



2022-23

INTEGRATED ANNUAL REPORT



a world class African city



Joburg|Market

Country of Incorporation and Domicile:
Registration Number:
Registered Address:

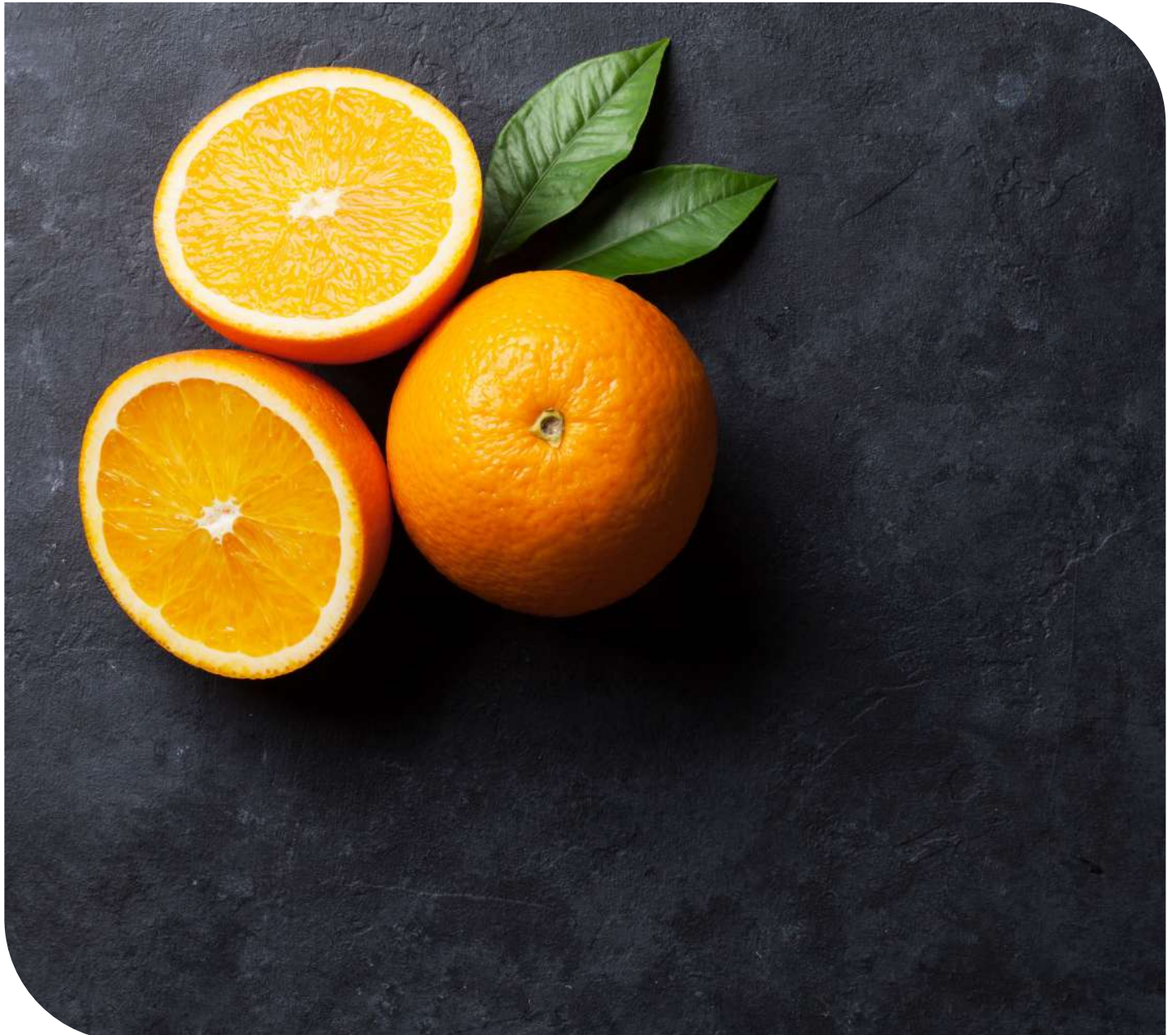
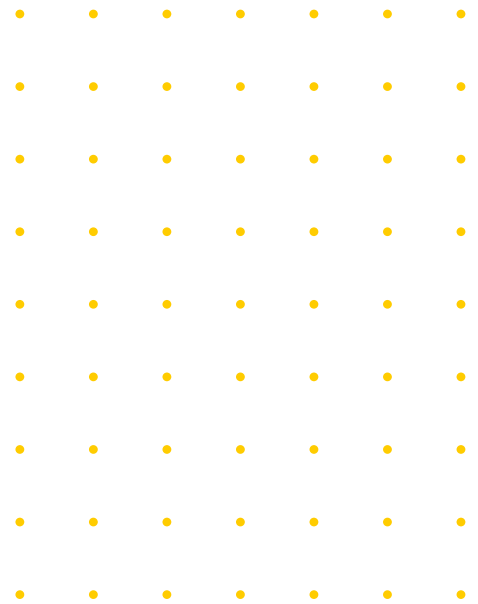
South Africa
2000/023383/07
Market Main Building
4 Fortune Road
(Off Heidelberg Road)
City Deep
2049

Postal Address:

P O Box 86007
City Deep
2049

Municipal Erf Number:
Telephone Number:
Fax Number:
Website:
Bankers:
Auditors:
E-mail:
Anti-Fraud Hotline:
GPS Coordinates:

Erf 117 & 118 City Deep
(011) 992-8000
(011) 613-7381
www.joburgmarket.co.za
Standard Bank
Auditor-General of South Africa
info@joburgmarket.co.za
0800 002 587
S26° 13' 678" E28° 04' 866"



CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE	19
Section 1: Member of the Mayoral Committee Review	20
Section 2: Chairpersons Foreword	20
Section 3: CEO's Report	21
Section 4: CFO's Report	23
Section 5: Strategic Objectives	24
Section 6: Overview of Joburg Market	28
Section 7: High-Level Organisational Structure and Stakeholder Management	29
Section 8: Joburg Market Value Creation Process	32
CHAPTER TWO: GOVERNANCE	37
Section 1: Overview	38
Section 2: Board of Directors	46
Section 3: Corporate Governance	57
Section 4: Executive Committee and Executive Remuneration	58
Section 5: Governance of Stakeholder Relations	61
Section 6: Company Secretarial Function	62
Section 7: Internal Audit Function	62
Section 8: Corporate Ethics and Organisational Integrity	63
Section 9: Sustainability Report	63
Section 10: Anti-Fraud and Corruption	63
Section 11: IT Governance	63
Section 12: Risk Management, Risk Opportunities and Dependencies	64
Section 13: Anti-Corruption and Fraud Investigations	66
Section 14: Fraud Risk Management/Fraud Prevention	66
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE	68
Section 1: Introduction	69
Section 2: Highlights and achievements	76
Section 3: Performance against Company Scorecard and the IDP	78
Section 4: Recovery Plan for Non-Achieved KPIs	80
Section 5: Challenges	81
Section 6: Key Focus Areas for the Initial Period of 2023/24	82
Section 7: Organisational Scorecard	83
Section 8: Performance reporting disclosures	87
Section 9: Performance against service standards	94
CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE	97
Section 1: Employee Remuneration and benefits	98
Section 2: Employment Equity	102
Section 3: Skills Development and Training	104
Section 4: Performance Management and organisational development	109
Section 5: Disciplinary Matters and Outcomes	109
Section 6: Leave & Productivity Management - Leave Analysis: 2022/23	112
Section 7: Employee Wellness	114
Section 8: Corporate Social Responsibility	116
CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE	117
Section 1: Statement of Financial Position and high-level notes	118
Section 2: Statement of Financial Performance and high-level notes	120
Section 3: Cash Flow Statement	126
Section 4: Capital Projects & Expenditure	127
Section 5: Ratio Analysis (minimum: liquidity, solvency, cost coverage)	129

Section 6:	Supply Chain Management	134
Section 7:	Pending Litigations and Possible Liabilities	140
Section 8:	Insurance Claims against/to JM	141
Section 9:	Statement on Amounts Owed By and To Government Departments and Public Entities	142
Section 10:	Austerity measures implemented Departments and Public Entities	142
CHAPTER SIX:	INTERNAL AND EXTERNAL AUDIT FINDINGS	143
Section 1:	Progress on Internal Audit Plan	144
Section 2:	Progress on Resolution of Internal Audit Findings	146
Section 3:	Progress on Resolution of External Audit Findings (AGSA)	147
Section 4:	UIFW Expenditure written-off during the year	148
Section 5:	Effectiveness of internal controls	149
CHAPTER SEVEN:	AG REPORT	151
Section 1:	Audit outcomes and material irregularities overall audit outcomes	152
Section 2:	Significant matters financial statements	153
Section 3:	Control environment overall control environment	160



ACRONYM	DETAIL
AGM	Annual General Meeting
ARC	Audit and Risk Committee
AGSA	Auditor-General of South Africa
BBBEE	Broad Based Black Economic Empowerment
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COJ	City of Johannesburg
COBIT	Control Objectives for information Technology
CUM	Cumulatively
DED	Department of Economic Development
DOH	Department of Health
DOL	Department of Labour
DSD	Department of Social Development – City of Johannesburg
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 Technology Infrastructure Library
JDA	Joburg Development Agency
JM	Joburg Market
KPA	Key Performance Area
KPI	Key Performance Indicator
LLF	Local Labour Forum
MFMA	Municipal Finance Management Act, 56 of 2003
MMC	Member of the Mayoral Committee
MSA	Municipal Systems Act
NAMC	National Agricultural Marketing Council
NDAFF	National Department of Agriculture, Forestry and Fisheries
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
OPEX	Operational Expenditure
REMSEC	Remuneration & Social and Ethics 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
UIFW	Unauthorised, irregular, fruitless and wasteful expenditure
YTD	Year to date

TABLES

Table 1:	Profile of material aspect and mitigation	12
Table 2:	Strategic Alignment	24
Table 3:	JM Stakeholders	30
Table 4:	Key business risks	33
Table 5:	King IV™ Application Register	42
Table 6:	Non-Executive Directors	47
Table 7:	Independent Audit Committee Recommendations	54
Table 8:	Schedule of meetings as at 30 June 2023	56
Table 9:	Executive committee	58
Table 10:	Attendance of meeting by Board & Independent Audit committee members for FY period ended as at 30 June 2023	59
Table 11:	Remuneration by Board & Independent Audit committee members	61
Table 12:	Stakeholder Engagement	61
Table 13:	JM top 7 risks	64
Table 14:	Risk appetite and risk tolerance	67
Table 15:	Batho Pele Principles (combine tables)	67
Table 16:	Key deliverables on the SDA and the Shareholder Compact	60
Table 17:	Key opportunities arising from risks identified	74
Table 18:	Highlights and Achievements	76
Table 19:	Summary of JM performance against the 2022/23 annual target	78
Table 20:	Summary of the achieved KPI's	79
Table 21:	Summary of the non-achieved KPI's	80
Table 22:	Technical Indicator Descriptions	83
Table 23:	High level summary of performance	87
Table 24:	5 year Performance Comparison	88
Table 25:	Comparative figures of 18 Fresh Produce Markets	92
Table 26:	Service standards performance	94
Table 27:	Public Satisfaction Listed concerns	96
Table 28:	Personnel cost vs Personnel Budget	98
Table 29:	Executive Remuneration	98
Table 30:	Employee Costs versus Total Opex	100
Table 31:	Annual Turnover Rates over the last 3 Years	101
Table 32:	Quarterly Turnover Rates for 2022/23	101
Table 33:	Annual staff movement rates for 2022/23	101
Table 34:	Employment Equity Demographics status	102
Table 35:	EE Targets for 2027 vs. the EE status at 30 June 2023	103
Table 36:	Staff Establishment	103
Table 37:	Annual staff skills development schedule for 2022/23	104
Table 38:	Annual conference attendance schedule for 2022/23	105
Table 39:	Annual subsidised education schedule for 2021/22	106
Table 40:	Leave Analysis	112
Table 41:	Statement of financial position of JM as at 30 June 2023	119
Table 42:	JM high level performance of the entity	120
Table 43:	JM revenue as 30 June 2023	121
Table 44:	Operational expenditure analysis as at 30 June 2023	123
Table 45:	Cash flow statement as at 30 June 2023	126
Table 46:	Capital projects breakdown for the financial year ended 30 June 2023	128
Table 47:	key ratios for the review period	129
Table 48:	Billing and collections rate as at 30 June 2023	130
Table 49:	Deviations as at 30 June 2023	134

Table 50: Irregular expenditure 136

Table 51: Joburg market BBB-EE procurement 138

Table 52: Payment of suppliers within 30 days 138

Table 53: Contingent liabilities of the entity 138

Table 54: Amounts owing by government departments and public entities 142

Table 55: Table of planned audit audits for 2022/23 144

FIGURES

Figure 1: Structure of the integrated report 9

Figure 2: Overview of the JM SMART MARKET Strategy 26

Figure 3: High level structure of the Joburg Market 29

Figure 4: JM value chain 32

Figure 5: JM trading model 34

Figure 6: JM levels of services 36

Figure 7: Capital expenditure analysis for the financial year ended 30 June 2023 127

Figure 8: Cash collections for the reporting period ended 30 June 2023 132



Introduction

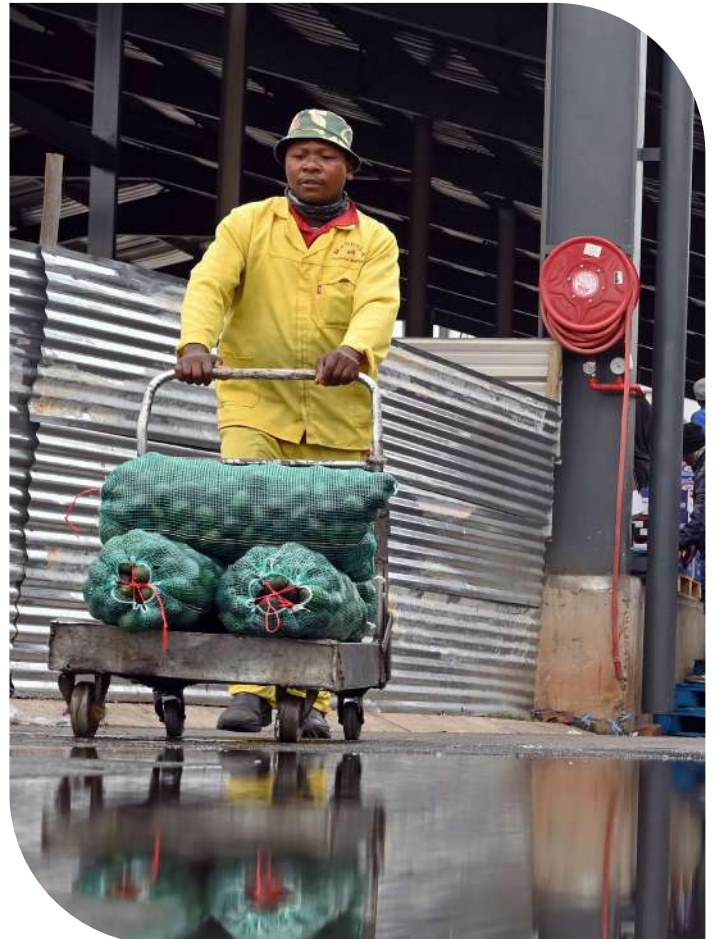
In terms of the Constitution of the Republic of South Africa, 1996, JM represents a Schedule 4B functional area service with the City of Johannesburg (CoJ) is sole shareholder. The report provides insight on JM's internal and external operating context, strategy, risks and opportunities, performance, governance and prospects, containing informations on materiality, financial results, fresh produce market services, corporate governance, performance objectives and outcomes.

This report covers the JM financial year: 1 July 2022 to 30 June 2023. The last JM annual integrated report (Joburg Market 2021/22 integrated report) was published in 2022 and is available at www.joburgmarket.co.za. There were no significant changes during the reporting period in the size, structure, material aspects and boundaries or JM's supply chain.

The JM Integrated Report (IR) was drafted in accordance with the following legislation and codes:

- International standards on integrated reporting;
- National Treasury Circular 63 (MFMA);
- The MFMA in terms of Sections 46, 65(1) (a) and 121(2) c; Section 18(1) (d) of the MSA;
- The South African Statements of Generally Recognised Accounting Practice (GRAP);
- King IV™ Code of Governance for South Africa;
- National Treasury Guidelines and Regulations;
- Batho Pele Principles
- National Treasury Circular 88 (MFMA);
- National Development Plan
- Integrated Development Plan
- Joburg 2040 Growth and Development Strategy and,
- The Companies Act, 2008.

The JM is gradually aligning its reporting to the Integrated Reporting Committee of South Africa. Reporting on material matters are related to issues that substantively or potentially impact on JM's strategy, governance practices, performance, prospects or capitals.



Structure



Figure 1: Structure of the Integrated Report

Integrated reporting information linkages:

- For reporting feedback and AGM-related questions: MlanduK@joburg.org.za for the attention of Mlandu Kona
- Stakeholder questions: for the attention of Lulama Ndlovu at LNdllovu@joburgmarket.co.za
- Media questions: HMabaso@joburgmarket.co.za for the attention of Hope Mabaso.

The JM materiality determination process

JM is committed to ensuring that its shareholder, its office bearers, staff and stakeholders have access to accurate and reliable information of which the Board of Directors assures the integrity of the JM Annual Integrated Report. The Board, further, ensures that matters that substantively affect JM's ability to create value are identified and reported.

JM's impact on the capitals

Operating the JM business requires financial capital, which consists of equity in the form of equity invested by the shareholder through shareholder loans and retained earnings. JM's financial capital increases or decreases based on its financial performance and the execution of its financial objectives. The various elements of its financial capital and financial performance, are discussed under the financial reporting section in Chapter 5.

JM is gradually transitioning to a cleaner energy mix, including renewable energy and conversion of waste to energy in an effort to reduce its environmental impact. Solar solutions were investigated and will be implemented through a phased approach during the 2023/24 financial year. JM will also develop specifications for potential tri-generation options.

JM's human capital comprises its employees and contractors, with their competencies, capabilities and experience, and is enhanced by the development of learners as part of its skills pipeline and training. JM strives for racial, gender and disability transformation to optimise its workforce and too be efficient and productive. JM aims to ensure fair remuneration and a healthy working environment to develop, sustain and retain top talent, critical skills and intellectual capital. Its workforce, employment equity and wellness is covered in Chapter 4.

Employees are remunerated in line with the Human Resources policies of the company, which include the following benefits:

Financial

- Housing subsidy;
- Housing GAP assistance;
- Study assistance;
- Provident fund;
- Medical aid fund.

Non-financial

- Wellness centre services;
- Participation in events (i.e. World food day, World Aids day, etc.).

The JM social and relationship capital includes relationships with customers, suppliers, communities and the public – outlined in Chapter 2, section 5. Its target beneficiaries are positively impacted by its market trading, operational activities that enables economic growth, job creation, skills development, supplier transformation, broad-based black economic empowerment (BBBEE), and corporate social investment (CSI) activities. Stakeholder relationships and CSI activities are embodied in Chapter 2.

JM's intellectual capital consists of human skills and IT technology operating under the SMART MARKET methodology. The company's trading system is purpose designed and staff conduct their activities with the aid of this system, which provides JM with a competitive advantage in the fresh produce industry. JM's Intellectual capital includes organisational knowledge, systems, policies and procedures.



The Methodology to determine materiality for the 2022/23 Annual Integrated Report includes the following:

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

A list of relevant matters was compiled with consideration to:

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

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

The JM dealt with the following significant matters during the 2022/23 financial year:

Occupational health and Safety (OHASA) matters

Some safety aspect were identified on the JM site as matters of compliance by the company insurers. Particularly to ensure compliant firefighting equipment. The JM will introduce mechanisms to enable fire sprinkler systems and to safeguard firefighting installations against vandalism during the 2023/24 and 2024/25 reporting periods.

HIV and Aids

JM continued to support staff members affected by HIV/Aids and observed World Aids Day with the inclusion of voluntary counselling and testing (VCT). It is now an annual event.

Added services rendered during the programme include blood pressure monitoring, blood sugar testing and BMI calculations, amongst others activities.

CAPEX spending

The JM spent R96.6M against a targeted employment of R95.5M worth of CAPEX, representing a spent rate of 100.2% against the budget. This target was achieved due to improved controls and the implementation of additional monitoring projects by a CAPEX forum.

Matters of current and legacy litigation

The JM is dealing with numerous legacy matters of litigation, despite progress having been made in resolving a number of cases. JM continued during the 2022/23 financial year to monitor matters and worked with legal counsel to conclude outstanding cases. The exposure to potential legal claims are estimated at R1 080 017M and are listed in Chapter 5, section 7.

Staff morale

JM experienced a marginal decline in staff morale attributed to the absence of permanent top leadership. The company continues to monitor and engage with staff over issues.



STEP TWO: Determining material aspects and mitigation

A list of material aspects was drawn up and tested against the strategic risk register whilst the impact of these material matters were determined. The table below summarises the profile of each material matter:

No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
1	Challenging Macro-economic factors	Business failure And, Financial instability (going concern)	1. Pursuance of service excellence 2. Improve on key ratios and good going concern 3. Prioritising of CAPEX expenses 4. Develop counter strategies to address the impact of the emergence of private Markets 5. Curbing of the diversion of fruit commodities from JM	New Customer Charter. Full roll out to be achieved by 30 June 2023 Promote trading on JM as reliable one-stop-shopping facility Refine SCM processes to improve CAPEX and Repairs & Maintenance programme execution Effective application of Bylaw licencing system by 31 May 2023	Negative	Short, Medium and long term
2	Disasters	Covid-19 pandemic, and Incidence of fire	6. Execute the Covid-19 business continuity procedures 7. Fire prevention plans and procedures	Implement site specific actions to prevent spreading of the risk. JM has placed special emphasis on vaccination programmes from March 2022 and will continue until June 2023 depending on the availability of vaccines. Implement with aid of JM risk control measures and the new Bylaws - January 2022 with full roll out by 31 May 2023	Negative	Short and medium term



No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
3	Growth of the core business of JM	Failure to implement the SMART MARKET Strategy	8. Refining trading floors and site management 9. Efficient consignment control practises 10. Promoting JM to current and potential users 11. Upgrade and extend physical facilities	SMART MARKET management plan –commenced May 2022. The revised masterplan will be completed by April 2023 SMART MARKET consignment control plan will be aligned with the SMART MARKET masterplan to be completed by April 2023 SMART MARKET Promotional programme – Commenced May 2022 and will continue until June 2024 SMART MARKET floor space upgrade first works – July 2023	Negative	Short, Medium and long term
4	People development	Diminishing Institutional knowledge and expertise	12. Training staff in company specific competencies 13. Promoting a culture of learning 14. Enhanced JM business experience exposure	SMART MARKET training - March 2023 SMART MARKET motivational programmes - March 2023 SMART MARKET multi –skilling - March 2023	Negative	Short, Medium and long term



No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
5	Legislative compliance	Exposure to physical risks and litigation	15. Legislative compliance drive in co-operation with CoJ Group Compliance function 16. Ensuring total OH&S compliance across the JM site through integrated inspections and enforcement	Promote compliance to new JM bylaw and directives – Commenced February 2022 and will continue up to 31 May 2023 Promote SMART MARKET compliance drive –Commence February 2022 and will continue until June 2024	Negative	Short, Medium and long term
6	Legislative compliance	Trading of produce disabled through buyer and supplier intimidation	17. Coordination of trading contingencies through forums with market agents 18. Coordination of site and amenity protection through multi-disciplinary enforcement agencies	SMART MARKET management plan -May 2023 Promote SMART MARKET compliance drive –Commence February 2022 and will continue until June 2024	Negative	Short and medium term



No	Material Matter	Associated Strategic risk	Mitigation	How and when	Current impact on value creation	Timeframe of impact
7	Pursuing sustainability	Loss of stakeholder confidence	19. Delivering on shareholder value 20. Deliver value for money services to producers and buyers 21. Focus on key competencies 22. Operate as socially responsible institution 23. Compliance to legislation 24. Food safety and food quality awareness	Promote trading on JM as SMART MARKET.- June 2022 Promote JM as efficient 1 stop shopping facility –Commence February 2022 and will continue up to 30 June 2024 SMART MARKET management plan -May 2023 New Customer Charter. Full roll out to be achieved by 30 June 2023 Promote compliance to new JM bylaw and directives – Commenced February 2022 and will continue up to 31 May 2023 Promote services of the JM laboratory - May 2023	Negative	Short, Medium and long term

Table 1: Profile of material aspects and mitigation

Outlook

JM's growth is anticipated to be less than the anticipated medium term rate of 8% due to the impact of Covid-19, the emergence of private fresh produce markets and lower economic activity. Growth could range between 3% and 6% for the greater portion of 2022/23.

The recapitalisation of JM remains key and must be well-designed and rigorously executed to prevent an adverse impact on its sustainability. The Board foresees a further extensive facility reconfiguration exercise and stakeholder consultation process.



Disclosure process

Disclosures in this report were approved the Board supported by the Audit and Risk Committee process. Disclosures are in compliance with the companies Act (Act 71 of 2008), the King code and they were assessed by the Auditor General of South Africa (AGSA).

Assurance

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

The risk management processes were executed under the guidance of City of Johannesburg Group Risk and Audit Services (CoJ GRAS), the Audit and Risk Committee as well as external assurance providers, with Board participation.

Management of internal and external audit findings

Internal and external audit findings management is embedded in the JM forums and its management structures. Executives and senior managers report on progress and are tasked to ensure the resolution of each finding as soon as possible.

The company scorecard contains a separate KPI for each of the audit sources – reported on in Chapter 3. Monthly departmental forums informs each report and indicates outstanding audit matters and their progress. Annual manager performance agreements are aligned to both internal and external audit results outcomes.

Organisational risk management approach

The JM Board ensures that the risk management guidelines of the shareholder are applied and followed. All important company decisions are risk-based and suitable risk assurance is provided up to Board level, through the risk management policy. Risk assessments are concluded through annual workshops involving the Board and Executives.

Developments within the fresh produce industry are continually evaluated during the financial year and the JM continued with a risk identification process to ensure compliance. JM is cognisant of reputational risk and considers its values to pursue being a high-performance fresh produce market. JM strive towards maximum food safety and quality in its facilities, following continually monitored environmentally-friendly practices. Human safety remains a priority and special attention is being given to planning safer facilities and operating environments.

Demographic and economic growth considerations

JM is mindful of the impact on food security and the consequent need for suitable qualities and quantities of fresh produce for the growing Johannesburg population. The JM continues supporting the indigent food programme of the CoJ and continues to upgrade and extend its infrastructure and services. This initiative provides for additional job creation at the company and across its value chain.

Reporting boundary

JM seeks to establish a consistent boundary for reporting across all of its sustainable development metrics, including reporting on developments, impacts and data outside the reporting boundary that are material to the business and its sustainable development. In this report, 'outside of the organisation' refers to market agents, producers, buyers and various intermediaries in the distribution channel. 'Within the organisation' refers to all operations of JM, and on-site service providers, like security, cleaning and sanitisation, managed as per contractual obligations.

The Board is accountable for the integrity and completeness of the integrated report and any supplementary information and has concluded it is correct in accordance with the prescribed frameworks and has approved it as per sign-off below;

Signature:



Enos Sithole

Chairperson: Board of Directors

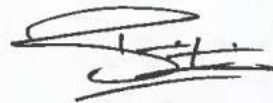
Date: 30/11/2023



Mamombi Nkosi

Chairperson: Audit and Committee

Date: 30/11/2023



Keeran Singh

Company Secretary

Date: 30/11/2023

Joburg market high level performance at glance

Human Resources



Total number of employees: 419



Staff turnover: 3%



Employment Equity: 51% males' vs 49 females



Skills development Expenditure: R531 781



Subsidised Study Assistance expenditure: R1 293 260 for 44 beneficiaries

Economic Development



EPWP Opportunities created: 103



Internships opportunities created: 8



SMME opportunities created: 85

Governance



General good performance on all governance related matters



Resolution of all Internal and External audit findings: 100%



Implementation of all Risk mitigation strategies: 100%



Clean audit outcome



Overall 83% KPI performance

Revenue



Achieved & exceeded turnover target of R8.92Bn by 15.4%
Final figure: R10.30Bn.



Increase in revenue by R88 Million compared to the prior year



Direct revenue: R604.4m
Over achievement of 0.8%
Compared to the budget amount of R599.7m

Sustainability



Net surplus: R141.4m
Budget: R119.0m
Achieved 18.7% surplus over budget.



The cash and equivalents: R473.9m



The liquidity is above the norm at 2.2:1. Solvency is above the norm at 3.7:1



Remuneration to expenditure ratio is above the norm at 43.7%



Operations run 6 days a week on a 24-hour cycle.

Expenditure Management



Capex Spend: 100.2%
Spend of R95.6m compared to target R95.5m.



BBEEE Spent: R203 035 million



Payment of invoices within 30 days: 100%



CHAPTER ONE

LEADERSHIP AND CORPORATE PROFILE

SECTION 1: MEMBER OF THE MAYORAL COMMITTEE REVIEW

SECTION 2: CHAIRPERSONS FOREWORD

SECTION 3: CEO'S REPORT

SECTION 4: CFO'S REPORT

SECTION 5: STRATEGIC OBJECTIVES

SECTION 6: OVERVIEW OF JOBURG MARKET

SECTION 7: HIGH LEVEL ORGANISATIONAL STRUCTURE AND
STAKEHOLDER MANAGEMENT

SECTION 8: JOBURG MARKET VALUE CREATION PROCESS



SECTION 1: MEMBER OF THE MAYORAL COMMITTEE REVIEW

The year in review is marked by the end of the state of disaster due to COVID-19. The pandemic's impact on lives, businesses, and key industries like tourism and hospitality is acknowledged, emphasizing the ongoing need for vigilance against future outbreaks.

Joburg Market (JM) played a crucial role in supporting food-related industries during the post-pandemic recovery. The MMC highlighted the SMART MARKET plans aimed at empowering young people, women, and the disabled in the fresh produce sector, with a focus on rejuvenating the Soweto Market. Governance-wise, JM is expected to align with the City's Integrated Development Plan (IDP) and has been commended for its resilience, maintaining positive financial returns despite challenges like unrest in KZN and Gauteng and logistical issues.

The report also addresses the challenges of ageing infrastructure, space shortages, and the need for ongoing maintenance. JM was awarded grant funding for developing additional trading space, and the City leadership is committed to supporting these efforts. Despite the pandemic's restrictions, JM remained engaged with key stakeholders and participated in community consultations.

The MMC expressed gratitude to the Board, Management, Staff, and the City's Executive Leadership for their contributions to JM's continued success as a leading institution in Johannesburg's economy and fresh produce market.

Cllr. Nomoya Mnisi
MMC: Economic Development



Cllr. Nomoya Mnisi
MMC: Economic Development

SECTION 2: CHAIRPERSONS FOREWORD

There has been an increased focus on food security amid erratic weather patterns in Southern Africa, such as cyclone Freddy's impact on banana crops in Limpopo and Mozambique. Rising food inflation, driven by higher fuel and electricity costs, is a significant concern, with January 2023 data showing a 14-year high in food price inflation at 13.4%. The global economic impact of the war in Ukraine is also contributing to increased production costs and the overall cost of living.

We have further learnt that local producers are forced to produce more quantities of fresh produce to ensure the sustainability of farming operations. JM continues to monitor the trends in fresh produce prices as part of its role to assist in monitoring food security within the City of Johannesburg.

I want to also welcome new members to the JM Board of Directors and the Independent Audit Committee, and I'm eager to work with the new MMC, Cllr. Nomoya Mnisi. The Board is preparing for a strategic session in May 2023, aligned with the new Mayoral Priorities and the Integrated Development Plan (IDP). The session will address challenges faced by commercial and emerging producers, agents, and entrepreneurs, with a focus on modernising and expanding trading space at JM. I want to also thank the Board and Executive for their efforts this past financial year and I look forward to JM's continued growth.

Enos Sithole
Chairperson: JM Board of Directors



Enos Sithole
Chairperson: JM Board of Directors

SECTION 3: CEO'S REPORT

Introduction

It is my pleasure to present the 2022/23 Integrated Annual Report, which provides an in-depth overview of Joburg Market's (JM) operations, financial performance, governance, and sustainability efforts. Despite the challenges faced during the year, JM has remained committed to its mandate of managing and operating a market facility that supports the fresh produce industry.

High-Level Summary of 2022/23 Financial Year

Trading Results:

It is my pleasure to present the 2022/23 Integrated Annual Report, which provides an in-depth overview of Joburg Market's (JM) operations, financial performance, governance, and sustainability efforts. Despite the challenges faced during the year, JM has remained committed to its mandate of managing and operating a market facility that supports the fresh produce industry.

JM successfully achieved its trading targets, surpassing the projected turnover of R8.9 billion by reaching R10.3 billion, representing a 15.4% growth. This accomplishment came despite adverse weather conditions and the impact of the war in Ukraine, which resulted in an oversupply of fruit commodities diverted to JM as well as and increased prices.

Safety and Health:

Environmental Health and safety remained a priority, with continued vigilance against COVID-19 and the provision of PPEs continues today. JM also faced challenges with ageing infrastructure, particularly at the ammonia plant, but took steps to repair and assess the condition of this critical installations which provides refrigeration for the cold stores.

SMART MARKET Development

JM continued its planning for the implementation of the SMART MARKET strategy, which has been approved by the Board of Directors. The strategy includes consultations with stakeholders and the appointment of MTC to investigate the possibility of implementing a modern payment systems and integrating new technologies into JM's trading system.

Stakeholder Engagements

JM engaged intensively with stakeholders, focusing on service delivery and addressing challenges such as technical breakdowns and power failures due to, inter alia, load shedding. Stakeholder management is a key component of JM's Integrated Marketing and Communications strategy. Stakeholder management is discussed further under section 7 of this Chapter.



Solomon Mphakathi
Chief Executive Officer (Acting)



Repairs and Maintenance

The focus of the repairs and maintenance program was on improving market amenities across all technical maintenance disciplines. Challenges were encountered with the upgrading of ripening and cold storage facilities, leading to project delays. However, measures have been taken to replace failing contractors and address legal disputes concerning the installation of SMART meters. This project will now be implemented during the 2022/23 financial year. The latter two delays prevented the targeted capital expenditure for the 2021/22 review period, with projects scheduled for completion in the upcoming financial year.

Capital Programme

JM remained self-funding in its capital projects, with no borrowings during the financial year. The new Tshiamo Market construction reached 90% completion, and the company exceeded its capital spending targets. A detailed summary of capital spending is provided in Chapter 5, section 4.1. in the report.

Impact of COVID-19

The COVID-19 pandemic continued to impact the fresh produce industry, particularly the food services sector. Despite challenges and many customers having to close their doors, as a result, the pandemic also led to increased consumer awareness of the health benefits of fresh produce, boosting sales of fruits and vegetables.

Audit Opinion

JM achieved an unqualified audit opinion with matters of emphasis. The company is committed to resolving previous audit findings and is working towards attaining a clean audit opinion. A five-year history of external audit opinions is available in Chapter 6, section 4 of this report.

Risk Management

JM identified key strategic risks, including insufficient trading space, ageing infrastructure, and the impact of power interruptions. The risks of eroding trading processes, from which JM derives up to 85.1% of its company income, will be addressed by developing smart systems and techniques to curb the risk of fraud and related activities. A vast portion of JM's income is derived from market commission, continuing its growth trend and approximately 8.1% of income is generated from leases with tenants. The balance of income is collected from trading support services. A breakdown of income is depicted in the Chapter 5, section 2.1.

I assessed matters raised previously, evaluated performance progress on capital programme matters, including compliance with tax obligations and service delivery agreements – reflected in Chapter 3 of this report.

Assessments by accounting officer

I have also assessed monies payable to organs of state and public entities, including for municipal services and related taxes. I confirm that these imperatives are controlled and monitored. The results are available in Chapter 5, section 4

JM remains financially liquid, self-funding, and compliant in terms of tax payments to the SA Revenue Services, and is compliant with the Stakeholder's Service Delivery Agreement.

Word of Gratitude

I extend my sincere gratitude to the Board of Directors, JM management, and staff for their resilience in managing the business during a challenging year. I also appreciate the support from market agencies, tenant businesses, and colleagues within the City of Johannesburg, which has been instrumental in ensuring JM's continued success as a preferred food business centre.

Solomon Mphakathi
Chief Executive Officer (Acting)

SECTION 4: CFO'S REPORT

JM continued to prioritize staff safety even after the end of the COVID-19 disaster status, with protocols such as social distancing, mask-wearing, and hand washing remaining in place.

Operational Challenges: JM faced operational challenges in maintaining cold storage and ripening facilities, necessitating additional efforts to activate several inactive ripening chambers.

Despite rising inflation and world economic problems JM achieved good financial results in the 2022/23 financial year.

Highlights include:

- JM exceeded its turnover target by 15.4%, achieving R10.30 billion against a target of R8.92 billion.
- Direct revenue was R604.4 million, surpassing the budgeted R599.7 million by 0.8%.
- A net surplus of R141.4 million was achieved, 18.7% higher than the budgeted R119.0 million.
- Cash and cash equivalents at the end of the period stood at R473.9 million, reflecting an overall improvement.
- JM's liquidity and solvency ratio was strong at 2.2:1, driven by high cash generation and minimal debt.
- The remuneration to expenditure ratio was 43.7%, above the norm of 25-40%, due to JM's 24/6 operational nature.
- Capital expenditure achieved 100.2% of the target, with R95.6 million spent compared to the R95.5 million target.



Nkosinathi Baloyi
Chief Financial Officer

JM continues to struggle with critical vacancies in Finance and Supply Chain management due to resignations and suspensions. Efforts to resolve these issues are expected to progress in the next financial year.

I want to express my gratitude to the JM frontline staff, including those in cashiering, consignment, and security, for their diligent work the past financial year.

Nkosinathi Baloyi
Chief Financial Officer



SECTION 5: STRATEGIC OBJECTIVES

Mandate

The Joburg Market (JM) is mandated to operate and manage a premier fresh produce market facility, providing industry-related complementary services. As part of the SMART MARKET strategy, JM's expanded mandate includes:

- Providing and managing safe, clean, and smart facilities for marketing, trading, and distributing fresh produce.
- Introducing Smart Information Technologies and Devices for the fresh produce industry.
- Ensuring food safety and quality standards, promoting healthy lifestyles.
- Enabling market access, availability, and affordability of fresh produce for buyers.

Vision

JM aims to be a SMART fresh produce trading hub that is globally competitive.

Mission

JM's mission is to be a trading platform that catalyses the growth of the City's economy through an inclusive business environment.

Values

JM's core values include:

- Transparency
- Service Excellence
- Integrity
- Innovation

Alignment to the GDS and IDP of the Shareholder

JM is aligned with the City of Johannesburg's Integrated Development Plan (COJ-IDP) to achieve key organisational priorities, in line with the city's vision and mission. JM's SMART MARKET strategy aims to creating a clean, safe, and SMART MARKET.

JM Strategic objective: Operate a sustainable, resilient premier marketing and trading facilities			
COJ strategic pillar	JM Programmes	Outcomes	Impact
Economic impact and mitigation measures	Promote JM as a One-stop-market facility Promote JM as a Agro processing hub; Assist SMME exporters to develop in SADC region; Assist developing SMME's to access export opportunities in SADC region; Create a refined client and business opportunity data base and network in conjunction with the DED opportunity centre at JM	JM positioned as investment friendly business environment; Increase the rand value of trade and Investment business transactions; Achieve a strong business to business trading environment within JM; Achieve increased SMME's and BEE's business opportunities;	Transformation in work and live environment; Prevent people from going hunger; International buyers' transactions lead to more jobs created at JM; Traders conducting large scale transactions leading to improved income; Growth in number of businesses operated by targeted groups at JM

JM Strategic Objective: Become an agent for socio-economic transformation & Focus on transformation of emerging farmers/market agents

COJ strategic pillar	JM Programmes	Outcomes	Impact
Food security response	Promote JM as a One-stop-market facility	JM positioned as investment friendly business environment;	Transformation in work and live environment;
	Promote JM as a Agro processing hub;	Increase the rand value of trade and Investment business transactions;	Prevent people from going hunger;
	Assist SMME exporters to develop in SADC region;	Achieve a strong business to business trading environment within JM;	International buyers' transactions lead to more jobs created at JM;
	Assist developing SMME's to access export opportunities in SADC region;	Achieve increased SMME's and BEE's business opportunities;	Traders conducting large scale transactions leading to improved income;
	Create a refined client and business opportunity data base and network in conjunction with the DED opportunity centre at JM		Growth in number of businesses operated by targeted groups at JM

JM Strategic Objective: Ensure suitable Covid 19 control measures to ensure continuation of JM services and Ensure effective stakeholder engagement

COJ strategic pillar	JM Programmes	Outcomes	Impact
Enforcement and compliance measures	Stakeholder engagements	Enhanced JM market site safety on Covid 19 controls	Continued produce supply and trading ensuring uninterrupted food supply to the community
	Covid 19 control measures	Meaningful state- society engagement;	Well informed and confident users of the JM and its services

JM Strategic Objective: Become a high-performance organisation and Improve operational efficiencies within consignment tracking of fresh produce

COJ strategic pillar	JM Programmes	Outcomes	Impact
Continuation of Municipal Services	Fresh produce market operations best practices	CoJ a technologically competent institution	Exponential growth in fresh produce trading at JM
	Innovation in trading methodologies	Johannesburg Market a SMART MARKET with enhanced service efficiencies and productivity	Efficient market system and services maximizing user satisfaction and trust
		Smart and effective service delivery maintained as the norm	
		Job creation through improved economic development opportunities at Joburg Market environment	

JM Strategic Objective: Become a implementer of green economy opportunities			
COJ strategic pillar	JM Programmes	Outcomes	Impact
Continuation of Municipal Services	Separation of organic and non-organic waste (energy strategy)	Job creation and income generation as a result of energy diversification	Transformation in fresh produce market operating practices;
	SMME's dealing with harvested non- organic material (green jobs)	JM becoming a fresh produce market leader in innovation in respect of the green economy	Self-sustaining families and SMME's
	Utilise food safe chemicals for sanitation	Energy generation through organic waste conversion	Clean air & Safe food
	Generation (bio-gas, solar, and tri- generation)		

Table 2: Strategic alignment

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



Figure 2: Overview of the JM Smart Market Strategy

Key Organisational Priorities

A CLEAN Market:

- Ensures physical cleanliness.
- Promotes good governance.

A SAFE Market:

- Provides a secure environment for business and customers.
- Ensures compliance with Occupational Health and Safety (OH&S) and food safety standards.

A SMART (Effective) Market:

- Implements modern technological systems and services.
- Optimizes floor space usage.
- Adapts to the evolving needs of stakeholders.

Strategic Objectives

The Joburg Market has adopted the following Strategic Objectives:

- Ensure financial sustainability and growth of the entity;
- Operate a sustainable, resilient premier marketing and trading facility;
- Become an agent for socio-economic transformation;
- Ensure that our staff are engaged, skilled and motivated;
- Become a high-performance organisation;
- Ensure effective stakeholder engagement;
- Upgrade ammonia plant, cold-storage and banana ripening facilities;
- Improve operational efficiencies within consignment tracking of fresh produce;
- Upgrade and improved maintenance of facilities and infrastructure;
- Focus on transformation of emerging farmers/market agents;
- Become an implementer of green economy opportunities.



SECTION 6: OVERVIEW OF JOBURG MARKET

JM origin stems from the establishment of a fresh produce market in Market Square, central Johannesburg, in 1887, where 3,000 people gathered to trade fresh produce. As Johannesburg grew, so did the market, leading to the construction of a new facility in Newtown in 1913. The market's success continued, achieving an annual turnover of R1.5 million that year. However, by 1974, the Newtown premises became too small, prompting a relocation to the current City Deep location in the south of Johannesburg.

With South Africa's political transition, JM became a private company fully owned by the City of Johannesburg Metropolitan Municipality (CoJ). In 2000, it was converted into a State-Owned Company (SOC) under the Companies Act of South Africa.

JM is required to comply with various legislative provisions, including the Companies Act, the Municipal Systems Act, and the Municipal Finance Management Act of 2003.

It is the largest fresh produce market in Africa, handling a significant volume of fresh produce with 398 employees. It provides trading facilities to farmers from across South Africa and beyond, attracting thousands of buyers daily. The operations of JM, its market agents, and tenants generate thousands of jobs throughout the agricultural value chain.

JM plays a crucial role in setting prices for the fresh produce industry in South Africa, holding a 45.6% market share in both volume and turnover. It is also the only fresh produce market in South Africa with an accredited laboratory (SANAS TO532) to ensure compliance with food safety standards.



SECTION 7: HIGH-LEVEL ORGANISATIONAL STRUCTURE AND STAKEHOLDER MANAGEMENT

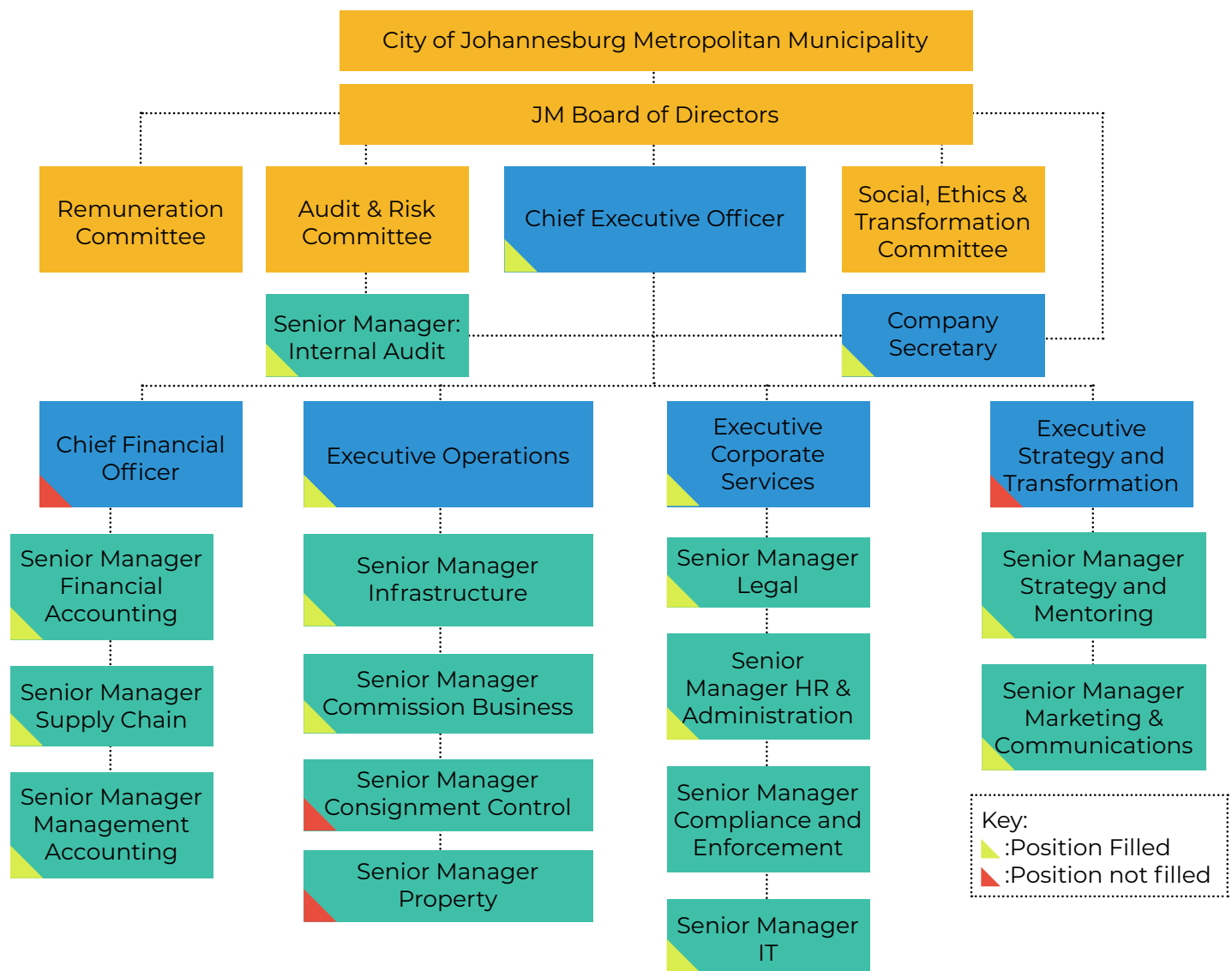


Figure 3: High level structure of the Joburg Market

Stakeholder Management

Stakeholder engagement is a crucial element of JM's strategy, directly influencing its reputation and performance. The company prioritises ongoing conversations with stakeholders to understand and address their needs, interests, and expectations, recognising that responsible lobbying and shareholder activism are vital components of effective engagement.

JM's approach to stakeholder engagements focuses on understanding the vision and values of its stakeholder groups to support the achievement of the company's objectives. Regular interactions, including monthly engagements and daily communications by the CEO, help gauge stakeholder perceptions and ensure that JM aligns with their expectations. The company maintains detailed records of

stakeholder concerns, particularly legacy issues, and is committed to addressing them. Stakeholder groups and JM's involvement with each are outlined in a detailed table below, highlighting the company's commitment to addressing stakeholder needs.

JM identifies significant risks and opportunities related to optimising trading space and integrating advanced technologies to enhance stakeholder satisfaction and ensure JM's continued growth and success. These include, among others:

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

No	Group	Functional relation	Principal involvement
Governance			
1	CoJ	Governance Shareholder	Sole owners of the JM
2	Board of Directors	Governance of JM	Governs JM in terms of SDA
3	DED	Lead Department	Administrative link to CoJ
Company			
1	Staff	Employees of JM	Managers and employees
2	Unions	Trade Unions	SAMWU / IMATU
3	EPWP	Job creation	Extended Public Works Programme
Core Business			
1	Farmers	Production of produce	Supply JM internationally from across RSA and internationally
2	Transporters	Logistics – Farm to Market	Private contractors
3	Market agents	Conducts actual selling of produce at JM	Private institutions
4	Commercial Buyers	Buying of produce at JM	Distribute and process fresh produce
5	Informal sector buyer	Informal traders	Intensive fresh produce distribution in various areas
International associates			
1	World Union of market International Wholesale Markets (Head Office: Netherlands)	Communication and market concept development	International platform aimed at the development and sustainability of fresh produce markets
2	Produce Marketing Association (USA)	Promotion of Produce trading entities	Promotion of fresh produce consumption and related research to enhance marketing of fresh produce
Markets at JM			
1	Tshiamo Market	Traders at JM site established through empowerment programmes	Stall markets on JM site
2	Unity Market		
Logistical services at JM site			
1	Various informal entities	• Pallet runners • Porters • “Bakkie” operators • Food merchants • Recyclers	Rendering of support services to traders on the market site for own account
Tenants			
1	Food services	• Food distributors • Processors • Meat/fish traders • Soft drinks • General hospitality producers	Rendering services enabling clientele to utilise JM site as “one stop” shopping centre

No	Group	Functional relation	Principal involvement
Financial services			
1	Retail bank branches	Banks	Servicing buyers transactions on JM to conduct
Goods and services suppliers			
1	Various companies	Multiple services rendered at the JM site	• Cleansing • Security • Waste disposal • Amenity gardens and land maintenance

Table 3: JM Stakeholders

JM’s various stakeholder engagements undertaken during the financial year are outlined under Chapter 2, section 5 in this report.



SECTION 8: JOBURG MARKET VALUE CREATION PROCESS

The JM creates value by delivering integrated fresh produce market services, supported by strong financial and operational foundations. As the largest fresh produce market in Africa, JM facilitates trading between farmers and buyers, extending its reach into the SADC region. The company's strategic agenda is aligned with the City of Johannesburg's (CoJ's) priorities, focusing on food security, job creation, and food safety.

The JM programmes were aligned to the shareholder priorities as outlined under section 5 above. The value creation process on entity level is illustrated below.

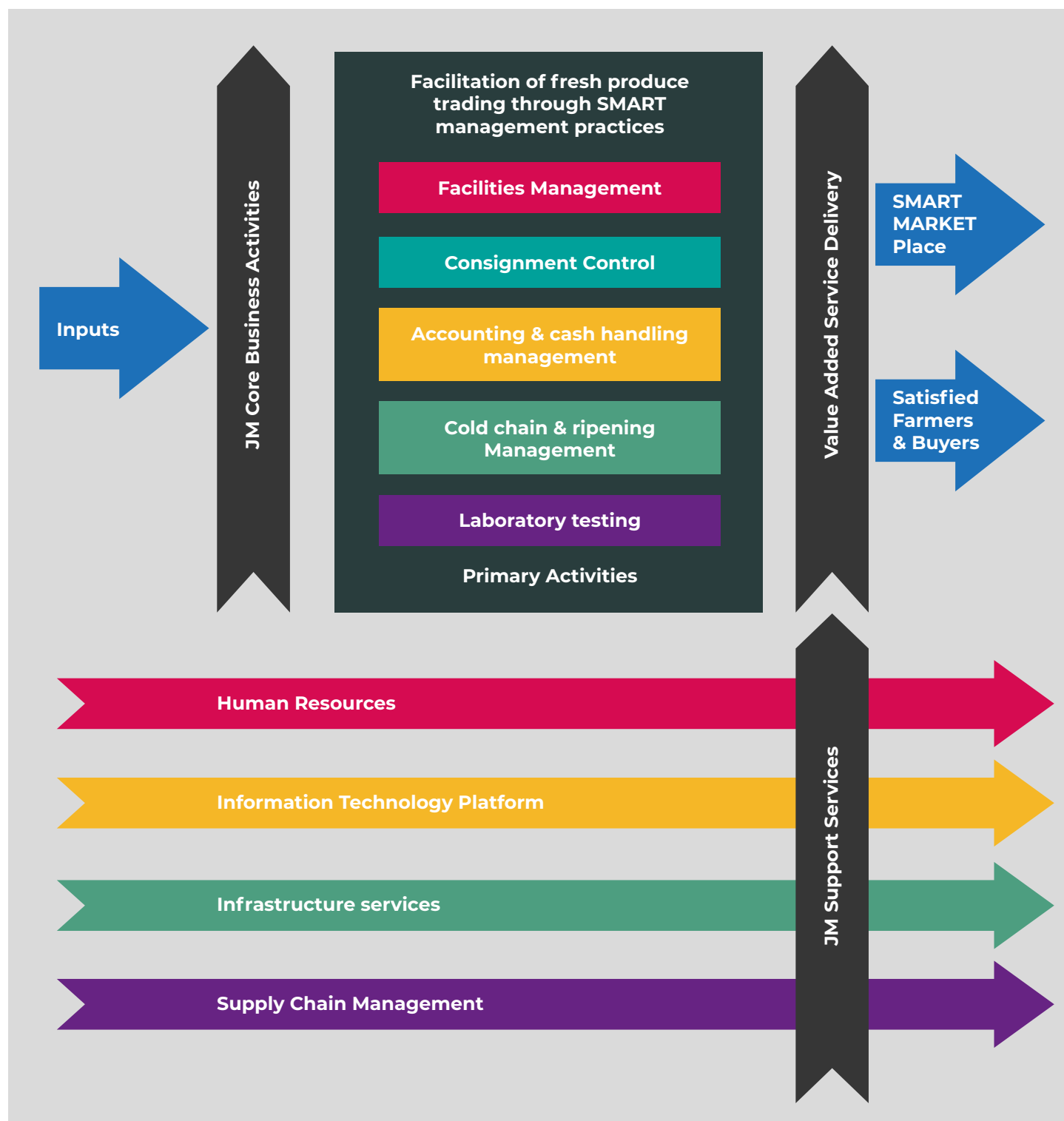


Figure 4: The JM Value Chain

Fresh Produce Market Value Chain and SMART MARKET Strategy

JM’s value creation process revolves around its SMART MARKET strategy, which benefits farmers and buyers through competitive pricing, quick payments, and a broad market audience. The strategy is divided into three time horizons:

Short term: Focuses on promoting JM as a one-stop shopping facility, offering immediate benefits like price stability and improved cash flow for farmers, exposing them to a large audience and paying them quickly (usually within 5 days). Accommodating all produce assortments at competitive prices, JM enables farmers to achieve fair returns in conjunction with our managed trading system. Staff training and development will foster efficient customer services, benefiting farmers and buyers. Internal and external auditing will highlight risk gaps to be timeously managed.

Medium term: Aims to create purpose-designed trading amenities, enhancing brand awareness and loyalty for operational efficiency, which supports JM’s growth plan. Human resources development and training towards quick responsiveness to client needs and the development of new operational procedures towards piloting SMART MARKET services will increase customer satisfaction. Audit findings will add significant value in the assessment of investments in amenities and the assurance of value for money spent.

Long term: Targets the achievement of full SMART MARKET status, ensuring stability in produce supplies, advanced market services, and the ability to manage business risks effectively. Continued rendering of a full portfolio of trustworthy and suitable trading space will sustain buyers’ magnitude. Human resources development to fully function with SMART MARKET technologies will lead to new services and operation methodologies. Audit findings will enable the testing of efficiencies of the integrated SMART MARKET services and guide guide adjustments to reduce business risks.

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

Risk	Short term mitigation 0 to 3 years	Medium Term Mitigation 3 to 5 years	Long term mitigation >5 years
Deterioration of JM business by competing new market ventures	Establish client loyalty on the supply and demand side of JM	Develop loyalty programmes supported by suitable incentives	Build longer term relationships with key suppliers and key buyers
How and when	New Customer Charter Roll out of launching deliverables by March 2023	Promote trading on JM as SMART MARKET.- June 2024 to July 2024	Final phase SMART MARKET Promotional programme - May 2027
Insufficient trading space	Plan SMART MARKET of the future trading spaces	Construct and implement SMART MARKET of the future trading spaces and amenities	Optimise SMART MARKET of the future systems and operating model
How and when	SMART MARKET floor space upgrade - July 2023 (Phase 1)	SMART MARKET floor space upgrade - July 2024 (Phase 2)	SMART MARKET floor space upgrade - July 2025 (Phase 3)

Table 4: Key business risks

Business model

JM operates like a stock exchange for fresh produce, using a specialised central trading system to facilitate accurate and real-time decision-making. The market provides 65,000 square meters of trading space across three halls, charging a 5% commission on sales.

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

Value for Money Market Services

The JM offers comprehensive value-for-money services in its fresh produce trading operations, conducted in three specialised halls: Fruit Hall, Potato & Onion Hall, and Vegetable Hall, covering 65,000 square meters. Producers are charged a 5% commission on sales, with an additional negotiable 7.5% commission payable to Market Agents for sales on behalf of farmers.

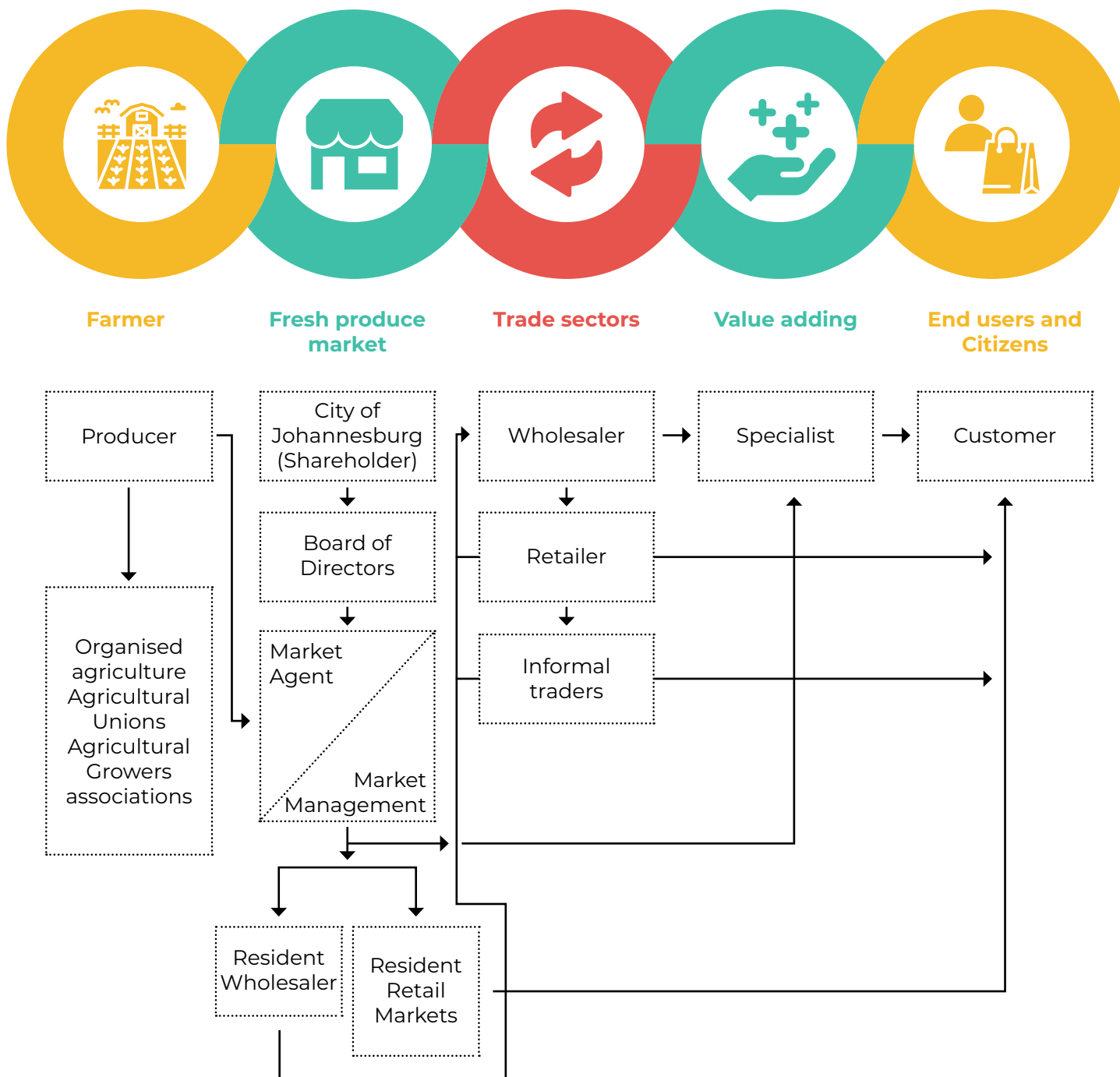
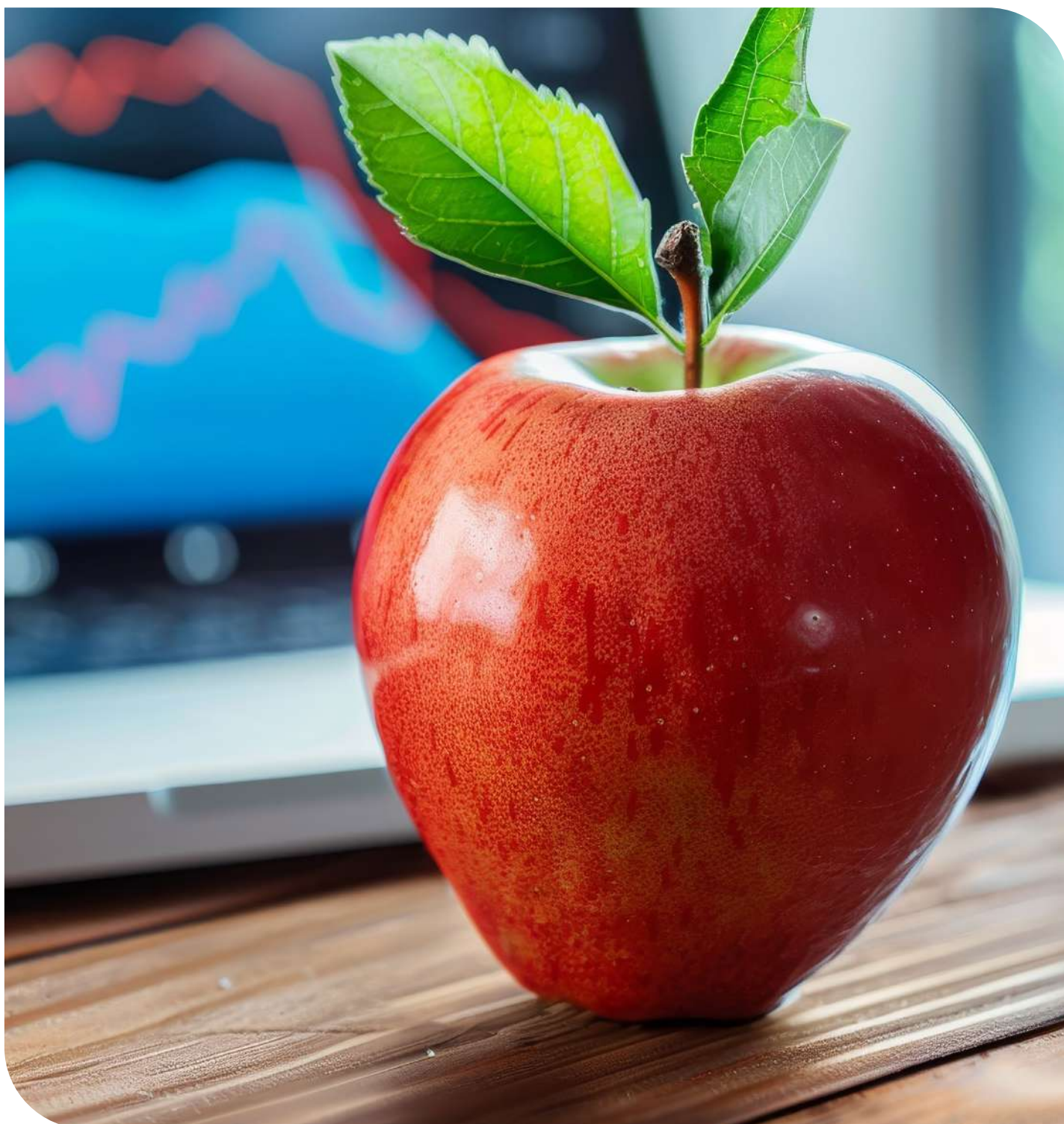


Figure 5: JM Trading model



JM operates like a stock exchange, providing a secure and efficient trading platform where market prices are determined by supply and demand. Its sophisticated electronic trading system captures and manages all trading elements in real time, offering the fastest payment system in the industry. The market also ensures farmer protection through consignment control, SA National Accreditation System (SANAS) accredited laboratory services, and dispute resolution mechanisms, where the CEO ensures the availability of necessary amenities and services, oversees the trading system, and serves as an impartial arbitrator in disputes.

The JM system also includes consignment control, laboratory and inspection services, and traceability to protect farmers' interests, with additional services that include cold storage, ripening facilities, and security, all aimed at maintaining a compliant and serviceable market facility.



JM also offers marketing, agribusiness support, and dissemination of market results to attract buyers and support farmers, boasting expertise in:

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

The Value for Money market services are depicted in the illustration below.



Figure 6: JM levels of services

Competitive Landscape

JM monitors and evaluates both direct and indirect competitors, with a particular focus on emerging fresh produce markets in Gauteng. The company's marketing strategy emphasises its position as the best one-stop-market facility, aiming to sustain its competitive edge.

This process ensures that JM remains a vital player in the fresh produce market, supporting farmers, buyers, and the broader agricultural value chain.

CHAPTER TWO

GOVERNANCE

SECTION 1: OVERVIEW

SECTION 2: BOARD OF DIRECTORS

SECTION 3: CORPORATE GOVERNANCE

SECTION 4: EXECUTIVE COMMITTEE AND EXECUTIVE REMUNERATION

SECTION 5: GOVERNANCE OF STAKEHOLDER RELATIONS

SECTION 6: COMPANY SECRETARIAL FUNCTION

SECTION 7: INTERNAL AUDIT FUNCTION

SECTION 8: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

SECTION 9: SUSTAINABILITY REPORT

SECTION 10: ANTI-FRAUD AND CORRUPTION

SECTION 11: IT GOVERNANCE

SECTION 12: RISK MANAGEMENT, RISK OPPORTUNITIES AND
DEPENDENCIES

SECTION 13: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

SECTION 14: FRAUD RISK MANAGEMENT/ FRAUD PREVENTION



SECTION 1: OVERVIEW

Corporate governance at Joburg Market ensures accountability and proper governance structures. In line with Section 121(2) (c) of the Municipal Finance Management Act (MFMA) and in compliance with Section 18 (1) (d) of the Municipal Systems Act (MSA), Joburg Market must compile and publish an Integrated Report. This report aims to promote accountability to the Shareholder (the City of Johannesburg), communities, and other stakeholders by detailing the Board's governance decisions throughout the 2022/23 financial year.

Governance Framework

JM recognises that conducting its affairs with integrity will ensure that the public and its parent municipality, the City of Johannesburg Metropolitan Municipality, have confidence in its work. JM's governance framework is rooted in integrity and compliance with legal and regulatory standards. The Board of Directors and executive management continuously enhance internal controls and governance procedures to ensure ethical management within well-defined risk parameters. Regular assessments ensure compliance with the Companies Act, MSA, and MFMA.

Governance Arrangements

JM operates under the Department of Economic Development, receiving strategic direction and political oversight, and reports to the office of the relevant MMC who provides political oversight along with the The Council's Section 79 Portfolio Committee on Economic Development. The Shareholder Agreement and the Service Delivery Agreement has been signed and guide JM's strategic and operational direction. The Board of Directors, appointed by the Shareholder, is accountable for strategy, risk mitigation, and performance management.

Oversight committees

The Council's Section 79 Portfolio Committee on Economic Development, on a quarterly basis, conduct oversight of the Department of Economic Development as well as its entities of which JM is one. The Committee ensure JM's operations are politically and administratively scrutinised. The latter committee also facilitated the public consultations for the new JM bylaw during the year under review.



JM also reports to the CoJ

Group Performance Audit Committee (GPAC), the CoJ: Group Audit Committee (GAC) and the Municipal Public Accounts Committee (MPAC). The JM Board Audit and Risk Committee Chairperson attended these meetings, ensuring JM's full compliance and accountability.

Ethical Leadership

JM's Board of Directors is dedicated to the principles of ethical leadership and good corporate governance, as outlined in King IV™ and is committed to exercising ethical and effective leadership in the running of JM operations. The Board promotes values such as integrity, competence, responsibility, accountability, fairness, and transparency, ensuring these are reflected in JM's operations and stakeholder interactions.

Citizen involvement in the planning and implementation of projects

JM actively engages with stakeholders, including tenants, market agents, and wholesalers, in the planning and execution of strategic projects. These engagements inform the Joburg Market Medium Term Revenue and Expenditure Framework (MTREF) and contribute to local community empowerment through job creation and the use of local labour, particularly targeting youth and women. In 2022/23, JM created 118 job/learnership opportunities and deployed 103 EPWP workers. The Audit and Risk Committee provides strategic project oversight and reports to Board on any non-compliances.

Compliance with laws, rules, codes and standards

The JM Board oversees compliance with applicable laws, rules, codes, and standards, ensuring that all reported incidents of non-compliance are addressed promptly. JM operates within its Delegations of Authority, which are regularly reviewed to align with business and legislative requirements.

Environmental Management

JM is committed to sustainable development in all operational and capitalised projects, from design to handover. This includes rainwater harvesting, photovoltaic systems for energy, and efficient cold store management. JM's waste material reclamation efforts have created job opportunities in recycling and are exploring the introduction of a bio-digester to convert waste into usable resources.



Citizen involvement in the planning and implementation of projects

JM actively engages with stakeholders, including tenants, market agents, and wholesalers, in the planning and execution of strategic projects. These engagements inform the Joburg Market Medium Term Revenue and Expenditure Framework (MTREF) and contribute to local community empowerment through job creation and the use of local labour, particularly targeting youth and women. In 2022/23, JM created 118 job/learnership opportunities and deployed 103 EPWP workers. The Audit and Risk Committee provides strategic project oversight and reports to Board on any non-compliances.

Compliance with laws, rules, codes and standards

The JM Board oversees compliance with applicable laws, rules, codes, and standards, ensuring that all reported incidents of non-compliance are addressed promptly. JM operates within its Delegations of Authority, which are regularly reviewed to align with business and legislative requirements.

Environmental Management

JM is committed to sustainable development in all operational and capitalised projects, from design to handover. This includes rainwater harvesting, photovoltaic systems for energy, and efficient cold store management. JM's waste material reclamation efforts have created job opportunities in recycling and are exploring the introduction of a bio-digester to convert waste into usable resources.

The role of Internal Audit

In compliance with Section 138 of the Companies Act, JM has an Internal Audit Unit. The Unit, in compliance with the Companies Act, provides independent assurance on the effectiveness of the organisation's risk management, governance, and internal control processes. The Internal Audit Unit plays a key role in helping JM achieve its objectives by evaluating and improving these processes. The role of the Internal Audit Unit for the period under review is captured in Chapter 6 of this report.



Combined Assurance

JM follows the King IV™ principle of combined assurance, integrating internal and external assurance providers to address high-risk areas. JM uses the three lines of defence model – comprising management, internal oversight functions, and external assurance functions – is used to coordinate assurance efforts, overseen by the Audit and Risk Committee.

The Board is satisfied with arrangements to ensure an effective combined assurance model is in place at JM.

Acting CEO professional commitments

The Acting CEO is currently serving as Board Member of JM and do not hold any external body interests which could interfere in his duties at the organisation.



CFO Professionally qualified

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

Implementation of the King Code of Corporate Governance

JM applies King IV™ governance principles, emphasising openness, integrity, and accountability. The Board and Executive Team are committed to ethical management and ensuring that stakeholders have confidence in the organisation's governance practices, and is ethically managed according to prudently determined risk parameters.

King IV™ Application Register

JM adheres to King IV™'s outcomes-based approach, focusing on ethical and effective leadership to achieve governance outcomes. The Board follows an "apply and explain" method to implement and track progress on the 17 principles of King IV™ governance. The desired governance outcomes are listed below.

KING IV™ PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
Governance Outcome One: Ethical Culture		
Principle 1: Leadership. The governing body should lead ethically and effectively.	Joburg Market's board of directors is its governing body. The director's hold one another accountable for decision-making and behave ethically, as characterised in King IV™.	An employee code of conduct policy is in force throughout the Entity. All directors and employees are obligated under the code to act with honesty and integrity and to maintain the highest ethical standards. Declarations of interest are managed in line with the Companies Act 71 of 2008 and directors are required to disclose their shareholdings and additional directorships on an annual basis.
Principle 2: Organisational Ethics. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the Entity and its stakeholders. It is the primary body responsible for the corporate governance values of the Entity.	The employee code of conduct sets the minimum standards expected of all employees of the Joburg Market. Furthermore, the market by-laws set the minimum standards expected of the market agents and suppliers of the Joburg Market.
Principle 3: Responsible Corporate Citizenship. The governing body should ensure that the organisation is seen to be a responsible corporate citizen.	The board approves the strategy and priorities of the business as set out in its annual integrated report. Through stakeholder engagement and collaboration, Joburg Market is committed to finding lasting solutions to sustainability challenges. The board, with the support of the Social, Ethics and Transformation Committee oversees and monitors how the Entity's activities affect its status as a responsible corporate citizen and reports annually on the Entity's sustainability and transformation activities.	Integrated Annual Report.
Governance Outcome Two: Performance and Value Operation		
Principle 4: Strategy and performance. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy business model, performance and sustainable development are all inseparable elements of the value creation process.	The board informs and approves Joburg Market's strategy, which is aligned with the mandate of the Shareholder and the value drivers of Joburg Market's business. The board oversees and monitors management's implementation of the strategy and business plan on a quarterly basis.	Integrated Annual Report.

King IV™ PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
Principle 5: Reporting. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects.	The board, through the Audit Committee, ensures that the necessary controls are in place to ensure and safeguard the integrity of all financial information and reporting documentation. The Entity ensures its financial statements are prepared in accordance with applicable accounting standards and legislative requirements.	Integrated Annual Report. Audited Financial Statements.
Governance Outcome One: Ethical Culture		
Principle 6: Primary role and responsibilities of the governing body. The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The board meets once a quarter. Should an important matter arise between scheduled meetings, additional meetings are convened once permission is granted by the respective Portfolio MMC.	The board has an approved charter, which it reviews annually. The charter sets out its governance responsibilities, including its role, responsibilities, membership requirements and procedural conduct. Group Shareholder Policy.
Principle 7: Composition of the governing body. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The shareholder assesses the adequacy of the board's composition annually to ensure that it is still fit for purpose, has the right balance of skills, experience, diversity, independence and knowledge.	Board Assessments.
Principle 8: Committees of the governing body. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties.	Committees are to be established to assist the board in discharging its responsibilities. The committees of the board comprise the Audit and Risk Committee and the Remuneration Committee as well as the Social, Ethics and Transformation Committee.	Shareholder Compact. Committee Terms of Reference.
Principle 9: Evaluations of the performance of the governing body. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The effectiveness of the performance of the board, its committees, individual Non-Executive directors and the Chairperson is assessed annually by the Shareholder.	Board Assessments.

KING IV™ PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
Principle 10: Appointment and delegation of management. The governing body should ensure that the appointment of, and delegation to, management, role clarity and effective exercise of authority and responsibility.	The board plays a role in the appointment and recommendation of the CEO to the Shareholder.	Group Shareholder Policy.
Principle 11: Risk Governance. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The ARC committee assists the board with the governance of risk. Joburg Market's enterprise risk management and combined assurance framework, together with other Group policies and procedures inform its risk management culture.	Integrated Annual Report.
Principle 12: Technology and Information Governance. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Information management is an important part of Joburg Market's business and is essential to the strategy, performance and sustainability of the Group.	ICT Policies. Integrated Annual Report.
Principle 13: Compliance Governance. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Joburg Market is committed to conducting its business in compliance with all applicable laws and regulations. Safety, health and environmental laws are all identified as key legal compliance areas and therefore receive the necessary attention on an on-going basis.	Group Policies and Procedures.
Principle 14: Remuneration Governance. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Independent approval and overseeing of the overall remuneration structure is delegated by the board to the Remuneration Committee.	Committee Terms of Reference.

KING IV™ PRINCIPLE	REQUIREMENT	CONFIRMATION DOCUMENTATION
Principle 15: Assurance. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the external reports.	The board, supported by the ARC committee, ensures an effective control environment, which supports the integrity of information.	Committee Terms of Reference. Audited Financial Statements. Integrated Annual Report.
Governance Outcome Four: Trust, Good Reputation and Legitimacy		
Principle 16: Stakeholders. In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.	Joburg Market has identified its stakeholder group and actively balances their legitimate and reasonable needs, interests and expectations.	Union Agreements.
Principle 17: Institutional Investors. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.	The Joburg Market is a Municipal State Owned Entity and does not have any institutional investors; as such this principle does not apply.	Not Applicable

Table 5: King IV™ Application Register



SECTION 2: BOARD OF DIRECTORS

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

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

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

JM accesses professional corporate governance services through the Group Governance function of the Shareholder. The support provided by the latter function is most effective and professional and the appreciation is registered for the services rendered during the past financial year on various levels and in forums of the Company.



Company Directors

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

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
Mr. Thokozani Thwala	Chairperson Non-Executive Director	February 2022	Master of Development Finance. Postgraduate Diploma in Management. National Diploma – Public Management. Trade & Investment Promotion Programme. Economic Development GGDA In-House. Economic and Development Policy. Econometrics for the Practitioner.	Black	Male	-	49	Board Chairperson & Strategy and Operations Committee	-
Dr. Thembi Xaba	Non-Executive Director	March 2021 Re- appointed February 2022	PhD in Business Management. Administration Masters in Development Finance (AACSB/ EQUIS/AMBA Accredited). Advanced Diploma in Economic Policy. Post Graduate in Land and Agrarian Studies. B-Tech Agriculture Management. National Diploma: Agriculture Resource Utilisation. Certificate in Senior Management. Development Programme Certificate in Project Management. Course in Entrepreneurship in Emerging Economies. Course in Applied Data Envelopment Analysis. Course in Applied Efficiency & Productivity Analysis.	Black	Female	1. Crookes Brothers Ltd 2. National Agricultural Marketing Council 3. Gibela Business Incubator 4. Mazibuye Investments 5. Abuyile Investments	49	ARC Chairperson	-

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
Ms. Sanelisiwe Mmusi	Non-Executive Director	February 2022	Master of Business Administration. Bachelor of Science (Hon) Environmental Science. Bachelor of Economics in Environmental Economics.	Black	Female	1. Black Velvet Civils 2. The White House on Nicol 3. Braamrand Investment 4. Velvet Civils	35	REMSETC	-
Mr. Vuma Ngcobo	Non-Executive Director	February 2022	Bachelor of Accounting Sciences. Postgraduate Diploma in Internal Auditing (in progress).	Black	Male	-	30	Strategy and Operations Committee	-
Mr. Emmanuel Sifiso Cele	Non-Executive Director	February 2022	Master of Business Administration. Global Executive Development Programme. Post Graduate Diploma in Business Management. Bachelor of Social Science Degree (Honours) Industrial Sociology). Bachelor of Social Science Degree (Organizational Psychology & Industrial Sociology).	Black	Male	1. Inzuzo Capital 2. Ndosi KaMagaye Search Partners 3. Ndosi KaMagaye Petrol Station 4. GStone Gaming 5. Ubuhle Studio 6. Palladium Buildings 7. Modern Gentlemen Holdings 8. Ndosi KaMagaye Investments 9. Rexiwells 10. Shakaland Property Holdings	46	REMSETC	-
Dr. Nandipha Madiba	Non-Executive Director	February 2022	PhD DBA (BWU). MBA, Cum laude. Hons (B Compt) + CTA (NDP)-Papers. BCom (Acc). Post Grad Diploma in Financial Management. Post-graduate Certificate: Advanced Taxation Certificate. Diploma in Human Resources Management. Professional Bodies: Member of Directors South Africa (IoDSA)	Black	Female	1. About Survival Consulting Agency 2. AWIMEF 3. Bafazi BeAfrika Investment Holdings 4. Sasol Oil 5. Tshwarisano LFB 6. Isibane 7. Sci-Bono Discovery Centre 8. WOESA 9. FLSA 10. YDEI Africa Foundation 11. MadiNod 12. Marine Heritage 13. Esylife Africa 14. Legacy Creators 15. Overberg Water Board	59	ARC	-

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
						16.GPL: Legislature Services Board			
Mr. Jan Mocke	Non-Executive Director	February 2022	B(Eng)Electronic. Master's in Business Leadership.	White	Male	1. TEDA 2. Areyebohle 3. Win-A-Way 4. C-Klip	64	Strategy and Operations Committee Chairperson	-
Ms. Zakithi Mthembu	Non-Executive Director	February 2022	Bachelor of Laws. Bachelor of Commerce (Law and Business Management). Admitted legal practitioner (Attorney) of the High Court of South Africa	Black	Female	-	34	REMSETC	-
Mr. Zamikhaya Xalisa	Non-Executive Director	March 2021 Re- appointed March 2023	Masters in Sustainable Agriculture. MBA. Management Professional Bodies: Member of Directors South Africa (IoDSA) Advancement Programme. B.Tech in Agricultural Management. National Diploma in Farm Business Management. Finance for Non- Financial Managers. Designing and Executive BEE Strategy. Project Management.	Black	Male	1. Helen Joseph Hospital 2. Ntinga Development Agency	49	REMSETC Chairperson	Board Chairperson & Strategy and Operations Committee
Ms. Zanele Ngwepe	Independent Audit Committee Member	March 2021 Re- appointed February 2022	B.Com. B.Com Accounting Honours. CA(SA).	Black	Female	1. Nolwazi Financial Consulting	44	ARC	-
Mr. Aubrey Mokwen	Independent Audit Committee Member	March 2021 Re- appointed February 2022	MBA. Postgraduate Diploma in Taxation. Postgraduate Diploma in Accounting Science. BCOMPT.	Black	Male	1. Worthing Properties 2. Lehlaka Consulting and Management	41	ARC	-
Mr. Raymond Magagula	Independent Audit Committee Member	February 2022	Strategy and Corporate Governance. Digital Transformation. Application Management. Operations Management.	Black	Male	1. Maggax Digital Media 2. Cosmo City Experts	49	ARC	-

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 23	Post AGM Mar 23
Mr. Odirile Bolokang	Non-Executive Director	March 2023	National Diploma in Mechanical Engineering. Post Graduate Certificate in Education.	Black	Male	-	37	-	Strategy and Operations Committee
Mr. Ratshibvumo Ramabulana	Non-Executive Director	March 2023	Bachelor of Laws (LLB). Certificate in Practical Legal Training. Pupillage.	Black	Male	-	35	-	REM-SETC
Mr. Godfrey Tsotetsi	Non-Executive Director	March 2023	Bachelor of Administration. Honours in Public Administration. Bachelor of Administration in Public Administration & Public Management. Advanced Governance and Public Leadership. Professional Certificate in Public Management. Diploma in Road Transportation Management.	Black	Male	-	61	-	Strategy and Operations Committee
Ms. Nomveliso Mpongo	Non-Executive Director	March 2023	BA Degree. Postgraduate Diploma in HIV/Aids. Remedial Education Diploma. Junior Secondary Teachers Certificate. Advanced Certificate in Education Human Rights and Values.	Black	Female	-	65	-	REN-SETC
Ms. Manini Vilakazi	Non-Executive Director	March 2023	National Diploma in Public Relations.	Black	Female	1. BBMAT Group	58	-	REM-SETC
Mr. Fuzile Vondo	Non-Executive Director	March 2023	Bachelor of Public Management. Certificate in Strategy Thinking, Planning and Implementation. Certificate in Governance and Leadership Oversight. Diploma in Compt and Technology.	Black	Male	-	45	-	ARC & Strategy and Operations Committee Chairperson
Ms. Noxolo Sicam	Non-Executive Director	March 2023	Finding Funding Certificate.	Black	Female	-	35	-	Strategy & Operations Committee

Board Member	Capacity	Period of Membership	Qualification/s	Race	Gender	Other Directorships	Age	Board Committee Membership	
								Pre AGM Mar 2023	Post AGM Mar 2023
Ms. Mantombi Nkosi	Non-Executive Director	March 2023	National Diploma in Accountancy. Programme in Commercial Accounting. Professional Bodies: Member of the Institute of Internal Auditors South Africa. (IIA SA)	Black	Female	-	28	-	ARC Chair-person
Mr. Musa Shibambu	Non-Executive Director	March 2023	Masters in Philosophy. FinTech. Postgraduate Diploma in Business Management.	Black	Male	Akila Afrika Zaliwa	36	-	REM-SETC
Mr. Grant Son	Independent Audit Committee Member	March 2023	Masters in Philosophy. Pre LLM. Environmental Management Studies. MBA. Professional Bodies: Member of Directors South Africa (IoDSA)	Coloured	Male	SIBS I am Black Gold	47	-	ARC
Mr. Motsamai Karedi	Independent Audit Committee Member	March 2023	Honors in Commerce. Certificate in Management	Black	Male	1. Payela Petroleum	57	-	ARC
Mr. Gift Netshidzati	Independent Audit Committee Member	March 2023	National Certificate on Metropolitan Police.	Black	Male	Chidzati Group Net-Rad New Horizon Chidzati Trading & Projects Heartwood Independent College	44	-	ARC
Mr. Thulani Ngcobo	Independent Audit Committee Member	March 2023 Resigned April 2023	Governance and Leadership. Bachelor of Education.	Black	Male	-	48	-	ARC

Table 6: Non- Executive Directors

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



BOARD OF DIRECTORS



Zamikhaya Xalisa
Chairperson of the Board



Vuyiswa Gumede
**Remuneration,
social, ethics and
Transformation
Committee Chairperson**



Mantombi Nkosi
**Audit and Risk
Committee Chairperson**



Chris Vondo
**Strategy and Operations
Chairperson**



Gift Netshidzazi
**Independent
Audit Committee
Member**



Grant Son
**Independent
Audit Committee
Member**



Motsamai Karedi
**Independent
Audit Committee
Member**



Odirile Bolokang
Non-executive Director



BOARD OF DIRECTORS



Noxolo Sicam
Non-executive Director



Nomveliso Mpongo
Non-executive Director



Manini Vilakazi
Non-executive Director



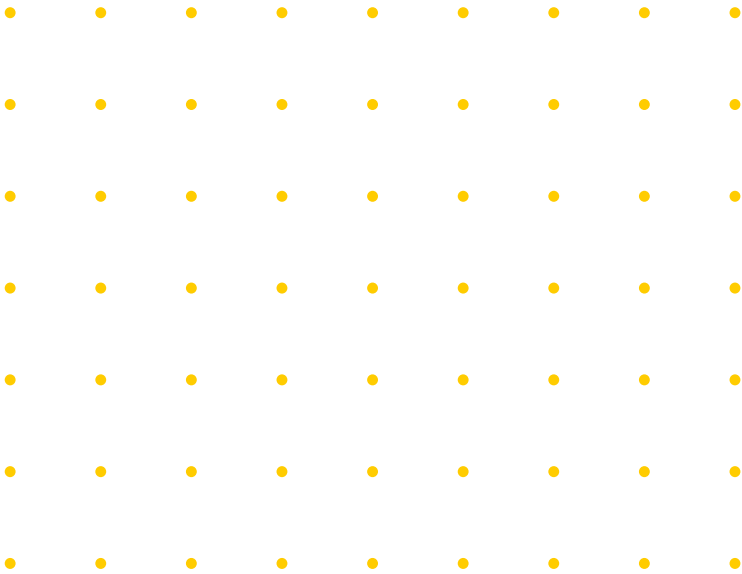
Ratshibvumo Ramabulana
Non-executive Director



Mr. Godfrey
Tsotetsi
Non-executive Director



Musa Shibambu
Non-executive Director



Independent Audit Committee Members

The independence of JM audit committee members are observed in compliance to the rules of the shareholder and the provisions of the King IV™ code. By providing an independent source of advice to the board, audit committees play a key role in an organisation’s governance structure. To ensure the audit committee’s independence, it is a leading practice by the shareholder to ensure that the majority of its members are independent from the organisation. The below table reflects the total number of meetings held and the recommendations made for the 2022/23 financial year;

Independent Audit Committee Recommendations

Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21/07/2022	The Q4 Report for FY2021/22 be and is hereby recommended to the Board for approval.	Adopted
21/07/2022	The UIFW reduction strategy be and is hereby recommended to the Board for approval.	Adopted
21/07/2022	The Information Technology Policy be and is hereby recommended to the Board for approval.	Adopted
25/08/2022	The Audit Strategy as presented by the AGSA be and is hereby recommended to the Board for approval	Adopted
25/08/2022	The unaudited financial statement for the year ended 30 June 2022 be and is hereby recommended to the Board for approval	Adopted
25/08/2022	The draft performance information for FY2021/22 be and is hereby recommended to the Board for approval.	Adopted
25/08/2022	The draft annual integrated report for FY 2021/22 be and is hereby recommended to the Board for approval.	Adopted
25/08/2022	The UIFW write-off report be and is hereby recommended to the Board for approval.	Adopted
20/10/2022	The Q1 Report for FY2022/23 be and is hereby recommended to the Board for approval.	Adopted
20/10/2022	The business continuity management policy be and is hereby recommended to the Board for approval.	Adopted
20/10/2022	The business continuity management systems implementation plan be and is hereby approved.	Adopted
28/11/2022	The Auditor General SA Audit report and Management letter –year ended 2021/22 be and is hereby recommended to the Board for approval	Adopted
28/11/2022	The audited financial statements for the year ended 20 June 2022 be and is hereby recommended to the Board for approval.	Adopted
28/11/2022	The annual integrated report for FY 2021/22 be and is hereby recommended to the Board for approval subject to alignment of the Finance Chapter with the approved audited financial statements.	Adopted
28/11/2022	The adjustment budget as presented be and is hereby recommended to the Board for approval with proviso that this budget is used to achieve Joburg Market's CAPEX spend.	Adopted
12/01/2023	The Q2 Report for FY2022/23 be and is hereby recommended to the Board for approval subject to amendments.	Adopted
13/04/2023	The Compliance management policy be shared with members for possible consideration for approval.	Adopted

Independent Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2022/23	Recommendations adopted (enter Yes) If not adopted (provide explanation)
13/04/2023	The Q3 Report for FY2022/23 be and is hereby recommended to the Board for approval subject to amendments.	Adopted
13/04/2023	Management ensures Internal Audit conducts investigations and implements consequence management where necessary.	Adopted
13/04/2023	Management to resolve the challenges regarding the CCTV contract.	In progress – nearing conclusion
13/04/2023	The risk management plan FY2023/24 be and is hereby recommended to the Board for approval.	Adopted
13/04/2023	The adjusted internal audit plan be and is hereby approved subject to the human resources audit remain part of the plan.	Adopted
13/04/2023	The Finance Performance Report includes disclosing the breakdown of targeted groups in the HR expenditure portion and how JM is responding to the imperative as well as the financial ratios be aligned to the norms as communicated by CoJ.	Adopted
13/04/2023	Management compiles a Procurement Turnaround strategy	In progress – to be finalised in January 2024
13/04/2023	Management shares the complete contract listing with expiry dates of the various contracts for suppliers and service providers at the JM.	Adopted
13/04/2023	A feasibility study be carried out on acquiring the Engen Garage at the Market exit gate.	In progress – service provider to be appointed
13/04/2023	Management shares the CoJ dashboard of Audit findings as well as the circular regarding the UIFW together with JM's UIFW write off report with the Committee.	Adopted
13/04/2023	Management shares the disaster recovery plan with the Committee.	Adopted
13/04/2023	Management report quarterly on the website portal development.	Adopted
26/06/2023	The Audit and Risk Committee Terms of Reference FY2023/24 be and is hereby adopted and recommended to the Board for approval.	Adopted
26/06/2023	The UIFW write-off be and is hereby recommended to the Board for approval subject to the investigation reports being shared with the Committee prior to the Board Meeting to be held on 30 June 2023.	Adopted

Table 7: Independent Audit Committee Recommendations

Schedule of meetings

	Members	Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
		A	B	A	B	A	B	A	B
Non-Executives	Mr. Thwala T (Chairperson) **	6	13	-	-	2	4	-	-
	Mr. Cele S **	7	13	-	-	-	-	3	4
	Dr. Madiba N **	8	13	5	7	-	-	-	-
	Ms. Mmusi S **	8	13	-	-	1	2	2	4
	Mr. Mocke J **	8	13	-	-	3	4	-	-
	Ms. Mthembu Z **	8	13	-	-	-	-	3	4
	Mr. Ngcobo V **	8	13	-	-	3	4	-	-
	Dr. Xaba T **	7	13	5	7	-	-	-	-
	Mr. Xalisa Z ***	10	13	-	-	1	4	3	4
	Mr. Magagula R (IAC) **	-	-	5	7	-	-	-	-
	Mr. Mokwena A (IAC) **	-	-	5	7	-	-	-	-
	Ms. Ngwepe Z (IAC) **	-	-	3	7	-	-	-	-
	Ms. Gumede V #	5	13	-	-	-	-	1	4
	Mr. Bolokang O # \$	4	13	-	-	1	4	-	4
	Mr. Ramabulana R # \$	5	13	-	-	-	-	-	4
	Mr. Tsotetsi G #	4	13	-	-	1	4	-	4
	Ms. Mpongo N #	5	13	-	-	-	-	1	4
	Ms. Vilakazi M #	5	13	-	-	-	-	1	4
	Mr. Vondo C #	5	13	1	7	1	4	-	-
	Ms. Sicam N #	5	13	-	-	1	4	-	-

Members		Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
		A	B	A	B	A	B	A	B
Non-Executives	Ms. Nkosi M #	5	13	2	7	-	-	-	-
	Mr. Cele S **	7	13	-	-	-	-	3	4
	Mr. Shibambu M #	5	13	-	-	-	-	1	4
	Mr. Son G (IAC) #	-	-	2	7	-	-	-	-
	Mr. Karedi M (IAC) #	-	-	1	7	-	-	-	-
	Mr. Netshidzati G (IAC) #	-	-	1	7	-	-	-	-
	Mr. Ngcobo T (IAC) *	-	-	-	7	-	-	-	-
Executives	Ms. Williams L (Chief Executive Officer) %	-	13	-	7	-	4	-	4
	Mr. Mphakathi S (Acting Chief Executive Officer)	8	13	5	7	2	4	1	4
	Mr. Baloyi N (Chief Financial Officer)	9	13	7	7	4	4	4	4

Table 8: Schedule of Meetings as at 30 June 2023

Key:

Meetings attended by the Board and its Committees

A = Meetings attended * = Resigned B = Number of meetings scheduled ** = Retired

IAC = Independent Audit Committee Member *** = Re-appointed

= New members

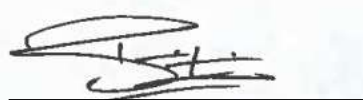
SECTION 3: CORPORATE GOVERNANCE

3.1 Governance Report

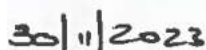
COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY IN RESPECT OF SECTION 88 (2) (E) OF THE COMPANIES ACT.

In terms of section 88 (2) (e) of the Companies Act 71 of 2008 (as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2023, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



Mr. Keeran Singh
Joburg Market (SOC) Ltd
Company Secretary



Date

SECTION 4: EXECUTIVE COMMITTEE AND EXECUTIVE REMUNERATION

Executive Members

Mr. Solomon Mphakathi (Acting Chief Executive Officer)

Qualifications:

- Executive Development Programme,
- Masters of Management in Finance and Investments
- Senior Leadership Development Programme
- Municipal Finance Management Programme
- Chartered Accountant, CA (SA)
- Bachelor in Accounting Hons/CTA
- Post graduate certificate in Financial Accounting (Appointed, 01 April 2022)

Mr. Junior Nkosinathi Baloyi (Acting Chief Financial Officer)

Qualifications:

- Bachelor in Accounting
- Bachelor in Accounting Hons
- Advanced Financial Accounting, advanced Taxation, Advanced Auditing,
- Advanced Management Accounting and Financial management
- Chartered Accountant, CA (SA)
- Advanced Financial Management Certificate (Appointed 01 April 2022)

Mr. Bongani Radebe (Executive Manager: Core Operations)

Qualifications:

- Masters in Management
- Postgraduate Diploma In Management
- B. Uiris (Law Degree)
- Diploma in Criminal Justice and Forensic Investigations (Appointed, 01 October 2020)

Ms. Phoebe Nimmerhoudt (Executive Manager Corporate Services)

Qualifications:

- BA Degree (Industrial Psychology) (Appointed: 07 September 2020)

Table 9: Executive Committee



The recorded attendance of meetings and subsequent remuneration by Board and Independent Audit Committee Members for the FY period ended 30 June 2022.

Members		Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
		A	B	A	B	A	B	A	B
Non-Executives	Mr. Thwala T (Chairperson) **	6	13	-	-	2	4	-	-
	Mr. Cele S **	7	13	-	-	-	-	3	4
	Dr. Madiba N **	8	13	5	7	-	-	-	-
	Ms. Mmusi S **	8	13	-	-	1	4	2	4
	Mr. Mocke J **	8	13	-	-	3	4	-	-
	Ms. Mthembu Z **	8	13	-	-	-	-	3	4
	Dr. Xaba T **	7	13	5	7	-	-	-	-
	Mr. Xalisa Z ***	10	13	-	-	1	4	3	4
	Mr. Magagula R (IAC) **	-	-	5	7	-	-	-	-
	Mr. Mokwena A (IAC) **	-	-	5	7	-	-	-	-
	Ms. Ngwepe Z (IAC) **	-	-	3	7	-	-	-	-
	Ms. Gumede V #	5	13	-	-	-	-	1	4
	Mr. Bolokang O # \$	4	13	-	-	-	-	1	4
	Mr. Ramabulana R # \$	5	13	-	-	-	-	-	4
	Mr. Tsotetsi G #	5	13	-	-	1	4	-	-
	Ms. Mpongo N #	5	13	-	-	-	-	1	4
	Ms. Vilakazi M #	5	13	-	-	-	-	1	4
	Mr. Vondo C #	5	13	1	7	1	4	-	-
	Ms. Sicam N #	5	13	-	-	1	4	-	-
	Ms. Nkosi M #	5	13	2	7	-	-	-	-
	Mr. Shibambu M #	5	13	-	-	-	-	1	4
	Mr. Son G (IAC) #	-	-	2	7	-	-	1	4
	Mr. Karedi M (IAC) #	-	-	1	7	-	-	1	4
	Mr. Netshidzati G (IAC) #	-	-	1	7	-	-	1	4

Members		Board Meeting		Audit and Risk Committee		Strategy & Operations Committee		Remuneration, Social Ethics & Transformation Committee	
		A	B	A	B	A	B	A	B
Executives	Mr. Ngcobo T (IAC) *	-	-	-	7	-	-	-	-
	Ms. Williams L (Chief Executive Officer) %	-	13	-	7	-	4	-	4
	Mr. Mphakathi S (Acting Chief Executive Officer)	8	13	5	7	2	4	1	4
	Mr. Baloyi N (Chief Financial Officer)	9	13	7	7	4	4	4	4

Table 10: Attendance of meetings by Board and Independent Audit Committee Members for the FY period ended 30 June 2022.

Board Members			YTD
1	Mr. T. Thwala **	Chairperson	146 000,00
2	Dr. T. Xaba **	Member	226 000,00
3	Ms. S. Mmusi **	Member	128 000,00
4	Mr. V. Ngcobo **	Member	130 000,00
5	Mr. S. Cele **	Member	120 000,00
6	Dr. N. Madiba **	Member	136 000,00
7	Mr. J. Mocke **	Member	174 000,00
8	Ms. Z. Mthembu **	Member	120 000,00
9	Mr. Z. Xalisa ***	Chairperson	254 000,00
10	Ms. V. Gumede #	Member	118 000,00
11	Mr. O. Bolokang #	Member	-
12	Mr. R. Ramabulana #	Member	2 258,88
13	Mr. G. Tsotetsi #	Member	108 000,00
14	Ms. N. Mpongo #	Member	108 000,00
15	Ms. M. Vilakazi #	Member	100 000,00
16	Mr. C. Vondo #	Member	118 000,00
17	Ms. N. Sicam #	Member	100 000,00
18	Ms. M. Nkosi #	Member	130 000,00
19	Mr. M. Shibambu #	Member	100 000,00
Total			2 318 258,88

Independent Audit Committee Members			YTD
1	Mr. Raymond Magagula **	IAC	40 000,00
2	Mr. Aubrey Mokwena **	IAC	40 000,00
3	Ms. Zanele Ngwepe **	IAC	24 000,00
4	Mr. G. Son #	IAC	16 000,00
5	Mr. M. Karedi #	IAC	24 000,00
6	Mr. G. Netshidzati #	IAC	24 000,00
7	Mr. T. Ngcobo *	IAC	-
Total			168 000,00

Table 11: Remuneration by Board and Independent Audit Committee Members

SECTION 5: GOVERNANCE OF STAKEHOLDER RELATIONS

STAKEHOLDER	ENGAGEMENT ACTIVITY	OUTCOME / RESULTS
Monthly IMASA meetings with Market Agents	Discuss and address fresh produce industry challenges, opportunities and performance. Address day-to-day market operational activities	Develop a partnership approach to adequately manage market and fresh produce industry activities
Producers and their organisations	- Agri-SA and Agri- Gauteng engagements on market matters - Potatoes SA Industry Round table on fresh produce markets	- A draft Memorandum of understanding was achieved on co-operation between JM and the two organisations. - Potatoes SA and JM agreed on the establishment - of a forum to cooperate on market matters and transformation initiatives.
Agricultural students and emerging farmers	JM facilitated 2 groups of farmers and agricultural students	JM was able to clearly illustrate the role it plays in fresh produce marketing. The visitors were provided with the updated version of the JM Producer's Guide.
Unity market	Market By-laws and trading demarcation	JM continued to engage with traders and engaged with them on matters of cleanliness, orderly trading, maintenance of the facilities and their lease agreements.
Tshiamo market	Tshiamo market construction and relocation of traders during construction works	The Tshiamo Market upgrade is 90% completed and it is anticipated that traders will be able to take up the permanent trading spaces by November 2022. Engagements with the traders pertained to the construction works as well as their lease conditions.
Community engagements	Youth Day Celebration event	On 16 June 2022 JM offered a sponsored event with the Abraham Kriel Bambanani (AKB) Childrens Home in Wesbury. The event was addressed by the MMC for Economic Development MMC Nkululeko Ntobeko Mbundu. The Children's home received donations of fruit and vegetables which will alleviate the pressure on ensuring healthy feeding of beneficiaries

Table 12: Stakeholder engagements

In executing its mandate and driving business objectives, JM interacted with various stakeholders who have a direct or indirect influence on JM business. The table below outlines the stakeholders engaged in the 2022/23 financial year.

Public accountability and administration

Regional location and consultation

JM is situated in Region F, Cluster 4, Ward 57. On 26 February 2022, JM engaged with the community during a session, though no specific issues were raised for the market. JM remains ready to collaborate with the Ward Councillor on any future matters that may arise.

Additionally, JM involved the public in its strategic planning process, particularly consulting with businesses related to fresh produce. The market is committed to providing public access to trading opportunities, especially for Small, Medium, and Micro Enterprises (SMMEs), through its website and other media channels.

Bylaws

During the year under review, JM initiated the promulgation process for its newly developed bylaw that regulates trading and related practices at its premises. The new bylaw includes the introduction of a licensing system for market agents and service level agreements. Following public consultations and other necessary formalities, the bylaw was officially promulgated on 5 January 2022. Information regarding this bylaw can be found on JM's website at www.joburgmarket.co.za.

Public satisfaction on the services of JM

JM is committed to professionalism in all aspects of its services, aiming to ensure every visit to the market is a positive experience. To enhance service delivery, JM developed performance standards and maintained a dedicated email address (complaints@joburgmarket.co.za) to facilitate public access for resolving service-related issues. Recognising the nature of its services and the trading of perishable goods, JM maintains customer service desks across its trading halls.

Oversight through committees of Council

JM operates under the oversight of the Economic Development Committee (Section 79) of the City of Johannesburg (CoJ). This committee conducted quarterly oversight of JM and other entities and departments.

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

SECTION 6: COMPANY SECRETARIAL FUNCTION

The Company Secretary plays a crucial role in supporting the Board of Directors by developing systems and processes to enhance their efficiency and effectiveness. This role includes handling statutory returns to the Companies and Intellectual Property Commission (CIPC) and advising the Board on corporate governance, compliance with the Companies Act, and other relevant regulations.

The Company Secretary, further, provides guidance to the Executive on governance matters, ensuring the effective implementation of Board resolutions, and acts as a key liaison between the Board, Executive Management, and the Shareholder.

SECTION 7: INTERNAL AUDIT FUNCTION

JM's Internal Audit Department operates under the Audit and Risk Committee (ARC) to independently assess the adequacy of the Company's systems, financial controls, and accounting records. Findings are reported to the CEO, Management, ARC, and Auditor-General. The Senior Manager of Internal Audit reports functionally to the ARC and administratively to the CEO. The Internal Audit Plan, updated annually, focuses on high-risk areas identified in the strategic and operational risk registers. Detailed activities of the Internal Audit unit are provided in Chapter 6 of this report.



SECTION 8: CORPORATE ETHICS AND ORGANISATIONAL INTEGRITY

The Board recognises the importance of a robust Code of Ethics, supported by an ethics framework and risk register and is briefly highlighted below:

- JM’s Code of Ethics emphasises ethical conduct and legal compliance as crucial to maintaining its leadership in the industry.
- All Directors, officers, and employees are expected to exhibit integrity, honesty, and good judgment in their interactions.
- Compliance with the Code is mandatory, and violations can result in disciplinary action, including termination.
- Employees must cooperate with audits and investigations, with protection against retaliation for reporting misconduct.
- Annual disclosure of interests is required from all employees to ensure transparency and accountability.

More information on JM policies can be obtained by sending an email request to info@joburgmarket.co.za.

SECTION 9: SUSTAINABILITY REPORT

The Board of Directors and the Audit and Risk Committee has assessed the 2022/23 performance of the JM. The assessment, inter alia, included the following:

- The new Acting CEO and the new Board of Directors ensured a reasonable understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected the AFS of the company and interrogated all key financial aspects of the report;
- Reviewed the process that JM has in place for determining materiality elements to be included in the report;
- Applied the assurance criteria in evaluating the data generation and reporting processes;
- Reviewed the processes and systems to generate, collate, aggregate, monitor and report on the selected KPIs of the company;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by management in the preparation of the company financials and business plan;
- Evaluated whether the selected materiality criteria presented in the integrated report are consistent with our overall knowledge and experience of sustainability management and performance at JM.

JM opines that the evaluation is sufficient and appropriate to provide a basis for the conclusions.

Environmental sustainability

The JM is currently exploring various eco and environmentally friendly initiatives that are at a conceptual stage, which include: the conversion of waste to energy or tradable by-products.

With JM being a food centre it continues to utilise cleansing chemicals that are suitable in the space.

SECTION 10: ANTI-FRAUD AND CORRUPTION

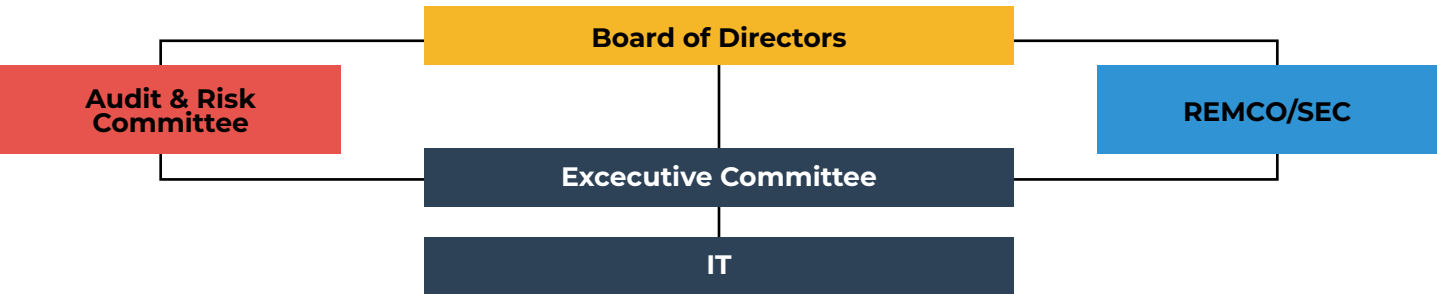
The company has an Anti-Fraud and Corruption Policy in place, which includes procedures on reporting fraud and how to access the tip-off hotline. The 24hour hotline is centrally managed by CoJ, featuring monthly incident reports sent to the Senior Manager: Internal Audit.

The fraud hotline is useful in fighting theft, bribery, misuse of property/company assets and other unlawful acts. It is accessed telephonically on 0800 00 25 87; SMS 32840; Email: anticorruption@tip-offs.com and website: tip-offs.com.

No hotline tip offs were received during the financial year under review.

SECTION 11: IT GOVERNANCE

JM’s Information Services Department (ISD) is managed by the Senior Manager: Information Services. The JM IT governance structure is depicted below:



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

Internal service standards (incorporated into internal KPAs) have been implemented and are measured monthly and quarterly.

SECTION 12: RISK MANAGEMENT, RISK OPPORTUNITIES AND DEPENDENCIES

The Audit and Risk Committee of JM adopted an integrated approach to risk management and utilises the CoJ Group Risk Management Framework, the Group Risk Management Policy as well as the CoJ's Compliance Framework. Risk Management processes are reviewed annually.

Stakeholder consultations are conducted in terms of the JM's Marketing and Communications strategy. Stakeholder management is featured under section 7 of this chapter.

The Audit and Risk Committee and the Board of Directors held a joint risk session during the period under review and the strategic risk register was updated. Progresses on significant matters are reported on in Chapter 3, section 1.

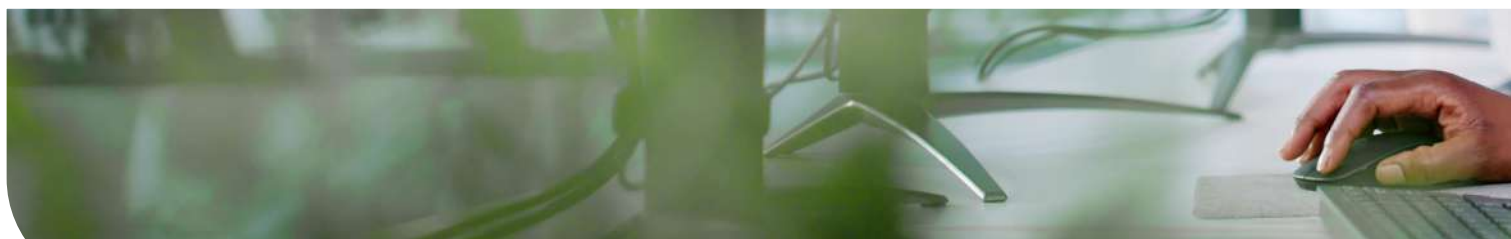
The top 7 risks of the entity are tabled below:

#	Risk Name	Impact Rating	Likelihood	Inherent Risk	Control Effectiveness	Residual Risk Exposure
1	Business Failure	Critical	Almost	Very high (25)	Ineffective	High (20)
2	Inadequate space and space utilisation	Critical	Almost	Very high (25)	Ineffective	High (20)
3	Ineffective transformation programmes	Major	Almost	High (20)	Ineffective	High (20)
4	Inadequate fit for purpose (Human resources)	Major	Almost	High (20)	Partially effective	High(16)
5	Lack of integrated marketing, communication, strategy and stakeholder relations	Major	Almost	High (20)	Partially effective	High(16)

Table 13: JM top 7 risks

JM is affected by numerous dependencies, listed here:

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



Risk appetite and risk tolerance

#	Risk Categories	Risk Appetite	Risk Tolerance
1	Fraud and Corruption	Zero	Zero Tolerance
2	Non Compliance with Supply Chain Management Regulations:	Zero	Low Tolerance
3	Regulatory Non-compliance	Zero	Low Tolerance
4	Financial Governance/Management risks	Low	Low Tolerance
5	Financial under performance (% aligned to SDIP annual target)	Approved annual target	Low Tolerance
6	Service delivery and Operational Risks: (organisational performance indicators)	Approved annual target	Low Tolerance
7	Organisational & governance risks (accountability)	Low	Low Tolerance
8	Information and Communication Technology (ICT) Governance and Delivery	Low	Moderate
9	Financial reporting -Adverse & Disclaimer audit outcome:	Zero	Zero Tolerance
10	Financial reporting –Unqualified audit (with matters of emphasis):	Low	Moderate
11	Non-Financial Reporting (AoPO/ Organisational Performance): Adverse & disclaimer audit outcome	Zero	Zero Tolerance
12	Non-Financial Reporting (AoPO/ Organisational Performance): Unqualified audit outcome (with matters of emphasis)	Low	Moderate

Table 14: Risk appetite and risk tolerance

Key: Risk appetite and risk tolerance

Assessment	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.
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.



SECTION 13: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

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

The fraud hotline is a useful tool in the fight against theft, bribery, misuse of property/company assets and other unlawful acts. The Hotline facility is available telephonically on 0800 00 25 87.

No tip-offs were received from the facility during the period under review.

SECTION 14: FRAUD RISK MANAGEMENT/ FRAUD PREVENTION

JM has a zero tolerance to fraud and corruption, which its anti-fraud and corruption policy seeks to foster. Management's role in the fight against fraud and corruption includes:

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

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

Risk transfer and exposures

Claims

Claims registered with the Insurers are constantly monitored and followed up, with oversight by the Board conducted through a schedule monitoring matters of litigation.

Annual property assessments are conducted to ensure suitable insurance coverage of JM's facilities. All JM claims – 2015 till end of June 2022 – are captured in Chapter 5 of this report.

Exposure

JM's fire and explosions insurance cover is currently being penalised. The Insurer's report was evaluated and JM sought assistance from Group Risk Advisory Services (GRAS) to rectify this issue.



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

Batho Pele Principles

Principle	JM: Response
Consultation Citizens should be consulted about the level and quality of the public services they receive and, where possible, should be given a choice about the services that are offered.	- JM participated during the IDP 2021/22 rollout processes to ensure that consultations with the communities are adhered to. - In addition JM also on a regular basis engaged with users of its services.
Service standards Citizens should be told what level and quality of service they will receive so that they are aware of what to expect.	- Service standards are discussed under chapter 3 of this report. - During the year under review JM included services standards as part of its day-to-day management and quarterly reporting.
Access All citizens should have equal access to the services to which they are entitled.	JM has commenced with the construction of the Tshiamo Market to enhance the market facilities within which targeted participants will operate.
Courtesy Citizens should be treated with courtesy and consideration.	- JM has maintained its customer care services on the trading floors. - It also continued to engage with members of the public by arranging market tours and briefing visitors on the processes at the market.
Information Citizens should be given full accurate information about the public services they are entitled to receive.	- JM continues to publish daily market prices on its website. - Clients are able to conduct account enquiries at customer care kiosks dispersed across the 3 trading floors.
Openness and transparency Citizens should be told how JM operates, the costs involved and who is in charge.	- JM as a service provider and transformation driver participates in fresh produce forums and highlights its costs structures and operating details. - The information on management is also available on the JM website audited by a complaints registration option.
Redress If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.	- Customer complaints are speedily dealt with at customer care kiosks. - Serious complaints are escalated to the relevant managerial structures.
Value for money Public service should be provided economically and efficiently in order to give citizens the best possible value for money and efficiently in order to give citizens the best possible value for money.	- JM is promoting all its services as value for money services and often highlights the cost advantages of using its services. - JM often highlights the cost advantages of using its services.

Table 15: Batho Pele Principles

Corporate Social Investment

JM continued to assist indigent families, assisting the CoJ Department of Social Development in serving indigent families with food parcels as part of the City's food security programme.

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

SECTION 1: INTRODUCTION

SECTION 2: HIGHLIGHTS AND ACHIEVEMENTS

SECTION 3: PERFORMANCE AGAINST COMPANY SCORECARD AND THE IDP

SECTION 4: RECOVERY PLAN FOR NON-ACHIEVED KPI'S

SECTION 5: CHALLENGES

SECTION 6: KEY FOCUS AREAS FOR THE INITIAL PERIOD OF 2023/24

SECTION 7: ORGANISATIONAL SCORECARD

SECTION 8: PERFORMANCE REPORTING DISCLOSURES

SECTION 9: PERFORMANCE AGAINST SERVICE STANDARDS



SECTION 1: INTRODUCTION

Operating Space of JM

The Joburg Market SOC Limited, known as Joburg Market (JM), operates as a municipal entity, wholly owned by the City of Johannesburg Metropolitan Municipality. Established during the Egoli 2000 restructuring process, it was introduced under the Municipal Systems Act and later converted into a state-owned company in line with the Companies Act 71 of 2008.

JM is the largest fresh produce market in Africa by volume and serves as a crucial supplier of fresh produce to the SADC region. With a workforce of 321 employees, it also engages in international trade, receiving produce from countries like Spain and China. JM operates as a central trading facility, where produce is sold based on supply and demand, ensuring transparency and accountability in the market.

JM performs a number of crucial functions as negotiations occur between the buyer and the selling agent who conducts sales on behalf of the farmer. These functions are briefly listed below:

- The CEO acts as an independent referee for dispute resolution.
- JM ensures food safety through cleansing, sanitisation, and produce inspections supported by an on-site SANAS-accredited laboratory.
- Security and safety services are provided to maintain a secure environment.
- Financial and payment services ensure accurate accounting and efficient revenue collection.
- Consignment control ensures adherence to market rules for all produce.
- Sales Hall Management regulates trading operations.
- Property management and infrastructure maintenance ensure the upkeep and expansion of market facilities.
- Marketing and transformation efforts promote JM as a preferred business destination and ensure access for previously disadvantaged groups.
- A dedicated IT department manages a real-time computerised trading system.
- Human Resources ensure the availability and motivation of the staff.

Joburg Market organisational strategy

JM's organisational strategy aims to deliver a unique, sustainable fresh produce market service that creates value in the short, medium, and long term (interventions for each period are discussed in Chapter 1, section 8). The company's core service is aligned with its vision and mandate to manage and operate a market facility with SMART MARKET facilities and complementary services for the fresh produce industry, implying the following for JM:

- Sustaining Relevance: JM must create suitable trading spaces to handle large volumes of fresh produce.
- One-Stop-Service Centre: The market must offer a comprehensive portfolio of services on-site, making it a convenient "One-stop-Service Centre."
- Innovation and Technology: JM aims to enhance services through modern, innovative approaches and technologies.

As Africa's largest fresh produce market, JM caters to a broader audience than its peers in South Africa. The SMART MARKET strategy is expected to attract more business, create jobs, and boost exports to SADC countries, positioning JM as a one-stop-shop and central hub for fresh produce procurement and related services.



Key Deliverables on the SDA and the Share Holder Compact

The CEO has conducted an assessment of the agreements with the Shareholder. The company has duly performed on the imperatives as set out in the SDA and the Shareholder Compact. There are no discrepancies between the two agreements. Key deliverables are discussed in the table below:

The CEO has reviewed agreements with the Shareholder, confirming that JM has met its obligations as outlined in the Service Delivery Agreement (SDA) and Shareholder Compact. There are no discrepancies between the two agreements, and key deliverables are discussed in the table below:

No	Deliverable/ Imperative	SDA	Compact	Comments
1	- Financial controls and reporting - Key and Performance indicators	X	X	Consistent and in place
2	Role and responsibilities of the board of directors - Role and responsibilities of the chairperson of the board - Role and responsibilities of the CEO	X	X	Consistent and in place
3	- Provisions of the laws and regulations applicable to MEs, the Governance Framework and the terms and conditions contained in the Shareholder Compact. - Adherence to the governance model	X	X	Consistent and in place
4	- Quarterly basis, prepare and present a report to the following Shareholder structures: Chairpersons' Quarterly Meetings with the Member of Mayoral Committee responsible for the service delivery mandate of the Company. - The Group Audit Committee; - The Group Performance Audit Committee. - The Shareholder Mayoral Committee.	X	X	Consistent and in place
5	An annual report is prepared in accordance with the requirements of the MFMA	X	X	Consistent and in place
6	- The Financial Statement delivered - Financial controls and reporting	X	X	Consistent and in place
7	Board shall develop an annual Business Plan and Budget which shall be approved within the time limits provided for in terms of section 87.	X	X	Consistent and in place
8	Business plan aligned with CoJ strategies Service level standards and performance objectives and targets and service standard	X	X	Consistent and in place

No	Deliverable/ Imperative	SDA	Compact	Comments
9	Adherence to the City's Group Forensic and Investigation Services arrangements	X	X	Consistent and in place
10	Directors shall be appointed in accordance with the City Group Policy or any other policy determined by the Shareholder	X	X	Consistent and in place
11	Internal controls	X	X	Consistent and in place
12	Budget and Business Plan - As an outcome of the budgeting process, the Business Plan of JM identifies the key service delivery objectives of JM together with the resources allocated to the achievement of such objectives. - For each Financial Year of JM, a multi- year budget and Business Plan is prepared and submitted to the City and finalised in accordance with the requirements of Section 87 of the MFMA and the Municipal Budget and Reporting Regulations.	X	X	Consistent and in place
13	Performance reporting: Annually, six months, quarterly to all relevant committees of Council.	X	X	Consistent and in place
14	Performance management Consistency within SCM regulations	X	X	Consistent and in place
15	Record keeping of performance	X	X	Consistent and in place
16	Human resources and human development and policies.	X	X	Consistent and in place
17	User forum	X	X	Consistent and in place
18	Customer charter	X	X	Consistent and in place
19	Social responsibility Food Support Centre	X	X	Consistent and in place
20	- OHASA arrangements in place - Also for Covid-19 regulations	X	X	Consistent and in place

Table 16: Key Deliverables on the SDA and the Share Holder Compact

Achievement of Key Performance Indicators and Service Standards

JM achieved 100% of its KPIs during the previous (2021/22) reporting period. During the 2022/23 period, JM achieved 84.6% of its KPIs. The JM Board and Management will drive efforts to achieve 100% of KPIs during the 2023/24 period, representing the shareholder imperative.

Performance service standards will be reviewed during the 2023/24 financial year to ensure measurability. The resolution of external audit findings ranged between



Auditor General Findings

During the 2021/22 period the company resolved 98% of findings. The latter outcome was improved to 100% for the period under review. JM believes that by strengthening internal controls, audit outcomes during 2022/23 will substantially improve.

Supply Chain Deviations

JM accounting officers approved deviations to the value of R14.53M during the 2021/22 financial year. Management started taking steps to reduce the need for deviations and foresee a decrease during the period ahead. Deviations are listed under Chapter 5, section 6.

Supply Chain Irregular expenses

Irregular expenses were incurred, aggravated by the transition process for fleet, security and cleansing services contracts that amounted to R11.4M. The transition was affected by various historic in-contracting arrangements and remained difficult to overcome. To address this, JM introduced corrective measures, which, inter alia, include the appointment of service provider panels.

Fruitless and wasteful expenses

No fruitless or wasteful expenses were incurred during the period under review.

Progress on other significant matters

JM faced a number of litigation matters during both review periods. Although numbers have improved, JM will continue to reduce exposures, with Board guidance, and by further strengthening its compliance functions during the planning period ahead.

The JM will continue running programmes to improve staff morale during the 2022/23 financial year after a marginal decrease was recorded.

Response to strategic direction 2021/22 and beyond

In 2021/22, JM initiated a fresh approach to facilities services as part of a transformational program, leading to the creation of a transformation committee. The committee's objectives include:

- Empowering targeted individuals across the Fresh Produce Value Chain by providing access to trading opportunities
- Developing premier quality market facilities that meet food handling standards and are driven by performance and total quality management.

JM operates as a central market facility for fresh produce and focusses its attention on the following:

- Identifying target markets in both production and sales/distribution levels.
- Embedding innovation (SMARTNESS) to enhance JM's appeal as a marketing channel.
- Accurately determining customer needs in the modern context.
- Addressing competition with effective counter strategies to .
- Refining methods to monitor the competitive environment during 2022/23.

Regarding the positioning of the JM Brand the company will be emphasising brand promotion during 2022/23 with the following strategic responses:

- Renewing JM's position as a relevant trading role-player with unique SMART MARKET features.
- Adopting a prudent pricing approach for its services.
- Balancing supply and demand in a well-governed trading system.
- Advertising and promoting the JM brand using modern, creative techniques, including social media.
- Building a people-centric approach to staff and service delivery.



Future outlook on performance

The new Board has effectively overseen performance matters, and under the CEO's leadership, performance levels on the company scorecard have significantly improved.

The company has addressed key areas needing intervention to ensure accurate performance and accountability. It aims to achieve 100% of its performance goals over the medium term and plans to implement a refined performance management manual and procedures aligned with the Group Performance framework to enhance reporting and awareness.

Potential implications for JM's Business Model and Future Performance

As previously noted, JM is part of the central market system in the RSA, operating successfully as a commission-based market and serving as a price barometer for fresh produce. Owned by the City of Johannesburg, this model has fostered trust within the industry. While no changes are anticipated for the model in the medium to long term, JM plans to introduce innovations to modernise trading methods, systems, and infrastructure through a recapitalisation program.

Alignment to CoJ priorities and the Accelerated Service delivery drive

The strategic alignment of JM to the CoJ imperatives is discussed in Chapter 1, Section 5. Opportunities arising from risks identified, detailing clearly between the short, medium, and long-term.

JM carefully considered opportunities arising from risks and has considered same in relation to its future outlook as discussed under Chapter 1. The table below depicts the assessment conducted in the latter regard:

No	Risk	Impact	Opportunity	Impact
1.	Inadequate trading floor space for trading.	- Loss of market share - Decline in throughput.	Convert existing under roof spaces for fresh produce trading areas.	Medium term alleviation of floor space short falls.
2.	Supply chain risks create opportunities to utilise technology to prevent SCM irregularities.	- Reputational - Financial losses.	Software application enhancements to reduce process and related areas of risk.	Transparent and accountable SCM processes.
3.	Risks of losing customers create opportunities to grow wholesaler business at JM.	- Loss of market share.	To build a strong wholesaler buyer base at JM.	Increased trading to overcome loss of buying power.
4.	Compliance risks at facilities create opportunities to save audit time and costs.	- Reputational - Financial claims - Insufficient monitoring.	To enhance the use of information to identify trends and conduct focussed auditing in areas of risks.	Reduced business risks.
5.	Risks of knowledge loss create opportunities for knowledge retention.	- Corporate memory - Industry related skills.	To establish a skills transfer intervention and create a repository for market administration purposes.	Corporate memory and knowledgeable staff in market business.
6.	Reputational risks from social media create opportunities to foresee Issues.	- Negative social media coverage.	To establish a social media policy and monitoring mechanism.	Pre-emptive management of social media risks to JM reputation.

Table 17: Key Opportunities arising from risk identified



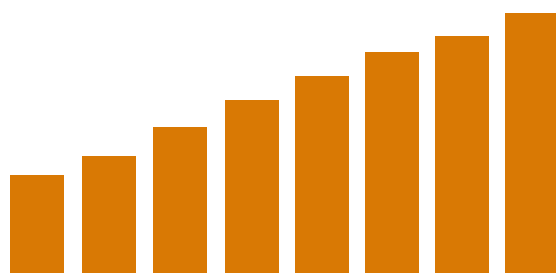
SECTION 2: HIGHLIGHTS AND ACHIEVEMENTS

During the financial year under review JM recorded a number of highlights and achievements which are illustrated below:

South Africa's Premier Fresh Produce Trading Market

Improved trading results

SMART MARKET growth



Turnover: 10.3BN (13.3%)>budget

KPI's achieved: 84.6%

Cash cover days: 600

Liquidity position: 2.2:1

Total equity and liabilities

Improved financial performance

JM achieved and exceeded its turnover target of R9.09Bn by 13.3% to record a final figure of R10.30Bn.

New leadership for JM

New Chairperson and Board of Directors



Appointment of a new Board and new Chairperson for the Board of Directors on 1 March 2023:

Mr. Zamikhaya Wauthas Xalisa (Chairperson)
 Ms. Vuyiswa Gumede
 Mr. Odirile Ronnie Bolokang
 Mr. Ratshibvumo Timothy Ramabulana
 Mr. Godfrey Coffee Tsotetsi
 Ms. Nomveliso Mpongo
 Ms. Manini Amelia Vilakazi
 Mr. Fuzile Chris Vondo
 Ms. Noxolo Nomonde Siviwe Sicam
 Ms. Mantombi Nkosi
 Mr. Musa Shibambu
 Mr. Grant Son (IAC)
 Mr. Motsamai Israel Karedi (IAC)
 Mr. Gift Netshidzati (IAC)
 Mr. Thulani Ngcobo (IAC)

Transformation Focus	
Creating sustainable trading ventures for targeted groups	
	A new concept was developed for the rejuvenation of the Soweto Market
Working towards SMART MARKET of the Future	
	Joburg Market launched Tshiamo Market – an informal traders' sales facility within the premises of Joburg Market, on the 26th May 2023.
Job and Business enterprise development	
	Job creation A total of 104 new jobs were created under EPWP and learnerships.
	Targeted Procurement The Company achieved 100% in its BEE procurement drive for all SCM.

Table 18: highlights and achievements

SECTION 3: PERFORMANCE AGAINST COMPANY SCORECARD AND THE IDP

As part of its efforts to measure and where needed to adjust its strategies and practices JM conforms to the performance framework of its shareholder. The Scorecard is included under Section 8 below. The table below presents a summary of JM's performance against the 2022/23 Annual Targets for the period under review.

To measure and adjust its strategies and practices, JM adheres to its shareholder's performance framework. A detailed Scorecard is provided in Section 8 below. The table beneath is a summary of JM's performance against the 2022/23 annual targets:

Item	As at 30 June 2023
Total no. of KPIs on scorecard	13
No. of KPIs due	13
Number achieved	11
Number not achieved	2
Percentage achievement	84.6%

Table 19: summary of JM's performance against the 2022/23 Annual Targets



KPI Achieved	Reason for achievement
% Targeted market share held by JM in relation to other FPMs	Despite the high inflation rate and negative economic growth globally, JM was able to sustain and improve on its market share target. JM anticipated a market share of 45.1% market share which was affected by the stay away of the majority of buyers at JM as traders feared to fully trade as a result of the mentioned unrest and a final market share of 45.5% enabled the targeted market share.
RBn Turnover achieved	The achievement of the turnover target was in main enabled through higher prices emanating from seasonal crop damages which in turn created undersupply conditions on markets and consequent higher prices and based on the positive variance turnover projection for Q4 derived by demand and supply.
%Spent on repairs and maintenance to PPE	JM has achieved 8.6% of the asset base line target in repairing and maintenance the PPE in accordance with national treasury guidelines (8% of Asset base line).
% reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	The UIFWE Investigations conducted for the Irregular, fruitless and wasteful expenditure and finalised contribute to the reduction of UIFWE. This was as results of acceleration UIFWE strategy.
% Percentage of valid invoices paid within 30 days of invoice date	The JM has improved and enhance the payment of suppliers within 30 days.
% spent on capital budget against approved capital budget	JM was able to improve the processes within bid committees to enhance the procurement of relevant services. Oversight relative to service providers enhanced the completion of works awarded. The EXCO as forum conducted due management controls to enhance the performance of projects at JM.
Number of jobs created	JM also continued with its EPWP and learnership programmes and was able to substantially increase its efforts to employ additional EPWP numbers especially in the refinement of cleansing services at its premises.
Number of SMME's supported	The JM has achieved 82 SMME's support compare to the target of 65 demonstrating the transformation and the support for the SMME's.
% resolution of Internal Audit findings	Internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within agreed timeframes; root causes are identified and repeat findings are prevented. Efforts are focused in ensuring that findings classified as "high risk" receive adequate management attention. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
% resolution of Auditor General findings	The targeted achievement of resolution of AG findings was in main enabled through the reintroduction of the Operation Clean Audit forum of the entity. Improved responses from divisional heads were achieved. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
% Percentage implementation of the strategic risk management action plan findings resolved	Strategic risk management action plan implemented accordingly.
% resolution of Auditor General findings	The targeted achievement of resolution of AG findings was in main enabled through the reintroduction of the Operation Clean Audit forum of the entity. Improved responses from divisional heads were achieved. During the financial year, management was able to resolve all findings and the same was confirmed by the internal Audit.
% Percentage implementation of the strategic risk management action plan findings resolved	Strategic risk management action plan implemented accordingly.

Table 20: Summary of the achieved KPIs

SECTION 4: RECOVERY PLAN FOR NON-ACHIEVED KPIS

KPI not achieved	Reason for non-achievement
% spent on operating budget against approved operating budget	The underperformance is mainly driven by the additional controls and processes implemented by management as part of expenditure management process. Cost containment and measures were implemented to reduce unnecessary expenditure from an operation point of view. From a business perspective, this was a key milestone by the entity in ensuring that we spend money where there is value. Furthermore, from an SCM perspective, additional processes implemented like market analysis which provides guidance to management on the price to be paid for goods and services. Overall the above resulted in the entity spending less than what was budgeted but the entity was still able to execute on its mandate.
% achievement of service standards	JM has achieved 5 out of 6 of its service standards. The matter of technical breakdowns of Ripening Rooms is being addressed through focused repairs by dependable service providers. Additional rooms (14) are expected to be available in the first quarter of the new financial year.

Table 21: Summary of the non-achieved KPIS



SECTION 5: CHALLENGES

Summarised below are the challenges JM experienced in pursuit of its deliverables over the reporting period:

Power failures and cable theft

Power cuts caused by the above incidences exposed JM to claims from users of the company's cold storage and ripening facilities.

JM also experienced a fire incident in a substation at its fruit trading hall on 19 March 2022.

[Resolution: Urgent construction of a power line to JM by City Power, enabling ring feed power to JM during prolonged power loss due to cable theft; JM urgently engaged with City Power, seeking relief from load shedding. City Power is currently considering this application.]

Inadequate Trading Space

Sufficient trading space remains a challenge, with market agents periodically storing fresh produce on some trading halls' platforms.

[Resolution: JM obtained grant funding to commence with the extension of its floor pace programme being implemented by JDA. JDA concluded formalities for the appointment of a professional team for the project.]



Contractor failures & litigation

SMME failure to deliver on time

[Resolution: Introduce refined project management arrangements to pre-empt challenges – i.e. closer monitoring of quantity surveying planning done by the SMME.]

Quality of works

[Resolution: Implementing Project Steering committee protocols to detect emerging quality problems earlier.]

Cold stores/Ripening contractor dispute arose during implementation

[Resolution: JM replaced the failing contractor and introduced a short term intervention to restore rooms. New contractors are successfully overcoming challenges with plant and equipment at the two installations. JM will shortly reintroduce 10 of the 19 faulty ripening chambers which will alleviate the ripening capacity shortfall.]

SECTION 6: KEY FOCUS AREAS FOR THE INITIAL PERIOD OF 2023/24

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

- Urgent implementation of a power ring feed and additional generators to reduce key business risks;
- Roll out of the new customer charter;
- CAPEX spent fast tracking;
- Special focus on the preventative maintenance plan;
- Refining of all reporting;
- Further implementation of the Transformation Strategy and Framework;
- Pursuance of SMART MARKET operations;
- Execution of the Market Recapitalisation Programme – Phase 1 & 2;
- Intensification of stakeholder communications;
- Improvement of staff morale;
- Further review of various policies & procedures





SECTION 7: ORGANISATIONAL SCORECARD

The Tables below provides details on organisational performance against targets.

KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
JM Strategic Objective: To Provide a Resilient and Premier Trading Facility by June 2027						
(1.1) % Targeted market share held by JM in relation to other FPMs	45.0% Targeted market share held by JM in relation to other NFPMs	45.4% Targeted market share held by JM in relation to other NFPMs	45.4% Targeted market share held by JM in relation to other NFPMs	45.6% Targeted market share held by JM in relation to other NFPMs	Achieved 	Strategy
(1.2) RBn Turnover achieved	R 8.76 Billion Turnover achieved	R9.09Bn Turnover achieved	R9.09Bn Turnover achieved	R10.30Bn Turnover achieved	Achieved 	Core Operations
JM Strategic Objective: To ensure adherence to Good Governance Practices.						
(1.3) % of spent on repairs and maintenance to PPE	% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	8% of repairs and maintenance budget spent	8.6% of repairs and maintenance budget spent	Achieved 	Core Operations
JM Strategic Objective: To Provide a Resilient and Premier Trading Facility by June 2027						
(1.4) % spent on capital budget against approved capital budget	67% of Capital Budget Spent	100% of Capital Budget Spent	100% of Capital Budget Spent	100% of Capital Budget Spent	Achieved 	Finance
(1.5) % spent on operating budget against approved operating budget		100% spent on operating budget against approved operating budget	100% spent on operating budget against approved operating budget	97% spent on operating budget against approved operating budget	not Achieved 	Finance

KEY PERFORMANCE INDICATOR	BASELINE	2022/2023 TARGET	QUARTER 4 TARGET	FULL YEAR ACTUAL	PERFORMANCE INDICATOR	REPORTING CHAMPION
JM Strategic Objective: To Expand Opportunities to Historically Disadvantaged Groups						
(1.6) Number EPWP job opportunities created	134 EPWP job opportunities created	65 EPWP job opportunities created	65 EPWP job opportunities created	103 EPWP job opportunities created	Achieved 	Human Resources
(1.7) Number of SMMs created	New	65 SMM's supported	65 SMM's supported	82 SMM's supported	Achieved 	Operations, Finance, Compliance and IT
JM Strategic Objective: To Ensure Compliance with Regulatory Framework						
(1.8) % resolution of Auditor General findings	93% resolution of Auditor General Findings	100% resolution of Auditor General findings	100% resolution of Auditor General findings	100% resolution of Auditor General findings	Achieved 	Internal Audit
(1.9) % resolution of Internal Audit findings	92 % resolution of Internal Audit	100 % resolution of Internal Audit findings	100 % resolution of Internal Audit findings	100 % resolution of Internal Audit findings	Achieved 	Internal Audit
(1.10) % reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	New	50% of UIFW reduction	50% of UIFW reduction	99% of UIFW reduction	Achieved 	Internal Audit
(1.11) Percentage implementation of the strategic risk management action plan findings resolved	New	100% implementation of the strategic risk management action plan findings resolved	100% implementation of the strategic risk management action plan findings resolved	100% implementation of the strategic risk management action plan findings resolved	Achieved 	M&E Strategy
(1.12)% Percentage of valid invoices paid within 30 days of invoice date	New	100% Percentage of valid invoices paid within 30 days of invoice date	100% Percentage of valid invoices paid within 30 days of invoice date	100% Percentage of valid invoices paid within 30 days of invoice date	Achieved 	Operations, Finance, Compliance and IT
(1.13)% achievement of service standards	New	100% achievement of service standards	100% achievement of service standards	83.3% achievement of service standards	Not Achieved 	M&E Strategy

TECHNICAL INDICATOR DEFINITIONS FOR GATEKEEPER KPI'S

KPI NO.	KPI	SHORT DEFINITION	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE
1.4	Percentage operating budget spent against approved budget	Operational costs spent by the organization against the allocated budget. The objective is to improve, stabilize and sustain a positive financial position	JM financial accounts	Actual costs / Allocated budget *100	None	Cumulative	Monthly	No	95%
1.7	Percentage capital budget spent against approved capital budget	The Capex spent on projects against the approved budget. The objective is to improve, stabilize and sustain a positive financial position	JM financial accounts	Total Capex spend divide by the budget Capex spend* 100	None identified	Cumulative	Monthly	No	95%
1.3	Percentage of spent on repairs and maintenance to property, plant and equipment.	It measures the level of Repairs & Maintenance to prevent breakdowns and interruptions to service delivery.	JM financial accounts	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	None identified	Cumulative	Monthly	Yes	8%
1.5	Percentage reduction in unauthorized, irregular, fruitless and wasteful (UIFW) expenditure incurred citywide	Percentage reduction on UIFWE compared to the previous financial year AG finding.	JM financial accounts	The UIFW Expenditure closing balance of the current financial year against (will be compared with) the closing balance of the previous financial year.	None	Non-Cumulative	Quarterly/ Annually	No	50%

KPI NO.	KPI	SHORT DEFINITION	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE
1.6	Percentage of valid invoices paid within 30 days of invoice date	It measures the percentage of valid invoices paid within 30 days. The objective is to increase the number paid within 30 days	JM financial accounts	Total number of invoices processed for the month/ Number of invoices paid within 30 days *100	None identified	Non-cumulative	Monthly	No	100%
3.2	Percentage resolution of Internal Audit findings	It measures the number of audit findings resolved against the total number of audit findings issued by the internal audit	Internal Audit Reports	Total number of internal audit findings resolved/total number of internal audit findings (excluding findings that are less than 60 days)*100	None identified	Cumulative	Annually	Yes	95%
3.1	Percentage resolution of AG findings	It measures the number of audit findings resolved against the total number of audit findings issued by the AGSA	Internal Audit Reports	Total number of Auditor General findings resolved/total number of Auditor General findings (excluding findings that are less than 60 days)*100	None identified	Cumulative	Annually	Yes	95%
3.3	Percentage implementation of the strategic risk management action plan findings resolved	The percentage of strategic risk action plans implemented compared to total number of strategic risk action plans.	Governance Report; Strategic Risk Plan; Strategic Risk Register and Audit Report	Number of implemented strategic risk action plans divided by total number of strategic risk action plans multiplied by 100	None identified	Cumulative	Monthly	Yes	85%
3.4	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total approved number of Service Level	JM service level reports	The number of KPIs achieved in the Service Level Standards Agreement against total no of Service Level	None identified	Cumulative	Monthly	Yes	85%

Table 22: Technical Indicator Descriptions

SECTION 8: PERFORMANCE REPORTING DISCLOSURES

The 2022/23 company scorecard remained unchanged, with no adjustments to performance targets. However, the definition for the KPI measuring expenditure on Repairs and Maintenance was refined for greater accuracy.

2021/22 KPI summary		Number of KPI's	Adjustments conducted
1	No of KPIs' on approved scorecard (BP2021/22)	13	None
2	No of KPI's discontinued/removed	0	
3	No of KPI targets increased	0	
4	No of KPI targets reduced	0	
5	No of KPI targets improved	0	
No	Addition definition of strategic objectives	Nature of change	
6	% of Repairs and maintenance budget spent Inclusion of a refined strategic objective to better define investment in repairs and maintenance activities to read as follows: Immaculate physical market amenities and installations maintained by conducting repairs and maintenance to the value of R265 million by 2025/26. Motivation Refinement of strategic objective related to the Repairs and maintenance of market amenities and installations		New definition

Table 23: High level summary of performance

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

The table below serves as basis for comparing the last three financial years in terms of performance indicators. From the later it can be deducted that the market share of JM grew from an initial base of approximately 44.5% to 45.6% over the last two years.



		2017/18		2017/18	
Service Objectives	Service Target(s)	Target	Actual	Target	Actual
Priority: Ensure pro-poor development that addresses inequality and provides meaningful redress					
No. of jobs created by SMME's utilised by JM	Empowerment of targeted groups	110 jobs created	218 Jobs created	200 Jobs created	326 Jobs created
Priority: Enhancing our financial sustainability					
R/M value of CAPEX spent	Enhance quality of life by improving services and taking care of the environment	95% of capital budget spent	87.2% of capital budget spent	95% of capital budget spent	85% of capital budget spent
Priority: Enhancing our financial sustainability					
Achieve a clean Audit	Institute an honest responsive and productive	Clean	Unqualified	Clean	Unqualified
% resolution of Auditor General Audit findings	Institute an honest responsive and productive	N/a	N/a	95% resolution of Auditor General Audit findings	83% resolution of Auditor General Audit findings
% resolution of Internal Audit findings	Institute an honest responsive and productive	N/a	N/a	95% resolution of Internal Audit findings	76% resolution of Internal Audit findings



2017/18		2017/18		2017/18	
Target	Actual	Target	Actual	Target	Actual
120 Jobs created	219 Jobs created	50 Jobs created	134 Jobs created	55 Jobs created	118 Jobs created
95% of capital budget spent	43.8% of Capital Budget Spent	85% of Capital Budget Spent	67% of Capital Budget Spent	85% of Capital Budget Spent	86.2% of Capital Budget Spent
Clean	Unqualified	Clean	Unqualified	Clean	TBC
85% - 95% resolution of Auditor General findings for 2018 /20	76% resolution of Auditor General Findings	85 to 95% resolution of Auditor General	93 % resolution of Auditor General findings	85 to 95% resolution of Auditor General	85 to 95% resolution of Auditor General
85% - 95% resolution of Internal Audit findings	85% - 95% resolution of Internal Audit findings	85 to 95% resolution of Internal Audit findings	92 % resolution of Internal Audit findings	85 to 95% resolution of Auditor General	98% resolution of Auditor General findings

Table 24: 5 year Performance Comparison

JM's growth will be primarily driven by the expansion of floor space, which is expected to enhance turnover and market share. Additional factors influencing future performance include the implementation of a new by-law and licensing system, along with a dynamic marketing and communication strategy to secure more fresh produce. If successfully implemented, these initiatives could increase business by at least 30%.

JM's growth strategy follows a phased approach:

- **Short-term:** An integrated model leveraging human expertise and phased expenses as a foundation for expansion.
- **Medium-term:** Optimization of available floor space and integration of technology in the cold chain and logistics operations.
- **Long-term:** Strengthening on-site business relationships through technology and strategic marketing to drive sustained growth.

Lessons learned from past industry experiences, particularly regarding competitive actions by market players, have informed JM's approach to crafting new by-laws, licensing agreements, and service delivery contracts with market agents. Additionally, the transformation within the wholesale fresh produce trading sector, especially the rise of exports, has become a key focus area that JM will pursue through engagement with stakeholders.





JM's future direction is focused on value creation, with key actions including:

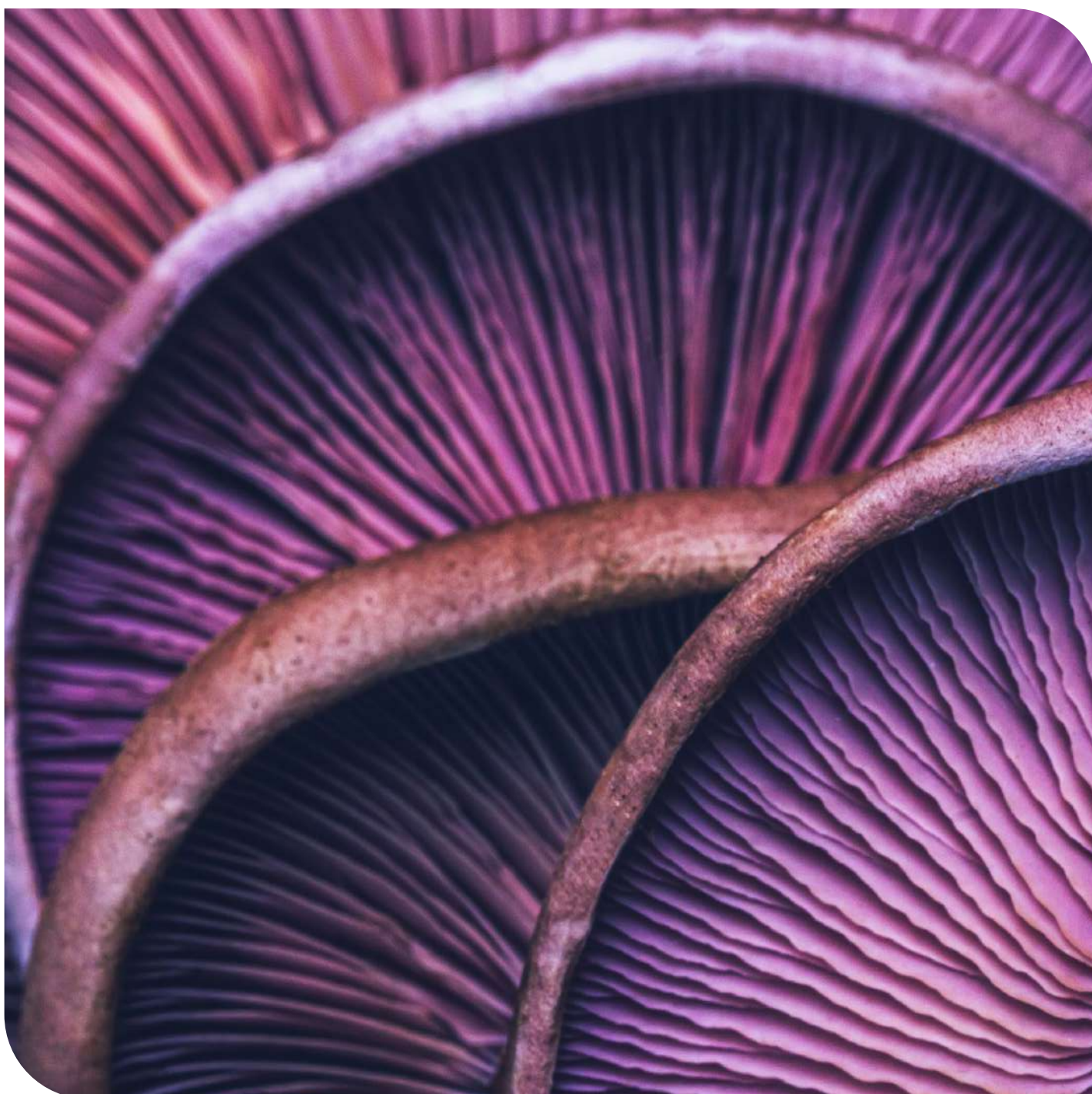
- A revised approach to seeking business opportunities
- Significant investment in technology and workforce development
- Renewal of all trading facilities on-site

The execution of capital projects faced challenges due to:

- Failing contractors and legal disputes
- Supply chain inefficiencies, and
- Technical expertise gaps.

To address these issues, JM has strengthened its internal audit function, achieving a 98% resolution rate on external audit findings and improving internal audit resolution from 89% to 93%, surpassing the 85% target.

Competitor assessments indicate that JM holds a strong market position, with a market share 2.3 times larger than the Tshwane Market. The other 18 fresh produce markets in the sector remain significantly smaller in trade volume and physical infrastructure, each holding less than a 3% market share. JM remains committed to maintaining its competitive edge through strategic investments and operational enhancements.



Benchmarking - The 18 National Fresh Produce Markets

FULL YEAR SUMMARY FOR AUDIT PURPOSES:

Comparative figure of turnover and mass of the 17 Fresh Produce Markets as well as Cape Town Market

	Q1 2022/23			Q2 2022/23		
	JULY 22	AUGUST 22	SEPTEMBER 22	OCTOBER 22	NOVEMBER 22	DECEMBER 22
TURNOVER RAND	TURNOVER RAND	TURNOVER RAND	TURNOVER RAND	TURNOVER RAND	TURNOVER RAND	TURNOVER RAND
JOHANNESBURG	736 465 724,00	793 799 192,00	814 447 096,00	R 816 092 849,00	897 329 965,00	918 065 706,00
TSHWANE	290 610 838,64	308 409 317,82	316 497 329,41	R 332 919 299,27	355 780 873,79	387 519 401,37
CAPE TOWN	169 662 505,41	194 707 767,46	191 007 925,73	R 199 865 308,04	218 691 521,68	231 031 028,96
DURBAN	145 670 903,30	159 967 058,11	156 437 936,18	R 158 556 030,09	175 941 280,23	205 710 848,26
SPRINGS	39 905 332,01	56 837 532,15	54 303 786,50	R 52 958 804,05	60 678 624,07	62 323 587,99
EAST LONDON	38 686 388,87	44 577 920,99	45 669 513,74	R 48 870 187,86	52 789 760,06	58 176 796,00
BLOEMFONTEIN	24 838 220,43	42 863 976,71	39 514 578,00	R 41 494 981,37	46 959 284,47	55 742 479,65
KLERKSDORP	48 661 263,03	32 400 855,18	31 345 875,80	R 29 995 656,83	35 715 475,53	37 386 002,89
PORT ELIZABETH	23 206 832,95	28 851 912,25	28 540 098,77	R 28 500 395,00	30 641 024,58	32 635 055,90
PIETERMARITZBURG	30 419 176,57	26 392 608,50	24 178 971,70	R 25 313 220,50	29 276 876,36	31 800 585,50
WELKOM	22 340 262,70	23 434 289,54	23 991 568,20	R 25 190 695,90	25 820 247,00	29 113 502,76
VEREENIGING	6 398 912,00	6 865 986,00	6 706 608,00	R 6 713 842,00	5 450 990,96	5 785 154,00
KIMBERLEY	2 996 054,40	4 913 163,09	4 632 087,08	R 4 547 624,85	5 443 779,00	5 421 137,41
WITBANK	4 093 770,29	3 458 796,45	3 202 572,77	R 3 808 968,01	4 272 601,72	4 497 800,68
NELSPRUIT	2 002 565,00	2 364 253,00	3 132 478,04	R 2 122 386,00	374 523,00	3 007 542,00
UMTATA	421 931,00	348 219,00	134 305,00	R 163 021,00	123 900,00	0,00
NELSPRUIT (*Withdrawn)						
TOTAL	1 586 380 680,60	1 730 192 848,25	1 743 742 730,92	1 777 113 269,77	1 945 290 727,45	2 068 216 629,37

Table 25: Comparative figures of 18 Fresh Produce Markets

Benchmark notes:

1.) The National Department of Agriculture Forestry and Fisheries has established a code of best practices for fresh produce markets which is in main developed on the practices of JM and the company is regarded by the department as the best practice example for markets.

Market	2021/22	2022/23	Growth
Joburg Market	45.6%	45.5%	
Tshwane Market	18.9%	18.4%	
Cape Town Market	10.5%	10.9%	
Durban Market	8.8%	9.7%	

						Market share	Q1=46.3%	Q1=46.3%
							Q2=45.9%	Q4=45.5%
Q3 2022/23			Q4 2022/23					
JANUARY 23	FEBRUARY 23	MARCH 23	APRIL 23	MAY 23	JUNE 23	YEAR TO DATE	%SHARE	
TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER	TURNOVER		
RAND	RAND	RAND	RAND	RAND	RAND	RAND		
822 931 011,00	815 640 297,00	993 053 464,00	R 865 763 907,00	928 398 276,00	896 853 851,00	10 298 841 338,00	45,5	
345 272 380,58	347 461 822,41	395 463 996,91	R 340 171 108,73	377 835 674,94	370 199 572,54	4 168 141 616,41	18,4	
220 089 706,54	205 258 895,84	231 390 900,68	R 189 163 110,60	217 071 548,43	198 946 655,00	2 466 886 874,37	10,9	
189 192 327,26	191 034 017,41	213 617 932,39	R 188 537 215,12	204 405 440,86	196 865 939,91	2 185 936 929,12	9,7	
51 981 218,25	54 621 609,46	64 449 742,48	R 54 706 326,20	52 634 329,39	66 565 790,57	671 966 683,12	3,0	
50 998 806,53	49 417 196,71	54 861 894,65	R45 223 776,08	52 887 082,22	51 286 662,29	593 445 986,00	2,6	
31 040 598,17	47 786 769,76	54 848 966,21	R 43 745 842,66	34 450 327,20	45 706 175,79	508 992 200,42	2,2	
55 711 051,03	32 808 703,84	37 897 077,49	R 32 907 978,91	68 436 742,31	35 538 530,28	478 805 213,12	2,1	
29 676 560,90	30 564 022,72	36 185 821,21	R 29 146 183,20	34 379 545,72	34 699 922,95	367 027 376,15	1,6	
33 221 645,90	29 266 959,65	32 755 731,69	R 28 396 933,50	38 127 784,89	33 351 461,10	362 501 955,86	1,6	
28 085 349,10	25 161 016,50	29 790 711,50	R 25 649 391,70	32 311 236,05	28 469 046,20	319 357 317,15	1,4	
5 536 963,00	4 864 277,00	5 697 706,00	R 5 398 072,00	7 652 423,00	6 945 389,00	74 016 322,96	0,3	
3 825 865,01	4 023 290,44	4 994 886,76	R 4 539 450,74	4 242 502,58	6 465 440,61	56 045 281,97	0,2	
4 742 072,78	3 105 225,21	4 659 781,15	R 4 039 872,44	5 722 539,11	4 728 919,04	50 332 919,65	0,2	
2 388 895,00	192 573,00	3 732 417,00	R 3 549 422,00	4 364 539,00	3 700 962,76	30 932 555,80	0,1	
52 335,00	107 845,00	137 958,00	R 48 781,00	0,00	0,00	1 538 295,00	0,0	
						0,00	0,0	
						0,00	0,0	
1 874 746 786,05	1 841 314 521,95	2 163 538 988,12	1 860 987 371,88	2 062 919 991,70	1 980 324 319,04	22 634 768 865,10		

2.) The fresh produce market share space in South Africa is dominated by JM and the other larger peer markets are substantially smaller than JM;
The six medium sized Markets holds on average 2-3% market share while the small markets has less than 1% market share.

3.) JM is also regarded as the one-stop-shopping market of magnitude and enjoys patronage in greater number than peer markets from across RSA and a number of other SADC countries.



SECTION 9: PERFORMANCE AGAINST SERVICE STANDARDS

The company successfully met five out of its six service standards for the reporting period.

Core Service	Service Level Standard Target	Actual	Evidence	Verified Actual*
1. Opening a new buyer account	20 minutes	1.72 minutes	SPS Report	No
2. Electronic Sales Processing System disruptions	Mirror/back-up 12w system to go live: within 55 minutes	0 min down time during trading	Data base Report	No
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	1.65 minutes	SPS Report	No
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	100% Commencement within 24 hours	Work Order Sheet	No
5. Repairs to ripening facilities**	90% Availability	68% Availability	Daily Monitoring summary report	No
6. Cold Room facilities ***	Average temperature variance not greater than 2.0°C of agreed customer requirements	2.73°C (Ave set temp 2.06°C)	Average Set Daily Temperature Reading	No

** Mitigation measures for standards no 5: JM is currently still introducing measures to effect interim urgent repairs. The company is closely monitoring the work undertaken by the new service provider.

Table 26: Service standards performance



Variance	Variance Explanation	Mitigations / Comments	Reference to Evidence
18.28 minutes favorable	Target achieved	The Service Level Target was successfully met.	Account Creation Report
0 minutes Favorable	Target achieved	The Service Level Target was successfully met.	Oracle Data Report
28.44 minutes Favorable	Target achieved	The Service Level Target was successfully met.	Cashier Turn-around Time Report
0% Favorable	Target achieved	Work orders were attended to as soon as they are reported for repairs.	Core Operations Summary Report
22% not favorable	**Target not achieved	The Service Level Target was not met.	Core Operations Summary Report
0.67° favorable	Target achieved	There is constant monitoring of temperature variation.	Core Operations Summary Report



Public Satisfaction on JM Services

Over the past three financial years, JM has successfully addressed most legacy issues identified through stakeholder consultations. However, three outstanding concerns remain, as their resolution requires significant capital investment in infrastructure.

No	Listed concerns	Achieved resolutions, mitigation and on-going interventions to sustain achievements since the completion of the	Status
1	Construction of bigger loading bays Need for a bigger market place and space	Completed the new Precinct Development Strategy and Plan which will address loading bays as required. JM is in the process of securing CAPEX Budget for this project; - Proposals will include doubling of Ramps at halls to separate human and mechanical traffic.	Not Resolved
2	Construction of separate and designated roads and road signs for forklifts, trolleys and pedestrians.	- A new tender for Road signage and OHSA are undergoing procurement to address the identified challenge; - Proposals in the precinct design will include doubling of Ramps at halls to separate human and mechanical traffic.	Not Resolved
3	Need for improvement of infrastructure, including the maintenance of leaking taps potholes on platforms and the inclusion of improved drainage systems	- This remains Work in Progress • Road rehabilitation was completed. o Ablution blocks refurbished; • Drainage System was unblocked and cleaned; • Exit Gate improvements implemented • Precinct Development Plan completed • Effected repairs and maintenance on the cold rooms and banana ripening plant • In excess of R9 million was spent on various repairs and maintenance interventions	Ongoing

Table 27: Public Satisfaction Listed concerns

Stakeholder Engagements on Service Delivery

During the review period, JM conducted focused consultations with key stakeholders, including:

- Tshiamo Market: Engaged with the local community regarding ongoing construction projects.
- Market Agencies: Refined communication strategies and participated in a forum addressing market services and facility upgrades.
- COVID-19: Ensured COVID-19 compliance across all tenant operations.
- Service Requirements: Addressed tenant needs related to repairs and maintenance.



CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT PERFORMANCE

SECTION 1: EMPLOYEE REMUNERATION AND BENEFITS

SECTION 2: EMPLOYMENT EQUITY

SECTION 3: SKILLS DEVELOPMENT AND TRAINING

SECTION 4: PERFORMANCE MANAGEMENT AND ORGANISATIONAL
DEVELOPMENT

SECTION 5: DISCIPLINARY MATTERS AND OUTCOMES

SECTION 6: LEAVE & PRODUCTIVITY MANAGEMENT -

LEAVE ANALYSIS: 2022/23

SECTION 7: EMPLOYEE WELLNESS

SECTION 8: CORPORATE SOCIAL RESPONSIBILITY



SECTION 1: EMPLOYEE REMUNERATION AND BENEFITS

Personnel costs are recorded at R198 196m compared to the budget of R196 054. This amounts to an over budget spend of R2.1m (1.1%).

ELEMENT	EMPLOYEE COST R'000	PERSONNEL BUDGET R'000
Amount	R198 196	R196 054
Variance		1.1%

Table 28: Personnel cost vs Personnel Budget

The summary below depicts remuneration of executive management members as at 30 June 2023.

EXEC CTC July 2022 - June 2023					
Name & Surname	Designation	Salary	Pension CC	Medical aid CC	Phone+ Data+ Housing
Solomon Mphakathi	Acting CEO	R -	R -	R -	R -
Leanne Williams	Acting CEO	R 1 916 673,97	R 217 963,51	R 98 760,00	R 37 200,00
Bongani Radebe	Executive Manager Core Operations	R 1 373 239,12	R 192 588,44	R 78 102,00	R 24 000,00
Phoebe Nimmerhoudt	Executive Manager Operations	R 1 367 236,61	R 105 113,71	R 65 652,00	R 24 000,00
Keeran Singh	Company Secretary	R 1 290 930,59	R 152 286,53	R 33 216,00	R 38 400,00
Grand Total		R 5 948 080,29	R 667 952,19	R 275 730,00	R 123 600,00





Acting	Insurance	SDL	Bargaining Council	Total
R -	R -	R -	R -	R -
R -	R 2 125,44	R 19 438,91	R 129,60	R 2 292 291,43
R 33 567,74	R 2 125,44	R 16 378,65	R 129,60	R 1 720 130,99
R -	R 2 125,44	R 14 42,63	R 129,60	R 1 578 999,99
R -	R 2 125,44	R 15 747,34	R 129,60	R 1 532 835,50
R 33 567,74	R 8 501,76	R 66 307,53	R 518,40	R 7 124 257,91

Key: SDL = Skills Development BCL = Bargaining Council

Table 29: Executive Remuneration



Staff cost versus Opex

Based on the Employee Cost and Total Operating Expenditure budgets for 2022/23, the total employee cost as a percentage of total Operating Expenditure is 42.5%. The overall percentage for 2022/23 against the budget is as per the table below:

ELEMENT	EMPLOYEE COST R'000	OPEX BUDGET R'000
Amount	R198 196	R466 723
Variance	42.5%	

Table 30: Employee Costs versus Total Opex



Annual Turnover Rates over the last 5 Years:

Details	Total staff compliment at beginning of financial year	Terminations during financial year	Turnover rate
	NO.	NO.	%
2018/19	314	26	8.28
2019/20	302	15	4.97
2020/21	313	15	4.79
2021/22	321	13	4.05
2022/23	328	10	3.0

Table 31: Annual Turnover Rates over the last 3 Years

Quarterly Turnover Rates for 2022/23:

Quarterly	Total Appointments per Quarterly	Terminations per Quarter	Turnover Rate per Quarter
	NO.	NO.	%
Q1	19	4	21
Q2	4	2	50
Q3	4	3	75
Q4	5	1	14
Total	32	10	31

Table 32: Quarterly Turnover Rates for 2022/23

Annual Staff Movements for 2022/23:

Staff Movements	African		Coloured		Indian		White		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Appointments	18	13	0	0	0	0	1	0	32
Internal Appointments (upward mobility)	5	1	0	0	0	0	0	0	6
Dismissals	1	1	0	0	0	0	0	0	2
Retirements	0	2	0	0	0	0	0	2	4
Contract Expired	0	0	0	0	0	0	0	0	0
Resigned	2	1	0	0	1	0	0	0	4
Deceased	0	0	0	0	0	0	0	0	0
Medical Board	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
TOTAL	26	18	0	0	1	0	1	2	48

Table 33: Annual staff movement rates for 2022/23

SECTION 2: EMPLOYMENT EQUITY

From the table below it can be observed that the representation of women at the JM is as follows in leadership positions:

- Executive Management: 50% female;
- Mid Management and skilled professionals: 48% female;
- Overall representation of women at JM, including the Insourced Cleaners on CoJ payroll, accounts for 48.92% of the total employee count.

Employment Equity Demographics Status for Period under Review

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	1	0	0	0	0	1
Senior Management	2	0	0	0	0	1	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	10	2	1	5	6	0	0	2	0	0	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	41	1	1	2	45	3	1	7	0	0	107
Semi-skilled and discretionary decision making	67	2	1	3	75	5	0	5	0	0	158
Unskilled and defined decision making	68	2	0	0	54	0	0	0	0	0	124
TOTAL PERMANENT	194	7	3	10	180	10	1	14	0	0	419
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	194	7	3	10	180	10	1	14	0	0	419

Table 34: The table above reflects the Employment Equity Demographics status which includes the 69 insourced cleaners on the payroll of the CoJ.

Definition of occupational levels are aligned to job grade in terms of the EEA9 from the Department of Labour: Top Management = Grade F (CEO); Senior Management = Grade E (Executive Managers); Professionally qualified and mid-management = Grade D (Managers below Executives); Skilled technical and academically qualified workers = Grade C (Specialist workers); Semi-skilled and discretionary decision making = Grade B; and Unskilled and defined decision making = Grade A.



EE Targets vs. Actuals:

OCCUPATIONAL LEVELS	Target to be achieved by June 2027 (This target is set in the 5 year EE Plan 2022- 2027)									Status as @ 20 June 2023								
	Male				Female				Total	Male				Female				Total
	A	C	I	W	A	C	I	W		A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	1
Senior Manager	2	0	0	0	1	1	1	0	5	2	0	0	0	0	1	0	0	3
Mid Manager / Professional	12	2	1	5	16	0	1	2	39	10	2	1	5	6	0	0	2	26
Skilled Tech / Junior Manager	5	5	1	8	57	3	1	9	135	47	1	1	2	45	3	1	7	107
Semiskilled	70	2	1	6	74	4	1	5	163	67	2	1	3	75	5	0	5	158
Unskilled	74	4	1	9	73	4	1	0	167	68	2	0	0	54	0	0	0	124
TOTAL	214	9	4	28	221	13	5	16	510	194	7	3	10	180	10	1	14	419

Table 35: EE Targets for 2027 vs. the EE status at 30 June 2023

*The EE target includes the 69 insourced cleaners, who are on CoJ payroll whereas the status includes them

Staff Establishment:

OCCUPATIONAL LEVELS	FY2022/23			
	Approved no. of posts	No. of employees	No. of vacancies	% of vacancies
Top management	1	1	0	0
Executive management	5	3	2	40
Middle management	39	26	13	33
Skilled technical/junior management	135	107	28	20
Semi-skilled	163	158	5	3
Unskilled housekeepers/cleaners	167	124	43	25
TOTAL	510	419	91	17

Table 36: Staff Establishment.

*The numbers in this table includes the 69 insourced cleaners on CoJ payroll. These employees have now been included on JM organisational structure even though paid from CoJ payroll.

Filing of the vacant positions:

At the end of the 2022/23 FY four unfilled senior management positions remained;

- Executive Manager Strategy, Planning and Transformation
- Chief Risk Officer
- Senior Manager Property
- Senior Manager Consignment Control.

They are in the process of being filled and planned for concluded in the first quarter of 2023/24 FY.

- JM is embarking on the organisational design process to review the organisational structure and align it to the SMART MARKET strategy. The new structure would accommodate the Chief Operating Officer position to enhance internal capacity.
- JM employed 100 EPWP beneficiaries for 12 months in the 3rd quarter to support the job creation programme. The beneficiaries are placed in various departments to assist with the cleaning, security patrols, administrative and data capturing work.

SECTION 3: SKILLS DEVELOPMENT AND TRAINING

The report on learning and development interventions is recorded below:

Occupation Level	Male				Female				Training Intervention	Amount (R)
	A	C	I	W	A	C	I	W		
Top Management	0	0	0	0	0	0	0	0	None	0
Senior Management	2	0	0	0	1	1	1	0	Chairing DC Hearing	26 112
Senior Management	4	1	1	0	0	0	1	1	Job Evaluation and Grading	14 800
Senior Management	1	0	0	0	0	0	1	1	MFMA Competency	174 000
Middle Management	2	2	1	1	7	0	0	0	Chairing DC Hearing	42 432
Middle Management	5	1	1	1	7	0	0	0	Job Evaluation and Grading	27 750
Middle Management	0	0	0	0	1	0	0	0	Procurement Regulations	2 500
Skilled Technical	2	0	0	0	4	0	1	0	Procurement Regulations	17 500
Skilled Technical	1	0	0	0	0	0	0	0	Ammonia Licence A Training	4 000
Skilled Technical	1	0	0	0	0	0	0	0	Employee Relations and Engagement	10 000
Skilled Technical	2	0	0	0	0	0	0	0	SHRBP Certification	19 998
Skilled Technical	2	0	0	0	3	1	0	0	Job Evaluation and Grading	11 100
Skilled Technical	0	0	0	0	1	0	0	0	Senior Secretary Development	15 999
Skilled Technical	1	0	0	0	1	0	0	0	Business Continuity Certificate	56 800
Skilled Technical	0	0	0	0	1	0	0	0	Demand Management	9 750
Skilled Technical	0	0	0	0	1	0	0	0	SCM Contract Management	10 400
Skilled Technical	0	0	0	0	1	0	0	0	Total Quality Management	2 654
Skilled Technical	1	0	0	0	3	0	0	0	Chairing DC Hearing	13 056
Semi-Skilled	2	0	0	0	4	0	0	1	Chairing DC Hearing	22 848
Semi-Skilled	1	0	0	0	0	0	0	0	Ammonia Licence A Training	8 000
Semi-Skilled	1	0	0	0	2	0	0	0	SHRBP Certification	29 997
Semi-Skilled	0	0	0	0	1	0	0	0	COMPTIA	10 235
Unskilled	0	0	0	0	1	0	0	0	Job Evaluation and Grading	1 850
Total Beneficiaries	30	5	4	3	38	1	4	3	88	531 781

Table 37: Annual staff skills development schedule for 2022/23

Conferences:

Occupation Level	Male				Female				Training Intervention	Amount (R)
	A	C	I	W	A	C	I	W		
Top Management	1	0	0	0	0	0	0	0	Governance Standards	15 000
Senior Management	0	1	0	0	0	0	0	0	Corporate Governance	6 500
Middle Management	1	0	0	0	0	0	0	0	66th IPM Conference	14 000
Middle Management	0	1	0	0	0	0	0	0	Payday Biannual Seminar	6 398
Skilled Technical	0	0	0	0	1	0	0	0	2nd mental Health and Wellbeing	9 499
Skilled Technical	1	0	0	0	0	0	0	0	66th IPM Conference	14 000
Skilled Technical	1	0	0	0	0	0	0	0	CGCSA Summit	0
Skilled Technical	2	0	0	0	0	0	0	0	EEA Amendment Conference	5 500
Skilled Technical	0	0	0	0	0	0	1	1	Corporate Governance	13 000
Skilled Technical	0	0	0	0	1	0	0	0	Green Energy Conference	5 400
Semi-Skilled	0	0	0	1	0	0	0	0	Corporate Governance	6 500
Semi-Skilled	0	0	0	0	1	0	0	0	Payday Biannual Seminar	6 398
Semi-Skilled	1	0	0	0	0	0	0	0	EEA Amendment Conference	2 750
Semi-Skilled	0	0	0	0	1	0	0	0	66th IPM Conference	14 000
Semi-Skilled	2	0	0	0	1	0	0	0	CGCSA Summit	0
Unskilled	0	0	0	0	0	0	0	0		0
TOTAL BENEFICIARIES	9	2	0	1	5	0	1	1	19	118 945

Table 38: Annual conference attendance schedule for 2022/23



Subsidised Study Assistance:

Occupation Level	Male				Female				Training Intervention	Amount (R)
	A	C	I	W	A	C	I	W		
Top Management	0	0	0	0	0	0	0	0	None	0
Senior Management	2	0	0	0	1	0	0	0	BCom Law	26 500
Senior Management	1	0	0	0	0	0	0	0	Masters: Sustainability Management	40 560
Senior Management	1	0	0	0	0	0	0	0	MBA	3 000
Middle Management	1	0	0	0	0	0	0	0	BCom Accounting	32 500
Middle Management	1	0	0	0	0	0	0	0	BSC Electrical Engineering	34 500
Skilled Technical	1	0	0	0	2	0	0	0	BA Public Administration	99 940
Skilled Technical	0	0	0	0	4	0	0	0	BCom General	95 213
Skilled Technical	1	0	0	0	0	0	0	0	BA Honours	42 754
Skilled Technical	0	0	0	0	1	0	0	0	Honours Public Administration	38 763
Skilled Technical	0	0	0	0	1	0	0	0	BA Agriculture Honours	29 471
Skilled Technical	2	0	0	0	0	0	0	0	Advanced Diploma: IT	46 110
Skilled Technical	1	0	0	0	0	0	0	0	Cert: Operations Management	12 715
Skilled Technical	0	0	0	0	1	0	0	0	MSC Agriculture	27 540
Skilled Technical	1	0	0	0	0	0	0	0	Cert: Asset and Maintenance Management	45 540
Skilled Technical	0	0	0	0	1	0	0	0	BCom Honours	37 900
Skilled Technical	0	0	0	0	1	0	0	0	MBA	41 413
Skilled Technical	0	0	0	0	0	0	1	0	BCom HR Management	24 900
Skilled Technical	1	0	0	0	2	0	0	0	PGD: Business Management	232 648
Semi-Skilled	1	0	0	0	2	0	0	0	BCom SCM	50 346
Semi-Skilled	0	0	0	0	1	0	0	0	BCom Accounting	29 200
Semi-Skilled	0	0	0	1	0	0	0	0	Cert: Corporate Governance	6 090
Semi-Skilled	0	0	0	0	0	0	1	0	BA Public Administration	14 370
Semi-Skilled	0	0	0	0	1	0	0	0	Bachelor of Business Administration	14 370
Semi-Skilled	0	1	0	0	0	0	0	0	HC: Business Management	29 100
Semi-Skilled	0	1	0	0	0	0	0	0	HC: ODETDP	38 990
Semi-Skilled	0	0	0	0	2	0	0	0	HC: ODETDP	38 990

Occupation Level	Male				Female				Training Intervention	Amount (R)
	A	C	I	W	A	C	I	W		
Semi-Skilled	0	0	0	0	2	0	0	0	ND: Local Government Management	29 925
Unskilled	2	0	0	0	0	0	0	0	BCom SCM	50 400
Unskilled	0	0	0	0	1	0	0	0	BCom General	23 725
Unskilled	1	0	0	0	0	0	0	0	HC: Supply Chain Management	23 067
Unskilled	1	0	0	0	0	0	0	0	HC: HRM	21 900
Total Beneficiaries	17	1	0	1	22	2	1	0	44	1 293 260

Table 39: Annual subsidised education schedule for 2021/22



The following projects were implemented during the period under review:

Based on the Employee Cost and Total Operating Expenditure budgets for 2022/23, the total employee cost as a percentage of total Operating Expenditure is 42.5%. The overall percentage for 2022/23 against the budget is as per the table below:

Skills Audit

JM conducted a skills audit for permanent staff, including insourced cleaners, to assess its skills base, identify gaps, and determine critical skills. The data collection phase was completed on June 5, 2023, with a 90% participation rate (378 out of 420 staff). The final audit results are expected in July 2023.

Top employers

JM aims to become an employer of choice by registering with the Top Employers Institute. This certification requires companies to undergo an annual assessment of their people management practices through an independently audited HR Best Practices Survey.



SECTION 4: PERFORMANCE MANAGEMENT AND ORGANISATIONAL DEVELOPMENT

Performance management Processes and Procedures

The contracting and review processes:

- The 2021/22 FY performance bonus was concluded and paid in May 2023.
- The 2022/23 FY final performance assessments/reviews are due for finalisation in July 2023.
- The 2023/24 FY Performance agreement due for signing before 31 July 2023.



SECTION 5: DISCIPLINARY MATTERS AND OUTCOMES

Labour Relations

Disciplinary Matters and Outcomes

The following five disciplinary cases were concluded in the 2022/2023 FY:

- Cashier was charged for misappropriation of funds. JM and the employee entered into a plea agreement and the matter is closed.
- Cleaner was charged for assaulting a JM client. The employee was given a final written warning.
- Line processing worker was charged for absenteeism. She failed to return to work and was dismissed.
- Forklift driver was charged for absenteeism. He failed to return to work and was dismissed.
- Project manager was charged for gross negligence and dereliction of duties. He resigned.

- The following four cases were still pending finalisation at the end of Q4.
- A Procurement Officer was charged with violating the Supply Chain Management process. Despite attempts by the employee to halt the disciplinary enquiry, it proceeded but faced multiple delays due to a key witnesses' unavailability and personal circumstances of the employee. The case was heard on November 2, 2022, but remains unresolved as the chairperson has recused himself. JM is now appointing a new chairperson.
- A Senior Manager in Supply Chain Management was suspended on June 30, 2020, with disciplinary charges brought against them on March 1, 2021. The case required further investigation, which was delayed due to the employee's refusal to cooperate. Despite this, investigators are finalising their report, with a final version expected in August 2023.
- The Chief Executive Officer was suspended on May 6, 2021, for violating Supply Chain Management processes. Their disciplinary enquiry began on June 15, 2023, and is still ongoing.
- A Senior Financial Controller was suspended on October 13, 2021, pending an investigation by CoJ GFIS. The final investigation report found the employee negligent, leading to charges of gross negligence. A disciplinary enquiry was scheduled for March 7-8, 2023, but was postponed at the employee's request. A new date is yet to be determined.

Bargaining Council Cases:

JM received one case from the Bargaining Council.

A Former Forklift Driver was dismissed in 2019 and has filed his condonation application for the late referral in December 2023. The application was granted to the former employee. The matter was set-down for conciliation and the matter is still unresolved. The applicant referred his matter for arbitration and the arbitration is scheduled for 28 June 2023.

Labour Court Cases:

JM has three cases before the Labour Court.

- A Property Administrator was dismissed for dishonesty and lost an unfair dismissal arbitration in February 2019. The employee later filed for a Labour Court review in February 2021, despite the late submission. JM opposed the condonation application in April 2021. Currently, there has been no new progress in the case.
- An Executive Strategy and Transformation employee resigned in January 2018 and filed a constructive dismissal case to the SALGBC, which was lost in May 2019. The employee then sought a Labour Court review, which JM opposed on 25 February 2021. There has been no further progress in the case.
- A Security Officer filed an unfair discrimination case related to equal pay for work of equal value to the CCMA for arbitration. In September 2016 the CCMA ruled in favour of JM. The employee then challenged the decision in the Labour Court, but frequent changes in attorneys have caused significant delays. No new progress has been made in the case.

Employee Engagement

Local Labour Forum

The Local Labour Forum (LLF) is a formal structure constituted by management representatives and Labour Union representatives which discusses labour matters that affect employees.

Major discussion point for the LLF was:

JM's implementation of the salary notch progression system that is being negotiated centrally at the CoJ level. The system is planned to be implemented on 1 July, 2023.

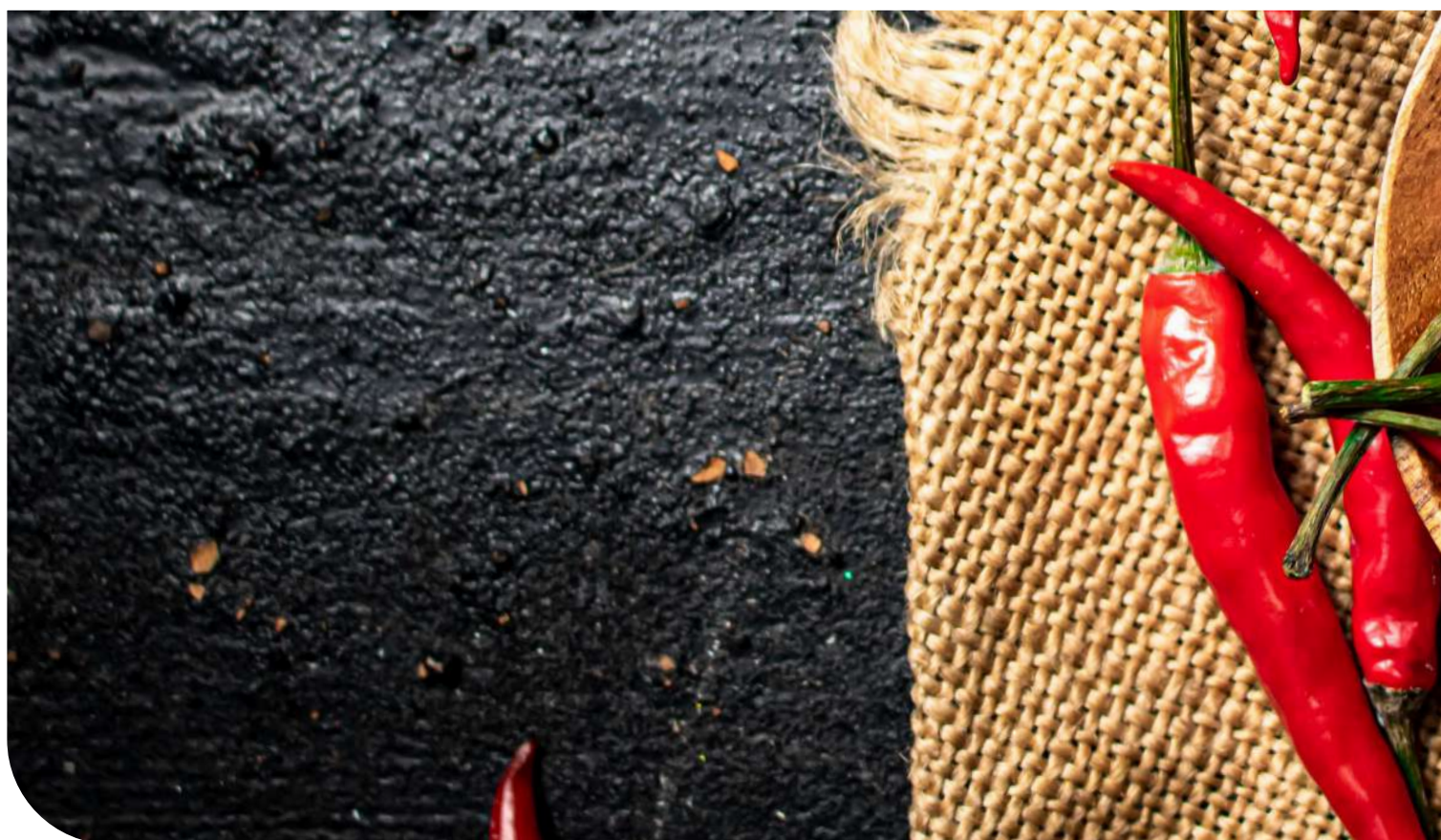
Human Resources Policies

In the 2022/23 FY JM reviewed and approved ten HR policies to ensure they are keeping up with internal and external environmental changes. The review of other policies is on-going.



SECTION 6: LEAVE & PRODUCTIVITY MANAGEMENT - LEAVE ANALYSIS: 2022/23

Type of Leave	22-Jul	22-Aug	22-Sep	22-Oct	22-Nov	22-Dec
Annual Leave	548.46	1898.7	443.24	551	612.41	410.22
Sick Leave	314	273	239	516	281	127
Family Responsibility Leave/Parental	20	52	34	57	31	20
Study Leave/Exam	30	6	1	68	97	3
Leave Sold	45	97	120	79	40	202
Long Service	8	18	19	50	41	4
Maternity	371	155	0	0	0	0
Special	0	0	4	0	0	0
Unpaid	5	6	1	8	41	0
IOD	0	0	1	4	0	0
TOTAL	1341.46	2505.7	862.24	1333	1143.41	766.22



23-Jan	23-Feb	23-Mar	23-Apr	23-May	23-Jun	Totals
716.58	352.46	333	402	429. 46	690	7386.91
268	260	179	112	173.51	129	2871.51
49	26	20	20	43	23	397
0	0	5	5	72	127	414
478	370	34	20	25	32	1542
24	19	34	18	8	5	248
0	0	0	0	0	123	649
0	0	0	0	0	0	4
1	8	5	0	2	0	77
0	0	6	0	2	0	77
1536.58	1035.46	616	577	755.07	1129	13600.51

Table 40: Leave Analysis



SECTION 7: EMPLOYEE WELLNESS

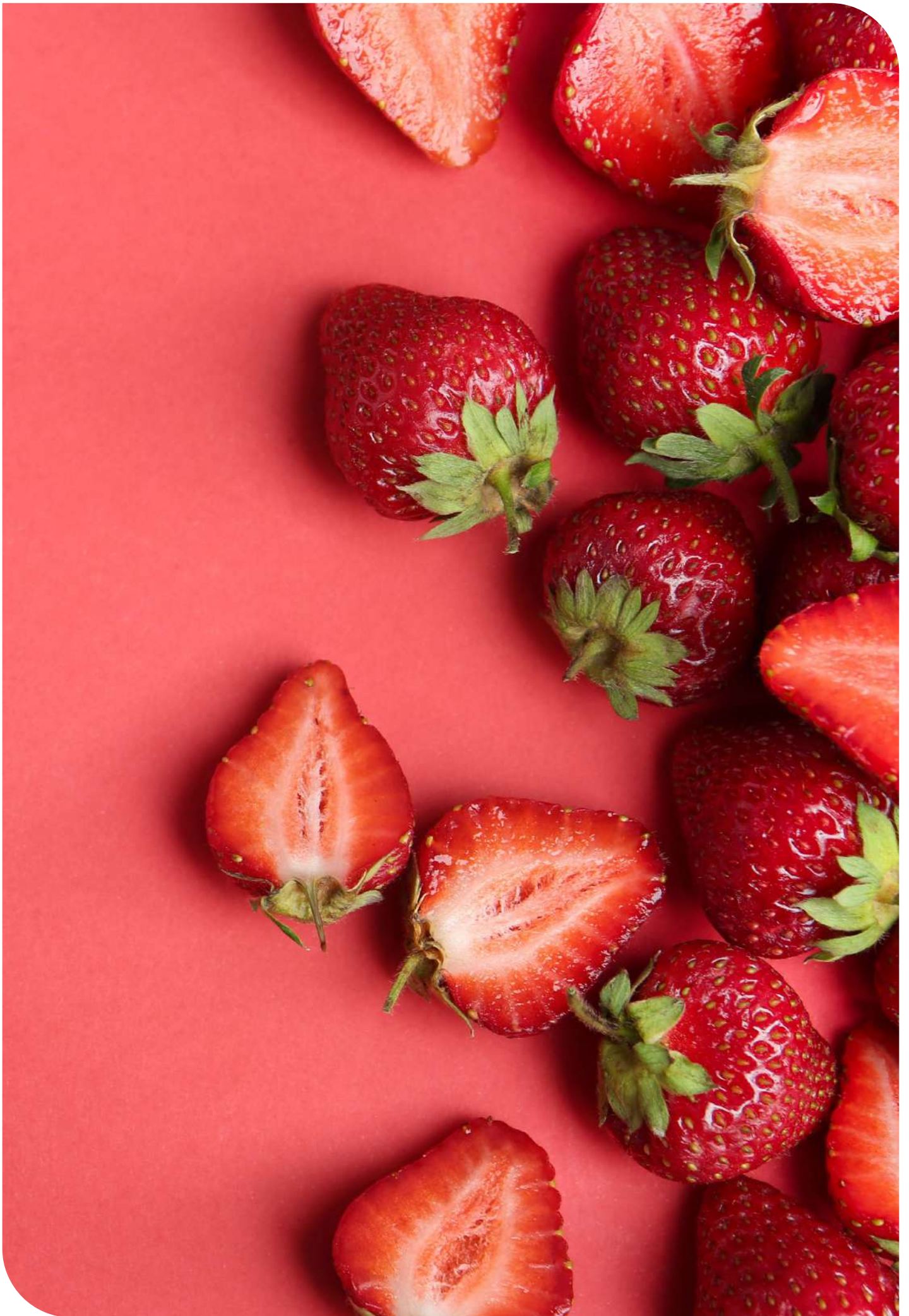
Employee Health (Clinic)

- The STI/Condom Week event in February included blood pressure tests, sugar level tests, weight measurements, HIV testing, and condom distribution.
- In June 2023, another Health and Wellness event featured Pap smears, prostate cancer screenings, physiotherapy, eye screenings, and audiological services.
- The Clinic handled 766 consultations this quarter, including 4 Injury on Duty cases - referred externally for further care.
- Ongoing services provided by the Clinic include:
 - Daily consultations for sick employees
 - Injured employees and JM patrons
 - Referral of patients to external service providers when required
 - Employee medical surveillance
 - Chronic and minor illness management
 - Ongoing health education
- The Clinic has received medical surveillance equipment, enabling on-site eye, lung, and ear testing.
- The MSP is functional, with a minimum of 15 employees being served per month.
- JM is in the process of procuring an Occupational Medical Practitioner to address serious occupational health issues, certify employee fitness, and review medical surveillance results.

Employee Wellness (Employee Assistance Programme)

- JM appointed ICAS as an external service provider for a period of three years (2022/23, 2023/24, and 2024/25) to offer holistic employee wellness services, including counselling and psychological support for JM employees and their immediate families, and conducted induction/awareness sessions for JM staff.
- The ICAS provided a summary of counselling services wherein the relationship problem ranked high and was flagged as an element that could potentially impact productivity.
- Relationship Issues accounted for 30.3% (10) of the total problems.
- One case was flagged as a high risk pertaining to suicidal ideation.
- During the financial year, the Employee Wellness division held the following events:
 - A two day wellness Day held on the 13th and 14th October 2022, wherein the external service providers offered to JM employees the following services, Dietician / nutritionist, Optometrists, Podiatrist.
 - On the 5th December 2022, the PSG Financial Services was invited to JM to offer financial advice to five (5) employees who nearing their retirement.





- To encourage a healthy life style a programme called the Biggest Loser Challenge was held from April 2023 to June 2023.
- As part of the fitness campaign on the 17th February 2023, the Joburg Market participated in the COJ Employee Engagement Day taking part in the sporting activities such as Tennis, Netball, Cycling, 5-a-Side Soccer, Basketball, Volleyball, Indigenous Games, Yoga, and a 2-hour Aerobics Marathon. On the 28th March 2023 the South African National Blood Services joined hands with JM to create a platform for JM employees and Market patrons to donate blood on JM premises.
- On the 16th May 2023, JM revived the Youth Desk wherein the Youth Committee was elected to develop JM youth programme of action. The Youth held its first Youth celebration of the 15th June 2023.

Covid-19 Report:

There was only one positive case reported in the 2022/23 FY. All protocols were observed

Employee Benefits

Retirement Funds: JM's policy requires that all its employees are members of the retirement fund - JM currently has two retirement funds - City of Johannesburg Pension Fund and E-Joburg Retirement Fund with the following number of members:

Pension/Retirement Fund	Members
City of Johannesburg Pension Fund	7
E-Joburg Retirement Funds	342

Medical Aid Schemes:

There are three medical aid schemes on offer to JM employees, with a breakdown below on the number of employees on each scheme:

Medical Aid Schemes	Members
Bonitas	252
Discovery Health	32
LA Health	10

Housing Allowances: The following are the housing allowances in operation within JM:

Housing : 91 beneficiaries
 *Gap : 15 beneficiaries

*GAP Market employees are defined as employees whose income is regarded as too low to access bank funded housing finance (mortgage finance), but too high to qualify for the national government's free-basic housing subsidy scheme. This is regulated in terms of the SALGBC collective agreement reached at the Bargaining Council.

SECTION 8: CORPORATE SOCIAL RESPONSIBILITY

JM prioritises its social responsibility by focusing on legal, ethical, and economic obligations as defined by shareholders. As a good corporate citizen, JM makes operational and project decisions with careful consideration of social responsibilities. The REMSEC Committee oversees this area, providing periodic feedback as needed.

Corporate Social Investment

During the 2022/23 period, JM continued its corporate social investment efforts in partnership with CoJ: DSD. The JM assisted indigent families with food parcels during a funeral. Additionally, on 16 June 2022, JM sponsored an event at the Abraham Kriel Bambanani (AKB) Children's Home in Wesbury, donating fruits and vegetables to help ensure healthy meals for the beneficiaries.



CHAPTER FIVE

FINANCIAL PERFORMANCE AND EXPOSURE

SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOT
SHORT TERM FINANCIAL STRATEGY

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-
LEVEL NOTES

SECTION 3: CASH FLOW STATEMENT

SECTION 4: CAPITAL PROJECTS & EXPENDITURE

SECTION 5: RATIO ANALYSIS (MINIMUM: LIQUIDITY, SOLVENCY, COST
COVERAGE)

SECTION 6: SUPPLY CHAIN MANAGEMENT

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

SECTION 8: INSURANCE CLAIMS AGAINST/TO JM

SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT
DEPARTMENTS AND PUBLIC ENTITIES

SECTION 10: AUSTERITY MEASURES IMPLEMENTED

SECTION 1: STATEMENT OF FINANCIAL POSITION AND HIGH-LEVEL NOTES**Short term financial strategy**

JM recognises the need for achievable and adaptable short-term financial goals in the fresh produce industry. As indicated under section 2.1, 85.2% of JM's income is derived from commission, which is constantly at risk of erosion practices within the value chain. JM, therefore, plans to refine its central trading governance and systems to protect this critical revenue stream.



The statement of JM's financial position is tabulated below:

	R'000 Actual 2023 June 614 664	R'000 Actual 2022 June 549 805
ASSETS		
Non-current assets		
Property, plant and equipment	576 707	510 179
Investment property	27 185	29 098
Intangible assets	520	780
Deferred tax	10 252	9 747
Current assets	851 317	772 314
Trade and other receivables	97 667	78 046
Loans to shareholders	220 547	422 220
Statutory Receivable	59 250	74 252
Operating Lease Asset	0	0
Cash and cash equivalents	473 853	197 796
Total assets	1 465 981	1 322 119
NET ASSETS AND LIABILITIES		
Net Assets and Liabilities	1 066 969	925 614
Contribution from owner	20 000	20 000
Accumulated funds	1 046 969	905 614
Non-current liabilities	13 486	13 296
Loans from shareholders	-	0
Employee benefit obligations	2 530	2 736
Deferred tax	10 956	10 560
Current liabilities	385 526	383 208
Trade and other payables	381 660	378 267
Loans from shareholders	0	0
Provisions	3 866	4 941
Total equity and liabilities	1 465 981	1 322 119

Table 41: Statement of financial position of JM as at 30 June 2023



Statement of financial position variance analysis

- The net increase of R66.5m (13.0%) in PPE is due to Capital Expenditure spend and depreciation for the period.
- Cash and cash equivalents increased by R276.1m (139.6%) due to an increase in the JM cash reserves and buyer's deposit.

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

	PERIOD ENDED 30 JUNE 2023						
				Variance			
	Actual R '000	Budgeted R '000	Last Year R '000	Actual vs Budget R '000	Actual vs Last Yr R '000	Actual vs Budget %	Actual vs Last Yr %
Turnover	10 300 624	8 924 202	8 761 470	1 376 422	1 539 154	15,4%	17,6%
Tonnage	1 420	1 434	1 430	(13)	(9)	-0,9%	-0,6%
Rand/Ton	R 7 250,5	R 6 224,1	R 6 128,9	1 026,4	1 121,6	16,5%	18,3%
Revenue	604 428	599 725	515 764	4 703	88 664	0,8%	17,2%
Expenses	(454 725)	(466 723)	(424 504)	11 997	(30 221)	-2,6%	7,1%
Surplus before interest & tax	149 703	133 002	91 260	16 701	58 443	12,6%	64,0%
Net interest (paid)/earned	48 726	30 086	25 027	18 639	23 699	62,0%	94,7%
Internal Charges	-	-	-				
Surplus before tax	198 428	163 089	116 287	35 340	82 142	21,7%	70,6%
Taxation	-57 074	-43 271	-37 042	(13 803)	(20 032)	31,9%	54,1%
Surplus	141 354	119 818	71 686	21 537	69 668	18,0%	97,2%

Table 42: JM high level performance of the entity

Joburg Market's Q4 financial performance as at 30 June 2023 recorded a surplus of R141.4m against a budgeted surplus of R 119.1m. Surplus after tax is over the budget by R22.3m which has resulted in a variance of 18.7%. The entity's Revenue has increased by R89.6m (17.2%) compared to the prior year's performance, however, total expenditure also increased by R30.2m (7.1%) compare to the prior year's due to increased spending on finance and administration (doubtful debt provision) and bank charges.

Turnover and Revenue Analysis for quarter ended 30 June 2023

The turnover generated by JM is above the budget by R1 376.4m (15.4%) due to higher than expected trade prices. Tonnage was below budget by 13 tons (0.9%) and price per ton was higher than budgeted by R1 027.7/ton (16.5%). Compared to prior year price per ton, there has been a decrease of R1 122.8/ton (18.3%) in the prices of fresh produce. finance and administration (doubtful debt provision) and bank charges.



Turnover & Revenue

PERIOD ENDED 30 JUNE 2023							
	Variance						
	Actual R '000	Budgeted R '000	Last Year R '000	Actual vs Budget R '000	Actual vs Last Yr R '000	Actual vs Budget %	Actual vs Last Yr %
Turnover	10 300 624	8 924 202	8 761 470	1 376 422	1 539 154	15,4%	17,6%
Tonnage	1 420	1 434	1 430	(13)	(9)	(0,9%)	(0,6%)
Rand/Ton	R 7 250,5	R 6 224,10	R 6 128,94	1 028	1 122	16,5%	18,3%
Revenue	604 428	599 725	523 403	4 703	81 025	0,8%	15,5%
Cold storage facilities	3 398	3 670	4 051	(272)	(654)	(7,4%)	(16,1%)
Ripening facilities	1 842	1 468	1 535	374	307	25,5%	20,0%
Commission 5%	515 031	446 210	438 099	68 821	76 932	15,4%	17,6%
Direct Delivery Comm	10 425	3 673	6 342	6 752	4 083	183,8%	64,4%
Pallets	1 227	1 433	1 074	(206)	153	(14,4%)	14,3%
Prepaid Electricity	-	-	-	-	-	0,0%	0,0%
Cash Handling fee	6 536	6 000	5 269	536	1 267	8,9%	24,0%
EPWP Grant	5 500	-	5 140	5 500	360	0,0%	0,0%
Trolley Rental Deposit	98	100	99	(2)	(1)	(2,0%)	(1,5%)
Electricity recovery	21 653	48 014	23 164	(26 361)	(1 510)	(54,9%)	(6,5%)
Water recovery	6 702	29 220	7 589	(22 518)	(888)	(77,1%)	(11,7%)
Rental Income	24 373	24 873	23 271	(500)	1 102	(2,0%)	4,7%
Floor storage fees	1 767	3 528	1 635	(1 761)	132	(49,9%)	8,0%
Sundry revenue - other	5 877	31 536	6 134	(25 659)	(257)	(81,4%)	(4,2%)

Table 43: JM revenue as 30 June 2023



- Commission income and direct delivery = 86.9%
- Rental income (including both water and electricity recoveries) = 8.7%
- Sundry revenue = 4.4%

Revenue variance analysis

- Commission income is above budgeted by R68.8m (15.4%) based on the positive variance turnover derived by demand and supply.
- Direct Deliveries is above budget by R6.8m (183.8%) due to an increase in direct consignment received by tenants in the fourth quarter.
- Banana Ripening is over-budget by R374k (25.5%) due to an increase in the demand of produce in ripening facilities and also due to the improvements done on the facilities.
- Floor storage fees are below the budget by R1.8m (49.9%) due to less stock being kept in the storage facilities as more produce are channeled into the trading halls.
- Sundry revenue is below budget by 25.7m (81.4%) largely due to the budgeted EPWP funds which were not allocated in the current financial year.
- Electricity Recovery is under-budget by R26.4m (54.9%) due to less consumption on utilities than budgeted for by our tenants.



Stakeholder engagements

During the period under review a number of tenant engagements were held, including collections and lease agreement signings.

JM maintained strong relationships with CoJ Group Finance and municipal entities, including collaboration with JPC on the Tshiamo Market project management and with Joburg Water on water consumption accounting. The company appreciates the cooperation and support received during these engagements.

Expenditure variance analysis

Period ended 30 June 2023								
	Actual	Budget	Last year	Actual as % of total expenses	Variance			
					Actual vs budget	Actual vs last yr	Actual vs budget	Actual vs last yr
					R0'00	R0'00	%	%
Expenses	454 725	466 723	434 147	100%	-11 997	20 578	-2,6%	21,10
Personnel costs	198 196	196 054	184 113	44%	2 142	14 082	1,1%	7,6%
Human Resources	15 766	13 546	9 753	3%	2 221	6 013	16,4%	61,7%
Marketing	3 714	3 702	8 560	1%	12	-4 846	0,3%	-56,6%
Repairs and Maintenance	31 244	44 782	30 877	7%	- 13 538	368	-30,2%	1,2%
Operations	131 538	139 676	146 274	29%	-8 138	-14 736	-5,8%	-10,1%
Information Technology	6 127	11 945	5 007	1%	-5 818	1 120	-48,7%	22,4%
Finance and administration	38 538	27 571	23 318	8%	10 967	15 220	39,8%	65,3%
Depreciation	29 602	29 447	26 245	7%	155	3 357	0,5%	12,8%

Table 44: Operational expenditure analysis as at 30 June 2023





Total operating expenditure for the year ended 30 June 2023 is recorded at R454.7m (excluding internal charges) compared to the budget of R466.7m. This represents an under budgeted of R11.9m (3.0%) when compared to the budget.

- Repair and Maintenance is under budget by R13.5m (30.2%) due to R12.3m allocated to Operation department for diesel account cost on generators (load shedding) which arises from unforeseen circumstances.
- Information Technology is under budget by R5.8m (48.7%) due to the Microsoft license project not being implemented. The procurement of Microsoft licenses is centralized through City Group Information Technology
- Personnel costs expenditure is over budget by 2.1m (1.1%) due to the PFA (SALGA) agreement once off payment.
- Operations Expenditure is under budget by R8.1m (5.8%) due to reduced utilisation by the tenant and close monitoring of cost.



SECTION 3: CASH FLOW STATEMENT

	R0.00 Actual 30-Jun-23	R0.00 Actual 30-Jun-22
Cash flows from operating activities		
Receipts		
Sale of goods and services	670 521	633 596
Interest income	43 442	24 052
Deferred tax	-	5 140
Other receipts	713 963	662 788
Payments		
Employee costs	-199 147	-187 429
Cash paid to supplier	-285 211	-307 237
Tax paid	-56 473	-38 446
Finance costs	-	-428
	-540 831	-533 540
Net cash flows from operating activities	173 132	129 248
Cash flows from investing activities		
Purchase of property, plant and equipment	-70 333	-115 215
Loan to shareholder - Sweeping account	173 320	-19 916
Net cash flows from investing activities	102 987	-135 131
Cash flows from financing activities		
Repayment of shareholders' loan	-	-4 206
Post Retirement Liabilities	-62	-456
Net cash flows from financing activities	-62	-4 662
Net increase in cash and cash equivalents	276 057	-10 546
Cash and cash equivalents at the beginning of the year	197 796	208 342
Cash and cash equivalents at the end of the year	473 853	197 796

Table 45: Cash flow statement as at 30 June 2023

SECTION 4: CAPITAL PROJECTS & EXPENDITURE

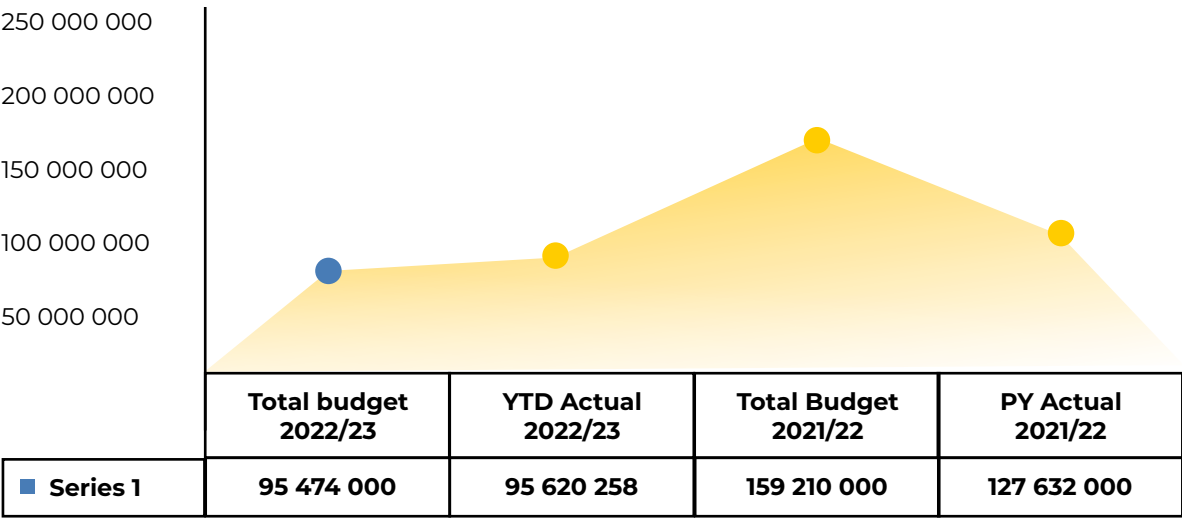


Figure 7: Capital expenditure analysis for the financial year ended 30 June 2023

Figure 12: Capital expenditure analysis for the financial year ended 30 June 2023

- Capex spend as at 30 June 2023 is recorded at R95.6m against a budget of R95.5m this represent 100.2%.



Capital Projects

JFPM	JFPM		JFPM	JFPM	
CAPEX	Project	Approved Adjustment budget		Approved Budget	% Actual against budget
JSIP Number	Description	R	R	R	
2598	Tshiamo Market - Building and Services Renovations and Upgrade	40 000 000	30 500 000	31 787 072	104,22%
22489	Upgrade of Banana Ripening and Cold Rooms	20 000 000	10 000 000	9 610 476	96,10%
	Complementary Service	-	-	4 563 147	45,63%
	Operating Machinery	-	-	1 772 622	17,73%
	Installation of Smart meters	-	-	3 274 707	32,75%
3331	Installation of Sprinkler System(Fire Suppression System OHSA)	10 000 000	10 000 000	10 029 652	100,30%
3357	Refurbishment/Construction of Ablution Facilities Renewal Building Alterations	5 000 000	4 598 000	4 597 988	100,00%
3364	Replacement of Roof at the Trading Halls New Building Alterations	8 633 000	4 941 000	3 508 652	71,01%
6399	Construction of pack -house for emerging farmers	10 000 000	4 941 000	3 508 652	100,01%
22547	Alternative Energy Systems	10 000 000	1 645 000	1 645 000	100,00%
4039	Technical Equipment Renewal	4 000 000	28 000 000	28 650 968	102,32%
	Operational Capital: Computer Software New Computer Software CITY DEEP EXT.22	1 000 000	-	-	0
	Computer Equipment Renewal Computer upgrades	1 750 000	-	-	0
	Computer Software New/ Renewal New Computer Hardware	1 000 000	-	-	0
	Upgrade of Market Facilities Cooling of the Halls	5 000 000	-	-	0
	Operational Capital - Cleaning in-sourcing	3 000 000	-	-	0
Total		95 474 000	95 620 258		100,2%

Table 46: Capital projects breakdown for the financial year ended 30 June 2023.

SECTION 5: RATIO ANALYSIS (MINIMUM: LIQUIDITY, SOLVENCY, COST COVERAGE)

Key financial ratios for the financial year ended 30 June 2023

Financial ratios	Norm	Q4-1
Liquidity (CA/CL)	1.5:1	2.2:1
Solvency (Total Assets/Ttal Liabilities)	2.0:1	3.7:1
Debtor’s days (average collection period)	30	53
Cash cover(days)	30-90 days	600
Remuneration to expenditure ratio (incl EPWP)	25 - 40%	43.7%
Remuneration to expenditure ratio (Excl EPWP)	25 - 40%	42.5%

Table 47: key ratios for the review period

The Joburg Market remuneration to expenditure ratio is higher than the norm as a result of the continuous nature of its operations which includes 24 hours functions, night shift arrangements and certain operations on public holidays. JM has a healthy Balance Sheet in terms of both liquidity and solvency; this indicates that the company has sufficient assets to cover its operations in the short term.

It is worth noting that it takes 53 days for debtors to pay amounts owing to Joburg Market against the required norm of 30 days.

Analysis of Debtors Collections for the year ending 30 June 2023

An amount of R66.3m has been collected during the reporting period compared against a billing figure of R66.1m. The collection rate achieved year to date is 93% against a target of 95%.This improvement is attributed to management’s concerted effort to follow up on outstanding debtors, to settle their debt within 30 days.



Billing and collections rate quarter YTD 2022/23

Descriptions	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Total of rental & Utilities	4 544 461	4 516 023	4 581 249	3 954 895	4 817 651
Total of cold storage & ripening	1 162 538	1 487 066	1 598 489	1 078 492	1 653 852
Total billing	5 706 999	6003 089	6 177 738	5 033 387	6 471 503
Collections					
Total of rental & Utilities	3 760 843	3 732 405	5 611 793	1 679 105	2 684 698
Total of cold storage & ripening	1 199 292	2 141 971	1 515 240	2 166 766	1 978 673
Total collection	4 960 135	5 874 376	7 127 033	3 845 871	4 663 371
Collection percentages					
Descriptions					
Rental & Utilities rates	83%	83%	122%	42%	56%
Cold storage & ripening	103%	144%	95%	201%	120%
Total average collection	87%	98%	115%	76%	72%



Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD
3 420 722	2 861 637	4 213 288	3 176 057	6 028 055	4 654 381	2 976 549	49 744 968
1 080 005	1 180 063	1 047 981	1 196 410	1 167 572	1 388 426	2 476 783	16 515 677
4 500 727	4 041 700	5 261 269	4 372 467	7 195 627	6 042 807	5 453 332	66 260 645
3 895 714	3 492 146	4 994 387	2 076 067	5 962 545	2 881 072	5 639 329	46 410 104
1 692 790	1 889 775	776 618	908 540	553 651	1 015 137	3 888 134	19 726 587
5 588 504	5 381 921	5 771 005	2 984 607	6 516 196	3 896 209	9 527 463	66 136 691
114%	122%	119%	65%	99%	62%	189%	93%
157%	160%	74%	76%	47%	73%	157%	119%
124%	133%	110%	68%	91%	64%	175%	100%

Table 48: Billing and collections rate as at 30 June 2023



Bad debts

Provision for bad debts amounted to R36.7m. There was an increase of R8.4m in doubtful debts provision in the current financial year.

Analysis of Cash Collections for the financial year ended 30 June 2023

Buyers Deposits

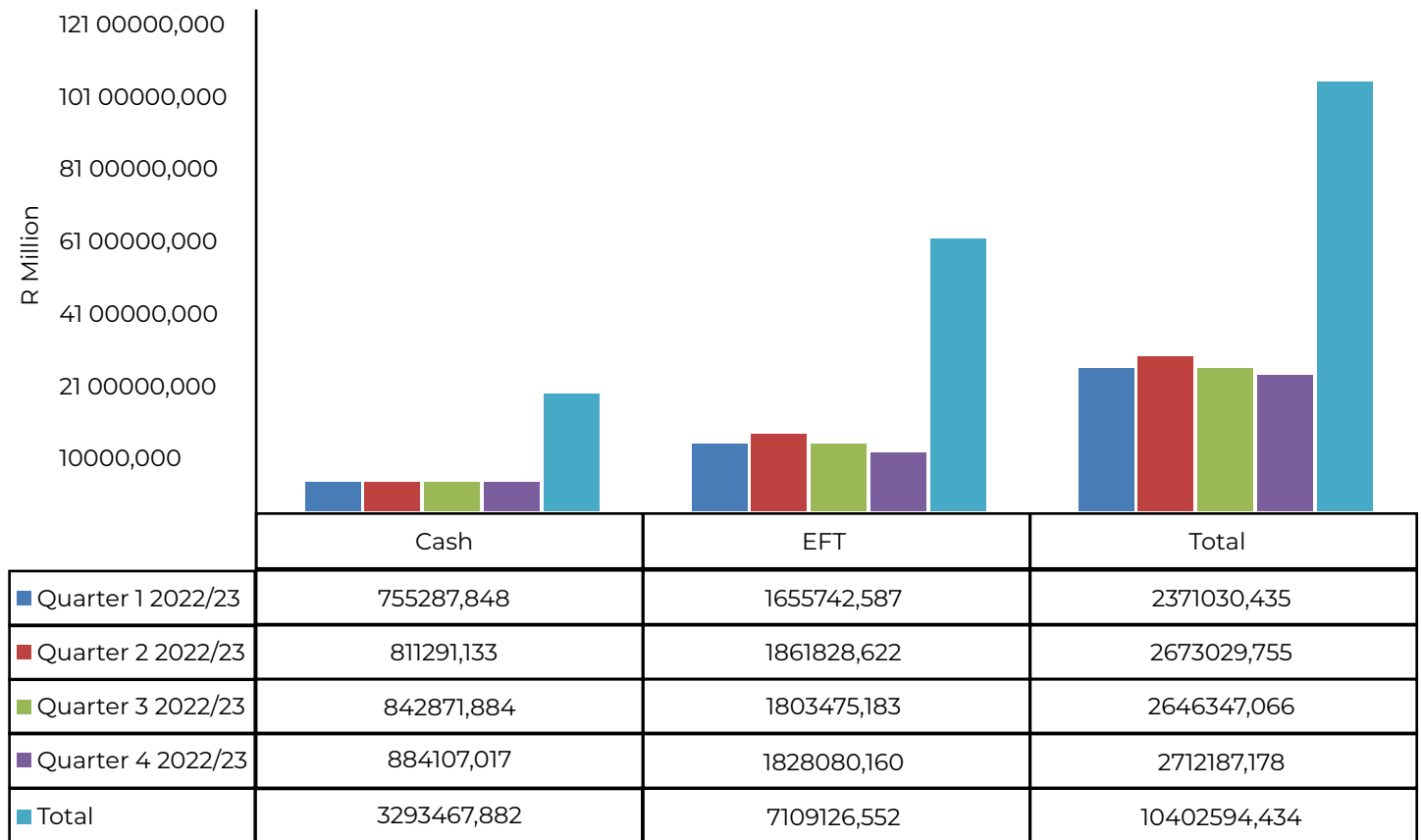


Figure 8: Cash collections for the reporting period ended 30 June 2023

The total shortages for 2022/2023 are R0 against recoveries the closing balance of R153.60 (due to unallocated receipts of R153.60). The department closing shortage for the month of June 2023 amounts to R0.00 balance



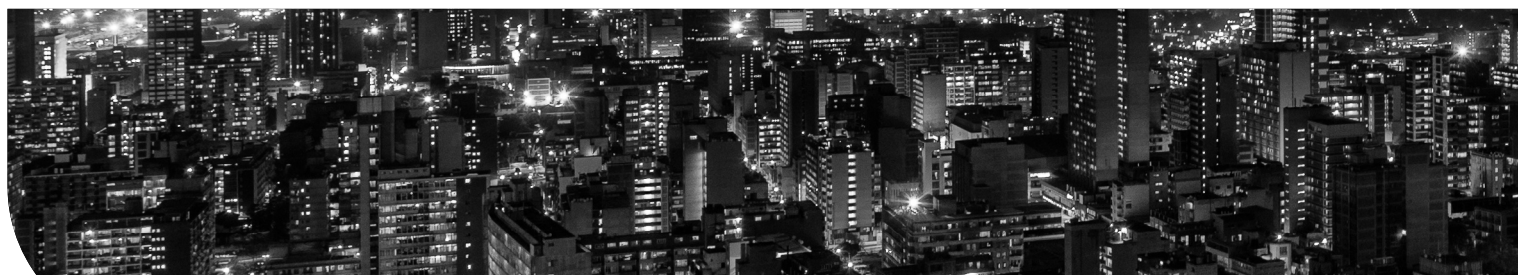


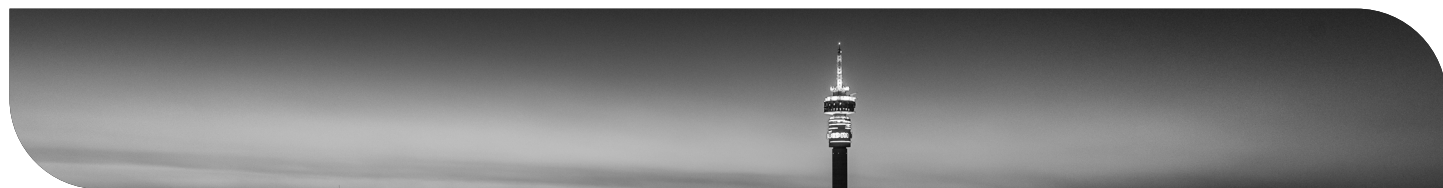
SECTION 6: SUPPLY CHAIN MANAGEMENT

Deviations

The accounting officer followed due processes in considering the need for deviations. The entity incurred the following deviations which are illustrated in the table below:

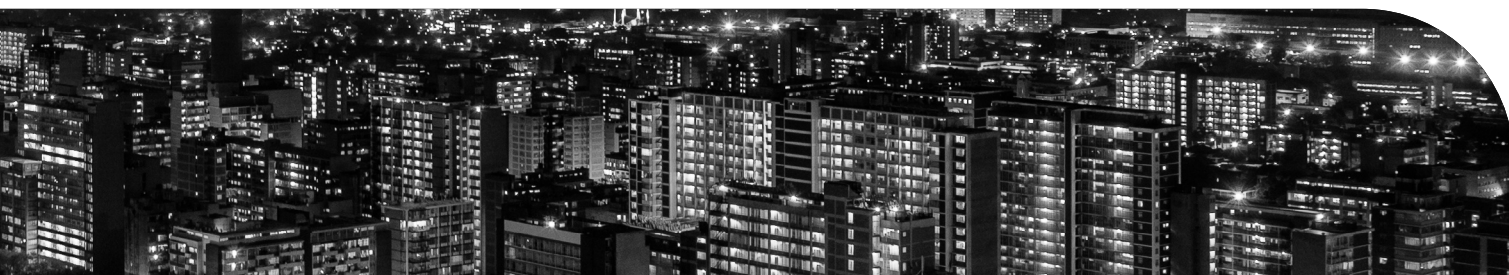
No	Service provider	Type of deviation
1	Oracle Corporation South Africa(Pty) Ltd	Single provider (MFMA section 36 (a) (ii))
2	Klaus Engineering GroupExceptional	Exceptional (MFMA section 36 (a) (iv))
3	Kya Guards(Pty)Ltd	Emergency (MFMA section 36 (a) (i))
4	Waterbless (Pty)LtdEmergency	Emergency (MFMA section 36 (a) (i))
5	Goscor Cleaning Equipment (Pty) LtdEmergency	Emergency (MFMA section 36 (a) (i))
6	Serve Isizwe Holdings (Pty)Ltd	Emergency (MFMA section 36 (a) (i))
7	Latitude software	Single provider (MFMA section 36 (a) (i))
8	PayDay software Systems (Pty)LtdSingle	Single provider (MFMA section 36 (a) (i))
9	Institute of Directors South Africa	Single provider (MFMA section 36 (a) (i))
10	Elphash Trading Enterprise CC	Emergency (MFMA section 36 (a) (i))
Total		





Reasons	Approved Deviation amount	Year Approved
The licence renewal can be procured from the software manufacture only. Oracle suite in the JM SPS database enviroment.	R 2 381 493,09	30-Mar-23
Tender process has been followed and declared non- responsive. Ammonia refridgeration is a highly specialised field	R 3 752 619,05	11-Apr-23
Additional security and equipment for a period of three(3) months. Security officer to patrol outside the Joburg Market precinct in order to prevent crime.	R 991 045,00	23-Jan-23
Emergency supply of Generator diesel	R 6 000 000,00	11-Jul-22
Procurement maintenance plan for 4X M20 scrubbing machine with 12 months maintenance plan	R 557 260,52	18-Nov-22
Emergency repairs, re-program and re-calibrate the banana ripening ABB control system	R 211 432,10	23-Jan-23
Extention of IT service desk to include the infrastructure department. This will enhance the	R 235 540,68	08-Dec-22
Software for licence and support	R 467 224,00	08-Dec-22
Training and development programs for the Board of Directors	R 600 000,00	04-Apr-23
Additional security to patrol outside the Joburg Market precinct in order to prevent crime for a period of 6 months	R 2 520 000,00	18-Apr-23
	R17 716 614,44	

Table 49: Deviations as at 30 June 2023



Irregular Expenditure

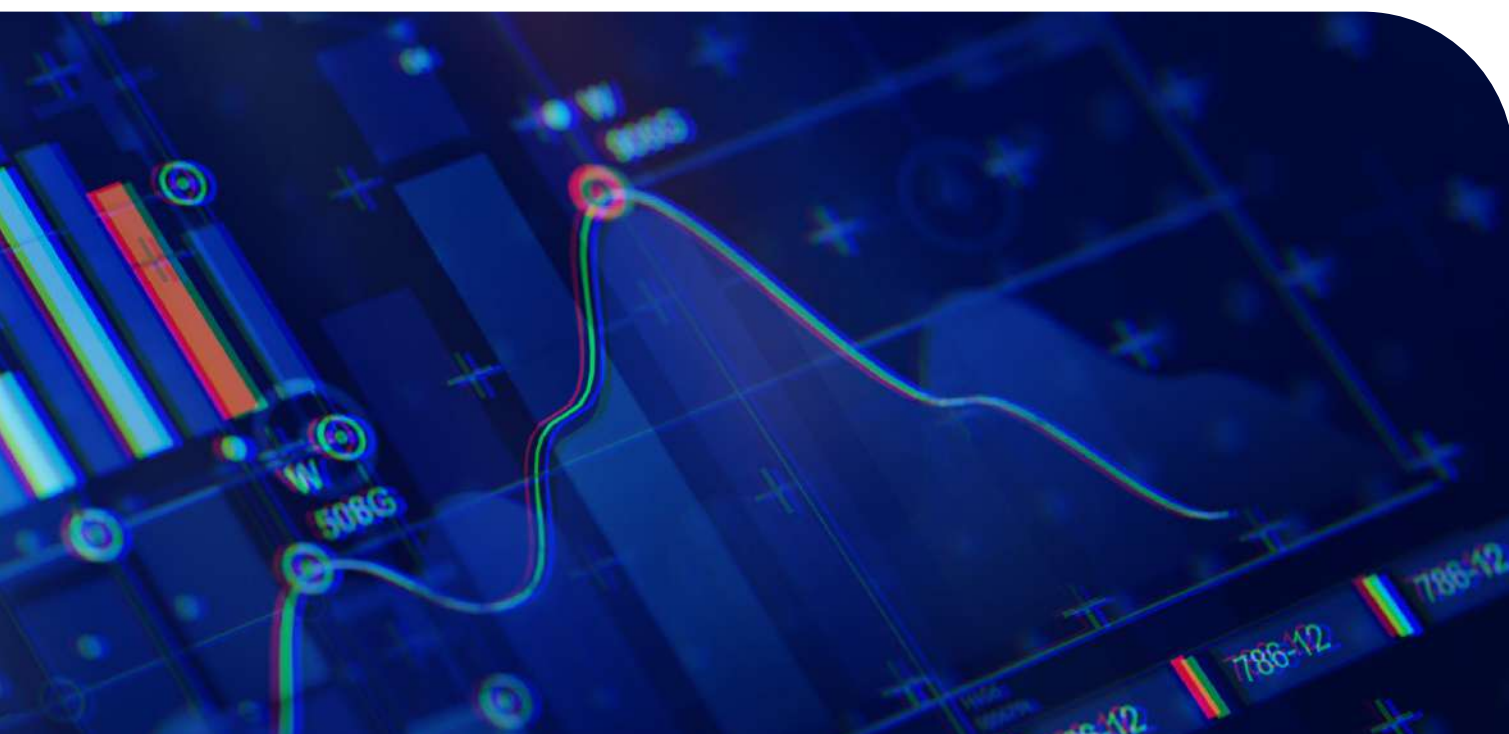
Name of suppliers	UIFW
Morubisi Technologies	Irregular
Afrirent fleet rental	Irregular
Avis fleet rental	Irregular
Bash eletrical contractor	Irregular
Total	

All instances of irregular expenditure incurred in the current year relates to contracts identified as irregular in the prior year.
 # the irregular expenditure for actual expenditure exceeding the budget vote has no relation to supply chain processes



Reason for the deviation	Amount
COJ promised to do insource and did not materialize. Services provider appointed on CAPEX components. The Joburg Market appointed MTC to render the CCTV services, but to date has not able to render such services. However for the sake of business continuity, Morubisi has been kept on board as the services they render are critical for Joburg Market. The amount spent on Morubisi, is more that 15% allowed for	6 875 701. 80
Original COJ contract declared irregular by the auditor general	1 970 024.06
Original COJ contract declared irregular by the auditor general, on the 18th of November 2022 contract was extended on a month to month basis, not extended till 17 May 2023 the contract expired now	289 451.03
Shortened closing period, whose reasons were not complelling to the auditor general, hence declared irregular	3 765 913.05
	R 12 901 089,94

Table 50: Irregular expenditure incurred during the review period



Fruitless and Wasteful Expenditure

The company incurred the following fruitless and wasteful expenses as outlined in the table below:

NO.	Service provider	Reasons	R
-	None	N/A	0
Total			0

BBB-EE expenditure for the period

Expenditure	YTD - Actual JM Spend R	Spent on related parties R	Available amount R	YTD Spent on BBB-EE R	YTD %spent on BBB-EE
OPEX	226 055 694	-86 853 047	139 202 648	139 202 648	100%
CAPEX	95 620 257	-31 787 071	63 833 186	63 833 186	100%

Table 51: Joburg market BBB-EE procurement spending during the acquisition of goods and services as at 30 June 2023

OPEX EXPENDITURE

The total amount spent for OPEX is R226 055 694. Included in this is an amount of R86 853 047 which does not form part of the total actual expenditure on BBB-EE as it was spent on CoJ entities for utilities being Electricity usage, Water, Sewage and Refuse

CAPEX EXPENDITURE

Total amount for CAPEX is R95 620 257. Included in there is an amount of R31 787 071 which does not form part of the total actual expenditure on BBB-EE as it was spent on CoJ entities (i.e. JPC).

Payments within 30 days

Payments of creditors within 30 days	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Total payments	144	120	139	120	121
Paid within 30 days	144	120	139	120	121
Paid within 30 days	100%	100%	100%	100%	100%

The payment of suppliers within 30 days meets the 100% target required by the JM KPI.



Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
121	74	131	133	59	123	95	1381
121	74	131	133	59	123	95	1381
100%	100%	100%	100%	100%	100%	100%	100%

Table 52: Payment of suppliers within 30 days

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

The company incurred the following fruitless and wasteful expenses as outlined in the table below:

Details of matter	Amount (R/M)
Dispute with a company regarding professional fees in respect of road rehabilitation	1 080 017
Total	1 872 087

Table 53: Contingent liabilities of the entity



SECTION 8: INSURANCE CLAIMS AGAINST/TO JM

Insurance claims affecting JM is currently estimated at R3.952 Million



SECTION 9: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

The entity wishes to disclose the following monies receivable from organs of government & the entity wishes to disclose the following monies payable to organs of government

Name of department/Entity

Amounts owned by related parties		
Name of department /Entity	30 June 23	30 June 22
The City of Johannesburg Metropolitan Municipality	239 117 320	430 622 046
The Johannesburg City Parks/Zoo	370 298	72 848
Pikitup Johannesburg (SOC)Ltd	57 950	-
Total	239 545 568	430 694 894
Amounts owned by related parties		
Name of department /Entity	30 June 23	30 June 22
The City of Johannesburg Metropolitan Municipality	166 799 609	162 997 455
Johannesburg Metro Trading Company	5 482 224	5 535 337
Johannesburg Property Company	58 519 412	40 840 079
The Johannesburg City Parks/Zoo	590 974	-
Joburg Theatre (SOC)Ltd	159 965	645 683
Total	231 552 184	210 018 554

Table 54: Amounts owing by government departments and public entities

SECTION 10: AUSTERITY MEASURES IMPLEMENTED DEPARTMENTS AND PUBLIC ENTITIES

In order to achieve savings JM has continued with the limitation of the following measures:

- Discontinuation of flowers for offices and reception areas;
- Cancellation of all newspaper subscriptions;
- Limitation of official travelling.

CHAPTER SIX

INTERNAL AND EXTERNAL AUDIT FINDINGS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS
(AGSA)

SECTION 4: UIFW EXPENDITURE WRITTEN-OFF DURING THE YEAR

SECTION 5: EFFECTIVENESS OF INTERNAL CONTROLS

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

Operating Space of JM

Internal Audit performs its duties in accordance with the S165 of the MFMA and other relevant legislation and frameworks.

The scope of Internal Audit work is to provide reasonable assurance on whether the organisation's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that, amongst others:

Internal Audit operates under S165 of the MFMA and other relevant legislation and frameworks. Internal Audit provide reasonable assurance on the effectiveness of the organisation's risk management, control, and governance processes as designed and managed, ensuring they are adequate and functioning properly, including to ensure:

- There is effectiveness and efficiency of operations.
- There is adequate compliance to laws and regulations
- Significant legislative or regulatory issues impacting the organisation are recognised and adhered to.
- The safeguarding of assets.
- Risks are appropriately identified and managed.
- Significant financial, operating and performance information is accurate, reliable and timely.

The following is a summary of progress on the approved internal audit plan for 2022/23 as at 30 June 2023.

Description	Progress status on the plan – Q4				
	Project Allocation	Not started	Planning & Execution	Reporting	Completed
Planned audits for the year	21	0	2	0	19
Percentage	100%	0%	10%	0%	90%

Table 55: Table of planned audit audits for 2022/23



Detail of planned audits

The following table provides the detail of the planned audits for 2022/23 financial year and progress status at 30/06/2022.

#	Planned Area of Coverage	Status	Planned hours	Risk Rating
1	Unauthorised Irregular, Fruitless and Wasteful Expenditure (UIFW)	Complete	300	Very High
2	Marketing and communication (Q3 –Q4)	Complete	300	High
3	IT Application Controls (SPS) (Q4)	Planning	200	Moderate
4	IT General Controls (Q4)	Planning	300	High
5	SCM Tendering and RFQ Process (Q1 - Q4)	Complete	300	Very High
6	Probity audits (Q1-Q4)	Complete	300	Very High
7	Infrastructure Maintenance (Q2- Q3)	Complete	300	Very High
8	Safety Health and Environment (SHE)	Complete	300	High
9	Review of Interim Financial statements	Complete	300	High
10	Auditing of Predetermined Objectives -AOPO (Performance Information) (Q1 - Q4)	Complete	300	High
11	Unauthorised Irregular, Fruitless and Wasteful Expenditure (UIFWe) (Q1-Q4)	Complete	300	Very High
11	5% Commission Business (Q3)	Complete	300	Very High
12	Fixed Assets (Q1 and Q4)	Complete	300	Very High
13	Service Standards (Q1 - Q4)	Complete	200	High
14	Follow up audits (monthly follow ups) (Q1-Q4)	Complete	400	High
15	Supplier Payments within 30 days (Q4)	Complete	200	Very High

Explanation of Risk Rating

Critical	Significant	Requires Improvement	Satisfactory
----------	-------------	----------------------	--------------

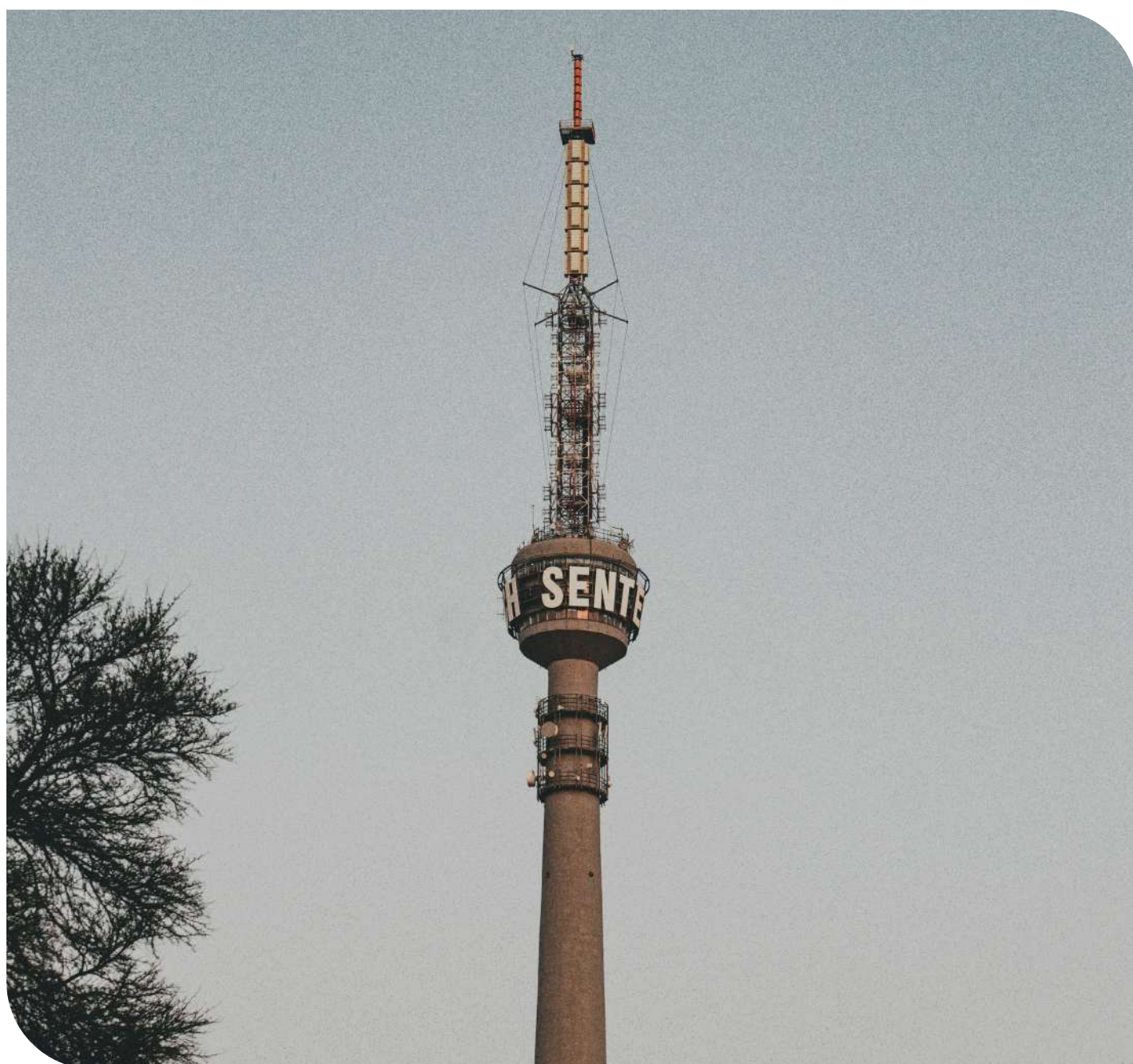


SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Internal Audit performs follow-up audits to ensure action plans are implemented on time, root causes are identified, and repeat findings are avoided. Special attention is given to “high-risk” findings, ensuring they receive proper management attention.

Following is a summary of movements in the 2022 Internal Audit findings up to 30/06/2023.

Internal Audit	Total finding	Q2	Q3	Q4	Total resolved	% Resolved	Closing findings
Internal Audit – 2021/22 FY	94	65	22	7	94	100%	0
Total	94	65	22	7	94	100%	0



SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS (AGSA)

The following is a summary and status of audit findings at 30 June 2023. The following is a summary of movements in the AGSA Audit findings during Q4 up to 30/06/2023

Internal Audit	Total finding	Q2	Q4	Total resolved	% Resolved	Closing findings
AGSA- 2022 FY	17	15	2	17	100%	0
Total	17	15	2	17	100%	0



SECTION 4: UIFW EXPENDITURE WRITTEN-OFF DURING THE YEAR

The following table indicates investigated amounts that were recommended for write off. The consequence management and other actions that emanated from the investigations are dealt with separately.

	Irregular	Fruitless & Wasteful	Total
Amount approved for write off - Aug 2022	56 358 207	16 003 050	72 361 257
Amount approved for write off - Jun 2023	172 587 807		172 587 807
	228 946 014	16 003 050	244 949 064



SECTION 5: EFFECTIVENESS OF INTERNAL CONTROLS

EFFECTIVENESS OF INTERNAL CONTROLS FOR Q4 ENDING 30 JUNE 2023

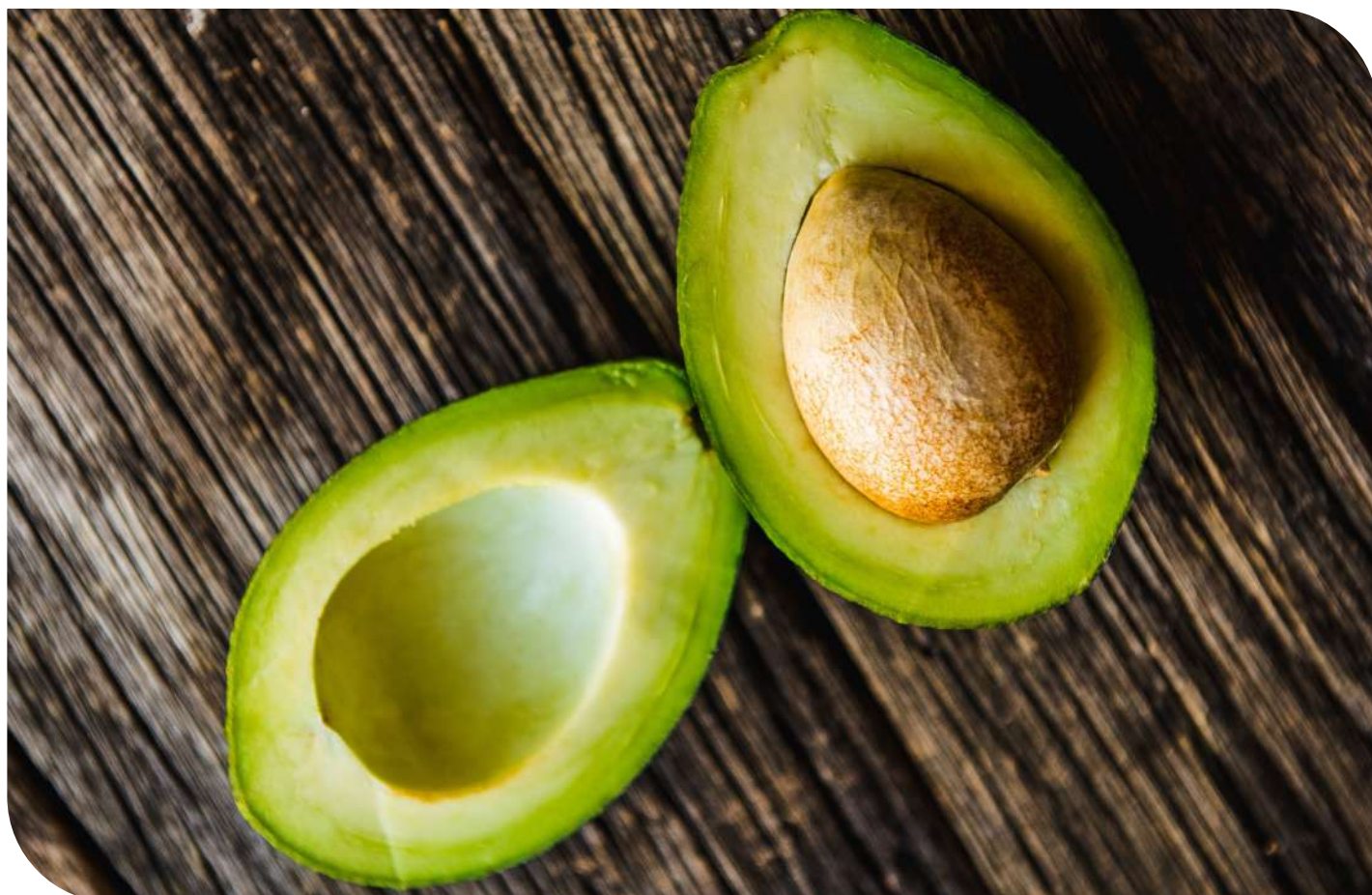
The overall assessment within JM is that the effectiveness of internal controls improved during the 2023 financial year. The internal controls are thus evaluated as adequately designed and partially effective, i.e. “require improvement” during the financial year. Below are some of the reasons for this assessment.

The evaluation of internal controls is essential for ensuring that JM has effective systems, processes, policies, and procedures that support its organisational objectives. Management designs and implements these controls in daily operations. Internal audit assesses the controls' effectiveness based on audit results and interactions within the entity.

For the financial year ending June 30, 2023, internal controls were deemed adequate and partially effective, but requires improvement.

Key points Internal Audit noted:

- Continued improvement in the effectiveness of internal controls during the financial period.
- Management continues addressing strengthen the capacity of crucial departments that have vacancies by bringing back staff on precautionary leave and enhancing internal control effectiveness.
- Successful completion of capital expenditure and maintenance projects has improved capacity and reduced wasteful expenditure.
- JM has adequate capacity to handle CAPEX and Repairs & Maintenance with service provider panels in place since 2021, improving its control environment and operations effectiveness.





CHAPTER SEVEN

AG REPORT

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES
OVERALL AUDIT OUTCOMES

SECTION 2: SIGNIFICANT MATTERS FINANCIAL STATEMENTS

SECTION 3: CONTROL ENVIRONMENT OVERALL CONTROL ENVIRONMENT



Introduction

The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 30 June 2023 for the Joburg Market as well as the insights and significant matters that require the attention of the Accounting officer.

We trust the insights and recommendations in this report will be of value in the pursuit towards building and leading a municipal entity that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES OVERALL AUDIT OUTCOMES

The overall audit outcome of the municipal entity is unqualified with findings. This is the same as the previous year's audit outcome.

The overall audit outcome improved when compared to the prior year, with the entity implementing prior year AGSA recommendations in respect of material findings on compliance with laws and regulations.

We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.

Outcome area	Movement	2022 - 23	2021 - 22	2020 - 21
Financial statements	►			
Annual performance report				
To expand opportunities to the previously disadvantaged groups	►			
To provide a resilient and premier trading facility by June 2027	Not audited in prior year			
Compliance with legislation				
Procurement and contract management	►			
Strategic planning and performance management	▲			
Consequence management	▲			
Human resource management	►			
AFS, APR and Annual Report	►			
Revenue management	►			
Assets management	►			
Expenditure management	▲			

Unqualified / No material findings
 Qualified
 Adverse
 Disclaimed
 Material findings
 Not audited

Improvement
 Improvement
 Improvement



SECTION 2: SIGNIFICANT MATTERS FINANCIAL STATEMENTS

Audit results

We identified no material misstatements in the financial statements submitted for auditing on 31 August 2023.

Internal control and recommendations

We identified no significant internal control deficiencies and where we identified possible improvements, we reported these to management.

Due to the audit outcome, we did not identify any key recommendations.

The municipal entity developed an action plan to address prior year audit findings, which yielded a positive current year audit outcome.

Financial management and performance

Going concern

We did not identify any events or conditions that cast significant doubt on the municipal entity's ability to continue as a going concern. Going concern – events or conditions.

Financial assessment and compliance

We concluded based on our assessment that the financial health of the municipal entity is good, which is the same as the previous year.

Below we summarise the key matters identified through our assessment that require attention to maintain the good financial health of the municipal entity.

Financial assessment – key matters

Revenue Management: There has been a significant decrease in the debt collection period. However, there was also a decrease in accounts receivables and an increase in the provision for impairment.

Cash Management: The cash flow of the entity is reflected as favourable as the majority of the financial indicators are positive.

We did not identify non-compliance with legislation and other local government requirements on financial management.

It is crucial for the municipal entity to maintain the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded. We did not identify findings to highlight in this area of financial management.

Grant management

The municipal entity received grants totalling R5 500 000 to fund its programmes and projects in the current year. We audited compliance with the Division of Revenue Act and the use of the EPWP grant. We did not identify findings to highlight in this area of financial management.



Internal control and recommendations

We did not identify significant internal control deficiencies in the financial management processes.

Information to be included in auditor's report

The following matter that relates to the financial performance of the municipal entity will be emphasised:

Material impairments

The receivables from exchange transactions balance has been significantly impaired. The provision for impairment was R36 675 160 (2022: R28 263 708), which represents a significant portion of the total receivables from exchange transactions.

Performance planning, management and reporting

Overall performance planning and management

We did not identify material findings when we tested whether the municipal entity's performance planning and management processes, integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP) complied with the key requirements from legislation.

Audit of annual performance report

We selected the following strategic objectives for auditing from the annual performance report that was submitted to us on 31 August 2023:

- To provide a resilient and Premier trading facility by June 2027
- To expand opportunities to previously disadvantaged groups

These strategic objectives measures the municipal entity's performance on its mandate and that is of significance to national community and public interest

We performed procedures to test whether:

- The indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- The indicators are well defined and verifiable to ensure that they are easy to understand and consistently applied, and that we can confirm the methods and processes to be used for measuring achievements
- The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- The indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- The reported performance information is presented in the annual performance report in the prescribed manner
- There is adequate supporting evidence for the achievements reported and for the measures included that are taken to improve performance.

We also performed procedures to test whether:

- the overall presentation of the performance information in the annual performance report is comparable and understandable
- the indicators used for planning and reporting are complete by considering the core functions of the municipal entity as defined by its mandate, the prioritisation for delivery on those core functions and any applicable standardised indicators.

We will not report material findings on these matters in the current year's auditor's report, but such findings will be included from 2023-24.



Audit results

We did not identify findings on the completeness of indicators or on the overall presentation of performance information in the annual performance report or in the reported performance information in the annual performance report.

Internal control and recommendations

We did not identify significant internal control deficiencies in the performance planning, management and reporting processes. Where we identified possible improvements, we reported these to management.

Achievement of planned targets

As disclosed in the annual performance report, all of the planned targets were achieved for the indicators we selected for auditing.

Other information in annual report

We did not identify material findings to report in the auditor's report on auditing the financial statements and indicators in the annual performance report that was selected for auditing. We did read the unaudited information and took it into consideration to see whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit, or otherwise appears to be materially misstated.

Human resource management

We audited compliance with legislation on human resource management and assessed the processes in place to ensure adequate and sufficiently skilled resources are in place and did not identify findings.



Procurement and contract management

We did not identify any material findings regarding procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices.

Below we summarise the areas in procurement and contract management processes where we identified findings – these are the areas at greatest risk of fraud and financial loss.

Findings on procurement and contract management

Area	Findings		
	2022-23	2021-22	2020-21
Audit limitations			
Deviations			
Conflict of interest			
Non-compliance: competitive bidding process			
Non-compliance: quotation process			
Contract management			



Material non-compliance with legislation



Findings



No findings

Impact: No impact noted. Management is encouraged to maintain a sound control environment to avoid non-compliance with legislation in the future.

In the prior year, findings were identified on conflict of interest. No recurring findings were identified in the current year.



Irregular expenditure

Prior year non-compliance with legislation resulted in current year irregular expenditure of R12 901 090. The irregular expenditure incurred does not constitute non-compliance with section 95(d) of the MFMA as new irregular expenditure was not identified in the current year.

The irregular expenditure incurred was disclosed in the financial statements; however as part of the audit process no additional instances of irregular expenditure was identified.

There was an overall decrease in irregular expenditure (IE) incurred compared to the prior year, R12 901 090 (2021-22: R63 510 086), respectively. However the amount of irregular expenditure incurred is still significantly high and concerning for the municipal entity. Most of the irregular expenditure incurred in the current year was due to the entity's dependence on the parent municipality's procurement processes.

The occurrence of irregular expenditure incurred is indicative of management's efforts in dealing with non-compliance. No irregular expenditure was identified in the current year. The irregular expenditure is because of legacy contracts that are in place and corrective action is being taken to ensure the non-recurrence of irregular expenditure. Management however, is encouraged to further strengthen its controls to eliminate the occurrence of irregular expenditure in the environment.

During the financial year, the board of the municipal entity, approved a write-off of R228 946 014 of irregular expenditure as the amount was deemed irrecoverable. The irregular expenditure was written off in terms of finalised investigations by appointed investigators to the extent possible and expenditure investigated as irrecoverable before write-off.



Consequence management

Our audit included an assessment of the municipal entity's management of consequences.

Prior-year transgressions

Prior-year finding	Instances reported	Instances investigated	Instances resolved through investigation	Prior years reported	
				2021-22	2020-21
Irregular expenditure					
Non-compliance with the requirement of regulation 75 (1) of the municipal budget and reporting regulations	7	7	7	√	√

The entity implemented stringent processes in respect of the investigation of prior year (2021-22) identified irregular expenditure.

We noted that the entity is in the process of closing gaps with the investigation of identified irregular expenditure and the recovery of losses where applicable in respect of irregular expenditure that occurred in years before the 2021-22 financial year, hence no material audit report finding was raised on consequence management relating to the current year audit cycle.

We did not identify significant internal control deficiencies in the consequence management processes as the process for the prior year (2021-22) irregular expenditure investigations improved significantly when compared to the prior audit cycle.

Fraud risk

We are required to evaluate whether the information obtained during our audit indicates whether there any fraud risk factors present at the municipal entity and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We did not identify fraud risk factors.

We did not identify Fraud Risk matters to be communicated to the accounting officer and senior management for urgent attention.





SECTION 3: CONTROL ENVIRONMENT OVERALL CONTROL ENVIRONMENT

No significant internal control deficiencies as reported in section 2 were identified.

Accountability ecosystem

The accountability ecosystem is the collection of role players that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability and integrity at the municipal entity. They include: the officials, senior management and accounting officer, supported by the internal audit unit and the audit committee.

We observed strengths and weaknesses in the contributions to the accountability ecosystem by leadership, management and the governance structures of the municipal entity. We share our observations with the intention to contribute to strengthening the overall control environment, performance and accountability.

Accounting officer and senior management

The accounting officer did exercise adequate oversight responsibility over compliance with laws and regulations and related internal controls as there was no material non-compliance identified in the current year.

The senior management vacancy rate decreased during the year under review. The CFO position was filled during the year under review, however the CEO position is still vacant.

Audit committee

The effectiveness of the audit committee was demonstrated through approving a risk based internal audit approach, review of the quarterly and annual reporting over performance information, risk processes and financial reporting as well as detailed interrogation of the supply chain management reports to ensure quality reporting. The committee is encouraged to continue play their oversight role to maintain the audit outcomes of the municipal entity by ensuring that they to hold management accountable for the implementation of management's action plans.

Internal audit unit

The internal audit unit has executed their plan accordingly. Internal audit reviewed the key risk areas of the municipal entity and audit committee reviewed those reports on a quarterly basis.

The effectiveness of the internal audit division was demonstrated through implementing a risk based internal audit approach. Multiple audits were performed by internal audit including probity reviews relating to SCM and follow up on AG findings. These reviews included the findings, root causes as well as practical recommendations that would help improve the systems of the municipal entity.

We have used internal audit work for risk identification purposes.

As we reflect on the accountability ecosystem and for the municipal entity, the audit committee and internal audit continue to play a significant role in improving the control environment at the municipal entity. Their efforts had significant impact as there were no material findings identified in the control environment.

Overall recommendations

No significant weaknesses were identified in compliance with legislation. Our recommendation to the accounting officer is to maintain the status of the internal control environment to ensure the achievement of future clean audit outcomes.

It is further recommended that the entity draft an action plan to address the recommendations of external audit on a continuous basis to ensure that repeat findings do not occur in future.

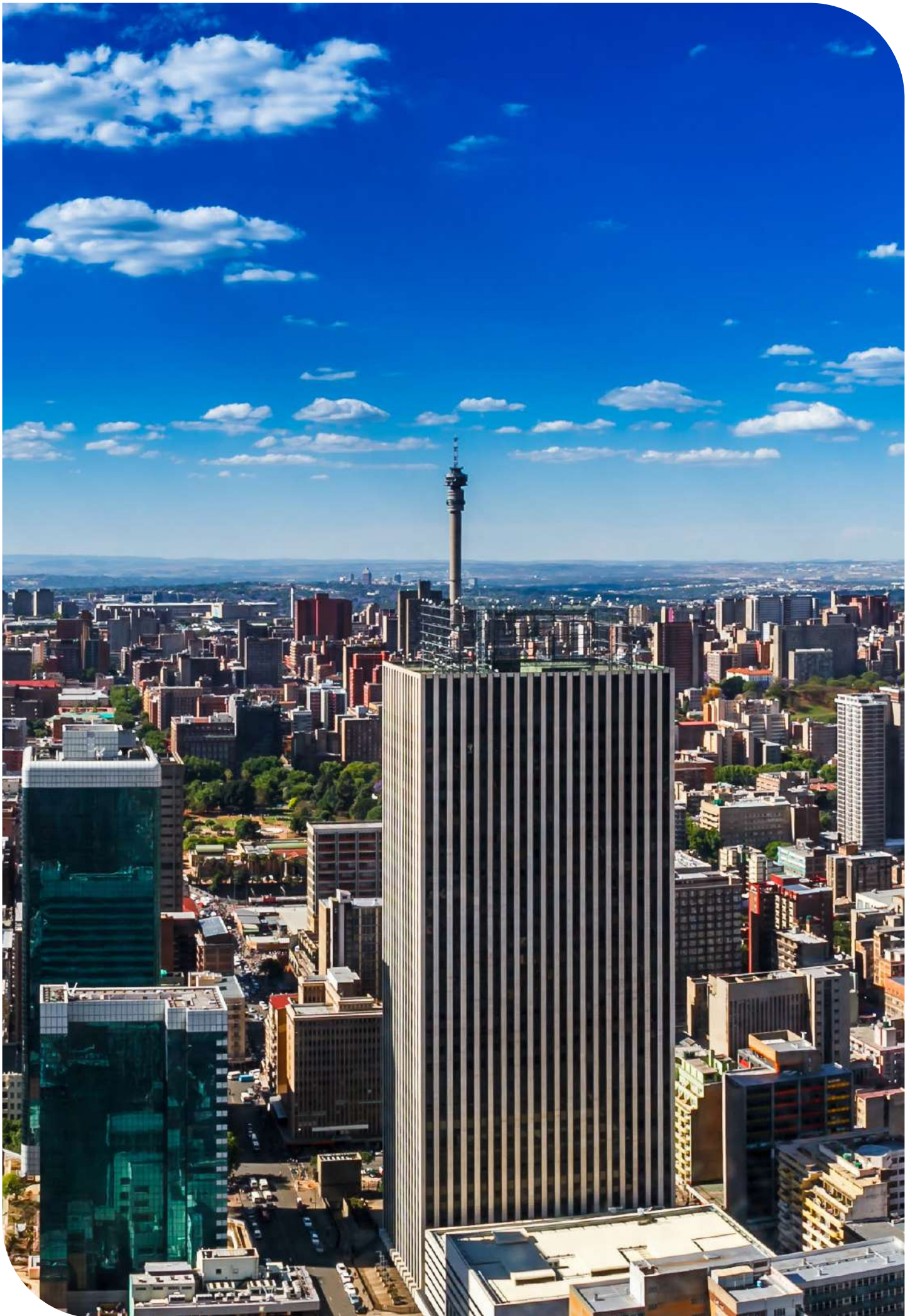
Conclusion

The entity is commended for achieving a clean audit outcome.



Belinda Beddie
Senior Manager: Gauteng
30 November 2023

Enquiries: Abri Theunissen
Phone: 082 330 1079
Email: AbrahamT@agsa.co.za





CONTACT DETAILS

Postal Address:

P O Box 86007
City Deep
Johannesburg
2049

Physical Address:

Market Main Building
4 Fortune Road
(Off Heidelberg Road)
City Deep
2049

Telephone Number:

(011) 992-8000

Fax Number:

(011) 613-7381

E-mail:

info@joburgmarket.co.za



JoburgMarket

a world class African city