



Annexure A

Third Quarter Report 2018/19

Towards being
Clean, Safe and Smart

Version 2.1



COMPANY INFORMATION: JM (SOC) LTD

Country of Incorporation and Domicile:	South Africa
Registration Number:	2000/023383/07
Registered Address:	Market Main Building 4 Fortune Road (Off Heidelberg Road) City Deep 2049
Postal Address:	P O Box 86007 City Deep 2049
Municipal Erf Number:	Erf 117 & 118 City Deep
Telephone Number:	(011) 992-8000
Fax Number:	(011) 613-7381
Website:	www.joburgmarket.co.za
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"





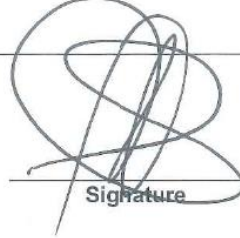

Joburg Market

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Charles Hamilton Executive: Strategy & Transformation (Acting)	 Signature	06/05/2019 Date of Approval
Mandla Mdluli Chief Financial Officer (Acting)	 Signature	06/05/2019 Date of Approval
Ayanda Kanana Chief Executive Officer	 Signature	07/05/19 Date of Approval
Cllr Leah Ruth Knott MMC: Economic Development	 Signature	07/05/2019 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
CUM	Cumulatively
DOH	Department of Health
DOL	Department of Labour
EAP	Employee Assistance Programme
EISD	Environment and Infrastructure Services Department
EPWP	Expanded Public Works Programme
GAP	Good Agricultural Practice
GDS	Growth and Development Strategy
GRAS	Group Risk and Assurance Services
HR	Human Resources
IDP	Integrated Development Plan
ITL	Information Systems Infrastructure
JDA	Joburg Development Agency
JM	Joburg Market
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act, 56 of 2003
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
NAMC	National Agricultural Marketing Council
NDAFF	National Department of Agriculture, Forestry and Fisheries
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OPEX	Operational Expenditure
REMCO	Remuneration Committee
RSA	Republic of South Africa
SADC	South African Development Community
SANAS	South African National Accreditation System
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SMME	Small Medium and Micro Enterprise
SLA	Service Level Agreement
SPS	Sales Processing System
YTD	Year to date

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CHAPTER ONE: CORPORATE PROFILE AND LEADERSHIP

Section 1: Corporate Profile / Overview of the Entity



From a humble beginning to a leaping giant



The company owes its origins to the establishment of the fresh produce market at the Market Square in central Johannesburg in 1887 where three thousand people congregated to trade in fresh produce. As the City grew so did the trading of fresh produce. This prompted the building of a new facility in Newtown in 1913. 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 299 employees. Short term employment 20 interns and 60 EPWP workers were also created for the financial year. 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 within the sector.

JM plays a critical role of determining the price for the fresh produce industry in South Africa since it represents 44.00% 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 SMART market 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 focused 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 – Maximise 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

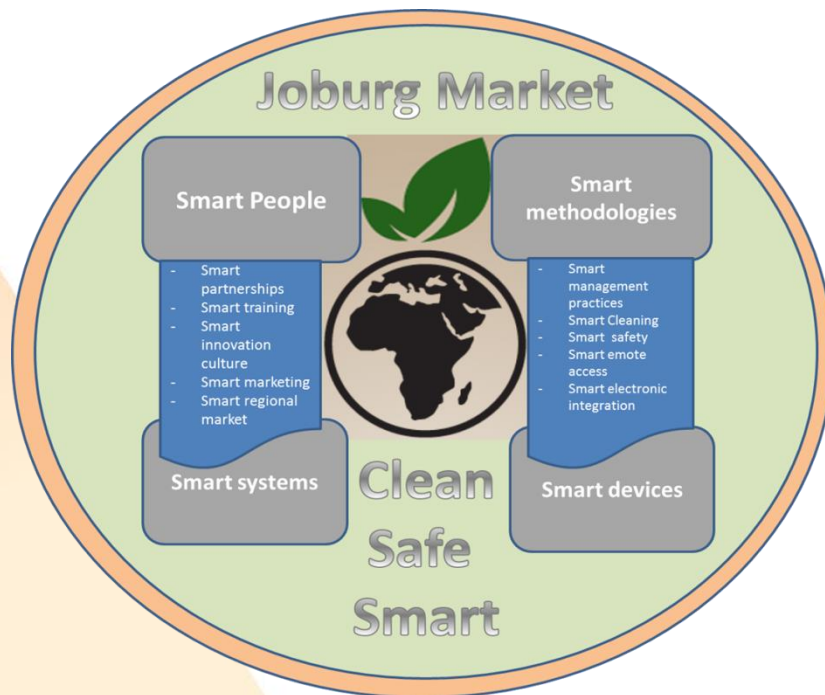
JM has adopted the strategic thrust towards becoming a SMART market. This will entail embedding some of these key elements into the design, operations and management of Joburg Market.

- Globally competitive and a leader in the Fresh Produce Industry.
- Availability of Good Trading Infrastructure and related complementary services;
- A Market that is clean, safe, green and compliant to Food Safety/HACCP Standards;
- It is highly customer centric and service oriented and has an enhanced ability to deliver superior service to its clients;
- An Integrated Online Customer Service Platform and supported by Interconnected Smart Devices;
- Has technology enabled business processes and delivers Smart Market Operations Systems;
- Has an environment that enhances the customer experience;
- Has perfect integration between and amongst smart systems, people and processes;
- Manned by technologically astute staff and innovation is in the DNA of the company.

Realising this dream, would require recapitalisation and investment into people, technology, infrastructure, systems and business processes. All of this will come at a cost and requires a fine balancing act between supporting service delivery intensive projects and operationalising the requirements of the Smart Market Strategy. These elements were intensively deliberated at the JM Board strategic planning session which was held from 28 - 29 March 2019. A producer of vegetables as well as representatives from NDAFF and NAMC also addressed the session.



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 utilised. 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 it's winter season and *vice versa*. Various countries across the globe will thus allow the import 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 third quarter period ending 31 March 2019 (year to date) are illustrated below:



Section 4: High-level Organisational Structure

The high level structure of JM as at 31 March 2019 is depicted below:



Section 5: The Outgoing Chairperson's Foreword

Against the backdrop of the erratic weather patterns being experienced in the Southern African region, the food security situation enjoys more attention than ever before. The latter should also be considered against the risk of rising food inflation as a result of anticipated increases in fuel and electricity costs as well as the ever increasing cost to produce sufficient food levels across the globe. Mozambique has become an important producer of bananas to South Africa and luckily the production of bananas and mangoes was not affected by Cyclone Idai. We have further learnt that local producers are forced to produce more and more fresh produce per commodity line to ensure sustainability of farming operations



Food inflation is currently set at 3.0% (February 2019) and will most likely continue in an upward trend as a result of anticipated increases in prices as discussed above. JM continues to monitor the trends in fresh produce prices as part of its role to assist in ensuring food security within the City of Johannesburg.

At its recent strategic breakaway session, held on 28 and 29 March 2019 the Board of Directors considered the various elements impacting *inter alia* on commercial and emerging producers, commercial and emerging agents as well as formal and informal sector entrepreneurs. A fresh evaluation of the need to modernise and increase trading space at JM was conducted and direction was given on the need to conduct such space extension on an urgent basis. JM will also during its implementation phase of resolutions taken at the recent strategic session explore possible ways in which it could participate in efforts to enhance the position of these important targeted groups. It is my privilege to convey a word of thanks to all members of the Board and the Executive for the diligence displayed during a most successful breakaway session. May JM grow from strength to strength in the years ahead.

Jan Mocke
Chairman: Board of Directors.

Section 6: CEO's Report

During the quarter under review JM experienced a number of highlights and achievements starting with the national market share for JM which rose from 42.5 percent in Q3 of 2017/18 to 44.0% in Q3 of 2018/19. The latter represent a 1.5% growth and a growth rate of 1% above target. The company's overall financial performance for the year to date was satisfactory, except for the challenge on repairs and maintenance spending which remained low as a result of the difficulties embedded in the appointment of suitable services providers for the areas of civil, mechanical, building and plumbing works.



The company generated a surplus of R106.3 million (after tax) which exceeded the budgeted surplus by R23.4 million. This strengthened the financial position of the company and resulted in improved cash flow generated from operations. The ability of the entity to increase revenue enabled a growth 9.7% in relation the comparable period of 2017/18. JM achieved a turnover in fresh produce sales to the value of R5.9Bn and thus recorded improved turnover of 4.5% over the R5.4Bn of the comparable 2017/18 period. The overall rand per ton return rate was improved by 7.7% to R5487.00 per metric ton.

JM conducted both its EXCO and Board of Directors strategic planning sessions. Engagement with stakeholders operating in the production and marketing of fresh produce brought great modern day insight into the sessions and this contributed significantly towards the planning sessions. JM also participated in the City Manager 1-on-1 sessions relevant to the 2019/20 business planning period and received valuable guidance and support from this forum. JM is clearly on track to become a SMART market.

The entity is also currently dealing with a number of challenges. Relevant to supply chain management a focussed intervention is currently in progress to ensure accountability as well as improvements. Particular emphasis was also placed on the improvement of Specification and Bid Evaluation procedures.

The company is still dealing with a number of current and legacy cases of litigation. The Board is guiding Management and legal counsel on dealing with the matters as swiftly as possible.

During the period ahead JM will focus intensively on the projects pertaining to the extension of trading floor space, the Mandela Market improvement as well as the maintenance programme.

Ayanda Kanana
Chief Executive Officer

Section 7: CFO's Report

The JM's overall financial forecasted performance for the period ending 31 March 2019 was above expectation. The revenue and surplus are ahead of budget and key liquidity ratios are above the norm. The magnitude of JM's position in the fresh produce industry is illustrated by the total R5.9 billion turnover generated by the market of which is 4.5% above budget of R5.7 billion. The cash position of the company increased due to the strong growth in working capital. In addition, JM has cash coverage of 220 days which is well above the norm of >45 days. The entity has sufficient cash flow to sustain the business going forward.



9 months highlights for 2018/19 are as follows:

- Revenue achieved was R353.5 million which equates to an increase of R11.7 million or 3.4% compared to budget of R341.8 million
- Net surplus achieved was R106.3 million which equates to an increase of R23.4 million or 28.3% compared to budget of R82.9 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 2.68 against a norm of 2. This means the entity has sufficient cash to meet its short term obligations.
- The net closing cash position for 9 months was R176.8 million.
- JM capital expenditure was R19.9 million or 81% against a Q3 target of R24.6 million.

9 months lowlights for 2018/19 are as follows:

- Repairs & Maintenance is below budget by R3.3 million (30.5%) due to appointment process of preventative maintenance programmes for civil/plumbing/mechanical and building which has not been finalised.
- The remuneration to expenditure ratio percentage is 45% against a norm of 30-40%.

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 through s110 and regulation 32
- To streamline the turnaround times and business processes at SCM in order fast track appointments of service providers.
- To improve internal controls at cashiering department to contain reported shortages through the purchase of note counter machines.

Sifiso I. Dlamini
Chief Financial Officer

CHAPTER TWO

Section 1: Board of Directors

The JM Board of Directors consists of executive and non-executive directors. The Board provides quarterly, bi-annual and annual reports on its performance and service delivery agreement 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 subsequently 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 31 March 2019

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D*	0	2	-	-	-	-
Ramakoaba A	1	2	-	-	1	1
Mocke J	2	2	-	-	1	1
Nengovhela L	2	2	2	2	1	1
Ndlovu S	2	2	-	-	-	-
Naidoo P	2	2	-	-	1	1
Thwala W**	2	2	-	-	-	-
Mlangeni T**	2	2	-	-	-	-
Theunissen R (IAC)	2	2	2	2	-	-
Hill R (IAC)	-	-	2	2	-	-
Tilly C (IAC)	-	-	-	2	-	-
Kanana A (Executive Director)	2	2	2	2	1	1
Dlamini S (Executive Director)	2	2	2	2	1	1

Annual Meetings

Members	Board Meeting		Audit & Risk Committee		REMCO & SEC Committee	
	A	B	A	B	A	B
Dondur D*	4	8	-	-	-	-
Ramakoaba A	5	8	-	-	3	3
Mocke J	8	8	-	-	3	3
Nengovhela L	7	8	6	6	3	3
Ndlovu S	7	8	-	-	-	-
Naidoo P	7	8	-	-	2	3
Thwala W**	3	8	-	-	-	-
Mlangeni T**	3	8	-	-	-	-
Theunissen R (IAC)	6	8	6	6	-	-
Hill R (IAC)	-	-	6	6	-	-
Tilly C (IAC)	-	-	5	6	-	-
Kanana A (Executive Director)	7	8	6	6	3	3
Dlamini S (Executive Director)	7	8	6	6	3	3

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 authorised at the AGM are as follows:

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

2.3 Remuneration Policy

Directors and officers are remunerated in accordance with the company's remuneration policy which is informed by directives issued by the shareholder. The policy is executed in

full compliance with legislative imperatives regulating remuneration in the local government environment.

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

2.4 Remuneration of Non-Executive Directors

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

Quarterly Remuneration as 31 March 2019

NON EXECUTIVE DIRECTORS REMUNERATION					
No.	Name	Designation	Meeting Fee Q3 (R)	Other (R)	Total (R)
1	Doris Dondur	Chairperson	0	0	0
2	Abigail Ramakoaba	Member	53 000	0	53 000
3	Jan Mocke	Member	85 000	0	85 000
4	Livhuwani Nengovhela	Member	65 000	0	65 000
5	Sihle Ndlovu	Member	48 000	0	48 000
6	Pat Naidoo	Member	53 000	0	53 000
7	Wellington Thwala	Member	48 000	0	48 000
8	Tumelo Mlangeni	Member	24 000	0	24 000
TOTAL			376 000	0	376 000

Annual YTD Remuneration as at 31 March 2019

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	111 000	0	111 000
3	Jan Mocke	Member	198 000	0	198 000
4	Livhuwani Nengovhela	Member	171 000	0	171 000
5	Sihle Ndlovu	Member	108 000	0	108 000
6	Pat Naidoo	Member	140 000	0	140 000
7	Wellington Thwala	Member	60 000	0	60 000
8	Tumelo Mlangeni	Member	36 000	0	36 000
TOTAL			892 000	0	892 000

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

2.5 Independent Members' Payments

IAC Quarterly Remuneration as at 31 March 2019

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee Q3 (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	42 000	0	42 000
2	Robert Hill	IAC	10 652	0	10 652
3	Cassim Tilly	IAC	10 000	0	10 000
TOTAL			62 652	0	62 652

IAC Annual YTD Remuneration as at 31 March 2019

INDEPENDENT AUDIT COMMITTEE MEMBERS					
No.	Name	Designation	Meeting Fee YTD (R)	Other (R)	Total (R)
1	Robin Theunissen	IAC	110 000	0	110 000
2	Robert Hill	IAC	30 652	0	30 652
3	Cassim Tilly	IAC	25 000	0	25 000
TOTAL			165 652	0	165 652

The cost of Director Remuneration as at 31 March 2019 is R1 057 652.17 against a budget of R791 499.00 for the first three quarters of the 2018/19 financial year. This expense is 34% above budget as a result of the need for special meetings during the period under review.

Section 3: Executive Management Remuneration

The table below summarises executive remuneration as at 31 March 2019 of the 2018/19 financial year.

Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Subsistence	Housing	Acting	Leave Pay	Insurance	SDL	BCL	Bonus	Total
Ayanda Kanana	CEO	1 347 252	114 270	76 419	33 500	135 000	16 335				1 338	14 853	79		1 739 046
Sifiso Dlamini	CFO	1 185 281	157 230		28 443		200		12 042		1 338	11 616	79		1 396 229
*Charles Hamilton	Acting Strategy and Transformation Executive	1 133 308	232 317		25 550				154 878		1 338	13 459	79		1 560 929
Josiah Mazibuko	Core Operations Executive	1 301 480	69 558	54 450	27 650						1 338	13 155	79		1 467 710
*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	200	5 114		148 811	892	8 946	53		992 436
*Keeran Singh	Acting Company Secretary	348 430	73 875	19 131	27 300			6 819	49 251		1 338	5 076	79	45 602	576 902
		6 367 088	709 955	175 446	174 739	183 000	16 735	11 933	261 670	148 811	8 180	71 120	481	45 602	8 174 761

** Resigned. 31 December 2018

* Acting period

- Keeran Singh: 26 June 2017 to date
- Charles Hamilton 1 March 2018 to date
- Charles Park. 8 June 2018 – 31 October 2018

3.1 Executive Management Team (EMT)

The EMT comprises of 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: 1 March 2018 to date) 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• Artisanship Certificate: Electrician• International Leadership Development Programme• Municipal Executives Finance Management
Mr. Charles Park (Executive Manager: Core Operations – Acting: 8 June 2018 – 31 October 2018) Qualifications: <ul style="list-style-type: none">• Master of Business Administration (MBA)• B-Tech in Transportation Management focused on Logistic Management• National Diploma in Transportation Management• Municipal Executives Finance Management: WITS Business School
Mr. Mr. Keeran Singh (Company Secretary – Acting: 26 June 2017 to date) Qualifications: <ul style="list-style-type: none">• Bachelor of Arts (In progress)• Company Secretarial & Governance Board (CSSA/ACIS)• Corporate Governance & Administration• Retail Management Development Programme

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, other relevant regulations and legislation provides 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 Office

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

The Shareholder has indicated their intention to centralise 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. An employee who knowingly makes a false report may be subject to discipline;

- Provides the standards or conduct codes which guide all JM directors, officers and employees who 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.

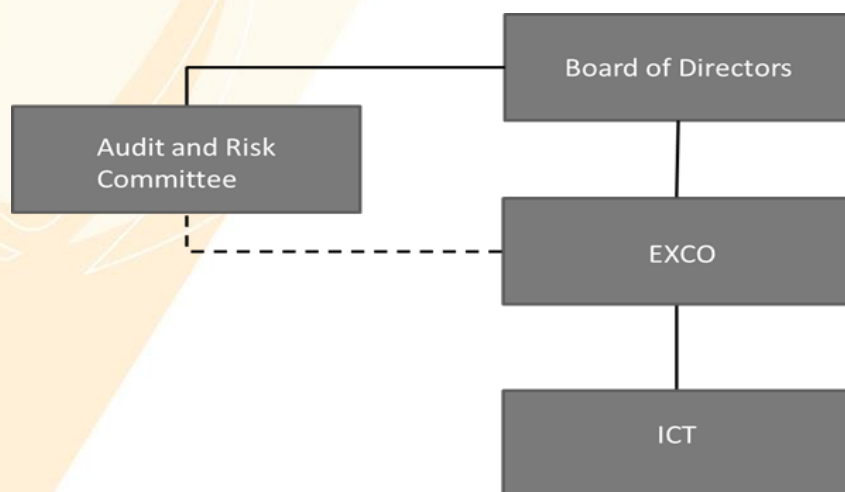
Section 8: Anti – corruption and Fraud

The Anti-Fraud and Corruption Policy was approved and communicated to all 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 hot line 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 available 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 Internal Audit conducts audits the department annually. The department's governance is included in the AGSA annual audit of the entity. 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. The department intends to implement COBIT as a governance framework and is investigating the suitable steps towards this implementation.

The department has implemented internal service standards, incorporated into internal KPAs and IT policies were still valid following the review done and approved by the JM Board in April 2018.

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

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. Incidents 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 the 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.

At the end of the third quarter the progress in line with the risk management plan is as follows:

Date	Key risk activities
11 March 2019	Audit and Risk Committee and Exco strategic risk workshop
15 March 2019.	Strategic Risk Workshop held with Board members

Other risk activities conducted by JM are as follows

No	Matter	Remarks
1	Compliance	A Compliance Forum for JM will be established in Q4 with the assistance of GRAS Compliance division
2	GRGC Meeting (March)	The GRGC meeting was conducted on the 22 nd March and the JM Risk Report served at the Committee
3	Insurance	Insurance premiums have been calculated and allocated to all Entities and Departments by GRAS. The motor fleet invoice has been issued and discussed with the CFO. It is currently in the payment process in Finance
4	Insurance	The JM insurance claims reports (dashboard and excel spread sheet for stats provided by AON the CoJ Risk Broker)
5	Insurance	The CoJ Insurance Broker, AON is currently busy underwriting short-term insurance for financial period 2019/2020 The Insurance Broker conducted a Physical risk assessment in December 2018 at JM. Follow up visits were conducted by Aon during the week of the 18 th February 2019 The findings will be presented at EXCO and each Executive will have a responsibility to Action the findings The report will be used by Internal Audit and shared with AG

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's is top strategic risks.

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:

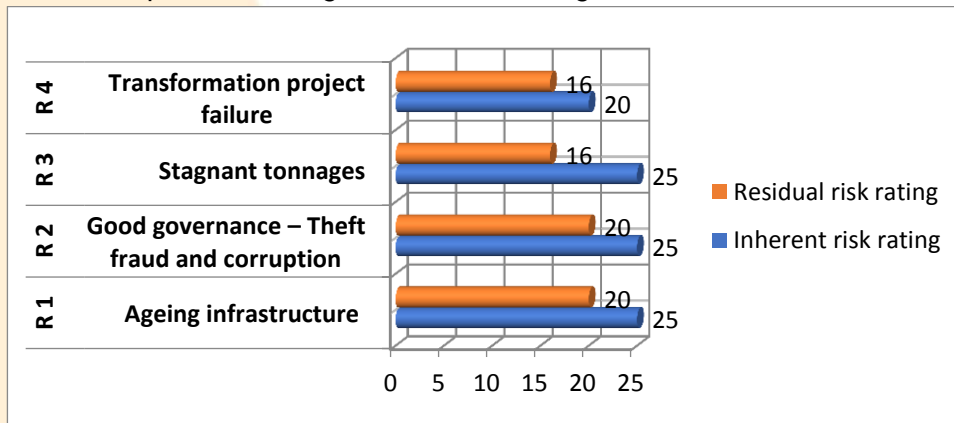
12.6 Analysis of Risk (Inherent and Residual)

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

Top 4 strategic risks			
Risk	Risk Name	Inherent risk rating	Residual risk rating
R 1	Ageing infrastructure	25	20
R 2	Good governance – Theft fraud and corruption	25	20
R 3	Stagnant tonnages	25	16
R 4	Transformation project failure	20	16

Top risks rating

The graph below depicts the ratings of the four strategic risks of JM.



RATING KEY

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
			insignificant	minor	moderate	major	severe
potential impact / consequences							

12.7 Risk Appetite and risk tolerance

During the reporting period under review the Board of Directors and EXCO conducted a risk appetite and risk tolerance assessment. The results are tabled below:

Ref	Risk categories	Risk appetite - ARC	Risk appetite - Board	Risk appetite - average	Risk tolerance - ARC	Risk tolerance - Board	Risk tolerance - average
1	Fraud and corruption	0.00	0.00	0.00	0.00	0.00	0.00
2	Compliance (legislation, regulations, MFMA, SCM, policies and procedures)	0.85	0.75	0.80	1.17	0.81	0.99
3	Stakeholder management	1.50	1.50	1.50	1.45	1.25	1.35
4	Financial governance / management risks	1.23	0.80	1.02	1.08	1.20	1.14
5	Financial underperformance (% aligned to the SDBIP annual target)	1.54	0.63	1.08	1.08	1.06	1.07
6	Service delivery risk (service delivery and operational performance indicators)	1.31	1.06	1.19	1.17	1.19	1.18
7	Organisational and governance risks (accountability)	1.00	0.88	0.94	0.92	1.06	0.99
8	Information and communication delivery and security	1.38	1.13	1.26	1.08	1.27	1.18
9	Management information (security, reliability, accuracy, timeousness)	1.31	0.94	1.12	1.25	1.06	1.16
10	External environment (air, AMD)	1.50	1.25	1.38	1.36	1.67	1.52
11	Governance	1.08	0.63	0.85	1.42	1.13	1.27

Ref	Risk categories	Risk appetite - ARC	Risk appetite - Board	Risk appetite - average	Risk tolerance - ARC	Risk tolerance - Board	Risk tolerance - average
12	Financial (Loss of revenue, inadequate cash management procedures)	0.54	0.38	0.46	0.75	0.94	0.84
13	Reputation	0.85	0.88	0.86	1.17	0.88	1.02
14	Asset management (maintenance, insurance, security, accurate asset register)	1.38	1.00	1.19	1.50	1.25	1.38
15	Projects and contracts (not meeting key objectives, timeframes or exceeding budgets)	1.08	1.00	1.04	1.25	1.00	1.13
16	Business disruptions (strikes, business continuity, protests)	0.77	0.75	0.76	1.08	1.25	1.17
17	Employee and citizen's safety (OHSA)	1.00	0.60	0.80	0.83	0.80	0.82
18	Financial reporting – Adverse and disclaimer audit outcome	0.62	0.63	0.62	0.83	0.63	0.73

JM has a low risk appetite and a low risk tolerance level which is to be interpreted against the key below:

Rating level	Description
High Risk Appetite 5	JM accepts opportunities that have an inherent high risk that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
Moderate Risk Appetite 4	JM is willing to accept risks that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
Modest Risk Appetite 3	JM is willing to accept some risks in certain circumstances that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.

Rating level	Description
Low Risk Appetite 2	JM is not willing to accept risks in most circumstances that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.
Zero Risk Appetite 1	JM is not willing to accept risks under any circumstances that may result in reputation damage, financial loss or exposure, major breakdowns in the trading system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and clients.

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 according to 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 against where necessary.
- At present the company is engaged in a number of historical as well as current litigation matters which is managed under continuous oversight by the Board of Directors.

CHAPTER THREE

Section 1: Company 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 review period including:

- The Joburg Market achieved a turnover of R5.9 billion, when compared against last year's turnover of R5.4 billion; which represents a positive growth of 10.0%. Volumes sold displayed a slight decrease compared to the previous financial year, reflecting a decline of 3.0%.
- The decrease in volumes can be attributed to unfavourable weather conditions (Heat, heavy rains, hail and drought) in some production areas which had a negative impact on mass received; however it had a positive impact on the average price which increased by 6.3% year on year.
- 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, which has significantly reduced the negative effect on the Market.

- 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. Express speed bumps have also been installed and the boom gates are being utilised to improve access control at the consignment gates.
- 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 329.9 thousand tons of produce were received, of which 35,582 tons were inspected, and subsequently 328 tons were rejected for quality non-compliance. A total of 99 samples of fruit and vegetables were analysed for pesticide residues of which 5% had pesticide residue findings however none of the SA regulated Maximum Residue Limits (MRLs) were exceeded.

Challenges

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

- A number of outages were experienced due to Eskom Rolling Blackouts and faults on the City Power Electrical Network and equipment. The generators were able to carry the load throughout this period with minimal business interruptions experienced.
- 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 has deteriorated significantly resulting in complaints from Market Agents. Tender Specifications for the various maintenance contracts have been developed and are in various stages of the SCM procurement processes. Use was made of deviations and Section 32 procurement to acquire service providers for urgent emergency repairs;
- The performance of the CAPEX Expenditure remains below par, 49% of the total budget has been spent, and measures are in place to accelerate capital expenditure in the fourth quarter. More details are provided in the appropriate section below;
- The finalisation and signing of lease agreements with tenants has been a challenge. JM has appointed a property evaluation consultant to conduct a property evaluation assessment and to propose rental rates aligned to the current market rental rates in City Deep area with similar letting space. The report has been finalised and is going through the required governance structures.

Section 2: Performance against Service Standards

The Joburg Market achieved seven (7) out of eight (8) service standards as per the Shareholder Agreement. This represents an 87.5% achievement of service standards. Mitigating strategies are provided for areas of poor performance. The Table below provides more details.

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance Explanation	Mitigations Comments /
1. Opening a new buyer account	20 minutes	2.30 minutes	Yes	No	17.30 minutes Favourable	Target achieved	The Service Level Target was successfully met.
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	100% uptime recorded	Database Report	No	0%	Target achieved	There were no SPS disruptions for the quarter.

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*	Variance	Variance Explanation	Mitigations Comments
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.58	Yes	No	28.02 minutes Favourable	Target achieved	The Service Level Target was successfully met.
4.Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	100% Completed within 24 hours	Work Order Sheet	No	0%	Target achieved	Work orders were attended to as soon as they are reported for repairs.
5.Repairs to ripening facilities	90% Availability	87.70% Availability	Daily Monitoring summary report	No	2.30% Unfavourable	Target not achieved	Electromechanical failures which resulted in higher room temperature Stringent service level agreement in place with new service provider.
6.Cold Room facilities	Average temperature variance not greater than 2°C of agreed customer requirements	2.69°C	Daily Temperature Reading Summary report Set at 1.65°C	No	1.04°C Favourable	Target achieved	There is constant monitoring of temperature variation.
7.Stakeholder complaints	Response within 12 hours	0	Website Report	No incidents reported	0%	Target achieved	No complaints reported
8.Stakeholder complaints	Resolution within 48 hours	0	Website Report	No incidents reported	0%	Target achieved	No complaints reported

Section 3: Repairs and Maintenance Programme

The Joburg Market has a revised **Repairs and Maintenance (R&M) Budget of R 10.6 million** and an expenditure of **R 7.4 million** which equates to **30.5%** for year-to-date of performance. The delays on the appointment of building and civil, plumbing and mechanical preventative maintenances contractor had a negative impact to the total expenditure.

The process of appointing a panel of service providers for Plumbing, Mechanical as well as Building and Civil Preventative Maintenance Contractors is underway and it is envisaged to be concluded in the next quarter. In mitigation of the backlog in service delivery and emergency works service providers have been sourced through deviations and Request for Quotations (RFQ).

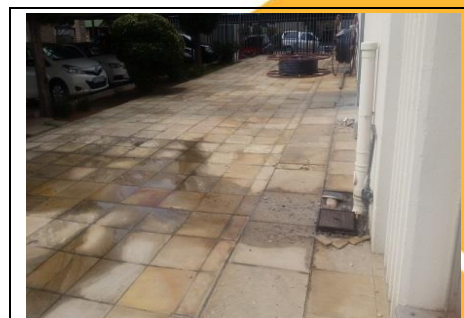
During the period under review the following repairs and maintenance activities were undertaken:

- Repairs and resetting during power failure on Ammonia Plant, Banana Ripening Rooms and Cold Rooms.
- Repairs on roller shutter doors and ablution facility doors.
- Unblocking of drains at ablution blocks, cold stores , halls 4,5, 6&7
- Repairs and replacement of ceilings(boards)
- Grass cutting and gardening services outside perimeter wall
- Servicing the Gen Farm and JM generators
- Repairing lights and replacing globes
- Repairing HT tiger switches, flame box, electrical cabling etc.

Section 4: Capital Expenditure Performance

The Joburg Market Capital Expenditure (Capex) budget for the 2018/19 financial year is **R39.7 million**. During budget adjustment the revised capital expenditure budget remained at **R39.7 million**. As at the end of the third quarter, the Capex expenditure stands at **R 19.9 million**, which represents expenditure of **50.1%** of total budget. The following projects are awaiting delivery during Q4;

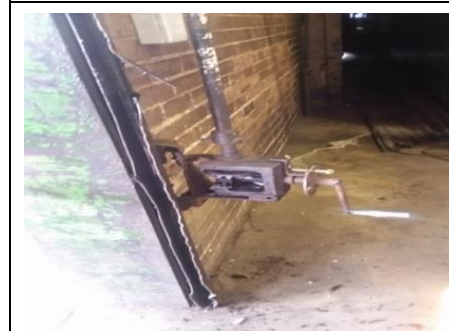
#	Project	Budget	Status
1	Installation of Public Wi-Fi	R 4 000 000.00	Awarded and in process of implementation
2	JM Precinct Development Project – JDA	R 2 000 000.00	Awarded and in process of implementation
3	Architectural Services: Main Building -Space Planner	R 98 000.00	Awarded and in process of implementation
4	Acquisition of Consignment Container	R 352 736.63	Awarded and in process of implementation



Sewer Unblocked next to Lab



Repairs of lights at Truck Entrance



Damaged Roller door fixed

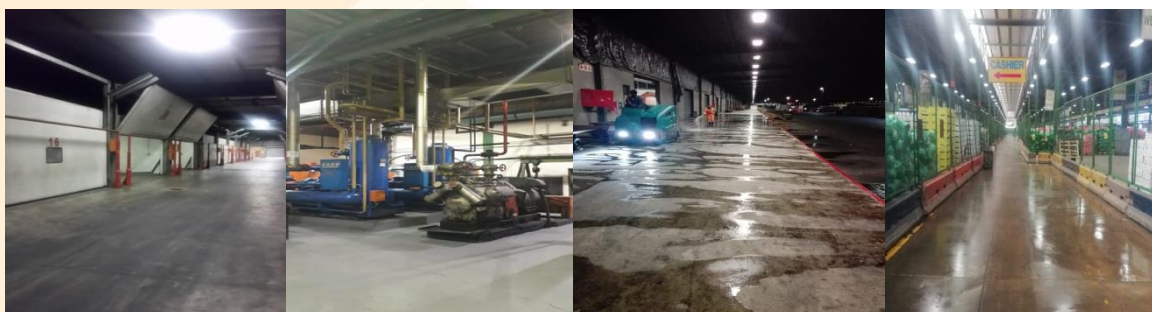


Sewer Pipe@ 5th Floor Fixed

5	Furniture Acquisition	R 883 060.00	Awarded and in process of implementation
6	Mandela Market – Consultant	R 447 364.72	Awarded and in process of implementation
7	Ablution Facilities	R 4 000 000.00	BAC Completed, undergoing due diligence and award
8	Exit Gate	R 2 000 000.00	BAC Completed, undergoing due diligence and award
9	Compactor Drainage	R 2 926 000.00	Specs approved at BSC. Procurement through Section 110 – JDA
10	Evacuation Alarm	R 400 000.00	Approved at BSC. To be advertised on April 2019
11	Laptops	R 1 000 000.00	Procurement through SITA
12	Mandela Main Building	R 5 500 000.00	Procurement through Section 32 - JPC/JDA
13	Note Counters	R 200 000.00	Advertised. Closing 22 March 2019

Barring projects at various stages of procurement becoming non-responsive and/or projects not fully completed in the current financial year the Joburg Market is likely to achieve about 90% of CAPEX spend. A number of management interventions are being implemented to drive the percentage achieved to as close as possible to 95%.

Section 5: Cleanliness of the Market



Deep cleaning of JM facilities

In line with the new Smart Market Strategy of having a clean, smart, safe and compliant market greater focus has been placed on driving hygiene management. Cleanliness of the Market in terms of Food safety measures is non-negotiable.

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

EPWP workers were also deployed to different sections in the market to conduct cleaning activities. In the quarter under review a total of 38 cleaners have been appointed under the Corner to Corner (C2C) cleaning programme to improve on hygiene standards at the Market.

Section 6: Stakeholder Engagements

Joburg Market hosted a number of stakeholder engagements during the period under review.

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
Small scale Farmers information day in Meyerton Gauteng	<ul style="list-style-type: none"> A total of six producers were visited. Shared JM performance, the day to day operational activities and the SMART MARKET Strategy. Producers shared the losses they experienced to unfavourable weather condition which resulted in crop damage and they also shared their concern are regarding lack of effective communication from Market Agents. 	<ul style="list-style-type: none"> Producers want training on packaging, what they can plant in their soil. Producers don't know who to complain to when they have a problem. Engage with IMASA to address communication concerns from Farmers.
Monthly IMASA meetings with Market Agents	<ul style="list-style-type: none"> Discuss and address fresh produce industry challenges, opportunities and performance. Address day-to-day market operational activities Received favourable feedback from IMASA regarding JM Smart Market strategy which was shared at JM strategic breakaway 	<ul style="list-style-type: none"> Develop a partnership approach to effectively achieve the Smart Market Strategy
Meeting with the Minister of Agriculture and delegates from Saudi Arabia	<ul style="list-style-type: none"> Discuss Joburg Market strategic infrastructure development plans and to source funding from potential business partners for capital investment 	<ul style="list-style-type: none"> Business Partner awareness of potential opportunities at the Joburg Market
South African Union of Food Markets (SAUFM)	<ul style="list-style-type: none"> An SAUFM Meeting was attended by three delegates from the Joburg Market. Organisational issues were discussed and a new Interim Committee was appointed 	<ul style="list-style-type: none"> The JM CEO was appointed into the SAUFM Interim Steering Committee; Resolutions taken at that meeting resulted in a follow-up meeting at the Joburg Market

JM has introduced measures to resolve challenges as tabled in the two illustrations below. The status as at 31 March 2019 is summarised as follows:

Item	Q1	Q3
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%

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 	50% of challenges resolved

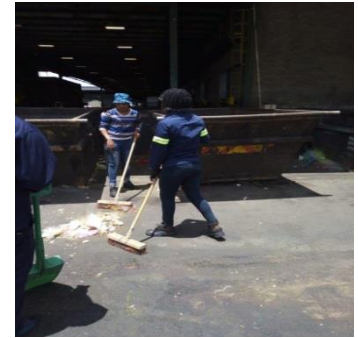
No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements	Status
		<ul style="list-style-type: none"> - Remedial works done to areas contractors did not perform adequately - One ablution facility in Hall 1 still to be upgraded 	
3	Lack of security guards	<ul style="list-style-type: none"> - 7 EPWP patrollers were appointed - 20 additional security officers are being procured for the peak season. 	Resolved:
4	<p>Recklessness of trolleys and forklift drivers and the excess of forklifts in walking passages</p> <p>Control of forklifts operating during trading hours</p>	<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	<p>Construction of bigger loading bays</p> <p>Need for a bigger market place and space</p>	<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	<p>Control of vehicles entering the market.</p> <p>Control of all traffic in the market</p>	<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. During power failures, agency cold stores are sealed and shut down to alleviate the load on the generators. - Communications processes are in place and response times vastly improved - An 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
11	Provision of a clean environment, including the hiring of inspectors for each hall	<ul style="list-style-type: none"> - JM core operations will continue to utilise the monthly JM/IMASA forum to address matters of concern 	Resolved
12	Need for more security to guard the loss of stock	<ul style="list-style-type: none"> - Seven EPWP patrollers were appointed and deployed in targeted areas 	Resolved

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements	Status
13	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	- Potholes are fixed on an as when basis.	50% of challenges resolved

Section 7: Work Opportunities

In compliance to a citywide strategic imperative to create job opportunities for unemployed youth and women, JM has created the following opportunities:

Name of Supplier	Type of service	Number of jobs created
V2V Trading	Electrical	29
Bidwin	Cleaning	92
Unified Plumbing	Plumbing	10
Sizabantu Contractors	Plumbing	5
W&RSETA Learnerships	Experiential Learning	29
Information Technology Learnership	Experiential Learning	12
EPWPs	Work Opportunities	60
Interns	Experiential Learning	20



The creation of 257 opportunities is in line with the City's drive to create jobs and stimulate economic activities in the region.

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 in the third quarter.

Sale of Eggs & Milk by BEE Agents



Section 9: Key Focus Areas for the next quarter

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

- Appointment of Building and Civil, Plumbing and Mechanical Contractors
- Commence with the appointment of new EPWP for the next financial year
- Added impetus on the Capital Expenditure Projects Implementation;
- Meeting with Pikitup to better the waste management drive.
- Service Level Agreement Performance Monitoring;

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	Quarter 3 KPI's
Total no. of KPIs on scorecard	17	17	*15
No. of KPIs due	15	15	13
KPI's not due*	2	2	**2
Number achieved	7	9	9
Number not achieved	8	6	4
% achievement	47%	60%	69%
No. of KPIs exceeded	6	7	7

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

**During themed-year review process two KPI's were discontinued

KPI not Achieved	Reason for non-achievement	Recovery Plan
% of repairs and maintenance budget spent	<ul style="list-style-type: none"> • The appointment of service providers for plumbing, building and civil works and mechanical is delayed due to non-responsive bids 	<ul style="list-style-type: none"> • In process of finalising appointments during Q4 • Utilisation of MFMA Regulations 32 and 110 processes
% of valid departmental invoices paid within 30 days of receipt of an invoice	<ul style="list-style-type: none"> • The entity is currently refining its SCM arrangements 	<ul style="list-style-type: none"> • JM has introduced measures to fast track valid invoice identification for payments
Value of CAPEX spent	<ul style="list-style-type: none"> • Continued project management implementation challenges with service providers 	<ul style="list-style-type: none"> • Value of CAPEX spent
% of departmental performance targets achieved	<ul style="list-style-type: none"> • A number of KPI's were not achievable due to the fact that various elements fall outside the control of JM 	<ul style="list-style-type: none"> • JM has improved its achievement rate to 69% and is working towards the City wide target of 85% through efforts to achieve the maintenance, CAPEX and invoice payment targets

JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
										Capex	Opex				
CoJ Strategic priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021															
1.1	Growth of the business of JM	% Targeted market share held by JM in relation to other FPMs	Maintain current reporting structure	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	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	Nil	Nil	National market share report indicating JM in relation to other FPMs as measured by SAUFM	43.0%	44.0%	Achieved and exceeded 
						R1.6Bn	R3.5Bn	R5.5Bn	R7.5Bn						


JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
										Capex	Opex				
2.1	Maintenance of JM facilities	% of repairs and maintenance budget spent	Appointment of PSP's for 5 work streams	New	70% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	29% of repairs and maintenance budget spent	60 % of repairs and maintenance budget spent	100% of repairs and maintenance budget spent	Nil	22 M	Financial Statements	60 %	33.6%	Not achieved
						R2.5M	R9M	R10.6M	R22M						

JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget	Evidence and Means of verification	Target	Performance	Comments / Mitigation	
CoJ priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress															
3.1	Empowerment of targeted groups	Complete 2 development support programmes for farmers from targeted groups	Appoint of a service provider to complete the design.	New	Completed design for a pack house. Completed business plan for the farm project.	0	0	0	Complete design for a pack house. Complete business plan for the farm project.	Nil	R0.5 M	Architectural design Completed business plan	0	0	Not due in Q3


JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
3.2	Empowerment of targeted groups	No. of jobs created by JM and Businesses and SMME's at the JM site	On-site training of participants Job specification and canvassing for more candidates	New	200 jobs created	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	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	Nil	Nil	Appointment documents and project monitoring reports	110 jobs	257 jobs	Achieved and exceeded 


JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget	Evidence and Means of verification	Target	Performance	Comments / Mitigation	
CoJ priority 3: Create a culture of enhanced service delivery with pride															
4.1	Stake holder engagement	% resolution of stakeholder concerns	Implementation of Issue resolution plan.	New	70 % resolution of stakeholder concerns At least 9 issues resolved - out of 13	-	-	-	70 % resolution of stakeholder concerns At least 9 issues resolved - out of 13	Nil	Nil	Issue resolution report	-	-	Not due in Q3



JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget	Evidence and Means of verification	Target	Performance	Comments / Mitigation	
CoJ priority 7: Enhancing our financial sustainability															
5.1	Financial sustainability and growth	% of valid entity invoices paid within 30 days of the receipt date of an invoice	Creditor communications	New	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	Nil	Nil	Creditors payment report for payments "30 days on receipt of valid invoice"	100%	75%	Not achieved 


JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
5.2	Financial sustainability	% resolution of Auditor General and Internal Audit findings	Validation of resolved findings by internal audit	Unqualified audit	95% resolution of Auditor General findings 95% resolution of Internal Audit findings	30 % <i>resolution of Auditor General findings</i> 30 % <i>resolution of Internal Audit findings</i>	50% resolution of Auditor General findings 50 % resolution of Internal Audit findings	65% resolution of Auditor General findings 65 % resolution of Internal Audit findings	95% resolution of Auditor General findings 95 % resolution of Internal Audit findings	Nil	Nil	AG opinion And Internal Audit reports	65%	67%	Achieved 




JOBURG MARKET


KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget	Evidence and Means of verification	Target	Performance	Comments / Mitigation	
CoJ priority 7: Enhancing our financial sustainability															
6.1	Financial sustainability	% of entity capital budget spent	CAPEX forum	87%	95% of entity capital budget spent	16% of entity capital budget spent	35% of entity capital budget spent	62% of entity capital budget spent	95% of entity capital budget spent	Nil	Nil	% of spending level of CAPEX against demand plan	62%	52%	Not achieved 
				R13.5M	Approved R39.7	R6.4M	R13.9M	R24.6M	R37.7M				R24.6M	R19.9M	
6.2	Financial sustainability	% of entity operational budget spent	Monthly & quarterly variance analysis	New	95% of entity operational budget spent	15% of entity operational budget spent	49% of entity operational budget spent	65% of entity operational budget spent	95% of entity operational budget spent	Nil	Nil	Financial Statements	65%	70%	Achieved and exceeded 
			Management reporting												


JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
6.3	Financial sustainability	Value of net surplus achieved	NIL	R74.2M Value of net surplus achieved	R97.5M Value of net surplus achieved	R8.0M Value of net surplus achieved	R14.5M Value of net surplus achieved	R82.9M Value of net surplus achieved	R97.5M Value of net surplus achieved	Nil	Nil	Financial Statements	R55.8M	R106.3M	Achieved and exceeded 

JOBURG MARKET

KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget	Evidence and Means of verification	Target	Performance	Comments / Mitigation	
CoJ priority 3: Create a culture of enhanced service delivery with pride															
7.1	Leadership - and skills development	% of employees receiving performance coaching** (Employees with performance contracts**)	Nil	New	100% of employees receiving performance coaching	100% of employees receiving performance coaching	100% of employees receiving performance coaching	100% of employees receiving performance coaching	100% of employees receiving performance coaching	Nil	Nil	Performance coaching report	100%	100%	Achieved 
						No of filled contracted positions	No of filled contracted positions	No of filled contracted positions	No of filled contracted positions						
7.2	Human Resources	Number of business days taken to resolve disciplinary cases** (Internal hearings**)	Nil	New	120 business days taken to resolve disciplinary cases	120 business days taken to resolve disciplinary cases	120 business days taken to resolve disciplinary cases	120 business days taken to resolve disciplinary cases	120 business days taken to resolve disciplinary cases	Nil	Nil	Record of findings at hearings	120	93	Achieved and exceeded 
7.3	Human Resources	Number of business days taken to fill critical vacancies	Nil	New	90 business days taken to fill crucial vacancies	90 business days taken to fill critical vacancies	90 business days taken to fill critical vacancies	90 business days taken to fill critical vacancies	90 business days taken to fill critical vacancies	Nil	Nil	Signed appointment letters	90	64	Achieved and exceeded 

JOBURG MARKET															
KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
7.4	Productive, motivated and engaged employees	% of entity performance targets achieved	Performance management	New	85% of entity performance targets achieved	85% of entity performance targets achieved	85% of entity performance targets achieved	85% of entity performance targets achieved	85% of entity performance targets achieved	Nil	Nil	Monitoring and Evaluation report	85%	69%	Not achieved 

JOBURG MARKET															
KPI No	Key Performance Area	Key Performance Indicator	Interventions	Baseline	2018/19 Target	Q1 Jul-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Target	Performance	Comments / Mitigation
CoJ priority 3: Create a culture of enhanced service delivery with pride															
7.5	Governance	% monthly reporting into Capital Management System (iRIS)	Nil	new	100% monthly reporting into Capital Management System (<i>iRIS</i>)	100% monthly reporting into Capital Management System (<i>iRIS</i>)	100% monthly reporting into Capital Management System (<i>iRIS</i>)	100% monthly reporting into Capital Management System (<i>iRIS</i>)	100% monthly reporting into Capital Management System (<i>iRIS</i>)	Nil	Nil	Updated iRIS report	100%	100%	Achieved 
						3 x Reports	6x Reports	9 x Reports	12 x Reports						

CHAPTER FOUR

Section 1: Human Resource Management

The focus in the quarter was on the implementation of the internship recruitment, implementation of the two learnerships, payment of the PFA outcomes for beneficiaries and the roll- out of the Customer Care training.

The process of the interns recruitment is well in progress and will be concluded by the end of the quarter for the interns to take up their placement on 1 April 2019.

The labour relations have been slightly volatile but consistent engagements with management have provided opportunities for parties to reconsider their positions on some matters of disagreement for progress. The LLF Forum has been revived despite the shareholder's stance on the central LLF.

Employee Wellness

The clinic has been enhanced through the appointment of an occupational nurse. This ensures that we do our own medical surveillance on employees to minimise risk exposure for employees in some environments. The medical surveillance for employees in the Cold Stores, Ripening and Consignment has started and all employees will undergo the surveillance. The pre-employment screening of new employees has also started with 30 short term cleaners undergoing the pre-employment screening assessment.

JM is in the process of employing a sessional occupational health doctor to sign off on the surveillance reports of the nurse.

The EAP contract comes to an end in the next quarter and a process is underway to advertise the service for the next financial year. The service has provided much needed counselling support for employees with personal psychological, trauma, financial and bereavement problems. Some employees have also used the service for their children.

The clinic continues to experience pressure in the demand for service mainly from EPWP beneficiaries. The ease of access, location and efficiency of the service has led to a demand for the service even from the Market Agents' and Tenants' staff wanting to use the clinic. Such requests have consistently been turned down except for emergency cases.

During the quarter under review the clinic attended to 659 patients. In an effort to create awareness and early prevention of winter flu, the process for the flu vaccination is planned to start earlier and already employees are registering their interest for the vaccination. This campaign is conducted in partnership with Bonitas Medical Aid Scheme, which provides the injections as part of its winter illness prevention programme for their scheme members.

Injuries and sickness

The extent of injuries of employees remains insignificant considering the level of danger from fork lifts. The occupational nurse is responsible for managing such injuries. Her qualification and experience are crucial for JM managing first aid requests. No injuries were reported for employees in the period but two injuries of non-employees were attended to at the clinic.

Section 2: Employee Remuneration (Total Costs including Executives)

The ratio of salaries to open spending has not changed due to the implementation of the benchmarking plus the reduced open spending has negatively impacted the ratio calculation.

Section 3: Vacancies and recruitment

Key appointments were made in the quarter and this has improved capacity in the departments of Finance with the appointment of the Senior Financial Controller, the Refrigeration Technician in the Ammonia Plant and the Laboratory Technician in the QA division. Other appointments made include a Hall Inspector plus the 30 cleaners for the C2C short term cleaning campaign.

A number of important positions are still in progress: cashiering, Finance Compliance, Quality Assurance and Consignment Control, will be finalised in April. These positions are important for service delivery.

Terminations

Terminations recorded in the period are as a result of two deaths. The balance of the 2018/19 interns will finish their term by the end of March 2019. Out of the initial 25 interns taken in in April 2018; 6 have left after finding permanent employment, which is an indicator of the quality of mentorship offered to the interns.

The intention is to identify entry level positions that can be reserved for interns and the interns will then be included as part of the Talent Management strategy being developed.

STAFF MOVEMENTS – PERMANENT STAFF

The staff movements are depicted in the table below.

Staff movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	1	1	0	0	0	0	0	0	2
Dismissals	2	1	0	0	0	0	0	0	3
Retirements	1	0	0	0	0	0	0	0	1
Absenteeism	0	0	0	0	0	0	0	0	0
Resignations	2	2	0	0	0	0	0	0	4
Deaths	0	2	0	0	0	0	0	0	2
TOTAL	6	6	0	0	0	0	0	0	12

The process of the institutional review has suffered some delays and this has affected the replacements of key positions with other departments having no executive leadership.

The recruitment process of the new interns has been concluded and the intake will start in April 2019, the funding has been confirmed by the W & R Seta. The recruitment may also be negatively affected by the recent salary budget cuts by the City

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	2	3	60
Middle management	52	32	20	38.46
Skilled technical/junior management	107	70	37	34.58
Semi-skilled	187	160	27	14.43
Unskilled housekeepers/cleaners	44	34	10	22.72
Total	396	299	97	24.5

Section 4: Employment Equity

The employment equity profile is constantly being monitored. Efforts are continuously being made to attract other groups into the company however the limited recruitment opportunities also impact on our success in this effort.

EMPLOYMENT EQUITY DEMOGRAPHICS STATUS FOR THE PERIOD UNDER REVIEW

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1
Executive Management	2										2
Professionally qualified and experienced specialists and mid-management	13	2	3	6	7			1			33
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	29	1	1	2	26	2	1	7	1		70
Semi-skilled and discretionary decision making	70	3		4	71	4		8			160
Unskilled and defined decision making	16				18						34
TOTAL PERMANENT	131	6	4	12	122	6	1	16	1	0	299
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	131	6	4	12	122	6	1	16	1	0	299

Section 5: Skills Development and Training

As was planned for the quarter the customer orientation training is on-going and will be concluded in April. The intention is to reinforce the culture of good customer service for JM customers by making employees understand the importance of customer service for the business' success.

The skills audit project initiated by the City has been revived and twenty six (26) employees in levels 4 & 5 of the JM structure have been identified for the project. These employees will be assessed by their immediate Supervisors, colleagues and their subordinates as part of the skills audit assessment. The process is outsourced to the University of Pretoria.

The initial group of levels 1-3 of the JM structure who performed the skills audit in 2018 are now due for the roll-out of the intervention identified during the Audit.

A total of forty one (41) unemployed youth have been enrolled on the W&R SETA Funded Learnership for Wholesale and Retail Operations NQF 2 (29 Learners) and End User Computing NQF 3 (12 learners). The learnership programme is implemented for 12 months period starting in March 2019. Learners are placed in core operation departments for practical learning as part of the practical component of their training.

The earmarked skills programmes for leadership development and electrical maintenance will be implemented in the last quarter for 13 employees.

A total of ten (10) employees utilised the study assistance to further their academic qualifications.

Accredited 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	1	3	24 998
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
Customer care service	60	0	2	1	73	1	3	7	147	69 090
Job Evaluation and Profiling	0	0	0	0	3	1	0	0	4	14 950
Ammonia Safe Handling	1	0	0	0	0	0	0	0	1	8 000
W&R Operations Learnership	8	0	0	0	21	0	0	0	29	43 500
End User computing Learnership	7	0	0	0	5	0	0	0	12	18 000
Total Beneficiaries	320	4	10	18	349	5	12	39	754	943 713

Conferences and seminars approved in the period

Conferences & Seminars	Males				Females				Total	Amount (R)
	A	I	C	W	A	I	C	W		
IMPISA: HR 34 th International conference	1	0	0	0	1	0	0	0	2	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
Africa Secretarial & office administration summit 2019	0	0	0	0	1	0	0	1	2	34 000
4 th Industrial revolution & employee wellness	1	0	0	0	0	0	0	0	1	7 000
TOTAL BENEFICIARIES	5	0	0	0	5	0	0	1	11	79 899

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	3	0	0	0	3	60 200
MANCOSA	0	0	0	0	2	0	0	0	2	56 660
UNISA	2	0	0	0	2	0	0	0	4	40 350
Boston City Campus	0	0	0	0	2	0	0	0	2	33 475
Wits University	9	0	0	0	5	1	0	0	15	118 861
IMAS	1	0	0	0	0	0	0	0	1	8 650
Henley Business School	0	0	0	0	1	0	0	0	1	83 200
Monash	1	0	0	0	0	0	0	0	1	54 972
Regenesys	0	0	0	0	1	0	0	0	1	58 422
University of Johannesburg	1	0	0	0	0	0	0	0	1	10 500
TOTAL BENEFICIARIES	14	0	0	0	16	1	0	0	31	534 600

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: Labour cases and Outcomes

The Labour cases are being managed well. Four (4) new disciplinary cases were recorded in the quarter; with three (3) of four employees suspended pending finalisation of investigations, and one (1) case which was already set but was postponed due to unavailability of the JM key witness.

The three previously reported cases driven from the City's side have seen some progress with two of the three employees dismissed in December while the third employee has had her sitting postponed.

The two dismissed employees have lodged appeal which have not sat due to JM not having the final report from the Chairperson of the disciplinary hearing. Another employee in cashiering who was dismissed in the previous quarter lodged an appeal which was heard and was dismissed on the 8th March 2019.

There were five (5) cases referred to CCMA/ Bargaining council. Two (2) of these cases were at Conciliation stage and were heard on the 4th March 2019. One (1) Arbitration case was heard and awarded in favour of JM. The remaining two (2) cases are scheduled for Arbitration on the 4th -5th and 12th April 2019 respectively.

There are four (4) cases still pending finalisation at Labour Court. Of these four (4) cases; one (1) case was dismissed by the Labour Court in September 2018 and the applicants have appealed the decision of the Court. A pre-trial conference was held on another case on the 26th February 2019. Since this case was filed out of the time frame allowed by the rules of the Court and the applicants were required to file the condonation application. The applicant has since filed his condonation application which is scheduled for hearing on the 26th April 2019. There has been no movement on the other two (2) cases.

Section 7: Employee Benefits

The Joburg offers competitive benefits to employees as prescribed by legislation and the local government bargaining council.

- Retirement Funding: three schemes are in operation and the membership is:
 - City of Johannesburg Pension Fund- 13 members
 - Momentum Provident Fund – 189 members
 - eJoburg Retirement Fund – 96 members

- Medical Aid Scheme: JM operates three of the nine accredited schemes:
 - Bonitas Medical Fund – 219 members
 - Discovery Medical Scheme – 27 members
 - LA Health Medical Scheme – 7 members

CHAPTER FIVE: FINANCE

Section 1: Financial Overview

Joburg Market's overall financial performance for the third quarter, 2018/19 was above expectation. Turnover achieved was R5.9 billion which equates to a 4.5% increase or R258.2 million above budget. Revenue achieved was R353.5 million which equates to a 3.4% or R11.7 million above budget of R341.8 million. Expenses achieved at the third quarter were R220.1 million compared to budget of R222.8 million, which equates to an under expenditure of 1.2% or R2.7 million.

Net surplus achieved was R106.4 million which equates to R23.4 million or 28.3% above budget of R82.9 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 2.68 against a norm of 2. This means the entity has sufficient cash to meet its short term obligations.

Key Forecast financial ratios for 9 months ended 31 March 2018-19

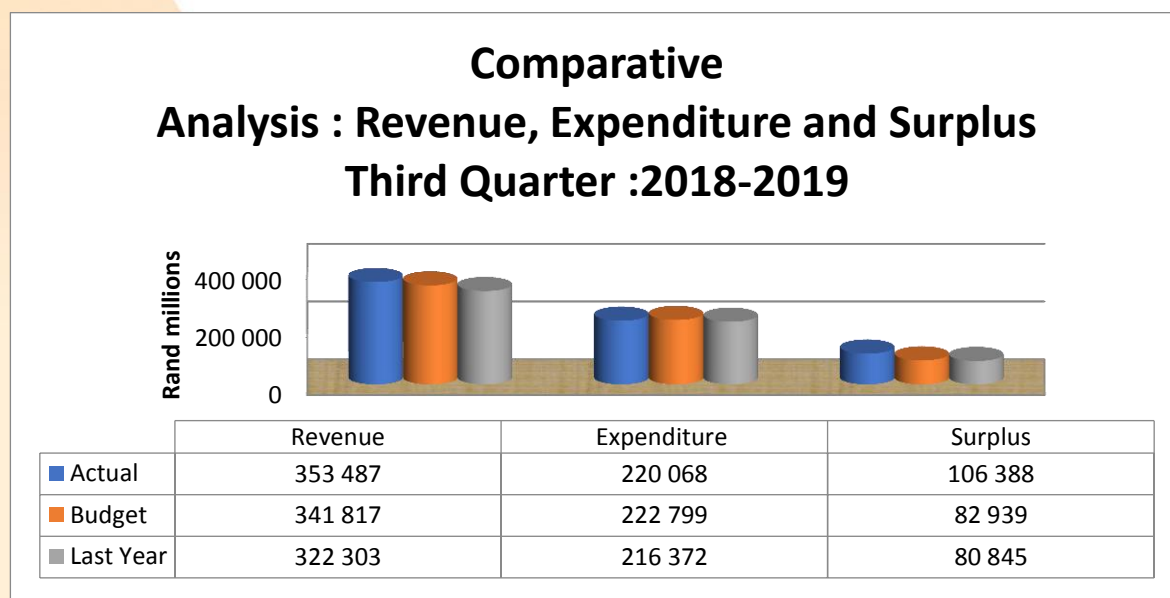
Financial ratios	Norm	Ended 31 Mar 2019
Liquidity (CA/CL)	Ratio :2	2.68
Working Capital (CA-CL)	N/A	R322.0 million
Solvency (Total Liabilities/Total Assets)	<40%	25%
Equity (Total Equity/Total Assets)	N/A	75%
Cash Cover	>45 days	220 days
Remuneration to expenditure ratio	30-40%	45%

- 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, which means that the company has sufficient cash to meet its monthly fixed costs.

Revenue, Expenditure and Surplus Summary for 9 months ended: 31 March 2018/19

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

Revenue is above both budget and the prior year for the third quarter review period which is pleasing to note. Expenditure is lower than budget but above the prior year, which will be elaborated on further in the report under the OPEX analysis section.



Section 2: Statement of Financial Performance for 9 months ended 31 March 2019

	Third quarter ended 31 March 2019							
				Variance				
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>	
	R '000	R '000	R '000	R'000	R'000	%	%	
Turnover	5 977 682	5 719 419	5 434 860	258 262	542 822	4.5%	10.0%	
Tonnage	1089	1123	1053	(34)	36	(3.0%)	3.5%	
Rand/Ton	R 5 487	R 5 093	R 5 161	R 394	R 326	7.7%	6.3%	
Revenue	353 487	341 817	322 303	11 671	31 185	3.4%	9.7%	
Expenses	(220 068)	(222 799)	(216 372)	2 731	(3 695)	(1.2%)	1.7%	
Surplus before interest & tax	133 420	119 018	105 930	14 402	27 489	12.1%	26.0%	
Net interest (paid)/earned	17 828	(3 825)	9 822	21 653	8 006	(566.1%)	81.5%	
Surplus before tax	151 248	115 193	115 752	36 055	35 495	31.3%	30.7%	
Taxation	(44 860)	(32 254)	(34 907)	(12 606)	(9 952)	39.1%	28.5%	
Surplus	106 388	82 939	80 845	23 449	25 543	28.3%	31.6%	

Section 3: Turnover and Revenue Analysis for 9 months ended 31 March 2019

The total turnover generated by Joburg Market was R5.9 billion which is R258.2 million above budget. This equates to 4.5% above budget; tonnage was below budget by 34 tons or 3% and rand per ton was above budget by R394 million or 7.7%.

Revenue analysis for the quarter ended 31 March 2019							
	Third quarter ended 31 March 2019			Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>	<u>Actual vs Budget</u>	<u>Actual vs Last Yr</u>
	R '000	R '000	R'000	R'000	R'000	%	%
Turnover	5 977 682	5 719 419	5 434 860	258 262	542 822	4.5%	10.0%
Tonnage	1 089	1 123	1 053	(34)	36	(3.0%)	3.5%
Rand/Ton	R 5 487	R 5 093	R 5 161	R 394	R 326	7.7%	6.3%
REVENUE	353 487	341 817	322 303	11 671	31 185	3.4%	9.7%
Cold storage facilities	2 976	3 373	4 045	(398)	(1 069)	(11.8%)	(26.4%)
Ripening facilities	1 727	2 472	2 783	(745)	(1 056)	(30.1%)	(37.9%)
Commission 5%	298 884	285 971	271 743	12 913	27 141	4.5%	10.0%
Direct Delivery Comm	3 461	2 854	2 699	607	762	100.0%	100.0%
Pallets	867	846	855	21	12	2.5%	1.4%
Cash Handling fee	2 555	2 470	2 343	85	211	3.4%	9.0%
Trolley Rental Deposit	87	99	96	(12)	(9)	(12.3%)	(9.7%)
Electricity recovery	15 995	16 446	14 763	(452)	1 232	(2.7%)	8.3%
Water recovery	3 508	4 085	3 424	(576)	84	(14.1%)	2.5%
Rental Income	20 920	20 082	17 470	838	3 450	4.2%	19.8%
Floor storage fees	1 065	1 071	952	(6)	113	(0.5%)	11.9%
Sundry revenue - other	1 443	2 047	1 130	(604)	313	(29.5%)	27.7%

- Total revenue achieved was R353.5 million which is above budget by R11.7 million or 3.4%.
- Revenue is made up of 84.6% commission income; 11.4% rental income (including both water and electricity recoveries) and the balance of 4.0% made up of the various other small items above.
- Commission income achieved was R298.9 million compared to a budget of R286.0 million. This equates to an increase of R12.9 million or 4.5%. The seasonality increase of fresh produce had a positive impact on the turnover.
- Rental lease income (including both water and electricity recoveries) of R40.4 million was recorded compared to a budget of R40.6 million. This equates to a decrease of 0.47%.
- Cold storage facilities income of R2.9 million was recorded compared to budget of R3.3 million. This equates to a decrease of 11.8% due to unfavourable weather conditions, the demand for storage was lower than anticipated.
- Banana ripening facilities income of R1.7 million was recorded compared to budget of R2.4 million. This equates to a decrease of 30.1% due to lower than anticipated demand for the ripening facilities.

Section 4: Operational Expenditure Forecast Analysis for 9 months ended: 31 March 2018/19

Total operating expenditure excluding finance and taxation costs at the conclusion of the third quarter was recorded at R220.1 million compared to budget of R222.8 million.

	Third quarter ended 31 March 2019						
				Variance			
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>	<u>Actual vs</u>
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>Budget</u>	<u>Last Yr</u>	<u>Budget</u>	<u>Last Yr</u>
			<u>R'000</u>	<u>R'000</u>	<u>%</u>	<u>%</u>	
Expenses	(220 068)	(222 799)	(216 372)	2 731	216 152	(1.2%)	(99.9%)
Personnel costs	(100 122)	(90 900)	(98 543)	(9 222)	(1 580)	10.1%	1.6%
Human Resources	(7 436)	(7 255)	(4 392)	(181)	(3 044)	2.5%	69.3%
Marketing	(1 158)	(1 418)	(1 870)	259	712	(18.3%)	(38.1%)
Repairs and Maintenance	(7 407)	(10 657)	(16 298)	3 250	8 892	(30.5%)	(54.6%)
Operations	(58 726)	(59 228)	(56 125)	503	(2 600)	(0.8%)	4.6%
Information Technology	(3 925)	(4 877)	(4 923)	951	998	(19.5%)	(20.3%)
Finance and administration	(23 212)	(31 077)	(16 910)	7 865	(6 301)	(25.3%)	37.3%
Depreciation	(18 082)	(17 387)	(17 311)	(695)	(771 078)	4.0%	4.5%

- Personnel costs of R100.1 million were recorded compared to a budget of R90.9 million. This equates to 10.1% over expenditure mainly due to staff vacancies being filled.
- Human resource costs of R7.4 million were recorded compared to a budget of R7.2 million. This represents 2.5% over expenditure due to the EPWP costs without a grant. The EPWP expenditure will be self-funded from the other expenditure savings.
- Marketing costs of R1.1 million was recorded compared to budget of R1.4 million. This 18.3% under expenditure is due to decreased costs in communication expenses.
- Repairs and maintenance costs of R7.4 million was recorded compared to budget of R10.7 million. This 30.5% under expenditure and is due non-formalisation of the appointment process of preventative maintenance programmes for civil/plumbing/mechanical and building.
- Operational costs of R58.7 million were recorded compared to budget of R59.2 million. The 0.8% under expenditure.
- Finance and administrative costs of R23.2 million were recorded compared to a budget of R31.1 million. This 25.3% under expenditure is due to the repayment of a shareholder loan.

Section 5: Statement of financial position for 9 months as at 31 March 2019

STATEMENT OF FINANCIAL POSITION

	R'000	R'000
	Actual	Actual
	Mar-19	2018 June
ASSETS		
Non-current assets	349 432	353 694
Property, plant and equipment	341 981	337 978
Investment property	383	400
Intangible assets	7 068	9 240
Deferred tax	-	6 076
Current assets	513 571	397 209
Trade and other receivables	32 677	39 486
Loans to shareholders	304 082	153 606
Current tax receivable	-	-
Current VAT receivable	-	2 910
Cash and cash equivalents	176 812	201 207
Total assets	863 003	750 902
NET ASSETS AND LIABILITIES		
Net Assets and Liabilities	646 575	540 187
Contribution from owner	20 000	20 000
Accumulated funds	626 575	520 187
Non-current liabilities	24 891	37 032
Loans from shareholders	12 434	18 499
Employee benefit obligations	2 782	2 782
Deferred tax	9 675	15 751
Current liabilities	191 537	173 683
Trade and other payables	147 353	155 033
Loans from shareholders	11 981	10 409
Finance lease obligations	-	136
Current VAT payable	2 588	0
Current Tax payable	29 616	8 105
Total net assets and liabilities	863 003	750 902

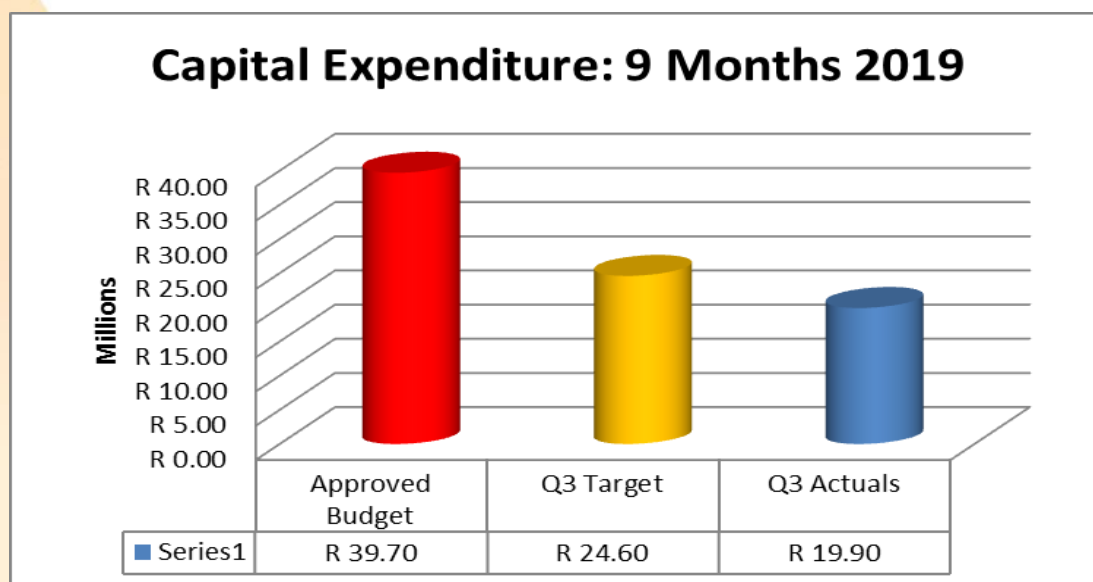
- Non-current assets have decreased by R4.3 million to date; this is due to a decrease in intangible assets.
- Current assets have increased by R116.4 million mainly due to an increase in loans from shareholder.
- Non-current liabilities have decreased by R12.1 million mainly due to repayments of loans.
- Current liabilities increased by R17.9 million as a result of increased tax payable

Section 6: Cash Flow Statement for 9 months ended 31 March 2019

Cash Flow Statement	R'000 2019 31-Mar	R'000 2018 30-Jun
Cash flows from operating activities		
Receipts		
Sale of goods and services	360 293	429 736
Interest income	19 771	19 027
	380 064	448 763
Payments		
Employee costs	(100 122)	(138 030)
Suppliers	(110 037)	(103 807)
Finance costs	(1 943)	(4 018)
Taxes paid on surpluses	(23 348)	(24 940)
	(235 450)	(270 795)
Net cash flows from operating activities	144 614	177 968
Cash flows from investing activities		
Purchase of property, plant and equipment	(13 903)	(8 740)
Purchase of intangible assets	0	(4 702)
Net cash flows from investing activities	(13 903)	(13 442)
Cash flows from financing activities		
Repayment of shareholders' loan	(154 970)	(86 407)
Finance lease payments	(136)	(935)
Net cash flows from financing activities	(155 106)	(87 341)
Net increase/(decrease) in cash and cash equivalents	(24 395)	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	176 812	201 207

Section 7: Analysis of Capital Expenditure

The below graph illustrates the budget versus actual and target expenditure achieved. The total capital expenditure budget for the year is R39.7 million and is self-funded. The mid-year target was R24.6 million and actual capital expenditure achieved was R19.9 million which represents a 81% achievement against JM's quarter 3 target.



Estimated expenditure levels for 9 months ended 31 March 2019

The actual capital expenditure at 31 March 2019 is **R 19.9 million**. There are currently no invoices in the system, although the following projects are at various stages of implementation;

#	Project	Budget
1	Installation of Public Wi-Fi	R 4 000 000
2	JM Precinct Development Project -JDA	R 2 000 000
3	Architectural Services: Main Building -Space Planner	R 98 000
4	Acquisition of Consignment Container	R 352 736
5	Furniture Acquisition	R 883 060
5	Mandela Market - Consultant	R 447 364
TOTAL		R 7 781 161

Mitigation

JM Capex Forum Committee has ensured that all approved projects are prefunded and ready for execution. The following projects have been approved:

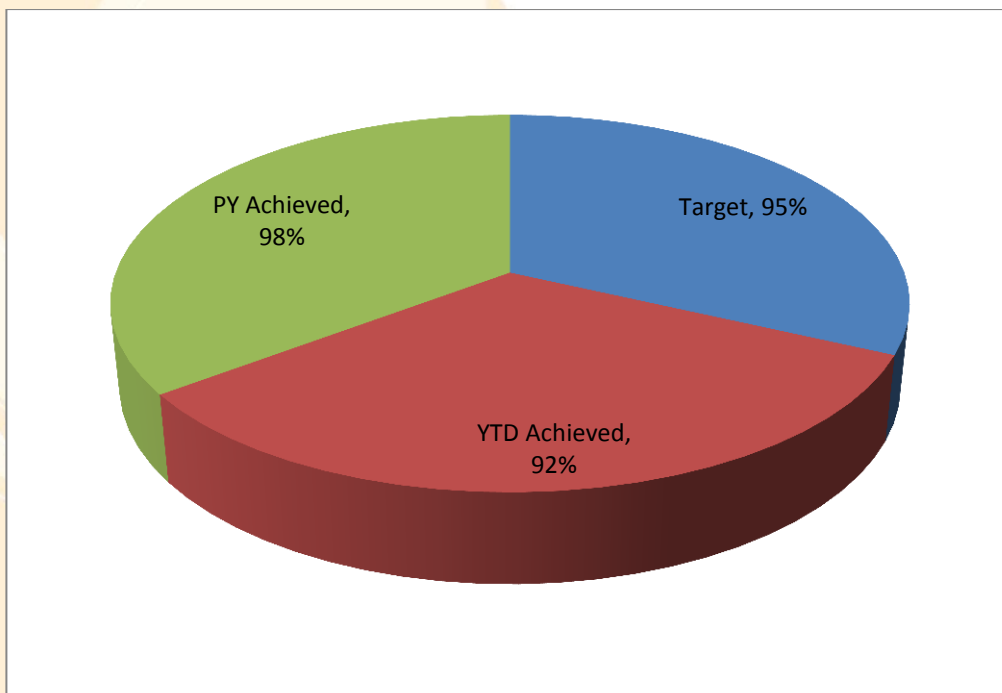
#	Project	Budget	Status
1	Installation of Public Wi-Fi	R 4 000 000.00	Awarded and in process of implementation
2	JM Precinct Development Project – JDA	R 2 000 000.00	Awarded and in process of implementation
3	Architectural Services: Main Building -Space Planner	R 98 000.00	Awarded and in process of implementation
5	Acquisition of Consignment Container	R 352 736	Awarded and in process of implementation

6	Furniture Acquisition	R 883 060	Awarded and in process of implementation
7	Mandela Market - Consultant	R 447 364	Awarded and in process of implementation
8	Ablution Facilities	R 4 000 000	BAC Completed, undergoing due diligence and award
9	Exit Gate	R 2 000 000	BAC Completed, undergoing due diligence and award
10	Compactor Drainage	R 2 926 000	Specs approved at BSC. Procurement through Section 110 - JDA
11	Evacuation Alarm	R 400 000	Approved at BSC. To be advertised on 26 March 2019
12	Laptops	R 1 000 000	Procurement through SITA
13	Mandela Main Building	R 5 500 000	Procurement through Section 32 - JPC/JDA
14	Note Counters	R 200 000	Advertised. Closing 22 March 2019

Section 8: Analysis of Debtors Collection

An amount of R47 million was collected during the reporting period compared to R45 million in the prior year. The collection rate achieved for 9 months ending 31 March is 92% against a target of 95%. This performance is marginally less than the rate achieved in the prior year. Aggressive collection measures will be introduced in the 4th quarter to ensure the target is achieved.

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	35,497,400
Total of Cold Storage & Ripening	15,195,952
Total Billing	50,693,352
Collections	
Descriptions	Actual YTD
Total of Rental & Utilities	30,965,894
Total of Cold Storage & Ripening	16,327,482
Total Collection	47,293,375
Collection percentages	
Descriptions	Actual YTD
Rental & Utilities Rate	89%
Cold stores & Ripening	107%
Total Average collection	92%
Description	Actual YTD
Prior Year Percentages	98%

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

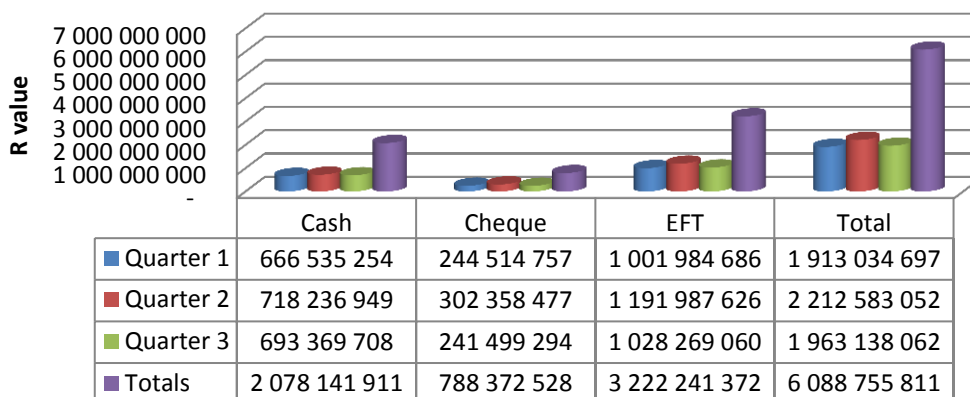
Recruitment – New Cashiers

The interviews for 4 x permanent cashiers were conducted. The department will appoint as soon as the verification of their qualifications have been obtained. The new cashiers are expected to commence in April 2019.

Cash Collections

A total cash collection of R1.9 billion was achieved during quarter 3 compared to R1.8 billion in the previous year. There was a notable increase of 7.2%

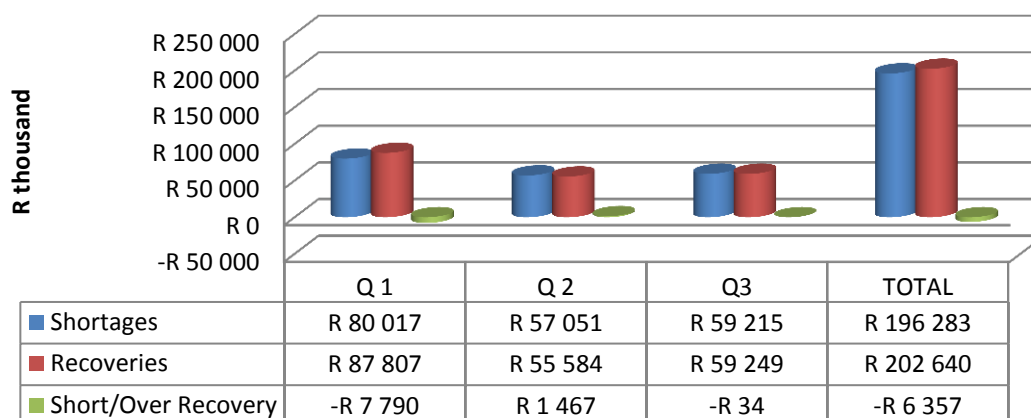
Cash Collection Forecast: Quarter 3: 2018/19



Cashiering Shortages & Recoveries

The total shortage for quarter 3 was R59 215 against recoveries of R59 245. The department over recovered by R34 due to the timing difference of payroll deductions. The shortages have decreased compared to R99 538 in the previous year.

Cash Shortages: Quarter 3: 2018/19



Section 10: Analysis of Supply Chain Management

Irregular Expenditure for the period ending 31 March 2019.

Cumulative Irregular expenditure: Quarter 3				
No	Company Appointed	Services rendered	Reasons for deviation/irregular expenditure	Expenditure incurred to date (R) EXC VAT
1.	Motswako Office Solutions (PTY) Ltd	Leasing of Photocopying machines	The contract expired	458 280
2.	Ascent technologies	Database Administration	Tender process was non-responsive	607 466

3	EENBEE Plumbing	Plumbing services	The service provider was appointed without due SCM processes followed	196 278
4	Imvula Quality Protection	Security services	Contract extension. JM had to await CoJ to finalise the insourcing process	8 719 236
5	Morubisi Technologies	CCTV provision	Contract extension. JM in the process of finalising section 110 with MTC	5 408 643
6	Avis fleet services (Pty) Ltd	Lease of vehicles	The services were rendered before approval of deviation	584 982
TOTAL IRREGULAR EXPENDITURE				15 974 885

Fruitless and Wasteful Expenditure for the period ending 31 March 2019.

Cumulative Fruitless and Wasteful Expenditure: Quarter 3				
No	Company Appointed	Services rendered	Reasons for deviation/Irregular expenditure	Expenditure incurred to date (R) EXC VAT
1.	SARS	PAYE	Due to late submission which relates to quarter two	256 606
2.	SARS	Provisional Tax	Currently in the Process of Objecting.	3 149 569
TOTAL EXPENDITURE				3 406 175

CHAPTER SIX: INTERNAL AUDIT

Section 1: Internal Audit scope of work

The internal audit carries out its functions in accordance with 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 during October 2018. Progress against the current Internal Audit Plan as at 31 March 2019 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	1	6	2	1	3
Total	13	1	6	2	1	3
Progress-%	100%	8%	46%	15%	8%	23%

There were thirteen (13) audits planned at the end of Q3 and the completion level is effectively at 23% with 46% in an advanced planning phase which 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.

Details of planned audits

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

#	Planned Area of Coverage	Hours	Status	Report rating
1	Infrastructure & Maintenance	300	Not started	
2	Auditing of Predetermined Objectives (AOPO) (Q1, Q2, Q3 & Q4) (Q3 outsourced)	400	Reporting	
3	Auditing of Service Standards (Q1, Q2, Q3 & Q4)	300	Completed	Requires Improvement
4	5% Commission Business	300	Planning	
5	Consignment Control (Platforms & Audit office)	300	Planning	
6	Cashiering	200	Execution	
7	RFQ and Tendering Process (Mainly through probity audits)	300	Completed	Significant
8	Payment of Suppliers	200	Planning	
9	Contract Management	300	Planning	
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 quarter and the tables below indicate that only 14 new (2017: 34) AGSA audit findings were issued in the final 2018 management letter and 67% of internal audit findings were resolved during the period ended 31 March 2019.

	Opening balance	New findings	Total	Resolved by Q3	%	Closing balance
		by Q3	Findings		Resolved	
AGSA Findings	4	14	18	13	72%	5
Internal Audit Findings	58	0	58	38	66%	20
	62	14	76	51	67%	25

3.2 Effectiveness of Internal Controls - 31 March 2019

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 for the nine months ended 31 March 2019 and the Internal Control environment is seen as having improved during the period.

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