the project has been discontinued for a total review. Allocated budgets have been reprioritised to more urgent projects within the company; and
- The Mechanical Preventative Maintenance contractor's contract with JM has been cancelled due to the service provider's inability to adequately address mechanical breakdowns especially in the Banana Rooms which had a negative impact on service

delivery. Remedial action has been undertaken to improve the mechanical preventative maintenance works.

Section 2: Performance against Service Standards

The Company achieved two (5) out of eight (8) service standards as per the Shareholder Agreement. This represents a 62.5% achievement of service standards. Mitigating strategies are provided for areas of underperformance. The Table below provides more details:

Service aspect		Minimum acceptable service standard	Actual Performance Achieved	Deviations/mitigation
1. Marketing & Communications	Opening a new buyer account	20 minutes <u>Result:</u> 2.16 min	Achieved	Achieved within time frame
2. IT Department	Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes <u>Result:</u> No time lost	Achieved	No IT interruptions experienced
3. Finance - Cashiering	Time to resolve cashiering queries when clients are depositing money	Resolution of depositing queries within 30 <u>Result:</u> 7 min minutes.	Achieved	Achieved within time frame
4. Core Operations	4.1 Repairs to ripening facilities	90% Availability	Not Achieved	<ul style="list-style-type: none"> • Mechanical Preventative Maintenance Contractor on site to address the challenges. However due to poor performance the contractors contract has been cancelled. • A new service provider has been sourced to address the challenges. • Significant progress has been made in executing repair works at the facility. • Actual availability is at 84%, which is very close to the target.
	4.2 Cold Room Facilities	Average temperature variance not greater than 2 degree Celsius of agreed customer requirements	Achieved	<ul style="list-style-type: none"> • Mechanical Preventative Maintenance Contractor on site to address the challenges. However due to poor performance the contractors contract has been cancelled. • A new service provider has been sourced to address the challenges. • Significant progress has been made in executing repair works on the cold room facility. Actual degree Celsius variance from customer requirement is 0.88 degree Celsius for the period
	4.5 Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	Achieved	<ul style="list-style-type: none"> • Capital Asset Management System (CAMS) has been develop and utilized to better manage and monitor breakdown turnaround times

5. Marketing & Communications	Stakeholder complaints	Response within 12 hours		Service Standard was not measured. A process will be developed to measure the turnaround time for stakeholder query resolution for implementation during Q3
		Resolution within 48 hours		Service Standard was not measured. A process will be developed to measure the turnaround time for stakeholder query resolution for implementation during Q3

Section 3: Repairs and Maintenance Programme

Repairs and maintenance costs of R 7.9 million was recorded compared to budget of R11.7 million. This 58.8% under expenditure is due on-going acquisition process of preventative maintenance programmes for civil/plumbing/mechanical and building.

During the period under review, the following repairs and maintenance activities were undertaken:

- Repairing doors that were damaged at the Admin Building, ablution facilities and other areas
- Servicing of Chiller Plant
- Repair works and servicing Banana Ripening Rooms
- Repair works and servicing the Ammonia Plant (compressors motors, electrical connection, condenser bearings V-belts etc.)
- Installing new taps at Mandela Market
- Servicing UPS and replacing of batteries at Laboratory
- Replacing of lights in the Market
- Replacement of DB in halls
- Replacement of plugs in sales halls
- Cleaning and unblocking of drains
- Repairing of Banana Room`s and dock levellers



Repairs & maintenance buildings and drainage systems

Section 4: Capital Expenditure Performance

Joburg Market approved CAPEX was R 39.676 million. Against the mid-term target of R 19.8million, the Joburg Market spent about R 19.551 million, which represents 98.7%

achievement against revised target. Key performance areas were on the following capital projects;

- Road Rehabilitation Project R 10.0M
- Birds Prevention Project & others R 2.3M
- Acquisition and installation of new servers. R 6.6M



JRA Technical Team

It is anticipated that an additional R 8.8 million (25.79%) will be expended during the third quarter of 2018/19 with the remainder of R 8.1 million (23.63%), will be expended by year end. Based on current estimates and work progression, the annual target of R9.6 million will be achieved.

An additional amount of R0.7M is projected to spend on two other projects, namely, the acquisition of additional note counters for R0.2M and the recapitalisation of 24 coils for the cold rooms for R0.5M. The additional expenditure will see the Joburg Market exceeding its CAPEX Target for the current financial year.

Section 5: Cleanliness of the Market

Cleansing of Market halls/cold stores and platforms



In line with the new Smart Market Strategy, greater focus has been placed on driving hygiene management. Consequently, cleanliness of the Market in terms of Food safety measures is non-negotiable.

JM focused on managing the performance of the cleaning contractors and issued non-compliance reports where required to the contractors. A number of engagements were held with service providers to ensure compliance to contract requirements.

EPWP workers were also deployed to different sections in the market to conduct cleaning activities. In particular, the number of EPWPs at the compactor area has been increased.

Section 6: Stakeholder Engagements

During the period under review, a number of stakeholder engagements took place.



Follow-up visit by the President of Madeira

Madeiran President Miguel Albuquerque undertook a follow-up visit to South Africa with the view to refine on ties and programmes with South Africa. On 9 December 2018 he also hosted a special luncheon session and invited the JM CEO to the occasion.

Photo: Courtesy of O Seculo de Joanesburgo

Key stakeholder engagements are tabled below:

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
Meeting with the Department of Agriculture, Forestry & Fisheries	To understand developments around the Fresh Produce Market Industry	Exchange of relevant information and intelligence on industry developments and the impact of new markets
Delegate from Kenya (Ndarugu Metropolis) Maria Cristina Torrado	Site tour of JM and shared JM performance, the day to day operational activities and the SMART MARKET Strategy. Showing and helping the delegate to understand the commission business model under which JM operates. Delegates are investigating to open a Fresh Produce Market in Kenya.	South Africa`s fresh produce industry operates different to Kenya`s. The information shared will assist the delegates in achieving the strategy to build a Market in order to formalise fresh produce trade.
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
Makepisi	Site visit on the sales floor. Understanding the day to day challenges on the farm.	Producer has white fly problems on the farm and it affects quantity available and the quality of the produce.
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.

AFASA – African Farmers Association of SA.	This event hosted at Kempton Park served as the AGM and Congress of the organisation which aims to support African Farmers.	JM utilised the event to highlight its role in advancing black farmers in the fresh produce industry.
Follow-up Visit by the President of Madeira	The President of Madeira, Hon. Miguel de Albuquerque visited JM on 24 November 2017. The President undertook a follow-up visit to South Africa with the view to refine on ties and programmes with South Africa. On 9 December 2018 he also hosted a special luncheon session and invited the JM CEO to the occasion.	Numerous buyers and wholesalers at JM are from Madeiran decent and have strong ties with Madeira. Economic development opportunities will be followed up.

Section 7: The EPWP Programme

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 25 internships. The participants have made valuable contribution in terms of JM deliverables while acquiring on-the-job training.



EPWP

Training on Cleansing of platforms

The contracts of some of the EPWPs are beginning to lapse and measures to provide opportunities to new unemployed youths have become available. JM will utilise the 3rd quarter of the financial year to complete the appointments of these youth.

Section 8: Product Diversification

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. Although sales were initially slow, purchases have improved significantly during the mid-year review period.

Sale of Eggs & Milk by BEE Agents



Section 9: Key Focus Areas for the next reporting period

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

- Added focus on the Capital Expenditure
- Service Level Agreement Performance Monitoring;
- Appointment of Building and Civil Contractors
- Finalisation of the Road Rehabilitation Post Implementation Report

- Appointment of both JDA and JPC projects to fast-track CAPEX Project implementation
- Appointment of new EPWPs

Section 10: Organisational Scorecard

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

Item	Quarter 1 KPI's	Mid-year KPI's
Total no. of KPIs on scorecard	17	17
No. of KPIs due	15	15
KPI's not due*	2	2
Number achieved	7	9
Number not achieved	8	6
% achievement	47%	60%
No. of KPIs exceeded	6	7

*KPI's not due is as a result of the measurement to be conducted by end of quarter 4

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		Q2			
	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		
						CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4					
Strategic deliverable : Maximize revenue to turnover R10 billion per annum by 2022																
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	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	42.5% Targeted market share held by JM in relation to other FPMs	43.5% Targeted market share held by JM in relation to other FPMs	Target achieved and exceeded 	Agri- Business
						Total	0	0								
			R/M (cum)	R 7.478 Bn.	R 7.478 Bn.	SPS: JM Real time central electronic trading system.	0	1.57Bn	R3.956Bn	R5.5Bn	R 7.48Bn	R3.956Bn	R4BN			

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: 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% Q2				
	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															
	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					
Strategic deliverable : Investment in infrastructure – R1.2 billion infrastructure spend by 2022																
Strategic objective: Operate a sustainable resilient premier marketing and trading facility																
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	Communications programmes aimed at BEE suppliers	0		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	29% of repairs and maintenance budget spent	18% of repairs and maintenance budget spent	Target not achieved 	Finance
						Administrative system improvements	0									
						Total	0									
		R/M (Cum)	New	R 30.889M		R 2.5M	R 9M	R 19M	R 30.889M	R 9M	R5.5m					

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.		Q2				
	Mayoral priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress				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				
Strategic deliverable: Transformation at farm levels and the value chain of JM through targeted programmes and incentives																	
Strategic objective: Become an agent for socio-economic transformation																	
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	0	0	1x Completed development support programmes for farmers from targeted groups	2x Completed development support programmes for farmers from targeted groups	0	0	Target not due at Mid-year	Agri Business	
						Emerging farmers' communications programme and accredited training.	0	0									
						Total	0	0									
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	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	35 jobs created by JM and Businesses and SMME's at the JM site d	263 jobs created by JM and Businesses and SMME's at the JM site d	Target achieved and exceeded	Core operations	
						Minor equipment	0	0									
						Total	0	0									

Diphetho 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		Q2				
	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				
Strategic deliverable: Good Governance																	
Strategic objective: Ensure effective stakeholder engagement																	
Economic Development: The significant improvement in the ease and experience of doing business in the	(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 pan 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	0	Target not due at Mid-year	Strategy	
							1 x survey	Total	0	0							1 X survey

Diphetho 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 25%		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		Q2							
	Mayorality priority 7: Enhancing our financial sustainability					Target 2018/19			Key interventions		2018/19 Budget per programme		Quarterly Targets				Target	Performance		
	KPI	Means of verification	Unit of measure	Baseline		CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4									
Strategic deliverable: Good governance																				
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	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 date	37% of valid departmental invoices paid within 30 days of invoice date	Target not achieved 	Finance				
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	75 % resolution of Auditor General and Internal Audit findings	95 % resolution of Auditor General and Internal Audit findings	50 % resolution of Auditor General and Internal Audit findings	52 % resolution of Auditor General and Internal Audit findings	Target achieved & exceeded 					

Diphetogo 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 15%		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		Q2				
	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	Performance					
	KPI	Means of verification	Unit of measure	Baseline				CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4							
Strategic deliverable : Good Governance																				
Strategic objective: Become an agent for socio-economic transformation																				
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		0	2000	4500	9500	12500	4500	470	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	Target not achieved 	Agri-Business

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		Q2			
	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					
Strategic deliverable : Investment in infrastructure – R1.2 billion infrastructure spend by 2022																
Strategic objective: Operate a sustainable resilient premier marketing and trading facility																
(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	0	16% of departmental capital budget spent	35% of departmental capital budget spent	62% of departmental capital budget spent	100% of departmental capital budget spent	35% of departmental capital budget spent	49% of departmental capital budget spent	Target achieved and exceeded 	Finance	
					Capex spending	0	0									
		R/M (cum)	R59.3M	R39.7M	Capex spending workgroup refinement	0	0	R8.5M	R18.5M	R32.9M	R39.7M	R18.5M	R19.6M			
(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	49% of departmental operational budget spent	49.8% of departmental operational budget spent	Target achieved and exceeded 	Finance	
		R/M (cum)	New	R64.548M	Management reporting as early warning	0	0	R9.952M	R31.997M	R46.723M	R64.548M	R31.997M	R71.2M			
(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	R14.5M Value of net surplus achieved	R67M	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 R39.7 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				Q2			
	Mayoral priorities 3: Create a culture of enhanced service delivery with pride					Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance			
	KPI	Means of verification	Unit of measure	Baseline				CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4					
Strategic deliverable : Good Governance																		
Strategic objective: Become a high-performance organisation																		
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	30% of employees receiving performance coaching and review as per the policy	138% 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	2	276				
	(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	174 days taken to resolve disciplinary cases	Target not achieved			
(8.3) Number of days taken to fill crucial 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	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% of departmental performance targets achieved	Target not achieved			

COJ IDP Programme	National outcome 4: A skilled and capable workforce to support an inclusive growth path				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		Q2			
	Mayoral priorities 3: Create a culture of enhanced service delivery with pride				Target 2018/19	Key interventions	2018/19 Budget per programme		Quarterly Targets				Target	Performance		
	KPI	Means of verification	Unit of measure	Baseline			CAPEX R/M	OPEX R/M	Q1	Q2	Q3	Q4				
Strategic deliverable : Good Governance																
Strategic objective: Become a high-performance organisation																
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				10% of targeted staff members trained	30% of targeted staff members trained	70% of targeted staff members trained	100% of targeted staff members trained	30% of targeted staff members trained	30% of targeted staff members trained	Target achieved	
			No. (cum)	No. (cum)	7 members				3 members	5 members	6 members	7 members	5 members	5 members		
	(8.6) % monthly reporting into Capital Management System (iRIS)	Level of staff remuneration to OPEX	% (cum)	New	% monthly reporting into Capital Management System (iRIS)	Total	0	0	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)	100% monthly reporting into Capital Management System (iRIS)	Target achieved
								1x Report	2x Report	3x Report	4x Report	2x Report	2x Report			

Section 11: 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"> The appointment of service providers for plumbing, building and civil works is delayed due to non-responsive bids 	<ul style="list-style-type: none"> In process of finalising appointments during Q3.
% of valid departmental invoices paid within 30 days of invoice date	<ul style="list-style-type: none"> The KPI was incorrect and not in line with MFMA regarding invoice date. 	<ul style="list-style-type: none"> A deviation report was submitted to change the KPI and align it to the MFMA.
Number of donations to targeted beneficiaries from NGOs, NPOs and indigent families	<ul style="list-style-type: none"> The KPI relating to donations has been erroneously included in the JM BP 	<ul style="list-style-type: none"> JM seeks to remove the KPI from the business plan through the Mid-year revision cycle due in January 2019.
Number of days taken to resolve disciplinary cases	<ul style="list-style-type: none"> Disciplinary processes have various stages and delays are due to dependencies on these external structures: <ul style="list-style-type: none"> - CCMA - SALGBC - Organised Labour <ul style="list-style-type: none"> - Availability of legal teams Availability of witnesses for internal cases is also a factor- some of the internal cases require JM customers to testify in cases of cash shortages, and some are foreign nationals who come once /twice a month to buy and the case has to wait for their testimony. 	<ul style="list-style-type: none"> This KPI is being reviewed in light of the nature of cases (cashiering environment) that require customers to avail themselves for the cases. JM is limited by the provisions of the law which allows for postponements of cases at the discretion of the chairperson and/or the accused employee reporting sick.
Number of days taken to fill critical vacancies	<ul style="list-style-type: none"> Due to the reduction of salaries with the key scales; appointments have had to be re-advertised on the lower salaries and re-negotiated with candidates. Some appointments have to be referred to REMCO which meets quarterly Delays also result from the qualifications and criminal record checks for appointment, which is done through external agencies 	<ul style="list-style-type: none"> JM is in the process of appointing a panel for the qualifications verification to improve turnaround times. The KPI is being considered for review considering that JM requires unique skills which are not easily available in the market.
% of departmental performance targets achieved	<ul style="list-style-type: none"> Majority of the budget is linked the Resurfacing project that had to be cancelled due to poor workmanship from the contractor. 	<ul style="list-style-type: none"> A M&E function was established in the Office of the CEO New strategic approach towards setting, achieving and measuring performance

Section 12: 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 31 December 2018 is summarised as follows:

Item	Q1	Mid-year
Total no of stakeholder concerns	13	13
Number of items partially resolved	1	2*
Number achieved	7	7
Number not achieved	5	5
% Full achievement	53.8%	53.8%
% Overall achievement	57.7%	69.2%

*Improvements were achieved on Item no 2- State of ablation facilities

STAKEHOLDER SATISFACTION – PROGRESS ON STANDING MATTERS

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements	Status
1	Lack of cleanliness at the market	<ul style="list-style-type: none"> - The hygiene strategy was reviewed - Eyethu campaign was launched by CEO - 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. 	Resolved:
2	State of ablution facilities	<ul style="list-style-type: none"> - Ablution facilities are daily monitored by Operational supervisory staff. Servicing records are kept - SHE monitors hygiene service providers - Remedial works done to areas contractors did not perform adequately - One ablution facility in Hall 1 still to be upgraded 	50% of challenges resolved
3	Lack of security guards	<ul style="list-style-type: none"> - 7 EPWP patrollers were appointed - 20 additional security officers to be procured for the peak season. 	Resolved:
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"> - Bylaws applied intensively – number of fines doubled - Numbered forklifts has contributed to improved controls - Forklifts a standing item on forum agenda with agents - Next round of forklift branding will be conducted during October/November 2018 - Forklift control group was established with all users of forklifts 	Resolved
5	Construction of bigger loading bays Need for a bigger market place and space	<ul style="list-style-type: none"> - Pending service provider appointment for a precinct plan. - Proposals will include doubling of Ramps at halls to separate human and mechanical traffic. 	Not Resolved
6	Separate entrance and walkways for people entering the market	<ul style="list-style-type: none"> - This element is included in the scope of needs as outlined under section 5 above 	Resolved
7	Construction of separate and designated roads and road signs for forklifts, trolleys and pedestrians.	<ul style="list-style-type: none"> - Proposals in the design will include doubling of Ramps at halls to separate human and mechanical traffic. 	Not Resolved
8	Control of vehicles entering the market. Control of all traffic in the market	<ul style="list-style-type: none"> - Boom gates were installed at the entry gates - Road resurfacing project at JM was signed off by CEO. - JRA will conduct works and road marking. - Critical operating areas was marked with road painting by the deep cleansing team 	Not Resolved
9	Establish a backup plan for businesses during periods of Eskom load shedding	<ul style="list-style-type: none"> - In conjunction with market agents the arrangements pertaining to power failures are well structured. - Communications processes are in place and response times vastly improved - A automation solution is still being pursued 	Not Resolved
10	Need for more cashiers	<ul style="list-style-type: none"> - Currently testing transaction times per client undertaken to identify improvements - Contingency arrangements are in place to deal with shortfall on cashiers 2 cashiers suspended pending investigations and 1 cashier potentially to be medically Boarded 	Resolved

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements	Status
11	Provision of a clean environment, including the hiring of inspectors for each hall	- JM core operations will continue to utilize the monthly JM/IMASA forum to address matters of concern	Resolved
12	Need for more security to guard the loss of stock	- Seven EPWP patrollers were appointed and deployed in targeted areas	Resolved
13	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	- Potholes where they emerged are fixed on a as when basis until the road surfacing will commence during the course of Q2.	50% of challenges resolved

307 Staff members
139 Jobs created
99 EPWP workers
25 Interns
Towards a Clean, Safe & SMART Market

CHAPTER FOUR

Section 1: Human Resource Management

The department spent considerable time in disciplinary cases and the progress has improved with most cases finalised. The wellness centre has also recorded the highest number of screenings done during the World Aids Day commemoration.

The labour relations were rocky in the past month with organized labour mobilizing employees to stage a sit in and a list of demands submitted to the CEO. Two major issues of contention were the liquidation of the provident fund and the salary disparities. The sit in lasted only for a day after protracted negotiations with local and regional labour representatives the situation was contained and the parties agreed on a process to investigate claims of wide spread salary disparities. The employees maintain that the PFA benchmarking process has failed to deal with the disparities and they need JM to investigate internally and resolve the problem.

The salary disparity claims have been reported in the past and in 2016 JM commissioned an external process of benchmarking to undertake a market benchmarking and develop salary scales for JM. At the point when this report was presented to JM; the PFA agreement had just been concluded and accordingly all entities were directed to halt independent benchmarking projects and implement the PFA.

The implementation of the PFA is now concluded but not much has been achieved by employees in the C & D salary bands for two reasons; firstly the salary scales have been downgraded from the scales used for the implementation of levels A & B and secondly, the tenure differential has not been addressed as was the case with levels A & B.

The review of HR policies and three policies are continuously reviewed however as the department review it others become obsolete and the review cycle continues.

Employee Wellness

The clinic continues to provide health care to the EPWP and permanent employees. The treatment and health screening campaigns have assisted many employees to pick up that they have serious health conditions like cancer. The World AIDS Day commemoration included HIV testing cancer screening. A total of 120 screening tests were taken on the day. The trends in the nature of illnesses treated has changes since the arrival of the EPWP participants in the company and the clinic is planning focused education programme to address the prevalent STI cases detected. A total of 1507 patients were treated in the period.

The EAP service has received positive reviews and the service provider has indicated that the JM programme has had the highest intake by employees compared to all other companies where they run similar programmers.

Part of the EAP programmer focuses on the education and awareness creation on health issues through the distribution of educational materials.

The capacity in the clinic has been improved with the employment of a second nurse. This will ensure the clinic remains operational even during the festive period when the other nurse takes leave.

Injuries and sickness

There was one serious injury reported for the period, this is an EPWP participant. The collaboration between the SHE unit and the clinic is key in the monitoring and management of all injuries reported within the facility. Injuries other than of employees are stabilised by the clinic and get referred to external community health facilities.

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.

Section 3: Vacancies and recruitment

The JM prioritises critical vacancies for filling due to financial considerations and the high salary ratio against opex expenditure. Over the period critical appointments have been made in the service delivery departments where impact will be felt by the business.

The operations department has appointed a senior manager infrastructure to focus on the infrastructure projects and improve the state of the facility; while also appointing a Technician for the Ammonia Plant to deal with compliance concerns in the plant. Appointments in the Food Quality Assurance unit will also improve the produce inspections capacity.

Terminations

The JM terminations are within the norm and although resignations have been recorded at senior management

TABLE #: STAFF MOVEMENTS

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	4	3	0	0	0	0	0	0	7
Dismissals	0	1	0	0	0	0	0	0	1
Retirements	0	0	0	0	0	0	0	0	0
Absenteeism	0	0	0	0	0	0	0	0	0
Termination/other	5	1	0	1	0	0	1	1	9
TOTAL	9	5	0	1	0	0	1	1	17

Our staff establishment stands at 307 employees and the strategic intent is to have our staff structure filled at 80%. The institutional review exercise that will validate the level of capacity required and assist with integration and dissolution of other positions to achieve maximum efficiencies.

The internship project started with 25 interns and the number has reduced to 21 with three finding permanent employment and one moving to a better paying internship programme. The JM is in the process of developing a Talent Management strategy to absorb our interns into entry level positions

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	52	34	18	34.61
Skilled technical/junior management	107	67	40	37.38
Semi-skilled	187	166	21	11.23
Unskilled housekeepers/cleaners	44	36	8	18.18
Learners				
Total	396	307	89	22.47

Section 4: Employment Equity

The employment equity profile remains a concern when it comes to representation in other racial groups. Efforts are continuously being made to attract other groups into the company; however the limited recruitment also impacts our success in this effort. The low salaries offered in the local government sector makes it even harder to attract other racial groups.

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	14	2	3	6	8			1			34
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	73	4		8			166
Unskilled and defined decision making	17				19						36
TOTAL PERMANENT	134	6	4	12	126	6	1	16	1	0	306
Temporary employees											
GRAND TOTAL	135	6	4	12	126	6	1	16	1	0	307

Section 5: Skills Development and Training

The focus of training programmes is to improve skills and ensure better service delivery by employees. Compliance training was implemented for Fork Lift driver as required for their licence renewal. Due to the review period also coinciding with exams times internal training

is scaled down to ensure continued service by remaining employees while others write external exams.

A total of 22 employees utilise the study assistance to further their academic qualifications.

The training offered during the review period is reflected in the table below:

Skills Development	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
OPEX Budget upload	2	0	0	0	2	0	0	0	4	0
Payday Software System	0	0	0	0	1	0	0	0	1	5 832
Forklift Training Re-Certification	3	0	0	0	0	0	0	0	3	2 473
Strategic recruitment	0	0	0	0	1	0	0	0	1	8 999
HR Administrator	1	0	0	0	1	0	0	0	2	15 998
Performance management training	128	1	2	7	123	0	3	15	275	209 275
Health and safety	106	3	6	10	111	1	6	16	259	123 025
Paper trail writing	0	0	0	0	2	1	0	0	3	0
Payday	4	0	0	0	6	1	0	0	12	15 444
Total Beneficiaries	244	4	8	17	247	3	9	31	560	381 046

As our effort to professionalise the service, Managers are encouraged to belong to professional bodies of their respective professions. The Managers are then registered to attend conferences to improve their professional development. In the reporting period the following conferences were approved.

Conferences and seminars approved in the period

Conferences & Seminars	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
IMPASA: HR 34 th International conference	1	0	0	0	1	0	0	0	1	8 900
SAOUG Connect Conference	0	0	0	0	1	0	0	0	1	6 850
9 th Annual- Performance Monitoring and Evaluation in Government and state owned enterprise	0	0	0	0	1	0	0	0	1	9 999
GC-MS Training	3	0	0	0	1	0	0	0	4	18000
TOTAL BENEFICIARIES	4	0	0	0	4	0	0	0	8	38 899

Subsidised study assistance beneficiaries

INSTITUTION	MALES				FEMALES				TOTAL	AMOUNT (R)
	A	I	C	W	A	I	C	W		
Milpark Education	0	0	0	0	1	0	0	0	1	8 310
Regent School of Business	0	0	0	0	2	0	0	0	2	40 900
MANCOSA	0	0	0	0	1	0	0	0	1	33 330
UNISA	2	0	0	0	0	0	0	0	2	13 200
Boston City Campus	0	0	0	0	1	0	0	0	1	16 255
Wits University	9	0	0	0	4	1	0	0	14	77 815
University of Johannesburg	1	0	0	0	0	0	0	0	1	10 500
TOTAL BENEFICIARIES	12	0	0	0	9	1	0	0	22	200 310

Due to funding constraints no formal training has been provided to EPWP participants. The anticipated grant funding was not realised thus all planned training was aborted. On-the job training continued with all EPWP participants and interns getting practical mentoring and coaching.

Section 6: Disciplinary Matters and Outcomes

Labour cases have progressed well with 58% of the cases completed, while 22% have been postponed to January due to reasons ranging from unavailability of witnesses and improper documentation filed at CCMA; the other 22% have yet to be scheduled for hearing by the Labour Court. A major cause for concern remains in the cashiering environment where cases of dishonesty have become the norm, some have in the end been found to have been theft rather than dishonesty. Two employees have been dismissed in the period. The JM has exposed the team to a session where they have been educated on the implications of cash shortages and the zero tolerance approach that JM is adopting towards theft. These cases are bad for JM's reputation since the funds stolen belong to customers.

Section 7: Employee Benefits

The JM provides comparative benefits to its employees and is continuously exploring innovative approaches to better the benefits provided to employees. The current benefits' structure is in line with the South African Local Government Bargaining Council (SALGBC).

The implementation of the PFA benchmarking outcomes have been implemented; however the process has left employees disappointed, considering wide spread expectations for salary increases by most employees.

JM provides the following benefits:

i. Pension Fund

Three Pension Funds are currently approved for JM employees

- City of Johannesburg Pension Fund – 14 Members
- Momentum Provident Fund and – 195 Members
- E-Joburg Retirement Fund – 98 Members

The employees' demand for JM to liquidate the Provident Fund has now been abandoned after the SALGBC ruling. The JM is still extending the opportunity to employees to transfer to eJoburg. There is an on-going process of engaging with the Provident Fund Administrators to explore options of standardising the benefit structure to mirror the eJoburg benefit structure where possible.

ii. Medical Aid

Three salgbc accredited scheme are operational for employees and employees can select from the three, with the opportunity to change their selection annually in November.

- Discovery Health – 28 Members
- Bonitas – 228 Members

- LA Health – 8 Members

HR is investigating a more economical medical aid scheme for lower level employees who find the current schemes' premiums unaffordable.

iii. Housing Assistance provided for employees is:

- Housing Subsidy – 76 employees
- Gap Allowance – 29 employees.

CHAPTER FIVE: FINANCE

Section 1: Financial Overview

Joburg Market's overall financial performance for the mid-year review period, for the FY 2018/19 was above expectation. Revenue achieved was R239.9 million which equates to R20.5 million or 9.4% above the budget of R219.3 million. Expenses achieved at mid-year were R143.1 million compared to budget of R148.1 million this equates to an under expenditure of 3.4% or R4.9 million.

Revenue achieved above budget
Healthy Financial Ratios
Substantial Surplus growth
CAPEX spent on target
Towards a Clean, Safe & SMART Market

Net surplus achieved was R76.0 million which equates to R39.5 million or 108.7% above the budget of R36.4 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 3.49 against a norm of 2. This means the entity has sufficient cash to meet its short term obligations. The net closing cash position for 6 months was R161.0 million compared to budget of R98.1 million.

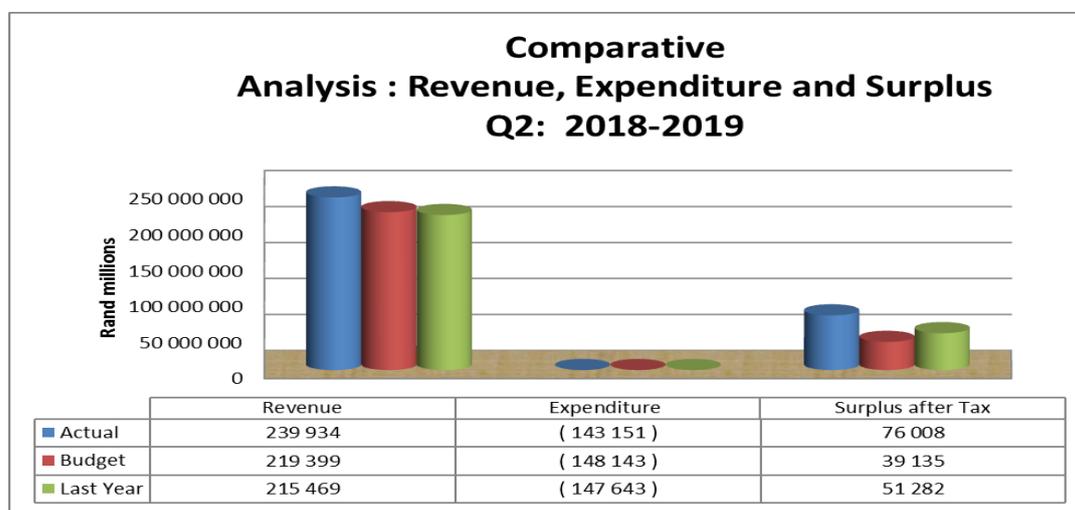
Key Forecast financial ratios for 6 months ended 31 December 2018-19

Financial ratios	Norm	Ended 31 Dec 2018
Liquidity (CA/CL)	Ratio :2	3.49
Working Capital (CA-CL)	N/A	R305.0 million
Solvency (Total Liabilities/Total Assets)	<40%	21%
Equity (Total Equity/Total Assets)	N/A	79%
Cash Cover	>45 days	205 days
Remuneration to expenditure ratio	30-40%	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 Forecast for 6 months ended: 31 December 2018/19

The below graph is a summary of the revenue, expenditure and surplus which compares the current 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.



- Revenue is above both budget and prior year for the reporting period 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.

Section 2: Statement of Financial Performance Forecast for 6 months as at: 31 December 2018/19

	6 months ending December 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	%	%
Turnover	4 043 265	3 631 970	3 631 970	411 295	411 295	11.3%	11.3%
Tonnage	755	717	717	37	37	5.2%	5.2%
Rand/Ton	R 5 358	R 5 064	R 5 064	R 294	R 294	5.8%	5.8%
Revenue	239 934	219 399	215 469	20 535	24 465	9.4%	11.4%
Expenses	(143 151)	(148 143)	(147 643)	4 991	4 492	(3.4%)	(3.0%)
Surplus before interest & tax	96 783	71 256	67 826	25 527	28 957	35.8%	42.7%
Net interest (paid)/earned	11 108	(16 137)	5 710	27 245	5 398	(168.8%)	94.5%
Surplus before tax	107 891	55 119	73 536	52 771	34 355	95.7%	46.7%
Taxation	(31 883)	(18 707)	(22 254)	(13 176)	(9 629)	70.4%	43.3%
Surplus	76 008	36 413	51 282	39 595	24 726	108.7%	48.2%

Section 3: Turnover and Revenue Forecast Analysis

Overall, the total turnover generated by Joburg Market was R4 billion which is R411.3 million above budget. This equates to 11.3% above budget; tonnage was also above budget by 37 tons or 5.2% and rand per ton was above budget by R294 or 5.8%.

Revenue Forecast for 6 months: 31 December 2018							
	6 months ended 31 December 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>
	<u>R '000</u>	<u>R '000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>%</u>	<u>%</u>
Turnover	4 043 265	3 631 970	3 631 970	411 295	411 295	11.3%	11.3%
Tonnage	755	717	717	37	37	5.2%	5.2%
Rand/Ton	R 5 358	R 5 064	R 5 064	R 294	R 294	5.8%	5.8%
REVENUE	239 934	219 399	215 469	20 535	24 465	9.4%	11.4%
Cold storage facilities	2 277	2 968	2 739	(691)	(462)	(23.3%)	(16.9%)
Ripening facilities	1 455	1 864	1 864	(409)	(409)	(21.9%)	(21.9%)
Commission 5%	202 163	181 598	181 599	20 565	20 565	11.3%	11.3%
Direct Delivery Comm	2 325	1 884	1 884	441	441	100.0%	100.0%
Pallets	589	614	614	(24)	(24)	(4.0%)	(4.0%)
Cash Handling fee	1 660	1 506	1 506	155	155	10.3%	10.3%
Trolley Rental Deposit	58	64	64	(6)	(6)	(10.0%)	(10.0%)
Electricity recovery	10 662	9 710	9 710	952	952	9.8%	9.8%
Water recovery	2 493	2 474	2 474	19	19	0.8%	0.8%
Rental Income	14 264	11 748	11 748	2 516	2 516	21.4%	21.4%
Floor storage fees	755	604	604	151	151	25.0%	25.0%
Sundry revenue - other	1 233	4 366	665	(3 133)	568	(71.8%)	85.4%

- Total revenue achieved was R239.9 million which is above budget R20.5 million or 9.4%.
- Revenue is made up of 84% commission income; 15% rental income (including both water and electricity recoveries) and the balance of 1% made up of the various other small items above.
- Commission income achieved was R202.2 million compared to a budget of R181.6 million. This equates to an increase of R20.6 or 11.3%. The seasonality increase of fresh produce had a positive impact on the turnover.
- Rental lease income of R14.3 million was recorded compared to a budget of R11.7 million. This equates to an increase of 21.4%.
- Cold storage facilities income of R2.3 million was recorded compared to budget of R2.9 million. This equates to a decrease of 23.3% due to malfunctioning cold rooms and the poor performance of the service provider appointed to service the cold rooms. The contract has subsequently been cancelled.
- Banana ripening facilities income of R1.5 million was recorded compared to budget of R1.9 million. This equates to a decrease of 21.9% due to lower than anticipated demand for the ripening facilities.

Section 4: Operational Expenditure Forecast Analysis for 6 months ended: 31 December 2019/19

Total operating expenditure excluding finance and taxation costs for the mid-year period was recorded at R143.2 million compared to budget of R148.1 million.

	Expenditure Forecasted for 6 months ended 31 December 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	%	%
Expenses	(143 151)	(148 143)	(147 643)	4 991	4 492	(3.4%)	(3.0%)
Personnel costs	(66 591)	(68 226)	(65 229)	1 634	(1 362)	(2.4%)	2.1%
Human Resources	(5 305)	(2 842)	(3 056)	(2 463)	(2 249)	86.7%	73.6%
Marketing	(863)	(841)	(1 564)	(22)	701	2.6%	(44.8%)
Repairs and Maintenance	(5 566)	(13 502)	(13 502)	7 937	7 937	(58.8%)	(58.8%)
Operations	(39 591)	(35 857)	(36 153)	(3 734)	(3 438)	10.4%	9.5%
Information Technology	(2 517)	(2 540)	(3 262)	23	745	(0.9%)	(22.8%)
Finance and administration	(10 760)	(12 732)	(13 274)	1 971	2 514	(15.5%)	(18.9%)
Depreciation	(11 958)	(11 603)	(11 603)	(356)	(355 728)	3.1%	3.1%

- Personnel costs of R66.6 million were recorded compared to budget of R68.2 million. This equates to 2.4% under expenditure mainly due to staff vacancies in the process of being filled.
- Human resources costs of R5.3 million were recorded compared to budget of R2.8 million. This 86.7% over expenditure is immaterial.
- Marketing costs of R0.86 million was recorded compared to budget of R0.84 million. This 2.6% over expenditure is immaterial.
- Repairs and maintenance costs of R5.6 million was recorded compared to budget of R13.5 million. This 58.8% under expenditure is due on-going acquisition process of preventative maintenance programmes for civil/plumbing/mechanical and building.
- Operational costs of R39.6 million were recorded compared to budget of R35.9 million. This 10.4% over expenditure is mainly due to increase in annual escalation of security and CCTV contracts.
- Information technology costs of R2.52 million were recorded compared to budget of R2.54 million. This 0.9% under expenditure is due to timing difference in procurement of IT services.
- Finance and administrative costs of R10.8 million was recorded compared to budget of R12.7 million. This 15.5% under expenditure is due to the timing difference of processing the legal costs incurred.

Section 5: Statement of financial position for 6 months as at 31 December 2018

STATEMENT OF FINANCIAL POSITION		
ASSETS	R'000	R'000
	Actual	Actual
	2018 Dec	2018 June
Non-current assets	355 210	353 694
Property, plant and equipment	347 032	337 978
Investment property	389	400
Intangible assets	7 790	9 240
Deferred tax	0	6 076
Current assets	427 482	394 759
Trade and other receivables	38 048	37 036
Loans to shareholders	227 091	153 606
Current tax receivable	1 305	-
Current VAT receivable	0	2 910
Cash and cash equivalents	161 038	201 207
Total assets	782 692	748 453
NET ASSETS AND LIABILITIES		
Net Assets and Liabilities	616 195	539 998
Contribution from owner	20 000	20 000
Accumulated funds	596 195	519 998
Non-current liabilities	44 069	37 032
Loans from shareholders	13 667	18 499
Employee benefit obligations	2 782	2 782
Deferred tax	27 620	15 751
Current liabilities	122 428	171 423
Trade and other payables	110 398	152 847
Loans from shareholders	10 172	10 409
Finance lease obligations	0	136
Current VAT payable	1 858	0
Current Tax payable	0	8 031
Total net assets and liabilities	782 692	748 453

- Non-current assets have increased by R1.5 million to date; this is due to additional capital expenditure on property plant and equipment.
- Current assets have increased by R32.7 million mainly due to an increase in loans to shareholder.
- Non-current liabilities have increased by R7.0 million mainly due to the disclosure of deferred tax on a net basis.
- Current liabilities decreased by R48.9 million as a result of reversals and payments of accruals under trade payables and partial repayment of the shareholders loan.

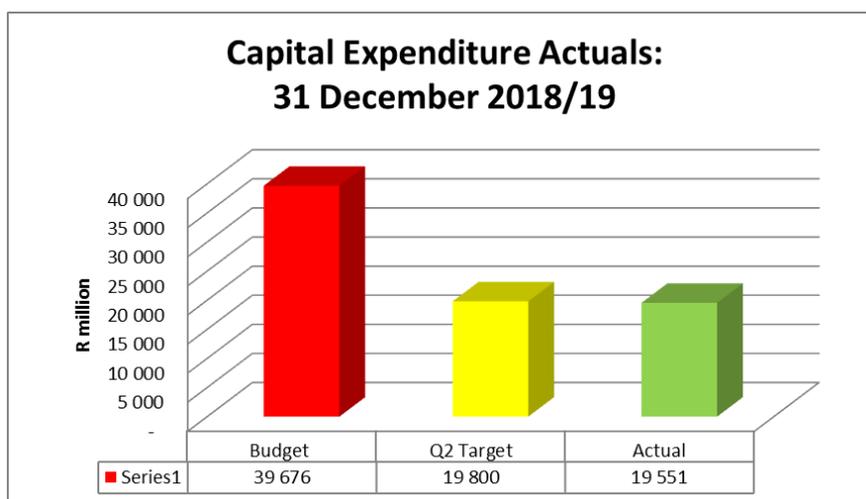
Section 6: Cash Flow Statement for 6 months ending 31 December 2018

Cash Flow Statement	R'000	R'000
	2018	2018
	31-Dec	30-Jun
Cash flows from operating activities		
Receipts		
Sale of goods and services	229 783	429 736
Interest income	12 475	19 027
	242 258	448 763
Payments		
Employee costs	(66 591)	(138 030)
Suppliers	(92 880)	(103 807)
Finance costs	(1 367)	(4 018)
Taxes paid on surpluses	(23 348)	(24 940)
	(184 186)	(270 795)
Net cash flows from operating activities	58072	177 968
Cash flows from investing activities		
Purchase of property, plant and equipment	(19 551)	(8 740)
Purchase of intangible assets	0	(4 702)
Net cash flows from investing activities	(19 551)	(13 442)
Cash flows from financing activities		
Repayment of shareholders' loan	(78 553)	(86 407)
Finance lease payments	(136)	(935)
Net cash flows from financing activities	(78 689)	(87 341)
Net increase/(decrease) in cash and cash equivalents	(40 168)	77 185
Cash and cash equivalents at the beginning of the year	201 207	124 022
Cash and cash equivalents at the end of the year	161 038	201 207

- The cash position has significantly decreased, mostly due to capex being spent as well as the payment of the mid-year provisional tax.

Section 7: Analysis of Capital Expenditure for 6 months ended 31 December 2018

The below graph illustrate the budget versus actual and target expenditure achieved. The total capital expenditure budget for the year is R39.6 million and is self-funded. The mid-year target was R19.8 million and actual capital expenditure achieved was R19.6 million which represents a 99% achievement against JM's mid-year target. The actual expenditure against approved annual budget was R 19.6 million or 49%. This is the highest percentage achieved over a review period in 3 years.



Analysis of Capital Expenditure

- The completed projects relate to Road Rehabilitation, IT Servers, Note Counters and Bird Project.
- The Platform Resurfacing project was cancelled due to poor performance.

Mitigation

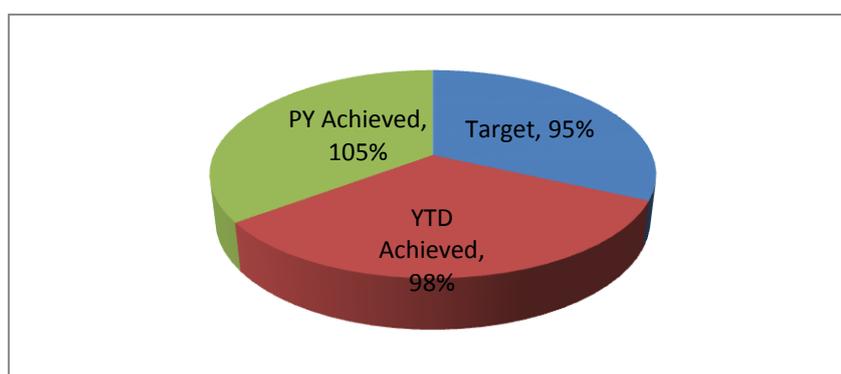
JM Capex Forum Committee has ensured that all approved projects are prefunded and executed subject to budget availability where additional funding is required. The following projects have been approved subject to budget availability:

- ❖ JPC Mandela Market
- ❖ JRA
- ❖ IT/MTC Wi Fi
- ❖ City Power (In Progress)

Section 8: Analysis of Debtors Collection

An amount of R34 million has been collected as at the end of the mid-year period and was improved when compared to the R31.8 million collected in the prior year. The collection rate achieved for 6 months ending 31 December is 98% against a target of 95%. This performance is marginally less than 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.



Billing and collections rate 2018/19	
Billing	
Descriptions	Actual YTD
Total of Rental & Utilities	24,093,963
Total of Cold Storage & Ripening	10,502,803
Total Billing	34,596,765
Collections	
Descriptions	Actual YTD
Total of Rental & Utilities	21,726,882
Total of Cold Storage & Ripening	12,358,379
Total Collection	34,085,260
Collection percentages	
Descriptions	Actual YTD
Rental & Utilities Rate	93%
Cold stores & Ripening	119%
Total Average collection	98%
Description	Actual YTD
Prior Year Percentages	105%

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. There is 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 Forecast: 31 December 2018

Queueing 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 next reporting period.

Counting House: Security/Fidelity Company

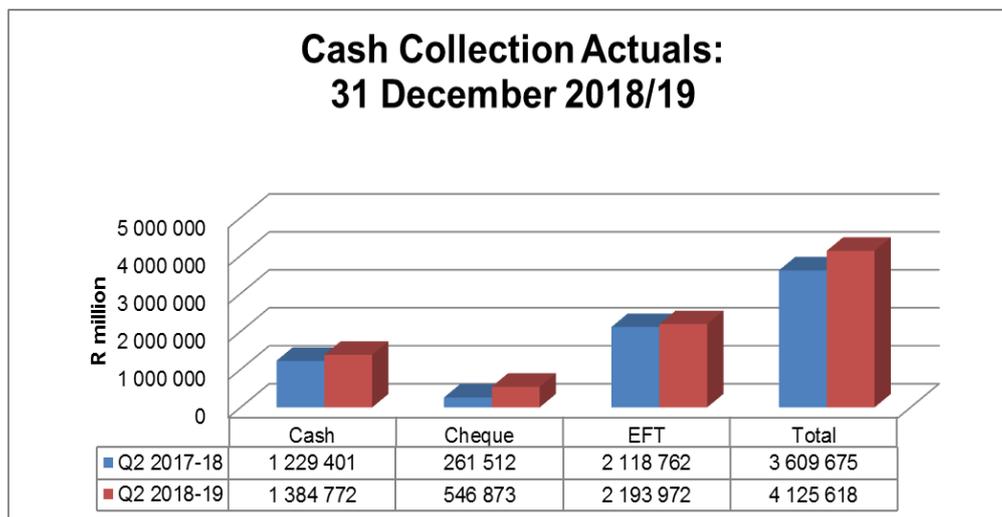
The department had a meeting with Fidelity Company whereby they came with a proposal to install 4 additional cameras and interlocking system in the loading bay where their CIT is parking their vehicle. The reason for that is to enable them to monitor and track their vehicles. This will be at Fidelity's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

Recruitment – New Cashiers

The requisition for new cashiers has been approved. 3 cashier positions will be advertised in January 2019 and appointments are expected in February 2019.

Counting Machines

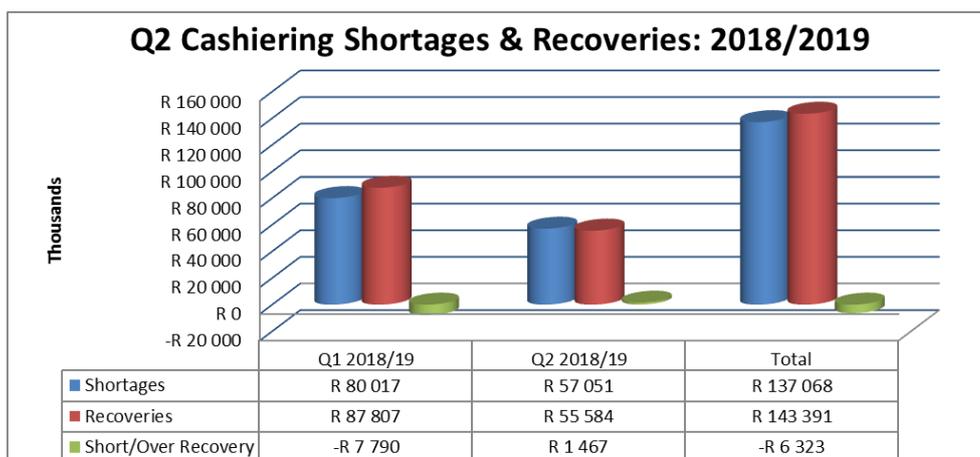
The department managed to procure 15 counting machines in November 2018 and expecting to add further 5 counting machines in the next reporting period.



A total collection of R4.1 billion was achieved during the mid-year reporting period compared to R3.6 billion in the previous period. There was a notable increase of 14% caused by seasonality increase in sales of fresh produce.

Cashiering Shortages & Recoveries

The total shortages for Q2 are R57 051 against recoveries of R55 584. The department under recovered by R1 467 due to the timing difference of payroll deductions. The shortages are expected to further decrease due to the procurement of new counting machines.



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
Q2	4	6	4	5	8	2

A) Capex Tender/s awarded subject to Budget Availability

Quarter	Name of Supplier	Amount awarded
Q1	JRA SOC Ltd	R 9 000 000
Q2	GPT (Pty) Ltd	R 404 512
	JDA	R 2 000 000
	JPC	R 143,915,340
	MTC	R4.6 million

B) Opex Tender/s awarded

Quarter	Name of Supplier	Amount awarded
Q1	Iron Mountain South Africa (Pty) Ltd	R 91 869
Q2	Easy Card	R 261 625
	Culturo (Pty) Ltd & The Compiled Supplies Services (Pty) Ltd	R 1.2 million (two service providers)

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 31 December 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	10	0	9	1
Q2	10	2	7	1

C) of tenders awarded through the notice board tender process- CAPEX

Quarter	Name of Supplier	Amount awarded
Q1	Reminiscent Trading	R155 130
Q2	Shigiyana Pty Ltd	R76 400

D) List of tenders awarded through the notice board tender process- OPEX

Quarter	Name of Supplier	Amount awarded
Q1	Scarlet Studios Pty Ltd	R94 050
	Brand Ace	R173 913
	Datategra Pty Ltd	R85 180
	Diatshwana Holdings	R200 000.00 Variable
	Delta Build Environment Consultant	R65 362
	Altimax (Pty) Ltd	R59 915
	Mkoneni Industrial services	R50 385
	Shereno Printers cc	R83 168

Quarter	Name of Supplier	Amount awarded
Q2	M4 Agric projects	R159 000
	Managed integrity Evaluation	R200 000.00 Variable
	First Corporate secretaries	R200 000.00 Variable
	Eenbee Plumbing	R200 000
	Ngwana Monanedi	R190 000
	Pimp my Computers	R 137.000
	ICAS Employment	R36 800

Three Quotations Process – From R 0 to R 29 999

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

Period.	No. of requisition received	Requisitions in progress	requisitions awarded	Projects on hold
Q1	59	0	59	0
Q2	40	8	32	0

Deviations for 6 months period 2018/19 FY

The following deviations were recorded during the Mid-year reporting period (01 July 2018 to 31 December 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)	3 527 376 Morubisi CCTV R1 462 452(Oracle Software, deviation implemented in Q2) 10 725 163 (Imvula) 529 178 (Motswako)			20 858 591
Emergency	104 656 (Ascent)	2 000 000 (BRS) 400 000 (Klause Engineerng)			2 504 656
Total Amount	4 719 078	18 644 169			23 363 247

- No deviations for the CCTV and Motswako were submitted for processing by the user department.
- Contracts secured through other organ of state (Reg. 32 and Section 110) for the 3 months period 2018/19
- No contracts were secured through this process during the review period.
- Two contracts were secured through regulation 32 this process during the review period and are listed hereunder.

Regulation 32

Travel services which expired on 30 November 2018

Photocopying machines contract through the COJ (in the process of implementation)

Section 110

Johannesburg Property company-Development of Mandela Market

Metropolitan Trading Company -WI-FI provision

Johannesburg Roads Agency-Rehabilitation of the internal road

SABS-Microbiological testing

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)
QUARTER 1				
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
				4 719 078
QUARTER 2				
1	Morubisi	CCTV	The contract expired	3 527 376
2	Oracle	Oracle Licences	The contract expired	1 462 452
3	Imvula	Security Services	The city is busy with the in-sourcing project of security personnel	10 725 163
4	Motswako	Lease of photocopy machines	Busy finalising the Regulation 32 from COJ as they recently appointed	529 178
5	BRS	Emergency repairs Banana Ripening facilities	Mechanical contract was cancelled and there was an emergency for the service to be rendered.	2 000 000
6	Klause	Mechanical services	One mechanical contractor who specialises on ammonia gas	400 000
				18 644 169

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
Q2	35	11	10	1	3

Poor performance reported

Phomolang contractor for mechanical Engineering Services was cancelled

List of all contracts expired

Quarter 1			
Service Providers	Start date	End date	Amount
ENS Africa	15.09.2017	14.09.2018	R 200 000
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
Quarter 2			
Pabalelo	24.08.2015	23.08.2018	R 216 000
Nansency Medicals	09.10.2017	01.11.2017	R 100 000
Global Payment Technologies (Pty) Ltd	05.04.2018	30.04.2018	R 102 603
RentoKill	30.04.2018	01.07.2018	R 1 732 259
Segosedi Trading	29.05.2018	30.05.2018	R 200 000
Multi-Locking Vehicle Tracking	13.10.2017	13.10.2017	R 200 000
Morubisi Technologies CCTV	01.07.2018	31.12.2018	R 4 056 482
Global Payment Technologies (Pty) Ltd	21.11.2018	Once off	R 404 512
Motswako Office Solutions (Pty)ltd	01.07.2018	31.12.2018	R 529 178
Phomolang and Cassidy JV	07.07.2016	06.07.2019	R 15 093 600

List all contracts to be terminated within six months and amount

Quarter 1

Service Providers	Start date	End date	Amount
Servest (Pty) Ltd	01.03.2017	28.02.2019	R 1 068 491.22
Air Products	17.01.2018	16.01.2019	R 144 953.55
Chemetrix	17.01.2018	16.01.2019	R 114 000.00
Multi-Locking Vehicle Tracking	13.10.2017	12.10.2018	R 200 000.00
Joren Communications	23.01.2018	22.01.2019	R 171 000.00
Global Payment Technologies (PTY) Ltd	30.04.2018	31.10.2018	R 102 603.00

Quarter 2

Service Providers	Start date	End date	Amount
Mailcomp Egis	01.07.2016	30.06.2019	R 173 422
Air Products	17.01.2018	16.01.2019	R 144 953
Chemetrix	17.01.2018	16.01.2019	R 114 000
Eazi Access Rental	24.04.2018	23.04.2019	R 142 107
Joren Communications	23.01.2018	22.01.2019	R 171 000
ICAS SOUTHERN (PTY) LTD	09.04.2018	08.04.2019	R 200 000
Harvest Chartered Accountants (Pty)Ltd	12.06.2018	11.06.2019	R 125 235
Ascent Tech	01.09.2018	28.02.2019	R 313 970
Morubisi Technologies CCTV	01.01.2019	30.06.2019	R 4 056 482
Metropolitan Trading Company	Once off	Once off	R 4 600 000

Extension of Contracts for the 6 months period 2018/19

Quarter 1 to Quarter 2

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	14 781 716			19 500 794
Total Amount	4 719 078	14 781 716			19 500 794

Irregular Expenditure

The table below indicates actual amount spent as irregular expenditure incurred for the 6 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 services were rendered before approval of deviation	2 734 561
2.	Ascent	Database administration	The services were rendered before approval of deviation	418 626
3.	Avis	Lease of vehicles	The services were rendered before approval of deviation	1 565 891
TOTAL IRREGULAR EXPENDITURE				4 719 078

Fruitless and Wasteful Expenditure for the period ending 31 December 2018.

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

CHAPTER SIX: INTERNAL AUDIT

Section 1: Internal Audit scope of work

The internal audit carries out its functions in accordance with the S165 of the MFMA, the recommendations of the King Report and other relevant legislation and best practice.

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

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

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

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

Section 2: Performance against Internal Audit Plan

The Internal Audit Plan for 2018/2019 was approved by the ARC early in October 2018. Progress against the current Internal Audit Plan as at 31 December 2018 is summarised in the table below:

Description	Status and progress to date on the plan (2018/2019)					
	Project Allocation	Not started	Planning Phase	Execution Phase	Reporting Phase	Completed
Planned audits for the year	13	6	3	1	0	3
Total	13	6	3	1	0	3
Progress-%	100%	46%	23%	8%	0%	23%

There were thirteen (13) audits planned at the end of Q2 and 23% have been completed, 31% of the audits are in progress, 46% have not been started and will be prioritised for the remainder of the 2018/2019 financial year. 4 of the planned audits have been outsourced through the panel of service providers to ensure 100% completion of the audit plan by 30 June 2019.

The internal audit team is confident that the allocated assignments will be completed by 30 June 2019.

Details of planned audits

The following table provides the detail of the planned audits for 2018/2019 financial year and the status at 31 December 2018.

#	Planned Area of Coverage	Hours	Status	Report rating
1	Infrastructure & Maintenance	300	Not started	
2	Auditing of Predetermined Objectives (AOPO) (Q1, Q2, Q3 & Q4) (Q2 outsourced)	400	Planning	
3	Auditing of Service Standards (Q1, Q2, Q3 & Q4)	300	Completed	Requires Improvement
4	5% Commission Business	300	Not started	
5	Consignment Control (Platforms & Audit office)	300	Not started	
6	Cashiering	200	Not started	
7	RFQ and Tendering Process (Some through probity audit)	300	Completed	Significant
8	Payment of Suppliers	200	Not started	
9	Contract Management	300	Not started	
10	Follow Up audits(Quarterly reviews)	600	Completed	Requires Improvement
11	IT Application Controls (SPS) (Outsourced)	300	Planning	
12	IT General Controls (Outsourced)	300	Planning	
13	Ad- Hoc assignments (BEE agents; NPO & NGOs and others as will be requested during the financial year) (BEE Outsourced)	600	Execution	Significant (NPOs)

Explanation of Report Rating

Critical	Significant	Requires Improvement	Satisfactory
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Section 3: Follow up on Internal Audit and Auditor-General (AGSA) Findings

As required by the internal auditing standards and the Internal Audit Charter, internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within the timeframes management committed to. Internal Audit efforts are focused in ensuring that findings classified as “high risk” receive adequate management attention and minimise repeat findings in subsequent audits.

3.1 Status on resolution of Audit Findings

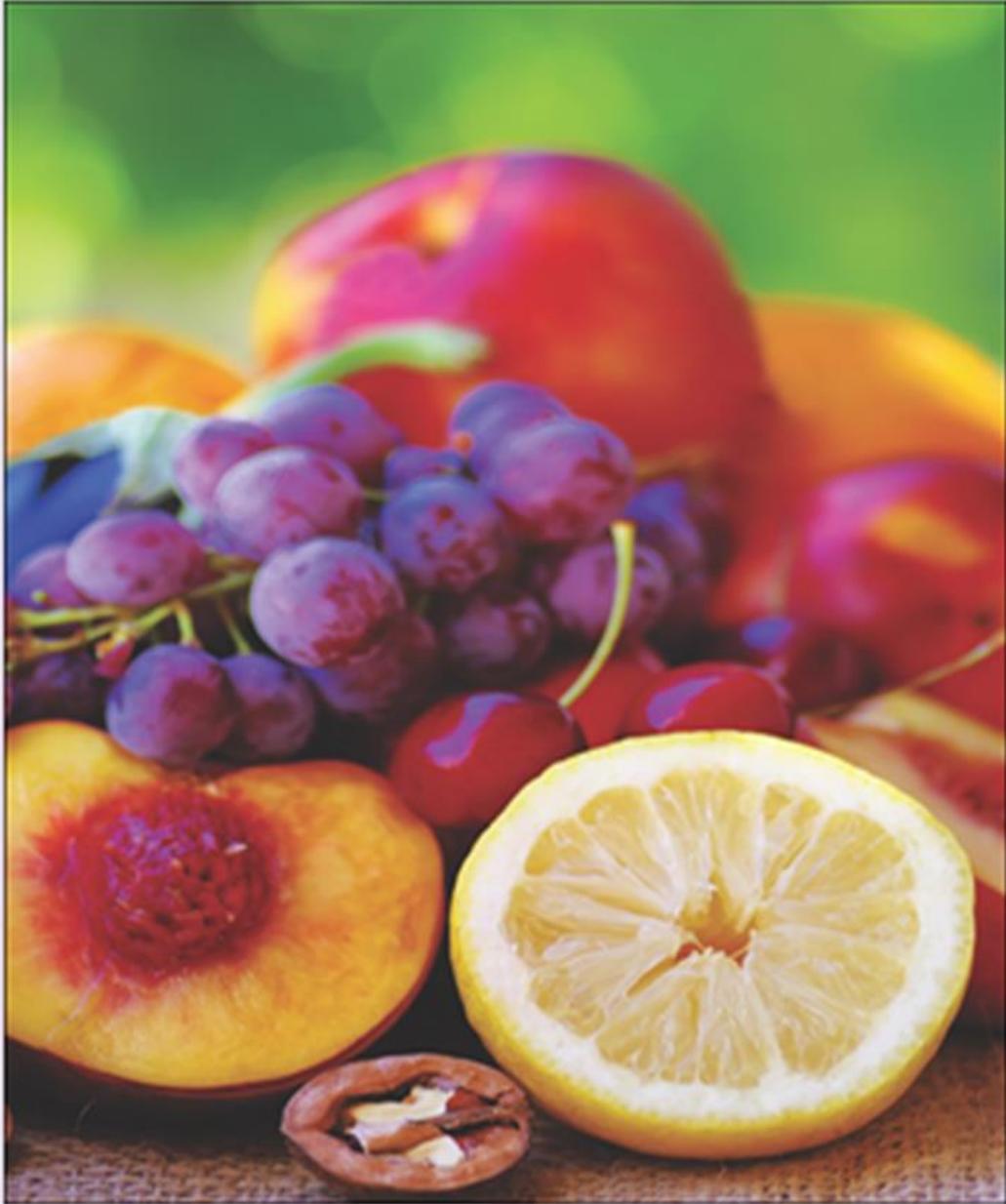
Satisfactory progress was achieved in resolving external as well as Internal audit findings during the review period and the tables below indicate that only 14 new (2017: 34) AGSA audit findings were issued in the final 2018 management letter and 48% of internal audit findings and an overall of 52% of all findings were resolved during the period ended 31 December 2018.

	Opening balance	New findings during Q2	Resolved during Q2	Closing balance
AGSA Findings	4	14	4 (100%)	14
Internal Audit Findings	58	0	28 (48%)	30
Total	62	14	32 (52%)	44

EFFECTIVENESS OF INTERNAL CONTROLS

The evaluation of internal controls remains critical in ensuring that Joburg Market has adequate and effective systems, processes, policies and procedures that support the achievement of organisational objectives. Internal controls are designed and implemented by management through systems, policies and procedures executed in day to- day operations. Internal audit makes an assessment on the effectiveness of these controls based on the results of audits conducted in the various business areas. Internal audit has evaluated the internal controls on the basis of audits completed and engagements with various key aspects of the organisation.

The internal controls are thus evaluated as adequate and partially effective as significant control weaknesses and instances of non-compliance were identified in a number of business processes. Some of the audits issued during the past six months that contributed to the above assessment are food support centre, rental income and Supply Chain Management.



Joburg Market – The home of Fruit & Vegetables