



JOBURG MARKET (SOC) LTD
Company Registration No: 2000/023383/07

BUSINESS PLAN - 2020/2021

2nd Submission-Draft



Towards a Clean, Safe and Smart Market

Version 1.0

Presented in terms of section 87 of the Municipal Finance Management Act, 56 of 2003

COMPANY INFORMATION: JM (SOC) LTD

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APPROVALS AND SIGN-OFF

It is hereby certified that the FY 2020/2021 Business Plan was developed by the management of the Joburg Market under the guidance of the Board of Directors as directed by the Member of the Mayoral Committee for Economic Development, taking into account all the relevant policies, legislation and other mandates for which the Joburg Market is responsible. The business plan accurately reflects the strategic outcome oriented goals and objectives, which the company will endeavour to achieve over the period 2020/2021.

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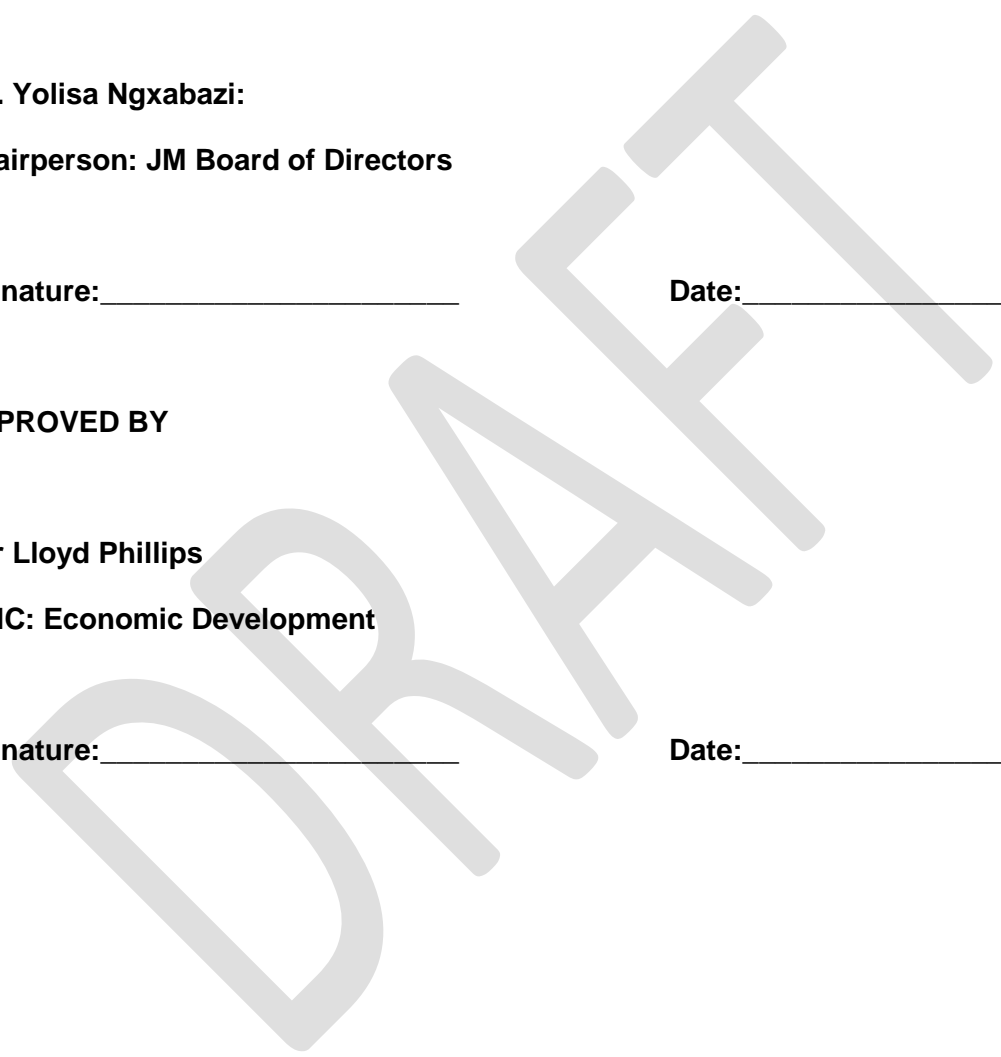


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GLOSSARY OF TERMS

APAC	Agricultural Produce Agents Council	REMCO	Human Resources and Remuneration Committee
BBBEE	Broad Based Black Economic Empowerment	RSA	Republic of South Africa
BEE	Black Economic Empowerment	SADC	Southern African Development Community
CAPEX	Capital Expenditure	SANAS	South African National Accreditation System
CASP	Comprehensive Agricultural Support Programme	SAUFM	South African Union of Food Markets
CB	Commission Business	SCM	Supply Chain Management
CEO	Chief Executive Officer	SDBIP	Service Delivery and Budget Implementation Plan
CFO	Chief Financial Officer	SEDA	Small Enterprise Development Agency
CoJ	City of Johannesburg	SETA	Sector Education Training Authority
		SHE	Safety, Health & Environment
CPI	Consumer Price Index	SHU	Shareholder Unit
CSI	Corporate Social Investment	SLA	Service Level Agreement
DED	Department of Economic Development	SMME	Small Medium and Micro Enterprise
EE	Employment Equity	SPS	Sales Processing System
EPWP	Expanded Public Works Programme	TG	Targeted Groups
EXCO	Executive Committee	UNISA	University of South Africa
FPM	Fruit Produce Market	W&R	Wholesale and Retail
GAP	Good Agricultural Practises	WITS	University of the Witwatersrand
GDARD	Gauteng Department of Agriculture and Rural Development	WUWM	World Union of Wholesale Markets
GDED	Gauteng Department of Economic Development	YARD	Youth in Agriculture and Rural Development
GDS	Growth and Development Strategy	JM	Joburg Market
GIBS	Gordon Institute of Business Science	JMPD	Johannesburg Metropolitan Police Department
GRAP	Generally Recognised Accounting Practices	JPC	Johannesburg Property Company

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HACCP	Hazard Analysis and Critical Control Points	LLF	Local Labour Forum
HIV/AIDS	Human Immunodeficiency Virus Infection / Acquired Immunodeficiency Syndrome	LSM	Living Standards Measure
HR	Human Resources	MANCO	Management Committee
HRCOSA	Human Resource Council of South Africa	ME	Municipal Entity
HRD	Human Resource Development	MFMA	Municipal Finance Management Act
HSD	Health and Social Department	MMC	Member of the Mayoral Committee
IDC	Industrial Development Corporation	MotF	Market of the Future
IDP	Integrated Development Plan	MOU	Memorandum of Understanding
ILGM	Institute of Local Government Managers	MSA	Municipal Systems Act
IoD	Institute of Directors	NAFU	National African Farmers Union
IT	Information Technology	NAMC	National Agricultural Marketing Council
NAFU	National African Farmers Union	OPEX	Operational Expenditure
NAMC	National Agricultural Marketing Council	PDA	Public Development Authority
NGO	Non-Governmental Organisation	PLWD	People Living with Disabilities
OH&S	Occupational Health and Safety	PMA	Produce Marketing Association of America
OPCAR	Operation Clean Audit Report	PMO	Project Management Office

1. EXECUTIVE SUMMARY

The Business Plan Document is informed and influenced by CoJ's GDS 2040 Strategy and JM's long-term Strategy of a Clean, Safe and Smart Market. It is primarily a planning and communication document designed to integrate shareholder and business strategic imperatives. The plan seeks to set out the short term strategic plan of the Company for the period 2020/2021, and becomes the springboard for the medium to long term planning for outer years.

The document also defines JM's vision for the future and details the manner in which JM intends transforming itself to into a "Smart Fresh Produce Trading Hub that is globally competitive".

The Business Plan has been developed taking into consideration the Shareholder Compact, Service Delivery Agreement, alignment with Mayoral Priorities and Mandate of the Government of Local Unity as well as financial imperatives. The plan is fully aligned to CoJ's Integrated Developmental Plan and Service Delivery Budget Implementation Plan as informed by the GDS 2040 Strategy.

The business plan is linked to the organisational scorecard through which Board monitors JM's performance against SDA and SDBIP. The scorecard indicates alignment of KPAs, KPIs and programmes and projects that JM will pursue in FY 2020/2021. The linking of the goals, strategies, desired performance and action plans within the context of the Performance Management system provide the framework for determining the net business impact of any business intervention.

The business plan is divided into different sections in line with CoJ's Group Governance requirements and guidelines. The structure for the FY2020/2021 Business Plan is set out as follows:

- **Section 1** provides the company overview, business strategy and outlines the regulatory context within which the organisation operates.
- **Section 2** describes the Company's macro and micro environments analysis and further addressing the service delivery challenges, risk assessment and the future outlook of the organisation.
- **Section 3** defines and outlines the organisational strategic response to key performance areas, key performances indicators, corporate scorecard and service standards.
- **Section 4** presents Financial Plan for FY 2020/2021 and how the management of financial resources to achieve organisational goals, objectives and programmes will be executed;

- **Section 5** defines the Organisational Structure and its alignment to the strategic delivery imperatives;
- **Section 6** presents the communication and stakeholder engagement strategy and initiatives to drive company's strategy objectives.
- **Section 7** presents Risk Management Environment by identifying the strategic risks and related risk responses including the audit requirements as prescribed and recommended by the AGSA and Internal Audit Unit.
- **Annexures** are included to provide additional information to key sections of the business plan.

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SECTION 2 STRATEGIC OVERVIEW

2.1 Joburg Market Overview

The Joburg Market SOC Limited, formally known as the Johannesburg Fresh Produce Market was incorporated in 2000. The company is wholly owned by the City of Johannesburg Metropolitan Municipality and was created for the provision of alternative delivery mechanisms as embodied in the Municipal Systems Act. It was converted into State Owned Company in accordance with the provisions of the Companies Act.

The Company is the largest fresh produce market in Africa as informed by the volume of fresh produce traded. JM has a staff complement of 304 employees. JM trading facilities are made available to farmers whose produce is marketed and exposed daily to thousands of buyers across the SADC region. JM, Market Agents and Tenants operating within JM's facilities create over 5000 jobs within the sector.

JM plays a critical role in influencing the price of the fresh produce industry in South Africa since it represents 45.5% market share of the National Fresh Produce Market in both volume and turnover. The Company is the only fresh produce market with a South African National Accreditation System (SANAS TO532) accredited laboratory to ensure the maintenance of food safety standards.

The company operates from a 64 hectare site in City Deep based on a commission-based business model and offers unparalleled value proposition to farmers, market agents, and buyers. The Joburg Market Value Proposition includes;

- **Trading Capacity:** Over 75,000 m² of trading floors available to over 6,000 producers and access to over 44,000 registered buyers across South Africa and SADC;
- **Ability to sell huge volumes:** The capacity to trade large quantities, quality and variety of produce in various grades and sizes consistently. Over 1.45 million tons of fresh produce was sold in the last financial year;
- **Cold Chain Management:** Cold-Chain Management Facilities which boast of 56 cold rooms and 57 banana ripening rooms with a combined capacity for 6,181 pallets;
- A **SANAS-accredited Laboratory** that enables the company to ensure fresh produce compliance to food safety standards;
- A **modern and integrated Sales Trading System** that enables the payment of farmers within four days of sales, thus improving farmer liquidity and cash-flow; and
- **Infrastructure investments** of over **R 304 million** in the next 3 years to recapitalise the company towards becoming a Smart, HACCP Compliant and Safe Market.
- Between **9 500 and 11 000** buyers daily
- **Tentacles into Africa:** Customers that buy fresh produce come not only from WITHIN South Africa, but also from SADEC Countries such as Botswana, Zambia, Zimbabwe, Namibia and Mozambique;
- **High Turnover Generated:** Annual turnover of approximately R8 billion per annum;

2.2 Business Strategy Overview

JM has adopted a strategy based on achieving key organisational priorities on the basis of “SMARTNESS”. The entity seeks to become a Clean, Safe and Smart Market. The key elements of the Smart Strategy are reflected below;



The company’s business strategy consists of the following key strategic elements;

2.2.1 Mandate

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

- Provision and management of facilities and services for the distribution of fresh produce;
- Ensuring a competitive, resilient and sustainable fresh produce trading platform;
- Enabling market access, sustainable availability and affordable fresh produce
- Ensuring food security and safety and compliance to food quality standards.

2.2.2 Vision

A smart fresh produce trading hub that is globally competitive

2.2.3 Mission

A trading complex that catalyses the growth of the City’s economy through an inclusive business environment

2.2.4 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

2.2.5 Values

The company's values are reflected below;

- Transparency
- Service excellence
- Integrity
- Innovation

2.2.6 Strategic Projects

In the short to medium term, the Joburg Market is pursuing the implementation of the following strategic Programmes and Projects.;

- Investment in infrastructure – R1.2 billion infrastructure spend by 2022
- Investment in creating expertise and skills
- Transformation at farm levels through targeted programmes and incentives
- Maximise revenue to turnover R10 billion per annum by 2022
- Good governance

2.2.7 Alignment with COJ Priorities and GDS 2040 Principles

Having taken cognisance of the GDS 2040 Strategy and IDP Development Paradigm, as illustrated in the Picture below, JM has aligned its strategic objectives to support the 6 principles as outlined



The Table depicts the alignment between JM Strategic Objectives, CoJ Priorities and the GDS 2040 Strategy.

NO	COJ PRIORITIES	GDS 2040 OUTCOMES
Strategic deliverable 1 – Investment in infrastructure – R1.2 billion infrastructure spend by 2021/22	Building and growing an inclusive economy	OUTCOME 2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy
Strategic deliverable 2 – Investment in creating expertise	Social Inclusion through Support and Enablement	OUTCOME 1: Improved quality of life and development-driven resilience for all.
Strategic deliverable 3 – Transformation at farm levels through targeted programmes and incentives	Social Inclusion through Support and Enablement	OUTCOME 3: An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens
Strategic deliverable 4 – Maximise revenue turnover to R10 billion per annum by 2022	Building and growing an inclusive economy	OUTCOME 2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy
Strategic deliverable 5 – Good governance	Good Governance	OUTCOME 4: A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region

Furthermore, JM has also developed robust plans to align to and support the Mayoral Strategic Priorities. As part of its programmes, JM will pursue the following;

1. Job Opportunity and Creation:

The creation of job opportunities will be pursued by sustaining jobs that have been created in the current financial year, creating EPWP opportunities and

creating work opportunities for artisans, Learnerships and internship programmes.

MAYORAL STRATEGIC PRIORITIES	Job Opportunity and creation			
OUTCOME	An inclusive, job-intensive, resilient and competitive economy			
STRATEGIC PROGRAMMES	Job opportunities (Reduction in unemployment rate by creating 300 of jobs)			
SUB-PROGRAMMES		Output indicators	30 June 2020	2021 Target
	1. Jobs created and sustained	Number of jobs created and sustained through CoJ interventions	140	200
	2. Creating jobs using EPWP (Protocol agreement with Public Works)	Number of online documented EPWP beneficiaries	120	240 (Cumulative)
	3. Creating job opportunities using artisan, Learnerships and internship programme	Total Number of artisans and interns	40	80 (cumulative)

2. Entrepreneurship growth

To grow the entrepreneurial spirit within CoJ, JM will focus on the implementation of targeted procurement strategies to benefit the local SMMEs.

MAYORAL STRATEGIC PRIORITIES	Economic Development (Entrepreneurship growth (informal and formal economy))			
OUTCOME	An inclusive, job-intensive, resilient and competitive economy			
STRATEGIC PROGRAMMES	SMME Development (Increasing the number of SMMEs)			
SUB-PROGRAMMES	Sub-Programme	Output indicators	30 June 2020	2021 Target
	SMME SCM – Regionalized procurement	Number of subcontracted local SMMEs	25	100

3. Increased competitiveness of the economy

To realise its strategy of becoming a smart market, JM will focus on the upgrading of its cold-room's and banana ripening facilities to increase its competitiveness in the National Fresh Produce Industry;

MAYORAL STRATEGIC PRIORITIES	Increased competitiveness of the economy			
OUTCOME (qualitative indicator)	An inclusive, job-intensive, resilient and competitive economy that harnesses the potential of citizens'.			
STRATEGIC PROGRAMMES	Increased competitiveness of the economy			
SUB-PROGRAMMES	Sub-Programmes	Output indicators	30 June 2020	2021 Target
	Upgrade of the cold rooms and ripening facilities to enhance market revenue (SMART facilities where we monitor functioning remotely)	Attraction and growth of farmer produce at the market to enhance our revenue	Award to successful Company (spend R111 million)	100% Complete Upgrade Launch of the facilities
	Diversification of revenue through agro-processing facilities at the Market	Land lease and services preparation (adjacent to the market)	Agro-processing blueprint	Procurement of Agro-processing facilities

4. Facilitating Local Economic Development

To facilitate local economic development, JM will upgrade the People's Market and explore the development of forlorn farms for agricultural purposes, targeting specifically the unemployed youth and Women;

MAYORAL STRATEGIC PRIORITIES	Economic Development			
OUTCOME	An inclusive, job-intensive, resilient and competitive economy that harnesses the potential of citizens'.			
STRATEGIC PROGRAMMES	Facilitating Local Economic Development			
SUB-PROGRAMMES		Output indicators	30 June 2020	2021 Target
	Upgrade of the People's market to increase trading stores for informal traders	Growing the revenue of for the Mandela Market from R250m to R300m	Construction of phase 1	Construction of phase 2.
	Women and youth farming programme - Availing CoJ farms in region G for commercial farming and job creation.	Number of farms Revenue generated	1 Farm	To be defined

5. Smart City – Smart Market

In pursuance of its Smart Market Strategy, JM will be deploying a number of technologies and devices. Part of this project includes the deployment of fibre as an enabler for such an initiative. JM has deployed Free Wi-Fi at the Joburg Market and will be upgrading the current CCTV control Rooms to meet its evolving business needs and requirements;

MAYORAL STRATEGIC PRIORITIES	Smart City			
OUTCOME	A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region			
STRATEGIC PROGRAMMES	Service Delivery Acceleration (Improved customer experience through improving CSI)			
SUB-PROGRAMMES	Sub-Programmes	Output indicators	30 June 2020	2021 Target
	Bridging the digital Divide (Connectivity and Access)	Free WiFi hotspots connected to MTC fibre	1	1
		Safer Communities (Rollout of CCTV and Control Centres)	R 3,000,000	R 32,000,000

6. Decent employment through inclusive economic growth

To ensure decent employment for citizens and entrepreneurs of CoJ, JM will embark on ensuring that;

- The percentage of BBBEE expenditure as a share of total expenditure is no less than 100%; AND
- For all CAPEX and OPEX Projects, a minimum of 30% of all construction contracts are earmarked for local SMMEs.

National outcome:	Outcome 4: Decent employment through inclusive economic growth.			
IDP Programme:	Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021			
IDP Programme (Old):	Jozi@work			
GDS outcome:	1 A growing, diverse and competitive economy that creates jobs			
GDS related output:	1. Job intensive economic growth 2. Promotion and support to small businesses			
STRATEGIC PROGRAMMES	Economic Empowerment Programme			
SUB-PROGRAMMES	Description	Output indicators	30 June 2020	2021 Target
BBBEE	Percentage of BBBEE expenditure as a share of total expenditure	Percentage spent on Broad-Based Economic Empowerment through local procurement as a share of total expenditure	100%	100%
SMME / EME (as per PPR,2017)	Minimum of 30% of all construction contracts for local SMMEs. Projects will also be packaged to create opportunities for local SMMEs in line with the local job creation principles.	Percentage of SMME expenditure as a share of total expenditure	30%	35%

2.2.8 Smart Programmes for 2020/2021

In addition to the above, and emanating from the adoption of the Smart Market Strategy, a number of Smart technology projects were identified and are being implemented. Key projects are depicted in the Figure below;



2.3 Legislative and Policy Environment

The Joburg Market operates under the following legislative and policy environment. The list is however not exhaustive. Only key legislative and policy prescripts are tabled;

- The Constitution of the Republic of South Africa No 108 of 1996;
- Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)
- Agricultural Produce Agents Act, 1992 (Act No. 12 of 1992)
- Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)
- Perishable Products Export Control Act, 1983 (Act No. 9 of 1983)
- White Paper on Transforming Public Service Delivery of 1997
- White Paper on Local Government of 1998;
- Municipal Demarcation Act No 77 of 1998;
- Local Government Municipal Structures Act No 117 of 1998
- Local Government Municipal Systems Act No 32 of 2000;
- Local Government: Municipal Integrated Development Planning Regulations, 2001
- Local Government Municipal Finance Management Act No 56 of 2003;

- Inter-Governmental Relationships Framework Act No 13 of 2005;
- Preferential Procurement Policy Framework Act, No. 5 of 2000
- King Codes of Corporate Governance;
- Companies Act No 71 of 2008
- Competition Act, No. 89 of 1998
- Joburg Market Bylaws
- Performance Management Policy
- Supply Chain Management Policy

2.4 Key Assumptions

In developing its strategy for 2020/2021 JM considered *inter alia* the following key assumptions relative to the realities of the macro environment;

- It is projected that the population of the City could increase to about 5.43 million in mid-2021 (Source GSPCR);
- It is envisaged that the turnover growth in the next 3 – 5 years would be around 8.6% per annum;
- The impact of the drought on the Joburg Market revenue is expected to be minimal in the next 18 months as ‘La-Nina’ weather conditions are likely to replace the dry cycle caused by the ‘El-Nino’ weather pattern;
- The labour environment will continue to be relatively stable;
- All strategic projects will be funded to ensure execution;
- Mainstream businesses in the food industry will be characterised by formation of significant BEE partnerships;
- Competition by direct marketing channel operators will increase;
- Food inflation will continue to rise above headline inflation;
- Operating costs of suppliers of fresh produce, service providers to JM and utility services will increase substantially; and
- As competition increases, margins will be under pressure.

SECTION 3: STRATEGIC ANALYSES

The South African agricultural sector is composed of three main industries namely;

- field crops;
- horticulture; and
- animal production.

The three main industry classifications form part of the global economy through amongst others their significant contribution to earnings of foreign exchange.

According to the Economic Review of South African Agriculture 2018/2019 (DAFF, 2019), the “gross farming income made from agricultural products decreased marginally by 0.4% to R 277,8 billion for the year ended 30 June 2019, from R 278,9 billion the previous period.

This was largely because of the decrease in gross income from animal and horticulture products by 4.5% and 0.3% respectively". Further analyses reveal the following;

- The agricultural industry trends analysis shows that the horticultural sector, from which the JM generates its revenue, was valued at R74.2 billion (Stats SA 2018).
- The deciduous industry generated R20 billion, compared to R16.2 billion in 2015/16.
- The citrus industry generated R14.8 billion, compared to R12.6 billion in 2015/16.
- Subtropical fruit industry generated a gross value of R4.3 billion, compared to R3.8 billion in 2015/16 trading season.
- The vegetables sector inclusive of potatoes generated R21 billion, compared to R17 billion in 2015/16 trading period.

The Joburg Market remains a key player in the horticultural industry trade. During the 2018/2019 trading year the JM traded more than 1.45 million metric tons of fresh produce and generated R7.9 billion in turnover.

The market serves as a trading platform for fresh produce destined to both the local and international markets, particularly the South African Development Community (SADC) region. However, considering the Free Trade Area (FTA) agreement ratified by African member countries in Rwanda during the 2018 phase 1 negotiation, once the FTA is fully implemented, JM is poised to expand its customer base and increase its produce to destinations beyond the SADC region.

In addition to its trade with the rest of the African continent and to a limited extent with developed countries of the world, JM business is directly impacted on by various economic factors and other agribusiness industry trends. Forming part of these developments and trends which are key features of the industry are:

- Growth of the middle class which is estimated at 5.6 million in South Africa with about 52% of the people residing in Gauteng (Simpson, 2016). This will result in concomitant rise in demand for meat products and other value added products such as precooked vegetables, fruit and vegetables based beverages Growth in middle class and migration of rural population to urban areas - urban population accounts for 64% (29 million) of the total population (57 million), fuelling demand for food products in urban areas where demand exceeds urban areas primary production output.
- Population growth which is estimated at 1.2 billion in Africa and associated rise in food demand.
- Increasing demand for convenient, processed and healthy foods, influenced by a rise in people who are becoming sophisticated and health conscious.
- Increased production and productivity to reach better economies of scale attributed to amongst others; advancement in irrigation systems and adoption of biotechnology. Such as high yielding cultivars and synthetic fertiliser use.
- Decline in subsistence production of food and increase commercial production and demand for purchased food
- Constrained limited natural production resources (particularly water and productive land), posing a threat on food security

- Increase in demand for certain food types, particularly animal products in SA and certain horticultural products in Africa.
- Price increases of production inputs, especially fuel, fertilizers, pesticides and labour.
- Possible reduction in the farming activities due to uncertainties around talks of land expropriation without compensation which might as well lower investor confidence
- Appreciation of the Rand, which if sustained is likely to result in reduced costs of imported production inputs, implements and machinery, however diminishing competitiveness of exporting industries.
- A decline in the job opportunities in the agricultural sector mainly due to closing down of farming enterprises and the sector becoming more capital intensive for competitiveness reasons.
- Incidence of foodborne diseases such as Listeriosis, reported to be in part caused by poor compliance to food safety protocols by food processing facilities. .

In line with outcomes of Operation Phakisa on Agriculture, Rural Development and Land Reform, the Department of Agriculture Forestry and Fisheries (DAFF) was allocated R581.7 million by the National Treasury to create and support 450 sustainable and profitable black commercial farmers in prioritised value chain for the period of five years. It is expected that the JM will be part of these initiatives by absorbing some of the fresh produce that are destined to other markets.

As at 31 December 2019, the South African economy was valued at R5.8 trillion or \$385 billion in terms of nominal Gross Domestic Product (GDP). The economy grew by 1.3% % in 2017 as compared with 2016 where an overall economic growth was 0.3%. The 2017 GDP figure exceeded the National Treasury's initial projection of 0.7% and later a revised figure of 1% per annum. The greatest contributor to the GDP amongst all the sectors of the economy was Agriculture at 17.7% and was followed by mining at 4.6% and other sector of the economy.

The sector's contribution to the GDP in 2017 was R263 billion, which translated to 2.4%. The sector showed a significant improvement in outputs after two years of poor performance (2015/16) as a result of country extreme weather patterns of droughts experienced in the last 112 years. Agriculture remains a key contributor to SA's developmental challenges such as job creation mainly in the rural areas and economically depressed part of country.

Employment in agriculture (% of total employment) in South Africa was at 4.8 % in 2017 as compared to 5.59% during 2016. The drop in employment in the previous financial period is attributed to workers layout as a result of extreme weather conditions that came with drought. The sector offers employment opportunities to a significant section of the population that is elementary, unskilled and also the skilled. The labour market statistics shows that the agricultural sector skilled labour is on the rise. There were 66 000 skilled labour in 2016 and the number has increased to 83 000 in 2017.

The agricultural sector is also important for ensuring the country's food security. In addition to commercial-scale production, emerging farmers and subsistence farmers make further economic contributions, although these are difficult to quantify.

3.1 Service Delivery and Infrastructure Backlog and Challenges

The Joburg Market has a Repairs and Maintenance Backlog on infrastructure of over 10 years. Some of the contributory factors for the deferred maintenance are the following:

- The 45+ years old building has over time deteriorated significantly due to poor repairs and maintenance and degradation. Delays emanating from the still-born transformational Market of the Future Project negatively impacted the rollout and implementation of repairs and maintenance;
- Maintenance Workshop and Maintenance Team were significantly scaled down, with full dependence on external service providers. Only a small skeleton staff, largely composed of general workers, focusing on first line maintenance remained; and
- Maintenance was progressively under-budgeted at around R 4 million per annum for the past five years, with industry maintenance norm provisioning is at least 2.5 - 8% of the value of the property, which is around R 30 million;
- The total recapitalisation value of JM is estimated at about R 1.7 billion.

Key Service Delivery and Infrastructure Backlog include the following;

- **Cold rooms** - cold rooms have not attracted the best produce from farmers. This is largely because the poor condition of the facility. The doors are damaged; the equipment is leaking and there is water that causes damage to the pallets. The damaged pallets in turn damage the produced kept in the facilities. There is no dedicated cleaning function in the cold rooms.
- The **banana ripening facilities** do not function to their optimum levels. Some of the coils are leaking and need immediate replacement. Some of the door rails are damaged due to being opened using forklifts during power outage.
- **Roofs** – Agents have complained about the roof leaks during rains. Management has indicated that there were some repairs done during the winter months. The reality is that the roofs have aged and a new roof design is needed together with a whole drainage system review.
- **Roads** - roads in a poor state of repair. They have not been completely resurfaced and the service provider has not performed in line with expectations. All roads need to be completed because failure to do so will cause it to degenerate further.
- **Road traffic management** – There is a requirement to improve the road management system at the Market. Currently, it is very chaotic during peak hours.
- **Forklifts** – the manner in which the forklifts are driving in and out of the trading halls is extremely dangerous. Forklift drivers pose a risk to customers in the platforms. The consequence of this behaviour if not address with urgency will result in tragic accidents.
- **The lighting** in the trading halls is poor, particularly in the Potato and Onion floors. This needs to be improved. Agents have brought more of their own lighting to supplement this.

- The **firefighting equipment** has not been serviced and some don't operate as intended. These subject the entity to risk and significant liability should a fire occur.
- **Ceilings** inside the trading floors of the fruit and potato halls are loose and need to be firmly secured. A plan is required for this.
- **The Mandela Market** - the Mandela market is experiencing significant growth. Unfortunately it has not been prioritised. Over time, other traders are under temporary structures in the precinct. Their produce does not last longer and they end up selling produce that has lost its quality promise.
- **Backup generators** - These generators don't automate as they should. Power has been lost a number of times and they have not performed to expectation. There needs to be a reconsideration of interventions to enable the proper functioning of these generators and a lasting solution found.
- The **cash facilities** - being partly a cash business, the market is extremely vulnerable in the manner in which cash is managed in the premises. This need to improve.
- The **general cleanliness** of the Market needs to be improved. For hygiene purposes, this is an area that must receive focus.

3.2 Past Performance

The overall performance of JM in the previous financial year is depicted in the Table below;

KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET	RESULTS	DEVIATION/MITIGATION
CoJ Strategic priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021				
% Targeted market share held by JM in relation to other FPMs	42.5% Targeted market share held by JM in relation to other FPMs	44.0% Targeted market share held by JM in relation to other FPMs	45.5% Targeted market share held by JM in relation to other FPMs	*Achieved and exceeded
(1.2) % of repairs and maintenance budget spent	New	100% of repairs and maintenance budget spent	41.7% of repairs and maintenance budget spent	Not Achieved
CoJ priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress				

KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET	RESULTS	DEVIATION/ MITIGATION
(2.1) Complete 2 development support programmes for farmers from targeted groups	New	Completed design for a Packhouse.	1 x completed design for a Packhouse	Achieved
(2.2) Number of Jobs created	New	200 jobs created	215 jobs created	Achieved and exceeded
CoJ priority 3: Create a culture of enhanced service delivery with pride				
(3.1) % resolution of stakeholder concerns	New	70 % resolution of stakeholder concerns	76.9% resolution of stakeholder concerns	Achieved and Exceeded
CoJ priority 7: Enhancing our financial sustainability				
(4.1) % of valid entity invoices paid within 30 days of the receipt date of an invoice	New	100% of valid entity invoices paid within 30 days of the receipt date of an invoice.	50% of valid entity invoices paid within 30 days of the receipt date of an invoice.	Not Achieved
(4.2) % resolution of Auditor General and Internal Audit findings	Unqualified audit	95% resolution of Auditor General findings 95% resolution of Internal Audit findings	83% resolution of Auditor General findings 78% resolution of Internal Audit findings	Not achieved
(4.3) % of entity <u>capital</u> budget spent	87%	95% of entity capital budget spent	86% of entity capital budget spent	Not achieved
(4.4.) % of entity <u>operational</u> budget spent	New	95% of entity operational budget spent	96% of entity operational budget spent	Achieved and exceeded
(4.5) Value of net surplus achieved	R74.2M Value of net surplus achieved	R60.1M Value of net surplus achieved	R 125 M Value of net surplus achieved	Achieved and exceeded
CoJ priority 3: Create a culture of enhanced service delivery with pride				
(5.1) % of employees receiving performance coaching** (Employees with performance contracts**)	New	100% of employees receiving performance coaching	45% of employees receiving performance coaching	Not achieved

KEY PERFORMANCE INDICATOR	BASELINE	ANNUAL TARGET	RESULTS	DEVIATION/ MITIGATION
(5.2) Number of business days taken to resolve disciplinary cases** (Internal hearings**)	New	120 business days taken to resolve disciplinary cases	57 business days taken to resolve disciplinary cases	Achieved and exceeded
(5.3) Number of business days taken to fill critical vacancies	New	90 business days taken to fill crucial vacancies	41 business days taken to fill crucial vacancies	Achieved and exceeded
(5.4) % of entity performance targets achieved	New	85% of entity performance targets achieved	60% of entity performance targets achieved	Not achieved
(5.5) % monthly reporting into Capital Management System (iRIS)	New	100% monthly reporting into Capital Management System (iRIS)	100% monthly reporting into Capital Management System (iRIS)	Achieved

3.3 Future Outlook

In response to its strategic direction, the Joburg Market will place greater emphasis on driving the following key strategic interventions;

- Implementing and rolling out the new organisational structure, including the appointment of the required executives;
- Appointing a co-sourced partner for the Internal Audit Department to bring in the required capabilities;
- Expediting the rollout and implementation and Mandela Market Precinct.
- Appointment of Professional Service Providers for Repairs and Maintenance works a JM on a 36 months contract;
- Appointing a Programme Management Service Provider to capacitate the internal PMO to enable the delivery of capital projects;
- Appointment of Professional Service Providers for Repairs and Maintenance works a JM;
- Appoint Contractors for the upgrading and refurbishment of the cold rooms and banana ripening rooms;
- Strengthen stakeholder engagement programmes to facilitate improvements in stakeholder satisfaction levels. A survey will also be conducted in the new financial year;
- Initiate and complete the insourcing of cleaners as required by the shareholder;
- Complete designs for and implementation of a pack-house for emerging farmers;

JM's Future Outlook on performance remains positive. This assertion is accentuated by the following factors;

- The Smart Market Strategy has been adopted and is been institutionalised;
- A new organisational structure was recently approved by Board and funding for feeling the positions have been secured from the shareholder;
- Financial projections indicate that the Joburg Market turnover will for the first time exceed R 8 billion per annum;
- The Shareholder has appropriated R 305 million in the medium term to fund strategic projects that will see the market becoming a Clean, Safe and Smart Market;
- Huge capital projects are underway, which will transform JM into a market of choice;
- Technology enablement and digital transformation is being pursued with greater vigour;
- Service Level Agreements have been signed with capacitated sister companies to help deliver strategic projects.

3.4 Environmental Analyses

The Business environment within which JM operates was analysed to determine factors and risks that could impact on the realisation of the business goals and objectives. The following assessment tools were utilised;

- The SWOT Analysis
- PESTEL Analysis; and
- Risk Assessment

3.4.1 SWOT

A SWOT Analysis was used to determine the impact of the micro-environment within the next 18 months. The outcome of a SWOT Analysis conducted in the environment provides that;

External factors

Opportunities

- 1.2b available for capital infrastructure development.
- Opportunity centre to bring necessary information and development to JM's customers and clients.
- Introduce SMART market applications
 - Pooling of intellectual capacity
 - ICT application development to serve customers
 - Modernise service delivery

Threats

- Decreased demand for ripening facilities, this led to lower revenue.
- Low economic growth may lead to lower turnover.
- Competing with more developed internet based markets.
- Inability to implement new technology in the industry within reasonable time due to political constraints
- Exposure to security risks – theft and

- | | |
|---|---------------|
| <p>methods.</p> <ul style="list-style-type: none"> • Creation of collaborative forums with industry partners such as DAFF, Landbank, PMA, etc. • Development of the Mandela Market to increase floor space. | <p>heists</p> |
|---|---------------|

Internal factors

Strengths

- Turnover is growing year on year, this result in higher profits.
- Maintains the current market share with the SA markets.
- Magnitude of JM as a central market place
 - Large variety of fresh produce
 - Large customer base
 - Produce price leader.
- Strong financial position
 - Highly liquid and solvent
 - Large cash reserves
 - Profitable.

Weaknesses

- Inability to repair and keep the cold rooms/ ripening facilities at their optimal.
- Ageing infrastructure.
- Weak SCM capacity to support project developments.
- Unfilled key positions to drive operations and improve performance.
- Weakening internal controls due to lack of oversight and implementation.
- Insufficient funding for expansion of trading space.

Response to Weaknesses and Threats

In order to address the weaknesses and threats identified above, JM will pursue the following Interventions

Threats/weaknesses

- Ageing infrastructure
- Ripening facilities
- Trading floors

- Key positions
- SCM Capacity
- Lack of capacity in Internal Audit

Response

- Implementation of the JM Precinct Development Plan and the identified strategic /priority projects;
- Upgrading of cold rooms and banana ripening facilities;
- Pursuing space optimisation project
- Expansion of trading areas.

- Plans in place to fill in key positions
- Stabilise SCM Department and appoint required resources in the environment
- Implement co-sourcing initiative to complement internal resources and utilise panel of service providers as and when required.

3.4.2 PESTEL

A PESTEL Analysis was also conducted to determine trends, factors and variables in the macro and micro-environments that may impact on the organisational within the next 18 months. The summarised PESTEL Analysis for JM is depicted below.

Political	Economic
<ul style="list-style-type: none"> • Governmental policies <ul style="list-style-type: none"> ○ Land reform – issues of expropriation ○ Best practise in BBEEE • Foreign Market Risks <ul style="list-style-type: none"> ○ Trading in foreign countries by JM clients and governmental support systems • Border and customs delays • Increased pressure to ensure full compliance to legislative provisions as well as to codes such as KING IV 	<ul style="list-style-type: none"> • National Economy remain at a low growth rate (<1%) hence consumers will spend mostly on staples (Potatoes /Onions /Tomatoes) • Higher than expected food inflation • Decrease in agricultural employment • Lower prices anticipated due to increased production yields on most commodities • Increase in demand for staples such as potatoes and apples. • Increase in demand for full spectrum of quality fruits
Social	Technological
<ul style="list-style-type: none"> • Healthy eating habits <ul style="list-style-type: none"> ○ Affluent and middle income consumers will continue to spend more on prepared produce • Increasing urbanisation leading to inward migration to Johannesburg (10000/month); • More woman and the youth will seek opportunities in the fresh produce industry • Increased consumer pressure on healthy and safe fresh produce commodities (Post Listeriosis recovery measures) • Continued movement to higher Living Standards Measure (LSM) groups resulting in changed food preferences; 	<ul style="list-style-type: none"> • Handling and storage of produce in line with international standards • Development of IT technology capacity applicable at JM sales/control systems • Increased expenditure on security measures. (Equipment with high technological content) • New cold storage and ripening advancements • Development of JM SMART MARKET systems • Broadband and Wi-Fi
Environmental	Legal
<ul style="list-style-type: none"> • Scarcity of land and water to sustain farming • Pressure from consumers for producers to adopt environmentally friendly farming methods • Pesticide and chemical residue control by producers 	<ul style="list-style-type: none"> • Increased pressure to comply to all legal compliance matters • Increased pre-emptive food safety and quality measures • Resolution of old litigation matters

In dealing with the impact of factors identified in the macro environment JM is positioning its self as follows:

- Establishing secure and effective trading methodologies and superior technologies to support the logistics of the market system.
- Introduce risk control measures on fresh produce supply and food safety.
- To promote the market as a central demand centre and aim at a achieving the widest possible assortment in width and depth of fresh prduce categories;
- Instil a culture of compliance in all spheres of legal and legislative compliance.

3.5 Risk Assessment

The accountability of managing risk in the company primarily resides with the Board. The Board has delegated the management of risk to the Audit and Risk Committee that oversees how management deals with the company risks. As part of the JM enterprise-wide, risk management process to allow those charged with governance to influence and monitor the strategic direction and approach taken by JM, the company has adopted the CoJ Group Risk Management Framework and Group Risk Management Policy as approved by Council.

JM has conducted an EXCO Strategic Risk Assessment session for 2019/20 and the process assisted management in the proper planning and alignment of strategies, informed decisions, and ensuring effective and efficient use of resources. The risk assessment results are utilised to take proactive and preventative measures in addressing uncertainties / risks that could hinder achievement of the objectives. The rolling out of the proposed intervention measures are also being implemented, monitored and mitigated.

The Risk Assessment Sessions are still ongoing and will be completed in the next reporting period. The next sessions will cover the development of mitigation strategies. The Table below depicts the strategic risks for the 2020/2021 Business Plan Reporting period.

Risk Description	Causes/Background to risks	Inherent risk rating	Residual risk rating
1. Business failure	<ul style="list-style-type: none"> - Inadequate trading space - Ageing infrastructure - Noncompliance to legislative requirements /standards - Outdated business continuity plan - Competition 	25	20
2. Failure of transformation programs	<ul style="list-style-type: none"> - Availability of budget for transformation projects - Lack of stakeholder support (internal & external) - Lack of investment/commitment from the beneficiaries - Outdated transformation strategy 	20	16

Risk Description	Causes/Background to risks	Inherent risk rating	Residual risk rating
3. Diminishing staff morale	1. Disengaged staff 2. Change fatigue 3. Resistance to change 4. Inability to fill critical vacancies due to budget constraints 5. Inadequate of skills transfer	25	20
3. Failure to implement the Smart Market Strategy	1. Lack of performance management at lower levels 2. JM strategy not adequately cascaded down to the rest of the company 3. Inadequate understanding of the JM strategy by staff 4. Mismatch between the available skill and the business requirements 5. Business processes not supporting organisational strategy 6. Adequate Technological solution to support business strategy 7. Poor employee performance culture 8. Failure to fill vacancies	25	20
4. Financial instability	1. Increased competition: - Farmers and buyers opting to trade at alternate markets to avoid paying commissions. - Emerging fresh produce markets. 2. Inadequate maintenance budget expenditure 3. Inadequate maintenance planning and execution 4. Ineffective implementation of Capex plans. 5. Access to capital funding	25	20
5. Loss of stakeholder confidence	1. Unavailability of stakeholder and communication strategy and plan 2. Lack of dedicated resource for stakeholder engagement 3. Inadequate stakeholder engagement	20	16

The strategic risk register was workshopped by EXCO, presented to the Audit & Risk Committee for recommendation to Board and was approved accordingly.

JM applies a combined assurance model, which seeks to optimise the assurance obtained from management, internal and external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance. The Board, through the ARC, is ultimately accountable for the JM system of internal controls, designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss.

Internal audit plays a pivotal role in this while the AGSA cover key controls and accounting matters in the course of their audit. Through the enterprise-wide risk management approach, management identifies key risks facing JM and implements the necessary internal controls.

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4. STRATEGIC RESPONSES – IMPLEMENTATION PERFORMANCE

The delivery of the company's strategic agenda is set around the requirements of CoJ. As a Shareholder, COJ expects JM to operate a well-functioning trading facility aimed at creating financial returns while supporting the producer, traders, communities and citizens of Johannesburg. In the process, the company is expected to deliver key outcomes such as food security, a well-nourished and healthy population, a job creation organisation and food safety.

JM operates in a unique environment that serves as one of the marketing channels for fresh produce in South Africa, wherein a variety of qualities and quantities of fresh produce are traded amongst producers and buyers. The company's footprint extends beyond South Africa into SADC and beyond.

4.1 Strategic Objectives/ Key Performance Areas

The JM strategy seeks to respond to various internal and external elements by identifying opportunities for economic growth and job creation. The strategy supports the achievement of Government initiatives and is aligned to the National Development Plan (NDP), the Joburg GDS 2040; CoJ's, Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). The strategic objectives of the company are listed below;

Table 1: Strategic Objectives of JM



4.1.1 Achievement of short term strategic objectives

JM intends implementing the following operational interventions to achieve its short-term strategic objectives;

- In conjunction with Market Agents, the Joburg Market has embarked on a space optimisation project, which will see more revenue generated per square metre than before.
- A stakeholder engagement and communication strategy and plan have been finalised. It is going through internal governance and approval processes. It is envisaged that this will create a solid platform for effective stakeholder engagement

interventions.

4.2 Achievement of medium term strategic objectives

JM intends implementing the following operational interventions to achieve these medium-term strategic objectives;

- The Joburg Market has finalised the Precinct Development Strategy and Plan, which is being utilised to motivate for the recapitalisation of the company. Arising out of this intervention, an appropriation of R 305 million has been allocated in the medium term to fund the completion of priority projects. These projects will see the market becoming a resilient premier marketing and trading facility;
- The Joburg Market has developed a skills plan, which is aligned to the new strategy. The skills plan seeks to fast-track the training and development of employees and enhances competencies. To ensure that staff remains engaged, CEO Engagements are held periodically to brief staff on company developments. Relationships with labour are also being strengthened through labour forums; where-in local issues are discussed and resolved.

4.3 Achievement of long term strategic objectives

JM intends implementing the following operational interventions to achieve these long-term strategic objectives;

- JM has embarked on two key projects that are targeting historically disadvantaged individuals, namely, the construction of a Pack-house for emerging farmers and the establishment of the Eikenhoff Farm for women and the youth. Discussions on the operating model and implementation plans are at an advanced stage.
- JM has adopted the Smart Market Strategy, which seeks to seamlessly integrate people, systems and processes that would improve both people and company performance.

4.2 Past Performance

Key achievements during FY 2018/19 include the following:

- **Improved Financial Performance:** A turnover achievement of R7.9 billion, which represents a positive growth of 5.6% compared to the budgeted turnover of R 7.5 million;
- **Promulgation of a new set of JM Bylaws;** the new JM bylaws were published for public comment and members of the public were provided with the opportunity to provide written inputs. Subsequently, Section 79 – Economic Development Committee, facilitated a public consultation session.
- **Recapitalisation Strategy and Plan:** A Recapitalisation Strategy and Plan was developed during the year under review. The Strategy was used for strategic engagements with key stakeholders. This resulted in the Joburg Market being allocated a R304 million CAPEX Budget in terms of the Mid-Term Expenditure Framework;

- **Joburg Market Precinct Development Plan:** In conjunction with the Recapitalisation Strategy and Plan, a Joburg Market Precinct Development Plan was also developed and approved. This plan now informs the deployment of each project at the Joburg Market;
- **Strategic Projects:** The Joburg Market successfully completed a number of strategic projects. This included the resurfacing of the internal ring road, installation of a public Wi-Fi, upgrade of Exit Gate and the acquisition of new IT infrastructure and accessories;
- **Job Creation:** A total of 215 new jobs were created against a target of 200 jobs, providing opportunities to largely the youth and women;
- **Standardised Rental Rates:** The Board of Directors approved the new standardised rental rate for implementation. Stakeholder's engagements are underway to discuss new rental rates; and
- **Resolution of legacy litigation:** A ten-year-long outstanding legal case with SCAI was successfully resolved after protracted legal engagements between JM and SCAI legal teams.

Although the overall performance of the Joburg Market during the previous business planning period was considered satisfactory, several lowlights were encountered. The Table below depicts the key challenges;

- **Inter-company invoicing:** The invoicing from Pikitup remains erratic, which makes validations of the accuracy of services rendered challenging.
- **Fatality on premises:** A fatality occurred when a contractor of Pikitup lost a staff member during the waste removal exercise at JM.
- **Infrastructure repairs:** Infrastructure repair and maintenance work were not adequately executed due to the delays in the appointment of service providers.
- **Insufficient trading space:** Sufficient trading space remains a major challenge, as market agents had to temporarily store fresh produce on the platforms and in the roadway.

4.3 Corporate Scorecard

4.3.1 Institutional SDBIP

IDP Programme(s)	KPI No.	Key Performance Indicator/Predictive Outcome Indicator	Baseline 2018/19	Target 2020/21	Target 2021/22	Key Interventions	2020/21 Budget (per programme)		2020/21 Quarterly Targets				Means of Verification
							Capex	Opex	Q1	Q2	Q3	Q4	

4.3.2 Circular 88 Indicators

Indicator Reference Number	Data Element Reference Number	Indicator and Data Elements	Challenge	Propose solution/clarity sought	Municipal Dept/ Entity / Commenter
GG6.12	GG6.12(1)	<i>Number of work opportunities through EPWP, CWP and other related infrastructure programmes</i>	<i>JM can provide monthly reports on EPWP</i>	<i>JM can provide monthly reports on EPWP</i>	<i>EPWP Champion</i>

4.3.3 Department Scorecard

No	Key Performance Indicator	Baseline 2018/19	Unit of Measure	2020/21 Target	Quarterly Performance targets				2020/21 budget per projects R 000				Means of Verification		
					Q1	Q2	Q3	Q4	Total budget		Quarterly Budget target capex and Opex				
									Capex	Opex	Q1	Q2		Q3	Q4
1.1	% Targeted market share held by JM in relation to other FPMs	44.02% Targeted market share held by JM in relation to other NFPMs	Percentage (%)	45.0% Targeted market share held by JM in relation to other NFPMs	44.1% Targeted market share held by JM in relation to other NFPMs	44.5% Targeted market share held by JM in relation to other NFPMs	44.5% Targeted market share held by JM in relation to other NFPMs	44,6% Targeted market share held by JM in relation to other NFPMs							
1.2	Turnover generated	R 7.9 Billion	R/Billion (Cum)	R8.166 Bn Turnover achieved	R1.98Bn Turnover achieved	R3.96Bn Turnover achieved	R5.93Bn Turnover achieved	R7.9Bn Turnover achieved							
1.3	% of Repairs and Maintenance Budget	70% of repairs and maintenance budget spent	Percentage (%)	85% of repairs and maintenance budget spent	10% of repairs and maintenance budget spent	25% of repairs and maintenance budget spent	70 % of repairs and maintenance budget spent	85% of repairs and maintenance budget spent							

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1.4	% of Capital Expenditure Spent	85% of Capital Expenditure Spent	Percentage (%)	85% of repairs and maintenance budget spent	10% of repairs and maintenance budget spent	25% of repairs and maintenance budget spent	70 % of repairs and maintenance budget spent	85% of repairs and maintenance budget spent								
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2.1	Number of jobs created by JM	200 Jobs created by JM	Number (Cum)	120	20	60	90	120								
3.1	% resolution of Auditor General findings for 2018/19	85% of 2018/2019 AG Findings resolved	Percentage (%)	85 to 95% resolution of Auditor General findings due as at time of reporting	Not due	Not due	60 to 84% resolution of Auditor General findings due as at time of reporting	85 to 95% resolution of Auditor General findings due as at time of reporting								
3.2	% resolution of Internal Audit findings due	80% of 2018/2019 Internal Audit Findings resolved	Percentage (%)	85 to 95% resolution of Internal Audit findings due as at time of reporting	85 to 95% resolution of Internal Audit findings due as at time of reporting	85 to 95% resolution of Internal Audit findings due as at time of reporting	85 to 95% resolution of Internal Audit findings due as at time of reporting	85 to 95% resolution of Internal Audit findings due as at time of reporting								

4.4 Technical Indicator Description

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
1.1	% Targeted market share held by JM in relation to other FPMs	This KPI aims at Joburg Market achieving a set quarterly target market percentage share rating in relation to the 18 fresh produce markets of which the national statistics are published monthly by the NDAFF. * NDAFF – National Department of Agriculture,	This information comes from Monthly National Statistical Reports generated by the South African Union of Food Markets and the Department of Agriculture, Forestry and Fisheries	The indicator is calculated by dividing the volumes of produce sold at JM by the total produce sold in 18 national fresh produce markets, multiplied by 100 to get the percentage market share	JM is wholly dependent on statistical information received from SAUFM & DAFF.	The indicator is measuring outcomes	The reported performance is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Strategic Projects and Marketing

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		Forestry and Fishing									
1.2	Turnover generated	The KPI measures the value of produce sold on the JM through its SPS system.	The KPI is intended to indicate progressive growth in turnover	The information is derived from SPS	Monthly and Quarterly Sales figures are aggregated to produce a cumulative figure	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Operations & CFO
1.3	% of Repairs and Maintenance Budget	This KPI measures the Repairs & Maintenance budget expended in monetary (R/M) terms in relation to the entity's formal OPEX budget. The targets and results in the company	The KPI is intended to track and monitor R & M expenditure in relation to JM's OPEX Budget	The information is derived from the monthly and quarterly financial records of the company	Monthly and Quarterly Actual invoices of aggregated R & M amount are derived from Financial Records of the company	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Operations

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		scorecard are exhibited in cumulative indicators.									
1.4	% of Capital Expenditure Spent	This KPI measures the actual capital expenditure incurred in relation to the allocated capital expenditure. A cumulative indicator.	The KPI is intended to track and monitor Capital Expenditure Invested in JM infrastructure development	The information is derived from the monthly and quarterly financial records of the company	Monthly and Quarterly Actual invoices of aggregated CAPEX amounts are derived from Financial Records of the company	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Operations
2.1	Number of jobs created by JM	This KPI measures jobs created in the following areas: - Jobs created by contractors	The KPI is intended to track and monitor the number of jobs created by JM.	The information is derived from the monthly and quarterly reports from Human	Monthly and Quarterly Actual invoices of aggregated number of jobs created are derived	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Operations Human Resources Senior Manager Executive: Strategic

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		appointed to render services on the JM site- <ul style="list-style-type: none"> o I.D Copies of contracted individuals o Payroll list of contractor showing contracted employees receiving job opportunities through Joburg Market - Jobs		Resources, Core-Operations and Strategic Projects	from monthly and quarterly reports from Human Resources, Core-Operations and Strategic Projects						Projects

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		created within the JM administration as follows: <ul style="list-style-type: none"> o EPWP jobs Internships and learnerships 									
3.1	% resolution of Auditor General findings for 2018/19	Resolution of findings will imply "findings due" at end of pertinent quarter as the result of an evaluation of the collected audit evidence against audit criteria.	The KPI is intended to track and monitor the percentage resolution of AGSA Audit Findings due.	The information is derived from the monthly and quarterly reports from the Internal Audit Unit	This is a percentage ratio between the actual number of AGSA Findings due resolved against the total number of audit findings identified by the AGSA	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Internal Audit

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	TYPE OF INDICATOR	CALCULATION TYPE	REPORTING CYCLE	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
3.2	% resolution of Internal Audit findings due	Resolution of findings will imply "findings due" at end of pertinent quarter as the result of an evaluation of the collected audit evidence against audit criteria.	The KPI is intended to track and monitor the percentage resolution of Internal Audit Findings due.	The information is derived from the monthly and quarterly reports from the Internal Audit Unit	This is a percentage ratio between the actual number of Internal Audit Findings due resolved against the total number of audit findings identified by Internal Audit Unit	No limitation identified	The reported indicator is cumulative	The indicator is reported quarterly	The indicator continues without change from previous year	Performance that is higher is desirable	Executive: Internal Audit

4.4 Service Standards

As per the Service Delivery Agreement, JM is contracted to deliver on 8 service standards as indicated in the table below.

Core Service	Service Level Standard Target	Means of Verification
1. Opening a new buyer account	20 minutes	Buyers Registration Document
2. Electronic Sales Processing System disruptions	Mirror/back- up 12w system to go live: within 55 minutes	Database Report
3. Time to resolve cashiering queries when clients are depositing money.	Resolution of depositing queries within 30 minutes.	Cashier deposit report
4. Repairs of infrastructure facilities	Commencement with repairs process on reported infrastructure breakdown within 24 hours	Work Order Sheet
5. Repairs to ripening facilities	90% Availability	Daily Monitoring summary report
6. Cold Room facilities	Average temperature variance not greater than 2°C of agreed customer requirements	Daily Temperature Reading Summary report Set at 1.65°C
7. Stakeholder complaints	Response within 12 hours	Website Report/ Email
8. Stakeholder complaints	Resolution within 48 hours	Website Report

Monthly and quarterly reports are submitted substantiating achievement of target.

4.5 KPI Definitions

Key Performance Indicators	Means of Verification	Definition
% Targeted market share held by JM in relation to other NFPMs	Statistical reports received from the institutions below: NDAFF: National Department of Agriculture, Forestry and Fishing	This KPI aims at Joburg Market achieving a set quarterly target market percentage share rating in relation to the 19 fresh produce markets of which the national statistics are published monthly by the NDAFF. * NDAFF – National Department of Agriculture, Forestry and Fishing
Turnover Achieved	Financial Statements SPS trading reports	The KPI measures the value of produce sold on the JM through its SPS system.
% of repairs and maintenance budget spent	Financial Statements Management Accounts	This KPI measures the Repairs & Maintenance budget expended in monetary (R/M) terms in relation to the entity's formal OPEX budget. The targets and results in the company scorecard are exhibited in cumulative indicators.
No. of jobs created by JM	Appointment documents and project monitoring reports	This KPI measures jobs created in the following areas: <ul style="list-style-type: none"> - Jobs created by contractors appointed to render services on the JM site- <ul style="list-style-type: none"> o I.D Copies of contracted individuals o Payroll list of contractor showing contracted employees receiving job opportunities through Joburg Market - Jobs created within the JM administration as follows: <ul style="list-style-type: none"> o EPWP jobs o Internships and Learnerships
% resolution of Auditor General findings	Final AG report	Resolution of findings will imply "findings due" at end pertinent quarter as the result of an evaluation of the collected audit evidence against audit criteria.

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Key Performance Indicators	Means of Verification	Definition
% resolution of Internal Audit findings	Internal Audit Report	Resolution of findings will imply “findings due” at end of pertinent quarter as the result of an evaluation of the collected audit evidence against audit criteria.
% of entity capital budget spent	% of spending level of CAPEX against demand plan	This KPI measures the actual capital expenditure incurred in relation to the allocated capital expenditure. A cumulative indicator.

5. FINANCIAL IMPACT

The budget for 2020/2021 has been prepared using the following key parameters and assumptions:

- The revised budget for 2019/20 has been used as the base period for the medium term budget (MTB)
- Key priorities of Economic Growth Cluster;
- Integrated Development Plan (IDP);
- CoJ's Financial Development Plan (FDP)
- Company's strategic priorities and business plan
- Mayoral Proposed Priority Implementation Plans; and
- The CoJ indicatives have been followed:

	2020/21	2021/22	2022/23
Estimated CPI	5.2%	4.7%	5.0%
Estimated Salary Increase	6.4%	6.3%	5.0%
Estimated Loan Interest	10%	10%	6%
Commission Income	5%	5%	5%

5.1 Budget and Sources of Funding

The Capital Expenditure for 2020/2021 will be conducted through shareholder loans as per the asset class depicted in the picture below;

#	Budget Vote	2019/20	2020/21	2021/22	TOTALS
1	Information Technology	8 515 000	1 015 000	4 410 000	13 940 000
2	Land & Buildings	59 000 000	109 500 000	119 975 000	228 475 000
3	Office Equipment	2 500 000	0	0	2 500 000
	TOTAL	70 015 000	110 515 000	124 385 000	304 915 000

For the Operating Expenditure, the following sources of income have been identified;

- 85% revenue will come from the 5% commission from turnover generated through business operations;
- 14% of revenue will come from rental facilities; and
- About 1% of revenue will come from other sources such as cash handling fees, fines, etc.

5.2 Operational Expenditure

The Table below depicts the Operational Expenditure for JM. As the budget is subject to change at the Budget Steering Committee, the figures indicated are drafts at this stage.

DRAFT ADJUSTMENT BUDGET	Approved Budget 2019/20	Draft ADJ Budget 2019/20	% Var	Draft Budget 2020/21	% Var	Draft Budget 2021/22	% Var	DRAFT Budget 2022/23	% Var
Turnover	7 963 991 302	8 166 909 227	2.5%	8 411 916 502	3.0%	8 664 273 998	3.0%	8 924 202 219	3.0%
Tonnage	1 448 761	1 448 761	0.0%	1 492 224	3.0%	1 522 068	2.0%	1 537 289	1.0%
Rands / Ton	5 497	5 637	2.5%	5 637	0.0%	5 692	1.0%	5 805	2.0%
Revenue	476 450 673	486 596 570	2.1%	499 710 434	2.7%	516 608 463	3.4%	526 235 149	1.9%
Rental	70 713 486	70 713 486	0.0%	71 344 465	0.9%	75 205 032	5.4%	72 409 440	-3.7%
Commission 5%	398 199 565	408 345 461	2.5%	420 595 825	3.0%	433 213 700	3.0%	446 210 111	3.0%
Other Sundry revenue	7 537 622	7 537 622	0.0%	7 770 144	3.1%	8 189 732	5.4%	7 615 598	-7.0%
EXPENDITURE	316 398 595	360 742 012	14.0%	391 895 651	8.6%	413 064 604	5.4%	433 751 555	5.0%
Personnel costs	132 459 977	159 026 911	20.1%	169 204 633	6.4%	179 864 525	6.3%	188 857 752	5.0%
Human Resources	9 418 308	15 914 559	69.0%	16 742 116	5.2%	17 528 996	4.7%	18 405 445	5.0%
Marketing Expenses	3 834 922	3 834 922	0.0%	4 034 338	5.2%	4 223 952	4.7%	4 435 149	5.0%
Repair & Maintenance	32 704 199	22 704 199	-30.6%	33 884 817	49.2%	35 477 404	4.7%	37 251 274	5.0%
Operational Expenses	85 064 703	96 659 972	13.6%	101 686 291	5.2%	106 465 546	4.7%	111 788 824	5.0%
Information Technology Expenses	6 756 777	8 714 358	29.0%	9 167 505	5.2%	9 598 377	4.7%	10 078 296	5.0%
Finance & Administration Expenses	21 978 054	28 693 710	30.6%	30 210 504	5.3%	31 672 980	4.8%	33 291 351	5.1%
Depreciation & Amortisation	24 181 655	25 193 381	4.2%	26 965 447	7.0%	28 232 823	4.7%	29 643 464	5.0%
P B I T	160 052 078	125 854 558	-21.4%	107 814 782	-14.3%	103 543 860	-4.0%	92 483 594	-10.7%
Net Interest Paid (Received)	11 734 000	(31 830 676)	-371.3%	(35 600 886)	11.8%	(39 019 050)	9.6%	(41 032 581)	5.2%
Profit /Loss of assets scrapped	0	0		0		0		0	
Surplus before tax	148 318 078	157 685 234	6.3%	143 415 668	-9.0%	142 562 909	-0.6%	133 516 175	-6.3%
Taxation	(34 231 000)	(44 151 865)	29.0%	(40 156 387)	-9.0%	(39 917 615)	-0.6%	(37 384 529)	-6.3%
Surplus	114 087 078	113 533 368	-0.5%	103 259 281	-9.0%	102 645 295	-0.6%	96 131 646	-6.3%

5.3 Capital Expenditure

The budget allocation for 2020/2021 as per the MTEF approval is R 110 Million. However this is subject to approval at the Budget Steering Committee Meeting scheduled for 15 January 2020.

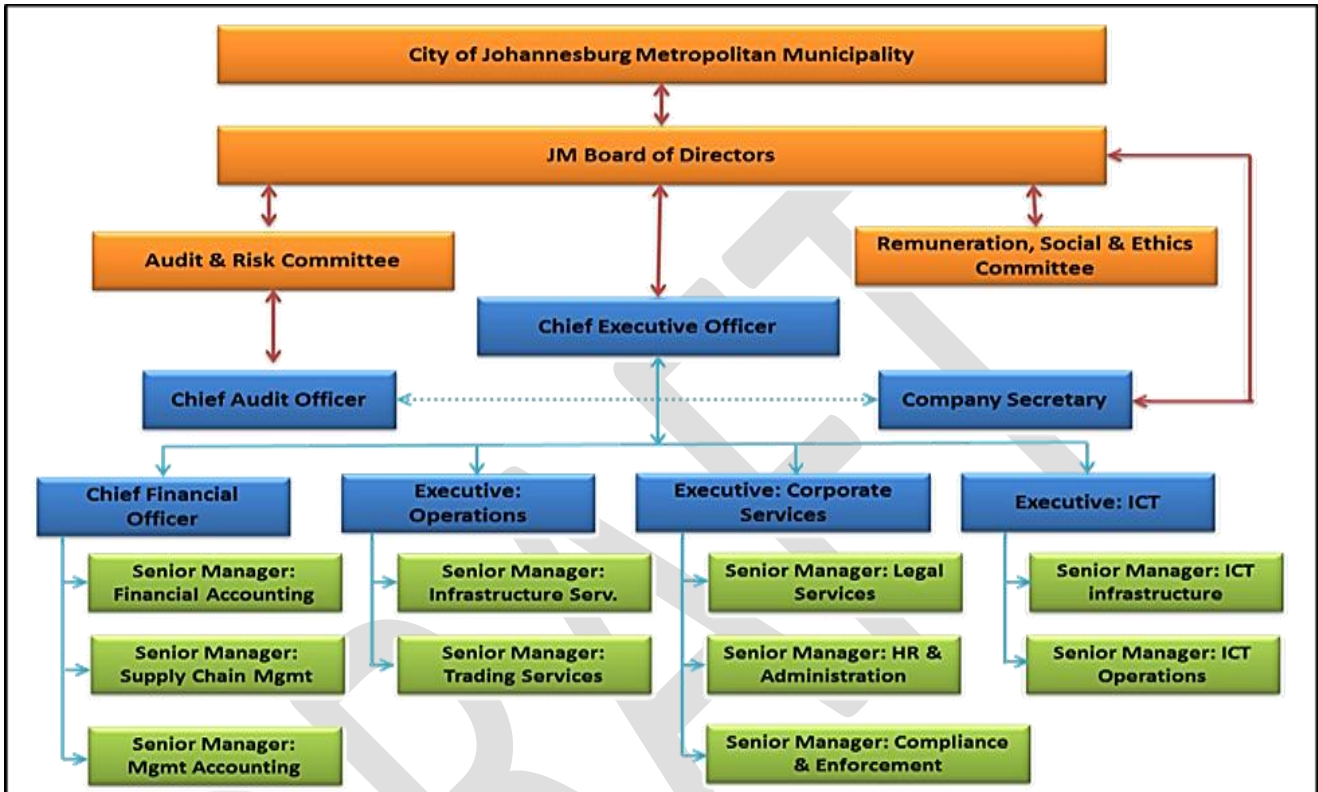
Project Description	Original Approved 2019/20	Adjustment 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
Construction of new CCTV Control Room	3 500 000	3 000 000	22 948 500	-	3 000 000
Procurement of ICT Equipment and Computers	5 015 000	5 015 000	1 015 000	4 410 000	5 000 000
Mandela Market Precinct Development Project	50 000 000	38 000 000	57 000 000	70 000 000	20 000 000
Trading Halls Roof Insulation Upgrade Project	3 000 000	2 000 000	4 500 000	4 875 000	2 000 000
Directional Signage within Market Premises	2 000 000	2 000 000	5 000 000	-	-
Refurbishment/Construction of Ablution Facilities	4 000 000	4 000 000	-	4 000 000	3 000 000
Installation of Smart Meters-Revenue protections	-	35 000 000	-	-	-
Extension of Trading Halls at the joburg Market	-	500 000	15 000 000	30 000 000	142 000 000
Foodbank Pack house	-	500 000	5 000 000	15 000 000	-
Upgrade Of Cold banana repening and Cold rooms	-	1 000 000	10 000 000	20 000 000	-
Civil Resurfacing of Platform 5	-	500 000	3 000 000	10 000 000	-
Office Equipment New/Renewal	2 500 000	2 500 000	1 000 000	1 000 000	1 000 000
	72 030 000	96 015 000	129 463 500	181 946 500	243 438 500

6. MANAGEMENT AND ORGANISATIONAL STRUCTURE

6.1 Organisational Structure

The approved high-level structure of JM as at 30 June 2020 is as depicted below:

Figure 1: High-level Organisational Structure



As part of the JM efforts to enhance its structure; increased accountability; increased participation in problem-solving, goal setting and new ideas, identifying and development skills, the company underwent a rigorous exercise to review and revise its structure in line with the JM SMART objectives.

The structure above is the outcome of the revision exercise for several reasons, but the most essential is the establishment of an Executive Role for ICT (innovation) and reorganising corporate roles within the Executive for Corporate Services. This enables the entity to focus on its core functions as well as embrace the much-needed improvements in technology.

6.2 Executive Management Team

The Table below defines the Executive Management Team of the Joburg Market;

Executive Member
<p>Mr. Ayanda Kanana (Chief Executive Officer)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Chartered Accountant (SA) • Bachelor of Commerce Honours • Bachelor of Commerce (Financial Accounting) <p>The CEO is a member of SAICA and is a member of the Ethics Committee at SAICA. He is also a member of the Board of Directors at the East London IDZ. His contract commenced on 1 September 2017 for 5 years.</p>
<p>Mr. Sifiso Dlamini (Chief Financial Officer)</p> <p>Qualification:</p> <ul style="list-style-type: none"> • Chartered Accountant (SA) • Bachelor of Accounting Science Honours • Bachelor of Commerce (Economics)
<p>Mr. Josiah Mazibuko (Executive Manager – Core Operations)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Master of Science in Engineering Business Management • International Leadership Development Programme • Municipal Executives Finance Management Programme: Wits Business School • Senior Managers Programme • Management Development Programme • National Diploma: Electrical Engineering • Artisanship Certificate: Electrician
<p>Mr. Charles Park (Executive Manager: Core Operations - Acting)</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Master of Business Administration (MBA) • B-Tech in Transportation Management focused on Logistic Management • National Diploma in Transportation Management • Municipal Executives Finance Management: WITS Business School

6.3 Capacity Analyses





The filling of vacant positions in core business areas remains a priority. After the review of the organisational structure, the recruitment and appointment of executive managers have become much more urgent. Funding constraints remain a concern considering the importance of senior management skill required to propel the company forward. A process is being initiated to submit a special request for funding to the shareholder for strategic posts.

6.4 Employment Equity

The JM employment equity profile remains skewed towards more Africans; particularly at the semi-skilled levels. This is partly due to the positions at that level. Ongoing efforts are being made to attract other racial groups into the company.

Table 2: Employment Equity Demographics Status

Employment Equity Demographics Status

Occupational Levels	Male 				Female 				Foreign Nationals		Total
	A	C	I	W	A	C	I	W			
Top management	1										1
Executive Management	2										2
Professionally qualified and experienced specialists and mid-management	12	2	3	6	7			1			31
Skilled technical and academically qualified workers, junior management, supervisors, foremen, & superintendents	26	1	1	1	26	2	1	7	1	1	67
Semi-skilled and discretionary decision making	72	3	0	4	74	4		8			165
Unskilled and defined decision making	17				18						35
Total permanent staff	130	6	4	11	125	6	1	16	1	1	301
Temporary employees	1										1
Grand Total	131	6	4	11	125	6	1	16	1	1	302

7. COMMUNICATION AND STAKEHOLDER MANAGEMENT

JM regards its stakeholders as integral to its ability to protect, create and grow value – a process that is advanced through relationships with others. The fresh produce industry is known for its dependency on good stakeholder relations.

Stakeholder engagement involves communicating our strategic objectives, performance results, decisions and activities that impact our stakeholders or are of significant interest to them, as well as understanding the needs and perspectives of our various stakeholders. This helps us evaluate our strategy and future growth plans especially against the backdrop of JM being a central market facility.

As part of the stakeholder management process, Mitchell et al. (1997) argue that organizations have to identify and assess their stakeholders as well as their salience (measurement of power and influence) in order to devise proper strategies for dealing with them. Bryson (1995) suggested a six-step process for scanning organizational environment in search of stakeholder identification. The steps are presented below:

1. To identify organization's main stakeholders;
2. To specify the criteria stakeholders use to assess the organization's performance;
3. To identify whether the organization is attending stakeholders' demands;
4. To identify how stakeholder's influence comes about;
5. To identify what the organization needs from these stakeholders;
6. To identify how important each stakeholder can be for the organization.

Through undergoing this process, JM is able to confirm who its key stakeholders are and what their stake in the organisation is. The Table below summaries these key issues;

No	Group	Functional relation	Principal involvement
A. 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
B. Company			
1	Staff	Employees of JM	Managers and employees

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No	Group	Functional relation	Principal involvement
	Unions	Trade Unions	SAMWU / IMATU
	EPWP	Job creation	Extended Public Works Programme
C. Core Business			
	Farmers	Production of produce	Supply JM from across RSA
	Transporters	Logistics – Farm to Market	Private contractors
	Market agents	Conducts actual selling of produce at JM	Private institutions
	Commercial Buyers	Buying of produce at JM	Distribute and process fresh produce
	Informal sector buyer	Informal traders	Intensive distribution in various areas
D. International associates			
	World Union of Wholesale Markets (Head Office: Netherlands)	Communication and market concept development	International platform aimed at the development and sustainability of fresh produce markets
	Produce Marketing Association (USA)	Promotion of Produce trading entities	Promotion of fresh produce consumption and related research to enhance marketing of fresh produce
E. Markets at JM			
	Mandela Market	Traders at JM site established through empowerment programmes	Stall markets on JM site
	Unity Market		
F. Apron services at JM site			
		<ul style="list-style-type: none"> – Pallet runners – Porters – “Bakkie” operators – Cooking “mamma’s” – Recyclers 	Rendering of support services to traders on market for own account
G. Tenants			
		<ul style="list-style-type: none"> – Food distributors – Processors – Meat/fish traders – Soft drinks – General hospitality 	Rendering services enabling clientele to utilise JM site as “one stop” shopping centre

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No	Group	Functional relation	Principal involvement
		producers	
H. Financial services			
		Banks	Servicing buyers on JM to conduct transactions
I. Suppliers			
		Multiple services rendered at the JM site	<ul style="list-style-type: none"> – Cleansing – Security – Waste disposal – Amenity gardens and land maintenance

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7.1 Stakeholder Matrix

In the execution of its operations, the Joburg Market engages with various stakeholders. These stakeholders are impacted directly or indirectly by these operations. Some of the key stakeholders include the following;

STAKEHOLDER GROUP	NATURE OF ENGAGEMENT
<ul style="list-style-type: none"> • Office of the Executive Mayor 	<ul style="list-style-type: none"> • The Joburg Market engages with the Office of the Executive Mayor to ensure strategic alignment with COJ priorities, key decisions and formal oversight committees. The engagements ensure that JM's priorities are in line with GDS 2040, IDP, SDBIP and other plans and policies of the City, and as and when required feedback is required.
<ul style="list-style-type: none"> • Office of the MMC: Economic Development 	<ul style="list-style-type: none"> • JM engages with the MMC: Economic Development to ensure both the strategic and operational engagements on city priorities, key decisions and oversight committees. Through the MMC/Chairperson's Quarterly Meetings, the MMC is kept abreast of key developments and where required solicit political interventions that the company faces.
<ul style="list-style-type: none"> • The JM Boards of Directors 	<ul style="list-style-type: none"> • The JM is accountable for strategic and operational matters to the Board of Directors, who control and maintain a fiduciary relationship with the company
<ul style="list-style-type: none"> • Members of the Mayoral Committee 	<ul style="list-style-type: none"> • The Joburg Market reports on a quarterly basis to Sub-Mayoral and Mayoral Committees on company performance, business planning and achievements on strategic projects that the company is involved in.
<ul style="list-style-type: none"> • Municipal Owned entities and COJ Department 	<ul style="list-style-type: none"> • JM interact with other municipal owned entities on a project by project basis and various COJ Departments on matters that are critical to the performance of the company.
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT
<ul style="list-style-type: none"> • Auditor General of South Africa (AGSA) 	<ul style="list-style-type: none"> • The auditor-general of South Africa has a constitutional mandate and, as the Supreme Audit institution of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. Annually, the AGSA conducts audits on the performance and financial information of JM
<ul style="list-style-type: none"> • Department of Agriculture, Land 	<ul style="list-style-type: none"> • The Joburg Market engages with the DALRRD from time to time to ensure strategic and legislative

Reform and Rural Development (DALRRD)	alignment with key developments in the industry.
<ul style="list-style-type: none"> Gauteng Provincial Department of Agriculture and Rural Development 	<ul style="list-style-type: none"> Due to strategic farm projects that JM is engaging on, it is imperative that stakeholders from the Provincial Department be engaged to ensure alignment of implementation plans.
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT
<ul style="list-style-type: none"> Agricultural Produce Agents Council Market Agents / Institute of Market Agents of South Africa Fresh Produce Farmers Perishable Products Export Control Board (PPECB) 	<ul style="list-style-type: none"> The Joburg Market engages with APAC as the regulator who regulate the occupations of fresh produce agents and who maintain and enhance the status, dignity and integrity of market agents Market agents sell produce from farms to buyers. Through IMASA, the Joburg Market has a close relationship with Market Agents to regulate trading on the floor The JM has over 6000 registered farmers in its database and do from time to time, undertake farm visits to engage and understand challenges and aspirations of farmers as key stakeholders. The PPECB is a tenant at the Joburg Market and provides quality certification and cold chain management services for producers and exporters of perishable food products.
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT
<ul style="list-style-type: none"> Tenants, retailers and Wholesalers 	<ul style="list-style-type: none"> The Joburg Market has over 200 tenants, retailers and wholesalers, who rent properties of various sizes. The company engages them from time to time to discuss issues of mutual interest, including billing, cleanliness, compliance to bylaws and legal prescripts.
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT
<ul style="list-style-type: none"> Employees and Trade Unions 	<ul style="list-style-type: none"> The Joburg Market employees and trade unions are critical element of what constitute the company. Occasionally, the company engages both employees on performance measures and their trade unions on issues pertaining to conditions of employments and related issues.
STAKEHOLDER GROUP	NATURE OF ENGAGEMENT

- | | |
|---|--|
| <ul style="list-style-type: none"> • Business Partners and Service Providers | <ul style="list-style-type: none"> • The Joburg Market engages with various service providers on the delivery of quality work on time and costs. This includes engagements on performance and payment for services rendered. |
| <ul style="list-style-type: none"> • Small, Medium and Micro Enterprises | <ul style="list-style-type: none"> • The Joburg Market's mission directs the company to create a conducive environment for economic empowerment and make use of development of SMMEs and EPWP Programmes. These interventions are geared towards spurring local economic development. |

STAKEHOLDER GROUP

- Organised Labour
- Ward 57 residents and business owners
- Women and the Youth

NATURE OF ENGAGEMENT

- It is necessary to engage workers on their needs in the environment (transport, access, safety, etc.) as well as on the development of enterprise and employment opportunities through project interventions.
- The Joburg Market engages local residents and business owners in Ward 57 to expose business and investment opportunities. These opportunities extend to EPWP opportunities on projects rolled out by the company.
- A number of programmes directed at women and youth in the agricultural sector have been developed by the Joburg Market. It has become important that these groups are directly engaged to ensure that they are mainstreamed.

STAKEHOLDER	REASONS FOR ENGAGEMENT	WHY ENGAGE WITH JM	FREQUENCY OF ENGAGEMENT	METHODS OF ENGAGEMENT
SHAREHOLDER	<ul style="list-style-type: none"> To provide current and future shareholders with relevant and timely information, ensuring JM's business is viewed in a positive light. To keep shareholders and the investment community informed at all times. To ensure image improvement, thereby minimising the potential for reputational risk. To enhance and deepen the trust placed in us and our brand. 	<ul style="list-style-type: none"> To receive relevant timely information on our prospects and financial and non-financial performance. To understand our financial performance. To gain insight into our strategy and management. 	<ul style="list-style-type: none"> Formally, four times a year at the release of year-end, half-year, first- and third-quarter trading results. On an ad hoc basis as requested by the media, analysts and investors during non-closed periods. 	<ul style="list-style-type: none"> Local and international roadshows; Ad hoc communications and answering investor and analyst questions. Annual general meeting and other investor meetings; Conferences and presentations; Media releases; AGM, reports and the corporate website. Detailed information on all published documents to ensure full disclosure of relevant information JM regularly engages with its shareholder, the CoJ to ensure alignment of policies and methodologies, the effective capturing of synergies and leveraging of opportunities.
GOVERNMENT	<ul style="list-style-type: none"> To build and strengthen relationships with government, both as a partner in the development of the Country. To provide input into legislative development processes that will 	<ul style="list-style-type: none"> JM is a key role player in the economic, social and environmental transformation of the country. 	<ul style="list-style-type: none"> Monthly or as deemed necessary by either party. 	<ul style="list-style-type: none"> Political engagements take place where there is a business- related invitation.

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	<ul style="list-style-type: none"> • affect the economy, activities and operations. • To reaffirm commitment to public sector business development. • To participate visibly in, and be a partner to, the transformation of SA and the fresh produce industry. • To partner in increasing economic growth and reducing inequality and unemployment. 			
BUSINESS PARTNERS AND INDUSTRY BODIES	<ul style="list-style-type: none"> • To continue learning through interaction with the industry and cross-sectorial organisations. • To leverage and build our strategic business partnerships for the maximum benefit of all our stakeholders. • To use business associations as a forum through which we can promote our viewpoints on key industry issues 	<ul style="list-style-type: none"> • To deliver mutually beneficial learning. • To influence and/or promote common agendas. 	<ul style="list-style-type: none"> • As required or dictated by performance contracts and association or partnership membership agreements. 	Quarterly meetings with our BBPs in terms of performance contracts. Monthly meetings with various industry bodies.
CUSTOMERS	<ul style="list-style-type: none"> • To understand them, their aspirations, businesses and financial service needs better. • To provide appropriate advice, proactive financial solutions and 	<ul style="list-style-type: none"> • To receive good quality fresh produce and excellent customer service. • To access world-class innovative facilities and services. • To grow and promote customer outreach and product offering. • Convenient access 	<ul style="list-style-type: none"> • Dependent on client needs and identified sales, service or guidance opportunities. 	Interactions through customer services desk, relationship managers and complaint lines, client seminars, social media, surveys and marketing and advertising activities.

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	<p>value-adding services.</p> <ul style="list-style-type: none"> • To ensure that we maintain the high service levels they expect and deserve. • To inform product development and prioritisation. • To ensure accuracy of client personal and/or business information. 	<p>to trading facilities</p> <ul style="list-style-type: none"> • To enjoy protection of their assets through secure IT systems and infrastructure. • To get value produce that is competitive and affordable in pricing. 		
<p>SUPPLIERS AND CONTRACTORS</p>	<ul style="list-style-type: none"> • To obtain products or services required for conducting our business. • To maintain an ideal and timeous supply of goods and services for our operations. • To encourage responsible practices across our supply chain BBBEE, local procurement, supplier conduct and environmental considerations. • To include critical suppliers in cross-functional teams so as to contribute expertise and advice before specifications are developed for products or services. • To encourage responsible practices across our supply chain BBBEE, local 	<ul style="list-style-type: none"> • To provide products and services. • To negotiate pricing and contracts. • To promote new products and service offerings. • To respond to tenders. • To seek input and guidance on their sustainability journeys. 	<ul style="list-style-type: none"> • Ongoing, as required. 	<ul style="list-style-type: none"> • Ongoing interaction with suppliers and contractors for procurement purposes. • Supplier education workshop, indabas, fairs (e.g. travel and stationery). • Quarterly newsletter on sustainability matters. • One-on-one negotiations and meetings.

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	procurement, supplier conduct and environmental considerations.			
Financers				
REGULATORS	<ul style="list-style-type: none"> To maintain open, honest and transparent relationships and ensure compliance with all legal and regulatory requirements. To retain our various operating licenses and minimise operational risk. 	<ul style="list-style-type: none"> To ensure regulatory compliance. To promote the soundness and stability of the domestic banking and financial system, thereby contributing to its financial stability. 	<ul style="list-style-type: none"> Daily, weekly, quarterly and as required. 	<ul style="list-style-type: none"> These include various forums, from trilateral meetings with the board and management including one-on-one discussions with various executive officials at prudential meetings and onsite meetings.
STAFF	<ul style="list-style-type: none"> To ensure that JM remain an employer of choice that provides a safe, positive and inspiring working environment. To understand and respond to the needs and concerns of staff members. To provide staff with strategic direction and keep them informed about group activities. 	<ul style="list-style-type: none"> To provide us with feedback and input that can help us improve their working environment experience as well as the performance of our business. 	<ul style="list-style-type: none"> Ongoing and daily engagement at all levels. As required by staff. 	<ul style="list-style-type: none"> A robust combination of face-to-face, written and broadcast communications. These included culture and engagement surveys, roadshows, emails, intranet communications, data casting, magazines and relevant training
MEDIA	<ul style="list-style-type: none"> To leverage the reach and influence of media channels to share our business and citizenship story with stakeholders. To communicate with relevant stakeholders and the broader public 	<ul style="list-style-type: none"> To educate and inform their audiences on developments in the fresh produce industry. To be informed about JM's contribution towards 	<ul style="list-style-type: none"> Daily, in response to business-related media queries. As required in response to our various business and sustainability initiatives. 	<ul style="list-style-type: none"> Quarterly Group Exco breakfasts to which media are invited. Updates on processes, products and services Interviews with key business media on relevant reporting

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	<p>with a view of having a positive influence on behaviour that will lead to desired business results.</p> <ul style="list-style-type: none"> To protect and manage reputation. 	<p>the SA economy and its products and services.</p> <ul style="list-style-type: none"> To empower the audiences to make informed financial and business decisions. 		<p>dates.</p> <ul style="list-style-type: none"> Daily telephone and email interaction regarding media enquiries.
COMMUNITIES	<ul style="list-style-type: none"> To better understand them, their aspirations, businesses and financial service needs. To provide appropriate advice, proactive financial solutions and value-adding services. To create partnerships that serve to facilitate our integrated sustainability activities. To obtain input from environmental experts, communities and non-governmental organisations (NGOs) regarding key focus areas. To create awareness of our integrated sustainability commitment and initiatives. 	<ul style="list-style-type: none"> To access the financial products and services they need. To get advice and guidance on how to achieve desired outcomes for themselves, their families, their businesses and their communities. To secure funding and partner on common social and environmental issues. To collaborate in a way that furthers social, environmental and other common agendas for the greater good. 	<ul style="list-style-type: none"> Ongoing – as partnerships dictate or stakeholder needs require. 	<ul style="list-style-type: none"> These include various forums, from trilateral meetings with the board and management including one-on-one discussions with various executive officials at prudential meetings and onsite meetings.

7.2 Stakeholder Engagement Plan

ASSOCIATIONS						
ITEM	COMMODITIES	PROVINCE/AREA	CHAMPIONS	DATE	PURPOSE OF ENGAGEMENT	OUTCOME
Subtrop	Litchi, Mango, Avocado ad Macadamia	White River, Mpumalanga	Stakeholder Relations/Marketing, QA, Commercial Services			
Global Expo Botswana	Mr Veg, Choppies, Botswana Horticultural Market, potential importers from neighbouring countries	Botswana International Convention Centre, Gaborone	Stakeholder Relations/Marketing			
South African Litchi Growers Association	Litchi		Stakeholder Relations/Marketing, QA, Commercial Services			
Stone Fruit	Nectarines, plums peaches	Joburg Market	Stakeholder Relations/Marketing, QA, Commercial Services			
Mango Symposium	Mango		Stakeholder Relations/Marketing, QA, Commercial Services			
South African Avocado Growers Association	Avocados		Stakeholder Relations/Marketing, QA, Commercial Services			

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RETAILERS					
Pick n Pay; Shoprite/ Checkers.and Spar	Fruit and Vegetables Retailers	Gauteng	CEO, Operations, Marketing /Stakeholder Relations		
BEE FARMERS					
ITEM.	COMMODITIES	PROVINCE/AREA	CHAMPIONS	WHEN	
Shumbombo	Fruit and Vegetables producer	Mpumalanga	CEO, Operations, Marketing /Stakeholder Relations		
Morone Citrus Koop	BEE Vegetables and Fruit producer	Limpopo	Acting CEO, Operations, Marketing /Stakeholder Relations		
NATIONAL & PROVINCIAL DEPARTMENTS					
ITEM	COMMODITIES	PROVINCE/AREA	CHAMPIONS	WHEN	
DTI; GDARD; IDC; DAFF	Policy and strategy partnership	National and Provincial	CEO, Operations and Marketing/Stakeholder Relations		
ARC	Policy and strategy partnership	National and Provincial	CEO, Operations and Marketing/Stakeholder Relations		
NAMC	Policy and strategy partnership	National and Provincial	CEO, Operations and Marketing/Stakeholder Relations		
Land Bank	Policy and strategy partnership	Gauteng	CEO, Operations and Marketing/Stakeholder		

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			Relations		
Department of Rural Development and Land Affair	Policy and strategy partnership	Gauteng	CEO, Operations and Marketing/Stakeholder Relations		
HOD Agriculture	Policy and strategy partnership	Gauteng	CEO, Operations and Marketing/Stakeholder Relations		
IDC	Policy and strategy partnership	Gauteng	CEO, DG; HOD; Operations and Marketing/Stakeholder Relations		
STAKEHOLDER INTERNATIONAL ENGAGEMENTS					
ITEM		PROVINCE/AREA	CHAMPIONS	WHEN	
China	Policy and strategy partnership	Peoples Republic of China	CEO, Board, COO		
UK	Policy and strategy partnership	UK and US	CEO, Board, COO		
WUWM	Partnership	International	CEO		

8. AUDIT RESOLUTION

Section 1: Internal Audit scope of work

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

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

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

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

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

Section 2: Performance against Internal Audit Plan

The Internal Audit Plan for 2020/2021 will be approved by the ARC. Internal audit will drive management responses to the AGSA Management Report in preparation for the audit and the end of the financial year. Details of the Internal Audit Plan are captured below;

#	Planned Area of Coverage	Status (Q2) (N1)	Risk rating
1	RFQ and Tendering Process	Not started	Very High
2	Probity audits	Reporting	Very High
3	Auditing of Predetermined Objectives (AOPO) (Q1, Q2, Q3 & Q4) (Q3 outsourced)	Planning	High
4	Auditing of Service Standards (Q1, Q2, Q3 & Q4)	Reporting	Moderate
5	Revenue –Complementary Service	Not started	High
6	Infrastructure & Maintenance	Execution	High
7	Assets Management	Not started	Moderate
8	Contract Management	Not started	High

#	Planned Area of Coverage	Status (Q2) (N1)	Risk rating
9	Payroll administration, including overtime	Not started	Moderate
10	Marketing and Communication	Not started	High
11	Review of Interim Financial Statements	Not started	Moderate
12	Unauthorised, Irregular, Fruitless and Wasteful expenditure (UIFWs)	Not started	Very High
13	Legislative Compliance Checklist	Not started	Moderate
14	Ad- Hoc assignments(EFTs; UIFWs Investigations and incentives)	Reporting	High
15	Follow Up audits(Monthly reviews)	Execution	Moderate

¹ Explanation of Risk Rating

Critical	Significant	Requires Improvement	Satisfactory
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N1= **During 2019/2020** Internal audit spent a significant amount of time attending to the following matters:

- Responding to the AGSA audit findings;
- The procurement of the co-sourced internal Audit service provider;
- The finalisation of current SCM investigation.

Section 3: Follow up on Internal Audit and Auditor-General (AGSA) Findings

As required by the internal auditing standards and the Internal Audit Charter, internal audit conducts follow-up audits to ensure that the agreed action plans are implemented within the timeframes management committed to and that the findings are not repeated. Internal Audit efforts are focused in ensuring that findings classified as “high risk” receive adequate management attention and minimise repeat findings in subsequent audits.

3.1 Status on resolution of Audit Findings

In the 30 June 2019 Management Report the AGSA raised 35 new findings (2018: 14) audit findings including 3 repeat findings. The number of internal audit findings was 43 (2018: 64). These new audit findings will be listed and followed up on a monthly basis during the financial year up to 30 June 2020 and progress thereof will be presented and discussed at EXCO meetings and the dashboard will also be sent to OPCA at COJ on a monthly basis.

	Opening balance	New findings by Q2	Total Findings	Resolved by Q2	% Resolved	Closing balance (31/12/2019)
AGSA Findings	03	32 ^(N1)	35	0	0% ^(N2)	35

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Internal Audit Findings	56	0	56	0	0%(N2)	56
	59	32	91	0	0%(N2)	91

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ANNEXURE A: STRATEGIC RISK REGISTER

Reference No.	Strategic Objectives	Risk Name	Risk Category	Causes/ Background to risks	Impact	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale
1	Operating sustainable /resilient trading facility	Business failure	Regulatory requirement risk	1. Inadequate trading space	Critical	1. Floor Space Committee meets to discuss space optimization	Ineffective	High	1. Optimise the precinct plan as recommended by JDA (to have procured the virtual view of the plan)	Joe	30 June 2020
				2. Ageing infrastructure		2. JPC appointed to conduct repair and maintenance works 3. Maintenance plan in place	Ineffective		Appoint a panel of maintenance Service Providers	1. Exec Core Operations 2. CFO	Feb-19
				3. Non compliance to Legislative requirements/standards		Draft Compliance universe in place	Ineffective		3. Finalise the Compliance Universe and get it approved	1. Company Secretary 2. Legal	31 March 2020
				4. Outdated business continuity plan		1. IT has a disaster recovery plan 2. Operations has a business recovery strategy	Ineffective		4. To appoint Service Provider	1. Core Operations 2. Snr Manager IT	30 June 2020
				5. Competition		Smart market strategy, infrastructure revitalisation	Partially Effective		5. Implement Capex and Opex recapitalisation projects (JDA precinct projects)	1. Strategy Executive 2. Exec Core Operations	30 June 2020

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Reference No.	Strategic Objectives	Risk Name	Risk Category	Causes/ Background to risks	Impact	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale
2	Become an agent for socio-economic transformation	Failure of transformation programs	Regulatory requirement risk	1. Insufficient budget for transformation projects	Moderate	1. None	None	Medium	1. Business case in place to motivate for the budget	1. Strategy Executive 2. CFO	Feb-20
				2. Lack of Stakeholder support (internal & external)		2. Stakeholder engagement forums	Partially Effective		2. Continuous Stakeholder engagement at different forums	EXCO	Quarterly
				3. Outdated transformation strategy		3. None	None		3. Review transformation strategy to be in line with business strategy	Strategy Executive	Feb-20
3	Ensuring the engagement, skilling and motivation of staff		Stakeholder Management risk	1. Disengaged staff (People Management)	Critical	1. Continuously fulfill the Company's statutory obligations 2. Local Management Forum (LMF) 3. Grievance procedure	Partially Effective	High	1. To appoint a Service Provider for EAP Services	HR	Feb-20
				2. Inadequate skills transfer		2. None	None		2. Engage AgriSeta as a strategic partner for agriculture specific skills programme	HR	Feb-20

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Reference No.	Strategic Objectives	Risk Name	Risk Category	Causes/ Background to risks	Impact	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale
				3. Resistance to change		3	Nil		3. To develop and implement change management programmes	HR	Feb-20
				4. Inability to fill critical vacancies due to budget constraints		4. Motivation done for budget to fund critical vacancies	Ineffective		4. awaiting the budget adjustment process	HR	January 2020
4	Becoming a High Performance Organisation	Failure to implement the Smart Market Strategy	Technology Risk	1. Lack of performance management at lower levels and poor employee performance culture	Major	1. Performance Management policy	Ineffective	Medium	1. Investigate performance incentives	HR	Feb-20
				2. JM Strategy not adequately cascaded down to the rest of the company		2. None	None		2. Departmental strategy workshops	EXCO	30 June 2020
				3. Failure to fill vacancies		3	Nil		3		
				4. Mismatch between the available skill and the business requirements		4. Skills audit have been conducted (level 1-4)	Partially Effective		4. To identify key skills for the new business '- Re-skill the current workforce	HR	30 June 2020
				5. Business processes not supporting organisational strategy		5. None	None		5. To review the business processes to align to the smart market	EXCO	'30 June 2020

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Reference No.	Strategic Objectives	Risk Name	Risk Category	Causes/ Background to risks	Impact	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale
51	Ensure financial sustainability	Financial instability (going concern)	Technology Risk	1. Increased competition	Critical	1. JM is currently in the process of implementing the recapitalization project to meet industry standards/requirements	Partially Effective	Low			
				2. Farmers and buyers opting to trade at alternate markets to avoid paying commissions		2. All produce are declared at Consignment Control and captured on the Sales Processing System - All sales transactions are conducted on the Sales Processing System	Ineffective				
				3. Emerging fresh produce markets		3. JM is currently in the process of implementing the recapitalization project to meet industry standards/requirements	Effective				
				4. Failure to spend the allocated maintenance budget		4. JM appointed JPC to assist with Repair and Maintenance work while 5 discipline (mechanical, electrical, civil, building and plumbing) preventative maintenance contractors are in the Supply Chain Management process of being appointed.	Ineffective				

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Reference No.	Strategic Objectives	Risk Name	Risk Category	Causes/ Background to risks	Impact	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Action Owner	Time scale
6	Maintaining an effective and inclusive stakeholder management process	Loss of stakeholder confidence	External Environment	1. Unavailability of Stakeholder and communication strategy and plan	Major	1. Draft Marketing & Communication strategy	Effective	Low	2. To appoint Stakeholder Management resource		30 March 20120
				2. Lack of dedicated resource for Stakeholder engagement		2. None	Effective				
				3. Inadequate Stakeholder engagement		3. Stakeholder engagement forum	Effective				
							Effective				

Approved and Accepted by:

Chief Executive Officer: Joburg Market

Date